

Traceability offers edge in meat exports

- USMEF study advocates source, age verification.
- U.S. lags behind major competitors.
- Importers could start requiring traceability.

By SALLY SCHUFF

THE benefits of a mandatory animal traceability system -- one that would go well beyond the rule the U.S. Department of Agriculture proposed on Aug. 11 -- is the topic of a new report from the U.S. Meat Export Federation (USMEF).

The rule USDA's Animal & Plant Health Inspection Service proposed, after exhaustive input from livestock producers, carefully confines itself to the goal of being able to trace animals that have moved interstate in the event of a domestic disease outbreak.

The process leading up to the "animal disease traceability" rule recognized the importance of doing something -- rather than nothing -- after years of gridlock on the controversial issue.

The comment period on USDA's proposed rule is set to close Nov. 9, but industry observers say USDA is under pressure to extend the deadline for 120 days. One industry source predicted that USDA will grant at least a 30-day extension.

The USMEF report, released Sept. 26, focuses on the competitive advantages for U.S. exporters of a broader traceability system. The valuable international marketplace is changing fast and is looking to animal and meat traceability standards to bolster consumer confidence and food safety, USMEF said.

USDA's rule requires that animals older than 18 months be tagged with an official number and accompanied by a veterinary certificate when moving across state lines.

That may not go far enough in international trade.

While the USMEF report does not come right out and say so, the authors pointed out, "We consider source and age verification programs as a potential requirement for future access to specific beef export markets. Similarly, we consider a comparable pork traceability program that is market based but specifically focuses on source verification because age verification is not relevant for the pork sector."

The report recommends, "Industry leaders and individual producers should start viewing additional traceability as investments in the viability of their industry."

The report, conducted by agricultural economists at Montana State University, Kansas State University and Colorado State University, warns that the U.S. "lags behind many countries in adopting livestock and meat traceability systems. As major meat importing and exporting countries adopt animal and meat tracking systems, the U.S. is becoming less competitive and risks losing market access."

A USMEF recap of the study noted that "the U.S. and India are the only two major beef exporters that do not already have mandatory traceability systems. Argentina, Brazil, Australia, New Zealand, Canada and Uruguay all have animal identification/traceability programs in place."

The report also points out that two of the largest customers for the U.S. -- Japan and South Korea -- have adopted domestic cattle traceability programs, and that "could eventually lead to similar requirements being applied to imports."

"Competing beef exporting nations are using their industries' mandatory traceability system as marketing tools to enhance their sales and as a point of differentiation with the U.S. industry," a USMEF statement reported.

"Countries with well-developed mandatory animal identification and traceability programs enjoy comparative advantages in red meat exports relative to countries without such systems. ... The early adopters of livestock and meat traceability systems have the opportunity to gain significant market advantages through increased consumer confidence," the statement added.

Just what does that mean in dollars and cents? Leann Saunders, president of IMI Global and chair of USMEF's traceability working group, spelled it out in a statement. She emphasized the importance of the export market for U.S. cattle and hog producers, noting that "export value this July equated to \$236.88 per head of fed cattle harvested and \$59.35 per head for hogs. There is no denying the importance of exports for U.S. cattle producers" (Tables 1-2).

Saunders pointed to the success of voluntary certification programs run by USDA for beef exports bound for Japan and the European Union.

"Since we are currently exporting about 16% of total U.S. beef and variety meat production and 29% of pork, traceability is a form of insurance that would insulate American producers in the event that importing countries change their import requirements or in the event of an animal disease outbreak," she said.

The USMEF statement noted that "the full cost of 100% U.S. industry adoption of a source and age verification program was estimated to be significantly less than the value of U.S. beef exports to Korea."

The USMEF report, "Economic Assessment of Evolving Red Meat Export Market Access Requirement for Traceability of Livestock & Meat," conducted with funding from USDA's Market Access Program, is online at www.usmef.org under "News/Statistics."

The public comment period for the USDA rule coincides with the heavy marketing season for beef cattle. The USDA rule, briefing documents and instructions for filing electronic or written comments are online at www.aphis.usda.gov.

1. U.S. beef and veal exports by destination, carcass weight, million lb.						
	2005	2006	2007	2008	2009	2010
Canada	105.895	238.556	339.106	389.250	363.189	390.213
China (Taiwan)	22.394	67.364	70.684	85.397	84.399	122.916
Hong Kong	2.034	12.624	32.223	32.363	82.226	133.388
Japan	17.496	51.639	159.411	231.070	274.341	350.991
Mexico	464.024	660.454	586.434	758.534	628.464	500.487
Russia	1.441	0.142	0.114	47.725	13.435	79.997
South Korea	1.077	1.283	77.919	152.095	140.693	277.103
Vietnam	11.058	10.383	41.869	121.925	148.332	114.460
Others	71.740	102.428	126.205	177.941	199.681	330.210
Total	697.158	1,144.875	1,433.964	1,996.299	1,934.759	2,299.765

2. U.S. beef and veal exports by destination, % of total exports						
	2005	2006	2007	2008	2009	2010
Canada	15	21	24	19	19	17
China (Taiwan)	3	6	5	4	4	5
Hong Kong	0	1	2	2	4	6
Japan	3	5	11	12	14	15
Mexico	67	58	41	38	32	22
Russia	0	0	0	2	1	3
South Korea	0	0	5	8	7	12
Vietnam	2	1	3	6	8	5
Others	10	9	9	9	10	14
Source for Tables: Livestock Marketing Information Center.						

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