CHOICES
The magazine of food, farm, and resource issues
1st Quarter 2005 • 20(1)
A publication of the American Agricultural Economics Association

Comment and Reply

Comment: "Tracking and Testing of US and Canadian Cattle Herds for BSE: A Risk Management Dilemma"

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There appears to be a flaw in the paper by Cox et al. that was recently published in *Choices* (4th Quarter 2004), wherein they presented an estimate of the benefits of being able to track and test Canadian cattle in the face of potential BSE outbreaks.

Namely, Cox et al.'s conclusions state: "In other words, the benefit from tracking in this case does not come from avoiding the cost of 100% testing of US cattle, because this is costly. Rather, it comes from the assumed reduced loss of US beef sales if the country of origin of a BSE case detected in the United States is Canada and this can be ascertained and announced." However, history contradicts this conclusion. The origin of the cow involved with the December 2003 Washington State BSE case was known to be Canadian within days of its discovery. This knowledge of the Canadian origin of that US-discovered BSE case did not lead to the Cox et al. "assumed reduced loss of US beef sales." Rather, shortly thereafter the US faced, and continues to face, severe trade restrictions on exports of US cattle and beef, which continue today—over a year later. Consequently, Cox et al.'s assumption of reduced loss of US beef sales seems to be in error, and this calls into question their conclusions and benefit estimates related to the tracking and testing of cattle.

Authors' Reply:

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We thank Dr. Curlett for pointing out what appears to him to be an error in our conclusions. However, we believe the example he provides and the facts of the case support our conclusion. Our model assumed that one of the main values of an adequate tracking program is that it would allow cattle of Canadian origin to be reliably and rapidly distinguished from cattle of US origin and that future risk-management programs would be rational in using this information. Dr. Curlett suggests that even though the Washington State cow was known and announced to be of Canadian origin "within days," it did not lead to marked reductions in trade restrictions applied to imports of US cattle and beef. In reality, the USDA announced on December 23, 2003 that BSE had been confirmed in an animal located in the state of Washington. Japan, South Korea, Taiwan, and other countries announced on December 24, 2003 they were imposing a ban on US beef and cattle imports. On December 27, 2003, the USDA announced that preliminary information suggested the index cow was imported from Canada. On January 9, 2004, sixteen days after US export markets were closed, the USDA provided confirmation to the World Organization for Animal Health (OIE) that DNA testing of the index cow indicated that it was of Canadian origin.

Our export markets closed before the USDA was able to use DNA testing to identify it as of Canadian origin. Moreover, in the absence of country-of-origin labeling and an adequate tracking program, the discovery that the cow was of Canadian origin did not create an option for the United States to promptly identify and stop exporting such cattle. Our model suggests that this risk-management option would be very valuable. Under an adequate tracking program, as we proposed, Japan and the other countries would not have acted on information that a US cow had BSE—they would have reacted on information that a Canadian cow imported into the United States at the age of 4 had BSE. Exports of beef from Canadian-origin cattle could have been promptly halted—precisely what Japan subsequently suggested as a precondition for resuming imports of beef from the United States. Thus, more complete information at the time of identifying the animal with BSE, and the use of risk management options that such information would have made possible, may have prompted those countries to reach a different decision, especially in

light of the fact that Japan had previously been willing to accept US beef with verification that it came from cattle of US and not Canadian origin. In summary, the example provided by Dr. Curlett is precisely one of the considerations motivating a better approach, as addressed in our analysis.

For More Information

Cox, Jr., L.A., VanSickle, J.J., Popken, D.A., & Sahu, R. (2004). Tracking and testing of US and Canadian cattle herds for BSE: A risk management dilemma. *Choices*, 2004(4), 51-54.

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