

WORK GROUP IV

Group Leader: Nancy Robinson

Financial Justification for a National Livestock ID Program Group

This group will look at various costs and benefits to users of modern identification systems.

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Work Group IV Report*

By Nancy Robinson

**** Recorded by audiotape. Some portions inaudible.***

Interests and concerns that were discussed at our meeting, as has been mentioned in some of the reports, profit and adding to the bottom line in these various operations and facilities appears to be a major driving force in livestock identification, whether it is for producers, slaughter plants or almost any other segment of the industry. Clearly if you can show this individual operator how it can make a profit through better systems of identification and data management, whatever it may be, they are going to be much more willing to put those systems into place. The greatest benefit to be derived from ID in the view of our group, is better control over the system, whether it be production, manufacturing, or marketing. In getting that control through utilization of information is clearly a very central benefit in our view. It may well overshadow all other benefits of EID or whether it is any other ID system that you have. Also, while traceback is an important element and benefit in terms of consumer perceptions of product and quality assurance or whatever, it should not be the sole or maybe not even the principal benefit that we look at when we discuss ID systems. We also discussed the fact that we need to determine the total cost, both tangible and intangible, of the current ID systems and compare that to the cost of emerging or new technologies or systems in order to show the producer that the differences

between what they perceive as far as some of these newer systems being more expensive, may be no greater than what they are using today in their operations.

We also discussed identifying certain segments or particular sectors of the industry, whether it is in production or slaughter, that would derive the initial benefit from good livestock ID, for instance perhaps in feed lot production systems where they are already realizing some of the greatest benefits today in good ID systems and data systems. Once you establish and identify those benefits in those particular segments or sectors of production or manufacturing or whatever it may be, and get those well in place, it will help drive these ID systems into other segments of the industry.

We also talked about the fact that good traceback for disease, residues and pathogens is important. However we have to emphasize that we have good quality assurance controls and programs in place and make that more the message than that traceback is necessary simply in order to find product defects. It is important that we emphasize the positive, the benefits versus perhaps the negative benefits of simply finding defects in our products when it comes to talking to our consumers, the regulatory agencies, trading partners, etc. Also, we talked about the importance of recognizing that what we have in place today in livestock ID may be adequate or doing a good job in certain segments or certain areas of livestock production and we don't necessarily want to throw everything out and start all over. However, we need to identify clearly those systems that are already working and where there are holes in the system that need some correction or modification, we need to do that. And in doing that, we clearly need a lot more work after this meeting. We need to put together coalitions of groups to identify these systems that are working, what modifications may need to be addressed and variations that we need to deal with in our production systems, so that we can use this information in talking to Congress and the regulatory agencies in explaining what works for us first is what may work for them.

Also, in determining what ID systems we need and their cost benefits, we need government to tell us what their parameters are for ID systems that meet their regulatory needs. We don't need the specifics or the nitty gritty, that is our job and that is what we want to do but we do not want to go to them with some basic ID proposals and find, after the fact, that they simply don't meet their needs for their regulatory programs.

It was also brought up that one of the major losses was hide damage. I think we already mentioned that the leather industry is a very important segment and that was also brought up in our discussion. It was recognized that brands are a very big tradition in the west and it is going to be difficult to change some of that mindset. However, as they see the benefits of other systems of ID, there will be a lot more pressure on them to abandon traditional branding as a type of identification and move to newer technologies and more permanent types of ID devices or systems that increase the value of those hides for use in other products.

The experience has been in other countries that when you establish quality standards then producers, feed lot operators and packers will begin to put systems in place to bring products of a lesser quality up to those standards. This force will drive producers and others to achieve certain obvious benefits, an important element today where we are trying to meet some fairly high standards in quality and

consistency in our products. That will be a big, large driving force in getting producers and others to use better ID systems.