U.S. Beef Cattle Identification and Traceability Systems.

OPPORTUNITIES, OBSTACLES AND INCENTIVES ACROSS THE VALUE CHAIN.

WORLD PERSPECTIVES, INC.

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World Perspectives, Inc.

Global Reach.

- HQ in Washington DC; analysts in South America, Australia, Europe, and China.

Experience.

- Private and public-sector experience drives 30-plus years of agricultural market and policy analysis.

Expertise.

- Recognized experts in livestock, poultry and dairy industries.

Core strategy/strategic initiative:

- **Adopt Animal I.D. Traceability Systems** - Secure the broad adoption of individual animal ID traceability system(s) across the beef community to equip the industry to effectively manage a disease outbreak while enhancing both domestic and global trust in U.S. beef and ensuring greater access to export markets.

- Critical and immediate: Conduct a **feasibility study** to understand the economic opportunity of opening new and expanding markets...and the lost opportunity in the event of an animal disease outbreak.
WPI’s approach.

- Collaborate with project steering committee.
- Avoid assumptions, address misperceptions.
- Create a **foundational document** with historical context and present-day analysis for use by industry in advancing **productive discussions** on animal identification and traceability.

**Target Outcome:** Where does the industry currently stand regarding animal identification and traceability? Where might it go from here, why, and how?
Sources.

- 600-plus respondent quantitative survey.
- 90-plus interviews with industry participants (all sectors).
- 23 discussions with state cattle and beef associations.
- 20 previous academic/government studies reviewed/analyzed.
- 15 years of data analyzed for demand modeling and economic projections.
- 9 global systems reviewed via direct interviews with foreign industry association and government officials.
Report sections.

- Background, context, operational definitions.
- Foreign country profiles.
- Lit review and demand modeling.
- U.S. industry outreach.
- Cost-benefit analysis.
- Opportunities and obstacles.
- Conclusions.
Framing the discussion correctly.

Traceability:
- Information trail that documents a product's physical trail.

National significance:
- Related to the number of cattle represented in system(s).

Mandatory vs. voluntary:
- Key issue is compliance and who/what stipulates.
Approximately 61 percent of global beef exports come from countries with traceability systems in place.
Traceability becoming a global norm.

Foreign countries have adopted animal ID and traceability systems to:

- **Maintain** or regain foreign market access.
- **Manage** animal health issues.
- **Invest** in practices that provide insurance in case of animal disease outbreaks.
Value chain perspectives.

► **Extensive outreach**
  ► 90-plus interviews with cow-calf producers, cattle dealers, auction markets, feeders, packers, government officials, vets, ag lenders, industry organizations, etc.
  ► 600-plus respondent quantitative survey (mainly producers).

► **Findings**
  ► *Discussion is evolving.*
  ► Recognition that animal identification and traceability is an issue that the industry needs to address – and take the lead on.
  ► State-based and private industry initiative evident.
Quantitative measurements.

How strongly would you support or oppose integration of the system you are participating in with a larger, more nationally-significant traceability/animal ID system?

![Bar chart showing support levels for system integration]

- 1 (strongly oppose): 10%
- 2: 15%
- 3: 40%
- 4: 20%
- 5 (strongly support): 15%
System(s) components.

Please rate your level of acceptance with the following traceability/animal ID system component: Information is made available to government entities only in the event of an animal disease outbreak.
Cost-benefit analysis.

- **Re-framing the discussion.**
  - Specific system(s) architecture must be known to generate accurate costs.
  - $386 million for 100 percent implementation (Brester et al); cow-calf sector will bear highest proportion of costs.
  - Expectations of export gains need to be tempered; export market access is one opportunity.
  - Domestic market growth is another opportunity.

- **Opportunity costs.**
  - Potential for negative domestic and international market impacts in the event of an animal disease outbreak – or the opportunity costs inherent in not adopting an expanded U.S. systems approach – outweigh any general cost projections for an expanded approach.
Obstacles.

**Cow-calf**
- Costs (depending on system architecture).
- Cooperation required of other sectors.
- Inherent skepticism – data privacy and oversight.

**Feeder**
- Intermediary.
- Cooperation required of other sectors.
- Costs (depending on system architecture).
- Data integration from imported feeder cattle.
- Quicker processing.

**Packer**
- Cooperation required of other sectors.
- Compliance costs.
- Liability.
Opportunities.

- Proactive leadership.
- Focus on best practices, hybrid approach.
- Mitigate impacts of animal disease outbreaks.
- Capture domestic and foreign market opportunities.
- Add another tool to maximize industry competitive advantage.
- Enhance operational management efficiencies.
- Technology neutral.
WPI assessment and conclusions.

- Report findings should reframe industry discussion.
- The basic tenets of a system(s) are that it:
  - Is industry driven.
  - Is managed and overseen by an entity that includes both private and government interests.
  - Maintains data privacy.
  - Is equitable to all industry sectors.
  - Is compatible with common industry practices.
  - Operates at the speed of commerce.
  - Is credible in domestic and international markets.
Thank you!

World Perspectives, Inc.

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