

I am Mike John, Vice-President of the National Cattlemen's Beef Association.

Mr. Chairman. Thank you for the opportunity to present testimony to you today on behalf of the members and state affiliates of the National Cattlemen's Beef Association. I appreciate being able to discuss animal identification, an issue of great interest and concern for cattle producers across the country.

Animal identification is not a new issue to NCBA, cattle producers, or USDA. In fact, NCBA has been very engaged in the development of identification systems for almost 10 years. In 2000, NCBA adopted standards as an organization so that the identification industry would have some commonality. Throughout this time, we also worked with USDA representatives knowing that at some point, we would be testifying at hearings such as this one about the role, purpose and potential pitfalls of a national animal identification system. As many have readily conceded, the recent discovery of BSE in a Canadian cow in Washington has given this discussion a tremendous sense of urgency. This sense of urgency has manifested itself in congressional hearings, the media, in cattle associations at the state and national level, and in the marketplace of technology.

Recent discussions have focused heavily on technology-the technological capability to track animals from farm to plate-using the newest and most effective technology or finding new uses for existing technology. But technology is not the start of the discussion. The discussion begins with why identification is important, and how it can be used as a tool to contain animal disease and protect the United States cattle herd, our greatest asset. Beyond technology, there are many questions that producers have about animal identification that become policy questions for Congress, USDA and NCBA. I hope to give some context to these issues and to pose some potential solutions.

Animal Identification is a Tool

Animal identification is a tool that can be used to identify and isolate animals and premises that have been associated with animal disease. We have had a mandatory animal identification system in our country in the recent past, the brucellosis eradication program. This program required that animals be vaccinated for brucellosis, tattooed, and tagged with a permanent metal identification clip tag. While this program was established to eradicate brucellosis, the result was a traceability program that has helped USDA and states over the years identify other diseases such as tuberculosis. Though the early days of the brucellosis program were very difficult for all parties-including producers, states, USDA, and even Congress-the program has successfully eliminated brucellosis from all but a few places in the United States. The downside of the success of the brucellosis program is that as states have become brucellosis free, vaccinations for the disease ceased, and, as a result, so has the tagging with the metal clip tags. Our task today is to increase the level of identification so that we can expediently contain a disease upon discovery.

I emphasize that identification is a tool to use in conjunction with our existing animal disease surveillance and monitoring infrastructure-it is not a substitute for that infrastructure. We do not wish to follow the examples of Europe, where too much emphasis was placed on identification and not enough emphasis on infrastructure. Though much is made of the many EU tracking systems, the EU has been subject to a BSE epidemic, Food and Mouth Disease outbreak, Dioxin contamination, and PCB contamination, all due in part to weak science-based infrastructure.

I must state that NCBA will oppose efforts to pay for an animal identification system by cutting existing animal health infrastructure. To do so would be the equivalent of cutting a city's fire department to pay for a fire extinguisher for every household. Although having a fire extinguisher in every home is good policy, to do so at the expense of the fire department could open up the community for larger and more destructive conflagrations.

Development of a National Identification System

Animal identification is a confusing topic for many because everyone has their own notions about what it is, how it works, what it can do, how it can be done, and the best technology with which to do it. The

development of such a system in these kinds of circumstances can be difficult. That is why dialogue and consensus building is so very important. It has taken time within our own industry and association to develop consensus, and that came only after years of debate.

Concurrently, other groups and organizations were having similar discussions. Once groups had a certain level of internal consensus, it was time to bring these groups together. That began to occur two years ago when the National Institute for Animal Agriculture began hosting meetings which culminated in the development of the United States Animal Identification Plan (USAIP). More than 70 organizations and over 400 individuals have worked diligently to draft the USAIP plan. This level of support is unprecedented in the history of developing programs of this magnitude and importance. The full text of the USAIP is available at www.usaiR.net.

Following development of the broader plan, members of the USAIP have established individual species working groups to outline specific areas of interest or concern within that species. The bovine working group has met January 27 and February 12 with the next scheduled meeting on March 10. The purposes of these meetings are to continually refine the implementation of an identification program, answer unanswered questions, develop pilot programs, and discuss industry education. As a matter of NCBA policy, we support of the USAIP as the foundation of the national identification system and support the ongoing work of the bovine working group.

We recognize however, that many questions remained unanswered within the plan and within the minds of cattle producers across the country, Congress, USDA and interested parties. These questions form the basis for the animal identification policy questions that are the subject of today's hearing. These questions include:

What will it cost? Who will pay?

How will our producers' information be protected?

Will this system be mandatory or voluntary?

How will it be implemented and how will any burden be shared?

What will other countries need to do and how will their information be integrated?

What technology will be used?

What authority does USDA currently have? Is additional authority needed?

How can this system be used to add value?

Cost

Full and complete implementation of USAIP is estimated at \$545 million over 6 years. This is inclusive of all the species in the plan. Other publicly released commercial estimates mirror this figure. The USAIP estimate includes the information system, data collection infrastructure, and identification devices. Clearly, this amount is a tremendous outlay of resources for any party. The identification system would provide the infrastructure needed to ensure traceability in the event of a crisis. Past infrastructure projects similar to this one have been partnerships between producers, the industry, and state and federal government. Due to the outlay of resources required, it is proper to discuss which parties would be responsible for funding the identification program.

The USAIP focuses on establishing technology standards so that the system is uniform, workable and consistent. Accordingly, we believe it is appropriate that establishment and approval of these standards is a proper role for the federal government. The implementation of the plan means the installation of the infrastructure, networks, and reading capabilities. This will entail a tremendous investment in hardware across the country. This type of investment has typically been a partnership and cost sharing effort

between states and federal government. The identification device, which is the cost most associated directly with an individual producer, could be paid by producers utilizing available state or federal dollars to assist in the cost, especially for those producers in need of assistance.

To summarize, an approach could be the federal government paying for establishment and approval of standards; the federal and state governments partnering on infrastructure installation; and the federal and state governments cost sharing with producers on the identification device.

Confidentiality

Producers are extremely concerned that the information that becomes part of an animal identification system could fall into the hands of those who would use it illicitly. Indeed, NCBA was part of a lawsuit in which an environmental group used the Freedom of Information Act (FOIA) to gain access to private producer financial records in an effort to "destabilize" ranching. This use of private financial data for these types of purposes is inappropriate. For these reasons, NCBA believes that any information provided by producers for the animal identification system should be exempt from release under FOIA. Additionally, the Privacy Act contains several provisions that protect private and personal data from release without the written consent of the party that provided the information. Making the Privacy Act apply to data provided under this system, would add an additionally layer of protection for producers privacy. Clearly, we recognize that the purpose of the identification system is to provide information that USDA needs in the event of an animal health crisis, and our comments on FOIA and the Privacy Act would not in any way preclude USDA from getting the information needed to respond to a crisis. NCBA believes that producer confidentiality is crucial to a successful animal identification program.

Mandatory vs. Voluntary

The most popular question that arises when talking with producers about identification is the question of voluntary versus mandatory. Unfortunately, this question is becoming a litmus test among some as to whether or not they will support or oppose the establishment of an identification system. We recognize that to be successful, we need to have high levels of participation in the program. Our policy is that we should determine in a sound statistical manner what this level of participation is, and the frequency of identification that is necessary to protect the health of the U.S. cattle herd from disease. It is fair to assume that you could have much higher participation with a well-designed voluntary program than you would if you had a poorly designed, under funded, poorly managed, uncoordinated, mandatory system. One needs to look no farther than the previously mentioned brucellosis eradication program to know that the early days of that program were full of strife due to the well-meaning but ineffective manner in which it was initially implemented-especially on livestock that moved interstate.

The question of mandatory versus voluntary should revolve around how best to get the level of participation needed to make the system effective, and that will be driven more by available funding and an implementation plan that makes sense, rather than a litmus test. NCBA supports an industry-implemented animal identification system that protects producers but provides government with appropriate access to contain animal health outbreaks.

Implementation

The USAIP calls for initially starting with a premise identification system, then moving forward with individual animal identification. Some have criticized the USAIP recently as having unworkable implementation timetables. The key here is not artificial deadlines, but a framework for implementation that makes sense. The timetables will be adjusted as funding is available and progress is made. It is extremely important that implementation of the program be in step with how cattle are marketed and moved. We must take into consideration the constraints that exist at livestock markets, processing facilities and feedyards. Accordingly, animals should be identified at or before the first time they enter commerce. We must also develop procedures for livestock that are sold on a private treaty basis that may avoid these facilities until they are sold to a packer. Additionally, many cattle are already identified through existing marketing and management programs. If

the systems in which these cattle are already identified are consistent with the standards set by USAIP, then these systems should be available to provide data to USDA for the purposes of producer participation in the identification system. This is an example where the marketplace has adopted USAIP standards, and Radio Frequency Identification (RFID) is already ahead of our current regulatory systems. These programs should not be put at risk while our regulatory structure plays catch-up with where the majority of the marketplace already is.

The key to effective implementation is solid standards-which USAIP provides-combined with flexibility for mode of marketing, regional differences and existing programs. The standards of USAIP are the driving force in ensuring that the system works and is functional.

To ensure that the animal identification system is successful, pilot programs should be implemented in different regions of the country. This would allow the plan to be tested using different production and marketing systems and recognize environmental differences. These pilot programs would be the first phase of implementation. NCBA encourages Congress to provide adequate funding for these projects.

International Considerations

As we have seen with the recent case of BSE and avian influenza, it is important that there be international harmonization in animal identification standards and systems. As we resume trade with Canada and Mexico we need equivalency in traceability. We not only need expedient identification and containment of animal disease within our borders, but across our borders and around the world. In our five-nations alliance with Mexico, Canada, Australia, and New Zealand, there is common agreement with our counterparts in these countries that there should be harmonization in our animal identification systems.

Technology Considerations

USAIP establishes Radio Frequency Identification (RFID) as the currently preferred identification method. Other technologies-DNA, retinal imaging, boluses, implants-could be integrated into the system as standards and practical applications of the technology evolves. RFID has been readily adopted by livestock producers. Millions of these tags are already in use and have been in use within many of the existing identification programs. Adoption of the RFID standard within USAIP acknowledges the existing use of this technology. To adopt another technology at this point would make the millions of RFID tags of no use to current users and hamstring the ability of our industry and USDA to expedite implementation of an identification system. NCBA does not wish to engage in, nor do we wish Congress or USDA to engage in technology fights because every firm or entity has a plant, or an employee located in someone's district. RFID can be most readily integrated today into operations across the country. NCBA wants to foster and environment that is a catalyst for competition, innovation and efficiency.

NCBA and the National Milk Producers Federation recently sent a joint letter to USDA urging USDA to "fully support the first step in plan implementation by recognizing and supporting the use of a standardized RFID system as the foundation of the system when individual animal identification is required." USDA should adopt this standard which would enable all states and all producers to begin implementing the system in short order. To delay implementation so that entities can debate or cajole does not assist in implementing the identification system in a timely fashion. It is imperative that USDA adopt the RFID standard consistent with USAIP sooner rather than later to enable the department to meet its stated objective of implementing an identification system soon. Nonetheless, should Congress act on an identification bill, no statutory provisions should be included which establishes the technology standard. Keeping the technology standard within the regulatory responsibility of USDA maintains the flexibility needed to adopt new technology.

Current Statutory Authority

NCBA understands that USDA has the authority, under the Animal Health Protection Act passed in the 2002 Fann Bill, to implement an identification system. Therefore, no additional authority is needed.

NCBA will monitor the implementation of an identification program by USDA, and as stated previously, NCBA is supportive of an industry-implemented program that is accessed by USDA for animal disease issues. The recommendations in this testimony could be utilized by USDA under their existing authority. Should we or USDA identify gaps or areas where additional authority is needed, we will work to address the shortcoming legislatively. Should Congress move forward in passing statutory provisions related to animal identification, we will work to make the above testimony part of the legislation.

Value Added Opportunities

The purpose of the animal identification system described in the above testimony is for animal health and related purposes. The system as described will not provide management information to producers or to parties in the chain of production. It is for the purpose of providing USDA the information needed to manage animal health issues. However, the identification device used, such as the RFID tag, could be used to facilitate or enable producers to participate in programs that provide management data. Indeed, many producers are already participating in these value added, information management programs and if those programs meet the USAIP standard, they could be used by USDA for participation in the identification system for animal health. We encourage the optimization of benefits from animal identification that can provide additional value to our producers.

Conclusion

NCBA has long recognized the importance that identification can play as part of our animal health infrastructure. That is why we have invested so much both internally, and as part of the USAIP development. We know that many questions exist and we are committed to addressing each question, answering it, then moving forward. At this point, USDA can make an important move forward by adopting the USAIP recommendation for RFID technology as the identification standard.

The USAIP is an outstanding starting point for efforts to develop an effective animal identification and traceability system that will benefit producers, consumers and government. The U.S. has the healthiest cattle herd in the world. Our system can and will protect animal health by engaging the long standing partnerships that brought us to this level, including partnerships within the federal and state governments' animal health infrastructure, veterinarians, producers and other livestock professionals. It's a partnership built on principle and a commitment to do what is right.

We are confident the current path we are on will result in the development of an effective animal identification and traceability program for not only the cattle industry, but also for all of animal agriculture.

Thank you for the time and I will be happy to answer any Questions.