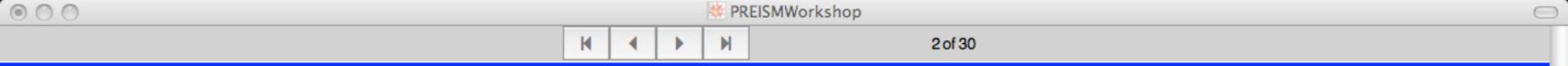


L. Joe Moffitt

Department of Resource Economics

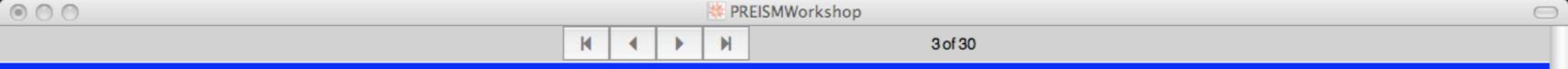
University of Massachusetts Amherst

PREISM Workshop
USDA/ERS
Washington, DC
October 24, 2008



Co-Investigators

John K. Stranlund, Barry C. Field, and Craig D. Osteen



Co-Sponsors

USDA/ERS/PREISM Cooperative Agreement No. 43-3AEM-4-80115

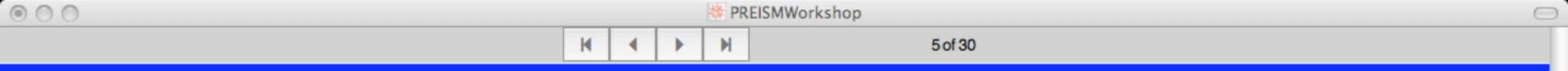
Massachusetts Agricultural Experiment Station Project No. MAS00861

Reports

L. J. Moffitt, J. K. Stranlund, and C. D. Osteen. "Robust Detection Protocols for Uncertain Introductions of Invasive Species." *Journal of Environmental Management* Vol. 89 (2008): 293-299.

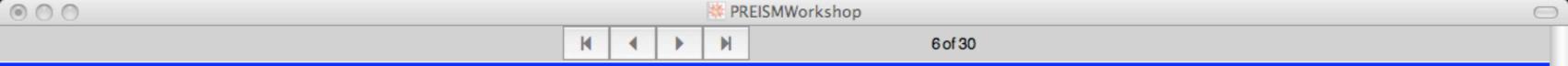
L. J. Moffitt, J. K. Stranlund, B. C. Field, and C. D. Osteen. "Robust Inspection for Invasive Species with a Limited Budget." in Lansink, Alfons G. J. M. Oude, (Ed.), New Approaches to the Economics of Plant Health, Amsterdam: Springer, 2007, 7-22.

L. J. Moffitt, J. K. Stranlund, and B. C. Field. "Inspections to Avert Terrorism: Robustness Under Severe Uncertainty." *Journal of Homeland Security and Emergency Management* Vol. 2 (2005): No. 3, Article 3. http://www.bepress.com/jhsem/vol2/iss3/3



Facts

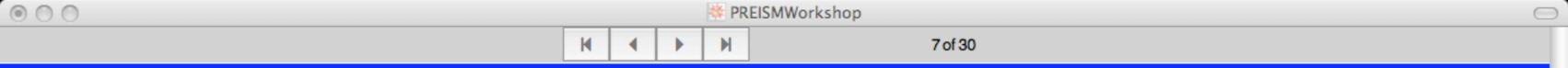
→ Invasive species can accompany perishable commodities that enter the United States.



Facts

Invasive species can accompany perishable commodities that enter the United States.

→ Both inspection for and entry of invasives can be costly.



Question

Can inspection protocols be improved through application of economic decision criteria and, if so, how?

→

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Overview

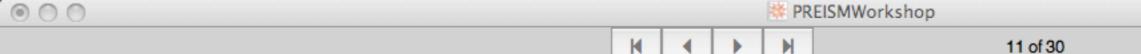
- I. Background
- II. Approach
- III. Results

I. Background

→ USDA/DHS MOU

USDA/DHS MOU

→ AQI



AQI:

→ Allows for size, contents, and origin

AQI:

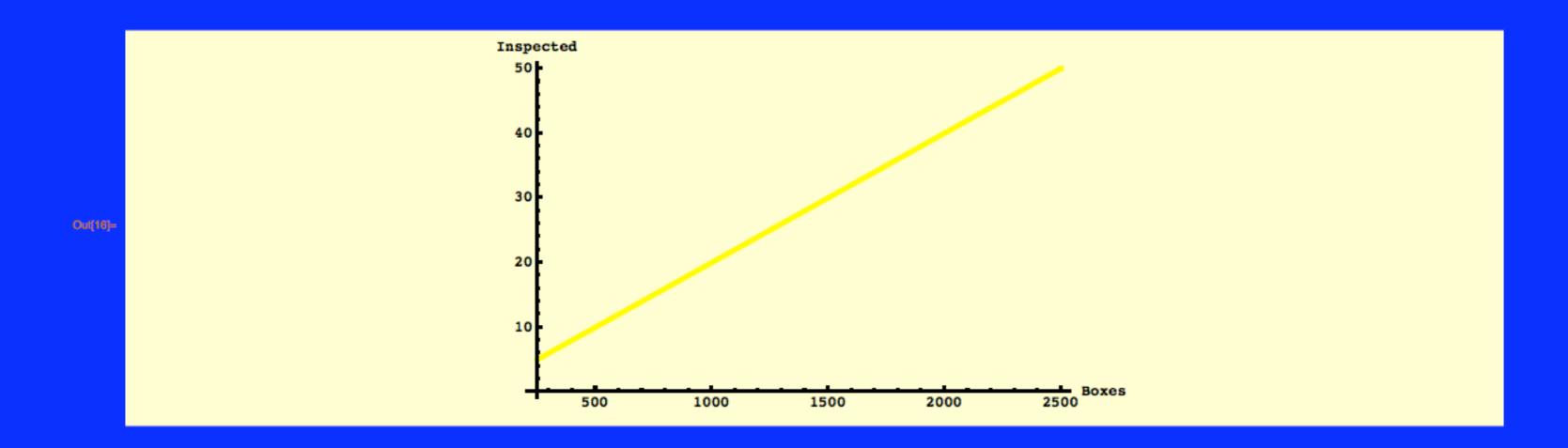
Allows for size, contents, and origin

→ Generally features a 2% inspection rate



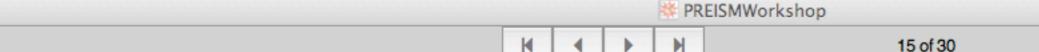
I. Background (cont)

AQI:



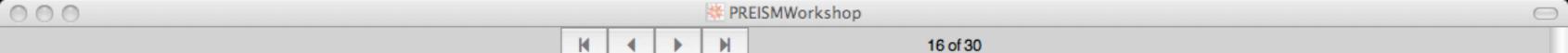


→ Constant inspection rate is not uncommon



Constant inspection rate is not uncommon

→ No apparent basis in economic considerations



II. Approach

→ Base inspection on cost

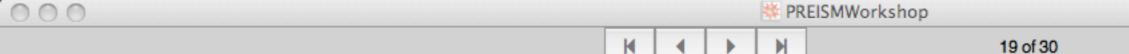
Base inspection on cost

→ Recognize that presence of invasives is uncertain

Base inspection on cost

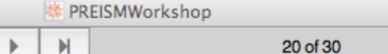
Recognize that presence of invasives is uncertain

→ Seek robustness to uncertain presence of invasives



Cost involves two components:

loss due to entry



Cost involves two components:

loss due to entry

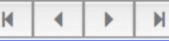
+

inspection cost

Expected loss due to entry:

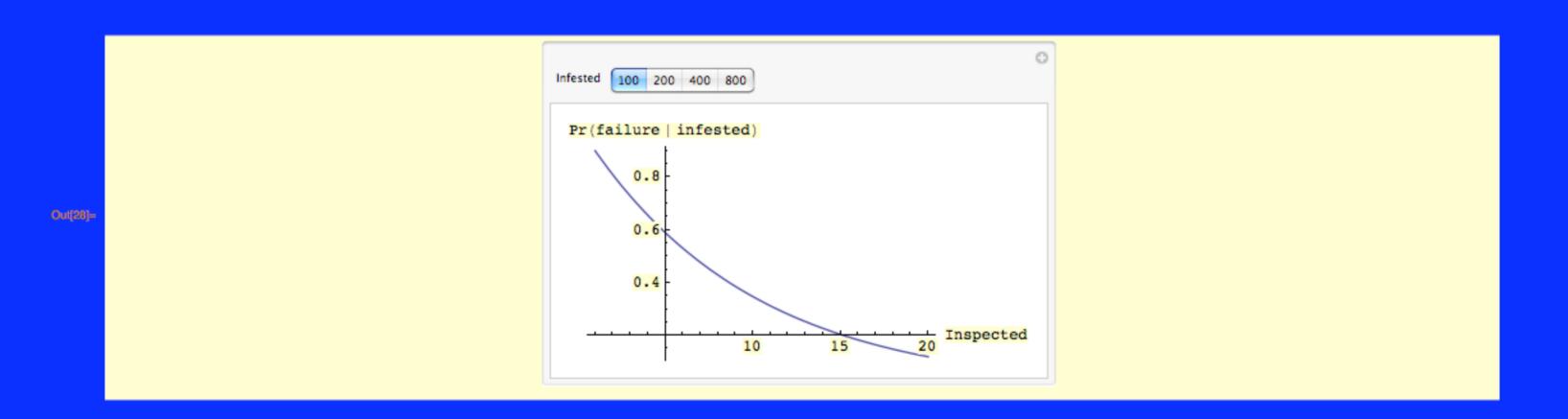
Pr(inspection failure) × E(loss)





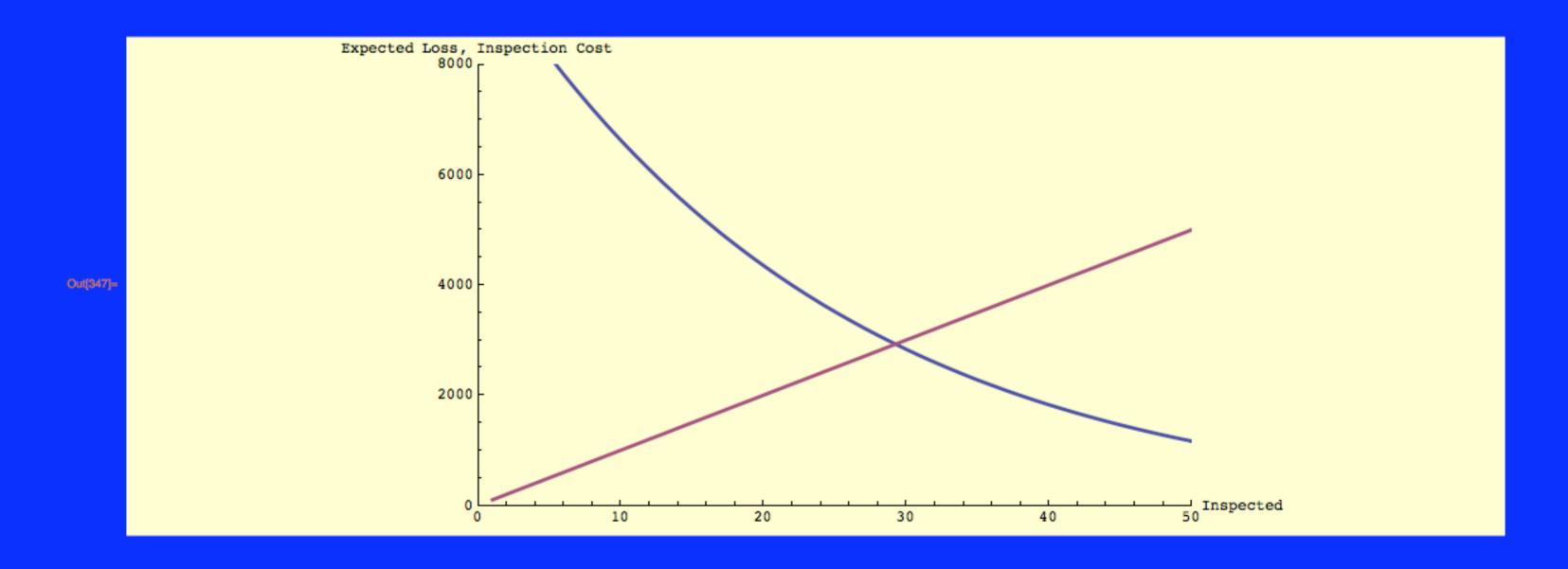
II. Approach (cont)

Probability of inspection failure (1000 boxes):

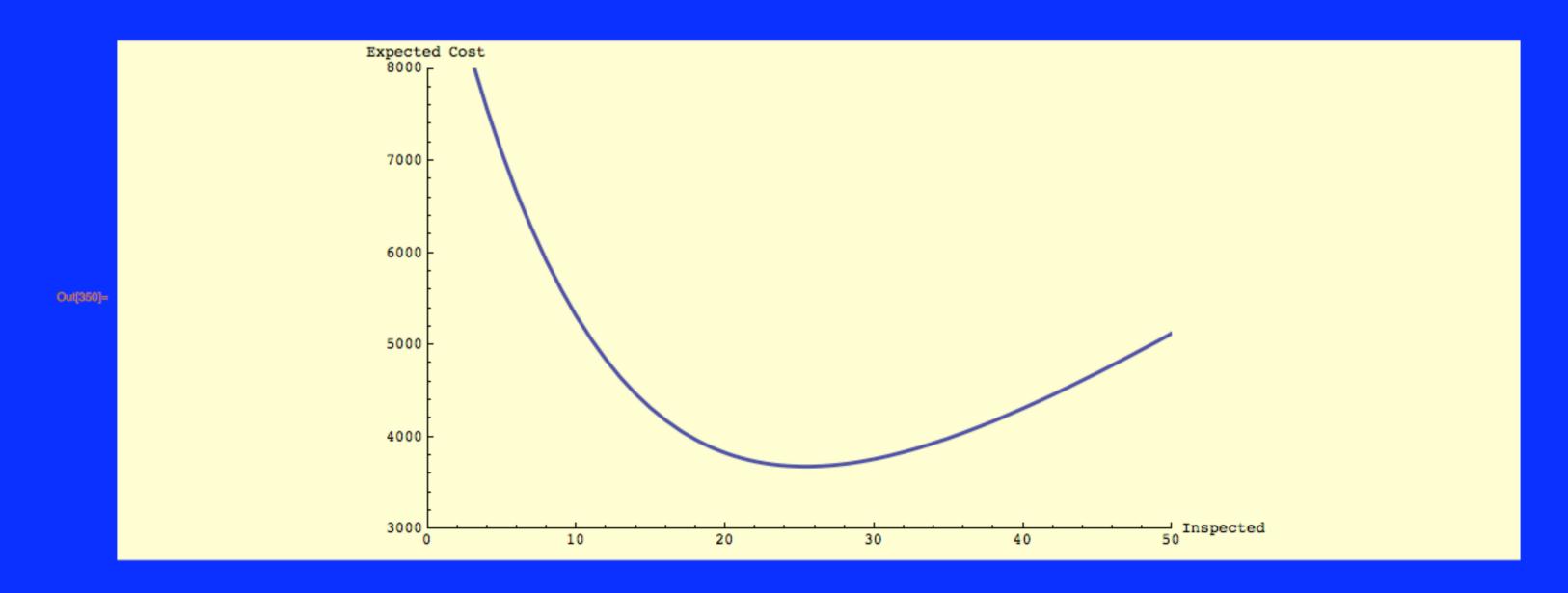




Decreasing expected loss, increasing inspection cost:

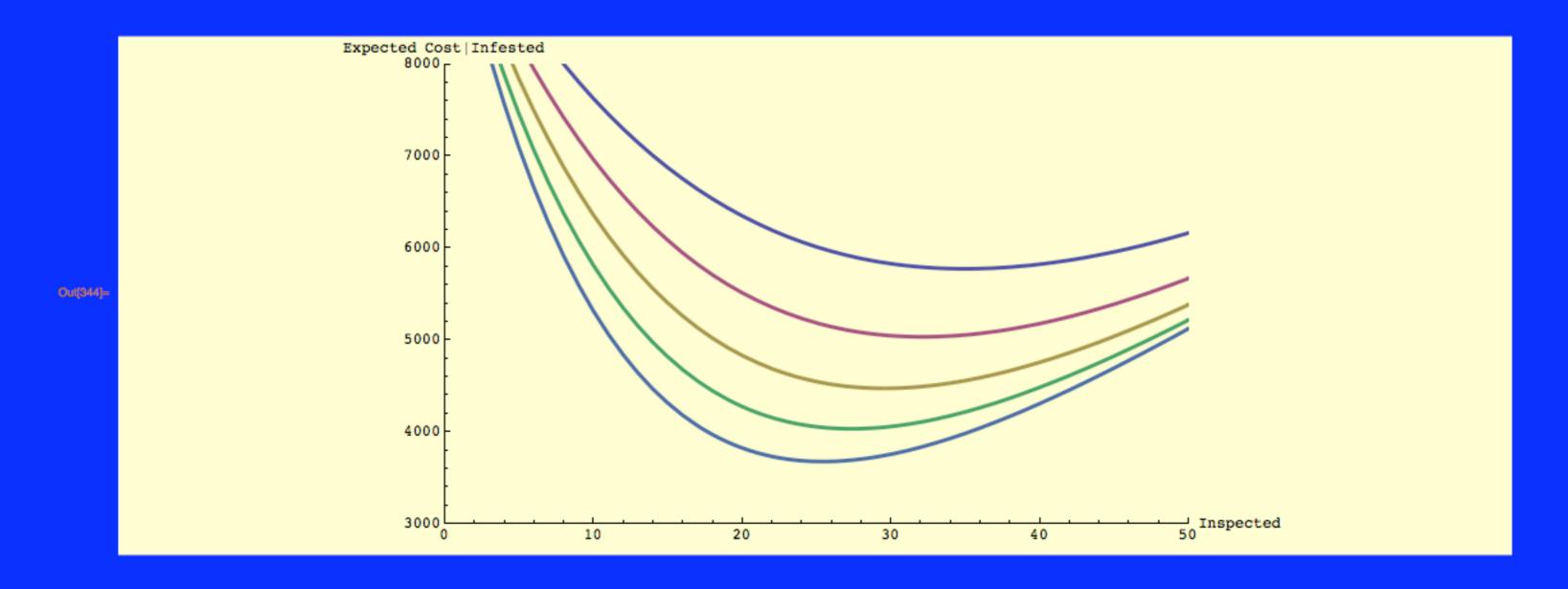


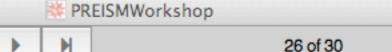
Expected cost:





Expected cost given number of infested boxes

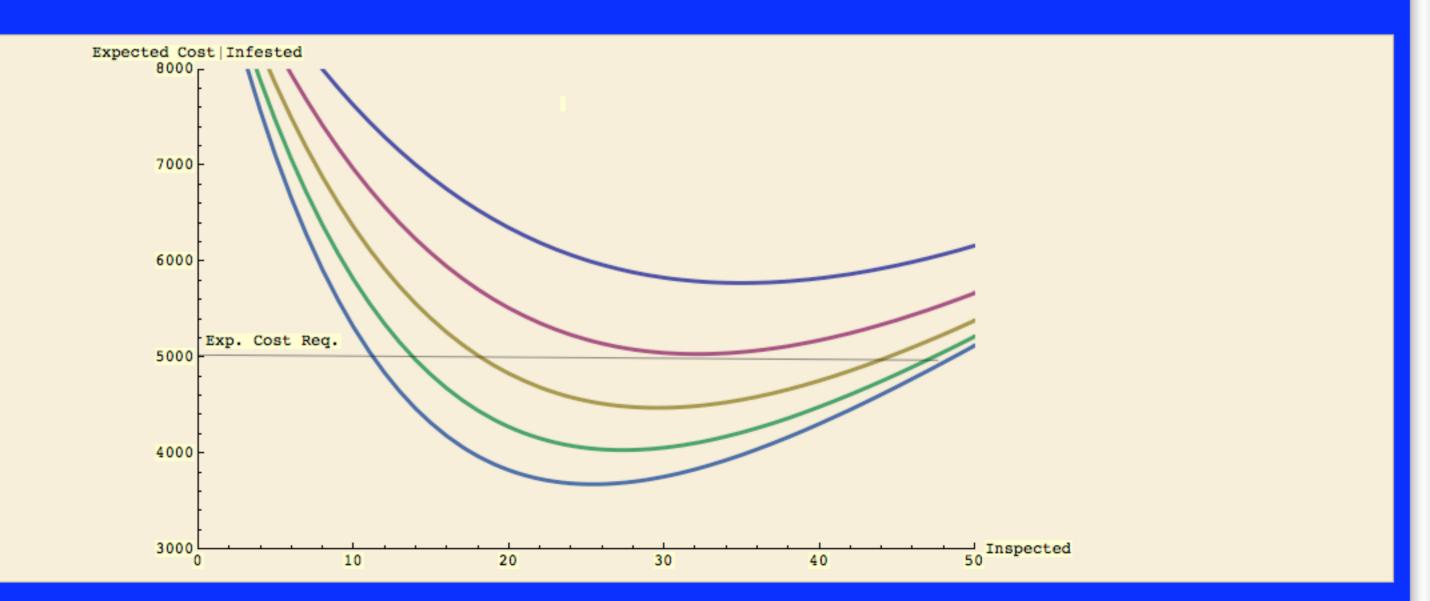




Basis for inspection with an uncertain number of infested boxes:

→ Robustness in meeting an expected cost requirement

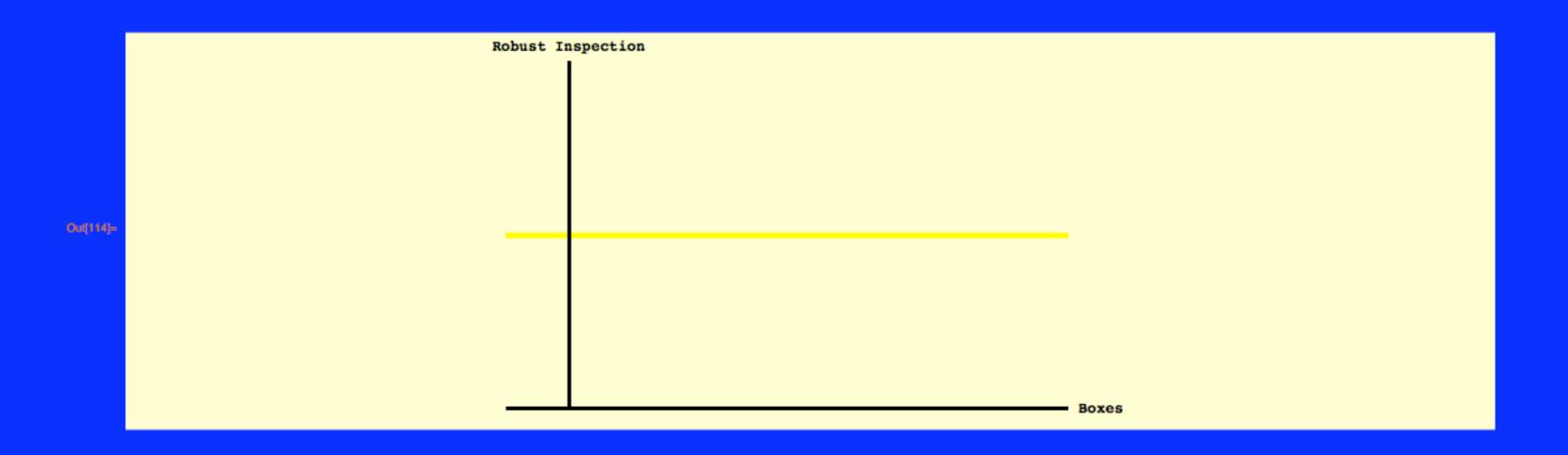
Robustness: maximize robustness to expected cost requirement



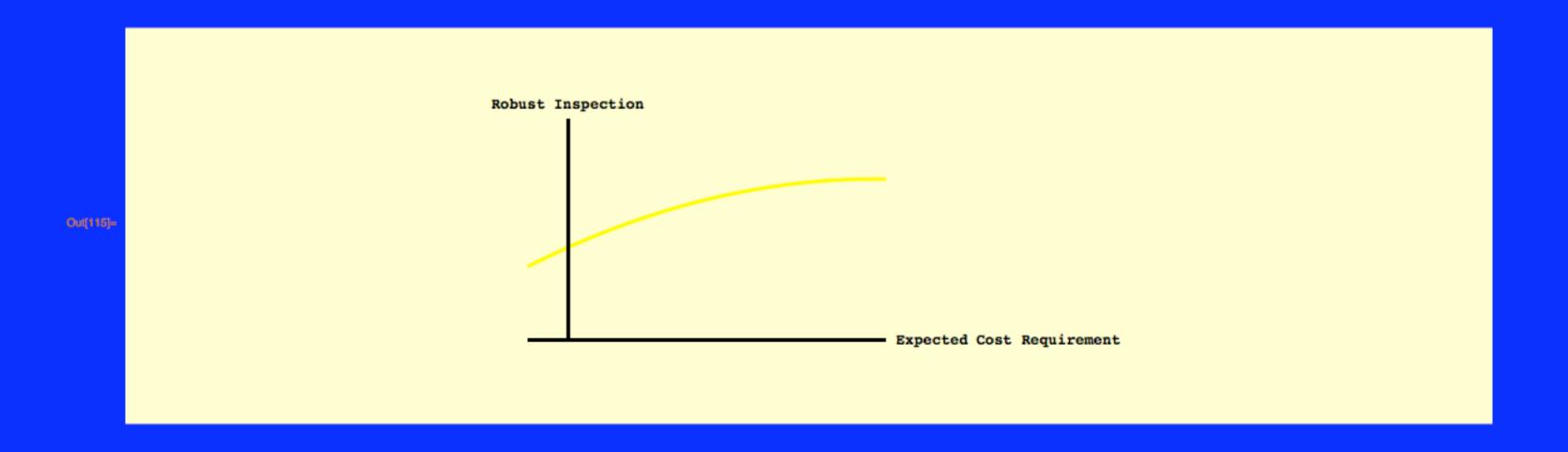




1. Robust inspection



2. Robust inspection and expected cost requirement







3. Robustness

