



United States Department of Agriculture
Animal and Plant Health Inspection Service



The Impact of Animal Diseases on Meat Trade: The Case of BSE

Presented by:
Kristyn Stone

In Collaboration With:
Kamina Johnson and Diana Mitchell



History of Bovine Spongiform Encephalopathy

- BSE is a chronic degenerative disease that affects the nervous system.
- First diagnosed in the United Kingdom in 1986.
- Disease also isolated in other European countries, Japan, Canada, and the United States.
- To date, 95 percent of cases worldwide have occurred in the United Kingdom.



BSE in the United States

- December 2003 – Washington dairy cow tests positive for BSE.
- June 2005 – BSE found in Texas cow.
- March 2006 – BSE found in Alabama cow.



Minimal-Risk Regions Rule I

- Rule published January 4, 2005 establishing category of regions presenting minimal risk of introducing BSE into United States.
 - Rule allowed imports of limited categories of animals and products.
 - Canada named as BSE minimal-risk region.



Minimal-Risk Regions Rule II

- Rule published September 18, 2007 updating existing rule.
 - Expanded categories of animals and products allowed entry into United States.
 - Canada maintained status as minimal-risk region.



Minimal-Risk Regions II Analysis

Considered four scenarios:

1. Allow imports of Canadian cattle born on or after March 1, 1999.
2. Allow imports of Canadian cattle unrestricted by birth date.
3. Allow imports of Canadian cattle born on or after March 1, 1999, and resume imports of over-30-month (OTM) beef.
4. Allow imports of Canadian cattle unrestricted by birth date and resume imports of OTM beef.

Quantitatively modeled four commodity categories:

1. Cull cattle and processing beef.
2. Feeder cattle.
3. Fed cattle.
4. Fed beef.

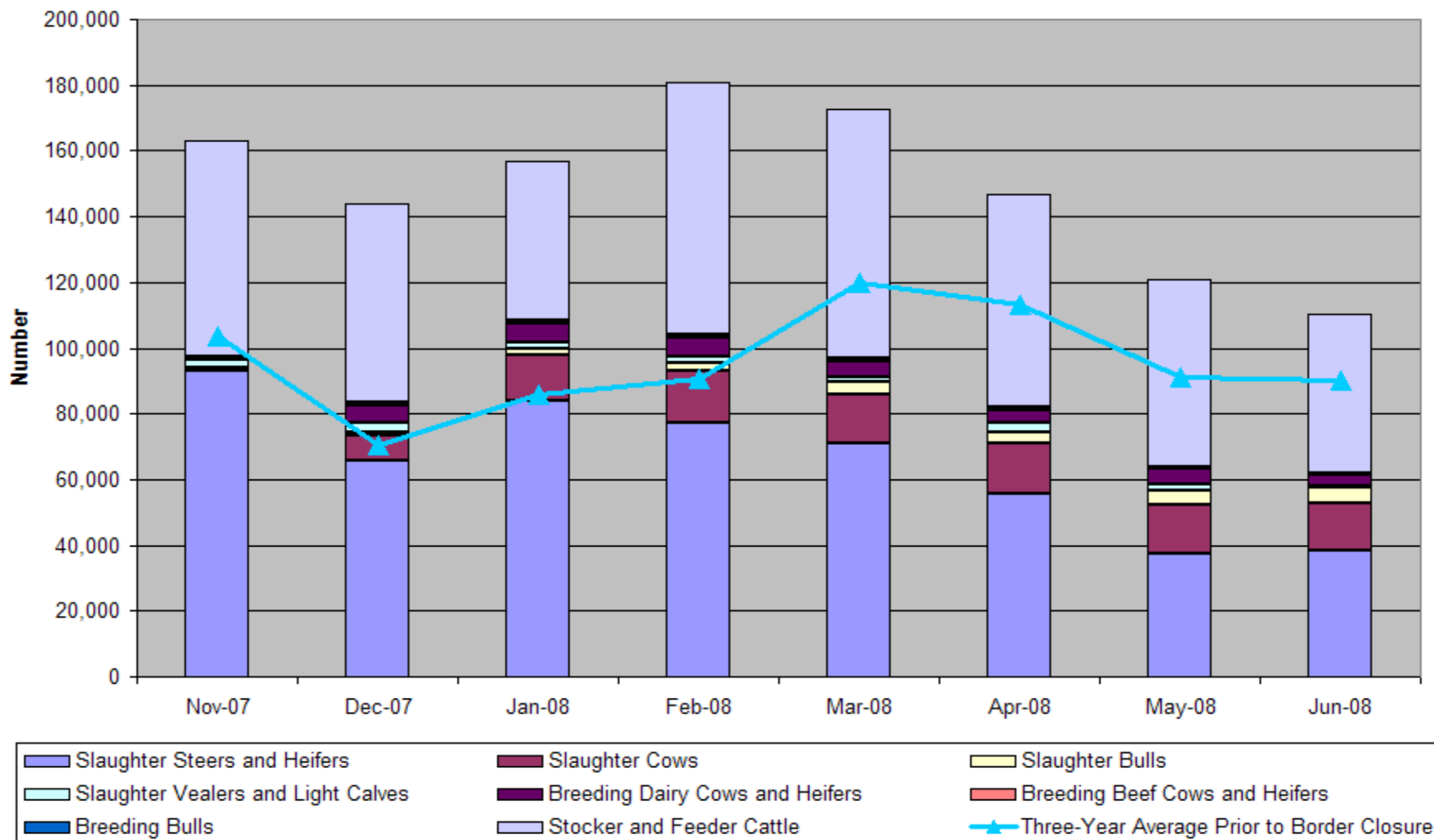


Changes in Live Cattle Imports from Canada with MRR2

- Allowed imports of cattle born on or after March 1, 1999, for any destination or purpose.
 - Reopened border to imports of slaughter and feeder cattle 30 months of age and older and stocker cattle of any age.
 - Reopened border to imports of breeding cattle.



Live Cattle Imports from Canada Following MRR2 Implementation



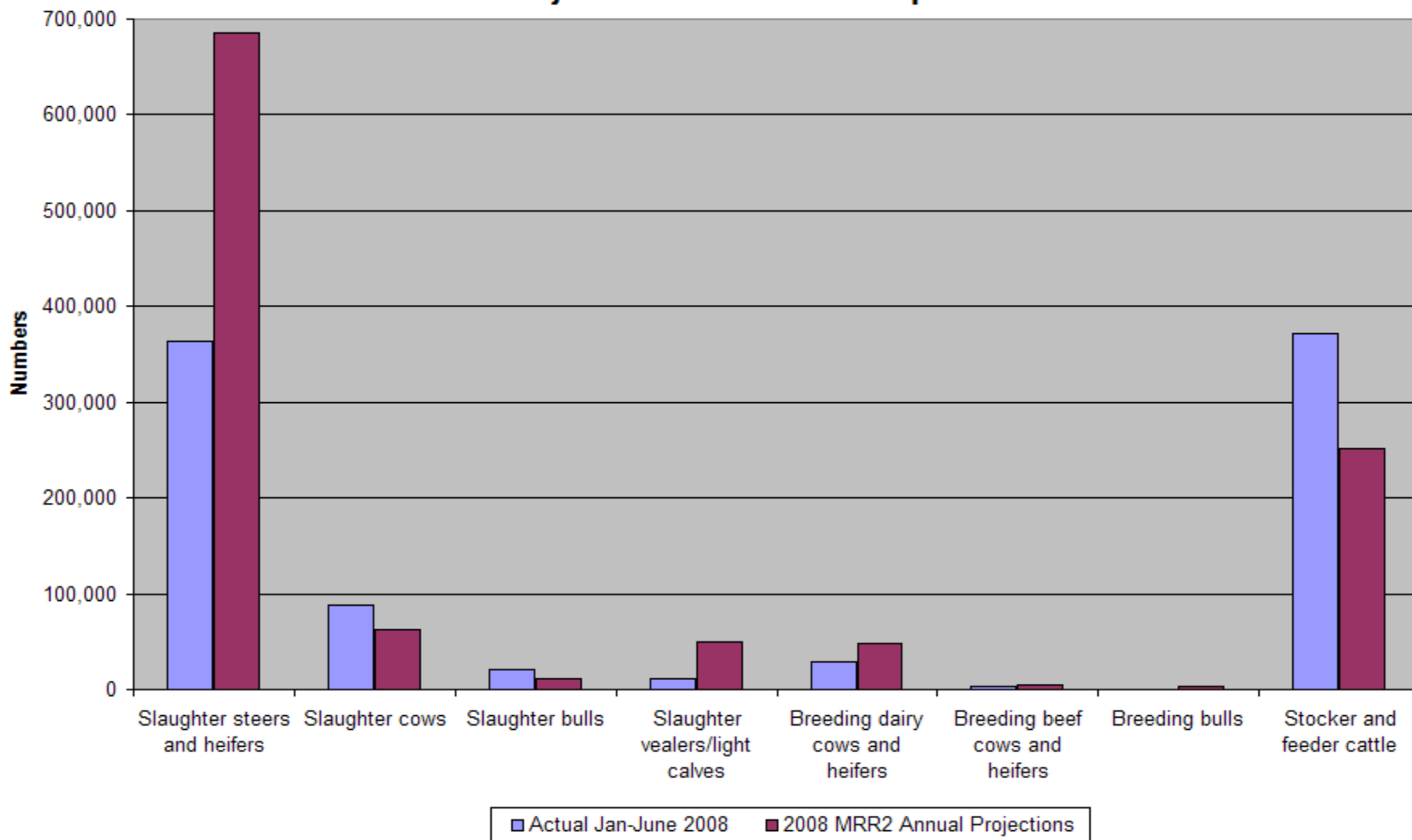


2008 Imports (Jan-June) Versus Projected 2008 Annual Imports

- To date, more slaughter cows and bulls, as well as more stockers and feeders imported than MRR2 annual predictions.
- Why?



Comparison of 2008 (Jan-June) Imports and Projected 2008 Annual Imports



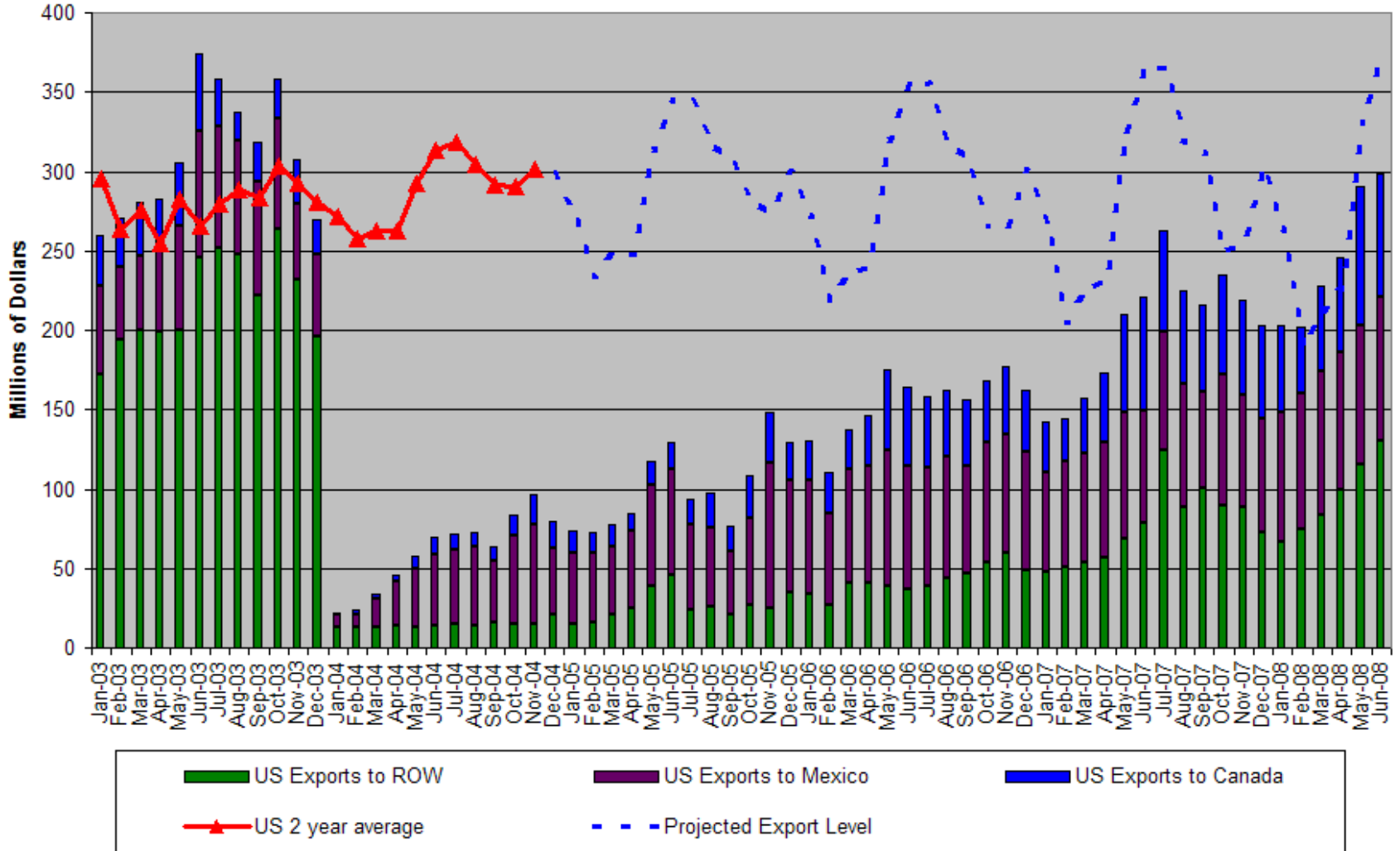


U.S. Export Recovery

- United States recovery of Asian markets began in 2006.
- Both Japan and Korea reopened markets on a limited basis.
- Encountered some issues due to prohibited products being shipped to these markets.



US Export Recovery of Cattle and Beef Products



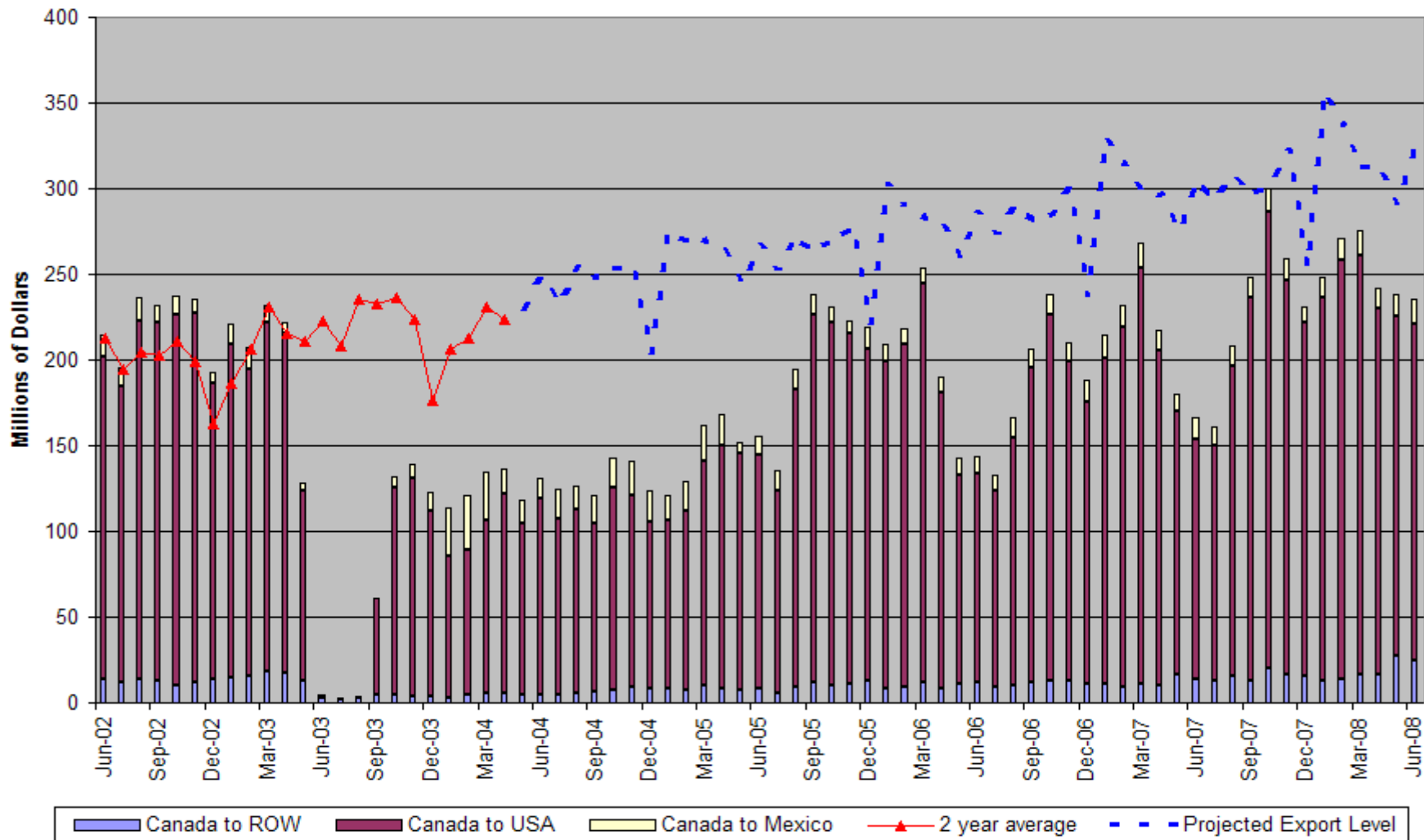


Canadian Export Recovery

- Canada's market began to return to historical levels faster than the U.S. market.
- The U.S. was a major factor in this since we serve as Canada's principal export market.



Canadian Export Recovery of Cattle and Beef Products





Summary

- Rulemaking reopened the border to live older cattle and breeding cattle imports from Canada in November 2007.
- To date, more slaughter cows and bulls, as well as stockers and feeders have been imported than predicted under the rule.



Summary (cont.)

- U.S. exports of cattle and beef have recovered to a significant degree, but have yet to regain the market share they once had outside of NAFTA countries, especially in Asia.
- Canadian export recovery has happened more quickly, mainly due to the magnitude of the U.S. presence in that market.



Questions?