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National Animal Identification System (NAIS): The Road Ahead

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Market Report	Yr Ago	4 Wks Ago	4/27/07
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$79.36	$96.46	$96.26
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	132.26	128.19	128.21
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	101.62	110.61	108.57
Choice Boxed Beef, 600-750 lb. Carcass	146.33	154.06	161.54
Western Corn Belt Base Hog Price Carcass, Negotiated	66.00	58.49	69.52
Feeder Pigs, National Direct 50 lbs, FOB	53.54	69.48	72.76
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	65.33	69.94	74.26
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct	69.25	84.75	91.75
National Carcass Lamb Cutout, FOB	204.65	242.18	243.47
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu	3.90	4.23	4.73
Corn, No. 2, Yellow Omaha, bu	2.11	3.49	3.44
Soybeans, No. 1, Yellow Omaha, bu	5.46	7.10	6.73
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.91	*	5.55
Oats, No. 2, Heavy Minneapolis, MN , bu	2.14	2.85	2.78
Hay			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	130.00	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	65.00	92.50	92.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	55.00	90.00	90.00

* No market.

The National Animal Identification System (NAIS) has been a widely discussed concern of livestock owners and producers since it was first conceived. The movement of animals and their products has created a need to identify sources of disease outbreaks and to assure consumers of product quality and safety to reduce possible individual firm and industry losses. This issue is sometimes confused with COOL, Country of Origin Labeling, which is an economically motivated issue, and is focused on differences consumers might place on domestically produced beef. As a policy matter, NAIS is basic in concept but has many complex hurdles to its implementation.

To better understand the complications associated with NAIS, a brief description of its current implementation and status are discussed. Currently, NAIS is considered "voluntary" on a national level. However, one state, Wisconsin, has chosen to require compliance. The primary stated goal of NAIS is to provide a way to identify a diseased animal's origin, as well as the whereabouts of any other animals that have come in contact with that animal, all within 48 hours. This information would then be used to guide control decisions, stop the spread of the disease and reduce the severity and cost of an outbreak.

NAIS has three phases. Phase I is **premise identification**. To date premise identification has been completed on nearly 27 percent of the nationally estimated sites. Phase II, **animal identification**, requires some method of identifying each individual animal. There are competing methods of accomp-

lishing this goal. For example, there are currently four approved methods for identifying cattle. These multiple methods may contribute to the programs perceived complexity, as well as creating confusion and differences in cost to producers. Phase III requires the **development and maintenance of an information center** where all of the information from the first two phases is collected, stored and processed. This information center is the key to tracing an animal's origin and path through the system.

Implementation of this system poses challenges. Among the most common objections are those relative to individual freedoms. The primary arguments against having a NAIS claim invasion of privacy and the usurpation of individual rights and guaranteed privileges associated with living in the land of the free. While no claim of expertise to answer these legal questions is implied here, several suggestions of plausible economic motivations behind these objections are suggested and briefly explored.

On the surface it does not appear obvious why any producer would oppose a system designed to control the spread of diseases that could negatively impact his/her livestock, other than on a purely philosophical basis. There are, however, several objections. There are added expenses, which might include identification materials (tags), labor and system support fees. There are also other economic factors such as increased risk and asymmetrical information concerns.

From the perspective of producers who legitimately object to NAIS, it is entirely plausible that the concern about providing information related to their production may be based on their risk adverse natures. They perceive an increased chance that liability for damages caused by an infectious organism may be assessed against them. They may also object to the possibility of bearing additional risk deferred by others in the supply chain. In the case of a disease outbreak, being held financially responsible could be catastrophic; maybe even worse than having a virulent disease sweep through their livestock. The concern that liability will be assigned for an unintended or uncontrollable event would scare anyone. Therefore, assuring producers that the implementation of NAIS will not increase their liability for other's mistakes, or make them responsible for uncontrolled events is necessary.

In the case of business practices, no one ever wishes to give up an advantage, real or perceived. Several areas provide potential concerns about this type of risk. The concern may be that information about their individual enterprise will somehow be used in a harmful way. For example, they may believe if livestock data provided to the identification system was somehow obtained by others in the industry, it could possibly be used by them to gain a competitive advantage or alter prices. A natural distrust of government and large corporations by some livestock producers may increase their concerns about the security of collected identification data.

These concerns and many others make the road to a functional and acceptable NAIS full of pot holes. The point to take home here is that not all producers feel comfortable with the NAIS proposals and need assurances before jumping on the band wagon. The Animal and Plant Health Inspection Service (APHIS), the federal arm of USDA responsible for NAIS, has recognized this and is currently working on a cooperative agreement to do a cost-benefit study of NAIS in hopes of building consensus and providing assurances.

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