



NEWS RELEASE

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Correction: Fourth paragraph is corrected to fix decimal place error under bullet number three.

USDA RELEASES NATIONAL ANIMAL IDENTIFICATION SYSTEM BENEFIT-COST ANALYSIS

WASHINGTON, April 29, 2009--The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) today released the results of a comprehensive benefit-cost analysis on the National Animal Identification System (NAIS). The study was completed by Kansas State University, with assistance from Colorado State University, Michigan State University and Montana State University.

"We've always known what the traceability benefits of NAIS are, and now, with this study, we can better delineate the economic benefits and costs of adopting NAIS," said APHIS acting administrator Kevin Shea. "NAIS is a long-term investment in not only emergency preparedness and response, but also in our ongoing animal disease control and eradication programs, the competitiveness of our livestock in international markets and in consumer confidence in our food supply."

APHIS commissioned this study to provide comprehensive, objective economic information for producers. Kansas State University and its partners were selected in July 2007. The study took more than a year to complete. The objectives, as defined by the research team, were to estimate the benefits and cost of adopting NAIS by the livestock and poultry industries, as well as to determine how net benefits are likely to be allocated among industry sectors, consumers and government.

Highlights of the study include:

- As a result of NAIS, the federal and state governments' savings in connection with the administration of animal disease control and eradication programs are significant, but they are only part of the overall benefits.
- Economic benefits in both the domestic and international marketplace resulting from enhanced traceability may be greater than the cost savings realized during animal disease control and eradication efforts.
- For industry, the effect of not implementing some aspects of NAIS (maintaining status quo) may result in significant losses—as great as \$1.32 billion on average per year over a 10-year period due mostly to reduced export market access.
- Implementation of NAIS becomes more cost effective as participation levels increase and actually may not be economically viable at lower participation levels.

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- The cattle industry cost represents 91.5 percent of the total cost of NAIS; the swine, sheep and poultry industries account for the rest. Identification tags and tagging cattle represent 75 percent of the cattle sector's annual adoption cost. Estimated tag and tagging costs vary among cattle producers with 50 head from \$3.30 to \$5.22 per cow, depending on current identification practices.
- The swine and poultry industries each have a lower cost because animal tracing requirements for these species require less infrastructure and often no individual identification devices.
- Traceability is becoming a global standard that will likely affect the ability of the United States to compete globally.
- The total cost for implementing NAIS in the cattle sector as described in the study is \$175.9 million annually (at a 90 percent participation level). Although significant, the cost is less than one-half of a percent of the retail value of U.S. beef products.
- The average cost per animal marketed is: \$5.97 for cattle, \$0.059 for swine and \$1.39 for sheep. For poultry, the average cost per animal is \$0.0195 for layers, \$0.0007 for broilers and \$0.0020 for turkeys.

Additional highlights, including the benefits and costs by species sector, can be found in the Key Findings document posted on the NAIS Web site. An executive summary and the entire report (400 plus pages) are also available for download at www.usda.gov/nais/naislibrary/plans.shtml.

NAIS is a modern, streamlined information system that helps producers and animal health officials respond quickly and effectively to events affecting animal health in the United States. NAIS utilizes premises registration, animal identification and animal tracing components to both locate potentially diseased animals and eliminate animals from disease suspicion. For more information on NAIS, go to www.usda.gov/nais.

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