

**U.S. DEPARTMENT OF AGRICULTURE –
ANIMAL AND PLANT HEALTH
INSPECTION SERVICE**

**Animal Disease Traceability Meeting
Fort Worth, TX – July 20, 2017**

[START RECORDING]

MR. STEVE KIDD: Good morning. We're getting ready to get started. If everybody can find seats, once everybody's seated we'll kick the meeting off. Welcome and good morning. We're glad to see everyone here in Fort Worth. This is the ninth public listening session on animal disease traceability. Our goal today is to hear from you—the producers, the ranchers, farmers, market managers, and animal health officials—about how ADT is working at the field level for each of you. We're interested in learning about what has worked for you, what challenges you've had regarding animal disease traceability, and how we may be able to address some of those challenges. First I'd like to introduce myself. I'm Steve Kidd [phonetic]. I work with the Animal and Plant Health Inspection Service Headquarters in Riverdale. I'm also joined by my colleague Kathy Slaga from the APHIS office in Minneapolis. Kathy and I are not animal health officials or animal health specialists; we want to make that clear right off the bat. We're here to host the meeting,

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

help everybody through each of the segments that we will be having. We do have many animal health specialists here from APHIS and from the State of Texas. I'd like to start by introducing some of those folks. First we have Dr. Aaron Scott. We also have Neil Hammerschmidt and Sunny Geiser-Novotny. We also have Mike Pruitt—Mike from the State of Texas, APHIS Texas. And Andy Schwartz from the Texas Animal Health Commission. There are others here from USDA and the State of Texas as well, and you'll be hearing from them during the day. They really recognize how important this issue is to you. They want to hear from you and learn from your experiences to identify those areas that are of concern to you. Real quick, for those who I haven't mentioned names, the State of Texas and USDA—can you raise your hands? During the day you can always touch base with these people and discuss issues with them. I encourage you to introduce yourselves to them so they get to know you. Before we get started with the agenda, I want to walk through what's going to happen today so you can understand

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

where we're going with this and so you'll know what to expect as we work through the agenda. I want to thank everybody who has come. We understand that you're taking your time away from your business to come here so that we can listen, and we really want to hear from you. So let's go over what the agenda's going to be. In segment one, we're going to have two parts, and that's to hear from APHIS and state officials. First, so that we get everybody on the same page, we're going to have some introductory remarks about the basics of animal disease traceability in cattle. Once we go through the basics, we're going to hear what we have heard about animal disease traceability so far. We've been listening—our state partners, our state vets have been listening to your concerns, and we've been putting it all together since this was kicked off in 2013. And we've got some lessons learned about the progress of animal disease traceability, and we want to share those with you. In the second segment, the second of five segments, we've got a panel of experts. These folks will be sharing their personal

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

experiences with animal disease traceability and how it impacts their everyday work. You'll have a chance to ask questions of the panel. We'd like you to ask questions. We want you to pick their brains about their experiences. I want to make sure you understand at this point we want to keep this to the questions for the panelists. Following that, we will have an open mic session. That'll be our third segment. And this is where we want to hear from you, and you'll have an opportunity to let us know what your thoughts are. We want to hear about any and all aspects of animal disease traceability that you've experience and are dealing with, and that's going to give us a sense of some of the topics that we will want to discuss in our fourth segment. And in the fourth segment, we're going to break out into small groups, and we're going to focus on specific topics. And this is your chance to let us really know in a deep dive what your experiences are; not only what your challenges are, but what you think can take place to overcome those challenges. So after we get through those working group

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

sessions, we'll regather here. In each group you'll select somebody a spokesperson, and they will report out to the larger group the topics and the issues and potential solutions that the working group came up with. And after that, we'll have some closing remarks, and we'll be done for the day. Again, we want to hear from you, so please don't be shy. You each have a packet; the packet has the day's agenda, basics about animal disease traceability and also animal disease traceability assessment handout. So that's some information for you. You'll also have some note cards on the table. You can take notes; it may help you frame up questions that you may have. A couple of other housekeeping issues—first, if anybody is interested in connecting to the Marriott Wi-Fi, the internet code is U-S-D-A—small letters—U-S-D-A 13. You'll be prompted—it'll come up and say purchase. You'll have to click on that. Don't worry, you're not getting charged for it. So there is Wi-Fi. In the case of an emergency, best exits are to the rear of the room and right and left to get out of the building. There are

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

bathrooms; if you go out the doors to your left before you get to the exit, they're on your right. The spread outside unfortunately is not for us. That's for the rail company that's holding their meeting here today, but we do have coffee and water in the back for you. I believe that is it, and at this point I'd like to welcome Andy Schwartz to come up for some introductory remarks.

MR. ANDY SCHWARTZ: Thank you Steve. Good morning everyone. I'm Andy Schwartz, the state veterinarian and Executive Director of the Animal Health Commission. I'm pleased that a number of you were able to come out today. If this is--welcome to Texas to you guys. It's nice to be inside in Texas right now. I think a predicted high today in parts of the state are 102 or above, so it's good to have an air-conditioned job today. So I wanted to start off by thanking USDA for having this, the ninth ADT meeting across the nation. Originally we weren't on the schedule, and there were several voices raised out of concern that we're the biggest cattle state in the nation, and we

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

1 didn't have a meeting here. And so we
2 appreciate folks listening to that. And our own
3 federal staff here in Texas went to bat for us
4 and NCBA as well, so we're happy that you guys
5 are coming and hosting this meeting here and
6 giving us a chance to give feedback directly, so
7 we really appreciate that. I wanted to
8 recognize some folks with the Animal Health
9 Commission, not everyone here, but just our
10 Chairman of the Commission Coleman Locke is
11 here. So I see--yes sir, there you are. And
12 Commissioner - - our econ commissioner's here,
13 so--and he's one of our panelists this morning.
14 So I appreciate you gentlemen giving so
15 generously of your time here, and we've got a
16 number of other Animal Health Commission folks.
17 You'll get to meet them as we have the breakout
18 group meetings, but I'll just point out Dr.
19 Lansford in the back is our Assistant State
20 Veterinarian, so if I fall out, he steps in, so.
21 Next--and most of all I wanted to thank the
22 industry partners for coming today, for leaving
23 your livestock markets, your veterinary
24 practices, or your ranch, whatever it is you're

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

doing, to come here today and give of your time to this effort. Because I think that it's really critical that we come together and move forward and try to develop a system and a traceability system that can benefit everyone. And it spreads the cost and the burden all across the industries that benefit from them. So I think that's—that we've got a good agenda today. I think the meeting's laid out well. I think everyone who wants to have a voice will have a chance to speak today, either in this, ask questions of the panelists or in the breakout groups if you'd prefer that method, and so your comments are going to be captured as Steve mentioned. It'll—this part of the meeting will be recorded, and since it's a public meeting, and then we'll capture the gist of what's said in the breakout groups and bring that back to the table here to share with everyone in a brief report. And then you may have said it, but I think moving forward, this input will be compiled and assessed by state and federal committee that's already functioning now. I don't mean to steal your thunder, but

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

then I'll stop so I won't do that. Okay. And bring it back to an I.D. summit—a traceability summit that's being scheduled—it has been scheduled in September. So this is a worthwhile effort. Put everything—voice your opinions, but I would ask you to try to be a team player also; look at the bigger picture, what's good for the industry as well. And I should now forget to, in advance thank our panelists for coming. We'll get to meet them as they come up later in that part of the meeting. But again, welcome to Texas, and welcome to this meeting. We're looking forward to a productive day today. Thank you.

[Applause]

MR. KIDD: Dr. Scott, would you like to say a few words?

DR. AARON SCOTT: Is—oh, okay. Well I had to get a mic, guys, because you all sat in the back of the room, and it's a long ways back there to see faces, and I wanted to emphasize one point, is that we're here to listen to you all. We want to talk, we want to discuss, we want to hear ideas from folks. This is my

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

speech by the way, so it's not very long. We do want to hear about this issue. We are not writing a rule. There's nobody in the back room. There's not draft document in anybody's hip pocket. And at a lot of these meeting, I've heard folks who were really concerned and not very trusting, and thinking that the USDA is trying to pull something over on you, and that just isn't the case. We are here because we want to hear your thoughts and solutions to a problem, and that problem is being able to trace animals, particularly diseased animals. The last--well, it's not the last time I was in Texas, but the last time that I was involved in an outbreak in Texas was back in the, about a decade ago with BSE and with high path AI, and had some painful times. It wasn't quite this hot, but coming from Colorado, it was pretty warm down here in the early part of the summer. With the BSE cow, that particular cow was in Texas. We had lost our market; we'd lost all of our export market. We were trying to find out the cow--actually, trying to find out exactly which cow it was, and in that case I was the

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

epidemiologist on that. I guess I should introduce myself; I'm an epidemiologist by training. I'm a manager in USDA Veterinary Services, and I oversee the traceability programs and the accredited veterinarian programs. At that time, I was an epidemiologist. We were down here—there were five cows in a lot that had gone through the slaughter plant. There were carcasses in the - - buckets; the gut buckets. There were pieces and parts, and as it turned out, as we were trying to do that investigation, there were pieces and parts of lots of different cows in the same bucket. They hadn't gotten them sorted out very well. Of the five cows, two of them had identification. There was like a yellow 26 and there was—I forget what the other one was. The other three didn't have I.D. We did the trace on them; we were trying to find out where they came from. The slaughter had taken place a few days ago, and because of the sampling for BSE, those carcasses were still there, but they were—like I said, there were a lot of pieces and parts. At that time, DNA analysis wasn't as far

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

as it was now, but we still did DNA on some of those, and that's how we discovered that there were various different parts in the bucket. As we went back pounding on doors, talking to truckers, visiting with guys that were out moving cattle, I remember the one guy was named—I don't know what his name was, but he went by the moniker of Red. And Red remembered a couple of the cows that came on the shipment. That's a hell of a way to trace cows, folks. So we went ahead, and we looked, and we had a bunch of debates and arguments over the one cow, and she had—there was no hide left on the skull, but she had black hair around her nose. There was enough left around her nose, we could see black hair. So anyway, to make the story short, we did find the cow, or we're pretty sure we found the cow. She was a local—she was a Texas cow. There was also a Florida cow and a Georgia cow and a Louisiana cow in that group of five, and we were pretty sure at that time that it wasn't. The cow had come from a ranch in Texas, and the particular fellow that raised her didn't use meat and bone meal in his rations. She was on

Ubiquis

grass; she wasn't fed anything to make her suspicious for BSE. And so we were able to do that. Part of the issue at that time though, was the OIE—the World Trade Organization, or a little bit later than that, changed their rules, and they said that if you couldn't trace a cow to her birth herd, then you couldn't qualify it for the top level of BSE freedom. So on that, hopefully BSE is something that we're not going to face. In the past, we did have one a couple days ago, but it was not the classical BSE. It was—and in fact in the United States, we have never had an American cow—a U.S. cow—that's had the classical BSE. They've all been this weird old age-related one. But the point of that story is that, in that case we were kind of up against the wall. We—any of you folks that have tried to trace diseased animals and been faced with talking to Red the truck driver and the guy that's out in the back lot trying to move cattle around, and saying, "Hey man, did you—you remember that black cow that came through the chute yesterday?" And guess what he says? "Well, I only saw 10,000 cows yesterday. I

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

don't think I remember that black one." So we're here today to talk about the problem of animal disease, about tracing animals, about controlling disease. I talked to Dr. Schwartz a little bit earlier, and when I say we have a problem that we want to solve, I don't mean we—USDA—I mean those of us in the cattle industry. I mean those of us who are in markets, who are in feedlots, who are cow/calf producers—those of us who work for the federal government or state government. We want to have solutions. We want to figure out how to make things work. We want to figure out how to make them pay and make them practical. That's a tall challenge, and that's what I'm putting on you all today. So think about that, and please take it very, very seriously. At the meetings, we've had lots of opinions. We've had some common themes that have come forward for sure, and we've had some people that are in different parts of the room that are diametrically opposed with what needed to happen and what needed to be done. So think about solutions. Be open-minded please, and think of how things might work. We're wide

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

open. The meeting today is recorded, so comments and ideas and thoughts are recorded. We have folks that are taking notes. I'll be sitting back here taking some notes too just for my own personal use. Where we go next—animal traceability is a very, very high priority for APHIS, for APHIS administrator, and also for his counterparts in other countries, the countries that we trade with and the example that I just gave with disease—that was BSE, and BSE's kind of a thing that's not quite so on the front burner today. We barely even have even saw a blip in the markets after the announcement of the cow last Friday that had BSE, because we understand it a lot better. The next disease we may not understand as well, and heaven forbid if it's a foot and mouth disease outbreak, that's a tough one. On that, before we started this series of meetings that we've had, I went back through our emergency database, that is a database that we collect information when we investigate animal disease emergencies. And I also went to our Center for Epidemiology, and they have built what's pretty much the world

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

gold standard on computer models. We don't have FMD in the country. And so I went to them, and I said, "Guys, on your computer model, can you give me a realistic foot and mouth disease outbreak? Can you give me one that's not a real hot one, not one of these things that's terrifying and scary; not one of these—not a dud. But middle of the road, one set of data. The thing with a computer model is that you can have locations in it; you can know when a herd's infected and when it's not, because the computer does all that stuff behind the scenes. And so then I went through, and I built a little algorithm to go in that, and I said, "Okay, we run this model; we see what an outbreak looks like." This particular one was in Texas, by the way. In it, over about three weeks' time, it popped up, and you could see it on the screen popping around, and then it was over here, and then it was here. And then by the end of that simulation it was up in the panhandle, and those guys of you that feed cattle up in the panhandle, I can even hear your teeth gritting right now just even thinking about it. But at

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

that time, I shut it off, because it was blowing up. It was going pretty heavy. So I went through, and I built an algorithm that said to the computer, when you see a herd that's infected, let it spread disease for 48 hours, and then shut it off. The idea being that if you had an infected herd, you find it, and then you find everything that it's exposed to within 48 hours, can you stop the outbreak? On that particular outbreak, it didn't stop it, but it showed up in five locations. So it popped up, spread a little bit locally, and then it bounced over here and bounced over here and bounced over there. Five locations—what that means is that between you all, between our federal veterinarians and our state veterinarians, we could stop that. We could shut it down. The first one, watching it—I don't think we would have stopped it. I think it would've wiped out Texas and then moved on to the rest of the country. So that's one instance, one set of data, one outbreak, on study. But the reason I did that was to convince myself that having a better traceability system would help us manage

Ubiquis

diseases. As far as these—and I guess I should mention too—we’ve heard lots about diseases, but FMD isn’t the only thing—we—you’ll see some data and some information on tracing TB cattle and ones that are traced in TB herds that are still out there that weren’t able to find their origins. Trich is an ever-growing issue. A lot of states in the West here are implementing things to control it, but it’s still an issue. Bangs has not gone away. That’s still something that pops up periodically. So we have a number of diseases; the ones that we kind of are pretty used to, we have some of these exotic ones, and then of course we have the ones that we’ve never seen before. They’re the new, emerging diseases. The last couple of years with a couple of the outbreaks that I’ve been pretty closely intimately involved with have been PEVD in the swine industry and high path AI in the poultry industry. They were—those folks are in their industries, they even get pretty overconfident and cocky about their biosecurity on their farms, and they got blown away. They weren’t as prepared as they thought they were.

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

So there's a problem. There's an issue there to deal with. I don't have the answers. I don't know the solutions. I think ADT traceability--I know being able to trace animals. That's kind of a no-brainer. But if you have an outbreak and you have an infection, if you can find out where the infected animals came from and where they went to.

As an epidemiologist, I promise that helps a lot, to be able to control it. How to go about doing that, I don't have the answers for that. I hope someone here does. And I suspect that all of us have some thoughts and some ideas. And that's what we want to gather. Our next step, we have taken this tour across the country, and a number of, actually nine different venues like this, and meeting rooms, where we have talked to some of you all, and to your colleagues in other states.

And there are a number of things that come out, that have been fairly common themes, and other things that aren't. The next steps on this, after today, we have, as Dr. Schwartz mentioned, we have a state federal working group

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

that are taking all of these notes and all of these transcripts, and all of these things that we have been hearing, and trying to boil them down in to something that's digestible.

We are putting--we aren't putting on, the National Institute of Animal Agriculture and USHA are hosting a forum in September, that's September 26th and 27th in Denver. And at that forum, this working group will present that compilation of all of the things we have heard from the east coast to the west coast, to here. We'll have some more discussion on that.

Hopefully out of that, we will begin to have some ideas of what things that need to be addressed or not addressed. After that, I'm not sure what we will do, as USDA. I think the way that we'll move forward is to take those ideas, sketch them out into more--a more--a clearer picture of what we might do, or might not do.

We, as I said before, are not writing any regulations. But if that needs to be done, then that would come in the future. And there would be lots of discussion and time to talk about any of those things. But I think the first thing is

to compile all of this knowledge that people have across the country, in to something that's a little bit clearer, put into a little bit more focus, so that we can all look at it again, and plan that way forward. So that's how I see our next steps, coming out of this.

If you have any questions about anything I've said, I'm here all day. So, for sure, let's talk about those. So, I'm going to finish up now. And Dr. Sunny Geiser-Novotny and Mr. Neil Hammerschmidt are going to give us a short background on the traceability program, what's going on with it, how well it's working. Some things are working really, really well. Some things are not working as well.

And then we'll move directly in, the rest of the day, in to our panel members presenting. We'll have an open mic after that. And then we'll get together in some smaller groups, where we can talk face to face. So, thank you all very, very much for being here. We'll visit more through the day. And let's carry on.

Neil?

MR. NEIL HAMMERSCHMIDT: Thanks, Aaron. So,

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

this morning I would like to spend just a little time to go over some of the key aspects of where we're at with ADT, as far as it's framework.

While the animal disease traceability part, or section of the CFR, Code of Federal Regulation, covers various species, today's focus is primarily on cattle.

That was really the primary area that we focused on early on, because to some extent, and it does vary; some of the other species are covered by disease programs. Sheep and goats, the Scrapie Eradication Program, for example, where we focused more on cattle, specifically on Part 86 of the Traceability Regulation. After I'm done, I think the key part of our presentation will be Sunny's comments on the assessment report, but I'll go through a quick review of some principles of ADT.

Certainly not a new topic, we know that. So we didn't build it from scratch. We wanted to take advantage of the infrastructure that had been put in place over many, many years of disease program eradications, but look at it as traceability from a non-specific disease aspect.

Ubiquis

So, as we develop the framework traceability, regardless of the disease issue, we would have the ability to respond appropriately. More focus on the program being administered by the states and tribal nations.

Certainly, cost is always an issue we want to deal with. We actually had the key principle indicating that we certainly wanted to take advantage of low cost technology, to the extent possible, but certainly leave the door open for other advancing technology, as well. Probably the key point here is the last one, basic bookend system. I think we all understand what we are talking about, when we talk about the bookend.

In our case, where the animal was first tagged at, where the animal is terminated. We sometimes refer to our principles as "bookend plus," because we want to take advantage of some movements, those interstate movements, specifically. But one of the things I think we need to look at today in our discussions is how appropriate, how fulfilling, how complete is that bookend approach? Does it meet our

Ubiquis

traceability needs?

I think when we started the approach, we looked at what we had learned prior to ADT. And I think we all admit maybe we started too big, and wanted to cover too much ground, too quickly. When we looked at ADT, we looked at it more as a foundation system. Let's do some key aspects of traceability extremely well, and try to advance the components, the aspects of that traceability more-so over time, if support is there to do so.

Again, the rule was published in early 2013. Interstate movement is the key term in our traceability regulation, but I think it's important to acknowledge that animals that move across within a tribal nation, that has their own traceability system, that do cross a state border is not covered, not considered an interstate movement.

And the movements of animals, livestock to a custom slaughter facility, in accordance with state and federal regulations for the preparation of meat for the owner of those animals, is not covered livestock in regards to

Ubiquis

those movements that might be interstate. Those animals are not covered.

Two key aspects that we wanted to focus on specifically, of course, was animal identification. Again, a key principle, animal identification, certainly highly acknowledge that it supports timely traceability, but we've got to do it properly. And through our reports, this morning, I think we have documentation that we are doing it properly.

And when I say that, it's--I always refer to the concept we could put a tag in every critter, and not have any traceability, if we don't have the records to go with it. So, it's a balance of getting animals identified uniquely, but the record keeping system is probably as critical as putting a tag in the ear, for example. We also wanted to take advantage and do a better job on movement documentation.

We wanted to take advantage to minimize the cost and minimize the burden on existing systems, specifically the interstate certification of veterinary inspection is our principle movement document. In itself, it's

Ubiquis

not a sure fact, that the animals move, but it's highly correlated from where an animal shipped from and where it shipped to. So, we take advantage of that document for movement information. We're just trying to do a better job with a form that has existed for how many years?

Randy, how many years have we had ICVIs? Long before his time. He's not a young chicken anymore.

[Laughter]

MR. HAMMERSCHMIDT: So, my point is, basic, fundamental systems, we're trying to do a good job with some things that have been put in place. So, in regards to official identification, of course, the method is defined by species. What works in cattle might not work so well in some of the other species.

Key to the ADT, if we tag an animal today in Texas with an official ear tag, that animal is good to go any place in the country for its entire life. So, we have uniformity. We have a national standard for what's an official ear tag, for example, or an official ID method.

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

However, a receiving state like Michigan, who is based on a RFID system, within their state, they can't impose that requirement specifically on anybody other than movements within the state of Michigan.

So, if you move cattle from Texas to Michigan, it doesn't have to be RFID, but when it gets to Michigan, they impose their regulation accordingly, and movements within the state of Michigan, by state regulation requires radio frequency identification.

So, real quick, what is official for cattle and bison? Of course, an official ear tag, and we'll go over a little bit about some components of official ear tag. When the shipping state and the receiving state animal health officials agree, registered brands with an official brand inspection certificate is considered official.

Obviously, it's not in all states, because not all states have brand inspection. Tattoos and other ID methods acceptable to breed registry associations; we have left that up to the local folks, that if they want to accept those methods of identification, they are

Ubiquis

considered official. But again, it's both shipping and receiving state must agree.

In regards to group lot identification, it was acknowledged in the rule, but it's certainly primarily used in other species, specifically swine and poultry. We talk about official ear tags; certainly they are tamper evident. We don't want tags to be easily moved from one animal to another. Key to the recognition of official ear tags, we can debate if it's confusing or not, but I think we have made some advancements.

Prior to ADT, we got as many calls on is this an official tag or not, because it wasn't very clear, or quite confusing, because we had so different many--or so many different ones. Today, based on our transition of that tag, was applied within the last couple of years to an animal. And if it doesn't have the US, or the official ear tag shield, it's not official.

We've got two numbering systems; one, the traditional numbering system called the National Uniform Ear Tagging System, State Code three alpha characters and four digits, primarily used

Ubiquis

on the small, metal tip tags. Orange tags for brucellosis vaccination, and the traditional, historic, if you will, silver bright tag. The AIN number, Animal Identification Number, it's a 15 digit number, leading with 840, which is the country code for USA; it follows the standard, the international standard, ISO standard for electronic identification of animals.

So it's pretty well utilized across the entire globe. We use it as an official ID number in the states. It's available in electronic tags, but it's not--it does not require electronic ID. Right or wrong, but I think primarily we look at 840's as an electronic tag. Based on records that we have, 95% of the 840 tags are electronic.

And in our records, we've got about 50% of the tags that USDA distributes is through the warehouse that we have for the bright tags, and the records we accumulate on the distribution of 840 tags, it's about 50/50 at this point in time. So, certainly the 840 number has picked up over the last few years.

So, as you look at the bullets as presented

Ubiquis

here, in regards to what animals are covered, all dairy is covered. On the beef side, we've got animals over 18 months of age that are covered. Additionally, cattle used for rodeo, recreation event shows and exhibitions are covered. So, basically the beef feeder cattle under 18 months of age are not covered.

We've got a lot of exemptions, and we're not going to go through them all specifically, but I think some that we do want to talk about in our discussions today, we hear feedback that animals--well, let me talk about the exemption. Direct--move directly to an approved tagging site, and are officially identified in accordance with established protocol.

So, we have recognition that animals can move interstate to a tagging site, because those animals are tagged there on behalf of the person responsible for those animals, that may not have the opportunity to tag their own animals. We hear, but we want to hear from you guys also, that tagging sites are working fairly, fairly well. It's providing service to producers unable to tag their own animals. But we would

like to hear your opinions on the future practicality or need for tagging sites.

The last bullet are movements interstate directly to a recognized slaughter establishment, or directly to approved livestock facility, and then to the recognized establishment. We probably need to discuss that a little bit. Early on, our discussion was we don't want to work a cow that's on its last leg, through a shoot, to get it identified when it's probably going to be killed within 24 hours. And so we exempted animals moving direct to slaughter in a slaughter channel.

I think some of the concern is that maybe there's a lot of animals initially presented for slaughter, but they don't stay in slaughter channels, or they don't go directly to slaughter. So, we've got animals moved back to other premises than slaughter, itself. So, some--what we have identified as potential gaps, issues of concern that we have to discuss among them.

On the ICVI side, the Interstate Certificate of Veterinary Inspection, some of the same

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

exemptions apply, but primarily animals that move the interstate to an approved livestock facility can move there on a loaner/shipper statement. A lot of times those animals are observed by an animal health official at those locations. But we certainly have one of the breakout groups that we want to talk more about movement documents, specifically, how are they working.

We've tried, again, to take advantage of a form of health paper, that has traditionally been utilized. Probably the most important thing we did, we defined the ICVI in the regulation, to ensure that the information we needed for traceability is properly filled out on that form. And I think we have made good progress in that regards, having accredited veterinarians more properly fill out more ICVIs more completely, more consistently.

Basically the recording of the numbers is required on the breeding animals. Dairy steers, for example, we wanted that Holstein calf identified early on, but we realize once they're in those feeder channels, probably it's

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

impractical to record news tags off of metal tags, as they move from location to location. Some of the states require the recording of the official ID number on health certificates, but the federal rule does not.

Another part of the regulation that's very keen, it's kind of the back end of all of the traceability efforts, is to make sure that we have the ID collected and properly correlated at inspection. It's really not a new rule. FSIS has had this rule in their regulation, but APHIS added it to Part 86 for traceability, to re-emphasize the need to achieve that at the slaughter plants, and Sunny will make more comments in that regards.

So, that's a quick summary of some of the key components aspects of traceability. You've got the Power Point slides in your handout, as well as the document acknowledged here. But if you've got more questions later, we can cover all of those.

But at this time, I would like to invite Sunny up to make comments on how we've put some of these principles together, and what we have

found as success? Maybe not. Some things that aren't quite as successful as we would like them to be, but Sunny has done a lot of work on pulling together the assessment report.

MS. SUNNY GEISER-NOVOTNY: Good morning, everyone, and thanks for having us here today. As Neil mentioned, I'm going to go over an assessment report that we put together over the past few months. It was actually published, I think back in April. And it is available on our website for anybody who is interested in reading it.

Basically, when the rule was published in 2013, APHIS indicated that we would conduct an assessment to see how effective Part 86, or animal disease traceability is at helping enhance our traceability capabilities. And so over the next couple of slides, I'll go over some of the parameters we used in conducting that assessment, including what we call "trace performance measures," and I'll explain what those are.

We also looked at actual traces, specifically tuberculosis cases from slaughter.

And then, finally, just feedback that we have gathered over the years, not only from industry stakeholders, but also from state animal health officials and our federal field force, as well.

So, from the beginning, ADT was set up as a performance-based program. And basically what that means is the state federal working group that had input into the rule set up parameters using the primary focus of official identification and movement documentation, where those measures could be utilized to document any gaps that existed in states tracing capabilities, or--and/or progress that they might have in their tracing programs. And then delineate any actions that might need to be taken, to help improve their programs over time.

So, with these traceability performance measures, or TPMs, we measure two key factors. The first is the elapsed time it takes to answer four specific questions defined by the TPM. The first, in what state was an imported animal officially identified? This specifically measures those animal identification numbers, or numbers that Neil had talked about.

Ubiquis

So, it's the distribution of those tags, so get an A or a 15 digit tag. You determine, you know, you're in Texas and you determine it was tagged in Kansas. That answers that question.

Two, where in the state was the animal-- where in your state was the animal officially identified? This tests Texas's distribution records for official identification, so determining where, in Texas, the animal was identified. Three, from what state was an animal shipped? Again, this refers to an imported animal, so you have an animal you need to trace in Texas, you find out that it shipped from Kansas or another location in to Texas.

And then four, for exported animals, from what location in your state, Texas, was exported animal shipped from? The second parameter is the percent of successfully completed trace performance measures. Basically, how often are you able to find the information that you're looking for, to answer those questions.

So, when you consider those two parameters and what we're trying to achieve with traceability, the key to successful traceability

Ubiquis

is the timely and accurate, or timely retrieval of complete and accurate information. And that's probably one of the most significant advances we have made since the implementation of the rule, is when we can move from what you see on the left is one year of import and export CVIs from the state of Colorado. And that's an individual trying to trace an animal off of those documents, versus typing that number into a database and finding that information in seconds. That's progress. The amount of resources that go into sorting through paper records is tremendous.

So, when we started the trace performance measures, we set up some national baseline values for those four questions that you saw on that first slide, back in 2013, when the rule was published. Since then, with each cooperative agreement period and successive years, we have had a comparison year, so 2014 was the first comparison to the national baseline, 2015, second. We just finished up our 2016 cooperative agreement period back in April, and we're still evaluating those numbers, and

Ubiquis

hopefully we'll be able to provide our third year comparison here, shortly.

So, I know this slide is busy, and we won't go through every number individually. What you see in the first column is the questions that I showed you before, so one through four. The second column represents the national baseline values for both elapsed time and percent successfully found. And then the first and second year comparisons.

And what's important to note here is that we range from 58 to 76% successfully completed in the national baseline, to the high eighties, or in some case, nineties in the first and second year comparison. So, a significant progress in the time we're actually able to find the information we are looking for. And then, if you look at the elapsed time, we average four to 11 days in the national baseline of parameters for those four questions.

And then that dropped down to one to two days for the first and second comparison year, so significant progress in the time it takes, or the decrease in the time it takes to find the

Ubiquis

information, and also in the ability to find the information, in general.

This slide represents TB traces from slaughter. What we did is we took a look at the slaughter cases that were detected at slaughter. So, as Neil mentioned, FSIS does inspection at slaughter. If they find a lesion suggestive of tuberculosis, they collect a sample. They collect any identification, any man-made identification associated with that animal, and that's submitted with the lesion to the laboratory that's conducting the testing.

So, in the first column we have what type of identification, if any, the animal arrived at. The second column is total cases by identification type, whether or not we were actually able to successfully trace that animal back to the herd of origin. Traced in directly means that we were basically able to find where that animal came from, because of another animal it was associated with.

So, it might have come in on a lot from the same facility. One of its cohorts had identification, or had movement documentation

Ubiquis

where we were able to trace it back. And then, obviously, animals we were unable to trace.

So, from 2010 to 2016, we had 38 total cases of tuberculosis confirmed at slaughter. 12 came in with unofficial identification, 14 with no identification, and 12 with official identification. And what's important to note here, even with unofficial identification or no identification, we are able to trace those animals some of the time. For no identification, we've got to have pretty good records to find them. So, it's very important to have that documentation that goes on with them, if you're going to trace them.

But what's really key here is all of the animals with official identification were traced successfully. And that's important, when you consider for unofficial identification and no identification; we had six animals we couldn't find. So, that could possibly, you know, correlate to six unidentified herds that are infected with TB out there.

So, when we took a look at those parameters, the trace performance measures and actual

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

traces, and in talking to individuals not only in industry, but also with our state counterparts, we determine that ADT is successful in the context which it was set up. So, for official identification and movement documentation for animals moving interstate, we are doing that okay, doing it pretty well. We have really increased the amount of records, not only that we have in databases, we have decreased the time it takes to find that information.

That's going well. But anybody who has had to trace animals here recently, you know, with the exceptions and the flexibility that we have built into the rule, there are substantial gaps that exist, that still hinder our traceability efforts. And so we'll go through those in the next few slides.

The first challenge that we identified within the current framework is that official identification requirement is limited to interstate movement. And so, when you consider that an animal can move multiple times within state before ever crossing state lines and

needing that official ID, or maybe it never moves interstate, there's a lot of animals that aren't covered under the current framework.

If they don't have interstate movement, records may not exist, there is no movement documentation, they weren't required to be ID'd, we've got nothing on that animal. And we all joke about how do you trace a black cow with no identification, it can be pretty tough sometimes.

We mentioned quite a bit the flexibility that was built into the rule, and Neil went over some of the exemptions that exist. We had a heck of a time in the beginning trying to explain them to each other, to the state animal health officials, and to understand exactly when an exemption comes into play. So, imagine trying to explain that to industry and expect you guys to decipher what we're saying is okay and isn't okay.

And when you can--at a livestock market, for example, trying to decide if the animal moved interstate, if it just moved intra-state, is it going direct to slaughter? Did it--can it move

Ubiquis

on a back tag? Does it need an official ID?
Does it need an ICVI? Does it not need an ICVI?
Does it need to be listed on the ICVI?

It can get pretty confusing. It also makes
it really hard for us to try to determine if
people are in compliance, and enforce that. So,
if a record doesn't exist, how do we know
whether or not you're in compliance?

I appreciate this now, as I'm getting older,
and I need reading glasses, the reliance on low
cost visual only technology. Those news tags
have worked great for years. They were
extremely useful in our disease eradication
efforts, but trying to read those at the speed
of commerce, where you might have to catch an
animal at multiple times, and transcribe those
numbers down on to an ICVI can be challenging.

We also have issues with transcription of
that ID on to movement documentation. So, if
you're in a hurry and you're trying to write
down those numbers fast, or somebody is reading
them off to you, there's a chance for both of
you to get it wrong. And so, trying to trace
that animal becomes more challenging.

Ubiquis

If you look at the bottom, right hand portion of that slide, that accredited vet did everything right. He transcribed all those official ID's on to that, that movement document. But god help him, I mean, that must have taken him forever. And I can never tell if he was mad, or if that's just his handwriting, but he did what he needed to do.

An additional challenge, and I know that when we set up these listening sessions in the beginning and wanted to have this conversation, everybody assumed that the discussion was going to be focused on beef feeder cattle. That's what we had indicated in the publication of the final rule for phase two.

And while we do feel that exclusion of beef cattle--feeder cattle from the official identification requirement is a gap in the current system, there is certainly more significant issues in the current framework, challenges that need to be addressed before we consider--ever consider moving to looking in that beef feeder cattle.

But we do have to acknowledge that they're

Ubiquis

not isolated from disease, with--through movement and marketing, they present disease challenges and risks, as well. We know China went ahead and accepted an export verification program for beef to China. But we continually get audits from our trading partners, in relation to our domestic traceability program. And so, while ADT is specifically focused on disease traceability, the two are linked. We can't separate them. We are constantly defending domestic traceability to make sure that trade remains a benefit to our industry.

Our fourth challenge that we identified; again, as Neil mentioned, the FSIS requirement for collection of ID and correlation to the carcass through final disposition; we reiterated that language that exists in FSIS regulations in the traceability rule. We do find it's inconsistently applied at times, at the plants, and that's due to a variety of reasons.

We all joke about some of these animals coming in with jewelry. I forget what one guy said at the last meeting. He calls that a something teenager, a new age teenager, or

Ubiquis

something, all of the jewelry that they've got in their ears. But having a plant try to collect all of that ID and maintain it, or correlate it to the carcass can be challenging. At the speed of commerce, you know, we're not trying to slow down the lines. We want to make sure they can do what they need to do, and not inhibit their business.

We also have some procedural issues at plants. There's a lot of turnover of personnel, not only at the plants, but also with FSI, SN veterinary services personnel, where maybe that message isn't getting through that AD ID means to be collected, but also correlated and why that's important to our disease traceability.

So, that leads us to where we are today. As we indicated, it was a good time to start thinking about outreach and feedback from everyone on how traceability is working, how well it's done over the past couple of years. We started this last fall with some conference calls internally, and also with our state animal health officials, to kind of go through what they felt some of the biggest gaps and

Ubiquis

challenges were in the system, or how it was working overall.

We also charged both our personnel and the state animal health officials with taking those questions back out at the local level. You know, knowing we can't reach everybody, let's have those discussions to get some feedback from you all on those same things. The regional stakeholder meeting started back in April. As everyone mentioned, this is our ninth and final.

We've gotten tremendous feedback at these meetings. That's been very valuable. At the same time that those meetings started, we convened a state federal working group, to take the input from those meetings and try to see what consensus or big ticket items come out of each of those meetings. So, they've been having calls regularly. And again, will provide input as has been mentioned to a national ADT form that will occur in September.

So again this is our final public meeting. NIAA and USAHA will be hosting that National Traceability Forum in Denver September 26th and 27th. If you go onto the website you can find

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

all the details for that meeting.

So our goals for today, I know a couple of people have mentioned it but I just want to reiterate the fact that please be vocal. Please let us know how you think things are going. There are cards on the table. So if you're shy you can write down your questions or input and we'll definitely read those out and take those into consideration throughout the day.

In addition, I know it's hard for people to get away. We can't reach everybody, even at these nine meetings. So it's very important as you go home today there are the--there is the ability to--yep. There is the ability to provide written comments not only online but also that can be mailed in. We've got papers with this, these links. Thank you. The website link that can make comments on and also the address where comments can be mailed. So very important to take those back to your friends or colleagues, to make sure that they provide input. We extended the comment period through the end of this month. So there is the ability for you guys to go back out to your folks and

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

1 have them have the ability to make comments
2 before that ends. They're at the back of the
3 table near the coffee and water. So if anybody
4 wants a copy of those to be able to take back,
5 please do.
6

7 So I think that's it for me. If anybody has
8 any questions for either Neil or I we're happy
9 to take those now.

10 [Pause]

11 MS. GEISER-NOVOTNY: Yes?

12 FEMALE VOICE: - -.

13 MS. GEISER-NOVOTNY: Neil, do you want to
14 address that?

15 MR. HAMMERSCHMIDT: They are calculated on
16 averages on an individual state basis. Because
17 of the number of records would be more limited,
18 we are looking at median, but nationally they're
19 on averages. And we do see some outliers that
20 have to be acknowledged. But, again, the
21 elapsed time--and we underscored elapsed to--we
22 wanted to keep the process somewhat simple.
23 It's not the amount of time actually that might
24 have been spent. They've got the number here
25 and they--so we're not--if they had multiple

people or they did two hours of work here and picked it up yesterday it's when they got it, when they found it. Very good. Thank you. Please.

MR. ELDON WHITE: What's the progress being made on the...Eldon White with Texas Southwestern Cattle Raisers Association. What progress has been made on the creation or the implementation of an electronic CVI--ICVI system between states that all states could use?

MR. HAMMERSCHMIDT: We certainly prioritize that as a--as a key area that we want to make improvement on. And Sunny can comment and even maybe Randy more so. We know we've got multiple vendors providing that privately as a solution. One of the key things we focused on was standardization of the data so that it's compatible from moving data from one system to another. We probably need to do more work on standardizing that even more so but I feel that there is a selection of solutions that are out there. We've made really good strides in getting more people at the table but I still think we need to keep it a priority and we've

still got a long ways to go. And some of it's generational. Some of it's solution capability and compatibility. Randy or Sunny might have additional comments.

MS. GEISER-NOVOTNY: Well, just I'll let Randy say something, but just a quick comment. As Neil mentioned generational, you know, every new vet coming out of school there is no pen and paper anymore. It's all iPads and laptops that they're using. So their primed to use these electronic documents. I think it is challenging though, you know, when you can--when you are using an electronic document and you're typing in NUES numbers or things like that. So the value of them is probably not tremendously received with visual only technology at this point, but we do see more and more every day.

MR. HAMMERSCHMIDT: There is, you know, some states that have--especially if they look at their export animals because the certificate comes there first, they have it, but there are some states that are over the 50% mark getting their volumes to electronic media. So that's really significant.

MR. WHITE: About - -.

MR. HAMMERSCHMIDT: More effort. So if we get that electronically we certainly want to dump it both ways, electronically, so it's automatically there. I think we've made some good progress but we still need to prioritize that so that it's automatic, automated.

MR. RANDY BUNKER: Hi, I'm Randy Bunker [phonetic]. As far as transmission between states, we do have one federal system, BSPS, that is available free of charge for accredited veterinarians to use, to create ICVIs. And when they do use that system state official in both the receiving and--destination and origin states do have access to that data.

MR. WHITE: What's the percentage of ICVIs versus - - ?

MR. BUNKER: You know, really I don't have any data on that because we don't see what's done in outside systems. So we can definitely see how many are created in our own individual systems. And again we don't have then access to how many paper records were created. But it's probably really--honestly, it's probably a drop

in the bucket.

We have a long ways to go but as Neil mentioned there is an XML schema that has been created through USAHA, and that probably needs a little bit of tweaking but I think once we can tweak that it would probably be much more user friendly and systems could share that much, much easier.

MS. GEISER-NOVOTNY: Thank you.

MR. HAMMERSCHMIDT: So that will bring us up to our next segment, the panel discussion. Mike--Dr. Pruitt, if you'd like to come up and introduce the panel? You have pens and paper. As the panelists are going through the discussion, please feel free to write down questions that you would like to ask. We ask that you hold them until after the panelists are done. And the--as we bring the mike to you, if you could remember to state your name and who you are with, just so that we can make sure that we're recording all the questions and ideas. So Dr. Pruitt?

DR. MICHAEL PRUITT: Hi, good morning everyone. When this meeting was announced I

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

1 quickly got ahold of Dr. Schwartz and we started
2 putting together the possible participants. And
3 him being with TAHC for as long as he has, being
4 a Texan, a native Texan, he knew exactly who to
5 call. So we started making phone calls. We
6 reached out to as many in the industries we
7 could to select a panel that would represent the
8 industry here.

10 And what I'm going to do is I'm just going
11 to just briefly introduce you guys to each one
12 of these panel members. And I will be giving
13 them about ten minutes each to maybe go into a
14 little bit more of a biography of themselves but
15 also to express opinions, experiences, and
16 perceptions of their relationship with ADT and
17 their particular niche in the industry.

18 First of all we've got Dr. Andy Schwartz,
19 who is again State Veterinarian TAHC. Next to
20 him we've got Dr. Arn Anderson, practitioner,
21 veterinary practitioner in the State of Texas
22 over Bowie at Cross Timbers Veterinary Hospital.
23 Next to him we've got Kinny Mingus, who is
24 manager and owner of Milam County Livestock
25 Market down in Cameron. Next to him we've got

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

Mr. Ross Wilson who is going to be representing TCFA from Amarillo, Texas. And on the far left, of my left, we've got doctor--not, sorry, didn't mean to--didn't mean to insult him there by calling him a doctor. We've got Joe Leathers who will be representing Texas Southwest Cattle Ranchers Association. So again each one of them will get about ten minutes and we're going to open up with Dr. Schwartz.

DR. ANDY SCHWARTZ: Okay. Good morning again. I thought I would take this opportunity to share a little bit with you about the progress that we've made in Texas in what we're doing now regarding traceability. And then try to address some of the--some of the concerns that we have.

I know this is a very busy slide here but just briefly what we--our current intrastate rule--this is within Texas--regarding identification of cattle was passed in February of 2014. And this was not long after we stopped the mandatory brucellosis testing in the state. This rule says that breeding cattle 18 months of age and over have to be tagged within seven days

Ubiquis

of changing ownership. So that allows them to change ownership without official ID but be tagged later.

There is an exception there, moving directly to slaughter. We based that--we followed the federal ADT rule on that, in that regard.

Unless that cow, that adult female is going to be fed for slaughter, if it's going to be kept in the feed yard for some time and then we do require official identification there.

Approved tagging sites, I think Neil mentioned those earlier today. After the federal ADT rule went into place in 2013, we passed rules within the state to establish tagging sites. And that's a premises that where official tagging can happen basically of other owners' animals. And we have--at present we have 94 approved tagging sites. 80 of those are livestock markets and 14 of those are feed yards that receive cattle from out of state primarily and want to feed them for slaughter.

So I just--I should say if you've got questions stop me. I know we've got pretty limited time, so I'll be going fast and throwing

Ubiquis

a lot of information at you.

So looking at tag distribution, so we wanted to--we looked for ways to encourage identification of animals. So we wanted to distribute those free NUES tags. Free to us but USDA provided those metal ear tags, those bright metal ear tags that have been talked about and cursed and praised in the same conversation I think. They are cheap but that's about the best thing we can say. But we have 274 tag distribution partners and that's the Agro Life offices in the county and participating accredited veterinarians.

And that what I'm showing you there is a tag distributor search. So that's a--that's a side--that's a part of our website. If you want to try to find one of these distributors you can go to our website and find that. These are just--the numbers of the tags that we've distributed are allocated in the--in the last several years. This top line is a NUES tag. That's the--that's the metal tags that we've given out and this is--this is per year. This is not cumulative. So in the last fiscal year we gave out 411,000 of

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

those metal tags.

If you look at the RFID tags here, you can see that number is growing. We're glad to see that. Those are tags, primarily tags that we use for our disease testing. We always use the RFIDs now unless the owner requests a metal tag for some reason. But we use the RFIDs and we're using these in our disease testing, especially in the fever tick program now. We've got thousands of animals under quarantine that are on regular inspection. Those RFIDs work really well because we've got--we got a--got a reference file of that herd within the handheld computer and we can scan those cattle as they come down the chute. And we know that they belong in a herd and we don't have to take time to read those tags each time. So we're really, really trying to push the use of electronic IDs internally and externally.

Another busy slide here but just the premises ID, the LID or the location ID is a state issued ID system. The PIN is a Premise Identification Number. That's a federal system but the state LID is tied to the federal system

Ubiquis

as well. And so just quickly looking over here at the end we've got about equal numbers now per year that are--that are--I mean equal numbers cumulatively that are signed up in each of those systems. And you've got to have one or the other if you're going to get official tags. Basically you have to have a PIN or a LID before the tag company can issue those 840 tags. And so to get those things you call our office and we can get you signed up.

Interstate Certificate of Veterinary Inspection, Neil talked about this and Dr. Geiser-Novotny talked about them as well. And so this is the number of interstate movement activities in the last cooperative year, basically a fiscal year. So out of state shipments coming to Texas, there were almost 30,000 documents, at one point 4 million animals; shipments from Texas going out 41,000 documents, about 5 million animals going out. I'm sorry. I reversed those two. This is into, moving into the state. This is moving out.

And, Eldon, you asked the question about how many of those are electronic. In Texas, right

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

now about a third of them are electronic for those CVIs. And that percentage is growing every year. It's getting better and better and we're strongly encouraging that, so. And if anyone wants a copy of the slide presentation I'm happy to share it later. I'm not sure if we're going to do that with all the meeting material but I'm happy to share it if anyone wants it.

So just within house, in-house, in June of 2015 our program record staff began entering IDs from paper CVIs. Those were on CVIs coming into the state. And so we're manually entering those into the federal database, into the SCS database. And so we've doing that since June of 2015. So we have traceability. It's very labor intensive. You saw how many certificates that were--you know, 40,000, you know, per year going out and 30,000 coming in. So lots of CVIs, lots of data to enter. And our staff, BJ, Theresa, Kali is back there. They are some of our staff that are doing that entry and we really appreciate that hard work.

Looking at in November of 2016 we were able

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

to acquire an electronic system in the sense that we're able to scan and store those documents and have them indexed. So we've got them available for reference later. And we still have to do some manual entry or verification of numbers, ID numbers on there, but we're doing away with filing cabinets as we get our documents scanned and stored electronically there.

We developed our own electronic Certificate of Veterinary Inspection in Texas and this hasn't gotten wide use yet but it's available. We just, we didn't want to be backed in a corner by one electronic CVI provider. So we developed our own and we sold that. We charged the \$7 that any CVI paper or electronic is the same in Texas, \$7 each plus the cost of administration.

The other providers are, you know, Global Vet Link, Vet Century, and also we've got some other providers. Or the mCVI now from IIAD. So there is some other options out there but we've got our own as well.

Just we are--we are social. And I didn't-- I'm not going to run this video but it's just

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

that we use Twitter and Facebook and all that to try to get the message out to the--that we've got electronic CVIs available, not just ours but others.

I did want to take a minute to point this out. This is the interstatelivestock.com. And we've this link on our website but it's--it basically this was a movement that started a couple years ago at USAHA, and the resolution asked USDA to provide seed money to provide this service to the--I think Global Vet Link got the--got the contract from that. But they--anyway, this is each individual state updates their interstate requirements and you could click on that and go over and select the state of origin, the state of destination, and the species you're shipping, and find out that state's entry requirements. So we still recommend that you go to--go to--call that state if you've got any questions but this is one way to look electronically for that information.

We hear a lot of concerns from you guys, from veterinarians and livestock owners that it's difficult to figure out the different state

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

requirements. So this was an attempt nationwide to make these requirements for readily available.

Sunny has already talked about performance measures, so I won't go into that. These are our Texas measures. I just want to point it down here. We were 92 percent successful the last year. So yay to us. And this is in the face of--you know, when brucellosis testing became optional we were really concerned about our traceability, ability to trace animals, because those three and a half million animals a year that were being tested and markets and slaughter plants were no longer getting official ID. So this is digging back or coming back out of a hole as far as our traceability concerns were. We're happy to report that success.

Quickly, an assessment of our current system, what's working well. We're pleased that there are more electronic CVIs being used in our state and nationwide. I mean that's--as I showed you, about a third of the ones that we deal with now are electronic, truly electronic, not a scanned image. You know, not a PDF file

Ubiquis

of a--of a paper or electronic document. It's truly live electronic. There are more electronic IDs being used, RFIDs, the low frequency primarily, but a few high frequency. The good--another good thing is technology is readily available and becoming less expensive. I heard someone priced a large order of ultra-high frequency tags, half a million tags, recently, and the company was willing to provide them for just under \$2 a tag. So that's really interesting that that technology has already gotten relatively less expensive.

And I am--I would say that increasingly industries coming to realize that there is a--there are benefits of an effective ID system, not just for traceability but also within systems to track productivity, carcass trace, that sort of thing. So I think that's the good news.

What are our challenges today? These are age old challenges, many of them. Official IDs being removed, another ID putting--put on top of it officially, or the tag being misread, especially those NUES tags, those manually read

Ubiquis

tags. Those--that's still--those are still issues.

Another issue is that the paper just will not go away until we make it. I mean there are going--people will want to use paper CVIs and transfer documents unless--until they can't.

Another point, the true cost of using those cheap NUES tags is they're really high because they're cheap to manufacture and easy to put in, but then they're difficult to read. It takes a lot of time later. So there is really a higher cost with that. And I heard a rumor that USDA is going to quit making those. I don't know, Neil, but can you--could you substantiate that? I mean we gave out only half a million of them last year.

So another concern is that there is a lack of support for an ID system sometimes, a traceability system, until there is a crisis, until there is a need, a disease outbreak. And said, "Man, why did you guys not have that? Or why didn't we have it? Our market is going to pot." So there is another concern that we've got, a relatively small one, but there is no

Ubiquis

official electronic ID approved for retagging imported cattle. So those Mexico origin cattle coming into the US and they've lost all their tag, we need to put another one in there. Now we can't use the 900 series tag. You shouldn't use an 840 series tag, a US one. So we don't have an electronic means of identifying them. We'd like to get that solved.

As the question came up earlier, sharing of electronic data is still problematic between states and between systems. It's getting better but it still needs improvement.

And the--and the last point is that official ID is not required on all cattle now. And it's not applied to all cattle. So when we need to trace an animal we can't always do it. Dr. Scott talked to us earlier about that BSE case in Texas in 2005. That's when we--and the difficulty in tracing those animals then, think about it now when we don't have the mandatory testing, the brucellosis testing. So there is a lot lower percentage of those cattle that have official ID in them now. So I think it would be much more difficult to trace animals now and

Ubiquis

actually take us longer.

What is our goal moving forward? I would--I think let's shoot for 100% traceability. Realistically I think we can achieve 90% traceability in a--in a 72 hour timeframe. I mean that's just kind of some general, just a general goal I would think we could lay out. How do we get there? I think we've got to be innovative. We've got to be flexible. We've got to embrace new technology, a different mindset, changing a little bit and accepting that change, and basically working together, you know, and developing a system that everybody can benefit from and doesn't overburden any particular component of the industry.

And I think we in Texas can lead by example. We can share success stories. We're working on a project right now on some cattle being imported from Mexico, and working with USDA in Mexico on that project where the cattle--electronic ID would be applied in Mexico. That ID would be used at the border during the inspection process. Then we would follow those animals as they go through the broker to the

Ubiquis

feeding process, and onto the slaughter floor. So we'd be able to read those tags all the way through. So we're working with the--with Ross, with Texas Cattle Feeders, as well, closely on that project. So we hope to be able to go forward with that soon and have a--have a shining example of how traceability can work with electronic ID.

So that concludes my comments. I think I might have taken a little more than my ten minutes, Mike. I'm sorry but anyway thank you.

DR. PRUITT: Thanks Andy. Do we want to turn that projector off really quick? Or cover it up or something? Thank you. All right. The next panel member I'm going to invite up is Joe Leathers, representing TSCRA. Joe?

MR. JOE LEATHERS: Good morning. I'm going to take this out. Is it okay to take this out? I'm not a good sitter and I don't stand in one spot very good.

I want you all to realize something. You all look like a bunch of Baptists. You all sitting at the back of the room and most of you look like you've been baptized in vinegar. You

know, it's a unique opportunity when the cattle industry is invited to the table to help work out the problems to protect our industry.

I want you all to--I want to preface what I'm about to say with, you know, I want you to understand that for those of you all that don't know me I am the General Manager of the Four 6's Ranch at Guthrie, Texas. We're a pretty large cow/calf operation, been in business since 1870. We have a large horse operation. We freeze embryos and semen and ship semen and embryos all over the world. And we have sold horses and cattle all over the world.

We're a commercial operation but that's not the only hat I wear. I'm Board of Director of the Texas Southwest Cattle Ranchers Association. I'm a Board of Director for the NCBA. And I'm also an Animal Health Commissioner. So I have debated this topic with myself wearing all the different hats that I wear. So what I'm about to bring to you is a combination, and what I want to talk to you about is a combination of my thought process.

Now, in 2011, as you all know we went into a

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

very severe drought. So I was able to lease a lot of land and we still have a lot of that land. And we leased land in Montana, Nevada, Wyoming, Nebraska, at that time South Dakota. Did I say Nevada? I like to--I would like to forget Nevada but I haven't and that brings me to another point.

When we were out of grass and we started trying to ship our cows, it was in the middle of the summer. No grass, no water, emergency situation. We'd gather a pasture, large pasture. By the time we got our cattle in the pen it's too hot to work them, so we'd turn them loose. The next day we'd gather our cows and we would sort what we wanted to send and what we didn't want to send. By that time, it was too hot. We couldn't do anymore. Turn back loose. That's twice.

Third day we'd go to those cows and we'd start trying to get the health papers and the requirements met to get those cattle across the state line. At that time, the only identification that we had was the bright tag. Now, how many of you--and there is going to be a

Ubiquis

bunch of you understand and relate to what I'm saying--try to look at a tattoo in an ear on a black cow and read a long number? And we got a cowboy standing there and that cow is flopping her head up and down the wind is blowing and the dirt is bowling and he's trying to read that tag number. What he reads in his brain and what he hollers coming out of his mouth to the guy that's writing it down over here, to what he hears and what he write down, there is a lot of human error.

And we were preg checking these cows and our vet would say "Red" and then we'd sit there and wait. And we'd wait. And we'd wait. And they'd write the number down. And after a while it got too hot and we had to turn the cows out because it's too hot to load them on the truck. Day three.

Day four, we were out there before daylight, way before daylight. We'd get the cows gathered, get them loaded on the truck, and get them going so we could get air moving to that truck before they rode 15 to 24 hours on a truck. If we had started using RFID tags at

Ubiquis

that point we could have cut our process down to two days and been more efficient, more exact, and that's when I started putting RFID tags in all the cows.

We moved thousands of cows to five different states. Today we operate in five different states and I ship calves from every one of those states back to Texas. Right now today I could have Dr. Schwartz or anybody from the USDA, if they picked up one of those RFID tag numbers and they called that number come back to Guthrie Texas, to the Four 6's, my secretary in my office, if she's at work--and don't call at night, we ain't going to answer. But during working hours you call within about a maximum two minutes, most generally 30 seconds, she can tell you where that cow is at, what state she's in, whether she's black, black baldy, red, if she's a purchased cow, a range raised cow, what her age is, and any other amount of data that we decide to put down on that for record. You all just saw a slide of the time it takes to trace some back nationally. If you call my office, you can trace that cow back to where she came

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

from; speed of commerce.

Now, problems with it, so let me preface and just say a little bit more. So if you're going to talk to me about a bright tag the only positive thing I'm going to say about a bright tag is it's cheap. It's a little bit like a windmill. The only thing good about a windmill is the wind. There is nothing real efficient about it and there is definitely nothing inexpensive about it in the long run because of the maintenance. And it's the same thing with the metal tag.

So that's what I'm looking at, as a producer. Problems with it is every state you go to the Animal Health Commission in that state has a little different protocol in what they will accept for health papers. USDA approved tag in some states, the state vets themselves don't know that they're USDA approved. That's a fact. And when you get to a state line and you show your health papers that your cattle are onto when you cross the border going into that state, a lot of the people that's in there want to see your health papers and they call the

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

state office. And depending on who they get a hold of will be the story they get of what is accepted in that state. So for any kind of traceability system to work efficiently everybody is going to have to get on the same page from the federal government to the state, to those of us that's on the ground.

Now, I've learned the cattle industry literally from the ground up. Raised in it, I've spent probably 90 to 100 days a year, plus or minus, in a bedroll in a tepee doing just what you all do every day at home. The need for animal traceability and disease traceability, I see an extreme need for it. And I think if you were to be honest most of you out here would see some benefit in it, but let's look at it.

Who wants it? Well, we're sitting in here today and so a lot of us are thinking, well, the federal government is wanting this and they're trying to push it on us. You all agree with that? Everybody do this because that's being honest. Reality is if you will listen to what the consumers, the people that want to buy our product, they want it as well. American

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

housewife wants to know more and more every day where their food comes from. So we can talk about disease traceability. We can talk about market traceability, which that's not what we're here to do today but the two you can't divide out.

And I want to share something with you from being an Animal Health Commissioner and sitting in on all these meetings that we have at the NCBA and the Texas Cattle Raisers. And I just came, Ross was there at this meeting that we had in Idaho with International Brand Inspectors. That's what this whole topic was about for three days. Do you all listen to the news? We live in a time where there is countries and individuals that's out to destroy us. Now, we can kick the can down the road, and I'm talking from personal--I'm talking personally now. We've talked about animal traceability since what? 1998? And we've talked and we've had these meetings and we've talked. And it gets up to 2013 and I sit in on meetings and they have to have highway patrolmen stand back in the corners to make sure there wasn't anybody get

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

out of hand.

The reality of life is change is inevitable. It's coming. There is a need for it. How we--- but the deal with change, change is coming and it's inevitable but adaptation is voluntary. But how we adapt to the change dictates what the success is going to be.

Now, let's talk about perception. Perception was brought up a while ago. What we do and the outcome that we have from these meetings all across the nation and here in Texas creates a perception to the American public of how we're going to deal with the problem. Who-- what are they going to get from that perception? And I'm talking about the people that go to the supermarket and buy our product. They want to know that not only is their food safe--we know our food is safe. We do a good job. That doesn't make any difference. What kind of--how much bad publicity do we get as an industry no matter how far advanced we are other than other countries? That's called perception. So we've not only got to come up with a plan but the perception of what the public gets from our plan

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

is very, very important.

Now, there is issues that have to be dealt with and there are real concerns. How much does it cost? Hey, I'm one of the tightest men. I've been introduced as the tightest man somebody has ever known. I'm tight. It's hard to make a living in the cattle industry, so I watch every penny and where it goes.

Privacy is another concern. That's a real issue because that brings up the next case, liability. That's a real issue. Can somebody come back and want to sue Four 6's or Joe Leathers because they got sick eating a piece of meat? Those issues have to be dealt with but until we solve these problems we're never going to move forward. And next year and the year after we're going to still be having meetings and we're going to still be talking.

How many of you all are sitting there today thinking, "I've got other things to do?" Raise your hand. All right. I've got another question. How many of you are stakeholders and producers? Raise your hand. How many of you are state or government employees? Raise your

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

hands.

All right. The problem that we've got to solve, all the producers and stakeholders are pretty much sitting together. You've got your state and government officials sitting together. Why? Part of this comes from state and federal, from the top down. There is a perception of mistrust. Am I right? And there is a little bit of fear of the unknown.

Now, how do we fix these problems? I've got a real novel concept. It's called Keep It Simple Stupid. The problem is, is we have highly educated men that have the very best intentions to protect our industry. That is their job, is to protect our industry. We don't work well with each other. I think it's time to quit talking and let's put together a plan and see if it works. And what that involves, I don't think it's that out of line. I think what we need to do is develop a protocol and then we need to develop a prototype. And then we need to implement the prototype and see how well it works. No risk to the stakeholders. No risk to anybody except the ones that agree to

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

participate in it.

And you get people from--let's talk about the industry for a little bit. Let's get--you cannot leave anybody behind. That's the big problem with this, is we end up leaving people behind. You've got larger operators and then you've got smaller operators. You've got sell born people. You've got order buyers. You've got stocker operators, large and small, of every one of these I'm talking about. You've got feed lots, large and small. You've got packers and then you've got the consumer. Develop a prototype, get together people from different sizes and different sectors of the industry. See if it works. And we're either going to find that if we can work out the problems, and I'm not putting a time limit on it.

Let's run the prototype. If it's something that you all are willing to work at, run the prototype and see what works and what doesn't--what doesn't. And fix the problems in it or we're going to find that what you all are asking us to do is not feasible, not profitable, and will--and may not work. But we're going to find

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

out one way or the other. As long as we sit and talk about it, we're going to still be talking about it ten years from now and I'm afraid in that length of time we're going to end up with a major problem.

Now, I'll try to wrap this up because I know my ten minutes is probably about up. Now, Dr. Schwartz, I'm going to want to put you on the--I don't want to, you know, put you up here without you being prepared but I asked Andy last night when we were visiting. I said, "If you'd have had an animal traceability with an EID tag in place what would the savings have been to the State of Texas and to the individual operators with the fever tick outbreak and expansion of the fever tick quarantine zone?" And your answer was?

DR. SCHWARTZ: - - .

MR. LEATHERS: It would have saved thousands of animal traces and I believe you went on to say I don't think we would be far off combined state and private individuals cost it would have been in the hundreds of thousands of dollars savings. And there would have been a good many

of those would have never been put in a quarantine zone. And, Dr. Pruitt, I think I asked you what about the TB test. And your answer was?

DR. PRUITT: - - .

MR. LEATHERS: Okay. We all talk about what it's going to cost. Better ask yourself the other side of the equation. What's it going to save? Okay? I'm not for expanding a program and I don't think the Cattle Raisers are either. I don't think that we, I'm for expanding a program that you haven't proved that works what you've already got going. Fix the problems in what we've got before we expand it and going down the road.

If you'll do--in my opinion, this is the gospel of Joe Leathers and I'll stand by it. I truly believe if you developed a protocol and you developed a prototype, and you prove that it works and you work out the bugs before anybody else has a--has a dog in the hunt on it. And you bring it back to the--not only the industry stakeholders and the producers themselves, whether they're a member of an organization or

not. And you prove that it works, I think that we will have--we'll stop having meetings and we'll start having some success. Thank you.

DR. PRUITT: Thank you, Joe. I'd like to invite Ross Wilson up with TCFA.

MR. ROSS WILSON: Thank you. It's a pleasure to be with you today. I could just say ditto to a lot of what Joe said and be very brief, but I won't take but just a few minutes. So I may be the odd duck in the room but let me ask you a question. How many of you in the room would support a mandatory animal ID traceability system? Like ten of our foreign competing countries do. I see one brave gentleman at the back of the room. Thank you, Tom.

Our organization, we're a little bit different. Our organization has had policy on the books since the mid '90's supporting a mandatory system because they believed that the benefits far outweigh the cost. Now, we understand very practically and we were reminded last week at the NCBA summer business conference that practically speaking, politically speaking, whatever term you want to use, that's not going

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

to happen. The votes are not in the country to adopt and support a mandatory animal ID system, but let's not let perfect--and I'm not sure that's a good analogy there, perfect and mandatory. But let's not be--let perfect be the enemy of good. This country needs a much more aggressive and robust animal ID and traceability system.

We dodged another bullet yet this week with BSE. We will have an animal disease situation happen. Hopefully it won't be a foreign animal disease situation. Hopefully it won't be FMD but we will have a crisis in this industry someday where we will wish that we had an aggressive animal ID and traceability system. Mark my word. We had it in 2003. It will happen again.

We are--we are losing--we are--let me say it this way. We are not going to have the access to some foreign markets that we would like to have by not having the system that we need. I think we lucked out. Maybe it was luck. Maybe it was great negotiating techniques on the part of the producer leaders and the government,

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

USDA, USTR, in the negotiations with China just recently that they accepted a book in system.

That's good and bad. It's good because we have access to that market sooner than later.

Obviously we've got production capability, technology issues to work through, etcetera, etcetera. It's bad because we just lost that leverage or that incentive, more importantly, that would have hopefully incentivized the implementation of a much more aggressive system.

Liability, Joe mentioned liability, producer liability. That's a huge issue. We don't need to put the cow/calf producer at risk but I would say--I would say to you if that was going to have actually been a significant problem it would have happened already. We've had pathogen issues through the years. We have--we all remember the Jack-in-the-Box E.coli issue in Washington State back in the '90's.

To date--so from the packing plant we can trace back I'll say 100%. There is probably a little slippage. We can trace back 100% of the cattle to the feed yard. From the feed yard, if those were ranch raised cattle, not auction

Ubiquis

market cattle, that gets a little different, we can trace back virtually 100% of those cattle to the ranch. There has not been any cow/calf producer or stocker operator that I'm aware of that has suffered any kind of liability issue, whether it's been a foodborne pathogen, a residue issue with an animal health product, or anything related.

Our members produce and market, in the states of Texas, Oklahoma, and New Mexico, six million head of cattle every year; 28% of all the nations fed beef supply. They've got a pretty significant investment and stakeholder position, for lack of a better term, in the cattle and beef production business. They're more than willing, they're tired of coming to these kind of meetings, to be quite honest with you. They're more than willing to sit down in a meeting as Joe described. And in fact we had some hallway conversations in Denver last week about the need to move forward maybe with the Texas model and advance this ID and traceability system at a faster pace.

So a public/private partnership, back to the

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

confidentiality and protection, I find it interesting and Joe mentioned the meeting in Boise, Idaho, yesterday of all the brand inspectors from around the country. Folks in all the western states that have mandatory brand laws, that's a mandatory system on movement, not only trace back on cattle in a lot of respects, but the ability to even ship those cattle from that premise.

Today, ADT is a mandatory system; adult interstate movement of cattle plus all dairy livestock, which is related obviously to some TB issues and others. The state of Michigan a few years ago realized that they had to go to a mandatory animal ID system to deal with TB.

So there is a long list of issues that need--we need to focus on. Don't worry about the reasons we can't do it. Let's worry about and focus on the reasons that we can do it. We need to be practical. It's going to take a public/private partnership. We honestly believe that the database probably needs to be in the hands of the private sector. Everybody seems to be pretty comfortable with the database being in

the hands of the state agencies today. I don't think USDA actually cares if they manage the database or not. They just need access to ping it, to find an animal that they're doing a disease trace back on.

So we're more than willing to come to the table and be a big part of that discussion. It needs to be at the speed of commerce. As Joe noted, we've got members that are buying tens of thousands of RFID tags a year. Most of them, several of them are in the cow/calf stocker and feeding business. The vast majority of them are in the stocker business and in the feeding business. And they're owning--our average size feed yard is 35,000 a head one time capacity, market 78 to 80,000 head of cattle a year. Now, we've got a number of small operators and we've got some much larger than that, but they're tagging tens of thousands a head of feeder cattle.

RFID tags in most instances that low frequency, they're getting down to a dollar. Dr. Schwartz mentioned that in volumes even high frequency tags are getting below \$2 and I think

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

those costs will continue to drop.

So other than black helicopter concern, and I'm sorry if I insulted you if you think the government is going to use this in some way to harm your business because they're not. They're actually going to use it in a way to benefit your business. So it's time to again focus on the positives and don't worry about these negatives. Address them, deal with them. Structure the system in a way that they're minimized and let's move forward. Thank you very much.

[Applause]

DR. PRUITT: Thank you, Ross. Before I introduce the next panel member I need to kind of bring up something. It's by my own misstep here.

You'll notice that the dairy industry is conspicuously missing. It's not because they weren't invited. Darren Turly [phonetic], one of the representatives for the Texas Dairy Association, was going to come but he made the decision, a very important decision, to follow his daughter through the state softball

1 championship tournament instead of attending
2 here. And coming from somebody who missed his
3 daughter's state championship ring playing time
4 because I was working in Nebraska--and I will
5 never be given an opportunity to forget that--I
6 think Darren made a good decision.
7

8 So with that, the next--the next member of
9 the panel I'm going to introduce is Mr. Kenny
10 Mingus with Milam County Livestock Auction.
11 Kenny?

12 MR. KENNY MINGUS: First of all, I would
13 like to thank the USDA for inviting me to serve
14 on this panel. And we definitely have some
15 issues here in my opinion. We've got people on
16 each end of the spectrum but one thing that I do
17 want to say is I thank the USDA for your efforts
18 to keep our beef safe. I think that's a common
19 goal that everybody would have, is that we need
20 to keep our beef safe and we need to keep moving
21 forward. Okay? We need to be the leader in our
22 industry.

23 But as we move forward and you say, or the
24 USDA says we need a mandatory ADT system, where
25 does that fall? Me as a--as a livestock market

owner, as a person that runs stocker cattle, as a person that runs--that feeds cattle, as a person that turns out cattle, where does this fall? Who is going to pay for it?

As a market, we act as an agent to sell their cattle to the highest bidder and collect the money and make sure that their check is good. Okay? It's our job to take care of our customer. If we try to implement a mandatory ADT system, who is going to tag the cattle is my first question to you. Okay?

Joe, don't take this wrong, you're in-- you're the Four 6's. It's a great operation, great company, very proud of what you all have done. I'm in an area where probably most of my clientele is over 60 years of age. Most of my clientele has less than 50 cows. Okay folks? You see where I'm coming from?

And we make it mandatory that we tag these cattle. And I have to go out and tell Mr. John that's 75-years-old and got a two-wheel trailer, "Mr. John, we got to start tagging your cattle because animal disease traceability." "Well, son, I'm going to tell you I haven't had any

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

problems in the last 60 years." That's going to be their response. Take it to the bank.

I was asked to be on this panel and after I got on it my phone went to ringing and I've called the man that asked me to be on it. I said, "What in the world have you got me into?" I said, "You talk about a hot seat." I said, "I'm in it."

You know, so, yes, we have market representatives here and I think everybody in agreeance that owns a market is we are out for our customers. We want them to benefit from it. Okay? If they--if we go to mandatory, the bottom line is the market should not have to tag the cattle.

So who is going to tag the cattle? That man that's 70-years-old that's got ten cows, you think he's going to tag his calves? Probably not. And it's not the market's responsibility to have to tag them. You get into a whole different scenario when you say "mandatory," in my opinion.

So where does it fall back to? Does the USDA put a program up and say "We're going to

Ubiquis

1 around to all these places every year and tag
2 the--tag these calves?" I'm just asking. I'm
3 not--people told me to be honest and I'm going
4 to be honest.
5

6 You know, we had 2,000 head last Friday.
7 You talk about speed of commerce. How do we tag
8 all these cattle? We have to build a new
9 facility, have to have another crew to tag and
10 record this information. And it is--is it the
11 market's responsibility to record all this
12 information? A question to ask you. Is it our
13 responsibility? We try to tag all these cattle.
14 We've got cripples. We've got bucklers. We've
15 got people that say we're being inhumane because
16 we're using too many hot shots. We're trying to
17 work at a speed of commerce, do the best job we
18 can.

19 I've got John Brown's calves that got 300
20 numbers on them. I've got the best guy I've got
21 back there and they're tagging cattle on the
22 1,000, 1,100 numbers. Mr. Brown comes and says,
23 "You haven't sold my calves yet." You know,
24 golly, my man made a mistake. His calves were
25 supposed to sell before the 1,100 numbers. You

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

know, you're going to have those issues.

And the bottom line is we are in it for the producer, or I am, from a market. If we kill our producers off, then we don't have anything to market. If we kill the cow, we're done, guys. We're done. So who is going to pay for this? Once again, is it going to fall back to the producer? The producer is always the one that takes it, in my opinion. Not always, I agree.

The best comment I ever had in my life, 500 pound steers are bringing \$3. Good lord, whoever thought that would happen? Guy came up to me and he said hey. He said, "You go up on your commission?" I said, "No, sir." He said, "Well, it sure costs a lot to sell a calf here." I said, "I didn't go up on my commission." But I said, "Have you noticed the market went up?" He said, "Well, I guess I didn't figure to look at it that way." You know? Same guy in 2011 came. He said hey. He said, "You gave my cow away last week." I said, "Really?" I said, "Yours and about 444 more of them."

Back when cows were bringing 17 to a

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

quarter, nowhere to kill them. There are several men back here that can attest to that. We as market owners would store them up to the day of the next market, so they could pick them up and get them moved. And that guy said, "You gave my cow away." I said, "Well, I didn't mean to." But I said, "You know what, sir?" I said, "The more your cow brings the more I make." He kind of looked at me funny and he said, "No, you're right, son." He said, "I'll see you next week."

So bottom line in my opinion is we as market owners, we're here for the betterment of our producers and we understand that keeping our animals safe is part of that scenario. But when you make it mandatory where does it fall? That's my question. I don't have the answer. Does it fall back? Put it in you all's hands? And I guess another question to ask is do we really have a large issue for the amount of cattle that we move and kill and transfer in a year's time or ten years' time?

You know, Mad Cow was a big deal the first time it happened. How many more cases have we

Ubiquis

1 had since then? I got a call Tuesday morning.
2 I didn't even know about it. "Hey, did you hear
3 about Mad Cow?" I said, "Nope, I haven't
4 heard." Phone went to beep, beep, beep, beep,
5 beep, beeping. What's this Mad Cow? I said, "I
6 don't know. Let me check the futures board." I
7 said, "Well, the futures board is flat." I
8 said, "It must not going to be too much, you
9 know."
10

11 So my question is, you know, we're
12 transferring the--we're moving the cows through
13 the cattle 18 months of age, you know, moving
14 them now via back tag. That seems to be
15 working. The metal clips, you know. I
16 personally still believe the stocker cows, the
17 palpated cows and the pairs. Does that make me
18 any better than my competition down the road? I
19 don't know. Just something I thought I wanted
20 to do. So, you know, the guy that buys them
21 said, "Well, she's clean." And then you get one
22 that's suspect and you say--then you get the
23 other end of the spectrum. Well, you don't have
24 to believe them anymore.

25 So I mean but anyway, I'll be here. I hope

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

I open some of your eyes to some different aspects of it from the market side and just wanted to let you know that as a market I don't feel that it's our responsibility to take on the mandatory tagging side of it.

[Applause]

DR. PRUITT: Thanks, Kenny. Now we'll move to the last panel member. This is Dr. Arn Anderson of Cross Timbers Veterinary Hospital.

DR. ARN ANDERSON: So I walked through the clinic this morning and I'm probably the guilty person that brought the horn flies into this room.

[Laughter]

DR. ANDERSON: I've seen a lot of you swatting at it and it's part of disease control. I'm sorry.

After these, all these gentlemen spoke, really all I can say is ditto. I was asked to come here today and speak on behalf or give the opinion or the impression of--you want me to use the microphone?

DR. PRUITT: Yes, sir.

DR. ANDERSON: I feel like I'm a rock star

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

or something. Is that better? Okay.

I was asked to give the opinion on rural veterinarians. You know, what's our--what's our approach to ADT and what do we see? So I took the opportunity and I visited with the eight veterinarians that are associated with our practice. We have a rural practice. It's in Montague County, a young county. We run five practices and eight vets.

I can tell you upfront that most rural veterinarians would rather stay far away from regulatory work. The last thing we want to fill out is a health paper. We sign our name to the bottom of it and everything on the health paper, on this certificate, has to be accurate, has to be legible. You showed that one slide, that was probably me. But it has to be there and I spent 45 minutes on the phone with another state this week discussing which number on the cows they would accept. Do they want the RFID number? Do they want the orange tag? Do they want me to put a silver tag in them? I had one veterinarian that I spoke to said, "What do you do when--we, we run a sell barn. We work a sell

Ubiquis

barn and what do you do when you have four tags come through? Four silver tags, which one do you want to choose? Write down all four of them? Looks like we're tracking four cows when we're only tracking one."

These are some of the problems that we'll put forward. I heard some of you all mentioned trying to read those tags. That's incredibly complicated when you've got a hydraulic shoot and a lot of yelling and screaming and cows, and maybe a person that can't read really well to begin with. It was mentioned that we make mistakes when we call out the number, when we record the number, when we transcribe the number, when you have manure on your health paper and you have to read through that to get to it.

So those are some of the problems we, the veterinarians presented to me. And some of the solutions were--it's already been mentioned--keep it really simple. We have the technology to go electronic with this. We have the technology to read these tags from a distance. We can Bluetooth it into a computer. That state

Ubiquis

that I called wanted a spreadsheet with all the numbers listed all the way down it on 800 head of cattle, heavy bred, in the middle of summer. It becomes a humane issue too. How many times are we going to run them through the chute?

So the veterinarians that I spoke to said all we got to do is keep it simple. We have the technology. I'm one of those generational problems. Who brought that up? One of you all government people. Okay. Yeah, I still like the paper from but all the young veterinarians that I've hired, they all use the electronic health certificate period. That's what they use. I'm still waiting for the day when I can just waive my cellphone over a group of cattle and then email that to whatever state they're going to.

The next thing the veterinarians came up with is uniformity across state lines. I think some of that has already been discussed, trying to keep it uniform, again keeping it simple, keep it electronic.

It's been brought up who tags the cattle. That's a really good question. Every one of

these veterinarians to a man or a woman said this should start at a cow calf level. It should start as young as we can get it. We see the importance in tracking cattle, tracking, being able to follow animals from conception to consumption, and the earlier we start it the better off we are. We have a lot of herds in Montague County that are 20 head, that are 50 head. We need to find a solution for this problem. How do we get them tagged? Who is going to pay for it? Eventually the producers are going to pay for it in my opinion. They're going to--they're going to pay for it. The cost is going to be spread out and passed on.

I disagree with some. I agree that it should be mandatory and I feel that the younger we start this, as did the other veterinarians, the better off it is. There is nothing that scares a new graduate veterinarian worse than having to fill out a health paper. We don't want your courtesy call that you spoke to me about last--we don't want the courtesy call. We're polite enough. We don't need anymore. And we don't--we don't like getting a letter

Ubiquis

from other states that say, "Hey, you didn't-- you didn't take the temperature on this animal, or you misspelled Angus." That was not done by - - . That's some of those Oklahoma people but...

[Laughter]

DR. ANDERSON: We also--you know, and I've had some of the experiences that these other gentlemen have where you call the state and the other person on the line does not know the difference between Angus and Holstein. And that we don't have an agricultural background. And every time you call a state you get ahold of somebody different and then we fill out the health papers incorrectly.

So uniformity is important. Simplicity is important. The program as a whole is important. And that was the general consensus of the eight rural veterinarians that I sat down and interviewed. Of course I am their boss and I said, "Here are the correct answers. Say these and I'll present it."

But I'll be here hopefully, unless there is something that pops up in Montague County, for

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

2 the rest of the day. If you all have questions
3 concerning veterinarians and why it costs so
4 much to fill out a health paper, let me know.

5 Oh, do I just drop the mic?

6 DR. PRUITT: No.

7 [Laughter]

8 [Applause]

9 DR. PRUITT: Thanks. Thanks, Arn. I think
10 we're now ready to--are we going to take a break
11 for just a few minutes or do we need to proceed
12 with questions? Okay. I didn't know if we
13 might--all right.

14 MR. HAMMERSCHMIDT: We'll take a break after
15 the Q&A. So we'd like the questions for the
16 panel--if you have general questions or comments
17 after we take a break we'll have an open mic
18 session. And we ask that you hold those until
19 then.

20 So questions for the panel, raise your hand.
21 We'll come around with a mic. Again, if you
22 could state your name and who you represent it
23 would help us with our transcripts. So we open
24 it up to you.

25 DR. PRUITT: Questions?

MALE VOICE: So, okay, I'll kick it off with a question. Mr. Leathers, you mentioned that you're using UHF RFID. How has that affected your price points for selling cattle?

MR. LEATHERS: Let me--I don't want to get into my private business necessarily but I'll guarantee you that my tags have been paid for by the time I sell my calves, over paid for. So as far as getting your money back, I'm able to use it and with our cows. And I mainly started it so I could keep up with age of cows, because we've got several thousand.

And you brought up a good point here that I want to touch on just a little bit. The majority of our cattle industry is made up of small operators. And if you missed in what I said, we can't leave those folks behind. They've got to have a seat at the table to develop and to implement this program because they've got to come along with us.

But I started the RFID tags with our cows for two or three reasons. Number one, I needed to know because for years and years we didn't have any outside bought cows, but because of the

drought and moving cattle out of the state, then when we restocked we had to buy a lot of cows to help restock. So for tax purposes, depreciation, I need to know how many bought cows versus how many ranch raised cows. That's number one. Tally book won't do it on our size of an operation very accurately. And if Uncle Sam comes back, if I lay that list of tag numbers down there and it--how many--and then you just say, "Well you prove how many I've got and don't have," well, they're not going to argue with you because I've got technology and a--and a printout that pretty much ends the conversation.

But I wanted to know at a drop of a hat how many ages cows I have, what their ages were, how many was at each ranch in each state. So that I'd know, obviously--I mean this is not ranching 101 but I want to know how many replacement heifers I had to have. And when building my budget I can do that in a few seconds. I can have that read out.

I want to know how many solid back cows versus how many baldy cows versus how many red

Ubiquis

1 cows, so I know what kind of bulls to buy, to
2 fit that number of cows. What frame quality
3 those cows are, yada-yada. I mean there is no
4 end to what I could put in this data if I--what
5 I wanted to put in there.
6

7 Okay. 2013, we started having these
8 meetings. I personally for the Four 6's ran
9 the--read the handwriting on the wall. It's
10 coming. It's going to happen. We can push
11 back. I've spent years sitting out there where
12 you're at firing these questions up here at the
13 panelists. So I understood that this is coming.
14 For the Four 6's to be ready to go when it
15 happens, whether it's voluntary or not--and I
16 think it ought to be voluntary as far as it will
17 go. And I think once you--if you've got a
18 program that's actually working and people see
19 it working there will be lot more people buy
20 into it.

21 But if it doesn't then I know how the
22 federal government operates and eventually there
23 is going to be some outbreak and it's going to
24 get mandatory. So I read the handwriting on the
25 wall and I wanted to be ahead of the curve, to

Ubiquis

1 have the bugs worked out. You know what the
2 bugs are? And this is real simple. No matter
3 what you implement it's only going to be as good
4 as that cowboy doing the job.
5

6 And you've got to get your people trained
7 and that takes some time because the biggest
8 worry they've got, what horses are they going to
9 ride that day and whether they're going to be in
10 Nevada, whether they're going to pack an 80 foot
11 rope that they dally on a bighorn, and whether
12 they've shined the hubcaps on the side of their
13 spur leathers. Or whether they're going to pack
14 a 30 foot rope with a horn knot on it. And
15 you've got to get them on board.

16 So that's where I started, was in 2013
17 trying to implement this. And it's taken me
18 until now and right now today, with just the
19 cows alone, I think we're in the 90 something
20 percentile accuracy on being able to tell you
21 what I've got and what cows are where. That's
22 why I started it.

23 Now, I want to bring up another point that I
24 didn't bring up a while ago. I was born and
25 raised on a small cotton farm and my daddy owned

Ubiquis

50 cows. And we made our living off those cows. I understand and I cannot emphasize this enough whatever we come up with has got to work from the small to the large. I believe it can be done if you can get the right people in the room. But it's going to happen, so we can either be part of the solution or we can be part of the problem. Does that answer your question?

MALE VOICE: Yes, sir. Thank you.

MR. LEATHERS: And one more thing real quick and I'll shut up. We have extremely good facilities at the ranch. You see all the drive down the highway. So everybody gets the perception that the Four 6's can make anything work because of the crew we've got and because of the facilities we've got. True and we can do a lot of things that other people can't.

But when I go to some of these lease places, we've got three wire fences. Half of them aren't up in the public lands. BLM and forest service don't have infrastructure. We've got pens that the owners haven't been able to afford to fix. So the pens and the working chutes are collapsing. And you've got to have as many

cowboys around the outside as you do to put them through the chute. We run from a cow to 200 acres a head to a cow that runs on an irrigated meadow in Montana that you can run a cow to one to two acres.

So I understand the problems but every problem has a solution and that is our job as industry leaders. It's to fix the problem. Thank you.

DR. PRUITT: Thank you very much. This is your opportunity. I have a question over here. Name and who you represent?

MS. DEBBIE GILL: My name is Debbie Gill. We are a cow/calf producers, Agro Life Extension, Texas Cattle Women, American National Cattle Women affiliations. My question is listening to Kenny's comments at the bell barn level and the two, the veterinarians, is I see an opportunity here for someone to organize a group of good cattle handlers that could travel to the small producers' locations, tag their cattle for them at a cost. Do you think that that's a viable option?

MR. MINGUS: I think that is a very good

question, first of all. And I don't know if you're going to form a committee or a crew of cowboys or something like that. I don't know if that's going to be possible until, like what Joe said, that maybe the--maybe the market is better for the cattle that are identified. Okay? He said that he's paid for his tags, you know, well over that, which I presume he has.

You know, but we tried. And folks don't get me wrong. I'm not totally negative on this. Okay? But several years ago we tried this with country of origin. We tried it with source and age. Okay? And I'm sorry they were both a phase. Okay? I bought cattle in the country. Man said, "Hey, can--will he source and age them?" I said, "Yeah, he'll source and age them." Boom, we did it. He got more for his cattle. I got back next year to the same man. I said, "Hey, can we source and age them and get more for his cattle?" "Nah, we don't need to do that no more."

So that's somewhat different but it is somewhat on the same line too. If it--if it's voluntary and as producers they see that, hey,

Ubiquis

these calves that are ID'd are bringing a nickel, ten, twenty cents more, as a--as a market owner, I don't know that. I can't answer that question. Is it going to benefit the animals that much because they are ADT identified? You know, I can't answer that question.

I think voluntarily if it is a big push in the market you will see more people get on board. You know, but as far as forming a group of people that could go and tag them, I'm sure you could. But until our industry proves that it's going to pay you to have that group of people come out on your property then they're not going to do it, in my opinion. Because I'm going to be honest with you. I got to places. They say "What time are you going to be there?" I said, "I'll be there at 4:00." They'll be there to open the gate. You pick up there cattle when you leave the locked gate behind you. I mean that's just the way some people are about their property.

So I don't know if I answered your question but I think it all goes back to how much money

Ubiquis

1 is this tag going to put in our producers'
2 pocket and how--and how do we determine that.
3 Did you have any comments?

4 DR. ANDERSON: So if we're going to take
5 disease control really seriously and you've got
6 a couple of choices. You can get ahead of the
7 curve or you can react when you're behind the
8 curve. And so when there is a disaster the
9 market will--the market will balance itself.
10 You will find somebody to tag your cattle if you
11 can't market them if they don't have a tag in
12 their ear. And I agree, I mean it would be
13 tough to get tags in some of these cattle but
14 you have to start somewhere. And if we need to
15 write these cattle down on health papers and
16 we've got the technology to do electronic
17 tagging and store data, production data, health
18 data, location data, it makes common sense.

19 You've got an opportunity. You are the
20 industry. The whole industry is sitting in this
21 room. So you are the industry. You want to
22 sell beef? Eventually we're going to have to
23 bite the bullet and there is men with a lot more
24 experience sitting to my left but from the
25

veterinarian point of view we want them ID'd.

MR. LEATHERS: Let me--let me add something.

DR. ANDERSON: Absolutely.

MR. LEATHERS: Just a second. Let me add something just a second. And we'll take whoever you want to address your question to. As we were talking--and I just lost everything I was going to say. I'm drawing a blank but it was a good point.

[Laughter]

MR. LEATHERS: Anyway, I don't know if it was a solution or not but anyway I'll think about it and I'll tell you in a minute whatever it was. Go ahead, sir.

MR. TOM JONES: Now I'm not sure about my question. Tom Jones with Arkansas Farm Bureau. I guess I'll direct my question to you as an operator of an auction. What would be your cost to set up a system to tag cattle? And I guess I ask that in the sense that I see we always have a discussion of what are we doing and what premium it's going to be for our cattle. We are not far from a tipping point where it's not the premium we're going to get for our cattle if

they're tagged. It's the discount we're going to take if they're not tagged. So how will you set up and handle that situation at the markets?

MR. MINGUS: Well, the hot seat just keeps getting hotter. So but I will answer your question but back to your--to just to help summarize some of your stuff we're going back to tagging, voluntary tagging of these animals. We want to know how much more our producer is going to make. We've got all these order buying companies that say, okay, "We're going to give ten cents a hundred more for all these tagged cattle." Well, at my market I have 75 tagged that day. They all fight over them. They all get 10 or 12. What do they do with them then? See what I'm saying? How do you make load lots of uniformed cattle to ship to a customer whether Russ De Cordova's got the deal or Jim Schwertner with Capital? I mean you've got to have enough to reap the benefits from it. See what I'm saying?

So a cost for tagging those cattle, sir, I can't answer it. You would have to put--you would have to--first of all, I don't want to

1 have to do it at the market. I'm going to let
2 you know right up front. As a market, it should
3 not fall on our shoulders to have to tag them.
4

5 Did I lose everybody? I mean but for a cost
6 it would have to be--in my opinion, it would
7 have to be somewhat of a per head cost. You
8 know, and you're going to have some people that
9 say, "Well, I'm going to supply my tag." You
10 know and then you're--I think you're going to
11 have to whatever per head cost that you would
12 incorporate with it would be a turnkey type
13 situation. We're going to pay for the tag.
14 We're going to tag. If that's the role that you
15 decided to take. Okay?

16 But you've got to realize what you're going
17 to have to set up. You've got to buy a brand
18 new hydraulic chute. Okay? You're going to
19 have to set up--if this passes to where it's
20 mandatory and they force our hand at the sell
21 barns to do it, do you realize the cost that
22 the--that the auction markets would have to
23 incur just to get a--you would have to have a
24 processing situation just like Russ De
25 Cordova's, Jim Schwertner's, Robby Thigpen's, or

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

anybody's like that. And you're talking about 10's and 20's and 30's of thousands of dollars to set that up, not only the help to do it. It's hard enough to find help at an auction market anyway. Not everybody in the world is wanting to come, you know, stand around a bellowing cow from 7:00 in the morning until midnight.

You know? And so you would--I don't know how to answer that but it wouldn't--it would not be cheap in the big scheme of things in my opinion unless we saw a big jump in the market because they were identified. And how can we attest? How do we know that? You know, did I-- did I answer your question? Thank you.

MR. LEATHERS: I just want to say I agree with you, what you were saying. The only way I see making this deal work is somehow it pays to do it. And then you're going to get the larger operators are going to do it for sure. And then when you get the most of them doing it and the smaller ones say that they're not getting the amount of money for their calves they're going to want to do it. And then you're going to get

down to where it's a few that's not doing it.

And if you do want to eventually have a mandatory deal it won't be near as hard then.

When you've got--if you've got a system set up that will work, you've got to have that. And then people do it and then some--they get more money for their calves, that will make it all work. But until people get--it pays off for them it's going to be hard. You're just going to have a big backlash if you say "All right, everybody's got to do it." Then you're going to have mad people. You know, you're just going to have a terrible time.

But I don't know if you got down to where the smaller operators didn't do it after most people started doing it, if the livestock auction had a service that, "Look, you know, you want them done, we'll do it." But most people would already do it before they bring them, you know, and you just pay for it. They'd have to pay you for it. It would be worth your time but you wouldn't have to do them--do all of them. Most people would do it because they're on that program, you know. But somebody has to have

Ubiquis

2 service for the smaller operators that could do
3 it. But the only way I see to do it is just
4 like you said, they have--it has to pay off for
5 them somewhere down the line.

6 MR. MINGUS: Thank you, sir.

7 MS. JARA SETTLES: Kenny, Jara Settles from
8 LMA. I have a question. We have been talking
9 about the payoff or conversely cattle being
10 penalized for not having official ID. Do you
11 have concerns that that's going to drive cattle
12 away from the livestock markets and drive it to
13 more country trade, which will be less traceable
14 if that comes to fruition?

15 MR. MINGUS: Well, I think that you have to
16 incorporate that risk of that, you know, that it
17 would drive--you know, if they--if they say
18 okay, it's mandatory and all the cattle that
19 come to the market have to be ID'd, but then
20 there might be someone that's slipping around
21 the back door around you that you never--that
22 you never get a chance to market. You know, and
23 those things will happen, you know. I mean what
24 is--I guess my question, what is proper ID? Can
25 we brand them? Can we use a personal

identification number? I mean what--where do we go with true proper identification?

But, yes, I think if you put the market in charge of being the hub to where they have to go and tag their animals under a mandatory situation, you're putting the market at risk for less--for less cattle to be brought there, in my opinion, because you're the bad guy. You're the guy that's got to tag them, you know, and this and that. That's just me. I'm sorry.

MR. GREG GOUDEAU: All right, Kenny. I'm going to try to help you out. I'm Greg Goudeau with Navasota Livestock Auction. There are several market operators here. I'll try to get you to understand where we are and some of the problems that we--what we're--what we're facing. First of all, if we could do it, if we could do it and it was market driven and it was paid for, we'd be all behind it. But I think that is a key word, market driven. Voluntary, it needs to be voluntary, absolutely needs to be voluntary.

Dr. Schwartz, the very first thing you said. What did you say up there? It's 102 degrees, nice day to have an inside job. We don't get to

choose those jobs. We have to work the day of the week that we're selling on. Saturday I had 300 head come in on Friday, 300 head. My database has 32,000 customers. To answer your question, how can we go out and serve these people, 32,000. Average consignment, three to five head a weekend, three to five head. Not 35 head, three to five.

I got 1,150 head of cattle in on Saturday morning. For us to go back there at 102 degrees, those cattle have already--how many days--how many days did it take you to work those cows? Four. We have one day, speed of commerce, move all those cattle through, ethically handle them, Brahman Cross Cattle, Gulf Coast, Hotshots, Heat don't get along, mad employees, employees don't show up, try to force all this through, it's a burden. It's going to be a huge burden to the industry. I wish there was a solution. I wish I could say, "Hey, I got an answer." I don't have the answer but we have to be very, very, very careful.

And it--and it got this way towards the end and you might--a lot of people will probably

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

disagree with me but it got this way to the end of brucellosis. The actual testing of brucellosis was worse than the outbreak of the disease.

In 2011 we were running a thousand cows through a chute. She's down, just leave her alone. I got to put her down. Let me get the blow head [phonetic] so I'll get my money." I mean it was ridiculous but the actual testing of how many cows we killed, the humane handling of those cattle, trying to go through that, so I-- we do not need a repeat of the actual tagging of the animals is worse than a disease outbreak.

So as we're developing this system, however it may work out, we need to keep that in mind, that whatever system we come up with it's very difficult to get it to these 32,000 customers that we have, get those people to get them to tag. So I say it's got to be voluntary and it needs to be market driven.

MR. LEATHERS: Can I--I am not directing this at you. I'm directing--I'm going to put this out here for thought process. The cow, the crippled cows and the cows that are going down

1 obviously you can't run them back through a
2 chute. You're going to kill them. Those cows
3 are going where when they get sold?
4

5 MR. GOUDEAU: They're not going anywhere
6 because you have to pay for them - -.

7 MR. LEATHERS: Well, okay, but I'm saying
8 they're going to end up going to the killers.

9 MR. GOUDEAU: They're not going to - - .

10 MR. LEATHERS: Yeah, I understand. I
11 understand but the majority of the cows that--

12 MR. GOUDEAU: [Interposing] We at the
13 auction markets have to take that cost.

14 MR. LEATHERS: Okay. I under--I understand
15 and I'm not arguing with you. I'm just--I'm
16 just trying to point out something here that I
17 think we're-- a couple of things that we're kind
18 of missing. Most of the cows, the older cows,
19 when they get sold they're going to packing
20 house. Okay? That's all. That's the only
21 point I'm trying to make there.

22 Now, I think we're getting zeroed in and
23 this is where all of these talks and the
24 progression of this program always stalls out.
25 It's because we don't think logically. And

1 you're thinking logically business wise. I
2 understand that and you've got valid points.
3 Every one of you all's points are valid. But
4 let's stop. Let's put the producer aside that
5 raises that calf that brings it to the sell
6 that's got age and doesn't brand or want to tag
7 his cows. Let's put aside that you all--and I
8 understand you've got a valid point.
9

10 At the sell barn you don't want to become
11 the chief source of tagging them because you
12 could lose customers. Point well taken. But in
13 whatever program that we develop, that comes--
14 whatever comes from whoever, we're going to have
15 to be flexible enough in the beginning because
16 I--and I'm going to throw a percentage out
17 there. I would say that out of 100% of the
18 cattle you all sell, that go back out into the
19 country, whether it be calves, stockers, cows,
20 whatever, when they leave that sell barn I'm
21 going to say a very, very high percentage of
22 them leave that sell barn and go home and go
23 through a chute. And they're going to get
24 rebranded. They're going to re-vacced
25 [phonetic]. They're going to get re-poured

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

[phonetic] on. And at that same time that tag could be implemented right there. At least--and state vets and USDA speak up here--that's a starting point.

It puts the sell barn at not any risk. It puts the small operator that don't want to tag his calves when they're on his location. But that gives us a starting point and as market driven incentive takes effect the producer at home is going to go tagging those calves. And I promise you the sell barn operators, when they see that it's an incentive that they can offer their customers that's going to make the customers money and bring in more cattle into your sell barn, you're going to spend the necessary overhead to build an infrastructure. Am I right?

So let's get past the problems that we seem--can't seem to get past and let's get a starting point. Hey, we can start it right there.

MR. GOUDEAU: You're looking--you're right, market driven. That's where--that's where you're going to come down to. But I'm where--I'm just--I'm just telling you from owning a

sell barn I do not think that on a Saturday that we need to be tagging 1,150 head with 102 degrees. It's not--it's not going to be good for--it's not good for the industry. It's not--it's not good for the beef cattle industry.

Now, a tag, I'm not going to disagree is--that is good for the industry. But that scenario is not good for the industry. You might--that's a good point that you just made. Start it at the stocker phase. They've got that back tag number.

I have a--I have a producer that buys cattle and sells cattle on video. Every single one of his animals, as soon as it gets unloaded, has RFD tag put in his ear when they run him through the chute. When he gives them a shot, it's known about. And also that back tag is entered into that. So if he has a problem he can call me and say, "Hey, this back tag, I had trouble with it." He knows the cost. He can track it all the way. I sell his calves. Do we get any extra money for them? No. He does it for his own personal records, just like you do at the Four 6's. Is he getting anything extra for it?

Ubiquis

No, he's not.

I guess a question there is, Mr. Wilson, as far as the packer industry, where could we get-- where could we get more money? Where are we missing the boat? Where could this be market driven? Are the packers keeping it all? Is there more money out there? Are we missing something? Or address what we're missing or as far as dollars wise.

MR. WILSON: I think it cuts both ways today. I think it's going to be a--there will be an opportunity to get some--get some benefit. You mentioned age and source verification. Obviously that went away when Japan moved from 20 to 30 months, but it functioned very well for several years. There will be some other opportunities come along. There are also, as the gentleman in the back of the room noted, there will be some cost of business or some loss of opportunities, markets, money, whatever you want to call it, if we don't do something like this down the road.

And I don't say that--please don't misunderstand me. I'm not trying to say the

sky--take the sky is falling approach. But I think the industry, all sectors of the industry will benefit. It will take some time to work out. There are obviously challenges, very significant challenges. One of the most significant being the auction market issue. Joe has put one solution to that problem on the table. There are others. We can get beyond that. We need to focus on the positives, resolve the negatives. Focus on the positives and move forward.

There is a--there is a concern or a challenge at retaining these tags at the auction market. I mean, excuse me, at the--at the packing plant. That can be overcome. National Beef Quality audit just came out, 2017 came out last week. 96% of those carcasses that were surveyed in that audit had some form of identification. I think 50 some odd percent were lot tags. 40, high 40's--and there were some--many head that had more than one type of tag. Nearly 50% were individual tags. Only 17 in that survey were electronic, if I remember. We need a higher percentage but the industry is

Ubiquis

moving that direction. We just need to continue working to make progress and all work together.

Even though we have policy, as I noted a moment ago, that would love to see a mandatory program, we're not holding our breath that that's going to happen politically or practically speaking. We should get beyond that. We should get beyond our policy position and find a practical solution to this challenge. I hope I answered your question.

MS. SETTLES: Dr. Schwartz, Jara Settles from LMA over here, if you can see me. You spoke earlier about the current law in Texas that requires within seven days of ownership change identification to occur. I believe that kind of mirrors Mr. Leathers suggestion that perhaps the--perhaps the tagging could happen after the point of comingling or sell. Can you speak to how well the State of Texas is enforcing that and how much compliance can be measured once those cattle get home? Are we sending out the rangers to make sure that happens? Or how do we--how do we do that?

DR. SCHWARTZ: Well, thank you. I

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

1 appreciate that question. So when--let me go
2 back to when that rule was developed. And at
3 that time, 2014, there was--there was concern
4 from the Texas livestock market operators that
5 requiring that ID at the change ownership that
6 day put a lot of burden on the livestock
7 markets. And so that for that reason it was the
8 rule was changed to allow that tagging to be
9 done within seven days of that, if the animal
10 doesn't go to--go direct--go to slaughter,
11 basically.

12
13 So that was an attempt and I could see a
14 system--a system like that going forward. We
15 already have mandatory tagging of cattle now.
16 It's just it's done, you know, to be done within
17 seven days of that change of ownership. You
18 know, how--you know, how often is that done? We
19 don't--we don't know. I mean whenever--before
20 the fever ticks exploded on us and we had these
21 TB herds to deal with, we were doing some more
22 follow-up with those cattle that were purchased
23 to make sure they got tagged. But, to be honest
24 with you, we don't do a lot of compliance right
25 now. So it's primarily voluntary compliance

right now.

What we'd be concerned about is if it--you know, the need to trace those animals in the future. TB, it is--it is rare. Kenny, you made the point. How many cattle have we sold without an--without an issue? But and there are millions of them, right? But when it does happen it can be really bad.

And that case of BSE in 2005 was, you know, was a big deal. It's less of a deal now if it's the atypical type. But if it's the real type it will be--it will shut off markets again. So, you know, other diseases, tuberculosis, I mean we import a million head of cattle a year from Mexico. We've had six cases of TB so far this year in fed cattle from Mexico.

And we've got to be able to trace those cattle back to the source or somebody else gets blamed for it. You know, basically we've got to go and test your herd for TB or brucellosis or whatever it is, just to rule you out. And so it's a burden to not have that ID as well. So I hope I answered your question, ma'am.

MALE VOICE: This is a comment towards the

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

1 vet. I'm appreciate your comment that you admit
2 that you don't want to sign a health paper
3 because I sell for Superior Livestock and trying
4 to get health papers anymore, it's getting
5 harder and harder. This--I guess so this is to
6 USDA. There has got to be some kind of way we
7 can simplify some rules about--I don't know if
8 it's the states or but I mean everything is
9 different. It's very, very, very difficult and
10 they--you call a vet and it's like, "Well, it's
11 going to cost a lot." You know, I know but I've
12 got to have it. But it's difficult to get
13 health papers and it's an issue and it's a
14 problem.

15
16 MR. JOSEPH BARBOUR: Joe Barbour from LMA.
17 Just kind of wanting to make a comment or direct
18 a question for Kenny. At your--at your market
19 last Friday, Kenny, what was the price
20 difference between a five weight bull and a five
21 weight steer?

22 MR. MINGUS: Well, not a--not as much as you
23 would think, probably, you know, a nickel to
24 eight cents at the most, you know, on the five
25 weight last week.

MR. BARBOUR: And--

MR. MINGUS: [Interposing] You know, and depending on the quality also. I mean you have some five weight bulls that bring as much as five weight steers just depending on how good they are. You know, but probably, probably a nickel, you know, to seven cents would be about, about cover it for sure.

MR. BARBOUR: Okay. Well, I guess what I'm getting at is I mean as we look at these livestock markets and I think I've heard a lot of comments here today that there is going to be some kind of an incentive, a market driven incentive based on large producers tagging these cattle that will somehow bleed down to a small producer.

And as staff at LMA we spend a lot of time traveling the country. And I mean cattle in Nebraska that are peas in a pod, that are all castrated, weened, and have a round of shots bring a heck of a lot more than they will down in south Texas. Of course we're talking about different kind of cattle but I'm talking about market incentives that are market driven. So I

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

1 think we need to be really careful when we kind
2 of assume that some of these small time
3 producers will all of a sudden get excited about
4 tagging because it might bring them five dollars
5 more of a hundred. We can't even get them to
6 tag--or, excuse me, to cut their bulls.
7

8 And so, you know, when we--when we have this
9 conversation I think we need to keep that in
10 mind, how that realistically will--whether it's
11 market driven or not, some guys aren't going to
12 do it and they're going to put that burden on
13 the back of the auction market when they sell
14 them. And, you know, frankly I think you'll
15 hear from these guys today or I've heard some
16 comments so far. They don't want to do it,
17 whether they charge for it or not. So it's not
18 worth it to them, the amount of manpower it
19 would take.

20 I mean we also write insurance as an
21 association and I don't want to start looking at
22 some work claims coming out of tagging, you
23 know, 1,300 head at Greg Goudeau's sell on
24 Saturday. So, you know, let's kind of--I just
25 wanted to kind of make that point and see what

Kenny's thoughts were on that.

MR. MINGUS: Well, as we--as we talk and we move forward, and Joe had a very good comment a while ago and I commend you for coming up with that idea. You know, we all want what's best for our industry. Okay? But just as you said, Joe, I mean when we can't--we can prove to our customers that it pays you to cut your bull calves, I can show them on black and white. Okay? It pays you to castrate your bulls. It pays you really to give them a round of shots. Okay?

In our area because if any of you turn out cattle as yearlings and you run a set of cattle that you know has had a set of shots in them, whether they were weaned or whether they came off the cow, their immune system is going to be better than the one that hadn't had anything. And they're usually easier to straighten out.

You know, so if we can't get them to castrate them and give them a round of shots or anything to help do that, how are we going to get them to--how are we going to get them to tag their calves?

Now, you made a comment about Nebraska and how their cattle, you know, look like peas in a pod and this and that. And I commend the northern states for their diligence in raising a high quality animal. You know, you come to some of our markets and you've been to mine. I'm sure you've been to Greg's and Russ's and the Forester's at Athens and probably Carsten's [phonetic] over there.

But I mean in our area if we have a handful of producers that have the same type of cattle, you know, all one breed, that's all you're going to have. I mean we run crossbred cattle. We might have three yellow ones. We might have two red ones. We might have some black ones. You know? And then you might have a person that says "I want all black cows." That will be from an Angus to a half-blood Brangus, but they're black and they want a black bull. You know, so I don't know if I answered your question but it's hard to--you prove to them that a steer brings more than a bull. You know, you take 650 pound bull or steer that brings five to seven, eight, ten dollar to a hundred more. You know,

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

and I've talked to them and said the cowboy is your cheapest labor. And in a roundabout way a cowboy is your cheapest labor to come out there and help you work your cattle. They're the cheapest labor that you can get, but when you still can't get them to cut them, then what do you do? Then you pull back and say, "You know what? They're theirs." They can do what they want to with them, in my opinion.

MR. HAMMERSCHMIDT: Okay. Let's take about a ten minute break. And when we reconvene we'll have an open mic session where you can either ask more questions or if you have positions that you'd like to state you'll have an opportunity. So let's take ten minutes. And let's thank the panel. Thank you very much.

[Applause]

[END USDA_072017_Morning]

[START USDA_072017_AFTER_MORNING_BREAK]

MALE VOICE 1: Can we ask the folks in the back of the room to find their seats again? So, as we get into this next segment of our listening session we want to give everybody an opportunity to either ask additional questions

or state positions or concerns. We'd like to hear from you because especially with the concerns that'll help build on identifying areas that we can improve the traceability system so we really ask that you take some time and let us know what you're thinking. So with that, one more reminder, if you have a comment or question we ask that you state your name and who you represent. So who would like to kick it off? Back, in the back here. Name, and who you represent?

MR. MARK SHAPE: Mark Shape, and I just represent myself. I guess I'm representing the 60- to 70-year olds with less than 50 head of cows. I was listening to the panel and they were all really interesting, taking notes, I'm a little bit scatter brained on my notes. I've been spending most of the last month screaming at my tractor, yelling at my bailor and kicking my rake, but anyway, one of the comments was about the change. We need to be ready for change. I've been changing since I've been in this business and I don't want to give away my business model, but I'm not, I haven't heard my

segment of the industry mentioned in all. I raise cattle like most of the 60, 70 year olds with less than 50 head. I only raise grass-fed beef. I have the ID for all my cows. In fact, while we were talking I said I think I have it in my pocket. I'm supposed to decide who goes to the processor on Tuesday, so I do know the ID of my cows are ID'd, plastic tagged. Shoot, darn notes.

Anyway, I'm selling directly to the producer. I'm going to get cut out of the deal that we were just talking about because I like to have the flexibility if a cow doesn't meet my requirements to take it to the auction barn. It'll meet the auction barn requirements but it won't meet mine, my standards for my customers. They know me I'm growing directly, selling directly to them. Four Sixes ought to be doing that. I don't want to give away my market plan but you'll get a whole lot more money doing it that way. I'm all about money, I'm tighter than tighter. I just got rid of my 1983 Brown bailer. I kicked it for the last time, so there's your perception. You know the customers have a

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

1 perception, and I have to raise beef for that
2 perception. So, you know, I have a whole
3 different market and I know I'm going to get cut
4 out of that market. I was raising geese, I was
5 here eight years ago, the last time we went
6 through all this mess and I said, poultry, I
7 don't do poultry, I do fowl. So then we had
8 identification on fowl. I don't own them
9 anymore. I'm ornery enough that when you make
10 this mandatory I won't have cows anymore either.
11 I don't care who eats or who doesn't. I can grow
12 cows for me, but I won't, you do make it
13 mandatory I won't do it. Now I'm all for market
14 driven, the Four Sixes, it works for them and it
15 makes sense, perfect sense for them and it
16 should be industry driven. The little guy, if he
17 wants to be in that industry, he's going to have
18 to do it, I guess if he wants to get paid, but
19 don't make it mandatory for the people that
20 aren't in that part of the market.

21 I guess another thing I made a note on was--
22 once you get older you have to buy Walmart
23 glasses. Okay perception, some statistics in
24 trust. Some people think, well they're keeping
25

these records and we don't trust them. I'm in that ballpark, I don't trust them. But it's not, it's not from a perspective of not trusting you're going to spy on me, and come take my cows. The USDA census, I bet it comes out this year, seem to have it in my mind and I may make some people mad, but you're keeping track of how many cows are out there. And my perception is, now the guy that's buying them knows how many cows are out there, so they're not going to pay me if they don't know how many cows are out there. So they're going to pay top dollar because they don't know how many cows I have, but I just gave them my whole hand. I got 40 cows, well we'll give you 1000 bucks for the whole lot. That's another reason why I'm against this mandatory I.D. and the statistics that come in the census, five-year census. Basically they use that statistics, they're looking at the numbers. If I was a buyer I'd be looking at those numbers and saying there's so many heads in Texas, this is what I'm going to pay for them. If they didn't know I'd say I'm going to have to pay you a little bit more because I

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

don't know what the market is. Anyway, just some thoughts, probably missed most of what I had in my notes.

MALE VOICE 1: Thank you very much. It's good to hear from a small producer. Other comments? This is this is your opportunity.

MR. ANDY SCHWARTZ: Andy Schwartz here for the recording. No, you probably heard enough from me already today, but I just want to say there's a, there's a value to traceability and all that. I don't know if we touched on it a little bit this morning, but we talked about carrots and sticks and why you'd would want to put I.D. in there. But I'm a veterinarian from a disease standpoint and my agency's job is to protect the state, the health and marketability of the livestock. So our ability to trace and find disease quickly and get rid of it is important and to assure our trading partners of the same. So I'm told I'm not an economist or I'm not in the international market, but I'm told that the ability to market our livestock internationally adds a value of 250 to 300 dollars to a finish fed animal. It's worth about

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

1 that much more money because we have access to
2 that international market. And so in my mind
3 that that's a benefit of us being able to do a
4 good job with disease traceability and find it
5 quickly and ensure our partners that it's not
6 there. So I just wanted to mention that, it
7 doesn't make you want to rush out and tag your
8 animal, but I'm just saying that's our
9 motivation for wanting a system that really
10 works. Thank you.

12 MS. JUDITH McGARRY: So there we go. My name
13 is Judith McGarry. I raise grass fed beef and
14 grass fed lamb in Milam County, around the
15 corner from the sale barn. I also run a group
16 called the Farm and Ranch Freedom Alliance that
17 represent small-scale producers, particularly
18 those who are involved in local and regional
19 direct marketing and I made lots of notes as
20 people were talking so this will be a little bit
21 scattered. But there were a lot of points
22 brought up, some of which are new. We have—the
23 conversation is not identical to what it was 10
24 years ago when I got involved in NAIS
25 discussions, but there's a lot of similarities.

One of the things that I'm still hearing that worries me from USDA from state agencies is a lack of really concrete analysis of what's working, what's not working, by the way not only in ADT, I think you guys have done a nice job and that was useful information, but what does it mean to have different types of programs. So for instance, - - was noted, the sheep and goat industry already has bookend. How well is that working? That's been in place a very long time. At the same time the pork industry has something very close to what is complete electronic pins, every movement recorded because of the functioning of the way the pork industry is vertically integrated. Yet despite having that complete traceability program, 2012/2013 was an absolute disaster with PED for the pork industry. And as part of the U.S.D.A. Annual Health advisory committee, that committee in 2014 one of our recommendations was to analyze the role of traceability in the PED outbreak and to try to understand what went right, what went wrong, and we've never seen that. So as a producer and as someone who represents producers

Ubiquis

61 Broadway - Suite 1400 - New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

1 what I'm looking at is we have first of all
2
3 bookend system for sheep and goat that has
4 worked wonderfully well, and we're not seeing
5 problems. We have a complete electronic
6 traceability system pretty much for pork, which
7 doesn't seem to have addressed the biggest
8 disease outbreak they faced. So before you start
9 saying that the cattle industry needs to move
10 away from a bookend approach towards greater
11 electronic systems in greater numbers of animals
12 tagged, explain to me this contradiction.

13 Similarly, when we're talking about computer
14 models, instead of running a computer model that
15 has basically no traceability and let's see what
16 happens with foot and mouth disease with a no
17 traceability system versus a belief that we'll
18 have 48-hour traceability. Let's put more
19 realistic parameters, both in terms of what's
20 currently out there, what traceability we have
21 now, and what could happen, because even if you
22 got a full electronic traceability system, what
23 we've seen with foot and mouth disease outbreaks
24 in other countries is part of the problem is the
25 initial diagnosis. You aren't starting with a

single farm or even two or three farms because by the time you've gotten your diagnosis it's already spread. Let's start with that as the computer simulation and then put traceability on top of it. So these are the sorts of data that we'd like to see as producers from USDA and from Texas Animal Health Commission. I realize the bulk falls on USDA, but we want to see our state agency doing this. There's also an issue of where can we make improvement, and I think there was the beginnings of hearing this in some of these presentations, but I think it needs to be fleshed out more clearly, which is, and actually I think Neil, you were the one that said, you know, just having a tag in an ear doesn't mean traceability and I was glad to hear that statement. But even tags plus documentation doesn't mean traceability and/or it's not the only way for traceability, so I heard things about issues about making sure CVI rigs were more understandable and uniform, state personnel being better trained, that came up at least six times. When we talk about electronic CVIs, I will say what I've heard both from vets

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

literally my personal vet, and then other vets in other rural areas, some of them are comfortable moving to electronic, a lot of them are not, and we've again had this discussion on the advisory committee but it hasn't really been fleshed out is, instead of saying, "oh you guys need to catch up with the times," what support needs to be given to ensure that the vets can manage the new system? Because electronic CVIs have advantages, but we have a large vet shortage in this country. If we start driving even a few rural vets out of business that's a disaster because we already have a shortage in many rural areas.

One of the last things I wanted to bring up is the question about industries and consumers and who's at the table, and I'll say I was particularly noted that while there was a mention that the dairy industry had been invited and don't be shocked that they weren't up there and here's why. Daren's awesome and he did make the right decision. The organics and small-scale industry was not asked to be on that panel and this continually happens. We hear things that

1 they want that the small-scale producers need to
2 be involved. We need to bring them along, but
3 it's always later in the program. It's not seen
4 as a segment of the industry that has something
5 to offer. And if you want to talk about
6 perception with consumers, our industry has the
7 consumers with us. That is what we do. We are
8 selling to consumers. There is, if you're
9 reading the newspaper and the industry news,
10 frankly the mainstream industry is trying to
11 figure out how to replicate what we are doing in
12 terms of consumer trust, consumer interest,
13 consumer desire. So when we're talking about
14 what our segment of the industry needs, it needs
15 to be respected as well because we are bringing
16 something to the table. It is not simply small-
17 scale producers that somehow we need to come up
18 and bring them along to what's good for the
19 larger scale industry and further and again the
20 export market does nothing. When we are talking
21 about direct marketing to the consumers the
22 export market does not improve our
23 marketability. That's fine. I'm happy for the
24 export market to be good for other people, but

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

does not provide any benefit to our producers.

So if we were looking at what works for our producers and what benefits our producers will see, there has to be an understanding of how our market works. So thank you very much.

MR. TRACY THOMAS: I'm Tracy Thomas. I'm with US Premium Beef. I've lost, Mr. Hammerschmidt, there he is. Okay. Question directed to you, and feel free to weave in any other USDA colleagues and help. You said this is meeting number nine of nine and first of all, thank you for putting this listening session together today. By now you've probably, if this is meeting number nine as you're getting your arms around your notes and prep for your meeting in Denver in September you've probably heard a lot of reasons how and why we do need to have a mandatory ID-type system. Then you've also heard a lot of the reasons as to what the challenges are. A comment that I heard from Mr. Leathers a short while ago and certainly we can all understand and appreciate the mechanical difficulty for the producers that might have less than ten head consigned, I think the

gentleman that said he represented a lot of the 60 and 70 year old and above producers just a short time ago. So the comment or the suggestion about the first point of installing a tag, you know as those cattle would go on to a stock operator, to a feed yard operator, as you understand the regulations today could that possibly be the first point that we could install an ID tag?

MALE VOICE 1: Certainly the concept of a tagging site gets us a little bit there, but I would indicate that we probably would need regulatory change to make it more clear that that could be considered an option. Number one, I like the approach this group is taking on the discussion. We've identified problems and we're also talking about solutions, so thanks for the leadership from you guys today for taking that approach. The solution that was recommended I think, and others here from the USDA and Texas can comment, that solution I think needs consideration if we get the information needed. If that tagging is done at that location and it gives us the same information that if the tag

1 had been applied at the birth premises, why
2 can't it work? It's practical. We need to
3 consider adjusting the regulation accordingly in
4 my opinion. Having said that there are some
5 states that are practicing it already because
6 the states are given the prerogative today, or
7 as agreed upon by the shipping and receiving
8 state. So there are some cattle in some cases
9 that legal market and are tagged upon working
10 the animals through the chute at the feed lot.
11 But because the states have that agreement. So I
12 think we've tried that a little bit and I
13 haven't heard back, but the states are very keen
14 on maybe that process is giving them maybe even
15 better information than what the regulation
16 prescribes for. So those are the type of
17 solutions that I think we can really make
18 headway with. I think the, I know that listening
19 sessions are public meetings across the entire
20 country, and we felt so going in there that
21 those 20 million-plus feeder cattle if they're
22 brought into the equation at some point in time
23 would create a bottleneck at the markets and
24 that's not doable and we consistently hear that
25

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

and we understand and appreciate that. So again, what are the other solutions that might be workable, practical from your perspective? Go ahead.

MR. THOMAS: So just as a follow-up, so as you're preparing for your Denver meeting, could we ask that you put this in your notes, as something that would be discussed for further consideration?

MALE VOICE 1: Oh definitely, very much so I've got it on my pad already.

MR. THOMAS: Thank you.

MALE VOICE 1: Any others got comments?

MALE VOICE 2: Joe, the longer I studied on your, of a way to fix this, and I've just had a chance to really brainstorm over it for about 30 minutes. And even if you didn't get all of them tagged, at the time of processing these animals that come through a market would be an extremely good place to start. Okay. Doesn't matter if I would be on board, if ya'll said "hey we need to do it for every stocker calf that I brought", I would ID them after the fact that they're bought. In our area, and I don't know it doesn't

1 apply in other areas that don't tag their
2 cattle, but we have a prefix for our sale barn,
3 okay? We can go through there and on that day as
4 a person that buys these cattle, if he buys them
5 from four different markets, you know, you can
6 go to that prefix and say, okay this calf was
7 brought at Cameron, this calf was brought at
8 Athens, this calf was brought at Navasota and
9 this calf was brought at Abilene. We can keep
10 data and record of that. You've got him in the
11 chute anyway, okay? From that point, if you keep
12 the back tag number you can reference back to
13 your sale barn, and say, this ID'd calf was
14 originally back tag number 325 and it's got an
15 issue and we process this calf and it was bought
16 at your sale on Friday, July 19, you go back and
17 you pull up, pull up that work copy. We have to
18 keep records for about 10 years. We have it on
19 file, our computers have it on file. We can look
20 back and say, you know what, that calf came from
21 John Brown, there's your source. Most areas, I'm
22 not going to say this because I don't know, but
23 you might could help me. Cattle that come into
24 your market, are a lot of your cattle branded?

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

No, okay. That would be another way that we could do it too. A set of no tag calves, if we could get our producers to brand them, then you go back, you can trace it back there. So I think this is a very viable situation that at the time of process and after they've been sold I think it's something that really needs to be, to be looked into.

MR. ED MORRIS: Hello I'm Ed Morris. We have a small operation in Northwest Harris County. We identify our animals for our own use. We can identify birth weight, slaughter weight, we check their genetics as to what animals progressing down have given us the best birth weight and slaughter weight, but that tagging that we use is for our own benefit and it helps us. You talk about perception. Our market is primarily one on one with our buyers. Our buyers can see our operations, they can see our animals and they have a perception is, they're getting a healthy, healthy animal. Talking about traceability is necessary for export. That would be great, if we need it for export, then we run traceability as proposed. But if you don't want

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

1 to export then don't require them to have the
2 traceability to that extensive. Also, the
3 diseases that livestock pick up is dependent a
4 lot upon the exposure rate, how many animals
5 they're exposed to and the time they were
6 exposed. So if you have an operator who doesn't
7 expose their animals to other animals over a
8 short period, over a long period of time, or
9 number of animals, then they should be given
10 some leeway as to the requirements of their
11 tagging and accountability. That's about it.
12 Thank you

14 MS. SUSIE MARSHALL: I'm Susie Marshall. I'm
15 the Executive Director of Grow North Texas here
16 in Dallas and I'm also past president of the
17 Texas Organic Farmers and Gardeners Association.
18 And I just want to reiterate what's been said
19 about the need for small producers to be
20 considered in this and which market stream those
21 cattle are being sold in. And the fact that a
22 one size fits all program is not going to work.
23 It's going to drive, well, mandatory is going to
24 immediately drive some of some of our TOFGA
25 members out of cattle production just because

they don't want to deal with the regulation, and then others it may drive out just for cost reasons. Creating a system that provides the traceability that is needed for certain markets makes a lot of sense. And if that's what's needed, that's what's needed. But let's keep in mind that not everything is going to fit for every type of producer and make something that's economically viable for those producers at a smaller scale, makes sense for their market streams, and keeps the disease traceability needed. Thank you.

MALE VOICE 1: Do we have any more comments or questions?

MS. MCGARRY: So I got some upset emails in the last week and I don't know if anyone from USDA can help me figure this out and take an answer back, but there was the announcement that Maryland is requiring not only official tagging for any shows or exhibitions, which of course would be part of the program, but RFID tagging. And I have to say, I mean, I bring this up partly because of the thing about the concern about people not trusting the government's

intentions and where you're going is, things like that is, you know, it's happening and they're pushing it back door. And the reason is, the question I've been given specifically is, why shows and exhibitions? Because yes there is certainly exposure; we need very good traceability from a show and exhibition. At the same time you're only taking one, two, three animals, you're not loading thousands of animals in, so there really is no problem with writing down individual I.D. numbers so why RFID for a show or exhibition?

MALE VOICE 1: I'll double check on Maryland specifically, but in most cases, and Maryland wouldn't be the first case where a show is required RFID tags for exhibition. World Dairy Expo, they, the largest dairy show in the world has been there for the last three-plus years, but all of those requirements are from show management?

MS. McGARRY: This is the email I got from Maryland.

MALE VOICE: That's what I wanted to check. It is from the Department of Ag, but in most

cases that I'm specifically aware of, it's been the show management that makes their requirements for exhibition but if we, again, the state has the prerogative from an ADT perspective that if they want to make specific regulations more stringent they have the prerogative of doing that for within their state requirements. So it's not in opposition to ADT because we provided that to the states' authority to do that.

MS. MCGARRY: I recognize that, but the reason why I brought it up to USDA, as a USDA question, is twofold. One is if you want to understand why producers are thinking that this is a back door, it's things like this do not help that situation. And the other is you know, you all work very closely with the state health departments. I mean it's not somehow the state animal health authorities are completely off on their own and USDA is in a completely different room. You all are working together on animal traceability so...

MALE VOICE 1: We'll try to add clarification to that specifically.

MS. MCGARRY: Thank you!

MALE VOICE 3: Okay. Last chance going once, going twice. Okay. Let's go ahead and take a break for lunch. Let's make it about an hour, maybe be here at 12:50, 1 o'clock? Okay. There is a restaurant here on site. There are a couple of fast food restaurants, if you take the the road you came in on and make a right, I think there are two fast food restaurants right up, within about a mile, mile and a half. Oh yes, and before we go, we're going to count off for our small groups. So where's our first non-government person? So you would be one, two...one, four? Okay. And in the back? Who's in the back, uh, number one, nobody will come over, come over here. Anybody? One, and one, two.

Okay. So when you come back, threes and fours will meet here. One, there is a, Daisy, what's that? The Rio Grande room, and Guadalupe, number two, Guadalupe, which is right across from here. So when you come back find your room and we'll get into the small group sessions where we'll talk about, each group will have a specific area to talk about. So, have a good

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

lunch.

[END USDA_072017_After_Morning_Break]

[START USDA_072017_AFTER_LUNCH.MP3]

INTERVIEWER: Okay, if everybody wants to settle in. What we're going to do is, the spokesperson for each one of the groups will come up. They'll have 10 minutes to talk about the salient points that were discussed in the group, and we'll just go through these. It should take about 40 minutes. So, do we have the group one spokesman? There he is.

GROUP ONE SPOKESPERSON: Thank you very much. Okay, so our Group One topic was official identification, and when is it actually needed. We were asked, tasked, with 3 bullet points to address: what significant challenges are there, currently, when should the ID actually occur, and is it a location, or what permits should it actually represent?

And so our challenges that we already have, some of this is an echo of this morning, is the registration, tattoos, brands are no longer acceptable for ID across state lines? There is a challenge in defining each state, whenever

veterinarians move cattle from each state. It depends on who you talk to at that state office. Some accept tattoos, some accept brands. There needs to be a consistency and harmonization between the states. So, that was a significant challenge.

So, one of our solutions is the acceptance of one ID as an official form of movement. That was discussed for, for not only for cattle in commerce, but that same ID to be used in registered cattle with pure bred breeding programs, and also natural organic or value added programs. So you one form of ID; it was talked heavily about using electronic form of ID: some sort of RFID, or button tag.

But, there was also some discussion about other practical methods for options for producers, but with the goal of there being one universal ID that would fit all programs across the board. Another challenge is naturally cost. We not only have a hard fixed cost of the tag itself, but the cost of putting the tag in, the data storage, the warrants, and everything associated with that. Now what does that

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

cost? Who pays that cost?

We talked a lot about that. Does it go to the cow calf producer, does it go to the live stock market, does it go to the end user? We never really came to a full consensus on how that was going to be shared, or the like. But, we discussed about making sure that this is a value added bonus to this.

If these cattle are identified, that adds value to those cattle as we approach and go into the marketing chain. When should the ID occur? So, already, for movement of dairy cattle, it's at first movement. From the farm of origin that it should be applied. Then, it was discussed and we came to a consensus that beef cattle 18 months and older, whenever they enter commerce.

So, cattle that are being sold and marketed through livestock chains, going back to pastures for breeding animals, would need to be identified at that time.

Other times, whenever we would need that ID, would be program, or disease testing, and in Investigations requiring ID. So trace,

Ubiquis

1 for program diseases. So, with tuberculosis,
2 brucellosis, trich... If that was part of the
3 disease investigation, you would apply an
4 official ID at that time if that animal did not
5 already have that. [And] At any time we have
6 interstate movement of livestock, either for
7 breeding, grazing, exhibition as well. They
8 needed a unique, uniform, universal ID.
9

10 Then what does that actual point represent,
11 a location or premises? When does it
12 apply? So, the first point of Commerce should
13 be the location reflected by the ID. There was
14 some discussion, is that from the farm of
15 origin? That is, where is it applied. Is that
16 a producer level? Meaning that one producer may
17 have several premises, pastures, operation units
18 and one set of tags covers that. Or, does each
19 one of those, within a different state, have its
20 own unique tag, or premise ID number? We kind
21 of were able to just leave it at that. We did
22 it with a lot of discussion on that part. That
23 was what we finished up in Group One on our
24 bullet points.

25 INTERVIEWER: Would Group One note takers,

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

when you get a chance, can give the notes over to Daisy? If you haven't already. Group two?

GROUP 2 SPOKESPERSON: We had a really, I think, lively and hopefully productive, conversation in our group. We discussed movement documents and there was, I think- -The bulk of the conversation started with the question, "how do we get good information surrounding movement information, with practically and economically, and in whatever form?" So, we have a lot of conversations about whether or not those movement documents need to be, as we consider now, ICVIs. Whether or not the current ICVIs are the end answer for movement documents.

Some folks in the room are from a veterinary background, so a lot of value in having veterinarian ICVIs on animals, ideally. There was some recognition that, maybe that doesn't always happen with ICVIs. But ideally, veterinarians would take a look at those animals before they ship outside of state boundaries.

The other side of the coin was that in large parts of the country there are not large animal

vets that are readily available. Especially, you know, maybe at a market it's a little bit easier to be a central location for a veterinarian. But, a producer that only has a handful of livestock, it's a little bit harder for them to get a veterinarian out to write an ICVI on a weekend or an evening.

So, there is some discussion about maybe, maybe some alternate movement documents. Ideas were thrown out about having some kind of sale recap or the official ID was married with the back tag number to move with no veterinary inspection.

Just a true movement document, taking the veterinarians out of the equation because there's the cost of the veterinarians and there's also the concern of, as we've heard, veterinarians not wanting to put their names on the ICVIs because of the liability that comes back with it. So, there's a lot of discussion about the role veterinarians, perhaps layman, play in that role or in that function, and the need for accountability. And, how to maintain accountability that's inherent in the

veterinarian's licensure and practice, while still creating practicality and efficiency.

So that was kind of the crux of the conversation, with respect to efficiency and practicality, for how to get that information.

What it came down to, is that electronic ICVIs, I think there was general appreciation for that technology. And that obviously, electronics ICVIs are probably dependent upon electronic tags to be truly utilized to their fullest extent. Then comes same questions: How did they get in the ears, and who's going to pay to put them in there?

I think the biggest issue was getting the correct information, practically and economically, varies from state to state. So, what information is correct is not consistent, and there was a feeling in the room that more consistency would be needed and appreciated from state to state. I will say just a little plug: there's a website called *innerstatelivestock.com*.

Please use it, it's very helpful. To the extent, you're not. But even that, trying to

keep that information updated and having access to the internet, wherever you are, might be challenging. If you have questions, and are trying to move livestock on a weekend or an evening, you can't get a hold of someone from the state. That can be a little bit challenging.

So the next one was, when are ICVIs needed? Then, kind of the corollary, when are ICVIs not needed? As they stand right now, we need them, or the regs require them when you're crossing state lines. There is some discussion about whether or not that's good.

Obviously, they're good to have when crossing state lines to make sure that the next state takes them. You know, we don't want to be met at the border and be told, "hey, you can't bring those cattle into Nebraska because you don't have an ICVI, or the appropriate ICVI, on them. But, there's also a lot of discussion about diseases don't see state boundaries. If you're moving intrastate and technically don't need an ICVI and thus don't have any kind of movement document, that's not true traceability.

So, there's a lot of discussion on when ICVIs are necessary.

Finally, we talked about how can electronic ICVIs be beneficial to producers, veterinarians, and animal health officials; and obviously, ease of use, consistency, accuracy. All of those would be benefits of electronic ICVIs. The issue again, would be if you're currently using physical ID tags rather than electronic, then you have transcription issues.

You have to have somebody manually entering those, so that's challenging. Views are ID tags again, challenges of cost, and who's doing it. In terms of some suggestions: we actually had some suggestions, to increase use of electronic ICVIs from the veterinary community. Would be to make a financial incentive to use them. I guess there's currently a fee for using an electronic ICVI and it's cheaper to use a paper one?

I've been told veterinarians are cheap, just like the rest of us. So, if electronic ICVIs were cheaper, and that paper ones got phased out because they became more expensive, there was a

feeling in the room the veterinarians would be more likely to want to use that technology.

The next idea was to use, more for the electronic ICVIs, have a more intuitive form. If you fill out a phone contract online and you put in the wrong name or the wrong address it kicks it back to you before it even submits it. That's I guess, not how they work. So, it submits to the state that they're going to and then it gets kicked back. Maybe after the livestock have already left, or at a later date.

So, there was the idea, and it seems like a pretty simple programming one that, the software itself prevents submission until all the information is put in appropriately. Again, just in terms of the benefits across the board: faster, less environmental impact, less use of paper, and having to store those papers, or having redundant copies in terms of disasters that storage facilities. So, that was that was Group Two on movement documents.

INTERVIEWER: Thank you. Group Two note takers again, get your notes over to Daisy. Group 3?

GROUP THREE SPOKESPERSON: We've got the neatest page up here. We talked fast and I decided our group would agree we couldn't agree on anything. One of the things we talked about was traceability, and kind of wondered if long-term would be like, maybe 100 % should be a goal. Then we argued if it was really practical to shoot that high. Short term, after listening to everybody, I thought maybe 70 %, talking two to three years. Then it kind of shifted to: why would it get that far, and what would happen next?

We think there might be some financial benefit, data acquisition, little things run smoother in between states, that maybe it would advance from the 70 %. That's short term, the obstacles to deal with was nobody could really decide for sure what type of ID we wanted to use. We're kind of leaning toward the electronic stuff, like the previous speaker about less paper.

But, whether or not that really happens, and then some of the smaller producers. We've got our records, we know what's in our closed herd.

We think this will work, but if we're shipping internationally, how can we assure China, South Korea, Japan, the European Union that this is how the U.S. does it, and you can buy this stuff?

One of the things was it would be a thing with the tagging that we volunteered and was market driven, because we still think the financial benefit early on would be there for the producers that were doing it. We realized, as time went on, it wouldn't be so much a financial benefit but you wouldn't be discounted because, because you were doing it. Somebody else wasn't, and they might end up paying more because they didn't have the identification.

We were hoping to get to electronic database for it. The plus was for herd management, plus disease traceability, and to recognize the different segments of the cattle industry. As far as farm cattle, concerning dairy, and beef, and the bison. A lot of talk was about feeder cattle, too. That if we brought him some place and he really wanted to trace them. If we could get these feeder calves, somehow tagged or

Ubiquis

1 implanted so that we knew who they were. Then
2 these guys would also be doing replacement
3 heifers, [inaudible], bulls, that would carry on
4 into the adult herd. We add it back to the
5 calf, that would go into the adult herd. Pretty
6 soon the smaller, or this larger farmer to have
7 everything that was ID'd.

8
9 INTERVIEWER: Thank you. As with the other
10 groups', notes over to Daisy. Group Four?

11 Group Four Spokesperson: Thank you. So, if
12 I misspeak anything that the group decided,
13 please jump in. Sunny can correct me, or any
14 other participants. So, the first question was:
15 should feeder cattle be added to the system?
16 The easy answer was yes. Then it gets really
17 complicated after that: what, when, where, how,
18 etcetera. That it would be adding feeder
19 cattle, it would be ideal to trace them back to
20 the premises of birth.

21 But, that won't fit every circumstance.
22 That it's going to be a challenge to enforce, or
23 preferably it'll be incentive driven and market
24 driven. That we should maintain approved
25 tagging sites and the ability to tag at the

change of ownership to the gentleman's proposal; which is a really good idea. Even maybe, after the sale at a different premises.

Bottom line is to build in maximum flexibility, so that the auction market that only has a set number of hours, three to six hours to move through several 100 to a few 1000 heads should not be burdened with this. That's the takeaway, and I think there's strong agreement to that.

I've already talked about it being a market driven system, addressing gaps in the current. Before this starts however, before feeder cattle get added, is that we first need to address the gaps in the current system. That we should go ahead and begin planning, so that interested stakeholders should come together. We should be planning how feeder cattle would be added, so that we don't wait until the full implementation of ADT adult cattle moving intrastate before the planning begins.

There should be exemptions for certain classes of cattle. If your marketing your cattle directly to the end consumer, those

Ubiquis

cattle could be exempt. There are other examples that I'm sure will be in the report.

That dealer tagging is an issue as far as maintaining traceability in the system, and just how that would function and operate. The question about cattle moving off lease tweet pasture or at least grass. At least pastures of any kind that have absolutely zero facilities, how is that all going to be handled?

Not that there would be an exemption there. But again, that maybe what happens downstream at another more capable facility. As far as, again back to the enforcement, but I want to emphasize that the desire for this to be market an incentive driven instead of a top down forced upon us by regulations.

That, in fairness, that it should be implemented across the board. In fairness to the market auctions, the private treaty sales have to be included. So, we just gotta figure out a way in the world of feeder cattle transactions, that private treaty is also a part of this and are not exempted. That if we're going to go to the trouble to tag these cattle,

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

our goal ought to be an RFID tag.

We know that not in all instances, or that won't be appropriate in all instances. But, in the vast majority of them, we should be focused on RFID tags for a lot of reasons. What are what are the issues of concern that we had as a group, if we excluded feeder cattle from RFID. The issues that were identified were market access, first from an international trade perspective.

But, as the questions about where my food comes from continue to arise among U.S. consumers, there will be more and more of those kind of pressures. Really, it's going to be driven from the retailers. We spent a lot of time in sustainability discussions, the US roundtable, our organization, as well as others. So, we're seeing first hand these demands by Walmart and McDonald's, and I don't think those are going to go away any time soon. They'll probably get a bit more challenging.

Then also, as far as reasons we should include feeder cattle obviously, if we get into a foreign animal disease outbreak FMD, the

spread of that is going to be much more likely from feeder cattle than adult cattle.

As far as a timeline, what is a realistic timeline? So, you'd just pick a date out of the air, or do we try to incorporate that with practically how could we, when would we, and how will we be ready for adding feeder cattle?

So first, it's going to be for performance based, as far as the current ADT system, when we get the glitches worked out of that. Then, continue working on these discussions about, as we move forward in fixing those. I've already touched on this but be prepared to add feeder cattle, as we get the ADT system up and running.

Not up and running, but but working at a higher level than it is today. That the infrastructure, including tags and readers, and all supporting infrastructure, is available before feeder cattle get added. So, that's going to take - -obviously with a lot of this, is going to take a lot of communication from all the stakeholders and among all the stakeholders moving forward with this issue of when do we add feeder cattle?

At the level of feeder cattle, the question was what is our goal on the percentage, or the universe of US feed cattle population to have in the ADT system? We really don't have enough information today to answer that question. So, we ask that the USDA epidemiologist work with the industry to try to establish those goals, really in a scaled up fashion. If you want to start with a certain confidence level, if you start with a certain percentage of the feeder cattle population, we don't just need to start with a goal of 100 % of the feeder cattle movement and transactions in the US.

It needs to have some science based, and then USDA to provide data on traceability on traceable with bookend versus current system. So again, are we going to design this in a way, which I think it was the group's consensus, that this should be a bookend system? There may be some point in time, down the road, that a tracing of all movements would be appropriate.

That's another, correct me if I misstate this, but my takeaway on that discussion was that's another group discussion at some point in

time before you ever get to tracing the movements of all the feed cattle versus the bookend system. So, Sonny or others? My friend, my new friend from Arkansas, who has added a lot to this discussion, or anybody else, did I leave anything out?

[Inaudible]

GROUP FOUR SPOKESPERSON: Thank you.

INTERVIEWER: So, are there any questions of any of the groups, would anybody like to ask us?

FEMALE VOICE: One of the things that was on the second page of Group Three was a discussion of what is traceability? This really held us up a lot, and no consensus was reached. But, there was a question raised of it about these specific IDs with these documents, and that's what traceability is, or can it be a mix of things?

So, for instance, the example that was put at the very top, was one idea was tagging cattle it when they hit the feed lots with RFID. RFID would include the information that goes back to the back tag from the sale barn, and relying on the sale barn records to go back further. When we talk about a goal of traceability, is it ID

plus document, or is it the function of traceability?

INTERVIEWER: Anybody else? No? Dr. Scott, would you like to make some closing remarks?

DR. SCOTT: Yes sir, I would. So, thank you all, and I see everybody kind of heavy eyelidded and drooping down, but for me, this has been maybe, the most exciting of the meetings that we've had.

I really commend you guys, we've heard lots of different viewpoints. We had lots of different thoughts and ideas. But, the thing that I think I'll remember most about this meeting is that you guys here in Texas step forward with issues, but you also step forward with some solutions. Not necessarily the solutions are all going to work. That was the purpose of coming here was to do some brainstorming, let's figure out what we can do.

So, working for USDA, it's frequently we go and we have people line up out in the hallway to tell us what's wrong, and what the problems are. But, when we come forward and say, "guys, we have, we have all of these problems. What can

we do? How can we as an industry, and state partnership how can we solve them?"

So, I think I have seen that more here in Texas than in any of the other meetings that we go. I think you guys outta give yourselves a pat on the back or a little round of applause, or something, because you've done a pretty impressive job at this meeting. I know I've got a lot of notes that I took, and our other note takers, too. We have a lot of stuff to digest, and think forward on.

A few things that I've heard that was our purpose for being here, was to listen and not to write. As I said earlier today, not to write a regulation. If that regulation comes about, then that's what'll happen, but we need to hear those solutions and explore everything that there is to solve the problems first.

I've heard things, certainly a lot about the cost. Interesting thing that I've heard is, for some people, the cost of identification is actually a benefit. I think, Mr. Lether [Phonetic] has described that pretty adequately this morning for the four-sixes. Other people

with concerns about the cost of doing it, and actually being cost, and questions about who pays for it.

We talked a lot about beef cattle in this meeting. That wasn't a major topic, but it's really encouraging to hear folks talking about issues with disease traceability and it seems like it would be pretty obvious to think that the beef feeders get sick, too.

That seems like an obvious thing, but we have talked about that. We have begun thinking of ways that we can use traceability to control diseases in there. So, that was a good thing. Got a lot of folks talking about voluntary and market driven. I think Greg made a really good point. Just a little bit ago. He said, "well, it's got to be voluntary and market driven." They were talking about mandatory and he said, "well, not mandatory by the government, but the markets would make it mandatory." So, that's kind of an interesting concept to think about, too.

We talked a lot about electronic management of traceability databases, and tags alike. That

Ubiquis

it doesn't fit every person's circumstances and situations, that makes a lot of sense to me.

I think I'll ask some of our other folks for some key points. Sonny, what did you hear today? What are a couple things that you heard?

MS. SONNY: I think a lot of the same things that you did, market access, or market driven was definitely one of them. I think some consistent themes, also from previous meetings as well, is thinking of not only smaller producers, but just producers that don't work their cattle. Otherwise, you know, requiring them to put a tag in doesn't mean it's going to be done, and how do we incentivize that? Or make it more of a benefit to them, or address the challenges in that regard so that it's not dealt with at the market?

The markets can't be responsible for tagging everything. Again, enforcement, you know, making sure that's across the board. Definitely interest in including feeder cattle, at some point in time in the future. But, a lot of issues to address ahead of time.

NEIL: You know, I appreciate the

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

opportunity to comment. I think the key points have been covered from my notes but again I'll duplicate your comment about thanking you all. Not only for identifying the challenges and opportunities, but bringing forward solutions. I think that's been a great help from you all today. Very much appreciated. So thank you.

INTERVIEWER: Thanks, Neil. I had one other thing in here that I had marked, and that was when to tag animals. We heard a number of times about tagging cattle in the markets. That's pretty logistically infeasible in most places, that isn't going to work. So, some of the discussions as far as when to tag, tagging after a change of ownership, or that sort of thing, those were good discussions.

I want to tell you guys, you were probably the best audience that we have had in thinking of solutions to problems rather than thinking of problems. But, you guys didn't come out on top on the numbering off for the groups, you were tied with the Nebraskans.

The Nebraska guys, they were pretty slick. They went down the line. They could get to four

every single time. It was 1-2-3-4, 1-2-3-4. I couldn't believe it, and to be honest, in Nebraska, I wasn't expecting that. I was I was expecting them to be just a little bit, a little bit slower. So, go home. Next time I want the Texans to beat the Nebraskans. That's got a gotta happen. Dr. Schwartz, do you want to... any comments or things that you heard today?

DR. ANDY SCHWARTZ: Thank you Dr. Scott, and all of you. I know you been thanked already, but it really means a lot that you go out of your way and come here and voice an opinion. We're strong people, we can handle those opinions. We'll hammer something out and go for it. I like that market driven system, but that's voluntary and it's only made mandatory by the marketing itself, so I like that concept.

I hope we can build on that. I liked hearing so much support for electronic ID and electronic documents. I think that's definitely moving in the right direction. I heard a lot of interest in traceability. I think Greg said it, "womb to tune" was his term. Tracing farm of origin to slaughter is desirable and in most of

our eyes. But, we've got to be realistic and know that we also have to accommodate different operations, direct to consumer operations, small farmers. All that, that just can't support a system. We still need traceability, and it doesn't mean the same thing.

It doesn't mean you've got to have this official tag and that animal to be traceable necessarily, so there are ways to accommodate that. I think as we get as we move forward, we have to set attainable goals. Keep it simple and set good, strong examples for that for the state and the rest of the nation to follow. So, I'm encouraged that the group talking about feeder animals was willing to at least consider that not adding it now. But, to fix some issues with the current traceability system, but not weighed on those discussions until it's completed.

Let's those discussions now, and add that as facilities are developed, and the technology is there, and the support is behind it. So, and I appreciate the comments Dr. Scott about this group. I saw that, too. Coming up with the

Ubiquis

solutions to the ideas for projects, and ways to move this forward.

I really like, that's sitting in my seat. It's good to hear that we have a direction to go. So again, thank you. I think I enjoyed working with Mike Pruitt [Phonetic] as always, to get the panel chosen and get this set up. So Mike, thank you. I don't think I told you that yet, but I thank the rest of the USDA for having this session, and travel safe going home.

INTERVIEWER: Thank you, Andy. Dr. Pruitt, we're kind of going around to some of our officials here and seeing what- -This listening session, so it's kind of a nice thing to have some feedback on what we heard. Can you give us a couple things that you've heard today?

DR. MIKE PRUITT: The one thing I think really kind of came out of this, was getting to sit down with a lot of producers, and not just cuss. Okay? Alright. But, to sit down and identify problems really; and be free and feel good enough that you could share your opinions, and be ready and willing to offer solutions. It's not one of those things you know?

I had a pathology instructor that was pretty well known at my college. I set up a deal and actually studied, and got ready. I had my heard some insider trading information, and I get ready for him. So, when it came time he asked a question and I just blurted it out.

He looked at me, he said, "you know what, son? Everybody's got, you know, one person that might agree with them, but only one." Okay, here we're getting a lot of people who don't always agree with each other, but we're ready and willing to work to resolve some issues.

We had to get in here with you guys. We had to listen. We had the talk. Now, Joe challenged us big time last night. I think he did it again today. You know, you gotta quit talking. Okay? We got to come up with ways to make this work.

The way we do that, is we identify the problem. We would be willing to move towards a resolution, and then we be firm enough to make sure the thing is taken to task. We'll go to work. So, I was very, very pleased with my session with Kenny and Joe a lot of the folks in

Ubiquis

there. We sat down and, you know, certainly, the hair on your neck is up a little bit as you go into some of these, that's fine. You need to feel comfortable enough to speak your mind, have your opinion. As we moved along, you could see the entire group move from that, to more or less, a feeling of consensus and cooperation.

We could see this, we have to work together. So, from what I got out of this; guys, we don't always agree on everything. We don't have all the answers, but there's an opportunity, if we listen to each other that we can come up with resolutions for this.

I bought in on mammals, these traceability years ago. I was an academy consultant member for a long time. That started back in '97, this is 2017. Like Joe, dang, 20 years. We had to come up with it. We gotta get there, be willing to work, and just quit talking. So, this was very productive for me.

I'm excited about Kenny and a lot of other folks. Thanks to all the panel members. You guys are fantastic. For the participants, again, you weren't afraid to speak your peace.

Ubiquis

That's what this is about. It made the meeting worthwhile for all us, thank you.

INTERVIEWER: Thank you, Mike. Okay, we're just about ready to go home and one other thing. When we go forward on this, we have these listening sessions and we get some pretty good turnout of folks and we hear lots of things. But, if you think about the nine or ten states, there are meetings that we've gone to and we heard messages. Some of them are the same messages from organizations. Some of them are from individuals, but it's really kind of a drop in the bucket of the whole country.

We, if it were realistically possible, would love to hear from every cattle producer in the United States. That isn't going to happen. So, as we talk about policies, or actions, or things that we do, we tend to try to make the most people happy that we could make. One of my personal fears is that we hear from people who make the most noise. Sometimes that's the majority of people, sometimes is not the majority of people.

It doesn't represent all of the thoughts of everyone has. So, I would ask you, I would plead with you when you go home you can send us written comments. Sonny, the website address for *regulations.gov*. It's in your folder, send those comments. I kind of grit my teeth when I tell you to do this, because we do read every comment that everybody sends.

Send those comments. They're important, and they're your voice, they're the voice of your neighbors. Lots of neighbors aren't able to make it here, aren't able to present their thoughts. You may go home and have a- -I should have said this moment, please send those comments. Those are really, really important, so thank you again.

I hope that I see Texas leading a lot of the things that this nation does with traceability. I think I can see that from you all, so very much appreciated. Travel safely. Thanks to all of our folks here that participate in the meeting, and thanks to you all for being here. So thank you, travel safe.

1

ANIMAL DISEASE TRACEABILITY 7-20-17

190

2

[END USDA_072017_After_Lunch.mp3]

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006

Phone: 212-346-6666 * Fax: 888-412-3655

C E R T I F I C A T E

I, Lisa Cobian certify that the foregoing transcript of USDA_072017_Morning.mp3 was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature 

Date August 9, 2017

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

C E R T I F I C A T E

I, Brandi Dean, certify that the foregoing transcript of USDA_072017_Morning.mp3 was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature:

A handwritten signature in cursive script that reads "Brandi Dean". The signature is written in dark ink and is positioned to the right of the word "Signature:".

Date: August 9, 2017

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

C E R T I F I C A T E

I, Sakina Shadeed, certify that the foregoing transcript of USDA_072017_After_Morning_Break.mp3 was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature:

A handwritten signature in cursive script, appearing to read "Sakina Shadeed", is written over a horizontal line.

Date: August 9, 2017

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655

C E R T I F I C A T E

I, Ethan Waterman certify that the foregoing transcript of "Animal Disease Traceability Meeting, Fort Worth, TX, July 20, 2017 USDA_072017_After_Lunch was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature: 

Date 08/09/2017

Ubiquis

61 Broadway – Suite 1400 – New York, NY 10006
Phone: 212-346-6666 * Fax: 888-412-3655