

# Questions and Answers: National Animal Identification System Benefit-Cost Analysis Equine Sector

## **Q. Was the equine sector considered in the benefit-cost analysis for the National Animal Identification System (NAIS)?**

**A.** Yes. The equine sector was examined as part of the analysis. The analysis focused on the bovine, porcine, ovine, poultry, and equine industries. The report also includes some discussion about minor species groups.

The study looked at the benefits and costs for livestock producers, livestock markets, and packers. All three groups were broken down by operation size to provide additional accuracy in the analysis. The benefits and costs for Federal and State governments also were examined.

## **Q. How was the equine sector examined?**

**A.** The researchers who completed the study did their best to examine the costs that would be experienced by the equine sector in a NAIS system. However, there were some challenges to performing a full analysis in the equine sector.

First, the equine sector is very different from the livestock sectors. Researchers had to consider several additional factors. For example, equine have longer life spans, more movement, higher values, and status as a companion animal to many owners.

Secondly, there were some problems gathering accurate data. The data currently available only constitutes a small portion of the information needed to fully construct a benefit-cost analysis on the equine industry.

The analysis presented in the report outlines the recommendations, lays out the process for constructing a NAIS benefit-cost analysis for equine, shows some costs and benefits of this system, and discusses the additional information and research that needs to be conducted before such a system can be fully evaluated.

The data currently unavailable to researchers includes basic information such as the number of horses in the United States and the number of shows/events in a year. Without this data, researchers found it necessary to make assumptions built upon the facts and data that they were able to collect, often using an average of several differing figures. They used these assumptions to develop their best estimates regarding costs; however, the actual numbers could differ significantly from these estimates.

## **Q. What form(s) of identification were used for horses in the study?**

**A.** For the purposes of this study, it was assumed that individual horses would be tagged with radio frequency identification (RFID) injectable transponders, also referred to as microchips.

## **Q. Why were radio frequency identification injectable transponders used?**

**A.** RFID injectable transponders are the preferred method of identification for horses, as specified by the NAIS Equine Species Working Group. The working group consists of representatives from various levels and segments of the equine industry.

## **Q. What costs did the study indicate?**

**A.** For the equine sector, researchers estimate a cost of \$75.9 million for a fully traceable system with 100 percent participation. The costs for identification (\$34.5 million) and the costs for tracing (\$38.7) are both significant, with tracing costs being slightly higher.

## **Q. How was a full traceability system defined for the equine industry?**

**A.** For the equine sector, industry data was used to develop a best estimate of the data needed to calculate the costs for premises registration, animal identification, and tracing. For a more complete discussion of this process, please reference pages 323-332 of the full report, which is accessible at [http://www.usda.gov/nais/naislibrary/documents/plans\\_reports/Benefit\\_Cost\\_Analysis\\_NAIS.pdf](http://www.usda.gov/nais/naislibrary/documents/plans_reports/Benefit_Cost_Analysis_NAIS.pdf)

## **Q. What would be needed for more accurate cost estimates?**

**A.** To complete a more accurate cost estimate, researchers indicated that they would need a comprehensive census or data collection concerning equines in the United States. This would provide researchers

with the information currently unavailable, such as the number of horses in the country, the number of shows and events, and animal density and location. This information would provide the basis for a solid analysis.

**Q. What does the information in the report mean to equine owners?**

**A.** The information in the report gives equine owners a rough idea of NAIS-related costs, especially with regard to the microchipping process. It also provides some potential benefits for the equine industry to consider. Unfortunately, due to data limitations, the benefit-cost analysis is unable to provide the same level of detail regarding the equine sector that was provided by researchers regarding the other major livestock species.

**Q. Why should equine owners chip their animals? What benefits are identified in the study?**

**A.** The largest potential benefits noted in the study concern helping to limit export shut downs, assisting with disease eradication, and eliminating costly testing programs. Export shut downs cost the equine industry millions of dollars. Similarly, eradication efforts and testing programs for diseases like equine infectious anemia (EIA) also cost industry millions of dollars. Researchers estimate that, if a traceability system could eliminate the need for EIA testing, the savings alone would quickly pay for the traceability system itself.

Benefits mentioned in the study include:

- better/faster disease trace back
- possible disease eradication and elimination of costly testing (EIA)
- maintaining commerce with less interruptions of shorter duration
- prevention of loss/theft
- better production records and veterinary records
- faster, more efficient show check-in and race check-in
- better registry management

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