

Questions and Answers: National Animal Identification System Benefit-Cost Analysis Livestock Markets Sector

Q. Were livestock markets considered in the benefit-cost analysis for the National Animal Identification System (NAIS)?

A. Yes. This group was examined as part of the study. 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 (divided into subgroups by production phase), 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 were they examined? What was considered?

A. Livestock markets/auction houses were examined as part of the analysis for the cattle sector, where they play a major role in the commercial production chain. Livestock markets/auction houses were not considered for the other livestock species.

The analysis was similar to the analysis used for other subgroups in the cattle sector. It includes the costs associated with premises registration, retagging animals that have lost their tags, reading tags, and recording animal movements.

Q. What did the study find were the costs and benefits for markets/auction barns?

A. Three types of cost were considered at the auction markets: 1) cost of tagging calves, 2) cost of reading RFID tags, and 3) cost of data storage. While auction markets may be able to pass these costs on to their customers, these costs were summarized within this industry segment.

The study found that the average cost for livestock markets/auction barns is \$0.23 per animal marketed. With over 38 million cattle marketed through auctions annually, there would be an estimated cost of slightly over \$8.7 million, or approximately \$8,000 per auction market using an estimate of 1,050 markets (LMA, 2008).

For a full discussion of livestock market/auction house costs, see section 4.5 (found on pages 58–62) of the complete report, which is accessible at http://www.usda.gov/nais/naislibrary/documents/plans_reports/Benefit_Cost_Analysis_NAIS.pdf

Some of the benefits discussed in the analysis that apply to markets/auction houses include:

- better disease management and surveillance—tracebacks are faster and more specific, allowing unaffected producers to continue moving and selling animals
- reduction of economic impact of disease events—reopening export markets more quickly after an outbreak
- traceability is becoming a standard for global markets—having this system will maintain or strengthen export markets as compared to doing nothing
- facilitation of country-of-origin labeling requirements

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