

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

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

A. Yes. The sheep sector was one of the main areas of research and analysis for 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 was the sheep sector examined?

A. The sheep sector analysis was broken down by size of operation. The study also separated its cost analysis into two groups, producers and packers.

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

A. For the purposes of this study, it was assumed that lambs (feeder and market) would be identified with group/lot identification, where no tags are needed. Breeding stock would be identified with visual ID tags using scrapie program tags.

Q. What costs did the study indicate?

A. The study estimates that the overall costs for 100 percent participation in a fully traceable NAIS system for all four major species (cattle, swine, sheep, poultry) is \$228.27 million annually. Costs for 90 percent participation in the same system would be \$192.22 million.

The sheep sector costs for a fully traceable system at 90 percent participation would be \$2.7 million. The average cost per animal or head sold in the sheep sector is \$1.39.

For cost details broken down by operation type and size, please reference table 6.5 on page 115 and table 6.6 on page 121 of the full report, which is accessible at http://www.usda.gov/nais/naislibrary/documents/plans_reports/Benefit_Cost_Analysis_NAIS.pdf

Q. Looking at costs per industry, how did the sheep sector compare?

A. The costs for the sheep industry were significantly lower than the cattle sector, since the sheep sector does not require individual ID on each animal. Additionally, individual identification for sheep, when required in the study, is accomplished through visual eartags, which are less costly than the RFID eartags used in the cattle estimates. Swine industry costs were less than those in the sheep sector, and the poultry sector had the lowest cost.

Q. What size operations had the highest and lowest costs of participation?

A. The average cost per animal marketed throughout the sheep sector is \$1.39. The study found that operations with greater than 5,000 head represent the sheep group with the lowest average cost, at \$0.44 per animal. Operations with less than 100 head represent the sheep group with the highest average cost, at \$2.19 per animal.

Q. Why should a sheep producer participate? Are there any benefits listed in the study that apply to them specifically?

A. Yes, there are benefits mentioned in the study that affect all producers, as well as benefits that specifically affect sheep producers.

Sheep-specific benefits include:

- ability to use NAIS animal identification methods in other value-added and certification programs

General benefits include:

- better disease management and surveillance—lessening the chance that animals might be exposed
- reduction of economic impact of disease events—quickly containing the outbreak and reopening markets for unaffected producers

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