

Testing: let the market decide.
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The issue of BSE testing caught my eye a few weeks ago when Cam Ostercamp stuck a thoughtful analysis under my nose.

Ostercamp, an Alberta cattle producer, has a view that the industry has become too concentrated, that three players dominate the market and play it like a fiddle, that the tune they expect farmers to dance to is a dirge and that to survive, Canada's farmers must capture a greater share of the retail dollar.

To do this, farmers have to exert countervailing power, says Ostercamp, and the best way to accomplish that is to take 10 percent of the cattle off the table, run them thru a producer-owned packer, and let the big three packers chase the remaining supply.

This will not reduce supplies to consumers but instead strengthen farmer margins.

The problem with that, of course, is the deep pockets of the big three processors and their corporate instinct to squash any upstart that stands to drive up the cost of their primary inputs.

So how can a new guy on the block get out in front of his competition fast enough to make a toehold in the market? According to Ostercamp, by servicing his customers needs.

There is a market prepared to pay a premium for traceability. And thanks to the Canadian Cattle Identification Agency age verification program, Canada has one of the best trace-back systems in the world. Let's market it.

Since 2002, Japan has insisted on BSE testing every animal slaughtered for human consumption. Technology for rapid testing - the Prionics Check, the Enfer BSE and CEA's BioRad, all approved for BSE testing by the European Commission on Food Safety - has advanced to the point that packer level testing is both feasible and affordable in Canada.

Supposing our cooperative packer wants to invest in BSE testing, not out of concern for food safety but to differentiate and improve his product's position in the marketplace.

The suppliers are not allowed to sell BSE testing technology to Canadian packers. Nor is the packer allowed to import testing technology.

The packer is not allowed to voluntarily test for BSE, period.

The gatekeeper? The Canadian Food inspection Agency.

CFIA's concerns are two fold: the BSE test doesn't work in cattle under 30 months and cattle older than 30 months must exhibit clinical symptoms before the test is valid.

All parties except Japan seem to agree on the first point.

CFIA's second assertion is where the difficulties arise.

Taken at face value, the CFIA position is persuasive. If the screening test only works with sick cows, testing healthy cows proves nothing and any claim based on these results is meaningless.

But there appears little agreement on this point.

Product profiles for all BSE rapid screening tests assert their effectiveness in detecting sub-clinical levels of the disease in cattle exhibiting no symptoms “even before the occurrence of pathological changes in the brain, i.e. the test is able to identify true BSE cases that are negative in histology but positive in immunohistochemistry”.

Their claims seem to be backed up by the literature.

From a Swiss study: “Overall, very high sensitivity, specificity and reliability was observed... These results demonstrate the usefulness of the PWB (Prionics Western Blot) procedure in surveillance systems serving as a rapid diagnostic tool to identify animals subclinically infected with BSE.”

The European Commission on Food Safety concurs: “Routine testing of animals prior to slaughter may detect animals presented for slaughter which may have unnoticed signs of BSE and also animals with the disease which are not yet showing signs. The identification and removal of these animals will be an additional protection for the consumer.”

From another Swiss study: “We conclude that it is feasible to examine slaughtered cattle on a routine basis without causing delays to the meat processing industry.”

How does this reconcile with CFIA’s prohibition on voluntary BSE testing?

I don’t know. But I have my suspicions.

Back when BSE first broke, Washington quickly made their position very clear to Canada: BSE testing was a non-starter. And they stuck with that position.

After two years of haggling, Creekstone Farms in Kansas just launched a lawsuit against the United States Department of Agriculture for refusal to allow Creekstone to perform voluntary BSE testing.

As it stands, Canada’s ranchers face more packer concentration than before BSE. Canada’s cattle breeders remain tied up in knots.

Unless trade in live OTM cattle resumes, Canada’s producers are forced to sacrifice cull cows and bulls at 20 dollars a hundredweight below US price levels.

Much of this OTM beef has been diverted to unsuspecting Canadian consumers, freeing up more highly valued young beef for export.

The OIE, the international animal health agency, is changing its nomenclature for BSE-affected countries based on the number of years since the birth of the youngest infected animal.

Under such a system, it is expected that the U.S. will receive a slightly better classification than Canada, pointing the way for more turf wars.

Nillsons Brothers has just bought two cow kill plants in the U.S., taking a page from the Cargill and Tyson thirst for acquisitions and further lessening competition when and if the border does open.

Who knows whether a small, co-operative player with attitude could withstand the big boys long enough to become a contender? But, as Cam Ostercamp says, it’s worth a try. And if it’s worth a try, it’s also worth a fighting chance.

The CFIA should re-examine its ban on voluntary BSE testing and let the market decide.

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