Mad Cow Disease:
Agricultural Issues for Congress

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Mad Cow Disease: Agricultural Issues for Congress

SUMMARY

In December 2003 a Holstein dairy cow in Washington State tested positive for BSE (bovine spongiform encephalopathy, or mad cow disease), the first case discovered in the United States and the second native case in North America. (Canada confirmed a third and then a fourth case in early January 2005.)

The U.S. BSE cow and the first two Canadian cows were born in Canada, before both countries banned, in 1997, the practice of feeding most ruminant material back to ruminants, including cattle. The latest Canadian case was in a cow born in March 1998. In all four cases, BSE-contaminated feed is considered the most likely cause of infection.

Lower-risk Canadian beef has been permitted into the United States since August 2003. As the two new BSE cases were emerging, USDA published a final rule, on January 4, 2005, to allow younger live cattle and other additional Canadian ruminant products to enter, effective March 7, 2005. Numerous producers and several lawmakers are among those now urging USDA to retract or delay the rule. Congress has 60 legislative days to review and consider whether to override it; hearings have been scheduled.

Most countries banned U.S. beef after the December 2003 U.S. discovery. Several have partially reopened. Japan and Korea, the number one and three U.S. markets, respectively, remain closed. USDA has estimated that total global exports in 2004 likely reached only 17% of their 2003 level of about 2.5 billion pounds. However, strong domestic demand and tight cattle supplies have kept U.S. cattle prices relatively high.

USDA and other experts contend that the risk to human health from one or a few U.S. BSE cases is minimal. Nonetheless, USDA intensified efforts to improve BSE safeguards, including banning downer (nonambulatory) cattle from human food; keeping from the food supply additional higher-risk animal parts; accelerating work on a national animal identification system for disease purposes; and increasing funds for BSE-related activities.

On January 26, 2004, the Food and Drug Administration (FDA) announced that it would strengthen its own BSE rules, banning higher-risk bovine materials from the human foods and cosmetics it regulates and tightening feed restrictions. On July 14, 2004, FDA published an interim final rule to prohibit certain cattle-derived materials in agency-regulated products. Also on July 14, 2004, FDA joined USDA in publishing an advance notice of proposed rulemaking seeking comment on possible additional preventive actions, including tighter animal feed rules.

From June 2004 through mid-January 2005, nearly 180,000 mostly higher-risk U.S. cattle had been tested for BSE under a special, expanded surveillance program, all negative.

In May 2004 in response to a lawsuit, USDA acknowledged it had erred administratively by permitting millions of pounds of previously suspended Canadian beef cuts to enter. A court agreement limited such imports to lower-risk beef until appropriate rulemaking (see above) is completed. However, another lawsuit against the rule has been filed.

Given recent developments, BSE is expected to remain a visible issue in the 109th Congress, as it was in the 108th Congress. One bill (H.R. 187, to delay the Canada rule) has emerged; others, including prior BSE-related bills introduced but not passed, could be introduced.
**MOST RECENT DEVELOPMENTS**

Canada has announced two new findings of BSE in its cattle herd (see page 12). On January 11, 2005, Canadian authorities reported that a beef cow born in March 1998 had tested positive for the disease. On January 2, 2005, Canada announced a BSE finding in an eight-year-old dairy cow. These are the second and third BSE findings in Canada; the first was in May 2003. The only confirmed U.S. case, announced in December 2003, also was in a Canadian-born cow.

USDA and Canadian authorities have indicated that the two new cases have not derailed implementation of a final rule opening the border to younger live cattle and other new ruminant-derived products from Canada. USDA announced that rule on December 29, 2004, and published it in the January 4, 2005, *Federal Register*, to take effect on March 7, 2005. It is subject to a 60-day congressional review period (see page 13).

Many cattle producers here appear to be increasingly apprehensive about the border opening, particularly regarding its impact on U.S. efforts to regain lost beef markets in Japan and Korea and on domestic cattle prices. A number of Members of Congress are now urging USDA to rescind or delay the rule in light of the new cases. The Senate Agriculture Committee scheduled a February 3 hearing on the issue (see page 15).

**BACKGROUND AND ANALYSIS**

**Introduction**

Bovine spongiform encephalopathy (BSE), widely known as mad cow disease, is a degenerative, fatal disease affecting the nervous system in cattle. Worldwide, BSE has been found in 187,000 animals, 183,000 of them in Great Britain, where it was first detected in 1986. (Most of the rest occurred elsewhere in Europe.) Reported cases of BSE have been declining since their peak in 1992 in Great Britain.

The predominant theory among scientists is that a “proteinaceous infectious particle” or “prion,” for which no treatment or preventive vaccine exists, causes BSE, which they believe is transmitted to other cattle through feed containing BSE-infected protein by-products. BSE cannot be detected until symptoms (e.g., neurological abnormalities; inability to stand or walk) appear, nor can it be confirmed until brain tissue is tested. Estimates of average incubation for BSE symptoms in cattle range from two to eight years.

Until December 2003, tests had not found BSE in a U.S. herd. Nonetheless, scientific uncertainty about its cause and transmission had spurred U.S. precautionary actions in recent years aimed at confirming BSE’s continued absence and preventing imports of livestock or animal products that could carry it. Other BSE-like animal diseases, collectively called transmissible spongiform encephalopathies (TSEs), have long been present here. They include scrapie in sheep and chronic wasting disease (CWD) in deer and elk.

A rare but fatal human disease, Creutzfeldt-Jakob disease (CJD), also is known to occur in the United States, where it normally strikes about one in one million people yearly. Following the British BSE outbreak, a new-variant CJD (vCJD) was identified and is
believed to be transmitted to humans mainly through consumption of cattle products contaminated with the BSE agent. About 160 people have been diagnosed with vCJD since 1986, most of them in Great Britain. The human incubation period is approximately 13 years, according to the U.S. Food and Drug Administration (FDA).¹

**U.S. Case**

USDA announced on December 23, 2003, that brain samples taken from a Holstein dairy cow in Washington State had tested positive for BSE, the first such U.S. case. While emphasizing that the risks to food safety and human health were minimal, U.S. officials initiated standing BSE response plans including an extensive investigation that eventually led to the precautionary killing of about 700 cattle and the testing for BSE of 250 of them. No other cases were found during this investigation, led by USDA’s animal health agency, the Animal and Plant Health Inspection Service (APHIS).

**Meat Recall.** USDA’s Food Safety and Inspection Service (FSIS), which inspects most meat and poultry for human food, determined that the brain, spinal cord, and part of the lower intestine of the BSE cow — tissues most likely to be infective — had been removed at slaughter. It also announced “out of an abundance of caution” a voluntary recall of 10,410 pounds of raw beef from 20 animals slaughtered on the same day as the BSE cow at a Moses Lake, Washington, facility. Officials, who in early February 2004 expanded the recall to 38,000 pounds, said some meat likely was consumed, but they attempted to reassure consumers that the meat posed “zero risk” to human health.

**Cow’s Origin and Movements.** Officials traced the BSE cow to its birthplace in an Alberta, Canada, herd in April 1997. It is believed to have entered the United States with 80 other dairy cattle from the same Alberta herd in September 2001; the cow reached a 4,000-head dairy herd in Mabton, Washington, in October 2001. The cow likely was infected in Canada by eating contaminated feed before a 1997 ban on feeding most mammalian proteins to cattle became effective, according to APHIS. The only other native North American BSE case was a Black Angus beef cow, discovered in Alberta in May 2003. U.S. authorities eventually located 28 of the 80 animals at eight different facilities, mostly in Washington. None of those found tested positive for BSE. Critics assert that if a U.S. animal identification (ID) system were in place, USDA could have accounted for the disposition of most if not all 80 animals, and possibly their products. Others counter that the likelihood of the others also being infected has always been quite low.

**BSE Safeguards Before the U.S. Case²**

U.S. and beef industry officials had long contended that three so-called firewalls would keep BSE from threatening domestic cattle and public health. These “firewalls” have been:

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¹Except where noted, sources primarily are USDA daily briefings and backgrounders on BSE, which are available through the USDA website at [http://www.usda.gov].

²For a more extensive discussion of U.S. BSE regulatory actions, see CRS Report RL32199, *Bovine Spongiform Encephalopathy (BSE, or “Mad Cow Disease”): Current and Proposed Safeguards*.  

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**Import Restrictions.** APHIS has an import ban on live ruminants (cows, sheep, goats) from countries with known BSE cases (started in 1989); an import ban on ruminant meat and meat products from BSE countries (since 1991); and a prohibition on importing ruminants and most ruminant products from all of Europe (since 1997). In late 2000, USDA prohibited imports of all rendered animal protein products, regardless of species, from Europe out of concern that feed of nonruminant origin was potentially cross-contaminated with the BSE agent. Under the FSIS foreign inspection program, no establishments in countries where BSE has been found can ship beef to the United States. The exception now is Canada, which USDA contends has a science-based approach to BSE safety.3

**Targeted Domestic Surveillance.** Among other duties, meat inspectors examine every animal entering slaughter plants for human consumption. FSIS indicates it has not permitted cattle showing suspicious neurological symptoms to be slaughtered for human consumption. It has sent brain samples from such animals to an APHIS laboratory in Ames, Iowa, as part of what USDA called a “targeted surveillance approach designed to test the highest risk animals, including some but not all downer (nonambulatory) animals, those that die on the farm, older ones, and animals exhibiting signs of neurological distress.”4

The program had grown steadily from a few thousand animals tested annually in the mid-1990s to about 20,000 cattle in each of FY2002 and FY2003, out of about 36 million slaughtered each year. Critics argued that this surveillance was inadequate to detect BSE. Some proposed that testing should approximate levels in Europe, where policy calls for testing all cattle over 30 months old, or in Japan, which claims to test all cattle for slaughter. USDA argued that its program was testing many more animals than recommended by the World Organization for Animal Health (or OIE, its French acronym) and that because surveillance is targeted to test higher-risk animals, it could effectively detect BSE if it is present in the bovine population at a level of one in one million adult animals. USDA had intended to test 40,000 cattle in FY2004, but in June 2004 it began a greatly expanded program (see “Expanded Surveillance” later in this report).

**Domestic Cattle “Feed Ban”**. FDA, which regulates animal feed ingredients, banned most mammalian proteins from cattle feed on August 4, 1997.5 Exceptions have existed for blood and blood products; gelatin; inspected, processed, and cooked meat products for human consumption (such as restaurant plate waste); milk products; and products containing pork and equine proteins only. Most mammalian proteins can still be fed to other animals such as pigs, poultry, and pets. To ensure compliance, FDA enforcement includes education, and inspections of the estimated 264 renderers (firms that

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3 The United States, Canada, and Mexico have worked through the OIE World Organization for Animal Health (or OIE, the French acronym) on new guidance for resuming trade with countries that have reported BSE. See The OIE standards on BSE: a guide for understanding and proper implementation, January 2004, at [http://www.oie.int/eng/press/en_040109.htm].


5 See CVM and Ruminant Feed (BSE) Inspections, at [http://www.fda.gov/cvm/index/bse/RuminantFeedInspections.htm]. For background on the rendering industry, also see CRS Report RS21771, Animal Rendering: Economics and Policy.
prepare animal parts not destined for human food), and of all known feed mills (as many as 9,240 or more, according to the agency).

Assessments of the BSE Safeguards

Some had criticized the effectiveness of the 1997 feed ban. For example, a February 2002 GAO study (Mad Cow Disease: An Improvement in the Animal Feed Ban; GAO-02-183) reported that 364 out of 10,576 firms inspected by FDA were still out of compliance. FDA in July 2003 began to assert that industry compliance has been exceeding 99%.6

The GAO report also asserted that the FDA was using flawed data to track compliance, and had no clear enforcement strategy for firms that were not obeying the ban. The 2002 GAO report states, “Federal actions do not sufficiently ensure that all BSE-infected animals or products are kept out or that if BSE were found, it would be detected promptly and not spread to other cattle through animal feed or enter the human food supply.” The report also had criticized USDA’s failure to test the brains of cattle that die on farms (which subsequently resulted in a change in the testing program) and questioned the adequacy of the inspection procedures for imported meats. Another GAO report on the FDA feed ban is anticipated early this year.

On the other hand, a USDA-funded study issued in November 2001 by the Harvard Center for Risk Analysis, based on a three-year risk analysis, stated in part that “BSE is extremely unlikely to become established in the United States.... Similarly there appears to be no potential for an epidemic of BSE resulting from scrapie, chronic wasting disease, or other cross-species transmission of similar diseases found in the U.S.... If the disease does indeed occur spontaneously in cattle, as some have suggested, it would result in one to two cases per year with little spread. Only a small amount of potentially dangerous tissues would reach the human food supply and be available for possible human consumption.”

After a BSE case was found in Canada in May 2003, USDA asked Harvard to reassess the risk. Harvard responded that although “the possible introduction of BSE into the U.S. from Canada cannot be dismissed,” the likelihood is very low, and U.S. protective measures by now would have contained any possible spread. The Harvard study is based on a computer simulation, which several critics indicate could be based upon arguable assumptions. The study authors acknowledge that their model is “not amenable to formal validation because there are no controlled experiments in which the introduction and consequences of BSE introduction to a country has been monitored and measured.” But the authors assert that they tested the model’s predictions against an actual small BSE outbreak in Switzerland and found them “reasonably close to empirical observations.”7


7 Joshua Cohen and George M. Gray, Evaluation of the Potential Spread of BSE in Cattle and Possible Human Exposure Following Introduction of Infectivity into the United States from Canada, pp. 1-2 (undated 2003 report), Harvard Center for Risk Analysis, School of Public Health, [http://www.aphis.usda.gov/lpa/issues/bse/harvard_10-3/text_wrefs.pdf]. The Harvard risk analysis considered import as well as domestic practices in its assessment. Both the GAO and the Harvard study did note that noncompliance with the feed ban could occur at many points in the feed chain. Moreover, FDA does not actually test the feed for prohibited material.
However, the Harvard reassessment also noted that a group of cattle imported into Canada from the United Kingdom in 1993 included one that was found to have BSE. The report observed that if additional animals in this group harbored BSE, were slaughtered and rendered, infectivity may have been introduced into the Canadian and U.S. cattle feed supplies before the 1997 feed ban was implemented in both countries. “If additional animals were infected, they may have been exported to the U.S. as well.... [It] appears that any related introduction of BSE into the U.S. from Canada would have been due to the import of either infected animals or contaminated feed. Imports are a plausible source of introduction of BSE into the U.S. from Canada because the American and Canadian beef industries are closely linked. During the previous five years, the U.S. on average imported over 1.2 million cattle and 185,000 tons of feed annually from Canada” (Harvard, 2003).

**Policy Changes After the U.S. BSE Case**

**USDA.** The U.S. BSE incident caused USDA officials to re-examine their existing safeguards. On December 30, 2003, the Secretary of Agriculture announced the following steps to strengthen the safeguards, most focusing on FSIS-regulated practices where cattle are slaughtered and processed. The Secretary also asked an international panel to assess U.S. actions, and she also announced that BSE surveillance would be expanded.

**Downers.** USDA banned all nonambulatory cattle from slaughter establishments, to ensure that they cannot be passed for human food use, though they still can go to rendering plants for other uses, including nonhuman food. The number of such animals was estimated by the Secretary to be 150,000-200,000 out of the 36 million U.S. cattle slaughtered yearly. The downer ban has been among the most controversial changes for producers, who say they incur large losses when they cannot sell cattle unable to walk for reasons unrelated to BSE (e.g., a broken leg). In response to concerns that a ban will make it more difficult for veterinarians to find and test such animals for BSE, USDA said it would work more closely with the industry to collect samples at rendering facilities, on farms, and elsewhere. (Interim final rule, January 12, 2004, *Federal Register*.)

**Specified Risk Material (SRM).** USDA has declared as SRM (and thus unfit for human food) the skull, brain, trigeminal ganglia, eyes, vertebral column, spinal cord, and dorsal root ganglia of cattle over 30 months, and the small intestine of cattle of all ages. (Tonsils already are considered inedible for human food.) An SRM declaration prohibits the use of these cattle parts in the human food supply, and is consistent with a Canadian rule issued after its BSE discovery. The rule requires cattle packers to develop and implement procedures to remove and dispose of SRMs so that they cannot enter the food chain. (Interim final rule, January 12, 2004, *Federal Register*.)

**Advanced Meat Recovery (AMR).** AMR mechanically removes muscle tissue from bone, and the paste-like tissue can be labeled as “meat.” FSIS previously had regulations to prohibit such products to be labeled as “meat” if they contain spinal cord. This newer rule expands that prohibition to include additional nerve tissue. Also, AMR no longer can be used for cattle 30 months and older. Earlier, FSIS sampling had found nervous system tissue in about a third of AMR beef. (Interim final rule, January 12, 2004, *Federal Register*.)

**“Test and Hold”**. All product from a carcass being tested for BSE must be held until FSIS confirms that the BSE test is negative. (Notice, January 12, 2004, *Federal Register*.)
**Stunning.** USDA banned air-injection stunning, to ensure that brain pieces are not dislocated into carcass tissues during slaughter. USDA stated that this method was now rarely used. (Interim final rule, January 12, 2004, *Federal Register*.)

**Animal Identification and Traceability.** The Secretary also said on December 30, 2003, that USDA would “begin immediate implementation” of a national animal ID system. A government-industry committee already had been working on the framework for a system, and it had anticipated that states would have individual IDs in place for cattle for interstate movement by July 2005. On April 27, 2004, USDA announced that the White House had approved spending $18.8 million in Commodity Credit Corporation (CCC) funds to begin implementation, which has started with a study of existing animal ID projects and cooperative agreements with states. On August 5, 2004, USDA announced 29 states and tribal agencies would receive $11.64 million of the total, to register premises, collect data, and test ID technologies. (See CRS Report RL32012, *Animal Identification and Meat Traceability*.)

**FDA Rules.** On January 26, 2004, FDA said it would enhance its own BSE safeguards for the food and cosmetic products it regulates. FDA said it intended to ban from human products the same SRMs being newly prohibited in FSIS-regulated meats and to ban any materials from downer or dead cattle. Also, it said it intended to ban from ruminant feed the following materials: ruminant blood and blood products, poultry litter (which can contain spilled feed that may contain ruminant material), and restaurant plate waste. Further, FDA said it would require feed mills to segregate ruminant and non-ruminant feed production lines/facilities if the mills use proteins prohibited in ruminant feeds. The agency promised to step up its inspections of the mills and of renderers to ensure compliance.

Portions of the long-awaited FDA rulemaking were published in the July 14, 2004, *Federal Register*. One is an interim final rule to prohibit higher-risk material from the human foods, dietary supplements, and medicines that it regulates. The materials are those banned under USDA rules: SRMs which are brain, skull, eyes, trigeminal ganglia, spinal cord, vertebral column and related tissue, and dorsal root ganglia from animals over 30 and tonsils and distal ileum of all cattle; mechanically separated beef; and material from nonambulatory cattle. An accompanying proposed rule would require that affected food manufacturers maintain records for two years to ensure compliance.

**Joint FDA-USDA Rulemaking.** Although it did not issue a concurrent rule to tighten feed restrictions, FDA on July 14 did publish jointly with USDA an advanced notice of proposed rulemaking (ANPR) asking for public input “on additional measures under consideration to help prevent the spread of BSE.” Significantly, the FDA stated in the rule that it “has reached a preliminary conclusion that it should propose to remove SRM’s from all animal feed and is currently working on a proposal to accomplish this goal.” More specifically, the ANPR says that these FDA options are under consideration, aimed at controlling feed cross contamination risks:

- Removing SRMs from all animal feed, including pet food;
- Requiring dedicated equipment or facilities for handling and storing feed and ingredients during manufacturing and transportation;
- Prohibiting the use of all mammalian and poultry protein in ruminant feed;
Prohibiting materials from non-ambulatory disabled cattle and dead stock from use in all animal feed.

Regarding USDA policies, the ANPR sought comments on the FSIS regulatory measures put in place in January 2004; on whether a country’s BSE status should be taken into account when FSIS determines whether its meat inspection system is equivalent to U.S. regulations; and on implementation of a national animal ID system, including if and how it should move from voluntary to mandatory and which species should be covered.

Reaction to the FDA portion on feed rules has been mixed. Some industry groups believe that enforcing existing feed restrictions is sufficient to prevent any spread of BSE, and that further actions like removal of SRMs from all animal feed both are unnecessary and would cost the industry many hundreds of millions of dollars in lost market revenues and waste disposal expenses. Critics, however, complained that the ANPR simply delayed the stronger actions they believe are needed to protect the feed supply — and ultimately consumers — from BSE. Explaining the delays, FDA officials noted that shortly after their January 26, 2004, announcement, an expert panel recommended additional actions, which needed to be fully considered (see “International Panel Report” elsewhere in this issue brief).

Expanded Surveillance. On March 15, 2004, USDA announced it would greatly expand testing in an attempt to reach, over a 12-18 month period, as many as it can of higher-risk cattle, which it estimated to number 446,000. The expanded testing, which began in June 2004, also was supposed to sample about 20,000 apparently healthy adult bulls and cows, USDA said. By using newly approved rapid test kits, and by contracting with a network of participating state veterinary laboratories to conduct them, in addition to using its Ames, Iowa, diagnostic facility, officials estimate they can test at least 200,000 and perhaps many more of the target population, they said. Samples are collected from slaughter establishments, on farms, at rendering facilities, cattle marketing sites, and veterinary and public health laboratories. Any rapid test that is not negative for BSE (“inconclusive” in USDA parlance) is sent to the its national reference laboratory in Ames for confirmatory testing, which takes longer but is considered more accurate. APHIS also began posting all test results on its website. As of early January 2005, nearly 180,000 cattle had been tested, all negative for BSE.

Funding. The Administration’s FY2005 budget, released in early 2004, had requested $60 million for USDA’s BSE-related activities. APHIS would receive most of the funds, or $50 million. The $60 million request compares with BSE spending by USDA of about $32 million in FY2004, and about $13 million in FY2003. In addition, FDA would receive approximately $30 million for BSE activities under the Administration’s FY2005 request. This would bring total BSE funding to approximately $90 million in FY2005. The final FY2005 funding measure for USDA, contained in the Consolidated Appropriations Act (H.R. 4818; P.L. 108-447), includes sufficient funding to cover the Administration request, appropriators have stated.

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8 Excluded from these estimates is an additional, one-time transfer of $70 million for an intensive BSE testing program; see “Expanded Surveillance” in this report for details.
Testing Issues

Publicizing Test Results. In late June 2004, USDA had announced that preliminary screening tests had shown “inconclusive” (i.e., possible positive) results for BSE in two animals. They emphasized that neither animal, whose whereabouts they declined to identify, had entered the food supply and that they posed no safety threat. Subsequent tests at the Ames laboratory found that neither animal had BSE.

On November 18, 2004, another “inconclusive” was reported by USDA. After further, confirmatory testing, USDA announced on November 23 that this test sample also was negative for BSE. At their start, officials had warned the public that the rapid screening tests might produce so-called false positives that later may prove to be BSE negatives. Still, the department had come under intense criticism for both its test sampling procedures and its reporting of results. For example, cattle markets were volatile during the several days it took to conduct more rigorous tests on the first two inconclusives: the industry first reacted negatively, and then prices then seemed to rise and fall in response to rumors about the animals’ type, location, and status.

Officials had defended their decision to make preliminary results known as quickly as possible. They argued further that even if subsequent testing were to find a U.S. cow to have BSE, the various BSE safeguards now in place would protect public health by assuring that no infective materials reach consumers (or could spread to other animals). By early August USDA had altered its announcement policy. Now, if the initial screening test is “inconclusive,” the department will screen two more samples from the same carcass, and only make an announcement if one of the two samples also tests inconclusively, and necessitates further testing at the Ames laboratory. (This occurred in the November case.)

Testing Protocol. BSE testing matters were the focus of a joint hearing held July 14, 2004, by the House Government Reform and Agriculture Committees. USDA’s Inspector General (IG) testified on a draft OIG report which cites a number of limitations in the department’s expanded surveillance plan. For example, testing results may be unreliable because the plan: is not truly random because participation is voluntary; assumes that BSE is confined only to the high-risk cattle population while other studies show that healthy-looking animals could have BSE; does not include a process for obtaining animals that die on farms; cannot obtain a statistically appropriate geographical representation of the cattle population; does not allow APHIS to find and test enough cattle in the high-risk population. The final OIG report, issued in late August 2004, generally parallels the preliminary findings.

Secretary Veneman and other USDA officials defended their testing, noting among other things that the OIG observations were based on the plan before it was implemented and that many of the report’s recommendations have been addressed. APHIS is receiving a representative mix of samples from all locations, reaching deeply into the higher-risk cattle population, and the statistical basis for the sampling is sound, officials asserted. They added that adjustments have been made as the result of ongoing assessments of the program.

After it was widely reported that USDA had failed to test a suspicious cow in Texas in late April 2004, the department announced revisions in its BSE sampling procedures. (The cow was condemned so its meat never entered the food supply, USDA said.) USDA stated that it was retraining inspectors, mandating that FSIS rather than APHIS personnel
collect brain samples, and requiring that all cattle condemned antemortem (before slaughter for human food) be tested for BSE, not just those with suspicious symptoms. In a review of the Texas case, OIG found that officials had erred — but did not engage in intentional misconduct or knowingly provide misleading information — in failing to test the suspicious Texas cow. OIG reached similar conclusions about how the department had characterized the Washington BSE cow as nonambulatory in December 2003.

**Private Testing.** Several smaller firms (notably Creekstone Farms Premium Beef) have expressed interest in testing all of their cattle for BSE — as the Japanese were demanding. USDA has asserted that 100% testing is not scientifically based. USDA, which claims authority to approve test methods and their uses under the Virus-Serum-Toxin Act, denied the Creekstone request. USDA and meat industry officials are concerned, among other things, that consenting to 100% testing would undermine trade negotiations, be costly, and misleadingly imply that BSE-tested meat is safer than untested meat.\(^9\)

**International Panel Report**

A panel of international BSE experts examined the government’s response to the U.S. BSE discovery, and its findings were released on February 4, 2004.\(^{10}\) Although the infected animal may be the only one from the 81-cow herd that survived to adulthood, and its birth cohorts “do not represent significant risk,” the panel concluded, “it is probable that other infected animals have been imported from Canada and possibly also from Europe. These animals have not been detected and therefore infective material has likely been rendered, fed to cattle, and amplified within the cattle population, so that cattle in the USA have also been indigenously infected.” Endorsing the type of expanded testing program USDA later began (see above), the panel noted that “the BSE agent is circulating in North America,” and the magnitude of the problem should be measured.

The panel concluded that USDA’s epidemiological investigation and the tracing and recall of meat and byproducts had conformed to international standards insofar as possible. However, it said that an “appropriate” national ID system was needed. The panel also observed that the partial ruminant to ruminant feed ban now in place is “insufficient,” and that a complete ban on the feeding of all mammalian and poultry byproducts to cows and other ruminants is justified.

Reactions to the report were mixed. USDA officials conceded that there might be other BSE cases found in North America but pointed out that the panel also noted that government agencies already had instituted the most important safeguards. Some critics, including the National Cattlemen’s Beef Association (NCBA), argued that the panel had overstated BSE.

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\(^{10}\) The panel, a subcommittee of the Secretary’s Foreign Animal and Poultry Disease Advisory Committee, included two Swiss experts and one each from the United Kingdom, New Zealand, and the United States, the latter Dr. Will Hueston, a veterinarian who is Director of the Center for Animal Health & Food Safety at the University of Minnesota and a former APHIS official. The *Report on Measures Relating to Bovine Spongiform Encephalopathy (BSE) in the United States* can be viewed at [http://www.aphis.usda.gov/lpa/issues/bse/US_BSE_Report.pdf].
risks and the steps needed to prevent its spread here, including the proposal to expand greatly the animal feed ban. NCBA and other industry officials observed that the panel was heavily weighted with experts from Europe, where BSE was far worse, and that some of its findings lacked a firm scientific basis. Others, including some consumer advocates, asserted that the panel’s findings underlined their own concerns that the government has not done enough to keep BSE out of North America.

**U.S. Economic and Trade Implications**

Cattle production is the largest single segment of U.S. agriculture (accounting for 20% of U.S. farm sales annually). Exports of U.S. beef and other cattle products are viewed as critical to long-term market growth. The value of beef and beef variety meat exports was estimated at $3.9 billion in 2003 (or about 10% of farm value for cattle/calves). Four countries bought approximately 90% of these exports: Japan ($1.394 billion), South Korea ($816 million), Mexico ($877 million), and Canada ($331 million).

Within days of the BSE announcement, most importing countries had halted imports of some or all U.S. beef and cattle. Of the major markets, both Mexico and Canada have reopened their borders to some U.S. beef and veal. USDA estimated that U.S. beef and veal exports globally reached 434 million pounds in 2004, or 17% of the 2003 level of 2.523 billion pounds. USDA predicted that unless more markets reopen, exports would reach only 640 million pounds in 2005. In Japan, other countries, notably Australia, are filling the U.S. lost market share of beef sales.

**Japan.** On October 23, 2004, U.S. and Japanese negotiators announced that they had made progress in negotiations to resume two-way beef trade (even as Japan was reporting a possible 15th BSE case there). According to a joint statement:

- The United States will establish, with Japanese concurrence, a marketing program — a modified version of its Beef Export Verification (BEV) Program — to enable resumption of some U.S. exports to Japan for an interim period. BEV would certify that only beef from cattle of 20 months or younger are shipped. Negotiations were continuing on how to verify age.
- The United States agreed to an expanded SRM definition, to include — for cattle of all ages — the entire head except tongues and cheek meat, tonsils, spinal cords; distal ilieum (two meters from connection to caecum); and vertebral column (excluding the transverse processes of the thoracic and lumbar vertebrae, the wings of the sacrum and the vertebrae of the tail). In other words, a firm apparently would have to remove these materials from all cattle in order to sell beef to Japan. USDA’s current SRM list is somewhat different and generally covers only cattle over 30 months.
- The two countries will evaluate this interim system by July 2005 and modify it if appropriate.
- The United States will permit Japanese beef and products into its market following relevant domestic rule-making procedures. (Japan exported an average of less than $1 million annually of Kobe or Wagyu specialty beef to the United States through 2001, prior to a U.S. ban on their beef.)
Japanese authorities have been considering a plan to scale back their BSE testing from all cattle to only those over 20 months old. The United States also will conduct its own rulemaking before admitting Japanese beef. However, numerous negotiating details remain unresolved, and, once they are, both countries will have to undergo rulemaking procedures that can be quite lengthy. That, along with statements by various Japanese officials that consumers there are not ready to accept U.S. beef, have led many observers to predict that Japan (and Korea) will remain closed well into 2005.

U.S. industry may have difficulty satisfying the new Japanese requirements, a number of industry observers believe. Although approximately 70% of the 35 million U.S. cattle each year are believed by USDA to be 20 months of age or younger, verifiable age records may only be available for anywhere from 10% to 25% of cattle, according to various estimates. Age verification and the expanded SRM definition would create new compliance costs for packers and their suppliers. “This leaves the U.S. beef industry in the unenviable position of having to accept an agreement that may be economically unviable until Japan relents on the age issues,” Cattle Buyers Weekly commented. Another industry analyst told Reuters, “Stopping short of testing every one of our animals, all we did was acquiesce to every other demand they made.”

**Industry Impacts.** Domestic cattle and beef prices by late 2003 had reached record highs due to a tight supply-demand situation. The immediate impact of the BSE case was reflected in a drop in cash prices for Nebraska steers from $91 per 100 pounds (cwt.) to about $75 per cwt. the following week. Cattle futures markets also dropped by allowable limits for three consecutive days before closing at 15% below pre-BSE levels. Prices have recovered substantially since January 2004. A decline in U.S. cattle inventories due in part to widespread drought conditions in cattle country, along with strong domestic demand for beef, kept farm prices relatively high during the first part of 2004.

In January 2005, USDA was estimating average U.S. fed steer (i.e., slaughter-ready cattle) prices at nearly $85 per cwt. for all of 2004, compared with an earlier 2004 prediction of $72-$77; this is near the lower end of a USDA forecast, made just before the BSE case, of $84-$91 per cwt. The 2005 price forecast is $79-$85. Average fed steer prices were $85 in 2003 and $67 in 2002.

Cattle producers were losing about $10 per cwt. or $125 per head due to lost access to the Japanese, Korean, and other Asian markets, Cattle-Fax, a marketing information service associated with the industry, reported in July 2004. The U.S. market will have to absorb 23 million more pounds of beef weekly or 1.2 billion pounds for the year due to lost exports, according to Cattle-Fax. The U.S. Meat Export Federation (USMEF) in August 2004 said that lost export premiums on the top 10 cuts exported were costing the beef industry about $80 per head or more than $2.2 billion annually, plus another $100 per head due to the price impacts of additional beef supplies.

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Increased business costs are anticipated in order to comply with new and/or future BSE safeguards adopted in response to the U.S. case. In a preliminary analysis released April 7, 2004, FSIS estimated that its major January 12 rules (see “Policy Changes After the U.S. BSE Case,” above) would result in total annual costs to industry of between $110 million and $149 million, exclusive of some costs such as segregating animals over 30 months and their carcasses, and foreign equivalency measures. On the other hand, in discussing potential benefits, FSIS notes: “Failure to assure consumer confidence in the U.S. beef supply could easily reduce cash receipts to the cattle sector by $5 to $10 billion annually. Net farm income could decline by $3 to $6 billion annually...”

Canadian BSE Cases

**May 2003 Announcement.** Canadian officials announced on May 20, 2003, that they had discovered BSE in an Alberta cow (later found to have been born in Saskatchewan or Alberta in early 1997). The cow’s brain had been pulled for testing in late January 2003. No meat from the cow became human food, according to the Canadian Food Inspection Agency (CFIA). An investigation concluded that the infected cow most likely contracted BSE through consumption of feed containing BSE-contaminated meat and bonemeal (MBM) from ruminants, probably before the feed ban. Canadian authorities focused on, among other possibilities, the slaughter and rendering into feed (at either a U.S. or Canadian feed plant) of some imported British cattle that included one with BSE that was found in 1993. A total of 2,800 cattle were killed and tested for BSE, with no other cases found.

**January 2005 Announcements.** A second BSE case was found in Alberta in December 2004, and was confirmed by Canadian authorities on January 2, 2004. The CFIA announced that the animal was an Alberta dairy cow born in 1996, and suspected that it had become infected by contaminated feed before the 1997 feed ban. On January 11, 2004, CFIA announced a third confirmed case, this in an Alberta beef cow born in March 1998 — some seven months after the feed ban was published.

CFIA stated that no part of either animal entered the human food or animal feed supply. CFIA said it had launched investigations to identify any other animals of risk, focusing on recently born offspring and on other cattle born on the same farm within a year of both infected animals, several of which entered the United States. The CFIA website is at [http://www.inspection.gc.ca/english/animal/heasan/disemala/bseesb/bseesbindexe.shtml]. Government veterinary experts on both sides of the border agree that some additional BSE discoveries in older U.S. and Canadian cows are “not unexpected,” particularly in light of enhanced surveillance activities, and that Canada could have as many as 11 reported cases and still satisfy the U.S. criteria for a “minimal risk” country (see next section).

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13 Preliminary Analysis of Interim Final Rules and an Interpretive Rule to Prevent the BSE Agent From Entering the U.S. Food Supply, which can be accessed via the FSIS website. Address: [http://www.fsis.usda.gov/oa/topics/bse.htm#3].

14 Harvard Center for Risk Analysis. Evaluation of the Potential Spread of BSE in Cattle and Possible Human Exposure Following Introduction of Infectivity into the United States from Canada, released October 2003, at [http://www.aphis.usda.gov/lpa/issues/bse/harvard_10-3/text_wrefs.pdf]. The review noted it is possible some infected Canadian feed also has entered the United States. Both countries have vigorous cross-border trade in beef and cattle, including dairy cattle, and in feed.
However, the relatively younger age of the third BSE cow has added a new dimension to the issue. Though it was born after the feed ban, its consumption of contaminated feed is still the most likely source of infection, Canadian officials stated, explaining that farmers likely were still using the last of such prohibited feeds in the months following the ban. Nonetheless, CFIA announced that it was launching an investigation of the effectiveness of its feed ban, with international animal health and feed experts participating. Also, the U.S. APHIS Administrator said on January 11 that a technical team would go to Canada “to evaluate the circumstances surrounding these recent finds.”

**USDA Actions to Readmit Canadian Beef and Cattle.** As of mid-January, a new U.S. rule to allow younger live cattle and other additional Canadian ruminants and products was still in play, set to take effect March 7, 2005. That final rule was announced December 29, 2004, and published in the January 4, 2005, *Federal Register*. However, a growing number of critics have called on USDA to rescind it or at least delay and reconsider it in light of the new BSE cases.

Back in late May 2003, the United States had issued an interim final rule placing Canada under its standing BSE import restrictions — that is, all Canadian ruminants (cattle, sheep, goats, deer, elk, etc.) and ruminant products were prohibited from entering the United States. It began to ease that ban on August 8, 2003, when USDA announced that it would accept applications for permits to import selected ruminant products from Canada, including boneless beef from cattle under 30 months old and boneless veal from calves no older than 36 weeks at slaughter; and boneless sheep and goat meat from animals under 12 months old. USDA’s decision was based on what it said was a “thorough scientific analysis” that found minimal risk from these imports. The August 2003 announcement was not accompanied by formal rulemaking.

On November 4, 2003, USDA did publish in the *Federal Register* a proposed rule to change its standing BSE policy so as to allow imports of certain live ruminants and products from “minimal risk” regions, including Canada. Permitted would be imports of cattle for slaughter under 30 months old; sheep and goats for slaughter under 12 months; cervids (e.g., deer and elk) for immediate slaughter; and various other products from these animals.

However,APHIS already was further expanding the list of allowed (so-called low risk) products. A list published on August 15, 2003, included, in addition to the products announced on August 8 (see above), bone-in as well as boneless veal (but not bone-in beef), and trimmings (if such trim was from otherwise low-risk boneless cuts). A reported October 22 version of the list included beef lips, tongues, hearts and kidneys. The August 15 and October 22 lists were posted on the APHIS website, but neither was accompanied by a *Federal Register* issuance, press release or other public communication.

On April 19, 2004, USDA published on its website, again without further rulemaking or public notice, yet another list and memorandum effectively expanding permitted Canadian products to include bone-in as well as boneless beef from under-30-month cattle. A group of cattlemen led by Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA), filed a lawsuit to stop the expanded imports, and, on April 26, a

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federal judge in Montana issued a temporary restraining order to halt the imports. Among other issues, the judge cited concerns about whether USDA followed appropriate rulemaking procedures. USDA subsequently reached an agreement with plaintiffs that it would not allow beef and veal products beyond the types listed on August 15, 2003 (see above), until issuance of the final rule that was first proposed on November 4, 2003.

In an accounting of what had come in so far, the department reported that a total of 518.6 million pounds of Canadian beef and veal products had entered the United States between September 1, 2003, and April 30, 2004. Of this, 18.9 million pounds were boneless or bone-in veal; 241 million pounds were boneless beef cuts; 238 million pounds were boneless beef trim; nearly 7 million pounds were liver, tripe or cheek meat; 1.5 million pounds were tongue, heart or kidney; 5.6 million pounds were “further processed” including partly or fully cooked hamburger, hot dogs, deli meats, sausages, jerky, etc., and about 142,000 pounds were bone-in beef cuts. USDA officials stated that only 7.3 million pounds of the 518.6 million pound total incorrectly came in under categories not covered by the August 8 announcement (as modified by the August 15 list), and that none of these additional products posed any food safety risk. Officials stated further that Secretary Veneman had been unaware that APHIS had expanded the list of eligible products after August 8, 2003.

The final version of the November 4, 2003, proposal was announced on December 29, 2004, several hours before Canada revealed its second possible BSE finding. Specifically, the rule creates a new category of “minimal risk” BSE regions — those in which BSE-infected animals have been diagnosed, but where sufficient regulatory measures have been in place to ensure that the introduction of BSE into the United States is unlikely. The rule further classifies Canada in this category, the first such region to qualify, based on what USDA declared was “a thorough risk analysis.” (In addition, a region with effective BSE regulatory measures that has never detected the disease, but cannot be considered BSE-free, can qualify as a “minimal risk.”) The following additional products are being made eligible for importation from Canada:

- **Cattle and other bovines for feeding and for immediate slaughter.** All cattle must be under 30 months of age and be slaughtered at less than 30 months. All cattle must be moved in closed containers, be tagged on the ear to enable traceback to their birth herds, and be accompanied by health and other information, among other requirements. Feeder cattle must be branded and can only be moved to a single feedlot, and from that lot directly to slaughter.
- **Sheep and goats (ovines and caprines) for feeding and immediate slaughter,** which must be under 12 months of age and slaughtered by 12 months. Similar movement and identification rules apply to these animals.
- **Most meat from bovines, ovines, caprines, and cervids (deer, elk, etc.).** This includes, for example, bone-in cuts and cuts from cattle over 30 months.
- **Certain other products and byproducts including bovine livers and tongues, gelatin, and tallow.**

Congress has 60 legislative days from publication to review the rule, as provided for in the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801-808). The 60-day period is required to allow for congressional review whenever a rule is deemed

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16 *Ranchers Cattlemen Action Legal Fund USA* vs. *USDA (CV-04-51-BLG-RFC).*

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significant. Constituents and industry interests are already weighing in with their reactions, which have been mixed. An apparently growing number of producers and others have expressed strong doubts about the rule. Many of the producers worry about the impact on cattle prices if large numbers of Canadian cattle begin to cross the border; others believe that opening the border to potentially risky Canadian animals could undermine efforts to regain the Japanese and other skittish foreign markets. R-CALF filed another lawsuit in a Montana federal court on January 10, 2005, to overturn the rule, arguing that it “creates an unjustified and unnecessary increased risk of infection of the U.S. cattle herd ... and of importing meat contaminated with BSE into the United States.” NCBA demanded that USDA and FDA investigate Canada’s feed ban compliance before the rule is implemented.

Others have defended USDA’s assertion that — because Canada has in place safeguards that are at least equivalent to those of the United States, and because the North American market has become an integrated one — the rulemaking is reasonable. Supporters of the rule contend that the Department’s assessment of risk has been thorough and sound. They believe it is necessary if the United States wants to convince other countries that U.S. beef also is safe. Several believe USDA should have gone further. For example, the American Meat Institute, representing meat packers, filed a federal lawsuit charging that USDA lacks any scientific basis for continuing to ban imports of over-30-month-old cattle, even though meat from over-30-month-old cattle will be permitted. (U.S. meat packers also are concerned that the rule puts them at a competitive disadvantage because they won’t have equal access to the over-30 animals that Canada will kill. Several plants already have reported cutbacks in operations due to what they say are cattle shortages.)

Congressional Response

BSE is expected to remain a high priority for many Members of the 109th Congress. A number of them already have joined others in calling for a delay or rescission of the Canada rule (see above). BSE, and specifically the Canada situation, was a major topic during the Senate Agriculture Committee’s January 6 confirmation hearing for nominated Agriculture Secretary Michael Johanns, who repeatedly pledged his full attention and cooperation on the matter. The committee has scheduled a hearing on BSE and trade for February 3. Hearings before other committees are possible as well.

Representative Pomeroy introduced a bill (H.R. 187) to prohibit the Canada rule “unless United States access to major markets for United States exports of cattle and beef products is equivalent or better than the access status accorded such exports as of January 1, 2003.” Separately, in a January 5, 2005, letter to the incoming Secretary of Agriculture, Senator Conrad and Representative Waxman charged that USDA had failed to review significant evidence questioning the effectiveness of the Canadian feed ban, and called on him to investigate.

So far, USDA and FDA have been using their existing statutory authorities to address BSE developments, including adoption of new safeguards. However, several bills proposing additional changes, introduced (but generally not passed) in the 108th Congress, could re-emerge in the 109th Congress.

For example, companion bills offered in 2003 (S. 1202 and H.R. 3546) would have required a traceability system for all stages of production, processing, and distribution of both
meat and poultry and their products, essentially from the birthplace of source animals to the consumer. In 2004, other bills (H.R. 3787, H.R. 3822, H.R. 3961, H.R. 4005, S. 2008, S. 2070) setting various requirements for a national livestock ID system were introduced. Ruminant ID systems would have been required in two wider-ranging BSE and other prion prevention-related bills (S. 2007 and H.R. 3714, respectively).

The BSE issue was raised in the debate over whether to delay and/or modify mandatory country-of-origin labeling (COOL) of meats and other foods, initially set by the 2002 farm bill to take effect in September 2004. The consolidated FY2004 appropriation (P.L. 108-199) postponed mandatory COOL for meat for two years. Several bills (H.R. 3732, H.R. 3993, S. 2451) then proposed reinstatement of the original 2004 implementation date. However, the House Agriculture Committee on July 21, 2004, approved H.R. 4576, which would have replaced mandatory COOL with a voluntary program. Other bills amending COOL included H.R. 2270 and H.R. 3083 (see also CRS Report 97-508, Country-of-Origin Labeling for Foods). None advanced further.

In November 2003, the Senate had approved an amendment to the FY2003 appropriations bill to prohibit FSIS inspections of downed animals (effectively keeping them out of the food supply). A similar House floor amendment to the bill last summer was narrowly defeated, and the Senate amendment was removed in the House-Senate conference on the measure. Earlier, both houses of the 107th Congress had included in their respective farm bills a ban on marketing downers unless they were humanely euthanized. Farm bill conferees dropped the provision from the final version (P.L. 107-171), instead directing the Secretary to study industry downer practices and issue rules if necessary. Bills in the 108th Congress to ban downers include H.R. 2519 and S. 1298.

Another bill, H.R. 3705, would have required BSE tests on all cattle destined for human food. S. 2051 focused on strengthening animal feed rules. Several (H.R. 2057, H.R. 2430, H.R. 2431, H.R. 2636, H.R. 4001, S. 1036) were introduced to increase support for research and surveillance on chronic wasting disease (CWD) in deer and elk or on other TSEs.