

# National Animal Identification System (NAIS)

A report by the National Independent Consumers and Farmers Association (NICFA)  
March 4, 2009

## Introduction:

The United States Department of Agriculture (USDA) has spent considerable taxpayer money and physical resources on the “National Animal Identification System” (NAIS), acting without Congressional mandate and creating widespread opposition from farmers, ranchers, livestock owners, homesteaders, consumers and agriculture supply businesses—a massive grassroots response that NAIS is a bad idea, unwanted, and not grounded in the reality of farm life, animal husbandry or healthy food.

## What is the purpose of Animal ID?

A system of animal identification for disease traceback, sales, health, and breeding recordation has been in continuous use in the United States for well over a century. Refined during its extensive use, the current system, without NAIS components, has and does work well. Why create NAIS?

## What is the purpose of NAIS?

The USDA’s NAIS would require “premises registration” of any property where a single farm animal is kept; Radio Frequency ID tagging or microchipping of every animal; and reporting of every animal’s movements presumably within 24 hours to a federal database under penalty of severe fine, confiscation of animals or both. NAIS proposes

a national disease response network built to protect your animals, your neighbors, and your economic livelihood against the devastation of a foreign animal disease outbreak.

FACT: The USDA already has in place the network they claim NAIS will supplant.

The USDA’s claim that “modern” technology will enable 48-hour traceback during disease outbreak is untenable. In reality, NAIS will not prevent disease because it does not address the cause of disease. Traceback can help track the movement of disease, but if a cataclysmic foreign animal disease outbreak occurred, NAIS will not improve on the current system for containment and quarantine.

## Costs of NAIS

The monetary and time costs to implement NAIS are prohibitive for any but the largest industrial livestock producers. Small farms, that make up the vast majority of agricultural holdings, could not comply and sustain their operations. Farming in America would reduce to large industrial operations. Food costs would increase as monopolies increase. Food borne illness, statistically a product of industrial production and processing, would increase. Rural economies would suffer.

During this economic downturn, when small farms are the fastest growing agriculture sector, these expanding sources of employment and local food production would fail. At the same time, taxpayer burden would increase to pay for government agencies to oversee and enforce NAIS.

## Cost of NAIS to small farmers and livestock owners

Partial estimated costs for NAIS according to the spreadsheet for an RFID system for cattle developed by Dhuyvetter and Blasi of Kansas State University in 2003 (wand reader price updated for 2009).

- 400 head or more of cattle: **\$6.69** per head
- 100 head of cattle: **\$18.07** per head per year.
- 25 head cattle: **\$63.61** per head

**NOTE:** Cost for small producers is almost **10 times** that for large producers.

- Net Returns on Cow - Calf operations projected for 2009 – 2010 per cow: \$-24.25, -47.92<sup>1</sup>. Combined with NAIS costs: projected net loss of \$87.86 - 111.53 per cow/calf. This does not include the time cost of implementing NAIS.

Results of 2007 US Census of Agriculture for percentage of small producers, who would be most impacted by NAIS.

- 90% of beef producers own fewer than 100 cattle each
- 70% of pork producers own fewer than 100 hogs
- 91% of sheep producers own fewer than 100 sheep
- 93% of egg producers own fewer than 100 poultry.

These figures correlate with the conclusions of Buhr and Resende-Filho in their presentation at the 2006 International Association of Agricultural Economists Conference. Their total projected cost of NAIS per quarter for just the beef and pork sector was \$27.5 million, that far outweighed the projected increase in revenue of \$10.42 million. They concluded with this statement: "If the defense of the NAIS is based on its effect on the demand side of the market for meats it is expected that the US Federal government will need to pay for a great part of the costs with the NAIS; otherwise the NAIS is likely to be economically unfeasible in the US." This statement is more relevant in 2009 with the economic challenges that ALL small producers face.

### **Case: A small producer/homesteader (actual example)**

Sabo Family in Southern Illinois. Livestock: 9 milk goats, 10 goat kids, 2 goat bucks, guardian donkey, 2 feeder steers. Provides food for 3 adults, 4 children, along with ¼ acre garden, 80% of family food.

- Operating cost FY 2008: grain, supplements, hay, veterinarian expenses: \$3,007
- Return on investment: 275 lbs livestock protein, 380 gal. goat milk, 100 lbs soft cheese (I.e. Cream Cheese), 130 lbs hard cheese (Cheddar, etc), organic matter to maintain garden production.
- Current market cost of items produced for personal use: \$16,569.95.

Breakdown:

- Protein @ \$5.22 per pound (\$1435.50): Goat Milk @\$3.86 per quart (\$5,867.20); Soft Cheese @ \$21.92 per pound<sup>ii</sup> (\$2,192), Hard Cheese @ \$54.43 per pound<sup>iii</sup> (\$7,075.25)
- Projected additional cost of NAIS enrollment: \$4,024 initial investment<sup>iv</sup> with annual cost fluctuating \$2,871 - \$3,981 Dependant upon livestock "events," database management costs increases, and as yet unknown producer participation cost requirements for the "Free" National Animal Identification System (renewal, reporting, redress).

Conclusion: Operating costs first year would increase 133.82%. Combined with economic downturn in the United States economy, increased feed costs due to redirection of feed grain to Biofuel development and increased farm costs to produce hay, mandatory enrollment would be counter-productive to the individuals involved due mainly to cost constraints. Basically, it would be impossible.

This producer would be required to purchase of an additional \$16,569.95 of foodstuffs on an annual basis. Point of interest: The annual Mortgage payment of this individual is \$13,584. The amount spent for food on an annual basis would exceed the Mortgage cost. This does not include the loss of supplemental organic matter to maintain garden plot for production of vegetable and fruit products. Author was unsure of where to source compost.

### **Cost to Rural and Local Economies**

- As small farms disappear, counties and states will experience loss of taxes
- Stores selling local farm products will have to "outsource" to non-local
- Farm support businesses will lose their primary customer base

### **Cost to Consumers**

**Case:** Diederichs. Family of six in the suburbs of Chicago who sources much of their family food from local farms, farmer's markets and neighbors. "I know that every particle of my family's hamburger came from the same healthy, local steer. It is impossible to put monetary value to peace of mind"—Sue Diederich, mother

- 2008, one year's supply of beef for family of six: \$1115.41 (a half steer)
- NAIS impact on farmer expected to increase that amount to \$2000.00<sup>v</sup>

NOTE: The same increase applies to chicken, lamb, turkey, pork, eggs, milk and other dairy products fish and shellfish<sup>vi</sup>

### **Impact on garden and produce:**

- Quality produce depends on natural inputs, especially manure of nearby livestock farms. Costs for manure will also increase, if it can be sourced locally at all. Small produce farms will lose their sources or leave the business.

### **Impact on Non-Food Consumer Goods:**

- All clothing and other items made from animal hides or fibers will increase in price.
- Some 1500 different consumer products manufactured with milk casein as an ingredient—adhesives to paint and pharmaceuticals (Venus Casein Products<sup>vii</sup>) will increase in price.
- Vaccinations for childhood diseases, flu, pneumonia, and more contain ingredients (legally necessary in some cases) from cattle and/or chickens (Vaccine Excipient<sup>viii</sup>) that will increase in price

### **Consumers with Extraordinary Burden From NAIS:**

- Senior citizens, many on fixed incomes will become more dependent upon all levels of government for assistance. Single parents, also already economically disadvantaged, will do the same.

Conclusion: With U.S. population increasing daily, demand will increase as supply decreases, putting extraordinary pressure on the remaining farmers, affecting all consumers, and government agencies at all levels, and forcing a remedy for a situation that should never have happened. Given the economic situation, many American families will be imperiled by this program.

## **Problems with similar systems in other countries**

### **In Australia**

- Costs to Sale Barns: In excess of \$30,000 even with subsidizing<sup>ix</sup>
- Excessive Fines:
  - Stephen Blair, cattle producer, fined \$17,300 for incorrectly tagging 177 head of cattle: Mr Blair was fined \$1800 under the Stock Diseases Act and ordered to pay court costs of \$15,500.<sup>x</sup>
  - \$500 fine for eight cattle lacking proper identification<sup>xi</sup>

### **In the UK**

- Healthy Herd of 567 Head Destroyed for Clerical Reasons  
In March, 2007 Cheshire, UK dairy farmer David Dobbin's prize-winning registered dairy herd was destroyed by DEFRA for undefined "irregularities" in "some" paperwork regarding the identification of his cattle under the EC system. DEFRA confiscated the cattle passports which are to bear the eartag number of the individual animal on the RFID document, then confiscated his cattle telling Dobbin he had 48 hours to positively identify the animals, no longer in his possession, via DNA or they would be destroyed. As per EC regulation 494/98, no indemnity was paid. The herd was valued in excess of 500,000 pounds and was destroyed in March of 2007.<sup>xii</sup>

## **Premises Registration and RFID Tagging:**

- Enrollment in NAIS requires a landowner to register his property as a "premises," by signing a contract of unspecified duration and unclear legal meaning. Most farm owners object to this and refuse to enroll.
- The "840" registration prefix for RFID tagging is a U.S. designation. NAIS is an international system.
- The database for premises registration for the state of Wisconsin, and possibly for the entire country, is being held in Canada.<sup>xiii</sup>

Insofar as the database exists outside the jurisdictional authority of the United States, how can producers ascertain the sanctity of this information when the 1974 Privacy Act does not extend beyond U.S. borders? Who has access to this information? We would never be able to determine that information.

## **NAIS Enrollment:**

- USDA alleges 33% enrollment of U.S. livestock holding properties
- Actual number closer to 9.7%

As of March 2009 the USDA alleges over 33% of livestock holding properties are registered as "premises" in NAIS. Many of these are multiple unit enrollments, livestock auction facilities that own no cattle, custom feed lots, rodeo arenas, USDA employees, state DOA extension agents, livestock owners who are unaware they are enrolled and producers who are in the process of "Opting Out." Some youth have been forced to "enroll their property" before a single goat or lamb could qualify for government controlled state fair competition. Western Horseman Magazine has the largest circulation of any livestock publication in the world. In their online poll, June of 2008, based on thousands of votes, revealed over 93% of animal owners, if given a choice, would refuse to comply with any component of NAIS.

- USDA press releases and staff state a number of 1.4 million livestock raising operations exist in the US.
- The 2007 US Ag census, plus data from the American Horse Council, plus farms with below \$1000 in annual

sales bring the correct number to at least 3,910,022. The category with the greatest growth recorded in the 2007 census was cattle owners of 1 to 9 head and the under \$1000 income group. Small farms are growing in numbers faster than all others.

Calculating the actual number of all real farms, total NAIS alleged enrollments minus the multiple enrollments and adding the under \$1000 income farms, the percentage of enrolled farm owners in the US is not 33% but, in fact, less than 9.7%.

## Conclusion

The USDA has spent over \$138,000,000 for state cooperative agreements and NAIS sign up incentive programs. Its 28 USDA branches, including the Farm Service Agency, County Extension offices and USDA licensed professionals, have dedicated untold hours to coerce new enrollments in NAIS. The cost to USDA per NAIS enrolled farm owner is well over \$360 each to date.

NAIS is the result of looking for trouble, not finding it anywhere, diagnosing it incorrectly, and applying costly, bogus remedies. Never has such a USDA grandiose plot been attempted with less user approval, less convincing value, and such distorted numbers used to spin the program.

## Solution

Industrial agriculture created NAIS to benefit industrial agriculture. We support private industry creating and maintaining a system like NAIS for its own use and benefit. If the system is cost effective, it will pay for itself. If it is not cost effective, forcing small farmers and taxpayers to pay for it makes no sense.

### CONTACT:

Deborah Stockton, Executive Director

National Independent Consumers and Farmers Association (NICFA)

[www.NICFA.org](http://www.NICFA.org) [info@nicfa.org](mailto:info@nicfa.org) 434.295.7176

<sup>i</sup> FAPRI 2007 U.S. and World Agricultural Outlook January 2007 FAPRI Staff Report 07-FSR 1 ISSN 1534-4533 Food and Agricultural Policy Research Institute Iowa State University University of Missouri-Columbia Ames, Iowa U.S.A., p.121 [www.fapri.missouri.edu/outreach/publications/2007/OutlookPub2007.pdf](http://www.fapri.missouri.edu/outreach/publications/2007/OutlookPub2007.pdf)

<sup>ii</sup> Current 3/1/9 market source Whole Foods, St. Louis, MO data used @ \$21.92 per pound

<sup>iii</sup> Sourcing price— shipping required as no local sourcing for this product:

<http://www.amazon.com/Sterling-Goat-Milk-Cheddar-Cheese/dp/B0000DG6XY>

<sup>iv</sup> <http://www.freetofarm/extras.html> : Appendix A-2

<sup>v</sup> USDA figures - profit per calf:

<http://www.ext.nodak.edu/extnews/newsrelease/2003/061903/02beefta.htm>

Note: Mean off 20% lowest and 20% highest for inputs: \$417.50 inputs cow/calf, same for sale of 500 pound calves: \$405.00 so already at a loss of \$ -12.50 for calf growers in '08. Add the cost of id to this and realize 30% of our beef comes from herds with less than 50 head and you can see the problem immediately.

Also <http://www.fapri.missouri.edu/outreach/publications/2007/OutlookPub2007.pdf>

Note: page 137 shows a loss of -\$24.25 for 2009 and a profit of \$9.20 for 2008

<sup>vi</sup> NAIS Draft Business Plan:

[http://animalid.aphis.usda.gov/nais/naislibrary/documents/plans\\_reports/TraceabilityBusinessPlan%20Ver%201.0%20Sept%202008.pdf](http://animalid.aphis.usda.gov/nais/naislibrary/documents/plans_reports/TraceabilityBusinessPlan%20Ver%201.0%20Sept%202008.pdf)

Also NAIS User Guide: <http://animalid.aphis.usda.gov/nais/naislibrary/documents/guidelines/NAIS-UserGuide.PDF>

<sup>vii</sup> Venus Casein Products, Inc: <http://www.venuscasein.com/>

<sup>viii</sup> Vaccine Excipient & Media Summary, Part 2 - Excipients Included in U.S. Vaccines, by Vaccine

<http://www.cdc.gov/vaccines/pubs/pinkbook/downloads/appendices/B/excipient-table-2.pdf>

<sup>ix</sup> (<http://www.abc.net.au/news/stories/2006/07/14/1686569.htm>)

<sup>x</sup> (<http://theland.farmonline.com.au/news/nationalrural/livestock/Cattle/cattle-producer-ordered-to-pay-17300-for-nlis-tag-breach/798558.aspx>)

<sup>xi</sup> (<http://www.abc.net.au/news/stories/2006/10/16/1765737.htm>)

<sup>xii</sup> (<http://www.telegraph.co.uk/news/uknews/1545862/Christopher-Bookers-notebook.html>)

<sup>xiii</sup> Obtained by a producer in Wisconsin under Open Records law, pursuant to WI open records statute. Available by request. Email [info@nicfa.org](mailto:info@nicfa.org)