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# From the flock

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MONTHLY NEWSLETTER FOR THE CANADIAN SHEEP INDUSTRY

## Supply & Demand; Economic Theory Applied to the Lamb Industry

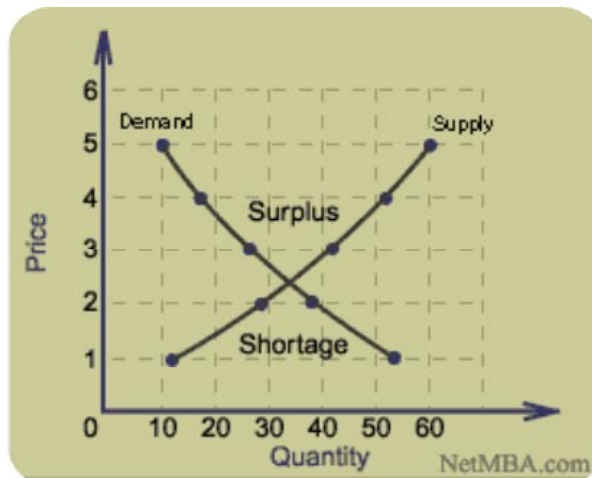
By Sean McKenzie, National Coordinator – Animal ID & Traceability

Recently the CSF has participated with Agriculture Canada in hosting Value Chain workshops where we had the opportunity to bring together all levels of the value chain, from the producer right through to the final retailer. One of the clear messages from the meeting, that we've heard before is that retailers would be happy, and would prefer, to fill their shelves with Canadian product. And, slaughter facilities have said that they could potentially kill up to 10 times the current number of lambs if they could get the supply.

Over the past 2 years, lamb consumption in Canada has increased by by 10 percent, which is good news except for the fact that over that same time period the production of Canadian lamb has actually decreased by 8 percent; which essentially means we have been doing a great job of marketing lamb so that someone else can sell to our customers.

While encouraging Canadian producers to increase their production to meet the increasing demand, the consistent fear from producers is that if they increase the volume of lamb they produce their prices will fall; which based on a basic economic model is not accurate. I will explain.

**Supply and Demand** is a fundamental economic model that illustrates how price and quantity react in a competitive market. Whether you are talking about finances or the amount of birdseed at the feeder on your back deck, the basic theory stands true. Essentially the model is this; as the supply of a commodity increases the demand for this commodity will decrease to a point where the two lines intersect. In examples where we are discussing production and sales of a commodity, the point where the supply curve and demand curve meet is the market price of that commodity. (Graphics from [www.netmba.com/econ/micro/supply-demand](http://www.netmba.com/econ/micro/supply-demand))





## Supply & Demand continued

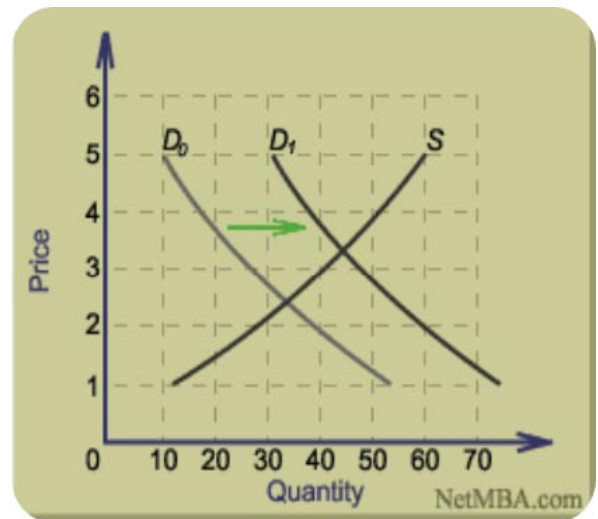
In this model the Demand Curve represents that amount of commodity X that consumers are willing to purchase at any given price. Generally the Demand curve is seen as a line sloping downward to the right and shows that as price (vertical axis) decreases the amount or quantity (horizontal axis) that is demanded or that consumers will purchase increases.

Similarly, the Supply curve, which is usually represented by an upward sloping line, represents that amount that producers are willing or able to produce at any given price. Therefore as the price received for a product increases the quantity that producers are willing to produce also increases.

As you can see in the graph above these two lines tend to intersect at a single point. This is the market price of the product. Changes in price come about when either producers supply a greater quantity to the market than is demanded or the amount demanded by consumers' increases. To illustrate the effect of a shift in demand refer to the next graphic. In this diagram the demand for product has increased; so at all price levels the amount that consumers are willing to purchase has gone up (i.e. moved to the right). Which in turn then has raised the market price from approximately \$2.40 to \$3.40 per unit assuming a consistent supply.

Here in Canada the Canadian lamb market is supplied not only by our domestic producers (you) but also by imported products. So if you assume these two graphs represent the supply and demand for lamb here in Canada and were to place a dot on the supply line in either of these graphs to represent Canadian product it would land at about the 17-18 quantity level. That's right; we are only supplying sufficient lamb to satisfy about 50% of our available market! Now, before you go thinking that we should close borders and the price will magically increase – No; that's not how it works. Keep in mind that this is only the quick and dirty version and there are multiple other factors that come into play in economics, most

simply the fact is that if you don't supply what the consumer wants they will find it elsewhere or look for something else to fill in as a substitute. But what you can take from this example is that there is plenty of room for an increase in production of Canadian lamb before we hit the breakeven point. Rather than heading into an oversupply or surplus area we would actually only be displacing imported product.



How this relates to our industry and the conversations around the Value Chain Round Tables is that currently we are under-supplying our lamb market so we are in a shortage position on the graphs above when we consider only Canadian lamb. There is the capacity in domestic demand to allow us as producers to increase our supply without negatively effecting prices. So if we can work with our retail and processing partners to move more Canadian lamb to the consumer by supplying more on the front end, we all stand to benefit. Processors can then depend on a consistent supply from domestic producers; retailers can take advantage of Canadian Grown and Product of Canada claims, which are favourable marketing tools; and of course producers also stand to benefit by selling more lamb, increasing their income and decreasing their costs of production per ewe. Which when it comes right down to it is the reason we are all doing this. Isn't it?



# Biosecurity on Your Sheep Operation

By Lorraine Hall, National Coordinator On-Farm Food Safety

In early December, the Canadian Animal Health Coalition initiated an emergency management exercise for Canadian livestock and poultry industries. In this exercise, an emergency situation was simulated to gauge the degree of readiness and help prepare these sectors in the case of an emergency, such as a foreign animal disease outbreak. In this fictitious simulation, an outbreak of Foot and Mouth Disease occurred in Ontario. Three and 10 km zones of control were established around the “infected” farms to prevent the disease from spreading. Biosecurity measures were also ramped up to control the spread. Although we hope that an outbreak of a foreign animal disease in sheep will never occur in Canada, it’s important to be prepared and aware of biosecurity measures that sheep producers can take to protect their flock from disease.

Infectious diseases can be spread by direct contact with other animals, or by indirect contact, such as using the same water bowl. Disease can also be spread by wildlife, vehicles, contaminated clothing or equipment. As a sheep producer, you are responsible for the health of your flock. In the event of a disease outbreak, implementing biosecurity could be critical for preventing or controlling its spread, either from infecting your operation, or to the national flock. Having a biosecurity program in place can help reduce the chance of introducing disease, prevent its spread, and reduce the costs of a disease outbreak.

Controlling what comes onto your farm operation is a cornerstone to any biosecurity program, and this starts with visitors who come to your farm. These would include service personnel, delivery vehicles and personnel as well as neighbours. Keeping a visitor log that includes the visitor’s name, date, contact information and farm last visited is an excellent tool that could prove its worth in preventing a disease from spreading.

Posting signage in driveways and in appropriate areas such as building entryways can help restrict access and direct visitors to where they should go. Depending on their level of contact with your flock, visitor biosecurity can have different levels.

High risk visitors travel from farm to farm and have direct contact with livestock. These would include veterinarians, inseminators, livestock haulers and neighbours. These visitors should arrive with clean outerwear, including disposable plastic sleeves and gloves when there is direct contact with animal body fluids, tissues, or excrement. Instruments such as syringes, dehorner, and castrators should be clean and sterile before use. Livestock trailers and vehicle interiors, including floor mats, should be clean on arrival at the farm. Dirty outerwear must be removed upon reentering the vehicle, and soiled equipment and footwear cleaned and disinfected prior to leaving.

Moderate risk visitors would include feed sales people, feed distributors, and mechanics. They travel from farm to farm but do not have direct contact with livestock. Clean outerwear, including boots, must be worn, and sampling equipment should be cleaned after each use. Upon leaving the farm, boots must be cleaned and disinfected, and dirty outerwear removed before reentering the vehicle.

Low risk visitors would have had no contact with other livestock prior to coming on farm. These visitors should be wearing clean clothing upon arrival to the farm. Soiled footwear must be cleaned and disinfected. For all visitors, washing soiled footwear and hands before leaving is important to help prevent the spread of bacteria or parasites.

**Continued on next page**



## Biosecurity continued

Purchasing livestock from reputable suppliers with a known clean health status is essential in maintaining the biosecurity of your flock. Livestock should be isolated for at least two weeks after purchase. This can be done by keeping the animal in a separate pen that does not allow nose-to-nose contact with other animals or the sharing of feed and water supplies. Maintaining a closed flock when possible will also help to keep disease out. Deadstock should be removed immediately from other animals and disposed of in accordance with provincial regulations.

Keeping feed, watering and other equipment clean is also important in any biosecurity program. If equipment needs to be disinfected, clean the items with warm water and detergent before disinfecting to remove dirt or soil. This will help ensure that the disinfectant can do its work properly, as no disinfectant is completely effective in the presence of dirt. Before an object can be biologically clean, it must be physically clean. Disposable equipment should be used only once and then discarded.

Wildlife and pests are often sources of disease and are very mobile, increasing the chances of introducing diseases such as rabies and leptospirosis to farm animals. There are precautions you can take to make your farmyard unattractive to pests and prevent contact with these animals. Cleaning up old buildings, piles of debris, and spilled feed will help make the area inhospitable to pests. Protect your feed and water supplies from fecal contamination by preventing access by wildlife and rodents as much as possible.

An up to date emergency contact list posted in a central location is also a good idea. This list could include your veterinarian, feed company, service companies, processor or abattoir, and sales barn.

Finally, if a disease is known or suspected in your area, make every effort to increase your biosecurity, helping to safeguard not only your own flock, but other flocks as well.

## Food Safe Farm Practices Training

The Food Safe Farm Practices producer training module is now available on-line (<http://fsfp.cansheep.ca>), so that it can be completed by producers at home. This is an alternative to attending a workshop or the mailout version of the session. The program examines all areas of production and outlines management options that are designed to minimize food safety risks.

It is based on "must do" good production practices (GPPs). It also makes recommendations on practices geared to assist producers in producing a safe and high quality product. GPPs are operating procedures that promote food safety and production efficiency. As a producer, you recognize that you have always been responsible for identifying on farm food safety hazards. However, with the help of the training session and the GPP manual, you will have the tools to anticipate problems and develop troubleshooting techniques to reduce risks.

A component of the program is a simple record keeping system to demonstrate that you are following the GPPs, and provide flock management information.

Completing this module is your first step to formal certification or recognition on the program.

### News From the Canadian Sheep Federation

If you are interested in Bluetongue Insurance Program or would like more information please contact Jennifer Fleming-MacTavish at the Canadian Sheep Federation by calling:  
1-800-684-7739





# Scrapie Canada Update

By Courtney Denard, Scrapie Project Coordinator

The Canadian Food Inspection Agency (CFIA) is calling on sheep and goat producers to help eliminate scrapie from Canada with a new promotional campaign and online questionnaire.

Just recently launched, the campaign's objective is to increase awareness of the CFIA's National Scrapie Surveillance Program and encourage producers to submit brain samples from all sheep and goats that die on the farm.

Together with several agricultural ministries, the CFIA developed and implemented the National Scrapie Surveillance Program in 2006. Put in place to detect scrapie in the national sheep flock and goat herd, the goal of this ongoing program is to identify every infected animal so that proper steps can be taken to completely eradicate scrapie from Canada.

While the number of samples submitted for surveillance has increased slightly over the past two years, the program is still operating well below its targeted surveillance numbers. In light of this, the new research and communications campaign was initiated to measure awareness of the program and promote the role producers play in its success.

As one of the main target audiences of the campaign, Canadian sheep and goat producers are being asked to participate by completing an online survey related to scrapie and the National Scrapie Surveillance Program.

Through the online questionnaire, the CFIA is hoping to inform producers about the National Scrapie Surveillance Program, while at the same time find out why sample submission has been so low.

The results will assist the CFIA in gauging producers' awareness of scrapie, as well as their participation in scrapie surveillance.

"The survey will help the CFIA get a better idea of what producers are thinking, thereby allowing us to target our messaging, if necessary," says Bryan Blom, Assistant Senior Communications Advisor for the CFIA.

Producers who are interested in completing the online survey, can log onto [www.zoomerang.com/Survey/survey-intro.zgi?p=WEB228JD85XLV2](http://www.zoomerang.com/Survey/survey-intro.zgi?p=WEB228JD85XLV2).

Paper copies of the questionnaire may be obtained by calling 1-800-442-2342. The survey will be open until January 16, 2009, 11:45 p.m. EDT.

More information on the CFIA's National Scrapie Surveillance Program can be found at [www.inspection.gc.ca/english/anima/heasan/disemala/scrtre/surve.shtml](http://www.inspection.gc.ca/english/anima/heasan/disemala/scrtre/surve.shtml).

Producers can contact Scrapie Canada at 1-866-534-1302 or [admin@scrapiecanada.ca](mailto:admin@scrapiecanada.ca).



## Proposed Manitoba bill toughens up food safety

Source: [www.portagedailygraphic.com](http://www.portagedailygraphic.com)

WINNIPEG — Manitoba Agriculture Minister Rosann Wowchuk says food inspectors will have the power to seize on the spot anything they deem is unsafe to eat under the government's plan to toughen food safety.

Wowchuk said the Food Safety Act is designed to reduce the chances of last summer's deadly listeriosis outbreak in processed meats which resulted in the deaths of at least 16 Canadians. The proposed legislation would see the number of inspectors rise to 10 from the current four and they would check 600 food and drink facilities not covered by federal inspectors.

The Food Safety Act was introduced Wednesday and will take months to wind through the legislative process before it becomes enforceable.

Wowchuk said current legislation deals with food safety on livestock and dairy farms and public health inspections of restaurants and food stores.

The new legislation will see Manitoba Agriculture inspectors take responsibility for inspections of food warehouses, distributors and processors, such as water bottling plants.

Public health inspectors will continue to inspect restaurant and food stores. Wowchuk said the new act will give inspectors the new authority to seize and destroy a food product they believe is unsafe for consumption without first getting a warrant from a judge.

## Food contamination scare spread from Irish pork to beef

LONDON, Dec. 10 — A contaminated meat scare has spread from Irish pork to beef after tests found illegally high levels of chemicals in cattle, Sky news reported on Tuesday.

Three beef farms have been linked to the contamination, with PCBs — or Polychlorinated Biphenyls — being found in 11 herds tested, Ireland's Agriculture Minister Brendan Smith has confirmed.

However, Smith said the public should not be worried as the levels of PCBs found in the beef were two to three times above safe limits, compared to 200 times for pork.

Officials said the contaminated animals which ate oil-tainted food are being taken out of the food chain.

Results are still pending for 34 more farms that received the contaminated feed. The beef industry is Ireland's largest and most important farming sector and is worth 2.1 billion pounds (about three billion U. S. dollars) a year. Since the cancer-causing dioxins were first found in Irish pork, products have been recalled from 21 countries.

Less than three days into the crisis, more than 1,700 pig factory workers had lost their jobs after a total of 56 farms in both the Republic of Ireland and Northern Ireland have been linked with the contamination.

But there are currently no plans to take beef products off the shelves, the officials said. The meat became contaminated after unlicensed oil used in a burner tainted breadcrumbs which were supplied to 56 farms in the Republic of Ireland and nine farms in Northern Ireland.



# Bluetongue situation in the EU

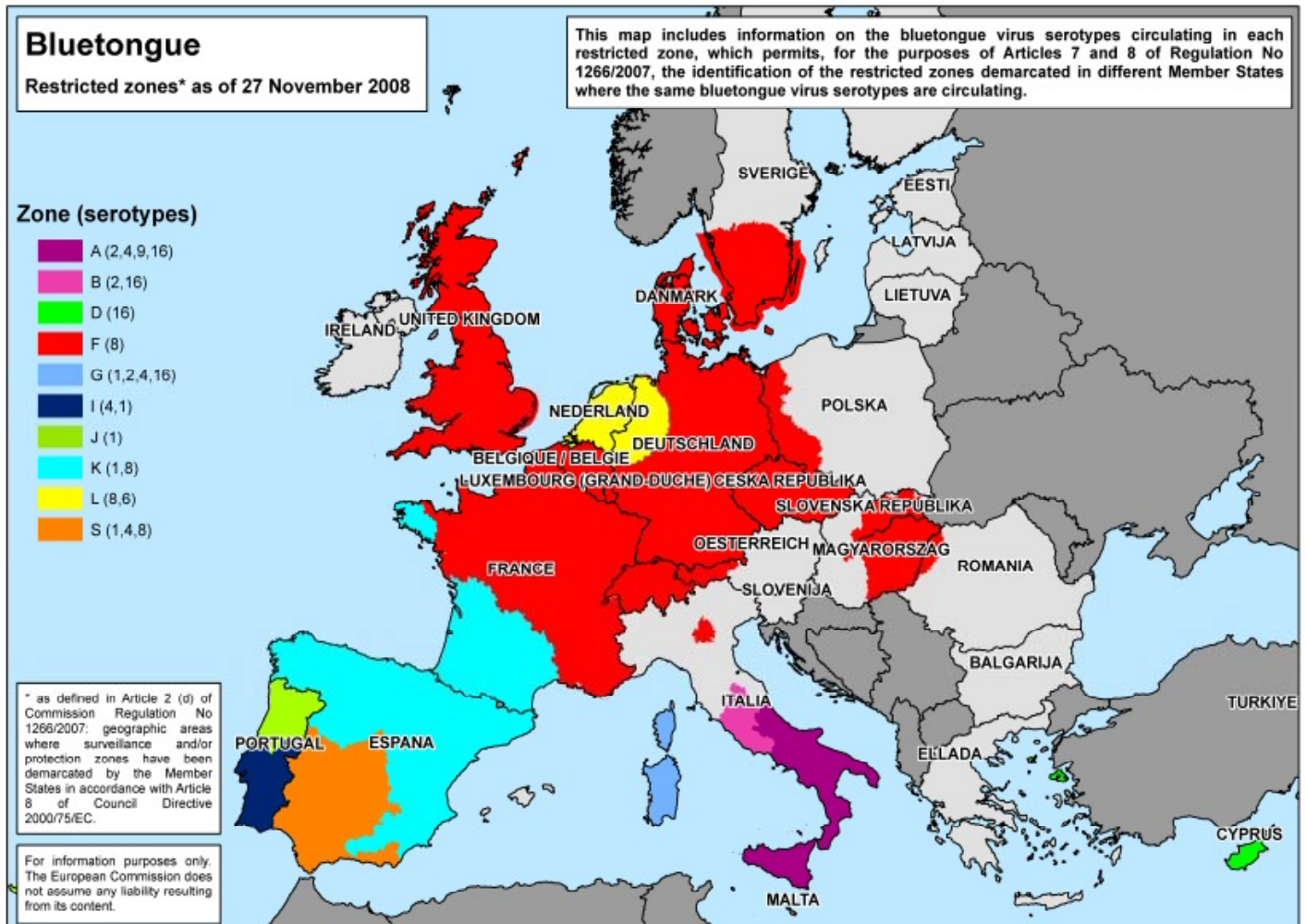
Source: Institute for Animal Health, RNAs and Proteins of dsRNA Viruses and Europa

Bluetongue is a devastating disease of ruminants caused by a virus that is spread by *Culicoides* biting midges. Until ten years ago, Europe was essentially bluetongue-free apart from Cyprus; but, since 1998 at least one serotype of bluetongue virus (BTV) has been active on the continent every year. Currently, there are 25 known serotypes of BTV

The complex situation regarding bluetongue in the European Union is reflected by no less than 10 different BTV zones as shown in the following map;

Genetic analysis of bluetongue viruses isolated in Europe has shown that six serotypes of the virus (1, 2, 4, 8, 9 and 16) have entered Europe since 1998. There are four distinct routes by which these viruses have arrived in Europe; from the east via Turkey / Cyprus; from North Africa (Algeria, Tunisia) into Italy and the eastern Mediterranean Islands; from Morocco into southern Spain and Portugal and via an unknown route into northern Europe. BTV-15 was identified in Israel in 2006, and represents a strain that may threaten Europe in the future. Thirteen serotypes are present in the US.

Inactivated vaccines against BTV serotypes 1, 2, 4, and 8 are currently available. The European Commission announced that it will add approximately 100 million Euros [USD 129 million for vaccines to control bluetongue to its' 2009 budget, bringing the total budget to 160 million Euros [USD 206 million].





## EUROPE says our sheep tagging 'wanting'

A European audit of the Australian sheep tagging system has found the system 'wanting'. This criticism may force major, controversial changes in the industry.

The Europeans are demanding post-breeder tags from mid 2009 and mob-based saleyard reporting. The European audit has re-sparked the debate in Australia about multiple tags, mob-based reporting and electronic identification of sheep in Australia.

In response to Europe's concerns that sheep cannot be traced back to their last property, compulsory use of pink post breeder tags on purchased sheep from mid 2009 and mob based recording at saleyards are set to be put in place to address weaknesses in the NLIS (Sheep & Goats).

The Australian Livestock and Property Agents Association (ALPA) is the only member of the NLIS Sheep and Goat management committee to oppose the changes, on the grounds of increased costs and animal welfare concerns.

ALPA chief executive officer Andy Madigan said post breeder tags would commonly lead to up to four or more tags in the ear of first-cross or Merino ewes and mob-based reporting would lead to extra costs. "This mob-based reporting is an obligation that is being put on only one section of the industry. It does not cover traceability for all other transactions or movements," he said.

"We also cannot and will not support a system that creates an animal welfare issue with sheep in saleyards by having a number of tags in one ear. "This will attract unwarranted bad press at saleyards for matters out of our control and what we believe to be bad animal welfare practices by this multiple tagging.

"Producers must understand that there will be buyer 'stand off' of sheep that have multiple tags affecting the sale price"

## Food contamination scare spread from Irish pork to beef

Source: [www.3news.co.nz](http://www.3news.co.nz)

They may be working up a sweat right now, but as the number of lambs born dwindles, so will shearers' workload.

Lamb numbers are expected to drop by 23 percent meaning a shortfall of \$450 million for the sheep meat industry.

Shearing contractor Barry Pullin says there is no incentive to farm sheep anymore. "It's a triple whammy. We've got three main factors the first one being economic," states Mr Pullin. "The farmer's not getting enough money for his sheep. The second one is there's just not the sheep there and the third one is it's more economic to have dairy conversion." As sheep numbers fall, so does the number of staff on his payroll.

"The impact on my business has been huge," says Mr Pullin. "We're employing a third less people than we were two years ago at this time of the year." Top New Zealand shearer and trainer Tony Coster's job is safe, but he says others starting to feel the pinch.

"Mid Canterbury contractors there haven't done a lot for three or four weeks probably, very quiet," says Mr Coster. "Quite a few young ones ringing up to see if there's anything going." But Silver Ferns' chairman Eion Garden says the demand for lamb will keep prices high. As conditions deteriorate, shifting to dairy is hard to resist.

Cheryl Ridgens has chosen to graze cows and cut her sheep numbers in half. "Basically there is a lot less work in dairy cows. A lot more money," states Ms Ridgens. "Sheep are definitely underpaid." With the decline in lamb numbers shaving millions off profits, farmers remain gloomy about the industry's long term outlook.





# Sheep industry must eradicate tapeworm

Source: [www.farmersguardian.com](http://www.farmersguardian.com)

Eliminating tapeworms in dogs would reduce losses to the sheep industry caused by lower weight gains in live animals and partial/full rejection of carcasses and offal in abattoirs. Sheep are exposed to tapeworm eggs when dogs with adult tapeworms living in their intestines foul grazing land.

Gavin Morris, group technical manager for Dunbia, says farmers may spot heavy infestations because sheep will show signs of disease and lose body condition - but it is more common for the first indication to be unexpected financial loss at the abattoir.

Different tapeworms affect different parts of the sheep with hydatid disease targeting the liver and lungs, tenuicollis the liver and gid, bendro or sturdy the central nervous system.

Mr Morris says when the central nervous system is affected, cysts will grow slowly inside the brain and farmers will notice advanced cases because of nervous signs and emaciation.

Tenuicollis will be noticed in the abattoir as there will be scar tissue where parasites have passed through the intestine to the liver, as well as fluid-filled cysts (bladderworms) on the liver.

The liver and any other affected organs will always be disposed of, and the whole carcass may be condemned if there are signs of fluid retention or emaciation. Hydatid also results in affected organs being rejected in abattoirs. Cysts are usually seen on the liver and lungs but can also grow elsewhere. Mature cysts can contain up to 20 new tapeworm heads. Mr Morris says: "It is of concern that these diseases are still prevalent when prevention is relatively simple and inexpensive."

Commenting on the situation in Wales, Mark Needham, of HCC, says that over a 12-month period four major Welsh abattoirs found 'some form of parasitic disease' in 15% of lambs.

Of these, bladderworm (the cysts caused by tenuicollis) was the most common, accounting for 244,920 cases, and hydatid was recorded in 2,549 cases.



**Sheep organs and whole carcasses can be condemned by abattoirs because of damage caused by tapeworms spread by infected dogs fouling grazing land.**

Credit: © FARMERS GUARDIAN

## Hydatid human risk campaign

Because of the risk posed to human by hydatid disease, a campaign has been launched in Wales to encourage farmers to regularly worm farm dogs.

While sheep are affected by the tapeworm it can also be passed from dogs to humans, causing cysts to grow on the lungs, liver, brain and bone, which can only be removed via surgery.

In an attempt to eradicate the disease, the Welsh Assembly is funding a major campaign which will provide free and supervised worming of all farm dogs in the South Powys area – an area that was once a 'hotspot' of the disease in humans.



## Tapeworm continued

### The facts

Adult tapeworms in the intestines of dogs can be anything from 9mm in length to five metres. Numbers can also vary, for example up to 30,000 in the case of hydatid.

Eggs laid by the adult tapeworm in dogs pass via faeces to cattle, sheep and humans. These will hatch in the recipient's intestine and the parasite move to other parts of the body (via the bloodstream) to develop cysts.

There are two elements to eliminating tapeworms in dogs:

- Stop dogs becoming infected. Prevent dogs eating dead sheep (as they may contain cysts that will develop into adult tape worms in the dog's intestine) and thoroughly cook any offal deliberately fed to dogs.
- Regularly worm dogs. To remove adult tapeworms, worm (ideally) every six weeks using a wormer containing praziquantel, which is the only tapewormer known to be 100 per cent effective against the worm causing hydatid.

### Eazi-Bred CIDR® Sheep and Goat Device is available for use in Canada

To purchase Eazi-Bred CIDR® Sheep and Goat Device contact your veterinarian who can fill out an Emergency Drug Release Form (\$100). The form is then submitted to the Veterinary Drug Directorate, who in turn sends the form to Pfizer Canada Inc. Pfizer Canada Inc., who are storing the product in their warehouse to facilitate access for Canadian producers, will then send the product back to the veterinarian.

The link for the VDD form is:  
[www.hc-sc.gc.ca/dhp-mps/vet/applic-demande/form/edr-dmu\\_form\\_cp-pc-eng.php](http://www.hc-sc.gc.ca/dhp-mps/vet/applic-demande/form/edr-dmu_form_cp-pc-eng.php)



## Call to ban all livestock imports

Source: [business.scotsman.com](http://business.scotsman.com)

All imports of farm livestock should be banned for the foreseeable future to guard against the spread of bluetongue disease, a potentially fatal condition spread by midges, according to the major UK farming organisations and the British Veterinary Association (BVA).

The BTV8 strain of the disease has been spreading rapidly throughout northern Europe in recent years, having previously been confined to warmer countries around the Mediterranean. Last September the first cases were detected in England.

The disease has so far not reached Scotland and last month the Scottish Government initiated a compulsory vaccination programme that will continue over the winter.

The big problem is that it is still perfectly legitimate for farmers and livestock traders to import cattle and sheep from mainland Europe, always provided they have the necessary documentation to prove they have been vaccinated.

This looks to be a misguided policy in that there have been several incidences of imported cattle and sheep being diagnosed as carriers. Those who have imported livestock are not held in high regard by their fellow farmers.

Nicky Paull, the president of the BVA, speaking exclusively to The Scotsman from her practice in Cornwall, made that abundantly clear.

She said: "These people are playing Russian roulette with the future of the livestock industry. They may not be breaking any laws, but they need to think hard."

The focus to date has been on imports of pedigree animals, but Paull has concerns over the substantial number of commercial dairy cattle being imported into the UK, mainly from France.

Prices for dairy replacement in the UK are currently running at record levels and traders have seized on the opportunity to make a decent profit by bringing in cattle.

Paull commented: "I am saddened, but not surprised, that the actions of some are putting our livestock in the UK at risk.

"We believe that the only answer is to suspend imports. We also see no reason why compensation should be paid to those who have risked the health and welfare of the national flock and herd."

The new factor in the equation is that there are now at least four different strains of bluetongue circulating on mainland Europe.

A joint statement issued in Brussels by the major farming unions said: "The risks to the beef and sheep sectors from imported stock carrying BTV8 or BTV1 of the virus are huge, and because of this we urge the UK government to suspend all imports of live cattle and sheep."

Paull added: "We should not rely on the hope of a BTV1 vaccine in time to prevent serious problems next summer if we bring this new strain of the virus into the UK. The industry has been warned."



## Farmers kick up a stink over plans to tax flatulent cows

Source: [news.scotsman.com](http://news.scotsman.com)

Farmers in the United States are kicking up a stink over proposals they believe will penalise them for owning belching and flatulent animals.

Livestock producers say the US government's Environment Protection Agency (EPA) wants to charge them for rising levels of methane and other polluting nitrous gases emitted by their cows and pigs. But, farmers warn, the "cow tax" fees of up to \$175 (£120) per cow and \$20 (£14) per pig are symbolic of unwelcome winds of change blowing through the agriculture industry.

"This could absolutely ruin us," said Perry Mobley, an Alabama beef farmer and a director of the state's federation of farmers. It could put many of us out of business and lead to steakhouses and other restaurants closing down. We're not trying to be alarmist, but our livelihoods are at stake. "It's a bad deal and not a lot of common sense has been used. You can't stop a cow from ruminating by charging a permit."

A 2006 United Nations report said farm animals were responsible for 20 per cent of greenhouse gases leading to global warming, including about nine per cent of the planet's carbon dioxide output, up to 40 per cent of methane and 65 per cent of nitrous oxide.

An EPA spokesman said farmers were distorting the message in a recently published consultation document, which contained only a brief mention of livestock production and aimed to address the regulation of greenhouse gases by use of the Clean Air Act.

John Millett, of the EPA's air and radiation division, said the body had yet to form a firm policy following that ruling and welcomed comments from representatives of all industries, including agriculture. He added: "We are not proposing any type of tax on livestock."

However, the American Farm Bureau Federation, a national lobbying group, said it was clear from the document that farmers would be expected to pay up. Using figures from the US Department of Agriculture, it calculated that any farm or ranch with more than

25 dairy cows, 50 beef cattle or 200 pigs would emit more than 100 tons of carbon equivalent per year, and therefore be required to pay for a "pollution permit" if new rules were adopted.

It said fees could reach \$40,000 (£27,000) a year for a medium-sized holding. Mark Maslyn, the federation's executive director of public policy, claimed that more than 90 per cent of US meat and dairy producers would be affected.

"Most livestock and dairy farmers would not be able to pass along the costs incurred under this plan," Mr Maslyn said. "The steep fees would force many producers out of business and the net result would likely be higher costs for milk, beef and pork." He added that the proposed rules would not be effective because of increasing pollution elsewhere.

"Reduction of a ton of greenhouse gases anywhere will make a difference, but if a ton is removed in Iowa and replaced by a ton in China, then no net effect occurred," he said.

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