USDA: BSE Case Confirmed Dairy Cow Not in Food Chain

SUMMARY: USDA confirmed Tuesday that BSE was found in a California dairy cow at a rendering facility. The animal did not enter the food chain.

WRITTEN BY KATIE MICIK, DTN MARKETS EDITOR

OMAHA (DTN) -- A dairy cow in central California tested positive for bovine spongiform encephalopathy (BSE), USDA announced Tuesday at a press conference. The animal is being held under California state authority at a rendering facility and will be destroyed. USDA said the cow never entered the food chain.

“It was never presented for slaughter for human consumption, so at no time presented a risk to the food supply or human health. Additionally, milk does not transmit BSE,” USDA Chief Veterinary Officer John Clifford said in a statement.

The rumor of a new case caused the live cattle futures market to close limit down, but the beef industry and government officials say the detection shows that prevention and surveillance programs are working.

“The beef and dairy in the American food supply is safe and USDA remains confident in the health of U.S. cattle,” Agriculture Secretary Tom Vilsack said in a statement. “The systems and safeguards in place to protect animal and human health worked as planned to identify this case quickly, and will ensure that it presents no risk to the food supply or to human health. USDA has no reason to believe that any other U.S. animals are currently affected, but we will remain vigilant and committed to the safeguards in place.”

USDA also noted the sample was positive for atypical BSE, a rare form of the disease not generally associated with an animal consuming infected feed. Two of three prior U.S. cases were also atypical strains. While there have been more than 130,000 cases of classical BSE worldwide, there have been roughly 60 cases of atypical BSE, said Texas Tech University epidemiologist Guy Loneragan.

California Department of Food and Agriculture Secretary Karen Ross said in a statement that CDFA vets are working with USDA to determine if other cows are at risk.

“Feed restrictions in place in California and around the country for the last 15 years minimize that risk to the greatest degree possible. We will provide additional information about this case as it becomes available,” Ross said. The infected cow’s age, herd size and location is still unavailable.

Loneragan said the epidemiological investigation will trace the animal back to its herd of origin, identify its year of birth and identify all calves born in that same herd that year. USDA will then find and monitor any living cattle for signs of disease. He declined to speculate on how long that process will take.

Dennis Luckey, executive vice president of Baker Commodities in Los Angeles, told The Associated Press on Tuesday that the disease was discovered at its Hanford, Calif., transfer station when the company selected the cow for random sampling. The company does not yet know which farm the cow came from, he told AP.

The case announced today is the U.S.’s first case of BSE, also known as mad cow disease, since a cow in Alabama tested positive in 2006. In December 2003, USDA announced the
first case in the United States and the prices of cattle and beef tanked, derailing exports as countries banned imports of U.S. beef.

Live cattle futures were trading near unchanged early in the day, but around 11:15 prices quickly began to erode as rumors spread, DTN Analyst Rick Kment said. Futures “did not make a fatal swoop to limit-down losses instantly, but progressively worked that way through the last hour and a half of trade.”

The selling pressure pushed June live cattle futures below support values, adding technical selling pressure on top of the rumor. June closed at $111.57 cwt, down the 300 limit. All contracts through December 2012 closed limit down.

Clifford’s statement described safeguards USDA put into place to protect the food supply, such as banning specified risk material like brain matter and spinal cords, keeping nonambulatory or “downer” cows from the food supply and the FDA ban on ruminant material in cattle feed. The World Organization for Animal Health (OIE) formally classified the U.S. as a controlled-risk country for BSE in 2007, which means U.S. regulatory controls create interlocking safeguards.

“This detection in no way affects the United States’ BSE status as determined by the OIE,” Clifford said. “The United States has in place all of the elements of a system that OIE has determined ensures that beef and beef products are safe for human consumption: a mammalian feed ban, removal of specified risk materials, and vigorous surveillance. Consequently, this detection should not affect U.S. trade.”

Tom Talbot, National Cattlemen’s Beef Association chairman of the cattle health committee, said the U.S. beef community, animal health experts and USDA have been collaborating for 20 years to prevent BSE from taking a hold in the U.S. herd.

“USDA’s ongoing BSE surveillance program tests approximately 40,000 high-risk cattle annually, bringing the total of tested animals to more than 1 million since the program began. BSE is fast approaching eradication worldwide,” Talbot said. “The bottom line remains the same -- all U.S. beef is safe.”

The 40,000 cattle tested each year typically are the ones that die on the farm, are taken to a rendering plant for slaughter or exhibit extreme signs of sickness, Loneragan said.

The surveillance and prevention techniques used by USDA are designed around OIE protocol, and Loneragan said that as more nations adopt those guidelines -- which are continually updated in accordance with new scientific discoveries -- he thinks there will be less disruption of trade.

“But the effect on trade remains to be seen. USDA officials stressed that they don’t expect any countries to ban U.S. beef. Colin Woodall, NCBA vice president for government affairs, said the beef industry group has been in touch with some foreign buyers and right now there hasn’t been any reaction to the news, which he thinks is a good sign.

In the past, BSE cases have caused large disruptions in global beef trade.

Beef exports in 2011 increased 22% over 2010 to cross the $5 billion mark for the first time. Export growth was expected to continue, although not at the rapid pace seen in 2010 and 2011. At the National Cattlemen’s Beef Association meeting in February, a handful of analysts estimated exports would grow between 5% and 10% in 2012.
Compare that to 2003. The U.S. set a record for value that year, exporting $3.19 billion and 9.6% of beef produced in the U.S. was exported. In 2004, the U.S only shipped $631 million, or 1.9% of beef produced here, according to USDA data.

Subsequent cases, like the ones in 2005 and 2006 didn’t have as much effect on prices or market access, said Joe Schuele, communications director for the U.S. Meat Export Federation. Yet it took beef exports until 2008 to cross back over the $3 billion mark.

The news also threatens to delay a delicate negotiation with Japan over acceptable age limits in U.S. beef. For the first time since the 2003 BSE case, the U.S. has been in formal conversations with Japan about raising its age restrictions on imports of U.S. beef from 20 months to 30 months. Schuele said it was too early to comment on whether the new case would affect those negotiations.

“Let’s just say the whole process has been like pulling teeth,” said DTN Livestock Analyst John Harrington about the negotiation process with Japan. “This is probably going to create another speed bump, but I’m not terribly discouraged yet.”

While all of the details aren’t known yet, Harrington noted BSE is a rare disease in cattle. According to USDA, there were only 29 worldwide cases of BSE in 2011, a 99% reduction since the peak in 1992 of 37,311 cases.

Loneragan noted that scientists still don’t know what causes atypical BSE, but the strongest theory is that it’s a spontaneous event that occurs in older cattle, with potentially a genetic link. Most, but not all, atypical cases have been found in cattle older than 30 months, he said.

What’s even rarer than atypical BSE is its human counterpart, variant Creutzfeldt-Jakob disease. According to the Centers for Disease Control and Prevention, three cases of the variant type of Creutzfeldt-Jakob disease, which is related to BSE, have been found in the U.S. The CDC ascribes the country based on initial onset of symptoms, not where the suspected exposure occurred. Of the U.S. cases, CDC said two were exposed in the United Kingdom and the other was exposed in Saudi Arabia. That data was last updated in 2008.

Harrington said he thinks Japan, countries on the Pacific Rim and across the globe are realizing that the BSE associated with Creutzfeldt-Jakob disease is exceedingly rare and linked primarily to exposure to tainted feed.

“I don’t think BSE is the flashpoint it was 10 years ago. Why? Just because a lot of the most dire predictions of disease have not developed. Sure we don’t like to see it, but I just don’t think it’s the end of the world. The market will chew this over and spit it out in the next couple of days. Hopefully.”

Katie Micik can be reached at katie.micik@telventdtn.com

Click here to view our webinar analyzing the latest USDA reports.