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### What's technology got to do with it?



Digital handshake



Trading by numbers



What's technology got to do with it?



And the losers are....

This is another story about globalisation, and the kind of fierce protectionism it provokes.

Since the BSE scare reached it in 2003, Canada has been in a position where it has to fight for its meat industry on several fronts.

South Korea, which has barred Canadian beef from entering the country on the grounds of "BSE risks" since May 2004, still refuses to lift its ban. This is despite the [World Trade Organization \(WTO\)](#) declaring Canada as a "controlled risk" country since 2007.

South of the border, the US's [Country of Origin Labelling \(COOL\)](#) law is threatening to put the Canadian hog and cattle producers out of business.

Canada claims that COOL, a law which requires retailers to inform customers where their food products originate, would encourage the US consumers to discriminate against foods that are not US in origin.

Mexico, having long suffered an image problem in the US - its most recent bad press being the [swine flu](#) - naturally sides with Canada.

#### Digital handshake



It's not that there isn't any way of establishing trust among these trading partners. At least, on the technological front, a solution has already been proposed

Food travels fast up and down the continent. And with it, the associated diseases and harmful particles.

So a few years back, USDA introduced the voluntary [National Animal Identification System \(NAIS\)](#) scheme. The desire is to hurry the US agricultural industry along towards greater transparency in its supply chain. The objective is to provide all the stakeholders in the chain, from the producers to the retailers, a more accurate means of tracking and tracing the movement of food products derived from animals.

This is not a new concept. In supply chain and logistics, electronic tracking and tracing was originally implemented to establish trust between two business partners.

This 'digital handshake' runs on the premise that the manufacturer needs to budget accurately on the amount of raw materials it needs for production. The supplier doesn't want to get fined for delivering the raw materials too late, and therefore risk losing its business.

#### Trading by numbers

Once a technology is identified for supply chain transparency purposes, it is then essential to have harmonised standards in place.

Independent supply chain initiatives have already endorsed the use of ISO 3166, or country code numbers, for worldwide tracking purposes. Canada is assigned the code number 124. South Korea, 410.

Hypothetically, if both nations subscribe to ISO 3166, and also adhere to the [Global Trade](#)

[International Number \(GTIN\)](#) protocols defined by GS1 for identifying the commodities involved, South Korea and Canada can have the peace of mind of knowing exactly what is imported and exported between the two countries, and where exactly the items are located in the supply chain.

#### What's technology got to do with it?

Unfortunately, technology won't solve the problem. Because this is not a problem about technology. It's a problem about people and their livelihoods.

South Korea will not risk the wrath of its own cattle producers (read: voters). It has a domestic industry to protect. So it says no to Canadian beef. Canada will just have to take its complaint to WTO and hope for the best.



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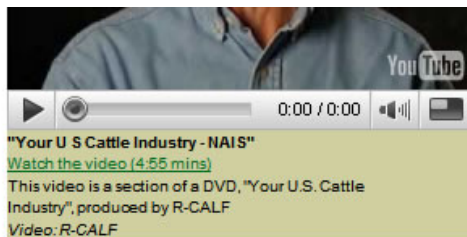
#### What's technology got to do with it?

Published: 27 Apr 2009

Technological measures are in place to guarantee total transparency in the food supply chain. But the problem faced by the food agencies in implementing them is political, not technological. [read more...](#)

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Similarly in the US, the cattle farmers are not buying into ISO 3166 either. R-CALF, the US cattle association which has been lobbying hard for COOL for protectionist reasons, is having none of the country code system, and NAIS, too.

R-CALF's argument against animal tagging is not unfounded. If the automated ID concept is to benefit all of the stakeholders throughout the supply chain, why should the cattle farmers alone foot the bills for implementing and maintaining animal tagging?

NAIS, R-CALF insists, is something that is misrepresented "as food and safety issues to conceal USDA's lack of food and safety laws at the slaughterhouse itself".

R-CALF's President of the Board of Directors, Max Thornsberry, says that even his 10-year old grandson can [track down a satellite photo of his farm](#), his physical address and other contact details without the help of NAIS. The method is called "Google".

And he has an interesting opinion on microchip implants as well – another form of electronic auto ID endorsed by USDA. If the cow tag is cumbersome to use, the microchip is even fiddly, he says. It's tiny, it has to be surgically implanted, it moves around in the animal's body, and the friction might lead to "tumours" in the animal.

Mr Thornsberry belongs to the American Veterinary Medical Association (AVMA), in 2007, the American Veterinary Medical Association (AVMA) told *Animal Pharm* that jumping to conclusions about "foreign body-induced tumours ...is inappropriate" (*When the chips are down, December 2007*). Chip implants are essential in identifying companion animals, the association told us. Mr Thornsberry's statement, therefore, contradicts the AVMA's official line.

Automatic identification, R-CALF says, is an excuse for "meatpackers to police themselves".

R-CALF's stance is not unusual. In the last few decades, countries have grouped together to form 'trade blocs' where they can trade freely across borders - as long as they follow an agreed set of standards.

The premise is pretty much the same: the freedom of movement of people, goods and money within the bloc. Tariff, a mechanism created to protect, in particular, domestically produced goods, will not be employed as much in this economic model.

The United States, Canada and Mexico have now embraced the 'trade bloc' philosophy via *NAFTA*. Perhaps the US cattle farmers don't want to end up like the European Union (EU) farmers.

The ones who benefit the most from this free trade model, we now discover, are multinationals. Like the meatpackers R-CALF rails against.

### And the losers are....

But if the US farmers put themselves in the shoes of the Canadian farmers, they'd understand that the latter are also having a similar problem with "the meatpackers".

At the height of its BSE crisis in 2003, Canadian cattle farmers had to sell their animals to meatpackers such as Tyson Foods and Cargill at a discount, and then had to watch the meatpackers make handsome profits off the safe, disease-free meat.

It will be some time before we know the outcome of the complaints Canada put forward to WTO regarding COOL and South Korea.

It also remains to be seen if USDA will give in to R-CALF and scrap NAIS altogether. But with the swine flu crisis raging on at the moment, it looks like NAIS still have a future.

But we know for certain who the losers are right now.

The consumers are broke, no thanks to the recession. It's bad enough that the majority of them, who are getting increasingly urbanised across the globe, can no longer grow their own food.

Food prices show no sign of falling, even after the decline of fuel prices. Now consumers are forced to spend most of their earnings on food than other goods.

This is ironic considering that 'free trade' was a concept originally created to protect consumers and manufacturers from the protectionist actions of farmers and landowners in the 1800s.

In United Kingdom, for instance, the origin can be traced back to the Corn Laws, a protectionist measure which led to what we could call the country's first documented food riot in Manchester in 1815, 'the Peterloo massacre'. And it took a potato famine in Ireland before the government decided to have the laws scrapped, and go down the free trade route.

But more than two centuries later, nothing much has changed. At least for the consumers.

Contact:

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We know for certain who the losers are right now