



December 29, 2003 7:39 p.m. EST

MAD COW HITS THE U.S.

U.S. Mad-Cow Fears Focus on Canada

**Countries Aren't Lifting
Bans on American Beef;
Consumer Concerns Mount**

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The discovery that the U.S. cow with mad-cow disease might have come from Canada two years ago, when she was likely already sick, allows the administration of President George W. Bush to shift blame northward, but it changes little about the problems for the U.S.

The cow's possible connection to Alberta doesn't ease concerns about the probability other cattle with the fatal brain-wasting disease are in the U.S. In recent years, Canada shipped more than one million cattle annually to the U.S.

As a result, none of more than 20 trading partners have yet given any sign of lifting the bans they imposed on the importation of U.S. beef products valued at \$3 billion (€2.41 billion) annually. The trading bans began Tuesday when the U.S. Department of Agriculture announced a brain sample of a Holstein dairy cow from Washington state had tested positive for mad-cow disease.

Mad-cow disease, which is properly known as bovine spongiform encephalopathy, creates holes in the brains of infected cattle. The conventional wisdom is that people can catch a similar form of the disease, known as variant Creutzfeldt-Jakob disease, by eating beef products containing infected nervous tissue, such as the spinal cord or brain.

For U.S. consumers, their immediate concern is that the government seems unable to recover the vast majority of the meat that came from the infected dairy cow, which isn't surprising considering that most recalled fresh meat is never recovered. The cow was slaughtered on Dec. 9 with 20 other cattle at a meatpacking plant in Washington state and quickly turned into hamburger, which was distributed to retailers in eight states and one territory: Alaska, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon and Washington state.

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MAD COW HITS THE U.S.

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Regulators learned of a problem on Dec. 22 when a brain sample from the cow tested positive at a federal laboratory in Iowa. The Agriculture Department announced a recall on Dec. 24 of all of the 4,685 kilograms of meat made at the plant on the day the cow was slaughtered. But by then, the meat had scattered across the West, and presumably much has been eaten.

Kenneth Petersen, who heads regulatory operations for the Agriculture Department's meat-inspection service said Sunday that any danger from eating the meat is almost "zero" because it shouldn't contain any of the material that regulators say is the vehicle for the mad-cow infection. The plant, following federally mandated procedures, removed the brain and spinal cord of the infected cow and kept it apart from the meat, according to Dr. Petersen.

The U.S. retailers involved in the recall include supermarket chains such as **Safeway Inc.**, which isn't related to Safeway PLC of the U.K., **Albertsons Inc.** and **Kroger Co.**, as well as small, family-run retailers of Asian and Mexican food.

The economic cost of the mad-cow discovery in the U.S. is mounting. The trading bans, which began Dec. 24, are battering U.S. ranchers as well as the U.S. meatpacking industry, which has 44,000 metric tons of beef stranded on ships with no place to go. The canceled orders are forcing many plant operators to reduce the hours of thousands of employees as they buy fewer cattle, which in turn is helping speed lower the prices ranchers reap for their animals.

The prices of cattle-futures contracts at the Chicago Mercantile Exchange plunged by their permissible limit of three cents a pound on Friday, or 3.3%. Under emergency rules designed to help frightened investors get out of the market, cattle-futures prices can drop by as much as five cents a pound Monday.

Some farm economists worry U.S. cattle prices could easily fall as much as 25% during the next few weeks.

Regulators in both the U.S. and Canada are investigating whether the infected cow found in Washington state originated from a farm near Alberta's capital of Edmonton. Among other things, investigators will compare the DNA of a sample of the Washington cow with the semen of Canadian bull suspected of being her father.

A determination that Alberta is the birthplace of the infected U.S. cow would sharply increase the

potential scope of the economic fallout of the mad-cow discovery to include Canada, which had barely begun to recover from the financial blow inflicted by the announcement in May of its first homegrown case of the disease.

That infected animal was an Angus beef cow raised on a farm in Alberta. Cattle prices in Canada sank then by two-thirds as the rest of the world closed their doors to its beef, half of which is raised for export. If a link is made to Alberta, it will probably take even longer for Canadian exports to resume to many of its trading partners.

About 10% of U.S. cattle are raised for export.

Animal-health authorities have long speculated that Alberta would be the epicenter of any mad-cow outbreak in North America. Canada imported British cattle in the 1980s, when mad-cow disease was silently ravaging herds in the U.K. Many of those imported cattle ended up in Alberta, Canada's biggest ranching province. When those animals died, the inedible scraps from their carcasses were rendered into protein supplements for livestock feed, which would have allowed any infectious material to reach more cattle.



The discovery of the infected Angus cow in May in Alberta was a strong sign infectious material did spread through the livestock feed industry, as would be conclusive proof that the dairy cow in Washington grew up in Alberta.

That is worrisome for the U.S. because that means other Canadian cattle could be infected and its border with Alberta has been wide open to trade of both cattle and livestock feed under free-trade agreements that date back 14 years. Indeed, the milk-producing belt of Washington state has long imported dairy cattle from Canada.

The Bush administration, which is under strong pressure from ranchers and meatpackers to do everything possible to get the trade bans lifted, dispatched a team during the weekend to Tokyo led by David B. Hegwood, the Agriculture Department's trade counsel who spends much of his time dealing with Europe's complaints about U.S. crop biotechnology.

If the U.S. government can prove the infected cow was born in Canada, it can appeal to international animal-health regulators for the U.S. to keep its mad-cow-free status. While that status would technically remove the grounds for import bans, the code -- which is maintained by the World Organization for Animal Health in Paris -- is voluntary.

Indeed, the findings so far haven't swayed the minds of officials in Japan, which has been importing about \$1 billion worth of U.S. beef annually. They have been worried for months that U.S. beef might be contaminated by mad-cow disease from Canada, so much so that they already had insisted that the beef Japan buys from the U.S. not have any Canadian ties.

Japan, which is coping with a two-year-old outbreak of mad-cow disease in its own herds by testing all cattle at slaughter, is sending a team to the U.S. to investigate the situation.

The European Commission said the origins of the infected cow would have no effect on the European Union's policy toward U.S. beef imports. Ewa Hedlund, a commission spokeswoman, said the EU already had stiff regulations in place on beef coming from North America, including a guarantee from the industry that beef was carefully vetted for diseases such as mad-cow disease. She added that the EU hadn't been affected by the recent case of mad-cow disease in the U.S. as EU imports of beef from the U.S. are so small; EU imports of U.S. beef are severely restricted because the commission bans U.S. meat products containing growth hormones. U.S. beef accounts for roughly 1% of EU beef imports, she said.

The answers to questions that could help trading partners determine the severity of the U.S.'s mad-cow problem, such as the source of the infection and whether other cattle were exposed, are still far from clear.

Based on a silver metal ear tag taken off the U.S. cow at the plant where she was slaughtered, investigators suspect that she was born in Canada in April 1997 and then crossed the U.S. border at Idaho in August 2001 with a group of 73 other dairy cattle.

The group arrived at a dairy facility in Washington state, which in October 2001 sold the cow carrying the disease to the dairy farm. Federal investigators are trying to track down the 73 other cattle for fear that they, too, might have been exposed to the disease.

Milk and other dairy products aren't thought to transmit the disease to humans.

Officials in the U.S. and Canadian are trying to sort through discrepancies in their records of the dairy cow. For example, records in the U.S. suggest the infected cow was only 4½ years old while Canadian records suggest she was 6½ years old. Canadian officials said the cow's identity will have to be settled by DNA analysis.

Knowing her age is crucial to tracking when she was infected and thus to the source that might be contaminating other cattle. The disease usually incubates for four to five years before becoming noticeable. As cattle typically catch the disease by eating feed contaminated with the processed remains of infected cattle, it's possible that cow's herd mates carry the disease, too.

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Updated December 29, 2003 7:39 p.m.

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