



COMPARTMENTALIZATION - CREDIBLE WAY FORWARD

Building consensus to maintain global trade during a disease crisis



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The recent global outbreaks of poultry diseases, principally avian influenza, show how crucial it is to implement standards between trading partners to ensure trade can be maintained during future outbreaks. Dealing with these outbreaks highlights a concept outlined by the World Organization for Animal Health (OIE) in its Terrestrial Animal Health Code (Code) - compartmentalization.

"The concept has been a part of the Code for years. Until H5N1, it

didn't get the consideration it is now," according to Dr Alex Thiermann, president of the Terrestrial Animal Health Code. This strategy deals with separating subpopulations of animals through strict biosecurity, rather than the traditional zoning.

Compartmentalization offers the opportunity to continue trading from free compartments during periods of disease outbreak in a country or zone, through adherence to strict biocontainment procedures, record keeping and trading partner agreement. A compartment is defined in the Code as "one or more establishments under a common biosecurity management system containing an animal subpopulation with a distinct health status with respect to a specific disease or specific diseases for which required surveillance, control and biosecurity measures have been applied for the purpose of international trade."

Historically, when outbreaks of reportable animal diseases occurred, the entire country with the reported disease would be embargoed by other countries. The stoppage of trade could apply to all products related to that industry - for poultry it could include meat, hatching eggs, day-old chicks, and adult birds. In a modelling project completed by the Food and Agriculture Organization of the United Nations (FAO), a hypothetical outbreak of avian influenza resulting in a six-month halt in exports would depress US

domestic poultry meat prices by almost 7% and in Brazil by close to 10% while the EU would see a 4% reduction.

A global consumer shift away from poultry of only 10% would cause a 6.7% reduction in global poultry prices, increasing pork and beef prices by up to 18% in certain regions. In addition, primary breeding stock would also be stopped at the borders - a major concern in the US where the principal production units of a majority of the primary breeding companies are located.



Dr Alex Thiermann

According to the Primary Breeders Veterinary Association (PBVA), approximately 70% of the worldwide commercial poultry production depends on the primary breeding companies based in the US. Concurrent disruption of the export of breeding stock would prolong the decrease in global supply of poultry meat and exacerbate product availability after consumer confidence and poultry consumption return to normal.

Need for industry support

says Cobb president Jerry Moye

For many years the global poultry industry has dealt with occasional outbreaks of Newcastle disease and avian influenza and their corresponding trade issues. The breadth and scope of the H5N1 AI problem in the world over the last two to three years has brought these situations to magnified levels.

Individual countries have taken action to protect their industry so aggressively that they have found themselves short of supply. OIE's recent development of a Compartmentalization platform is a step that we, at Cobb, believe the world industry needs to support. The proposed concept offers both a way to provide third-party certification of



disease status and agreed standards for reporting and operating to enable trade to continue in times of disease outbreak and quarantine.

I hope you will read this article and consider the possibilities that Compartmentalization can offer our industry.

To alleviate country-wide trade restrictions, zones (regionalization) and compartments are defined in OIE Code. Zones are defined areas of a country where the subpopulation is separated through geographical barriers and has completed necessary surveillance, biosecurity and management with regard to a certain disease as enforced by the competent animal health authority in that country. Among many member countries, zones are currently recognized with respect to several reportable diseases.

In comparison to the zoning strategy, compartmentalization allows for segregation of integrated production units within a country on the basis of biocontainment measures. An example of a potential compartment would be all the production units in an individual primary breeder complex. Compartments would be established and managed by the private poultry industry, according to an approved biosecurity plan, with auditing by the competent animal health authority.

Dr Michael David, US representative to the OIE, explained these differences between zone and compartment in a presentation in January at the International Poultry Expo, concluding: "This idea of compartment is not easy; it takes a lot of work. It has to be sold beforehand, and then you can go back to the agreed-to-beforehand situation (when disease occurs)." Establishing operations as compartments elevates the poultry industry to a higher level of biosecurity and health status. According to Dr Kate Barger, PBVA president, "This alternative provision (compartmentalization) could be vital to the domestic and international movement of our valuable genetic stock during inopportune moments of animal health crisis."

A recent publication in the 2006 OIE bulletin, titled 'Concept of Compartmentalisation,' was used to develop "a guidelines document on compartmentalization, which is



Dr Kate Barger

part of the latest Code Commission report and which is being presented to the members for consideration for the first time at this General Session (May 2007) ...and should become an appendix to the Code next year," according to Dr Thiermann. The article outlines the steps countries need to take to establish compartments within their industry. To evaluate and recognize compartments within animal industries, the authors recommend the achievement of seven factors:

- 1) Define the compartment following the definition in the Code along with additional disease specific factors.




- 2) Epidemiological separation of the compartment from potential sources of infection through biosecurity; physical, spatial or location factors that affect the status of biosecurity in the compartment; and identification and registration.

- 3) Record-keeping for the compartment should contain

OIE key player in protecting animal health worldwide

The OIE is the global organization, representing 168 countries, overseeing concerns related to reportable animal diseases.

The initials OIE come from the name of the organisation when it was established in Paris in 1924 as the *Office International des Epizooties* initially involving 28 countries. Its formation followed an unexpected outbreak of rinderpest in Belgium as a result of zebus transiting via the port of Antwerp en route from India to Brazil.

Today its purpose includes ensuring transparency in the global animal disease situation; encouraging international solidarity in the control of animal diseases; within its mandate under the World Trade Organization Sanitary and Phytosanitary agreement, publishing health standards for international trade in animals and animal products; and improving the legal framework and resources of national veterinary services. 

evidence that the biosecurity, surveillance, traceability and management practices support the established compartment.

4) Supervision and control of the compartment should be developed through cooperation of industry and government veterinary services.

5) Complete surveillance for the agent or disease that complies with the General Guidelines for

7) Reporting from industry and the veterinary authority must be prompt and accurate to minimize risks from outbreaks.

The authors also propose a recommended approval process for compartments. Once a compartment is established following the seven factors and formally evaluated by the member country, the compartment is identified as a 'free compartment.' The member country then

provides this information to their trading partners, separating that particular enterprise as a compartment for international trade purposes. The trading partners will determine if they accept the exporting country's designation by examining validity of the exporting country's veterinary services, the compartment definition, the importing country's disease status and OIE Code. If the two countries agree on this particular compartment, they could enter into a formal agreement defining the compartment and

Surveillance in the Code and any specific guidance from OIE for the particular disease.

6) Diagnostic capabilities should be adequate to conduct surveillance and be audited by the national authority, with facilities complying with the OIE Manual for Diagnostic Tests and Vaccines.

allowing trade to continue from that compartment during periods of disease outbreak in the exporting country.

Through work by the PBVA in the US, new US Compartmentalized Certification for notifiable avian influenza (NAI) has been approved by the National Poultry Improvement Plan (NPIP). According to Dr

Barger, “We believe that the international acknowledgement of the NPIP US Compartmentalized Certification will bring greater recognition and approval to the health and biosecure status of our product.”

Once published as regulation, this certification will allow US primary chicken breeding companies to establish their operations as NAI free compartments. Annual audits by NPIP or Animal Plant Health Inspection Service (APHIS) will confirm that the primary breeding company’s establishments are epidemiologically closed through routine operational procedures and its effective implementation of the biosecurity management system. To gain this status, each operation will need a comprehensive biosecurity program that is well documented, providing clear evidence that the biosecurity, surveillance, traceability and management practices are adequate to meet the definition of compartment. Oversight of the program in each operation will be conducted by licensed and federally accredited poultry veterinarians, completing both biosecurity audits and clinical examinations.



Dr Andrew Rhorer


Qualifying operations must also comply with flock inspection and health certification requirements, each relevant NPIP disease classification for all flock subpopulations, and complete testing in NPIP authorized laboratories. According to Andrew Rhorer, NPIP senior coordinator, “No doubt this new classification will help the primary breeders, but no matter what we promulgate as US Compartmentalized in NPIP, we’ll still have to sell it to our trading partners - that it’s a credible program.” In the future,

the integrated chicken and turkey meat industries are likely to seek similar status under NPIP or APHIS. For primary breeding companies “they can establish biosecurity, and we can defend them - it will be more difficult for the commercial integrator sector to do that”, according to Rhorer.

In application, OIE is “seeing countries look at compartmentalization seriously”, according to Dr Thiermann. He explains that compartmentalization is “a concept that really shifts responsibility, involving new players - the private sector. For this concept to work and gain international credibility, veterinary services will have to be comfortable with the audits they perform and trust what the industry is doing.”

To aid countries in this process, OIE is working to further explain the concept and provide guidance in implementing compartmentalization in practice within their member countries. A new publication, ‘A practical checklist on how to apply compartmentalization to poultry in terms of Newcastle disease and avian influenza,’ was distributed to the members in May during the General Session.

A new level of communication, transparency and relationship management will be required between individual companies, government agencies and trading partners to give compartmentalization the robustness to maintain the confidence of the consumer and operate during times of challenge. Dr Barger emphasized this point: “Recognizing the political implications in many decision making processes, we hope pre-approval of primary breeder compartments and a scientifically-sound method, based on the biosecurity of the poultry operations, will enable us to mobilize our product without excessive delays.”

The primary breeder segment currently presents many of the biosecurity attributes and operational criteria for early adoption of compartmentalization to therefore establish the balance of effective disease control with the benefits for continued international trade for the global poultry industry. 

Italian labelling

The unilateral decision by the Italian government to identify all poultrymeat with its country of origin has been ruled illegal by the EU Commission.

Since 2005, poultrymeat and products on sale in Italy have had to be compulsorily labelled to show the country where the meat was first produced, along with the date of import – a move that would almost certainly strike a chord with the industries in many member states on the receiving end of imports.

Italy justified the new laws as a measure to counter avian flu, claiming that they would enable rapid identification of ‘suspect’ meat in the event of an avian flu outbreak in a specific country.

Brussels has reminded the Italian authorities that the EU already has its own veterinary safeguards in place to protect the public. It declared that forcing products to display the country of origin was potentially discriminatory, and a clear breach of the principles of the free internal market.

If the Italian government fails to comply with the ruling it could be brought before the European Court of Justice. 

EU farm ministers agree welfare compromise

Agreement was unexpectedly reached earlier in the summer on a revised AEU broiler welfare directive.


After the talks collapsed at the end of last year, it was widely thought that the EU’s long-awaited broiler welfare package would be put on the back burner by the German presidency.

However, a compromise deal was driven through at the start of May to overcome previous resistance by France and the Eastern European members in particular. The new rules will introduce a set of maximum stocking densities governed by standards of management, and leave individual member states free to impose higher welfare standards if they choose.

The basic maximum stocking density has been imposed at 33 kg/sq m (up from the proposed 30 kg) and there is a higher maximum of 39 kg (formerly 38 kg) if special welfare practices are adopted.

A new additional clause also allows a bonus 3 kg/sq m (making a maximum of 42 kg) if special welfare standards are adopted, with low mortality rates (under 4%) demonstrated over time.

The agreed package is seen as something of a retreat from the ideals of the original plan, with the ‘bonus’ rate designed to win the support of France, Poland and other reluctant member states. At the same time the opportunity to impose stricter standards was included to satisfy the welfare minded states such as the UK, Sweden and Denmark.


As well as stocking density, there are a variety of management practices that must be adopted. These cover the provision of proper ventilation; ammonia, temperature and humidity must be kept within certain limits; and there must be a period of ‘lights out’ to enable the birds to rest. 

Wheat shortage intensifies

Producers are reeling under the impact of rocketing feed costs as wheat leads the surge in raw material prices, with panic buying developing on world markets at the end of August.

Feed wheat prices continued to gallop ahead during the summer, especially in Europe, where by the end of August they had nearly doubled in little more than 12 months. Hamburg feed wheat, for example, had risen from €121 in June 2006 to €230 this August.

The global wheat market was already dependent on the current crop due to low world stocks, and the growing season has been badly afflicted by a succession of droughts and floods around the world. Demand for biofuels has also been intensifying the problem.

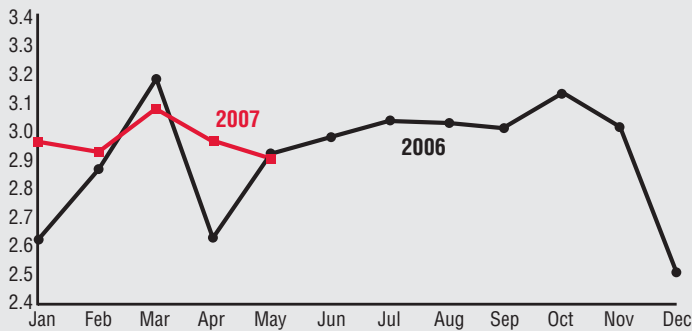
The International Grains Council has now forecast that there will be a 7 million tonne shortfall in wheat supplies for the 2007-08 season. 

MARKET TRENDS

Feed ingredient prices

National currency/tonne	Latest (June)	3 months ago (March)	6 months ago (December)	9 months ago (September)	Year ago (June)
US wheat (\$) soft red winter	213	169	194	163	141
US maize (\$) No 3 yellow corn	163	167	158	115	111
US soya (\$) No 2 yellowbeans	310	283	263	227	233
EU feed wheat (€) Nantes	161	151	147	140	116
EU feed wheat (€) Hamburg	157	151	147	136	121
EU feed wheat (£) UK - national average	100	92	91	80	76
EU maize (€) Nantes	165	154	155	138	126
S American soya (\$) Argentina/Brazil	290	270	263	227	225

EU female parent placings (m) 11 states



EU broiler prices

€/kg liveweight (except Denmark)

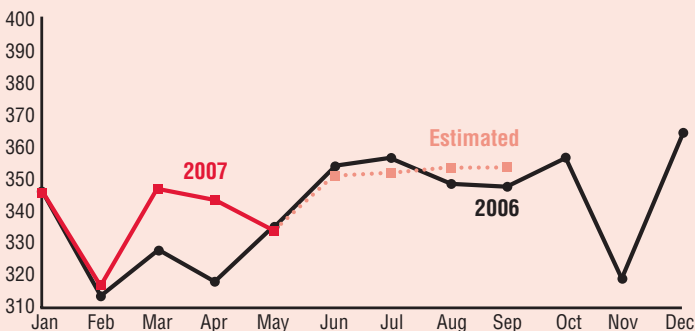
	Latest (June)	3 months ago (March)	6 months ago (Dec)	9 months ago (Sept)	Year ago (June)
Belgium	0.85	0.84	0.71	0.76	0.82
France	0.84	0.84	0.80	0.78	0.77
Germany	0.77	0.76	0.72	0.70	0.67
Italy	1.09	1.04	1.21	0.87	1.17
Netherlands	0.73	0.71	0.67	0.65	0.59
Denmark (DKr)	0.51	na	0.49	0.48	0.48

EU average wholesale chicken prices

per/kg, whole oven-ready chicken

	UK (€)	Germany (€)	Italy (€)	France (€)
Jul '06	1.43	1.75	1.94	1.97
Aug	1.48	1.75	1.92	1.92
Sep	1.42	1.77	1.75	1.89
Oct	1.40	1.81	1.53	1.85
Nov	1.42	1.83	1.71	1.85
Dec	1.43	1.87	1.97	1.85
Jan '07	1.36	1.92	1.99	1.85
Feb	1.43	1.97	1.78	1.85
Mar	1.42	2.02	1.73	1.86
Apr	1.47	2.08	1.83	1.91
May	1.47	2.16	1.94	1.98
Jun	1.48	2.28	2.04	2.00

EU-12 Broiler placings (m)



Exchange rates

	Current (Sept)	3 months ago (June)	6 months ago (March)	9 months ago (Dec)	Year ago (Sept)
\$ / €	1.36	1.34	1.33	1.32	1.27
€ / £	1.48	1.48	1.47	1.49	1.48
\$ / £	2.01	1.98	1.95	1.96	1.88

The market analysis is compiled with the help of Ken Randall, business editor of Poultry World.

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