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Executive Summary to
Update: Bovine TB and the U.S.-Mexican Cattle Industry in a Macro-Economic Context

In October 1993 the Institute published "NAFTA, Bovine TB and U.S. Importation of Mexican Feeder Cattle." Since then the Institute has received more information from both Mexican sources and from officials in the U.S. Department of Argiculture (USDA) that underscores the financial and technical challenges posed by bovine tuberculosis (TB). This update on the October report outlines some of the measures proposed in the last few months and actions taken previously by government and industry to reduce the incidence of bovine TB. As a result of these measures, the incidence of bovine TB in U.S. herds in Fiscal Year (FY [Sept. 30 - Oct. 1]) 1993 is less than in FY 1992. The report also analyzes the transmission of bovine TB to humans in Mexico and asks whether bovine TB poses a public health threat in the U.S. An attempt is made to interpret the economic significance of bovine TB eradication for Mexican farming peasants.

An important macro-economic context outlined in the report is Mexico's $131.9 billion foreign debt, three-quarters of which is owed to U.S. banks. The frequent need to renegotiate payments of interest on this debt in order to have access to foreign capital has lead to Mexican agreement to structural adjustment programs (SAPs) with the World Bank and International Monetary Fund (IMF).

The effects of successive structural adjustment measures on Mexican agriculture have included the privatization of public farming land, a sharp increase in the costs of agricultural production, a drastic reduction of agricultural credit and government technical assistance (including reduced veterinary services) to farmers and ranchers, and steadily falling farm earnings despite production increases. One group of researchers concluded in 1993 that "Mexico's countryside has undergone a process of 'demodernization' during the Salinas regime". In this context, measures proposed by the U.S. Animal Health Association to reduce bovine TB appear to have caused Mexican agricultural officials to predict the ruin of their feeder cattle export industry, and to threaten trade retaliation as recently as September 13, 1993. However, on October 1, 1993, Mexico voluntarily agreed to prohibit exportation of Holstein cattle, the cause of about 70% of recent increase in bovine TB incidence in U.S. herds.

Despite an inconsistency in available data concerning the incidence of bovine TB in Mexican herds, USDA and Mexican officials believe that bovine TB, particularly in the northern cattle exporting states, will be sharply reduced as a result of a five-year bovine TB eradication program announced by the Mexican government in late October. Since Mexican feeder cattle exports were the ninth largest source of exports earnings (approximately $450 million in 1992), successful management of bovine TB is a very important to maintaining Mexico's balance of trade and paying interest on its debt.

However, the head of Mexico's Bovine TB Eradication Campaign stressed that the primary goal of the Campaign is to reduce bovine TB as a public health threat. A 1992 report by the head of the Campaign stated that "during the last few years, a total of 15,210 cases of tuberculosis have been confirmed, of which it is calculated that between 5 and 8 percent have their origin in *M. bovis* [the bovine TB bacillus]", i.e. between 560 and 1216 cases of bovine to human TB transmission. There are few reported cases of such transmission in the U.S. However, an alarming worldwide increase of TB and an October outbreak of TB among Mexican migrants in Kansas, including meat packing plant workers, suggest an urgent need for epidemiological studies to trace the origin of the disease, in order to treat TB sufferers. Furthermore, the illegal importation of raw Mexican cream by a North Dakota creamery in January and the high incidence of bovine TB among Mexican dairy cattle points to a need for tighter inspection and customs controls under NAFTA.

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