



RESEARCH PAPER | Horse Slaughter Trends from 2006 through 2009

The Equine Welfare Alliance is an umbrella organization representing over 95 organizations and hundreds of individuals across the United States and several countries worldwide.

Prepared by John Holland based on statistics provided by Darrell Charlton, Jr.

Recent History

In 2007, all three of the foreign owned horse slaughter plants in the United States were shut down under Texas and Illinois state laws. The two Texas based plants, BelTex in Dallas and Dallas Crown in Kaufman, were closed in February when the 5th District court ruled that a 1949 law against selling horsemeat was valid and in force. The last remaining plant, Cavel International in DeKalb, Illinois, was closed in mid-September of the same year under a new state law making horse slaughter illegal.

Much has been written about the impact of these closings on equine welfare, abandonment and other issues. Groups in favor of reinstating horse slaughter have consistently claimed that "eliminating the slaughter option" had a severe negative impact on equine welfare, but the trends in slaughter since the US plants closed show this is impossible.

In 2008, a study was done by EWA researchers that looked at the relationship of slaughter to abuse in the period immediately following the closing of the plants. That paper found that there was not in fact a measurable nationwide increase in the number of cases of abuse and neglect between the closings and the end of the study period (March of 2008).

The paper did, however, demonstrate that there was a link between the number of equine abuse and neglect cases and the level of unemployment in Illinois. In its conclusions, the paper warned that, if the economy continued to slip deeper into recession, there could in fact be a negative impact on equine welfare.

Recent Trends

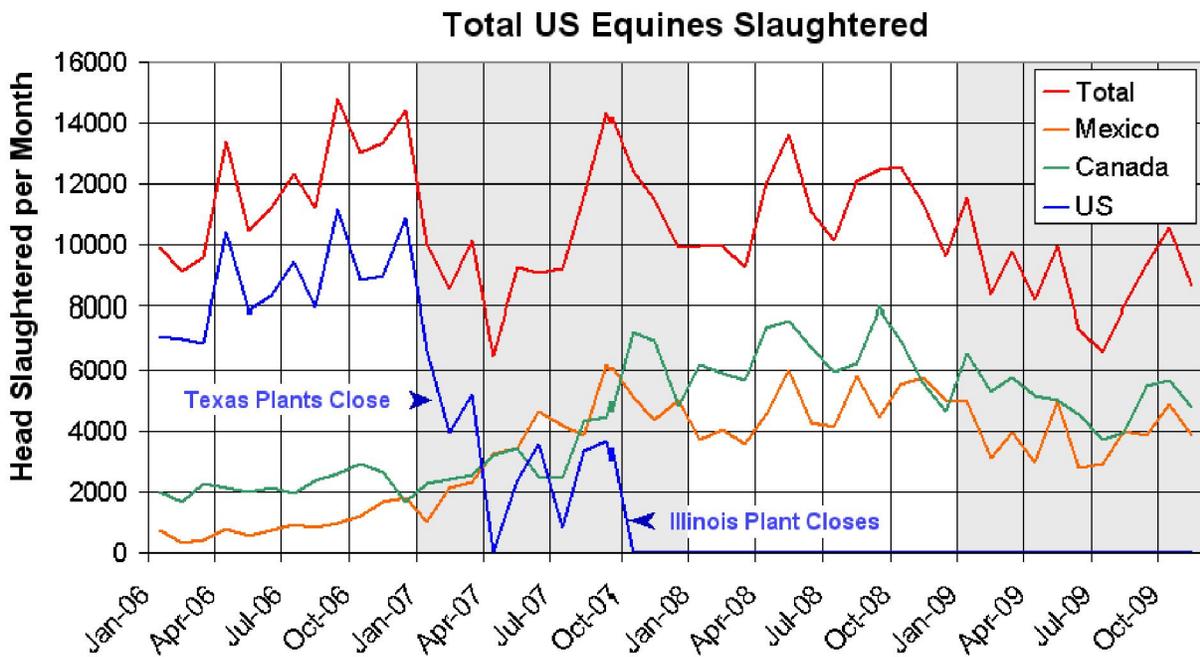
The purpose of this paper is to document the trends in slaughter since the closing of the US plants. It is not the purpose of this paper to replicate the findings from the earlier study, but simply to make available updated information about slaughter rates and horse meat market trends.

The US based plants were hardly taken by surprise when ordered closed. The two Texas plants had been fighting for their existence for some years. The Dallas Crown plant had also been

operating under a TRO (Temporary Restraining Order) after the Kaufman Board of Adjustments had ordered them closed for pollution and sewer violations. The Cavel plant had similarly been in violation of its sewer discharge limits for some time. And all three plants were facing a removal of federal meat inspectors.

As a result of these prolonged battles, the parent companies of all these plants had made arrangements to move their slaughter operations over the borders to Mexico and Canada. The graph *Total US Equines Slaughtered* shows just how quickly the slaughter industry shifted its operations.

The red line is the total number of American horses slaughtered domestically and through export. The blue line shows domestic slaughter and the orange and green lines show exports to Mexico and Canada respectively.



The time between January 2006 and December 2009 will be divided into four separate periods based on the conditions facing the industry.

During the first period, ending in February of 2007, all three plants were slaughtering horses. The trend had been upward since 2002 when total slaughter had been as low as 78,000.

The second period is that between the closing of the Texas plants and the closing of the final plant in Illinois. After the Texas plants closed there was a dip in the overall slaughter of American horses, but Canadian and Mexican exports quickly rose to fill the void.

By the time the Cavel plant closed in mid-September, exports had made up for the loss of production from the Texas plants. The Velda Group, owner of the Cavel plant, had made arrangements to have their slaughter operations move to the Natural Valley Plant in Saskatchewan, Canada.

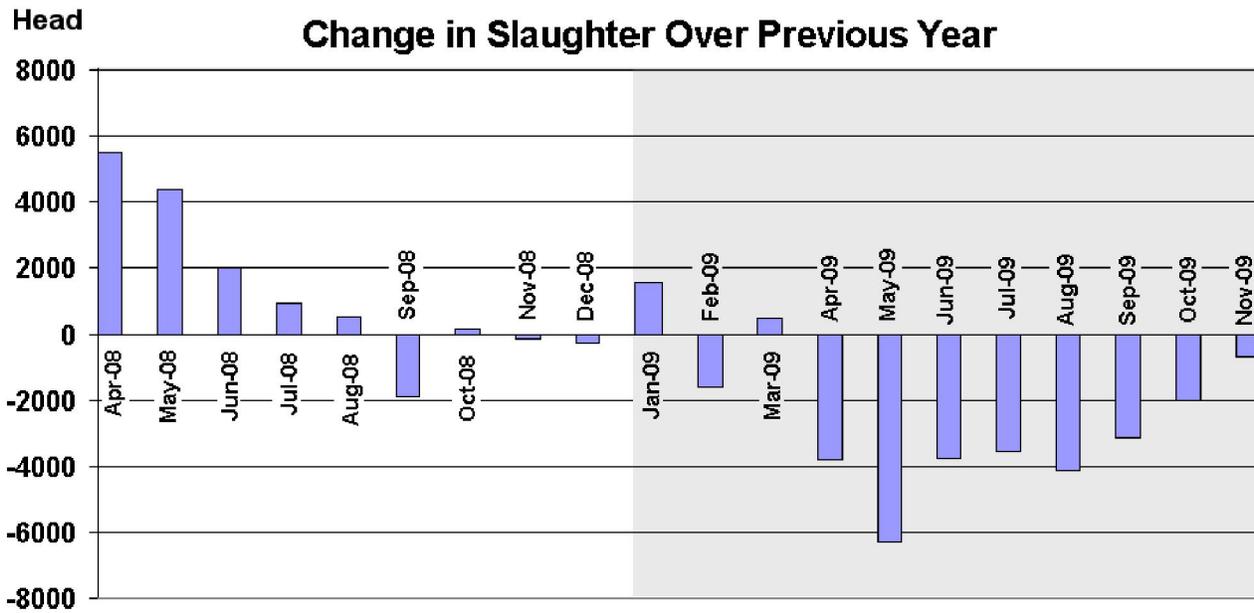
As a result of this seamless shift in operations, exports to Canada rose almost simultaneously with the drop in US slaughter during October of 2007. This transition brought total slaughter

numbers back to the pre-closing levels within an even shorter period than had happened with the Texas plants.

During the third period, between the closing of Cavel in September of 2007 and the Wall Street debacle a year later, slaughter remained more or less the same as it had been before the closings. In 2008 a total of 134,059 horses were slaughtered, making it the second highest year since 1995.

Following the Wall Street collapse, the number of horses being exported began to drop. For those who contend that slaughter serves as a relief valve for getting rid of excess horses, this should give one pause for thought. The trend is exactly the opposite of what would be needed with fewer horses being slaughtered as the economy declined and owners were placed under more economic strain to care for their horses.

The graph *Change in Slaughter Over Previous Year* shows this trend. The year-over-year comparison shows declining but positive growth until the last quarter of 2008. By the second quarter of 2009, slaughter began a strong downward trend which lasted through the end of the year.

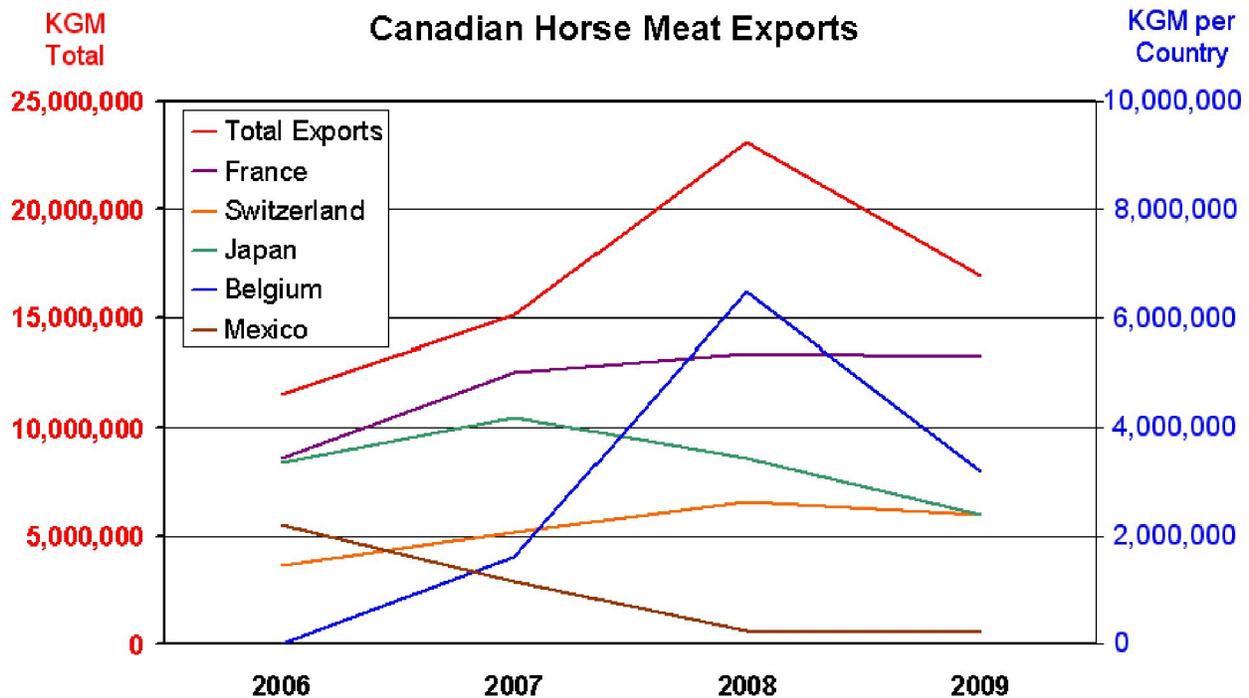


The Natural Valley Farms (NVF) plant went into receivership in late summer of 2008 and its operation was taken over by Velda Group who had until that time been contracting with the plant. At the beginning of 2009, the plant was shut down by the Canadian Food Inspection Agency. This action followed repeated violations and warnings from the CFIA. When it closed, NVF had sustained a loss of approximately \$42 million, leaving the residents of the area only a severely contaminated site to show for the investment.

The timing of the NVF closure coincided with the beginning of the decline in horse slaughter and it might seem obvious that the one was the result of the other. However, this is not the case because the other plants in Canada had adequate reserve capacity to fill the gap. More definitively, the same trend happened in Mexico where there was no such closing. The net drop for 2009 was 20% for Canada and 19% for Mexico.

The reduction in demand for American horses was in fact caused by a reduction in demand worldwide undoubtedly caused by worsening economic conditions. The graph *Canadian Horse*

Meat Exports shows this trend. The red line represents the total exports of Canadian horse meat and corresponds to the scale on the left. The other lines represent exports to specific countries and correspond to the scale on the right of the graph.



It is clear that Canadian exports of horse meat rose rapidly between 2006 and 2008 as a result of production being shifted from the US to Canada. But starting in early 2009 the trend reversed dramatically, resulting in fewer American horses being imported into Canada.

While Canadian horse meat exports to Belgium were the most significantly reduced, Switzerland and even Japan showed a downward trend. Only exports to France remained stable, and that is not likely to continue as horse meat consumption in France is declining.

Conclusions

Trends following the closing of the US plants show several unmistakable relationships. First, horse slaughter is clearly driven by demand and not by the number of available horses or even the slaughter capacity.

The reason that capacity is not a factor is simply that there are a large number of underutilized small and medium-sized slaughter facilities that can easily be converted from slaughtering cattle to slaughtering horses. Many of these facilities are standing idle because they are not capable of competing with the largest cattle slaughter operations.

Secondly, during hard economic times the demand for horse meat decreases while the supply of low priced horses is increasing. This means that horse slaughter is useless as a means of controlling surplus horses because it encourages their production in good economic times only to decrease its demand for them in hard economic times.

Finally, growing concerns over drug residues in American horses have caused the EU to impose stricter regulations on the traceability of slaughter horses. It is unclear whether this has yet to

be an influence on the importation of horse meat from Canada, but it is inevitable that it soon will be.

Starting in July of 2010, the EU will require that health records be presented for all horses slaughtered for export to the EU. These records must show that no prohibited drugs have been administered to these horses within 6 months. In three years, this requirement will be escalated to require that all slaughtered horses be electronically tagged from birth to provide lifetime records of their medications.

These restrictions will make American horses virtually ineligible for slaughter for the EU market unless raised specifically for slaughter. A proposed electronic tagging system that would have met the EU requirement (NAIS or National Animal Identification System) has been so unpopular in the US that the program was recently shelved.

Therefore, claims that the closing of the slaughter plants in the US was somehow responsible for declining horse prices or increased neglect are clearly and demonstrably false.

References:

USDA weekly domestic slaughter:

http://www.ams.usda.gov/mnreports/SJ_LS711.txt

(Since the two plants in Texas and one in Illinois ceased operation in 2007 due to state statutes these numbers have been zero.)

USDA weekly exports to Mexico:

http://www.ams.usda.gov/mnreports/al_ls635.txt

USDA monthly exports to Canada and Japan:

<http://www.fas.usda.gov/ustrade/USTExFatus.asp?QI=>

CFIA Annual horse meat exports from Canada:

<http://www.ats-sea.agr.gc.ca/stats/5034x-eng.pdf>