

# Public and Private Standards: Implications for Producers

Ron Knutson

Agriculture and Food Policy Center

Texas A&M University

# Standards are taking on new meaning

- Quality measure used in trading and pricing products

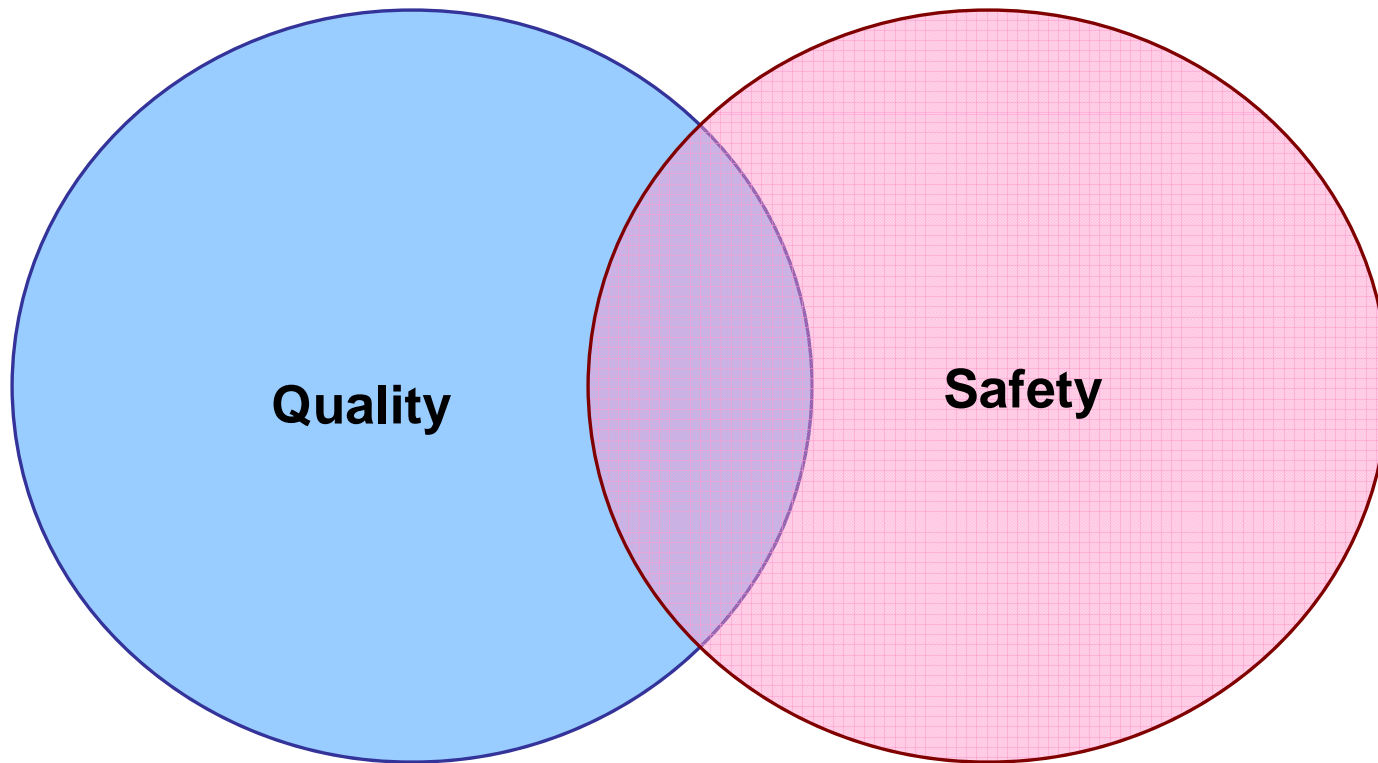
versus

- How products are produced

# New generation of standards: Questions to be addressed

- What forces are influencing the evolving Sanitary and Phytosanitary Standards (SPS)?
- Who is setting the standards?
- What are the key issues, and how are producers impacted?

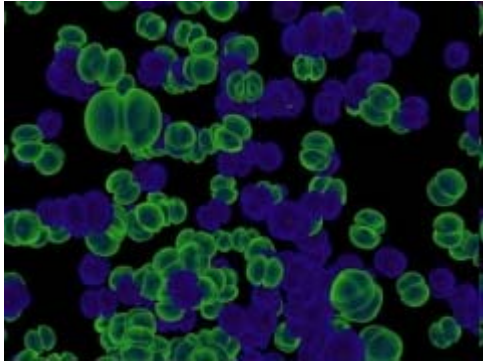
# Product standards have quality and safety components



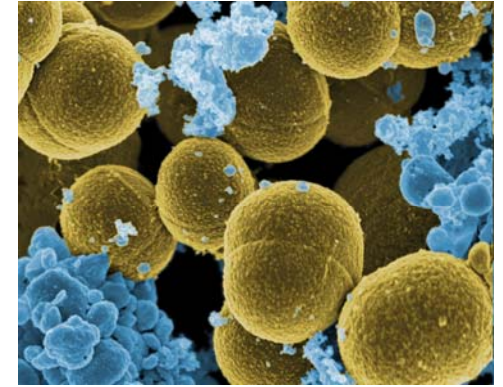
# Quality standards

- Price discovery aid
- Price reporting
- Commodity trading aid

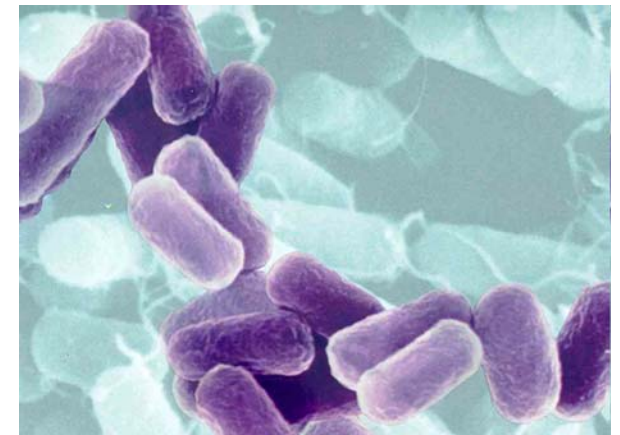
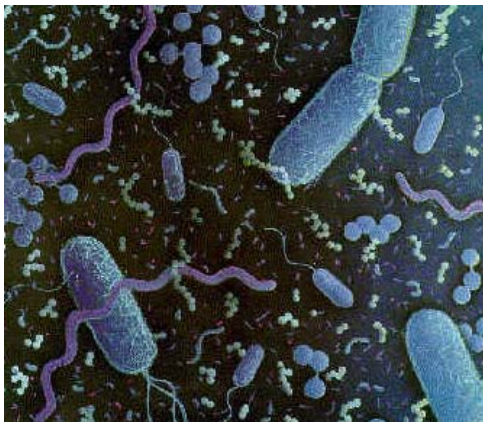




# Safety standard



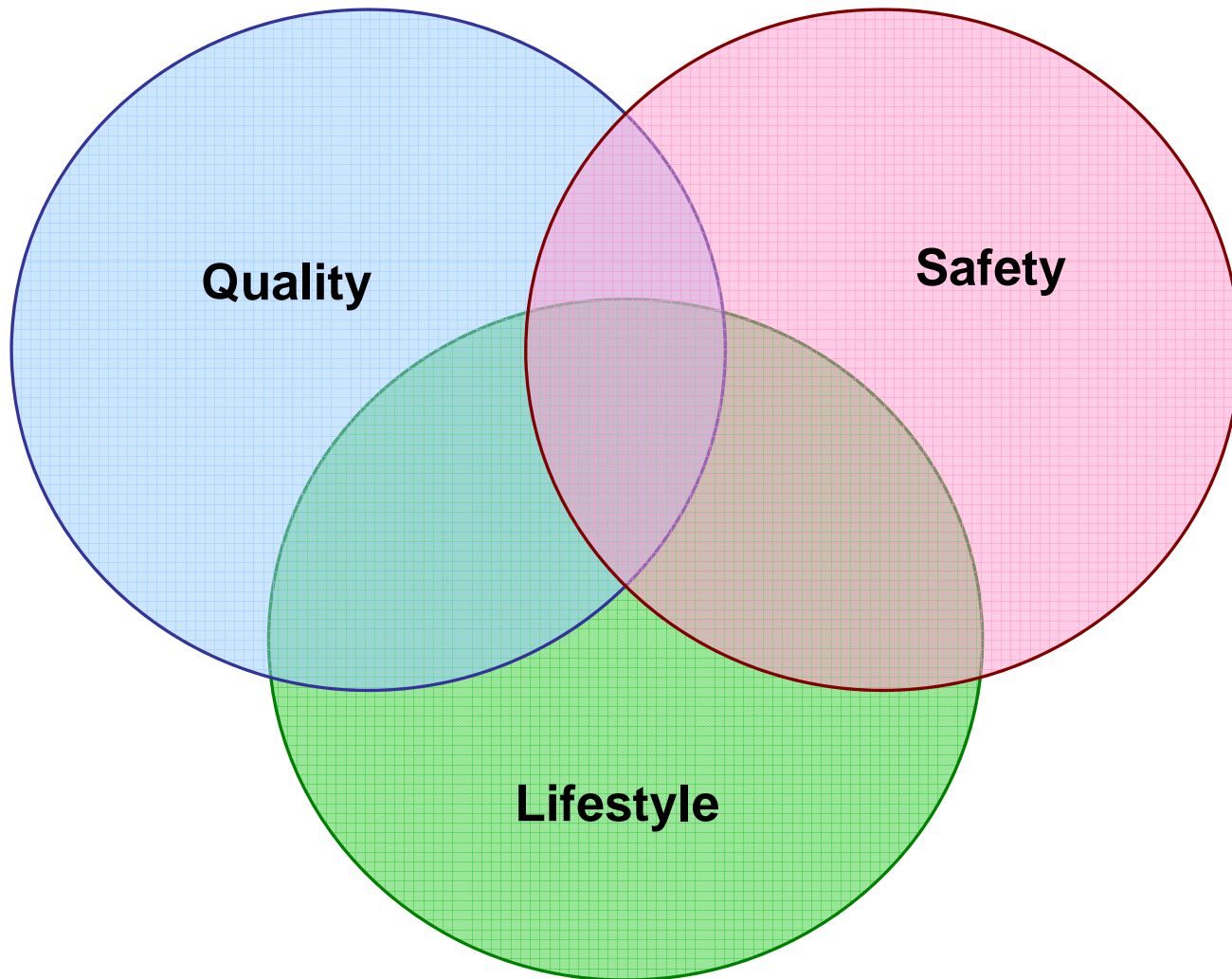
- Control pathogens
- Control potentially harmful additives
- Hazard analysis critical control point (HACCP) rapidly becoming the universal standard to assure product safety



# HAACP modern era origin of process standards

- Analyze potential hazards
- Identify critical control points
- Establish preventive measures with limits
- Establish monitoring procedures
- Take corrective actions when over limits
- Establish verification procedures
- Recordkeeping to document and act as traceability system

New generation standards involve more than just safety and security



# Lifestyle consumer product demands and expectations

- Animal welfare
- Fair trading
- Local sourcing of products
- Organic farming
- Absence of GMOs
- Etc, etc, etc



# Key distinction

- Quality and safety standards generally set by government as minimums
- Lifestyle standards may be set by either the government or the private sector
  - If by government, a result of advocacy group pressure
  - If by private sector, a result of perception consumer preference, market niche, risk avoidance, etc.

# Who sets the standards?

- International organizations (CODEX, OIE, IPPC, WTO, ISO)
- National government organizations (Canada, US, EU)
- Private international organizations (GLOBALGAP)
- Private national organizations (FLSC)
- Private firms (WalMart, COSTCO)
- Producer organizations (LGMA)
- All influenced to some degree by advocacy groups (PETA etc)

**GLOBALG.A.P.**



**Private standards defined by an international industry group**

- Originated from the EurepGAP program in 1997
- Included 13 of the largest European retailers including Royal Ahold, Marks & Spencer, Tesco, Safeway, and Sainsbury
- Objective to establish a harmonized GAP and traceability standard for production of fresh fruits and vegetables
- Suppliers must be Third Party certified, which includes aspects of *food safety, sustainable agriculture, labor, and animal welfare*

**GLOBALG.A.P.**



**Private standards defined  
by an international  
industry group**

Key reference for Good Agricultural Practices (G.A.P.) in the global market-place, by translating consumer requirements into agricultural production in more than 80 countries on every continent.

- GLOBALGAP covers all crops, livestock, aquaculture, and fisheries from input suppliers through the farm gate
- GLOBALGAP's aim is to establish ONE standard for Good Agricultural Practice (G.A.P.) with different product applications capable of fitting to the whole of global agriculture

# FOOD SAFETY LEADERSHIP COUNCIL ON-FARM PRODUCE STANDARDS

**Avendra LLC** (Comprehensive Procurement Company)

**Darden Restaurants** (Darden Restaurants, Inc., (NYSE: DRI) headquartered in Orlando, Fla., is the world's largest full-service restaurant company with almost \$6.7 billion in annual sales and approximately 170,000 employees. The Company owns and operates nearly 1,700 restaurants including Red Lobster, Olive Garden, Longhorn Steakhouse, The Capital Grille, Bahama Breeze, and Seasons 52)

**McDonald's Corporation**

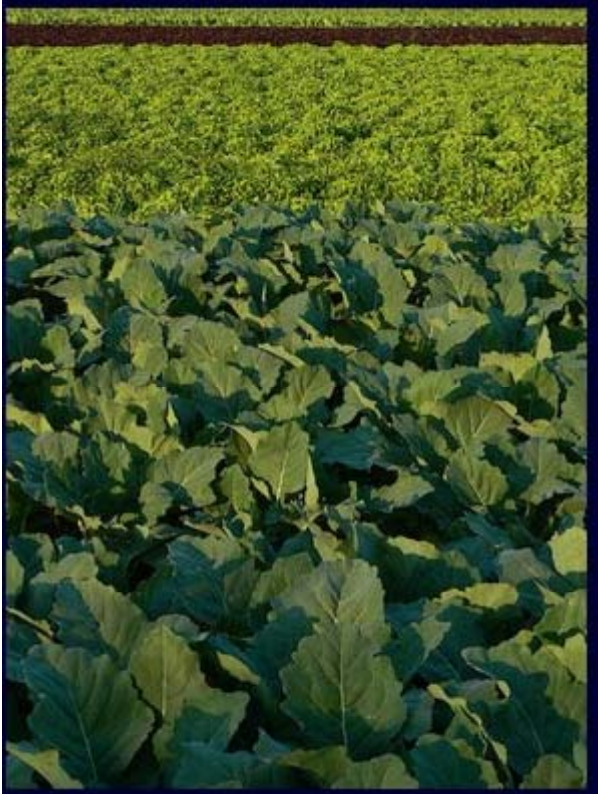
**Publix Super Markets**

**Wal-Mart Stores, Inc.**

**Walt Disney World Company**

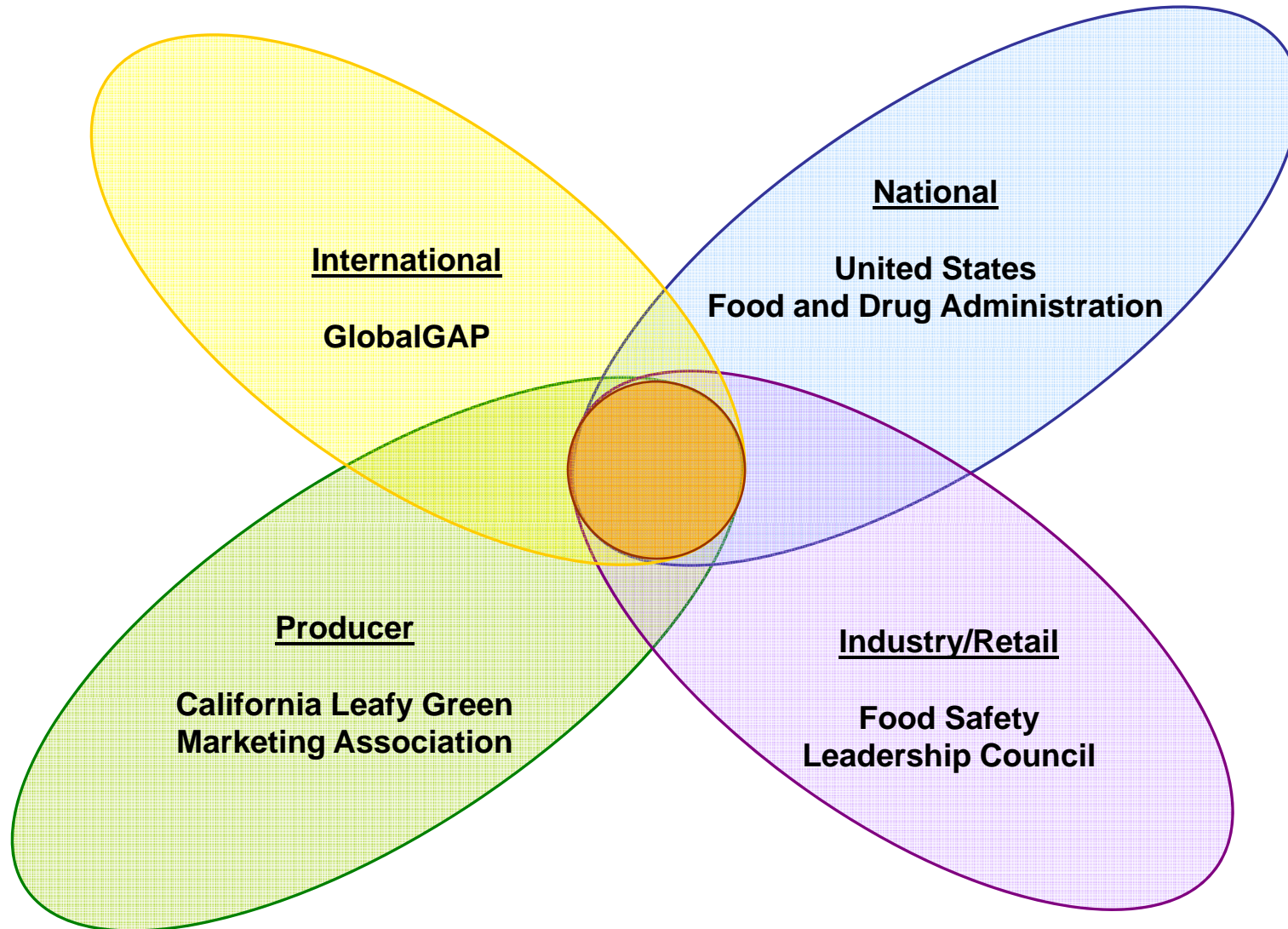


# LGMA



- Water quality
- Soil amendments
- Control of environmental factors such as runoff from animal feeding operations
- Work and field sanitation practices
- Up-to-date growers list for handlers
- Handler compliance with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (farms are exempt from the act) including the traceability requirements
- 24-hour contact information for responsible individuals in case of food emergencies
- Regular audits to monitor and assure compliance

**Figure 1. Convergence of Multiple Process Standards**



# Key issue: Danger of race to the highest SPS standard

- Private sector retailer and food service (GLOBALGAP and FSLC) setting the pace for higher standards
- U.S. lifestyle pressures less than EU
- Separating production to produce for different standards is costly and risky



# Key Issue: Benefits versus cost of avoiding biocontamination incident

- Incidents in tomatoes, cantaloupe, and spinach suggest that benefit in terms of avoiding adverse market effects are about 15 times the producer cost of avoidance
- But much more research is required on the producer cost side
- Bottom line: Cannot afford an incident



# Key issue: Are the standards science based?



- Safety standards more likely to be science based
- Influenced by international organizations (OIE, IPPC, CODEX, ISO)
- Influences enforceability under WTO
- Safety standards more likely to be enforceable

# Key issue: Role of governments in reconciling SPS standards?

- HACCP is science based
- LGMA standards based on science
- FDA only has authority to set guidelines
- Lack of U.S. government focus on standards issues



# Key issue: How crazy can you get?



September 2009

## INSIDE THIS ISSUE

Animal Welfare —  
Ohio Ballot Issue

ACRE—Application  
of Biosolids

Natural Gas—  
Allegheny National  
Forest

Milk—“Anytime,  
Anywhere” Rule

Nuisance Litigation—  
Poultry Farm

## OHIO BALLOT BOARD CERTIFIES LIVESTOCK CARE STANDARDS ISSUE FOR CONSIDERATION IN NOVEMBER GENERAL ELECTION

by Richard Lupinsky Jr.

On August 12, 2009, the Ohio Ballot Board certified language for an animal welfare issue to be placed on the November election ballot. The ballot initiative, identified as Issue 2, would create a Livestock Care Standards Board (LCSB), which would prescribe standards for the care of commercial livestock. Last fall, California passed a ballot initiative, Proposition 2, which addressed the animal welfare issue by dictating specific conditions for the confinement of livestock. In contrast, the Ohio measure imposes no specific confinement conditions, but instead creates a thirteen member board to devise and administer state livestock care standards. The LCSB would consist of agricultural representatives, veterinarians, food safety experts, a humane society representative, a university dean, and consumers. The formulated standards would be enforced by the Ohio Department of Agriculture subject to the authority of the Ohio General Assembly. Proponents of the Ohio ballot issue contend that the board will promote food safety, protect consumers, and ensure the care and well-being of livestock. Critics argue that the LCSB would put the economic interests of the agriculture industry before the humane treatment of agricultural livestock. The Ohio ballot initiative is similar to two measures recently advanced by the Michigan House of Representatives Agriculture Committee, House Bills 5127 and 5128, which would adopt certain industry standards and establish an Animal Care Advisory Council. For more information on Ohio Ballot Issue 2, please visit the [Ohio Ballot Board](#) Web site.



Photo by Christine Arena

# Need serious producer initiatives

- Education on what is happening
- Put on agenda of producer organizations
- Need analyses of economic consequences for producers and consumers
- Need to develop a farm sector SPS battle plan