

Industry Perspective on Managing Risks in a Global Market

Institute of Medicine

Managing Food Safety Practices from Farm to
Table

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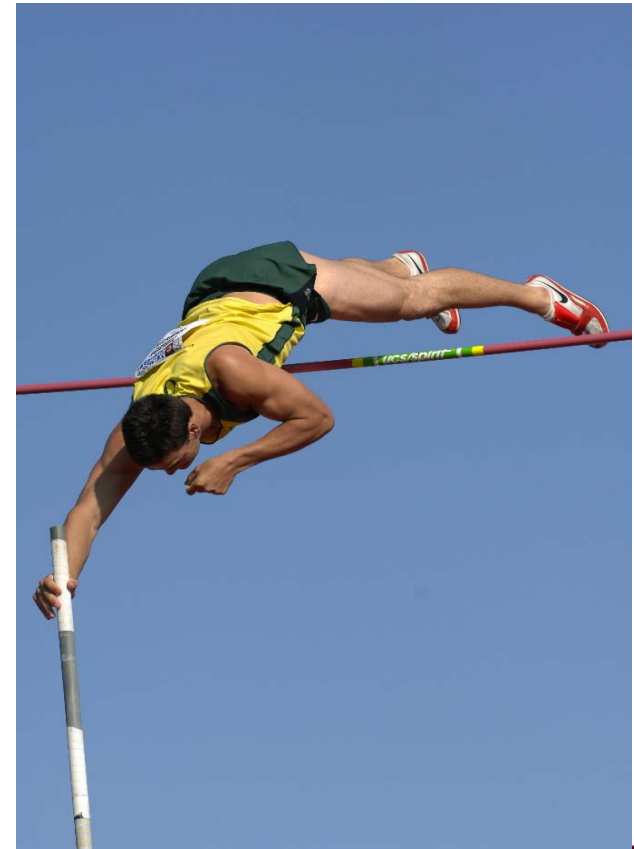
Senior Vice President

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Introduction

- Globalization: Everything is changing
- Implications for food safety are uncertain, although concerns remain
- Food safety bar is being raised



A Multinational Loaf

Amy Schoenfeld: New York Times, June 15, 2007

INGREDIENTS:

- **Wheat gluten**
- **Honey**
- **Calcium propionate**
- **Guar gum**
- **Flour enrichments**
- **Beta-carotene**
- **Vitamin D₃**

Source: Sara Lee



A Multinational Loaf

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- **Wheat gluten** – France, Poland, Russia, Netherlands, Australia
- **Honey** – China, Vietnam, Brazil, Uruguay, India, Canada, Mexico, Argentina
- **Calcium propionate** – Netherlands
- **Guar gum** – India
- **Flour enrichments** – China
- **Beta-carotene** – Switzerland
- **Vitamin D₃** – China

Source: Sara Lee



Global Food Trade

Already 40% of all trade in agriculture, fisheries & forestry occurs between developing & developed countries.

More than 20% of all US imports are food products (more than 8 million shipments a year).



USDA FOREIGN AG SERVICE IMPORTS

JANUARY - DECEMBER

Metric Tons	2003	2007	%CHNG
FRUITS AND PREPARATIONS	8,694,150	10,287,835	+18%
GRAINS & FEEDS	6,808,105	9,512,502	+40%
VEGETABLES AND PREPARATIONS	6,084,190	7,455,793	+23%
OILSEEDS & PRODUCTS	3,838,946	6,259,216	+63%
LIVESTOCK & MEATS	1,996,883	1,970,802	-1%
DAIRY PRODUCTS	709,005	806,764	+14%
TREE NUTS AND PREPARATIONS	262,131	308,814	+18%
POULTRY & PRODUCTS	64,838	99,728	+54%
TOTAL	15,967,595	20,605,290	29%

“Globalization of the food supply means that all countries must share responsibility for food safety throughout the entire food supply chain from producers to consumers.”

Expectations for Assuring Food Safety in the Global Food Economy



Consumer Confidence in Food Safety is Down

- The number of consumers "completely" or "somewhat confident" in the safety of supermarket food declined
 - 82 percent in 2006
 - 66 percent in 2007

FMI Consumer Trends 2007,
January 2007 survey



Consumer Confidence

- Compared to 2 or 3 years ago, would you say you are **MORE** or **LESS** concerned about foods produced in the U.S.
 - **52% MORE CONCERNED**
 - **4% LESS CONCERNED**
 - **44% NO CHANGE**

Consumer Confidence

- Compared to 2 or 3 years ago, would you say you are **MORE** or **LESS** concerned about imported foods
 - **68% MORE CONCERNED**
 - **3% LESS CONCERNED**
 - **28% NO CHANGE**
 - **1% DON'T KNOW**



Risks in the Global Market

Risks - What?

- Microbiological
 - *Salmonella* in Jalapeño peppers
 - *Cyclospora* in raspberries

Risks - What?

- Microbiological
- Chemical
 - Unapproved pesticides
 - Dietary supplement ingredients
 - Heavy metals
 - Lead in candy
 - Unapproved chemotherapeutics
 - Chloramphenicol in honey
 - Undeclared allergens

Risks - What?

- Microbiological
- Chemical
- **Physical**

Risks – Why?

- ***Non-adherence with GAPs/GMPs/GAqPs***

Risks – Why?

- *Non-adherence with GAPs/GMPs/GAqPs*
- ***Poor sanitation***

Risks – Why?

- *Non-adherence with GAPs/GMPs/GAqPs*
- *Poor sanitation*
- ***Poor water quality***

Risks – Why?

- *Non-adherence with GAPs/GMPs/GAqPs*
- *Poor sanitation*
- *Poor water quality*
- ***Economic adulteration***
 - ***Substitution (melamine)***
 - ***Inferior quality***

Risks – Why?

- *Non-adherence with GAPs/GMPs/GAqPs*
- *Poor sanitation*
- *Poor water quality*
- *Economic adulteration*
- ***Counterfeiting***

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- ***Intentional contamination***
 - ***Terrorism***
 - ***Industrial sabotage***

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 - ***Substitution (melamine)***
 - ***Inferior quality***
- ***Counterfeiting***
- ***Intentional contamination***
 - ***Terrorism***
 - ***Industrial sabotage***
- ***Gray market***



Managing the Risks

Managing the Risks

- **GMA** Foundational Elements -

- Industry responsibility
- Adequate funding
- Adequate authority
- Adequate effective training
- Risk-based
- Leveraged resources
- Research

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Industry responsibility

- **Industry is responsible for safe food**
 - Must establish preventative programs, even in absence of regulations
- **Regulatory agencies should provide incentives to industry to enhance their programs, increase compliance**
 - Inspection frequency, enforcement options
- **Increase collaboration**
 - Information/data sharing
- **Manage the supply chain**



Proposed Import Control Program by GMA “4 Pillars”



Commitment to Consumers:

THE FOUR PILLARS OF FOOD SAFETY

Mandatory Foreign Supplier Quality Assurance Program

- New mandatory requirement.
- All importers of record must establish supplier programs to ensure imported foods meet FDA safety and quality requirements.
- Food companies would utilize FDA guidance to adopt foreign supplier food safety programs and practices.

Voluntary Qualified Importer Food Safety Program

- Prioritize imports to target FDA inspections, resources, and relieve congestion at ports.
- Permit importers who meet high safety standards and who voluntarily share additional testing and data to be eligible for expedited entry.

Capability Building Foreign Focus

- Expand capacity of foreign governments to prevent and detect threats to food safety.
- Expand FDA training and science outreach overseas.
- Expand FDA access to foreign facilities and data.
- Expand efforts to harmonize food safety standards globally.

Capacity Building U.S. Border Focus

- Dramatically expand FDA resources, including personnel, laboratory capacity, and scientific expertise.
- Increase and target inspections.
- Improve FDA's analytical testing and use of information technology.

PREVENTION

Supply Chain Management

Supply Chain Management

- What is “Supply Chain Management?”

Due diligence to assure that products received from suppliers meet required regulatory, legal, and contractual standards of safety.

Importance of Supply Chain Management in Food Safety

- Legal Considerations
 - Regulatory compliance

Importance of Supply Chain Management In Food Safety

- Legal Considerations
 - Regulatory compliance
 - Liability

Importance of Supply Chain Management in Food Safety

- Legal Considerations
- Financial Considerations
 - Price vs Quality
 - “Cheaper” ≠ less expensive!

Importance of Supply Chain Management in Food Safety

- Legal Considerations
- Financial Considerations
 - Price vs Quality
 - Value of Brand
 - Commercial brand
 - Reputation of exporting country

Importance of Supply Chain Management in Food Safety

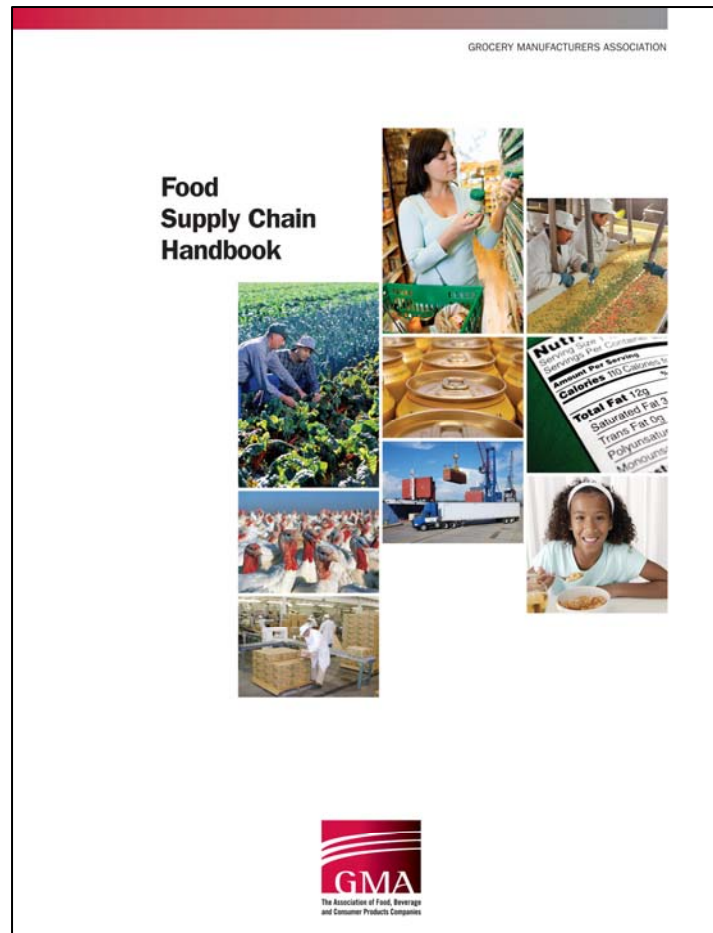
- Legal Considerations
- Financial Considerations
- Consumer
 - EXPECT and ASSUME food to be safe
 - Put responsibility and blame on both product AND exporting country

GMA Food Supply Chain Handbook

Available in:

English
Spanish
Mandarin
French
Russian

www.gmabrands.org



Elements of Food Supply Chain Handbook

- **Hazard Analysis Critical Control Point (HACCP)**
- **Good Manufacturing Practice (GMP)**
- **Good Hygienic Practices (GHP)**
- **Good Agricultural Practice (GAP) if applicable**
- **Good Aquaculture Practice (GAqP) if applicable**
- **Employee training**
- **US regulatory compliance**
- **Recall program**
- **Product Testing**

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- International Trade in Foods and Agricultural Products Will Continue to Increase

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- **Managing the Supply Chain will be Essential to Assuring Safe Products and Consumer Confidence**

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- International Trade in Foods and Agricultural Products Will Continue to Increase
- Managing the Supply Chain will be Essential to Assuring Safe Products and Consumer Confidence
- **Both Government and Private Sector MUST cooperate**