

# New World of Standards

Ron Knutson, TX A&M  
University

Tim Josling, Stanford  
University



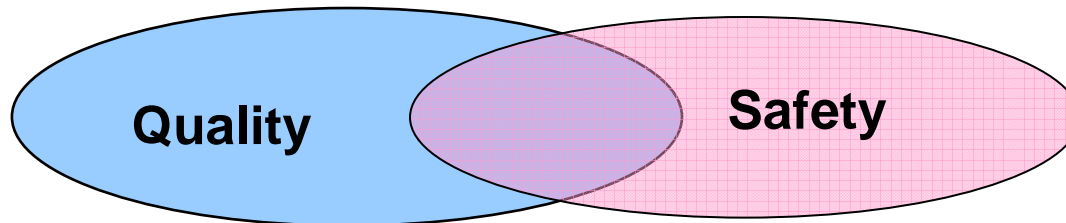
## Rapidly changing standards landscape

- ❑ Product standards involving examination and testing of the product itself
  - Entry into supply chain
  - Border inspection
  
- ❑ Process standards
  - Steps and procedures to be utilized along the supply chain
  - Challenges at the border

# Product standards are not new

- ❑ Public sector USDA grade standards for quality specification and as an aid to price discovery
- ❑ Private sector specification buying
- ❑ Public sector FDA standards of identity, content, labeling, quality, and fill
- ❑ Food safety content and quality standards
- ❑ Nutrition labeling standards

# Product standards have quality and safety component



## Quality component as marketing aid

- ❑ Price discovery aid
- ❑ Price reporting
- ❑ Trading standard
- ❑ Avoid consumer deception
- ❑ Consumer decision aid

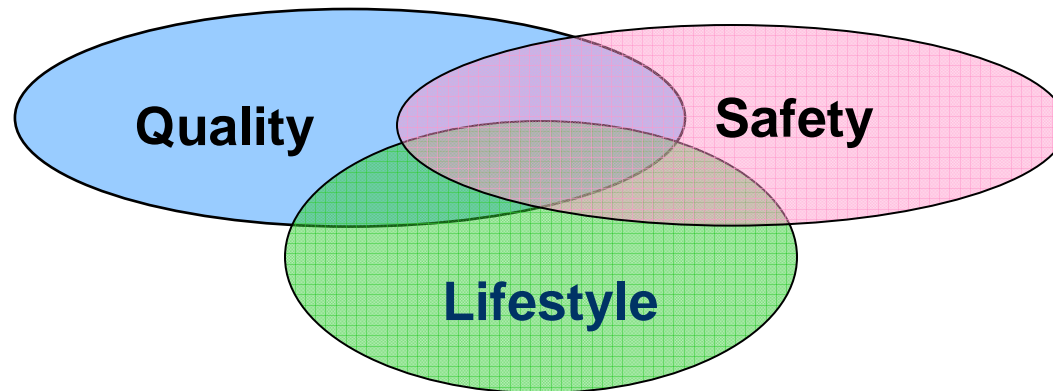
# Safety component to protect safety and security of food supply

- ❑ Pathogens
- ❑ Additives harmful to health

## 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

# Process 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

# Private sector process standards

- ❑ Set by firms as part of branding strategy for quality control, lifestyle, safety and security
- ❑ Specification of practices to be utilized
- ❑ Fostered by firms and by the International Standards Organization (ISO 9000 & 14000)
- ❑ Evolving into multi-firm global standards (Global GAP)

# Types of practices specified

- ❑ Good agricultural practices (GAP)
- ❑ Good handling practices
- ❑ Good processing practices
- ❑ Good management practices

# International Implications

- ❑ Potential that Global requirements will conform to those in the country having the highest level of food quality
- ❑ Adopted on assumption that all other countries' requirements would be met

# Public sector process standards

- ❑ Established by legal process at state, federal, or international level
- ❑ May be voluntary or recommended practices
- ❑ May be mandatory standards
  - Difficult to translate to international standards

# Justification for international SPS standards

- ❑ Disease control
- ❑ Pest control
- ❑ Reduce trade barriers (science based)
- ❑ Reduce transaction costs

## Key international voluntary standard-setting organizations

- ❑ CODEX: Product and safety to avoid SPS and TBT
- ❑ OIE: Animal health standards based on veterinary science
- ❑ IPPC: Phytosanitary standards for plant diseases and pests

# WTO

- ❑ Rules to discipline standards/regulations to achieve legitimate safety and quality goals
- ❑ SPS Agreement
  - Standards/regulations “necessary to protect human, animal, or plant life health”
  - Based on “scientific evidence”
  - Not maintain “without sufficient scientific evidence”



## International process standards more difficult to enforce

- ❑ Complex verification and enforcement procedures across borders
- ❑ Lack of trust in regulatory processes
- ❑ Lack of enforcement capacity
- ❑ Differences in standards on domestic and international markets

# WTO SPS guidance principles

- ❑ Transparency
- ❑ Ready access to detailed regulations
- ❑ Use of science-based risk management
- ❑ Adoption of harmonized equivalent
- ❑ Regionally differentiated standards

## Result is greater responsibility on regulatory infrastructure of exporting country

- ❑ Relatively less responsibility on border inspectors
- ❑ Leading to public and private third-party inspectors and other certification options

## Seeking the right public-private mix

- ❑ Private standards have different motivation of minimizing risk and expanding demand
- ❑ Public standards have primary motivation of assuring safety and security

# Issues in achieving the right mix

- ❑ Are GAPs acceptable alternative to HACCP at production level
- ❑ Public sector needs traceback; how should it be used by private sector?
- ❑ How to avoid process standards becoming barriers to trade?
- ❑ Roles of public and private sectors
- ❑ Impacts on developing countries

# Moving ahead under NAFTA

- ❑ Capitalize on trilateral discussions
- ❑ Capitalize on experience
- ❑ Capitalize on cross-border investment

# Who should take the lead?

- ❑ NAFTA?
- ❑ EU? Has advantage of supranational structure
- ❑ What about CODEX?

Leader has greatest impact on Global GAP standards!!!!

Leaving to private sector runs risk of conflict and confusion!!!!

# Collaborative framework for moving ahead under NAFTA

