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

- Multilateral Agencies
- Private Firms and Trade Associations
- US, Canadian and Mexican Agencies