
A New Mix of Private and Public

How Well Might the

U.S. Food Safety Modernization Act Work?

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Global, Local, Private, Public: Rethinking the Categories

- Private Public Partnerships
 - The Food Safety Modernization Act as an example
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Food Safety Modernization Act (FSMA)

- 1st major update of Food & Drug Administration regulatory system since 1938
 - FDA regulates about 80% of the US food supply

- Gives FDA extensive new powers to
 - Prevent food safety problems
 - Detect and respond to food safety issues
 - Improve the safety of imported foods

The New Mix of Public and Private Under FSMA

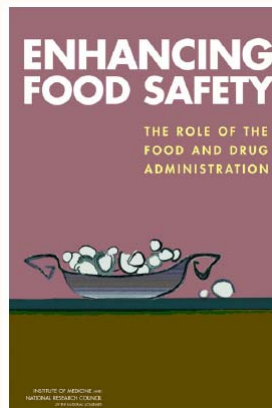
- Preventive Controls for Human Food Rule
- Produce Safety Rule
- Import Rule & Accreditation of Third-Party Auditors

How Well Might FSMA Work?

- Is it a risk-based food safety system?
- Does it select and set up interventions that effectively reduce risk (& through what mix of private and public effort)?

How Well Might FSMA Work?

- Is it a risk-based food safety system?
- My standard:



<http://www.iom.edu/Reports/2010/Enhancing-Food-Safety-The-Role-of-the-Food-and-Drug-Administration.aspx>

The Risk-Based Food Safety System



How Well Might FSMA Work?

- Is it a risk-based food safety system?
 - Strong move in the right direction, part of a progression
 - Not a transformation
 - Biggest challenge: can incremental change get us to a risk-based system?

How Well Might FSMA Work?

- Does it select and set up interventions that effectively reduce risk?

The New Mix of Public and Private Under FSMA

- Preventive Controls for Human Food Rule
 - New requirements for hazard analysis and risk-based preventive controls
 - Extends requirement to entire set of FDA regulated foods for first time
 - Revisions to existing Current Good Manufacturing Practice (GMP) requirements

Increases and shifts responsibility to industry

The New Mix of Public and Private Under FSMA

■ Produce Safety Rule

- First extensive on-farm regulation by FDA
 - Examples: water quality and use, use of manure and compost, wildlife control

Increases and shifts responsibility to industry

The New Mix of Public and Private Under FSMA

■ Import Rule & Accreditation of Third Party Auditors

- Lessen reliance on point of entry inspection; change to importer verification of compliance with U.S. standards
- Importer accountability – Foreign Supplier Verification Program
- Use of some Third Party certification (includes foreign governments)
- Authority to deny entry

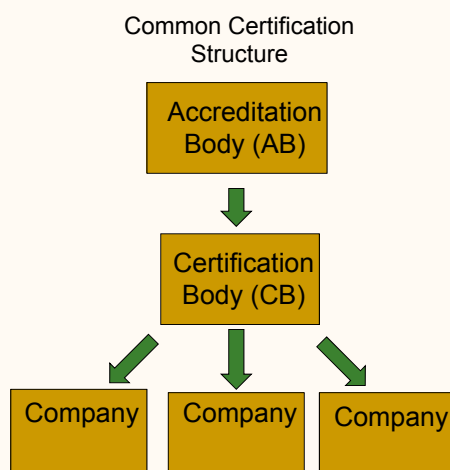
Increases and shifts responsibility to industry

The Changing Private Public Mix: The Import Rule as an Example

- Importers verify compliance with US standards
- Can use third party certifiers to provide assurance of compliance and in some cases fast track entry to the US
 - Who will be accredited? How will the market develop?

Structure of Certification Systems

~ The Certification Market ~



Commonly:

- AB appointed/approved by standard scheme owner
- AB establishes requirements of CBs
- AB requirements of CBs variable, but often include:
 - Certification to 3rd party standard(s)
 - Application, assessment, royalty, and annual accreditation fees

Structure of Certification Industry

- Extent of competitiveness varies
 - Across sub-national and international regions
 - Across certifications
 - In practice, many local, regional monopolies, oligopolies – especially in foodservice certification

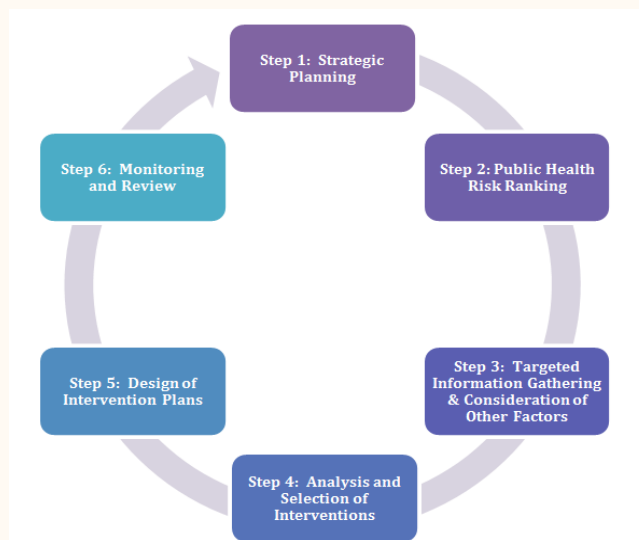
Knowledge Gaps

- What is the structure of the certification industry?
- Do these certification systems work reliably?
- Are they efficient?
 - Lowest cost for outcomes
- Are they equitable?
 - Costs and benefits fairly shared along the supply chain

How Well Might FSMA Work?

- Does it select and set up interventions that effectively reduce risk?
 - Strong move in the right direction
 - But did go directly to an intervention answer
 - Many regulatory details still under development

The Risk-Based Food Safety System



Post-FSMA Food Safety Certification Industry

- FSMA has important implications for imports and global standards
 - Market environment changed; governments are permitted to become accreditors
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Selected References

- Caswell, Julie A. 2013. Development of Risk-Based Food Safety Systems for Foodborne Infections and Intoxications. In *Foodborne Infections and Intoxications*, 4th Edition, ed. J. Glenn Morris and Morris Potter, 53-64. London: Elsevier Inc.
 - Anders, S., D. Souza Monteiro & E. Rouviere. 2007. *Objectiveness in the Market for Third-Party Certification: What Can We Learn from Market Structure?* In Canavari M., Regazzi D., Spadoni R. (eds., 2007). *International Marketing and International Trade of Quality Food Products*. Proceedings CD-ROM of the 105th Seminar of the European Association of Agricultural Economists, Bologna, March 8-10, 2007. Bologna: Avenue Media. ISBN: 978-88-86817-30-1.
 - Caswell, Julie A. and Sven Anders. 2011. Private vs. Third Party vs. Government Labeling. In *The Handbook of the Economics of Food Consumption and Policy*, ed. Jayson Lusk, Jutta Rosen, and Jason Shogren, pp. 472-498. Oxford, United Kingdom: Oxford University Press.
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