

TRUST MANAGEMENT



USDA Agriculture Outlook
Forum

Role Of International Standards
in Facilitating Safe Trade

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Headlines

- Supply chain sourcing today is increasingly from a global marketplace.
- Consumer confidence in food safety must be assured – no matter where food is sourced.
- It is critical that governments convey confidence with consumers... it is in our collective best interest.
- Industry/retailers are being more proactive in working upstream to provide solutions that prevent public health risks.



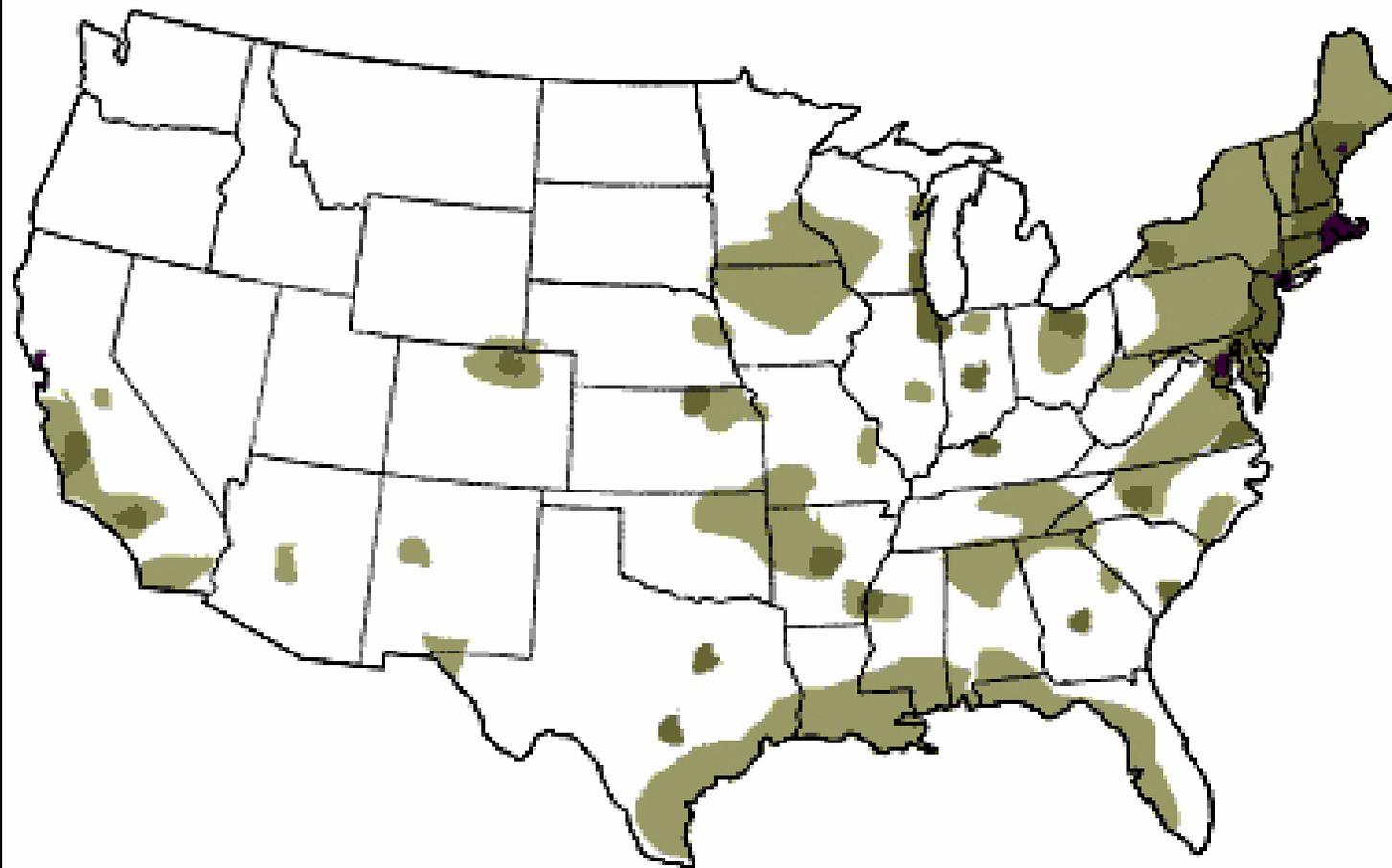
Global Landscape

Themes are constant...

- Geographies and information are easier to access



Approximate beginning of the epidemic, 1918



before
sept. 14

between
sept. 14 - 21

between
sept. 21 - 28

between
sept. 28 - oct. 5

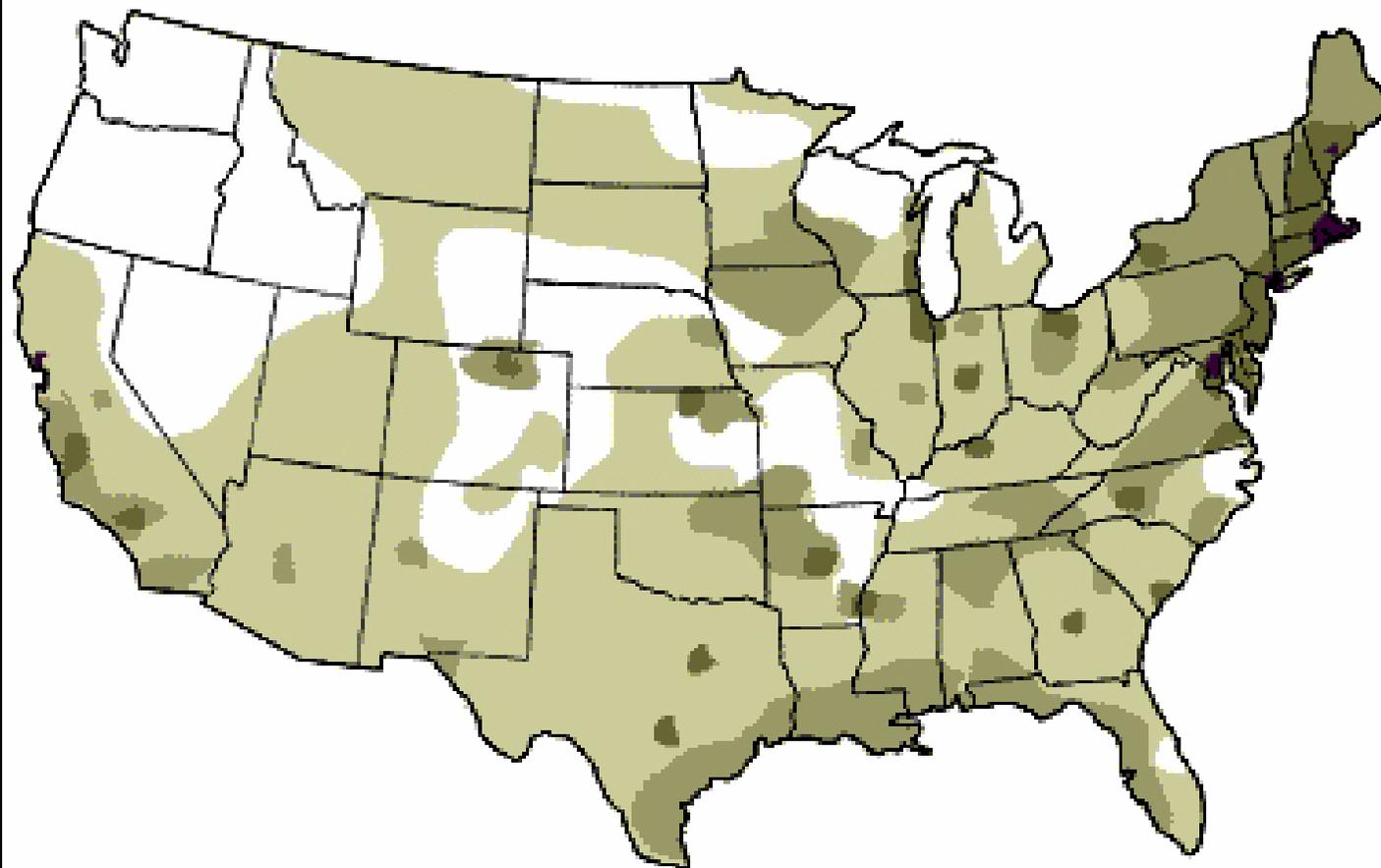
after
oct. 5

Source: America's Forgotten Pandemic - The Influenza of 1918 - 1989





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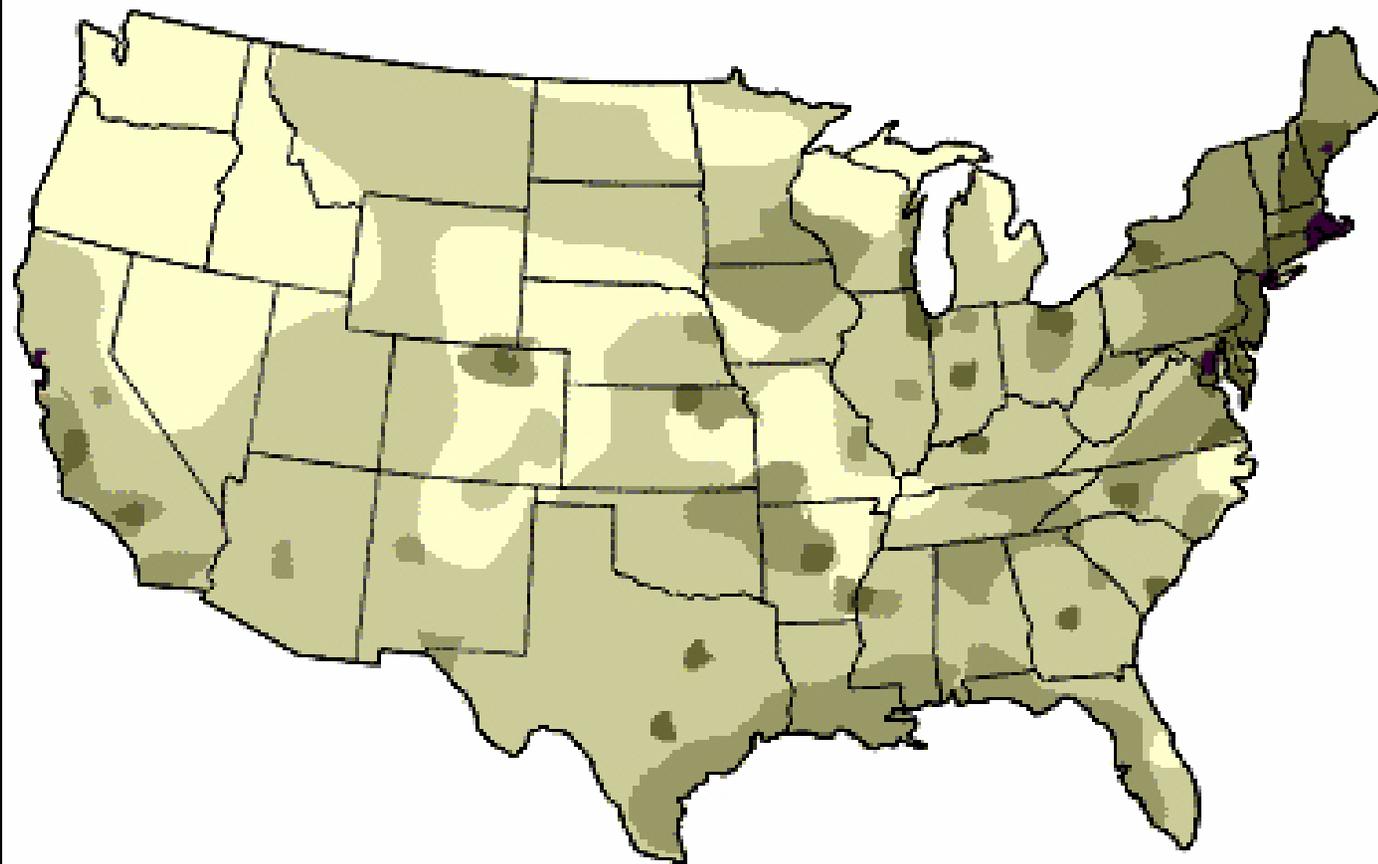
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Strategic Global Protein Sourcing

WORLD ANIMAL PROTEIN MAP





Global Landscape

Themes are constant...

- Consumer confidence is fragile – needs credible sources and sense of transparency



Consumer Confidence

State of Trust...

- Business is on the rise, filling the void left by declining Trust in Government

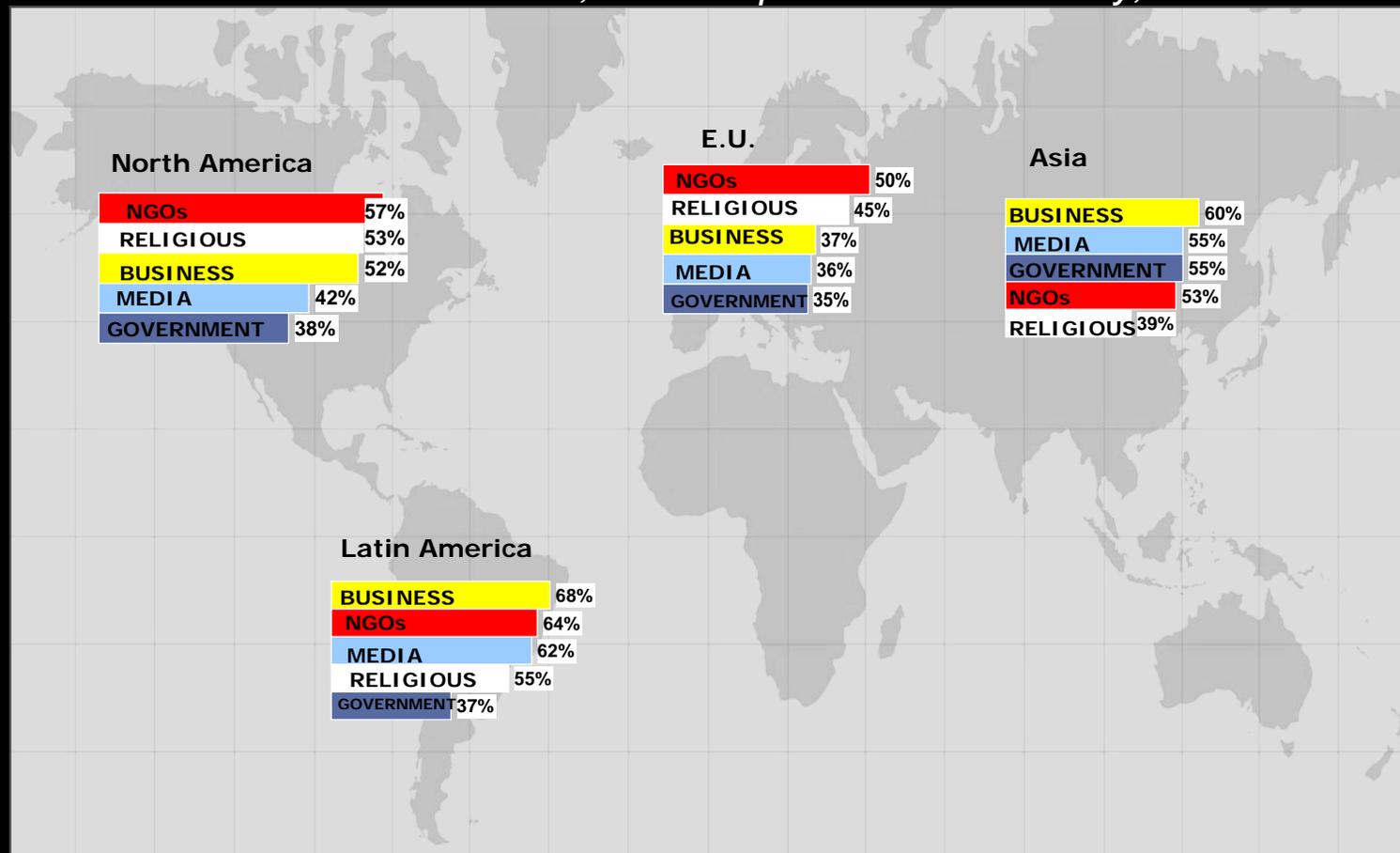
Source: Edelman Trust Barometer, 2007



2007 Global Trust in Institutions

Business Ahead of Media and Government Trust

Edelman Trust Barometer, Global Opinion Leaders Study, 2007



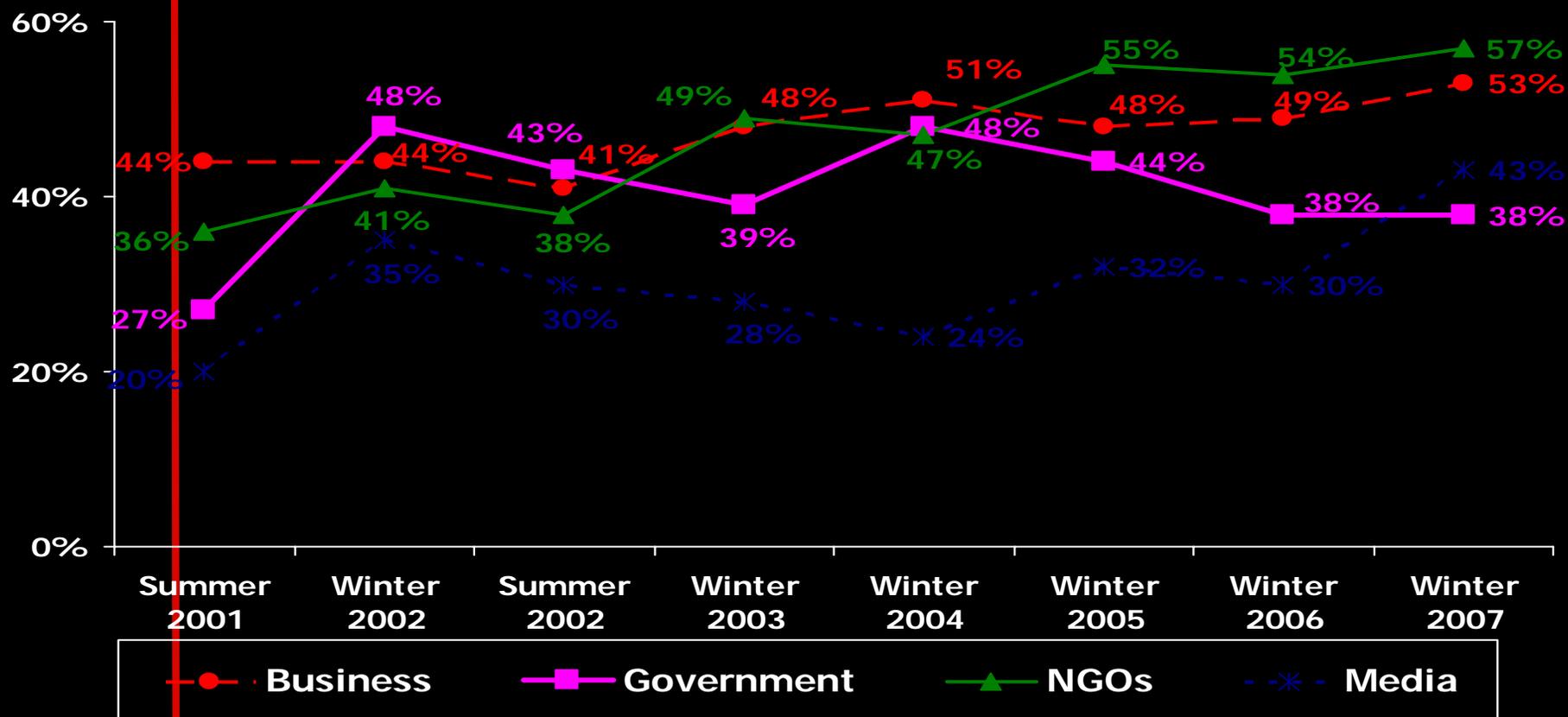
I'm going to read you a list of institutions. For each one ,please tell me **how much you TRUST that institution to do what is right**. Please use a 9-point scale where 1 means that you do not trust them at all and 9 means that you trust them a great deal. (Top 4 boxes shown)



US Trust in Institutions: Trust in Business Now Highest Ever in Survey

Largest Gap Ever Between Business and Government

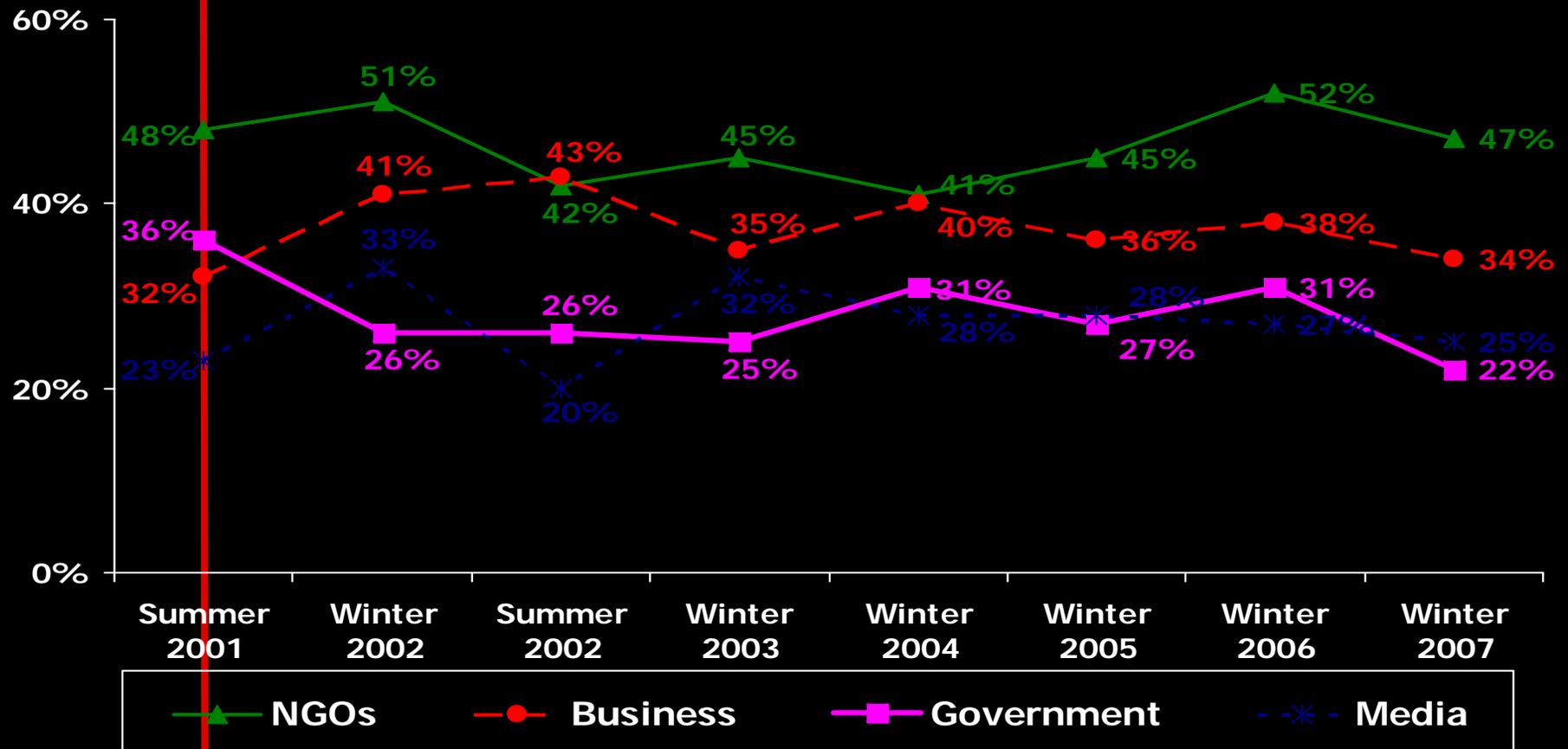
Media On Rebound



Now I would like you to tell me how much you TRUST each to do what is right. Please use a 9-point scale where one means that you "DO NOT TRUST THEM AT ALL" and nine means that you "TRUST THEM A GREAT DEAL." [TOP FOUR BOXES SHOWN]



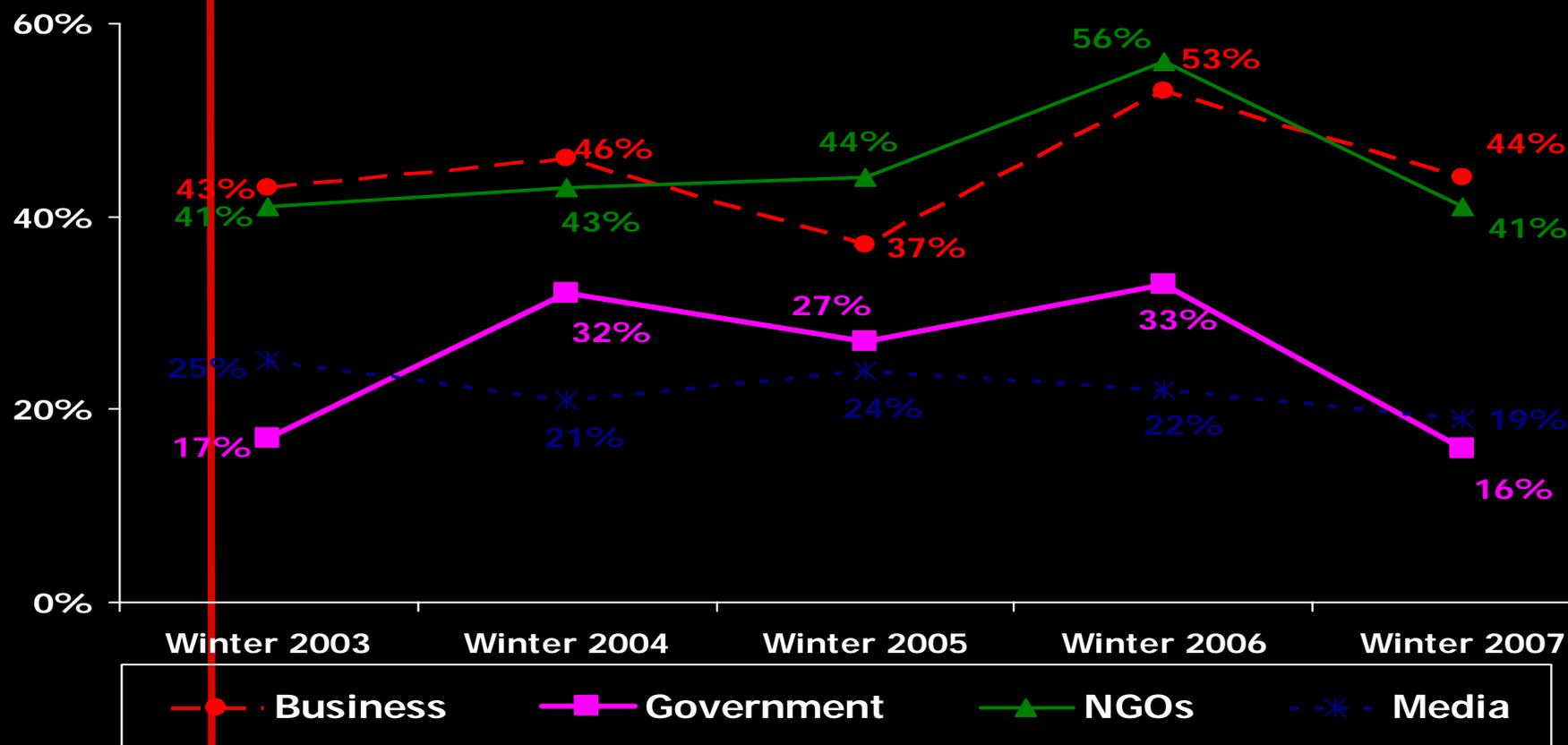
UK/France/Germany Trust in Institutions: Trust in Government at All-Time Low



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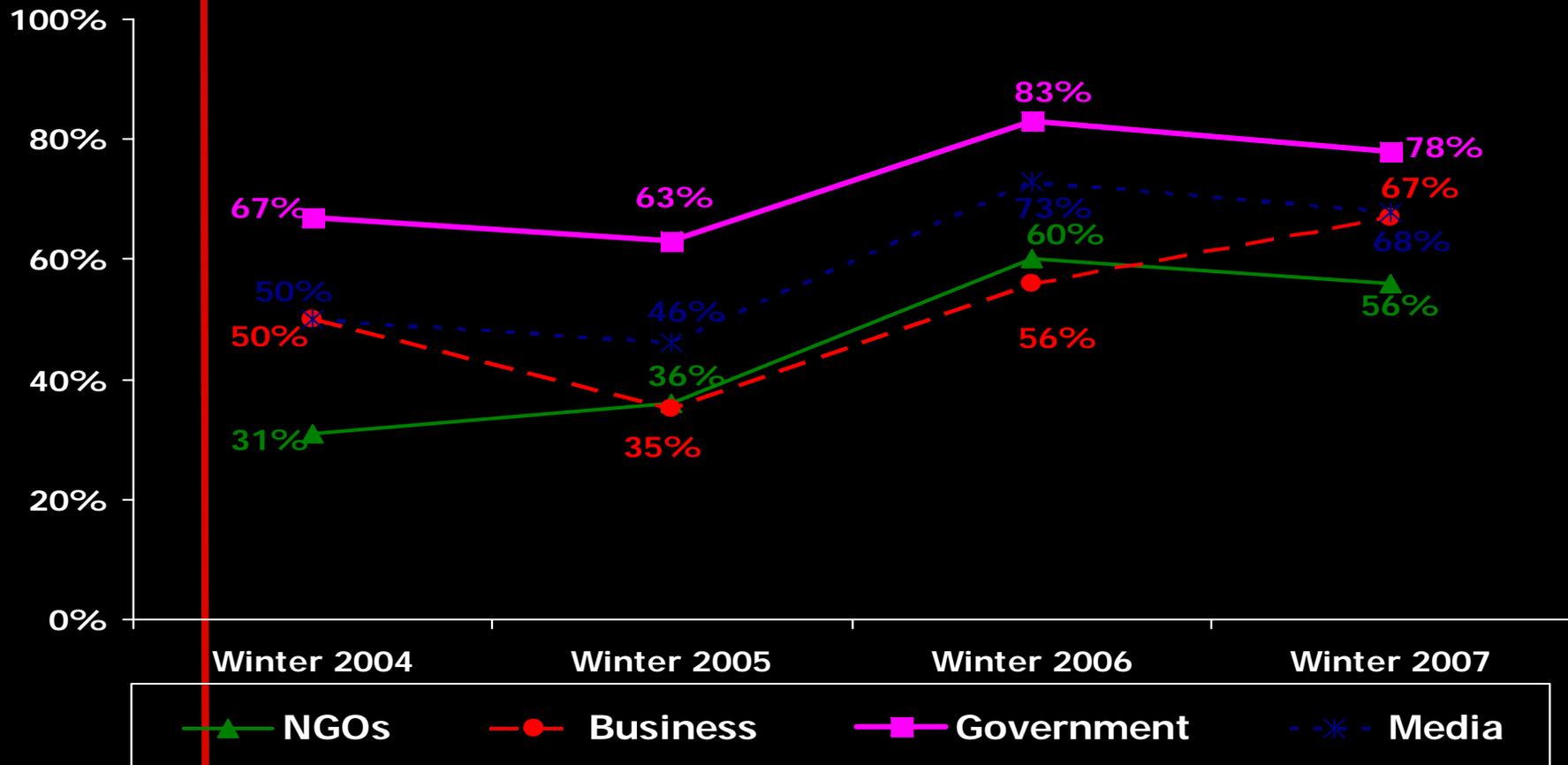
UK Trust in Institutions: Sharp Declines Over the Past Year



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Chinese Trust in Institutions: Shrinking Lead of Government Over Business



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Global Landscape

Themes are constant...

- Global vulnerability within industries (not just businesses)



Breaches of Consumer Confidence

- Beef *E. coli* O157:H7 outbreak (1993)
- Beef - BSE in France (2001)
- Beef - BSE in the US (2003)
- Poultry - Avian Influenza H5:N1
- Green Onions – Hepatitis A outbreak (2003)
- Spinach - *E. coli* O157:H7 outbreak (2006)
- Unknown *E. coli* O157:H7 (lettuce?) outbreak (2006)
- Peanut Butter - *Salmonella* outbreak (2007)



Consumer Response is Long-Term

Food safety scares have long-term impact on purchasing behaviors by consumers.

- 95% notice food safety announcement; 67% stop eating the product until reported "safe".
- 15% consumers stop eating a product entirely after food safety incident.
- 58% believe FDA should be responsible for safety (vs. local health departments or companies).



Consumer Confidence Outcomes

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Should Consumer Trust Safety of Food?

- Good News: Food-borne disease occurrence, 1996-2004
 - *E.coli* O157:H7 ↓ 42%
 - *Campylobacter* ↓ 31%
 - *Cryptosporidium* ↓ 40%
 - *Yersinia* ↓ 45%
 - *Salmonella* ↓ 8%



Food-borne Illness Incidence

- Not So Good News: 1996-2004

- *E.coli* O157:H7 Lowest level in 2004;  in 2005

- *Salmonella typhimurium*
only *Salmonella* species to 

- *Vibrio*  47%

- *Shigella* unchanged

- *Listeria*  slightly in 2005



Food-borne Illness Incidence

- Not So Good News: 2003-2004
 - 30 Water-borne outbreaks from drinking water
 - 2760 illnesses and 4 deaths
 - Bacterial and viral infections



Public Response

- Legislative – Congressional – Industry – Consumer Action
 - Regulatory – Current GAO Recommendation is that Food Safety is “High-Risk”
 - Consumer Advocates/Media/Congress– Call for enhanced government reaction; single food safety agency
 - Industry Coalition – Produce industry calling for FDA regulation
 - Cruise ship industry suffers



Look at McDonald's

We like to shop in your neighborhood

When you're fixing breakfast, lunch and dinner for 50 million people at more than 31,000 restaurants every day you have to buy a lot of groceries. And you have to buy them carefully - fresh dairy products, meats and produce that meet our rigorous standards. Farmers and ranchers make that possible.

Proud to be a major agriculture purchaser - Globally





Global Protein Purchasing for McDonald's

- 11.7 Billion servings of beef
- 4.4 Billion servings of chicken

* 3 oz/serving



Upstream Interventions

- *E.coli* O157:H7 in spinach:
 - Comprehensive GAP procedures
 - Field location and history, irrigation water, composting practices, handler sanitation
 - Consistent applications throughout the industry





Upstream Interventions

Where Should We Be Active?

- Example: *Avian Influenza*
 - Animal Health vs. Public Health issue
 - Effective partnerships with NGOs, *e.g.*, OIE, FAO & WHO
 - Develop an “identity” & coalition to do important work where needed, *i.e.*, **SSAFE**





A collaborative effort initiated by Cargill, McDonald's and Keystone

Mission:

- Champion programs and activities that address the association of animal health with food safety, human health and environmental sustainability.
- Foster safe and sustainable free trade of animals and animal products throughout the global food supply.



*Retailers/Foodservice
Coming to the Table to
Participate in Solutions -*

*Where We Have Not Been
Active or Organized
Before...*



Objective:

*Improve Consumers'
Trust in Food Safety*



“Production Agriculture”





“Distribution”





“Processing”





New Partnerships with NGOs





Conclusions

- The **global marketplace** is our "now" and "future".
- Consumer confidence in food safety is not an indulgence, a competitive advantage nor an option – it is required.
- We need **Government** to Earn and Hold Consumer Trust.
- Industry can be partners for solutions - working **Proactively & Upstream**

