Applications of Risk Management Standards to Food Safety

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Private vs. Public Standards

- International Organization for Standardization (ISO) and the ISO 22000 Standards specify the requirements for a food management system and are predominantly voluntary
- The Joint FAO/WHO Codex Alimentarius Commission (Codex) Food Standards Program evaluates pesticides, additives, veterinary drugs, and establishes residue limits as well as guidelines, and the standards are predominantly mandatory

Private vs. Public Standards (cont.)

- ISO and Codex are both international organizations but have different mandates
  - ISO's function is to set international standards and guidelines that extend across a wide range of products, services and management systems
  - Codex's function is to set standards and guidelines for the elaboration of national standards (regulations) in the area of food safety and quality

Private vs. Public Standards (cont.)

- In recent years, both private and public standards have shown a shift towards risk management based approaches
- This reflects concerns over the efficacy of technology and/or performance based approaches to food safety assurance

Private Standards Functions

- The primary function of private food safety standards is risk management (providing a level of assurance that a food product is in compliance with defined process and/or product requirements)
- Most of these standards are build around HACCP (with public infrastructure and processes)

Private Standards Functions (cont.)

- Private standards often set a higher requirements for specific food product attributes or supplement the standards set by public regulations
- A second function of private standards is to provide product differentiation (efficiently transfer information to consumers on credence attributes) for private gains

Public Standards Functions

- Public standards set baseline requirements for safety of food products and processes (increasingly risk based) acceptable from a social welfare maximizing standpoint
- A second function of public standards is to reduce asymmetry of consumer information and to improve market competitiveness for social gains

Criticism of Private and Public Standards

- Private standards undermine the process of harmonization (can be true but also many examples can be provided where the processes of harmonization and equivalence proceeded much faster under private standards than under Codex framework)
- Cost of implementation can be high
- Potential for exclusion of small producers and developing countries exists due to high cost of standards that are difficult to meet (unintended consequences)

Criticism of Private and Public Standards (cont.)

- In international trade, food safety standards can act as barriers to trade (for firms and countries)
- Most recent evidence however shows that food safety standards are one of many drivers of competitiveness in global food markets
- Producers and exporters with greater capacities are more likely to succeed

Criticism of Private and Public Standards (cont.)

- Implications of private food safety standards for the WTO-SPS Agreement
- Many argue that private standards are not consistent with SPS obligations (but the focus of the SPS Agreement is on the public mandatory standards)
- Entities adopting private standards can be considered “non-governmental entities” (but these are not defined in the SPS Agreement)

Criticism of Private and Public Standards (cont.)

- Public standards are most often criticized for being not effective enough as well as for balancing public benefits and costs not well enough (often excluding public costs of unintended consequences).

Costs of Implementation

- Changing production (processing) practices
- Training personnel
- Capital investments in infrastructure
- Input and output testing and analysis
- Costs of certification
- Investments in control and maintenance of the systems

Conclusions

- Food safety standards developed rapidly due to real or perceived consumer concerns and global food markets expansion
- Private and public food safety standards are multi-layered and consist of the standards per se as well as systems of certification and conformity assessment (standards are rather food safety control schemes, characterized by an increasing role of traceability)

Conclusions

- Cooperation between standard setting organizations progresses further (e.g. ISO is formally recognized by TBT Agreement and as an observer to the SPS Committee in the WTO and Codex); divisions between private and public standards become much less obvious
- There is an increasing role for risk management and the economics of risk management in the overall food safety assurance