Synopsis of LMIC meeting

The Livestock Marketing Information Center (LMIC) sponsored a traceability workshop for livestock marketing economists in Kansas City on June 18th. Presentations were given by Neil Hammerschmidt, Chief Operating Officer for the Wisconsin Livestock Identification Consortium; DeeVon Bailey, Utah State University; Eluned Jones, Texas A&M University; and Richard Baines of the Royal Agricultural College in Cirencester, England. Participants represented 18 states and several government agencies. Most of the participants conduct extension educational programs directly with livestock producers. The connection between producers and first handlers has been considered the weakest link regarding traceability in food marketing chains. Consequently, this workshop with extension economists was believed to be an important step in reaching agricultural producers about this issue.

The overarching message of the presenters was that the United States must begin now to organize traceability systems or risk falling further behind major competitor and customer countries that require traceability or, more ominously, be unprepared for a major animal/human disease crisis such as the recent *BSE* event in Canada. Hammerschmidt indicated a critical need exists to develop a standardized identification system and to begin to build the necessary infrastructure to implement a traceability system. He estimates that implementing an effective and comprehensive animal identification system in the U. S. will take several years, although some participants believed it could be done sooner

Bailey suggested that important questions remain about the role of the public and private sectors in implementing these systems. In countries where traceability is viewed as a public health issue, such as in the European Union, government clearly has a role to play. However, in cases where traceability is viewed as a private good the role of government is less clear since traceability would be considered a decision for individual marketing chains. Consumers appear willing to pay a positive amount for traceability, based on research results presented at the workshop, but traceability would provide better returns when incorporated in a broader system of quality assurances such as added food safety or humane animal treatment.

Jones pointed out that the issue of traceability is often discussed in the context of food safety and consumer willingness to pay. However, this overlooks efficiencies that may be gained as a result of traceability in the marketing chain. Traceability is being used in the grain industry to track manufacturing performance measures from grain inputs based on variety, location, and grower. Large investments are being made by the grain industry to ensure identity and/or attribute preservation in the supply chain. Traceability imposes more complexity on the food system, especially when one considers the need to track all inputs, including non-agricultural inputs, in food products. But, the result is a system that can also be more tightly controlled. Studies have shown that efficiency gains from increased understanding of the management system and reduced 'shrink' more than cover the costs of implementing traceability and assurance enhanced supply chain

management protocols. Thus, efficiency gain within the supply chain can negate the need for passing on costs to the customer or final consumer.

Baines discussed his experience with developing quality assurance systems in the EU and South America. He explained that a system developed jointly by the private and public sectors is preferred to a regulated solution. He described the process of bringing the players together to develop goals for a quality assurance system and then to begin to build a system set on these goals. HACCP is a useful system for identifying and controlling critical points in a food marketing chain. However, HACCP typically defines minimum standards and is less useful in developing quality in a food marketing chain. Baines suggests that "quality" control points be developed in a system to initiate an atmosphere that aims at producing high quality food products.

Comments from participants following the workshop indicated that many of them felt that they were not as current as they should be regarding the issue of traceability. The workshop helped them to more clearly see the need for and the complexities associated with traceability systems. As a result, the participants will be more sensitive about the issue of traceability and better able to carry out educational programs that include components related to the issue of traceability.