

EXPORT TOOL KIT



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Perspective: Export Expertise

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Journey to enhanced traceability begins now

The U.S. government is in the midst of a major overhaul of food safety regulations via the Food Safety Modernization Act (FSMA). In addition, consumers in the United States and abroad are more attuned than ever to food safety issues due to a series of widespread tainted-food incidents. Globalization, technology and the near instantaneous media spread of any food safety misstep demand an accelerated response to food safety questions.

Traceability is key to providing that accelerated response and building cus-

tomers (distributor, retailer, foodservice operator and food manufacturer) and consumer confidence when food safety questions arise. And with the Feb. 1 release of the Innovation Center for U.S. Dairy's draft voluntary guidelines to enhance U.S. dairy product traceability and a call for comments and feedback from dairy processors by March 15, the industry has a key role to play in improving U.S. traceability practices starting now.

The Innovation Center for U.S. Dairy, established under the leadership of

America's dairy farmers through the dairy checkoff program, first identified enhanced traceability as an increasingly important factor in dairy trade in its 2009 Globalization Report, conducted by Bain & Co. Customers both in the United States and overseas want to more quickly pinpoint and identify potentially contaminated products, particularly in cases of recall, to protect their brands, sales and reputation. Many are demanding traceability as a purchase prerequisite.

The draft voluntary guidelines to enhance U.S. dairy product traceability are the result of 18 months of comprehensive research managed by an Innovation Center for U.S. Dairy industry work team comprised of dairy processor, cooperative and association representatives.

The document contains proposed, voluntary dairy processor guidelines offering a roadmap for plant and corporate quality assurance and materials management personnel to enhance a company's quality performance. It does not require any action from milk producers nor does it affect on-farm practices.

The effort, which sought to study U.S. traceability capabilities and benchmark U.S. systems vs. other dairy suppliers around the world, included compiling and analyzing past U.S. vulnerability assessments and completing a comprehensive pilot study with dairy processors representing nearly one-third of the U.S. milk supply.

The research confirmed that the U.S. dairy industry is already doing a

good job on traceability. However, it also revealed areas for improvement.

For example, the guidelines address the absence of easily identifiable lot-specific information for incoming packaging materials and finished products. Identifiable, consistent, humanly readable lot-code labeling on ingredients and packaging used within the supply chain facilitates expedited trace-back.

In terms of upgrading U.S. traceability, there were two primary findings:

1) The research found that a company need not have a full-blown enterprise resource planning (ERP) system to have a robust traceability program. Manual, paper-driven systems, ERP systems and hybrids (part paper-driven, part electronic) were all able to trace quickly and accurately and deliver on enhanced rules and regulations in the pilot study.

2) Bearing that in mind, robust traceability programs need not be cost prohibitive. Good operational practices can improve trace-back effectiveness and reduce inventory risk exposure. For example, enhanced or modified recordkeeping, which is a time/labor cost, commands a relatively small price but can have high return on investment.

The draft voluntary guidelines focus on product flows, labeling, recordkeeping and data collection, and other practices and protocols at the plant level through the supply chain to end-product manufacturers.

To review a copy of the guidelines and view a brief video about the

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traceability initiative, go to www.usdairy.com/globalization/consistentsupplier.

The Innovation Center for U.S. Dairy is looking for comments from dairy processors on the guidance document by March 15. The work team then plans to incorporate those processor comments into a final version to be released in May.

Processor input is important because we need widespread adoption and implementation. The participants in the pilot study represented 30 percent of U.S. milk production. That's good, but the greater the buy-in, the more meaningful the conversations will be with the U.S. Food and Drug Administration (FDA) as the agency looks to draft rules and regulations regarding FSMA.

If the industry can self-regulate, raise the food safety bar and present FDA with a proven traceability program, it would also provide FDA with guidance and perspective and could help prevent the imposition of an unreasonable system. If the industry adopts early, it can demonstrate that it is delivering against future expectations.

The U.S. dairy industry must get out in front on this issue. But it has a short window of opportunity to adopt volun-

tary enhanced traceability guidelines and convince FDA of the merits of the program.

This is an important initiative that can make a lasting and positive contribution to business and general food safety welfare. If the industry adopts enhanced traceability practices, it can address U.S. regulatory concerns, strengthen the integrity of the U.S. dairy supply chain, and bolster our global competitiveness and image among customers and, ultimately, consumers. CMN

Note: The U.S. Dairy Export Council is primarily supported by Dairy Management Inc. (DMI) through the producer checkoff that builds on collaborative industry partnerships with processors, trading companies and others to build global demand for U.S. dairy products. USDEC staff manages the Innovation Center for U.S. Dairy's globalization initiative. The Innovation Center for U.S. Dairy, established under the leadership of DMI, provides a forum for the dairy industry to work pre-competitively to address barriers to and opportunities for innovation and sales growth.

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