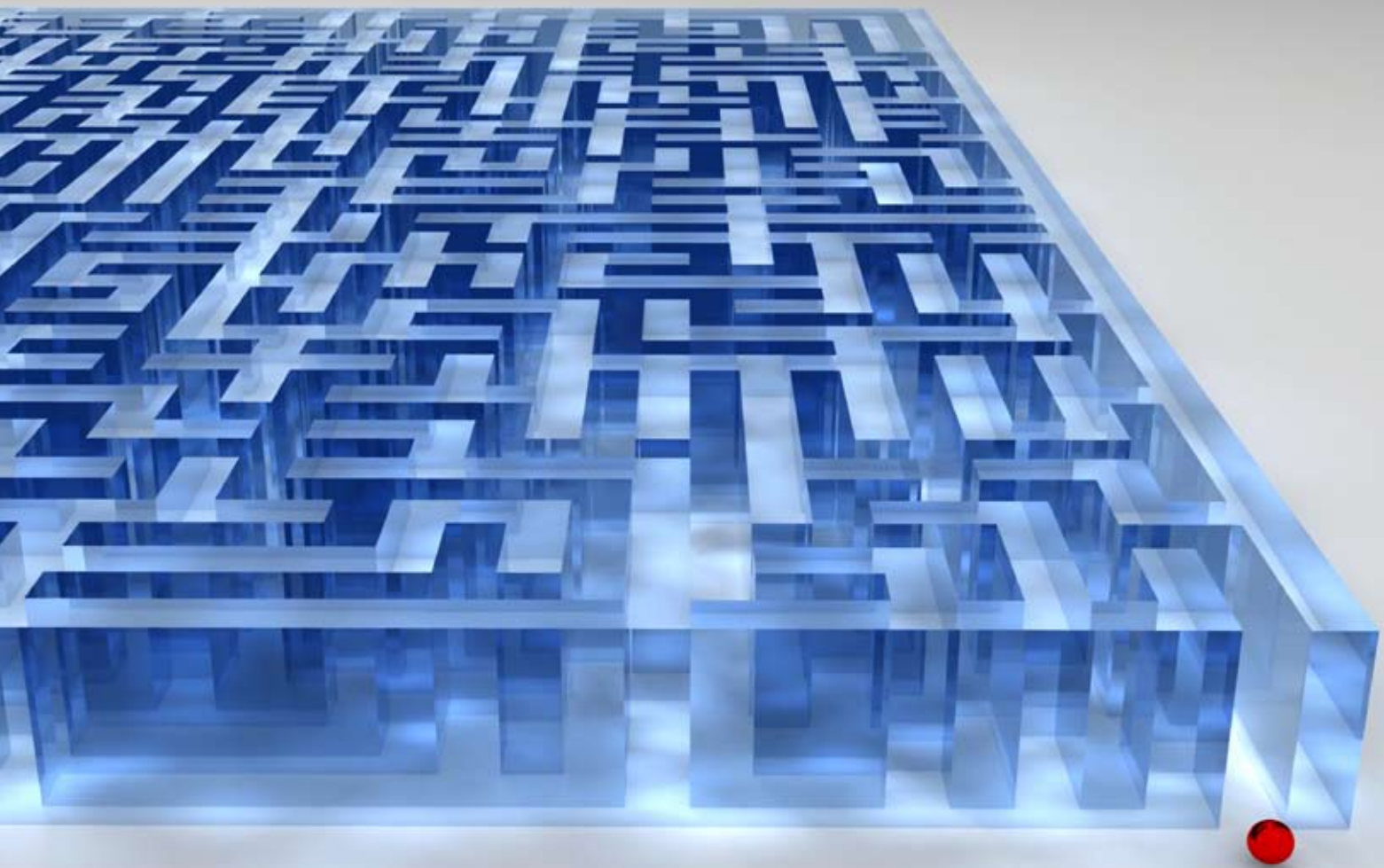




***Once certified, accepted everywhere***  
*Standards, harmonisation and co-operation*  
*in the global food industry*



## Position Paper: The Global Food Safety Initiative

### **Once certified, accepted everywhere**

*Standards, harmonisation and co-operation in the global food industry*

#### Foreword by Roland Vaxelaire

*Chairman of the Global Food Safety Initiative*

*The growth of private label products has brought about collaboration between retailers and manufacturers on the development of shared standards. They're often called 'private standards' but in fact they are open to anyone. Food manufacturers who get involved find themselves in a remarkable and collaborative global development in food safety.*

*I am the Quality, Responsibility and Risk Director for the Carrefour Group and have been working with other food retailers and manufacturers to find a common approach to food safety standard setting over the last six years. We work together through the Global Food Safety Initiative (GFSI).*



*We share a simple aim: **"Once certified, accepted everywhere"**. In June 2007, the retailers on the GFSI Board of Directors announced that they have agreed to reduce duplication in the supply chain through the common acceptance of any of the four GFSI benchmarked food safety schemes. I can only encourage other retailers to follow this example and apply the GFSI philosophy.*

*This paper will tell you the story of private standards. We want it to be read by policy makers in government and in international organisations. It's also for anyone working to deliver food safety anywhere in the world.*

***It will help you understand the key issues and guide your decision making.***

# 1 Background

The Global Food Safety Initiative was set up in 2000 to pursue continuous improvement in our food safety systems, promote cost efficiency in the supply chain and, above all, provide assurance of safer food for consumers worldwide. On its Board are senior executives from some of the world's leading retailers: Ahold, Carrefour, Delhaize, Metro, Migros, Tesco, Wal-Mart and China Resources Vanguard. They are supported by Danone and Hormel Foods from the manufacturers.

Expertise and advice to the Board comes from the Technical Committee. It is composed of food safety experts from retailers, manufacturers, standard owners, certification bodies, accreditation bodies and industry associations.

The Board and Technical Committee are working towards convergence of food safety standards and have commissioned this paper with the following objectives:

- To provide an overview of the current situation regarding GFSI benchmarked private standards.
- To enable a debate between all stakeholders in the global food supply chain.

The boundaries of this paper have been set within the area of manufacturing standards. The structure of the paper includes a review of the current situation in relation to GFSI, including its history, an analysis of the challenges it faces, a summary of the possible solutions to these challenges and finally a discussion of benefits and some recommendations for consideration.

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## 2 What's Happened So Far

The GFSI brings the world's food business together to share the food safety challenge. For the most part they are members of the independent network called "CIES – The Food Business Forum" ([www.ciesnet.com](http://www.ciesnet.com)). CIES has 400 members in 150 countries (retailers being the largest single group) and actually funds and facilitates the GFSI. CIES works with the CEOs and Senior Executives of its members, the majority of whom engage fully with the various programmes. GFSI has been developed to be open and as inclusive as possible. Involvement is not limited only to CIES members. It has long been a shared understanding that success requires the involvement of all interested organisations.

If you look through the list of the retailers who do participate, you will find eight retailers on the GFSI Board, of which six are global (Wal-Mart, Carrefour, Tesco, Metro, Ahold and Delhaize) and two are national (Migros and China Resources Vanguard). The direct involvement of the big international retailers is no coincidence. Any business that operates in more than one country will encounter the costs of duplication and can see the benefits of co-operation. The Technical Committee enjoys active involvement from a further twenty organisations.

There is growing involvement of different stakeholders from many countries. In particular, you will see the growing participation of manufacturers, both on the Board and the Technical Committee. Another noticeable trend has been the development of the global network enabled by the GFSI. The annual International Food Safety Conference now attracts over 500 delegates from all over the world.

*"The Board and members of CIES have been very pleased to see the progress of the GFSI. Since its origins, we have seen the growth of a new business network. We also look forward to helping build further links between business, governments and international organisations."*



**Alan McClay**  
CEO, CIES - The Food Business Forum

The 5th Version of the GFSI Guidance Document, issued in September 2007, sets out the requirements for food safety schemes and enables comparison and recognition of standards. There are currently four recognised manufacturing schemes:

- BRC - British Retail Consortium Global Food Standard (Version 5)
- Dutch HACCP (Option B)
- IFS – International Food Standard (Version 5)
- SQF 2000 – Safe Quality Food Program (Level 3)

There are also two recognised primary production (pre-farm gate) schemes:

- SQF 1000
- NZ GAP (New Zealand)

To manufacture private label food products, factories must demonstrate to retailers that

they are able to consistently deliver safe and legal food. Certification against food safety standards provides an independent and unbiased endorsement of a corporate commitment to best practice. In Western Europe, the great majority of factories that sought certification have achieved it. This is because most retailers have made certification a requirement. Elsewhere, in Central and Eastern Europe, in Asia, Australia, Africa and in the Americas, many new manufacturers are seeking certification as other retailers develop their private label product ranges and seek new simpler ways of working.

**2.1 The British Retail Consortium (BRC) Global Standard – Food** was introduced in 1998 and it was an immediate success. It helped the retailers comply with UK legislation and was welcomed by the suppliers as a positive step to reduce the number of technical audits. The fifth version has been published in January 2008 and there were 8,607 certificates issued in 2007. The BRC also developed a number of other standards. They published their Packaging Standard in 2002 (Version 3 in January 2008), the Consumer Products Standard in 2003 (Version 2 in 2006) and the Storage and Distribution Standard in 2006.

## BRC Case Study – Continental Fine Foods

A short walk from Manchester United's Old Trafford stadium will take you to the **Continental Fine Foods** factory. A key site for the **Cranswick Food Group**, they specialise in manufacturing and slicing private label cooked meats for UK retailers, including Asda (part of Wal-Mart).

Working at the site are 200 full-time workers, generating a turnover of €100m, of which 90% comes from sales of private label products. In 2000 the factory achieved certification to the BRC Global Standard – Food. Before that the factory operated with an internal system based on customer and legal requirements.

Gareth Millman has been the Asda Supplier Technical Manager for Continental Fine Foods since 2005 and he works closely with the 35 European suppliers. *"I've been involved in the meat industry for over 20 years. I love the food business and I have a great job helping to get products ready to launch. There are about 180 different Asda products on their shelves that Continental Fine Foods supply and that I have worked on. This work takes me across Europe where we buy ingredients and finished packed product as well. I came across the BRC in the late 90's. We used to work with HACCP but without a strong Quality Management System. There was no continuous improvement process; it was up to the individual to push things forward."*



**Gareth Milman and Nicola Walmsey**

At Continental Fine Foods, Nicola Walmsey has worked as the Site Technical Manager for two years having worked her way up through the Cranswick Food Group. *"I look after the factory process. The BRC gives us a clear benchmark. To be effective it needs commitment from everybody in the company. I know when there is a revision of the Standard underway because we are asked for our opinion. I'm pleased to see more structure and focus on HACCP in the new version. We will have an opportunity to raise awareness for everybody here. I believe that the BRC standard has helped us reduce the incidences of non-conforming product here. That adds value for the business. Recall or withdrawal costs can be very high."*

*"In developing the fifth version, our Technical Committee has placed an increased emphasis on Senior Management Commitment and HACCP. We consider that these are vital components of an effective system and support those responsible for implementing and auditing against the standard"*

**Geoff Spriegel**

*Director of Global Standards, British Retail Consortium*

**2.2 The Dutch HACCP scheme** was launched in 1995. The standard development was undertaken by the Dutch National Board of Experts, which is made up of government, enforcement agencies, food retailers, manufacturers, trade associations and consumer organizations. In 2007 there were just over 2,000 certificates issued. Dutch HACCP has two certification options. It is their 'Option B' that has been recognised by GFSI.

## Dutch HACCP - Case Study

**Bouter Cheese** is a private label specialist working closely with their principal customer, the Dutch retailer Albert Heijn. They are an independent company with a turnover of €200 million. There are 165 full-time employees and between 80 and 200 seasonal workers depending on the time of year.

At their factory in Culemborg, near Utrecht in the Netherlands, they mature Dutch-produced Gouda cheese that they slice and pack along with a range of other European cheeses. Albert Heijn deal with price negotiation. Bouter Cheese take accountability for supplier management and product control. They have actively invested to create an efficient and modern manufacturing environment.

Originally, quality was managed through a local, uncertified system that relied on a combination of good record keeping and process knowledge. However, in 1999 their approach changed and they achieved certification to the Dutch HACCP system. This has given them a structured approach to process control and has supported the rapid growth of the company.



**Bert Hijkoop**

Bert Hijkoop is the Quality Assurance Manager. After many years as a third party certification auditor, including working to the BRC and IFS standards, he is now able to bring his experience to working with product. Bert says *"The different systems are all seeking to achieve the same thing. BRC and IFS look more at product and Dutch HACCP looks more at systems. They can all deliver good results."*

For Bert, the key to driving continuous improvement at Bouter Cheese is with the people. He says: *"We want to take quality through to a new level by really engaging our people. They are the ones that own and deliver quality for our customer and they need the right systems and also strong management support. We've developed our own e-learning system that supports the knowledge development of our teams. As they improve their understanding of HACCP principles I can see that we continue to get better"*

*"It's not enough to just tell our customers we are safe and legal, we also need to prove it in a way that will give us all confidence. That's why we first got together in 1995; food technology academics with the retailers, the manufacturers and the service providers, to define a common approach based on Codex that resulted in Dutch HACCP"*

### **Theo Cieremans**

*Chairman of the SCV Foundation that owns the Dutch HACCP Scheme and supports the Central Board of Experts*

**2.3** The German retailers were also building their private label ranges and they got together and published **the International Food Standard (IFS)** in 2002. The fifth version was published in 2007. They were joined in 2003 by the French retailers and more recently, by Italian and Polish retailers. In 2007 there were 8,414 certificates issued. The IFS also published their Logistic Standard in 2006.

## IFS Case Study – Tiantong Food Company

Linyi City is in the East of China in Shandong province, not far from the busy port of Qingdao. The area is well known for its fruit growing and the **Tiantong Food Company**, a part of the Yuanyu Development Group, has been canning and freezing fruit and vegetables there for over thirty years. There are over 400 employees and the company has an annual sales turnover of \$10 million. There is a wide range of products that includes asparagus, peaches, pears and mushrooms. It is one of the leading exporters from China and its products are sent as private label products to retailers around the world, including Japan, Korea, Russia, USA and various European countries.

In the rapidly growing Chinese domestic market, the Tiantong Food Company supplies the global retailer Carrefour with a number of private label products. The company was introduced to IFS by Carrefour and achieved certification in 2004. Previously it had worked with ISO 9000 and HACCP systems. It still maintains its other certifications because of the range of customers it works with.

*“ Since the launch of the IFS in 2001, a continuous review process has made sure our standard delivers best practice food safety and legal requirements. An information exchange with the retailers, manufacturers and the certification bodies from different countries is our foundation and has led us to the current fifth IFS version. I believe this shows how we work together to share knowledge so it can improve standards for all our consumers.”*

**Stephan Tromp**

*Managing Director, International Food Standard, HDE (German Retailers)*



**Zi Yuan Yang**  
CEO

Ms Chunxia Lu, the Quality Manager at the factory says: *“We really believe in our customers. If they are happy with the product then we will also be happy. We like to think of the people around the world who enjoy our product. The IFS Standard has been a very positive experience for us and since its introduction we have been able to further improve the consistency of production. The new version has a good focus on how to deliver continuous improvement and it seems simpler while also being more challenging.*

*Sometimes I think that our work is like being in a boat on a river, working hard against the current. With constant effort it is possible to keep making progress but it has to be a team effort. Good planning and sharing our problems help us move quicker up the river. The IFS Standard helps us very much in this work. We realise that we are a part of the global economy and this proves it to our many customers at home and abroad.”*

**2.4** In 2002, the Food Marketing Institute in the USA launched the **Safe Quality Food (SQF) program**. Its origins as the first private standard date back to 1995 when it was originally developed in Western Australia. Unlike the other GFSI recognised standards, it can be applied pre-farm gate (SQF 1000) as well as in factories (SQF 2000). SQF also actively develops sector specific guidelines. In 2007 there were over 8,000 certificates. SQF 2000 operates at three levels. The highest, 'Level 3' has been recognised by GFSI.

## SQF Case Study – Stemilt Growers, USA

In the North-West of the USA, between Seattle and the Rockies, there are extensive fruit growing areas around the Columbia River. **Stemilt Growers** is one of the largest growing and packing operations in the area. Its principal pack house is in Wenatchee where it has held its SQF Certification since 2001. At that time there were just 5% of local fruit pack houses working with the program. This has now grown to 95%

The cherry season, starting in June, is their busiest time and there can be 2,800 staff working in the pack houses. During the apple and pear season the numbers drop down to 1,400. In 2007, the sales turnover was \$170m. Its number-one customer is Wal-Mart but Stemilt supplies private label fruit to ten other retailers. In 2002, 3% of domestic turnover was in private label. Now this has increased to 20%. The main export customer is the Canadian retailer, Loblaw's. Stemilt also sells fruit to 20 other countries.

*“ SQF can be applied throughout the food chain, for both primary production and manufacturing, and that allows for seamless and practical certification. The sector specific guidelines enhance SQF by providing greater transparency and it gets suppliers more involved in the process. It only makes sense to work together to ensure we all agree on the best practices needed to keep our food safe.”*

### **Jill Hollingsworth**

*Group Vice President, Food Safety Programs & Safe Quality Food Institute, Food Marketing Institute*



**Eva Lauve**  
Food Safety Manager

Eva Lauve is the Food Safety Manager and has been involved with the SQF program from the start. *“Working here is great, every day is different and there always seem to be plenty of opportunities to improve and grow. We chose the program because it was right for the business. In the nineties I think the retailers used to assume food safety was being managed. In reality some were doing a great job but others had less control. Now, they always ask us. Our SQF credentials help us show them how we work.”*

Putting new systems into place can be a real challenge. Eva overcame resistance by involving the team. The work procedures were written by the actual employees who did the job. She says: *“It eliminated a lot of paperwork. That was a win for the teams in the pack house and in the orchards. We also found that we were able to improve our training programmes. It's definitely better and quicker because we are always prepared. We now provide a much improved learning tool.*

*We made savings in the packing process too and have improved our efficiency by 20%. The programme opened our eyes to our own work. It helped us think about what we're doing and why we do it. We review each product every year in line with the program's requirements. This drives our continuous improvement.”*

## 3 The Market and Its Drivers

*Table 1: Private Label share as % of sales*

	2000	2010
Worldwide	14	22
Western Europe	20	30
Central and Eastern Europe	1	7
North America	20	27
Latin America	3	9
Australasia	15	22
Japan	2	10
China	0.1	3
South Africa	6	14

Source: Adapted from Planet Retail 2004

### 3.1 What are 'private standards'?

Private standards requiring independent certification are now well established in global food supply chains. They are a business-to-business initiative. There's no price premium, no added value from consumer logos and no concept of guaranteed supply programmes. They go beyond legislation and international standards to make best practice a requirement.

The main driver of this development is the growth of retailer private label as the world's grocers develop their own products for new markets. Private label has grown quickly for a number of reasons. It offers more choice to consumers through increased product ranges, delivers a new price and quality offer in competition with the proprietary branded products and also allows retailers to manage their own supply chains.

Certificated suppliers have a clear understanding of the retailers' expectations and the opportunity to get involved in changes for new versions of the standards. The private standard owners actively engage with their stakeholders in driving improvement, which provides a strong benefit for consumers. They see the effect of continual improvement on achieving consistent quality and reducing levels of food safety issues.

A secondary driver is the recognition by retailers and other food buyers that certification adds value beyond private label. Well known national and international brands are now getting involved.

## Taking ownership for quality

Private label is a brand like any other. The retailer's name is on the product and they take responsibility for it.

**Product integrity** sums it all up. Is the product what it is supposed to be?

- **Quality**... is it consistent, is it in the right position in its market, do consumers like it?
- **Safety**... is it safe, is it always safe, could it be safer?
- **Legality**... is the product what the label says, is it legal?

## Delivering Product Integrity

The retailers appreciated that they needed to co-operate. A risk shared is a risk reduced. Suppliers are often shared and so are ingredients and raw materials. Co-operation between retailers and suppliers in delivering product integrity gives a business advantage to all. It makes buying simpler for the retailers and manufacturing simpler for the suppliers.

For example, imagine the challenge of developing private label products in a new market... let us say it is ice cream and it is for Mexico. Who can make it?

In this example the retailer identifies three ice cream factories. Two of them are certificated and one is not. Out of these two, one has maintained certification for several years, the other is newly certificated. Already, the capability of the three sites is emerging. It is not to say that one or the other is definitely better, but the selection process is simpler.

The next question for the buyer will be about their own brand policy. We already know that seven of the world's major retailers have jointly announced that they will accept any of the four standards recognised by the GFSI. Let us say that this retailer has the same policy. The two certificated sites may work with different standards, but both are acceptable. However, the process of site approval considers a number of other issues. What about the capability to manufacture and deliver to the retailer's requirements, including safety, legality and quality? Also, what about reputational issues such as labour standards and the environment?

The retailer has a decision to make about the uncertificated site. After all, more than 20,000 certificated food factories around the world had to start at some point over the last ten years. When considering all selection criteria, this site could be the best choice. The retailer may decide to place the order and to set a target time for the site to achieve certification. Alternatively, one of the other sites may have an overall better offer, perhaps as a result of working within the disciplines of certification. We've already seen in the case studies how improved compliance has driven operational savings. Whichever way the decision goes, this example shows how retailer policy acts as a driver for continuous development while delivering improved product integrity.

## The growth of the private label market

The private standards offer certificated factories access to the growth offered by the private label market. There is no barrier, other than cost, to achieving and maintaining certification.

In addition, even without actually making a retailer private label product, a company can use a certificate as credible evidence of their factory standards with any of their other customers. Also, factories that participate, wherever they are in the world, will be kept at the heart of best manufacturing practice through the combination of standard revision and ongoing assessment.

### 3.2 ISO 22000

The International Standards Organisation published their food safety management standard in 2005. ISO 22000 took the well-known quality management foundation of the ISO 9000 standards and added the principles of HACCP. It can be applied throughout the supply chain. In 2007, ISO 22003 and ISO 17021 were published to provide information, criteria and guidance for certification bodies, for the accreditation bodies that approve them, for suppliers, their customers and food sector regulators.

Consider that ISO 9001 offers the baseline standard on Quality Management. The retailers built their standards on that baseline. To get the consistency they needed for brand protection they added best manufacturing practice and detailed rules for auditing and reporting.

However, the GFSI Technical Committee, writing in September 2007, noted some areas of difference, including accreditation processes, best manufacturing practice and ownership (and hence liability). They also identified the ability for private standards to change quickly in response to emerging issues as a difference. The development processes supporting international standards are slow in comparison.

The response to this analysis has been very positive and a pre-requisite programme (PRP) of good manufacturing practice has since been developed by the CIAA, the European-based independent food and drink industry organisation. This document, when used to audit a supplier, in combination with ISO 22000 will help to bridge the gap and meet the requirements of the GFSI. As a result, and once the other outstanding issues are addressed, a formal benchmark of ISO 22000 in combination with the PRP document could be envisaged, in line with the GFSI requirements in their Guidance Document (Version 5, 2007).

These differences mean that it's not easy for a retailer to accept ISO 22000 as being equivalent. However, there's no reason why a factory can't work to ISO 22000 whilst maintaining certification to a private standard recognised by the GFSI.

The GFSI and the CIAA continue to work closely together to improve the understanding and communication of the issues. They share the objectives of delivering continuous improvement in food safety and the convergence of management systems.

## 4 Challenges

There are three key challenges associated with the story of private standards.

- **Food safety and production issues.** The private standards are designed to manage these issues, not to substitute for legislation or company expertise. When followed, the risks of failure are reduced. However, failures associated with people, equipment or process still happen in certificated factories.
- **Duplication of compliance effort.** Different schemes, no matter who sets the standards, refer to the same processes. Compliance costs time, effort and money and there is significant evidence of duplication. This may distract and confuse the participants from their real objectives.
- **Market access and trade barriers.** A site may be legally compliant but not certificated. This can impose extra cost on companies seeking to participate in certain export supply chains where certification is required. This is leading to an international debate on the validity of setting requirements beyond legislation.

### 4.1 Food safety and production issues

These are always of a serious nature. Food safety failures may cause illness or even death. With proper systems and controls in place, most food safety failures can be controlled, prevented or eliminated.

*“ Growing challenges require a new approach to food protection – an increased emphasis on prevention. Recent outbreaks linked to fresh produce and peanut butter show how FDA responds quickly to contain food safety problems. There is also a need to focus more on building safety into products right from the start. FDA will work with the private sector to build on the actions of the food industry to ensure product safety. Building safety into products is described in one word: prevention. ”*

**David Acheson**

*Assistant Commissioner for Food Protection,  
Food and Drug Administration (FDA, USA)*

At best, a problem or a risk to health is identified and product is not dispatched. If that can't be done, then it may be possible to withdraw it from the supply chain. If that can't be done, then it may be possible to withdraw it from shelves in stores or even attempt to recall it from customers' homes. It could unfortunately be too late for that sometimes and consumers may be harmed.

When NASA sent astronauts to the moon forty years ago; they realised that there was no acceptable tolerance on food safety. They devised a safety management system that ended up being used extensively by the food industry and is known as Hazard Analysis Critical Control Points (HACCP). If correctly applied as a part of an effective quality management system, then safety hazards will be managed and controlled.

Risks for buyers include illegal pesticide or veterinary residues and contamination with pathogens such as Salmonella, Listeria or E. coli.

In 2006 there was inadvertent contamination of spinach with E.coli 0157:H7, a virulent and dangerous pathogen. There were three deaths and over 200 people became seriously ill.

Product recalls happened across North America. In fact there had been a long history of such outbreaks associated with leafy green vegetables and salads from the region.

The final investigation report was unable definitively to determine how the contamination occurred, although the identical strain was identified on cattle near a single farm.

This story shows both the response of the authorities and of industry to a serious production issue. Following their exhaustive investigation, the authorities decided to encourage co-operation rather than introduce legislation. Industry responded by working together to identify and implement new and more stringent best practice. In particular, the SQF 1000 primary production standard (pre-farm gate) produced a sector specific module in collaboration with the industry and the retailers.

If one fails, all can suffer, so best practice needs to be a dynamic and constantly changing shared benchmark for food producers. Industry co-operation provides the best way to respond to challenges and deliver continuous improvement.

## **4.2 Duplication of compliance effort**

Stories circulate the food industry about sites that have over fifty audits a year. Imagine, each auditor patiently going through the same things and finding problems. Fifty reports, fifty corrective action plans and fifty auditor fees. This certainly adds significant cost and may add little value.

Why duplicate in this way? Whoever has required the audit does not believe or recognise other audits: they only trust their own people.

To understand this lack of credibility and trust, consider the following issues:

- A large manufacturing site makes products for many retailers. The product made for a particular retailer may not be checked for years as the auditor considers the site as a whole and not at a specific product level. Result: The retailer wants to check themselves.
- The auditor cannot apply their knowledge consistently across all requirements. Each one will have particular areas of expertise, concern or focus.
- The audit that is planned for the same week every year becomes a show. The quality team prepares for months and the auditor sees a great performance rather than a typical day.
- IT systems and internet usage is driving business practice. These may also drive divergence as retailers require their audit in their system.
- The authorisation of auditors can vary. Accreditation rules are clear and the GFSI recognised standards include extra guidance. The GFSI Technical Committee has also produced a best practice paper on this subject. However, experience or qualification is still no guarantee of good and consistent auditing.
- A certificate should mean the site consistently operates safely. The reality is that within manufacturing sites, the ongoing tension between quality and operations teams means that rules are not always followed. Retailers know that.

### 4.3 Market access and trade barriers.

Beyond all the challenges of whether safe food is made, sold and consumed, there are more questions: Is the system fair? Does it need to go beyond legislation? If so, then why does it?

The private standards make good practice a requirement. Effectively, these schemes are setting their own rules. This can mean a product meets all national legislative requirements but is still not acceptable to certain customers. This leads to a perception that private standards may be unfair to certain participants. After all, they go beyond minimum legal requirements, they limit market access and appear to create barriers to trade for those that are not certificated.

Retailers acknowledge that compliance with private standards may add cost for suppliers and be perceived as barriers to market entry by manufacturers and exporters. However, the standards not only provide a clear specification for best practice and enable access to high value markets but also through improved compliance they deliver solid cost savings. Therefore, GFSI's harmonisation agenda is about both reducing costs and building opportunities for participation in a growing market while still satisfying consumers' expectations.

The OECD has recognised that increasing market requirements by the private sector in its member countries may be undermining the efforts of developing countries to enter high value export supply chains. Studies for developing countries have been undertaken and a number of key reports on the subject have been published.

#### **Linda Fulponi**

*a Senior Economist at the Organisation for Economic Co-Operation and Development (OECD), wrote in 2007*

*“ Retailer private standard schemes are developed to ensure supplies meet specific criteria no matter where they are sourced and thus to increase flexibility in sourcing across the globe.*

*This development also means that supplier costs of multiple certificates attesting to fulfilment of the same attribute or process could be reduced, as could testing and audits. They also increase supplier flexibility by permitting suppliers to sell to multiple retailers through increased product substitutability; but they may also increase competition between suppliers to provide better and cheaper compliant products to retailers. Furthermore, as the outlook is for an increased stringency in standards, this competition is likely to increase.”*

Concerns about private standards as non-tariff trade barriers have tended to focus on standards at the pre-farm gate level. For example, The World Trade Organisation (WTO) is actively considering and debating private standards. The WTO Committee on Sanitary and Phytosanitary Measures was established to provide a global harmonisation platform. They work closely with the Codex Alimentarius Commission and others to avoid duplication of food safety controls. Understandably, the Committee looks at the rapid development of private standards with some concern. They have not been a part of discussions with business organisations that are accustomed to self-regulation and are driven by customer needs.

A number of their members, especially from developing countries, have challenged the legal position of the private standards. These members consider that governments in importing countries are responsible for the standards set by their private sectors. Also, certain countries complain about the “un-transparent” nature of the private standards, including their standard setting and lack of notification to the WTO. They have also said they are not science-based.

The European Commission is also concerned. It has funded a project on the effects of private standards on small farmers including those in supply chains from developing countries. At a conference on Food Quality Certification in February 2007, Commissioner Mariann Fischler Boel said they “would conduct quantitative research into the economics of food quality schemes, especially covering the impact on farm income and rural development.”

Global trade in food is really complex because there are so many regulations , so many interests and so many stakeholders. The retailers’ job is to sell the food and their challenge is to work to improve how it gets to their shelves. In doing so, they lay out how they want that to happen. Their intention is to enable trade while making sure the risks are controlled, prevented or eliminated.

## 5 Solution

### “Certified once, accepted everywhere”

The equivalence of the various private standards is now well established.

Many retailers, in addition to the GFSI Board, share the same policy on accepting certificates from all the GFSI recognised standards. They all have concluded that there is a broad equivalence of requirement and of process. This makes buying simpler for their organisations.

If this acceptance is endorsed by other retailers and food buyers then duplication would be significantly reduced and manufacturers could concentrate on getting on with their job.

**Recommendation: Accept certification to all GFSI recognised standards. Do not drive duplication but let the supplier choose the scheme that best suits itself and its customers**

### “Share knowledge”

Food safety has long been held up as an example of a pre-competitive issue. Any knowledge that will help somebody else deliver safe food should be shared. The GFSI forum is there to promote communication and the sharing of knowledge: all are invited to participate.

**Recommendation: Join the network**

#### **Benefits for suppliers:**

- Certificated companies are more disciplined, more efficient and more profitable.
- Certificated companies show equivalence of process across countries and continents.
- The GFSI recognised standards are accessible and are shared by many.
- Certificated companies will have a legal defence in place.

#### **Benefits for retailers:**

- The GFSI recognised standards provide effective shared risk management tools for the retailers brand protection and product integrity is improved.
- Certification enables simpler buying.

#### **Benefits for governments:**

- Business is promoting compliance with legislation
- Business is self regulating and is driving continuous improvement and best practice
- Business seeks to share its progress and understand concerns

#### **Benefits for all:**

- Less duplication
- Continuous improvement in the standards and their content
- Healthy competition between existing schemes
- Cost efficiency in the supply chain
- Comparable audit approach and outcomes
- Improved consumer confidence and safer food

## 6 Call To Action

The proliferation of the food industry's efforts to solve the many food safety challenges it faces represents a very healthy approach and a commitment to consumer safety.

Many organisations seek to identify and adopt best practice. GFSI aims to help them understand best practice standards and facilitate how these can be best implemented and managed.

**GFSI asks you to consider and take action on the following points:**

- \* The cost of our current approach is high**
- \* The opportunity for harmonisation represents simpler buying**
- \* Food safety failures affect customer confidence and supply chain efficiency**
- \* The costs of failure are substantial and the number of failures can be reduced by certification to a GFSI recognised standard**
- \* Understand the benefits of the GFSI recognised private standards and formally recognise them as leading food safety best practice**

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