

By *Ken Melban*
Vice President of Industry Affairs

Sustainability, Produce Safety Rule & International Markets

Sustainability

Sustainability is becoming a more common topic surrounding the production and distribution of products and is increasingly important to retailers and consumers of fresh produce. A few retailers are asking for specific information concerning the sustainability of California avocados.

As reported previously, the California Avocado Commission (CAC) has begun work to help the California avocado industry identify current practices that are part of a sustainability profile. There are three primary areas of a sustainability profile: social, environmental and economic. In short, sustainability focuses on treatment of workers (e.g., pay, working conditions, etc.); impact on the environment (e.g., pesticide use, water demand/runoff, energy use, etc.); and the economic viability of an operation/industry.

Packers have received sustainability questions from buyers ranging from “How does your growing operation protect labor rights?” to “What was the nitrogen use intensity associated with fertilizer application at the growing operation?” The Commission recognizes that farmers, especially those within California, must comply with very rigorous laws that provide oversight in areas such as labor practices and environmental protections. To make sure California avocado producers are getting credit for current practices, the Commission just completed a review of

existing federal and state laws. As you see in the accompanying tables, the findings clearly demonstrate that California farmers comply with dozens of labor and environmental regulations. Inarguably, California is one of the most regulated production areas in the world, and it is important growers receive proper

asked. One example is the determination of greenhouse gas emissions from both growing operations and supply-chain transportation. That information undoubtedly will be very difficult to quantify and would ultimately require a lifecycle analysis. A lifecycle analysis is a “birth to the grave” or “production

Table 1: Summary of occurrence of Federal and California labor regulations

| Regulatory Category | Federal Regulations | California Regulations |
|--------------------------------------|---------------------|------------------------|
| Wages and Benefits | 2 | 14 |
| Occupational Health and Safety | 7 | 18 |
| Recruitment and Workforce Management | 2 | 8 |
| Child and Voluntary Labor | 4 | 6 |
| Non-Discrimination | 2 | 5 |
| Freedom of Association | 1 | 2 |

credit for existing practices when buyers are asking about the sustainability of their operations. Because of our review of federal and state laws, the Commission is now better equipped to advocate on the current sustainability practices, which are extensive.

But CACs efforts can't stop there, as questions into other more challenging areas of sustainability also are being

to consumption” review of all the inputs (and resulting outputs) required for the entire lifecycle of a product. While many growers may think a production to consumption review would begin in the grove with land preparation and tree planting, the review starts well before that time. It looks at the resources, energy and other factors necessary to propagate the trees, transport the trees

Table 2: Summary of occurrence of Federal and California environmental regulations

| Regulatory Category | Federal Regulations | California Regulations |
|---|---------------------|------------------------|
| Pesticides and Hazardous Materials Management | 4 | 11 |
| Water Resources | 1 | 9 |
| Air Resources and Climate | 4 | 2 (including AB32) |
| Ecosystem Protection | 5 | 3 |
| Soil Resources | 2 | - |

to the grove, deliver water to the grove, manufacture the drip-tape, etc.

It's a complex situation, and one the Commission is pursuing with tempered expectations. We realize this is going to be a long, sustained (pun-intended) process, but one that must be started. As such, the Commission has applied for a Specialty Crop Block Grant (SCBG) to develop a web-based system that would allow growers to voluntarily provide information on growing practices, such as nitrogen use and average employee pay. The information would be examined in the aggregate and serve a two-fold purpose. First, it would further quantify the California avocado industry's sustainable practices; second, it would help identify Best Management Practices (BMPs) for improved industry awareness and, in some instances, modification of current management practices.

The Commission submitted an initial proposal in early 2018 for SCBG funding and was then invited to submit a full proposal. The final funding decisions should occur in the fall of this year. We will provide information to the industry as it becomes available.

Produce Safety Rule

As part of the Food and Safety Modernization Act (FSMA), all grow-

ers of fresh produce sold in the United States (with a few exceptions) must be able to demonstrate compliance with the Produce Safety Rule (PSR). Mandatory implementation deadlines are shown in the text box. The PSR requires compliance with a set of procedures and policies intended to mitigate potential microbial contamination. One of those is the requirement for a grower, or his/her designated food safety person, to

Produce Safety Rule Deadlines for producers are as follows:

- **January 26, 2020 deadline for very small businesses** — more than \$25,000 but no more than \$250,000 in average annual produce sales during the previous three-year period
- **January 26, 2019 deadline for small businesses** — more than \$250,000 but no more than \$500,000 in average annual produce sales during the previous three-year period
- **January 26, 2018 deadline for all other farms**

participate in a Produce Safety Alliance (PSA) training. This is a full-day, one-time training that follows the person trained and not the company.

Recently the Commission, with support from multiple handlers, organized two PSA trainings – one in Escondido and another in Ventura. The workshops were set up exclusively for avocado industry members and both were completely sold out. The train-

ings were conducted by Dr. Trevor Suslow of U.C. Davis, a highly respected food-safety extension specialist. If you haven't completed the PSA training yet, the Commission will provide information on upcoming trainings through the *GreenSheet*.

The Food and Drug Administration (FDA) is responsible for the enforcement of the PSR and has contracted with the California Department of Food and Agriculture (CDFA) for the enforcement within California. Although the first deadline of the PSR was in January 2018, the CDFA, acting as FDA's enforcement agents, is only focusing on education and outreach for this year, with inspections beginning in 2019. The Commission has been in close contact with the CDFA, and hosted a training session in an avocado grove to provide a better understanding of the industry and address any areas of confusion. In addition, a visit is being set up for FDA officials to tour an avocado grove and packing facility. These

types of interactions are important for the industry to ensure we identify any inaccuracies or confusion before the inspections begin.

As previously reported, growers who are following the Commission's Food Safety program, which aligns with the Global Food Safety Initiative standard, can almost fully demonstrate compliance with the PSR. The water testing requirements are the one area



Produce Safety Rule training in Escondido.

that needs to be finalized. Based on concerns from the agricultural industry, FDA has delayed the implementation of the water testing requirements until 2022. FDA is in the process of working with stakeholders as they reconsider the proposed requirements. The Commission is engaged in these discussions and will provide updates as new information becomes available.

International Market Access and Promotional Efforts

The Commission, while remaining focused on the U.S. domestic market, continues to pursue access to additional offshore markets. Currently, the California avocado industry exports roughly 6-8 percent of the total supply, with the primary markets being Japan, South Korea, Hong Kong, Taiwan, Singapore and Canada. In many instances, these international markets provide better pricing options, and during the start of California's season they may present an alternative market for some of the smaller fruit. While the overall volume for exports is still in the single digits, the Commission believes it is prudent to gain access to additional emerging markets to ensure we do not miss opportunities.

Unless there is an existing free

trade agreement that covers multiple products, in order to export to another country a specific agreement concerning the product must be reached between the two countries. These agreements are reached after a thorough Sanitary and Phytosanitary (SPS) review process. The SPS process focuses solely on ensuring invasive pests will not be introduced through the importation of the proposed product. While trade agreements are not supposed to be political, the unfortunate reality is politics seems to find its way into the process.

For more than a decade, the Commission has been working on gaining market access to China. In the last couple years, the Commission has ramped up its pressure both on the USDA's Animal and Plant Health Inspection Services (APHIS) and its Chinese agency counterpart.

Reaching a trade agreement is a delicate process, one that requires diplomacy and tact. In 2016 the Commission was successful in hosting an official Chinese delegation as it conducted a technical visit. Since that time, the Commission has further strengthened its connections with the leadership of both countries. With the recent trade challenges between the U.S. and China, the opportunity to finalize a

long-awaited trade agreement for California avocados faces the likelihood of more delays. However, the Commission is maintaining contact with both governments and believes there may be an opportunity to keep the process moving. As of this writing, reports of a thawing out between the two countries in their trade discussions has occurred, so hopefully the stars are aligning for California avocados to gain access to China. Because China is home to the world's two largest cities – Shanghai (24.2 million people) and Beijing (21.5 million people) – an expanding middle and upper class, and a rapidly growing demand for avocados, the Commission will continue to push on every possible door to gain access.

The Commission has pursued access to the markets of Thailand and India as well. In Thailand, there continues to be a tremendous amount of interest for California avocados, and although India may be logistically difficult, it could prove an interesting market if the conditions were right.

For this season, the Commission was successful in securing \$123,000 of Foreign Agricultural Services (FAS) Market Access Promotion (MAP) funding for some limited promotional activities in Japan. As of this writing, the Commission has decided to apply for additional MAP funding for next year with an eye primarily on South Korea and Japan. If successful, these MAP funds will provide the Commission with an opportunity to keep traditional resources focused on the domestic market while working to strengthen the overseas markets.

The Commission's strategy remains the same: target consumers who are willing to pay a premium for California's premium avocado. Yet to be determined is where all those premium California avocado consumers reside. 🥑