

By Ken Melban
Vice President of Industry Affairs



CAC Chairman Rick Shade, HAB Chairman Scott Bauwens, Commission staff Ken Melban and Tim Spann host FDA and CDFA food safety officials.

Food Safety, FDA Field Visit and On-Farm Readiness Reviews

At the end of June, the California Avocado Commission (CAC) hosted more than a dozen officials with the Food and Drug Administration (FDA) and California Department of Food and Agriculture (CDFA) for tours of an avocado grove and packing facility. The visit came at the request of FDA as they are continuing to prepare for the implementation and enforcement of the Food Safety Modernization Act's (FSMA) Produce Safety Rule (PSR).

FSMA, which was signed into law in 2011 and became effective in early 2018, requires producers of fresh produce sold in the United States to comply

with a series of policies, cultural practices and procedures intended to mitigate possible food safety contamination. The mandatory FSMA implementation deadlines are shown in the box on page 9. Although the PSR is now the law for the largest producers, enforcement has not begun. For 2018, FDA and CDFA are conducting education and outreach activities to provide impacted industry members with information concerning PSR requirements. In 2019, CDFA, under an agreement with FDA, will begin conducting PSR inspections of California farms, including avocado groves.

During the grove visit, Commission representatives focused on CAC's

comprehensive Food Safety program, stressing the importance the California avocado industry places on producing and delivering a safe, high quality piece of fruit...every time. In addition, CAC staff highlighted specific regulatory issues that, in the Commission's view, do not improve food safety but do create unnecessary and burdensome requirements for growers. One example of this is the PSR mandate requiring a grower to conduct microbial water sampling from wells that strictly deliver into a reservoir that also is being tested for microbial contamination. The Commission argued that these wells are part of a larger delivery system, into one

reservoir, which also is being tested. If the test results from the reservoir return outside of the acceptable levels, then it makes sense to test the individual feeder wells. But to require initial testing of a well in this scenario is a redundant, costly requirement. While FDA would not provide any official response to the Commission's concerns, there seemed to be general agreement with the positions put forth.

The Commission also has coordinated a few On-Farm Readiness Reviews (OFRR) with CDFA. The purpose of these OFRRs is to provide industry members an opportunity to better understand the PSR and determine whether they are prepared for a PSR inspection. CDFA is offering the OFRRs through 2018. Before an OFRR will be conducted, as required under the PSR, growers must have at least one employee (or owner) who has completed an FDA-approved PSR Grower Training course. The course is a one-time, seven-hour training that follows the person. If you are interested in participating in an OFRR, more information may be found at the CDFA website (cdfa.ca.gov/producesafety/educate.html).

Based on the OFRRs held thus far, all indications are that if a grower follows the Commission's Food Safety program, which supports a Global Food Safety Initiative (GFSI) audit, they will be in position to demonstrate compliance with the PSR, except for the water testing requirements. As reported before, the FDA has delayed the PSR water testing requirements until 2022. Once FDA determines the PSR water testing requirements, the Commission will conduct a review to determine if the Commission's Food Safety program fulfills the requirements.

On a related note, many of you may recall that initially the Commission worked with United States Department of Agriculture (USDA) for



Osama El-Lissy, APHIS deputy administrator, and Ken Melban discuss trade issues.

the food safety certification of groves. However, there are two parallel tracks the Commission considers in terms of food safety certification: 1) does the certification meet the PSR requirements; and, 2) does the certification meet with major buyer requirements. The Commission shifted to third-party auditors because major buyers refused to accept the USDA audit and expressed a preference for the Global Food Safety Initiative (GFSI) audit. Now, the USDA has achieved technical equivalency of its Harmonized GAP Plus audit program by the GFSI. This new accreditation of USDA by GFSI may allow growers to

once again utilize USDA for the auditing purposes, if it's proven acceptable to retailers.

As is often the case with federal and state regulators, there definitely exists some level of disconnect between their offices in Washington, D.C., and Sacramento and the farms their regulations are targeting. The Commission continues to be very active on working to shape policies and regulations, such as the PSR, that impact California avocado growers, and will continue to inform industry members as details change.

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



CAC VP of Industry Affairs Ken Melban meets with USDA Undersecretary Ted McKinney.

NAFTA, Tariffs and China

At the time of this writing, the Commission had just concluded a meeting with Ambassador Greg Doud, chief agricultural negotiator, Office of the United States Trade Representative, to discuss the North American Free Trade Agreement (NAFTA) renegotiations and the U.S. and China trade situation. During the meeting, the Commission stressed the importance of maintaining a stable U.S. avocado market and the need for offshore supplies to meet the increasing domestic demand. Although Ambassador Doud could not provide absolutes until the renegotiated NAFTA is ratified, he did assure us that the Commission's "Do No Harm" message has been heard loud and clear by the administration.

In July, Mexico elected Andres Manuel Lopez Obrador president, and the U.S. administration appears motivated to finalize an agreement with Mexico ahead of the change in power, which will occur on December 1, 2018. As of this writing, there are strong indications an agreement with Mexico may be achieved prior to an agreement with Canada.

As discussed in previous writings,

although some California avocado industry members may see the supplies from Mexico as a threat to their livelihood, a look back over the last few years indicates that those supplies are essential to keep up with increasing U.S. demand. This makes for a very "delicate partnership" — one that strives to maintain a stable flow of avocado supplies to meet growing consumer demand, but at a level that continues to keep pricing strong. While it has not always been perfect, in general this "delicate partnership" has worked.

In the past few months, the NAFTA renegotiations have been overshadowed by the U.S./China trade dispute and resulting tariffs. California avocados are on the China tariff list, although currently we do not yet have market access to China. The Commission has been working with the USDA's Animal and Plant Health Inspection Service (APHIS) since 2005 to secure China market access. Considering the current trade situation with China, the Commission's successful pursuit of market access will likely be further delayed.

The Commission recently held meetings with USDA's Ted McKinney, undersecretary for trade and foreign agricultural affairs, and APHIS's Deputy Administrator Osama El-Lissy. Commission staff discussed the importance of California avocado exports, which accounted for nearly 10 percent of California's 2018 total volume. South Korea and Japan are the two primary export markets. The point was made that although, at present, California avocado exports are not impacted by the China tariffs, we remain concerned about the possibility of unintended consequences with our existing trade partners. The administration officials understood our concern and acknowledged the potential risk for the China trade dispute to impact trade with South Korea and Japan. Both the undersecretary and

deputy administrator confirmed the administration is maintaining communication with other Asian trade partners and they feel confident the California avocado industry will not experience negative fallout. Currently, California avocados have a zero tariff into South Korea and a 3 percent tariff into Japan. The U.S. has a free trade agreement with South Korea and is working to establish a free trade agreement with Japan.

Through NAFTA and other U.S. trade access agreements (e.g. Chile, Peru, others) avocado imports into the U.S. will continue. This is our reality. Globalization is here, and the California avocado industry is part of a global market. As such, it is imperative we recognize this global market and we compete...globally. That is the best option.

Gem Variety Crop Insurance

Over the last few months, the Commission has worked with USDA's Risk Management Agency to pursue inclusion of the Gem variety for federal crop insurance. On August 1, 2018, the Commission learned that the Federal Crop Insurance Corporation has approved Gem as an eligible avocado variety for crop insurance.

This eligibility has been approved for all covered counties beginning in re-insurance year 2019, which is fruit for the 2020 crop year. Interested growers will need to purchase crop insurance by the sales closing date of November 30, 2018, for crop year 2020.

Avocado crop insurance is available in the following counties: Monterey, Orange, Riverside, San Diego, San Luis Obispo, Santa Barbara and Ventura. If production is outside of these counties, a grower can request insurance via a written agreement.

If you have questions, please contact your crop insurance agent or Ken Melban at the Commission office (949.341.1955). 🍌