



Worthwhile Operational Guidelines & Suggestions

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Food Safety: Interplay of regulations and marketing incentives

A recently released economic research report (July 2009; ERR-75) by M. Ollinger and D. Moore examined the impact of process regulations mandated under the Pathogen Reduction/Hazard Analysis and Critical Control Point rule by the Food Safety and Inspection Service (FSIS) of USDA on food safety process control. The current level of food safety found in U.S. meat and poultry food products is a result of mandatory Government regulations (i.e., process and performance regulations) as well as company management-determined actions brought about by market incentives. Processing regulations include sanitation and other tasks related to food safety; whereas company management-determined actions are primarily market-driven and include factors such as capital investment (human and physical) and other actions (i.e., legal liability, the value of the brand, desire to sell more products, etc.) independent of mandatory Government regulations. Mandatory performance standards—regulations that allow the plants to reach an acceptable level of food safety in any manner they see fit, although potentially a key driver—were not a subject of this report. This study analyzed the share of samples testing positive for *Salmonella* spp. as a measure of food safety process control in meat and poultry processing plants. Analysis of data showed, empirically, that company management-determined actions accounted for about two-thirds of the reduction in samples testing positive for *Salmonella* spp., while Government sanctioned regulations accounted for about a third of the reduction. The importance of process regulation varied across plants, but accounted for 50 percent or more of process control in about a quarter of plants, and in some plants accounts for the entire process control system.

Full report can be accessed at: <http://www.ers.usda.gov/Publications/ERR75/ERR75.pdf>

Authors lead to the conclusion that USDA's FSIS could increase incentives for company management-determined actions by providing consumers and buyers with more information about the meat and poultry food safety control of particular plants and firms. Study suggests that publicizing information on plant performance on *Salmonella* spp. tests and noncompliance with process regulations may encourage greater food safety investments by meat and poultry companies.



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