

## TABLE OF CONTENTS

Overview and Role of the USDA Fruit and Vegetable Industry Advisory Committee	2
General Status of the Specialty Crops Industry	2
Recommendations – Fall 2015	3
Area 1. Inspection Delays at Ports of Entry Working Group	
Recommendations 1- 5	4
Recommendation 6	5
Area 2. Food Safety Working Group	
Recommendation 1 -2	5
Recommendation 3– 4	6
Recommendation 5 – 6	7
Area 3. Maintaining operational continuity for USDA Market News	
Recommendation 1	8
Area 4. H2-A Agricultural Labor Worker Program During Funding Lapses	
Statement 1	8
Next Steps	9

## Overview and Role of the USDA Fruit and Vegetable Industry Advisory Committee

The U.S. Department of Agriculture (USDA) first established the Fruit and Vegetable Industry Advisory Committee (Committee) in 2001, under the authority of the Federal Advisory Committee Act, as amended, 5 U.S.C. App. 2. The Secretary of Agriculture appoints 25 members to the Committee and since its inception, has met 21 times and developed more than 100 recommendations and statements on key issues related to the specialty crops industry.

The scope of the Committee is to examine the full spectrum of fruit and vegetable issues and provide recommendations to the Secretary on how the USDA can tailor programs to better meet the needs of the U.S. produce industry. The Committee is in the public interest, in view of the produce sector's importance to the nation's economy.

The mission of the Committee is solely advisory, with the obligation of each member to duly represent their respective agricultural sectors in the industry. Their responsibility is to provide thoughtful and balanced recommendations to the Secretary on issues that impact the industry as well as their customers, and assist the USDA in formulating innovative and viable solutions to address them. The Committee meets twice per year in Washington, D.C., with additional teleconference calls. They report to the Secretary of Agriculture through the Under Secretary for Marketing and Regulatory Programs, and are managed by the Agricultural Marketing Service's Specialty Crops Program.

## General Status of the Specialty Crops Industry

The combination of global trade, demographic shifts, and changing consumer behavior compels the produce and floral industry to adapt and evolve at a brisk pace. Fresh produce ranks as one of the most frequently purchased perishable products, purchased approximately three times/week universally, according to the Nielsen Perishables Group for the Produce Marketing Association.<sup>1</sup>

Labor shortages, food safety and food security, drought and adverse environmental conditions, fluctuating market changes, and an increased vigilance for the detection of incoming pathogenic diseases and pests are just a few of the more critical issues facing the produce industry today. It is unlikely that the producer of yesterday and today will look and operate the same as those in the future. That being said, the average age of today's farmer is 58.3 years old<sup>2</sup>, with a significant drop in farming interest. The number of Americans choosing careers in farming, particularly from today's youth, is shrinking and domestic fruit and vegetable producers have reason to be concerned since this shortage and a lack of succession opportunities for existing farms affects the economy and the industry's future.

The availability of farm labor to harvest crops, along with new food safety regulations and compliance concerns keeps the list growing. For most crops, a harvest delayed by lack of labor means less profit for growers because even a short delay can reduce quality and price. Longer delays may mean that the entire crop is lost if the quality deteriorates to the point that it cannot be marketed, or the acreage goes fallow, and at worst, farm operations shut down.<sup>3</sup>

<sup>1</sup> 2014, Nielsen Perishables Group, Nielsen Global Fresh Foods Report

<sup>2</sup> USDA NASS, 2012 Census of Agriculture, *Preliminary Report*

<sup>3</sup> Calvin, Linda and Philip Martin, Philip, ERS, USDA 2012; the U.S. Produce Industry and Labor: Facing the Future in a Global Economy

Evidence of consumer buying behavior changes is slowly emerging throughout the produce supply chain. A shift in customer food preferences towards fresh and local foods is materializing, along with an increase in produce consumption by younger consumers.<sup>4</sup> These incremental changes may be attributed to a collection of programs and initiatives such as an increase in consumer health and nutrition awareness generated from commercial and institutional promotions; new food education/curricula in schools, as well as changes in school nutrition standards; commodity and trade marketing efforts; innovative and convenient (child friendly) packaging; availability of product; and recognition and accessibility of locally grown foods through food hubs, CSAs, and farmers markets. Demand for imported, non-traditional produce (avocados, mangos, etc.) has also flourished, as well as new market and trade opportunities for domestic producers. Over the years, it is clear that political leaders and Federal and State governments recognize producer's growing need for financial and technical assistance, with the development of improved disaster (and drought) relief programs, rural broadband connectivity, crop insurance options, and commodity purchase programs which help to alleviate some of the environmental, climatic, and operational issues and obstacles that existing and new producers can experience.

The 2014 Farm Bill included new and increased funding for specialty crops-related programs and services. Most recently, USDA awarded more than \$113 million in grants to support farmers growing specialty crops through research, agricultural extension activities, and programs to increase demand, and address the needs of America's specialty crop industry. Over \$72 million was allocated for the specialty crops block grant program to help enhance competition within the specialty crops industry; pest and disease management and disaster prevention funding increased to \$62.5 million per year, which then increases to \$75 million in fiscal year 2018 and beyond; and funding for the Specialty Crops Research Initiative (SCRI) doubled to \$80 million annually to help develop and research plant genetics, as well as methods to respond to food safety hazards, among others.

The Food Safety Modernization Act (FSMA) will substantially alter the industry, touching every sector of the produce supply chain from farm-to-fork. The Food and Drug Administration (FDA) will be implementing a total of seven major FSMA regulations that will affect how produce is grown, packed, processed, shipped and imported. Although FSMA is an FDA regulation, the USDA will be who the industry will refer to regarding education, implementation, and compliance to these new guidelines, so there is a need for programs and services to be reviewed, amended, and developed, to ensure our stakeholders are ready and prepared.

## Recommendations – Fall 2015

In September 2015, the Committee adopted 14 recommendations at their meeting for the Secretary's consideration. The Executive Summary provides an overview of the Recommendations, with the full versions included below. The Committee, which definitively represents every sector of the agricultural industry and whose composition is more diverse now than ever since its inception in 2001, agreed unanimously to move these recommendations forward to the Secretary for review, consideration, and potential action.

<sup>4</sup> 2014, Nielsen Perishables Group, Nielsen Global Fresh Foods Report

## **Area 1. Inspection Delays at Ports of Entry Working Group**

### *Recommendation 1*

Increase the number of available inspectors and/or the number of shifts they work, with new inspector shifts matching the hours of port operations. Inspections should be available in the evenings, Saturdays, Sundays, and potentially three day weekends/government holidays when needed, with expanded hours of operation at ports of entry that are experiencing growth. Additionally, the number of “expert” agents with entomology and plant pathology knowledge at major ports of entry should also increase, along with expanded authority to make immediate decisions. USDA should ensure that at least one “expert” agent is available at every port of entry during hours of operation. Costs could be funded by charging importers “inspection user fees.”

Arguably the most significant cause for import delays at ports of entry is the lack of sufficient resources available to federal regulatory agencies. The increased volume of entries into the country has stretched physical resources to their limit.

### *Recommendation 2*

Increase the availability, functionality, and size of cargo inspecting facilities to better meet import demand. Set the minimum requirements for all inspection facilities to standards that are equal (if not superior) to those required of the private sector. These facilities must comply with minimum FSMA requirements. Funding these new facilities might be modeled from the “toll road” play book, with local governments partnering with the private sector to improve and/or to build inspection facilities in exchange for user fees. Those contractors would then collect a “toll” until the original cost of the project (plus a reasonable interest) is paid back.

### *Recommendation 3*

Increase the availability of testing labs that deal with fresh fruit and vegetable issues such as pathogen testing and pesticide residue, and ensure that they are located close to every major port of entry. Expand the hours of operation of testing labs to include Saturdays and potentially overtime (where needed). Explore the possibility of certifying joint testing labs for both USDA and FDA usage, and empower them to make final decisions without the need to send samples back to Washington. Partner with the private sector to fund the creation of new labs, and possibly use a model similar to what is described in recommendation #2 if funding is limited.

### *Recommendation 4*

There is a need for more importer education and programs designed to expedite the importation process (such as, CT Pass, NARP and FDA PREDICT) which are ineffective unless all parties in the importation process both know about them and use them. It would be helpful to add more detail (pictures, links and specific locations of the problematic findings) to Emergency Action Notifications so that importers can learn from their mistakes. USDA could educate custom brokers and pass information back to growers and importers to improve efficiency. Greater transparency is needed throughout the whole importation process to improve trust and cooperation between parties, with growers, importers and regulators working together.

### *Recommendation 5*

Simplify federal government websites so existing information is easier to find. Increase the use of bullet point lists on specific subjects (and on specific commodities) and hide some of the detail and wordiness that currently exists in those pages. Update webpages in real time so

growers and importers know of specific issues affecting their commodities faster so corrective actions can be implemented before shipping their merchandise.

#### *Recommendation 6*

We ask the Secretary to reach out to the FDA, and the Customs and Border Patrol to coordinate and improve the flow of information and paperwork involved in the importation process. There is an opportunity to improve the overall efficiency of the importation system by optimizing the communication and paperwork flow between the regulating agencies. The new Automated Commercial Environment (ACE) software is a step in the right direction though more can be done. Recent evidence reveals that the importation process for fresh fruits and vegetables is not working efficiently. Last year, inspection delays and rejections at various ports of entry cost the American economy hundreds of millions of dollars in lost merchandise. In addition to the actual economic cost, the potential threats to our national food and crop safety due to these inefficiencies are far more difficult to quantify. For example, right now, the Citrus Greening disease is impacting jobs and the income generated by this industry, and crops have been wiped out. It is imperative to review and resolve current importation procedural inefficiencies and apply appropriate protections to ensure national food and crop safety.

Inspection delays for fresh fruits and vegetables at ports of entry are worrisome not only because of the actual economic losses they cause, but because they point to structural inefficiencies in our system that could leave the U.S. food and crop safety vulnerable. While steps to mitigate some of these problems are in progress, there are other small changes – low hanging fruit - that could be implemented immediately to help improve the efficiency of the system.

## **Area 2. Food Safety Working Group**

#### *Recommendation 1*

Educate the entire fruit and vegetable supply chain about the FDA Produce Safety Rule (PSR) requirements.

USDA and FDA should collaborate to educate the entire produce supply chain, including retailers, on the requirements on FDA's PSR. This would include USDA consulting with its stakeholder community to assess information needs and the most effective means of delivering educational resources.

#### Supplemental information needed relating to this recommendation:

- Determine cost of developing and delivering an educational program, including the development and delivery of communication tools, and staff and travel costs
- Determine source of funds for an educational program

#### *Recommendation 2*

Educate the fruit and vegetable supply chain on the uses and value of USDA's Audit programs and services.

USDA should educate the supply chain and consumers on its Good Agricultural Practices (GAPs) audit verification program. This would include defining the value, benefits, and costs of services, the GroupGAPs program, general applicability, outreach to StrikeForce states and

others, and the specific operational aspects of the various GAPs programs and services (e.g., Harmonized GAPs and commodity-specific GAPs). It would also include information on how the GAPs program can help supply chain participants meet the requirements of the PSR. USDA should enlist current GAPs users to provide testimonials on the value of GAPs audits.

Supplemental information relating to this recommendation:

- Determine cost of developing educational materials
- Identify mechanism and format for delivery
- Determine cost of participating in stakeholder trade shows, conferences, and meetings
- Identify source of funds for development and delivery of educational materials

*Recommendation 3*

Seek commitment from FDA on inclusion of USDA GAPs program in FDA's PSR implementation strategy.

USDA should seek a public, documented declaration from the FDA stating that the USDA GAPs Program is a critical and valued component of the FSMA Implementation Strategy for the PSR. Such a declaration of support would provide credible evidence to the stakeholder community of FDA's support for "Leveraging existing mechanisms within the produce stakeholder community" in implementing PSR requirements. This would build on a long-standing interagency agreement between USDA and FDA as related to FSMA dating back to fiscal year 2010. This includes having a USDA employee on long-term detail to FDA for the purpose of (but not exclusively) addressing FSMA-related issues.

Secondly, the USDA should continue implementing, and complete on schedule by October 2016 (which is well in advance of PSR implementation requirements), the Joint GAPs Review Project with FDA, the National Association of State Departments of Agriculture (NASDA), and State partners. The Joint GAPs Review Project is also aimed at aligning the USDA GAPs program with the FDA's PSR.

*Recommendation 4*

Cooperative Extensions and produce industry associations should have access to adequate funding for outreach to help farmers comply with the FDA PSR and Preventive Controls Rule (PCR) regulations, serving as vital resources for produce industry members to help address regulatory requirements.

USDA should acknowledge the critical role played by the Cooperative Extension Service (CES) and local and national associations of produce industry members in working with growers, and providing practical solutions to the challenges they face, specifically with respect to the upcoming implementation of FDA's FSMA regulations. FDA acknowledges the critical role that the CES and produce industry associations will play in helping farmers understand the USDA GAPs Program, which includes providing post-audit guidance, as well as the FSMA regulations. The CES and produce industry associations are trusted sources of information for many farmers and produce businesses, and many growers have expressed a desire for any required training to be delivered by their local CES personnel and/or local produce industry associations. Because these local agencies are so familiar with the actual production and marketing challenges faced by farmers and produce businesses in their regions, they are uniquely positioned to provide effective and meaningful food safety outreach and education services.

USDA should ensure that the CES is fully staffed with technically qualified extension specialists, educators, and agents who have on-farm produce safety knowledge, skills and abilities, and is adequately funded to help growers across the nation strive towards compliance with FSMA regulations. USDA should likewise ensure that adequate funding is available for industry associations to provide training and technical assistance appropriate to the scale and nature of the farms and businesses they serve.

Supplemental information related to this recommendation:

- Consider involving USDA REE Under Secretary Cathie Woteki who oversees the CES
- Identify funding sources for CES staff
- Identify funding sources for grants and cooperative agreements with local and national industry associations

*Recommendation 5*

Attain recognition of USDA GAPs audit program by the Global Food Safety Initiative (GFSI) to reduce audit fatigue and costs, and open new markets for specialty crops producers.

USDA should seek GFSI recognition for its GAPs audit program. Many large and regional retailers require their suppliers to undergo an audit based on a GFSI-recognized system. The Agricultural Marketing Service (AMS) works with individual retailers to provide audit services to their “buy local” programs. These retailers continuously ask AMS to include an addendum to its Harmonized Audit that includes the GFSI Global Markets for Primary Production requirements. Gaining GFSI recognition would eliminate the need for USDA to work with individual retailers on a case-by-case basis, and foster wider acceptance of the USDA GAPs Program by the buyer community.

More than 4,000 specialty crops producers currently use the USDA GAPs Program for external verification of an implemented food safety system. Specialty crops producers recognize government auditors as a trusted source for unbiased and impartial food safety audits. Accreditation of USDA’s GAPs program would open new markets to these and other specialty crops producers.

*Recommendation 6*

Amend the fee structure for the USDA GAPs & Good Handling Practices (GAP&GHP) Program to ensure full cost recovery.

AMS should amend the fee structure for the USDA GAP&GHP/food safety audit programs to fully recover the costs associated with providing these services. AMS is incurring significant costs as it works to meet a 300 percent increase in requests for service in recent years, to align the USDA GAP&GHP Program with FSMA requirements, to meet GFSI requirements, and to prepare for accreditation to the ISO 17065 standard by the American National Standards Institute. AMS cannot sustain the USDA GAPs Program without a modification of the fee structure, which has not occurred since 2008.

To promote the public interest and limit the financial impact of food safety audits on the farm and for businesses, funds should be appropriated in the federal budget to offset the cost to farms and businesses for any increase in fees that may be charged by USDA for the GAP&GHP Program.

### **Area 3. Marketing News Service**

#### *Recommendation 1*

The USDA Fruit and Vegetable Industry Advisory Committee is asking for the Secretary's support to assure that all workers and offices engaged in the AMS Market News Service be declared "essential employees" in the event of any current or future government shut-downs.

During the last government shutdown, this function was closed and as a result, it was not possible for farmers, buyers, and sellers to receive needed daily pricing reports to make crucial business decisions about where and when to sell their commodities.

AMS Market News is the critical source that provides key price data for the commodity markets. The absence of this price data can create significant confusion in the commodity markets as well as contribute to a rapid contraction in trading volumes. During the last government shutdown in October 2013, the market news service had to stop gathering and publishing market prices since its staff was designated as "non-essential." This caused the news service to completely cease operations until a temporary budget agreement could be reached. Meanwhile, farmers struggled to determine what constituted a fair price for their produce. Commodity futures fell on the Chicago Mercantile Exchange (CME) by a significant percentage (orange juice is sold on the CME). Once the shutdown was over, produce market reporters had a difficult time trying to capture domestic shipment data that was inaccessible during the shutdown.

### **Area 4. H-2A certification and ongoing operations process**

#### *Statement 1*

The Committee recognizes that the issues related to agricultural labor and the H-2A program are not under the purview of the Secretary of Agriculture and are overseen by the Department of Labor (DoL), but the urgency of this issue is clearly evident. Given the potential for a government shutdown at any time, specialty crops producers in particular are not only put in a very difficult position with regard to lapses in labor, but it could have devastating effects on the entire produce industry.

During the last government shutdown, the Chicago National Processing Center (CNPC) was closed (the CNPC is the DOL office that must certify H-2A applications before they move forward to the US Customs and Immigration Service) resulting in thousands of delayed certifications and millions of dollars' worth of lost crops. They too, were deemed "Non-essential." If any upcoming shut-downs occur, it could result in the demise of many family farms throughout the U.S. The need for agricultural labor is so time-sensitive that these certification and operations processes are critically essential to the agricultural growing community. The specialty crops industry urgently needs your help to address these concerns with the leadership at the DoL. These types of operations are essential to the agricultural industry.



## Next Steps - Spring 2016

The Committee continues its mission into 2016, having established additional working groups to address new issues identified either by the members themselves, or by peers from within their respective agricultural sectors of the industry. The new working groups will focus on New Farmer Outreach, Education and Advocacy; Transportation and Port Infrastructure; Food Waste and Food Deserts; and Agricultural Broadband and Connectivity Deficiencies. In addition to the new groups, there are two existing working groups that will continue their work on Food Safety/FSMA Implementation, and Grant Funding and Research. Progress reports will be provided on the state of their recommendations sent to the Secretary (as requested by the Committee) as well as on their related subject matter. In addition, the working group chairs, upon consensus by their working group members, may bring up any further new recommendations at the next full Committee meeting in spring 2016.