



**The Regulatory Environment:
Can't Live With It, Can't Ignore It....**





The Regulatory Environment: Can't Live With It, Can't Ignore It....

**Moderator: Josh Eddy, California
Department of Food and Agriculture**

Presenters:

Sven-Erik Nielsen, BCI

Roger Isom, WAPA

**Dee Dee D'Adamo,
(U.S. Congressman, Dennis Cardoza – 18th
District of California)**



Changing Regulatory Environment

Josh Eddy





The Challenge of Evolving International MRL Regulations: An Almond Industry Perspective

Sven-Erik Nielsen, Bryant Christie Inc.

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- **Goals of today's presentation:**
 - Highlight international trends in regulating pesticide residues
 - Explain drivers of these regulatory trends
 - Describe ABC's role in seeking solutions to almond MRL challenges
 - Offer thoughts on emerging challenges that cut across the issue of coping with divergent MRL standards in export markets

Background on BCI

- Bryant Christie Inc. (BCI) helps companies and organizations open, access and expand international markets. Founded in 1992, we focus on the agricultural, food, and beverage sectors.
- BCI is retained by ABC and other fruit and vegetable industries to address technical and regulatory barriers to international trade.
- Retained by USDA and EPA to update and maintain <http://www.mrlatabase.com>

I. Overview of the Global MRL Challenge

- MRL standards are constantly changing and these changes are not always favorable to US exporters.
- Many countries rushing to develop MRL systems in order to differentiate themselves from bad actors in the trading system.
- Consumers in these markets are becoming more aware of food safety issues. New demand for food safety.
- Unfortunately, often poor communication to public of true risk of pesticides compared to other food safety issues. Pesticides frequently indicated as top consumer concern.

I. Overview of the Global MRL Challenge

- US producers often the first to receive new crop protection technologies
- Lag time between US approval and foreign approval due to very different regulatory approaches around the world
- Increased scrutiny of crop protection residues. Analytical capacity building has led to sophisticated labs in emerging markets
- Private, retailer-led pesticide use restrictions further complicates efforts to produce a marketable crop while managing pest resistance

I. Overview of the Global MRL Challenge

- Different from past trade barriers: not overtly political; basis in differing approach to science and risk.
- Common reasons for lag between US MRL establishment and foreign MRLs
 - US registration required before import tolerance application
 - Data requirements differ (field trials, crop groups)
 - Different acceptable levels of risk
 - Review capabilities of foreign regulatory body
 - Governmental preference for domestic registration over import needs
 - Resource requirements & business case for registrant

I. Overview of the Global MRL Challenge

- **Bottom line:** compliance above and beyond US standards often not adequate for compliance in export markets
- So...what can happen when shipments comply with US regulations, but not foreign regulations?



II. Past and Current MRL Regulatory Reforms

Examples of past or current reforms

- Taiwan (1999-current)
- Japan (2006)
- Canada (2006-current)
- EU (2008)
- Hong Kong (2011)

Expected reforms in coming years

- China
- South Korea
- Brazil
- India
- ASEAN

II. Past and Current MRL Regulatory Reforms

Examples of ABC global engagement on MRL issues

- Active monitoring and responses to MRL reforms
- Engagement with registrants to ensure support for industry priorities
- Participation in industry working groups to increase leverage on common goals
- Industry screening program to target specific compounds requiring regulatory action
- Industry database to ensure quick and accurate dissemination of MRL regulations to industry members

III. Emerging Challenge - Retailer Pesticide Standards

- Retailer-driven standards becoming a major issue
- Primarily relegated to European retailers
- Not only prohibits use of certain pesticides otherwise approved by regulatory authorities, but also prescribes alternative GAPs
- Challenging because retailers *are* the market and private entities are not bound by obligations of existing trade agreements (e.g., SPS and TBT Agreements)

IV. Conclusion – challenges for the almond industry

- Increase in domestic regulatory pressure and advent of novel pests; also pest resistance issues
- Traceability
- Use of pesticides in almond handling facilities
- Retailer-initiated limitation on pesticide use
- Implementation of Food Safety Modernization Act

Solution: active engagement and communication between ABC and entire almond value chain – it's a team effort!



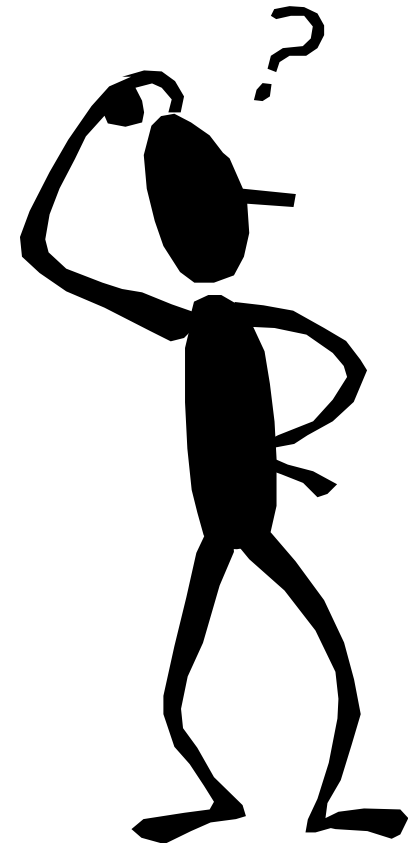
Agricultural Air Quality Update

Roger Isom, WAPA



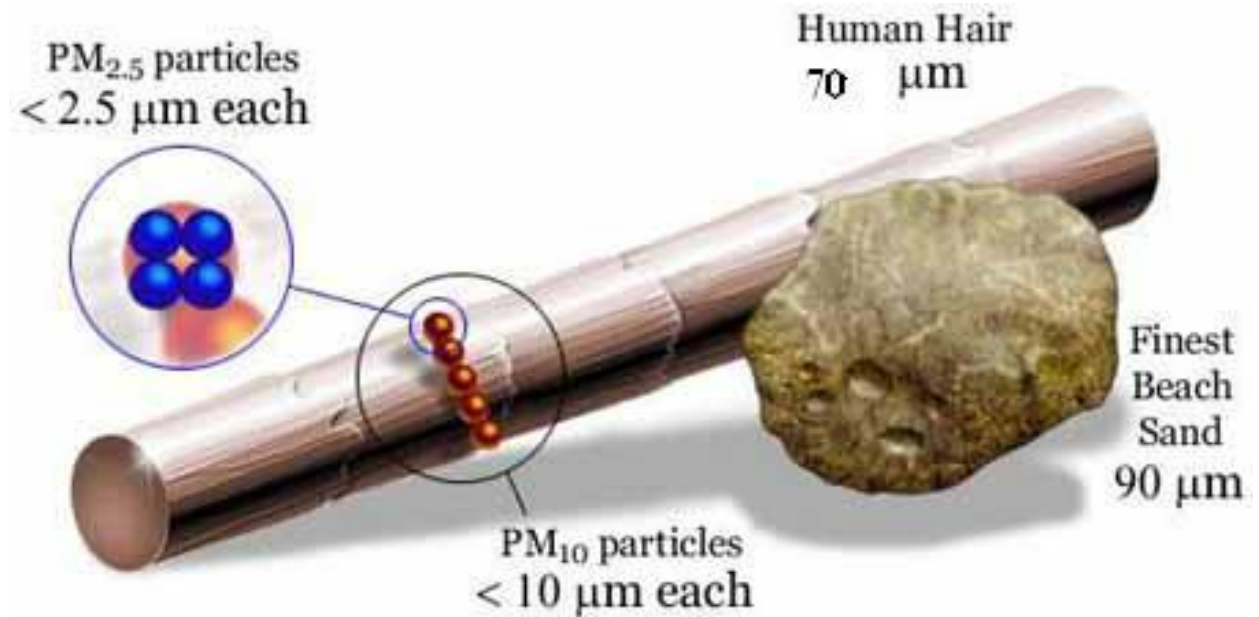
The Issues Facing Nut Growers

- **Particulate Matter (PM)**
- **Ozone**
- **Greenhouse Gases (GHGs)**



PM Issues

- PM_{10}
- $PM_{2.5}$



PM₁₀

- Enforcement of Conservation Management Practices (CMPs)
- Potential New Standard



PM_{2.5}

- **Based upon very limited data**
- **Almonds stand out**
- **Combustion will be the focus**

Air Quality Issues

Ozone

VOCs

NOx



Air Quality Issues

VOCs

Pesticides

Gasoline tanks



Air Quality Issues

NOx

Dryers

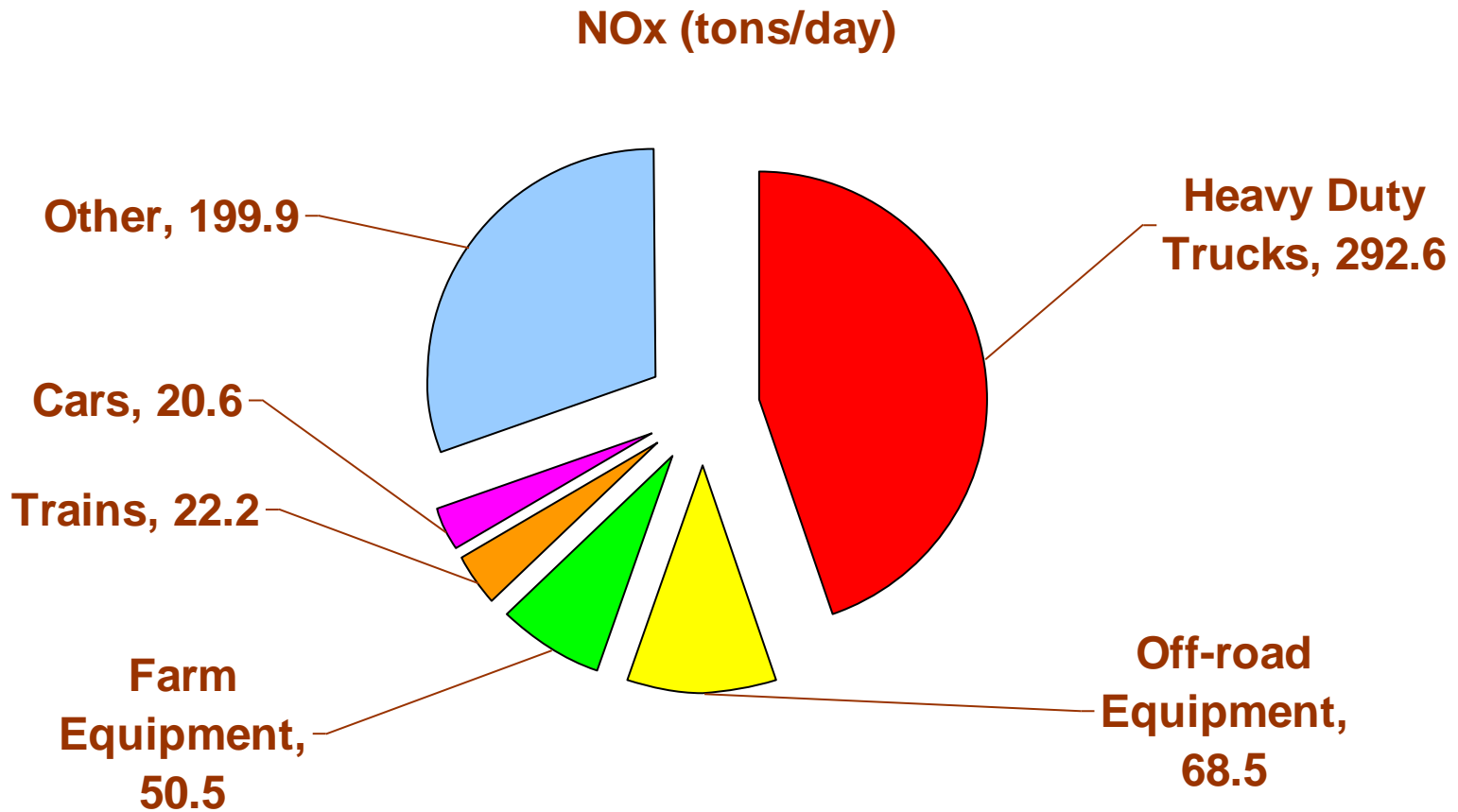
Pasteurization Units

Trucks

Tractors



NOx Emissions



Tractors

Regulation to be developed in 2012

Regulation to begin implementation in 2014

Truck Rule and Construction Rule are bad precedents!

INCENTIVES ARE KEY!



Fertilizer reductions

- Credits...maybe!
- Regulations...maybe!

Combustion reductions

- Credits...NO!
- Regulations...YES!

Indirect impacts

- Cost increases for fuel & energy

Dropped

- Cool paints/windows on tractors
- Tire pressure requirements



Final Thoughts

Tractors & Incentives



WESTERN AGRICULTURAL PROCESSORS
ASSOCIATION





What About Water Availability? What About Redistricting?

Dee Dee D'Adamo, (U.S. Congressman, Dennis Cardoza – 18th District of California)



California Water: Feast or Famine?



- Drought
 - Flooding
 - Regulations- “regulatory drought”
 - Increased population
 - Climate Change

Water Supply: Challenges



Challenges:

- Delta
- FERC
- San Joaquin River Settlement

Water Supply: Opportunities



- Bay Delta Conservation Plan
 - Water Bond?
 - Storage
 - Regional projects