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.mrldatabase.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
Air Quality Issues

The Issues Facing Nut Growers

• Particulate Matter (PM)
• Ozone
• Greenhouse Gases (GHGs)
Air Quality Issues

PM Issues

• $\text{PM}_{10}$
• $\text{PM}_{2.5}$
Air Quality Issues

$\text{PM}_{10}$

- 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

- Heavy Duty Trucks, 292.6
- Off-road Equipment, 68.5
- Farm Equipment, 50.5
- Trains, 22.2
- Cars, 20.6
- Other, 199.9
Air Quality Issues

Tractors
Regulation to be developed in 2012
Regulation to begin implementation in 2014
Truck Rule and Construction Rule are bad precedents!
INCENTIVES ARE KEY!
GHGs

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
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