



Report on Can-Trace National Food Traceability Consultation Sessions

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1. Introduction and Background

Can-Trace is a collaborative and open initiative committed to the development of traceability standards for all food products grown, manufactured and sold in Canada. GS1 Canada (formerly the Electronic Commerce Council of Canada) is the initiative's secretariat.

Can-Trace is an industry-led initiative, governed and led by a multi-stakeholder Steering Committee, with projects undertaken by task-specific Working Groups. Previous industry consultations were held in Fall 2003 and again in Winter 2004.

During June 2005, Can-Trace hosted a series of National Food Traceability Consultation Sessions in six cities across Canada – Montreal, Halifax, Toronto, Winnipeg, Calgary and Vancouver – to provide an overview of the Canadian Food Traceability Data Standard version 1.0 (published in December 2004), provide an update on Can-Trace and solicit input from stakeholders on the future direction of the Can-Trace initiative.

This report is a synthesis of the comments and discussions from the six sessions and organized around the key themes that emerged from all of the sessions. It is not a transcript or a word-for-word rendering of any single discussion. Brief overviews of the initial presentations from Agriculture and Agri-Food Canada (AAFC) and Can-Trace are provided in Section 2. Key issues and discussion points from the sessions are synthesized in Section 3 (The Discussion) and brief concluding comments and next steps are provided in Section 4.

It should be noted that in Section 3 there has been no attempt to identify individual speakers. Comments and questions were put forward by the participants at the six sessions. The presenters, members of the Can-Trace Steering Committee and working groups provided responses in attendance and stakeholders.



2. Presentations

The consultation sessions began with two presentations. The first was an overview on traceability from AAFC titled "Traceability in Canada in the 21st Century". The second was a review of progress over the past year or so, and plans for the coming year, presented by Can-Trace and titled "The Can-Trace Roadmap: A Progress Report and A Look Ahead."

The AAFC presentation related traceability to: food safety; animal, plant and seafood health; market development; market access; and market efficiency. It provided a detailed look at the drivers of traceability, including: business, international standards, governments and market efficiency.

The presentation highlighted the collaborative nature of work on traceability in Canada, and confirmed that traceability is a high priority for the Government of Canada and its stakeholders. It reviewed a number of accomplishments over the past few years, and discussed the results of the National Traceability Congress held in Ottawa last winter.

The Can-Trace presentation began with a general introduction to the Can-Trace Initiative and its primary purpose of developing a national, multi-sector, whole-chain collaborative initiative to establish minimum data requirements for tracing and tracking from the primary producer to the store level.

General background on Can-Trace included discussion of membership, the Steering Committee and Working Groups. Accomplishments of the past 18 months were reviewed, including:

- development of the Canadian Food Traceability Data Standard, Version 1.0;
- completion of pilot studies for the beef, pork and produce sectors; and
- development of a decision-support tool to assist businesses to assess the costs and benefits of implementing traceability.

The Roadmap I process was reviewed and details were provided about how Roadmap II is scheduled to unfold.

Roadmap II has three core strategies:

1. maintain and strengthen the Can-Trace forum;
2. manage, maintain and develop national standards; and
3. develop relevant educational materials. The presentation concluded with a request for stakeholders to provide input and be involved.



3. The Discussion

A number of major themes emerged from the consultation sessions, including: comments relating to Can-Trace, import/export, competitiveness, multi-ingredient foods, integration with food safety and other systems, challenges for SMEs, technology and data sharing, liability and risk, communication and education, sector-specific comments and others.

3.1 General Comments and Questions About Can-Trace

A number of participants in the various sessions noted that Can-Trace is doing a good job, and getting it right. The leadership it provides is appreciated. Some concern was expressed that Can-Trace may create more work, cost more money, and conflict with existing systems. Presenters pointed out that the purpose is to lead in development of a national, voluntary, whole-chain data standard -- not create a system or process that is a stand alone, or one that will compete with existing processes. Integration is an important principle.

Can-Trace provides a standard that provides minimum data elements, not a program. It was noted that EAN-UCC is looking at Can-Trace as a national, voluntary, whole-chain initiative that can serve as a model for other countries. Several participants noted that they were glad to see a risk-based and voluntary approach.

A question was asked about the relationship between Can-Trace and GS1 Canada. The view was expressed that GS1 Canada is seen by some as costing money and not returning value. The comment was made that Can-Trace should ensure clear branding that differentiates it from GS1 Canada.

The view was also expressed that within some sectors there was not widespread knowledge of Can-Trace, and that more promotion and education is required. In one session a government participant noted that while 300 invitations had been sent for the session, about 35 people were in attendance. This may mean that for some individuals and businesses traceability is not yet a high priority.

Comments were made at each of the stakeholder sessions about the need for increased involvement of industry, and specifically from primary producers. This was generally seen as a shortcoming in the Can-Trace process. It was noted that in some sectors associations are taking more of a lead role than in others.

A question was raised about whether Can-Trace provides the collaborative forum for primary producers. The response was that it depends on the sector. In the produce sector a leadership role is played by CPMA; CCIA plays a lead role for cattle; CLIA for other livestock; etc. Can-Trace needs these voices, and cannot by itself provide a forum for intra-sectoral collaboration. It was noted that industry associations need to communicate more aggressively with their own memberships about Can-Trace.

Participants were reminded that there are opportunities to sit on working groups and Steering Committee, and that increased sector and primary producer participation is welcomed.

A question was asked about resistance in any specific sector. At this point, there does not appear to be wide resistance from any specific sector.



Clarification was requested as to whether Can-Trace is voluntary or mandatory. It was explained that the use of the Can-Trace data standard is voluntary. A suggestion was raised that the term “market driven” might be more descriptive than “voluntary”. It was noted that if in future some traceability became mandatory, it would likely be in food safety – areas of high risk.

One participant asked when service providers will be included? The response was that they are involved currently as part of the Technology Working Group.

Is Canada behind or ahead? Canada is generally on a par with other jurisdictions. The major difference is that we are voluntary, while in many other jurisdictions traceability is mandatory. However, the approach Can-Trace has taken – to bring together the whole chain and develop standards across the entire food chain – is unique on a global scale. The Can-Trace experience is being looked to for guidance as the international community heads in the direction of global standards.

Participants were asked what Can-Trace could and should not do for them. It was suggested that Can-Trace help producers and others obtain up-to-date information about traceability and provide education and awareness building. Some participants suggested that Can-Trace should be assisting with implementation. The response was that while it is recognized that help for many sectors and especially SMEs will be necessary. At this time, however, the Steering Committee has elected not to proceed with work on implementation but to emphasize communication and education about the data standard, and to ensure that it is maintained and updated on a regular basis.

3.2 Import/Export

It is important for importers and exporters to have a level playing field on which to compete. As an exporting country, Canada needs to have data elements that are globally compatible. Companies that export must meet the needs of importing countries.

Importers face many challenges associated with traceability. Some importers expressed concern that traceability may be a barrier to trade as many exports are commodities, meaning that they are extremely price sensitive. Traceability is important but must be economic.

It was pointed out that to avoid providing an unfair advantage, trade requires equivalency standards. Access for Canadian exports to offshore markets is a major driver of traceability. Canada must be able to meet global standards in order to enter markets.

It was asked how imports will be handled. The response was that they will have the same data requirements as other products, which is currently being undertaken, making it a realistic and viable option.

3.3 Competitiveness

Competitiveness is often a concern with imports and exports as well as domestic production and sales.

Traceability is a requirement for selling to some retailers abroad and in Canada. There is concern that added costs can have a negative impact on competitiveness. Global harmonization will be the key to ensuring that traceability does not become a trade barrier. Grocers will buy from suppliers who are credible and can insure the integrity of the data they provide.



Can-Trace is aware of the need to keep things simple and help industry avoid or minimize increased costs.

3.4 Multi-ingredient Foods

Traceability for multi-ingredient foods is viewed by some as having different requirements due to the level of complexity involved. Others suggest that multi-ingredient foods are simply a series of individual pieces of data about individual inputs and that the discipline and process are the same.

There are several challenges involved in applying traceability in specific circumstances, such as rework, commingling and ground meat.

Presenters were asked when Can-Trace is expected to undertake traceability for multi-ingredient foods. The reply was that it is on the agenda and funding is in place. A call to action will be distributed in July. Can-Trace expects the work to take between 90 and 120 days to prepare a report and identify changes to the standard necessary to incorporate multi-ingredient products.

Much concern was expressed about multi-ingredient foods. Minimum data needs to be identified, whether it exists, where, in what form, and so on. There needs to be consistency throughout.

One multi-ingredient and specialty food producer noted that they are conducting traceability now and cannot imagine not collecting the basic data elements.

3.5 Integration

Questions were asked about the extent to which Can-Trace is compatible and/or harmonized with ISO, Codex and others existing systems. It was noted that there is presently liaison with ISO, but it is not certain whether they will be harmonized. A suggestion was made that Can-Trace should determine what is going on with the World Customs Organization as it could help to facilitate international trade.

Participants stressed the importance of not creating an additional system, but to build traceability and the minimum data elements into existing processes. It was noted that Can-Trace has an Integration Working Group that is researching ways to incorporate the basic data elements into existing systems for food safety and food quality.

Integration may be done within HACCP (Hazard Analysis Critical Control Points) and "HACCP-based systems." Many participants expressed the view that traceability will work best as part of an on-farm food safety program. It was noted that consumers are more concerned about nutrition and food safety than traceability. The U.S. Bio-Terrorism Act has resulted in the creation of tracking and tracing systems.

It was also noted that traceability is a way for companies to support labelling claims, and that traceability requires buy-in at all levels of the supply chain.

3.6 Challenges for SMEs

Many small and medium sized enterprises (SMEs) experience a multitude of challenges due to their size and if they adopt technological solutions, they will need help, primarily with software and hardware.



A primary concern for SMEs is the potential costs associated with implementing traceability as well as system realities and limitations. Many operations still use paper-based recording systems and communicate orders by fax or phone.

It was suggested that Can-Trace provide forms and spreadsheets for SMEs to simplify implementing traceability.

3.7 Funding and Costs

The question of who will pay for traceability was raised as it is a concern for many sectors and operations of all sizes.

Participants asked about the cost-benefit of traceability, specifically how will benefits be returned to individual producers? The response was that the primary benefit will be the ability to sell product. Can-Trace conducted some cost-benefit analysis during the pilots, however, there was an unwillingness among participants to make financial data available. In order to do a comprehensive cost-benefit analysis, companies must be willing to share some financial data.

Questions were asked about whether or not any work has been conducted to quantify added marginal cost and who will pay. It was pointed out that Can-Trace has developed a decision-support tool that is available to any business at no cost and can be used to determine the individual business case. The tool is in an Excel spreadsheet and can be accessed on the Can-Trace website at www.can-trace.org.

The decision-support tool measures the costs of traceability for a single enterprise. In order to calculate the costs of traceability across an entire supply chain, the participation of all partners in the chain is required. It was suggested that Can-Trace could undertake a supply chain analysis in future, but for now the tool is only useful for single businesses.

Concern was raised that increased system costs would be passed on to the consumer, and it was noted that in some export sectors this could hurt the competitiveness of Canadian exports.

A participant asked how Can-Trace is funded. The response was that basic funding has been provided by the AAFC. It was also noted that Can-Trace and AAFC are presently trying to work on a comprehensive one-year application process to provide stability for the initiative over the next year. Can-Trace funding applications are approved by the Can-Trace Steering Committee and then thoroughly vetted by AAFC and an industry review team prior to approval.

3.8 Technology and Data Sharing

Service providers are ready with options to help businesses implement traceability. Some technologies are proven and others are evolving. There is some frustration among system providers who want to help businesses adopt leading-edge approaches.

Service providers in attendance inquired about what Can-Trace is doing to promote XML (extensible markup language). It was pointed out that Can-Trace is not addressing implementation and nor does Can-Trace advocate any particular technology or solution for users to achieve traceability. The Technology Working Group will identify options – and not attempt to define or recommend a particular



standard or solution. Emphasis now appears to be on proven technologies – with others such as XML and RFID (radio frequency identification) emerging.

Questions were raised about whether there will be a data repository. It was explained that compliance with the Can-Trace data standard does not require or imply the existence of a data repository because the Can-Trace model is for one-up, one-down communication. Individuals maintain their own data and share it with suppliers and customers as necessary.

It was pointed out that since traceability is about the exchange of commercial information between parties to the transaction, there should not be issues about privacy of information. Each trading partner must ensure the integrity of their own data. The chain will extend from producer to back door of retail or food service, but not to the consumer level. Data sharing will not need to be more complicated than it is now.

Another question was asked about whether an audit system will be needed. Third party verification could be done through integration into existing programs or systems similar to HACCP. Can-Trace will not require verification, but some buyers might. The system will be industry driven, and industry will ensure that accurate records are kept.

A question was raised about using the Can-Trace logo to show compliance (or at least for use). The response was that there has not yet been any discussion about what it would mean or how or when the logo might be displayed.

It was pointed out that data synchronization is the key to ensuring that information is flowing through the supply chain.

The point was raised that there is a risk that building a traceability system will generate an increased demand for data. It was stressed that there must be a balance between having a functional platform to meet needs and not creating a demand where none exists.

3.9 Liability and Risk

A number of participants inquired how liability will be established and where liability lies if a supplier fails to have data when needed. It was noted that decisions regarding data collection are risk-based, meaning how much risk can the operation handle. The response was that it may depend upon how much a business can afford to lose in a recall.

In some cases food safety program auditors confirm data elements. Can-Trace has no plans to audit as it is not part of Can-Trace's role.

Concern was expressed about downloading business risk to the primary producer. Others do not see traceability as a download. For example, if a problem is not with the producer, liability should not end up there. It was suggested that there is a risk in having traceability and in not having traceability.

A concern was expressed that having a voluntary approach to traceability may not be as effective in minimizing risk as a mandatory approach. There is an understanding that there will be a variety of jurisdictional responses to risk and the implementation of traceability. The Quebec requirement for beef



traceability, and the intent to expand that are one example. The Canadian Food Inspection Agency (CFIA) requirements for registration of seafood operations are another example.

At this point, the Steering Committee is committed to the basic principle that the development of the traceability data standard will be voluntary, market-driven and industry-led.

A multi-ingredient food producer noted that having a traceability system reduced his liability. The insurance company wanted to know what was in place to ensure food safety and facilitate recall. The customer demands a food safety system that is audited by a third party.

3.10 Communication and Education

Participants pointed out that several producers and businesses do not know about Can-Trace or traceability. Although a lot has been done to raise awareness so far, more is required.

Some participants expressed the view that Can-Trace needed to sell traceability, encourage people of the need, and provide information about costs. Information is not being disseminated effectively and Can-Trace can help do this.

One participant noted that Can-Trace can help by defining terms and communicating with sectors and producers about traceability.

The question was raised about ways to best reach various industry sectors. Can-Trace requested input from industry regarding the best methods to disseminate information.

3.11 Sector Specific Comments

In the **seafood** industry traceability is mandatory. The CFIA requires traceability for licensing of processing plants. Information being collected is similar to the Data Standard version 1.0 minimum elements, but with additional requirements, such as location of harvest (shellfish). It was noted that there was no pilot for seafood due to lack of funding. A seafood pilot is up and running now.

Dairy producers expressed that they want to be involved. The response was that dairy producers are welcome to participate in Can-Trace. It was noted that there is a high consistency with farm safety and the existing dairy traceability system. More will be accomplished through collaboration.

The **beef** industry currently has systems in place (HACCP and food safety) and in some cases RFID technology is being utilized. Export markets are important to the beef industry and the question was raised, how can Can-Trace add value to the beef industry? More specifically, what incremental benefit exists to being involved with Can-Trace? The response was that the benefit lies in the fact that Can-Trace formalizes requirements into a single set of data elements that everyone will use, and will provide consistency and compatibility, thus helping with exports.

There is concern in the beef sector that there is not sufficient sector involvement in Can-Trace. It was noted by a Steering Committee member that the Canadian Meat Council (CMC) has been involved since Can-Trace began and that Canadian Cattle Identification Program (CCIA) and Canadian Livestock Identification Agency (CLIA) are both now involved. As Can-Trace is evolving, it is becoming apparent that increasing communication is necessary.



It was noted that **honey** producers have special data collection needs because of the conditions under which they work, such as sticky gloves, rain, etc.

3.12 Other Questions and Comments

Several questions were raised about the AAFC presentation.

It was noted that in the U.S., authority to require a recall lies with courts, so a court order is required. Often a court order is not obtained or is facilitated too late so recall numbers are poor.

Questions were also asked about 80% traceability by 2008, as mentioned in the Agriculture Policy Framework. As discussed at the National Traceability Congress, the original date as a target. Participants noted that traceability is here to stay, and that 80% by 2008 was not possible. The timeline will be further discussed by the Federal, Provincial and Territorial governments.

The current objective is to focus on food safety and regulatory compliance. It was stressed by some participants that Canada needs a traceability policy.

A number of participants asked questions about implementation. It was pointed out that Can-Trace and industry need to confirm the key data elements before deciding how to implement traceability. A number of participants suggested a role for Can-Trace in implementation. It was noted that there is more work to do on the data elements before Can-Trace could consider that.

It was noted that there is no plan at this time to take traceability to the consumer and that traceability will end at the back door of retail or food service.



4. Conclusion and Next Steps

This report provides details of the third national stakeholder consultation undertaken by Can-Trace since Fall 2003.

Can-Trace has accomplished a lot and there remains more work. The national scope, whole-chain approach is proving to be a model for other jurisdictions.

The consultation sessions provided some clear messages for Can-Trace, including next steps.

In summary, Can-Trace must:

- enable the data standard to be integrated with existing programs;
- ensure global compatibility for Canadian producers;
- minimize costs to ensure Canadian products remain competitive;
- increase involvement from primary producers;
- pay special attention to the challenges faced by SMEs;
- keep traceability voluntary (market-driven and industry-led);
- consider a role for Can-Trace in implementation;
- continue to expand stakeholder awareness and involvement; and
- continue to communicate about traceability widely across all sectors.

Stakeholders in each city were encouraged to become involved with Can-Trace Working Groups, stay informed of Can-Trace's activities and educate their sector of the importance of traceability. It was stressed that there is a place in Can-Trace for all parties linked to traceability, including primary producers, multi-ingredient and specialty product sectors, and service providers.

Contact information for Can-Trace:

Mr. Norm Cheesman
Director, Can-Trace
Email: Norman.Cheesman@gs1ca.org
Phone: 416-510-2309, ext. 2309