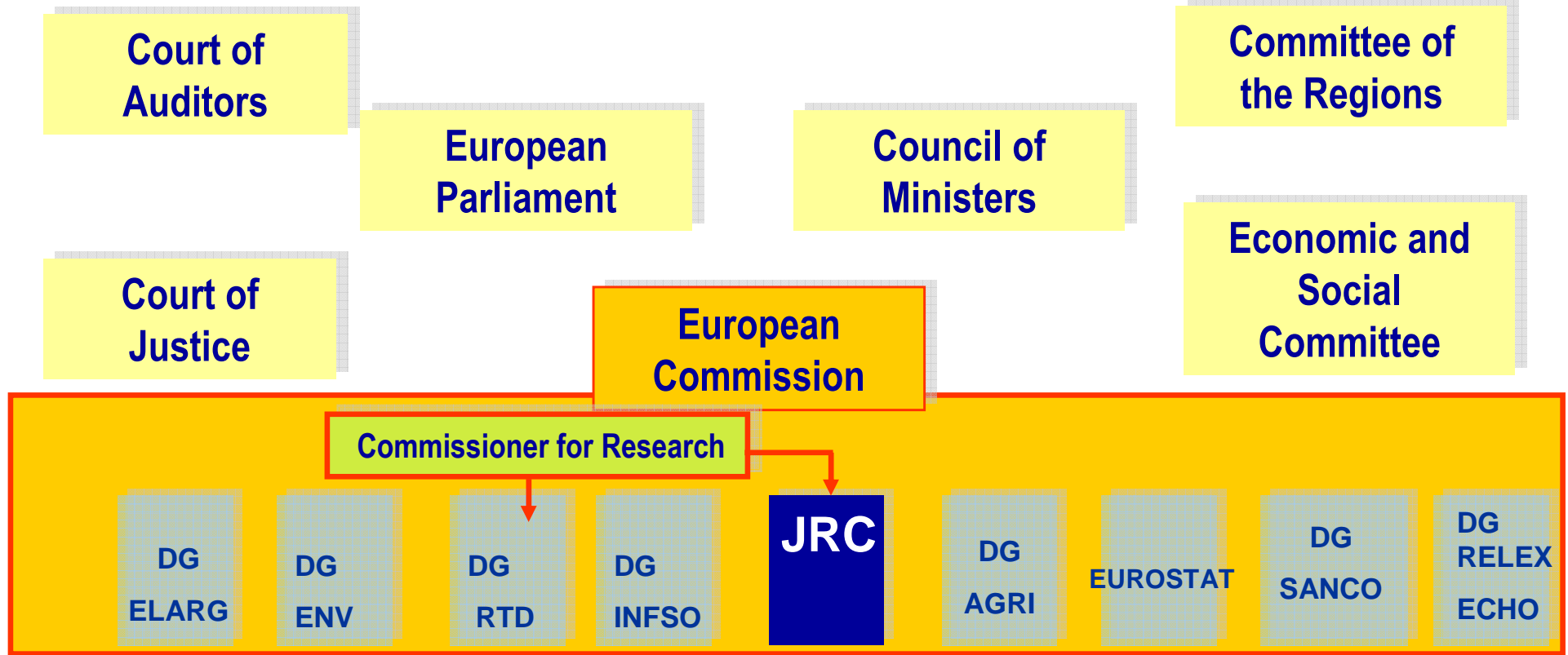


**Summary of the
*Risk and Cost Benefit Analysis for
traceability in the agri food chain
workshop*
(Ispra, ITALY, 13-14 Dec 2007)**

Paolo Pizziol

***European Commission – Joint Research Centre
Agriculture Unit***



Janez Potočnik

Structure of the JRC

Brussels HQ: 70 persons

Roland SCHENKEL

Director General

7 Institutes in 5 Member States

≅ 2650 staff + 250 competitive ≅ 300 M€/y budget + 40 M €/y competitive



IE - Petten The Netherlands
-Institute for Energy



IRMM - Geel Belgium
- Institute for Reference Materials and Measurements



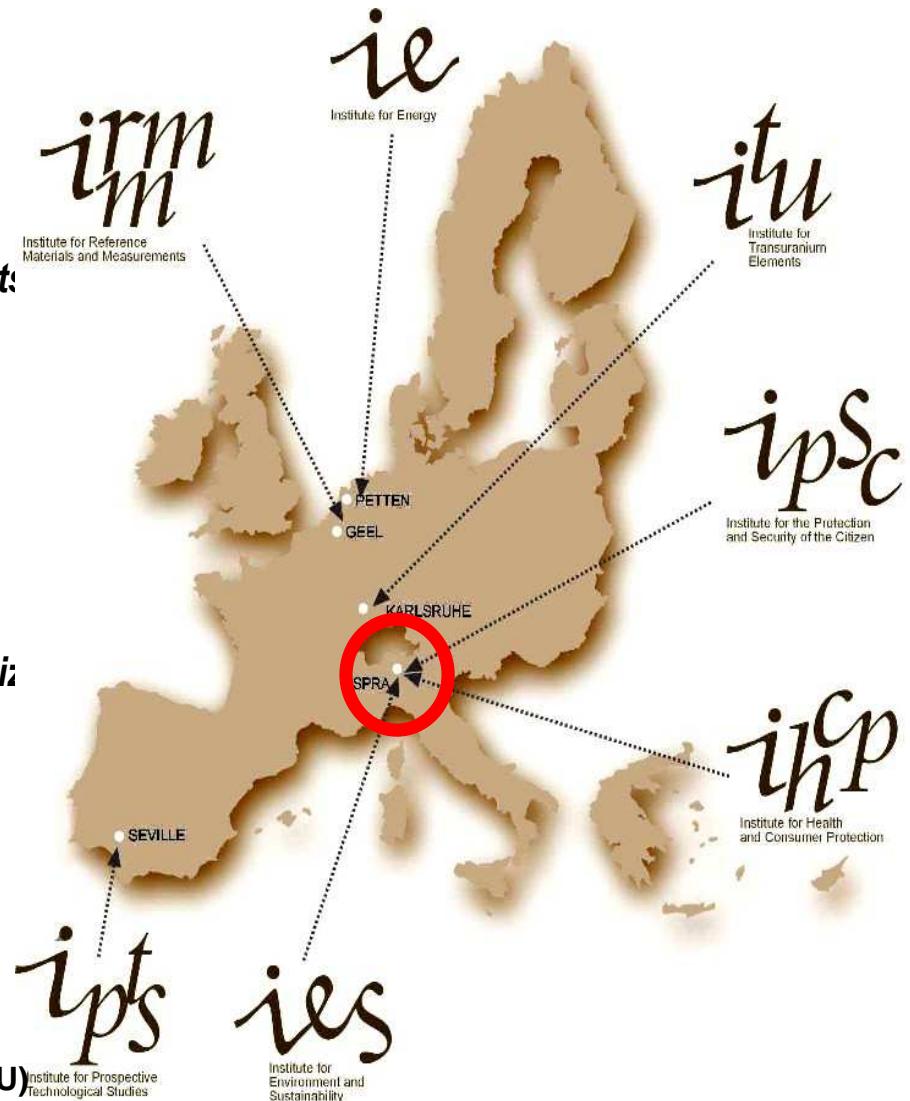
ITU - Karlsruhe Germany
- Institute for Transuranium Elements

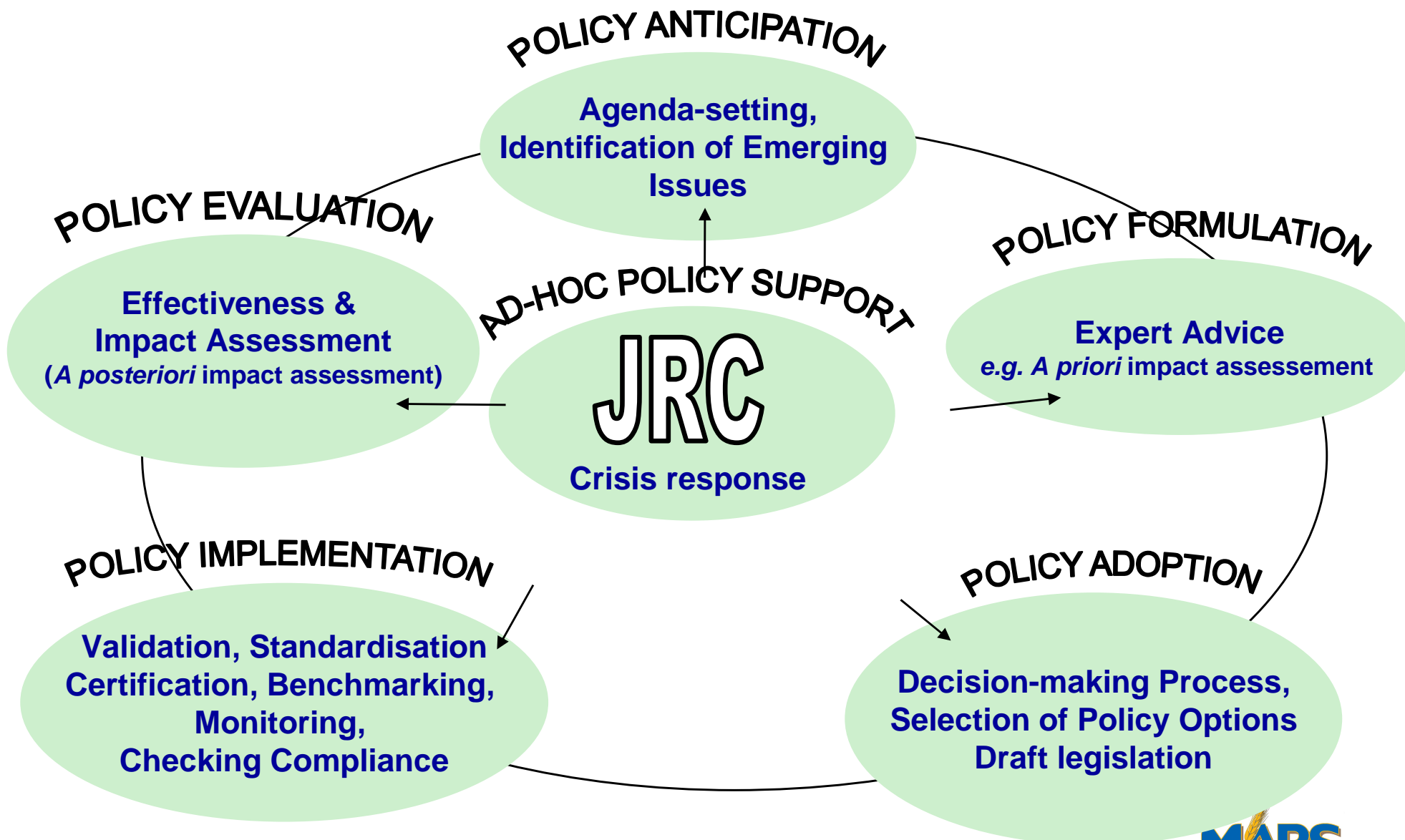


IPSC - IHCP - IES - Ispra Italy
- Institute for the Protection and Security of the Citizen
- Institute for Health and Consumer Protection
- Institute for Environment and Sustainability



IPTS - Seville Spain
- Institute for Prospective Technological Studies





Workshop rationale (1)

- Traceability is one of the main risk management and quality assurance tools identified in the EU food and feed legislation. Moreover, beyond the main purpose of ensuring targeted, rapid and accurate recalls, there are possibly greater benefits to industry and the consumer, if investment is made in an appropriate system.

Workshop rationale (2)

- Geo-traceability (linking agricultural practices to geo-referenced land) has a great potential to manage
 - cross compliance,
 - GM non-GM crop coexistence
 - energy crops allocation.
- In JRC opinion, farmers had to be involved and supported in a wide geo-traceability implementation.

Workshop rationale (3)

- The main aim of the workshop was to indicate most appropriate methods to carry out BCA for traceability in the agri-food chain. So far only qualitative BCA has been performed but quantitative BCA is needed to promote investments in traceability systems

Workshop structure

- Theory of BCA
- Methods for BCA
- Cost and benefits
- Case studies
- Debate

US and EU academy experts have been invited.

*An agreed executive summary will be published
on website soon: <http://mars.jrc.it/>*

Main Methods identification

- Cost of illness
- Contingent valuation
- Experimental markets
- Conjoint analysis

Most methods are developed for environmental issues.

Methods application difficulties

- Benefits are often intangible, as reputation improvement or self-esteem
- Costs are not equally shared along the value chain
- Attribution of costs and benefits is complicated if operators produce different goods
- Consumers WTP is often so low that cannot justify prices raise (benefit)

Case studies

- Livestock tracing system for safety: high implementation costs, borne by public,
- Livestock tracing for quality: implementation costs borne by public, benefits for producers (higher prices, market share increase)
- Swedish Quality Sygill: market share increase but not higher prices
- GM vs non-GM maize: IP rent is guaranteed by sound traceability systems

Perspective work

- Establish a network
- Define a common language
- Perform ad hoc, large scale studies, to collect reliable data
- Improve benefits communication to farmers
- Adapt environmental BCA methods to agri-food sector

Conclusions

- Traceability systems innovation can be market driven and regulatory driven
- Public financial support in some sectors appear essential to start when costs and potential social/financial losses are too high (non monetary benefits)
- Distribution of costs and benefits along the value chain is often unequal and can discourage implementation
- Still ideological and privacy hurdles remain

Thanks for your attention !

Paolo Pizziol
AGRICULTURE Unit
IPSC
Joint Research Centre, Italy
Paolo.Pizziol@jrc.it
<http://mars.jrc.it/>