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...Perspective

Economic Issues Related to New Food-Safety Initiatives

The United States excels at producing an abundant supply of safe, nourishing, and affordable food. However, in recent years some well-publicized incidents, such as outbreaks of foodborne illness due to *E. coli* O157:H7 bacteria, have led to increased public concern about exposure to potentially hazardous chemicals and pathogens in the food and water supplies.

The Government at all levels and the private sector share this concern. On January 25 of this year, the President announced a new initiative to protect the safety of the Nation's food supply, including increased efforts to improve food safety and increased funding for inspection and data collection. In July 1996, USDA issued new rules and testing procedures for meat and poultry processors in an effort to reduce contamination by microbial pathogens. And, with the passage of the Food Quality Protection Act of 1996, Congress enacted a uniform risk standard for pesticide residues in fresh and processed foods.

This issue of *FoodReview* highlights results of economic research into several new food-safety policies, programs, and market opportunities. Economic research contributes to the development of new food-safety policies and programs. Research on the economic costs of food-safety risks and foodborne illnesses helps identify the most serious food-safety problems. Economic research can also help identify the costs and benefits of particular approaches to improving food safety, thereby helping to ensure that our solutions to food-safety problems are cost-effective and impose the least burden on consumers and producers.

The benefits of safer food are significant. Reducing foodborne illnesses caused by seven major microbial pathogens in meat and poultry alone would save up to \$12 billion annually in medical costs and lost productivity. These costs do not include the estimated value placed by consumers on reducing health risks, which is difficult to measure. Consumer surveys have been used to estimate demand for safer food supplies, as in a recent survey of how much consumers were willing to pay to reduce the levels of nitrates in drinking water.

Of course, food-safety regulations impose costs, too. For example, costs of the new meat and poultry inspection systems may come to \$1.3 billion over 20 years. However, changes in food-safety and pesticide regulations encourage firms to develop new production and marketing approaches to respond to consumer demand for safer foods. Technologies, such as irradiation of meats and pasteurization of eggs, can help produce safer food. But, such technologies will not be used unless consumer demand permits producers to recoup the cost of these processes.

Despite improvements in the food regulation and inspection systems, food safety remains everyone's responsibility. Farmers, processors, retailers, foodservice operators, and consumers can help ensure a safe and wholesome food supply by following safe food handling and cooking practices.

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