

Introductory talk, annual Convention of the International Sprout Growers Association, July 7, 2006, Paris France

Good morning, thank you for coming!

I am going to talk about an aspect of the sprouting industry that I think has a major impact on all of us, but doesn't get talked about openly. As some people realize, I am very involved with and concerned about food safety issues, and with the efforts that have been made to deal with these issues. But I think that the safety challenges with sprouts may not as great a problem as finding a way to pay the costs associated with doing what needs to be done to adequately address these issues. In other words, I think a solution may exist, but it doesn't fit within the present price structure of sprouts.

As I was preparing this talk, I realized that some of the people attending this Convention have been producing sprouts as part of a tradition that goes back way before when my company started out- and some of your companies are many times bigger than mine. So there is a question as to what I might have to say that you don't already know better than I do. But its possible that a change has recently happened that affects us all, which is that more and more people have started wanting to eat raw sprouts. When my company began producing sprouts, about 30 years ago, we had a very simple approach to the process: we just grew sprouts and put them in bags and sold them. We did not think there was anything unusual about the fact that we were growing them in order for people to put them right on salads and in sandwiches.

We were actually among the first to produce green sprouts in our part of the US- around the Boston area- and we set our prices on the basis of our costs and what we assumed was reasonable for a fresh green vegetable, and what we thought we would need to support a viable business. And for ten or more years we went about our business. But then, for reasons I won't go into, - because there are people here who feel that I am too fixated on food safety- the requirements of producing sprouts became more complicated than buying seed, sprouting the seed, and putting the sprouts in bags. Without going into the subject of food safety, I will say that not only had the process of producing good quality sprouts become more complicated, but, in order to do it right, it had also become much more expensive.

However, by this time, green sprouts were being produced by a lot of different growers in our area, and we were competing with each other, and often differences of a few pennies in our prices would determine whether we could win a new customer account or keep an existing account.

It is hard to take an existing product, which looks a certain way and tastes a certain way, and to significantly raise the price in a very competitive market where others are also growing the same kinds of sprouts that also look and taste basically the same. Of course we had been telling our customers about the good features of our sprouts, their good quality, our responsive customer service, our attractive labels, our years of experience, and so forth, all along, but basically the customer, particularly the supermarket buyer, knew what a sprout was, and what it should cost.

For the sprout producers who are here from Japan, I don't know to what extent your businesses have been in the production of sprouts that are traditionally cooked. My impression is that although there may be some dietary traditions which have included raw sprouts, most bean sprout consumption has involved some amount of cooking. But perhaps among your customers, more people are becoming aware of the nutritious qualities of fresh, uncooked food, and so possibly more and more of them are eating your sprouts raw. Or perhaps some of you are interested in branching out into the green sprout business.

An important question is, is the product to be consumed raw the same product as the product that is going to be cooked before being eaten? If it's different, what's the difference?

If what I'm about to say is completely wrong, please let me know, and I hope you will forgive me- but here it is. In Japan you have a tradition of Sushi, which is also very popular in the US, where certain meats and fish are part of the Sushi recipes, and they are uncooked. So what I wanted to say, or to ask is, are the meats and fish which are considered suitable for Sushi the same quality and grade of meats and fish which are sold to be fried, baked, or boiled?

And another important question is, do the meat and fish that are produced and sold for the Sushi market cost the same as all the other the meat and fish that are sold to be cooked?

Maybe it's all the same. In the US, there is such an assumption of contamination of many meats that it is strongly recommended not only that they will be cooked, but often that they will be cooked to the point of turning to rubber. The food safety authorities seem to be trying to get people to use a thermometer whenever they cook meat just to make sure that nothing could possibly still be living. When I was a kid, I never heard of such a thing.

Raw milk, which since the dawn of history was the only kind of milk that existed, has become basically illegal in most states, and there is the idea that if you drink it, you're taking your life in your hands. The same thing has happened with eggs.

Can you imagine buying eggs at the supermarket that had a label "safe to eat barely cooked, and can also good used raw in egg-nog"?

Two questions about that picture: one is, is there any conceivable way that eggs or milk could be produced which would be safe to consume raw? I don't know the complete answer, but I am quite sure that by using production methods that were very clean, and that included very thorough microbiological monitoring, these foods could be produced with a very very small level of risk.

So here's a question: is the problem of risk inherent in certain raw foods, or is the problem that producing them under the necessary conditions would result in a price that no one would be willing to pay?

A related question is, even if producing these foods, in a way that would allow them to be eaten raw, with a very high level of confidence in their safety, did not cost all that much more, would the regulatory authorities be able to effectively monitor the farms where these foods are grown, and the production facilities where they would be processed, to a set of standards that was different from the standards used in other farms and processing facilities? And would there be resistance to the introduction of such foods into a market where standards and price-structures are solidly set for products, which look and taste very much the same, but where these expensive production methods are not used?

This is where we get back to the sprout situation. If you are producing sprouts that have been traditionally cooked before being eaten, or if you are producing sprouts that have always been produced to be consumed raw, but

only recently has this fact carried with it a significant increase in the cost of production, in the context of a highly competitive market then you will be under great pressure to continue to produce the product within the same cost structure that you always have.

This is unless, somehow, you can convince your buyers that you're selling them a significantly different product, even though it looks and tastes the same as it always did. But I don't think we want a market where everyone is competing with claims of superior food safety, and trying to convince the customer that safety aspects of their products, that can't be visually detected, are crucially important and therefore worth spending more on.

However, if you don't convince the customer of the justification for his paying for intangible safety procedures, how can you afford to do them?

I am not a big fan of government intervention, but I think that when it comes to safety-related costs, the sprouting industry needs outside help. I don't think that individual companies should be trying to convince customers of their great safety programs, because safety is a scientific consideration, and customer acceptance is a marketing consideration, and the way science and marketing relate can be a very slippery slope. Also, although I think this Association can play a very important role in developing effective safety standards, I don't see how it can enforce any sort of compliance- it would be a sure way to get into to all kinds of litigation. So some outside inspection agency has to know what to look for in terms of safety practices, and to have the authority to take effective steps when these practices aren't being followed.

In the US, regulators have issued recommendations for the way sprouts should be produced. These recommendations are way overdue for a careful review, but even if improvements are developed, if these improvements carry a price, and there is no consistent enforcement, then the recommendations or regulations or whatever they are will be an invitation to cut corners, because that will be the only way to stay in business. I believe that this is the situation presently in the US, and it is hurting our industry.

The problem is not the risk. The risk can be minimized by consistently following the best-known procedures, and the risk can be reduced even further if we improve these procedures. The problem is also not that these procedures, and even better ones, cost quite a lot of money. If I came into

your business, wherever it happened to be in the world, and told you that you had to spend a lot more money than you're presently spending in order to produce an acceptable product, you might say you couldn't afford the increases, and would go out of business if you tried. But if I told you that you could sell the same amount of product for the higher price, would you still be worried? But this would only be possible if your competition either had to pay these same costs for improved systems, or had to try to sell his product as being more risky than yours.

There may be a point where sprouts reach an absolute ceiling in terms of the price that the customer is willing to pay. But this ceiling should not be confused with the price, which has become established in a very competitive market where everyone is selling for the lowest possible price, and the customer has no idea of why they should pay any more for the product.

I feel that the ISGA needs to not only develop effective and safe production standards, but also that we have to insist that regulatory authorities help us in clearly telling our customers that without these additional costs, the product is not being produced as it should be. In order to do this, our regulatory authorities need to do fair and consistent inspections, with the power to take adequate steps to discourage non-compliance. Presently this is not the case. The less expensive and less effective intervention- seed treatment- is getting the most attention, whereas compliance with the more expensive, more effective intervention- product testing- is relatively hit-or-miss. This is in part because compliance with treatment recommendations is simpler to inspect for, and fits in better with the established inspection procedures for other foods.

I don't know what's legal and what isn't when trade associations talk about money and prices, so I hope I'm not going into some forbidden territory if I say that if we are producing sprouts to be eaten without cooking, we need to set our prices high enough so that we can pay for the interventions that we need to do to produce these sprouts safely, and we need regulatory monitoring and acknowledgement that we can take to our customers when they don't see why they should pay a nickel or a dime more for a package of sprouts that looks just like the less expensive sprouts they are used to have always looked.

How are we going to do this? I can't say that I know the answer, but I do feel that if we don't come up with an answer, we will be continually fighting

an uphill battle with this industry, in terms of regulatory approval, and in terms of the confidence of our customers. So I think one approach might be, to set our standards much higher than what is required in whatever regulatory environment we're working in, and to tell our regulators and our customers that we're doing it, and how much it costs. If we don't get the support we need, we have got to get the word out that our regulators are standing in the way of our producing the best and safest possible product.

Thank you very much