Local firms await new standards

Food processors are bracing for a new set of federal regulations designed to reduce lethal episodes of contamination, like those triggered last year by tainted cantaloupes and peanut butter.

“I welcome it. We want consumers to be comfortable with the safety of the food chain,” said Tony Chigounis, CEO of Lacas Coffee Co. “The new law is a signal to us that the public has concerns about food safety.”

Billed as the “most sweeping change in food safety regulations in 70 years,” the Food Safety Modernization Act (FSMA) was signed into law last year by President Barack Obama. Federal regulators are working out specifics and effective dates, which could be released as early as March..

The biggest change is the emphasis on imports and roadblocks to bioterrorism. Food processors will no longer get by with a list of best practices on a shelf that they say they follow. Under the new law, processors will have to document everything they do on a regular basis for quality assurance, including staff training, or face heavy fines and possible shutdown.

The law recognizes that all countries do not share the same standard for wholesome food that the United States does, yet the volume of imported food continues to rise.

Eight-five percent of seafood consumed in the United States is imported. Twenty percent of vegetables are imported and 50 percent of fruit, according to the Department of Agriculture.

Lacas imports millions of pounds a year of coffee from around the world, including Africa, Brazil, Peru and Guatemala.

Beans are roasted at 420 degrees, then heated again with boiled water when brewed by consumers, so risk of contamination is low.

Chigounis and his partners routinely travel to countries of origin to observe how their growers do business and they keep a close eye on documentation as product moves across oceans to Lacas headquarters in Pennsauken.

Like many medium-to-large-size companies, Lacas is audited regularly by Global Food Safety Initiative, an

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Internationally recognized institute for quality assurance with standards that exceed federal regulations. Such third-party audits are required by most major retailers to ensure quality.

Because neither the department of agriculture nor the Food and Drug Administration have sufficient manpower to inspect the entire food chain regularly and retailers need to know the products they buy are wholesome, the third party system — although costly and voluntary — fills the gap. For this reason, the industry is frequently described as “self-regulating.”

“We are rarely inspected by the government, though they could walk in our door anytime,” Chigounis said. “Coffee is not as dangerous as milk or meat, so I suspect inspectors are more focused on yogurt and ice cream factories, as they should be.”

Getting to this stage of food security took Lacas a few years and “hundreds of thousands of dollars.”

“That’s a lot for a small company to swallow,” he said.

David Acheson, a food safety expert with Leavitt Partners in Washington, D.C., said the cost of being in the food business will definitely go up.

“We see consolidation of smaller companies in order to meet the demand. The record keeping involved under the new law is substantial.

“Little companies still using paper instead of electronic records will not be able to survive,” he said.

Companies with less than $500,000 a year in revenues are exempt from most regulations unless they produce at-risk items, such as fish, meat, dairy and fruit juice.

Shutting down small business conflicts with consumer demand to shop local, said Donna Schaffner, of the Rutgers Food Innovation Center in Bridgeton.

South Jersey has a long and storied history in food processing.

Campbell invented canned soup here. Bird’s Eye gave us the world’s first frozen vegetable. Cumberland Dairy pioneered the development of soy milk. And Jersey corn, tomatoes, cranberries, blueberries and seafood remain signature products.

The industry here is vital today with about 1,600 processors, generating about $12
billion a year in sales, according to the latest available figures in 2007 from the Rutgers School of Environmental and Biological Sciences. Many, like Clement Pappas and Co., are under the radar because they bottle non-dairy, non-carbonated drinks for other companies from supermarket chains to name brands.

Headquartered in Carneys Point, Salem County, Clement Pappas employs about 600 people in five bottling plants across the country, yet their name appears on no product.

“The only local product we buy is cranberries. All other fruit concentrates we import. We follow very stringent product safety standards set by our customers,” said Dimtri Pappas, president of the New Jersey Food Processors Association.

This week more than 200 food processors met at the Westin Mount Laurel to learn how the Food Safety Modernization Act will affect their business and to network with vendors who support the industry — including truckers, package makers, lawyers, engineers, builders and exterminators.

“Our association is very diverse and South Jersey-centric because processors have a 100-plus-year heritage here,” said Lou Cooperhouse, president and COO of F&S Foods, a large company in Upper Deerfield Township that turns raw carrots, celery, peppers, onions and fruit into attractive, portable finger food for supermarkets and food service sites east of the Mississippi.

Meanwhile, Jerry Katz, director of quality control for J&J Snack Foods, a publicly traded company, is preparing for the company’s annual food safety audit next month by the Global Food Safety Initiative.

Known for its ubiquitous SuperPretzel, ICEE frozen drinks and Tio Pepe’s Churros, the Pennsauken-based company has 12 manufacturing sites in North America.

Inspection of each site costs the firm about $4,000.

“It’s a real grind going through this, but in order to sell to any worthwhile company we have to do it. Auditors are in each plant for several days. It far exceeds anything the government would require with regard to food safety and we take it very seriously,” said Katz.

Asked for a job description, Katz said with mock seriousness: “My job is to keep Jerry Shreiber (president and chairman of J&J Snack Foods) out of jail.”