



PILOT STUDY REVIEW



IMPROVING THE MEAT AND POULTRY EXPORTING PROCESS

Global e-commerce catalogs can provide government targeting systems with complex product classification information using common Internet technologies. Better classification information reduces certificate errors to create savings for exporters and government. An ROI of \$5 to every \$1 invested can be realized.

BACKGROUND

GS1 supports the idea that **e-commerce information can improve product visibility across borders, improve consumer security, and deliver significant cost savings to industry, government, national regulators, and customers alike.** To examine this idea, the U.S. International Trade Data System (ITDS) Product Information Committee (PIC)¹ conducted a series of pilot studies from July 2010 to September 2011,² examining diverse product sets including toys and games, cut flowers, and meat and poultry.

The meat and poultry pilot examined the use of global e-commerce catalogs in the export process. The product set consisted of product typically exported by U.S. suppliers and traders. In 2010, about 236,000 export certificates, valued at over \$12.9 billion, were issued by the USDA Food Safety and Inspection Service (FSIS) for U.S. export shipments of meat and poultry.

The Food Safety and Inspection Service (FSIS) is the U.S. authority for certifying that U.S. meat, poultry, and processed egg product exports meet all of the importing country's health requirements. The export business is complex, and export requirements vary by country. To export product, FSIS issues an Export Health Certificate for each exported shipment. Different countries often have different and sometimes unique health requirements that must be certified for each meat or poultry product. Thus, FSIS needs to ensure that government-issued certificates document the necessary compliance on a country-by-country and product-by-product basis. Today the process is manual. In FY 2010, the FSIS had a staff of about 6,500 personnel located in establishments across the country.

¹ PIC, or Product Information Committee, was created by the Int'l Trade Data System to explore ways to utilize additional information to improve the efficiency and effectiveness of product admissions at international borders.

² "The Business Case for Using e-Commerce Data to Manage Product Admissions at International Borders," ITDS Product Information Committee, December 2011.

PILOT STUDY

The meat and poultry pilot examined two central questions: **Can electronic, global product catalogs be used by government to access complex product classification data? Can a data flow be established between the global product catalog, the FSIS, and the Public Health Information System (PHIS)?**

Working together with Tyson Foods, the pilot examined whether it was feasible for FSIS to partner with a Global Data Synchronization Network™ (GSDN®)-compliant product catalog service and utilize electronic catalogs. The technology partner selected for the pilot was GS1 US™, and its catalog service, 1SYNC.

PILOT FINDINGS

The pilot found that 100% of the 21 static characteristics assigned to identify and classify meat and poultry products could be downloaded from a global GSDN-compliant catalog; 18 characteristics were published by suppliers at the time of

the study and three others could be easily added to the GS1® global product classification system used by the catalog.

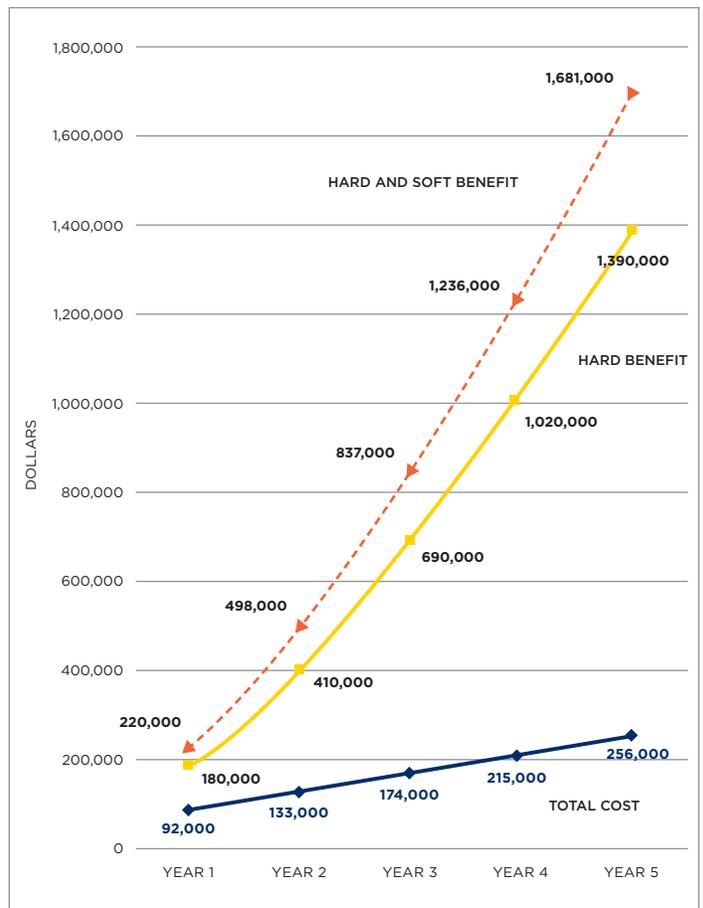
There were no information technology or security obstacles. With this global catalog system, supplier-exporters could reuse the product information they had already published for their buyers in the global catalog to provide FSIS with the complex product characterizations needed to ensure that all certificates included the necessary qualification statements for the nature of products being exported.

Improved data accuracy and efficiencies were also realized, along with a significant return on investment. Improved data accuracy proved to be the greatest benefit of adopting a global catalog system. Reducing product characterization errors on three export certificates per year would save a typical major exporter about \$15,000. In addition, when shipments are rejected, sometimes the entire shipment may be lost. In worst case scenarios, the shipment of ineligible products can result in the closure of an entire market to U.S. meat exports.

COST BENEFIT ANALYSIS FOR MEAT AND POULTRY SECTOR

Return on Investment of 557%

Reducing product characterization errors on three export certificates per year would save a typical major exporter about **\$15,000**.

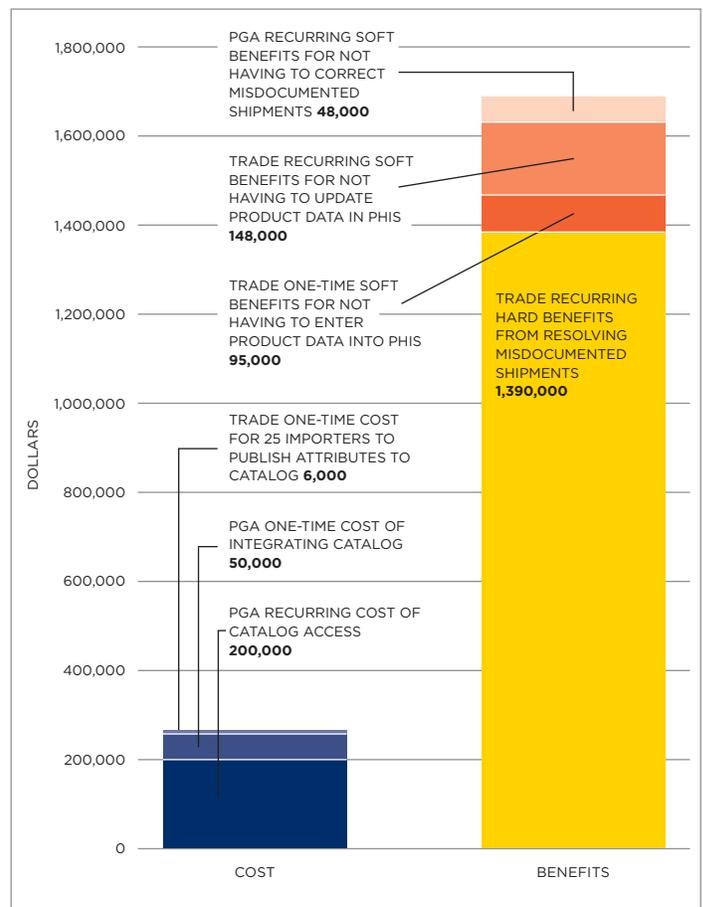


CUMULATIVE COST AND BENEFIT FOR MEAT AND POULTRY EXPORT PRODUCTS FOR PARTICIPATING GOVERNMENT AGENCIES (PGA) AND TOP 25 EXPORTERS OVER FIVE YEARS

100% of the 21 fixed characteristics assigned to identify and classify meat and poultry products could be published to a global GSDN-compliant catalog.

COST BENEFIT ANALYSIS FOR MEAT AND POULTRY SECTOR

Net Value of \$1.4 Million



COMPONENTS OF COST AND BENEFIT FOR MEAT AND POULTRY EXPORT PRODUCTS FOR PARTICIPATING GOVERNMENT AGENCIES (PGA) AND TOP 25 EXPORTERS OVER FIVE YEARS

Beyond more accurate information, efficiencies were also realized. With all major U.S. meat and poultry suppliers already publishing their product information in global catalogs, the government can automatically maintain PHIS product information in agreement with the supplier's information at no additional cost to the supplier. Manual entry of static product information into government targeting systems is eliminated for suppliers that publish to product catalogs, resulting in time and labor savings. FSIS also reduces time correcting certificates, and resolving admission issues at foreign ports.

BEYOND THE PILOT

The return on investment, as demonstrated by the pilot, has the potential to be dramatic.

The infrastructure to move more product freely across international borders, with greater visibility and efficiency, is maturing, providing a valuable opportunity for industry to leverage existing e-commerce standards and services. Governments can become informed supply chain participants by tapping into the same electronic catalog data that businesses use to understand and manage their supply chain. Industry sectors that are already using GDSN-compliant catalogs need to encourage government agencies to integrate this data source into their export and import targeting systems.

To make this happen, industry, government, and world customs leaders can:

- **Learn more** by reading the report, "The Business Case for Using e-Commerce Data to Manage Product Admission at International Borders," December 2011. This report is available at www.itds.gov.
- **Share these concepts** with your company's e-business manager, Customs manager, product safety/compliance manager—and with Customs agencies at the borders where you do business.
- **Discover the potential value** for your company. Contact Douglas Bailey, Chairman of the U.S. ITDS PIC at (douglas.bailey@ams.usda.gov), for additional insight into the pilot studies, or to participate in an upcoming pilot study; or Al Garton at GS1 US™ (agarton@gs1us.org), to find out more about how GS1 Standards can improve supply chain efficiency for industry and government.

“Today our industry is paper intense, and suffers from a lack of automation. This pilot demonstrated that by leveraging GDSN, a complex industry like meat and poultry can be automated. This is critical for our future.”

Lela Tripp
Tyson Foods



THE GLOBAL LANGUAGE
OF BUSINESS

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