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Abstract

This investigation into the traceability baseline in the United States finds that private-sector food firms have developed a substantial capacity to trace. Traceability systems are a tool to help firms manage the flow of inputs and products to improve efficiency, product differentiation, food safety, and product quality. Firms balance the private costs and benefits of traceability to determine the efficient level of traceability. In cases of market failure, where the private sector supply of traceability is not socially optimal, the private sector has developed a number of mechanisms to correct the problem, including contracting, third-party safety/quality audits, and industry-maintained standards. The best-targeted government policies for strengthening firms' incentives to invest in traceability are aimed at ensuring that unsafe or falsely advertised foods are quickly removed from the system, while allowing firms the flexibility to determine the manner. Possible policy tools include timed recall standards, increased penalties for distribution of unsafe foods, and increased foodborne-illness surveillance.

Keywords: traceability, tracking, traceback, tracing, recall, supply-side management, food safety, product differentiation

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