


## The Challenge of Private Standards for ACP producers

COLEACP PIP Programme  
An Initiative for Safe and Sustainable Trade

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Wageningen, March 19, 2010



www.coleacp.org/pip



## Agricultural trade between EU & Third Countries



### General context




#### Access to EU Market

- EU World's **biggest exporter** of foodstuffs, but...
- EU World's **biggest importer** of agricultural products : food imports from more than 120 countries
- Increasing competition** between Third Countries to enter the EU market (e.g. ACP vs Latin America)






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### General context



#### 1,210,000 To F&V exported yearly from ACP onto the European market !

 <b>Bananas</b> 730,000 To	 <b>Exotic fruits</b> 360,000 To	 <b>Vegetables</b> 120,000 To
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**Import value of around €900 million**



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### Changing structure of World Trade

	World Exports		Developing Country Export	
	1980/81	2000/01	1980/81	2000/01
<b>TROPICAL products</b> (cocoa, tea, coffee, sugar, ...)	22.0	12.7	39.2	18.9
<b>TEMPERATE products</b> (meat, milk, grains, ...)	46.3	38.3	28.8	28.1
<b>SEAFOOD, FRUIT &amp; VEGs</b>	19.8	31.0	21.6	41.0
<b>Other PROCESSED</b> (tobacco, beverages, ...)	11.9	17.9	10.4	12.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>




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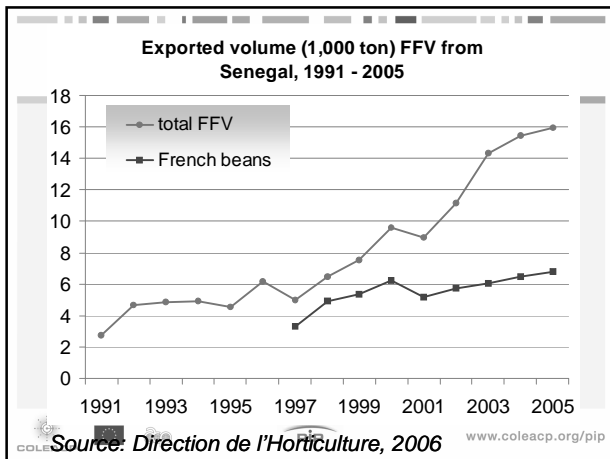
### Increasing exports from ACP

#### E.g. : Increasing exports from Senegal

- Sharp increase of Fruit & Veggies exports over the past 15 years
- F&V exports: French beans (42%), Mangoes & Cherry tomatoes
- Mainly to the EU: France (40 %), The Netherlands (31%) & Belgium (16%)



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## EU-ACP trade means development for ACP agriculture

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## Not only a Problem of Business !

Millions of Poor People are living from Horticulture in ACP Countries

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## Trade for Aid in ACP

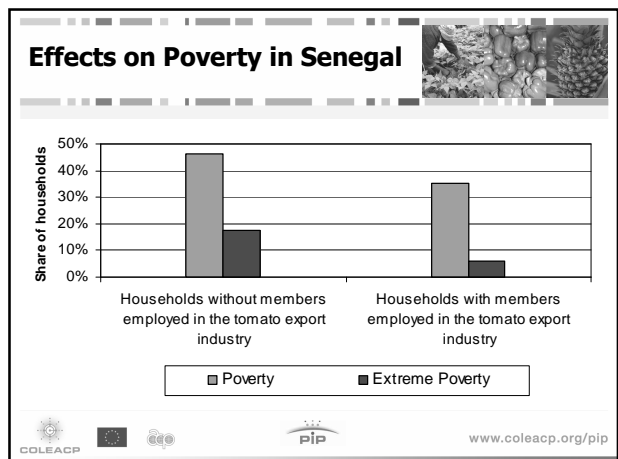
- Contributes to the **modernization** and the development of the agriculture & horticulture in the ACP countries
- Helps to transfer **technologies** which also profit to the development of the whole agricultural sector
- Contributes in **raising** some of the **limiting factors** to the development of ACP agriculture :
  - the access to credit,
  - infrastructures weakness making difficult the circulation and the conservation of the products
  - availability of inputs, GHP & GAP, Crops Protocols,...

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## Trade for Aid in ACP

- Helps promote gender equality & **women empowerment**
- Reduce rural exodus**, particularly young men
- Generates **highly-skilled jobs** (ACP experts, trainers, managers)... as well as less qualified jobs accessible to the **family workforce!**
- Contributes to **reduce the poverty**
- Helps to **raise the education** level in the rural area

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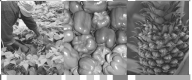





## Food Safety & Traceability: an Issue in EU

PIP

## Repeated food crisis in EU



Food Safety is today an Emotional issue in Europe





1996  
1999

2001  
2004  
2006  
**2008**

**Mad cow (BSE)**  
**Listeria, Dioxin**  
**Fungicides on pallets**  
Food-and-mouth disease, GMO  
**Bird Flu**  
Blue Tongue (Cattle Fever)  
**Melamine in milk (China)**

*Consumers become suspicious !*

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## Consumer concerns ... and lobbies !



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## Components of Food product Quality ?



Nutritional quality :  
quantity and quality

Regulation quality :  
conformity, environmental  
safety, ethical production

Service quality :  
preservation, storage,  
consumer info ...

Organoleptic quality :  
appearance, taste

Sanitary and toxicological quality :  
no foreign bodies, no insects, no dangerous micro-organisms, no toxins, no pesticides residues, ...

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## Food Safety ... and Traceability !



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## Market Requirements !



- **Base line** : producers and exporters must demonstrate that their (fresh) produce conforms with EU Food Safety requirements (e.g. **respect of pesticides MRL**)
- **Global & Integrated Approach** of Food Safety based on **Risk Analysis** in the Food Chain, with:
  - Implementation of **Food Safety Management Systems**
  - Implementation of **Traceability Management Systems**

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## Market Requirements !



- **Growing demand** of European retailers in terms of **quality, safety and traceability** of the products ...**but also** :
  - Respect of the environment (sustainable production, ISO 14001)
  - Adoption of crop protocols, **using IPM principles and non-chemical alternatives** for crop protection
  - Ethical production (SA 8000, ETI, ...)
  - Fair Trade (FLO-CERT, ...)
  - Carbon or Water foot print



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## Market Requirements !



- **Proliferation** of "Food Safety and Agricultural Health Standards" issued by governments and/or **private retailers**
- Some **competition in FS** may be now present in EU within producers/retailers trying to present their produce as "**safer**" !



GLOBALG.A.P.



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## EU Retailers requesting Global-GAP



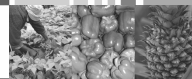
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## Private Standards *versus* EU Regulations



## EU Food Safety Regulation

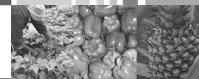


- **Feed & Food Law** (Regulation (EC) 178/2002)
- **SPS regulation & high standards:** hygiene, official controls, pesticide residues, contaminants, organic farming, ...
- **EU food safety principles :**
  - Farm to fork ("food chain" + R.A.)
  - Traceability
  - Information
  - HACCP
  - Stakeholder involvement



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## EU Food Safety Regulation



- To **prevent** or **eliminate risks**
- Or to reduce risks to an **acceptable level**
- To guarantee **fair practices** as regard trade in food & feed

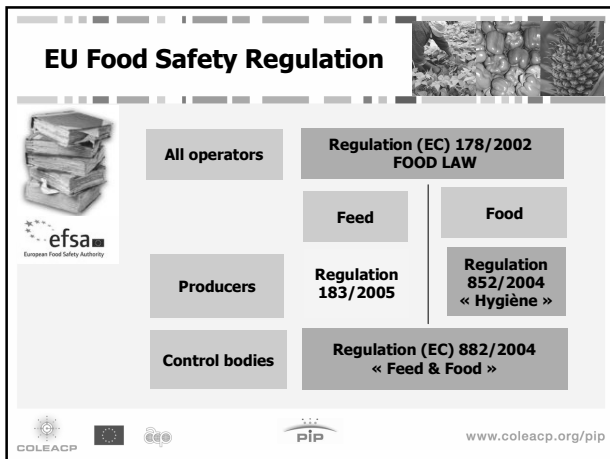
Food Safety - From the Farm to the Fork

BRUNIA - European Commission - DG Health and Consumer Protection - Overview

The EU integrated approach to food safety aims to assure a high level of **food safety, animal health, animal welfare and plant health** within the European Union through coherent **farm-to-table** measures and adequate monitoring, while ensuring the effective functioning of the internal market.



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## EU Food Safety Regulation

- Traditional argument is that EU Safety and Quality Regulations **are barriers to trade** !
- However, recent evidence suggests** that SPS Regulations could be **catalysts** for Private Sector industries :
  - The compliance costs may be **relatively low** (World Bank)
  - Public Standards may be catalysts** for trade by reducing transaction costs (equivalence)
  - Once a Sector/Country satisfies SPS requirements, **the benefits can be very high** (*Minten et al., 2008; Maertens & Swinnen, 2008*)

## EU Food Safety Regulation

- Scientific basis** of measures (Risk Analysis)
- Participation of stakeholders in Standards setting !**
- Harmonization based on International Standards** (Codex, OIE, IPPC, ISO, ILO, WHO, ...)
- Transparency**
- Recognition of equivalence
- No unjustified costs in testing, auditing, certification
- Least trade restrictiveness

*... but public response can be too slow for industry !*

## The problem with PVS

- Industry has integrated regulatory requirements in PVS (80% of the content) ...
- Main **Food Safety Standards** (BRC, IFS, ISO 22000, ...) are of **equal content**:
  - Hygiene
  - HACCP
  - Traceability system
 = **the same wine in different bottles !**
- ... but likes also **"niche response"** to **"niche market"**
  - develops new voluntary standards
  - consumer labels emerge

## The problem with PVS

- PVS going beyond Official Requirements** (some hygiene specifications, labour, social & environment requirements)
- PVS going far beyond International Standards:**
  - "Substitution" of commercial standards to the lawful standards (e.g.: a.s. allowed & MRL, Hypermarket C1000 Label, ...)
  - « Marketing requirements » without scientific background

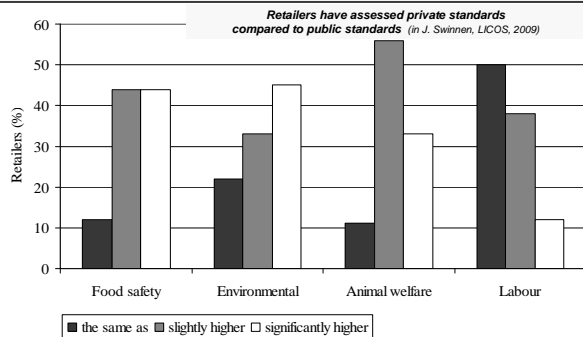
## Private Standards vs Public Standards

**Public Regulations**  
require "Equivalence of risk-outcome" based on evaluation of the **final product** safety (consistent with SPS agreement of WTO)

**Private Standards**  
require "Equivalence of systems" based on an evaluation of the **process** as well

→ **Private Standards more demanding**

## PVS more restrictive than EU Regulations



## The problem with PVS

- PVS becoming *de facto* market access requirements
- **Poliferation Private Standards** means :
  - Different scoring/reporting system (e.g. 5 versions but no convergence IFS/BRC)
  - Overlap and/or Contradictions
  - Lack of harmonization between PVS
  - No transparency
  - No mutual recognition (BRC, IFS, SQF2000,...)
  - High costs, almost impossible for small/medium sized industries and for developing countries !

## The problem with PVS

- **Duplication** of audits/inspections & certifications
- **Competence of auditors under question** (real knowledge of the Standard, experience in the sector, language skills, ...)
- **Competition** between auditing/certifying bodies
- **Costs** associated with PVS:
  - Costs of compliance for Small Scale Growers / Industries
  - Costs of repeated certifications (2 days/audit !)
  - **Lack of price premium !**
- **Consumer confusion** (labels!)

## Certification in ACP Countries

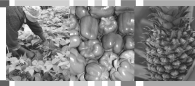
- PVS Certification is **technically possible** (in Kenya from 2005. But only 16% ACP production certified by March 2008)
- Requires external support ... and **skilled auditors!**
- **Hidden costs** : record keeping, training, meetings,...
- **High recurrent costs** of PVS:
  - Audit expense/year
  - Certification expense/year : **increasing cost with time** (e.g. Global-GAP fees : 24% rise in cost)
- May represent **non-tariff trade barriers** for ACP exporters

## Regulations & PVS impact ACP Public & Private sectors

## Regulations & PVS impact



## Regulations & PVS impact



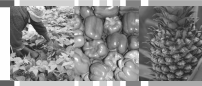
### ▪ National Authorities :

- Responsible for enforcing **food safety regulation**
- Build a capacity of national administrations to demonstrate **compliance** and **effectiveness of control systems**
- Must replace systematic final control with targeted food controls → « **National survey Plan** » (Regulation (EC) 882/2004)



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## Regulations & PVS impact



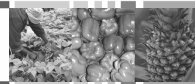
### ▪ National Authorities :

- **Ability of local experts to Manage Food Crisis** should be demonstrated to "EU auditors" (FVO) :
  - Risk Assessment
  - Risk Management
  - Communication to stakeholders
- Affordable & sustainable access to **local expertise** and to **accredited Laboratories**
- Must pay specific attention to the vulnerability of SSGs



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## Regulations & PVS impact



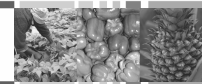
### ▪ Producers and Exporters :

- Must **demonstrate** that their produce conforms with Food Safety requirements (food born pathogens, pesticides, mycotoxins,...)
- Face complex **public** Food Safety regulations and additional requirements to be compliant with **PVS**
- Implementation of Food Safety & Traceability Management Systems, Good Hygiene & Good Agricultural Practices
- Need efficient self-assessment programs (based on HACCP)



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## Regulations & PVS impact



### ▪ Producers and Exporters :

- Exposed to an increasing **reputational risk**
- **Increasing number of PVS** (more complex/regulation!)
- Dramatic expansion in demand for **Global-GAP**
- Third party Certification very **difficult & expensive**
- PVS create **major challenges** for ACP exporters, particularly for those working with **SSGs**
- Risk for SSGs **to be excluded** from supply chains is high
- Critical need for support & capacity building

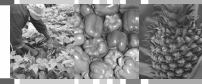


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## Proactive measures to be taken by ACP Public & Private sectors



## Proactive measures for both



- Develop mechanisms for implementing a **national Food Safety Policy**, through public/private dialogue
- Relevant **regulation** on Food Safety
- Efficient Food safety administrations able to :
  - Carry out Scientific Assessments of Risks
  - Perform regular inspections of producers
- Reliable food & feed analysis and Control bodies : test labs accredited (ISO 17025, EN 45000 series, GLP,...)
- **Information, education and training** of all operators

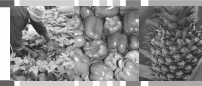


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## Capacity Building is a critical need...



## Proactive measures for both



- **Participate** more actively to all international meetings (e.g. Codex) to expose the position of ACP producers
- Create & support in each ACP country a **National horticultural stakeholder platform** (Task Force) in order to :
  - Better understand commercial requirements and analyse their impact on ACP exporters & SSGs
  - Develop National Guidelines : practical and affordable way to make PVS locally appropriate
  - Increase awareness of **market access problems**



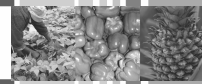
## PIP Program

### "An Initiative for Safe and Sustainable Trade"

*financed by European Development Fund and Managed by COLEACP*

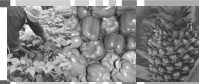


## What is PIP ?



- European cooperation programme, financed by the EDF
- Requested by ACP Secretariat
- Managed by COLEACP
- Phase 1: 2001-2009 – Phase 2: 2009-2014
- Personalized action plans in **28 ACP exporting countries**
- >230 companies exporting fresh F&V to EU markets
- 100,000 Small Scale Growers benefit from the training provided by the Programme

## PIP Goal & Objectives ?



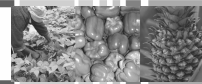
### Main Goal :

Contribute to **sustainable development** and poverty alleviation / Safeguarding the ACP share in the EU market

### Main objectives :

- To enable ACP companies exporting fresh fruits & vegetables **to comply** with European food safety & other market requirements
- To safeguard the position of **small scale growers** in the ACP horticultural export sector

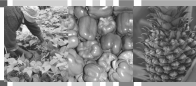
## COLEACP Programmes



- **2 Programmes**, requested by ACP secretariat, funded by EU & Managed by COLEACP (**2009-2014**)
- **PIP 2 (F&V):**
  - Help ACP companies to comply with EU food safety & other market requirements : access to EU market
  - Safeguard SSGs position in the ACP horticultural export sector
- **FSP Project (Agrofood Industry):**
  - Adjustment of the ACP national SPS control systems
  - Help ACP public organizations to comply with EU regulations



## More information



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