

**PRIVATE SECTOR STANDARDS AND DEVELOPING COUNTRY EXPORTS  
OF FRESH FRUIT AND VEGETABLES**

Communication from the United Nations Conference on Trade and Development (UNCTAD)

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## I. INTRODUCTION

### A. CONTEXT

1. The issue of private standards was first discussed at the meeting of the WTO Committee on Sanitary and Phytosanitary Measures on 29-30 June 2005. It had been raised by Saint Vincent and the Grenadines, in particular in relation to the EurepGAP Fruit and Vegetables standard. An information session was subsequently organized on the margins of the 11-12 October 2006 meeting with representatives of EurepGAP and UNCTAD. A number of developing countries suggested that the issue of private and commercial standards in general should be included on the agenda of the next SPS Committee meeting. The Chairman suggested that Members could prepare contributions with specific examples of their experiences for a substantive discussion. The current note is being made available by the UNCTAD secretariat. It highlights key issues addressed in country-case studies carried out in the context of a technical cooperation project implemented under the umbrella of UNCTAD's Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF).

2. The CTF has so far paid special attention to the EurepGAP standard because it offers an interesting case study of the increasingly important role of private-sector standards in the market-place, their possible implications for developing countries' exports and possible pro-active adjustment policies.<sup>1</sup> An analysis of the EurepGAP standard is also interesting because its secretariat claims that the standard, in particular its benchmarking option, can contribute to the global harmonization of standards for good agricultural practices (GAP).<sup>2</sup> CTF activities have not focused on the interface between private standards and WTO disciplines, but rather on the implications for developing countries, and for small and medium-sized producers in particular, of the increasing influence of private standards on market access and export success.

3. The CTF project has included country-case studies by local experts, as well as national and subregional stakeholder dialogues in Africa (Ghana, Kenya and Uganda), Latin America (Argentina, Brazil and Costa Rica) and South-East Asia (Malaysia, Thailand and Viet Nam). Publications that collect the results of these activities in Latin America and South-East Asia and place them in a broader analytical context are under preparation. The results of the African studies will be published following the Workshop on Good Agriculture Practices in Eastern and Southern Africa: Practices and Policies, organized by the FAO and UNCTAD secretariats in cooperation with the Kenyan National Task Force on Horticulture (Nairobi, Kenya, 6 - 9 March 2007). Furthermore, a study on the strategic concept of EurepGAP benchmarking and procedural requirements of the benchmarking process was prepared by Nigel Garbutt (Chairman of EurepGAP) and Elmé Coetzer (FoodPlus GmbH).

### B. PRIVATE-SECTOR STANDARDS IN THE FRESH FRUIT AND VEGETABLE SECTOR

4. The fresh fruit and vegetables (FFV) sector provides opportunities for economic and social development gains. Donors and NGOs have supported projects aimed at increasing production and

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<sup>1</sup> The EurepGAP Fruit and Vegetables standard is a scheme for good agricultural practices (GAP) at the farm level, developed by EUREP, an association of European fresh produce retailers and importers. It is a pre-farm gate standard, which applies to primary production.

<sup>2</sup> At the tenth session of the UNCTAD Commission on Trade in Goods and Services, and Commodities (Geneva, February 2006), participants encouraged the CTF to continue its efforts to facilitate a dialogue between public and private stakeholders on the impact of and adjustment to voluntary, private-sector-set environmental requirements. It was noted that work on the EurepGAP standard, as it relates to horticultural exports of developing countries, provides an interesting example. It was emphasized that UNCTAD's work relating to EurepGAP codes of practice does not mean that it endorses any particular set of private standards.. See *Report of the Commission on Trade in Goods and Services, and Commodities, on its Tenth Session* (TD/B/COM.1/80, 13 March 2006).

exports of FFV as a means of achieving poverty alleviation, export diversification and rural development and employment objectives. Although many developing countries have benefited from tariff preferences and development assistance to increase FFV exports, the possible implications of Government regulations and private-sector standards in developed countries for small producers in developing countries have been an issue of concern. Private-sector standards are playing an increasingly important role in the marketplace. Many supermarket chains have formulated their own standards, either as individual chains or on an industry-wide basis (e.g. the European supermarket sector). The most important reasons for the spread of private-sector standards are the stiff competition between retailers (leading to very slim margins); the intention of retailers to reduce in-house monitoring and inspection costs and transfer them to exporters/producers; and the global sourcing of products. Estimates suggest that retailers currently obtain about a quarter of all fresh fruit and vegetables sold in developing countries (OECD, 2006).

5. Certain private-sector standards, such as EurepGAP, require compliance with the regulations of both the country of production and the product-related regulations of the country of destination, involving multidimensional food safety, occupational health and safety, environmental and, sometimes, social requirements. It has been argued that private-sector standards may be more stringent than public-sector regulations. Similarly, concern has been expressed that, due to the existence of a multitude of private-sector standards, technical cooperation programmes aimed at assisting producers in developing countries to comply with Government regulations in developed countries may be insufficient to effectively facilitate market access if the implications of private-sector standards are not addressed.

6. Private-sector standards appear to contribute to the exclusion of weaker players (i.e. countries with low volumes of FFV exports and smallholder producers) from value chains even in developing countries where infrastructure and services operate efficiently and reliably. This may have significant impacts on poverty because the smallholder supply base has strong links with rural development in developing countries (COLEACP, 2007). A recent Natural Resources Institute (NRI)/International Institute for Environment and Development (IIED) study found that in Kenya in 2006 there were 60 per cent fewer smallholders (less than 1 ha) exporting to the United Kingdom than in 2002 (Graffham and Vorley, 2005).

#### C. RELATIONSHIP BETWEEN GOVERNMENT REGULATIONS AND PRIVATE-SECTOR STANDARDS

7. The relationship between government regulation and private-sector standards is rarely explicit and largely unexamined. However, some have argued that the regulatory and standard-setting activities of governments and the private sector may be mutually supportive in important respects. Each focuses on a separate aspect of risk management. Government regulations aim at *outcomes*: the characteristics of the finished product are specified, and producers and importers are responsible for ensuring, by whatever means, that these requirements are met. Private-sector standards, by contrast, focus on *processes*: requirements are set for the entire system of production and supply, with specific instructions on production methodologies and testing procedures (Chia-Hui Lee, 2006). This separation of objectives may bring benefits to both government legislators and private sector standard setters, to the extent that the relationship between the two could be characterized as a "tacit alliance".<sup>3</sup>

## II. ISSUES ADDRESSED IN THE CASE STUDIES

### A. TRADE IMPLICATIONS

8. The trade impacts of EurepGAP and other private-sector standards that play an important role in the market place depend on issues such as the costs of adjustments required to comply with the

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<sup>3</sup> For more information see: UNCTAD (2007a)

standard; the stringency of specific control points and compliance criteria (see also the next section); the availability of certification infrastructure, laboratories and other facilities; whether or not training and extension services are provided by Government institutions and others; and whether or not Government support is provided (for example in certification costs). Meeting high quality and food safety standards may also provide developing countries with a competitive edge in specific FFV. An often-cited example is Peru's asparagus sector (O'Brien and Díaz Rodríguez, 2004).

9. The individual farmer or groups of farmers seeking to comply with EurepGAP or other GAP standards has to incur costs of investment in equipment and facilities, training, record keeping and use of tracking systems, audit and certification.

10. The total implementation and certification costs depend on the provider of technical support; the need for new infrastructure; and the extent of the producer's prior knowledge of GAP as well as their prior experience in record-keeping. For example, depending on the existing facilities before GAP compliance is sought, producers may have to make significant investment in building safe storage facilities for fertilizers and crop protection products. Up-front costs to upgrade the farm in order to meet GAP requirements may be significant. Indeed, investment in infrastructure may often be the major cost element.<sup>4</sup> Whereas many requirements are likely to result in higher costs, there may also be cost savings, e.g. as a result of reduced pesticides use. The Brazilian standards for Integrated Fruit Production (see below), for example, have been successful in drastically reducing the application of agrochemicals by a range of 20-80 per cent per product and crop (Andrigheto, Nasser and Teixeira 2006).<sup>5</sup>

11. With regard to certification, some examples help to illustrate the kind of costs involved. According to Eco-LOGICA, a national certification body in Costa Rica, the average basic cost of certification for a producer ranges from \$800 to \$1,200, plus additional costs that depend on the farmland extension, location and conditions of access to the farm. The costs during the consulting period (when technical support is provided to prepare for the certification inspection) vary from \$3,000 (if a group of companies receives certification and technical support) to \$12,000. In Brazil, indicative certification costs for individual farms are estimated to range from \$1,000 to \$1,500, plus some \$700- \$800 per audit. For group certification, the costs are estimated at \$200-\$300 per producer. In addition, there are general administration and registration fees as well as travelling costs of the inspector.

12. The extent to which the above factors affect FFV exports of individual exporting countries depends also on factors such as (a) the destination of FFV exports and (b) the producer profiles of key FFV crops in the exporting country. The EurepGAP standard seems especially relevant for many Latin American countries (such as Brazil which exports some 85 per cent of its total FFV exports, excluding nuts, to the EU market) and Africa. Conversely, South-East Asian countries export their

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<sup>4</sup> OECD case studies (OECD 2006) found that "in Ghana, EurepGAP compliance costs for a 15-20 acre pineapple farm were about USD 400-500 but for large farms they can be more substantial. For example, a 1 000 acre pineapple exporter producer has spent USD 80 000 to be EurepGAP ready. In Chile, a grape producer estimated compliance costs so far had been USD 220 000 but that further investments were still required, e.g. in machinery and a loading platform". In Morocco, Aloui and Kenny (2004) report that several of the medium- and large-scale tomato grower/exporters were required to make substantial investments in facilities and equipment in order to meet the EurepGAP requirements. Many lacked storage rooms for pesticides and fertilizers and appropriate changing/washing facilities for farm workers. One farm operating with ten hectares under plastic greenhouses and a work force of sixty people needed to invest some \$50,000 in buildings, facilities, and equipment to become EurepGAP compliant. Taking into account proper depreciation of these investments over time, the firm estimates that measures taken for EurepGAP compliance account for some 12 per cent of its farm production costs and 4 percent of the FOB value of its tomato exports (World Bank 2006).

<sup>5</sup> Others argue that certain requirements in the area of pesticides use may force farmers to use more expensive chemicals.

FFV largely to regional markets, shipping only a small portion to the EU market. Therefore, the direct implications of EurepGAP requirements are likely to be less urgent for South-East Asia than for the other regions.

13. Yet, for exports to the EU market, the importance of EurepGAP certification as a requirement for participation in value chains is not always clear. Not all customers in the EU market require assurance that the FFV they buy have been produced in accordance with EurepGAP or other GAP standards. Even retailers who are members of EurepGAP may not require EurepGAP certification, as its standard does not oblige them to source EurepGAP-certified produce only. Nevertheless, there is a general view that EurepGAP is an increasingly important factor in the market place. With regard to Asian developing countries, even though the share of exports to the EU markets as a share of total exports may be small, it is to be noted that EurepGAP and other GAP standards for primary FFV production are gaining importance in regional Asian markets. For example, authorities in China and Japan are developing national GAP schemes and seeking benchmarking of their own schemes against the EurepGAP standard. Some have argued that benchmarking national GAP codes to EurepGAP could facilitate mutual acceptance of national GAP codes among Asian developing countries and perhaps be easier to accomplish than formal mutual recognition agreements.

14. Another important factor is the producer profile of key exporting sectors. In general, large producers and exporters of FFV to the European Union have managed to achieve EurepGAP certification when necessary. In certain cases, they have also assisted at least some of their suppliers in complying with EurepGAP requirements. However, small-scale producers tend to face major difficulties in meeting those requirements.<sup>6</sup> Only if there is sufficient financial and technical assistance as well as monitoring and management oversight will smallholders be able to meet private standards (this is currently only achieved by successful out-grower networks run by exporters, or by relatively large, well-functioning producer cooperatives) (OECD, 2006: 20). However, reliance by governments and industry on donor and NGO funds and assistance runs the risk of creating a "dependence syndrome" of otherwise unsustainable small-holder production for global supply chains.<sup>7</sup>

## B. APPROACHES TO NATIONAL GAP SCHEMES

15. Several developing countries have been developing national GAP codes in order to achieve food-safety objectives and promote sustainable FFV production while at the same time facilitating access to export markets. However, there are certain differences in the approaches to the development of national GAP schemes and the priorities of such schemes in different regions. With regard to Latin America, the Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA) is the owner of the standards for Integrated Fruit Production (PIF in accordance with its acronym in Portuguese). Unlike EurepGAP, PIF standards are crop-specific, currently covering some 17-20 different fruit categories. In Argentina, the Government has issued voluntary guidelines for hygiene and good agricultural practices for fruit and vegetables. Costa Rica does not have a national GAP scheme. The Chamber for Agriculture and Agro-industry has been elaborating an initiative for GAP implementation, but it is not clear whether there would be interest in seeking EurepGAP benchmarking. Smallholders who own the land they cultivate but are not yet certified may be the main

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<sup>6</sup> A recent NRI/IIED study concludes that on average, establishment of EurepGAP for a smallholder in Kenya costs at least 1,760 euros per grower and maintenance at least 1,130 euros (some exporters work with more than 1,000 smallholders).

<sup>7</sup> The OECD goes a step further by highlighting that "the sums necessary for small-holders to be certified under the private voluntary standards' schemes, the management efforts required and uncertainties as to the long-term viability of small-holder certification raise questions about development strategies postulated on small-holder production of high-value agricultural produce for export ... The question then becomes whether public efforts, instead of aiming for global value-chain access for small-holders, should be directed to either helping them to adapt out of agriculture or to supply the local or other less demanding markets in terms of quality and certifications" (OECD, 2006: 21 and 17).

beneficiaries. The Chamber believes that any GAP standard should also take into account the requirements of the United States market.

16. In South-East Asia the development of national GAP schemes is largely driven by Governments. In Thailand, the Ministry of Agriculture and Cooperatives (MOAC) has developed a national GAP programme. Farmers who fulfil the requirements of the GAP standard can label their products with the GAP logo, the "Q" quality mark (a third-party certification system owned by MOAC). In Malaysia, the Department of Agriculture developed the Malaysian Farm Certification Scheme for GAP (SALM) in 2002. SALM is recognized by Singapore, Malaysia's largest market for FFV exports (and the destination of over 50 per cent of Malaysian FFV exports in value terms in 2005) through a bilateral agreement, but is not recognized in other markets. In 2003, a private-sector entity, QA Plus Asia-Pacific Sdn. Bhd, proposed to develop a national standard that could also be benchmarked against EurepGAP. Work started in 2004 and in January 2005 the standard was adopted by the Department of Standards Malaysia (DSM), after considering public comments, as MS-GAP: Malaysian Standard: Crop Commodities-Good Agricultural Practice (MS 1784:2005).

17. ASEAN countries generally propose a gradual approach which could start with a scheme focusing on national food safety with major government involvement and subsequently be used as a basis for the development of local or even national "premium" GAPs that would mainly aim at facilitating access to key export markets. Work has started on an ASEAN GAP<sup>8</sup> that would consist of four modules covering food safety, environmental management, worker health, safety and welfare, and produce quality. Each module can be used alone or in combination with other modules. This enables progressive implementation of GAP schemes, based on individual country priorities.

#### C. BENEFITS OF GAP SCHEMES

18. GAP codes that reflect national development priorities and agronomic conditions can bring benefits to developing countries by promoting the production of safe and healthy foods, improving workers' health and safety, and reducing environmental impacts. Several developing countries have been developing national GAP programmes (see below).

19. GAP programmes can assist farmers and exporters in developing countries in meeting the regulatory and private-sector requirements of domestic and international markets. GAP implementation and certification in developing countries is also seen as an instrument to secure access to markets. Some ASEAN governments (e.g. in Thailand) are encouraging producers/exporters to adhere to GAP schemes. In combination with other measures such as mandatory certification of pesticides residues, this is seen as a means to help prevent products from being denied access to external markets.

#### D. OBSTACLES TO GAP IMPLEMENTATION IN DEVELOPING COUNTRIES

20. There can be a number of general obstacles to GAP implementation, such as lack of awareness about the benefits of good agricultural practices, low levels of education, difficulties in keeping records and undertaking regular self-inspection, poor access to unadulterated inputs (e.g. seeds), lack of trained personnel, high costs of GAP implementation, insufficient access to credit needed to finance necessary improvements in installations and machinery and the absence of price premiums for products from certified farms.

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<sup>8</sup> An ASEAN-wide quality assurance (QA) system being developed by interested ASEAN member States with assistance from two Australian experts as part of ASEAN Australian Development Cooperation Program Stream - Quality Assurance Systems for ASEAN Fruit and Vegetables Project.

21. There are also specific obstacles to EurepGAP certification. Small-scale producers have been reported as facing difficulties in meeting the control points/compliance criteria concerning the use of pesticides of registered chemicals, storage of fertilizers and crop protection products, hygiene procedures in harvesting and produce handling and risk assessments (for example for new plantings and hygiene in harvesting). In many developing countries, laboratories are not yet accredited to ISO 17025 or an equivalent standard for testing, as required by the control points on crop protection residue analysis and water quality.

22. A significant constraint mentioned in almost all case studies is uncertainty about the extent to which retailers and importers in overseas markets will actually demand certification, which raises doubts about the importance of certification in the marketplace.

#### E. DEVELOPMENT ASPECTS TO BE CONSIDERED IN DEVELOPING NATIONAL GAP SCHEMES

23. National GAP schemes in developing countries can take account of local development and agronomic conditions. However, there is also a need to seek harmonization with global requirements to gain recognition in external markets and to reduce the need for multiple audits. These two objectives should be carefully balanced.

24. National GAP schemes should pay special attention to the needs of smallholders. Several case studies highlight the need for effective stakeholder involvement, in particular producers, in the development of GAP standards. Brazil's standard emphasizes, among other things, the key role of training, technological development and infrastructural support (such as the establishment of laboratories to carry out analyses of chemical residues according to internationally accepted methodologies, and the application of sampling methods in accordance with international standards) and partnerships with the private sector, local governments and non-governmental organizations.

#### F. THE ROLE OF GOVERNMENTS IN PROMOTING GAP IMPLEMENTATION

25. A pro-active government role may fall into the following clusters:

- Policy analysis: facilitating conceptual clarity on enhancing the developmental contribution of GAP, including addressing smallholder concerns, and optimizing the balance between benefits and costs.
- Facilitating investment in hard and soft infra-structure for SMTQ systems (i.e. standards, metrology, testing, and quality assurance), transport, cooling chain and directing related donor funding.
- Devising flanking or supportive policies such as on extension services and financial support.
- Assuring policy coherence among government agencies on GAP development and implementation.
- Facilitating and engaging in stakeholder dialogue on the development and implementation of GAP.

26. Governments should generally play an enabling role without being an obstruction (UNCTAD, 2007c). They have a key role to play in supporting extension services that may facilitate GAP implementation by producers, in particular small and medium-sized ones. Furthermore, they can support GAP implementation by:

- Creating or enhancing awareness of the benefits of GAP among producers.

- Supporting training.
- Elaborating criteria for assessing new sites for FFV production.
- Addressing problems with the registration of crop protection products.
- Assuring effective control of some aspects covered by EurepGAP control points, such as seed quality, registration of agrochemicals, and developing national legislation in the areas of environmental protection and workers' health and safety.
- Providing the necessary infrastructure for compliance with control points (e.g. appropriate disposal of empty packages of agrochemicals) and promoting research and development and technical assistance (e.g. to facilitate accreditation of laboratories to ISO 17025 or an equivalent standard for testing).
- Providing The EurepGAP Fruit and Vegetables standard is a scheme for good agricultural practices (GAP) at the farm level, developed by EUREP, an association of European fresh produce retailers and importers. It is a pre-farm gate standard, which applies to primary production.effective regulations for companies supplying services and inputs relevant to GAP, such as laboratories, suppliers of fertilizers and agrochemicals, and providers of calibration products and services.

27. Government agencies may assist small growers in GAP implementation and certification. In Brazil, public-sector funds are available for training and sharing the costs of certification, in order to assist producers in adhering to the Government-run PIF programme, although such funds are generally not available for certification against private-sector schemes.

28. One question is to what extent Governments and donors should use public-sector funds to help producers implement and comply with private-sector standards. One could argue, however, that private-sector standards can also play a useful role in meeting public policy objectives in various areas, including food safety, improved environmental management and diversification of exports into high-value products.

29. As discussed in the 2006 Annual CTF Meeting, even when Governments could not take responsibility for private-sector standard setting activities, they could engage in discussions with private-sector organizations, organize informal seminars and invite private-sector bodies to participate in certain technical cooperation workshops for developing countries. Some donors have cooperated with private-sector organizations in projects to assist developing country producers in meeting private-sector food-safety and environmental standards (for more information, see UNCTAD, 2006).

#### G. FACILITATING EUREPGAP CERTIFICATION

30. Developing countries can explore several options to facilitate EurepGAP certification for producers, such as group certification, the development of national interpretation guidelines and benchmarking of a locally developed standard for GAP against the EurepGAP standard. They can also seek to promote recognition of national GAP schemes in export markets.

31. Group certification may be a viable option for small-scale producers who participate in already-established producer groups or who are suppliers of large exporters, but small growers generally need support, in particular in implementing quality control systems, to achieve certification. Training and investment costs incurred in implementing and maintaining an internal control system tend to be high. The minimum number of producers in a group will depend on the turnover of the group and its capacity to maintain the internal control system. A key element in the EurepGAP group certification option is a documented Quality Management System that allows the external Certification Body to certify the entire group rather than each individual group member. The German

Association for Technical Cooperation (GTZ) developed a manual that has been approved by EurepGAP and which includes operational procedures and recording forms for a fictional farmer group.

32. The EurepGAP group certification option was chosen as an appropriate option to help pineapple producers in Ghana overcome obstacles to exporting, in particular those related to meeting EU maximum residue levels for pesticides. The problems first triggered the sector's engagement with EurepGAP and later the EU-funded Pesticide Initiative Programme. In Ghana, the pineapple sector is the largest contributor to the country's non-traditional exports. Most fruits for export come from commercial farms. However, about 45 per cent of total exports are obtained from smallholders' farms, made up of over 600 farm families. By late 2003, around one third of pineapple exporters in Ghana had obtained EurepGAP certification, either as individual companies or as a grower group under the produce marketing organization scheme. Recently, EurepGAP, in cooperation with some donors, launched a major multi-stakeholder project aimed at integrating small scale farmers into the global supply chain.

33. National interpretation guidelines may make EurepGAP control points and compliance criteria easier to understand. In Kenya, for example, a national technical committee is developing interpretation guidelines for Kenyan smallholders. The benchmarking option is analysed below.

#### H. ISSUES RELATED TO EUREPGAP STANDARD-SETTING PROCESSES

34. Over the years the EurepGAP standard setting processes may have become more transparent. For example, some have taken the proceedings of the EurepGAP annual conference in Prague in 2006, which focused on the revision process, as an indicator of progress: for the first time, the proposed changes for the 3<sup>rd</sup> revision of EurepGAP standards were presented in a participatory approach, outside the technical committees.<sup>9</sup> Yet developing countries may have difficulties in effectively participating due to the costs involved, frequent meetings in different parts of the world and high membership fees.

35. National Technical Working Groups (NTWGs) for fruit and vegetables have been established in some 14 countries, including 5 developing countries (Argentina, Brazil, Colombia, Malaysia and Turkey).<sup>10</sup> NTWGs could develop national interpretation guidelines, explore and - if appropriate - support national benchmarking processes and channel inputs from national experts to EurepGAP Technical Standards Committees. In addition, NTWGs should draw attention to problems resulting from the short revision cycles of EurepGAP protocols.

#### I. HARMONISATION OF STANDARDS AND THE EUREPGAP BENCHMARKING OPTION

36. Henson (2006: 29) argues that "Indeed, there is evidence that the tendency and speed towards harmonization of private food safety and quality standards far exceeds similar efforts in public spheres". For example, the BRC Global Standard and the International Food Standard are collective private food standards. The Global Food Safety Initiative (GFSI) has been developing guidelines for the benchmarking of private food safety standards to promote harmonization or mutual recognition of differing codes.<sup>11</sup> The above-mentioned standards cover food processing. However, in 2004 the GFSI guidance document was extended to include pre-farm gate standards. Subsequently, SQF 1000 was assessed and recognized as equivalent.

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<sup>9</sup> GTZ newsletter No. 40 - November 2006 <http://www.gtz.de/de/dokumente/en-trade-news-40.pdf>

<sup>10</sup> Source: EurepGAP website.

<sup>11</sup> The BRC Global Standard, IFS, Dutch HACCP, SQF 1000 and SQF 2000 have been assessed and recognized as equivalent to the GFSI Guidance Document.

37. The EurepGAP benchmarking option provides an option for promoting harmonization and equivalence of pre-farm gate standards. Some developing countries have already benchmarked national standards to EurepGAP and others have expressed an interest in benchmarking. ChileGAP is a private-sector scheme owned by the *Fundación de Desarrollo Frutícola* (Fruit-growing Development Foundation), developed with support from the Government. In Mexico, the Ministry of Agriculture (SAGARPA)<sup>12</sup> led the development of MexicoGAP. Interestingly, Chile and Mexico, the two Latin American countries that have successfully completed the benchmarking process, only send a relatively small proportion of their FFV to the EU market (compared, for example to Brazil, Colombia, Argentina and most African countries). Many Chilean growers were already EurepGAP-certified before the benchmarking process began, but needed GAP certification for the United States market as well. In this way, producers/exporters need only one certification, ChileGAP, to export to both markets. They also needed a scheme that was easy to understand for smallholders. The Kenyan Fresh Produce Exporters Association (FPEAK), with the assistance of COLEACP, has been developing a national standard which is currently going through benchmarking.

38. Currently, too few benchmarked national GAP standards exist to draw conclusions on their success in general. ChileGAP seems to be very successful (Villalobos and Santocoloma, 2005).

39. Benchmarking, however, is not an easy process and may not be a viable option for many developing countries. It should be noted that in order for a national standard to be formally recognized it must comply with *all* control points and compliance criteria as set out in the relevant EurepGAP standard. Garbutt and Coetzer (2005) argue that this "strict interpretation of equivalence" is necessary if buyers are to have confidence in the comparability of different standards. The concept of equivalence employed in the context of EurepGAP benchmarking is stricter than the concept of equivalence in the SPS and TBT agreements. It should also be noted that while the WTO Agreements use the concept of equivalence of *outcomes*, EurepGAP uses the concept of equivalence of *processes*. In addition, a national standard has to re-apply for benchmarking to take account of revisions of the EurepGAP standard (the third revision of the EurepGAP standards was published on 8 February 2007).

40. The benchmarking process may be time-consuming. Benchmarking may also imply the need to introduce into existing national protocols new requirements that may not be particularly relevant or appropriate to local conditions, and that may create obstacles to small growers (including those who have already been trained to implement the local standard) who are primarily interested in the domestic market. Governments may be reluctant to incorporate requirements of a private-sector standard, like EurepGAP, into a government-owned GAP standard, such as PIF. This may be the case in particular where countries already have a well-developed Government-owned scheme, such as Brazil.

41. Most GAP schemes in developed countries are owned by the private-sector. In developing countries, however, there are both GAP schemes owned by the private sector (generally developed with Government support) and Government-owned GAP schemes. Government-owned standards may at times be developed and implemented with little participation of producers, in particular small growers. However, in Malaysia the national GAP standard was proposed by the private sector and is being developed in close cooperation between the public and private sectors. The implementation of MexicoGAP is being carried out by an export promotion body owned by the Ministry of Agriculture, known as Mexico Quality Supreme, which has close links with the main producers and exporters.

42. Benchmarking may be easier between two private-sector schemes than between a private-sector scheme (such as EurepGAP) and a Government-owned scheme, in particular where the latter is already well-developed. The EurepGAP benchmarking process needs to be better adapted to already-

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<sup>12</sup> Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación.

existing GAP protocols in developing countries, and the concept of “equivalence” should take full account of the achievements of such programmes.

43. Some have argued that benchmarking a Government-owned national GAP standard to a private-sector standard (such as EurepGAP) may raise systemic WTO issues because the link could be subject to WTO disciplines (Gandhi, 2005). It should be noted, however, that a GAP scheme is not generally mandatory. It is a voluntary standard, whether it is owned by the Government or the private sector.

### **III. CONCLUSIONS AND RECOMMENDATIONS**

44. There is a need for more dialogue between representatives of private-sector standard-setting organizations, governments and producers/exporters in developing countries. Such dialogues could focus on (a) conceptual issues and appropriate approaches to the development of national GAPs; and (b) clarification of the role of governments and other stakeholders.

45. Donors can play an important role in facilitating consultations in this regard. Donors may also wish to support participation of developing-country representatives in annual EurepGAP meetings and in the work of its technical committees. National Technical Working Groups could play a key role in facilitating participation in EurepGAP standard-setting processes.

46. UNCTAD's Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries has already supported national and sub-regional stakeholder dialogues and plans to intensify these activities in the future, in close co-operation with FAO.<sup>13</sup>

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<sup>13</sup> For more information see UNCTAD (2006).

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