Private voluntary standards (PVS) have been described as “the next big thing” in determining trade flows. In a recent interview with the Financial Times (September 22, 2007), Pascal Lamy, Head of the WTO, noted that the proliferation of standards is likely to cause a clash with developing countries, who fear new barriers to their exports. Lamy said “Developing countries are certainly beginning to have a real problem, and the question of standards is becoming a real issue”.

This is very much the case in the ACP fruit and vegetable export sector. Over the past 5 years PIP has seen tremendous efforts on the part of ACP producers and exporters to upgrade and meet new EU regulations. However, despite this, they face increasing problems due to the PVS with which they must become certified to maintain access to high value retail markets. In many cases the PVS go further and are more stringent than the regulations, and have major cost implications – particularly for the smaller players.

The issue of PVS was first raised at the WTO in 2005 over standards for bananas. The fact that it has remained on the agenda of the SPS Committee reflects and recognizes the crucial importance and sensitivity of the matter. However, PVS arguably fall outside the WTO remit, and the need for an alternative and more appropriate forum, where the issues surrounding PVS can be brought to the table and discussed in an open and transparent manner, has been proposed at a number of recent international meetings. This suggestion is firmly endorsed by the PIP as we recognize the need for a forum where ACP concerns have a stronger voice.

This PIP Magazine focuses on PVS in the fresh fruit and vegetable arena. It brings together the opinions of some of the key players, and aims to promote discussion on what is one of the major challenges currently facing the ACP export sector.

Morag Webb
PIP - Policy Adviser
The trade in horticultural products from ACP countries to Europe has grown spectacularly over the past 20 years. In many ACP countries, exports of fresh and processed fruit and vegetables now exceed the combined value of traditional exports such as tea, coffee, sugar and cotton. This growth has been an important contributor to national income and reduced poverty. However, for smallholder farmers, who historically have been major players in the horticultural export sector, their share in the trade is in decline. This has important implications for addressing rural poverty in ACP countries and is of concern to both national governments and donors alike.

This issue of PIP Magazine considers what can and needs to be done to support ACP smallholders operating in the fresh produce export sector. Essential to addressing the situation facing smallholders is understanding how their problems originated.

The fresh produce sector has experienced dramatic changes in recent years. One of the most significant has been the trend towards vertical integration of the supply chain. Previously there were many small-scale ACP producers and exporters selling to numerous European wholesalers. Now the European retail sector is dominated by a small number of very large supermarkets. These have tremendous market and purchasing power, and increasingly by-pass middlemen to source direct from ACP producers and exporters. The result has been the consolidation of power over the supply chain, and a marked reduction in the overall number of players – particularly smaller players - in Europe and the ACP.

Another major change has been a shift in consumer expectations. Shoppers in Europe are demanding more variety and availability, but are also becoming more selective. Not only do they look for taste, freshness and quality, but they also consider aspects of production such as environment, ethical trade and, increasingly, food safety. This awareness and concern with food safety was fuelled by a series of scares in Europe (BSE, dioxins, aflatoxins, Salmonella) that caused a serious loss of consumer confidence not only in food safety and integrity, but also in the government systems of control and enforcement.

In response to this crisis of confidence, the European Commission introduced a broad set of regulatory changes in sanitary and phytosanitary (SPS) controls. These were founded on a new and different approach to food safety. Previously it had been a requirement to ensure that food supplied to consumers was safe, and this was assessed by testing food more or less at the point of sale, regardless of how it got there. The new approach requires food operators to put in place risk management systems that ensure food safety at all stages of the chain – from fork to field.

Another major event was the introduction of the ‘due diligence’ clause in the UK 1990 Food Safety Act. This requires all players along the supply chain to be able to prove that they have undertaken all possible steps to ensure that their
product is safe and will not cause harm. This clause had widespread repercussions, first in the UK, and later throughout Europe: it provoked the development of systems of self-regulation by the private sector using codes of practice, or ‘private voluntary standards’ (PVS). The first of these was a set of Good Agricultural Practices (GAP) schemes, and a protocol of good hygiene practices (later the BRC Standard). Since this time the use of PVS by the private sector has proliferated, and they now play a major role in international horticultural trade.

In summary, ACP suppliers wishing to export must now meet the new EU legal controls (regulations), but they must also meet the requirements (PVS) of the major importers and retailers, which are often more complex and stringent than the regulations. While the standards are voluntary – because they are not required by law – increasingly they are necessary in order to ‘do business’ and so, in practice, are becoming mandatory.

A plethora of these PVS are in operation. These vary from individual retailer labels (e.g. Tesco Nature’s Choice) to EurepGAP (note: GlobalGAP since September 2007), a coalition between the major European retailers. They cover all stages from farm, to processing to distribution. Rising consumer expectations are also pushing retailers towards standards for labour, environment, and corporate responsibility. A recent development has been the labelling of air freighted produce to allow EU consumers to reduce their carbon footprint (see article page 5).

Private standards can deliver positive benefits by providing producers with step-by-step guidelines showing what needs to be done to meet regulations and export to Europe. Evidence shows that following the risk management approach defined by the EU regulations promotes better overall farm and business management as well as increased efficiency and profitability. However, the standards are also having negative effects.

Becoming PVS certified is a very expensive business. It is particularly difficult for small and medium-scale producers in ACP countries who do not have the necessary capital, and operate in countries that lack infrastructure and services. A recent study in Kenya (see article page 4) has shown that EurepGAP compliance by smallholders is only possible with substantial external support. They cannot afford the initial investment costs and, once certified, cannot maintain the high recurrent costs as there is no EurepGAP price premium. The PVS can assist in ensuring safe and efficient trade, and PIP has shown that with support, standards such as EurepGAP are achievable for ACP companies and smallholders. However, while technically possible, with their current form and method of implementation, they are not economically feasible for the smaller players.

There is growing concern that the increasing stringency and complexity of the private standards is undermining efforts of ACP countries to expand by taking advantage of lower tariffs and higher import quotas. The issue was raised for the first time in the WTO SPS Committee in 2005 and is the subject of continued debate (see box page 7). In addition, the potential poverty implications are serious. The horticultural trade is one of the few areas where EU consumers can have a direct and tangible impact on poverty alleviation in rural areas of developing countries; this impact is threatened by the sharp decline in the number of smallholders supplying high value European retailers.

Demands for private standards are continuing to increase in number and complexity. The emphasis on food safety is now shifting and expanding into environmental and social concerns. Vertical integration will continue to put pressure on the more marginal players, and smallholder participation will be increasingly threatened. PIP Magazine is contributing to the debate by informing on recent developments, current thinking, and the support needed to ensure the continued presence of smallholders in the export market.
Using interviews with exporters and small-scale growers, we analyzed the full range of costs and benefits of participation in export horticulture for almost 2,000 small-scale growers, with a focus on quantifying the apparently high costs for them of compliance with EurepGAP. We found that since 2003, the EurepGAP private retailer standard has been the main driver for change in producer and exporter practices in Kenyan horticulture. Many Kenyan exporters have significantly reduced their involvement with small-scale growers since EurepGAP introduction in mid-2003 – we estimate as many as 60% of small-scale growers from 2003 are no longer supplying produce. There is a range of reasons for this fall, but our survey indicates the persistent theme of high financial costs of compliance. Initial costs per farm are on average £1,145 (about 1,640 euros), with 36% invested by the farmer, 44% by exporters, and 20% by donors. Indeed, financial support from donors and the export companies has been critical to small-scale growers. Recurrent costs associated with compliance are on average £175 (about 250 euros) per annum, with 14% paid by the growers themselves and the remainder by exporters. Crucially, the maintenance costs borne by the growers are very high relative to average smallholder returns – an average of 21% of turnover.

Our research show that if small-scale growers are to continue to benefit from export horticulture to UK markets it will be necessary to ensure a more appropriate balance between level of control and costs of compliance. Currently, most of the compliance controls – and their associated costs – are legitimate and justified in order to ensure consumer safety and product quality. Yet, there is a risk of ‘gold-plating’ PVS with extra requirements – and associated extra costs – that go beyond the minima required. The considerable benefits of export horticulture include injecting cash into rural areas, providing significant non-financial benefits to small-scale growers (such as technology transfer and skills in farm management), and increasing skilled labour supply. Yet compliance costs are very high and our research indicates that costs have risen beyond the reach of many small-scale growers and some of the smaller export companies. We find that in order to stimulate small-scale growers inclusion in these lucrative supply chains, we need to promote market-savvy collaboration among private sector, donors, and producers, as well as foster external service providers. There is a need to build local-level capacity in cooperative structures and to find ways of ensuring standards-setters are aware of the legitimate concerns of large numbers of their suppliers. Research is continuing, and is regularly added to our website www.agrifoodstandards.net.

James MacGregor, Senior Researcher, Sustainable Markets Group, International Institute for Environment and Development (IIED) and Andrew Graffham, Biochemist & Microbiologist, Enterprise, Trade and Food Management Group, Natural Resources Institute (NRI)
Food Miles and African trade with the United Kingdom

In the United Kingdom (UK) in 2007 the term ‘food miles’ is well known and widely used – with an estimated 40 per cent of UK adults interested in having more information available to them on how far food has travelled, and an alleged one-fifth using country of origin labelling to make buying decisions. Two UK supermarkets have started labelling air-freighted products and there is concern that UK consumers will view this negatively and this will affect demand for African produce. A study on the ‘carbon footprint’ issue has been conducted by the International Institute for Environment and Development (IIED) on behalf of Coleacp/PIP.

Early indications are that it has not, as ethical concerns do not necessarily translate into actual purchase decisions. However ‘the environment’ has become a competitive point of difference on the United Kingdom supermarket shelves, with the risk of ‘green’ marketing gestures that do not consider the bigger picture.

Putting airfreight in perspective: the airfreight emissions generated from trade of fresh fruit and vegetables (FFV) to the UK from Africa account for a maximum of 0.1% of total UK emissions. In addition there are several questions about allocation of aviation emissions. First, the majority (60-80%) of flown fresh produce from Africa is held in the belly-hold of passenger flights. Here, the allocation of emissions between passengers and freight is not clear; current calculations of airfreight emissions usually assume all of a plane’s emissions are divided proportionally between the cargo only. Second Kenya is in ‘ecological credit’ compared with the UK; the average Kenyan emits 0.3 tonnes of CO2 per year; the average UK citizen emits over 9 tonnes per year. Kenya should therefore be offered an opportunity to invest their carbon credit as they see fit - either in industrialisation, selling as an offset, or in air-freighting export horticulture. This trade supports over one million African livelihoods and has a declared value of £200 million (about 286 600 000 euros). Coleacp/PIP and IIED would like to see these factors recognised in any ‘food miles’ labelling of produce from developing countries with the concept of ‘fair miles’.

The debate outside of the consumer eye is turning to carbon labelling where the entire carbon footprint of a product, from seed to plate, will be incorporated in a carbon standard – jointly developed by the British Standards Institute and the Carbon Trust. Food miles will become part of this footprint. The methods used to calculate the footprint are currently not defined, but it is clear there will be winners and losers depending on the methodology chosen to benchmark this standard. There will also be costs in complying with any emerging standard. It is important for African producers and governments to engage in the debate with standards setters and suppliers at an early stage to ensure that genuine environmental benefits are rewarded, and environmental advantages of African producers are recognised. Equally the social and economic benefits of fresh fruit and vegetables trade with Africa should not be overshadowed by a new carbon standard. Rather they should be included in it by supporting a ‘development test’ to brand developing country products sold in the UK.
“Private standards set by retail chains are an issue due to their increasing number and due to their impact on trade”

The Health and Consumer Protection Directorate General (DG Sanco) tasks are to help make Europe’s citizens healthier, safer and more confident. It 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.

Food production, food retailing and international trade in food together make the EU the world’s biggest food importer – and one of the biggest food exporters. Our regulations affect trading partners worldwide and often lead regulators elsewhere. Food issues are high on the EU’s domestic agenda. Europe’s citizens expect their food to be safe, and safety concerns carry a high political and financial cost. Following the crises of the late 1990s – in particular BSE and dioxin – the EU has put in place a comprehensive reform of our food safety legislation. The need to safeguard the EU against animal diseases also remains a priority.

The General Food Law requires that food and feed shall comply with the relevant requirements of this regulation (2), thus establishing a broad degree of harmonisation. Thus, food and feed exported from the Community should be as safe as food and feed in intra-Community trade. Given the very high health status of the Community, this is an important guarantee to third countries and a sound basis for fair and competitive trade.

Sanitary and Phyto-Sanitary measures (called SPS) can be an important barrier to trade and there is scope to consider how they might be better tackled in the future. However, sensible measures which comply with the WTO SPS Agreement can facilitate trade. This applies equally to EU imports and exports.

Unjustified trade barriers

In recent years, SPS measures have increasingly been used to create unjustified trade barriers for EU products.

Governments frequently go beyond what is necessary for health protection and use SPS-based measures to shield domestic producers of agricultural products from competition.

There is clear potential for the EC and Member States to combine their efforts to better effect to tackle SPS barriers. The EC and its Member States have a shared interest in ensuring that Community exporters of food products are not confronted with unacceptable SPS barriers. There is a range of instruments in place to this end. These include the active participation in the relevant multilateral bodies, notably the WTO/SPS and the standard setting bodies (OIE, Codex, and IPPC). The primary objective is to ensure that trade can take place under safe and fair conditions and that multilateral obligation are respected by all concerned.

Private standards (PS) usually set by retail chains and implemented through private monitoring agencies, are also an issue due to their increasing number and due to their impact on trade. Although PS are set by retailers across the globe, attention has focused on standards in the EU. This issue was first raised in the WTO in June 2005 by St Vincent and the Grenadines (SVG), because of private standards for bananas, which are stricter than international standards. Many developing countries echoed SVGs concerns. It should be noted that PS in general cover issues far wider than SPS. For example, some PS include ethical, fair trade, organic, labour, health and safety and other criteria. However, the Commission, in the context of this article, will confine itself to SPS issues.

An informal session was held by the WTO SPS Secretariat on 25 June 2007 on the issue of the effects of private standards. The purpose of this session was to give Members the opportunity to familiarize themselves with different private standards schemes, particularly in the area of food safety, and subsequently to express concerns. The discussions were focussed mainly on the access to the markets, on the relation between Private Standards and official norms and finally on the costs of certification. There was no agreement on the legal status of PS under the WTO.

Helping suppliers meet the requirements through aid and assistance

The EC view is that the SPS Agreement does not apply to private standards. However, only a dispute ruling could provide a clear and definitive legal interpretation of the Agreement in this respect. Therefore EC officials underlined that Members should focus on the costs of complying with the standards and ways to deal with this, such as through aid and assistance to help suppliers meet the requirements. Similarly, encouraging the retail chain and their monitoring agencies to take greater account of the needs and concerns of the developing countries also needs to be encouraged. The PIP has an important role to play in both of these areas.

The potential positive role of PS claimed by the retail chain also has to be noted. There may be negative aspects
but the benefits of PS are clear in many cases, in particular in the way that the responsible organisations help developing countries to meet the standards. However, there are costs, and PS companies have to be aware of this and avoid that these costs exclude the smaller producers, which are the ones which can benefit most from exports to the developed countries.

It should also be noted that, notwithstanding the frequent use of private sector standards, the EC is the largest importer of food and vegetables, with the greatest share ($14.1bn out of $17.1bn) coming from developing countries. This trade is also growing substantially, especially in areas where private standards are most used (exotic fruits, organic products etc). The EU import regime is very fair and transparent, but not always recognised as such by developing countries.

The issue may continue to be discussed in the SPS arena, but other organisations (UNCTAD, OECD) may offer more appropriate forums. Due to the sensitivity of this issue (ongoing and increasing complaints from developing countries), the SPS Committee decided to maintain this item on its agenda in October, for further discussion.

(1) Regulation (EC) 178/2002
(2) Unless otherwise requested by the importing country.

Private Voluntary Standards and the WTO Committee on Sanitary and Phytosanitary Measures

At meetings of the SPS Committee, WTO member countries have the opportunity of raising specific trade concerns, for example if they believe that another countries’ SPS measures are more trade-restrictive than necessary for health protection. In June 2005, St. Vincent and the Grenadines raised such a concern with respect to EurepGAP pesticide requirements for the importation of bananas, enquiring about the relationship between EurepGAP and official EU requirements. Other developing countries shared this concern, wondering what recourse was available to affected developing countries. The European Union replied that EurepGAP standards were not official EU requirements and even if they went beyond official EU regulations, they were not in conflict with EU legislation.

Since June 2005, private standards have repeatedly been discussed in the SPS Committee, most recently at a Joint UNCTAD-WTO Information Session in June 2007, and will remain on the agenda of upcoming meetings. The discussions so far have focused on three themes:

• Market access: Some say that standards set by the private sector can help suppliers improve the quality of their products and gain access to high-quality markets. Others argue that private standards can be both more restrictive (e.g. requiring lower levels of pesticide residues) and more prescriptive (accepting only one way of achieving a desired food safety outcome) than official import requirements, thus acting as additional barriers to market access.

• Development: The costs of complying with private standards, and the additional cost of certification, sometimes for multiple sets of standards for different buyers, can be a problem, especially for small-scale producers in developing countries.

• WTO law: While some are of the view that setting standards for the products they purchase is a legitimate private-sector activity with which governments should not interfere, others are of the view that the SPS Agreement makes governments in importing countries responsible for the standards set by their private sectors. The latter are concerned that these standards do not meet WTO requirements such as transparency and scientific justification of food safety measures and are more trade-restrictive than necessary to protect health.

“Meeting private standards in an economically viable manner requires firm level capacity to meet with technical and managerial requirements.”

Linda Fulponi, OECD

In my view there are 3 main pressures facing the ACP horticultural export trade. The first is from rising private sector product and process standards of traditional attributes such as food safety and quality and from the expanding set of attributes, which can range from labour and social conditions to specific environmental characteristics. The second arises from increased competition of horticultural exporters in Latin America and even South East Asia. A third is rising commercial requirements in terms of quantities, delivery schedule flexibility and modern supply logistics.

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Meeting private standards in an economically viable manner requires firm level capacity to meet with technical and managerial requirements as well as environmental and social criteria.

In a recent interview with the Financial Times, Pascal Lamy, Director-General of the World Trade Organization (WTO), said that the issue of private standards was becoming a real problem for developing countries. Last September, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Environment Programme (UNEP) released a joint declaration stating that a potential ban on organic products shipped by air, as envisaged by Britain’s Soil Association, would not help to reduce climate change and could impoverish very vulnerable populations, in particular in sub-Saharan Africa.

PIP has been working successfully for a number of years with ACP fruit and vegetable companies to help them comply with good agricultural practices, and to export in accordance with European regulations. Today, however, the COLEACP is concerned about these rising market requirements, which are a threat to the successful results obtained with PIP beneficiaries in ACP countries. We are not alone in this: international authorities and organisations, and donors active in the areas of health, trade and development, are observing, analysing and closely monitoring the issue of private standards. The PIP collaborates with these organisations on a regular basis, discussing the fundamental issues and challenges in order to defend the point of view and interests of ACP producers, in particular small-scale producers, whose position in the ACP fruit and vegetable export sector is once again threatened.

In this new issue of PIP Magazine, we have asked several of the organisations concerned to answer two specific questions:

- What are the major pressures facing the ACP horticultural export trade?
- What needs to be done to ensure that ACP smallholders are not excluded from the high-value retail supply chain?

The editorial team contacted the GlobalGAP Smallholder Ambassador for his views. However, though he is working on ideas relating to sustainable strategies for smallholders, he is not yet able to make generalised conclusions or to publish them on a broader scale.
More and more ACP fruit and vegetable producers/exporters are concerned about the ever-rising number of private standards. They view these private standards as a commercial obstacle to their exports to the EU. What does the Secretariat of the ACP Group of States think?

Hélène Flagan, Expert on market access issues, ACP Secretariat

At the ACP Secretariat, we are keeping an eye on the issue of private standards. We are concerned about the impact they may have on trade and development in producing countries. As early as April 2006, at the 63rd meeting of the ACP-EC Subcommittee on Trade Cooperation, we expressed concerns about the growing number of private standards being imposed on top of official public standards. The EU representative replied that ‘there are virtually no possibilities of using regulations to influence companies’ requirements or consumers’ preferences’, and went on to say that “ACP exporters should consider private standards a challenge and an opportunity rather than a threat”.

For ACP companies, private standards – based on reference systems established by European distributors – represent non-tariff barriers. Official standards aim to protect human, animal and plant health, whereas trade standards do not, despite the fact that some of their requirements pursue commendable objectives. It is debatable whether or not these standards comply with provisions in the WTO Agreement on Sanitary and Phytosanitary Measures, which is aimed at ensuring that SPS standards do not evolve into non-tariff barriers.

I am pleased to see that the highest international authorities – in particular the WTO – are focusing more attention on private standards. This will help to increase awareness, which may lead to a change in attitude towards such standards. It is time to take this issue seriously by giving the negotiators in Geneva a brief to clarify the Article 13 provisions of the WTO Agreement on SPS Measures.
relations of lead and secondary export companies. The viability of these firms determines the potential (export) market space for smallholders. These firms are ordinarily the dominant source of information, advice, and incentives for smallholders, although in some circumstances, strong cooperatives, service providers, or other intermediaries could also play important roles. Typically, it is the lead exporters that provide much of the oversight of the supply chain which gives downstream buyers confidence that operative standards are being complied with. Where export firms are financially or managerially weak and/or where they take only a passive (ex-packing house purchasing) interest in smallholder supply arrangements, there is a high likelihood of present or future ‘exclusion’ even for very capable and organized smallholders.

Capable lead firms may have choices to source produce from their own/leased farms, from larger out-growers, or from smallholders. The economics of this choice will vary, depending upon the technical characteristics of the crops and their cultivation, the prevailing agrarian structure and land market situation, agro-ecological conditions, and past patterns of experience and institutional development. Increasing the competitiveness of smallholders—and thus their continued ‘inclusion’ in export supply chains—may be achieved through targeted interventions that raise smallholder technical knowledge, facilitate investments by such farmers, and strengthen institutional and management arrangements to reduce transaction costs and facilitate assured compliance with market and regulatory standards. Temporary solutions may be sought—such as linking smallholder participation to corporate social responsibility programs or channeling produce into fair trade or other niche segments. Yet, longer term, whether or not smallholders can compete will depend upon more basic variables of productivity, quality, cost, and application of acceptable practices.

“IT BECOMES MORE IMPORTANT THAN EVER FOR ACP COUNTRIES TO STRATEGICALLY POSITION THEMSELVES.”

Ulrich Hoffmann and René Vossenaar, UNCTAD

Are ACP countries less prepared for the new breed of private voluntary standards than other developing countries because of their higher dependence on the EU market, and poorer infrastructure and lower technical and financial capacities? Undoubtedly, in the next few years there will be growing competition from other developing countries as a result of (i) erosion of trade preferences; (ii) the development of new varieties; (iii) the global sourcing strategy of the main supermarkets from a limited number of strategically placed and supply-flexible developing countries; and (iv) the more competitive logistical infrastructure in other developing countries leading to lower freight rates.

Faced with these challenges, it becomes more important than ever for ACP countries to strategically position themselves, focus on products, including niche ones in which they have a comparative advantage and improve physically and quality-management infra-structure and institutions. A clear and realistic concept and strategy on national GAP programmes should be part and parcel of such approach. The rapid expansion of retailers, including in national markets of developing countries has created a bias among national governments, large producers/exporters and the international donor community that considers GAP that focuses only or predominantly on export production as the prime development trend of modern agriculture in developing countries. This runs the risk of diverting scarce resources away from the development and upgrading of conventional wholesale and wetmarkets, which (with the exception of small island states) continue to be the market outlet for the majority of small-scale growers and serve the majority of consumers in developing countries.

Enhancing capacities of farmers to supply safe and healthy food to the markets

The above calls for a gradual and modular approach to the possible development and implementation of national GAP schemes that should aim at enhancing capacities of farmers to supply safe and healthy food to the markets that are most suitable and profitable for them, even markets for uncertified produce, and to adapt to changing market conditions.

Estimates suggest that only 2% of smallholders in East Africa, for instance, produce for export (the share linked to global supply chains is even lower). Farm laborers account for about 75% of those engaged in export production; small farmers for 25%.

Particular support measures for the pro-active involvement of small producers in global supply chains should focus on: (a) supporting the creation/strengthening of stable groups of small-scale producers; (b) reducing testing and monitoring costs through indicator tests and pre-formatted and/or centralized record-keeping; (c) facilitating relationships between smallholder groups and large supermarkets and agro-processors; (d) promoting the marketability of produce from GAP-certified farms, e.g., through the use and promotion of quality marks, market intelligence and logistics, and (e) providing bridging finance to small producers.
“Food manufacturers and retailers push the costs of quality compliance either back on producers, or onto niche consumers.”

Dr Stephanie Williamson
International Project Officer, Food & Fairness
Pesticide Action Network UK
http://www.pan-uk.org/Projects/Fairness/index.htm

The major pressures facing the ACP horticultural export trade are increasingly strict requirements of European markets on food safety, traceability, quality control and to a lesser extent on ethical considerations in the social and environmental aspects of production. EU pesticide legislation and compliance with tougher MRLs for many crop/active ingredients is just one of these requirements, and I suspect, not the trickiest one, as long as farmers and exporters have access to adequate information and advice on safer pest management. Supermarket price squeezes hurt small and medium farmers as much in Europe as in ACP countries.

PAN UK supports stronger pesticide controls on European and developing country farmers, as much to protect farm family health, livestock, agrobiodiversity and natural resources as to protect consumers from pesticide residues in food. However, this needs to be complemented with technical and financial support from governments and the entire food chain to help farmers shift to safer ways of managing pests, weeds and diseases. Unfortunately, we’ve seen very limited support and most food manufacturers and retailers push the costs of quality compliance either back on producers, or onto niche consumers.

We need much more support from food retailers specifically for smallholders, via technical advice and a fairer price to help farmers invest in more sustainable production. Testing and sharing experiences on successful methods for Integrated Pest and Production Management, with a focus on pesticide reduction, is one concrete need. Developing closer, more transparent and long-term trading relations with smallholder associations and exporters who commit to working equitably with smallholders is essential too.

However, ACP smallholders should not put all their eggs in the export market basket. They need to see how retail markets are changing in their own countries and how they can organise and lobby to gain better market opportunities locally. Part of the PAN UK/PAN Africa Food & Fairness project working with smallholder organisations in Senegal is exploring how to build local consumer and trader demand for safer food, produced organically or under IPPM methods, and safer working conditions for the farming community. PAN UK’s October 2007 workshop will discuss how export compliance projects could also deliver health benefits for African consumers and smallholders.

“It requires a lot of effort in terms of training and capacity building so as to ensure that ACP smallholders are well equipped to face the key challenges to international trade.”

Technical Centre for Agricultural and Rural Cooperation (CTA)

While horticultural trade has greatly contributed to national income and poverty reduction in ACP countries, one has to recognize however that only a very small number of smallholders have been able to penetrate the export market.

For those who have been able to do so, increasing non tariff barriers (NTBs) have become of their main concern. Providing them with updated and adapted information on both public and private standards is therefore critical if they are to continue to benefit from preferential access to high value horticultural markets. As an organisation specialising in information and communication for agriculture and rural development, CTA is increasingly involved with various ACP, EU and other international partners in raising awareness and packaging practical information on standards and regulations. For instance, in 2006, in addition to publishing several articles in Spore (http://spore.cta.int/spore130/pdf/spore_130_en_page1.pdf), CTA also published with FAO, in both English and French, a practical manual on regulations, standards and certification for producers and exporters from West and East Africa. More recently, CTA has collaborated with COLEACP in the production of a practical guide on fruit fly control. These publications complement economic analysis provided by Agritrade, CTA’s website on agricultural trade issues which contains specific information on the implications of food safety for ACP countries (http://agritrade.cta.int/en/content/view/full/1792; http://agritrade.cta.int/en/content/view/full/1696; and http://agritrade.cta.int/en/key_topics/food_safety). While providing the right information in the right format is certainly a must, it is however clearly not enough if we want to ensure that the small proportion of ACP smallholders who are able to access this lucrative market are not marginalized from the international horticultural trade. In fact, this requires a lot of effort in terms of training and capacity building so as to ensure that ACP smallholders are well equipped to face the key challenges to international trade. CTA is committed to contributing to building the capacities of ACP farmers and has already engaged in an important partnership with the International Society for Horticultural Science (ISHS) whereby capacity building represents a key component. Furthermore, CTA recently organized an Expert Consultation on the Global Horticultural Initiative (GHI) to provide an opportunity for deliberations on priority interventions, and to raise the importance of getting more targeted support to small farmers especially in Africa.
The aim of COLEACP is to facilitate the flow of horticultural trade between the ACP and EU. One element of its work is to identify potential barriers to trade, and then assist the industry to meet or challenge these barriers. During the 1990’s, COLEACP foresaw that new EU food safety regulations could create difficulties for ACP suppliers. Lobbying by the COLEACP led to the creation of the PIP specifically to assist ACP producers and exporters and ensure that they were able to comply.

The PIP has since successfully supported many companies across the ACP to meet the Regulations. However, the horticultural trade is in a state of change, and in the past 5 years, PIP has identified new elements that are putting pressure on the supply chain. Supporting certification to retail standards by small-scale growers has proved particularly challenging. Experience gained across ACP countries suggests that although technically feasible, many smallholders are unable to maintain certification because of the high cost.

To continue supporting the export sector in the future, PIP must identify and document new threats and challenges facing the industry. Two new initiatives have been put in place by PIP in order to assist in this process.

The first was the establishment by PIP of a network of key ACP stakeholders from among its extensive contact base. To be able to articulate the problems facing the sector, it is essential that PIP consults with, and truly represent, the views of the people affected. Currently there is frustration among many ACP players, particularly small-scale growers and exporters, that their voice is not being heard.

The second is a survey currently in progress of ACP exporters to identify the problems currently confronting them and to understand how they are adapting the way they do business in order to meet new challenges. This work is being done with the assistance of researchers from the OECD and University of Guelph.

Information collected through the survey and network will give COLEACP a strong base from which to lobby on behalf of the industry. One of our aims is to ensure that EU retailers, consumers, standard setters and regulatory authorities understand and take into consideration the impact of their practices on ACP suppliers.

**Current PIP Activities**

When producer-exporters from ACP countries are asked about the difficulties they encounter faced with the proliferation and complexity of private standards, most of the time it is the “cost” factor that they talk about first. “Individually, a producer cannot manage to implement these various standards,” says Maximo Jerez, director of Cluster del Mango Dominicano, bluntly. “But after organising himself and receiving the necessary external support, he can reap significant benefits from them. These retailers standards encourage increased discipline and organisation in his production processes and he becomes more productive. The problem is that the costs to attain these levels and obtain certification – even collective, are too high and this restricts the competitiveness of small producers.”

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Proposals have been put forward to address the problem. “But we haven’t really got a choice if we want to export our produce,” explains Issa Bagayoko, director of IB-Négoce, a Malian exporter of mangoes and beans working with several producers. “With help from organisations like PIP, we are working at building the capacity of these producers, we provide them with the documentation and, as a result, we succeed in controlling production to meet quality standards.”

One solution to deal with these European requirements is to rely on a powerful commercial partner. “Producers suffer from a lack of technical expertise and resources,” says Apollo Owuor, from KHE (Kenya Horticultural Exporters), a company that works with many independent producers and exports to the United Kingdom, France and the Netherlands. “It is essential for them to have a secure attachment to the market via the exporter. This enables them to compensate for their shortcomings with the expertise provided by export companies who can bridge the skills gap and manage technical problems.”

Another must: grouping together. Alone, small producers would not succeed in meeting these multiple requirements. “They come together in groups and, with the help of exporters and organisations like PIP, they can obtain the technical support and training that enable them to fulfil these criteria,” explains Kang’ethe Nyangura, production manager of the Kenyan exporter, ANSA Horticultural Contractors.

**Complying with private standards:**

it’s possible, but not alone and without means!

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