Working document from the FAO rapid appraisal mission
Quality standards for fruits, vegetables and pork meat
in China and Hong Kong
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I. List of abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>AFCD</td>
<td>Hong Kong Agriculture, Fisheries and Conservation Department</td>
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<tr>
<td>AIC</td>
<td>Administration of Industry and Commerce</td>
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<tr>
<td>AQSC</td>
<td>The Center for Agri-Food Quality &amp; Safety</td>
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<tr>
<td>AQSIQ</td>
<td>General Administration of Quality Supervision, Inspection and Quarantine of China</td>
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<tr>
<td>CAQS</td>
<td>Centre for Agro-Food Quality and Safety</td>
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<td>CB</td>
<td>Certification body</td>
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<td>CCIC</td>
<td>China Certification &amp; Inspection Group</td>
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<td>CGFDC</td>
<td>China Green Food Development Center</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CIQ</td>
<td>China Inspection and Quarantine</td>
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<td>CFS</td>
<td>Hong Kong Centre for Food Safety</td>
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<tr>
<td>CNAS</td>
<td>National Accreditation Service for Conformity Assessment</td>
</tr>
<tr>
<td>CNCA</td>
<td>Certification and Accreditation Administration of China</td>
</tr>
<tr>
<td>COFCC</td>
<td>China Organic Food Certification Center</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<tr>
<td>FVMCS</td>
<td>Hong Kong Federation of Vegetable Marketing Cooperative Societies Ltd</td>
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<tr>
<td>GAP</td>
<td>Good Agricultural Practices</td>
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<tr>
<td>ISO</td>
<td>International Standardization Organization</td>
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<td>MoH</td>
<td>Ministry of Health</td>
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<td>MoA</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>OFDC</td>
<td>Organic Food Development Center</td>
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<td>QPDC</td>
<td>Quality Product Development Center (MoA)</td>
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<td>SAC</td>
<td>Standardization Administration of China</td>
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<td>SEPA</td>
<td>State Environmental Protection Agency</td>
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<td>SMAC</td>
<td>Shanghai Municipal Agricultural Commission</td>
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<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
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<tr>
<td>TQB</td>
<td>Technical Quality Bureau</td>
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<td>VMO</td>
<td>Hong Kong Vegetable Marketing Organization</td>
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<tr>
<td>WHO</td>
<td>World Health Organization of the United Nations</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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1. Introduction

Within the last years, the agricultural sector in the People’s Republic of China (from now on referred to as China) has achieved great development and the production of food and agricultural products in terms of quantity has increased rapidly. In order to increase farmers’ income, raise the living standard of the people, and meet the demands of international and domestic markets, large-scale structural adjustments of the agricultural sector and agribusinesses have been and are still being undertaken throughout China and the Special Administrative Region of Hong Kong (from now on referred to as Hong Kong).

In order to maintain the fast development and continuously to improve production of food and agricultural products the use of pesticides and chemical fertilizers in the agricultural sector, and additives and other processing aids in the food processing sector have become an increasing concern for food quality as well as for the environmental protection in China and Hong Kong. At the same time, with the economic growth and development of populated urbanized centres, the consumers have showed more and more interest in food quality and are to an increasing extent demanding products of high quality and safety.

As a response to the food quality challenge and as a means to protect the consumer and reply to the demand for high quality products at the domestic as well as export markets, different food quality assurance schemes have been developed and implemented throughout China and Hong Kong. These schemes are being implemented both at the national, provincial and local levels by the public and private sectors.

This report focuses on the development and implementation of food quality assurance schemes in the supply chains for fruits, vegetables and pork meat in China and Hong Kong. The objective of the publication is to describe the different quality assurance schemes in place, analyse how they are coordinated and interrelated and assess the need for development of coordinating mechanisms and initiatives that can strengthen the linkages between small scale farmers, agribusinesses and markets. The objective is also to share experiences and lessons learned from China and Hong Kong with other countries in Asia and the Pacific in terms of supply chain management and food quality assurance.

The publication consists of three major parts. The first gives an overview of public quality standards implemented and managed at the national, provincial and local levels. The second part gives an overview of quality assurance schemes implemented by the private sector, primarily by modern food retailers, agro-industries and their interaction with the public assurance schemes. The third part consists of a SWOT analysis in which main strengths, weaknesses, opportunities and threats of the agrifood marketing system in China are synthesized. The final part contains the main conclusions from this assessment.
2. Definition of food quality

The perception of food quality can vary depending upon the type of food and the individual consumer's food preference. In this report the term food quality is used as a reference for attributes that influence a product’s value to the consumer. This includes negative attributes such as spoilage, contamination with filth, discoloration, off-odours and positive attributes such as the origin, colour, flavour, texture and processing method of the food\(^1\). Food quality may have food safety implications and food safety will at times affect food quality.

3. Methodology

This publication is a descriptive analysis of food quality assurance schemes in the supply chains for fruits, vegetables and pork meat in China and Hong Kong. Data collection has been based on field research with interviews of relevant stakeholders in China and Hong Kong, field visits and desk research\(^2\). Field research was carried out from 5 to 16 March 2007. The itinerary and a list of people met are attached in annexes 1 and 2.\(^3\)

Most of the interviews were carried out using an interview guide based on the SWOT analysis (see annex 3). The persons interviewed were first asked to describe their organization and how it manages quality assurance schemes for fresh produce or pork meat. The persons interviewed were then invited to discuss the strengths and weaknesses of their organization in tackling the development of quality in their supply chains. Finally, the interviewees reported their view of the opportunities and threats that their outside environment and mainly other actors in the food production and marketing system could bring to their quality management system.

Interviews with stakeholders were conducted through an interpreter from the Ministry of Agriculture. Minutes taken by the two officers were transcribed for each interview.\(^4\) The officers analyzed the transcripts of the interviews to produce this report.

When conducting the interviews, the great majority of stakeholders questioned about their quality management system responded by giving information on their quality and safety management system, thus putting both concepts together. However, throughout this working document focus will be on food quality management systems.

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\(^1\) “Assuring food safety and quality – Guidelines for strengthening national food control systems”, FAO/WHO, 2003
\(^2\) Sources for figures reported are available from the authors upon request.
\(^3\) The itinerary was organized by the Ministry of Agriculture in continental China and by the Trade Commission of the French Consulate General in Hong Kong.
\(^4\) The transcripts of all interviews are available from the authors upon request.
4. Public food quality standards in China and Hong Kong

4.1 Institutional arrangements for food quality standards

The institutional arrangements for food quality standards in China are very complex. The Standard Administration of China is responsible for drafting all national standards (these are recognizable in their code name by the initial letters “GB” or “GBT”). However, quality standards for fruits, vegetables and pork meat are being implemented and managed at different administrative levels by different Ministries and government agencies. For example, the Ministry of Agriculture manages the “Safe Agro-food”, “Green Food” and “Organic food” schemes; the Ministry of Commerce is in charge of monitoring quality at the marketing stage through controls in the wholesale and retail markets and through the trademark system; the Food Safety and Drug Administration is a new inter-ministerial body in charge of harmonizing all the existing quality standards; the General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China (AQSIQ) is in charge of monitoring food quality at the country’s border thus focusing on imports and exports, implementing a Chinese programme on Good Agricultural Practices (GAP), and protecting intellectual property of geographical indications. The organizational structure of AQSIQ at the national and local levels is illustrated in figure 1.

Figure 1: Organizational structure of AQSIQ

Along with the management of food quality assurance schemes at the national level, the Provinces are free to set up their own quality standards provided they are more stringent than the basic national standards. If Provinces make use of that right they are requested to inform the central administration about the new standard and its requirements.

In Shanghai Municipality, the Shanghai Municipal Agricultural Commission (SMAC) has developed and implemented local standards for food quality which are stricter than the ones at the national level. The standards were developed in the early 1990s when there was a lack of national standards. Experiences and lessons learned from implementing the local standards have been used as a tool to develop the national standards such as Organic food.
As a reference for the standards, SMAC used international standards and standards implemented in the European Union (EU), the United States of America (USA) and Japan. As a part of the standard implementation process SMAC provides services to food manufacturing companies and farmers in the province in terms of education and training, technical assistance, training courses and pilot projects for demonstration of how standards and quality assurance schemes can be implemented at the company level.

The quality control system in place in the Shanghai Municipality is based on self control and independent audits. SMAC supervises the food industry and carries out sample tests for verification. Certification is carried out by SMAC itself and the costs involved only cover the inspection fee which is paid directly to the inspector.

In Sichuan Province, local authorities have established local standards following the rules of national standards since the mid 1990s. The standards have been developed in collaboration between government authorities, farmers, technicians and local businesses and by taking into consideration local characteristics, eating patterns and behaviours. By the end of 2006, 298 standards have been completed, including 18 standards on preproduction aspects (environment and agricultural inputs), 214 production standards (covering requirements for process management) and 66 standards for postproduction (covering requirements for inputs, production, packaging, transport and environmental conditions). The standards are being developed and implemented by the local bureau of agriculture which also provides extension services, inspection services and certification. These standards are not specifically for fruits, vegetables and pork meat but are generic for all agricultural and food products.

All certifying bodies operating in China have to be accredited by the Certification and Accreditation Administration of China (CNCA) before starting operations. CNCA supervises CNAS which is responsible for accreditation of certification bodies. Around 180 certification bodies, of which about 150 are private, are registered by CNCA. All certification is done according to ISO Guide 65. All certifying bodies are accredited to certify compliance to the national and industry standards such as Safe Agro-food, Organics, Green Food and HACCP.

In Hong Kong the institutional arrangement for managing food quality in the supply chains for fruits, vegetables and pork meat differs from what is found in continental China. In Hong Kong the Centre for Food Safety (CFS) under the Food and Environment Hygiene Department is in charge of enhancing the food safety regulatory functions and meet the growing public expectation for better food safety standards. The Hong Kong Agriculture and Fisheries Department is in charge of reducing pesticide residues in locally produced agricultural produce and improving the income of farmers. The Vegetable Marketing Organization (VMO) is in charge of managing a vegetable wholesale market supplying wet markets as well as modern retailers in Hong Kong.

4.2. Main public food quality assurance schemes in China and Hong Kong

There are three major quality assurance schemes for fruits, vegetables and pork meat in China: “Safe Agro-food”, “Green Food” and “Organic food”. Safe Agro-food guarantees food safety while Green Food has added different quality attributes to the safe food standard. Organic agricultural products aim at food quality and safety as well as environmental protection. The three schemes are connected with, and complementary to each other on the common
objective of improving food quality and safety, protecting the environment and responding to consumer demands domestically and abroad.

In Hong Kong the VMO is promoting organic farming in close collaboration with the Federation of Vegetable Marketing Co-operative Societies Ltd. (FVMCS). The two organizations work closely with the Hong Kong Agriculture and Fisheries Department in providing technical and marketing assistance to organic farmers. This also includes providing certification for organic vegetables. VMO’s status obliges it to put surplus from the operation of the wholesale market back into the improvement of agriculture through its agricultural development fund in benefit of local farms. VMO also invests into the promotion of laboratory and testing services to give better service to customers.

4.2.1. Safe Agro-food

Safe Agro-food refers to primary edible agrifood products that meet the government requirements of general agricultural products and food for basic safety and public consumption. The principles of Safe Agro-food are based on standardized production, input supervision, critical control points, safety guarantee and label management.

The Safe Agro-food scheme is managed and monitored by the Centre for Agro-Food Quality & Safety (CAQS) under the Ministry of Agriculture. CAQS is in charge of the national certification, supervision and management of Safe Agro-food products. The purpose of the centre is to enhance food quality and safety of agrifood products at the market and through labelling of products with the Safe Agro-food logo.

The Safe Agro-food certification scheme covers the whole supply chain from farm to table. The scheme covers all agri-food product categories and it has no special requirements for fruits, vegetables and pork meat. It sets up the procedures for a standardized commercial production and strengthens market access through inspection and certification prior to marketing. The schemes have been introduced as an attempt to modernize agricultural production and convert the production approaches into farming practices that take account of food quality and safety issues.

The certification provided by CAQS is free of charge for the farmers. All costs for inspection and certification are borne by the Ministry of Agriculture. Currently about 17 percent of the cultivated farmland in China is certified according to the safe agro-food standard corresponding to about 30 000 production areas. About 24 000 products are certified and about 25 percent of the agricultural facilities are certified. It is estimated that around 30 percent of agricultural products produced in China are certified according to the Safe Agro-food scheme. According to a survey carried out in the country’s markets by the Food Quality and Safety Centre, about 95 percent of all food and agricultural products in China live up to the food safety requirements set by the Safe Agro-food standard.

The process of certification under the Safe Agro-food scheme integrates certification of production facilities and products. Certification of the agricultural facilities includes three main issues:

- Environmental impact of the production (including pollution coming from the use of

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5 One production area equals 1 750 ha. Usually one production area is cultivated by around 300 to 400 households
pesticides, fertilizers, heavy metals etc.)

- Production facilities (physical facilities, programme for the use of fertilizers, pesticides etc.)
- Record keeping system (including the use of pesticides, fertilizers, seeds, water, drugs etc.)

Product certification includes inspection and testing of products as well as packaging control and supervision. Safe Agro-food products must have residue limits within the standard regulatory limits and products must reach the national food hygiene standard.

### 4.2.2. Green Food

The concept for the “Green Food” standard refers to safe, fine quality and nutritious food produced and processed under the principles of sustainable development. The main objectives of the Green Food concept are to enhance food quality, promote consumer’s health, protect the agricultural bio-environment for sustainable development by analyzing, monitoring and controlling the application of chemically synthesized fertilizers, pesticides, veterinary drugs, feed additives, etc. This includes promoting the sustainable development of rural areas, especially China’s middle and western areas. Products produced in compliance with the requirements of the Green Food concept can be labelled with the “Green Food” logo.

“Green Food” was launched as an industrial standard of national scope by the Ministry of Agriculture in 1990. In 1992 the China Green Food Development Center (CGFDC) was founded under the Ministry of Agriculture and given the responsibility of developing and managing the concept. By the end of 1994 CGFDC had set up branch organizations for Green Food management in 29 provinces, municipalities and autonomous regions, and at the same time appointed Green Food environment monitoring agents in each province. It also established eight Green Food managing and technical supervisory networks in various regions throughout the country.

In 1995 management, observation and monitoring networks as well as the development of Green Food products began to take shape. CGFDC set up Green Food offices in 30 provinces, prefectures, and municipalities.

The main responsibilities of CGFDC include quality control of Green Food based on the Law of Agro-Product Quality, management of the Green Food logo and trademark based on the Trademark Law of China. Additionally, CGFDC is responsible for organizing various activities related to Green Food, such as research, demonstration, technical extension, training, education and international exchange and cooperation. This includes provision of guidance to provincial and municipal branches and coordination of the operation of quality inspection stations and environmental monitoring branches.

The standards of Green Food are prepared on the basis of Codex Alimentarius Commission standards and with reference to those of developed countries. The main criteria of the Green Food standard are:

- Environmental quality criteria (edible produce and processed products must be produced in a sustainable environment and follow the green ecological environment standard set by the Ministry of Agriculture).
- Production process criteria (crop planting, pig raising and food processing must coincide
with green food operating procedures set by the Ministry of Agriculture. Quality control is carried out under the farm-to-table approach).

- Product criteria (products must be up to the green food hygiene standard decided by the Ministry of Agriculture).
- Storage and shipping criteria (external packing must comply with national standards and regulations for logos, special Green Food packing, decoration and tags).
- Other criteria (recommendations for the use of fertilizers, pesticides, food additives, soil quality etc.).

There are two different labels for Green Food products:

- Products labelled as Green Food AA are seen as equivalent to items produced under international organic standards, although these products are not certified as organic.
- Products labelled as Green Food A correspond to agrifood products grown with fewer chemical inputs and thus adhere to good agricultural practices.

In 2005 about 3,700 enterprises were certified under the Green Food concept and about 6,300 products were approved to use the logo of Green Food. The sales value of Green Food products reached more than US$ 105 million of which fruits and vegetables counted for about 3 percent. The main Green Food product category is milk and dairy products holding 60 percent of the total output followed by rice and tea each with both 18 percent of the total output. There are no figures available for the value of pork meat certified under the Green Food quality assurance scheme.

4.2.3. Organic food China

Organic food refers to primary and processed farm products that grow under organic farming systems. The Organic food scheme focuses on transforming conventional farming to organic farming following the standards set by the International Federation of Organic Agriculture Movements (IFOAM) and the EU which completely prohibit the use of any chemical substances during agricultural production and the use of genetic engineering technologies.

The national organic standard was published by the Standard Administration of China in 2005. The standard is being managed by the China Organic Food Certification Center (COFCC) which was established in 2002 under the Ministry of Agriculture. COFCC relies on the administration of the China Green Food Development Centre but also has 38 offices in the provinces including 132 inspectors and 42 technicians and experts responsible for farm inspection. COFCC is also responsible for organic farming promotion (through training and other capacity building activities), certification of organic products, research on organic agricultural development, international cooperation and marketing of organic products. Certification of organic farms takes place once a year.

The Organic food certification scheme works as a guideline for the production of safe and quality food products. The scheme has no special requirements on food quality but is primarily paying attention to controlling the production process. There are currently 35 certifying bodies accredited to certify Chinese food producers’ compliance to different global organic standards; five of these certifying bodies are foreign companies. On the other hand, only the China Organic Food Certification Center is accredited to certify products as organic and thus be labelled as “organic” for the domestic market.
According to market data from 2005, about 1,600 enterprises (farms and processing plants) are certified under the Organic food standard. At the time of the national workshop, this number had increased to over 2,000 companies certified for supplying organic products to the domestic market. Total area of production is about 1,964 million ha including water areas and grazing land. Total production is 3.7 million tonnes. A further 2.08 million ha are unmanaged or wild areas producing 60,000 tonnes of natural products. It is estimated that about 95 percent of the enterprises certified under the Organic food standard are producing fruits and vegetables.

Organic products certified as being made during the conversion period or processed products using materials from farms in the conversion period use special labels for organic product in conversion. Land under conversion covers about 0.61 million ha and produces 1.81 million tonnes of products.

The price for organic products is usually about three to five times above the price for conventional products.

4.2.4. China Good Agricultural Practices (GAP)
The ChinaGAP standard is intended to stimulate agriculture, reduce the risks linked to food safety, coordinate various sectors of the supply chain of agricultural products and stimulate the development of international GAP standards and relevant certification and accreditation activities. A memorandum of understanding was signed with GLOBALGAP in April 2006 to initiate the formal benchmarking procedure. The ChinaGAP certification takes a two-tier approach. The Second Class certification farmers need only to comply with the “major musts” based on the GLOBALGAP system, while the First Class certification needs to comply with all the “major and minor musts”. The First Class ChinaGAP certification is envisaged to be compatible with GLOBALGAP certification.

The Regulations on Certification and Accreditation were published in November 2003, and the State Council has authorized the CNCA to manage, administer and authorize the certification process and train inspectors, testing bodies and auditors. After SAC published the GAP standards in 2004, CNCA published the ChinaGAP codes, rules and training documents and started with initial pilot certification and accreditation activities in 14 provinces of China in mid-2006.

China GAP is an opportunity for Chinese farmers to improve the quality of their agricultural production. Since the requirements for First Class certification are very high, only a limited number of Chinese farmers will be able to become certified. A major constraint for ChinaGAP is that the scheme is still in the process of being benchmarked against GLOBALGAP and thus ChinaGAP certification still lacks international recognition.

4.2.5. Organic food in Hong Kong
The Agriculture, Fisheries and Conservation Department (AFCD) launched the Organic Farming Conversion Scheme in December 2000 to promote and sustain the local development of organic farming. Local farmers participating in the scheme follow the requirements of the AFCD Protocol for Organic Crop Production.

The AFCD provides technical support and conducts inspections to these farms to ensure the
production process is in compliance with the requirements of the Protocol. The VMO fund has funded the creation of the Hong Kong Organic Resources Centre to certify organic farmers. About 30 vegetable farms in Hong Kong are certified as organic supplying about 46 percent of the market for organic vegetables.

The Protocol must be implemented for at least a 12-month conversion period before the new crop and products harvested thereafter can be sold as organic vegetables. During the conversion period, the farm produce is sold as “Organic vegetables in conversion”. To facilitate consumers’ easy identification of these products at the retail level, each pack of organic vegetables bears a green label whereas each pack of organic vegetables in conversion bears an orange label.

4.2.6. Accredited vegetables in Hong Kong

Since 1994 AFCD and VMO have jointly run the so called “Accredited Farm Scheme” to supply high-quality vegetables to wet markets and supermarkets in Hong Kong. Vegetable farms in Hong Kong and mainland China that produce vegetables using good farming practices as defined by AFCD can be certified under the scheme. In Mainland China the certified farms have to be run by Hong Kong investors and supply the majority of their produce to Hong Kong.

The produce from certified farms is spot-checked by the AFCD before being supplied to vegetable stalls in wet markets and supermarkets, which are also certified. Vegetables certified under the scheme are characterized as being fresh, safe and of high quality. The VMO is in charge of promoting and marketing the concept in Hong Kong. Certified farms have the right to label their products with the “Good Farmer” logo provided by VMO.

In 2007, more than 240 vegetable farms have joined the scheme. Both the retailers and wet markets are supporting the scheme and the sale of vegetables certified under the scheme is continuously increasing. At present, farms certified under the scheme altogether supply more than 60 tonnes of vegetables per day.

Table 1 and 2 summarize the characteristics of the public and private quality assurance schemes set up in China and Hong Kong respectively.
<table>
<thead>
<tr>
<th></th>
<th>Safe agro-food</th>
<th>Green food</th>
<th>Organic food China</th>
<th>China GAP</th>
<th>HACCP and ISO 22000</th>
<th>Private quality assurance schemes</th>
<th>Shanghai Province standards</th>
</tr>
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<tbody>
<tr>
<td><strong>Type of standard</strong></td>
<td>National and industrial standard</td>
<td>National and industrial standard</td>
<td>National and industrial standard</td>
<td>National and industrial standard</td>
<td>International and industrial standard</td>
<td>National and industrial standard</td>
<td>Local standard</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>Modernize agricultural production and convert production approaches into farming practices that take account of food quality and safety issues</td>
<td>Good environment High level of food quality. High economic and social efficiency</td>
<td>Chemical free environment High food quality</td>
<td>Stimulate agriculture, reduce risks linked to food safety, coordinate various sectors of the supply chain and stimulate development of international GAP schemes</td>
<td>Assure quality and safety throughout the supply chain by implementation of preventive measures</td>
<td>Differentiate products in the market Value addition Reduce transaction costs Facilitate price comparison between suppliers</td>
<td>Implement standards that are stricter than national ones or standards that do not exist at national level</td>
</tr>
<tr>
<td><strong>Product scope</strong></td>
<td>Primary edible agrifood products</td>
<td>Edible products (Fruits and vegetables app. 3 percent)</td>
<td>Primarily fruits and vegetables</td>
<td>All agricultural products</td>
<td>All food products</td>
<td>Fruits, vegetables and meat</td>
<td>All food and agricultural products</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>Standardized production, input supervision, critical control points, safety guarantee, label management</td>
<td>Less use of chemicals Supply chain management</td>
<td>No use of chemicals Value addition</td>
<td>Less use of pesticides, export opportunities, internationally benchmarked</td>
<td>Application of control points and preventive measures</td>
<td>Vary between companies.</td>
<td>Requirements for production, processing and post harvest handling throughout the supply chain</td>
</tr>
<tr>
<td><strong>Standard setting</strong></td>
<td>MoA in consultation with various stakeholders incl. MoH, National Administration of</td>
<td>MoA</td>
<td>SAC</td>
<td>SAC</td>
<td>SAC and ISO</td>
<td>Private companies. Standards are based on national food laws and regulations. On top of this company specific</td>
<td>Shanghai Agricultural Commission (Part of Municipal Government)</td>
</tr>
<tr>
<td>Enforcement and implementation</td>
<td>MoA is responsible for implementing the scheme from the farm to the market. Implementation from market to consumers is under the responsibility of MoH. AIC is responsible for logo and product monitoring.</td>
<td>CBs</td>
<td>CBs</td>
<td>CBs</td>
<td>Private company, local enforcement teams and consultants</td>
<td>Shanghai Agricultural Commission</td>
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<tr>
<td>Certification</td>
<td>AQSC of MoA</td>
<td>CGFDC of MoA</td>
<td>More than 30 private and public CBs incl. COFCC, OFDC and WIT Assessment Co Ltd.</td>
<td>18 public and private CBs incl. CCIC, QPDC</td>
<td>More than 20 private CBs</td>
<td>Independent CBs</td>
<td>Shanghai Agri-Food Certification Center</td>
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<tr>
<td>Accreditation</td>
<td>CNCA and CNAS Accreditation is not compulsory</td>
<td>CNCA and CNAS Accreditation is not compulsory</td>
<td>CNCA and CNAS Accreditation is mandatory</td>
<td>CNCA and CNAS Accreditation is mandatory</td>
<td>None</td>
<td>MoA</td>
<td></td>
</tr>
<tr>
<td>Extension and support</td>
<td>MoA at the local level</td>
<td>MoA at the local level</td>
<td>MoA at the local level, Universities, SEPA and others</td>
<td>MoA at the local level, Universities, SEPA and others</td>
<td>MoA at the local level, Universities, SEPA and others</td>
<td>Inspectors and consultants</td>
<td>Shanghai Agricultural Commission</td>
</tr>
<tr>
<td>Type of producers</td>
<td>Multiple sized farmers</td>
<td>Agribusinesses, large-scale farmers, Leading enterprises</td>
<td>Special farmers Peasants Companies</td>
<td>Large scale export-oriented producers</td>
<td>Large scale producers</td>
<td>Large-scale producers, leading companies and contract farmers</td>
<td>n.a.</td>
</tr>
<tr>
<td>Consumer awareness of concept</td>
<td>Low</td>
<td>Medium to high</td>
<td>High</td>
<td>Low</td>
<td>Low (ISO 22000) Medium (HACCP)</td>
<td>Medium to high</td>
<td>Low to medium</td>
</tr>
</tbody>
</table>
Table 2: Comparison of quality assurance schemes in Hong Kong

<table>
<thead>
<tr>
<th></th>
<th>Accredited vegetables HK</th>
<th>Organic food HK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of standards</strong></td>
<td>National for Hong Kong</td>
<td>National for Hong Kong</td>
</tr>
<tr>
<td><strong>Names and labeling</strong></td>
<td>Good Farmer</td>
<td>“Organic” and “Organic vegetables in conversion”</td>
</tr>
<tr>
<td><strong>Starting time</strong></td>
<td>1994</td>
<td>2000</td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>Supply clean and safe vegetables to wet markets and retail markets in Hong Kong</td>
<td>Promote and sustain local development of organic farming</td>
</tr>
<tr>
<td><strong>Product scope</strong></td>
<td>Vegetables</td>
<td>Vegetables</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>High quality and minimum use of pesticides</td>
<td>Production without any use of chemicals</td>
</tr>
<tr>
<td><strong>Standard setting</strong></td>
<td>AFCD</td>
<td>AFCD</td>
</tr>
<tr>
<td><strong>Enforcement and implementation</strong></td>
<td>AFCD</td>
<td>AFCD</td>
</tr>
<tr>
<td><strong>Certification</strong></td>
<td>N.a.</td>
<td>Hong Kong Organic Resources Centre</td>
</tr>
<tr>
<td><strong>Type of producers</strong></td>
<td>Multiple sized farms in Hong Kong and mainland China</td>
<td>Multiple sized farms in Hong Kong</td>
</tr>
<tr>
<td><strong>Consumer awareness of concept</strong></td>
<td>Medium to high</td>
<td>Medium to high</td>
</tr>
</tbody>
</table>
5. Private schemes for managing quality of fruits, vegetables and pork meat

5.1. Private industry standards

The private sector in the Chinese agrifood industry holds the bulk of all production with over 300 million farmers and close to 100,000 food manufacturing and processing enterprises. Private sector companies are free to set up their own quality standards as long as they are equal to or more stringent than the basic national standards. Setting up an industry standard allows these firms to build their own quality monitoring systems, usually with some internal and external auditing. This in turn allows them to promote their own quality brand and gain the trust of their customers who are demanding quality that exceed national standards and requirements. For example, the Xinzhi pork meat processing company in Chengdu has elaborated its quality brand around the fact that it only uses a particular breed of crossbred pigs for its cured products. Farmers who wish to supply the Xinzhi pork meat company thus have to raise this particular breed. They are also encouraged to rent out some pig pens in the modern pig raising facilities constructed by the company so that the pigs raised as raw material for its products are tended to according to optimal standards.

Furthermore, an internal quality management system usually helps these companies and their product to be credible in terms of food quality when approaching foreign buyers. Another reason for setting up a private standard is when there is no public standard regulating the product. This is the case for products produced on a very small scale or that are produced in China only for the export market, such as turkey meat cuts. The central administration needs to be informed about any new private standard and its requirements.

5.1.1. Quality standards by modern distributors

The major foreign-owned retailers in China such as Auchan and Carrefour, and Metro Cash & Carry are setting up their own food quality management systems and quality labels on fruits, vegetables and pork meat.

In order to ascertain the safety of food sold by the modern distributors, suppliers are requested to be certified for an official quality sign – most commonly the Green Food standard – to be able to supply the distributor. Because there is a general distrust of the public quality inspection system, modern distributors impose internal and independent quality audits to themselves and their suppliers so as to make sure that food safety becomes an intrinsic part of their supply system. Finally, these modern distributors have also set up critical control point frameworks so that all their staff members and those of their suppliers are aware of the importance of food safety when working on the premises.

Despite all these efforts to improve the safety of their food from that sold in the traditional markets, the modern distributors do not usually sell their fresh produce at a premium price because their philosophy is to let the consumer increasingly take food safety for granted.
However, the own-label quality lines of supermarkets are focused on better quality in terms of taste, authenticity, origin, innovative or traditional plant variety or livestock breed are usually sold at premium prices. This enables them to differentiate their product further from conventional products and that sold in the traditional markets. For example, Carrefour is selling pork carcasses, pomelo, *Feizixiao* litchi, Newhall navel oranges, Fuji apples and 15 lines of vegetables which are grown in designated supplier farms under its own “Carrefour Quality Line” brand. Likewise, Auchan has launched a line of fresh pork products based on a specific breed of traditional pig raised in accredited farms. Nonetheless, modern distributors still need to be very competitive on price to compete with the traditional sector.

For greater visibility with the consumers, Carrefour has also set up a Quality Improvement Foundation in China which is active in promoting quality food among consumers through special marketing events.

To supply such high quality products with strong authentic appeal to consumers, the major retailers and Metro Cash & Carry have opted for partnerships with “leading enterprises” who in turn supply from smallholders. For example, Metro Cash & Carry China is starting a partnership with “leading enterprises” designated by the Zhejiang provincial government in order to supply its stores in Eastern China with high-quality agricultural products.

### 5.1.2. The “leading enterprise” model

The Government of China is encouraging the establishment of “leading enterprises” (*longtou qiye*) in order to develop the rural areas through successful market-oriented agribusinesses. These “leading enterprises” are to become the major link between small producers and the markets while also investing in the rural development of the local area.

China’s farmer population is very large and land plots are generally very small (0.4 ha per household on average). It is therefore difficult for them to bring their individual small harvests to the market in an efficient way. Moreover, the level of technical education of farmers varies widely as some producers have no experience of value-added farm production when others have some experience in new production techniques. Chinese farmers thus need assistance on capital investment (access to land, infrastructure, tools, techniques and knowledge) in order to produce food for the market.

With 42 percent of China’s 1.3 billion population already living in urban areas, strong economic growth in the urban centres and a long culinary culture, the demand for fresh food products is immense in the country. Chinese food products are also very competitive on international markets thanks to their low cost of production. The challenge is thus to enable the myriad small Chinese producers to invest into their production process with a view to supplying food according to these markets’ requirements.

The “leading enterprises” are meant to work as an efficient link between farmers and markets. A “leading enterprise” is a company under private ownership, shared stocks, or a cooperative. It is chosen by the local authorities of the commune to invest in the enhancement of the village’s assets. The village committee rents part of its land out to the “leading enterprise”
under a 30-year land tenure right. The “leading enterprise” must then invest into agricultural production by building premises, buying inputs, seeds and animals, and training its employees to follow guidelines for safety- and quality-oriented farm production. The villagers and people from other communes can work for the “leading enterprise” – according to their wish and level of technical expertise – as:

1. Salaried labourers for the “leading enterprise”, suitable for uneducated and risk-averse farmers.
2. Contract farmers on the premises of the “leading enterprise”, whereby the enterprise supplies all the inputs to the farmer and buys all the finished products from the farmer.
3. Independent farmers on the premises of the “leading enterprise”, whereby the farmer uses the facilities of the “leading enterprise” but pays for all of his or her inputs into the production process; this is particularly interesting for farmers with some technical knowledge of production and low risk-aversion.
4. Contract farmers outside the premises of the “leading enterprise”.

All these farmers must comply with the quality requirements of the “leading enterprise” for their produce to be marketed by it.

As the “leading enterprise” is the link between the producers and the market, it is its responsibility to train the farmers so that its products conform to the quality standards required by its customers. The “leading enterprise” thus has qualified technicians in charge of extending new production technologies to the farmers producing for it. The Provincial and District authorities in charge of agriculture encourage the start-up of “leading enterprises” by coordinating the allocation of land use rights with the village authorities. The local government also provides technical expertise to the technicians of the “leading enterprise”. “Leading enterprises” must be certified for one of the official quality signs of the Ministry of Agriculture; the Ministry gives a lump sum prize to all companies achieving certification as an incentive to develop food quality on the domestic market. Local governments also encourage modern distributors like Carrefour or Metro Cash & Carry to contract with a “leading enterprise” as their speciality supplier or preferred supplier.

The “leading enterprise” model is being promoted by the Government of China as a tool for increasing rural incomes, fostering rural development and enterprise development. It is also seen as a way to manage food quality and raise awareness of these issues by linking farmers to demanding markets through a public-private partnership. However, some problems may arise through the generalization of the “leading enterprise” model if corrupt village authorities allocate most of the communal land to the enterprise and its villagers are reduced to being landless labourers; though legal provisions are set to prevent this.

5.1.3. Interactions between public and private quality management systems

As mentioned above, the private industry standards build upon the foundation of public quality standards. Private operators usually demand that their suppliers adhere to one of the national quality standards but they also impose their own quality audit and a third-party control.
Governments at provincial and municipal levels are building partnerships with the private sector to help small farmers gain access to their quality supply chains through the marketing link of a “leading enterprise”. For example, the Daxing vegetables company supplies Carrefour supermarket with organic vegetables. Located in the suburbs of Beijing, the people’s committee of the village has decided that the whole available agricultural area of the commune would be managed under organic practices through the Daxing vegetables company. The villagers lease out greenhouses from the Daxing vegetables company and then sell all their produce to it. The produce supplied to Carrefour thus follows the requirements of the official organic standard and the private quality requirements of the supermarket. It is the responsibility of the leading enterprise, in this case the Daxing vegetables company, to make sure that the producers comply with the quality requirements from both public and private standards. It does so by supplying organic seeds and other authorized inputs to the farmers, training them on good organic practices, and raising the general awareness of farmers to the importance of food quality control management.

On the other hand, the traditional fresh food markets and the traders within are generally not involved in setting their own quality monitoring system. The two main quality attributes of the fresh produce delivered through traditional traders are low price and freshness. Fresh pork meat supply chains concentrate on keeping prices low and the time between slaughtering and retailing as short as possible as Chinese consumers consider “warm” meat as higher-quality than chilled meat.

A law on cooperatives has been signed on 1st March 2006 which allows cooperatives to have more business-like features than in the past. It is seen as a means of developing the development of quality in farming communities as cooperatives will be more effective in sharing the costs of investments into higher quality production than individual farmers.

6. SWOT analysis of selected Chinese food quality management systems

In this section, the phrase “food quality management systems” refers to the network of public and private stakeholders who were interviewed and who are involved in managing the Chinese quality schemes described above for fruits, vegetables and pork meat from farm to table. Due to the limited number of persons that could be interviewed during the mission, the SWOT analysis does not cover all the quality management systems implemented throughout the entire country.

The strengths and weaknesses refer to these food quality management systems. The opportunities and threats refer to external impacts posed by stakeholders outside the network thus defined: consumers who are the final users of the food products, trade partners from other countries, governments of other countries, environment, the media, etc. Figure 2 below gives and illustration of the stakeholders inside and outside the food quality management systems envisaged in this working document.
Once again, the great majority of stakeholders questioned about their quality management system responded by giving information on their quality and safety management system, thus putting both concepts together. However, the SWOT analysis below will focus on food quality management systems.

6.1. **Strengths within the food quality management systems**

When envisaging the food quality management systems that the mission visited, some major strengths have been identified by the actors interviewed:

1. There is growing awareness of quality issues among actors in the food system. With consumers, policy makers and the media putting food quality in the spotlight, actors within the food system could not but react to this by changing their modes of operation so as to take a greater account of food quality issues. This increased awareness within the food system brings a positive feedback to improved quality levels as public and private actors encourage each other to develop their quality standards through cooperation and competition. In the end, it is the market demand that determines the quality assurance system chosen by agrifood business operators.

2. The national agricultural support systems in terms of extension and certification have a broad geographical coverage. Despite the enormous size of the country, the public agencies in charge of extending messages on food quality to farmers and the local offices of the national certifying body are both located in the decentralized branches of the Ministry of Agriculture. This creates a favourable environment to increase the
outreach of higher-quality foods to all rural areas of the country.

3. Success stories of food quality management can be found within the food quality management systems visited by the appraisal mission. If documented and analysed, the success factors from these success stories could help inspire other actors within the system to develop their own levels of quality. Such success stories include the “leading enterprise” model of linking farmers with high-quality markets, the cooperation between the Zhejiang provincial government and Metro Cash & Carry to develop quality supply chains from smallholders (the growth of supermarkets in China has in general led to increased cooperation between local authorities and retailers to improve produce quality), and the cooperation between AQSIQ and authorities in Hong Kong to ensure quality produce is delivered from the Mainland China into Hong Kong. At the national workshop, other examples of success stories were mentioned: China has a long history of farming systems that use no chemicals, making it easier to convert to certified practices with low chemical usage.

6.2. Weaknesses within the food quality management systems

When interviewing the different actors within the quality management system of fruits, vegetables and pork meat, many had difficulties identifying, or reporting, the weaknesses within their own organization. However, the threats posed by other actors were easier to identify for the informants. Thus, when considering the entire food quality management system under study here, it is possible to reconstruct the weaknesses existing within the whole system:

1. The food production and distribution systems investigated are extremely fragmented with a multitude of small poorly-educated family agribusinesses and companies. Therefore, it is all the more difficult and expensive for their actors to invest in better quality management systems.

2. The official Chinese food quality management system is equally fragmented among half a dozen national agencies with their ramifications at provincial levels. There are multiple public food quality standards, sometimes overlapping to cover the same quality parameters although they may be targeted to different markets. There is a lack of coordination between governance agencies which could make the system more complex and less robust in view of further development and fraud attempts. Although the official system of quality management may appear clear to those working within it, the general impression is that of confusion among operators and buyers. For example the Green Food label and the ChinaGAP initiative are two parallel standards set up by different administrations to promote good agricultural practices among Chinese farmers; while the Green Food label is meant to signal good agricultural practices for products sold on the domestic market, ChinaGAP is another quality sign for good agricultural practices being implemented to allow goods to be exported to members of the retailing consortium formed by GLOBALGAP.

3. What is more, there is general lack of information about, misunderstanding of, if not mistrust in the official quality signs under study here, with the notable exception of those set up by the Hong Kong Government. Consumers are wary of produce bearing official quality signs. Businesses prefer to invest into their own brand and advertise
quality through their brand name. Consumers seem to be more confident of the quality of imported produce than that of the local produce. This is a significant hurdle to developing quality within the supply chains as public standards should be a solid foundation upon which better-quality private standards can develop.

4. A large minority of chain operators within the food management system under study still do not understand why a quality focus is important. They tend to be driven by short-term profits rather than long-term investments into higher-value quality production. This leads to the widespread use of chemicals to protect fresh produce so as to assure consistency, spotless appearance and low price on the traditional market. Another example is the availability on the market of input and food products with false licences. This mentality also hinders the efforts of some actors to develop integral cold chains for perishable goods as some of their business partners do not understand the logic of such a big investment into keeping produce cold.

5. Traditional markets still have a leading market share of fresh food products in the areas visited by the mission, with supermarkets and other modern forms of retail gaining ground on non-perishable groceries and other items. This is a weakness for the fresh food system because traditional wholesalers and retailers are generally not leading drivers for quality improvement due to the fierce competition on lowering prices to satisfy price-conscious consumers.

6. Finally, the large size of the country and the long distances to be covered create logistical difficulties for operators transporting fresh produce from producers to markets.

6.3. **Opportunities arising for the food quality management systems**

The stakeholders and elements gravitating outside the food quality management systems visited by the mission will probably be important driving forces for the development of quality by actors within the system. Below are the main opportunities identified:

1. The consumer market in China is starting to differentiate into several consumer segments. The higher-income and health-conscious consumer segments are willing to pay higher prices for better-quality products. There is thus a great opportunity for the agrifood industries to differentiate their products so as to supply the produce that is being demanded by these different consumer segments and obtain a higher value from their production.

2. The Chinese authorities are welcoming more cooperation with their international trade partners on enhancing the quality of their food products. Such examples of cooperation include the high-level policy dialogue with the EU and the interministerial development project supported by the Canadian International Development Agency (CIDA) to develop successful links from smallholders to markets in China. These interactions will likely help Chinese actors gain from the experiences of other countries.

3. China’s entry into the WTO is mostly seen as a great opportunity as it will enable more open trade of food products with other countries.

4. Recent changes in the legal environment are seen as opportunities to the development of quality in the agrifood system. The law on food safety and the Quality and Safety
Act of Agricultural Products implemented in 2006 will provide the framework to control food quality and safety in the local agrifood market. The law on cooperatives signed on 1st March 2006 is also seen as a major driving force for developing quality in the agrifood system. Indeed, by grouping farmers into agribusiness cooperatives, the burden of investments into quality development will be more easily shared among the members of a cooperative than if individual farmers had to make necessary changes to their production system on their own.

5. New technologies may soon be available to Chinese producers and processors so as to improve the quality of their products.

6. The 2008 Summer Olympic Games to be held in Beijing are also likely to help boost the food quality management of the country. In line with other major developments already noticeable in Beijing, it is most likely that the city’s food system will be overhauled so as to ensure the food quality requirements responding to the various demands of the international athletes and visitors who will come for the Games.

7. Finally, Chinese food has been in the spotlight of international and local media for its low levels of safety and for the lack of quality of its manufactured products. However, the high profile given to this issue as a result of media attraction has forced industry stakeholders and government authorities to take action so as to improve the quality and safety of Chinese agrifood products. Consequently, substantial funding has been allotted in both public and private organizations to improve the quality of agrifood products. Therefore, participants of the workshop decided to reclassify the recent food safety scares that China has experienced from a threat into an opportunity.

6.4. Threats faced by the food quality management systems

The stakeholders interviewed generally found no difficulty in identifying threats to the development of their organization’s quality management system. Grouped into the food quality management systems that the appraisal mission encountered, the threats from outside the system can be assembled into one main item:

1. Consumers in China and worldwide are becoming more and more demanding on the quality of their food. Although this was identified as an opportunity, it was also mentioned as a threat for the public and private food quality management systems. Indeed, the investments needed to improve the current quality management systems to respond to this new demand for quality will involve major costs to public finances on the one hand but also to private companies. There is a risk that the costs involved would deter agrifood industries from making any substantial changes to improve the quality within their production and marketing systems.

Table 3 below summarizes the SWOT analysis for the food quality management systems that were encountered during the appraisal mission.
Table 3: Summarized SWOT analysis for the food quality management systems encountered by the appraisal mission

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Growing awareness among system actors</td>
<td>1. Many small farmers and small traders in the system</td>
</tr>
<tr>
<td>2. Good coverage of public extension &amp; certification system</td>
<td>2. Multiple overlapping governance mechanisms &amp; standards</td>
</tr>
<tr>
<td></td>
<td>4. Some system actors still do not understand quality focus</td>
</tr>
<tr>
<td></td>
<td>5. Traditional traders are lagging in promoting quality</td>
</tr>
<tr>
<td></td>
<td>6. Logistics problems over long distances</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increasing segmentation of consumer demand</td>
<td>1. Consumer demand for higher quality will present a major financial challenge to stakeholders</td>
</tr>
<tr>
<td>2. Cooperation between China &amp; international community</td>
<td></td>
</tr>
<tr>
<td>3. China entry into WTO</td>
<td></td>
</tr>
<tr>
<td>4. New legal framework boosts farmers’ groups &amp; investments</td>
<td></td>
</tr>
<tr>
<td>5. New technologies made available to improve quality</td>
<td></td>
</tr>
<tr>
<td>6. Beijing host to the 2008 Summer Olympic Games</td>
<td></td>
</tr>
<tr>
<td>7. High media profile on low levels of food safety has</td>
<td></td>
</tr>
<tr>
<td>created strong political and stakeholder will to prioritize</td>
<td></td>
</tr>
<tr>
<td>and allot funds to food quality developments</td>
<td></td>
</tr>
</tbody>
</table>
7. Follow up to the appraisal mission

Since the rapid appraisal mission took place in March 2007, China has made headlines in the international press following several food safety scandals involving its agricultural and manufacturing sectors. Tainted pet foods causing deaths among American dogs and cats and Japanese consumers falling sick from pesticide-contaminated dumplings were particularly damaging to the reputation of Chinese food products. The high-media coverage of this food safety outbreak has had major implications on the credibility of all the food quality management systems implemented by Chinese stakeholders, as a growing number of consumers worldwide hold food safety as an essential food quality attribute.

A reflection among Chinese stakeholders on how to develop more robust public and private food quality management systems is thus very appropriate and timely. We hope this working document will have a catalytic effect in this process and serve as a working document for further expert consultations on this subject in China.

FAO organized a “National Agro-food Quality Appraisal Workshop” in Beijing on Friday 9 November 2007 where the Ministry of Agriculture convened some of the stakeholders interviewed during the mission as well as other actors involved in fruit, vegetable and pork meat quality management systems in China who could not be interviewed during the appraisal mission (cf. Annex 5 for the list of participants). The objective of the national workshop was to encourage the participants to give feedback on the content of this working document and to agree on, and come up with recommendations for the public authorities and businesses involved in the management of the different food quality management systems.

To achieve this objective, the national workshop was opened by the FAO Representative to the People’s Republic of China (cf. Opening Speech in Annex 6) followed by an intervention by the Director of the Department of International Cooperation of the Ministry of Agriculture (cf. Speech in Annex 7). The morning was spent presenting and discussing the working document drafted from the appraisal mission. In the afternoon, the participants were divided into two groups. Group 1 worked on a matrix mapping the agro-food quality assurance schemes in China (see Table 1 above) while Group 2 discussed recommendations on how to overcome some of the weaknesses of the quality management system of fresh fruits, vegetable and pork meat, as identified by the SWOT analysis.

8 Recommendations from workshop participants

Based on the proposed recommendations presented by Group 2, the workshop participants agreed on the following recommendations on how to overcome the weaknesses of the quality management system of fresh fruits, vegetables and pork meat.
8.1. **Coordinating the numerous stakeholders in the marketing system**

The Ministry of Agriculture, in coordination with AQSIQ, the Ministry of Commerce and Provincial Governments and in collaboration with private businesses (supermarkets and processing firms) and leading enterprises (through an industry association), should take a leading role to achieve the following actions:

1. Conduct training of farmers and traders, in particular on experiences from other countries using cooperative settings (Japan, Republic of Korea) and on the concept of leading enterprises;
2. Prepare a legal framework for fairness, competition and market monitoring, notably through the leading enterprise model;
3. Create a channel of open and transparent information.

8.2. **Stakeholder mandates**

The Ministry of Health should take a leading position in becoming the government coordination agency to which consumers can obtain information on the different quality assurance schemes available at the national market. The Administration should work on devising a clear system of quality assurance schemes and assign clear responsibilities to its different departments in terms of management of these schemes. Finally, the Government should work on unifying quality assurance schemes through the mutual recognition of the different schemes and certification, while also making public lists of certified enterprises to be identified as model enterprises.

These actions will contribute to attain the following policy objectives:

1. To improve coordination between different quality assurance schemes;
2. To unify the overlapping schemes with one organization dealing with application and public promotion;
3. To develop the outreach of third-party certifying bodies but also of cost-recovering only (non-profit making) public certifying bodies.

The content of these recommendations and the central role assigned to the Ministry of Health in coordinating the management of quality assurance schemes is further evidence of how food safety is strongly ingrained as a dominant component of quality for Chinese agrifood stakeholders. Likewise, the recommendation to allow some certifying bodies to operate as non-profit making public enterprises shows the continuing importance of the State in providing what is considered to be a public service to Chinese farmers and agrifood stakeholders. This recommendation is consistent with similar recommendations from other Asian countries on the continuing importance of public certifying bodies.
8.3. Communication and exchange of information

The Government should take a leadership role in creating a retail association coordinating different traders in implementing the following actions:

1. To train traditional traders on recognizing top produce quality, on the advantages of information transparency, on different requirements in markets and on price movements; after training, certificates should be issued with qualification confirmation by the Government;
2. To foster communication between producers and traders
3. To improve safety inspection standards and technical development on quality management within the distribution channels of fruits, vegetables and pork meat products.
Annex 1 – Itinerary of field research

**Saturday 3 March 2007**   Leave Bangkok for Beijing

**Sunday 4 March 2007**   ----------

**Monday 5 March 2007 (Beijing)**

9.00 hrs   Meeting with China Green Food Development Center and China Organic Food Certification Center (COFCC)
12.00   Lunch offered by COFCC
14.00 hrs   Meeting with China Food Quality and Safety Center
17.00 hrs   Meeting with FAO China

**Tuesday 6 March 2007 (Beijing)**

9.00 hrs   Meeting with Beijing Municipal Bureau of Agriculture
12.00 hrs   Visit to the wholesale market for agro-products “Beijing Xinfadi Farm Product Co. Ltd”
14.00 hrs   Lunch offered by Beijing Xinfadi Farm Produce Co. Ltd

**Wednesday 7 March 2007 (Beijing)**

9.00 hrs.   Visit to Beijing Fangyuanpingan Food Development Co. Ltd (vegetables production plant)
11.00 hrs   Visit to Beijing Shunxin Agriculture Co. Ltd Pengcheng Food Subsidiary (Pig slaughter plant)
13.00 hrs   Visit to Beijing Qingpuyuan Vegetables Co. Ltd.
14.00 hrs   Visit to Shuanghe fruit orchard
16.00 hrs   Meeting with the Delegation of the European Commission

**Thursday 8 March 2007 (Beijing)**

9.00 hrs   Meeting with the Institute of Vegetables and Flowers, Chinese Academy of Agricultural Sciences
13.00 hrs   Meeting with Institute of Agricultural Economics and Development, Chinese Academy of Agricultural Sciences (CAAS)
14.00 hrs   Meeting with Small Farmers Adapting to Global Markets Project
19.10 hrs   Departure for Shanghai
Friday 9 March 2007 (Shanghai)

9.00 hrs  Meeting with the Shanghai Municipal Agricultural Commission
12.00 hrs  Lunch provided by Shanghai Municipal Agricultural Commission
14.00 hrs  Meeting and visit to the Shanghai Longwu Imported Fruit and Vegetable Wholesale Trading Market Co. Ltd.
16.00 hrs  Meeting with Metro Cash & Carry China

Saturday 10 March 2007 (Shanghai)

9.00 hrs.  Meeting with Auchan China Buying Office
14.00 hrs.  Meeting with Carrefour China

Sunday 11 March 2007 (Shanghai)

19.30 hrs  Departure for Chengdu

Monday 12 March 2007 (Chengdu)

9.30 hrs  Meeting with Sichuan Provincial Department of Agriculture (Standard setting branch, Environmental branch)
14.00 hrs  Meeting with Sichuan Provincial Department of Agriculture (Cash crops branch)
16.00 hrs  Visit to a Carrefour hypermarket outlet in Chengdu

Tuesday 13 March 2007 (Sichuan province)

9.00 hrs  Visit to vegetable production facilities in Kunshan village
11.00 hrs  Visit to Xinzhi pig production farm in Sichuan province
12.00 hrs  Lunch provided by Shuanglin County Bureau of agriculture
15.00 hrs  Visit to fruit production farm in Yongxing valley

Wednesday 14 March 2007 (Chengdu)

9.00 hrs.  Visit to retail market in Chengdu
11.00 hrs  Visit to wholesale market in Chengdu
15.55 hrs  Departure for Hong Kong
Thursday 15 March 2007 (Hong Kong)

9.00 hrs  Meeting with French Trade Commission in Hong Kong
10.30 hrs  Meeting with Hong Kong Agriculture, Fisheries and Conservation Department
14.30hrs  Meeting with Food and Environmental Hygiene Department (Centre for Food Safety)

Friday 16 March 2007 (Hong Kong)

10.00 hrs  Hong Kong Vegetables Marketing Organization (VMO) and visit to wholesale vegetable market
15.30 hrs  Meeting with PARKnSHOP Supermarket chain

Saturday 17 March 2007  Leave Hong Kong for Bangkok (P. Hoejskov)
Sunday 18 March 2007  Leave Hong Kong for Bangkok (J. Cadilhon)
Annex 2 – List of persons met during appraisal mission

1. Mr Li Xianjun, Professor, China Green Food Development Center, Beijing
2. Ms Gao Fang, Division of Supervision, the Center for Agro-Food Quality and Safety, Ministry of Agriculture, Beijing
3. Ms Mu Jianhua, Deputy Director of International Cooperation Department, China Green Food Development Center, Beijing
4. Mr Xie Yan, Deputy Director of Technology and Standard Department, China Green Food Development Center, Beijing
5. Mr Zhu Yu, Director Certification Division, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
6. Mr Ding Baohua, Deputy Division Chief, Vice Professor, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
7. Mr Jin Fazhong, Deputy Director General/Professor, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
8. Mr Gu Jiaoxue, Vice-Chairman, Beijing Xinfadi Farm Product Co., Ltd, Beijing
9. Mr Ouyang Xihui, Beijing Green Food Office, Beijing
10. Mr Tao Zhiquan, Director, Vegetable Section of Beijing Municipal Bureau of Agriculture, Beijing
11. Mr Liu Bao Ping, President, Beijing Fangyuanpingan Food Development Co., Ltd, Beijing
12. Mr Shi Caiban, Director, Daxing Vegetables Cooperative
13. Mr Zhang Xi Qing, Beijing Qingpuyuan Vegetables Co., Ltd
14. Mr Lin Luogeng, Associate Adviser, Center of International Cooperation Service, Ministry of Agriculture, Beijing
15. Mr Hu Guihua, Shuanghe fruit orchard
16. Mr Zhang Zhongjun, Assistant FAO Representative (Programme), Beijing
17. Mr Dai Weidong, Programme Officer, FAO Representation, Beijing
18. Ms Zhang Beibei, Agriculture Section, Delegation of the European Commission, Beijing
19. Mr Raimondo Serra, Agricultural Counsellor, Delegation of the European Commission, Beijing
20. Mr Hu Dinghuan, Professor, Institute of Agricultural Economics and Development Chinese Academy of Agricultural Sciences (CAAS)
21. Mr (Kevin) Chen Zhigang, Manager, Small Farmers Adapting to Global Markets Project, Beijing Project Office, Agriculture and Agri-Food Canada, Beijing
22. Mr Liu Guangshu, Professor, Deputy Division Chief, Division for Scientific Management, Institute of Vegetables and Flowers, Chinese Academy of Agricultural Sciences, Beijing
23. Mr (Jacky) Tai Jian, Fresh Products Buyer, Auchan China Buying Office, Shanghai
24. Mr (Stuart) Zhang Wei, Quality Manager, Auchan China Buying Office, Shanghai
25. Mr Paul-Jean Renard, Mass Consumer Products Head Buyer, Hygiene & Quality Manager, Auchan China Buying Office, Shanghai
26. Ms Nan Wang, Director, Shanghai Quality Certificate Center of Agricultural Products
27. Mr Xu Jie, Shanghai Agriculture International Exchange Center, Shanghai
28. Mr Zheng Xu, General Manager, Shanghai Longwu Imported Fruit and Vegetable Wholesale Trading Market Co., Ltd., Shanghai
29. Mr Yu Zhongyong, International Business Manager, Shanghai Longwu Fruit and Vegetable Wholesale Trading Market Co., Ltd., Shanghai
30. Mr Zhang Suhua, Director, Shanghai Municipal Animal Husbandry Office, Shanghai
31. Mr Shen Jiazhi, Division Chief, Division of Market & Economic Information Shanghai Municipal Agricultural Commission, Shanghai
32. Mr Shao Qiliang, Division Chief, Division of Economic & Trade, Division of Foreign Affairs, Shanghai Municipal Agricultural Commission, Shanghai
33. Mr Lu Guoman, Senior Vice President, Member of the Executive Board of Directors, Metro Jinjiang Cash & Carry Co., Ltd
34. Ms (Judy) Jiang Xin, Quality Assurance Manager, Operations Department, Metro Jinjiang Cash & Carry Co., Ltd
35. Mr (Art) Ren Bing, Buyer – Vegetables & Fruits, Metro Jinjiang Cash & Carry Co., Ltd
36. Mr. (Kelvin) Chen Chao, Quality Assurance Supervisor – Distribution Centre, Metro Jinjiang Cash & Carry Co., Ltd
37. Mr Didier Jonnier, Destination Buying Department Manager – Meat, Metro Jinjiang Cash & Carry Co., Ltd
38. Mr Nicolas Lambert, Destination Buying Department Manager, Metro Jinjiang Cash & Carry Co., Ltd
39. Ms Beverly Yang, Secretary to Senior Vice President, Metro Jinjiang Cash & Carry Co., Ltd.
40. Mr Jean-Marie Chollet, Business Unit Commercial Training Manager, House of Training Shanghai Campus, Metro Jinjiang Cash & Carry Co., Ltd
41. Ms Wei Dai, National Public Affairs Director, Carrefour, Shanghai
42. Mr (Arrow) Yu Gui, Public Affairs Director, Carrefour, Shanghai
43. Mr José Otero, Store Manager, Gongjiang, Shanghai Carhua Supermarket Ltd, Carrefour, Shanghai
44. Mr (Rex) Huang Yilin, Regional Manager, Shanghai & Zhejiang Region, Carrefour, Shanghai
45. Ms (Emma) Zhong Wu, National Quality Manager, China Merchandise Division, Carrefour, Shanghai
46. Mr (Rolan) Li Yanmei, Food Hygiene & Quality Division Manager, Carrefour, Shanghai
47. Ms (Grelay) Ye Weilin, National Fresh Quality Line Manager, China Merchandise Division, Carrefour, Shanghai
48. Mr Patrick Ganaye, Vice President of China, Carrefour, Shanghai
49. Ms Nadège Claudel, Secretary General, Carrefour China Foundation for Food Safety, Shanghai
50. Mr Yang Lin, Director, Xin Zhi Porc Company, Chengdu
51. Mr Liu Guojun, Vice Director, Division of International Cooperation, Sichuan Provincial Department of Agriculture, Chengdu
52. Ms Li Zhonglan, Project Officer & French Translator, Division of International Cooperation, Sichuan Provincial Department of Agriculture, Chengdu
53. Mr Li Kejiu, Vice Director, Division of International Cooperation, Sichuan Provincial Department of Agriculture, Chengdu
54. Mr Wei, Division Director, Science and Technology, Sichuan Provincial Department of Agriculture, Chengdu
55. Mr Zhou, Director of environmental protection, Sichuan Provincial Department of Agriculture, Chengdu
56. Mr Au Ka Kit, Market Manager (Development), Vegetable Marketing Organization, Hong Kong
57. Mr (Edward) Lai Kwok Yan, General Manager, Vegetable Marketing Organization Fish Marketing Organization, Kowloon, Hong Kong
58. Mr (Kenneth) Ka Ho Law, Senior Marketing Executive, Vegetable Marketing Organization, Kowloon, Hong Kong
59. Dr (Allen) Chan Sze-ling, Veterinary Officer, Livestock Farm Division, Agriculture, Fisheries and Conservation Department, Hong Kong
60. Mr (Peter) Ma Wai-chung, Senior Crop Development Officer, Agriculture, Fisheries and Conservation Department, Hong Kong
61. Dr (Constance) H.Y. Chan, Assistant Director (Food Surveillance and Control), Food and Environmental Hygiene Department, Hong Kong
62. Mr Lee Wai-ching, Senior Superintendent (Centre for Food Safety), Food and Environmental Hygiene Department, Hong Kong
63. Mr Mac Brugalière, Commercial Attaché, Agricultural & Food Products, Consulate General of France in Hong Kong, French Trade Division, Hong Kong
64. Ms Jas Poon, Marketing Adviser, Agricultural & Food Products, Consulate General of France in Hong Kong, French Trade Division, Hong Kong
65. Mr Theseus Lin, Commercial Manager – Fruit & Vegetables, PARKnSHOP Supermarket, Hong Kong
Annex 3 – SWOT analysis interview guide

The purpose of this interview is to gather success stories of how public and private quality standards have been created and implemented for fresh fruits and vegetables and fresh and processed pork meat in China. We are interviewing the various stakeholders in the supply chains (farmers, traders, packing houses, processors, supermarkets, government, research institutes) and hope to gather a broad picture of the Strengths, Weaknesses, Opportunities and Threats of developing quality standards for these industries in China.

We will compile all this information into a report on quality management schemes for fruits, vegetables and pork meat in China, which will be made available to you. We also hope to invite you to a national seminar to discuss the findings of our appraisal mission with all the other stakeholders interviewed some time at the end of 2007.

Presentation of the interviewee
Name, activity, number of employees, location sites, yearly sales (if appropriate) of your institution?
Products or services provided by your institution to develop, improve or assure quality standards for fruits, vegetables, or pork meat?

Strengths
What are the strengths of your institution, which you feel give you an advantage in developing, improving or assuring quality standards for your clients?
Among: products and services provided, geographical location, human resources, technology, business plan, business strategy for supply and sales, etc.

Weaknesses
What are the weaknesses of your institution, which you feel somewhat prevent you from developing, improving or assuring quality standards for your clients?
Among: products and services provided, geographical location, human resources, technology, business plan, business strategy for supply and sales, etc.

Opportunities
What opportunities do you see in your environment to help you to develop, improve or assure quality standards for your clients?
Among: central government policies, local government policies, food safety and quality regulations, extension services, infrastructure, suppliers, customers, consumers, export markets and their regulations, etc.

Threats
What threats do you see in your environment that may thwart you from developing, improving or assuring quality standards for your clients?
Among: central government policies, local government policies, food safety and quality regulations, extension services, infrastructure, suppliers, customers, consumers, export markets and their regulations, etc.

Thank you for your collaboration and your time. We will keep you informed of the results from our analysis.
Annex 4 – TOR for the rapid appraisal mission

The objective of this appraisal mission is to assess the level of interrelation of public and private quality standards in the fruits, vegetables and pork meat supply chains of the People’s Republic of China. Indeed, many actions are being taken in China – with the support of development partners – to enhance the level of generic safety for foodstuffs. However, other public- and private-led quality schemes, which set different levels of quality or higher levels of safety (e.g., organics, IPM, GAP, SPS standards, etc.) are also being implemented.

The activities of the officers on the appraisal mission will be:
• Identify the different quality standards and schemes being implemented in selected regions of China by the public and private sectors in the fruits, vegetables and pork meat supply chains;
• Characterize the modes of coordination that may exist between these different quality schemes;
• Make a very preliminary impact assessment of the current policies and activities in place to develop and coordinate quality standards;
• Identify the development partners who are active in this area of work for possible future collaboration.

The mission – implemented under funding from the French Ministry of Agriculture and Fisheries under project MTF/RAS/212/FRA – will consist of:
• Jo Cadilhon, Marketing Officer (Quality Improvement), FAORAP, who will focus on studying the quality schemes put in place by the private sector within their supply chains;
• Peter Sousa Hoejskov, Food Quality & Safety Officer, FAORAP, who will focus on studying the quality schemes and monitoring systems put in place by public authorities and their extension services to farmers.

The mission will meet government officials, local authorities, public research institutions, other development partners active on this issue, private companies (packing houses, slaughterhouses, processing plants, supermarkets, wholesale markets, retail markets) and producers. The mission will last fifteen days with the following provisory itinerary:
• 5-8 March: Beijing and rural outskirts to meet government officials and visit periurban production facilities;
• 9-12 March: Sichuan Province (or another Western province) to investigate rural development issues);
• 13-14 March: Shanghai for another dynamic food consumer centre;
• 15-18 March: Hong Kong to review a different food quality system (possibly a benchmark in a Chinese setting) and visit periurban production facilities.

Projected outputs of the mission:
• FAORAP Report entitled “Rapid appraisal of quality management schemes for fruits, vegetables and pork meat in China”;
• Identified public and private sector stakeholders who are interested in collaborating on developing quality standards for fruits, vegetables and pork meat;
Annex 5 – List of participants: FAO National Agro-food Quality Appraisal Workshop

1. Ms Victoria Sekitoleko, FAO Representative to the People’s Republic of China, the Democratic People’s Republic of Korea and Mongolia, Beijing
2. Mr Ye Anping, Director, Department of International Cooperation, Ministry of Agriculture
3. Mr Jean-Joseph Cadilhon, Marketing Officer (Quality Improvement), FAO Regional Office for Asia and the Pacific, Bangkok
4. Mr Peter Hoejskov, APO (Food Quality and Safety), FAO Regional Office for Asia and the Pacific, Bangkok
5. Mr Dai Weidong, Programme Officer, FAO Representation to the People’s Republic of China, the Democratic People’s Republic of Korea and Mongolia, Beijing
6. Mr Ding Baohua, Deputy Division Chief, Vice Professor, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
7. Ms Gao Fang, Agronomist, Division of Supervision, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
8. Mr Fan Hongping, Livestock Engineer, Agri-food Quality and Safety Center, Ministry of Agriculture, Beijing
9. Mr Wang Maohua, Principal Staff Member, Certification and Accreditation Administration of China, Beijing
10. Mr Hu Song, Assistant Manager, Small Farmers Adapting to Global Markets Project, Beijing Project Office, Agriculture and Agri-Food Canada, Beijing
11. Mr Lou Guozhu, Quality Assurance Manager, Metro Jinjiang Cash & Carry Co., Ltd
12. Mr (Stuart) Zhang Wei, Quality Assurance Manager, Auchan China Buying Office, Shanghai
13. Mr Paul-Jean Renard, Mass Consumer Products Head Buyer, Hygiene & Quality Manager, Auchan China Buying Office, Shanghai
14. Mr Yu Zhongyong, International Business Manager, Shanghai Longwu Fruit and Vegetable Wholesale Trading Market Co., Ltd., Shanghai
15. Ms Nan Wang, Director, Shanghai Green Food Development Center, Shanghai
16. Ms Nadège Claudel, Secretary General, Carrefour China Foundation for Food Safety, Shanghai
17. Mr (Kenneth) Law Ka Ho, Senior Marketing Executive, Vegetable Marketing Organization, Kowloon, Hong Kong
18. Mr Steven Ainsworth, First Secretary (Agriculture), New Zealand Embassy, Beijing
19. Mr Artem Mardashev, Attaché, Russian Embassy, Beijing
Annex 6 – Opening speech by the FAO Representative to the People’s Republic of China

Mr Ye, Director of the Department of International Cooperation, Ministry of Agriculture, Distinguished guests,
Ladies and Gentlemen,

It is my great pleasure to be with you here for FAO’s national agro-food quality appraisal workshop. I wish to thank you, on behalf of the Food and Agriculture Organization of the United Nations, for having accepted our invitation to this important event.

The 28th session of the FAO Regional Conference for Asia and the Pacific held in Jakarta in May 2006 urged member countries and FAO to continue assisting countries in enhancing capacity to meet international food quality and sanitary and phytosanitary standards – thus facilitating trade and safeguarding plant, animal and human health – and assist in establishing and maintaining appropriate regulations, monitoring and surveillance to ensure food quality and safety.

Reflecting the concerns expressed during the FAO Regional Conference, many Asian countries have developed different types of quality and safety assurance programmes. Most countries base their minimum safety requirements for agro-food products on international standards agreed upon by the Codex Alimentarius Commission, International Plant Protection Commission (IPPC) and the World Organisation for Animal Health (OIE).

In addition, many countries in the region have set up voluntary quality assurance schemes for producers who wish to signal product quality that satisfy predetermined food safety requirements. As far as food safety is concerned, Thailand has the “Q” mark programme, Malaysia has SALM, Viet Nam has the “safe vegetables” scheme. For organics, the Republic of Korea, Japan, Thailand and Malaysia have all set up national organic programmes. On the more intrinsic quality attributes like traditional know-how and geographic specificity of products, the Japanese model of “one village – one product” or the European model of geographic indications is being replicated in many countries in the region.

On top of the quality assurance schemes set up by national governments, private companies are also setting up their own quality assurance programmes so as to differentiate their goods from those of their competitors.

In Asia and the Pacific region, the People’s Republic of China is the country with one of the oldest quality assurance scheme with the “Green food” standard launched in 1990. It is also the country in the region with the most public quality assurance programmes. These public programmes share the common objective of ensuring consumer protection and confidence in Chinese agro-food products.

Before I conclude, I wish to thank my colleagues from the Regional Office for Asia and the Pacific for their cooperation on the preparation of this workshop. Likewise, I wish to thank
the Ministry of Agriculture for its logistical coordination of the workshop. All of this would not have been possible without the financial support of the French Ministry of Agriculture and the Danish Government through two FAO projects on quality and safety of agro-food products in Asia. Finally, I thank you all again for coming here to share your expertise on the management of quality for agro-food products.

Thank you.
Respected Ms. Sekitoleko,

Food safety is always a global issue.

The agro-product quality and safety in China is under the responsibility of the Ministry of Agriculture. Over the past years of efforts, great progress has been made in agro-product quality and safety in China and it is safe in general. Not long ago, the Ministry of Agriculture conducted inspections on 37 varieties of key products. The results showed that 94 percent of vegetables sold in national markets were fit for consumption. Likewise, 99 percent of pork meat and 98 percent of fisheries products sampled in domestic markets were considered safe.

According to the supervision by the General Administration of Quality Supervision, Inspection and Quarantine of China (AQSIQ), 99.1 percent of food products due for export to the United States of America were found to be safe in the first half of 2007. Altogether 98.8 percent of food products destined for the European Union and Japan were allowed out of the country after safety inspection.

Food safety links to several aspects of people’s health and trade, etc. The Chinese Government attaches importance to it and the State Council set up a leading group headed by Ms Wu Yi, Vice Premier, and composed of key leaders of ministries and commissions, which assigned ten working groups to implement supervision and inspection over the whole country.

Of course, there are some issues existing in Chinese products that can not be ignored:
1. Violation of regulations in production and processing in some locations;
2. Ongoing improvement of some standards of products;
3. Differences in supervision standards of products between China and the developed countries in the world.

China wishes to cooperate closely with all other countries and international institutes in the world in terms of product quality and safety, to update further the level of product quality and safety for contribution to the wellbeing of people in China and the rest of the world.