

Voluntary standards and certification for environmentally and socially responsible agricultural production and trade

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Acronyms and abbreviations

ACB	Accredited Certification Body
ACG	Guanacaste Conservation Area [Costa Rica]
ACP	Country in Africa, the Caribbean or the Pacific that has signed the Cotonou agreement with the European Union
ADIPCO	Cocolá Development Association [Guatemala]
AEEAZ	Agricultural Ethics Assurance Association of Zimbabwe
ANACAFE	National Coffee Association [Guatemala]
APEMB	Association of Ecological Growers of the Baturité Mountains [Brazil]
APPTA	Talamanca Small Farmers' Association [Costa Rica]
ASEAN	Association of Southeast-Asian Nations
ATO	Alternative Trade Organization
CAN	Conservation Agriculture Network [now SAN]
CIF	cost-insurance-freight [standard contract terms]
CIMS	<i>Centro de Inteligencia sobre Mercados Sostenibles</i> /Sustainable Markets Intelligence Centre
COLEACP	<i>Comité de liaison Europe-Afrique-Caraïbes-Pacifique</i> [Association of stakeholders in EU-ACP horticultural trade]
Coocafé	<i>Consorcio de Cooperativas de Caficultores de Guanacaste y Montes de Oro RL</i> [Costa Rica]
CSA	Community-Supported Agriculture
CSR	Corporate Social Responsibility
CTE	Committee on Trade and Environment [of the WTO]
DCC	Day Chocolate Company
DED	<i>Deutscher Entwicklungsdienst</i>
EPOPA	Export Promotion of Organic Products from Africa
ESCR	Raw Materials, Tropical and Horticultural Products Service, FAO
ETI	Ethical Trading Initiative
EU	European Union
EUREP	Euro-Retailer Produce Association
EurepGap	EUREP Good Agriculture Practice
FAO	Food and Agriculture Organization of the United Nations
FECAFEB	<i>Federación de Cafetaleros Exportadores de Bolivia</i>
FEDECOOP	<i>Federación de Cooperativas de Caficultores RL</i>
FFTU	Farmers Fair Trade Uganda
FLO	Fairtrade Labelling Organizations International
FOB	free-on-board [standard contract terms]
FONAES	National Fund for Support of Solidarity Enterprises [Mexico]
GAP	Good Agricultural Practice
GATT	General Agreement on Tariffs and Trade
GMO	genetically-modified organism
IBS	IFOAM Basic Standards
ICFTU/ITS	International Confederation of Free Trade Unions/International Trade Secretariat
IEC	International Electrotechnical Commission
IFAD	International Fund for Agricultural Development
IFOAM	International Federation of Organic Agriculture Movements
IIED	International Institute of Environment and Development
ILO	International Labour Organization
IMO	<i>Institut für Markökologie</i> [organic certification body, Switzerland]
IOAS	International Organic Accreditation Service
IPM	integrated pest management
IPPC	International Plant Protection Convention
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ISMAM	<i>Indígenas de la Sierra Madre de Motozintla San Isidro Labrador</i> [Mexico]
ISO	International Organization for Standardization
ITC	International Trade Centre

IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
JAS	Japanese Agriculture Standard
KKL	Kuapa Kokoo Limited [Ghana]
KNCU	Kilimanjaro Native Cooperative Union [Tanzania]
LBC	Licensed Buyer Organization [in Ghana cocoa industry]
LCU	Lango Cooperative Union [Uganda]
MAFF	Ministry of Agriculture, Forestry and Fisheries [Japan]
MAPO	<i>Movimiento Argentino de Producción Orgánica</i>
MFN	Most Favoured Nation [GATT/WTO context]
NGO	non-governmental organization
NOP	National Organic Program [United States of America]
NT	National Treatment [GATT/WTO context]
PIC	Prior Informed Consent
PMO	Produce Marketing Organization
PPM	Production and Processing Method
SA8000	Social Accountability 8000
SAI	Social Accountability International
SAI-Platform	Sustainable Agriculture Initiative Platform
SAN	Sustainable Agriculture Network [formerly CAN]
SASA	Social Accountability in Sustainable Agriculture project
SERRV	Sales Exchange for Refugee Rehabilitation Vocation
SNV	Netherlands Development Organization
SPS Agreement	Agreement on the Application of Sanitary and Phytosanitary Measures
SSE	Single Strain Juice Equivalent
TBT	Technical Barriers to Trade
UCIRI	Union of Indian Communities in the Isthmus Region [Mexico]
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
USDA	United States Department of Agriculture
VREL	Volta River Estates Limited [Ghana]
WHO	World Health Organization
WTO	World Trade Organization

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Introduction

David Hallam, Chief, Raw Materials, Tropical and Horticultural Products Service, Commodities and Trade Division, FAO

This report summarizes the presentations and discussions that took place during the **“FAO Meeting on Voluntary Standards and Certification for Environmentally and Socially Responsible Agricultural Production and Trade”** (Rome, 22 April 2004). Over 120 participants from all over the world gathered to discuss issues related to the promotion of environmentally and socially sustainable agricultural practices. The meeting was held in close collaboration and back-to-back with the final conference of the SASA project held at FAO on 21 April 2004. It marked the first time that FAO engaged such a wide variety and number of non-governmental organizations (NGOs), private sector stakeholders and other institutions to further the development of responsible agricultural production and trade. Moreover, it demonstrated the commitment of the Organization to discuss the issue of voluntary standards and certification initiatives in relation to how they may benefit small farmers, plantation workers, rural communities and society as a whole.

Some of the benefits that may accrue to the farmers, farm workers and producers adopting a given certification programme include increased returns on their labour, better working conditions and longer term environmental improvements. Certification may also offer small farmers an opportunity to stay in business, through the support and solidarity of consumers who are willing to pay a price premium to support them. These initiatives can further benefit the local communities surrounding the farms and the environment by encouraging local development through higher incomes and capacity building, thereby benefiting society as a whole. Given the high rate of new certification initiatives and programmes entering into the market, hosting these meetings in a neutral forum is critical to the adoption of truly sustainable practices. It enables experts in the field to analyse the opportunities and constraints of various programmes and to suggest methods to encourage more responsible production and trading practices.

To obtain a balanced and comprehensive assessment of voluntary standards and certification, FAO invited stakeholders from a wide array of institutions to attend in their personal capacity such as: farmer organizations, private companies including leading food multinationals, government agencies, donors, aid agencies, consumer associations, trade unions, research institutes, certification bodies, standard-setting organizations and many NGOs active in sustainable agriculture. Sessions were moderated by experts of the Raw Materials, Tropical and Horticultural Products Service (ESCR) of FAO, many of whom have been working on issues related to environmental and social certification and have been monitoring markets for certified products since 1999. The service has also developed close working relationships with some of the leading NGOs in the field such as the International Federation of Organic Agriculture Movements (IFOAM), the Fairtrade Labelling Organizations International (FLO), Social Accountability International (SAI) for the SA-8000 standard and the Sustainable Agriculture Network/Rainforest Alliance.

These organizations, along with a number of other NGOs are largely responsible for the development of most voluntary social and environmental standards. Governments have since become involved in some of them, notably in organic agriculture and its regulation, but the majority of the programmes are driven by the agriculture sector itself, propelled by the expansion of certified products from niche to mainstream markets over the past 19 years. In fact, major supermarket chains now carry organic products in developed countries, and many of them also carry fair-trade products in Europe. Another example of the rise of voluntary certification is the fact that the leading three banana multinationals have in place some certification programmes in their plantations.

This rising interest in voluntary certification is reflected by the fact that sales of certified products have been growing rapidly in the last decade. In several developed countries, annual growth rates of 20 percent or more in volume were observed for many consecutive years. For some products, such as organic bananas, growth rates of close to 100 percent were reported in the late 1990s. While this high growth is over now, it is still faster than that of conventional food sales. For fair-trade labelled products, sales volumes are still growing at 10 to 25 percent per year in some markets, albeit from a low base. It can therefore be expected that the share of certified products in the overall food market will continue to rise.

However, there are some challenges ahead for the future expansion of environmental and social certification:

- Despite healthy growth rates, the market for certified foods is still very small, (especially in developing countries). While it is not uncommon for domestic products to reach market shares of 3 to 5 percent, the shares of labelled certified tropical products (i.e. organic and fair-trade together) are typically one to two percent of the total North American and European markets. This ranges from 0.8 percent in the coffee market to some 2 percent for bananas and fresh citrus.
- Part of the reason for the small size of the market lies in usually high price differences with conventional products. This price gap is partly due to the lack of economies of scale and inefficiencies in the marketing chain.
- Consumers are confronted with a growing number of certification seals and product labels. They are not always aware of what the labels actually mean and guarantee, and whether these claims are credible. As a result, only a relatively small share of shoppers is ready to pay a higher price for certified foods.
- The requirements, costs and controls imposed by certification organizations may be too big a burden for farmers, especially the smaller ones, who often lack the knowledge and resources to meet these requirements and costs.
- Finally, the monitoring of standard implementation is made complex by the fact that some criteria are difficult to verify, in particular social issues such as labour rights. This in turn may further increase the cost of certification.

This report addresses the above challenges. It first presents the current market for certified foods, followed by an analysis of the benefits and constraints of voluntary certification through a review of case studies. Several standard-setting and certification NGOs then explain how they help farmers meet their standards. The paper goes on to review the results

of the Social Accountability in Sustainable Agriculture project. Recommendations for increased collaboration between certification programmes are examined. Next, the report summarizes discussions on methods to expand the market for certified products, notably through partnerships among the actors of the supply chain. In particular, the potential contributions of retailers, consumer associations and citizen groups is explored.

