

PRIVATE STANDARDS IN THE UNITED STATES AND EUROPEAN UNION MARKETS FOR FRUIT AND VEGETABLES

Implications for developing countries



As far as known to the author, the information provided in this report is correct at the time of writing (September 2005). However, legislation changes, standards are regularly reviewed, new research is published and activities of organizations evolve. The author may also have missed or misinterpreted essential information. In addition, much of existing rules and legislation are presented here in very short descriptions, missing out on many details. For full and up-to-date information on legislation, rules, standards and inspection/certification systems, readers should consult the appropriate official information sources.

The conclusions given in this report are considered appropriate at the time of its preparation. They may be modified in the light of further knowledge gained at subsequent stages.

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List of acronyms

(When not specified in the full name, the country/region in which the organization is active or the organization that uses the acronym is indicated between brackets.)

ACBs	Accredited Certification Bodies (IFOAM)
ACC	Agri Chain Competence Centre (Netherlands)
ACP	African, Caribbean and Pacific Group of States
AFNOR	Association Française de Normalisation (France)
AGA	Animal Production and Health Division (FAO)
AGD	Agriculture Department (FAO)
AGOA	African Growth and Opportunity Act (United States)
AIB	American Institute of Baking
ANAB	ANSI-ASQ National Accreditation Board (United States)
ANSI	American National Standards Institute
APEC	Asia-Pacific Economic Cooperation
APHIS/PPQ	Animal and Plant Health Inspection Service/Plant Protection and Quarantine (United States)
ASEAN	Association of Southeast Asian Nations
ATCWG	Agricultural Technical Cooperation Working Group (APEC)
AUSAid	Australian Government Overseas Aid Program
BCSF	Business Coalition for more Sustainable Food
BRC	British Retail Consortium
BSE	Bovine Spongiform Encephalopathy
CAC	Codex Alimentarius Commission
CADEX	Cámara de Exportadores de Santa Cruz (Bolivia)
CARICOM	Caribbean Community
CBI	Centre for the Promotion of Imports from Developing Countries
CCFAC	Codex Committee on Food Additives and Contaminants
CCPR	Codex Committee on Pesticide Residues
CEN	European Committee for Standardization
CIAA	Confederation of the Food and Drink Industries of the European Union
CID	Commercial Item Description (United States)
CIMS	Centro de Inteligencia de Mercados Sostenibles (Latin America)
CIO	Consorzio Interregionale Ortofrutticoli (Italy)
CIPMA	Centro de Investigación y Planificación del Medio Ambiente (Chile)
CLUSA	Cooperative League of the USA
CN	Combined Nomenclature
CNCA	Certification and Accreditation Administration (China)
COAE	Center of Organic Agriculture in Egypt
COAG	Committee on Agriculture (FAO)
CoL	Cost of sustainable Living (FLO)
COLEACP	Europe/Africa-Caribbean-Pacific Liaison Committee
COMESA	Common Market for Eastern and Southern Africa
ComSec	Commonwealth Secretariat
CoP	Cost of sustainable Production (FLO)
CPMA	Canadian Produce Marketing Association
CSD	Commission on Sustainable Development (United Nations)
CTE	Committee on Trade and Environment (WTO)

CTF	Consultative Task Force on Environmental Requirements and Market (UNCTAD)	Access
DAR	Deutscher Akkreditierungsrat (German Accreditation Council)	
DECRG	Development Economics Research Group (World Bank)	
DFID	Department for International Development (United Kingdom)	
DGCCRF	Direction Générale de la Concurrence, de la Consommation et de la Répression des fraudes (Directorate of Competition, Consumption and Repression of Fraud) (France)	
DGD	Decision Guidance Document (FAO/UNEP Rotterdam Convention)	
DIN	Deutsches Institut für Normung	
DTIS	Diagnostic Trade Integration Studies (Integrated Framework Trust Fund)	
EAN	European Article Numbering	
EAN	European Article Numbering	
ECA	Trade HubEast and Central African Trade Hub	
ECE	United Nations Economic Commission for Europe	
ECL Space	Ethical Certification and Labeling Space	
ECOWAS	Economic Community of West African States	
EDPs	Export Development Programmes (CBI)	
EEC	European Economic Community	
EFSA	European Food Safety Authority	
EFTA	European Free Trade Association	
EFSIS	European Food Safety Inspection Service	
EGE Program	Economic Globalization and the Environment Program (Pacific Institute)	
EISFOM	European Information System for Organic Markets	
EPA	Environmental Protection Agency (United States)	
EPE	European Partners for the Environment	
EPPO	European and Mediterranean Plant Protection Organization	
ERS	Economic Research Service (USDA)	
ESAE	Agricultural Sector in Economic Development Service (FAO)	
ESCB	Basic Foodstuffs Service (FAO)	
ETI	Ethical Trading Initiative	
EU	European Union	
EUDN	European Development Research Network	
EUREP	Euro-Retailer Produce Working Group	
FACB	Freedom of Association and Collective Bargaining (ILO)	
FANR	Food, Agriculture and Natural Resources Department (SADC)	
FAO	Food and Agriculture Organization of the United Nations	
FCD	Fédération des entreprises du Commerce et de la Distribution (France)	
FDA	Food and Drug Administration (United States)	
FDF	Food and Drink Federation (United Kingdom)	
FIBL	Forschungsinstitut für biologischen Landbau (Research Institute of Organic Agriculture) (Germany and Switzerland)	
FLO	Fairtrade Labelling Organizations International	
FMI	Food Marketing Institute (United States)	
FNOP	FAO/Norway Programme	
FPEAK	Fresh Produce Exporters Association of Kenya	
FSC	Forest Stewardship Council	
GAP	Good Agricultural Practice	
GATT	General Agreement on Tariffs and Trade (WTO)	
GFSI	Global Food Safety Initiative	
GHP	Good Hygiene Practices	
GMO	Genetically Modified Organism	
GMP	Good Manufacturing Practice (FAO, FDA and others)	

GRI	Global Reporting Initiative
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
HACCP	Hazard Analysis and Critical Control Point (System)
HDE	Hauptverband des Deutschen Einzelhandels
HHS	Health and Human Services (United States)
IAAS	International Association of Agricultural Students
IADB	Inter-American Development Bank
IAEA	International Atomic Energy Agency
IAF	International Accreditation Forum
IAMA	International Food and Agribusiness Management Association
IAPSO	International Agency for Procurement and Services
IATRC	International Agricultural Trade Research Consortium
IBCE	Instituto Boliviano de Comercio Exterior
IBS	IFOAM Basic Standards
ICC	International Chamber of Commerce
ICCO	Interchurch Organization for Development Cooperation (Netherlands)
ICFTU	International Confederation of Free Trade Unions
IDRC	International Development Research Centre
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
IFPA	International Fresh-cut Produce Association
IFS	International Food Standard
IGPN	International Green Purchasing Network
IICA	Inter-American Institute for Cooperation on Agriculture
IIED	International Institute for Environment and Development
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund
INAC	International Nutrition and Agriculture Certification (Turkey)
INNI	International NGO Network on ISO
IOAS	International Organic Accreditation Service
IPPC	International Plant Protection Convention
ISEALAlliance	International Social and Environmental Accreditation and Labelling Alliance
ISO	International Organization for Standardization
ISPMs	International Standards for Phytosanitary Measures (IPPC)
ITC	International Trade Centre
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations
JECFA	Joint FAO/WHO Expert Committee on Food Additives
JMPR	Joint FAO/WHO Meeting on Pesticide Residues
KIT	Koninklijk Instituut voor de Tropen (Royal Tropical Institute) (Netherlands)
LDCs	Least developed countries
MERCOSUR	Southern Common Market (Argentina, Brazil, Paraguay and Uruguay)
MFN	Most-Favoured Nation (WTO)
NCBA	National Cooperative Business Association (United States)
NGO	Non-governmental Organization
NOP	National Organic Program (United States)
NPIRS	National Pesticide Information Retrieval System (United States)
NPPO	National Plant Protection Organization (United States)
NTAE	Non-Traditional Agricultural Exports
OECD	Organisation for Economic Co-operation and Development

OFGF	Organic Farming and Green Food (UNESCAP)
OHSAS	Occupation Health and Safety Assessment Series
OIE	World Organisation for Animal Health
PACA	Perishable Agricultural Commodities Act (United States)
PAIA	Priority Area for Inter-disciplinary Action (FAO)
PAN	Pesticides Action Network
PIC Procedure	Prior Informed Consent Procedure
PMA	Produce Marketing Association (United States)
PMO	Produce Marketing Organization (EurepGAP)
POP	Persistent Organic Pollutant
PPMs	Process and Production Methods (WTO)
RAFI	Rural Advancement Foundation International (United States)
RIMISP	International Farming Systems Research Methodology Network (Chile)
SADC	Southern African Development Community
SADCA	Southern African Development Community Accreditation
SAI	Social Accountability International
SAN	Sustainable Agriculture Network
SARD	Sustainable Agriculture and Rural Development (United Nations)
SCS	Scientific Certification Services (United States)
SDRN	Environment and Natural Resources Service (FAO)
SIPPO	Swiss Import Promotion Programme
SNV	SNV Netherlands Development Organisation
SPS measures	Sanitary and Phytosanitary measures
SQAM	Standardization, Quality Assurance, Accreditation and Metrology (ITC)
SQF Program	Safe Quality Food (Program)
STDF	Standards and Trade Development Facility (WTO, World Bank, WHC, OIE and FAO)
STIC	Sustainable Trade and Innovation Centre
TBT	technical barriers to trade
TRADE	Trade for African Development and Enterprise (USAID)
TRIPS	Trade-Related Aspects of Intellectual Property Rights (WTO)
UEMOA	nion Économique et Monétaire Ouest Africaine
UFFVA	United Fresh Fruit and Vegetable Association (United States)
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UN-DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIDO	United Nations Industrial Development Organization
UNSPSC	United Nations Standard Products and Services Code (UNDP)
UPC	Universal Product Code
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WATH	West African Trade Hub
WB	World Bank
WCO	World Customs Organization
WFSO	World Food Safety Organisation
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
WWF	World Wide Fund for Nature

GLOSSARY OF BASIC CONCEPTS USED IN THIS REPORT

Accreditation

The evaluation and formal recognition of a certification programme by an authoritative body.

Audit

A systematic and functionally independent examination to determine whether activities and related results comply with planned objectives. For the certification programmes discussed in this report this normally means an on-site visit to verify that the production process and/or products comply with the relevant standards. Audit is also used by buyers to mean visits to their suppliers to verify that products are produced according to product specifications and procedures as stipulated in contracts.

Auditor

The person appointed to undertake the audit.

Auditing body

The body performing the auditing part of certification. Where a certification body performs its own audits, the certification body is also the auditing body.

Certification

A procedure by which a third party gives written assurance that a product, process or service is in conformity with certain standards. (ISO Guide 2, 1996).

Certification body

An organization performing certification. Sometimes referred to as the certifier or the certification agency. A certification body may oversee certification activities carried out on its behalf by other bodies. Standard owners may set requirements that certification bodies have to fulfil before they are allowed to certify against that standard.

Conformity assessment

Any activity concerned with determining directly or indirectly that relevant requirements are fulfilled. Typical examples of conformity assessment activities are sampling, testing and inspection; evaluation, verification and assurance of conformity (supplier's declaration, certification); registration, accreditation and approval as well as their combinations. (ISO Guide 2, 12.2).

Control, control body

Terms commonly used by the trade when referring to audit and auditing body.

Equivalence

When two different standards and/or conformity assessment systems achieve the same objective, lead to the same result.

Inspection, inspector and inspection body

See: audit, auditor, auditing body.

Label

Distinctive logo or statement that indicates that a product has been produced in compliance with a standard or that provides information on certain product characteristics. Labels are intended to make provision for informed decisions of purchasers.

Brand label

Logo that indicates the brand name of the product.

Private label

Term used in the trade to indicate that retailers sell products under their own name. Also called retailer branded products.

Certification label

Label to indicate that the product or the producing company has been certified against a certain standard.

Ecolabel

Label to indicate conformity to certain environmental standards. It is often used to mean lifecycle ecolabels that are granted by schemes that assess environmental impact of products on a lifecycle basis (production, consumption and waste disposal). In this publication, to avoid confusion, labels to indicate adherence to other types of environmental standards are called environmental labels.

Nutrition labels

Labels that contain information on the nutritional value of products.

Product specifications

Specifications used in contractual agreements between suppliers and buyers. Reference may be made to standards.

Regulations

Mandatory standards and rules that are set and enforced by governmental organizations. Such regulations may refer to standards set by other organizations.

Standards

Documented agreements containing technical specifications or other precise criteria to be used consistently as rules, guidelines or definitions, to ensure that materials, products, processes and services are fit for their purpose. (ISO Guide 2, 1996).

Corporate standards

For the purpose of this report: Standards set by business, usually by industry associations. (A document specifying requirements of a single company is normally not considered to be a standard. However, in the case of multinationals with many subsidiaries and suppliers, the distinction is less clear cut.).

Environmental standards

Standards for materials, products and production processes to ensure that negative impacts on the environment are minimal or kept within certain limits.

Food safety standards

Standards for food production, processing, handling and distribution to ensure that food will not cause harm to the consumer when it is prepared and/or eaten according to its intended use.

Labour standards

Standards for working conditions to ensure workers' rights are respected

Organic standards

Standards for production and processing of organic agriculture products.

Private standards

Standards set by the private sector. For the purpose of this report this includes both corporate and non-profit NGO standards.

Social standards

Can be used to mean labour standards, but can also include standards on other social aspects of organizations and production facilities, such as the relation with neighbouring communities or minimum incomes for farmers.

Introduction

Over the past 20 years the number of standards and certification programmes for agricultural production has grown rapidly. Producers who want to export are confronted not only by a plethora of import regulations, but also within import countries by different niche markets for which specific requirements have to be fulfilled. While the adoption of voluntary standards may grant export opportunities to farmers, they can also be considered barriers to entry for those who cannot apply them either because they are too onerous or because of the lack of knowledge about their requirements. In fact, some producers and exporters increasingly regard private standards as non-tariff barriers to trade. New and more stringent standards are being developed year after year, and there is an urgent need to determine today, and in the future, the extent to which these govern world trade.

This report gives an overview of standards and certification programmes relevant for fruit and vegetable producers and exporters in developing countries with a focus on the markets of the United States and the European Union. In addition, it gives an overview of current analytical work on standards and trade, reviews major assistance programmes related to standards and provides recommendations for further research.

The concepts of standards and certification

One of the main objectives of standardization is that all companies in a given economic sector adhere to the same standards, i.e. the same procedures or product specifications. This may ease logistical procedures, facilitate trade, prevent consumer deception and improve quality. However, improvements in quality is not an automatic result of standardization. This will only be achieved when the advocated standard is a “high” standard, i.e. the requirements are an improvement in relation to common practice.

The International Organization for Standardization (ISO), defines standards as “... documented agreements containing technical specifications or other precise criteria to be used consistently as rules, guidelines or definitions to ensure that materials, products, processes and services are fit for their purpose.”

From this definition it becomes clear that standards are not only used for standardization, but also as guidelines i.e. for capacity building. Agricultural standards usually do not have the purpose of standardization per se, but are developed to improve food safety, food quality or environmental and social sustainability in various farming and agrotrade systems.

A product standard is a set of criteria that products must meet. A process standard is a set of criteria for the production process. Most private standards discussed in this paper are process standards. Management system standards are a type of process standards that set criteria for management procedures, for example for documentation or for monitoring and evaluation procedures. They do not set criteria for the performance of the management system.

Setting international standards has proven to be difficult due to the variety of circumstances that exist around the world. This is especially true for agricultural practices, which have to respond to differences in climate, soils and ecosystems and are an integral part of cultural diversity. In response to this diversity, international standards are often generic standards to be used by local standard-setting organizations or certification bodies to formulate more specific standards.

Certification is a procedure by which a third party gives written assurance that a product, process or service is in conformity with certain standards (ISO Guide 2, 1996).

Certification can be seen as a form of communication along the supply chain. The certificate demonstrates to the buyer that the supplier complies with certain standards, which might be more convincing than if the supplier itself provided the assurance.

The organization performing the certification is called a certification body or certifier. The certification body may do the actual inspection or audit, or contract this out to an auditor (inspector) or auditing (inspection) body. The certification decision, i.e. the granting of the written assurance or “certificate”, is based on the inspection report, possibly complemented by other information.

The system of rules, procedures and management for carrying out certification, including the standard against which a company is being certified, is called the certification programme. One certification body may execute several different certification programmes.

Certification is by definition done by a third party which does not have a direct interest in the economic relationship between the supplier and buyer. Certification is different from second-party verification, where a buyer verifies whether the supplier adheres to a requirement.

It is important to note that third-party verification does not automatically guarantee impartiality or absence of conflicts of interest. For example, the standard may have been set by any party, e.g. by the producer or by the buyer, in which case their interests are likely to be reflected in the standard. When a standard setting body certifies against its standard, a conflict of interests may also arise. The standard-setting body may want to see high implementation rates of its standard, or have a bias against certain types of producers or processors for ideological reasons, which may influence certification decisions. Finally, certification is a services industry and certification bodies compete for clients. They fear that they might lose clients if they are too strict in the interpretation of the standard.

To ensure that the certification bodies have the capacity to carry out certification programmes, they are evaluated and accredited by an authoritative institution. Certification bodies may have to be accredited by a governmental or parastatal institute, which evaluates compliance with guidelines for the operation of such bodies set by, for example, ISO, the European Union or some other entity. In addition, standard setting bodies may accredit certification bodies for the scope of their particular standard.

A certification label is a label or symbol indicating that compliance with a standard has been verified. The use of the label is usually controlled by the standard-setting body. While the certificate is a form of communication between the seller and the buyer, the label is a form of communication with the end consumer.

Standards and trade

Much has been written about the globalization and concentration that has taken place in the retailing industry for the last 20 years and is still developing. One of the consequences of retailers’ increasing bargaining power is that they can impose higher requirements onto their suppliers. These requirements not only include price and product specifications, but also apply to production, processing and transport. Some technical standards, such as those for bar-coding, have been initiated by retailers to improve logistical processes. Other requirements have been included after pressure from civil society action groups. These relate mostly to the way the products are produced (e.g. no child labour). A third “driver” of standard development has been a tightening regulatory environment, such as increased levels of liability for food companies in relation to food safety aspects. Finally, competition on quality provides another incentive to adopt “high” standards.

Many retailers have their own specifications that are communicated solely to their suppliers and of which the outer world has little knowledge. For certain categories of standards, notably related to food safety, retailers and other buyers may implement standards as a group and require third party auditing and certificates.

Voluntary environmental and social standards are mostly advocated by non-governmental organizations (NGOs) and implemented by the private sector. Verification of compliance with these standards is usually done through third party auditing and certification.

This proliferation of standards and accompanying certification systems has implications for export opportunities of developing country producers of fruits and vegetables. Standards affect areas that are of concern to many governments, such as food safety, the environment, labour conditions and market opportunities.

Contents of this report

The first part of this document provides an overview of current international agreements, national regulations and private standards governing trade in fruits and vegetables. It sets the ground for the analysis of the influence of standards on market opportunities for developing country producers and exporters of fruits and vegetables. It also provides insights into the degree of interaction between international agreements, governmental regulations and private standards. The overview starts with the international framework in which standards are set, and in subsequent chapters it reviews: general import and quality requirements; phytosanitary measures; food safety standards; sustainable agriculture standards and Good Agricultural Practices (GAP); environmental standards; organic standards; and labour and social standards.

Part Two lists a body of analytical studies by various academics and other experts on standards and trade, with a focus on the implications for fruit and vegetable exports from developing countries. The overview includes: studies on the impact of governmental regulations and private standards on trade; case studies; studies of the fruit and vegetable supply chain; studies on the economics of labelling and on markets for labelled products; discussions on standard setting and the design of conformity assessment programmes; studies on the relations between private standards and (inter)governmental standards; and discussions on policy options and technical assistance. The conclusion of Part Two highlights the areas where further research is needed.

Part Three provides a non-exhaustive overview of operational initiatives by international organizations, bilateral agencies and NGO networks that address constraints and opportunities for fruit and vegetable exports from developing countries arising from private standards.

Finally, Part Four discusses the main findings of the various chapters, draws conclusions and provides suggestions for follow-up research.

Previous work on private standards and certification, Trade and Markets Division¹

The Trade and Markets Division (EST) of FAO, has been working on issues related to environmental and social certification, and monitoring markets for certified products since 1999. EST organized an international symposium in April 2004 with the participation of 120 representatives from NGOs, the private sector and intergovernmental institutions. The participants discussed voluntary standards and certification initiatives, including how these may benefit poor farmers, plantation workers, rural communities and society as a whole.

The report² of the meeting concludes that compliance with environmental and social standards results in an improvement of managerial and technical capabilities of farmers. Compliance also leads to a more rational use of inputs and may reduce pollution. For example, organic agriculture has beneficial impacts on soil, water resources and biodiversity. The adoption of standards may be a means to reduce poverty in rural communities and to ensure food security, as certification enables farmers from developing countries, especially small farmers, to enter the markets of developed countries where certified products may obtain a price premium. However, there are costs involved in implementing standards and obtaining certification, and these costs are generally borne by producers instead of being evenly distributed along the supply chain.

Standards intended to increase the safety of produced food were not discussed at the meeting. Effective food safety standards will be to the benefit of consumers, although they may increase production costs. Research has found that food safety issues a priori need not worsen agricultural export potential in developing countries. However, the re-organization of the export supply chain, mostly induced by retailer consortia in developed markets, is likely to have a significant impact on markets.³

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² Liu P., Andersen M., Pazderka C. 2004. Voluntary standards and certification for environmentally and socially responsible agricultural production and trade. FAO Commodities and Trade Technical paper 5.

³ See for example Achterbosch, T. and van Tongeren, F. 2002. Food safety measures and developing countries: Literature overview; Agricultural Economics Research Institute, The Netherlands