

HIGHLIGHTS



Meeting food safety standards: Implications for ACP agricultural exports

Brussels Development Briefing no. 11

Brussels, 11th May 2009

On 11th May 2009, CTA and other partners convened the 11th 'Brussels Development Briefing' - part of a series of bimonthly Development Briefings on ACP-EU rural development issues. Around 110 participants gathered in Brussels to discuss the food safety standards and their implication for ACP countries.

Meeting Food Safety Standards: Implications for ACP agricultural exports. This Briefing reviewed the product standards and technical regulations important in the promotion of economic growth and the protection of the health and safety of consumers. It also examined the challenges posed by rising private and public SPS standards for ACP suppliers. Exchanges were held on the lessons to be drawn from capacity-building programmes so as to better respond to the needs of the ACP private and public sectors and the need to involve ACP countries in international standard-setting and negotiations over standards and regulations.

This Briefing was a joint initiative of CTA, European Commission (DG DEVCO), the ACP Secretariat and ACP Group of Ambassadors, CONCORD and various media.

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Delegates at the food safety standards Briefing no. 11

Introducing the 11th Briefing, Mr. Michael Scannell (Health and Consumers Directorate General, European Commission) highlighted that this meeting was a welcome opportunity. He noted that high food safety and animal health standards contribute to overall development and to public health. As the world's largest trader of food and agricultural products, the EC's priority is to ensure that trade occurs in safe conditions and therefore the EC is committed to work with international standard-setting bodies and with developing countries in order to ensure higher levels of standards in international trade. It also invests large amounts of resources in technical assistance programmes in order to ensure that international trade takes place under safe conditions.

Mr. Guy Stinglhamber (Director of the PIP/COLEACP) recalled that for fresh food and vegetables there is a clear distinction between regulatory requirements and private voluntary standards. He recognised the EC's concern for protection of its consumers but argued against a eurocentric rush of certification and in favour of listening to the concerns

and desires of small producers. More work still needs to be done as new private standards are emerging as a result of ethical trade and environmental concerns, which shouldn't exclude ACP countries.

Dr Hansjörg Neun, Director of CTA, highlighted the need for a cross-sectoral perspective to the issue of food safety standards, looking at the challenges and opportunities to make them happen. The topic of food safety and food standards is of special relevance to the economic sector of ACP countries and to the ACP producers and exporters to the European market. It is important to understand and discuss the various types of standards applied to ACP exports and the issue of the proliferation of private standards which seems to be a concern for ACP exporters, in order to see how these could become opportunities. Another important issue is the support required by ACP producers and exporters for compliance and certification. CTA uses information and communication tools as a way to disseminate best practices and will be able to assist in the part relevant to information and communication.



Mr. Andrew Graffham



Mr. Jacky Le Gosles

Meeting food safety standards: challenges for ACP

Andrew Graffham from the Natural Resources Institute in the United Kingdom, recalled that the degree of the impacts of food safety and agricultural standards on ACP exports depends on the commodity and type of standard being applied. Livestock products imply the highest level of risk to human and animal health and consequently face the highest level of public regulation of international trade. For most ACP countries, export of livestock products to high value markets such as the EU is almost impossible to achieve. This is due to the very high level of public and private sector investment required and the extreme level of difficulty in demonstrating compliance with requirements such as those for disease free areas. Excellent national systems must be in place and in many cases the necessary control systems must operate at regional level, as with the case of Namibia and Angola. Requirements for export of fresh fruits and vegetables are easier to meet. All exports must comply with the minimum standards established under the WTO SPS agreement which links to international standards for human, animal and plant health developed by Codex, OIE and IPPC respectively. In practice, ACP exports of fruit and vegetables to the EU must meet the requirements set under the EU harmonised regulatory framework for SPS measures. These are relatively straightforward and

cause relatively few problems for many ACP countries. However, over the last 15 years new requirements have appeared in the form of private voluntary standards which normally go well beyond public regulatory requirements such as environmental sustainability, animal welfare, health and safety and social issues. These standards are not transparent and often fail to provide a voice for developing country stakeholders since compliance criteria may not be based on scientific evidence but can instead reflect the buyers' perception of risk. For fruit and vegetable production GLOBALGAP (formerly EurepGAP) has become the dominant standard for good agricultural practice making the choice quite simple. However, some growers have to comply with one or more retailer specific standards in addition to GLOBALGAP. For processing facilities different markets may require different standards to cover the same management systems. This creates unnecessary additional costs and loss of time by creating dual systems and multiple audits. Efforts are being made towards mutual recognition of different standards through benchmarking schemes, such as those operated by the Global Food Safety Initiative, but recognition is still buyer dependent.

Jacky Le Gosles, (Health and Consumers Directorate General, European Commission), stressed that EU SPS requirements respect the WTO SPS agreement principles as they are either based on international standard setting

bodies' recommendations or codes when they exist, or they respond to the EU's expected level of protection of the consumer health that is based on scientific assessments. In addition, the precautionary principle can apply when serious scientific uncertainties exist. The same level of protection of consumer health is required both for food produced in the EU and imported into the EU: the new food hygiene legislation (2002/2004) clearly includes the notion of equivalence, meaning that the same level of protection can be achieved by different means than those required by the EU legislation, once this equivalence has been recognised by the importing country (i.e. the EU) on the basis of the exporting country's information and guarantee. One of the main EU food safety principles is that the entire food production chain must be under control regarding general hygiene rules and specific relevant hazards, first by the Food Business Operator and secondly by the Competent Authority (CA) which has to ensure that food safety requirements are adequately implemented, properly controlled and enforced. This principle also applies to third countries aiming to export to the EU, meaning that the recognition of the CA's performance in delivering official controls on food is the cornerstone of the EU system. Regarding Food of Animal Origin, due to the risks of introduction of some contagious animal diseases via such products, import requirements can encompass

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Mr. Robson de Moura Fernandes



Ms. Morag Webb

animal health guarantees on top of food safety guarantees. Risks of exposure of the consumer to food contaminated either by environmental contaminants or pesticides or residues of veterinary drugs are more and more worrying and thus a residue monitoring plan for veterinary drugs is required for third countries' food of animal origin exports to the EU. Relevant pesticides and environmental contaminant monitoring programmes could be required by the legislation for certain commodities. This implies that for FAO, a third country must be listed on the list of third countries authorised to export to the EU, listed as well on the "residue monitoring programme" list, and that the CA must send to the EU the list of establishments/vessels providing guarantees at least equivalent to those required by the EU legislation. A specific certificate accompanying the consignment is required, encompassing all legal requirements and signed by the CA. In general a third country can only be listed further to a Food and Veterinary Office (FVO) inspection mission report with favourable outcomes. Finally, each consignment covered by an export health certificate is controlled in Border Inspection Posts by officials from Member States. A documentary, identity and physical check is carried out. In order to develop a better knowledge of the EU animal health and food safety requirements, a programme of training (Better Training for Safer

Food) is now in place. It also aimed to a mutual understanding of the specific situations of third countries, especially developing countries.

Mr. Robson Fernandes from the WTO Agriculture and Commodities Division presented the chronology of discussions on private standards in the WTO SPS Committee, which started with an ACP country raising concerns over private standards. These discussions aim at better understanding the nature and coverage of private standards and their implications for international trade. In terms of market access, private standards can sometimes go beyond official requirements and international standards, therefore becoming de facto market access requirements. Moreover the multiplication of different schemes and their lack of equivalence make compliance to various buyers' standards difficult. In terms of development, private standards are associated with high costs which have a greater impact on small growers.

In terms of the WTO legislation and of the principles of the SPS Agreement, it is unsure whether private standards respect them (by having a scientific basis of measures, transparency, etc.) He concluded by mentioning the establishment of an ad hoc group of 21 members who responded to a questionnaire identifying the effects of specific private standards. The responses will be summarised in a report, to be circulated to the SPS Committee in June 2009, which will then be

followed by an analytical report proposing possible actions to be taken by the WTO SPS Committee.

Morag Webb, expert at the COLEACP/PIP presented her views on the implications of standard compliance for ACP horticultural producers and exporters. She argued the need for managing the risk and cost of adapting to retailers' food safety standards across the entire supply chain, "from feed to fork". She claimed that retailers use standards as a means to improve their attractiveness compared to their competitors, but ACP producers are faced with disproportionate challenges compared to their European counterparts. She summarised the findings of a survey conducted by PIP of horticultural export companies in 10 Eastern and Western African countries. Anglophone countries witnessed the greatest expansion in demand for certification, and were experiencing the biggest difficulties. Smallholder certification is expensive and there are very few smallholder growers certified despite substantial donor support. However, apart from Kenya and Ghana, smallholders continue to supply foreign retailers, which could be due to the influence from donor projects, the lack of enforcement of retailer policies and difficulties of switching suppliers. The survey showed that buyer requirements, in particular Private Voluntary Standards (PVS) created both obstacles and opportunities to market access for ACP suppliers. Morag Webb insisted on the need for flexibility for PVS to



Mr. Steve Homer



Mr. Michael Scannell

be adapted to local conditions, and for them to expand into new domains which were previously the domain of NGOs and governments.

Steve Homer from BIOS Partners, an organisation advising private sector actors on how to implement new standards, presented the trends in European agri- food standards. By providing a top-down view on standards, and notably that of retailers, consumers and importers/exporters, he highlighted the need for private standards to be transparent, reflect good governance and technical integrity, if they are to have an impact on rural development.). He gave examples of how NGOs and newspapers campaigned for particular regulation, thus illustrating that regulation is everywhere albeit in very different forms. Drivers behind new regulation are linked to public opinion but develop faster than most standards. Drivers such as organic, social, fair trade, sustainability, etc. come and go, and the niche standards behind such drivers remain only a short period of time in the spotlight. This can harm small farmers whose efforts to comply become outdated by the time they have adapted to the new standards. Increasingly private standards are becoming “combination standards”, i.e. they include a multitude of criteria (environmental, social, ethical, etc.) beyond what mandatory standards represent, and are not necessarily science-based. Private companies have the choice of legal compliance (enabling them access to wholesale markets with a generic brand product); market

compliance (enabling companies to operate in a differentiated market) or to demonstrate they have a niche standards which reflects public opinion. We can expect the emergence of sustainability and carbon neutral criteria to become niche standards in the near future. Increasingly combination standards are important for retailers going forward when they consider their brand position. Steve Homer concluded by stating that standard cycles only last for about three years and the way forward for ACO countries should be to focus on the opportunity of sustainability and low carbon criteria, as well as retailers’ demand for market differentiation, rather than getting stuck on food safety and GlobalGap criteria.

Debate

Representatives from farmers’ organisations highlighted the economic impact of stricter food standards for small-scale farmers, as a result of additional costs for compliance which are being passed onto small producers rather than consumers. There is a need for a change of paradigm from cheap food to affordable food, which would consider farmers to a business level and allow them to prosper like other members of the value chain. There was also emphasis put on the need to provide more ownership to small farmers and to allow farming to become a valuable and economically viable activity, through capacity-building and training. The lack of

transparency of private standards, which are imposed by large retailers are contradictory to the fight against poverty. The WTO was accused of hypocrisy by allowing some of its members’ supermarkets to develop these private standards which were not scientifically-based or negotiated. There was recognition of a need for standards, but which should be agreed and not changed as often, to allow small producers to invest and comply with them. The WTO highlighted that international norms, in accordance with the SPS Agreement needed to be scientifically justified and were democratically agreed by governments. There was further criticism of private standards as being anti-trade in the sense that EU farmers were being highly subsidised to comply with stricter standards, thus creating an uneven playing field with farmers from developing countries, who not only faced unfair competition but also suffered from a loss of income by complying to new standards. The WTO representative called upon members to engage in the Doha negotiations in order to reduce subsidies to European farmers, and limit the unfair competition for farmers from developing countries

Learning from experience: challenges ahead on standard-setting and compliance

Michael Scannell presented the EU Trade-related SPS capacity building

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Dr. Stephen Mbithi Mwikya

support and the EU's experience on regional integration and harmonisation of SPS frameworks. For him, there is a common perception that "rules" are barriers to trade in food and agricultural products. This is seriously mistaken. Rules are not only desirable but are essential if trade is to take place safely and under safe conditions. Within the EU there is fierce competition between producers in Member States. What is unique is how the integration of European markets has allowed this competition to take place under safe, fair and competitive conditions. This has led to very significant trade, employment and efficiency gains for the EU and its Member States.

The rationale for increased integration in the area of standards for food and agricultural products in Europe is evident: (i) Member States could not in isolation expect to control and eradicate major animal and foodborne diseases without the co-operation of neighbouring countries; (ii) trade could not be expected to take place unless it was safe; (iii) the benefits of increased competition in terms of lower prices, greater choice and more efficient production also required integrated markets.

The challenge was to turn the aspiration of greater integration into a reality. This was achieved by a combination of political ambition, a shared commitment to concrete action to achieve targets and the investment of resources

in improved disease surveillance, control and eradication measures. A regulatory framework overseen by the European Commission ensures that there is full and effective cooperation between Member States in respecting the rules of trade. It is clear that the system of integration in the EU cannot be replicated overnight in other regions of the world. Nonetheless, there are clear lessons to be learned from the European experience.

- Rules are essential, but they also have to be well-designed. This includes the need to be proportionate, science-based and non-discriminatory.
- Safety cannot be subordinated to trade interests. Safeguards are necessary to ensure that consumer interests are protected and that markets are not distorted by uneven application of safety standards. In the EU this includes full transparency and independent risk assessment by the European Food Safety Authority.
- Ambition, resources and determination are necessary to achieve targets. But the effort is worthwhile and pays a rich dividend.

Experiences from the private sector

Raising national and regional standards as to improve competitiveness: the role of private

sector, Dr Stephen Mbithi Mwikya, Fresh Produce Exporters Association of Kenya (FPEAK) gave an overview of what is being done in Africa, especially in Kenya, in the industry of fresh produce, which consists of fruit, vegetables and flowers. Normally exported goods from Africa are high value low bulk produce.

Significant countries in the export aspect are Morocco, Ghana, Ethiopia, Kenya and South Africa. Exports from Kenya and South Africa go beyond the one billion US dollar mark.

In Kenya, standard compliance is looked at as a marketing strength, explained Dr. Mbithi. He said that the reason for the expansion of the Kenyan market by about 15% to 20% over the last three years, sustaining the figures beyond the one billion US dollars, is due to their ability to comply with international standards. He claims that standards are a passport to international trade. Dr. Mbithi believes that there is a problem in the official control system of the public sector and in the private standards in the cost point of view.

He explains that in the Kenyan private sector, compliance is achieved because at farm level, large scale producers, the exporters, would ensure that the small scale producers are complying to the private standards. From the farm, the products go through the official control system for further inspection batch by batch by control agents. The case for fish is different. The official



Mr. Philip Borel



Mr. Steffen Kaeser

control system monitors right from the fisherman and the inspection on the beaches is done in conjunction between the Government and the private sector. Dr. Mbithi said that in Kenya they are keener about compliance than certification. He also explained the Kenyan GAP experience, where the Government requested that the standards of domestically consumed produce are of the same standards as the exported produce.

Philip Borel from Greenfields Uganda Ltd illustrated the experience of the Nile perch in Lake Victoria, whose processing and export has been the first non-traditional export industry in Uganda. It was established in the mid-eighties as a cottage fish processing industry. The first fish export was made in March 1989. The infrastructure design/status was inadequate and thus fish quality/safety requirements could not easily be met. Initially, no quality management systems were in place and the Competent Authority Inspectors were not trained. As a result of the above, there were quality related problems that led to EU Bans.

The establishments were asked to meet minimum EU requirements in order to export fish products to the EU market. Working towards harmonisation was a hurdle; it called for infrastructure improvement in terms of plant design / layout and implementation of the quality management systems like the Good Manufacturing

Practices (GMPs) and the HACCP system. There was urgent need for capacity building in terms of training the Competent Authority Inspectors on how to inspect and monitor establishments for compliance with EU and regulatory requirements and the establishment staff on how to develop, implement and maintain the quality management systems. This required for substantial funds. Appreciations go to organisations like CDE, UNIDO and USAID for funding projects that helped meet the minimum requirements to pass the EU inspections and to qualify for harmonization.

Dr. Medhat El Helepi from the African Union- Interafrican Bureau for Animal Resources presented the ACP countries' perspectives of their involvement in standard setting. Livestock development is viewed from three strategic angles: animal health, animal production, and trade of animal products. The participation of African Nations in Sanitary and Phytosanitary Standard-Setting Organisations (PAN- SPSO) focuses on the effective participation of African countries in the formulation of international SPS standards, in order to contribute to the reduction of poverty and enhanced food security in Africa through greater access of agricultural products from African countries to international markets. He highlighted some reasons explaining the lack of participation of ACP producers in standard setting. Consequences of

this include a lack of equity and of credibility of international standards as ACP concerns are not taken into account. There is little understanding of standards in ACP countries, thus leading to their inadequate implementation. He then suggested activities to help increase the participation of African nations.

Challenges with the development of compliance infrastructure

Steffen Kaeser, Industrial Development Officer at the Compliance Infrastructure Unit of the Trade Capacity Building Branch, UNIDO, discussed challenges of developing compliance infrastructures in developing countries and the conformity assessment infrastructure, which is one of the key contributions in facilitation of trade. He explained that the technical assistance provided aims to improve the conditions of the supply of products especially from LDCs where there are no exports or products cannot meet the standards set by the market.

According to Mr. Kaeser, UNIDO wants to improve the competitiveness of the productive capacity and supply capacity, ensure that products are conforming, thus work in conformity to better connect to the market. It aims to increase the productivity of enterprises and improve the environment for export

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by reducing the cost of exports and the cost of compliance. Mr. Kaeser said that UNIDO wants to work in partnership with other agencies and organisations such as ILAC, FAO, IAF and donors in relation to compliance around SPS and TBT such as WTO and STDF to achieve these objectives.

Mr. Kaeser reiterated UNIDO's desire to build up the compliance infrastructure to help the developing countries to better implement the TBT and SPS agreements which both make provision for technical assistance and present a favourable environment for trade development. He also expressed UNIDO's desire to work with the DG SANCO to set up the infrastructure and to better design technical assistance programmes. Moreover, he explained that UNIDO works on both national and regional levels and that it recognises the role of regional economics commissions as a facilitator for the building of compliance infrastructure. He also spoke of the laboratories facilities that they wish to set up and gave example of projects that they are undertaking such as the Ochratoxin and the UEMOA.

Debate

One of the biggest challenges faced by ACP farmers is the need to comply with not only the EU's non-negotiable standards but also with private standards which come on top of already high standards. There is an interest by ACP farmers' organisations to work with the EU to meet their standards but without necessarily having to comply with additional private standards. The EC representative clarified the point that standards were non-negotiable in terms of their result but countries were free to decide on the means to achieve the requirements. There is a capacity problem to meet all these standards and there is an urgent need for infrastructure to be put in place, even before capacity-building programmes. There is a lack of understanding of the role of the WTO in relation to private standards. Work is ongoing to decide whether the SPS Agreement should regulate private standards or not.

The CDE highlighted the strong potential of the private sector in addressing particular issues and working in association with other partners. These associations can

rapidly make progress by drawing upon economic resources and technical capabilities, and can provide the incentive for authorities to harmonise their standards.

Another point debated was the need for a clear distinction between health and phytosanitary standards, and quality standards which were subjective concerns and were marketing and commercial strategies.

There was an appeal for the additional cost of complying with food safety standards, to be built into the cost of the final product and passed onto consumers, rather than compensated by aid.

The EC justified its high standards as also serving ACP interests and reiterated its basic principle that all food on its markets must be safe, irrespective of origin. If the EC were to create a two-tier market where some products were safer than others, ACP exporters would lose out from less EU imports due to less demand from consumers.

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