



Institute of
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Private Standards in Global Agri-Food Chains

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Ethical Trading Initiative
Respect for workers worldwide



Premium Standards: product differentiation



Slow-growing chicken species
Free-range – animal welfare
Limited flock sizes
Environmentally friendly



Farmer prices
Community development
Poverty reduction Worker rights



Sustainably managed fisheries
Fisheries not depleted



Product Differentiation

- **Benefits:**
 - Add value and create new branding
 - Should increase prices paid by consumers
- **But for farmers?**
 - Do farmers receive additional benefits?
 - What costs are generated by the differentiation process?
 - Which farmers able to meet the requirements?

Baseline Standards

- Minimum standards – risk control
 - needed for access to certain market segments
- Frequently combine food safety, environment, and social principles
- National:
 - Red Tractor, Swedish Seal, Flandria
- International
 - GlobalGAP, SQF.....



GLOBALG.A.P.





Why private standards are growing

1. Successive food scares have led to greater regulatory stringency
 - Salmonella, BSE, dioxins and many more
2. Increasing obligations on food business operators: in EU and also in USA: food businesses held responsible for food safety
3. Leading food companies protect brands:
 - Controls along globalised agri-food value chains
 - Audit and certification one major option for achieving this



Problems for Small Farmers

- “thousands of farmers are losing access to the market due to the high costs associated with the implementation and monitoring of the standards”
costs of certification, new equipment, and
- Needs capacity to comply with complex controls
- “Nothing in the GlobalGAP system, however, addresses the sustainability of farmer livelihoods or minimum levels for farm gate prices” market
- Price premium, or just access?
- Marginalisation of small farmers?

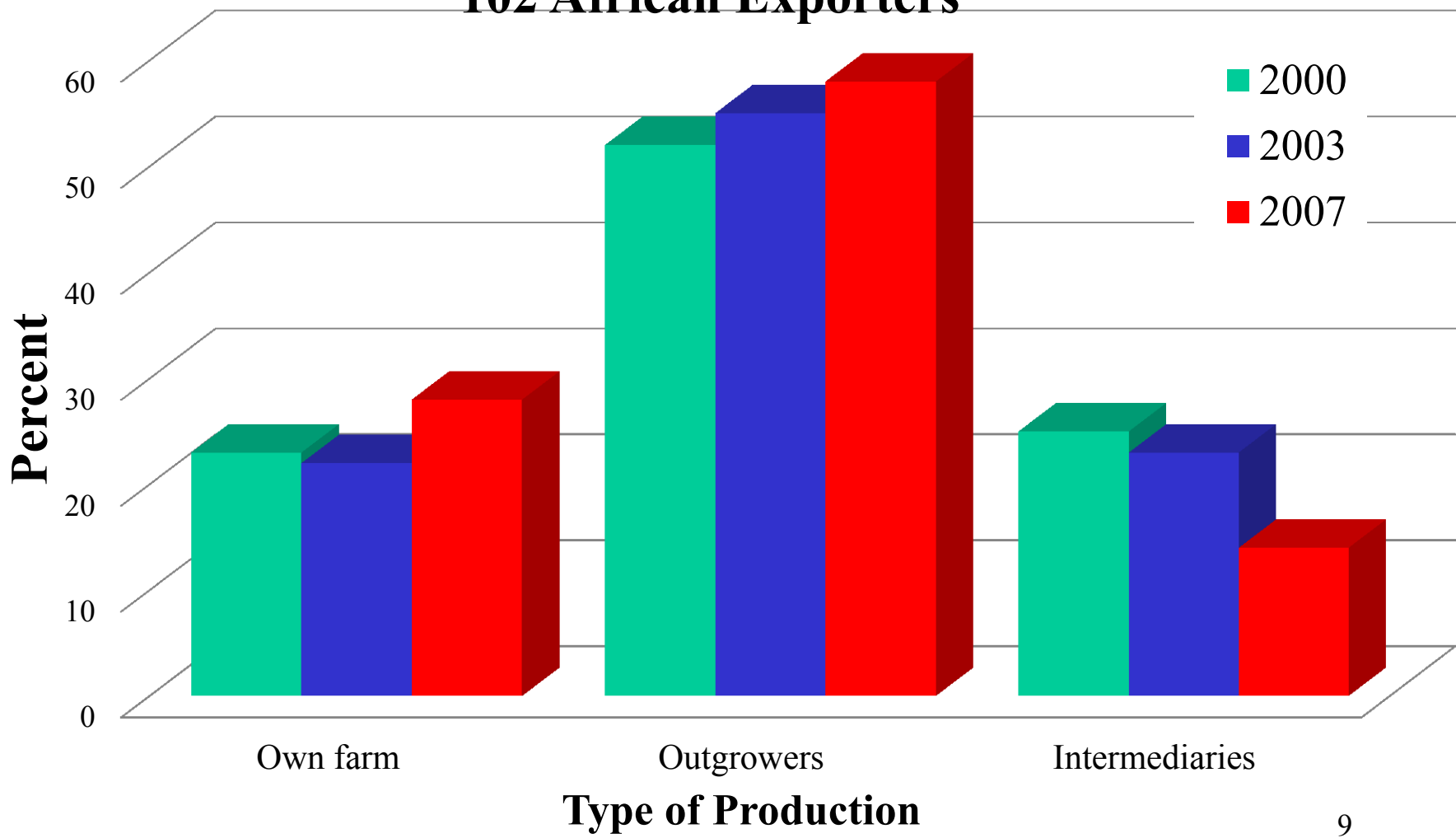


Exclusion...or not

- Exclusion only if large farm procurement possible
- Exclusion a result of the procurement model as a whole. Standards only one part
- Small farmers may be strategic asset:
 - Risk diversification
 - Securing long-term availability of supply
 - Small farmers part of many procurement models in Africa
- If small farmers needed, then:
 - Attractive conditions
 - Support for improved practices
- Many markets do not require conformance to baseline standards



Production of Fruit and Veg by Type of Farm: 102 African Exporters





Key messages

- Differentiate between product differentiation and risk management
- Baseline private standards driven by food safety concerns and public regulation
- Meeting the assurances on food safety required by buyers is a challenge:
 - Even without standards, this would be difficult
 - But exporters play a key role in meeting this challenge
- Exclusion of small farmers does occur in some situations, but not general