

Diffusion of Private Standards

A case of China G.A.P.

WTO Public Forum

Sep 28 2017

Lei Lei

IDE-JETRO

China

- ◆ Major agricultural producer and exporter
- ◆ Food safety scandal (poison rice, poison milk powder, Mc Donald, etc.)
- ◆ Agricultural exports: non-tariff measures including various product regulations and private standards

Ten countries with the most frequent agri-food import rejections and their import shares in 2013 (%)

Rank	Japan		Australia		EU		United States	
		Import share		Import share		Import share		Import share
1	China	14.3	China	6.4	China	4.6	Mexico	13.8
2	U.S.	24.3	India	1.7	Turkey	3.4	India	2.3
3	Vietnam	1.7	Japan	0.7	Iran	0.4	China	5.7
4	Thailand	5.8	U.S.	10.8	India	2.3	UK	2.3
5	Ghana	0.2	Italy	4.4	U.S.	8.1	Canada	17.5
6	Italy	1.3	Thailand	6.6	Brazil	12.2	Vietnam	1.8
7	Korea	2.7	Korea	0.7	Thailand	2.4	Dominican	0.4
8	India	1.5	Philippines	0.5	Vietnam	1.8	Thailand	3.8
9	Indonesia	1.8	Vietnam	2.8	Argentina	6.6	Indonesia	2.2
10	Ecuador	0.2	Malaysia	3.7	Egypt	0.6	Japan	0.8

Note: Ranking is according to total cases during 2006-2013 for Japan, 2003-2013 for Australia, 2002-2013 for the EU, and 2002-2013 for the United States

Source: UNIDO database and analysis, based on EU RASDD, US OASIS, AQIS, and Japanese MHLW data

Frequency of Detentions per Million Dollars of China's food and feed products in major markets

Source: UNIDO database and analysis, based on EU RASDD, US OASIS, AQIS, and Japanese MHLW data

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Australia		0.63	1.20	0.78	0.60	0.41	0.20	0.19	0.30	0.19	0.12	0.08	0.43
EU	0.07	0.05	0.05	0.05	0.04	0.05	0.06	0.04	0.05	0.04	0.04	0.04	0.05
Japan					0.05	0.05	0.03	0.04	0.03	0.02	0.02	0.02	0.03
U.S.	0.29	0.26	0.20	0.19	0.16	0.15	0.14	0.17	0.12	0.09	0.07	0.07	0.16

Reasons for Import Rejections of Agri-Food Products from China (%)

	Mycotoxins	Additive	Bacterial contamination	Veterinary drugs residues	Pesticide residues	Other contaminants	Heavy metal	Adulteration/missing document	Hygienic condition/controls	Others microbiological contaminants	Labeling	Packaging	Others
EU	26%	16%	3%	10%	8%	8%	3%	13%	4%	4%	1%	1%	4%
US	0%	20%	4%	7%	5%	4%	0%	12%	23%	NA	24%	NA	0%
JPN	8%	14%	29%	13%	21%	4%	0%	2%	5%	0%	0%	0%	5%
AUS	3%	1%	7%	3%	4%	3%	7%	6%	0%	0%	61%	NA	4%

Note: The recorded period is 2002-2013 for the EU and the United States, 2003-2013 for Australia and 2006-2010 for Japan. The number represents the share of rejection reasons in each market.

Source: UNIDO database and analysis, based on EU RASFF, US OASIS, AQIS, and Japanese MHLW data

Introduction of China G.A.P

- ◆ A government (SAC, CNCA) project that sets out public voluntary standards for the certification of the whole production process of primary agricultural production
- ◆ follows the fundamental principles of the FAO & refers to the relevant standards of GlobalGAP, combining China's own situation, national laws, and regulations
- ◆ Aim: improve food safety, environment protection, worker health and safety, animal welfare

Introduction of China G.A.P

- ◆ 2003 drafting
- ◆ 2005 approved and published
- ◆ 2005 signed a memorandum of understanding on technical cooperation
- ◆ 2006 implemented; signed benchmark comparison documents
- ◆ 2008 1st grade certification (GAP+) full recognition from GlobalGAP
- ◆ 2008 included aquaculture and tea
- ◆ 2009 GAP+ benchmarked to GlobalGAP
- ◆ 2016 continued signing the memorandum and kept the benchmarking
latest: GLOBALG.A.P. IFA V4.0 - ChinaGAP Version 2013



Introduction of China G.A.P

- ◆ Scope: crops, livestock, and aquaculture (processing, manufacturing or slaughtering is not included)
- ◆ Third-party certified by CNCA accredited CBs
 - currently 15 CBs, including CQC (china quality certification office)
- ◆ CBs operate follows rules made by CNCA, responsible for compiling contracts and checklists for the certification process
 - Annual audits + surprise audits

Introduction of China G.A.P

◆ Two grades of certification

- 1st grade GAP+ (benchmarked with GlobalGAP since 2009)
- 2nd grade GAP



*On non-retail packaging, promotional materials in business actives & On packaging of certified tea, F&V

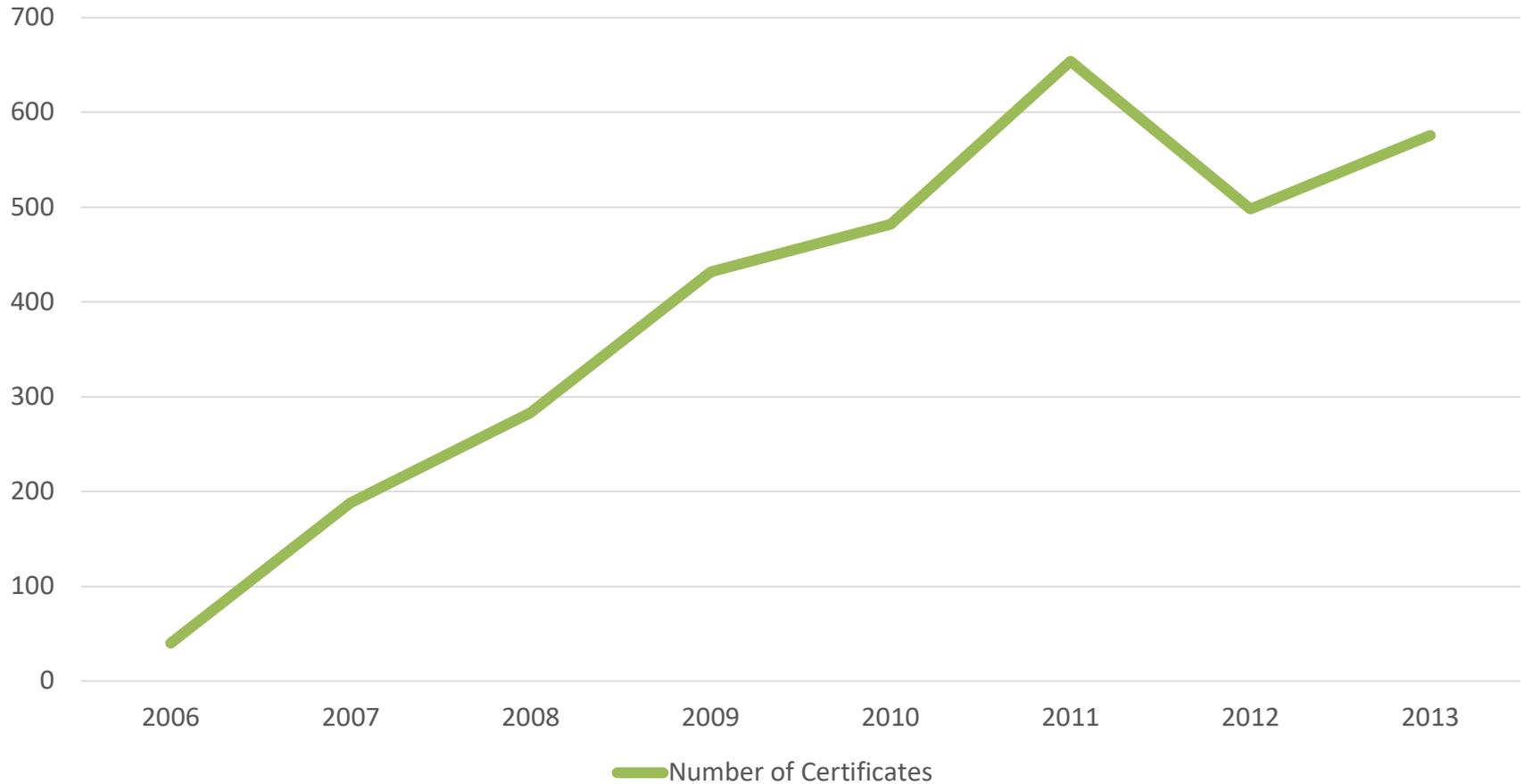


Adoption of China G.A.P.

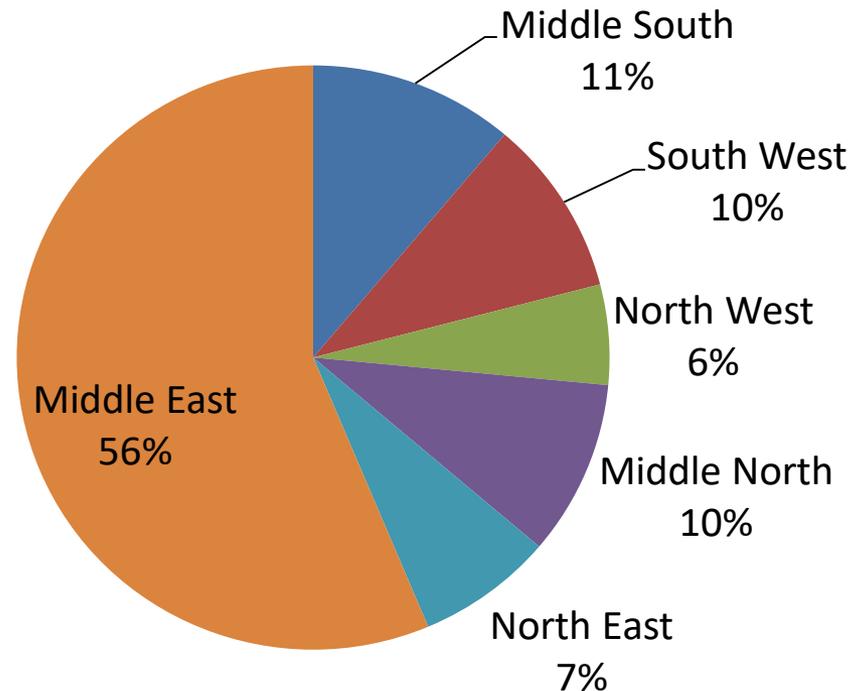
- 
- ◆ 2006 added to 11th five-year plan (2006-2011)
 - ◆ 2007 included to the No.1 central document for agriculture
 - ◆ 2007 pilot program (24 jurisdictions, 286 participants)
 - ◆ 2008 pilot program (24 jurisdictions, 236 participants)
Financial support and technical assistance
 - ◆ 2011 peak! most certificates issued
(later dropped due to the increasing certification cost)

Total Number

Number of ChinaGAP certificates



Regional distribution ratio of ChinaGAP certificates (average)



Products

Table 1. Proportions of certificates for different industries in years (%)

Year	Crop	Livestock	Aquaculture
2006	57.50	42.50	0.00
2007	92.22	6.67	1.11
2008	70.08	17.32	12.60
2009	73.06	17.48	9.47
2010	75.00	20.09	4.91
2011	72.24	20.71	7.06
2012	73.27	19.60	7.13
2013	72.82	22.65	4.53

Still in the early stage...

- ◆ Limited number of certificates
 - Lack of capacity of agricultural enterprises
 - Labor – education, sense
 - Low recognition rate from consumer and retailers
 - Not competitive in the international market
- ◆ Unbalanced regional diffusion of ChinaGAP
 - Unbalanced economic and social development in different regions
- ◆ Different diffusion rates in different industry

Adoption of China G.A.P.

- ◆ 2016 pilot county program
- ◆ 2017 new peak! about 800 certifications
- ◆ 2017 March pilot county were selected – 3 models
- ◆ 2017 April GFSI held conference in the Shannxi pilot county
- ◆ 2017 April adopted by Myanmar exporter – one belt one road
- ◆ 2017 State Council working plan on food safety - the three “same” plan

Long way to go...

- ◆ Limited recognition in domestic market
- ◆ Limited impact on promoting exports (the initial motivation)

To enter the advanced markets with higher margin, still long way to go.

Thank you!

Lei_lei@ide.go.jp

Sources

- ◆ http://www.cnca.gov.cn/xxgk/zxtz/2017/201703/t20170317_53871.shtml
- ◆ http://www.cnca.gov.cn/ywzl/rz/spncp/xwdt/201612/t20161215_53189.shtml
- ◆ http://www.cnca.gov.cn/xxgk/tpxw/201704/t20170428_54174.shtml
- ◆ http://www.gov.cn/zhengce/content/2017-04/14/content_5185702.htm
- ◆ <http://www.guojiguoshu.com/article/3219>
- ◆ http://www.mygfsi.com/files/Chinese_Translations/GFSI-China-Progress-Report-web0425.pdf
- ◆ http://society.yunnan.cn/html/2017-04/26/content_4803932.htm
- ◆ <http://silkroad.news.cn/2017/0712/39752.shtml>