

Some General Observations on the Country-case Studies

Sub-regional Workshop on Environmental Requirements, Market Access and Export Competitiveness for Horticultural Products ITD, Bangkok, 29 September to 1 October 2004
Presented by: Ulrich HOFFMANN, UNCTAD secretariat

Abstract

Some empirical information on importance and structure of horticultural exports

Some key issues for analyzing the effects of environmental requirements on trade and development

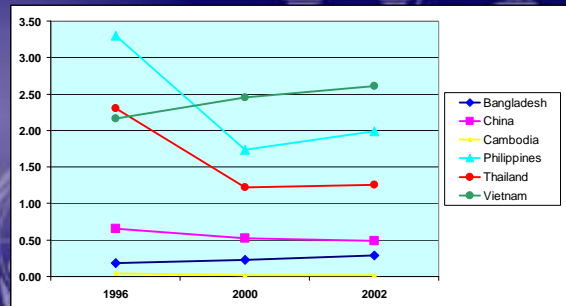
Key problems as identified in the country studies

Horticulture in the Limelight

- As the saying goes "Agriculture makes life possible; horticulture makes it worthwhile".
- The Thai Ministry of Public Health has designated 2004 as the "Year of Food Safety".

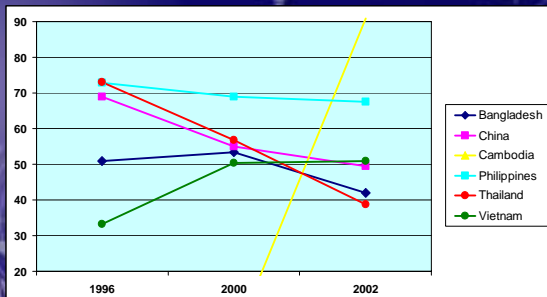
Importance of Horticultural Exports

Share of Horticultural Exports in Total Export Value



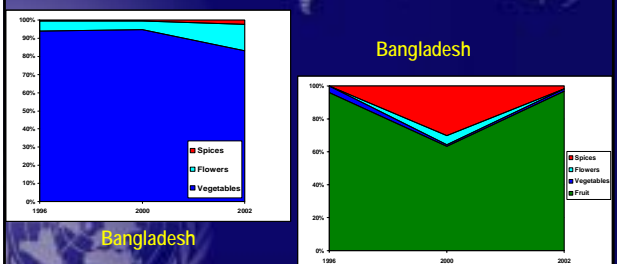
Importance of Key Export Markets

Share of EU-15, North America, Japan and Australia in Total Horticultural Export Value



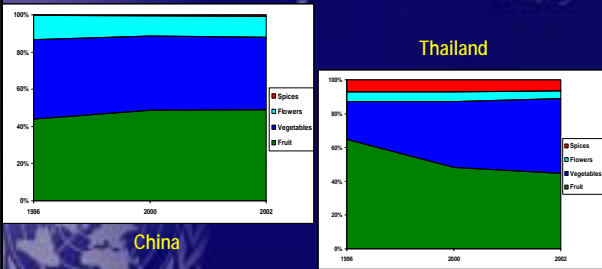
Product Group Composition of Export

Share of Fruits, Vegetables, Flowers and Spices in Total Export Value of Horticultural Products



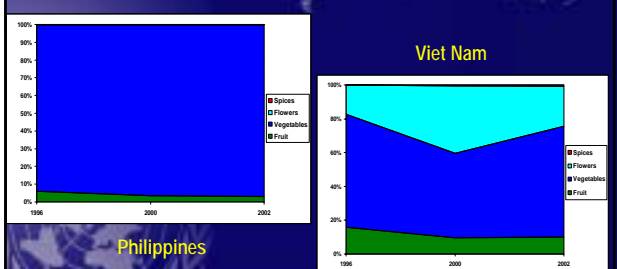
Trends in Environmental Requirements

Share of Fruits, Vegetables, Flowers and Spices in Total Export Value of Horticultural Products



Trends in Environmental Requirements

Share of Fruits, Vegetables, Flowers and Spices in Total Export Value of Horticultural Products



Some Key Factors Bearing on Demand for Horticultural Products in DMEs

- Demographic changes enhance safety and quality consciousness:
 - Fresh and freshly frozen products, rather than canned or dried food
 - increasing vegetarianism
 - enhanced appreciation of Asian vegetables
- Global importance of supermarkets and cut-throat competition among them:
 - Enhanced importance of globally managed supply chains
 - Internationally and also nationally, constantly high product quality is not remunerated by higher farm gate prices
- Documented safety of horticultural products is very high and drives high expectations: in three German country states over the last 10 years – less than 3% had problems, organic products 0.7%

Changes in Production Methods

- International retailers and crop solution industries have teamed up with primary producers globally in so-called strategic netchain alliances that include both horizontal and vertical modes of co-operation.
- Increasing importance of process standards, in addition to product performance requirements.
- The stringent product and process standards require technical competencies, technical support packages and new management methods.
- To assure constantly high product quality, quality management and traceability systems must be in place in the entire food chain
- Currently, there are two categories of suppliers that meet these criteria: large-scale producers, and network of outgrowers that are controlled in terms of inputs, outputs and farm practices.

Well-planned Adjustment Strategy

- Proper utilization of comparative advantage
- Improve market/marketing knowledge/intelligence
- R&D, including system of SMTQ
- Improvement of infrastructure
- Setting up local inspection sites
- Considering the establishment of regional accreditation bodies
- Providing micro credits for micro purchases
- Develop value added industries:
 - Organic markets
 - High value exotics (e.g. mushrooms)
 - Vegetables for baby food

Main Problems for Meeting ERs

- Infra-structural problems:
 - Poor post-harvest infrastructure
 - Lack of efficient internal transport
 - Shortage/Instability of energy supply
 - Limited air freight capacity
- Skill/Management-related problems:
 - No or little experience with EM practices
 - No or poor system of SMTQ
- Lack of good quality materials' input (seeds, agro-chemicals)
- Institutional infrastructure (education, R&D, extension)

National Benefits versus Costs

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Recent study by Cerrex Ltd. In the UK found that of 24 Regulations of EU on SPS-measures, three were most problematic for DCs:

- (i) General Principles and Requirements on Food Law (tracing obligation)
- (ii) Pesticide Regulation on MRLs
- (iii) New Hygiene Regulations (HACCP)

Benefits

- Health hazards (both for producers and consumers)
- Contamination of soil and water

Costs

- Operating costs were estimated at 2-10% of the value of exported produce (without initial costs of setting up systems)
- Cost effectiveness ???

Information Clearinghouses

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As requirements, in particular MRLs, frequently change – regular access to such info is of key importance:

Overview of regulation and standards:

www.cbi.nl/accessguide

Overview of technical parameters:

FAO's International Portal on Food Safety, Animal & Plant Health

www.ipfsaph.org

Horticulture Information Network (HORTINET) in the Ph

www.hortinet.pcarrd.dost.gov.ph

