

UNCTAD's International Trade Commission

Environmental Requirements and Market Access and Opportunities for Developing Countries

Geneva

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Global Trade in FFV

- Increasing global consumption of FFV
- Consumption of fruits per capita is on the rise in Asia - increasing affluence
Malaysia 1990 - 40kg per capita
2010 - 72kg per capita (estimate)
- World market for tropical FFV is growing especially in EU & USA
- Opportunities for Asian farmers

Importance of Agriculture in S.E.Asia

■ Dependence for livelihood

Thailand 56% of population employed in agriculture
Malaysia 13.4% of labour force
Vietnam 67% of population

■ Food Security

- Malaysia imports USD3.2 billion food products

■ Contributes to National Economy

Thailand agri-sector contributes 13% of GDP
Vietnam agriculture contributes 22% of GDP

Quality Requirements in FFV sector: What are the drivers?

- Food scares / food scandals
- Rise in food contamination cases
- Perceptions rather than risk e.g. bird flu
- Towards zero risk-avoidance rather than minimization
- Sophisticated testing methods-particularly for agro-chemical use

Current requirements in FFV quality

- Food Safety – not negotiable
- Environmental sound practices
- Social responsibility
- Product attributes – nutritional, appearance, taste, etc.

UNCTAD's Country case studies- Contents

- Analysis of FFV sector
- General awareness on Good Agricultural Practice (GAP)
- Strategy and progress of National GAP development efforts in each country
- Status of institutional support and capacity building requirements in National GAP development
- Local conditions that need to be factored in National GAP development
- Upgrading efforts required for National GAP to comply with EUREPGAP
- Identifying Capacity Building needs for small farmers
- Public-private initiatives that are being undertaken in South East Asian countries
- UNCTAD future efforts

FFV MARKET SEGMENTS

- **Rural community markets**
 - Adjacent to farms
- **Traditional wet markets**
 - Key driver is price
- **Cross border market (neighboring countries within Asia)**
 - National GAP codes
- **Export / Overseas market**
 - EU Food Law 178/2002 – food safety & traceability
 - Retailer requirements-credence values

Standards and market segments

- 'One size fits all' approach is not suitable
- Different market segments have different requirements
- The level of standards should be complementary with market segment requirements.

Problems with current adjustment approach

Reactive

- Quick-fix solution
- Inadequate institutional support
- Small farm needs are not catered
- Usually results in higher cost
- High risk of non-conformance
- Lack of capacity to correct non-conformances
- Short term -not sustainable

Country policy strategy

A Policy approach is needed

- Government must be involved
- Need to accommodate the small farmers
- Adequate institutional support
- Capacity building
- Recognition of current practices
- Step-wise approach is needed
- Appreciation of other country's experiences
- Progress to a global standard equivalence

Small Farmers

- Small farms are prevalent in South East Asia
- Majority grow for their own consumption and community
- Use traditional methods
 - considerable support for upgrading
- Require financial support for certification
 - improvements to structure and facilities
 - auditing
 - testing for residue analysis

Solutions for small farmers

- To help smallholders –they must be grouped through govt. initiatives- cluster concept?
- Efficient supply chain – reduce post harvest loss
- Traditional forms of production and market segment must be appropriately recognized in the National Code on GAP
- Step-wise progress to new requirements (standards)
 - two-tier standards
 - easier to progress to higher quality standards
 - gradual transition will help to identify weaknesses

GAP-catalytic effects

- Selection of high yielding planting materials
- Lower input of agro-chemicals thru' IPM-cost savings
- Correct and effective application of fertilizers – precision agriculture
- Improved health of workers
- Higher productivity

Suggested road-map for National GAP development



Trends in GAP development in South East Asia

- Proliferation of different standards e.g. SALM Scheme (Malaysia)
Q- mark (Thailand)
- Private donor initiatives - ASEAN GAP
 - objective unclear
 - continuity ?
- Confusion on the level of quality
- Barriers to trade

EUREPGAP

- Perceived in South East Asia to be a global standard
- Growing presence of EU retailers in S.E. Asia.
- Harmonized approach for retailers
- Permits benchmarking
- SALM scheme in Malaysia is closely referenced EUREPGAP
- China GAP; Japan GAP
- Adoption of EUREPGAP through benchmarking will promote South-South trade
- Brings about local accountability and international recognition
- Benefits of EUREPGAP benchmarking- "Think Global = Act local"

EUREPGAP-further considerations

- Must consider how to accommodate South East Asian government certification bodies
- Encourage membership from Asia
- Training programs are largely in Europe-expensive for participants from developing countries
- Must provide avenue for inputs from Asian countries
- Regional office in Asia ?

UNCTAD's Country Case Studies/Dialogue sessions: The Outcome

- Workshop & regional meetings in Bangkok, Hanoi and Manila in Year 2005
- Permitted analysis of the FFV sector in key East Asian countries.
- Identified market segments and their requirements
- National initiatives towards GAP
- Country case studies-cross country comparison of National experiences on a common agenda
 - Multi-stakeholder participation
 - across borders experiences of FFV sectors
 - identifies specific problems and challenges
 - provided inputs for national GAP development plans
- What can UNCTAD do as a second series of activities following the Country case studies?

UNCTAD's Country Case Studies/Dialogue sessions:
The Outcome

- Look into harmonization of protocols
- Classical pesticides used in tropical countries are not registered under EU regulations-need to address this
- Dialogue sessions - pooling exercise-able to also bring together FAO/GTZ/UNESCAP etc

Further roles for UNCTAD

- UNCTAD should continue the dialogue sessions
 - Monitor the progress and problems of national GAP initiatives
 - Give momentum to the initiatives
 - Continuous improvement
 - Promote cluster concept for small farms
- Plantations occupy largest area of land in South East Asia-millions of hectares e.g. oil palm, rubber, cocoa

Major concerns

- destruction of tropical forests
- loss of biodiversity
- loss of wildlife
- EUREPGAP code only encourages action
- Plantations developing new codes-RSPO
- UNCTAD could play a role in harmonizing RSPO, GAP codes and EUREPGAP
- UNCTAD could convene Regional Working Groups to address problems in interpretation of EUREPGAP elements

THANK YOU