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Costa Rica-GAP Case Study

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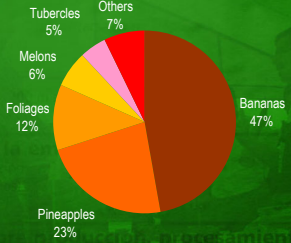
December 2005, Brazil

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Costa Rica agricultural products exports

FOB value for 2004



Source: Procomer, 2004

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Importance of the EU on Costa Rican exports

- 40% of total agricultural products exports were bought by the EU, in 2004
- The higher price paid is an important stimulus

EU's fresh produce from CR imports, 2004

Product	€ Million
Bananas	532
Pineapples	217
Plants, flowers & foliages	85
Melons	44

Source: Eurostat, 2005

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Grower profile

Bananas

- 42 000 ha
- Mostly located on the Atlantic Coast
- Mainly medium size producers: 150- 250 ha
- Chiquita, Dole and Del Monte are the main exporters = high quality standards

Pineapples

- Big producers: 3000-7000 ha (4), medium size producers: 100-250 ha (small group), small producers: 2-5 ha (biggest and with highest growth group)
- Big producers are also independent exporters
- Del Monte important producer and exporter, 4 independent exporters
- Was a very profitable activity = high growth

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Grower Profile (cont.)

Melons

- About 30 producers in the country
- 10 producers with 1000 – 1500 ha, 20 with 5-10 ha
- 90% of exports made by Del Monte
- 30% exported to the EU

Roots and tubercles

- A group of permanent producers (many now producing pineapples), the largest number are occasional producers
- Exporters are persistent producers
- About 40% of the land cultivated is rented (occasional producers)
- Big growers: 30-50 ha, small growers: 2-3 ha

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Grower Profile (cont.)

Foliages

- Very market oriented and specialized in terms of demands
- Average size of 30-50 ha
- Small producers (2-3 ha), of importance for completing orders
- It is a long term-relationship business

Current situation

- High influence of trans-national companies in elevating quality standards and market demands (including Eurep-GAP)
- Big companies are already Eurep-GAP certified, even when the importer doesn't ask for it
- Costa Rica: focused on quality for international markets. National normative not developed
- Previous experience with implementation and group certifications

CNP-CNAА Experience

- The National Production Counsel (CNP): governmental institution that works on promoting agricultural production and guards the sector's interests
- National Chamber of Agriculture and Agro industry: sector group that represents the affiliated members and guards their interests
- Together, established a joint program to guide 100 companies on the implementation of the Eurep-GAP standards
- The joint venture was interrupted because of disagreements on the money management

Current situation (cont.)

- Certification costs
 - US\$ 3 000 (group) – \$5 000
 - Different programs offer different services
- Implementation costs
 - Depends on the internal capacity of the company
 - US\$ 12 000 for the complete implementation process
- Certification companies currently available
 - Ecológica (national), SKAL, SGS, LATU y Primus Labs
- There is no national standard as a point to begin from

Current Situation (cont.)

- National seal with international recognition initiative (1999)
- Considered APHIS, HACCP, and eventually Eurep-GAP
- Not possible to continue because of political and budget reasons



Current situation (cont.)

- Isolated initiatives
 - CNAА: rupture of relationships with CNP, need to cover the counterpart
 - CNP: internal reform. Budget and basic equipments missing. Not well trusted
 - Universidad de Costa Rica (UCR). Focused on plants and foliage
 - PROCOMER: very early in the process, not sure if they will enter

Potential impact of a Costa Rica-GAP

- Great opportunity for small growers in getting certified and implementing GAP
- Taking advantage of the human resources available in capacitating and implementation
- Stimulus for the national implementation of GAP
- Opportunity for producers of products with a low individual economic impact

Extension service

- Critical for small growers
- Personnel with the required knowledge and experience with implementation (CNP, UCR)
- Very low budget available and a limited scope
- Governmental institutions lack of credibility among producers and producer groups

Considerations for small producers

- Lower capacity of internal implementation due to lack of knowledge
- Lower learning process
- Culture not used in record keeping
- Very low capacity of investing on equipment and facilities required
- Some requirements not appropriate to their situation:
 - For example: a separate toilet for men and for women on cultivation systems of 2-5 ha

Discussion

- The biggest benefit for producers is in the implementation of GAP, and not the certification itself
 - Producers certified for a period longer than three years and have never used it
 - GAP benefits the consumer (local and foreign) and the producer (economically and environmentally)
- High certification cost and the payback not as expected
- Personnel with knowledge and experience in implementation of GAP, but with insufficient budget, nor the credibility required

Discussion (cont.)

- Other certifications oriented to processing and anti-terrorism.
- A combination would be a good option for the producer
- Eurep-GAP can be the core on the field part of the production chain, other standards continue with the process

Proposal

- Implementation of GAP and other standards on a fused way
 - More internal control
 - The consumer would be take advantage of
 - Social, environmental and economic benefits
- Uses the technical support and experience available
- Gives the possibility of getting the certification that the market requires quickly

Role of international organizations

- Political pressure to ensure budgets are assigned for the implementation of GAP and other international standards
- Financing for an initiative that would integrate the most important international standards
- Mediator so that the available and unorganized initiatives can work together



Thank You

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