

Workshop

Sub-regional Stakeholder Consultation on Issues in Benchmarking National Codes on Good Agricultural Practice for Horticultural Products to EurepGAP

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**Chile's experience on implementing a national GAP benchmarked to EurepGAP**

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**Outline**

1. Chilean Agrofood Sector
2. Features of the Challenges Agrofood Policy
3. FAO Study Advances (nov. 2005)
4. ChileGAP Standards Experience
5. Future Challenges for Chilean Agriculture in the GAP context.

**1. Chilean Agrofood Sector**

- The agrofood sector is facing a historic moment.
- Today it constitutes the country's second largest export.

	2003	2004
<b>Copper</b>	7,720	14.344
<b>Food stuffs</b>	5.976	7,111
<b>Forest products</b>	2.524	3.363
<b>Other</b>	4.826	6.642

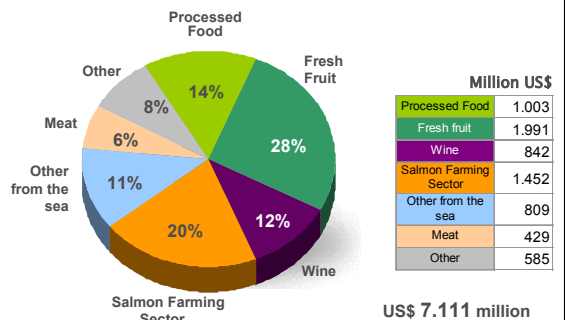
Millions of US\$

Source: ODEPA, Banco Central y Chilealimentos (2005)

- The agrofood sector provides 17% of the country's job and 23% of its exports.\*
- It exists in every region of Chile.
- Over 4,000 companies.
- The market encompasses more than 120 countries on the five continents.

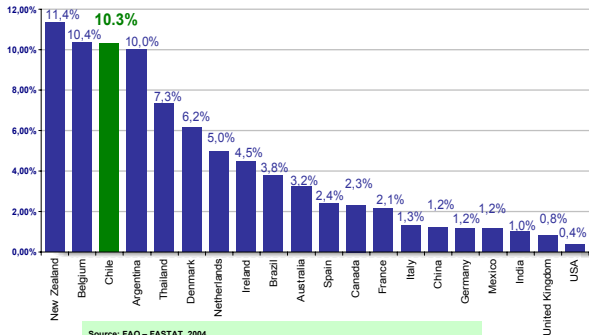
Fuente: Banco Central, SOFOFA Chilealimentos  
\* Employment in 2003 and Export projected to 2004

**Subsector participation in the Chilean Food Industry**



Source: ODEPA (2004), Banco Central (2004), Gremios y Chilealimentos (2004)

## Food Exports = 10% of the GNP



## Chile holds the 17<sup>th</sup> place ranking in world food exports

Nº	País	2004*
1º	Estados Unidos	39,667
2º	Francia	28,147
3º	Bélgica	23,519
4º	Alemania	20,512
5º	Holanda	20,269
6º	Canadá	18,190
7º	China	17,219
8º	España	15,379
9º	Italia	14,582
10º	Australia	12,998
11º	Inglaterra	12,861
12º	Brasil	11,307
13º	Dinamarca	9,972
14º	Tailandia	9,480
15º	México	8,960
16º	Argentina	8,428
<b>17º Chile</b>	<b>7,111</b>	
18º	Nueva Zelanda	6,328
19º	Irlanda	5,860
20º	India	5,466

Million of US\$

Source: FAO - FASTAT, 2004  
Considering the 20 major food exporting countries

## The projections are encouraging

Nº	Country	2010 *
1º	Bélgica	52,532
2º	Estados Unidos	36,898
3º	Francia	23,765
4º	Canadá	22,294
5º	Alemania	20,771
6º	China	19,948
7º	Holanda	19,509
8º	España	18,152
<b>9º Chile</b>	<b>17,170</b>	
10º	Italia	16,145
11º	Brasil	15,495
12º	Australia	13,437
13º	México	11,202
14º	Inglaterra	10,112
15º	Dinamarca	9,981
16º	Tailandia	8,995
17º	Argentina	8,208
18º	Nueva Zelanda	7,315
19º	India	5,934
20º	Irlanda	4,653

Million of US\$

Source: Projections of Chilealimentos (2004)  
based on annual average rate of increase from 2000 to 2004

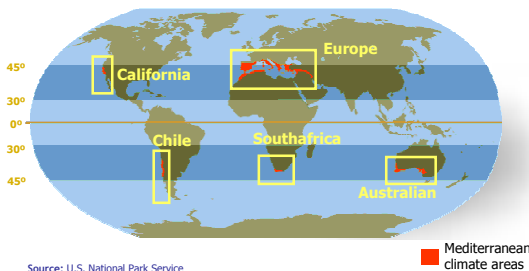
## Chile

### is a privileged country

## Geographic Advantages

### 1. Mediterranean Climate

- Between 30° and 45° latitude
- On western side of the continent
- Wet winters and dry summers



## Geographic Advantages

### 2. "Ecological Island"

Natural isolation from plagues and disease

- North: The Atacama Desert
- South: Antarctic
- East: Andes Mountains
- West: Pacific Ocean

They constitute a natural barrier to the plagues and diseases that have caused devastation in other countries.

## Acquired Advantages

### Free Trade Agreements:

- Chile interacts with the largest world economics, which together unite 75% of the world trade



### Stability of public and private institutions:

- Chile is the country of least risk in Latin America



### Entrepreneurial commitment:

- Integrated view of the food system
- Clear market orientation
- Business vocation



## 2. Features of the Chilean Agrofood Policy

**“A clean, high quality agriculture”**

## Chilean Agrofood Policy Emphasis

### Process Standardization

- ⇒ Uniformity of production criteria (GAP, GMP)

### Product Differentiation

- ⇒ Development of attributes based on product specifications (high quality products, organic products, official seals of quality)

### Guaranteed Process and product quality

- ⇒ Use of internationally recommended standards to guaranteed quality (HACCP, ISO 9000)

## Development Strategy

- Market diversification (more products for more markets)
- Search for new nichemarkets (premium)
- Working together with public/private sectors
- Transfer of standards of quality (from importing countries)
- Design of new programs to encourage quality

## Evolution of Export Market for Chilean Fruit Products

	<u>1980</u>	<u>2004</u>
• Number of countries	• 30	70
• Number of species	• 35	75
• Value (US\$ mill.)	• 168	2.000

Source: Chilean Fresh Fruit Producers Federation, 2005

## Market distribution of Fruit Products (%)

USA / CANADA	38,49
EUROPE	25,08
LATINAMERICA	24,86
FAR EAST	7,30
MIDDLE EAST	4,27

Source: Ministry of Agriculture, 2004

### 3. FAO Study Advances (nov. 2005)

**"Study on capacity building and investment needed to comply with EUREPGAP standards in FFV sector in Chile"**

#### Main Objectiv

To collect and analyse primary and secondary information on the institutional arrangement, capacity building and investment required to comply with EUREPGAP standards in Chile.

#### Specific Objectives

To describe the degree of implementation of EUREPGAP in the Chilean Agricultural Sector.

To estimate the cost of implementing EUREPGAP based on case studies.

To analyse the capacity building and organizational structures needed to comply with GAP in the Chilean Fresh Fruit Sector.

#### Methodological Aspects

- Review of available information
- Documentation of the case study through interviews with farmers and the focus group.
- Discussion with relevant stakeholders  
(Exporters, Public Authorities, Private Consultants, Governmental Sector, Extension Agents, Fresh Fruit Producers Association, Academic Sector)
- Analysis of the information

#### Preliminary Results

##### General Information

- 1.000 EUREPGAP certified farmers at the national level (Nov. 2005)
- 25.000 EUREPGAP certified hectares
- 40% of the exportable volume of the Chilean fruit and horticultural products are certified under GAP regulations  
(among others: EUREPGAP, ChileGAP, U.S.GAP, Nature's Choice)
- 6 international GAP certification entities operating in Chile
- Over 150 consulting and training companies supporting the EUREPGAP implementation process at the national level.
- Chile has a national regulatory framework that is compatible with the EUREPGAP requirements (food safety and working conditions)

#### Preliminary Results

##### Regulatory and Institutional Aspects

GAP National Commission existing since 2001 (Public and Private Institutions).

Creation of GAP general regulations for a group of 16 fruit and horticultural products.

Specially designed government programs for the implementation of GAP in the livestock and agricultural sector.

United Ministries of Employment, Agriculture, and Economy for the development of the GAP.

Implementation of clean production agreements including GAP in the fruit and horticulture sectors.

#### Preliminary Results

##### Implementation and Training Costs

- The GAP implementation costs represent between 15 % and 30% of the total annual costs.
- The GAP maintenance costs represent between 5% and 10% of the annual direct costs.
- These percentages depend on the initial condition of the farming establishment and the level of training of the workers.
- The Chilean government's annual budget for programs supporting the GAP implementation is approximately US\$ 12 million.
- Small farmers receive technical assistance and loans for GAP implementation.

## 4. ChileGAP Standards Experience

**ChileGAP®**

ChileGAP Standards Experience

### What is ChileGAP® ?

- ChileGAP is a GAP certification program implemented by the Fundación para el Desarrollo Frutícola (FDF) (Fruitgrowing Development Foundation) mandated by the Chilean fruit exporting industry.
- Developed to answer consumers, retailers and importers concerns in terms of Food Safety and GAP for the Chilean Fresh Produce.
- ChileGAP® has been organized based on three basic estates:  
Directive Committee  
Technical Committee  
Executive Secretariat



ChileGAP Standards Experience

### Main Characteristics:

- The most successful program in terms of harmonization of GAP and Food Safety programs, recognized for both the European and North American markets.
- Fully equivalent to EUREPGAP®
- Recognized by Davis Fresh Technologies – U.S.GAP standard.
- The main Chilean exporting companies have opted for certification with ChileGAP



ChileGAP Standards Experience

### Implementation

1. Farmers and exporting companies receive technical assistance, training and supervision during the implementation process.
2. An audit is done at the end of the implementation process
3. The ChileGAP standard is certified by independent accredited certification bodies that have received accreditation ISO Guide 65/ EN 45011.
4. The ChileGAP program meets all traceability requirements for fresh produce:
  - Information requirements for Food Safety
  - Farming records audited for production management
  - Record maintenance and traceability from every stage of the primary production



## 5. Future Challenges for Chilean Agriculture in the GAP context

- To encourage the use of GAP programs at the level of the largest agroindustrial chains.
- To increase knowledge related to GAP among the extension agents.
- To design new developmental instruments for the implementation of GAP with an organizational focus.
- To incorporate small farmers into the GAP programs.

**Thank you for your kind attention**

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