

REPORT ON SUSTAINABILITY IN AGRI-FOOD VALUE CHAINS.

CASE STUDIES FROM THE MEDITERRANEAN REGIONS & THE MIDDLE EAST.

CASE STUDY: FOOD STANDARDS

Mirela: Hello Izabela! In this recording we will focus on food standards which have become increasingly important in global agri-food chains. They operate on different scales and are developed by states and international organisations, but also by private actors in the value chain.

Please tell us what exactly food standards are, and how do they operate?

Izabela: *Thanks Mirela, sure. So food standards are sets of criteria that food products must meet in order to be sold, and criteria can relate to safety, quality or sustainability. Standards can be public or private, and in many agri-food value chains, public regulations and private standards operate simultaneously, but are generally enforced in different ways.*

Different types of standards include: public mandatory standards, public voluntary standards, legally-mandated private standards and voluntary standards.

Public mandatory standards are what we might more commonly refer to as 'regulations'. These can be enforced through criminal and/or administrative action by regulatory authorities.

Public voluntary standards are standards created by public bodies but whose adoption is voluntary, or 'optional laws'. An example of this is the French Government's 'Label Rouge' food, which has a product quality assurance standard.

Legally-mandated private standards are standards developed by the private sector which are then made mandatory by public bodies.

Voluntary private standards are standards developed and adopted by private bodies. These may be enforced by third party certification and auditing processes to demonstrate independence and credibility. Such voluntary private standards may include individual firm standards such as 'Shared Planet' by Starbucks, Collective

National Standards such as Assured Food Standards, that's the red tractor label in the UK, for food safety and quality, and Collective International Standards, such as GlobalGAP, the Marine Stewardship Council and Rainforest Alliance.

Private adopters of standards, such as supermarket chains, can compel compliance with standards by encouraging other private entities to implement these standards, such as food processors and agricultural producers they are sourcing from. Through the market power of the initial adopters, standards can become de facto mandatory for producers and processors to access important markets.

Not all standards are 'top down' and driven by government or powerful retailers: producer groups and organisations develop standards 'from below' to differentiate products based on particular production systems, for example for organic production, high animal welfare, or if they are produced in particular regions.

Mirela: Great. In our case study we choose three examples of standards which are very different from each other: the Global GAP for fresh fruit and vegetable, the Fair Trade standard, the protected designation of origin and the EU organic certification. Could you please tell us more about these food standards? What are the most important issues that agricultural producers should be aware of?

Izabela: *GlobalGAP is a private standard that promotes good agricultural practices on imports of fresh fruits and vegetables. This is known as an "in-chain standard" and that is not intended to be communicated to the consumer via product labels. Research has found that across countries, GDP per capita is shown to be positively correlated with the number of GlobalGAP certificates that have been issued. Smaller countries are less likely to have any certified farms. Certification is highly influenced by previous trade relations, and farmers' participation in organisational innovation has been found to be negatively affected by poor quality national institutions. While GlobalGap is promoted as a strong sustainability standard, the environmental benefits from GlobalGAP have been considered rather modest to date, with really more focus on food safety.*

We also examine Fair Trade certification in the context of Palestinian Extra-Virgin Olive Oil. According to Fairtrade UK, "Fairtrade means fairer pay and more power in

the hands of farmers, so that they can create change for all, from investing in climate friendly farming techniques and clean water for their community, to nurturing women leaders and making sure children get an education". Through our review of literature, we found that even if Palestinian olive oil meets international chemical and organoleptic tests for export, it is difficult for this oil to flow into foreign markets without fair trade accreditation. But through the use of fair trade accreditation, consumers abroad are made aware of the harsh conditions faced by Palestinian farmers and how these are being tackled through fair trade. In response to this challenge, there have been numerous initiatives to support farmers. Standards have been used to grow and add value to the Palestinian olive oil industry and make new distinctions for olive oil, organoleptic tasting practices, organic certifications, Denomination of Protected Origin and ethical consumerism through fair trade strategies that seek to connect producer and consumer. These practices are aimed at an international audience and consumers are encouraged to engage in the "taste of solidarity" with Palestinian farmers.

As you mentioned Mirela, in our case study we also examine Denomination of Protected Origin and European Union organic certification. Organic farming aims to produce food using natural substances and processes, encouraging the responsible use of energy and natural resources, biodiversity maintenance, enhancing soil fertility, maintaining water quality, and preserving regional ecological balances. The EU sets out rules and regulations governing the production, distribution, and marketing of organic products in the EU, and farmers should bear in mind that for trade of organic products with countries outside the EU, there are specific requirements depending on the countries of origin. Key principles in organic farming include the prohibited use of Genetically Modified Organisms and ionising radiation, and the limited use of artificial fertilisers, herbicides and pesticides. Organic food and feed products must be processed separately from non-organic products, and there are clear rules on labelling and regarding which products can use the EU organic logo, and specific limits to the substances, additives and processing aids for product processing.

In our case study, we reviewed research looking at the preferences of consumers from central-southern Italy in relation to extra olive oil consumption – and the extent to which protected designation of origin (PDO) and EU-organic certification influenced purchase intention and quality perception. The study found that people interviewed

prefer local olive oils and are positively influenced by PDO/organic certification, but price was not a decisive factor for purchasing choices.

Mirela: Thank you for this very detailed explanation. And now, the last question: do you think food standards can become a tool to promote sustainability in agriculture?

Izabela: *Thanks Mirela, this is a really good question. I think that food standards could be used as a tool to promote sustainability in agriculture, but research is needed to more fully understand the impacts of these standards. We found that a lot depends on the governance and institutional environment of the standards.*

The positive opportunities from the adoption of private agri-food standards are associated with product differentiation and added value to products, as firms can communicate product attributes to customers that set them apart from their competitors. Another important benefit of food standards is the prevention of safety risks in value chains in response to food crises such as salmonella, dioxins and BSE. Standards have emerged that improve the traceability of global value chains, which is critical for identifying the sources of food safety risks, developing appropriate responses and securing consumer trust.

For poorer countries, integration into global markets is considered to offer the potential for more rapid growth and poverty reduction. Private standards may act as catalysts of processes of upgrading in developing countries and competitive positioning in international markets. Studies have also found positive evidence of smallholder market integration through third-party certification in African countries.

However, there are concerns that retailer driven standards increase the inequality within countries, between farmers that are able to comply and those that are not. Although food standards have been promoted to secure market access, they may in fact create a new trade barrier for agricultural producers in developing and transition countries, excluding small farmers or farmers in developing countries from access to European and North American export markets, if they are unable to comply with standards. And of course, this may be particularly pronounced for countries without current trade relations. More critical perspectives consider that Western company-led standards are reproducing colonial food relations. Some studies argue that the organic sector is moving away from its original 'bottom up' alternative food

movement positioning, with strong corporate actors attempting to dilute standards. Small farmers may face high costs of implementing new private standards, especially documentation and certification costs.

While some workers may benefit from new management practices that give increased responsibility to an elite group of workers, an increasing share of the population may be disadvantaged. And although social benefits are observed from private standards, some research studies find that opportunities tend to exist only for a small subset of suppliers, receiving capacity-building support from non-governmental organisations, development or multilateral agencies. Here it is again evident that a lot depends on the governance and institutional environment of the standards.

Few studies have explicitly examined the links between food security, certification, and standards, but certification may impact on individual or household access to food by changing their income or land rights and, as a result, their access to food. Sustainability certification may also affect food security by changing food quality and safety. Unfavourable weather conditions, political instability, or economic factors such as unemployment and rising food prices, can all be a source of food instability. Sustainability certification can bring uncertainty to producers' income if price premiums are not ensured, but sustainability standards may increase climate resilience of agricultural production and improve food stability in the longer term.

Mirela: Thank you Izabela for introducing us to the very interesting case study on food standards.

Izabela: Thank you Mirela!

Mirela: More information and sources can be found in the “Report on Sustainability in Agri-food Value Chains. Case Studies from the Mediterranean Regions and the Middle East” which is available on our project website <https://agricultural-voices.sussex.ac.uk/>.