



Food and Agriculture Organization of the United Nations

**Voluntary standards and certification  
in environmentally and socially responsible  
agricultural production and trade**

**Opening speech by David Hallam, Chief, Raw Materials, Tropical and  
Horticultural Products Service, Commodities and Trade Division, FAO**

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Ladies and Gentlemen,

It is my pleasure to welcome you to the FAO Meeting on voluntary standards and certification for responsible agricultural production and trade. I would like to thank you for coming in such a large number. We have over 130 participants from all over the world, including Europe, North America, Latin America, the Caribbean, Africa and Asia. You come from a wide array of institutions: farmer organizations, private companies including leading food multinationals, government agencies, donors, aid agencies, consumer associations, trade unions, research institutes, certification bodies, standard-setting organizations and many NGOs that are active in sustainable agriculture.

I would also like to thank the team and member organizations of the SASA project for having chosen FAO to hold their final conference. The conference and today's meeting have been prepared in close collaboration and can be considered as two parts of the same meeting, as their agendas are meant to be complementary. FAO and the SASA project have been working together since the inception of SASA, and

FAO has had work relationships with most members of SASA for years. It has therefore been a great pleasure for us to organize these two days of meeting with the SASA team.

The adoption of more sustainable practices in agricultural production and trade is a primary concern for FAO. FAO has been exploring what steps can be taken with non-governmental organizations (NGOs), the private sector and governments to further the development of responsible agricultural production and trade. It has set up a platform together with NGOs and civil society organizations for dialogue on sustainable development and food security.

Voluntary certification initiatives may benefit small farmers and plantation workers, as they can potentially lead to increased return on their labour, better working conditions and longer term environmental improvement. They may offer small farmers an opportunity to stay in business, through the support and solidarity of consumers who are willing to pay a price premium to support them. These initiatives may also benefit the local communities surrounding the farms and the environment. When they lead to local development through higher incomes and capacity building, they benefit to society as a whole.

The Raw Materials, Tropical and Horticultural Products Service of FAO has been working on the issue of environmental and social certification in agriculture since 1999. It has monitored the markets for some certified products since then. In addition, it has held 3 expert meetings on responsible horticultural production and

trade. An informal Working Group has been set up on this theme and has carried out several activities that will be presented by Paul Pilkauskas.

FAO acts as the Secretariat for several Intergovernmental Groups on Commodities (IGG). At its last meetings in 1999, 2001 and 2004, the IGG on bananas and tropical fruits discussed the topics of fair trade and organic bananas, as well as other modes of sustainable banana production and trade. The IGG on citrus discussed organic citrus production and trade at its last two meetings.

Let me now turn to the objective of today's meeting. Why are we all here?

Many initiatives aimed at increasing sustainability in the agricultural industry have emerged. There exists today a wide variety of voluntary social and environmental standards and certification programmes in agriculture. While some are not recent, for example, organic agriculture, most of them have appeared during the past twenty years. Most social and environmental standards have been developed by non-governmental organizations (NGOs), such as the International Federation of Organic Agriculture Movements (IFOAM), the fair-trade labelling organizations, Social Accountability International for the SA-8000 standard and the Sustainable Agriculture Network/Rainforest Alliance. Governments have become involved in some of them, notably in organic agriculture and its regulation. Other programmes are driven by the agriculture industry itself.

While certified products were sold on niche markets for many years, they have started to enter mainstream markets in the past ten years. This is exemplified by the

fact that the major supermarket chains now carry organic products in developed countries, and many of them also carry fair-trade products in Europe. Another example of the rise of voluntary certification is provided by the fact that the leading 3 banana multinationals all have in place some certification programmes in their plantations.

Sales of certified products have been growing rapidly in the last decade. In several developed countries, annual growth rates of 20 percent or more in volume were observed for many consecutive years. For some products, such as organic bananas, growth rates of close to 100 percent were reported in the late 1990s. While this high growth is over now, it is still faster than that of conventional food sales. For fair-trade labelled products, sales volumes are still growing at 10 to 25 percent per year in some markets, albeit from a low base. It can therefore be expected that the share of certified products in the overall food market will continue to rise.

However, there are some challenges ahead for the future expansion of environmental and social certification:

1. Despite its healthy growth, the market for certified foods is still very small, especially in developing countries. While it is not uncommon for domestic products to reach market shares of 3 to 5 percent, the shares of labelled certified tropical products (i.e. organic and fair-trade together) are typically one to two percent of the total North American and European markets. This ranges from 0.8 percent in the coffee market to two percent for bananas and fresh citrus.

2. Part of the reason for the small size of the market lies in usually high price differences with conventional products. This price gap is partly due to the lack of economies of scale and inefficiencies in the marketing chain.
3. Consumers are confronted with a growing number of certification seals and product labels. They are not always aware of what the labels actually mean and guarantee, and whether these claims are credible. As a result, only a relatively small share of shoppers is ready to pay a higher price for certified foods.
4. The requirements, costs and controls imposed by certification organizations may be too big a burden for farmers, especially the smaller ones, who often lack the knowledge and resources to meet these requirements and costs.
5. Finally, the monitoring of standard implementation is made complex by the fact that some criteria are difficult to verify, in particular social issues such as labour rights. This in turn may further increase the cost of certification.

The latter two issues have been discussed yesterday, and solutions have been sought, notably through increased cooperation between standard-setting and certification organizations. Today's meeting will therefore address the first three challenges. Before tackling them, it is important to have a clear picture of the current market for certified foods. We will then examine the benefits and constraints of voluntary certification through a review of case studies. This presentation will be followed by a discussion. Several standard-setting and certification NGOs will explain how they help farmers meet their standards. In the afternoon, we will discuss how the market for certified products could be expanded, notably through partnerships among

the actors of the supply chain. In particular, the potential contributions of retailers, consumer associations and citizen groups will be explored.

This is the first time that FAO gathers such a wide group of persons on the issue of voluntary standards and certification for environmentally and socially responsible production and trade. The objective of this meeting is hear your views and suggestions on what could be done to encourage the adoption of such standards in the agricultural sector. Your contributions will be recorded in a report that will be widely disseminated.

I trust that you will have fruitful debates and wish you a very successful meeting.

Thank you