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Positive and negative impacts of private standards on the farmers in developing countries: case of Vietnam

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GlobalG.A.P. (Global Good Agricultural Practices)

- Major European retailers (TESCO, Sainsbury, Migros, etc.) initiated **EurepG.A.P.** since 1997. Renamed to **GlobalG.A.P.** in 2007

http://www.globalgap.org/uk_en/who-we-are/

GlobalG.A.P. (Global Good Agricultural Practices)

- Voluntary private standards ensured by third-party certification
- Standards by commodities: crops, livestock, aquaculture, feed manufacturing etc.
- Long check lists: technologies, chemical use, water conditions, post harvest processes, worker welfare, traceability, recording practices, etc.
- Certification by more than 140 approved certification bodies all over the world
- More than 130,000 farms in 120 countries under certification

GlobalG.A.P. (Global Good Agricultural Practices)

rationale

- Emphasis on food safety, worker protection, animal welfare, good environmental practices
- Complemented or competed with traditional inspection-based regulation by the State

background

- Public authorities transfer responsibility for food safety to food industry
- Retailors' need for additional guarantees
- Shift in consumers' attitudes towards food

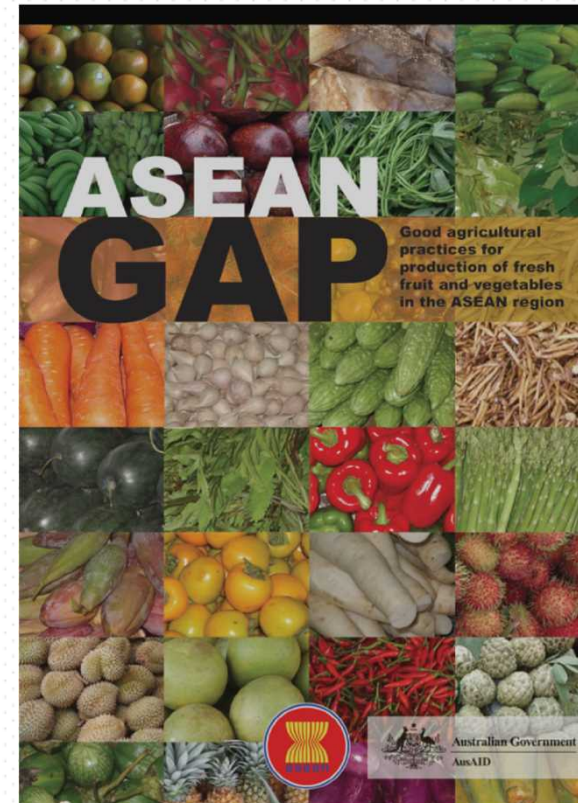
(Casey 2009)

Debates over GlobalG.A.P.

- becoming integral part of global agri-food value chains governance (Henson and Reardon, 2005)
- “neo-liberal food regime” (Busch 2011)
- catalyst for improvement of developing country producers (Jaffee 2003; Swinnen ed. 2007)
- new non-tariff barrier (Ferrantino 2006)
- new financial constraints (Maertens et al., 2007)

“Local” GAPs in Asia

- “national” GAPs (e.g. Malaysia, Thailand, the Philippines, Vietnam etc.) and “regional” GAP (ASEAN GAP)
- Japan: “prefectural” GAPs (7 prefectures), JGAP (private)
- Compliance levels “benchmarked” with global GAP



Vietnam's local GAP: "VietGAP"

- Born in October 2008, by issuing Decision No. 99/2008/QD-BNN by Ministry of Agriculture and Rural Development (MARD)



Vietnam's local GAP: "VietGAP"

- Increasing demand for safe food among urban middle class
- Still limited dissemination (14,000 hectare of crop land by end 2014)
- Bottlenecks:
fragmented production, shortage of transparency, poor control of false clean produce in supermarkets, costly and complicated procedures by third party certification, poor market actor linkages, etc. (Ha 2014)

Our research findings

A study on rice and fruit farmers in Mekong Delta (Kojin 2015):

- VietGAP certification increases farmers' burden, but:
 - helps little for exportation
 - sales prices indifferent
- Farmers' groups eager to participate in are mainly quasi-governmental cooperative (hợp tác xã), receiving subsidy

Our research findings

A study on supply chains of “safe vegetable” in Hanoi (Takanashi 2015):

- Those working well are small-area local supply chains
- Food safety secured by closed membership, not certification
- Local (ward-level) government provides facility (“distribution point”), “mass-organizations” (women’s union and farmers union) help information dissemination

Another observation

Innovative idea?



“DalatGAP”

at a supermarket in HCMC
(photo by Emi Kojin, IDE)

“BasicGAP”: a feasible solution?

- Introduced in 2014 by issuing Circular 2998/QĐ-BNN-TT by MARD, for vegetable production
- Japan International Cooperation Agency (JICA) assisted in pilot phase
- Relaxed standards: from 65 standards (VietGAP) to 26 standards
- Feasible solution for small farmers? appreciated in food value chain?

Positive and negative impacts on farmers

- Expansion of markets of safe, clean, eco-friendly agro-production
- Improvement of managerial skills of farmers
- **But**, still hard to acquire certification: heavy burden (especially recording), costly certification
- Little help for exportation
- (almost) no difference in profit
- Limited beneficiaries: VietGAP as a tool to subsidize cooperatives

Positive and negative impacts on farmers

- Far from European retailers' value chains
- Increase in export to China: a big export market of non-certificate produce
- Too strong State control: GAP as traditional command-and-control regulation system
- Therefore, monopolized costly certification, accessible only with subsidy
- Weak private retailers: supermarkets not complementary with Government. barriers for foreign-invested retailers

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