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VOLUNTARY CERTIFICATION SCHEMES AND LEGAL MINIMUM STANDARDS

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Abstract

EU farmers face increasing requests to comply with legal as well as private agribusiness and retail standards. Both requests potentially raise farmer's administrative burden. This paper discusses the potential synergies between cross-compliance and third-party certification schemes. In selected aspects cross-compliance and several certification schemes ask similar measures. However, both regulatory approaches differ considerably in other areas. The heterogeneous nature of the various certification schemes in place prevent a general conclusion. As a tendency systemic standards like organic agriculture provide the largest overlap with cross-compliance. Certificates of origin, on the opposite side, have no relation with cross-compliance.

Keywords

Cross-compliance, certification schemes, institutional economics, Common Agricultural Policy.

Poster Summary

Farmers in the European Union face increasing interest on production processes from supply-chain initiated certification schemes as well as agricultural policy requesting the compliance with certain legally enforced minimum standards. Private certification schemes and cross-compliance requirements target often related fields, which raises the concern to what extent they could interact. On the one hand, there has been growing interest in developing closer links between the two approaches, as demonstrated by the European Commission's March 2007 paper on cross-compliance (COM (2007) 147). On the other hand, blurring the distinction between public and private sector responsibilities has been heavily criticised in the literature (e.g. BUSCH, 2011). The analysis presented here shows that there are potential synergies between the two approaches, but also suggests that there are clear limits to the extent to which these synergies can be developed, if this was to be considered desirable by the actors involved.

Although cross-compliance and certification schemes aim at governing similar areas, a theoretical comparative analysis reveals major differences in the following domains:

- Nature of farmer's action: Farmers comply (in principle) voluntarily with certification schemes which contrasts with compulsory compliance with respect to cross-compliance
- Coverage: Whereas cross-compliance rules apply to the whole farm business, certification schemes are much more heterogeneous. Schemes range from systemic standards like organic agriculture to single production modules, for instance those operated by GlobalGAP.
- Inspection: Inspection rate and definition of inspection sample differs between cross-compliance and certification schemes as well as across the various certification schemes.
- Market access: Cross-compliance forms a minimum requirement for market access. Certification schemes might be seen as quasi-requirement for some supply chains or producer's way to differentiate from minimum quality.

[1] This work draws on the EU cross-compliance project, EU 6th Framework Programme, Priority 8.1 (European Commission, DG RTD, contract no.SSPE-CT-2005-006489). Its content does not necessarily present the official position of the European Commission and is entirely under the responsibility of the authors. See for further details in particular FARMER ET AL. (2007).

- Implementation: Although cross-compliance rules are part of national legislation implementation, monitoring, inspection and sanctioning differs across EU member states. International certification schemes are characterised by a coherent implementation, monitoring, inspection and sanctioning across different nations. As part of national legislation, cross-compliance rules are in principle subject to a democratic decision making mechanism which clearly does not hold for private certification schemes.

An empirical assessment examines the overlap between cross-compliance and 33 selected voluntary certification schemes in The Netherlands (17), The United Kingdom (UK) (10), Germany (2) and Spain (4).[2] Generally, the assessment reveals a rather high synergy of GlobalGAP modules as well as organic schemes with sewage sludge SMR as well as animal identification and registration SMR. SMRs related to animal health are rarely covered by certification schemes.

Clearly, benefits of harmonisation are related to a reduction of potential consumer confusion in differentiating product labels and determining the sustainability of farm produce. Furthermore, a harmonisation is expected to reduce bureaucracy at farm level and to increase administrative efficiencies.

At the same time the analysis reveals several critical points. Any duplication of standards by certification schemes and legal rules may not be desirable. Fundamental questions need to be discussed about the mutual role of government and private bodies in ensuring legal standards are met and in encouraging farmers to meet standards that exceed the legal minima. Any private inspection of mandatory standards such as those for animal disease control might not be in the public interest. Harmonisation will lead to new requirements to monitor and sanction private bodies if they fail to adequately inspect and control legal standards. Finally, it may also be argued that certification schemes may not want to set overly ambitious standards, as this could dissuade farmers from applying for membership. Certification schemes may have an inherent conflict of interest in this respect.

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[2] The evaluated schemes are for the Netherlands five GlobalGAP modules, IKB pigs, KKM milk, three PROduCERT schemes, three KPA schemes, the EKO labels arable and animal production as well as the Demeter label; for the UK Assured British Meat, Assured British Pigs, Assured Chicken Production, Assured Combinable Crops Scheme, Assured produce scheme, National Dairy Farm Assured Scheme, Nature's Choice, Linking Environment and Food (LEAF) as well as Soil Association Organic; for Spain the Denominacion de Origen, Produccion integrada of each Autonomous region, COVAP and CERTIFOOD S.L., and for Germany QS and EMAS.