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**Development of Tools for Ethical
Trading of Horticultural Exports
- Preliminary Consultative Study**

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The Authors; August 1998

EXECUTIVE SUMMARY

Introduction

1. In early 1998 NRI's Natural Resources and Ethical Trade Programme ran a series of focus groups in the UK and Africa about the relationship between ethical trade and horticultural production in developing countries. This was supplemented by a postal survey so that all together over 130 people were involved in the consultation process.
2. Retailers, importers, alternative trade organisations, export associations and development organisations were invited to discuss their experiences of and views on making a ethical trade a useful and workable tool in horticultural trade. These are the main issues that were discussed.

What is Ethical Trade?

3. Ethical trade is the trade in goods produced under conditions that are socially and/or environmentally as well as economically responsible.
4. There is no definitive approach to ethical trade. Rather, ethical trade is a generic term applicable to a variety of initiatives which apply sets of social/environmental values to aspects of the production and marketing process. These initiatives include fair trade schemes, the in-house codes of practice of corporations, organic production, environmental codes, forest certification, and in the ethical sourcing initiatives of major Western retailers.
5. Opinions in the focus groups and survey were split about whether ethical trade should include environmental issues. But development experience shows that if we talk about social responsibility and ignore environmental responsibility (or vice versa), then we are dealing with only half of the equation.
6. One reason for not decoupling social and environmental responsibility was that to do so would only complicate matters. Take for instance agrochemical use which has human and environmental dimensions. Organic agriculture and integrated crop management protocols, and the general shift away from intensive agrochemical usage were considered by most participants an important part of ethical trade.

Who are the Stakeholders?

7. Much of the discussion about ethical trade and horticulture has focused on multiple retailers, producers and consumers. The consultation showed that there are a far broader range of stakeholders that need to be taken into consideration including trade associations, exporters, importers, transporters, technical service providers, financial service providers, retailers and workers' representatives.

Ongoing initiatives in the horticultural sector

8. The consultation revealed a large number of ongoing initiatives, reflecting the commitment different organisations have to developing ethical practices. Major players in the African export industry are developing codes of conduct, while major UK retailers

were putting their weight behind the Ethical Trade Initiative's work on socially responsible principles and criteria for commercial farms. One importer had been developing its own code of practice over the past two years, but in general it was felt that there was a scarcity of experience and information on how to develop ethical practices.

Lessons to date

9. Despite the fact that ongoing initiatives are relatively young, there are a lot of important lessons coming out of them. Some of these lessons are quite complex and are described in more detail in our full report on the consultation, but some of the key points are:

- There are a wide variety of types of producer, perhaps too many to be covered by a single basic code. To maintain credibility, codes of practice must be flexible enough to deal with diverse cultures, ethical values and environmental management issues.
- Dealing with smallholder production systems presented particular challenges; for instance, in implementing traceability mechanisms. Some argue that small farmers are in any case only ever going to be 'second division' exporters, and buyers strongly resist the idea that ethical trade should be used to perpetuate 'inefficient agricultural systems'. But companies with direct experience of working with smallholder outgrowers emphasised that they were not inefficient, could successfully produce for export, and could also benefit their local communities in ways that commercial farms might not be able to. At the very least, ethical trade should not be used as a way of forcing small producers out of the export trade.
- Exporters and importers are worried that the development of codes of practice is being driven by the West and will ignore the realities and values of life in developing countries. Everyone consulted shared the view that there is not enough information on the issues that are most relevant to producer groups, and that there was not enough consultation along the stakeholder chain.
- Any code of practice or auditing system developed to monitor social and environmental performance must stand up to scrutiny by stakeholders in the West, particularly given the impact Western lobbying groups can have.
- Monitoring and verification of ethical codes is an issue that those involved in the consultation were eager to discuss. There is a need for efficient, credible monitoring and verification, but the process needs to be cost-effective and built on what is currently a relatively weak skills base.
- Some ethical practices might conflict with quality considerations that in themselves had their origins in consumer concerns. The clearest example of this was agrochemical use to meet supermarkets' exacting requirements for cosmetically perfect products.
- The cost of ethical practices is a complex issue that has still to be worked through. If costs are loaded on to suppliers, this might speed the move to mechanisation which might in turn lead to a reduction in employment opportunities.

- The consumers role in ethical trade is vital, but it is important that they have a realistic idea of developing country conditions and do not insist on their own values being imposed on other peoples. This raises the question of whose role it is to educate consumers on the ethics of trade.

Future NRET Research

10. The consultation was designed to inform NRET ongoing research on ethical trade and horticultural exports in developing countries. Case studies to develop social and environmental criteria and indicators suited to all producers wishing engaged in export horticulture are already under way in Ghana, Kenya and Zimbabwe.

11. We hope to maintain contact with those involved in the consultation process to date so that they can comment on and learn from the findings of the case studies. This European consultative group will complement similar work in Africa, and will allow the sort of bridge building between stakeholders along the production and marketing chain that this consultation has identified as a priority.

12. We will be contacting you about further consultative group meetings in the Autumn. In the meantime, you can find out more about the case studies at our web page on <http://www.nri.org/NRET/nret.htm>

Contacts

13. This is a summary of the full report entitled "Development of Tools for Ethical Trading of Horticultural Exports – preliminary consultative study". If you would like a complementary copy of the report, please contact Louise Verrall at:

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Glossary

ACP	African Caribbean Pacific
ATO	Alternative Trade Organisation
COLEACP	Comite de Liaison Europe - Afrique - Caraibe - Pacifique Pour La Promotion de Fruits Tropicaux, Legumes de Contre-Saison, Fleurs, Plantes Ornimentales et Spices
DFID	Department for International Development
EFGAZ	Export Flower Growers Association of Zimbabwe
ETI	Ethical Trade Initiative
EU	European Union
EUREP	Euro-Retailer Produce Working Group
FPEAK	Fresh Produce Exporters Association of Kenya
HACCP	Hazards Analysis Critical Control Point
HPC	Horticulture Promotion Council, Zimbabwe
ICM	Integrated Crop Management
IFOAM	International Federation for Organic Agriculture Movements
ILO	International Labour Organisation
ISO	International Standards Organisation
KFC	Kenya Flower Council
LEAF	Linking Environment and Farming
MPS	Milieu Project Sierteelt
NGO	Non-Government Organisation
NRI	Natural Resources Institute
NRET	Natural Resources and Ethical Trade Programme
SA8000	Social Accountability 8000
TQM	Total Quality Management
UN	United Nations
ZEGA	Zambia Export Growers Association

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DEVELOPMENT OF TOOLS FOR ETHICAL TRADING OF HORTICULTURAL EXPORTS - PRELIMINARY CONSULTATIVE STUDY

INTRODUCTION

1. Export horticulture makes an important contribution to the livelihoods of communities in many developing countries. Large export companies provide employment opportunities to rural and urban poor and, in some countries, such as Kenya, small farmers also participate significantly in export crop production. The recent development of ethical trade in fresh produce offers the potential for improved opportunities for income generation and other benefits for resource poor groups in developing countries.

2. The commitment of major European retailers to establishing ethical standards for their trade in fresh produce emphasises the fact that measuring ethical performance is becoming just as important to those involved in exports as measuring quality or food safety performance. However, emerging criteria and tools for ethical trade, driven by Western ideals, may not represent the perspectives of the resource poor groups involved. Criteria and tools for measuring ethical performance are needed that not only meet commercial requirements for affordable, replicable systems that deliver accurate information in a timely fashion, but also that are without prejudice to resource poor groups. The process of development of such tools needs to draw on both commercial sector experience and international development approaches to working in developing countries.

3. In response to these needs the Natural Resources Institute has initiated a research project on horticultural exports as part of its Natural Resources and Ethical Trade Programme (NRET). This project, through impartial consultation with primary stakeholders¹, is developing guidelines to ensure that standards and methodologies developed for export horticulture are appropriate to the needs of a range of producers, and allow resource poor groups to participate in and benefit from ethical trade.

4. The project was initiated in early 1998 with funding from the Department for International Development (DFID)'s Crop Post-Harvest Programme. Phase 1 of the project (June 1998 - March 1999), will deliver the following outputs:

- (i) Identification of reliable and appropriate social and environmental criteria incorporating the needs of resource poor groups for different commodities, production systems and locations.
- (ii) Analysis of opportunities and challenges in the use of the above criteria by primary stakeholders.
- (iii) Assessment of the demand for tools for ethical trading of horticultural produce and potential uptake pathways.

¹ The term stakeholder is used to describe those with an interest in ethical trade. Primary stakeholders are those who are directly involved and affected by ethical trade and these include producers, company workers, exporters, importers and retailers.

5. In preparation for Phase 1, a preliminary study was conducted in early 1998 to make contact with stakeholders in ethical trading of horticultural produce and to establish a UK consultative group of stakeholders in the European trade.

6. This report summarises the results of the preliminary consultative study.

OBJECTIVES OF PRELIMINARY STUDY

- To identify individuals and organisations with interests in ethical trade and to form a core consultative group in the UK;
- To determine the priority concerns of stakeholders in development of criteria and indicators for horticulture exports.

METHOD

7. There were three components of the consultative study:

- i) three focus group meetings in the UK in March and April 1998 attended by representatives of Alternative Trade Organisations (ATOs), importers, exporters, multiple-retailers, development organisations and standard bodies, (see Annex I for a list of participants). Numbers at each meeting were limited to eight in order to facilitate free and informal discussions;
- ii) informal discussions with horticultural producers, exporters and export trade associations from Kenya, Zambia, Zimbabwe, Tanzania and Uganda at the Hortec Meeting, Nairobi, March 1998, and exporters at an export seminar in Ghana in May 1998.
- iii) analysis of feedback from a brief qualitative questionnaire sent to a contact list of 100 stakeholders representing producers, exporters, importers, ATOs, NGOs, research organisations, standard setting bodies, trade representative organisations, and multiple and independent retailers. Twenty six questionnaires were returned from the following organisations: ATOs - 1; overseas exporters - 3; importers - 9; international development organisations - 2; research organisations - 1; retailers - 3; standards organisations - 3; and overseas trade associations - 4.²

In each case the consultations covered the following main topics:

- the general understanding of the scope of ethical trade as applied to horticulture, and the range of interests in ethical trade amongst focus group participants;
- the types of initiatives on ethical trade in horticulture in which focus group participants were involved; and

² A summary of questionnaire returns is found at Annex IV.

- the current experience and viewpoints on development and/or use of criteria or codes of practice;
- the priority considerations for selection of case studies for the project field work, such as commodity, production system or geographic factors of priority interest to stakeholders.

8. The key points which arose at the consultations are reported and discussed here. This report also presents the conclusions of the research team with respect to the design of the project's further studies.

9. In order to avoid commercial sensitivities focus group participant's comments referred to in this report are not attributed to named individuals or organisations but are attributed to the type of organisation the focus group participant represents.

SUMMARY OF MAIN POINTS ARISING IN CONSULTATIONS

WHAT IS ETHICAL TRADE?

- The consultation revealed a wide range of views on the meaning of the term ethical trade. There was general appreciation that there was no straightforward satisfactory definition available for the term.
- Some organisations regarded ethical trade as social responsibility, either in relation to conditions of employment, e.g. as reflected by the Ethical Trade Initiative (ETI) approach, or, in relation to the broader principles of fair trade as adopted by some of the Alternative Trading Organisations (ATOs). Some of the core components of the social aspects of ethical trade were considered to be better returns to producers, improved working conditions, labour management and health care.
- All focus group participants considered that social responsibility was an important component of ethical trade, however, some focus group participants, notably importers and exporters viewed environmental responsibility to be of at least equal importance.
- One importer suggested that anything affecting the sustainability or longer term impact an export business has could be considered as part of ethical trade, including environmental considerations and also quality management. The issue was "*the ability of exporters to maintain or enhance the resources left by their predecessors*".
- Agrochemical use featured strongly as of relevance to ethical trade both on social and environmental grounds. Organic agriculture and the integrated crop management (ICM) protocols on which current UK industry initiatives are based were very relevant. There was general agreement that a move away from agrochemical use should be viewed as a component of ethical trade.

- A small number of focus group participants had interests in forms of ethical trade outside horticulture; for example, tourism certification or Forest Stewardship Council (FSC) timber products.

10. The lack of a common understanding of the term ethical trade indicated that some caution is required by those working in this area. Care must be taken in providing a working definition in respect of any particular study conducted. For the purposes of this project the project team is utilising the term in its broadest context as described in Box 1.

Box 1 A working definition of ethical trade.

Ethical trade is the trade in goods produced under conditions that are socially and/or environmentally as well as economically responsible. There is no definitive approach to ethical trade. Rather, ethical trade is a generic term applicable to a variety of initiatives which apply sets of social/environmental values to aspects of the production and marketing process. These initiatives include fair trade³ schemes, the in-house codes of practices of corporations, organic production, environmental codes, forest certification, and the ethical sourcing initiatives of major Western retailers.

NRET, 1998

WHO ARE THE STAKEHOLDERS IN ETHICAL TRADE IN THE HORTICULTURAL EXPORT SECTOR?

- Only one focus group considered the question of who were the stakeholders in horticultural exports. Focus group participants considered that stakeholders should include the producers*, trade associations, exporters*, importers*, transporters, technical service providers*, financial service providers*, retailers* and consumers as well as trade unions and workers representatives.
- It was reported that the Fresh Produce Consortium in the UK have recently published a report on stakeholders in the fresh produce industry.

11. Stakeholder groups marked with an * in the list above were represented in the preliminary consultations. Focus group participants represented the fruit and vegetable and cut flower sectors. The project would need to provide a more detailed analysis at the local level when conducting its field work to determine who the stakeholders in export trade were for a particular case study.

³ Fair trade is a particular ethical system focusing largely on social issues. The fair trade system has been developed by alternative trading and labelling organisations and informed thinking about ethical trade as a whole. However, it accounts for a small section of the overall market for any given commodity, and is not a synonym for ethical trade.

WHAT ETHICAL INITIATIVES ARE IN USE OR IN DEVELOPMENT FOR THE HORTICULTURAL SECTOR?

- The consultation revealed that a wide range of initiatives with relevance to the horticulture sector were taking place.
- Some of these initiatives had already produced codes of practice which were in the process of implementation, e.g. Kenya Flower Council, Zambia Export Growers Association, Fresh Produce Exporters Association of Kenya.
- Others were in the process of development of principles and criteria for setting up a code of practice or standard, or were conducting studies to develop effective monitoring and verification systems to support implementation; e.g. ETI, Traidcraft Exchange.
- The Fresh Produce Consortium were working on a Code of Employment Practice for the UK industry.
- One importer had been collecting baseline data from suppliers for over nearly two years. They provided details of their assessment questionnaire which included: national employment legislation, language of management; minimum wages for various classes of workers; medical, dental and general care; legal minimum age and hours and time of working; maternity benefits; employment practices; union recognition; environmental management; health and safety; and frequency of inspection visits. Information was cross checked by talking to workers.
- Other importers indicated that they had adopted their own strict standards of trading practice (one, in co-operation with Christian Aid), based on local national legislation and official guidelines. One trade association has had its codes of conduct approved by the major supermarkets, Christian Aid and COLEACP and they have been in liaison with the Socially Responsible Business Unit of DFID.
- In all cases the initiatives were at an early stage in which the criteria and systems for implementation were subject to review and amendment. All the initiatives appeared to incorporate the concept of continual improvement, and therefore to allow time for producers to get things right.
- Most focus group participants, particularly importers and exporters, had only relatively recent involvement in these initiatives and felt there was a scarcity of information available from which to develop their own strategies on ethical trade. There was a keen interest in a forum in which information and experiences could be shared.

12. Annex III provides brief descriptions of a number of codes of practice from various countries of relevance to export horticulture, based on the findings of a separate study conducted by NRI. Box 2 gives information on some of the initiatives highlighted in the consultations.

Box 2: Examples of approaches to ethical trading

- The Ethical Trading Initiative (ETI) is providing a UK forum for companies, unions and not-for-profit organisations actively involved in establishing ethical trading codes of practice with producers in developing countries. The ETI is part-funded by the UK Government's Department for International Development (DFID). ETI's activities are addressing the question of not should a business adopt ethical policies, but can it do it effectively. Working from a set of agreed core principles and criteria⁴ the ETI is initiating a number of pilot test projects involving supplier inspections in African horticulture and wine as well as clothing in China and possibly one other sector. The pilot projects will use local teams for monitoring and verification. The ETI code is concerned exclusively with social criteria and is focused more on employment conditions rather than small independent producers such as small farmers. The only focus group participants directly involved in the ETI were the major retailers involved in the consultations.
- The US-based Council for Economic Priorities has proposed a global standard for ethical sourcing aimed primarily at manufacturing industries in developing countries, SA8000. The standard⁵, based on conventions of the International Labour Organisation, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child has been designed for independent verification by an outside auditor such as SGS-ICS. The standard deals exclusively with social welfare issues. Few of the focus group participants were aware of SA8000. Those that knew of SA8000 felt it is not very appropriate to the fresh produce industry as the code was geared more towards manufacturing and requires considerable financial and technical resource to implement.
- Several of the questionnaire focus group participants were involved in ethical codes of practice developed recently by three of the African exporter trade associations representing the horticulture and floriculture industries. The codes cover both social and environmental criteria relevant to cut flower and vegetable and fruit production, and in the case of one code also deal with food safety and traceability. The Kenya Flower Council (KFC), the Fresh Produce Exporters Association of Kenya (FPEAK) and the Zambian Export Growers Association are already implementing their codes of practice and development of codes of practice is underway in Zimbabwe and Uganda. While the FPEAK code incorporates independent verification, the other codes did not have this feature and this was mentioned by focus group participants as important to the codes credibility. COLEACP is currently supporting a harmonisation initiative for codes of practice developed by the trade associations in Southern and Eastern Africa, in which NRI has been involved.

⁴ The ETI core principles are based on selected International Labour Organisation (ILO) Conventions which are internationally recognised as good practice in employment of labour, although there are major country to country differences in the extent to which the various ILO Conventions are applied.

⁵ The SA8000 code is based on selected ILO Conventions

- The Assured Produce Scheme was well known to UK based focus group participants, although not well known by exporters. This relatively recent scheme is based on integrated crop management protocols for specific crops and is supported by all of the major UK supermarkets. The scheme covers environmental and food safety criteria related to agrochemical use. The scheme uses an independent verification service, Checkmate International. There have been some steps towards introducing the scheme to continental Europe, but, as yet, no where further afield. Another UK initiative using ICM principles, Linking Farming and Environment (LEAF), was also mentioned. The major UK supermarkets have also been working with other European retailers as part of the Euro-Retailer Produce Working Group (EUREP) which also aims to encourage adoption of ICM. EUREP has recently agreed a code of Good Agricultural Practice (GAP).
 - Most focus group participants were aware of Christian Aid's campaign on ethical policies in trade with developing countries. Horticultural exports had been targeted and come in for criticism in the reports. Christian Aid had published guidelines to ethical trade and a league table ranking supermarkets against their ethical policies (Christian Aid, 1997). One importer who had worked closely with Christian Aid on their investigations described their experiences and some of the difficulties of working with NGOs.
 - Sainsbury's 'Position of Socially Responsible Trading' will provide the general principles covering certain social matters including fair trade, protection of children, health and safety, equal opportunities, freedom of association and remuneration. Pilot testing of the position has been carried out in developing countries. Application of the code itself will be monitored by Sainsbury's representatives with some form of third party verification.
 - Tesco wish to ensure through their code of practice that *"suppliers understand and implement ethical policies as well as working to ensure that they constantly improve so that we always have absolute best practices in our suppliers"*. Tesco's has recently compiled a questionnaire/checklist for their fresh produce suppliers to test its performance and awareness of environmental and social issues.
-
- The focus group meetings highlighted that there was concern amongst focus group participants, particularly amongst importers, on how best to move ahead with their own ethical trading policies. Any initiatives taken by UK importers had to be in tune with the policies of the major retailers. Conversely exporters were having to focus group participant to differing initiatives from the various importing countries of Europe and even from different customers from the same country. This had been one of the factors which contributed to the development of codes of practice by the African export trade associations.
 - Importers suggested that the UK already has the most stringent regulations governing import of fresh produce and the introduction of additional requirements of ethical trade would increase the level of difficulty for producers in entering the UK market. This could be seen as detrimental to the UK industry. Suppliers may prefer to deal with other EU countries than go through the rigours of entering the UK market. There was

agreement that the implementation of ethical trading policies should be approached sensitively to ensure that ethical trade was not seen as a trade barrier.

EXPERIENCES OF WORKING WITH ETHICAL CRITERIA IN THE HORTICULTURAL SECTOR

- There was considerable debate about how codes of practice could best address the wide range of circumstances in different producer countries and amongst different producers. Whilst the market might appreciate a single basic code which would assure consumers of best practice this did not appear to be a credible way of dealing with the diverse circumstances in which focus group participants worked. Codes of practice must somehow accommodate local factors such as culture, ethics and management styles. Some focus group participants felt that a range of codes was quite beneficial in leading to accelerated improvement and development of codes and ethical practices overall due to the competitive effect. An attempt to use a single code by all parties could stifle such development.
- There was widespread concern from exporters and importers that western driven development of codes could lead to criteria being inappropriate to the real situation in developing countries. The danger of ethical / cultural imperialism in which Western ideals were being imposed on developing countries was discussed. All focus group participants considered that there was too little information available on the issues of greatest relevance to producers groups in order to set practical and achievable targets. There was a shared view that stakeholders in the systems should be consulted in the development of codes.
- It was also recognised that the codes of practice and auditing systems must stand up to scrutiny by groups in the UK or other countries of Europe. This stemmed from particular cases where NGOs and/or the media had highlighted seemingly exploitative practices based on misconstrued evidence.
- A practical difficulty experienced by some focus group participants was the lack of information on the local context, for example national legislation or industry agreements and guidelines, local cost of living. This sort of information was difficult and costly to access and yet was essential to determine the baseline for a code of practice.
- One importer who dealt with many family farm units felt that non-negotiable pre-defined criteria were not appropriate in such circumstances. Codes required in built flexibility of criteria to allow adaptation to local conditions. This view was supported by another importer dealing with small producer units who suggested that there could be an independent central clearing house to approve locally developed criteria, based on pre-determined principles.
- The organisations involved in the focus groups varied in their involvement with smallholder production systems. There were differences in opinion concerning smallholder involvement in export trade. The codes of practice and the need for traceability were key problem areas mentioned that result in marginalisation. Importers who had experience in dealing with small producers felt that small farmers have a

credibility problem. There is a widespread erroneous perception that small farmers are somehow 2nd grade exporters not able to conform to supermarket requirements. One view was that ethical trade should not be used to perpetuate inefficient agricultural systems or to make large producers seem wrong both institutionally or environmentally in the eyes of the consumer. On the other hand those companies specifically and successfully working with out grower schemes were of the opinion that the export trade could provide valuable income generating opportunities for the communities involved. Ethical trade should not be a barrier which might marginalise small farmers but could be a useful development tool. Codes of practice and associated auditing must have inbuilt flexibility to allow the participation of small farmers in developing countries.

- Some examples of ethical criteria that had proved problematic in practice which were mentioned in discussions are shown in Box 3.

Box 3. Examples of problems in implementing ethical criteria.

- Toxicological screening of workers' blood samples had shown up historical problems unrelated to the current producer's activities. Problems identified were apparently related to workers previous history of work in coffee production.
 - Age of staff was difficult to verify by the look of someone. However, in some countries not all children were registered at birth and documentary evidence was lacking. In the same way pregnant women were often difficult to identify.
 - In some countries in which poverty was extreme some forms of agrochemical packaging were commonly valued for domestic use which made destruction of the container very difficult.
 - Other aspects of agrochemical use also continued to be problematic as the requirements were unrealistic for some producers.
 - Maximum working hours were often difficult to define due to seasonality of activities and peak working hours.
 - Freedom of association and involvement of trade unions was difficult to apply in some countries where the political history had been oppressive.
 - Setting of reliable systems for traceability with often more than 1000 outgrowers was seen to be problematic.
 - Producers were limited in their resources to improve safety of working practices. This impacted on progress in health and safety matters or aspects related to agrochemical use, e.g. moving away from hand application of agrochemicals.
 - Levels of literacy and education were often factors which limited progress.
- The issue of minimum age was discussed as being a difficult area. The age at which minors entered the work place and the nature of the work undertaken differed considerably in different cultures. It was suggested that young people working on

family farms was in some cases quite appropriate as the farming skills were an essential form of education for rural children from which they would earn their future livelihood.

- While many exporters have not yet been actively involved in implementing ethical codes of practice, those that had experience of this reported that there had been many benefits to improving the management systems of their companies.

PROBLEMS IN MONITORING AND VERIFICATION

- Those focus group participants most involved in implementation of ethical codes of practice, both at the export end and at the market end were perhaps very concerned about effective systems for monitoring and verification of ethical practices.
- Many focus group participants, particularly importers sourcing from a large number of countries, reported that their own resource constraints limited the extent to which suppliers could be monitored. Practical difficulties included language capabilities which might limit the extent of interaction with workers.
- Costs of external verification were highlighted as being an important consideration. For some large organic schemes, e.g. in Uganda, the cost of certification was reported to be several thousand US\$ per year. Such costs would tend to marginalise smaller producers. The question of who should be responsible for external verification costs was debated.
- A key to this is the development of cost effective auditing systems and the use of in-country expertise to monitor and verify application of the codes. Ethical auditing systems are very different from quality or financial auditing systems and skills in this area were lacking among all the organisations concerned. Capacity building of staff within export associations and NGOs would be required due to the specialised skills required to undertake the task effectively. It was recognised that auditing needs are multi-faceted and no organisation may have the skills available to cover all aspects of an ethical code encompassing environmental and social criteria.
- There was a problem in identifying suitable verification organisations. Local organisations were important to ensure that local culture and language were not barriers to obtaining accurate information. These organisations had to be credible to all parties concerned, e.g. employers, trade unions and consumers. Certain countries where the political history included oppressive regimes were a particular problem. Should producers in such countries be excluded from trade?

OTHER CONCERNS VOICED IN CONSULTATIONS

- It was suggested that quality considerations could be in direct conflict with ethical practices. For example, one of the factors leading to increased agrochemical use was reported to be the exacting supermarket requirements for cosmetically perfect products. As ethical codes of practice progressed this aspect may need to be addressed.

- There was some discussion of aspects of ethical trade which might have a negative impact on development. It was suggested that a requirement for companies to provide health care for staff could undermine national initiatives to develop public health services. Loading cost on suppliers to improve working conditions might speed the move to mechanisation and reduce staff numbers which would have a negative impact on staff.
- The consumer evidently has an important role to play in the success of ethical trade. It was important that consumers were involved in ethical trade and had a realistic idea of developing country conditions. There was some debate as to whose role it was to educate the consumer on the ethics of trade. Many focus group participants felt that the supermarkets are regarded by consumers as the instruments of change and are a trusted source of consumer information. In this respect supermarkets might have a significant role to play. The question was also raised as to whether the consumer was likely to accept the increased costs that ethical trade requirements may impose.

FACTORS FOR CONSIDERATION IN SELECTION OF PROJECT CASE STUDIES

13. Specific details of commodity groupings or country focus were obtained. It was the feeling of the participants and focus group participants that case studies could be undertaken in Africa that covered various types of production systems and commodity groupings.

14. Focus group participants had no particular opinions on the focus of case studies for the project. The main consideration was the ability to collect the quality of information on producer stakeholder views. This would require strong local collaboration. It was considered important to conduct case studies in more than one country to allow investigation of the significance of cultural factors.

15. The project team has identified collaborators in Ghana, Zimbabwe and Kenya who are interested to participate. This suits the views of the majority of focus group participants who felt that the project should be directed towards Sub-Saharan African countries with emphasis on Kenya, Zambia, Ghana and Zimbabwe. Commodities of specific interest included exotic vegetables, fresh fruit and vegetables and flowers.

IMPLICATIONS FOR CONTINUING STUDIES WITHIN THE PROJECT

16. The outcome of the focus groups and questionnaire returns highlight key issues that will be addressed through NRET's ethical trade and export horticulture project. In particular the project will:

- Identify the ethical norms, values and priorities (social and environmental) for different types of production system in developing countries, and develop tools for monitoring and verification that will reflect the aspirations of conditions producers within these systems.
- Inform stakeholders in Africa and Europe about the process of developing appropriate codes, monitoring and verification systems through stakeholder consultation. This will

be done through the maintenance of contacts established through the focus groups in the form of a stakeholder consultative group; through the maintenance of a project web-page; and through mailings.

- The project will help build bridges between producers, importers, retailers and other stakeholders so that the perspective of each is adequately represented in ethical trade.

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ANNEX I

PARTICIPATING ORGANISATIONS

	Code	Name	Organisation	Group 1	Group 2	Group 3
1.	ATO	Jill Cole	Traidcraft Exchange	4		
2.	EXP	Richard Brighten	Capespan International plc		4	
3.	IMP	Atul Dhanani	Exotic Farm Produce	4		
4.	IMP	Mark Swanwick	Frumar Ltd		4	
5.	IMP	Graham Lucas	JP Fruit Distributors Ltd			4
6.	IMP	Alan Legg	Mack Multiples Division			4
7.	IMP	Bruce McGlashan	MaCleod Mc Combe Ltd			4
8.	IMP	Sudhir Mehta	Minor, Weir & Willis Ltd		4	
9.	IMP	Adam Brett	Tropical Wholefoods	4		
10.	ORG	David Hirst	COLEACP		4	
11.	ORG	Rob Lockwood	Commonwealth Development Corporation		4	
12.	STD	Doug Henderson	Fresh Produce Consortium	4		
13.	RET	Paul Harris	J Sainsbury's			4
14.	RET	Lara Ladipo	Tesco Stores Ltd			4
15.	RET	John Foley	Waitrose Ltd/ETI	4		
16.	CON	Bo von Elzakker	Agro-Eco		4	
17.	RES	Mick Blowfield	NRI			4
18.	RES	Annabelle Malins	NRI	4	4	4
19.	RES	Zoë Bainbridge	NRI	4	4	4

Key: ATO - Alternative Trade Organisation; EXP - Exporter; IMP - Importer; ORG - International Organisation; STD - Standards or Code of Practice Custodian; RET - Retailer; CON - Consultant Organisation; RES - Research Organisation.

ANNEX II

ETHICAL TRADE FOR HORTICULTURAL EXPORT CROPS - OVERVIEW

Researchable Constraints

Ethical trade in relation to horticultural exports means establishing a viable trading system that can be shown to have positive social and environmental impacts. The commitment of major European retailers to establishing ethical standards means that the ethical market is becoming *the market* for horticultural exporters.⁶ This is already recognised by the major exporting countries in Africa which are currently trying to develop codes of conduct embracing social welfare, worker health and safety, environmental impact and sustainable agricultural practices. Such codes will have a significant impact for the rural poor. In Kenya, 70% of vegetable exports come from small farmers, and companies such as Hortico (Zimbabwe) and Sunripe (Kenya) source from farms of less than one hectare. Other types of export business are employers of large workforces in both rural and urban areas.

In the near future, measuring ethical performance will be an important part of the horticultural export trade. Many companies already have well-developed mechanisms for monitoring other aspects of their operations (e.g. HACCP, TQM), and in other sectors there are already standards for measuring aspects of ethical performance (e.g. ISO 14000, IFOAM, Forest Stewardship Council). The Ethical Trading Initiative is developing a social standard for industries in developing countries, and the Council for Economic Priorities has published SA8000, a social standard for manufacturing world-wide. Both of these use social criteria based on ILO conventions and the UN Convention on the Rights of the Child.

The project team's consultations with ETI and CEP, European retailers and importers, and African producers and exporters have shown that these social standards are not a solution to measuring ethical performance in the horticultural sector because they only partly address the complexities of rural production systems. Existing environmental standards are less problematic, but even here there is disagreement about what is appropriate in developing countries (e.g. the desirability of certain chemicals, failure to recognise local recycling practices). There is a genuine concern (supported by organisations in the ethical movement such as the New Economics Foundation and SustainAbility) that standards will be imposed based on Western values and perceptions of developing countries which will not reflect the ethical values and priorities of African producers and workers. Consultations with European retailers and importers have confirmed that these groups are receptive to guidance from research findings in further developing their codes of practice, although commercial pressures dictate that such information is available within a short time frame.

Two main issues have arisen out of these consultations:

1. What criteria accurately reflect ethical standards in developing country horticultural production systems?

⁶

2. How can these criteria be incorporated into affordable and replicable management systems?

The first issue is the focus of Phase 1 of this project, the second is the focus of Phase 2.

If these issues are not addressed, then it is likely that inappropriate standards and mechanisms will be imposed by Western buyers. In the short term this could have a significant negative impact on the very people ethical trade is intended to benefit. Small producers (e.g. of peas and beans) could be forced out of the export market because they are unable to meet certain criteria (e.g. family labour, labour organisations, health and safety) or are unable to implement complicated monitoring systems. Equally, workers on larger farms may be disadvantaged (e.g. female casual labour excluded from employment because of criteria favouring full-time, male employees). In the long term, as examples of injustices perpetrated in the name of ethical trade come to light, the entire ethical trade movement could be undermined. Moreover, as the ethical trade and export trade become synonymous, any reaction against imports from developing countries would compromise developing country exports and jeopardise support to this sector under the RNRRS CPHP.

Addressing these issues now will not only mean that the above negative outcomes can be avoided, but that potential benefits of ethical trade for the poor will be optimised. The priorities and opinions of poor producers and farm workers will be reflected in criteria that can be adopted by ethical codes of practice that are currently being developed. This will benefit those currently engaged in production for export, and also help prevent the development of trade systems that preclude the participation of poor and otherwise marginalised groups in the future. It will also allow stakeholders in developing countries to become proactive in establishing ethical standards rather than simply reactive to Western values and perceptions as has hitherto been the case.

Outputs

By the end of Phase 1, the project will have achieved the following:

1. Identified in consultation with primary stakeholders criteria and possible indicators that will help optimise the participation of poor and marginalised groups in ethical trade.
2. Provided a preliminary analysis of how these criteria and indicators can be incorporated into management systems in an efficient and effective way.
3. Assessed the future demand for tools and methodologies to measure ethical performance in the horticultural sector, and identified possible uptake pathways for introducing these.

This will be realised through three Outputs:

Output 1: Identification of appropriate ethical criteria and indicators

The project will develop criteria and provisional indicators (C&I) that can be used to measure ethical performance (social and environmental) in horticultural production systems. The focus will be on export commodities as at present ethical trade is largely confined to the export trade.

The C&I will be developed through two case studies of different commodity groups. The commodity groups will be chosen based on their relevance to the resource poor, either as producers (e.g. smallholders, outgrowers) or as employees. Each case study will look at production of the commodity under different production systems and, where possible, in different countries.

In this way, the project will develop C&I that can be analysed using the variables of commodity group, production system and location.

Output 2: Analyses of opportunities and challenges in the use of ethical criteria by primary stakeholders

Having identified C&I that reflect ethical issues in horticultural production, the challenge is to develop systems that can monitor ethical performance as part of efficient, effective and replicable management systems. Retailers, importers and the larger producers are already familiar with concepts such as auditing and certification, and are likely to want C&I that can be used in systems similar to those they already employ. But the systems developed must also be appropriate to smaller producers.

In Phase 1 the project will identify the types of approach to measuring performance already used by primary stakeholders, the types of approach to monitoring ethical performance developed in other sectors, and the constraints to implementing monitoring and verification of ethical performance in developing countries. This will provide a basis for developing methodologies and tools for measuring ethical performance that will be the focus of Phase 2.

Output 3: Assessment of the demand for tools for measuring ethical performance, and identification of potential uptake pathways.

Consultations in Europe and Africa show that there is a real demand for methodologies and tools that will allow primary stakeholders to implement ethical trade. However, given that this is a dynamic area and one where there are concerns about long-term interest, the project will re-evaluate the demand for a second phase that will focus on how to implement the criteria developed in Phase 1. The project will also identify the most effective uptake pathways for the tools and methodologies it develops (e.g. the use of networks, trading organisations, certification services, training organisations).

Activities

It is essential that the project establish a working relationship with organisations that will use the criteria. The project has already consulted with the major importers and buyers in Europe and will maintain this contact throughout the project period. It has also consulted with organisations developing codes of conduct in Zimbabwe, Ghana, Kenya, Zambia, Uganda and Tanzania. Implementation will be in partnership with two or three of the following: Fresh Produce Exporters Association Kenya, Zimbabwe Horticultural Promotion Council and TechnoServe (Ghana). Results will be discussed with and disseminated to trade organisations and export companies throughout the region.

The specific activities are:

- 1) Identify European and exporting country organisations interested in ethical trade for horticulture (retailers, importers, exporters, alternative trading organisations, developing country producer groups and trade organisations). (Already completed.)
- 2) Consult with the above organisations to a) identify the current state of knowledge about ethical trade; b) planned and ongoing ethical trade initiatives; and c) identify particular areas of ethical criteria which present most concern to stakeholders and which should be the main focus of case studies; d) prioritise commodity groups for the case studies. (Almost completed.)
- 3) Design a research framework for case studies to identify the research sample and to enable comparison between commodity groups, production systems and countries.
- 4) Conduct case studies that will:
 - a) Identify the primary stakeholders for each case study (both African and European).
 - b) Identify and prioritise social criteria and indicators for assessing horticultural production. These will be identified primarily in consultation with small producers and employees using participatory research techniques. They will also be informed by consultations with other in-country primary stakeholders such as farm-owners, exporters, traders and trade organisations.
 - c) Identify and prioritise environmental C&I. These will be identified in consultation with in-country primary stakeholders.
 - d) Compare the identified C&I with social and environmental C&I proposed in ethical codes of conduct. This will be done in consultation with primary stakeholders after the previous two activities in order to analyse to what extent these proposed C&I reflect the priorities and values of the primary stakeholders.
- 5) Provide routine updates on case study findings to primary stakeholders in Europe to help inform the development of their own codes, policies and standards. This will be done through a web-site, meetings of existing networks and initiatives (e.g. ETL, ISEA, COLEACP) and occasional meetings with stakeholders already involved in the project through Activity 2.
- 6) Analyse case study findings to prioritise C&I that maximise the opportunities for poor people in ethical trade, and identify the applicability of C&I to different commodity groups, production systems and countries. Although the eventual form the C&I take will depend on the case studies, as an indication it is possible that there will be a set of core criteria covering human welfare, health and safety, environmental conservation and enhancement, and agricultural practices, that will apply across a commodity group, and then sub-sets of criteria on similar issues specific to particular production systems and countries.
- 7) Preliminary analysis of how C&I could be introduced into existing management systems. These practices will be documented during the case studies and through the

routine consultations with primary stakeholders. A preliminary analysis of the appropriacy of existing systems to different production systems will also be carried out.

- 8) Present and discuss case study findings to/with primary stakeholders in Europe and Africa. This will take place through three workshops (2 in Africa, 1 in Europe). The workshops will also discuss the relationship between ethical trade criteria and management systems which will inform the design of Phase 2.
- 9) Disseminate and evaluate findings through a peer reviewed publication, project website and relevant meetings/fora.

ANNEX III

SHORT DESCRIPTION OF ETHICAL TRADING INITIATIVES RELEVANT TO THE HORTICULTURE INDUSTRY

Short Description Of Codes

BGI

BGI is a German import organisation for flowers. The Code was developed because of the objections raised by environment and human-rights organisations to the production methods of cut flowers in third countries. Among others, the Code deals with social welfare, labour conditions, health, safety and ecology. Criteria relating to food safety and traceability are not covered. Participation in the Code is voluntary.

The Code consist of a list with requirements, each requirement directly followed by an advise on the way compliance with the requirement must be controlled. In addition to the list of requirements a checklist is provided. On the checklist the issues are divided in categories from "Mandatory" to "Suggestion". The checklist covers more issues than the list with requirements.

In the social part only a few basic human rights are included. The environmental part covers most of the issues, but is rather general.

ZEGA

ZEGA developed a Code of Conduct on worker welfare and a Code of Conduct on safe pesticide use. The Codes were developed to promote improvement in workers welfare and safety for farm workers in Zambia, to meet the requirements of the European (super)markets, to protect the reputation of Zambian product on the world market and to foster responsible and safe horticultural/agricultural practices.

The Codes were developed for the ZEGA members, but may also be used by other Zambian producers. Compliance with the Code is compulsory for all ZEGA members and their out-growers.

The codes consist of a clearly structured list with requirements, classified according to subjects. In addition, there is a self-audit, which can give the grower insight into his performance. The ZEGA Code resembles the KFC Code in the format and the requirements.

The social requirements are particularly very extensive in the field of safety and health. Much attention is also paid to the risk analysis. The environmental requirements are mainly focused on safe use of pesticides. Besides that, other environmental issues, like use of fertiliser, protection of the environment and nature conservation are covered. Apart from requirements for field inputs, criteria for general food safety and traceability are not covered.

KFC

The Kenya Flower Council developed a Code of Practice to foster responsible and safe production of cut flowers, to promote a safe working environment for all farm staff and ensure their welfare according to Kenyan laws and to grow flowers in such a manner to safeguard the environment. Compliance with the Code is compulsory for all KFC members.

The Code consists of a list with requirements, a checklist and a separate leaflet. The requirements are divided into primary and secondary standards. Compliance with the primary standards gives the growers the right to display a silver logo on their products. When the grower meets also the secondary requirements, he may use a golden logo. In the leaflet an extensive description is given of monitoring of workers occupationally exposed to organo-phosphorus pesticides. In no other Code explicit attention is paid to the use of organo-phosphorus pesticides.

The list with requirements is neatly arranged, although not categorised like the ZEGA Code. Not all the basic human rights are covered, but in general the list of social requirements is extensive. Most of the environmental issues are covered. In comparison with other African Codes, the requirements regarding the use of water and treatment of waste water are very extensive. No demands are set for the use of fertiliser. Similarly, there is no coverage of hygiene requirements. Traceability of product is limited to production site and agrochemical use.

FPEAK

The Code of Practice of Fresh Produce Exporters Association of Kenya is developed in response to increasing requirements in the international markets for fresh produce. The Code is intended to encourage, reward and publicise responsible production and marketing practices with regard to labour, use of pesticides, traceability and environment. The Code is open to all members of FPEAK, which can participate voluntary.

The Code exists of several parts, of which the status is not always clear. Also the relation between the different parts and the strictness of the requirements are not very clear. By asking a lot of documentary evidence, the Code seems to focus on proving the effort and commitment of a grower.

Remarkable are the separate and specific questions for growers of flowers and for growers of fruit and vegetables in the questionnaires.

The FPEAK Code is the only African Code which pays attention to working conditions in working places outside the area where the products are grown. Only a few of the basic human rights are covered. In the Code 5 environmental issues are mentioned: agrochemical, pollution of water sources with fertilisers and pesticides, minimising soil erosion, minimising air pollution and spatial planning. However, in the questionnaires more issues appear to be important, like for example the use of energy and water, noise control and effects on ecosystems. Issues of food safety are covered in appendices of the code, however it is unclear as to what degree growers must adhere the appended criteria.

There is good coverage of traceability including production, agrochemical inputs, source of seed material and distinction made for plantation and out grower schemes.

HPC

The Horticultural Promotion Council is developing a Code of Practice which can be used by the whole horticultural industry in Zimbabwe. By following the relevant criteria producers will foster socially and environmentally responsible horticultural practices. The Code is, however, still under development. In this study an outline of the headings and subheadings of the Code are used. When the Code will be implemented, participation will be voluntary.

In the outline, used in this study, a global description of the areas of interest are given. The selection of the areas seems to be extensive although issues of food safety including hygiene are not specified. However, the value of the Code depends on the elaboration.

MPS

MPS meaning "Environmental Project on Ornamental Plant Cultivation" was initiated in 1993 by the Dutch floriculture sector and is currently attracting growers in and outside The Netherlands. MPS informs auction buyers about the environmental performance of nurseries. Three environmental classes are distinguished in the system, namely:

class A: 70-100 points;

class B: 55-69 points;

class C: 0-54 points

MPS is based on the following three systems:

- registration system: All participants are required to record the use of crop protection agents, energy and fertilisers and the extent to which they separate their waste.)
- standardisation system: For each environmental cluster MPS has defined standards for the consumption of crop protection agents, gas, electricity and heat and nitrogen and phosphate. As the consumption figures relate to an entire farm, a separate farm standard is calculated.
- qualification system: The minimum score is 0, the maximum score is 40 for crop protection, 30 for energy, 20 for fertilisers (10 for N and 10 for P) and 10 for waste separation.

MPS started as a (voluntary) environmental programme in The Netherlands. Because of increasing interest of foreign growers to participate in the MPS system, the system is subject to changes. For example, MPS plans to extend the programme with 'registration on water use', to make a differentiation in energy requirements for nurseries in western countries and developing countries and add a social paragraph. Hygiene and system for traceability of own product and suppliers products are not specified by the code.

Milieukeur flowers (Environmental Hallmark for flowers and plants in The Netherlands)

The Environmental Hallmark in The Netherlands is managed by an independent organisation, Stichting Milieukeur. The Environmental Hallmark is used to guarantee the consumer an 'environment friendly' product and to distinguish the product from competitors in a positive ('greener') way. In 1997 an Environmental Hallmark has become available for cut flowers, bed and pot plants and summer flowers. The basis for the environmental label is MPS (A) with a minimum of 75 points. Apart from a minimum score of 75 points, applicants for the label have to meet a set of additional requirements.

IFOAM

IFOAM is the International Federation of Organic Agriculture Movement. The IFOAM basic standards provide a framework for certification of organic Codes world-wide, adjusted to local conditions. The standards are developed to clarify the practices and procedures approved in organic agriculture. Participation is voluntary.

The Code is very clear, with the requirements neatly categorised.

Remarkable for such an 'environmental' Code is the relatively extensive social paragraph, which covers most of the basic human rights and some additional issues. Requirements for food safety and traceability of product origin are not covered.

Max Havelaar/Fairtrade

The Max Havelaar Foundation (in other countries also known as *TransFair* or *Fair Trade Foundation*) is an independent certifier of products from developing countries. The products are produced under socially and ecologically acceptable conditions. The aim of Max Havelaar is to contribute to change the international commercial relations in a way that disadvantaged producers can improve their control over their own future by having a fair and just return for their work, continuity of income and decent working and living conditions through sustainable development. Participation to the Code is voluntary.

The Max Havelaar Codes for flowers and bananas are surveyable, with a clear enumeration of requirements. No checklist is added.

Max Havelaar once started with Fair Trade Codes. In the Codes for bananas and particularly flowers however a comprehensive environmental paragraph is included, in which most of the environmental issues are covered. The social requirements are mostly based on ILO conventions. Concerns of food safety and hygiene are not covered in the code. Traceability is an important issue however the extent traceability is limited to origin of production, no mention of traceability to farm inputs.

Christian Aid

Christian Aid is an official relief and development agency of British and Irish churches. As part of their 'Change the Rules' campaign, which is focused on the global influence of supermarkets, Christian Aid developed a model for a Code of Practice, especially meant for the production of own-label products of (British) supermarkets. The aim of the Code is

to improve working conditions for workers in Third World countries. Participation to the Code is voluntary.

The requirements of the Code are mostly based on the ILO conventions, i.e. the basic human rights. Less attention is paid to occupational safety and health. No environmental issues are included in this Code.

FIAN

FIAN is a German human-rights organisation. In order to develop a label for socially and environmentally responsible cultivated flowers, they formulated a list of basic demands for horticultural industries in the North and the South. Development of the FIAN label has now halted in favour of the Max Havelaar Code for cut flowers. The FIAN list is, among others, used as a basis for BGI's checklist, although the latter is not as extensive in the social requirements.

The list of demands describes general important areas of interest and (not elaborated) requirements. The FIAN Code is not really a Code, but a list of basic requirements which can be modified into a Code. The list of demands is more focused on social than environmental issues. The social requirements are based on the ILO conventions.

ILO

The International Labour Organisation is a division of the United Nations in which governments, employers and employees are represented. The ILO enacts conventions concerning labour conditions. Countries oblige themselves to comply with the conventions by ratification. The countries have to send a report periodically. ILO controls the compliance of the countries. The ILO does not have any measures to put effective pressure on countries that do not comply with the conventions.

Stigas

Stigas is a Dutch labour organisation, who made a risk analysis of the labour conditions in the Dutch horticultural production and marketing chain.

The issues are divided in several areas of interest, which consist of a short explanation and a checklist. The areas of interest reflect the requirements of the Dutch labour legislation in the field of occupational safety and health. Many of the requirements refer to the work conditions in factories and working places.

Basic human rights are not covered by this "Code", because they are implemented in other legislation.

FPC

The Fresh Produce Consortium represents retailers, wholesalers, importers, growers and packers involved in the horticultural industry in the UK. The mission of the FPC is to develop the competitive performance of the fresh horticultural produce and floral industries of the UK. The FPC has developed two comprehensive codes of practice on 'The Control of Pesticides' and 'Food Safety (General Food Hygiene Regulations 1995'

(draft only). The Codes of Practice provide an officially recognised industry guide to the EU Regulations governing these areas. The issues of pesticide inputs, MRL's and food safety are comprehensively covered. Both guides are well-recognised and respected by UK supermarkets. The FPC is now working on a Code of Practice on worker related employment issues for the UK industry.

Assured Produce (NFU)

The Assured Produce Scheme is a UK horticultural industry scheme launched in 1997 and co-ordinated by the National Farmers Union. The scheme has been supported by all the major UK supermarkets and was set up, in part, to avoid a multiplicity of different standards arising from different players in the fresh produce industry. The scheme independently verifies the performance of participating growers against standards set out in the NFU-Retailer Partnership's integrated crop management (ICM) protocols. At present 29 fruit and vegetable crop categories are covered by the scheme. The scheme is administered by Checkmate International who are responsible for grower registration and verification visits. The scheme focuses on environmental protection and food safety and does not address social welfare issues other than worker health and safety.

Participating producers complete an annual self assessment questionnaire, backed up by a periodic external inspection. The questionnaire is split into a number of sections. To be accepted onto the Scheme, participants must comply to standards on food safety and health and safety requirements, with the emphasis being on crop production practices as opposed to post-harvest practices. Although there has been considerable interest in the scheme from growers the scheme is still at a very early stage of implementation.

Standards of European Supermarkets

General remarks

- The programmes of the supermarkets described below do not represent the environmental and social demands of all European supermarkets. These are only examples of progressive supermarkets in the field of environmental and social programmes.
- Most European supermarkets have been focused more on the environmental than the social field. The last years, however, ethical policies are more often adopted. Of the top ten of the British supermarkets for example, seven have adopted ethical policies and six developed or are developing a Code of Conduct.
- In general, the environmental and social programmes of supermarkets can best be considered as extra quality requirements for their suppliers instead of environmental Codes of Practice. It means that it is mostly an internal affair between the supermarket and their supplier. With regard to public reporting, the development and execution of programmes mainly takes place 'behind closed doors' and monitoring is done by the supermarkets themselves. However, six of the top ten British supermarkets that have adopted social Codes of Conducts agreed in principle to external verification.

- In general, it can be said that many European supermarkets are currently working on and improving their environmental programmes. The programmes of the supermarkets described below, are mostly based on the production characteristics of the horticultural sector in Europe and focus mainly on the application of fertiliser, the use of energy and the promotion of integrated pest management. As supermarkets increasingly deal with non-European suppliers, it may be expected that supermarkets will adapt the environmental requirements to non-European situations in the future.
- Apart from the development of their own social and environmental programmes, supermarkets also affiliate to existing initiatives. Examples are the marketing of Max Havelaar and organic produce. Produce, grown according to MPS-standards for example, are sold under the own 'green' supermarket label.

1. Sainsbury (market share of about 20% in the UK)

Sainsbury is one of the most progressive supermarket chains in the UK with respect to environmentally and socially responsible production of foodstuffs. Important initiatives in the social field are:

- Sainsbury has made efforts to test pilot projects around the world, in order to test their draft code and confirm the ethical principles required. One of the pilot projects concerned flowers from Kenya.
- membership of the Ethical Trading Initiative. This is an initiative of 20 British best known companies and NGOs, which "*share the concern that many workers are exposed to unacceptable working conditions, including low wages, long hours, compulsory overtime, lack of job security, discrimination and inadequate safety and health provisions. There is also worry that in some countries there may be situations of bonded forced and child labour*". The aim of the Ethical Trading Initiative is the development of an Industry Code of Conduct and a system for monitoring.
- according to Sainsbury they comply with the Code of Conduct developed by Christian Aid. They probably go even further as in the Code of Conduct of Christian Aid hardly any attention is paid to occupational safety and health, while this is one of the target issues in the Ethical Trading Initiative.
- the Code of Conduct from Sainsbury will be externally verified.

Two initiatives in the environmental field are relevant to suppliers of fresh fruits and vegetables:

- Sainsbury has set demands on the use of pesticides for their suppliers of agricultural products by developing an Integrated Crop Management System (ICMS). ICMS is a long-term strategy covering all crops grown in the UK and abroad. The ICMS, developed by Sainsbury, uses biological and natural methods for the selective control of pesticides and diseases. Pesticides are used only when necessary and are targeted against specific pests or diseases with

localised treatments where possible. Sainsbury has been working in partnership with suppliers since 1991 to develop crop protocols specific to individual crops. Sainsbury is currently extending the scope of ICSM to the concept of whole farm conservation (not just to individual crops).

In 1996, about 75% of produce sources from the UK and 30% of overseas produce (representing about 55% of all produce) was grown according to ICMS protocols.

- Sainsbury is market leader with respect to the sales of organically grown produce (grown according to EU-standards). Their annual sales represent about 25% of the organic produce sold through supermarkets.

2. Tesco (largest supermarket in the UK)

Tesco is the supermarket who made, according to Christian Aid, from the British top ten supermarkets most progress in implementation and execution of ethical policies in a short time. Tesco has 80 technical managers whose responsibility, along with usual tasks, is to ensure *“that suppliers understand and implement ethical policies as well as working to ensure that they constantly improve so that we always have the absolute best practices operating in our suppliers”*.

Main environmental demands that Tesco has set for the suppliers include:

- energy efficiency
- accurate use of chemicals and fertiliser
- storage and disposal of pesticides
- recycling or re-use of plastics, metal, glass, paper, wood
- efficient use of water

Tesco's have recently compiled a questionnaire / checklist for their fresh produce suppliers to test their performance and awareness of environmental and social issues.

3. Migros (market share of 35% in Switzerland)

The social demands of Migros are based on the ILO conventions and Max Havelaar Code of Conducts. This means that they:

- cover the basic human rights
- pay special attention to fair trade principles

The demands concerning environmental issues are the following:

- The policy is aimed at horticultural products that are grown according to integrated agricultural methods.

- With regard to cut flowers and plants, produce should preferably meet MPS (A) standards. Environmental issues of importance are crop protection, fertilisation, energy and waste separation.

4. **Albert Heijn** (market share of about 25% in The Netherlands)

- Since 1990 the supermarket chain collaborates with their suppliers of food products to develop environmental guidelines based on integrated agricultural methods. Major points of attention are nutrient balances (P and N consumption) and crop protection.
- With regard to nutrient balances, maximum P and N norms have been set for individual crops.
- With regards to crop protection, requirements include the accurate selection of pesticides, right application of pesticides and control and maintenance of spraying equipment.

ANNEX IV

SUMMARY OF QUESTIONNAIRE SURVEY

This report is a general representation of the data provided in the returned questionnaires and it aims to maintain the confidentiality of respondents as far as possible. A total of 26 of 115 questionnaires were returned, two of which, contained no data. Nine respondents were from other countries. The 26 respondents are broken down into organisations as follows:

Producers	3
Producer representatives	4
Importers	9 (1 x Dutch)
Retailers	3
Other	7

The following table shows the priority areas of research indicated by respondents of all types of organisation.

Table indicating the priority areas for Ethical Trade research

Commodity	Ethical Trade	Social/worker welfare	Environmental	Bio-diversity	Fair returns to producer	Other
Citrus	**	**	**	*	**	*
Bananas	**	**	*	*	*	*
Apples						*
Exotic fruit	***	***	**	**	**	*
fresh vegetables	***	***	***	**	**	*
Exotic vegetables	***	***	***	***	***	*
Processed fruit & vegetable products	**	*			*	*
Flowers	***	***	***	**	***	*
Nuts	*	*	*		*	*
Spices	**	*	*		*	*

Ornamental plants	*	*	*		*	
Other	*	*	*	*		*

Key: *** - high level of interest; ** - medium level of interest; * - low level of interest

Other principle areas of interest (far column) included: minimum residue levels, organic methods, air freight management and training, equal opportunities and health and safety. No further details are provided in the questionnaire returns.

One respondent (retailer), detailed the commodity interests in terms of ethical trading, in order of importance. Bananas were the highest priority and ornamental plants were lowest (see relevant questionnaire). This respondent also indicates the importance of ethical trading in all commodity groups.

There was a general interest in most aspects of ethical trade from all respondents. However, responses to commodity interests are generally confined to the specific produce in which the respondent appears to be involved. The ethical trading interests indicated in the above table, are therefore biased in favour of the larger number of respondents who were importers of flowers and fresh and exotic fruit and vegetables. Overseas exporters and trade associations also showed the same interests. It can be seen that among these five commodity groups, the four indicated principles of ethical trading are equally represented among respondents from all types of organisation.

Four respondents indicated that all commodities and all aspects of ethical trading were important. Two of these were retailers, the other two were standards organisations, one of which indicated that it would be difficult to differentiate between different commodities in adopting the general principles of ethical trading. Similarly, one importer commented that all of the listed aspects of ethical trading are important in fair trade.

The majority of respondents felt that the project should be directed towards Sub-Saharan African and Latin American countries. Emphasis on specific countries, such as Kenya, Zambia, Ghana and Zimbabwe generally came from those respondents (exporters and trade associations) who operate in these countries and specialise in fruit, vegetables and flowers. It might also be assumed that importers of specific commodity types, were also concerned for the regions from which their trade is dependant; Mexico and Costa Rica were also mentioned in this context. Specific interest was shown by one importer of exotic vegetables, for ethical trading initiatives in Asian countries, another importer of flowers, felt that the project should cover the SADACC Region, one international development organisation indicated a preference for ACP countries and one trade association preferred 'areas surrounding large water bodies'. Standards organisations, retailers and the ATO showed a general concern for all developing countries.

Most respondents are already involved or interested in a number of related ethical schemes. Two retailers, an importer and a standards organisation were specifically interested and involved in the provision of organic produce. Two retailers, one exporter, two standards organisations and the research organisation were involved in ethical trading initiatives and labelling for different commodity groups, in accordance with the Ethical

Trading Initiative (ETI), while the latter, further indicated involvement in FSC timber products, tourism certification and social accountability.

The welfare of employees, housing and social accountability of all aspects of the trading chain, is further emphasised by the involvement of three of the trade associations, two overseas exporters and an importer. Similarly, another three importers of mixed commodities, indicated that they had adopted their own strict standards of trading practice (one, in co-operation with Christian Aid), which also complied with local government standards. One Kenyan trade association has had its codes of conduct approved by the major supermarkets, Christian Aid and COLEACP and they have been in liaison with the Socially Responsible Business Unit of DFID.

Involvement in specific schemes, such as FPEAK in Kenya, ZEGA and MPS for flower exporters and trade associations in Zambia, were indicated and the Tesco's code of conduct is also followed by one exporter. The research organisation indicated involvement in a number of schemes in Sub-Saharan Africa to 'harmonise' codes of practise, including KFC in Kenya and EFGAZ and HPC in Zimbabwe, along with those schemes previously mentioned above.

Involvement in schemes relating to the safe use, control and storage of chemicals and pesticides, is indicated by three of the trade associations, one of which is specific to the GIFAP Safe Use Project for flower growers in Nairobi. The ATO indicated that it has current operations in a number of African and Asian countries, with plans for further expansion in these regions and the Caribbean. Involvement with environmental schemes was mentioned by only one exporter and one trades association.

It is evident that in many cases, the attitudes of respondents towards the implementation of ethical trading initiatives is positive, but not always reflected in behaviour or involvement in related activities. This can be shown by the areas of interest indicated in the above table, in relation to indicated schemes in which respondents are involved. However, many respondents showed a positive interest in this research and indicated that they would like to be further involved, or kept informed of progress. Responses generally show that interests in ethical trading are very similar among fruit and vegetable growers and flower growers, but that the principles of ethical trading initiatives indicated in the table, are dependant on specific commodity interests and the geographic regions in which the respondents are associated, operate in or trade with.