



A Platform of International Dialogue on Voluntary Sustainability Standards

United Nations Forum on Sustainability Standards Bangkok Briefing

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Overview:

This document outlines the content of the UNFSS briefing in Bangkok, Thailand.

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1. Summary of UNFSS Bangkok Briefing

The UNFSS Briefing in Bangkok was jointly organized by UNFSS, the Board of Trade of Thailand and the Compliance & Innovation for AGRI-Food Supply Chains project (CIAS). It attracted high-level participation and a large number of participants both from the public sector (particular the Thai Ministry of Commerce and the Ministry of Agriculture and Cooperatives of Thailand), private sector (the ThaiGAP Institute/Board of Trade of Thailand, business associations from different sectors, and several company representatives) and academe as well as representatives from international organizations partnering on UNFSS. The objective of the meeting was to discuss and deepen awareness about salient issues related to voluntary sustainability standards (VSS), to increase the understanding by participants of the UNFSS, its objectives, structure and envisaged priority themes and activities and to identify key issues that should be included in the agenda of the UNFSS and its activities from a Thai and ASEAN perspective. Owing to the interesting presentations and active discussions in the different panels and with participants, the meeting delivered some concrete recommendations on UNFSS working priorities as well as ideas for future collaboration with Thailand and the ASEAN region.

Welcome and Introduction

In her opening statement on VSS from a Thai perspective, Mrs. Nuntawan Sakuntanaga, Deputy Permanent Secretary, Ministry of Commerce first welcomed all participants to the briefing and started her elaborations with a definition of the term VSS. Regarding expectations from the work of the UNFSS, she stressed the need for capacity building, harmonization and equivalence, assistance for SMEs and reducing certification costs. Mrs. Sakuntanaga also exemplified the multiplicity and spate of VSS by referring to a recent trip to Germany, where many different (private) agricultural and organic standards exist in addition to general EU standards and regulation (for instance on organic products). She also noted that VSS should therefore be scientifically based, proportionate to the real (rather than perceived) risks they aim to address and that the disciplines of the TBT and SPS agreements should not be undermined.

Mr. Frank Grothaus, UNFSS support team, gave an overview of VSS from the UNFSS perspective. He noted that current areas of UNFSS focus are around agriculture and food products mainly, but in the future areas of UNFSS activities can include energy/ material/ resource efficiency, including product carbon footprints. He explained the importance of VSS and their growing markets, which imply both challenges and opportunities. Besides, since benefits and costs of these standards arise at different points and levels there would be a governmental task to even out the interests, to recognize VSS as strategic policy instruments for mitigating economic, food, climate or water crisis and to contextualize VSS into the macro-economic development perspective. Rather than being viewed as a technicality, VSS should be recognized as tools that can be used to internalize environmental and social costs, advance sustainable production and consumption methods and promote competitiveness in the growing and lucrative “sustainability” markets. Public interests, public policy objectives and public goods should be at the center of the UNFSS focus.

In the course of his elaborations, Mr. Grothaus also highlighted some key systemic challenges of VSS, such as their multiplicity and lack of interoperability, their stringency, complexity and multi-dimensional character and their potential misuse as anti-competitive instruments, among others. Despite these challenges, these standards represent a new meta-governance system for international supply chains largely outside WTO rules. He also detailed potential government roles in setting standards and policies to encourage stakeholder engagement, anti-trust policies coordination between standards, interoperability between standards, capacity building, supporting small and medium enterprises (SMEs), and coordination between governmental bodies.

On the added value of UNFSS, Mr. Grothaus noted that it is the only intergovernmental and multi-stakeholder forum that systematically conducts analytical, empirical and capacity-building activities in this field and deals with generic and strategic problems of VSS in a consistent and proactive way, without endorsing or legitimizing specific VSS. The UNFSS focus is on promoting sustainability and supporting in particular developing countries in this regard. The UN Forum, which will meet annually, is in the center of the proposed UNFSS structure in addition to the Steering Committee consisting of the 5 partnering UN agencies. Feeding into the debate, there will be analysis of key issues, drawing on key partners both from governmental and non-governmental communities including academe, such as the Committee on Sustainability Assessment (COSA), the Finance Initiative for Sustainable Trade (FAST), and the Sustainable Commodity Assistance Network (SCAN) at the United Nations Conference on Trade and Development (UNCTAD), and others. An Advisory Panel consisting of some 20 experts representing all key stakeholder groups has already been set up in the preparatory process and will provide guidance on the strategic orientation of the Forum. Lastly, Mr. Grothaus mentioned that the UNFSS was set to be launched at a conference on 21-22 March 2013 in Geneva. He noted that the UNFSS intends to primarily be a policy-discussion forum on pro-active governmental approaches towards VSS so that the benefits of their use is maximized, while the costs and risk are minimized.

Multi-stakeholder facilitated discussion: Policy Making and Sustainability Standards: How can governments and private sector work together to achieve sustainable development goals?

This session was moderated by Mrs. Darunee Edwards, Food Science and Technology Association of Thailand.

The first speaker, Mr. Surasak Riangkrul, Department of Foreign Trade, Ministry of Commerce referred to the stalled Doha Round of WTO negotiations and the widespread perception that it lacks progress. He stated that every country aims at increasing trade volume and that every WTO member country has to reduce tariffs and technical barriers to trade as well as comply

with the disciplines of the SPS agreement. He added that tariff reductions also were a major component of FTAs.

He went on to stress the trend of “Asianization”: In 2040, 5 out of the 8 biggest capital cities in the world will be in Asia; 50% of the world GDP will be created in Asia; the Chinese language will be the most spoken one and 60+% of world’s population will live in Asia. Moreover, there is an indisputable trend of anthropogenic global warming from the 18th century until now. All these changes in the world would urge business to change accordingly. Thus, both business and governments need to keep up with rapid changes: business and governments will be forced to support their preferred policies with better reasoning and to communicate this to broader publics. In particular, non-trade policy-makers needed to understand the language of trade policy, while policy-makers needed to learn the language of sustainable development.

Besides, Mr. Riangkrul detailed some tools for trade policy makers, i.e. non-tariff measures (NTMs), technical barriers to trade (TBT), following international and private standards, sanitary and phytosanitary measures (SPS), considering environmental concerns, i.e. carbon footprint, anti-dumping (AD) policies, countervailing duties (CVD) and safeguard (SG) measures.

He concluded his presentation with two case studies: In the first one, he explained that the purposes of utilizing import administration procedures were to protect public health and national economic security and that ministerial notifications administering the importation of certain products, e.g. cassava and cassava products, swine’s offals, shallots, fresh oranges, new pneumatic tyres of rubber, electric fans, electric rice cookers and electric lamps have been issued.

The second case study dealt with Thailand’s efforts in the prevention and the elimination of child labor, forced labor and human trafficking. The initiative of the Royal Thai Government and the industry to promote better work in Thai Fisheries Industry comprised the establishment of the anti-human trafficking Action Plan 2012-2013 of Thailand, making sure that human rights-related rules and regulations are strictly upheld in addition to setting up Samut Sakhon province as a pilot project with the intention of eliminating the threat of human trafficking and child labor by promoting and supporting all children to have opportunities for education, setting up an operation centre to suppress and prevent human trafficking, providing nursery care and provincial educational institutes.

Finally, in the light of the many difficulties which still affect government and private sector working together, he called for a change of attitudes and enhanced cooperation between public and private sector, for which it was now time to start.

Ms. Metanee Sukontarug, the second panelist, previously director of The National Bureau of Agricultural Commodities and Food Standards (ACFS) and now the director general of the Department of Agriculture under the Ministry of Agriculture and Cooperatives (MOAC) speaking on behalf of the ACFS emphasized the importance of the topic the Forum addresses and that it was very relevant to the work of the MOAC. She added that in Thailand government and private sector always work together, so in her presentation she wanted to show what they do and how. Ms. Sukontarug explained that the 3 goals of MOAC were farmer health and welfare, food safety and Thai economic development and that MOAC’s activities are mainly taking place in the 3 areas production (cost reduction, efficiency, food security, genetic resources, standardization, organic agriculture, agro-industry), farmer & organization (registration, federation, welfare, education, business) and basic structure & supports (water resources, soil conservation, agricultural area, zoning system, warning system).

As to the role of ACFS, which is a governmental agency under MOAC, it is a national standard setting organization, national accreditation body, national contact point for CODEX, OIE, IPPC, a

notification point & enquiry point for WTO/ SPS, WTO/ TBT (Agriculture), and deals with food & agriculture standard activities in ASEAN. ACFS stakeholders are farmers, producers, manufacturers, importer-exporter, academics, related government and private organizations, CB, IB, LAB and consumers.

ACFS – standardization is scientifically based, and aims at international harmonization, supply chain management and stakeholder participation. Besides, education is provided in the area of communication, training, workshops, and seminars and with an information center. Sample cases in which ACFS participates are the GOMA project (FAO, UNCTAD, IFOAM) and work on GAP/ COC Shrimp together with FAO. The ACFS accreditation scope covers GAP, organic, GMP/ HACCP, ISO 22000 and Global GAP. ACFS proposal activities include closer collaboration between VSS setting bodies, integration of standards, applying code of good practice for preparation, adoption and application of standard as well as harmonization of SPS related standards (Codex, OIE, IPPC). The understanding of VSS should be improved with a clear scope and goal and by providing training, technical assistance and updated information. When it comes to costs, the opportunities for SMEs and developing countries should be considered.

Afterwards, the moderator summarized the parts of the above presentation, which were held in Thai, giving the additional information that the Ministry of Agriculture would need information from all stakeholders to develop standards that are suitable for all (i.e. not too loose and not too tight) and not too costly so as to avoid marginalization of SMEs. Although being a national body, ACFS would also connect with international bodies (such as Codex, IPPC, OIE) and also other international bodies and agencies. In terms of collaboration she added that different levels of committees have been established and within each committee there are public sector, academics and private sector involved, but it is mainly technical committees. In sum, the work of MOAC is characterized by working together with public and private sector and academe in coming up with standard setting, harmonization of different kind of standards, and support to small/ subsistence farmers or the small enterprises since too high costs would make compliance difficult for them.

The third speaker was Dr. Tatsanee Muangkaew, Expert on Agricultural Economics Policy from The Office of Agricultural Economics, a department under the Ministry of Agriculture and Cooperatives responsible for making policy recommendations. She outlined the content of her presentation as first providing an overview of policies related to standards, challenges for farmers to produce according to standards, problems with standards, followed by an overview of how public and private sector work together under her office. She started by explaining the three strategies of agricultural policies:

- Strategy 1: farmers quality of life (to build farmer's occupational and income security; to develop knowledge-base to smart farmer; to promote capacity building for farmers and communities)
- Strategy 2: production capacity (crop, livestock, fishery): develop production on crop, livestock and fishery; boost green production (GAP, organic farm processes), promote food safety, food and energy security, support development of agricultural marketing system, foster economic connectivity (within the region and internationally)
- Strategy 3: agricultural resources management (develop efficiency and sustainable agricultural resources and infrastructure, develop early warning system and prepare for climate change situation, improve related regulations on agricultural resource management)
- Plus strategy of food security of MOAC (2013-2016): Thai people should have sufficient good food for sustainable consumption.

In order to promote agricultural products' quality development, production development needs to be enhanced through training farmers on Good Agricultural Practices (GAP) (upstream), the producers fostered into the standardization system in order to expand the amount of

standardized manufactures and factories (midstream) and Q Shop/ Q Market/ Q Modern Trade be promoted (downstream). She then pointed out some problems related to standards, such as in the farmer sector the lack of information about benefits (other than economic perspective), increase of production costs, uncertain market opportunities, lack of incentives to produce according to standards; in the government sector the insufficiency in providing standard system service and in the private sector firms having the perception that only premium market and export market concern products' standard and consumers are often more concerned about lower price rather than good quality and standard products.

On the question of how government and private sector can work together in the area of standards, she noted that farmers need more intensive farm extension and information, get higher prices for certified products, have a certain market for such products, get access to finance and to standard services with lower cost. The government would need to provide/ support information and knowledge to farmers, promote good agricultural practice (GAP) and encourage farmers to produce in line with standards. On the private sector side, firms need to provide reasonable prices for standard products, on the one hand, and consumers must be willing to pay higher prices for good quality and standard-compliant products that also lead to health risk reductions. She also stressed the example of private and public stakeholders (multi-stakeholder group) working together in the area of sustainable palm oil production under the Roundtable on Sustainable Palm Oil (RSPO) standard (small farmers, palm oil mills, Office of Agricultural Economics (OEA), university lecturers and GIZ).

In the presentation that followed, Dr. Roongnapa Korpraditsakul from Kasetsart University started by saying that her presentation focused on private sector concerns and that she is working as a technical expert on ThaiGAP and GlobalGAP, being a university researcher at the Agricultural Commodity Centre (RDAC), which was established last year. She stated that from the perspective of her work, trade standards are important and have a big impact on farmers in Thailand and significant implications on access to international markets. Therefore, private sector and government need to work closely together and her university wants to give advise to both and enhance communication between all stakeholders.

She recalled that 10 years ago cooperation with GIZ started in the area of private standards on GlobalGAP, not only with respect to quality but also social welfare and environmental aspects, since producers of fresh fruits and vegetables had to increasingly comply with GAP standards in foreign markets, notably in Europe. At that time, a training course was set up to promote better understanding of international standard requirements (e.g. EurepGAP at that time, now converted into the GlobalGAP).

She then described her work on a palm oil project with small farmers, which aims at providing dialogue and creating a link between the smallholders and the buyers in the market. It also informs about food safety requirements, soil and water criteria (cleanness of water), microbiological contamination and chemicals contamination in the field. With a view to the multitude of standards at different levels (e.g. national Thai Q mark, GAP and CODEX, the latter sometimes perceived as being sufficient from a government perspective) and the trade barriers high international standards pose to small farmers, there was a need for a link with the buyers and clarification on what the GAP and food safety criteria were. In this context, Ms. Korpraditsakul emphasized the importance of advisory services, assistance and training for farmers on how to comply with standards (pre- and post harvest), reducing certification costs on the farm, assistance with documentation, which is the most difficult for the farmers, and supervision of compliance. Therefore, her university had created info materials and the Ministry of Agriculture and the department of agriculture extension had set up a structure to assist the farmers as well as developed a strategy of and provided assistance with implementation at farm level (for example the private standard EurepGAP previously set very strict requirements and required high investments from the farmers and entrepreneurs; the Thai Government and GIZ supported farmers with investments needed for compliance with standards).

Referring to the classical pyramid of private standards with food safety as minimum requirement (mainly local/ people in Thailand need food safety) at the bottom, a second level with Q GAP, ThaiGAP level 2 and local gap, and the third level being ThaiGAP, which is already equivalent to the GlobalGAP standard and thus reaching the international level, she pointed out that accreditation and certification were quite costly and that there were similarities e.g. between Q GAP, ThaiGAP, US GAP and GlobalGAP. Thus, work should be conducted to make those standards more comparable.

Lastly, she noted that national interpretation guidelines would be available on the university website and mentioned the training and consulting service network between Kasetsart University, Chiangmai University and Maejo University.

The last speaker in this opening panel, Mr. Chusak Chuenprayoth, ThaiGAP Institute and Board of Trade of Thailand, first referred to Dr. Ulrich Hoffmann, UNFSS coordinator at the UNCTAD Secretariat, explaining that he could not be present today but initiated this briefing, which gives the private sector the opportunity to know more about the international developments in the private standards arena, and expressed his appreciation for the morning presentations which shed light on the meaning and role of private standards.

Mr. Chusak noted that the issue of how to implement standards in Thailand had been discussed for quite a long time and that now that something is happening and with UNFSS emerging as a new initiative, which he very much appreciated, the main question was how to achieve effective implementation of VSS. He emphasized that consumers internationally drive these standards, that the existing gap between developed and underdeveloped countries needs to be closed, and that all stakeholders were in one boat. He also recalled a previous discussion (at a World Bank organized meeting of the Trade Standard Practitioners Network two years ago) with Mr. Hoffmann on the issue of standards and environmental issues, during which he stated that this would primarily be a task of the private sector and that large companies already implemented private standards. Mr. Hoffmann replied that not only large companies played a role in world trade, but that one should also not lose sight of how small-scale farmers could be adequately integrated into global supply chains. He added that the Thai Board of Trade and Thai GAP Institute also wanted to integrate SMEs into the supply chain and assist them.

Since Thailand has already recognized the key importance of food standards and has a good reputation and leading role in agriculture, it was impossible to lower standard requirements; thus the achieved standard level had to be maintained and all stakeholders had to cooperate to make it more successful and move closer to international standards. Mr. Chusak therefore welcomed the imminent launch of UNFSS work, because this issue is something that needs to be worked out not only in Thailand but also in the region and internationally. In light of the lack of progress in the WTO Doha Round now a clear message needed to be sent out by governments and private sector. The ThaiGAP Institute's / Board of Trade's work would be one tool to support this process by assisting all stakeholders along the supply chain.

In the course of his presentation, Mr. Chusak detailed selected private sector standards and codes in the marketplace: collective pre-farm gate standards such as GlobalGAP, SQF 1000 and post farm gate standards such as International Food Standard ISO 22000 as well as retailer-specific standards (e.g. Tesco Nature's Choice, Carrefour Filière Qualité). He stressed that only the big companies would have the ability to comply with those standards and to access high-end markets, which develop more dynamically than conventional ones. Since these standards were required by the consumers and set in developed countries, when setting up standards in developing countries or underdeveloped countries the question would be how to implement that in an appropriate way. This is not only a task for Thailand, but all countries of the region would need to come together, discuss that and cooperate.

Since the focus of international consumer demand was not only on food safety but also increasingly on products with less environmental impact, e.g. considering carbon footprints, or social benefits (as in ThaiGAP or GlobalGAP), the private sector would need to be prepared how to deal with the new requirements. He stated that Thai GAP and Global GAP/ private standards in food safety were compliant with EU Food law and not a non-tariff barrier (NTB). Yet correct implementation was still a problem; so collaboration between private and public sector would need to become a reality. The public sector has also recognized this issue and is working on it.

Lastly, Mr. Chusak noted that Thailand was the second country, in which a national UNFSS briefing was held, and that he had heard from the first UNFSS briefing session in China that the Chinese government had realized the opportunity of developing a framework for VSS to increase access to foreign high-end markets and that Thailand should not lack behind in this regard.

Afterwards, the moderator commented on the elaborations above by acknowledging that it was indeed a challenge for every stakeholder in the supply chain to comply with sustainability standards, and that therefore a forum was needed to promote understanding among stakeholders, increase knowledge and make it work.

Second round for all speakers

In the following round of additional statements, Mr. Riangkrul emphasized that awareness between the different actors, not only between the manufacturer and exporter but also anybody, who is involved in any step along the supply chain and especially government representatives, was the most important factor. In order to confront and handle the problems arising from standards, cooperation between all stakeholders at every level would become more and more important and he stressed that the government would like to work together with the private sector, Mr. Chusak in particular, to narrow the gap between government and private sector, which was absolutely needed.

Ms. Sukontarug stated that sustainability was a need for everybody, as well as communication with and assistance to the private sector were required. Harmonization of standards and closing the communication gap between producers and buyers should be a focus of UNFSS work. Ms. Muangkaew noted that Thailand as a major agriculture and food exporter has to confront sustainability standards, since otherwise smallholder farmers cannot access those private standards' markets. Grouping them in farmer organizations and working together for training and certification could be part of the solution and, referring to the existing GOMA project (of FAO, UNCTAD and IFOAM) in the organic field, she recommended harmonization of standards along ThaiGAP/ GlobalGAP could also be a possible way forward.

Finally, Mr. Chusak called for *setting up a national UNFSS platform between the public and private sector* for working on concrete implementation, not on policy only. A lot had already been done at policy level, but implementation of policy recommendations was lacking far behind. Now would be the time to realize the new opportunities and with the support that UNFSS can offer, Thailand should try to become a leader in the field of voluntary sustainability standards.

Q&A session:

During the question and answer session that followed, one participant stated that as part of the Roundtable on Sustainable Palm Oil (RSPO) the German development agency GIZ spent a lot of money in the last few years on sustainable palm oil certification, and out of around 10.000 smallholders in Thailand now approximately 500 small holders (i.e. 5%) were participating. However, when it came to costs, in Thailand they were almost twice as high as in Indonesia or Malaysia. He therefore wondered if RSPO was such a good practice and how the cost and

efficiency of production could be improved. Instead of just increasing expenditures on compliance, monitoring, inspection and certification, efficiency of the production should be increased. Thus, he still had some doubt on whether this case could be considered a success story. With regard to the comparison with Malaysia and Indonesia another intervention from the audience questioned the statement that Thailand would not be competitive. Due to the technical nature of this issue the moderator suggested that the two could have a more detailed bilateral discussion afterwards and suggested that one might have to look at the whole supply chain, because when looking at only one stage the picture might not appear so positive.

In the next intervention, the deputy director of ACFS noted that proper implementation of private standards required a participation process of inclusiveness and fairness, and investments for the enterprises. The representative of the farmer council and former minister of natural resources and the environment commented that there were a lot of subsistence farmers in Thailand and how they can access knowledge would be the one of the key points.

Afterwards, a representative from TÜV Nord (a German testing body) directed a question to the government representatives in the panel: Since it would be difficult for Thailand to neglect voluntary standards, he wondered whether there was any policy to participate in international standards (e.g. created by a roundtable) and whether Thailand had anybody to participate or to submit comments. A representative from the government side responded that Thailand had consultations for example with the EU/ European Commission every couple of months on several trade-related measures in the EU so that manufacturers could be informed in advance of new measures and could prepare in advance. He added that a more regular set up, such as a committee, would be preferable in order to have a continuous dialogue and be better prepared for any future measures. Early compliance with the demands from clients from all over the world and a proactive approach would be an advantage because in this way Thai producers could get ahead of competitors.

Finally, the moderator summed up that all stakeholders were looking for assistance and that the four factors involved in VSS, i.e. economics, innovation, environmental impact and social responsibility, were all very important, but a balanced approach would be needed. Moreover, harmonization of standards was key for the fair distribution of costs and benefits for all stakeholders within the food supply chain and there was a need to create awareness at all levels, provide education, and enhance communication and connectivity.

Conclusions of high-level session by Mr. Pornsil Patchrintanakul, The Board of Trade of Thailand

In his concluding remarks, Mr. Patchrintanakul shared some of his experiences in international trade from the perspective of multi-national companies. He stated that if one asked buyers to comply with standards more than 10 years ago and there was no incentive, they would not have done it autonomously. When he tried to sell products to a big company which applied so called company standards (this company produced high level quality products so they needed high quality inputs/ raw materials), he was asked for the components he delivered to source his raw materials according to certain standards. He sourced materials from India and asked the supplier there to comply with the required standards, but that turned out to be very difficult. So he had to go to India to closely work with suppliers, guide them on what was specifically required and clarify what he was willing to pay for certified supplies. Mutual benefit for producers, buyers and intermediaries had to be achieved. After 8 years everybody adopted the same practice so that the product had become in complete compliance with the required private standards. So finally there was an improvement, the Indian producer produced better products and the price was going up. In the end it is only a business case, but to start the process is far from easy. The technical know-how is there; certification is there; control is there and mutual benefits are there, but only taking the benefits and asking other people to bear the costs is impossible.

Recalling the morning discussions, Mr. Patchrintanakul stated that the world and in particular the rules of the business world may change tremendously and that the way of thinking has already started to change. Besides, he called for a change of priorities in business practices so that business before producing first thinks about human health, environmental implications as well as safety of society and people before focusing on profit as a business. He added that there also needed to be a dialogue with export markets and since each measure decided on today could only be implemented in two or more years, knowledge of new developments became crucial. He concluded by stating that today's meeting should be taken as a starting point to *form a committee or platform of all concerned stakeholders not only from the private sector* (as was suggested by Mr. Chusak) to learn more about sustainability standards and to set such standards, support capacity building to disseminate the technical knowledge, which stakeholders then must be ready to apply. Lastly, he pointed out that cost was an important factor and he called for a rethinking of the way the government subsidized agricultural products in the future: instead of focusing on subsidizing prices and specific commodities (e.g. focus on sustainable rice with the consequence that everybody produces rice) subsidies should be diversified in order to realize more functions of subsidies for a limited time period and once the desired practice had become general practice the government could discontinue the subsidies.

Lunch break

After lunch, Dr. Stefanos Fotiou and Mr. Ralph Houtman provided an overview of UNFSS relevant existing and planned activities in Thailand of their respective organizations.

Presentation by Dr. Stefanos Fotiou, Senior Regional Coordinator, Resource Efficiency, for the Asia-Pacific Region, UNEP:

Mr. Fotiou started his presentation by explaining that there were 5 programs of work in UNEP, and one of them, the resource efficiency program, contained work on voluntary standards, industry, sustainable consumption and other related issues. In the course of his presentation he elaborated on the contextual background, gave an overview of initiatives and outputs and examples of UNEP initiatives and work in Thailand. He defined the Green Economy as an economy whose growth in income and employment was driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. He explained that the concept of green economy was a component of sustainable development and the objective of the Partnership for Action on Green Economy was to redirect investments from business as usual to low carbon and more resource efficient investment taking into account the life cycle approach.

Under the resource efficiency program - promoting sustainable resource management in a life cycle perspective for goods and services – UNEP worked in the following four main areas: scientific assessment for resource use, policy, work with business and industry, and on consumption. Under the consumption pillar, there were three main areas, i.e. education, lifestyles and youth; standards and labels; and sustainable government procurement, and under one of the pillars there was work on labels, i.e. eco-labels, measuring sustainability and environmental footprint (methodologies for carbon footprint and water footprint). Examples of UNEP initiatives at the multi-sector level were the green economy and trade project (www.unep.org/greeneconomy/), regional cooperation on eco-labeling and sustainable public procurement; and at the specific sectoral level, for example, the sustainable buildings and climate initiative, and sustainable tourism.

Examples of output included the global sustainable tourism criteria, common carbon metric protocol, sustainable buildings protocol as well as guidelines for sustainable consumption. A

concrete example of work in Thailand was the sustainable rice platform, initiated by UNEP and the International Rice Research Institute (IRRI), with the partners Thailand and Vietnam, in addition to companies (Kellogg's & Mars Foods) and the Asian Institute of Technology/ CIRAD. The latter initiative followed a two-stream approach: assist governments in public policy development for sustainable rice production and secondly to assist with the development of voluntary market transformation initiatives. Its objectives were to develop a context-dependent modular standard for sustainable rice production and processing, enabling large-scale adoption of best practices and to establish an international platform globally recognized. The platform aimed at setting management standards, sustainability targets and developing and promoting regional and global standards, as well as to assist non-governmental organizations and companies to develop sustainability criteria. A further step that was envisaged by UNEP was to explore improving sustainable trade in Thailand's rice sector, i.e. how to increase investments in greener production practices, explore green economy trade opportunities in the rice sector and policy recommendations to exploit potential new markets for sustainable rice.

Presentation by Mr. Ralph Houtman, Agriculture Officer (Value Chains, Marketing and Rural Finance), FAO Regional Office for Asia Pacific in Bangkok, titled "Reflections on work done on certification of voluntary sustainability standards by the FAO Regional Office"

In his presentation, Mr. Houtman explained that FAO had gained experience in a number of projects in the region: two projects were funded by IFAD, CFC/ OFID with an emphasis on cross border trade and exports, e.g. organic chili from Cambodia to Thailand, tropical fruits and vegetables from Lao PDR, and FAO also started work on GAP certification in Myanmar, capacity building in Laos. The emphasis of work in the region was on working with small-scale farmers. Project activities included (i) provision of innovative production technology, training of farmers, traders, transporters, packaging; (ii) infrastructure/ small on-farm investments, organic certification for Cambodian chili, assistance with establishment of Myanmar GAP, GAP capacity building in Laos and Myanmar (inspector training, farmer training); (iii) promotion of trade/ export contacts through participation in trade fairs. The main findings of FAO work were that farmers most importantly need price incentives and more stable markets (i.e. stable prices), lower cost of production, and are in third place concerned about their own and their families' health.

The main barriers for farmers identified were the very high costs of third party organic certification, which farmers were unable to pay for themselves, the lack of economies of scale on the input and output side, even more so the contribution of certification to high overheads per farm, lack of affordable international accredited local certifiers, the enormous challenges for organic production in the region, and illiteracy of many farmers (e.g. in Cambodia, for instance, in the order of some 50%). Ministries of Agriculture tended to dominate GAP certification in the region, and recently governments attempted to privatize certification, which was expensive for farmers, and there was limited capacity and manpower to train and certify farmers in addition to credibility problems (trainers and inspectors were often only in one ministry). The market would play a crucial role for certification since the buyer demanded certification, which had to be an integral part of the supply chain.

Mr. Houtman summarized the lessons learned from his work as follows: one had to start from the demand side, the market, and let buyers (exporters, supermarkets, institutions) demand the standards; consumers needed to be educated since they were the final buyers or could influence the buyers; a small premium should be paid on top of the market price; more active promotion and distribution and perhaps subsidization of alternatives to agro-chemicals was needed; there was a role for the government to do more active promotion and extension services; more direct and cost-efficient linkages between farmers and consumers, e.g. participatory guarantee schemes (PGS), community supported agriculture (CSA) were needed; a special logistic software (GRECOCOS) had been developed to link groups of consumers with farmers or aggregators (specific goods could be ordered and be picked up directly by the consumers).

Afternoon session:

Interactive discussions and presentations: Topic: VSS Challenges and Opportunities

Presentation on CIAS (“Trade Standards Compliance & Innovation for AGRI-Food Supply Chains”) project, by Dr. Astrid Faust

At the beginning of her presentation, Dr. Astrid Faust explained that the Science and Technology Research Institute of Chiang Mai University (STRI) led the CIAS project, funded by the EU, with a regional/ area approach on Northern Thailand. CIAS targeted the competitiveness development of Thai food products in international and regional premium markets by means of full compliance with mandatory and voluntary trade requirements (e.g. organic, GlobalGAP, GMP/HACCP, fair trade). Ms. Faust went on to provide a definition of voluntary sustainability standards and then named consumers and NGO movements, selected brands, which wanted to demonstrate the environmental or organic merits of their products to consumers and b2b clients, and local farmers as well as SMEs, which sold their produce to (overseas) niche markets with the organic and other certification requirements, as driving agents of VSS.

She noted that the Millennium Development Goals (MDGs) 7&8 were still strongly relevant for Thailand and that the tentative blueprint of Sustainable Development Goals (SDGs) in terms of dimensions, cross-cutting themes and approaches, priority areas and broader challenges were also very strongly related to Thailand. Moreover, she detailed the intervention model and components of the CIAS project as being project management, development of technical innovations (surveys and research), promotion of standard compliance and capacity-building/ workshops etc. Project achievements would mainly relate to two key performance indicators, i.e. the number of certifications generated in the area (around 40 certification applications, 23 contracts and 28 audits within two years) and increased competitiveness of selected industries and several of the products, in particular fresh and processed food, in terms of products fully compliant, uniqueness of products, the existence of interesting innovations of the products itself, and higher sales price in comparison to other products. In sum, compliance, competitiveness and sales price gradually increased in all these dimensions against the baseline. In addition, sales had also increased among existing and new costumers. Referring to growth rates in the German organic market by 10% in recent years and the need for increasing shares of organic product imports from other countries to satisfy market demand, Ms. Faust stressed the opportunities related to VSS arising from the generally high demand for certified products. She also emphasized that VSS business culture was compatible with smallholder production, integration of local support networks and a services module approach. She identified opportunities for policy makers in terms of contribution to realizing SDGs, minimizing environmental impact, integration of local support networks and services, access to export market as well as access to local quality food, which was also increasingly demanded in the Thai market.

Lastly, she pointed out that the intervention potential of the CIAS project was to provide information and raise awareness of key-decision makers on the strategic importance of VSS; to identify main policy requirements to introduce and create outreach for VSS (international good practices); joint visioning/ planning and capacity building of public and private sectors; to implement educational campaign(s) of target groups/ service providers and to develop effective policies towards widespread recognition and application of VSS by concerned target groups. Lessons learned from countries successfully using VSS should be applied to other countries and adjusted to specific circumstance, if necessary.

Best Practices of and lessons Learned by the Commercial Sector: Discussion by representatives from different sectors under the theme “Private sector – are you ready”?

In the afternoon, Mr. Chusak Chuenprayoth moderated a session on best practices of and lessons learned by the commercial sector under the theme “Private sector – are you ready?”. He thanked previous speakers and pointed out the important role international organizations like FAO and UNEP have played in this area in Thailand and also the important contribution the CIAS project has made to facilitate the market access of many small Thai SMEs to international markets, which would provide a good example also for other producers/ farmers.

Mr. Chusak addressed two main questions to the panelists: 1) What are your lessons from the past? and 2) Are you ready to comply with international trade requirements like voluntary sustainability standards?

The first panelist, Mr. Pathom Taenkam from the Thai Fruit and Vegetable Producers Association, started by explaining how private standards emerged with EurepGAP, created by several European supermarket chains and their major suppliers in the late 1990s. Besides, in 2002 the EU food law was adopted reflecting higher awareness among public and government agencies. Against this background exporters who want to access the European market have to comply with various standards, which often also differ between different countries. In addition, compliance with national Thai private standards is necessary in areas where they are stricter than global standards. In light of this multiplicity of standards he suggested that the theme of this panel should better be rephrased to “Private sector - how ready are you?”. Mr. Taenkam added that from his experience another complication was that food safety/ environmental and social standards were constantly changing and upgraded so that the private sector would find it difficult to catch up for some time. So the problem would be that small price increases for certified products often could not compensate for the ongoing effort needed to adjust to and comply with an ever-changing environment. Thus the danger was that producers might think global but be paid local.

On harmonization, he noted that since interests and NGOs, which although being called non-profit, strive and do compete on creating standards. Harmonization was thus a difficult task since it would make some schemes and their administrators redundant.

The moderator added that it was necessary to hear more about what the public sector would think about the issues raised above, and one of the key question was: in what area does one want to invest and whether one wants to be in or not.

The second speaker, Dr. Suraphol Pratuangtum from the Thai Shrimps Association, noted that the topic of standards was very important for his sector since shrimp farms are export oriented to US, EU and Japan and the sector was already aware and working with all the standards, and from his perspective it is good to work with VSS. From his experience a lot of change had already happened in the past 20 years. He stressed that the ultimate goal of standards was to enhance quality, food safety and social responsibility and that around 9 different standards would exist which were applicable only to shrimp (GAP, COC, BAP, ACC, GlobalGAP, WWF, Marks & Spencer, FSP - set up by Shrimp Farmers’ Association on a self-declaration basis with no third party certification) among others). From the speaker’s point of view there was no alternative to complying with those standards because consumers demanded them. However, since the standards had different characteristics and emphasis, e.g. some were third party certified, some guaranteed, farmers needed to be educated if good results and enforcement of standards were to be achieved. The speaker also pointed out the problem of supervision over so many decentralized standards and that standards needed to be adapted to local realities and cultural specificities. In sum, the speaker appreciated the standards since in the past decades they had led to visible progress and improved the conditions on Thai farms.

The moderator stressed that the last observation that standards could be a tool for development would also be a very good feedback to UNFSS, since in this way standards had positive effects

not only for exports but also for development. He also stated that harmonization would be a useful tool to reduce costs.

Mr. Walrathep Punturaumporn from the Palm Oil Refinery Association was the next speaker. He noted that especially in agriculture one had to treat nature well (e.g. prevent deforestation and practice sound resource management) and ensuring food security and food safety were the food sector's main concerns. Producing clean and healthy food by way of applying sustainable production measures should ensure this. He went on to explain that in agriculture the standard was basically GAP and that this standards had to be achieved in order to compete in the export market (and increasingly also domestically) and that this would have implications for costs and quality of production. If enough benefits arose, resources could be allocated to R&D, investment and innovation in the long-term in addition to measures raising awareness.

Moreover, Mr. Punturaumporn provided an overview of the palm oil industry: Indonesia and Malaysia produce around 90% of the crude palm oil in the world, with Thailand ranking at 3rd place. Palm oil was the cheapest vegetable oil and was one of the champions to be converted into bio-diesel. The speaker stated that often the Ministry of Agriculture, Ministry of Commerce and Ministry of Energy had different opinions and their own interests that created unnecessary conflict in Thailand.

He then referred to some strategies to address these asymmetries by suggesting that land law needed to be clearly defined, that one single authority to handle all palm oil business should be formed, that education on GAP be provided, that data and information be collected, that R&D research at all levels be conducted, proper financial support for infrastructure and logistics be granted and an effective national policy of palm oil for food and for fuel be defined. Only after a review and action on these items Thailand might be ready to compete in the international market; otherwise he was skeptical about the readiness of the private sector.

The moderator stated that the palm oil sector was a good example of the importance of collaboration between the public and the private sector.

In the presentation that followed, Mr. Natthasit Ungpakorn from C.P. Retailing and Marketing Co. Ltd., said that compliance with standards was a pre-condition for participating in global markets. Since experience was shared worldwide both positive and negative, normal operation was not sufficient, and compliance with food safety requirements as well as the adoption of socially and environmentally responsible practices were necessary. Moreover, VSS should be recognized as a knowledge management tool. Since they originate from developed countries, developing countries need to learn from them. As customers had the buying power, businesses needed to adjust to customer requirements. If the customer decided so, VSS would be a key issue. The speaker emphasized that the only alternatives were to change by proactively addressing the issue or to be changed and adjust to the changing demands in a passive, reactive way ultimately. The speaker concluded by saying that from his perspective the private sector was "ready to survive".

The moderator added that whereas in developed countries prevention management was key, especially in food safety, a different culture prevailed in developing countries. So how to assist countries that are still underdeveloped in this regard (and how Thailand which is already half developed can assist others) could also be discussed by the UNFSS.

The last speaker, Mr. Srinivas Reddy Vinta from TÜV Nord Thailand Ltd., a certifying body, explained that his presentation focused on the role certification played in the whole sustainability process in the market and what the benefits and constraints of certification were. He added that 400-500 voluntary sustainability standards were currently in use across the different sectors. In order to place the whole process of certification into a broader context, he stated that the business of certification existed in the market for the last 25 years and was

increasing every year. Besides, certification could play the role of a differentiator (cost-benefit/ and differentiator of price), and there was a drastic increase of certification in the market as well as increase in level (e.g. food safety → food safety plus). Moreover, in many countries there was a shift of safety requirements from the government to major industries to make them liable for their own products.

Furthermore, Mr. Vinta stated that certification was flexible to adapt to problems in the market and in the society very quickly through adoption of new standards or adoption of latest/ additional requirements to the standards. Thus, one of the key challenges was to reach beyond the current 10% share of VSS certified produce and transform the remaining 90% of the market of low-end producers to the high end standard. Thus the whole certification should be put in a context rather than using certification as a tool to change the market. Since certification could not achieve that transformation on its own, the speaker referred to the need for government assistance through national standards, national policies and clearly implemented tools to gradually transform the mainstream market. Ultimately, certification, which would become increasingly complicated with the inclusion of the whole value chain and expansion to new areas, was necessary, but only one part of the overall process. In sum, certification could not bring about major changes, but rather help in small ways and create long-term prospects.

Mr. Chusak commented that it was noteworthy that only 8-10% of food producers had become certified and elaborated that on a positive note if the market developed in that direction this may also show a lot of room of opportunity in the light of the dynamic growth rates of sustainability market and that still such a big part of the market can be explored. He suggested that UNFSS may wish to look at how to address this issue from the perspective of exporters and thanked the speakers for having expressed a very clear message from their experience. It was not 100% pro and 100% con. Information needed to be disseminated to all stakeholders, but many stakeholders in the supply chain did still not have sufficient information. In the past, the public sector thinking about VSS was that it was something like a non-tariff barrier, but the world had changed and the problems posed by the international supply chains needed to be tackled together (by public and private sector). Thus on the private-sector side implementation was very important. All five speakers in the afternoon session had underscored that comply with VSS was a market requirement and if one wanted to be in the market one had to accept that.

Mr. Chusak then led a discussion in working groups on priority issues and activities that could be pursued by UNFSS in the future, detailed in the next section (2.) below.

Conclusion:

Lastly, Mr. Pornsil Patchrintanakul, The Board of Trade of Thailand, concluded that UNFSS should also include safety and security standards and that a lot of change was occurring in the business circle whether one welcomed that or not. Therefore, the business environment would need to be restructured. He stressed that today's meeting was a good opportunity to learn together about the problems and possible solutions and that we were at the beginning of a process that should eventually lead to a streamlining of rules. He added that a lot needs to be done: the first thing to start with would be to establish a focal point within the Board of Trade and then to start the concrete work. He concluded by saying that Thailand was going forward and thanked all participants for attending.

In the closing statement by Mr. Niwat Sutemechaikul, Deputy Permanent Secretary, Ministry of Agriculture and Cooperatives, stressed that it was important to build a collaborative relationship between public and private sector in order to achieve the goal of sustainable development through inter alia the use of VSS. It became clear that the Ministry of Agriculture was open to further discuss the VSS issue and to pursue further work in collaboration with

stakeholders from the private sector (including exporters, manufacturers and entrepreneurs), on condition that the responsibilities and work were allocated fairly between the government and actors along the supply chain. In the light of the challenges arising from the expansion of health, environment, labor and social standards, more inclusiveness and the consideration of various points of view should be ensured so that the concerns of farmers and manufacturers, who are most affected by the standards, are better taken into account to the benefit of these groups as well as of the consumers.

2. Summary of UNFSS Bangkok Briefing Recommendations

Summary of “discussion on priority issues and activities that could be pursued by the UNFSS”

This session aimed at gathering feedback on the following question:

- a) What are the priority themes the UNFSS should address?
- b) What are some key activities the UNFSS should undertake?
- c) What groups of commodities and goods should receive primary attention in UNFSS activities?
- d) What is the concrete expectation from a forum like the UNFSS?
- e) Communications: how can Thai delegates/stakeholders most efficiently and effectively participate in the UNFSS, play roles or work on the UNFSS in Thailand, including follow-up activities and next steps?

a) Suggested priority themes:

- Harmonize VSS whenever possible to lower the certification costs (*also in the regional/ ASEAN context*).
- Provide technical and financial support to developing countries to develop VSS in their countries for SMEs & smallholder farmers.
- Support for SMEs (*capacity-building, education/ training*).

b) Proposed priority activities:

- Better understand the impact of VSS on global supply chains, producers and exporters, the interplay between regulation and VSS.
- Public sector: clear & open mindset for VSS, VSS information flow to all stakeholders, supportive funding.
- Private sector: clear & open mindset to accept VSS, implementation of VSS whenever needed, co-funding with public sector, set up Special Task Force and invite public officers to involve in the activities.
- Share experiences/ best practice examples (the Thai experience could be useful and be “exported” to other countries in the region, e.g. Vietnam, Laos, Myanmar).

c) Proposed commodity focus:

- Agri-food industries.
- Key agricultural raw materials, such as palm oil and rubber).

d) Expectations:

- Full support for information (sharing)/ training/ VSS implementation
- Technology transfer
- Capacity building
- Harmonization of standards

e) Communications, follow-up activities & next steps:

- The ThaiGAP Institute will efficiently and effectively participate in the UNFSS for Thai delegates and stakeholders with support by the Ministry of Commerce, Ministry of Industry, Ministry of Agriculture and Cooperatives, Ministry of Public Health.
- The creation of a team, joint committee or national VSS platform between the Board of Trade/ Thai Gap Institute and all relevant public and private sector stakeholders was suggested during the meeting and needs to be further discussed.
- Set up regional ASEAN working group to implement international Food Safety Standards in these countries.
- Apply ThaiGAP as ASEAN private standard to facilitate trading among these countries.
- Benchmarking ThaiGAP with ChinaGAP for facilitating and promoting South-South trade.
- Thailand can play a leading role in ASEAN countries (expect funds to be supported by ASEAN countries and UNFSS).