

# Exploring the synergies between cross compliance and certification schemes

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This report presents some of the interim results of the project 'Facilitating the CAP reform: Compliance and competitiveness of European agriculture'. It examines the similarities and differences between mandatory cross compliance standards and those set by voluntary certification schemes. There is a potential synergy between cross compliance and certification schemes, not least because both approaches set minimum standards and enforce those standards through inspection systems. Although there are some strong limitations, there is sufficient overlap in the standards set and in approaches to control to warrant further investigation of the potential for the harmonisation of standards and collaborative approaches to control.

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# Preface

This report presents some of the interim results of the project 'Facilitating the CAP reform: Compliance and competitiveness of European agriculture'. The primary focus of the project is to investigate the value-added resulting from introducing cross compliance as a tool to improve compliance with existing standards. A second issue is the investigation of the cost implications and competition effects of compliance to EU standards on the world market in the specific context of cross compliance. The project started in 2005, and completed in early 2008. This report explores the synergies between cross compliance and certification schemes. The project is being led by LEI Wageningen UR, in co-operation with:

- Institute for European Environmental Policy (IEEP), United Kingdom;
- Katholieke Universiteit Leuven (KULEUVEN), Belgium;
- Centro Ricerche Produzioni Animali (CRPA), Italy;
- Applications des Sciences de l'Actions (AScA), France;
- Institut für Internationale und Europäische Umweltpolitik (Ecologic), Germany;
- Warsaw Agricultural University (SGGW), Poland;
- Universidad Politécnica de Madrid (UPM), Spain;
- Winrock International (Winrock), USA;
- Department of Food, Agricultural and Resource Economics, University of Guelph (University of Guelph), Ontario, Canada;
- Massey University (Massey University), New Zealand.

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A handwritten signature in black ink, appearing to be 'J.C. Blom', written in a cursive style.

Dr. J.C. Blom  
Director General LEI



## Summary

This report is framed by cross compliance and examines the similarities and differences between mandatory cross compliance standards and those set by voluntary certification schemes. There is a potential synergy between cross compliance and certification schemes, not least because both approaches set minimum standards and enforce those standards through inspection systems. This common ground is explored in this report and is based on an analysis of 31 certification schemes in seven EU member states. This analysis provides the foundation for an examination of the overlap between standards that exist in certification schemes and in cross compliance in two member states (Netherlands, Spain) and one region (England in the UK). This comparison is discussed in relation to the Statutory Management Requirements and standards for Good Agricultural and Environmental Condition (GAEC). The focus is on private certification schemes, although EU or member state driven schemes are acknowledged where this is relevant to the analysis.

The report shows that, although there are some strong limitations, there is sufficient overlap in the standards set and in approaches to control to warrant further investigation of the potential for the harmonisation of standards and collaborative approaches to control. The main limitations lie in the differences in the standards set and arguments about the mutual role of government and private bodies in ensuring compliance with both legal standards and standards that sit outside of the regulatory framework. The conclusions suggest that the further assessment of these synergies would provide an additional dimension to current and prospective debates not only on cross compliance, which is reviewed by the European Commission in 2007, but also about the CAP Health Check scheduled to take place in 2008.



# 1. Introduction

Cross compliance and certification schemes are two approaches to validating whether minimum standards are met by farmers. There has been growing interest in developing closer links between the two approaches, as demonstrated by the European Commission's March 2007 paper on cross compliance (COM (2007) 147). This report explores the extent to which there are similarities and differences between certification schemes and cross compliance. It draws on an analysis of selected schemes in seven EU member states. The overlap between certification scheme standards and cross compliance standards is explored in three member states in order to identify the extent to which certification schemes address the standards included in the cross compliance framework. This report shows that there are potential synergies between the two approaches, but also suggests that there are clear limits to the extent to which these synergies can be developed, if this was to be considered desirable by the actors involved.

## *Methodological approach*

This report focuses on private certification schemes, and those standards that apply at the farm level, although EU or member state driven schemes are acknowledged where this is relevant to the analysis. Information for this report was produced by national experts in seven EU member states according to a template developed by another organisation in the project consortium, CRPA of Italy. An early draft of this report was prepared by IEEP and distributed to an audience of approximately seventy stakeholders as part of a research seminar held for this project. This seminar took place in Brussels on October 26 2006. Those present came from a large number of member states and included representatives of the European Commission, the European Court of Auditors, member state agricultural and environment ministries, farmer and animal welfare groups and researchers and academics. The main themes of the report were discussed, challenged and validated in an expert workshop. The report was subsequently revised to take account of the workshop discussion and the comments of the project's End User Group, which consists of member state officials involved in cross compliance.

### *Structure of the report*

This report reaches its conclusions by presenting an overview of the approaches to the certification of agricultural products and farming systems in seven EU countries. National reports were produced by project partners in France, Germany, Italy, the Netherlands, Poland, Spain and the UK. Selected examples from other member states are also provided in order to deepen the analysis. This report is not intended to provide a comprehensive overview of certification schemes as this has been undertaken elsewhere (e.g. DG JRC, 2006).

Chapter 2 introduces the EU policy context before outlining the main characteristics of cross compliance and certification schemes. The key differences and similarities between cross compliance and certification schemes are discussed. Evidence of different approaches to certification is provided from an examination of 31 certification schemes in seven member states in chapter 3. A comparison of the standards that exist in certification schemes and in cross compliance is made in chapter 4 for the Netherlands, UK (England) and Spain.

In the final chapter, conclusions are presented about the range of certification schemes developed, the extent to which the standards set relate to cross compliance standards, differences in approaches to control and the scope for and limitations to developing synergies further.

This report is accompanied by a separate paper that examines the implementation of cross compliance by member states and has a particular focus on the level of compliance and the associated costs of compliance (Deliverable 9 - Synthesis report on present mandatory EU standards at farm level). The information and ideas presented in this paper are to be developed further in a subsequent stage of the study (Deliverable 14 - Good practice for certification schemes).

## 2. The need to compare certification schemes and cross compliance

This section identifies the case for exploring the relationship between cross compliance and certification schemes. It helps to frame the discussion in section 3, where certification schemes in different member states are examined in more detail. This section contextualises the arguments set out in this report in terms of recent EU policy developments. Activities on certification at the EU level are noted in order to highlight the interest of the public sector in private approaches to setting standards. A more theoretical overview of the main characteristics of cross compliance and certification schemes is then presented in order to identify where the main similarities and differences might lie. The report largely focuses on private certification schemes, but acknowledges EU or Member State driven schemes where this is relevant to the analysis.

### 2.1 The EU policy context

The exploration of the synergies that exist between cross compliance and certification schemes fits within the context of the broader EU policy agenda. The Commission's 2007 report on cross compliance (COM (2007) 147) made a number of suggestions to simplify and improve the system of cross compliance introduced by Regulation 1782/2003<sup>1</sup> as part of the 2003 reform of the CAP. On the subject of certification schemes, this report suggests the following:

'A number of farmers are currently participating in quality certification schemes which usually involve a number of audits being made by the certification body. In some cases, cross compliance on-the-spot checks are perceived by farmers as an unnecessary new administrative burden because they cover the same issues as certain standards already certified under private schemes. It seems appropriate to look for synergies

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<sup>1</sup> Council Regulation 1782/2003 of 29 September 2003 establishing common rules for direct support schemes for farmers, OJ L 270, 21.10.2003.

between certification schemes and cross compliance on-the-spot checks, provided that the certification schemes are officially approved and relevant to cross compliance. The Commission therefore envisages adapting the rules in order to allow the competent authorities to use data concerning certified farmers for risk analysis purposes for the sample selection of farmers to be checked (COM (2007) 147:9).'

This paragraph highlights the scope for synergy and notes some of the considerations that need to be made in order to make the proposal operational; namely that the standards set by certification scheme need to be of relevance to the cross compliance SMRs and GAEC standards and that the scheme will require official approval for it to be taken into account in the design of the risk sample for on-the-spot checks.

Cross compliance is expected to feature in the CAP Health Check due to take place in 2008, ahead of the EU budget review scheduled for 2009 where CAP financing is likely to be a key area of debate (Baldock and Farmer, 2006; Cooper et al., 2007). Another relevant policy driver is the European Commission's activity on better regulation, the aim of which is to reduce administrative burdens by 25 per cent by 2010 (COM (2006) 689). The underlying philosophy, as described by COM (2007) 23, is 'to streamline and make less burdensome the way in which policy objectives are implemented'. The same Communication sets out an Action Programme and identifies Regulation 1782/2003, the legal provision for cross compliance, as a priority area for the further examination of administrative burden. Identifying ways to improve the efficiency of the cross compliance inspection system, perhaps by taking consideration of private certification schemes, may be one possible way to reduce administrative burden.

## **2.2 Overview of EU level considerations of certification**

This report focuses on private certification schemes. The level of EU activity in the area of certification is currently limited to organic production and labels validating the authenticity of regional products. Product labelling continues to be of interest to the European Commission as exemplified by a conference organised by DG Agriculture and Rural Development in Brussels in early 2007.

Organic farming schemes were established by member states in response to EU legislation in this area. Regulation 2092/91 was introduced to assure

the authenticity of organic farming methods. A 'European Action Plan for Organic Food and Farming' was published in June 2004 (COM (2004) 415) and included objectives to raise the profile of the EU organic logo, to reinforce and harmonise standards and improve the performance of inspection bodies. A proposal for a new Council Regulation on organic production and labelling (COM (2005) 671) was subsequently published in December 2005. This proposal suggests that all products that comply with the standards set by the Regulation need to compulsorily bear the 'EU Organic' text fragment. The EU has also created a number of product labels signifying the authenticity of a particular product - the PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Speciality Guaranteed) labels. Member states may also make use of the European Agricultural Fund for Rural Development (EAFRD)<sup>1</sup> to provide support to farmers who participate in food quality schemes. It has been argued that quality labels can act as levers for rural development by inducing economic growth (Callois, 2004).

The Agriculture Commissioner, Mariann Fischer Boel, has suggested in speeches in late 2006 and in early 2007 that the European Commission has an interest in developing a product specific quality label for use in the EU. The Commissioner raised the possibility of creating an EU label for poultry meat - complementary to national and regional labels - to enable consumers to distinguish which products meet the EU's animal welfare standards (Mariann Fischer Boel, 7.10.2006). The EU Action Plan on Animal Welfare (COM (2006) 13) raises the possibility of developing an EU animal welfare label. In addition, the Commission dedicated a conference to food quality certification in February 2007. Participants at this conference were asked to consider how certification schemes add value, how schemes communicate high standards and the impact schemes have on imports from third countries (Mariann Fischer Boel, 5.2.2007). The European Commission is therefore showing a growing interest in labelling as a way to promote product quality. The Commission's report on the implementation of cross compliance, as summarised above, also shows the Commission's thoughts on taking into account membership of private schemes in the control of mandatory cross compliance standards. It remains to be seen whether labels can be successfully developed at the EU level and the extent to which the EU

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<sup>1</sup> Council Regulation 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development, OJ L 277, 21.10.2005.

becomes involved, or not, in private certification. This paper helps to set out some of the prospects, as well as some of the limits.

### **2.3 Objectives and characteristics of certification schemes and cross compliance**

The underlying objectives of certification schemes and cross compliance differ. Whilst the aim of cross compliance is to promote more sustainable agriculture, enforce compliance with existing legislation, avoid land abandonment and maintain the area of permanent pasture (Swales, 2006b), the aim of certification schemes is typically to set standards that respond to market requirements. These standards may or may not correspond to those set by cross compliance. This means that there are limits to any comparison that can be made. The main characteristics of both approaches are explained in more detail in the following sections.

#### *Characteristics of cross compliance*

Cross compliance was introduced as part of the CAP Reform of 2003 with Regulation 1782/2003. Cross compliance involves member states making receipt of the direct payment aid, called the Single Payment, conditional on farmers meeting two sets of standards. The first, called Statutory Management Requirements (SMRs), relate to 19 pieces of EU environmental, public, animal and plant health and animal welfare legislation. These are listed in Annex III of the Regulation. The second set, referred to as standards of Good Agricultural and Environmental Condition (GAEC), relate to the appropriate management of soils and the minimum maintenance of agricultural land and features found on that land. The framework for GAEC is outlined by Annex IV of the Regulation. These SMRs and GAEC standards apply to all farmers who claim the Single Payment, and apply to the entire farm holding. Member State authorities must undertake inspections on at least one per cent of farms claiming the Single Payment to ensure that the standards are being met and those found not to meet the required standards may face reductions or total withdrawal of the Single Payment. The level of this deduction depends on the severity of the identified infringement.

#### *Characteristics of certification schemes*

Certification is the assessment, by a competent body, of conformance with a product standard, which might be a public or private standard (pers. comm.).



These schemes, sometimes known as quality assurance schemes, define standards for the farmer to meet, operate inspection systems and apply sanctions when the standards are not met. Meuwissen et al. (2003) explain that the purpose of certification is to make a defined level of performance known to stakeholders, who may include consumers, customers and governments.

Certification schemes are generally created for reasons that centre on consumers' concerns about sustainable and ethical consumption. Certification schemes seek to respond to concerns about food safety and the transparency and traceability of the food chain. These schemes may also respond to public concerns about GM crops and organic farming, animal welfare, the excessive use of pesticides and wildlife conservation. These concerns help to create a demand for market-led approaches to ensuring that certain standards are met.

Membership of a certification scheme is voluntary and the size of membership between different schemes varies. In order to receive certification, specified standards for production methods, management practices or final products need to be met. In addition, the requirements of schemes vary. Some schemes involve a farm audit, whilst others may require record keeping or the production of farm management plans. Schemes may be composed of a compulsory element which must be fulfilled in order to acquire certification as well as additional recommended practices that are not a requirement for certification. These standards and recommended practices are usually designed and reviewed by an expert body. Certification schemes are accredited by a national accreditation body to show they meet the European Standard EN45011, the international equivalent of which is ISO Guide 65. Assessors are employed by the certification body to visit producers and verify whether a standard has been met. If all standards are met, the producer acquires certification and retains certification unless any non-conformance is subsequently identified. Attaining certification often allows the producer to take advantage of any associated branding, such as the use of a logo, to help communicate the quality of the product to stakeholders such as processors, retailers and consumers. Some schemes are not visible to consumers because they have a business to business focus. Membership of a scheme may also generate premium prices, especially if it is demonstrated that the producer has met certain standards that lie above the legal minima. Participation in a certification scheme is often seen as a pre-requisite for entering the market place and/or for obtaining a higher price premium. It has therefore been argued that in such circumstances membership of a scheme is 'quasi-voluntary' (Bredahl, 2001).

## **2.4 Overview of similarities and differences between certification schemes and cross compliance**

It is evident that there are a number of differences and similarities between cross compliance and certification schemes. These are summarised by figure 2.1.

The key similarities are that both approaches establish minimum standards, operate an inspection protocol to check compliance with these standards and enforce sanctions if these standards are not met. The table also suggests where some differences might lie. For example, whilst cross compliance is compulsory for farmers who claim the Single Payment, certification schemes are voluntarily entered into. Another example relates to the inspection rate. The minimum inspection rate for cross compliance, as specified in Regulation 1782/2003 is one per cent of farmers claiming the Single Payment, meaning that, in theory, farmers may only be inspected once every one hundred years. For many certification schemes all members are inspected much more frequently, often on an annual basis.

The synergy between cross compliance and certification scheme raises some interesting questions about the benefits of one approach when compared to the other. The benefits at least partly depend on the ability to set appropriate standards given the objectives set, enforce those standards and ensure appropriate sanctions are applied. This implies that compliance with standards must be able to be checked during an inspection visit, and that these inspection visits must occur on a frequent basis in order to verify continued compliance. It may also be noted that if a certification scheme has been in existence for longer than cross compliance, membership of that particular certification scheme may enhance the likelihood of the farmer meeting cross compliance standards if at least some of the scheme's standards match those required by cross compliance.

<i>Characteristic</i>	<i>Certification Schemes</i>	<i>Cross compliance</i>
Date of introduction	Many schemes started in the early to mid 1990s.	Voluntary cross compliance introduced by Agenda 2000 CAP reform in 1999. Compulsory cross compliance introduced with 2003 CAP reform with standards introduced between 2005 and 2007.
Responsible bodies	Sectoral body (e.g. beef, organic), retailer (e.g. supermarket), interest group (e.g. animal welfare group); some state-run.	European Commission, member states, delegated authorities (Paying Agency, Competent Control Authorities).
Participants	Farmer (primary producer), supplier (e.g. feed supplier), processors, retailers or whole food chain.	Landowner, farmer (primary producer).
Farming Sectors	May be relevant to all sectors or one specific sector. Some apply to entire food chain for traceability. In mixed enterprises, not all enterprises may be certified meaning standards do not apply to whole farm.	Almost all sectors (exemptions include sectors ineligible for Single Payment and those who forego the Single Payment) and entire farm holding (i.e. all enterprises if farmer receives the Single Payment).
Voluntary or compulsory	Voluntary for farmer to take part in.	Compulsory for all claimants of the Single Payment and recipients of rural development money (via the EAFRD) for eight Axis 2 ('Improving the environment and countryside') measures.
Scope of standards/issues covered	Varies from standards relating to a single issue (e.g. animal welfare, organic or environment) to standards that encompass many/all possible issues. Often include a mix of compulsory standards and additional best practice recommendations. Schemes may have sector specific standards in addition to more general horizontal standards.	Basic, horizontal standards for environment, food safety, animal and plant health, animal welfare, and maintenance of a minimum area of permanent pasture. All standards must be respected. Sets a baseline of environmental performance for agri-environment schemes.

*Figure 2.1 Comparison of the characteristics of cross compliance and certification schemes*

<i>Characteristic</i>	<i>Certification Schemes</i>	<i>Cross compliance</i>
Legality of standards	Schemes generally aim to respect legal requirements, but coverage may not be comprehensive.	SMRs are based on national legislation, as transposed from EU legislation. GAEC standards may have a basis in national legislation, or be new measures introduced because of cross compliance.
Body responsible for definition of standards; frequency of review	Expert group involving a range of stakeholders; frequency of review varies, but annual common.	Occurs at several levels: the framework is set at the EU level by the Commission/Council after negotiation with member states. Member state governments define national standards, sometimes in consultation with stakeholders. Member states may make minor annual adjustments to standards. Cross compliance is reviewed in 2007 by the Commission and will be considered as part of the 2008 'CAP Health Check'.
Geographical Coverage	Mostly Member State specific. Some are regional. Some are pan-European or global in reach.	EU-wide, but limited to agricultural land on which the Single Payment is claimed.
Inspection protocol	Responsibility of the certification body; frequency of inspection varies from twice a year to less frequently.	Responsibility of the Competent Control Authority/ies; controls occur annually on a minimum of one per cent of farmers claiming the Single Payment.
Control points used by inspectors to check compliance	Includes audits/checklists, record keeping, farm plans, in-field inspections and taking samples (e.g. to check for use of hormones or GMOs).	Includes record keeping, may involve an audit or management plan, retaining various documents, in-field inspections (mainly visual, some sampling).
Communication and advice	Very few schemes offer training or advice.	Farm Advisory System, which is a legal requirement; guidance booklets and training may also be available.

*Figure 2.1 Comparison of the characteristics of cross compliance and certification schemes (cont.)*

<i>Characteristic</i>	<i>Certification Schemes</i>	<i>Cross compliance</i>
Costs	One-off joining fee and annual cost of certification inspection; cost of adjustment of farm management practices to meet required standard if not already met.	Cost of adjustment of farm management practices to meet required standard. Note these costs may be the cost of meeting a pre-existing legal requirement or the additional cost of meeting new standards introduced with cross compliance.
Sanctions	Warnings and time for remedial action are the least severe sanctions; withdrawal of certification and right to use logo are the most severe.	Little to no scope to avoid sanction through immediate remedial action resulting in loss of part or all of Single Payment. Level of penalty depends on the severity of the breach and whether the breach has been repeated. Warnings issued in one member state for minor infringements.
Market access	Certification may be a pre-requisite to enter the market.	Meeting minimum legal standards may be a pre-requisite for market access.
Promotion and marketing	Certification often permits the use of a branded logo. Efforts are put in place to communicate with consumers to enhance trust in product and attract a higher price.	Very little or none. Consumers may be unaware of the minimum legal standards a producer needs to meet and the role cross compliance plays.

*Figure 2.1 Comparison of the characteristics of cross compliance and certification schemes (cont.)*

## 3. Overview of certification schemes in selected EU member states

### 3.1 Introduction

In this section, evidence is presented from a number of EU member states. This section is primarily descriptive and is based on the information collected in a number of national reports prepared as part of an earlier stage of this study.<sup>1</sup> The national reports were produced by project partners in France, Germany, Italy, the Netherlands, Poland, Spain and the UK. A short description of all the schemes examined for this study is available in appendix 1. The focus is mainly on private certification schemes, although some examples are drawn from those that originate in the public sector, where this is relevant to the analysis.

### 3.2 Date of scheme introduction

Most of the schemes reviewed for this report were introduced throughout the 1990s. Box 3.1 shows the dates when selected schemes were introduced. It is clear that many certification schemes pre-date cross compliance, but not necessarily the EU legislation upon which the SMRs are based.

### 3.3 Bodies responsible for establishing schemes

Figure 3.1 shows the range of bodies that are involved in establishing and managing certification schemes. A mixture of bodies is involved, including, multiple retailers, farming associations and other stakeholder groups with environmental or animal welfare interests. In some cases different types of bodies have collaborated. For example, Member State governments are involved in some schemes.

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<sup>1</sup> The national reports are available from: <http://www.cross-compliance-fp6.eu/>.

Appellation d'Origine Contrôlée - AOC (FR) (since 1937 for wines, 1976 for cheeses and 1990 for all other products)  
 PROduCERT pigs (NL) (1985), hens (1991)  
 IKB (NL) (1990)  
 EKOLAND (Pol) (1991)  
 LEAF (Linking Environment and Food) (UK) (1991)  
 Nature's Choice (Tesco) (UK) (1992)  
 Freedom Food (UK) (1994)  
 EurepGAP (1997)  
 Agri-Confiance environnement (FR) (1999)  
 KPA (Quality Project Arable Sector) (NL) (1999)  
 AgriQuality/White Butterfly (IT) (1999)  
 Assured Food Standards/Little Red Tractor (UK) (2000)<sup>1</sup>  
 Integrated Production (Pol) (2000)  
 Qualität und Sicherheit (DE) (2001)  
 EMAS (2001)  
 Betrieb der umweltverträglichen Landwirtschaft (DE) (Environmentally compatible agriculture) (2001)  
 Bio-Siegel (DE) (Eco-label) (2001)

*Box 3.1 Date of introduction of selected certification schemes*

<i>Scheme</i>	<i>Established by</i>
EurepGAP (EU-wide)	Retailers
Qualität und Sicherheit (DE)	Agricultural associations
Qualitätsmanagement Milch (DE)	German Farmers' Association, Raiffeisen Association, Dairy Industry Association
Geprüfte Qualität - Bayern (DE)	Regional government
EMAS (DE)	Initiated by Council Regulation; guidelines from national government
Betrieb der umweltverträglichen Landwirtschaft (DE)	Association of German Agricultural Research Institutes
CERTIFOOD S.L (ES)	Cooperatives of farmers (associations), AACC (Spanish association of agrarian cooperatives)
COVAP 'Carne de vacuno certificada' (ES)	Producer association
Ecological Agriculture (ES)	Ministry of Agriculture
Appellation d'Origine Contrôlée - AOC (FR)	INAO (Institut National des Appellations d'Origine - National institute for appellations d'origine)

*Figure 3.1 Examples of bodies responsible for introducing selected certification schemes*

<sup>1</sup> Note individual schemes predate this and were brought together under the AFS umbrella group in 2000.

<i>Scheme</i>	<i>Established by</i>
Agriculture raisonnée (FR)	'FARRE' (Forum pour une agriculture raisonnée et respectueuses de l'environnement)
Agriculture durable (sustainable agriculture) (FR)	CEDAPA (Centre d'étude pour une agriculture plus autonome)
Agri-confiance environnement (FR)	Association of agri-food cooperatives
Qualità Sicura Coop (IT)	Multiple retailer
ELETTA (IT)	Producer association
Vitellone Di Qualità' (IT)	Producer association
AgriQuality (IT)	Region of Tuscany
LAIQ (IT)	Legambiente, an environmental protection association
KKM (NL)	LTO (Dutch farmer organisation) and NZO (the Dutch Dairy Organisation)
PROduCERT Pigs (NL)	Animal Defense, Ministry of Agriculture, consumer interest group
Kwaliteits Project Akkerbouw (KPA) (NL)	LTO (Dutch farmer organisation)
EKO (NL)	Government
EKOLAND (Pol)	Association of Organic Food Producers
Integrated Production (Pol)	Government Inspection for Crop Protection and Seed Production
Assured Food Standards (UK)	Not-for-profit private company owned by entire food industry
Nature's Choice (UK)	Tesco (multiple retailer)
LEAF Marque (UK)	Charity promoting Integrated Farm Management
Freedom Food (UK)	Royal Society for the Prevention of Cruelty to Animals (RSPCA)
Soil Association Organic Standard (UK)	Soil Association, a registered charity which promotes organic food and farming

*Figure 3.1 Examples of bodies responsible for introducing selected certification schemes (cont.)*

Particular agricultural associations have established their own quality assurance schemes, such as those responsible for Qualität und Sicherheit in Germany. The KPA scheme in the Netherlands is owned and controlled by the arable sector. Assured Food Standards (AFS), a prominent certification umbrella scheme in the UK, is owned by the entire food industry. It represents interests from the National Farmers' Union, the Ulster Farmers' Union, the Meat & Livestock Commission, Dairy UK and the British Retail Consortium.



Observers include the Department for Environment, Food and Rural Affairs (DEFRA) and the Food and Drink Federation. Assured Food Standards is run by an independent Chairman and a Board of Directors which includes representatives from the six main commodity sectors, independent experts, prominent academics and professionals representing consumers, veterinary science and the environment. Representatives of the Freedom Food scheme, also in the UK, stress that it is completely independent of the food industry.

The EKO organic scheme in the Netherlands has a high degree of public authority involvement as the scheme is driven by EU legislation. This is also the case with the Bio-Siegel organic label in Germany. In some countries, the level of governmental influence is much stronger, particularly where the country is active in registering PDO or PGI labels, as in Italy. Similarly in France, there are a number of voluntary schemes operated by public institutions, such as Appellations d'Origine Contrôlée and Label Rouge. Some of the regional governments in Italy and Germany have developed their own quality standard. This includes the AgriQuality label in Tuscany.

In many countries, multiple retailers are leading players in farm system or product certification, including France, Italy and the UK. Tesco, a multiple retailer based in the UK, operates Nature's Choice. This is its own integrated farm management scheme that sets safety, quality and environmental standards for fruit, vegetables and salad. All suppliers of fruit, vegetables and salad to Tesco's markets must comply with Nature's Choice standards.

The Eco-Management and Audit Scheme (EMAS), reviewed in the German national report, was initiated by a Council Regulation. With EMAS, there is no predefined list of standards that have to be complied with in order to be awarded a certificate. Farmers undertake an environmental review and set their own goals for environmental performance depending on specific conditions, preferences and circumstances. Compliance with legal requirements is an integral element of the scheme.

Voluntary certification is not widespread in Poland. The oldest voluntary certification scheme in the country is for organic agriculture and is known as EKOLAND. However, at the time of writing, only 10 to 15% of organic farms in Poland fulfil the EKOLAND requirements, which go beyond the legal requirements for organic farming set at EU level. In 2000 Poland introduced a voluntary scheme for fruit production, called Integrated Production (IP). A total of 2,800 farms have IP certification. The paucity of either public or private certification schemes is explained by the recent history of Polish agriculture. The transformation from a centrally planned to a market based economy has meant that the majority of holdings do not make long

term plans, a state of affairs which does not favour the undertaking of voluntary commitments. In addition low living standards, low levels of environmental awareness and low trust levels towards institutions that grant labels mean that the market for certified produce is very small.

Some schemes aim to include higher standards. For example, LEAF (Linking Environment and Farming) in the UK promotes high environmental standards through 'Integrated Farm Management'. Its governing body is an Advisory Board made up of some thirty members representing government departments, farmers, supermarkets, conservation, environmental and consumer groups, educational establishments and industry bodies. The Advisory Board helps determine policy and drives LEAF's objectives forward.

### **3.4 Farming sectors**

Table 3.1 gives an overview of the farming sectors covered by a selection of certification schemes. A number of schemes are sector specific, whilst others cover most farm types. For example, several of the schemes reviewed operate as an umbrella for a number of sector specific schemes, as is the case with Qualità Sicura Coop in Italy. The Assured Food Standards scheme in the UK is an umbrella organisation for a number of individual assurance schemes. These schemes include the Assured Combinable Crops Scheme (ACCS), Assured Produce (AP), Assured Chicken Production (ACP), Assured British Pigs (ABP), the National Dairy Farm Assured Scheme (NDFAS) and Assured British Meat (ABM). These schemes are wholly owned subsidiaries of Assured Food Standards, whilst a further set of schemes are separate from Assured Food Standards but have an equivalent status. These schemes include Farm Assured Welsh Livestock (FAWL) and Quality Meat Scotland (QMS). For some schemes, farmers can apply individually or in groups, as is the case with EurepGAP and the Swedish Farm Assurance scheme called IP SIGILL (pers. comm.).

Some schemes have two different sets of criteria. For example, with EurepGAP's Integrated Farm Assurance (IFA) program, all participating farms must comply with a set of common criteria as well as sector specific criteria. Similarly, the KPA arable scheme in the Netherlands has three levels: a base level, an environmental certificate associated with a single product and an environmental certificate available for the whole farm. With LEAF a farmer may undertake a self-assessment audit to determine if the farm

operates according to the principles of Integrated Farm Management. This is the first step to seek certification for the LEAF Marque.

Some schemes target a particular element of one sector. For example, PROduCERT in the Netherlands focuses on 'free range' animal rearing, and has a particularly strong focus on animal welfare. Similarly, improved animal welfare is the primary goal of Freedom Food. These schemes may be interpreted as having an intentionally narrow 'single issue' focus. Some systems-based schemes have also a relatively narrow focus. For example, the CEDAPA Agriculture Durable scheme in France defines a grass based, low input farming system for livestock holdings.

Table 3.1 Farming sectors covered by a selection of certification schemes

Scheme	Sector								
	All sectors	Combinable Crops	Fruit and Veg.	Beef	Dairy	Sheep	Poultry	Pigs	Eggs
Europe									
EUREPGAP IFA		x	x	x	x	x	x	x	
Netherlands									
IKB				x (calves)			x	x	
Milieukeur	x								
KKM (milk)					x				
PROduCERT				x			x	x	
KPA		x							
EKO	x (organic)								
Demeter	x (organic)								
Italy									
Qualità Sicura Coop			x	x	x		x	x	x
Beef labelling				x					
ELETTA				x					
Vitellone Di Qualita'				x					
AgriQuality	x								
LAIQ				x	x		x	x	x

Table 3.1 Farming sectors covered by a selection of certification schemes (cont.)

Scheme	Sector								
	All sectors	Combinable Crops	Fruit and Veg.	Beef	Dairy	Sheep	Poultry	Pigs	Eggs
Germany									
Qualität und Sicherheit		x	x	x				x	
Qualitätsmanagement Milch					x				
Geprüfte Qualität - Bayern		x		x	x				
EMAS	x								
France									
AOC	(also wine and cheese)		x		x	x	x		
Agriculture raisonnée	x								
Agriculture durable				x		x			
Agri-confiance environment	(also wine)	x	x		x				
Poland									
EKOLAND	x (organic)								
Integrated Production			x						



### 3.5 Membership levels

Information on membership levels is difficult for researchers to access. It seems that membership levels vary widely, although some have a wider penetration. Some schemes may also have higher membership levels for certain sector specific modules. For example, the IKB scheme in the Netherlands involves an estimated 90% of Dutch farmers and slaughterhouses. The Qualität und Sicherheit scheme is the most widespread in Germany, with 50,000 German farmers, and another 1,400 farmers from other European countries participating in the scheme for meat. The Qualitätsmanagement Milch scheme, also in Germany, involves approximately 80% of all dairy farmers. The state-run quality labels in France have high membership levels. At national level, 116,000 farms were involved in quality schemes (i.e. AOC and Label Rouge) in 2003, representing 34% of all French farms. The most significant sector in this respect was the wine sector. The Assured British Meats Scheme which falls under the AFS umbrella has about 21,000 members in England.

Schemes run by producer associations tend to have smaller membership levels. For example, the ELETTA scheme in Italy had 158 members in 2004. The use of EMAS is low in Germany, with only six large agricultural holdings registered in 2004. Schemes that focus on a particular issue also tend to have lower membership levels. For example, whilst the Betrieb der Umweltverträglichen Landwirtschaft environmental scheme in Germany is available for the entire country, as of 2006 it has only been applied in the region of Thuringia, where 31 holdings have been awarded a certificate. In 2006, there were 1,356 qualified farmers under the Agriculture Raisonnée scheme in France. About 300 farmers have obtained the LEAF Marque, but not all of these are in the UK. There are 2,200 members of Freedom Food, including farmers, hauliers, processors and abattoirs.

In comparison, the membership of supermarket led schemes is higher. Over 6,000 farms in 41 countries are currently working towards the requirements of the Nature's Choice scheme run by Tesco. Tesco achieved its target of 80% of all suppliers to comply with the scheme by April 2005, and had an aim for 100% of suppliers to achieve compliance by 2006/07.

### 3.6 Scope of standards covered

Table 3.2 shows the principle issues that the analysed schemes are concerned with. The spread of concerns between the reviewed schemes is relatively evenly distributed between schemes focused on supply chains and traceability, food safety, environmental objectives and animal welfare concerns. A smaller number of the reviewed schemes have an organic/GMO focus or a particular concern with the geographic origin of the end-product. A number of schemes are concerned by a number of key issues, and others take a whole farm approach. This means that the standards for a particular scheme are not limited to a particular sector, but that the standards apply across all farming activities and all land on the holding.

One example of a scheme that certifies the entire food chain is the IKB scheme in the Netherlands. IKB regulates the supply of meat and includes feed producers, the producer, slaughterhouses and wholesalers. An example of a scheme that sets standards which apply to the whole farm is the KPA scheme in the Netherlands. Organic schemes are also common, and examples exist in the Netherlands, Germany, Poland and UK. Some of the French and regionally focused schemes in Germany such as Geprüfte Qualität - Bayern require proof that the product was regionally produced.

The topic coverage of EMAS is entirely dependent on the environmental management system put in place by the farmer. This system should cover legal standards. The German example shows us that the Federal government provides a checklist to farmers that include the potential environmental impacts that should be assessed. This list includes the storage of substances hazardous to water, impacts on conservation areas, the storage of manure and slurry and the protection of groundwater. The list also includes measures that are not required by cross compliance, such as optimising energy efficiency. Similarly, the Nature's Choice scheme in the UK encourages water and energy efficiency as well as recycling.

EurepGAP seeks compliance with accepted standards for 'Good Agricultural Practice'. These standards vary between the different sector specific schemes that EurepGAP operates. For combinable crops these practices include the choice of seed varieties and fertiliser use. For livestock, these standards include livestock feed and water, housing, health and medicine usage. All sectors must comply with a base module. The standards for the environmental management of the farm are recommended rather than compulsory practices and do not determine whether certification is granted.



Non-conventional farming methods are the focus of some schemes, including the organic schemes. For example, Nature's Choice promotes the use of insects rather than chemicals to control pests and Demeter in the Netherlands promotes a form of Integrated Pest Management. In addition, the LEAF scheme in the UK has the dual purpose of enhancing the management of the farm for both environmental and economic gain through a system called Integrated Farm Management.

The Swedish Farm Assurance scheme IP SIGILL (pers. comm.) certifies the farm as a whole, which means that all farms, regardless of production, need to comply with a common 'base module' covering areas such as waste, training, the safe use of pesticides and other chemicals, nutrients, traceability and biodiversity. On top of the base module the farm must comply with a specific sectoral production module. The control points cover relevant legislation, including cross compliance criteria. Food safety, environmental care and animal welfare are assured through the various control points.

Table 3.2 Issues covered by selected certification schemes

	<i>Type/Approach</i>								
	Supply chain/ traceability	Environ- mental	Animal Welfare	Food Safety	GMOs	Orga- nic	Biodyna- mic/IPM	Geogra- phic Origin	End product
<i>Europe</i>									
EurepGAP IFA		(X)	X	X					
<i>Netherlands</i>									
IKB	X		X	X					
Milieukeur		X		X					
KKM	X			X					
PROduCERT	X		X						
KPA		X		X					
EKO					X	X			
Demeter						X	X		
<i>Italy</i>									
Qualità Sicura Coop	X	X	X	X					
Beef labelling	X			X					
ELETTA			X						
Vitellone Di Qualità			X						
AgriQuality		X	X		X				
LAIQ		X							

Table 3.2 Issues covered by selected certification schemes (cont.)

	<i>Type/Approach</i>								
	Supply chain/ traceability	Environ- mental	Animal Welfare	Food Safety	GMOs	Orga- nic	Biodyna- mic/IPM	Geogra- phic Origin	End product
<i>Germany</i>									
Qualität und Sicherheit	X	X		X					
Qualitätsma- nagement Milch		X	X	X					
Geprüfte Qualität - Bayern	X							X	
EMAS									
Bio-Siegel						X			
<i>France</i>									
AOC								X	X
Agriculture raisonnée		X							
Agriculture durable		X							
Agri-confiance environnement	X	X	X	X					

Table 3.2 Issues covered by selected certification schemes (cont.)

	<i>Type/Approach</i>								
	Supply chain/ traceability	Environ- mental	Animal Welfare	Food Safety	GMOs	Orga- nic	Biodyna- mic/IPM	Geogra- phic Origin	End product
<i>Poland</i>									
EKOLAND		X			X	X			
Integrated Production		X		X					
<i>Spain</i>									
Denominación de Origen					X			X	
Producción integrada of each Autonomous region		X	X	X	X			X	
COVAP	X		X	X	X			X	
CERTIFOOD S.L.	X	X	X	X	X			X	
Ecological Agriculture						X			

Table 3.2 Issues covered by selected certification schemes (cont.)

	<i>Type/Approach</i>								
	Supply chain/ traceability	Environ- mental	Animal Welfare	Food Safety	GMOs	Orga- nic	Biodyna- mic/IPM	Geogra- phic Origin	End product
<i>UK</i>									
AFS	X	(X)	X	X					
Nature's Choice		X		X			X		
LEAF		X							
Freedom Food	X		X						
Soil Association Organic Standard	X					X			

### **3.7 Obligatory nature of schemes**

Certification schemes are voluntary for farmers to enter into. However, there is a line of argument that some schemes are 'quasi voluntary'. This means that without the appropriate certification a farmer may be blocked from entering a supply chain, thus denying him or her access to the market. For example, participation in the KKM dairy scheme, or equivalent, in the Netherlands is seen as a pre-requisite for supplying milk to dairy factories, In the UK most multiple retailers such as Tesco and Sainsbury's require their UK suppliers to be members of independently audited and certified farm assurance schemes. For example, membership of the Assured Produce Scheme is seen as a pre-requisite for UK potato producers if they wish to market their crops to the UK food retailers and large processors (DG JRC, 2006). To this end the Soil Association also offers a Soil Association Assurance Scheme, as most of the major supermarkets require organic farmers to be farm assured in addition to meeting organic standards.

### **3.8 Overlap between certification schemes and minimum legal requirements**

In this section consideration is given to whether the standards set in certification schemes account for minimum EU or national legal standards. A more detailed discussion of the similarities and differences between certification scheme standards and those set for cross compliance is given in chapter 4. As suggested in section 2, the case for developing synergies would at least partly depend on whether there is any overlap, or not, in the standards addresses.

A number of schemes indicate that their standards are at least on a par with the minimum legal standards. In some cases, the scheme will require the farmer to meet legal standards (for example, Milieukeur in the Netherlands), but not specify what these standards are. For example the COALVI (Consortium to protect the Piemontese Cattle Breed) scheme in Italy specifies that EU and national laws on animal protection need to be followed, but does not provide any detail as to the precise farm level requirements.

In a number of cases the standards in certification schemes are above those set at EU or national level. For example, according to the Dutch national report prepared for this paper, the current animal welfare standards for the IKB pig scheme in the Netherlands are above those required by the

SMRs. Within the KKM scheme, also in the Netherlands, the standards are more stringent than those prescribed by Dutch or EU legislation. The animal welfare standards of the Dutch PROduCERT scheme go beyond EU cross compliance requirements. In the case of the Qualität und Sicherheit scheme in Germany the great majority of requirements are congruent with legal provisions, but the system as a whole sets standards that only slightly exceed legal provisions. The Freedom Food scheme in the UK is a higher level scheme that operates beyond the legal requirements for animal welfare. Similarly, the LAIQ scheme in Italy refers to EU legislation in the field of animal welfare, as well as additional rules. In Italy, the standards in the AgriQuality scheme in Tuscany are based on a regional law covering various aspects of agricultural production.

National organic schemes are based on EU legislation (i.e. Council Regulation (EEC) No 2092/91) and therefore act to guarantee that food carrying the label is produced in line with the organic farming criteria set in EU legislation. Examples of organic schemes based on this legislation include Bio-Siegel in Germany, and EKO in the Netherlands. The Soil Association in the UK has developed its own standards which fulfil the requirements of this legislation and, in some cases such as animal welfare and the use of pesticides and fertilisers, go beyond them.

### **3.9 Body responsible for definition of standards and frequency of review of standards**

Many of the schemes examined are governed by some sort of steering group. These steering groups may be sector specific and chaired by an independent chairperson, as is the case with EurepGAP. The particular standards and characteristics of a certification scheme are often designed and reviewed by a specialist technical committee, or equivalent. These committees may or may not include stakeholders. For example, EurepGAP Technical Committees include both retail and producer members, although this is not necessarily an equal partnership with retail members having an apparently more influential role (DG JRC, 2006). In the UK, the Assured Food Standards scheme has sector specific chairpersons, as well as independent board members representing industry, multiple retailers and environmental concerns and including animal welfare and veterinary specialists. The Freedom Food standards in the UK have been developed by the RSPCA farm animals

department and take into account advice from welfare academics and veterinary specialists.

The EKOLAND organic standards in Poland, first certified in 1991, are based on the standards developed by a team of experts called the Ecological Council. These standards are, in turn, based on those defined by the International Federation of Organic Agriculture Movements (IFOAM).

Some certification bodies undertake a review process in order to improve the quality of the standards. Specialist standard committees continually develop the Soil Association standards as the scope for organic certification expands. However, in Italy the animal welfare standards for PDO/PGI schemes are believed to be weak and have not been updated to reflect changes in legislation or consumer concern.

### **3.10 Geographical coverage**

Whilst the majority of the schemes reviewed are specific to one Member State, EurepGAP (Euro Retailer Produce Working Group for Good Agricultural Practice) has an international scope since it is made up of several international multiple retailers. A number of schemes have a regional focus such as AgriQuality in Tuscany, Italy or Geprüfte Qualität - Bayern in Germany.

### **3.11 Controls**

In this section consideration is given to the bodies responsible for conducting controls, the frequency with which these controls are conducted and the control points. The control points are the checks an inspector makes in order to judge whether a standard is met or not.

#### *a. Responsibility*

The certification body is responsible for undertaking inspections or audits and awarding certification to farmers. Some schemes involve the farmer undertaking their own inspection or audit in combination with a control visit. Such an approach might be considered less credible than an approach that is solely based on accredited certification.

EurepGAP is an example of a scheme that requires certification bodies to be accredited by the relevant national authorities. These controls are carried out in addition to inspections conducted by the



farmer. The Nature's Choice scheme in the UK requires suppliers and growers to undergo a third-party audit in order to independently verify compliance with the scheme's standards. In the UK, some 450 assessors working for different accredited certification bodies carry out 60,000 inspections per annum for the Assured Food Standard schemes.

A number of German schemes involve controls by public authorities as part of the verification process. The Qualitätsmanagement Milch dairy scheme in Germany makes use of both farmer self-controls and external audits from third parties. Compliance for this scheme is partly controlled by public authorities, in an attempt to avoid the duplication of controls. The Geprüfte Qualität - Bayern scheme, also in Germany, makes use of a combination of farmer self-control, control by independent bodies and state controls. Both public and private bodies are involved in the inspection of standards set by the organic farming label, Bio-Siegel, in Germany. The Federal Office for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung, BLE) authorises private control bodies. Their activities are in turn supervised by the respective federal states. There are a total of 24 private control bodies, which control and supervise agricultural production, processing, imports from third countries (i.e. non-EU countries) and the labelling of organic products. Members of the German Qualität und Sicherheit scheme are inspected by accredited certification bodies that are accredited to the EN 45001 norm.

There has been a debate about the potential co-ordination of controls between private certification bodies and the competent control authorities for cross compliance. A certain level of engagement occurred in England between DEFRA and the Assured Food Standards Board before cross compliance was introduced. The desire to create an integrated control effort has been more pronounced in Germany. In March 2006, the Bavarian Prime Minister sent a letter to the Vice President of the European Commission, Günther Verheugen, raising the possibility that state cross compliance controls could be replaced by certified quality assurance systems. He mentions that both EMAS and the German Qualität und Sicherheit system could, in principle, be used for this purpose, albeit with some adaptations to create an integrated system. The Dutch government is also interested in the further exploration of public and private co-operation in respect of cross compliance (pers. comm.).

The Qualità Sicura Coop scheme in Italy undertakes additional controls to those conducted by the public health authorities. For the fruit and vegetables label 280 inspections occur annually along the whole supply chain, and 130,000 tests take place in order to test, for example, pesticide residues. For the meat scheme, 1,700 inspections take place annually on both farms and in slaughterhouses, and 80,000 tests are conducted, for example, to check for the use of GMO ingredients or animal health.

The methods applied by inspection bodies in sequencing control visits show some similarities across the countries examined. Both announced and non-announced inspection visits occur with the IKB scheme in Netherlands. Announced visits focus on administrative checks, whilst unannounced visits involve inspection of the farm, animals and housing. Other schemes include product sampling and testing as part of the inspection procedure. Samples are tested by laboratories that also meet the EN 45001 norm. This is the case with testing for illegal residues in the Milieukeur scheme in the Netherlands. Similarly in Poland, the six official certification bodies involved in verifying that EKOLAND standards conduct both announced and unannounced control visits. For the Freedom Food scheme in the UK, a trained assessor from the certification body visits all those who apply for membership and completes a thorough audit of their premises. Each applicant must fully comply with all RSPCA welfare standards before they are accepted onto the scheme.

*b. Frequency of control visits*

All those participating in a certification scheme are subject to control visits. The frequency of these controls varies between the schemes examined. Accredited certification bodies conduct inspections regularly, often on an annual basis. This compares with the one per cent inspection rate that is legally required for cross compliance.

On-farm inspections occur biannually with the Milieukeur scheme in the Netherlands. Farmers are inspected at least twice a year for the PROduCERT beef cattle and pig schemes, also in the Netherlands, whilst butchers and meat processing plants are inspected six times a year. With the Qualität und Sicherheit scheme in Germany, the occurrence of a subsequent control visit depends on the results of the initial audit. The better the overall performance, the later the next audit is, with the frequency varying from annually to once every three years. In Poland, farmers seeking EKOLAND certification undergo an initial

control, an announced control visit at least once a year, and, depending on the risk level, further unannounced controls may occur. Farmers taking part in the Integrated Production scheme are also inspected at least one and may receive a second unannounced control visit. Farmers participating in the Geprüfte Qualität - Bayern scheme are checked every year. Members of the Freedom Food scheme in the UK are inspected at least once a year.

As part of the IP SIGILL assurance scheme (pers. comm.) in Sweden all farmers are independently checked once every two years. For those farms that join as a group, a representative of the group checks each farmer, with the accredited certification body controlling the group as a whole and making spot checks of individual farmers within the group. Those farmers who join as individuals are checked by the independent certification body. All farmers must also complete a self assessment checklist covering all relevant legislation and the IP SIGILL control points on an annual basis.

c. *Control points*

The control points are what the inspector checks in order to verify compliance. It appears that there is some variability in the extent to which full compliance, or otherwise, determines the award of certification. For example, some certification schemes include layers of standards. EurepGAP has three sets of standards, of which compliance is required with all 'major musts', and 90% of all 'minor musts'. There are also 'recommended' practices which do not influence the award of certification. With the IKB scheme in the Netherlands full compliance is awarded even if ten 'light deviations from the norms' are detected in control visits. Under this scheme members can be awarded a lower level membership status if a 'medium' deviation occurs or if no improvement with a previously detected infringement has been made.

For sector specific schemes the main emphasis in inspections are on matters specific to that sector. For example, the Dutch KKM dairy scheme which has a dairy focus centres inspections on medicine use. Although KKM is also concerned by the identification and registration of animals, it has apparently spent less time checking this because the inspection body knows that these requirements are being checked as part of cross compliance inspections.

The main causes of breaches may differ between certification schemes and cross compliance given that different standards need to be met and inspection protocols differ. The accompanying report on

mandatory standards demonstrates that the main cross compliance breaches are for the animal identification SMRs and the nitrates Directive SMRs. Evidence provided by the Assured British Meat Scheme (pers. comm.) shows that the type of breaches detected as part of its inspection regime are rather different, reflecting the differing scope of cross compliance and this scheme.

### **3.12 Sanctions for identified infringements of scheme standards**

If infringements are detected during the control procedures, the certification body decides whether or not to apply a sanction. For schemes operating to the EN45001 norm, the ultimate sanction is the withdrawal of membership. In cases of minor non-compliance, rectification is required but certification continues. Where non-compliance is sufficiently serious certification is suspended until the non-compliance is rectified and in case of serious non-compliance membership is suspended for a penalty period, but not indefinitely. Schemes may have additional specific rules. In the event a farmer's membership of a certification scheme is cancelled because of a failure to meet the required standards, the farmer may lose access to the market and face financial consequences through the loss of supply contracts.

With EurepGAP sanctions can take the form of a warning, which allows some time for remedial action, the suspension of use of the EurepGAP logo for a determined period or the cancellation of the contract and prohibition of using the logo or certificate indefinitely. Account is taken of the extent of the infringement (i.e. whether a 'major must' or a 'minor must' has been breached), the number of control points that have been breached, and any repetition of offences.

With the IKB scheme in the Netherlands, the certificate is suspended for a period of three months if illegal medicines or growth stimulators have been used. Different levels of certification status can be granted depending on the number of infringements detected. In the case of the most severe infringements for most schemes, applicants can reapply to enter the scheme after a certain period.

### **3.13 Communication and advice**

Very few schemes actively engage farmers in order to advise them on meeting scheme standards. Many schemes choose not to mix advice consultancy with assessment because of the conflict of interests this might create. Only two of the environmental schemes reviewed for this paper appear to communicate with farmers in this way. One example is the LEAF scheme in the UK. LEAF produces a wide range of technical information on Integrated Farm Management and organises workshops, discussion forums and field days. If problems are detected during the control procedure for the Betrieb der Umweltverträglichen Landbewirtschaftung scheme in Germany, farmers are given advice and remedial steps suggested.

### **3.14 Costs and price premia associated with scheme participation**

Limited data is available on the cost of scheme participation or the additional price premium that certified produce attracts. Some examples of the costs involved are given for Germany, the UK and the Netherlands. Whilst the fees are variable and range from about €200 - €500 per scheme per year according to the information gathered for this report, the cost to farmers of changing management practices and making any necessary investments in order to achieve compliance with scheme standards is not known here. According to the DG JRC (2006) the cost of compliance with standards in quality assurance schemes is considered to be considerable.

For the Geprüfte Qualität - Bayern scheme in Germany the initial cost is €200, although 80% of this is paid for the farmer by the Bavarian government. The costs associated with EMAS certification in Germany are considered as relatively high by farmers, with an approximate cost of €3,000. In Poland, organic farms certified by EKOLAND label as well as other organic farms are eligible to have the cost of control paid by the state. The subsidy increases in accordance with the size of the holding.

LEAF Marque certification costs are made up of the LEAF membership fee and a fee for the assessment visit and certification service. Fees range from £150 (approximately €225) to £350 per annum (approximately €520) depending on the structure of the farming business. For ABM, membership costs £80 - £100 (€120 - €150) per unit per year, with the fee set by competing certification bodies. Applicants to the Freedom Food scheme pay

an annual fee which includes 12 months membership, the audit and the issuing of the certificate. This fee varies depending on the number of inspections required, and increases in accordance with the number of farm animal types to be assessed.

The annual cost a farmer has to pay to take part in the IKB pig scheme in the Netherlands was estimated to be €262.50 in 2004. This figure excludes the costs for self-evaluation, which is usually done by the farmer himself and is estimated to amount to about €2,000 per annum. In addition, the slaughterhouses pay a premium of €0.045 per kg of IKB pig certified meat. For the environmental label Milieukeur in the Netherlands the entry costs are €235 per farm or €470 per group of farms. An invoice is sent for the annual operation costs, which depends on the number of hectares for the crop specific certificate or on turnover for the firm specific certificate. The minimum annual costs are €370, rising to a maximum of €25,000. The annual costs associated with the KKM certificate are estimated to be somewhere in the range of €50 - €100 per farm. As with the IKB pig scheme, participating farmers receive a benefit in terms of a price premium for milk. However, being certified is a requirement to deliver to dairies. Those farmers who fail to fully comply cannot sell for the full premium and thus face a financial loss which can amount €0.10 to €0.15 per kilogram of milk delivered.

### **3.15 Promotion and marketing associated with schemes**

Almost all of the schemes reviewed permit certified producers to use a branded label or logo. Figure 3.2 gives some examples of these logos. In many cases, the logo and associated marketing are seen as vital for strengthening market position and visibility in the eyes of multiple retailers. In some cases, as in Italy, producer organisations have developed their own schemes in order to promote their product in a competitive market. In other cases, quality labels are not well recognised by consumers, as is the case with the Qualität und Sicherheit logo in Germany. Some assurance schemes have no label associated with them as the scheme serves to assure the quality of the product at the processing stage and not to the consumer (e.g. Qualitätsmanagement Milch in Germany and EurepGAP). The use of the EMAS logo by German farmers is seen to signify that the farm and production system comply with all relevant environmental law provisions, that an effort is made to improve the environmental performance of the holding beyond the legislative minimum standards, and that the adopted

measures are regularly audited and published. In Germany, the Bio-Siegel organic label may be used in conjunction with other labels of organic production that may have been set up by organic farmer associations. These labels often have more strict guidelines than those set by Bio-Siegel, which guarantees that EU standards are respected. The Soil Association organic symbol, at the time of writing, is found on more than 70% of all UK organic produce.



Figure 3.2 Examples of scheme logos

## 4. Similarities and differences between cross compliance standards and certification scheme standards

### 4.1 Introduction

This section gives more detail of the standards set by certification schemes as they relate to the requirements of cross compliance. These standards are discussed in relation to the four headings under which the Statutory Management Requirements (SMRs) in Annex III of Regulation 1782/2003 are listed: environmental; identification and registration of animals; public, animal and plant health; and animal welfare. The linkages between certification schemes and standards set to achieve Good Agricultural and Environmental Condition (GAEC) are also discussed. A comparison, albeit based on a small number of schemes, allows an evaluation to be made as to whether certification schemes include standards that farmers are legally obliged to meet for cross compliance. If common ground is identified, potential synergies between the two approaches could be explored further, if this is considered desirable to the stakeholders that might be involved. An alternative and equally acceptable scenario is that the two approaches are mutually exclusive and deal with separate standards in order to meet differing objectives. Certification schemes may include standards relevant to cross compliance as well as other standards not covered by the framework of cross compliance. These other standards are beyond the scope of this study.

This comparison is useful given the European Commission's March 2007 report on the implementation of cross compliance. This report proposes whether farmers that participate in certification schemes should be considered of lower risk of not meeting the cross compliance standards. In this paper, the Commission stresses that certification schemes need to be officially approved and relevant to cross compliance in order for this approach to be permitted. This implies that certification schemes would need to include and inspect for standards that are equivalent to those required by cross compliance.

The overview provided in this section attempts a first qualitative assessment of the current level of synergy between SMRs and GAEC standards and the standards set by certification schemes. This analysis concentrates on seventeen schemes in the Netherlands, ten schemes in England and four schemes in Spain. An indication of the degree of overlap is



also provided for Germany. This analysis shows where certification schemes operate below the baseline standards set by cross compliance and where certification schemes operate above cross compliance standards.

Please note that schemes which are not applicable to any of the cross compliance requirements are omitted from the tables. It should also be noted that the SMRs and GAEC standards in the three countries examined in this section are substantially different, and therefore the comparison is made in terms of national implementation of the SMRs and GAEC standards. This analysis relies on expert judgement because in many cases the standards set for certification schemes do not explicitly refer to cross compliance standards, or in the case of SMRs, the legislation on which the SMRs are based. Identifying the equivalence of private and public standards is not a straight forward task given the use of different wording. For each of the comparative tables, the key is as shown in figure 4.1.

<i>Code</i>	<i>Description</i>
0	SMRs or GAEC standards not covered by certification scheme
1	Minor coverage of SMRs or GAEC standards by certification scheme
2	Substantial coverage of SMRs or GAEC standards by certification scheme
3	Full coverage of SMRs or GAEC standards by certification scheme
4	Certification scheme standards go beyond cross compliance requirements

*Figure 4.1 Key for comparative tables*

## **4.2 Certification scheme standards in relation to environmental SMRs**

The overlaps between certification scheme standards and the environmental SMRs in England, the Netherlands and Spain are summarised in table 4.1. The environmental SMRs are for the Birds Directive, the Habitats Directive, the Nitrates Directive, the Sewage Sludge Directive and the Groundwater Directive.

Some schemes, such as Assured British Meat and Assured Chicken Production in England, include a general statement that members must comply with all current legislation. Assured Chicken Production goes further, as do some other schemes such as Assured Combinable Crop Schemes, by stating that:

'Producers should notify their certification body of any prosecutions relevant to the scope of Assured Chicken Production, brought or likely to be brought against them with respect to animal welfare, animal movements, food safety or environmental legislation (including cross compliance requirements).'

In a similar vein, the Soil Association standards state:

'You must make sure your agricultural activities comply with all relevant cross compliance requirements. The Soil Association standards may be above or below those requirements in different areas.'

Such statements acknowledge the need to comply with cross compliance standards and do not mean that a scheme's standards are equivalent to those set by cross compliance.

This review shows that many schemes set standards that fulfill the requirements of the SMRs relating to the Sewage Sludge Directive, the Nitrates Directive, and to a smaller extent, the Groundwater Directive. However, the Assured British Pigs and the Assured Chicken Production schemes make no reference to these Directives even though pig and poultry producers could be affected by the requirements of these directives. Nature's Choice standards make specific reference to the need for producers to comply with national legislation in relation to groundwater and sewage sludge issues and specifically mention the need for compliance with the Nitrates Directive.

Most of the schemes reviewed are much weaker in setting standards that meet the requirements of the SMRs for the Birds and Habitats Directives. None of the Spanish schemes reviewed for this exercise include equivalent standards. The main exceptions are what might be referred to as the higher level environmental schemes, which are EKO, Demeter, LEAF and Soil Association organic. Some of the other schemes reviewed loosely address these SMRs through a requirement to introduce an environmental plan. For example, Assured Chicken Production requires free range poultry producers to produce either an environmental plan which covers the conservation of wildlife or a Farm Biodiversity Action Plan. The Assured Produce Scheme recommends that farmers take advice and produce a farm conservation plan, but this is not a requirement. With EurepGAP there are recommendations on the environment meaning that the farmer does not need to meet them in order to be awarded certification. The LEAF Marque standards make no specific reference to the five environmental Directives included in the cross

compliance SMRs. However, the LEAF Marque requires farmers to maintain a nutrient management plan, a manure management plan and a whole farm conservation plan.

In Germany, the only scheme that might deal with the requirements of the Birds and Habitats Directives is EMAS. This is because although EMAS has no defined set of standards, it has the scope to include relevant requirements. EMAS may therefore also include requirements for the Groundwater, Sewage Sludge and Nitrate Directive SMRs. EurepGAP and some of the Qualität und Sicherheit schemes also include standards which match the environmental SMRs implemented in Germany. The French Agriculture Raisonnée explicitly includes all the SMRs and GAEC standards in its formal requirements. The Agri-confiance Environnement mentions the cross compliance standards in its guidelines for farmers.

*Table 4.1 Certification scheme standards compared to environmental SMRs*

Certification Scheme	SMRs (refer to figure 4.1 for key)				
	wild birds	ground-water	sewage sludge	nitra-tes	habi-tats
Netherlands					
EurepGAP base certificate arable sector	1	1	3	2	1
EurepGAP combinable crops	1	1	3	3	1
EurepGAP base certificate animal sector	1	1	3	2	1
EurepGAP cattle and sheep	1	1	3	2	1
EurepGAP dairy	1	1	3	2	1
EurepGAP pigs	0	1	3	2	0
IKB pigs	0	0	0	0	0
KKM milk	0	0	0	0	0
PROduCERT free range cattle	0	0	0	0	0
PROduCERT free range pigs	0	0	0	0	0
PROduCERT free range laying hens	0	0	0	0	0
KPA base certificate	0	0	0	0	0
KPA product specific product Environmental label (Milieukeur product)	0	1	0	2	0
KPA farm Environmental label (Milieukeur bedrijf)	0	1	0	2	0
EKO label arable production	0	3	3	3	2

Table 4.1 Certification scheme standards compared to environmental SMRs (cont.)

Certification Scheme	SMRs (refer to figure 4.1 for key)				
	wild birds	ground-water	sewage sludge	nitrates	habitats
EKO label animal production	0	3	3	3	3
Demeter-label	3	3	3	4	3
England					
Assured British Meat	0	3	3	3	0
Assured British Pigs a)	0	0	0	0	0
Assured Chicken Production	1 b)	0	0	0	1
Assured Combinable Crops Scheme	0	3	3	2	0
Assured produce scheme	1 b)	3	3	3	1
National Dairy Farm Assured Scheme	0	1	2	3	0
Nature's Choice	1	3	3	3	1
Linking Environment and Food (LEAF)	3	3	3	3	3
Soil Association Organic	3	3	3	3	3
Spain					
Denominación de Origen	0	0	0	0	0
Producción integrada of each Autonomous region	0	3	0	2	0
COVAP	0	2	0	1	0
CERTIFOOD S.L.	0	2	2	2	0

a) States that all relevant legislation must be complied with but makes no specific reference to the cross compliance Directives and Regulations; b) Limited references to environmental management as desirable but no specific reference to cross compliance requirements.

### 4.3 Certification scheme standards in relation to identification and registration of animals SMRs

The analysis of Dutch, English and Spanish certification schemes shows that where the identification and registration of animals SMRs are applicable, standards equivalent to the SMRs have either not been implemented by the certification scheme, or at the other extreme, have been fully implemented. This overview is presented in table 4.2.

The EurepGAP dairy scheme, the Soil Association scheme and the Assured British Meat scheme all fully cover the requirements of the animal identification and registration SMRs. However, in England only the Assured British Pigs scheme lists the specific legislation relating to the relevant SMRs. Assured British Meat has specific standards relating to the identification and traceability of cattle and sheep and refers to the need for correct tagging and movement records as required by the legislation. The EKO label in the Netherlands only addresses the requirements in vague terms. Three of the four Spanish schemes reviewed have good coverage of the animal identification and registration SMRs. The PROduCERT and Freedom Food schemes do not include identification and registration standards. In the case of Freedom Food, this may be because the standards are largely focused around animal welfare issues. The standards do not make a general reference to the need to comply with cross compliance animal identification and registration requirements. In Germany, the Qualität und Sicherheit schemes for cattle and pigs, and the Qualitätsmanagement Milch scheme match the national SMRs for animal identification and registration.

*Table 4.2 Certification scheme standards compared with cross compliance animal identification and registration SMRs*

Certification Scheme	SMRs (refer to figure 4.1 for key)		
	identification and registration, eartags and passports	bovine animals and beef products	identification and registration of ovine and caprine animals
Netherlands			
EurepGAP base certificate arable sector	N/A	N/A	N/A
EurepGAP combinable crops	N/A	N/A	N/A
EurepGAP base certificate animal sector	3	0	0
EurepGAP cattle and sheep	3	3	3
EurepGAP dairy	3	3	3
EurepGAP pigs	3	0	3
IKB pigs	3	0	3
KKM milk	3	3	0
PROduCERT free range cattle	0	0	0
PROduCERT free range pigs	0	0	0

Table 4.2 Certification scheme standards compared with cross compliance animal identification and registration SMRs (cont.)

Certification Scheme	SMRs (refer to figure 4.1 for key)		
	identification and registration, eartags and passports	bovine animals and beef products	identification and registration of ovine and caprine animals
PROduCERT free range laying hens	0	0	0
KPA base certificate	0	0	0
KPA product specific product Environmental label (Milieukeur product)	0	0	0
KPA farm Environmental label (Milieukeur bedrijf)	0	0	0
EKO label arable production	N/A	N/A	N/A
EKO label animal production	2	2	2
Demeter-label	3	3	3
England			
Assured British Meat	3	3	3
Assured British Pigs	3	N/A	N/A
National Dairy Farm Assured Scheme	3	3	N/A
Freedom Food	0	0	0
Soil Association Organic	3	3	3
Spain			
Denominación de Origen	-	1	1
Producción integrada of each Autonomous region	-	3	3
COVAP	-	3	3
CERTIFOOD S.L.	-	3	3

- = comparison not made.

#### 4.4 Certification scheme standards in relation to public, animal and plant health SMRs

Table 4.3 indicates the degree of overlap between a number of Dutch and English certification schemes and the nationally derived SMRs for EU plant, animal and public health legislation.

There is a strong overlap between the certification schemes and the SMRs for food safety given that a key objective of many certification

schemes is to ensure food safety by undertaking checks along the food chain. In the Netherlands EurepGAP dairy and the KKM milk scheme are estimated to exceed the SMRs. In comparison the PROduCERT schemes do not cover the food safety SMRs.

The arable and higher level environmental schemes tend to cover the statutory requirements for plant protection products. With EurepGAP, the SMRs are only met if the producer obtains both the arable sector base certificate and the combinable crop certificate. With the Assured Combinable Crops Scheme there is a direct reference to the need to comply with the national legislation for plant protection products and codes of practice. EKO, Demeter and Soil Association organic have a strong focus on pesticide and herbicide application, and thus their requirements match or exceed the national plant protection SMRs. In Germany, the Qualität und Sicherheit schemes for fruit and vegetables and potatoes and EurepGAP also match the SMRs for the use of plant protection products. In comparison with the apparently wide coverage of the food safety SMRs in England and the Netherlands, only the Qualität und Sicherheit scheme satisfies the German requirements, although EurepGAP and Qualitätsmanagement Milch partly satisfy the requirements.

A number of the meat schemes do not include standards which cover the animal disease SMRs, including Assured British Meat and Assured British Pigs in England. Similarly in the Netherlands a direct reference to the need to make immediate notification of the occurrence of contagious diseases is not mentioned in the literature for the relevant schemes.

Table 4.3 Certification scheme standard compared to plant, animal and public health SMRs

Certification Scheme	SMRs (refer to figure 4.1 for key)						
	plant protection products	hormonal, thyrostatic substances and beta-agonists	food law and safety	transmissible spongiform encephalopathies	foot and mouth disease	swine vesicular disease	blue-tongue
Netherlands							
EurepGAP base certificate arable sector	2	N/A	2	N/A	N/A	N/A	N/A
EurepGAP combinable crops	3	N/A	3	N/A	N/A	N/A	N/A
EurepGAP base certificate animal sector	0	3	2	2	2	2	0
EurepGAP cattle and sheep	0	0	3	2	2	2	0
EurepGAP dairy	0	0	4	2	2	0	0
EurepGAP pigs	0	3	3	0	0	2	0
IKB-pigs	0	3	2	0	0	3	0
KKM-milk	0	3	4	2	2	0	0
PROduCERT free range cattle	0	0	0	0	0	0	0
PROduCERT free range pigs	0	0	0	0	0	0	0



Table 4.3 Certification scheme standard compared to plant, animal and public health SMRs (cont.)

Certification Scheme	SMRs (refer to figure 4.1 for key)						
	plant protection products	hormonal, thyrostatic substances and beta-agonists	food law and safety	transmissible spongiform encephalopathies	foot and mouth disease	swine vesicular disease	blue-tongue
PROduCERT free range laying hens	0	0	0	0	0	0	0
KPA-base certificate	2	0	2	0	0	0	0
KPA-product specific product Environmental label (Milieukeur product)	3	0	2	0	0	0	0
KPA-farm Environmental label (Milieukeur bedrijf)	3	0	2	0	0	0	0
EKO label arable production	4	N/A	2	N/A	N/A	N/A	N/A
EKO label animal production	4	4	2	0	0	0	0
Demeter-label	4	4	2	0	0	0	0
England							
Assured British Meat	N/A	3	3	2	0	0	0
Assured British Pigs	N/A	0	3	0	0	0	0
Assured Chicken Production	N/A	N/A	3	N/A	N/A	N/A	N/A

Table 4.3 Certification scheme standard compared to plant, animal and public health SMRs (cont.)

Certification Scheme	SMRs (refer to figure 4.1 for key)						
	plant protection products	hormonal, thyrostatic substances and beta-agonists	food law and safety	transmissible spongiform encephalopathies	foot and mouth disease	swine vesicular disease	blue-tongue
Assured Combinable Crops Scheme	3	N/A	3	N/A	N/A	N/A	N/A
Assured Produce Scheme	3	N/A	3	N/A	N/A	N/A	N/A
National Dairy Farm Assured Scheme	N/A	3	3	2	2	N/A	0
Nature's Choice	3	N/A	3	N/A	N/A	N/A	N/A
Linking Environment and Food (LEAF)	3	N/A	3	N/A	N/A	N/A	N/A
Soil Association Organic	3	3	3	3	3	3	3
Spain							
Denominación de Origen	0	2	2	-	-	-	-
Producción integrada of each Autonomous region	3	3	3	-	-	-	-
COVAP	0	3	3	-	-	-	-
CERTIFOOD S.L.	3	3	3	-	-	-	-

- = comparison not made.

#### **4.5 Certification scheme standards in relation to animal welfare SMRs**

As table 4.4 shows there is a good level of overlap between the requirements of certification schemes and the likely animal welfare SMRs that will be implemented in the Netherlands and England. This analysis was conducted before the animal welfare SMRs became part of cross compliance in January 2007 and so a comparison has been made with the national legislation that is likely to form the basis of the SMRs. All the schemes examined have full or substantial coverage of EU requirements, and in some cases exceed them. With respect to the anticipated SMRs for the housing of calves, the Dutch organic labels EKO and Demeter have animal welfare standards which exceed statutory requirements. All the schemes reviewed in the UK appear to meet the likely national SMRs. The certification scheme standards for the housing of pigs also exceed the legislative requirements in the Netherlands. In England, the Freedom Food and Soil Association Organic standards go beyond legislative requirements, whilst in Germany, the Qualität und Sicherheit scheme meets the national statutory requirements for the housing of calves.

Table 4.4 Certification scheme standards compared to animal welfare SMRs

Certification Scheme	SMRs (refer to figure 4.1 for key)	
	housing of calves	housing of pigs
Netherlands		
EurepGAP base certificate animal sector	2	2
EurepGAP cattle and sheep	2	2
EurepGAP dairy	2	2
EurepGAP pigs	2	2
IKB-pigs	N/A	4
KKM-milk	2	0
PROduCERT free range cattle	0	N/A
PROduCERT free range pigs	N/A	4
EKO label animal production	4	4
Demeter label	4	4
England		
Assured British Meat	3	N/A
Assured British Pigs	N/A	3
National Dairy Farm Assured Scheme	3	N/A
Freedom Food	3	4
Soil Association Organic	3	4
Spain		
Denominación de Origen	2	2
Producción integrada of each Autonomous region	3	3
COVAP	3	3
CERTIFOOD S.L.	3	3

#### 4.6 Certification scheme standards in relation to GAEC standards

Three separate tables are presented to give an overview of the overlap between certification scheme requirements and the standards set for Good Agricultural and Environmental Condition. This is because the three countries examined have set rather different GAEC standards in terms of the issues covered and the number of standards introduced.

Table 4.5 compares the Dutch GAEC requirements with certification scheme standards. The arable certification schemes cover the national soil GAEC requirements. The organic labels, EKO and Demeter, have standards in place which exceed the national GAEC standards.

Table 4.6 presents the comparison for England. There are no schemes that address all the GAEC standards, with a number of schemes only covering the standards to a very limited extent. The Assured Food Standard schemes include very few standards that match cross compliance GAEC, even though most GAEC standards are based on pre-existing legislation. The GAEC standards are only partially matched by Nature's Choice, where the strongest match is in relation to arable stubble management and the retention of landscape features. There is substantial matching of GAEC standards by LEAF Marque standards. Only GAEC standards relating to permanent pasture and avoiding encroachment of vegetation on land not in production are not included. This may be explained by the fact that these standards were included in the EU legislation as a means of addressing issues which may arise from decoupling, an issue which is not a chief concern for certification schemes. There is a substantial match between the GAEC standards and the Soil Association Organic Standards. In several cases the organic standards refer to the legislation that was in place before cross compliance and on which the England cross compliance standards are based. However, although the soil measures are comprehensive they do not fully match the GAEC requirement, which specifies the need for a soil management plan.

Table 4.8 makes the same comparison for Spain. Only one of the schemes reviewed, Integrated Production, contains equivalent standards to those set under GAEC. In Germany, only EMAS may potentially cover the national GAEC standards.

Table 4.5 Comparison of certification scheme standards with national GAEC standards:  
Netherlands

Certification Scheme	GAEC standard (refer to figure 4.1 for key)			
	soil erosion	soil organic matter	soil structure	soil maintenance
EurepGAP base certificate arable sector	2	2	2	2
EurepGAP combinable crops	2	2	2	2
EurepGAP base certificate animal sector	0	0	0	0
EurepGAP cattle and sheep	0	0	0	0
EurepGAP dairy	0	0	0	0
EurepGAP pigs	0	0	0	0
IKB pigs	0	0	0	0
KKM milk	0	0	0	0
PROduCERT free range cattle	0	0	0	0
PROduCERT free range pigs	0	0	0	0
PROduCERT free range laying hens	0	0	0	0
KPA base certificate	0	0	0	0
KPA product specific product Environmental label (Milieukeur product)	0	0	0	0
KPA farm Environmental label (Milieukeur bedrijf)	2	2	2	2
EKO label arable production	4	4	4	4
EKO label animal production	0	0	0	0
Demeter-label	4	4	4	4

Table 4.6 Comparison of certification scheme standards with national GAEC standards: England

Certification Scheme	GAEC standard (refer to figure 4.1 for key)							
	minimum soil cover	minimum land management	arable stubble	machinery use	protection of permanent pasture	retention of landscape features	avoiding encroachment of scrub and weeds	other standards
Assured British Meat	0	0	0	0	0	0	0	0
Assured British Pigs	1	0	0	0	0	0	0	0
Assured Chicken Production	1	0	0	0	0	0	0	0
Assured Combinable Crops Scheme	1	N/A	0	0	0	0	0	0
Assured Produce Scheme	2	N/A	0	0	0	0	0	0
National Dairy Farm Assured Scheme	1	1	0	0	0	0	0	0
Nature's Choice	0	0	3	0	0	3	0	1
Linking Environment and Food (LEAF)	2	2	2	2	0	2	0	1
Soil Association Organic	2	3	3	2	0	3	0	1

*Table 4.7 Comparison of certification scheme standards with national GAEC standards: Spain*

Certification Scheme	<i>GAEC Standard (refer to figure 4.1 for key)</i>			
	soil erosion control	soil organic matter	soil structure	minimum level of maintenance
Denominación de Origen	0	0	0	0
Producción integrada of each Autonomous region	3	3	3	1
COVAP	0	0	0	0
CERTIFOOD S.L.	0	0	0	0



## 5. Conclusions: scope for synergy?

The conclusions summarise the main similarities and differences between cross compliance and certification schemes. Some comments are made on the potential for synergy between the two approaches given the European Commission's interest in developing closer ties in the context of cross compliance. The final conclusions demonstrate that although there is scope to explore the synergy between public and private approaches further, there are some key limitations to collaborative approaches.

### *Key similarities and differences between certification schemes and cross compliance*

Cross compliance and certification schemes are similar to the extent that they are both systems that seek to ensure compliance with a set of standards. Their approach to ensuring compliance is also similar in that they both establish inspection protocols and enforce sanctions. There are also some clear differences. One difference is in terms of the issues covered by the schemes. Private certification schemes do not tend to include standards which farmers are legally obliged to meet; there appears to be an assumption that the legal baseline is already met. Among the countries examined, there appear to be very few, if any, schemes that incorporate all of the cross compliance standards that apply in the Member State concerned. Certification schemes rather focus on a specific commodity sector, a farming system, or the quality of an end product. Very few schemes take a whole farm approach by seeking compliance with a range of standards that apply to all land on the holding, as is the case with cross compliance. In a few cases, certification scheme standards exceed national cross compliance standards. This occurs for those standards upon which the scheme specialises on, particularly animal welfare requirements for schemes with an animal welfare focus and environmental requirements for higher level environmental schemes. Cross compliance applies to the majority of EU farm holdings, whilst sector specific private certification schemes often apply to only a minority of holdings, although some schemes do have wide coverage. Thus certification schemes, at least among those in the member states reviewed, do not set a horizontal, uniform baseline of minimum standards in the way cross compliance does.

All producers who seek certification tend to be inspected every year, whilst just one per cent of farmers claiming the Single Payment are inspected for cross compliance in any year. The higher frequency of certification scheme inspections underlines their credibility, so long as standards are meaningful and well defined, compliance is verifiable during an inspection and appropriate sanctions are rigorously enforced. The difference in inspection rates needs to be contextualised by the respective scale of public and private approaches, with cross compliance applying to a much larger number of farmers than private certification schemes do. The difference in inspection rates is somewhat influenced by the accompanying sanctions, with the financial sanctions applied through cross compliance potentially more severe than those applied by most certification schemes, where farmers are generally provided with time to rectify a breach before membership is withdrawn. In the event a farmer's membership of a certification scheme is cancelled, the farmer may lose access to the market and encounter financial consequences as a result.

In some, but not all cases, membership of a certification scheme can result in farmers receiving higher prices for their products, where higher standards are adhered to. Also, despite the fact that many schemes do not comprehensively cover all the legal requirements designated by cross compliance, the branded logos provide evidence that certain standards have been met and these logos are generally visible and meaningful to the consumer. There is also an argument that membership of a certification scheme may ease compliance with cross compliance standards. However, as the evidence in this report shows, compliance with certification scheme standards cannot act as a proxy for compliance with cross compliance standards.

*The potential benefits of and limitations to developing synergies between private certification schemes and cross compliance*

This report explores the apparent similarities and differences between certification schemes and cross compliance and as a result, suggests where synergies exist between the two approaches. A potential is identified to investigate these synergies further. The development of these synergies could have some advantages, as well as disadvantages. The arguments presented here very much depend on the intentions of public and private bodies and whether there is a common interest, or not, in facilitating a collaborative approach to either setting standards or enforcing those standards.

The identification of synergies could lead to the harmonisation of standards between certification schemes and those found in EU legislation, thereby reducing potential consumer confusion in differentiating product labels and determining the sustainability of farm produce. Harmonisation would mean that the standards in private certification schemes include within them the standards for cross compliance, where these are relevant. Secondly, harmonisation could be of benefit to the cross compliance inspection regime and result in increased administrative efficiencies. For example, it may be the case that farmers who are certified for meeting specific standards are less likely not to meet cross compliance standards. Membership of certain certification schemes could be a factor in the risk sample that member states use to target farms for cross compliance inspections. Such an approach would require some confidence that certification schemes rigorously enforce standards that closely match those set for cross compliance. Harmonisation may therefore be to the advantage of certification schemes if such schemes can ably demonstrate to potential members that the standards set by the scheme meet the requirements of cross compliance. This could be an enabling factor in helping farmers to meet the cross compliance standards. It may also be a selling point of a scheme if scheme membership is taken into account in the risk sample for cross compliance inspections, meaning that members will be less likely to receive a cross compliance inspection. The case against harmonisation can also be argued on the grounds of duplication of standards. This may not be desirable if a certification scheme sets a standard that the farmer is legally obliged to meet through cross compliance. It may also be inefficient if the farmer is inspected for the same standard during a cross compliance inspection and an inspection required for certification scheme membership.

Harmonisation could, of course, raise fundamental questions about the mutual role of government and private bodies in ensuring legal standards are met and in encouraging farmers to meet standards that exceed the legal minima. It may be argued that it is the role of government to ensure that farmers meet minimum regulatory standards and that certification schemes have a complementary role to play in ensuring additional standards not provided for by existing legislation are met by farmers in order to satisfy the demands of the market. It may be inappropriate and not in the public interest for certification schemes to inspect mandatory standards such as those for animal disease control. National administrations may rightly be reluctant to entrust the private sector with the control of mandatory standards, even if the certification bodies are accredited by state-run accreditation services. Member

State administrations would also need to have the ability to sanction private bodies if they fail to adequately inspect and control legal standards. It may also be argued that certification schemes may not want to set overly ambitious standards, as this could dissuade farmers from applying for membership. Certification schemes may have an inherent conflict of interest in this respect.

*In summary*

The evidence presented in this report shows that there are some fundamental similarities in the objectives of certification schemes and cross compliance, as well as the way they establish an operational framework. However, there are also a number of clear differences in terms of the scope of the schemes and the way in which they function which may impose limits to any collaborative approach. Overall, it seems that the extent to which cross compliance and private certification schemes are mutually compatible approaches to helping farmers meet standards in the fields of environmental sustainability, animal welfare and food safety deserves further consideration. The proposal by the Commission in its March 2007 paper on cross compliance to 'look for synergies between certification schemes and cross compliance on-the-spot checks' provides an added impetus to consider this issue further. It may be worth exploring these synergies in the context of the CAP Health Check and the concomitant drive by the European Commission to reduce administrative burdens and improve the efficiency and effectiveness of regulation. At the very least, this report demonstrates that there is an opportunity for the mutual exchange of best practice between certification schemes and cross compliance.

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# Appendix 1 Description of certification schemes reviewed for this report

## **A1.1 France**

### *Appellation d'Origine Contrôlée (AOC)*

This certification is managed by the INAO (Institut National des Appellations d'Origine) and was initiated in 1937 for wines, and in 1990 for all other products. It principally concerns wines and cheeses and identifies speciality products linked with their geographic origin.

### *Label Rouge and Certification de Conformité Produit (CCP)*

Since 1965, Label Rouge has been used to guarantee consumers that a food product complies with major quality degree requirements. Since 1992, CCP has been used to guarantee that the product and its production techniques comply with the certification standards. These brands are registered by INPI (Institut National de la Propriété Industrielle) and are managed by certified control bodies.

### *Agriculture raisonnée: 'precision' farming*

Precision farming was defined as a concept by the association FARRE (Forum pour une agriculture raisonnée et respectueuses de l'environnement) and has been recognised in Code Rural since 2001. Precision farming lays down general rules on good farming based on precision and recorded management. Farmers involved in the scheme are reminded of the whole range of regulation requirements and the need to comply with them.

### *Sustainable agriculture: 'agriculture durable'*

This concept was defined by the CEDAPA (Centre d'étude pour une agriculture plus autonome) and defines a grass-based and low-input farming system. The focus is on livestock production and aims to combine environmental and socio-economic goals through the implementation of 'economical practices' to reduce the dependence on inputs. CEDAPA was recognised as an eligible agri-environment scheme in the 2000-2006 Rural Development Plan.

### *Agriconfiance environnement*

This scheme concerns the food-processing industries, and mainly those involved in the cooperative sector. Agri confiance (since 1992) is a certificate specific to the agricultural sector under French norm NF V01-005 - Agri Confiance, embedded in the ISO 9001 frame. It deals with relationships between the cooperative and its members in a quality process approach. Since 1999, scheme has integrates agri-environmental concerns (Agri Confiance Qualité Environnement NF V01-007, embedded in the ISO 14001 frame). This has links with cross compliance as it encompasses environmental requirements in addition to the sanitary requirements included in Agri-Confiance.

## **A1.2 Germany**

### *Qualität und Sicherheit (quality and safety, QS) system*

Founded in 2001, this is a supply chain-wide quality management approach covering all members from agricultural feed and food producers to the retailers. The system is managed by the *Qualität und Sicherheit GmbH*, a private organisation that was founded by associations from the agricultural sector. The system started in the meat sector, but since then quality assurance systems in the QS framework have also been created for fruit, vegetable and potato farming (2004) and for field crop farming (2005). The focus of the QS system lies on product and process quality; the majority of standards refer to hygiene, documentation and traceability. It also includes environmental standards, e.g. concerning the storage and application of plant protection products. In the meat sector, animal identification and registration and animal health and hygiene standards are most relevant. Generally, the QS guidelines and checklists contain a large number of individual requirements, the greater majority of which are congruent with legal provisions. Thus, the main achievement of the QS system is to systematically document existing quality standards.

### *Qualitätsmanagement Milch (quality management of milk, QM)*

A self-control system for the dairy sector. Set up by the German Farmers' Association, the Raiffeisen Association and the Dairy Industry Association. The system is based on codes of practice laying down the foundations for a standardised quality management system for milk production, collection and processing which are recorded in a manual. The QM Milch system is

implemented by dairies who integrate the requirements into their contracts with dairy farmers. The three main elements of the quality management system are: monitoring of milk quality, monitoring of feed products and documentation. Approximately 70 - 80% of dairy farms participate in the QM Milch system. The guideline document lists a number of standards concerning animal health and welfare, animal identification and registration, hygiene in milking and in storage of milk, quality and storage of feed products, and animal medication. In addition, two environment standards are also set in relation to the storage of manure and the preparation of the nutrient balance.

#### *Geprüfte Qualität - Bayern*

In addition to the national and international quality assurance schemes, there are regional certification schemes for instance in Baden-Württemberg, Bavaria, Hesse and Thuringia which are state-run and state-financed. The label guarantees quality assurance along the food chain, similarly to the QS system, and in addition certifies the geographical origin of the product. The scheme was initially applied to certain meat products only, but today also includes a range of other products (e.g. dairy and cereal products, honey, potatoes etc.). The standards farmers have to comply with when participating in the scheme are based on existing legal standards, and some requirements that go beyond legal provisions such as no antibiotic growth promoters must be included in the feed. The system is largely compatible with the QS scheme.

#### *Agrar-Öko-Audit (Eco-Management and Audit Scheme EMAS)*

A voluntary management tool for companies to evaluate, report and improve environmental performance available since 1995. Originally restricted to companies in industrial sectors but since 2001 has been open to all economic sectors including agriculture. In addition, the EN/ISO 14001 was integrated as the environmental management system required by EMAS. To receive EMAS registration farmers have to implement the following steps:

- Conduct an environmental review that considers the environmental impacts of all farm activities and identifies those that most urgently require action;
- Set goals for improving environmental performance and determine by what means these goals will be achieved (environmental management system);
- Carry out an internal audit assessing the management system in place and how it conforms to the goals and programme as well as compliance with relevant environmental regulatory requirements;

- Provide a statement of the farm's environmental performance which lays down the results achieved against the environmental objectives and the future steps to be undertaken in order to continuously improve environmental performance.

### **A1.3 Italy**

#### *Qualità Sicura Coop*

The Coop label for fresh fruit and vegetables guarantees the use of an integrated low input production system which safeguards the environment and human health. The products are produced with a limited use of pesticides. The Coop label for fresh meat guarantees that meat has been produced according to exclusive internal regulations. These regulations emphasise animal welfare, meat quality, and feed quality.

#### *ELETTA label*

This label is used by the meat producer association UNICARVE. Animals produced under the brand ELETTA are raised according to animal welfare standards.

#### *VITELLONE DI QUALITÀ (quality bulls) label*

This label is used by the meat producers association ASPROCARNE and guarantees that animal welfare standards have been adhered to in the production of meat.

#### *Agriquality project*

This project was developed in Tuscany in 1999. It uses a white butterfly label to indicate products produced under the idea of agricultural quality. The project involves adhering to standards for a range of aspects of agricultural production such as traceability, use of GMOs, effects on biodiversity and agricultural landscape and animal welfare practices.

#### *The Legambiente (environmental league) label*

Legambiente, an important Italian environmental protection association, launched a campaign called 'Legambiente for an Italian Quality Agriculture' (LAIQ). This aims to promote a particular method of production for a variety of animal products including milk, eggs, pork, beef and rabbit meat with a focus on animal welfare mainly referring to the EU and National Legislation

as well as additional Legambiente rules. Producers who comply with the production methods, can label their product using the well know logo of the association.

#### **A1.4 Netherlands**

##### *IKB Schemes (integrated chain management).*

These schemes regulate the production and distribution of meat for pig, poultry and calf producers (only focussing on pigs in this study). They were initiated in 1990 by the Product Board for meat, poultry and eggs in cooperation with business and research institutes. Since 2004 the schemes have been privately organised. All stages in the supply chain can participate. Pig farmers have to enter a contract with VERIN, an accredited quality standards verification institute. Requirements are based around animal welfare practices and use of medicines.

##### *KKM (Keten Kwaliteit Milk) Integral Chain Management Scheme*

Developed by Dutch Dairy Organisation (NZO) with the Dutch farmers union LTO, the main focus of the scheme is quality and food safety. Dairy farmers must satisfy animal health standards and animal feed standards.

##### *PROduCERT certification schemes*

PROduCERT is the holder of a number of schemes concerning free range animal farming. An important aim is to distinguish products from free range farms for consumer groups prepared to pay a premium for these products. The certification schemes were set up in the late 80s - early 90s and exist for free range cattle, pigs and laying hens. Farmers are required to satisfy free range criteria such as length of time animals are outside and type of feed.

##### *KPA Arable Farm certification*

This scheme was set up in 1999 by the Dutch farmers' union LTO to create a central registration of all relevant information about the production process in the arable sector. A feature of this scheme is that is under control and ownership by the arable sector itself. The general purpose of the scheme is food safety and environmental sustainability. Arable farmers can certify their farms under three different schemes: a base certificate; an environmental certificate (Milieukeur product) associated with a single product (product certificate), and; an environmental certificate (Milieukeur akkerbouw)

associated with whole arable farm (farm certificate). The criteria have a strong focus on the use of plant protection products.

#### *ECO-label (EKO-keurmerk)*

This scheme was developed in 1991 by the EU to ensure that Europe had a recognisable and credible label for organic agriculture. Skal is the holder of the Dutch Eco-label. Farmers must satisfy EU standards for organic agriculture as provided in the EU Directive 2092/91 and sometimes additional country specific requirements. Standards exist for arable production and animal production. The difference between the EKO label and the environmental certificate (Milieukeur) is that in organic agriculture no chemical fertilisers and plant protection products are allowed, whereas under the Milieukeur they are allowed, but under strict criteria. The criteria with respect to GMOs are stricter in the Netherlands than is specified in the EU standards.

#### *Demeter label*

This certificate is associated with bio-dynamic (BD) agricultural production. This approach to agriculture emphasises the need for respecting balances in the environment. The Dutch Demeter certificate is based on the international Demeter production standards and distinguishes BD agriculture from standard organic production. The Demeter label includes all organic requirements as specified by the ECO-label, as well as additional higher standards.

### **A1.5 Poland**

#### *EKOLAND (Association of Organic Food Producers) scheme*

The Association of Organic Food Producers, EKOLAND, was established in 1989 to deal with organic agriculture in Poland. In 1990, the Ecological Council was established to develop standards for agricultural production with organic methods based on requirements defined by the International Federation of Organic Agriculture Movements (IFOAM). Since 1991, agricultural holdings have been certified by EKOLAND for adhering to these standards. The adoption of the Act of April 2004 on Organic Agriculture introduced certification rules in accordance with the Council Regulation 2092/91/EEC. Based on this act, six certification units in organic agriculture currently operate in Poland with responsibility for issuing certificates confirming that farm products have been produced in accordance with the

binding regulations on organic agriculture. EKOLAND criteria also cover animal welfare measures such as animal feed and medical treatment.

### *Integrated Production (IP)*

The objective of the integrated production is to produce high quality fruits and vegetables. The main goals relate to environmental protection and the protection of rural landscape. It was introduced in 2000 originally just for fruit. In 2003 the national system of integrated production was created. Currently there are 21 crops (fruits and vegetables) which can be legally accepted in the IP system. Farmers who participate have to complete 16 hours of training and use farming practices as well as plant protection methods according to detailed guidelines. These guidelines state which pesticides can be used, the timing and method of pesticide application, alternative methods of plant protection and environment protection requirements. Certification of the IP is provided by the regional branches of the main inspectorate for crop protection and seed production (a public body). During the control the content of heavy metals, pesticides, nitrates and other contamination are tested. If all requirements are implemented the farmers receives IP certificate for 12 months and farmers can use the logo on their products.

## **A1.6 Spain**

### *CERTIFOOD*

CERTIFOOD is constituted by the Association of Industry, Food and Drinks and the Association of Agrarian cooperatives in Spain. (Fundación de la industria de alimentación y bebidas y la confederación de cooperativas agrarias de España). CERTIFOOD is a non profit organisation, and their objectives include the definition of a quality system for the agrifood sector in Spain, to guarantee the fulfilment of the quality parameters and safety standards, to improve the image of the products, activities and services, with minimal costs and to develop the processes of certification as objective and independent.

### *COVAP*

COVAP was developed by a cooperative of livestock farmers, and has operated since 1945 and includes the marque 'Bovine meat of COVAP'. This certification scheme has been authorised by the Regional Authority ('Junta de Andalusia') and it is defined from the farm to the sale point. The quality

system of COVAP mainly concerns traceability and food safety. Its slogan is: 'Quality and security from the origin'. The certification schemes are certified by body named CERTICAR.

#### *Denominación de Origen*

The 'denominaciones de origen' constitutes the system used in Spain for the recognition of a top quality. This high quality is a consequence of differential characteristics stemming from the production method and location of production. The different 'Denominación de Origen' and 'Geographic Indication Protected' in Spain are divided in three types: agrifood, wines and other alcoholic drinks.

#### *Integrated Production/ Producción integrada*

This scheme operates in each autonomous region and is operated by the Department of Agriculture. Taking the case of Andalusia, among other requirements, producers are required to join the Integrated Production Association (IPA) and take part in training courses. Andalusia has published thirteen norms or specific production rules among open air and protected crops. Integrated production in the livestock sector was introduced in Andalusia in 2006. The area under integrated production is 185,974 ha for all of Spain. This area is covered mainly of olive, rice, fruit trees, vegetables, and cotton.

### **A1.7 United Kingdom**

#### *Assured Food Standards and the Little Red Tractor logo*

In June 2000, after discussion with the National Farmer's Union, the Government launched the Little Red Tractor logo with the aim of uniting many of the existing assurance schemes under one mark. Assured Food Standards (AFS), a not-for-profit private company was set up to administer the system and is now owned by the entire food industry. Today AFS represents a broad spectrum of individual assurance schemes which utilise the Red Tractor logo:

- Assured Combinable Crops Scheme (ACCS) - set of production standards for wheat, barley, oats, rye, durum wheat, oilseed rape, linseed, peas, beans and sugar beet;
- Assured Produce (AP) - set of production standards for fruit, vegetables and salads;



- Assured Chicken Production (ACP);
- Assured British Pigs (ABP);
- National Dairy Farm Assured Scheme (NDFAS);
- Assured British Meat (ABM).

The schemes involving animal production focus on animal welfare, use of medicines, animal feed and meat processing.

*Tesco standards and protocols - Nature's Choice*

Nature's Choice is Tesco's own integrated management scheme introduced in 1992. It sets environmental standards and specifies shape, size and shelf life requirements for fruit, vegetables and salad. All suppliers of fruit, vegetables and salad to Tesco must comply with Nature's Choice to ensure produce is grown to high safety, quality and environmental standards. Since 2004, Tesco has set up a separate biodiversity focussed scheme, Wildlife Choice, which requires farmers to be fully aware of the wildlife potential on their farms and monitor impact of changes to farmland habitats.

*LEAF (Linking Environment and Farming) Marque*

LEAF is a charity, established in 1991, to develop and promote Integrated Farm Management (IFM). Its governing body is an Advisory Board of members representing national government departments, farmers, supermarkets, conservation, environmental and consumer groups, educational establishments and industry bodies. LEAF enables farmers to take up IFM by providing them with a detailed self-assessment audit of their farm to help them set up targets to improve their business while enhancing the environment. This is the first step to achieving the LEAF Marque certification. This logo guarantees consumers that food has been produced to verifiable standards.

*Freedom Food*

A farm assurance and food labelling scheme set up by the Royal Society for the Prevention of Cruelty to Animals (RSPCA) in 1994. Freedom Food was established with the aim of improving farm animal welfare and addressing growing consumer demands for higher welfare produce. The Freedom Food logo enables consumers to recognise products that come from animals reared on farms inspected to strict RSPCA welfare standards, with assured traceability.

### *Soil Association Organic Standards*

The Soil Association is a registered charity which promotes organic food and farming. Soil Associated Certification Limited is a wholly owned subsidiary of the Soil Association, approved by the UK Government's Advisory Committee for Organic Standards (ACOS), and is the UK's largest organic certification body. Farmers must meet organic standards in order to be certified by the Soil Association after which they are entitled to use the Soil Association organic symbol on their products.