

# FOOD QUALITY CERTIFICATION

Adding Value to Farm Produce

BRUSSELS • 5-6 FEBRUARY 2007



EUROPEAN COMMISSION  
Agriculture and Rural Development



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**Workshop 1** - The economics of Food Quality Schemes

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## Content

- **Distribution costs/benefits & added value**
- **Impact rural development**
- **Consumers' WTP**
- **Other topics discussed**
- **Conclusions & recommendations**

**Workshop 1** - The economics of Food Quality Schemes



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## Three presentations

- Case studies
- WTP
- Rural development
- Discussion

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## 1. Distribution costs & benefits & added value

- vertical coordination -> costs ↓
- price increase in all links in the chain, but costs?
- B2B versus B2C -> what market segment?
- being visible to consumers = adding value??

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- lack of business, marketing capabilities
- bargaining power is weak, no professional branding
- adding value can focus on image, intangible
- limits innovation?

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## 2. Impact rural development

- lack of scientific evidence (origin labeled products)
- multi-dimensional approach -> complexity EU-regions
- more difficulties with small-scale farmers
- stimulates small-scale producers in remote locations
- social/immateral benefits such as traditions
- Q of life: animal welfare, tradition, tourism

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## 3. Consumers' WTP

- **Willingness  $\neq$  preference (income, knowledge, trust)**
- **Difficult for B2B-schemes, feasible for B2C**
- **Claimed versus overt preferences/behaviour (Eurobarometer)**
- **Information -> communication**
- **Consumption occasions**

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## 4. Other topics discussed

- Collaboration
- Need for rewarding cross-compliance
- EU-label:
  - \* difficult, not for differentiated products;
  - \* international trade - intra-sector trade;
  - \* label of origin different from superior quality;
  - \* what superior quality should be covered?

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## 5. Conclusions & recommendations

- B2B versus B2C schemes
- higher prices = higher income?
- WTP can be used but appropriate techniques!
- stimulate market oriented production
- EU-label???

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