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## Identification of Food Safety Compliance Costs: A Case of Nile Perch in Tanzania

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### Abstract

Modern developments in technology coupled with increased income levels in developed economies have pushed their consumers to demand safe food stuff that is free of health hazards. Standards and grades in food have evolved with primary objective of providing internationally recognised information and quality assurance of food products on the market. However, the costs of compliance to the majority of smallholder farmers and business people in developing countries are increasingly becoming hard to bear.

In developing countries, the impact of compliance to trade is not clear as many firms cannot differentiate them from the traditional quality costs. The situation is further worsened by the fact that firms in developing countries are standard takers and not standard makers.

Identification of compliance costs is important for several reasons. First, it is useful to shed light on how these costs are divided into fixed and variable costs. Second, the differentiated complying costs can be informative to the firms in calculating firms' margin by illustrating the effect of compliance costs. Third, the identification can assist firms in building arguments for government support in terms of public investments.

This paper is designed to demonstrate the intricacies of EU compliance costs for firms in developing countries using Nile Perch in Tanzania as a case study. The implementation of EU food safety standards in Tanzania started in 1997 after the import ban by European Union claiming that there was a threat of pathogens in fish from East Africa. The import ban led to an amendment of the Fisheries Act 1970 to incorporate food safety standards based on EU Directives (91/493/EEC).

**Keywords:** Compliance costs, EU food safety standards, Nile Perch, Tanzania