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“Bridging the gap between increasing knowledge and decreasing resources”

Do Thai Cut Orchid Producers Benefit from Q-GAP Certification?

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Abstract

Standards and certification schemes have become increasingly important in the global floricultural trade as a result of social and environmental concerns in the entire value chain. This is also true for Thailand which is one of the major exporters of cut orchids in the world with an annual trade volume of 50 million € in 2012. To further increase the competitiveness of its orchid sector in the world market, the Thai government introduced the Q-GAP programme where production follows the standard for Good Agricultural Practices (GAP). However, the number of certified orchid producers has declined over time raising important questions about the costs and benefits of the Q-GAP program. This paper therefore aims to evaluate the impact of the Q-GAP scheme on Thai cut orchid producers: The analysis is based on survey data of 256 certified and non-certified orchid producers in the major production areas. To circumvent selection bias, Propensity Score Matching was applied. A binary choice model determining the adoption of Q-GAP certification served as balancing score. Results show no significant impact of Q-GAP certification on the income of cut orchid producers. This can be explained by the fact that certified and non-certified products follow the same value chains so that certified producers do not receive any price premium and that Q-GAP certification does not improve the access to upgraded markets. Also pesticide expenditure and quantities could not be reduced by the scheme, which goes along with evidence from prior studies on Q-GAP's impact on Thai vegetable production. However, tendencies of indirect benefits such as improved farm management leading to higher performance (e.g. expanding production areas and invest in agricultural assets) as well as increased participation in cooperative activities and better worker's protection are visible. Conclusively the public Q-GAP scheme does not seem to fulfil its expectations to reduce pesticide usage and increase income from orchids. Due to limited perceived benefits, Thai cut orchid producers have few incentives to participate. Better monitoring could reduce the pesticide usage and increase credibility of the scheme.

Keywords: Cut orchids, household welfare, impact, pesticide reduction, public GAP standard, Q-GAP, Thailand