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Public vs. Private standards in EU

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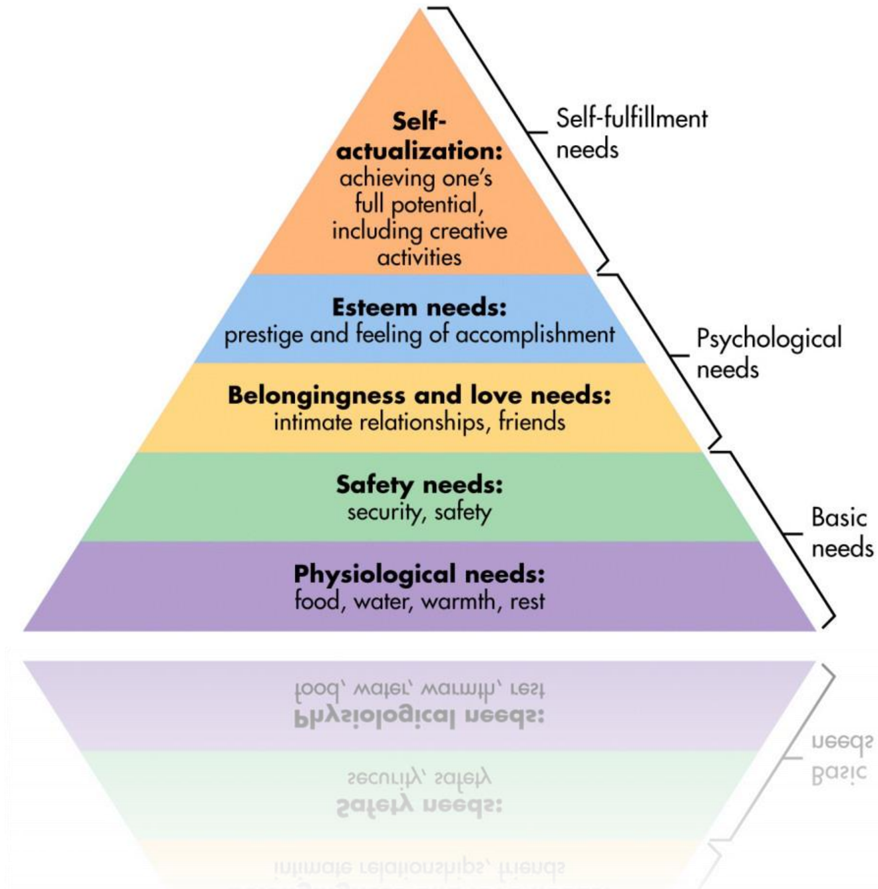
The EU consumer

- **Trending towards self-actualisation**
- **More critical (cat) vs. Face-value uptake (dog)**
- **Taste is King - Convenience is Queen**
- **Price matters, value rules**
- **Today is important, tomorrow as well: sustainability**
- **Understands: my purchase is my vote**



https://www.simplypsychology.org/maslow.html

Consumer concerns & standards

Concern	Trigger	
Quality	Food safety standards **Marketing standards**	• ISO/ BRC/ GG/ IFS
Socially responsible production	Labour; Social Standards	• Fairtrade/ SMETA/ GRASP
Climate smart chains	Environmental rules Organic Standards	• Regional; Sea/ airfreight; Organic
Health	Organic; Food safety standards	• Maximum Residue Levels/ Organic/ Naturland/ Demeter
Traceability	Labeling/ Trace and tell/ Blockchain tech	• Labeling/ Trace and tell/ Blockchain tech

On level of:

- Farm/grower: primary production
- Processing/packing
- Retail/supermarkets chain

Who creates private standards?

- **Developed by industry (individual companies)**
- **national, regional or international commodity organizations**
- **ISO – requires annual fees for using their standards**
- **Others–GlobalGAP included–accreditation is paid–ensure that user has infrastructure/system, which can ensure proper use of their standards**

- **In many cases – production costs increase to fulfil private standards–without an increase of the price of the product**
  → But without fulfilling the criteria you cannot sell the product

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Private standards–advantage or disadvantage?

- **F&V perishability**
  - → Retail can change the suppliers when these are not able to keep the specific private standards
  - → A supplier cannot easily change to other buyers
    - × follow the money –F&V producers have to accept private standards, if not– their production is not marketable
    - × Private standards become an introductory factor for market access
- **Small producers and exporters–out of „game"?**
- **Lesson learned for small countries → unified approach needed– producers organisation**
- **Building of the „MARK" or reputation**
- **Share of the accreditation costs**
- **More sophisticated logistic in supply chain required**
- **Close relationship between supplier and buyer possible**

Public vs. Private

- **Complimentary relationship**
  - → Public: sets the rules
  - → Private: plays the game

Public	Private
Food safety & MRL	*Social*
Marketing standards	*Environmental*
Labelling and Packaging	*Labour*
Plant Health	*Organic*
Contaminants	

Public Standards

https://www.pinterest.com/pin/432978951646618587/

Marketing standards

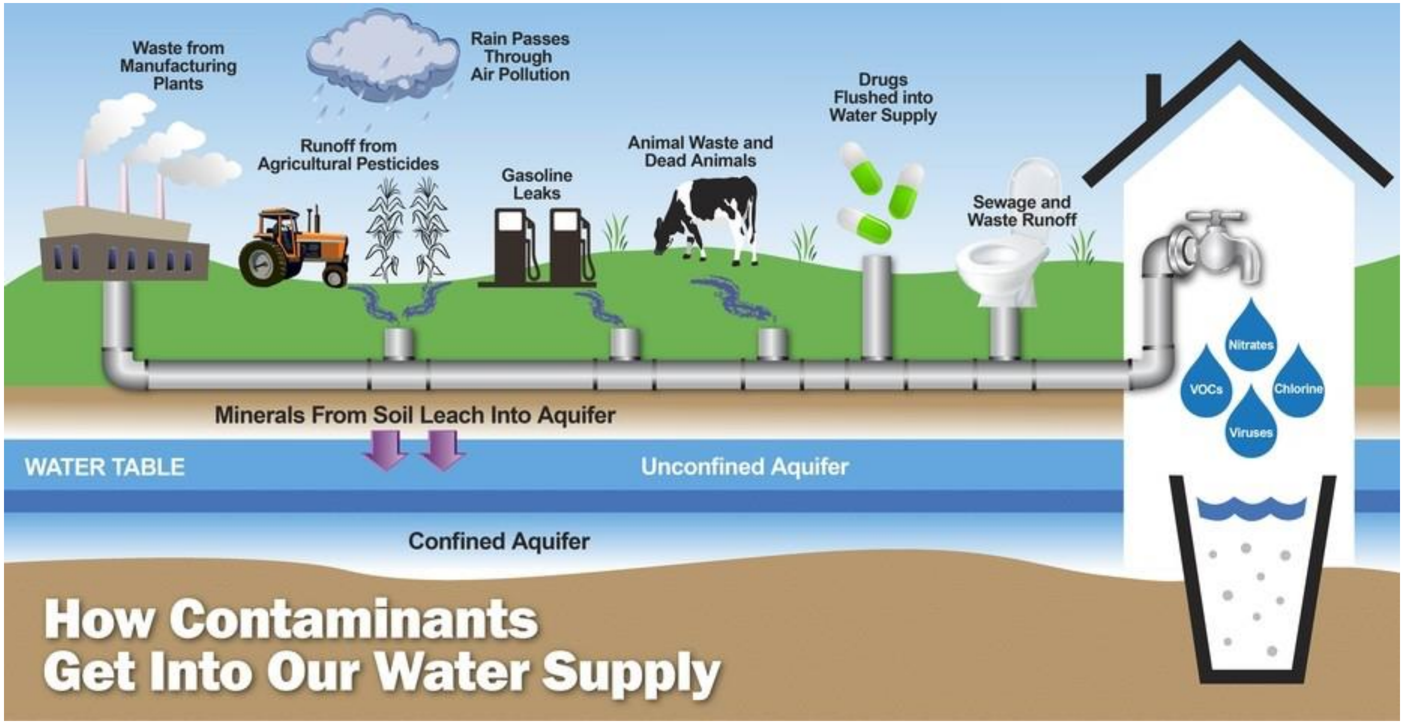
- **EU Marketing standards outlines product quality and maturity levels**
  - → Standards cover 10 products
  - → Produce must be accompanied with Certificate of Compliance
- **Excluded products covered in General Marketing Standards and UNECE**

Maximum residue levels

- EU Pesticide Database for product relevant MRL
- Buyers in UK, Germany, Netherlands, Austria, Belgium, Switzerland stricter than EU regulation
- Strictest retailers demanding 33-70% of legal limit
- Use Integrated Pest Management to control MRL

Contaminants

- Not intentionally added but may be present
- EU regulation on [product specific contaminant limits]



https://www.freshwatersystems.com/s-262-filters-by-contaminant.aspx

Private standards

This table maps some of the most common voluntary standards and private labels that producers may need to comply with in order to reach developed-country shopping baskets. It is not comprehensive but does indicate the labelling maze that exporters from developing countries have to deal with

http://www.tradeforum.org/Lost-in-labels/

Entry standard: Global g.a.p

- **Pre-farmgate standard - covering:**
  - → farm inputs
  - → all activities until product leaves farm
- **Inspections:**
  - → Annual
  - → Unannounced
- **Options:**
  - → Producer level: Option 1
  - → Option 2 group certification (producer organisation or Exporter with outgrowers)

Social, environment, labour

- **Good Agric. Practice ≠ about products = also about people**
- **Consumer demand driven standards**
- **44 Private Standards that could be used when exporting from BR to EU**
- **Regional commonalities e.g. Eastern Europe: none**
  - → UK: Ethical Trading Initiative, BSCI
  - → Scandinavia: SMETA
    - × SMETA stands for Sedex Members Ethical Trade Audit
  - → Western Europe: GRASP
    - × GRASP stands for GLOBALG.A.P. Risk Assessment on Social Practice.

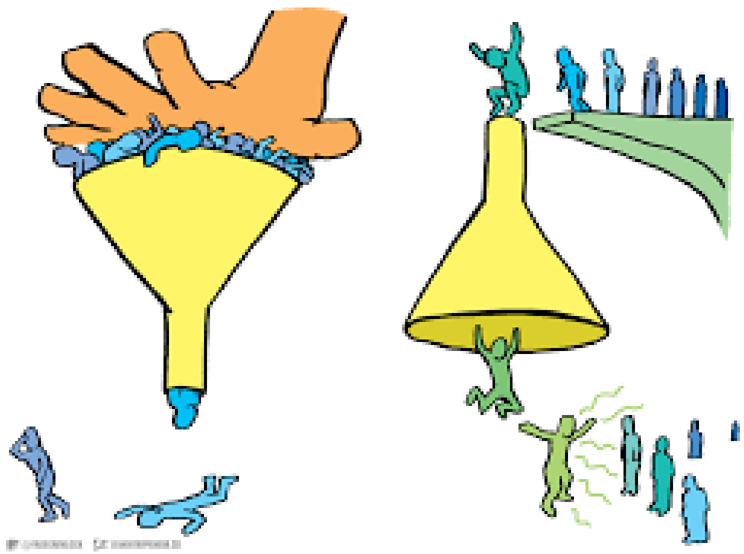
Natural: organic/ biodynamic

- **Increasing demand**
- **No use of chemicals in production processes**
- **Organic by default**
  - → At least 3 years no chemical usage
- **3 year process**
  - → during 2 years of production: sold as transitional
  - → After 3 years of production: sold as organic
- **Extra Niche: Biodynamic**

Meeting eu retail specs and standards

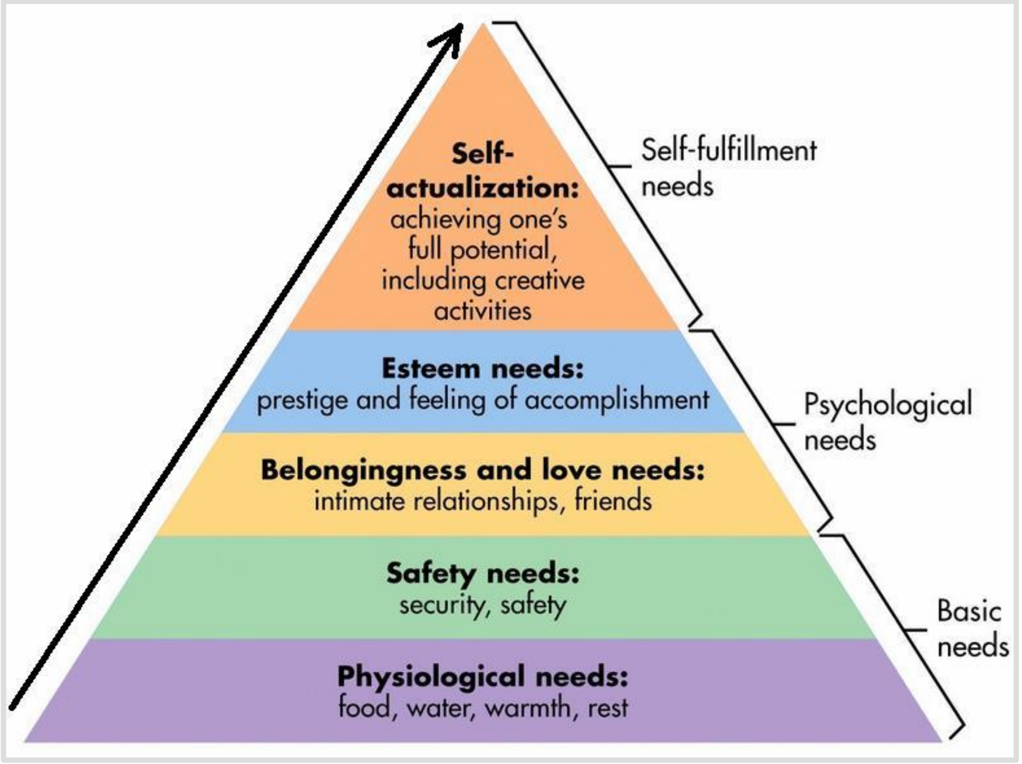
Key themes

- General Market Access Requirements
- Key Markets
- Key Actors
- Client specific Standards
- Market access



Key markets

- **Scandinavia: Sweden, Denmark, Norway**
- **Germany, Austria, Switzerland**
- **The Netherlands, France, Belgium**
- **Spain, Italy, Portugal, Czech Republic, Slovenia**



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Key actors

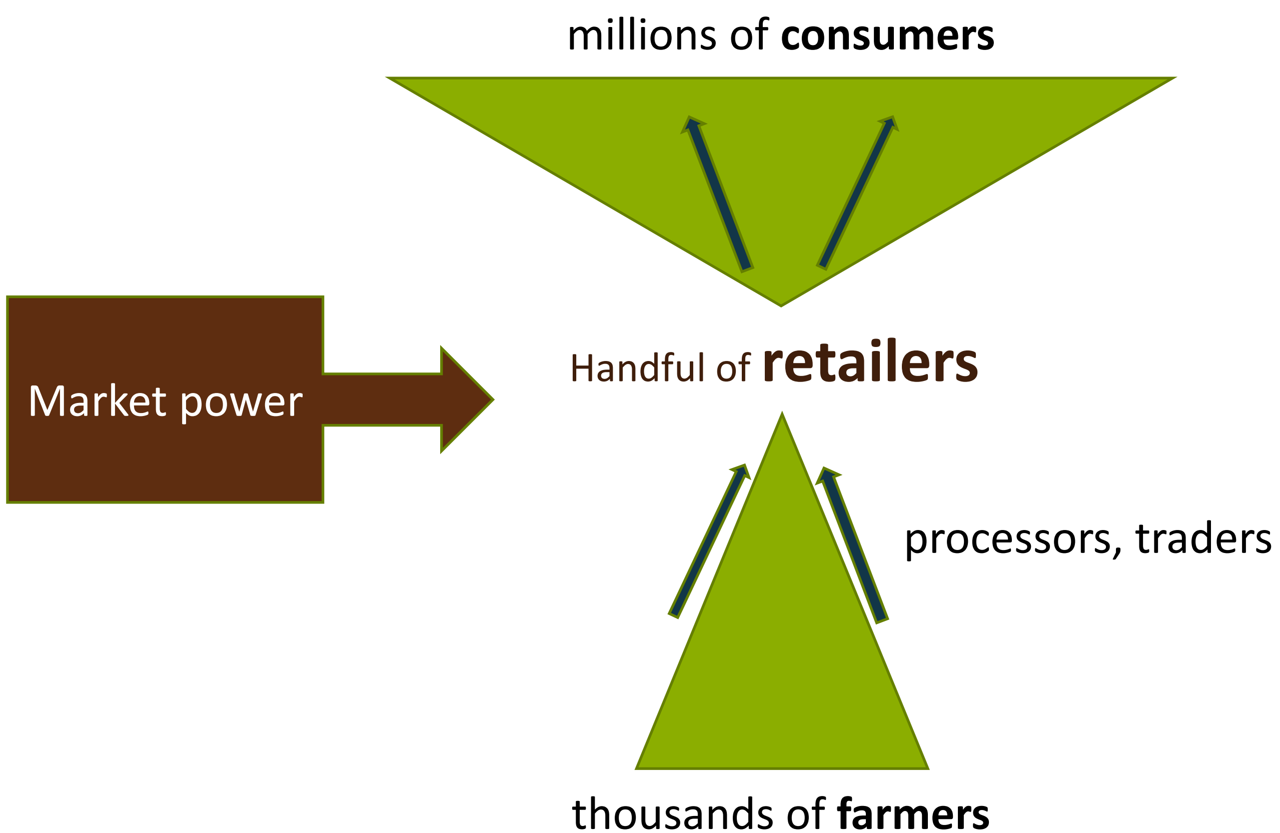
- **Retailers**
  - → Aldi (North & South)
  - → Lidl
  - → Spar
  - → Edeka
  - → ICA
  - → Rewe Group
  - → Dennree/ Alnatura/ Weiling
  - → Online/ Boxscheme

Top 15 retailers in Europe

European turnover 2017 in Billion €

Rank	Retailer	Turnover	Headquarter
1	**Schwarz (Lidl + Kaufland)**	97	Germany
2	**Aldi**	59	Germany
3	**Carrefour**	57	France
4	**Tesco**	56	UK
5	**Edeka**	56	Germany
6	**Rewe**	54	Germany
7	**Amazon**	45	USA
8	**E.Leclerc**	37	France
9	**Les Mousquetaires**	37	France
10	**Auchan**	34	France
11	**Metro**	33	Germany
12	**Sainsbury**	33	UK
13	**Asda (Walmart)**	25	UK
14	**Migros**	25	Switzerland
15	**Ahold Delhaize**	24	Netherlands/Belgium

- **https://www.retail-index.com/Countries.aspx**



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General certifications

- **Entry Standard**
  - → Global GAP
- **Social, Environment, Labour**
  - → Grasp (Global GAP extension)
  - → SMETA
  - → Rainforest Alliance/ UTZ
  - → Fair for life/ Fairtrade
- **Natural**
  - → Organic
  - → Demeter (Biodynamic)

Client specific requirements

Specific requirements

	ALDI	LIDL	SPAR	REWE group	EDEKA	ICA	Alnatura Dennree weiling
							
MRL	70% Max 3 residues	33%	50%	70%	70%	33%	-
Transport	Sea			Sea/air	Sea/air	sea	Sea/air
Entry standard	• GobalGAP						
social, environment, labour	• GRASP • SMETA • Rainforest alliance • UTZ				• GRASP • SMETA • Rainforest alliance • UTZ • Fair for life/fairtrade		GRASP
natural	• Organic • Demeter (biodynamic)						Demeter (biodynamic)

Market access facilitation

- Key retailers work with importers
- Importers ensure and manage compliance on:
  - → Quality
  - → Varieties
  - → Calibration, volume, packaging
  - → Labeling
  - → Social sourcing
- Network sensitive industry

Successful export value chain

- **3 Tier Strategy**
  → Know-how
  → Market access
  → Inputs


Complicated
Simple


HANDLE
WITH CARE


KEY TO SUCCESS:
RAISE
YOUR STANDARDS


CUSTOMER
IS KING
AND
KING NEVER
BARGAINS
KeepCalmAndPosters.com