

# Chapter 8

## Market Access Strategy

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## 8.1. Business positioning and market access strategy

### 8.1.1. Introduction

Before making investments to set up a food safety management system (FSMS), the fruit and vegetable entrepreneur/exporter must formulate its own clear and explicit **strategic objectives and study the extent to which its products are geared to the markets it is targeting.**



The **steps of this analysis** must cover all the company's functions as well as its environment.

#### 1. Products and markets

Products:	Markets:	Customers:
What products are exported? What is the: packaging / quantity / period / frequency? What freight volumes are available? Transport by air, ship, road?	<b>Export:</b> Country(ies) / products / price  <b>Local market:</b> Products / quantity / price	Importer Collective food services Large and medium retailers Group purchasing organisations (GPO)

#### 2. Production context – product sources

##### 4 possible situations:

- **Vertical Integration: 100%** of the products supplied are subject to control – total traceability must be guaranteed.
- **Some of the products are subject to control:** Although only a part of the supply is subject to control, total traceability can be guaranteed.
- **Products collected directly from farms with continuous control and oversight** by an extension agency / supervisor and technical advisor: the grower receives guidance and supervision to manage the site and the soil, the crops and production programmes, use of fertilisers, irrigation, protection of the harvest, safety of pesticides, waste management, hygiene and workplace safety. In this case, traceability can be ensured in various manners.
- **Products collected directly from farms with or without specific guidance other than technical information on the use of pesticides and assistance from the country's extension services.** Traceability control is highly relative if not impossible, entailing serious risks that regulatory requirements have not been met, in particular those on the use of pesticides.

### 3. Partners and alliances / competition

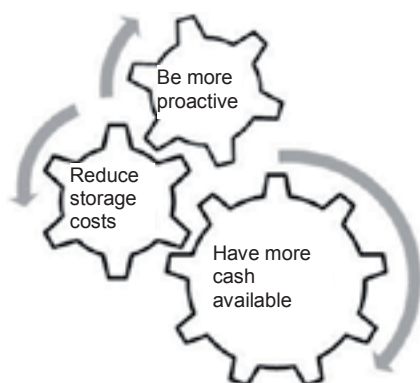
- Does the company have partners?
- Is it part of an alliance?
- Who are the competitors and what are their products?
- How many suppliers are there, in addition to the farmers?
- What is the relationship with these suppliers?



### 4. Analysis of the company's know-how and activities

#### Know-how:

- What is the company's know-how? How has it evolved? How does it make the company stand out among the others?

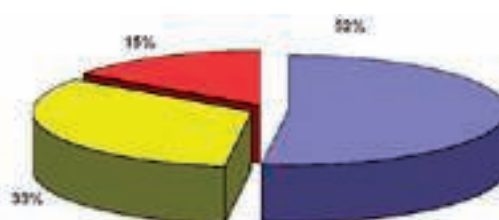


- Which company activity is most visible to customers?
- Which company activity is most visible to its employees?

#### Type of activities:

- The company has one or several business activities: farm production, transport, storage, packaging, for one or several products, extension and production supervision services, etc.
- Does the company occasionally provide other services such as shipping, personalised labelling, purchase of additional related products, agronomist expert services, and so on?

*In these cases the company's different activities must be considered in segments in order to analyse the evolution of each one separately.*



## 5. The company's organisation and its resources

### Status:

- Public limited company, private limited liability company, etc.
- Impacts on its functioning

### Capital:

- Who holds the capital?

### Financial resources:

- What financing can the company count on? Self-financing ability, working capital, etc. Available funding (financiers, eligibility for national or international programmes, etc.)



### Jobs and available workforce / work organisation:

- How many people does the company employ?
- How is the work divided up in the company?
- What is the employees' management style?
- How many management levels have been established?
- What are the qualification levels?
- What is the staff turnover rate?

### Installations and equipment:

- What kind of installations and equipment does the company have (buildings, logistics, storage, packaging, number of lorries, warehouses, etc.)?

## 6. The company's business position

### Trader

Very small scale, irregular sales schedule, whenever the opportunity arrives.

### SME – generic exporter

Regular sales to a fixed clientele (one or two shipments per week); most sales in bulk; almost all through wholesalers.

### Large exporter - generic

Regular sales to a fixed clientele almost daily; sales in bulk and pre-packaged; most sales to wholesaler chains, but also to small supermarkets.

### Top-of-the-range producer / exporter

Regular supplier to top-level supermarkets and distributors; most of the products sold are pre-packaged in quality packaging and combinations of products are available.

### Producer / exporter with high added value

Top-of-the-range producer / exporter with one or more tightly controlled processing lines that manufacture ready-to-eat produce.

### 8.1.2. What is the company's strategy?

**A company's export capacity is determined by several factors:**

1. the nature and **volume** of the products to be exported,
2. the company's ability to provide a **constant flow of the product** in similar conditions from one shipment to another, from one growing season to another,
3. the **capacity to meet** regulatory and market **requirements** that differ from one market to the next, with requirements of varying complexity to fulfil.

The producer/exporter has several objectives:

- ▶ Satisfy market requirements in terms of **quality** and **safety**;
- ▶ Provide a **constant supply of products** in order to meet demand;
- ▶ Ensure the products' **traceability**;
- ▶ Make sure that only **authorised inputs** are used and that pesticide residues remain within authorised limits (MRLs);
- ▶ Control costs;
- ▶ And, if possible develop new products or reach out to new markets.



*The company must decide which market it wishes or is able to target **in the light of its investment capacity.***

The company's policy and strategy thus depends on its ability and willingness to meet all the demands of the market it has targeted:

- ▶ **market access requirements:** marketing standards, compliance with standards, use of pesticides and respect for MRLs, plant protection and phytosanitary controls, whether or not to use GMOs, and so on,
- ▶ **food safety requirements:** sanitary and phytosanitary rules, hygiene, product traceability, etc.
- ▶ **specific requirements imposed by buyers/importers/distributors** regarding the product's organoleptic quality (taste, smell, colour, etc.), packaging and labelling, concerns about the environment and preserving animal species, health and safety at the workplace, workers' social welfare, ethical values, and company management.

The ability to meet all these requirements calls for **tight control of the produce supply process** in addition to compliance with regulations and market standards on packaging, storage and shipment.

The company's response must take into account the fact that in most cases producers/exporters must cope with the **recurring challenge** of **satisfying a market's**

**immediate and seasonal needs with products grown by small-scale farmers on the basis of arrangements or contracts that are more or less official and formal.**

**Before taking any decision:**

Before it defines any business development strategy the entrepreneur/exporter must be fully aware of and understand all regulatory and market requirements currently applied and in the making, and for all markets: local, regional and exports.



*If the company wishes to increase its production/export volumes it must ascertain that its **supply sources are reliable** and that the products obtained from its suppliers are safe and traceable.*

Depending on the means available, in particular the different product sources and the market in view, the company must define its strategic position and decide whether it wishes to operate as a:

- **Producer / exporter – with high added value:** Top-of-the-range producer / exporter with one or more tightly controlled processing lines to manufacture ready-to-eat produce
- **Top-of-the range producer / exporter:** Regular supplier to top-level supermarkets and distributors. A majority of the products sold are pre-packaged in quality packaging and combinations of products are available.
- **Large exporter - generic:** regular sales to a fixed clientele almost daily; sales in bulk and pre-packaged. Most sales to wholesaler chains, but also to small supermarkets.
- **SME – generic exporter:** regular sales to a fixed clientele in one or two shipments per week. Most sales in bulk; mostly through wholesalers.
- **Trader**  
Very small scale, irregular sales schedule, whenever the opportunity arrives.

**There are two general types of strategy:**

1. **Continue as a small business**, keeping overhead down and participating in bulk or niche markets on a seasonal basis, all the while complying with regulations, especially those on food safety. The supply process must be controlled (specifications, signed agreement with producers, and so on).
2. **Invest in modern facilities with greater control capacity and systems** that guarantee all the food safety and traceability requirements, and also meet buyers' specific requirements (private standards). This means being able to sell to the most demanding clients, who will require value added products and, if possible, will also pay a good price for this (top quality pre-packaged products, for example).

## 8.2. The European Union market for fruit and vegetable exports

### 8.2.1. A diversified market



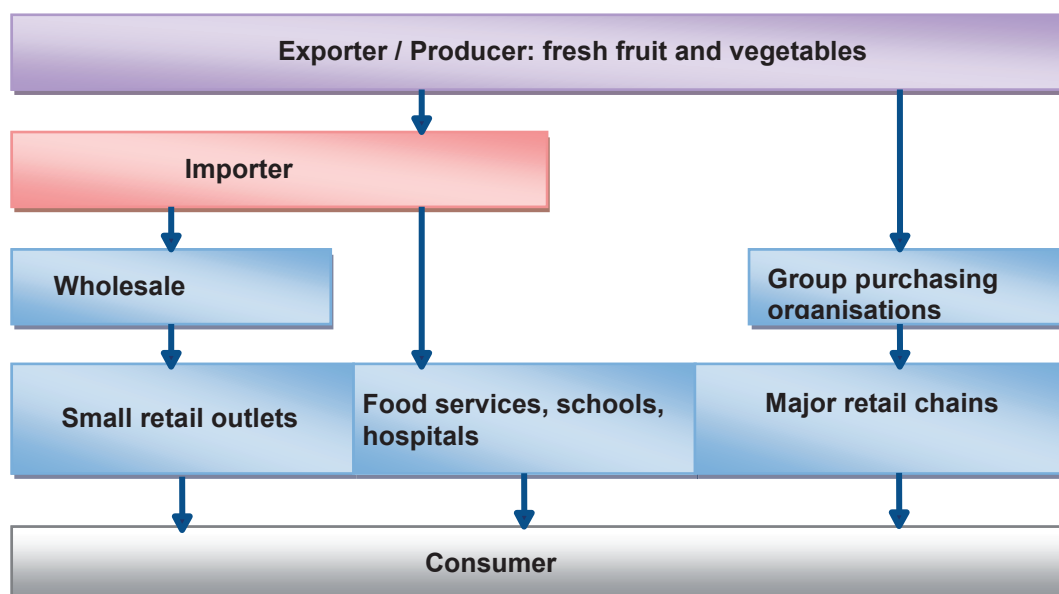
*In Europe, fruit and vegetable wholesaling and retailing varies widely from one EU country to another.*

**European consumers have a strong and constant interest in the issues of food safety and product traceability.**

*They are actively concerned, as shown by the 2010 Eurobarometer (see Chapter 1). Some 99% of food hygiene and plant protection regulations have been harmonised in the EU.*

Conditions for access to European markets cover a wide range:

- ▶ exporters can consign their products to European importers;
- ▶ importers can re-expedite or sell the products to regional distribution centres, group purchasing organisations, wholesale markets for retailers and other buyers, or for individual or collective food services (restaurants, hospitals, schools);
- ▶ exporters can send their products directly to regional distribution centres or purchasing organisations that supply their supermarkets or food service members.



Although European product safety regulations have been fully harmonised, there is **clear diversity in other types of requirements** regarding the environment, ethics, local criteria, etc., not to mention other quality levels set by importers. This lack of uniformity is seen not only among **different countries** in Europe, but also among **different segments** of the same national market.

This diversity reflects **disparities in market structure**, retailing culture and consumer preferences in terms of quality, **consumer tastes**, packaging standards and demand for continual supply. For example:

- ▶ wholesale markets tend to be more flexible about product quality, especially when the supply becomes scarce;
- ▶ British supermarkets (and the country's top scale restaurants) have the most stringent requirements whereas other buyers in the UK and in other EU countries are more flexible.

### 8.2.2. Characteristics and requirements of European buyers

#### □ The quality approach of the Large and Medium Retailers ("LMR")

A **growing share** of fresh produce (including imports) is sold to supermarket chains. This sales method either bypasses the traditional wholesale market (the case in the UK) or entails vertical integration between retailers and wholesalers (in Germany and Scandinavia).

Country	% LMR Market (in value)	Market share in % <i>(in italics: those that impose GLOBALG.A.P.)</i>
BE	73%	Carrefour 26%, Delhaize 22%, Colruyt 15%
NL	70% fruit 78% vegetables	<i>Superunie 30%, Albert Heijn 30%, Schuitema 15%, Aldi 9%, Laurus 8%</i>
DE	75%	<i>Edeka 22%, Rewe 15%, Lidl-Kaufland 12.5%, Aldi 12%, Metro 9%</i>
IE	70%	Tesco 28%, Dunnstore 23%, Supervalue 19.5%
ES	40%	Mercadona 15%, Carrefour 14.2%, Eroski 9.4%, Auchan 7.2%, El Corte Ingles 7%
IT	42% (65% North, 30% South)	Coop Italia 16%, Auchan 12%, Carrefour 10%, Conad 10%, Esselunga 6%
PL	25%	Tesco, Carrefour, Auchan, Metro

Source: UBIFRANCE/DSA/agroalimentaire/Service des produits végétaux, 2007.



It is surprising to see how many companies in northern Europe oblige their suppliers to comply with private certification schemes (most often of the GLOBALG.A.P. type).

Despite a trend towards concentration among major retailers, among Europe's supermarkets there are still wide discrepancies in requirements, competition strategies and supply agreements:

- ▶ Hypermarkets prevail in Great Britain, and discount retailers are also present on the market.
- ▶ In Germany, however, the discount retailers prevail, and a limited number of hypermarkets are also found.
- ▶ Hypermarkets predominate in France;
- ▶ In Italy, however, shoppers still prefer the traditional grocers.

**Buyers for the Large and Medium Retailers set requirements that differ from one country to another and from one chain to another. The following, for example, are the requirements of two supermarket chains:**

**CARREFOUR (French supermarket chain)**

- Global specifications applicable to all the group's products and suppliers.
- Specifications cover the process from production to packaging, aimed at respect for the environment, food safety and personnel management.
- Product registration by growing area.
- Product control plans (tasting, plant protection product residues, approval, etc.).
- Internal reporting system to measure progress.
- Regular audits by an independent body.



**TESCO (British chain)**

- Standards for growers and packing stations focusing on good agricultural practices, food safety and personnel management.
- Mandatory staff training.
- Inspections by the client.



□ **The quality approach of other buyers<sup>1</sup>**

Some major operators (group purchasing organisations) implement a **growth strategy based on competitive prices and cuts in their operating and procurement costs**. This type of competition exists in France, Germany, and much of Southern Europe, reflecting consumer preferences in these areas.

<sup>1</sup> From "From Challenge to Opportunity: Transforming Kenya's Fresh Vegetable Trade in the Context of Emerging Food Safety and other Standards in Europe", Steven Jaffee (2003), PREM Trade Unit.

Other firms focus their **strategy on differentiation of their products and related services**. This is the major form of competition among most of the UK's leading supermarket chains.

Even among countries where a handful of multi-chain companies have come to account for the majority of fresh produce and broader grocery sales, there **remain differences in their systems for procuring produce**:

Quality approaches differ from one EU country to the next:

- **In the UK**, retail consolidation has included efforts to centralize produce procurement and consolidate supply chains through so-called category management. The major retail chains now essentially bypass the wholesale markets and appoint a limited number of agents to source and even promote a certain range of produce (i.e., citrus fruit and vegetables). For any one category of produce, the firms appoint only two or three category managers who will organize and oversee production and delivery from both domestic and foreign sources. These category managers have become the gatekeepers to the supermarkets

#### **Quality approach in the United Kingdom**

- Initiatives developed are essentially private.
- Private labels are replacing the official quality marks.
- The ACCS (England) and SQL (Scotland) programmes for cereal and oil protein crops have been extended to other crops.
- Concept based on certification of farms: requirements for agricultural practices, traceability and market.
- Third-party inspections.

*Source: Commission européenne et qualité (The European Commission and Quality), 2002, Ms PEUTZ.*

- **In France**, many supermarket operators use a more decentralized system for procuring produce with individual or clusters of shops having more regional and local approaches—including purchases from wholesale markets. The Rungis wholesale market outside of Paris remains a major force in the French fresh produce market, especially in the import of fruit and vegetables.

#### **Quality approach in France**

- Private labels exist alongside official quality marks (*label rouge*, AOC, etc.).
- Farm qualification programme (the French national standards for integrated farming): requirements related to agricultural practices, traceability and respect for the environment.
- Third-party inspections.

- **In Germany**, wholesale markets have experienced a relative decline but they still play a major role in servicing the retail trade and fresh produce markets in general.

#### **Quality approach in Germany**

- A national mark policy, the C.M.A., managed by the German Agricultural Marketing Board, of the Ministry of Agriculture, and controlled by the Chamber of Agriculture.
- Superior quality mark.
- Price differential on the order of 30%.
- Not available for imported products.
- The Minister of Agriculture is exploring the possibility of adapting the ISO 8001 standard to agricultural production.

Source: EFAC, 2002

- The countries in **northern Europe** have traditionally set great store by the concepts of environmental protection and animal welfare.

#### **Quality approach in Sweden**

- Stringent requirements on quality management, environmental protection and animal welfare.
- Strong development of the farm assurance scheme since 1995 based on the ISO 8001 and ISO 14001 standards.
- Private initiative by the Swedish Agricultural Federation (L.R.F.) to comply with export market requirements (United Kingdom).

#### **Quality approach in Denmark**

- Integrated farming quality label for beef and veal and pork.
- VAREFAKTA mark certifies the product's conformity with the information given on the product label.
- All products.
- The mark is familiar to 80 % of the population.
- It is both possible and desirable for imported products to be labelled.
- Farm certification programme (KVAMILLA) is underway: it is a synthesis of the ISO standards 8001 and 14001 under third-party control.

Source: EFAC, 2002

### **8.2.3. Basic regulatory requirements for European markets**

#### **□ The producer's liability**

We will not repeat here the information already given in Chapters 1 and 2 on hygiene and food safety regulations and requirements. Nevertheless we should stress the concept of

'Liability for defective products' under Directive 85/374/EEC of 25 July 1985<sup>2</sup> (amended by Directive 1999/34/EC of the European Parliament and of the Council).

**The producer is liable for damages caused by a defect in his product.**

- *Damage: moral or physical harm to someone. It results from personal injury or damage to any item of property other than the defective product itself.*
- *Defect: A product is defective when it does not provide the safety which a person is entitled to expect.*



The victim ('injured person') can claim compensation for damages if he can prove:

- ▶ the existence of the damage;
- ▶ the product's defect;
- ▶ the causal relationship between defect and damage.

In this context the term '**producer**' is understood to mean any person acting in a professional capacity who assumes the role of a producer by placing his name, mark or any other distinguishing feature on the product, or who imports a product into the European Union for sale, hire, leasing or any other form of distribution. If the producer or importer cannot be identified, each supplier shall be treated as the producer unless he informs the injured person, within a reasonable time, of the identity of the producer, importer, or entity that supplied the product.

**Conclusion (the company's attitudes and responsibilities):**

Any operator, consumer or concerned party can, at any time, request proof of a foodstuff's safety at a given point along the chain of responsibilities. The exporter, a participant in the chain of responsibilities (from farm to fork), must therefore comply on a permanent basis with food safety regulations and be able at all times to provide proof of conformity.

In any case the company must develop a "due diligence" approach to its food production and management practices. In other words, it should do what has to be done in a conscientious and responsible manner.

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<sup>2</sup> Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products , Official Journal L 210 of 7/08/1985.

These requirements are expressed in the **obligation** of each firm involved to **set up a food safety management system** based on the HACCP approach.

Requirements for application of the HACCP or equivalent method		
Steps	Required under regulations	Required by purchasers
Farm production from growing to harvest (primary production)	European regulation on hygiene: risk analysis and application of rules of hygiene (Good Practice Guides, inspired by the HACCP method)	HACCP or equivalent risk control methods are required by some buyers, such as group purchasing organisations and supermarkets (primarily in Great Britain)
After harvest: receiving, grading, packaging, storage, distribution.	European regulation on hygiene: HACCP or equivalent method is mandatory.	HACCP requested HACCP controlled when buyers require conformity with the BRC standard or ISO 22000

#### Product information and monitoring by consumers

The products must provide information in order to guarantee that:

- ▶ all operators along the food chain receive accurate and understandable information so that they can handle, store, process, prepare and present the product in a correct and fully safe manner;
- ▶ the lot can be easily identified and withdrawn or recalled if necessary;
- ▶ consumers are sufficiently informed about the safety of their food so that they can understand the importance of the information displayed on a product, make an informed choice adapted to their individual situation, and know the best methods for storage, preparation and use of their food to prevent contamination from foodborne pathogens or their spread or survival.

There should be a clear distinction between information intended for operators or merchants and information for consumers, especially on the product label (see PIP Manual 2).

#### Marketing standards for unprocessed fruit and vegetables

Since 1 July 2009 marketing **standards** on the **size and shape** of 26 kinds of produce have been **repealed**.<sup>3</sup> This measure, adopted amidst a rise in food costs, aimed to **reduce food waste** and to give consumers the largest possible range of food items.

<sup>3</sup> Apricots, artichokes, asparagus, aubergines, avocados, beans, Brussels sprouts, carrots, cauliflowers, cherries, courgettes, cucumbers, cultivated mushrooms, garlic, hazelnuts in shell, headed cabbage, leeks, melons, onions, peas, plums, ribbed celery, spinach, walnuts in shell, watermelons, and chicory.

The marketing standards set under **Regulation (EC) 2200/96** of 28 November 1996,<sup>4</sup> however, have been **maintained for 10 types of fruit and vegetables**: apples, citrus fruit, kiwi fruit, lettuce, peaches and nectarines, pears, strawberries, sweet peppers, table grapes and tomatoes.<sup>5</sup>

These ten types of produce account for **75 % of the value of EU trade**. Marketing standards lay down the following characteristics:

- ▶ botanical definition of the product;
- ▶ minimal characteristics, maturity criteria;
- ▶ classification by commercial value categories;
- ▶ grading;
- ▶ tolerance limits for products that do not meet quality or size specifications;
- ▶ provisions on presentation, uniformity, packaging;
- ▶ provisions on labelling: identification of the packager and shipper, type of product, product origin, market characteristics (category, grading, number of units, net weight);
- ▶ official inspection mark.



**N.B.:**

National authorities can authorise the sale of **non-standard items**.

**In this case they must be labelled in a way that distinguishes** them from products in the other categories: 'Extra', 'Category I' and 'Category II' (this latter category applies, for example, to produce of irregular shape, size or colour).

The European marketing standards also impose:

- ▶ the obligation to place on the market quality products that are healthy, reliable and marketable, thus that meet obligations on contaminants (heavy metals and pesticide residues);
- ▶ conformity with the application of microbiological criteria and in general with codes of hygienic practice.

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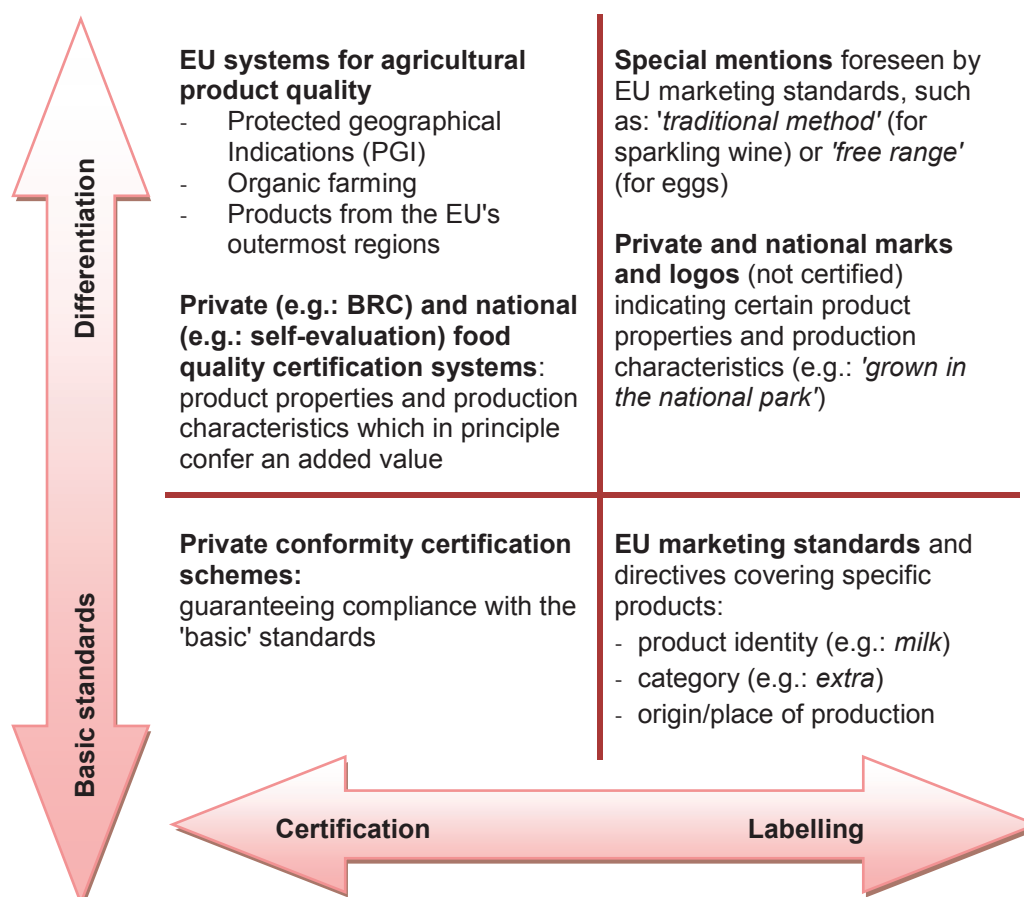
<sup>4</sup> The implementing rules are given in Regulations (EC) 1580/2007 and 1221/2008. Several other European regulations are also related to marketing standards in the fruit and vegetable sector. Examples are: Regulation (EC) 907/2004 amending the marketing standards applicable for fresh fruit and vegetables with regards to presentation and labelling, and Regulation (EC) 1148/2001 and 2379/2001 regarding checks of conformity. This set of regulations is presented in PIP Manual 5.

<sup>5</sup> For these ten types of fruit and vegetables, import from other countries is only possible if the product complies with these specifications or equivalent standards.

In the **absence of specific standards** for the produce imported, and in particular in case of dispute, **reference to the Codex Alimentarius standards is mandatory** (WTO agreement):

Codex standards are available for the following products at least:	
Avocado	Maize
Banana	Mango
Carambola	Mangosteen
Chayote	Mexican lime
Ginger	Nopal
Grapefruit	Papaya
Guava	Pineapple
Limes	Pummelo
Litchi	Tannia
Longan	

Market labels and standards can be classified as follows:



### **Official inspections of conformity with marketing standards and certificates**

The EU Member States verify conformity with the relevant standards at all stages of marketing, during transport, and on import from other countries. Each State has designated a single competent authority for this task.

In collaboration with the national authority, the European Commission can also conduct its own inspections.

#### **Authorisation for placing on the market is subject to certain conditions:**

- a **'Certificate of conformity' delivered by the competent authorities after examining sample lots** (form EUR 1). The EU can also accredit a conformity assessment body in the exporting country (e.g.: Morocco).
- a **'Certificate of origin' delivered by the competent authorities of the exporting country.**

#### **☐ Standards on residues of pesticides and other chemical contaminants**

Samples to check for MRLs and other contaminants (such as lead and cadmium) are analysed **as soon as the lots enter customs** (at the 'entry point' – ports or airports). This work is done by the authorised public bodies in each EU member state.

Although the nature of checks and their consequences on business transactions vary from one country to another, unsatisfactory analysis results can hinder the company's efforts to ensure a constant trade flow since it may face stricter controls after falling under suspicion.<sup>6</sup>

#### **Private inspections by distributors/importers, however, hold more serious consequences at the business level.**

The authorities in Great Britain publish the name of operators/distributors that sell produce which do not respect MRLs. This is an efficient deterrent because it can tarnish a retailer's reputation. The retailer thus conducts tight checks on its suppliers and is quite hard on those that do not meet its standards.

This process has led several major British supermarkets to ask their suppliers (whether a local farmer or an importer/distributor) to control residue levels. Purchasing organisations and supermarkets also run residue checks.

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<sup>6</sup> According to data of the EU Food and Veterinary Office (FVO) in Dublin, exceeding the MRL rarely leads to official coercive measures, except in the case of repeated violations of the levels by the same country/supplier. In such a case, non-EU suppliers run the risk of having their products detained, having restricted market access or even being banned from the European market.





Consumers' associations closely monitor the British supermarkets' endeavours on pesticides. (e.g.: BEUC – European Consumers' Union; Food collective; *Friends of the Earth*, UK; *Test-Achat*, Belgium).

Exporters report that a growing number of their customers ask about pesticides. On the other hand, these exporters are not always aware that their customers have their consignments analysed for residues.

❑ **Standards on phytosanitary requirements: to avoid the proliferation of pests**

**Phytosanitary inspections** are conducted at EU borders to prevent the introduction and/or halt the spread of organisms that are potentially harmful to plants. These are the so-called '**quarantine pests**'.

**Plants and plant products** from countries outside the EU, including fruit and vegetables that are **on a list** drafted by the competent national authority of each country, based on the annexes to Directive 2000/29/EC, must be **accompanied by a 'phytosanitary certificate'**.

Phytosanitary certificates are required for most vegetables and for most countries of origin.

This certificate is issued by the responsible body of the consigning country, based on the model drawn up by the International Plant Protection Convention (IPPC) and FAO, and written **in the language of the destination country**.

The National Plant Protection Service inspects the products on entry into the EU importing country. The inspection consists in control of the documents, visual identification, and a visual or laboratory plant health examination, either on a representative sample or on the entire lot.

To facilitate checks at the point of entry into the importing territory (the list of points is published in the country's official journal), the importer, duly registered in the official register, must **inform the national plant protection services at least 24 hours before the arrival of the plant products**.

Phytosanitary non-conformity can incur sanctions that include:

- ▶ placing the lots in quarantine,
- ▶ prescribing treatments,
- ▶ destroying the lots ,
- ▶ possible criminal proceedings, that can be accompanied by additional penalties of publication or posting of the official decision.

## □ Standards relating to Genetically Modified Organisms (GMO)

In order to be sold in the EU, genetically modified products or those containing GMOs **must be authorised** following a risk assessment by the EFSA (the **official list** is published in the EU Official Journal). After a 'moratorium' period<sup>7</sup> (imposed *de facto* since 1998), new European regulations entered into effect in 2003 and **imposed traceability and labelling standards for products containing over 0.9 % GMO.**



**Regulation (EC) 1830/2003**<sup>8</sup> concerns the traceability and labelling of genetically modified organisms. In particular it sets a threshold of 0.9 % for '*adventitious traces*' below which labelling is not mandatory.

Authorisations issued from 2004 to 2010 concerned the placing on the market of GMO products used in the food sector. In March 2010, the European Commission authorised cultivation of a transgenic potato (BASF's Amflora).

Fruit and vegetables imported into the European Union are inspected for the presence of GMOs as part of the issuance of the **conformity certificate (labelling checked)** and the **phytosanitary certificate.**

### 8.2.4. Classification of markets

Markets can be classified as follows:

- **Markets with basic requirements:**

- Level 1:**

**The produce must comply with the rules in force:** this is the case for importers who sell to wholesale markets or directly to retailers, to collective and individual food services, and to supermarkets or purchasing organisations that do not require special requirements.

- Level 2:**

**The produce must comply with the rules in force and also meet additional requirements** set by the importer or buyer (special organoleptic qualities or geographical requirements). In particular they must also be prepared to meet new obligations on product traceability.

<sup>7</sup> It was not prohibited to grow GMOs, as the 18 authorisations delivered between October 1991 and October 1998 remained valid, but a moratorium was placed on delivery of new authorisations.

<sup>8</sup> Regulation (EC) 1830/2003 concerning the traceability and labelling of genetically modified organisms and the traceability of food and feed products produced from genetically modified organisms and amending Directive 2001/18/EC, OJ L 268/24 of 18.10.2003.

Level 2 clients are the same as those for level 1. Some purchasing organisations have introduced a procedure to approve their suppliers through importers to whom they notify their requirements, in particular regarding the precise origin of products and information available on their production and packaging.

▪ **Markets with stringent requirements:**

**Level 3:**

**The produce must comply with the rules in force, and be accompanied by proof of conformity certified by the results of analyses** provided by the exporter, or those carried out directly by the importer or the purchasing organisation.



**The buyer has approved the supplier** and requires product traceability. The buyer can check that HACCP self-evaluation and risk control procedures have been organised.

The buyer/importer draws up its own standards which impose additional requirements.

The primary concern of these buyers is adequate and demonstrable internal control of food safety, with occasional external controls by an inspection body.

**Level 4:**

**The produce or their production and packaging conditions must comply with international standards or collective standards. Conformity is attested by a certification or inspection body which issues a certificate.**

The following standards are those most frequently applied (see chapter 9):

- for safety and hygiene: GLOBALG.A.P. (primary production) and BRC, IFS, ISO 22000 standard (for conformity with the HACCP method);
- for production modes and social and environmental impact: Organic farming and/or Fair Trade (FLO).
- for ethical requirements: SA 8000, ETI;
- for environmental management: ISO 14001, Rainforest Alliance;
- for quality management: ISO 9001.



Summary of safety requirements	Regulatory obligations		Markets with basic requirements		Markets with stringent requirements	
	Official Controls	Level 1	Level 2	Level 3	Level 4	
<b>Regulatory conditions for market access controlled by public authorities</b>						
<b>Respect for marketing standards:</b> product packaging, labelling, marketing conditions	Certificate of origin issued on export					
	Certificate of conformity issued on import.		Application of the rules in force.			Specific procedures to control fully processed products, especially microbiological and contaminant analyses by importers and distributors
<b>Control of residues</b>	Official controls on import		Respect for MRLs without requiring self-evaluation systems			Analyses requested or conducted by the importers or distributors
<b>Phytosanitary control</b>	Mandatory phytosanitary certificates issued by the exporting country depending on the product, and systematic inspection by official services of the importing country which consists in control of the documents, identification, and examination of plant health, either on a representative sample or on the entire lot.					
<b>Control of GMOs</b>	Presence of GMOs must be indicated on the label, and GMO products or those containing GMOs must be authorised.					Controlled
	<b>Food safety / hygiene / product traceability</b>					
Production, packaging, transport	Organisation of self-evaluation and application of Good Practice Guides for risk control (GAP, GHP, GTP, etc.). Traceability is compulsory			Prerequisite Programmes (PRP/PRPo) HACCP required with internal proof of its application (audits, reviews, etc.) Self-evaluation and FSMS set up Traceability is compulsory		

Summary of requirements of buyers/distributors/importers	Regulatory obligations		Markets with basic requirements		Markets with stringent requirements	
	Official Controls	Level 1	Level 2	Level 3	Level 4	
<b>The product's organoleptic qualities</b> (taste, consistency, scent, colour, etc.)  <b>Or other special features</b> (religious, ethnic or ethical criteria.)	Supervision and approval of standards placed under quality marks or official protection		Specific product characteristics and the importer's approval of producers and exporters can be required	The buyers' main concern is adequate and demonstrable internal control of food safety, possibly through external control by an inspection body. Furthermore, the buyers can also impose requirements on product quality, environmental impact, and workers' welfare. The buyers may conduct the controls themselves or request third-party assessment by control bodies.	Conformity with international or collective standards, attested by a certification or inspection body which issues a certificate or affidavit.  Main standards: BRC, IFS, ISO22000	
		Regulations of the production country applied			Organic farming GLOBALG.A.P. ISO 14001	
<b>Environment &amp; animal protection</b>	Regulations of the production country applied					
<b>Health and safety at the workplace and CSR (corporate social responsibility)</b>	Regulations of the production country applied				GLOBALG.A.P. SA 8000, ETI Fair Trade	
<b>Company management</b>					Certification under ISO 9001	