Ministry of Agriculture, Forestry and Water Management

24th – 26th OCTOBER Agricultural 2023 Policy Forum Podgorica, Montenegro

South Eastern Europe SWG RRD Regional Rural Development Standing Working Group

Agricultural Policy Forum 2023

Towards Climate Adaptation Partnership in Southeast Europe

STATE OF THE ART OF THE FRESH FRUIT AND VEGETABLE MARKETING STANDARDS IN SEE REGION

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24 - 26 October 2023
Podgorica, Montenegro

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Regional Expert Advisory Working Group - REAWG on Quality Standards for Fresh Fruits and Vegetables within the title "Support to the economic diversification of rural areas in Southeast Europe (SEDRA II)" Project

Project number: 81278386

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

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How marketing standards for fruit and vegetable are linked with climate adaptation?

MARKETING STANDARDS FOR FRUIT AND VEGETABLES ARE CLOSELY LINKED WITH CLIMATE ADAPTATION EFFORTS IN AGRICULTURE:

Quality and Consistency

Often define the quality and characteristics of fruits and vegetables that can be sold in particular markets. Climate change can affect the quality and consistency of produce due to shifting weather patterns, temperature extremes, and changes in precipitation. Adapting to these climate-related changes may require adjustments in cultivation techniques, selection of crop varieties, and post-harvest handling to meet established marketing standards

Variety Selection

Frequently specify permissible varieties and characteristics of fruits and vegetables. Climate adaptation may involve the cultivation of different crop varieties that are more resilient to changing climate conditions. Farmers may need to select heat-tolerant, drought-resistant, or disease-resistant varieties to maintain compliance with marketing standards.

Pest and Disease Management

Climate change can influence the prevalence and distribution of pests and diseases. Marketing standards often include requirements for pest and disease control. Farmers may need to adjust their integrated pest management strategies to address these changing conditions and ensure that their produce meets the specified standards

Resilience and Sustainability

Adaptation to climate change often involves enhancing the resilience and sustainability of agricultural practices. Meeting marketing standards can align with this goal by encouraging the adoption of sustainable agricultural practices that not only produce high-quality fruits and vegetables but also contribute to climate resilience

Regulatory Compliance

Governments and regulatory bodies may adapt marketing standards to accommodate the changing agricultural landscape due to climate change. Such adaptations can provide farmers with a clear framework for compliance while addressing the challenges posed by climate change.

Consumer Expectations

As consumers become more aware of climate-related issues and sustainable farming practices, marketing standards may evolve to reflect these changing expectations. Producers that adopt climate-adaptive practices may find it easier to meet consumer demands and adhere to evolving marketing standards.

Marketing standards

UNECE VOLUNTARY STANDARDS

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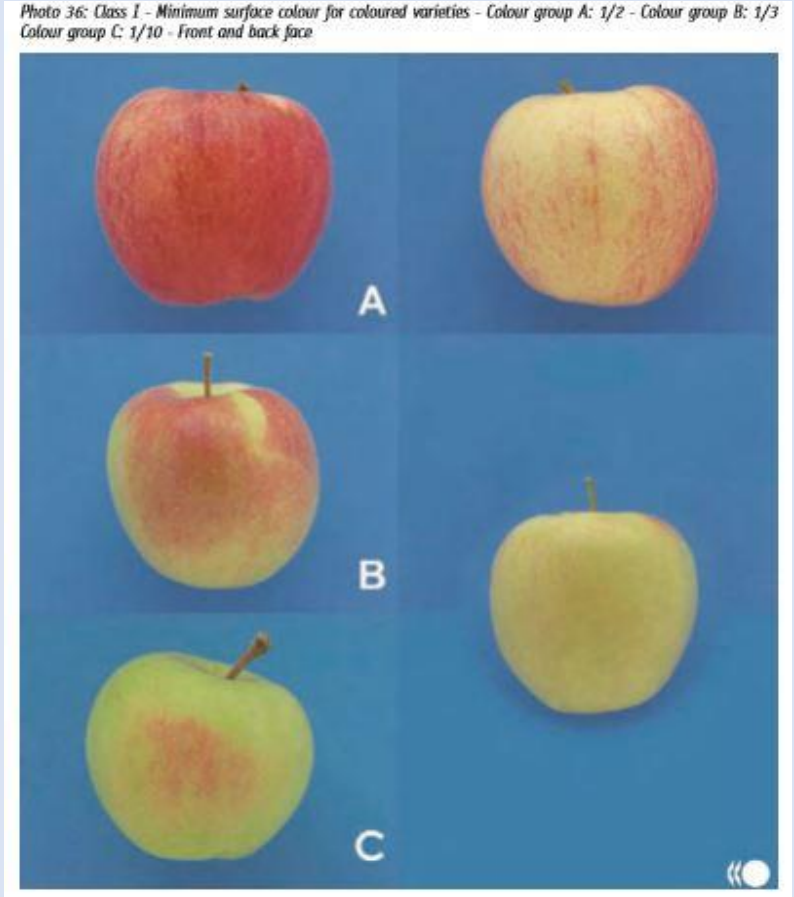
OECD FRUIT AND VEGETABLE SCHEME

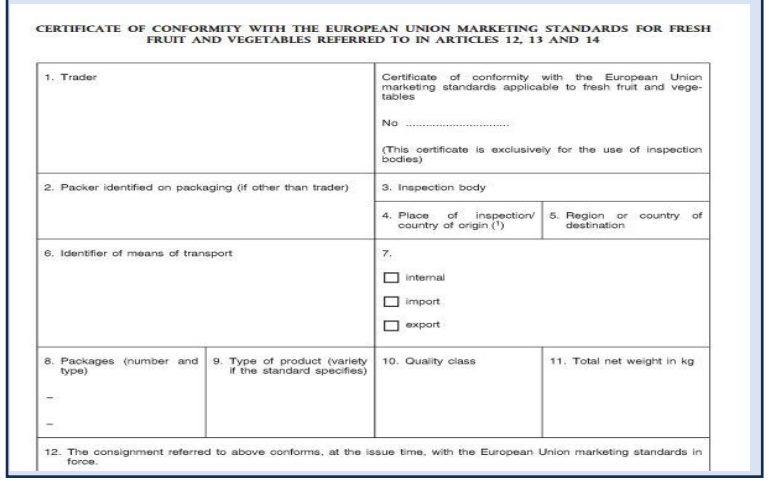


REGULATION (EU) No 543/2011

SPECIFIC MARKETING STANDARDS for 10 priority crops

GENERAL MARKETING STANDARDS for other species

However, where the holder is able to show that the products are in conformity with any applicable standards adopted by the UNECE, they shall be considered as conforming to the general marketing standard



CERTIFICATE OF CONFORMITY WITH THE EUROPEAN UNION MARKETING STANDARDS FOR FRESH FRUIT AND VEGETABLES REFERRED TO IN ARTICLES 12, 13 AND 14

1. Trader		Certificate of conformity with the European Union marketing standards applicable to fresh fruit and vegetables No ..... (This certificate is exclusively for the use of inspection bodies)	
2. Packer identified on packaging (if other than trader)		3. Inspection body	
		4. Place of inspection/ country of origin (1)	5. Region or country of destination
6. Identifier of means of transport		7. ☐ internal ☐ import ☐ export	
8. Packages (number and type) – –	9. Type of product (variety if the standard specifies)	10. Quality class	11. Total net weight in kg
12. The consignment referred to above conforms, at the issue time, with the European Union marketing standards in force.			

Why marketing standards for the fresh fruit and vegetable?

- OFFERING CHOICE OF QUALITY TO THE CONSUMERS
- REFERENCE POINT TO THE TRADER
- MOTIVATION FOR THE PRODUCER TO DELIVER THE QUALITY. (IN THEORY – BETTER QUALITY, BETTER PRICE)
- FOCUS ON QUALITY COMPETITIVENESS
- PROTECTION OF MARKET FROM PRODUCTS NOT CONFORMING TO THE STANDARDS
- EU AGENDA OBLIGATION

FOOD SAFETY LIMITED USE OF PESTICIDES	TRACEABILITY	MARKETING STANDARDS	LABELING AND PACKAGING	PLANT HEALTH	CONTAMINATS

Methodology

WHAT DID WE DO?

- Analysed relevance of fruit and vegetable sector in each country
- Identified fruit and vegetable marketing channels
- Identified marketing standard legislation status as well as control systems
- Identified donor support
- Supermarkets interviews based on questionnaire

HOW DID WE DO IT?

- National experts used different methodological approach to collect information;
- National reports provided information collected from Interim as well as expert opinions
- Situation on market standards in supermarkets shown through the conducted survey does not reflect the entire situation on the market of the specific country in terms of requirements and conditions for the procurement of fresh fruit and vegetables, quality control, etc, but it is based on limited research and expert knowledge and opinion

WHAT IS THE OUTCOME?

- Regional report is based on information provided in national reports to summarize the relevance of the selected fruit and vegetable sector the countries in the SEE region, identify the drivers for the market standard demand and present discussed recommendations.

The recommendations presented in the report outcomes come from the Regional Interim Meeting (Sarajevo, 28–30 September, 2022) after discussion of national experts and representatives of relevant SEE country/territories Institutions

F&V SECTOR RELEVANCE IN SEE REGION

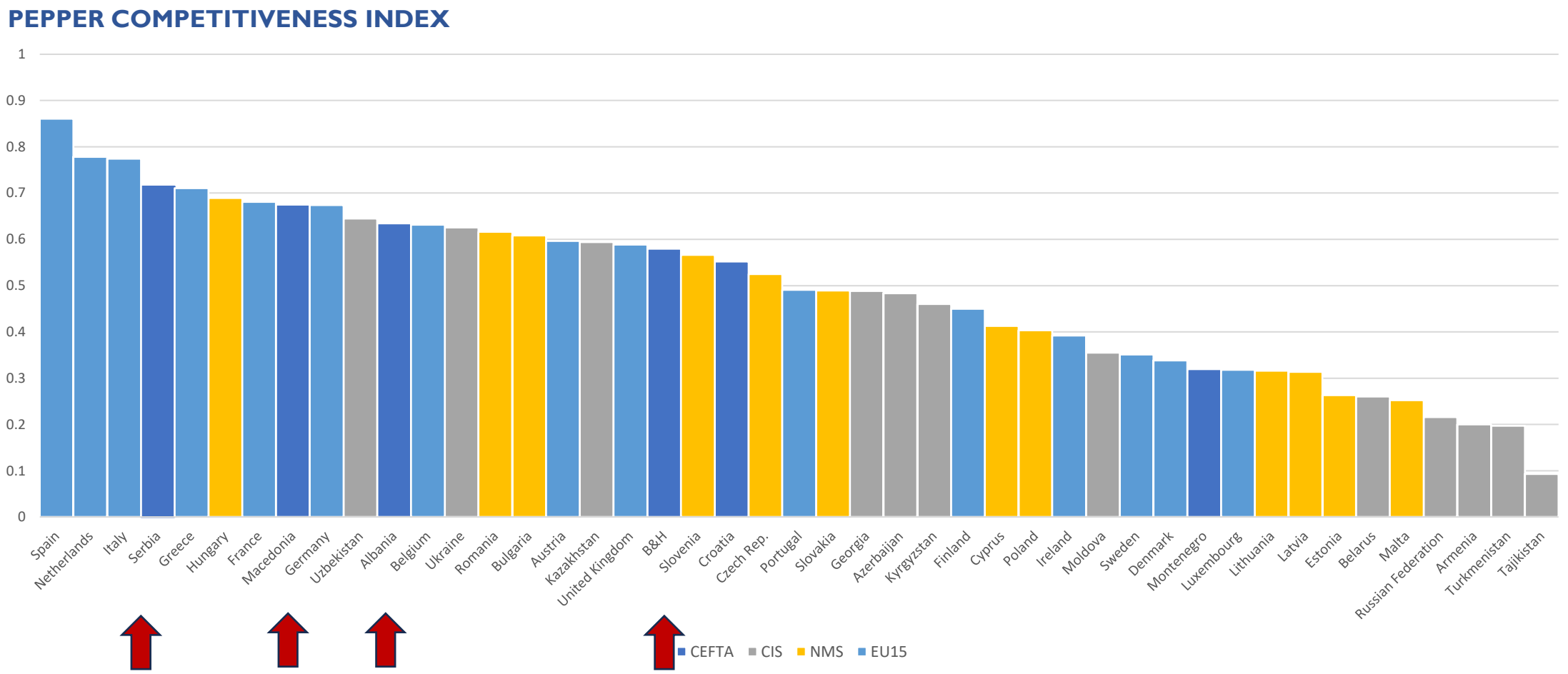
F&V are the most competitive sectors in SEE countries

VEGETABLE COMPETITIVENESS INDEX

Vegetable	Albania	BiH	North Macedonia	Montenegro	Serbia
Potato	0.56	0.50	0.41	0.58	0.39
Carrot	0.53	0.38	0.39		0.52
Pepper	0.74	0.62	0.78	0.71	0.65
Cucumber	0.72	0.63	0.64	0.53	0.46
Onion	0.66	0.41	0.57	0.50	0.42
Tomato	0.74	0.44	0.62	0.63	0.41
Cabbage	0.65	0.63	0.75	0.74	0.52
Bean	0.62	0.45	0.51	0.75	0.43

● = High competitiveness ● = Competitive ● = Low competitiveness ● = Not competitive

F&V are the most competitive sectors in SEE countries



STATUS OF REGULATION

Status of fruit and vegetable marketing standards regulations

4 DIFFERENT PRACTICES ARE PRESENT:

Active CMO law in Montenegro and Serbia. Active Rulebook on general and special standards for placing fruit and vegetables on the market in Montenegro and drafted Rulebook on Quality of Fruits, Vegetables and Mushrooms Rulebook on general and special standards for placing fruit and vegetables on the market in Serbia. Serbia transposed 4 UNECE standards into Serbian standards via Institute for standardisation

1

Law for Agricultural Products Quality and implementing rulebook for both fresh and processed fruits and vegetables in **North Macedonia**

2

Active **rulebook on quality of fruit, vegetables** and mushrooms inherited from former Yugoslavia **in Bosnia and Herzegovina** (both FBiH and RS) and in Serbia

3

At present no regulations on marketing standards **(Kosovo*, Albania).**

4

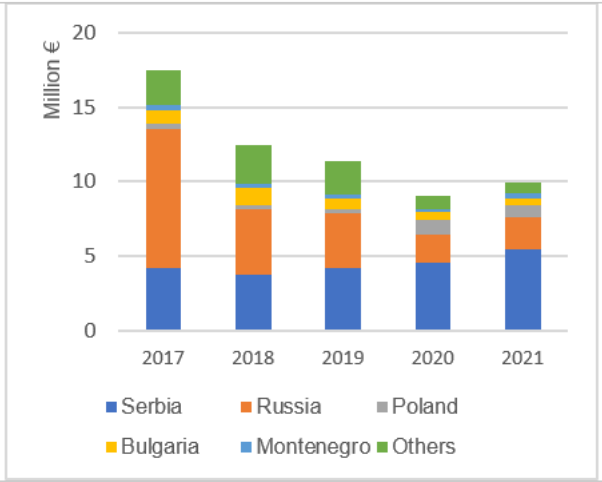
POTENTIAL DRIVERS FOR MARKETING STANDARDS IMPLEMENTATION?

Export as a driver ?

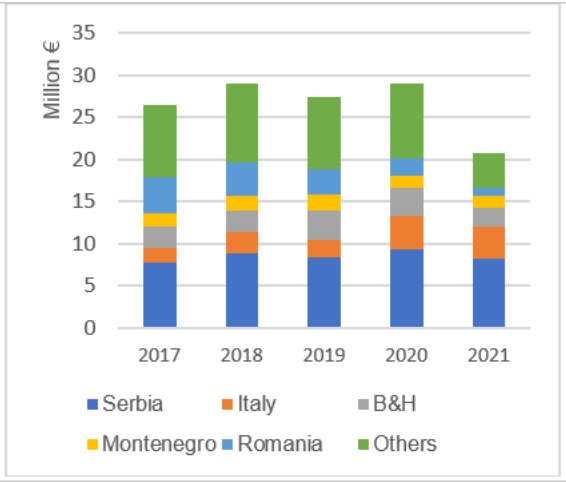
Growing trends of vegetable production, export trade and export destinations, at present, are not dynamic enough to become drivers for the marketing standards implementation

Albania has diversified export of tomato – not only to region (Serbia, Bosna and Herzegovina and Montenegro) but also to EU countries as Italy and Romania.

Graph Tomato Top 5 export destinations from North Macedonia



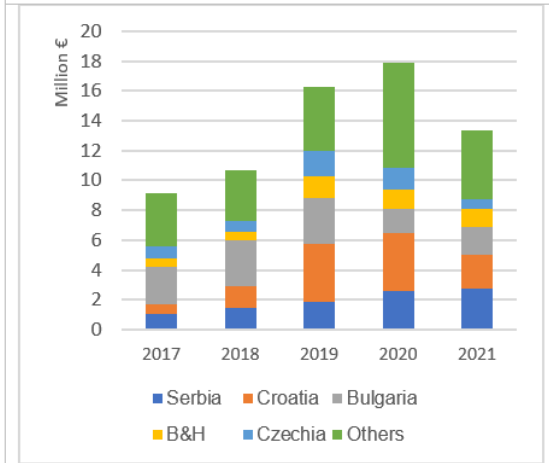
Graph Tomato Top 5 export destinations from Albania



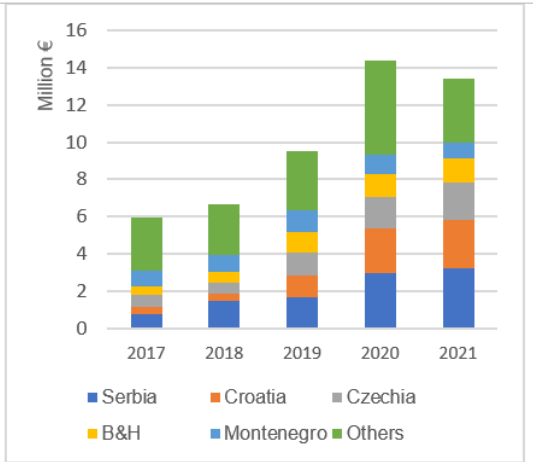
Source: ITC Trade map

Pepper export from two major regional exporters is exported from North Macedonia to EU countries (Croatia, Bulgaria and Czech Republic) and from Albania to Croatia and Czech Republic).

Graph Pepper Top 5 export destinations from North Macedonia



Graph Pepper Top 5 export destinations from Albania



Source: ITC Trade map

Marketing channels as a driver?

ALBANIA

MOST FRESH FRUIT AND VEGETABLE PRODUCTS ARE COLLECTED THROUGH LOCAL COLLECTORS/WHOLESALERS AND SOLD ON GREEN MARKETS AND TRADITIONAL RETAIL OUTLETS

BOSNIA AND HERZEGOVINA

IN BOTH, FEDERATION BOSNIA AND HERZEGOVINA AND IN REPUBLIC OF SRPSKA, PRODUCERS STILL RELIES ON INTERMEDIARIES, EITHER REGISTERED OR UNREGISTERED

KOSOVO*

BOTH PRODUCER-TRADER/COLLECTION CENTRE-RETAILER AND PRODUCER-WHOLESALE MARKET-RETAILER MARKETING CHANNELS ROLE IS INCREASING YEAR BY YEAR

MONTENEGRO

MOST OF THE FRUITS AND VEGETABLES PRODUCED AND IMPORTED IN MONTENEGRO ARE MARKETED THROUGH THE RETAIL SECTOR (BOTH SUPERMARKETS AND SMALL SHOPS) AND HORECA

NORTH MACEDONIA

REGISTERED BUYERS IN NORTH MACEDONIA PLAY A SIGNIFICANT ROLE IN THE MARKET OF FRESH FRUIT AND VEGETABLES

SERBIA

AGGREGATORS ARE CENTRAL LINKS IN MARKET ACCESS

A marketing channel is a way by which products - fresh fruits and vegetables are reaching a customer.

Fresh fruits and vegetables in SEE countries are sold by various types of direct sales, as well as via intermediaries, wholesale markets, retail establishments, adjacent industries, and exporters.

Marketing channels vary from product to product depending on scale, concentration and quality of product, demand, development, and competition within marketing channels.

Supermarkets as a driver?

ALBANIA

IN ALBANIA, SUPERMARKET SALE OF FRESH FRUIT AND VEGETABLES IS STILL SMALL BUT WITH GOOD GROWTH TRENDS DUE TO CONSUMER PERCEPTION OF GOOD

FEDERATION OF BOSNIA AND HERZEGOVINA

2/3 OF INTERVIEWED SUPERMARKETS CONTRACT PROCUREMENT WITH WELL-KNOWN SUPPLIERS WITHOUT TENDERS

REPUBLIKA SRPSKA

FACILITIES PURCHASE FRESH FRUIT AND VEGETABLES VIA A COMBINATION OF AD HOC DAILY PURCHASES, FROM AGRICULTURAL PRODUCERS OR THROUGH THEIR OWN WHOLESALE

KOSOVO*

OUTSOURCED PROCUREMENT OF FRUITS AND VEGETABLES IN KOSOVO* SUPERMARKETS

MONTENEGRO

IT IS ESTIMATED THAT THREE LARGEST SUPERMARKET CHAINS IN MONTENEGRO HAVE 75-80% FRESH FRUIT AND VEGETABLE MARKET SHARE.

NORTH MACEDONIA

HIGH COMPETITION IN SUPERMARKETS DIDN'T IMPROVE THE MARKET STANDARD IMPLEMENTATION

SERBIA

SUPERMARKETS CHAINS HAVE CENTRALISED PURCHASE MAINLY WITH KNOWN SUPPLIERS

The assumption is based on experience and practice at well-developed markets - that supermarket appearance at the markets is a turning point for fresh fruit and vegetable marketing standard establishment.

AT THE REGIONAL LEVEL, IT CAN BE CONCLUDED THAT **SUPERMARKET DEVELOPMENT IS STILL IN TRANSITIONAL PHASE**

Supermarkets as a driver?

STAGES OF SUPERMARKET DEVELOPMENT

	Ad hock	Transitional	Established	Matured
Environment	• High competition with local markets for F&V • Small number of consumers that are quality concerns	• **There are both type of consumers – price and quality oriented** • **Still low penetration of SMs in overall consumption, but constantly increasing**	• SMs are main place of consumption and distributed all over the countries • High competition among SMs chain	• Food safety and quality concerned consumers • Low level of food in overall consumption • SMs are main place of consumption
Main Objective	To have price competitive F&V on the shelfs to be able to compete with local green markets	**Not to lose money on F&V, target both price and quality oriented consumers and develop supply system**	To educate consumers towards food safety and quality orientation to be able to increase profit by increasing margins	To be profitable sector and not have complicated delivery
Logistic	• Suppliers are delivering goods to central logistic place or even to particular facilities • Suppliers responsible for non sold goods (kalo)	• **Different logistic chanells depending on facts does SM have central store, how concentrated shops of the network is, does have city stores and / or hypermarkets ...** • **Some of the SM has also trading departments and they are importing directly to their central store**		• One tender at the beginning of year in which precise quantity, time and place of delivery • Dealing directly with specialised companies for supply of fresh F&V
Control level	• Very limited and finishing at aggregators level and not going to the producer level • Source of good not traced	• **Still many products are ad hock purchasing while for some where is enough competition establish regular suppliers**	• Each supplier have to be approved by supermarket chain most often by internal auditing unit • **No compromise with standards**	• Goods must have external certificated of quality or food safety issued by certification companies
Suppliers	• From regular suppliers that are collecting goods • Often buying directly from wholesale markets	• **Many tenders on which traders are applying and collecting products** • **Supplier are still trader not producer**	• Supplier are either bit specialised trader like in matured stage or farmers that are already certified by SM	• Big specialised suppliers with own supply and distribution chain • Working with external certified farmers
Products quality and packaging	• Variable, usually low quality • Sold in bulk • Very few products with high quality and properly packed	• **Dominate lower quality but it is possible to find different quality from**	• **Standardized and certifies quality and majority products are packed** • Supermarkets pay a great deal of attention to the fruit and vegetable category. • Supermarkets use the fresh fruit and vegetables section to increase the overall attractiveness of the supermarket. • Will further increase, including the convenience, organic and exotic segments.	

EU Accession as a driver ?

EU 2020 – 2022 PROGRESS REPORTS:

ALBANIA	BOSNIA AND HERZEGOVINA	KOSOVO*	MONTENEGRO	NORTH MACEDONIA	SERBIA
No progress can be reported on the common market organisation (CMO).	No progress can be reported on the common market organisation (CMO).	In April 2022, the government approved a concept document for organising the common market of agricultural products	On common market organisation (CMO), Montenegro started a pilot programme of a school scheme for fruits, vegetables and dairy products for the 2019/2020 school year. New measures to align with the CMO were introduced for the wine and olive oil sectors and on producer organisations	On the Common Market Organisation (CMO), a Working Group has been established.	Implementing legislation in the areas of marketing standards, public and private storage and producer organisations remains to be adopted

RECOMMENDATIONS

Recommendations

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ADOPT THE STANDARDS VIA NATIONAL STANDARDISATION BODY

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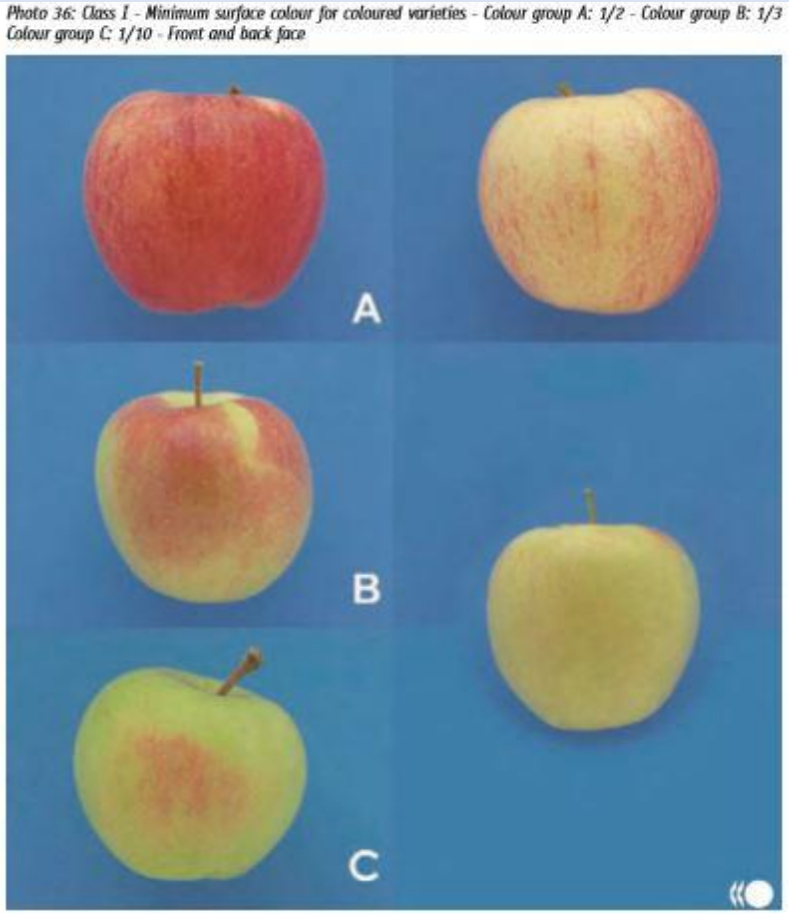
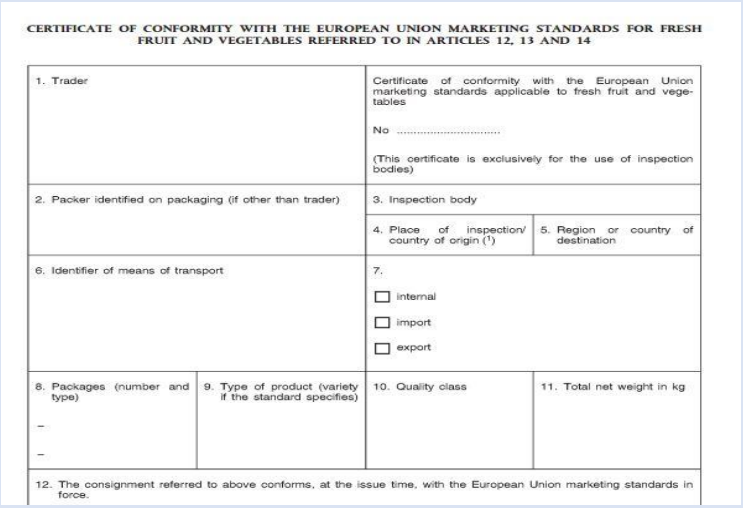


JOIN THE SCHEME IF… you are a big F&V trader

ADOPT EU REGULATION



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ONCE YOU GOING TO NEED IT. MORE IMPORTANT, IT SUPPORTS YOUR SECTOR DEVELOPMENT.

Recommendations (1)

1. Awareness & information campaign on F&V marketing standards

- 1.1 Q&A structured information on fruit and vegetable standards to be placed on different institutions' web pages (MoA, Chamber of Commerce, F&V associations)
- 1.2 SWG and National Chambers of commerce regional workshop for supermarkets and retail suppliers
- 1.3 Information and education of producers, traders, and professionals on the proper classification of produced/marketed fruit and vegetables and monitoring of the quality standards, determination of classification criteria, technical descriptions, etc.

2. Technical support in the development and adoption of F&V marketing standards

- 2.1 Regional TAIEX workshops
- 2.1.1 Workshop on general (GMS) and specific marketing standards (SMS), as well as the relation between specific marketing standards with the UNECE standards;
- 2.1.2 Workshop on Conformity checks and certification of fresh fruit and vegetables at the import and export stage.
- 2.2 Study visits
- 2.2.1 Study visit Conformity check control at the moment of export and issuing Certificate of compliance;
- 2.2.2 Study visit on setting up an electronic trader database in the fruit and vegetable sector and establishing a Register of fruit and vegetable traders.

Recommendations (2)

2.3 Cooperation of SEE Ministry of Agriculture staff on sharing experiences on legislation and implementation of F&V marketing standards

2.3.1 Support in the development and adoption of the law for "organization of the common market of agricultural products in harmony with regulation 2117/2021 and other sub-law acts

2.3.2 Establishment of the register of fruit and vegetable traders based on CMO regulation

2.3.3 Implementation of regulations through strengthening the work of inspection services

3. Development of Pilot Project base on successful role model in the region

Preparation and potential donor identification for the regional pilot project Marketing standards in the context of export market access. The role model for this project is EUProLocal program project – Funded by the EU and the German Government and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Bosnia and Herzegovina (plum export to Germany).

The main activities would be

- Identification of the Case of production concentration and advanced stakeholders in each SEE country
- Training/s provided to the exporters on marketing standards applicable to specific fruit and/or vegetable products and relevant to export markets
- Development of product specifications aligned with marketing standards at the specific export destination

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Thank you.

Details are at

https://seerural.org/wp-content/uploads/2023/01/State-of-the-art-of-the-fresh-fruit-and-vegetable-marketing-standards.pdf

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