



Food and Agriculture  
Organization of the  
United Nations



International  
Plant Protection  
Convention



Department  
for Environment  
Food & Rural Affairs

# Facilitating SAFE TRADE and ECONOMIC DEVELOPMENT

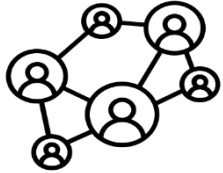
The fruit and vegetable industry in the midst of the polycrisis

London, 21 – 23 September 2022

## International Plant Health Conference



# Introduction



## Key points for today's presentation :

- The sector to date & state of global fruit and vegetable trade 2022 – Key challenges
- Trade facilitation:
  - SPS protocols and it's impact on EU and global fruit and vegetable trade
  - Learnings from ePhyto
  - Planning tools for a sustainable fresh produce industry
  - Benefits of digital control systems

## Who we are – Key facts

### Freshfel Mission to ensure a robust and sustainable sector

*Freshfel Europe ensures a **diverse and sustainable** European fruit and vegetable sector. The Association also secures a **robust and positive EU regulatory environment for fresh produce and is highly active across all aspects of the whole supply chain.***

### Freshfel Europe's mission is to:

- Improve the efficiency and competitiveness of the sector
- Facilitate international trade of fresh produce
- Assist members to comply with the highest safety, environmental and CSR standards
- Secure a favourable environment to promote the benefits of fresh produce and share best practices
- Position the sector towards the latest research and innovation findings
- Stimulate the consumption of fresh fruit and vegetables

### Key figures EU fresh produce sector



#### Production and economic impact:

- 68 mio. T of production
- 38 mio. T consumed locally
- 5 mio. jobs
- 200 bio € turnover



#### Intra-EU Trade:

**29.2 mio. T / 32.8 bio €**



#### Export:

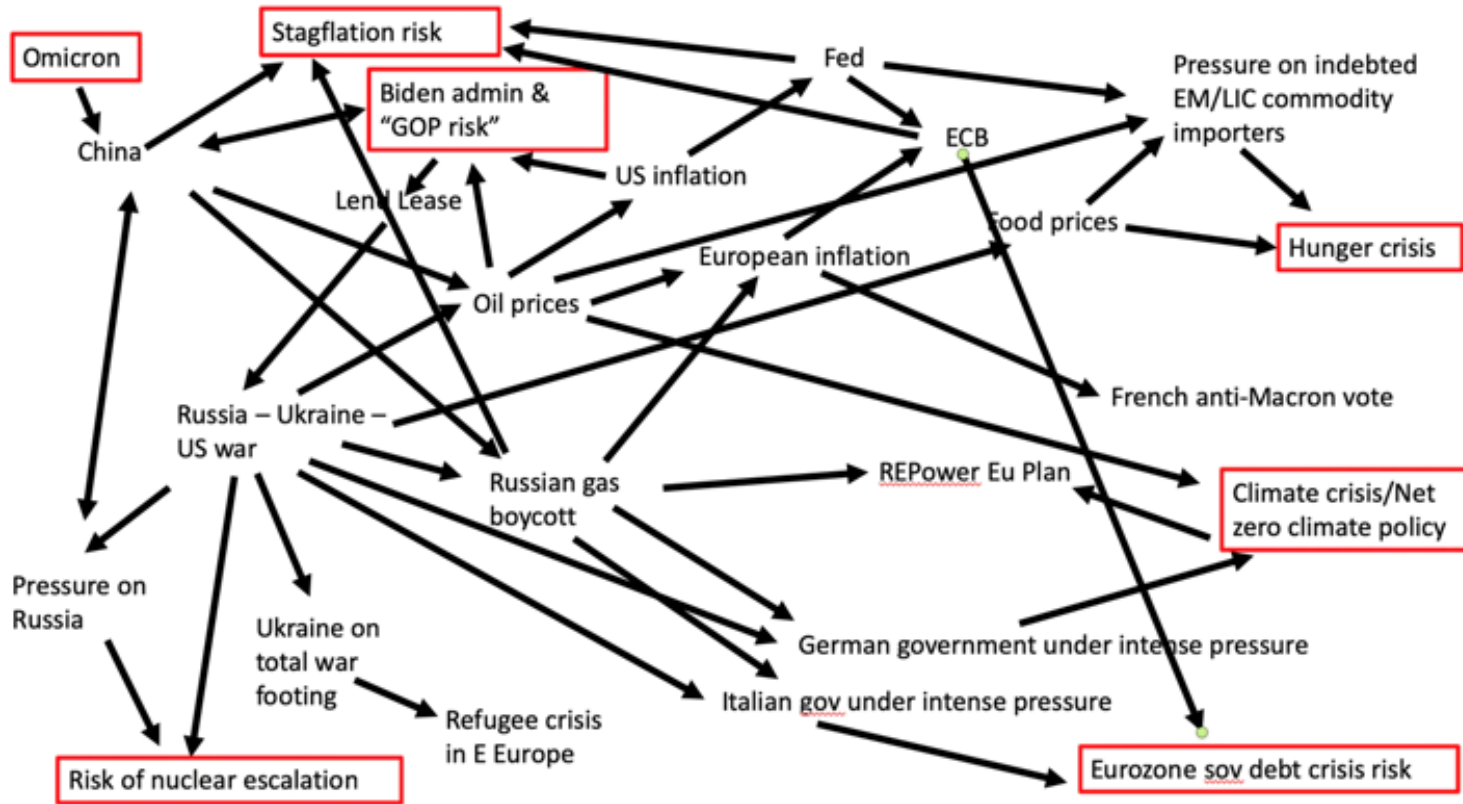
**7.1 mio. T / 8.65 bio. €**  
**145 destinations**



#### Import:

**14.5 mio. T / 15.4 billion €**  
**130 partners**

# The complexity of polycrisis overwhelms a volatile sector



-  Brexit
-  Post(?) - Covid supply chains
-  China: Covid policies, Taiwan
-  War in Ukraine
-  EU Green Deal, F2F, Sustainability
-  Climate emergency

\*Source: Twitter, Philippe Heimberger @heimbergecon Economist, Vienna Institute for International Economic Studies

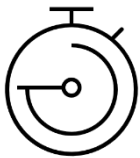


# A highly fragmented sector with more than 200 origins and 200 destinations

Cost hikes and supply chain disruptions



Perishability vs. Transit times



Logistics



SPS / Food-plant safety



Sustainability



Controls but digit push



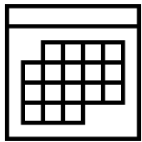
Production and TRADE	Eruption of new parameters	Rising costs and supply chain
<p><b>Global Production:</b> <b>1.6 billion T</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>800 mio T – consumed locally</p> </div> <div style="text-align: center;"> <p>800 mio T / 220 billion USD traded world wide</p> </div> </div>	<ul style="list-style-type: none"> <li> <b>Green Deal</b> – Impact of climate on crop – CO2 Emissions</li> <li> <b>FARM2FORK</b> and impact on PPP</li> <li> <b>Sustainability</b> – no clear definition and environmental accountability</li> <li> <b>Digitalization and E-commerce</b></li> </ul>	<div style="display: flex; align-items: center;"> <p><b>150% - 400 %</b> Container prices</p> </div> <p>Airfreight /Truck transport: <b>20-80%</b></p> <p>Fertilizers, PPP, wood pallets: <b>100%</b></p>

TRADE DISRUPTIONS	COST AND COMPETITIVENESS	FRUIT AND VEG AS „ESSENTIAL“ GOOD
<p><b>WAR IN UKRAINE:</b> embargo, economic protectionism</p> <p><b>Logistics:</b> Rerouting, logistic shortages in sea and inland transportation</p> <p><b>Climate challenges</b></p> <p><b>Economic crisis and inflation</b></p>	<p>Europe: total increase of <b>10 billion €</b> costs along the supply chain</p> <p>Southern Hemisphere <b>3.8 billion €</b> for logistics</p> <p>North America reports about container prices up to: <b>25.000 USD</b> (from initially 3.000 USD)</p> <p><b>86%</b> ACP country traders are concerned about their economic viability &amp; consider business changes</p>	<div style="display: flex; align-items: center;"> <p><b>Low impact on the environment</b></p> </div> <div style="display: flex; align-items: center;"> <p><b>Highest health and nutritional benefits</b></p> </div>



# Protocols remain a barrier for continued growth and development

Impact of an open plant import system at EU-level vs. Closed plant import systems with need to negotiate bilateral agreements – a discriminatory measure



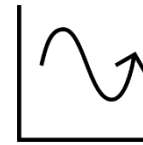
Decisions have to be taken months ahead of the campaign and not according to market conditions



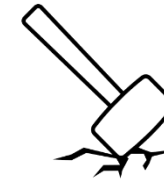
Protcols compliance lead to increase of export costs by 0.12-0.14€/kg



Competiveness linked to difference between open and closed system => some business tating impossible due to cost for small volume



Non-existing protocols prevent „free“ trade and economic development



Create tensions amongst EU partners with regard to speed and content of the conditions



Division of competences: Ressources at NPPO level Facilitations from FTA / IPPC/ WTO



# Opportunity: Deep reflection about the SPS export protocol system



FTA

*EU Level: Stronger focus on comprehensive SPS chapters in FTA's*



EU & MS

*Increased exchange and coordination between EU and member states and among EU exporters*



MULTILATERAL

*Step up discussions at multilateral bodies such as the IPPC, including a stronger emphasis on scientific evidence*



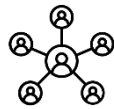
CONSUMPTION

*Covid-19 & Consumption levels: reflections are needed to allow trade facilitation steps*

## Limiting the need for SPS protocols overall?



# The ePhyto experience – A role model for trade facilitation



## Industry Advisory Group

- Freshfel
- Cooperation with the Global Alliance for Trade Facilitation
- Global advocacy for the system including onboarding support in the EU and key countries



- Easy-in-time transmission
- Covid-19 trade facilitation – but return to „normal“
- Simplicity



- EU to impose additional „electronic signature“ hurdle – cost implications up to 70.000 € annually
- Slow progress in some key trading partners
- Implementation at operational control level
- Bilateral systems



## Industry Uptake

- Case studies uptake difficult to find matches
- Key problem: to create awareness in the sector
- Slow implementation at NPPO level
- System remains abstract

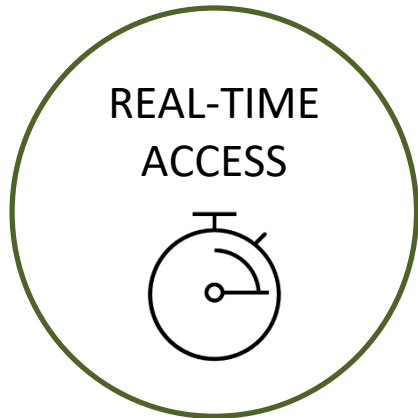


## Opportunity: Planning tools to support a sustainable industry – data analytics

Key hurdle: no real usage of customs data „real time“ data or micro-fragmentation driven by providers

### Opportunity: Real-time port / customs data (public)

Transparency of global trade flows for better planning and commercial decisions - better distribution of global trade flows – better planning of controls and clearance operations – Benefit for the entire supply chain



- Eurostat/Trademap: maximum of 3 months
- Retroactive data collection – 1 week back
- We need real time view what comes in and out



- Automated business decisions
- Predictive machine learning
- Data analytics for everyone in the chain – business decisions based on regional monitoring



- Vessel performance tracking
- Advanced planning for shipping including delays and transit times



- Harvest and production
- Coldstorage and facility management
- To-port-logistics
- Inspections and controls

## Opportunity: Public access to control data for better sector performance

Key hurdles: To monitor timely upcoming SPS challenges and to act selfresponsibly

**Opportunity: Digital control systems allow better data analytics – Conventional and organic controls**  
For better sector self-management and improved - Rational of controls and emergency measures

Example:  
EU IMSOC  
system

- Expectations: Official Control Legislation 2017/625:
  - Move towards better data analytics
  - More efficient controls
  - CHED, RASFF, Phyto
- IMSOC = administration but not management tool

Proportionality –  
SPS / MRL /  
residue non-  
compliances



- Ports of entry of non-compliance
- Products
- Size of non-compliant consignment
- Findings
- Trader

Trader-  
based vs.  
Country  
based

- New perspective on thresholds for country vs. single trader responsibility
- Less impact for developing countries with dependance on trade and exports

Technical  
approach



- Creates transparency and predictability for policy making and the planning security / self-responsibility for the sector



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Thank you

Philippe Binard  
*General Delegate Freshfel*

London, 21 – 23  
September 2022

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