Study Tour & Workshop Marseille

21-23/7/2014

Organization:

UNITED NATIONS

ECONOMIC COMMISSION FOR EUROPE

INTRODUCTORY INFORMATION

This educational visit was organized by the United Nations Economic Commission for Europe, with the support of the Ministry of Rural Development and Food The aim of the visit for the team of Greek Quality Inspectors for fresh fruits and vegetables was to meet with the equivalent Quality Inspection authorities of France, in order to gain a better understanding of their inspection methods.

The members of the Greek mission were:

- Dimou Dimitrios (Agronomist, Head of Argolida's DAOK)
- Douros Christos (Agronomist, Quality and Phytosanitary inspector, Argolida's DAOK)
- Kavoulas Emmanouil (Agronomist, Quality and Phytosanitary inspector, Argolida's DAOK)
- Marathianou Maria (Agronomist, Quality and Phytosanitary inspector, Argolida's DAOK)
- Michou Anna (Agronomist, Quality and Phytosanitary inspector, Lasithion's DAOK)
- Fragkouli Elli (Agronomist, Quality inspector, Irakleion's DAOK)

Special thanks for their contribution to:

1) Liliana Annovazzi-Jakab (*UNECE Economic Cooperation, Trade and Land Management Division)*
2) Catherine BALLANDRAS, *DGCCRF, Ministry of Finance France*
3) Marie CURIER, *Inspecteur Technique Régional (DIRECCTE PACA)*
4) Marc Louvel, *Inspecteur (DDPP des Bouches du Rhône)*

MARSEILLE STUDY TOUR AND WORKSHOP PROGRAM

Monday, 21/7/2014

Presentations at the DIRECCTE PACA Marseille offices of the quality control procedures, by Catherine Ballandras, Marie Curier and Marc Louvel

Presentations' content :

- The control of fresh fruit and vegetables in France, specifications, quality, labeling, imports and exports
- Electronic procedures and authorized traders
- Inspections in the retail sector / distribution area – olive oil sector

Description of the quality control system

In France, the authority responsible for the quality control of imported and exported fruit and vegetables, is the General Directorate for Competition, Consumption and Fraud Prevention (Direction générale de la concurrence, de la consommation et de la répression des fraudes - DGCCRF), of the Ministry of Finance. The controls are carried out by the regions of the country (Régions), through the Regional Directorate of Business, Competition, Consumption, Labor and Employment - DIRECCTE(Direction Régionale des enterprises, de la concurrence, de la consommation, du travail et de l 'emploi). As it is evident from the above title of the Directorate, its range of authority is significantly broad and the quality control consists of a small part of it. The inspectors are not by default agronomists (actually, very few of them are agronomists). They are trained by the DGCCRF and other responsible Offices during the first two years following their recruitment and each of them is specialized in a specific field.

The quality control is carried out only at the stage of export and import – to and from third countries - . There are no quality controls for inter-EU shipments. Also, the majority of traders is authorized traders, and therefore is subject to a low frequency of controls. All traders, authorized or not, are required to submit an electronic notification of their imports and exports, in the equivalent French electronic application systems FELIM (imports) or FELEX (exports). All notifications must be submitted at least 48 hours before the loading / unloading of goods.

Once the notification has been submitted, the online system starts the risk analysis and decides whether or not to initiate a physical inspection procedure. If no inspection is deemed necessary, an official discharge certificate of control is issued electronically, which is sent to the trader and to the customs authorities with automatic cargo release. In case of a physical control, the trader is informed automatically and the cargo is forwarded/allocated for inspection. Once the physical control process is completed and the cargo conforms to the specifications, the inspector issues a certificate of compliance which accompanies the customs clearance documents. Physical inspections are performed on 5% of the shipments of authorized traders and 100% of the shipments of non-authorized traders.

The physical control is carried out in special, designated, adapted areas at points of import or at products' concentration areas (ports, airports, wholesale markets like the MIN etc.). The physical inspections follow OECD guidelines and use the OECD brochures with color photographic material and the relevant applicable standards. Moreover, inspectors have at their disposition materials and instruments for sampling and testing of the lots, as well as means of transport (service vehicles) to drive to the checkpoints.

A similar procedure is followed by the Phytosanitary Authority, the responsible Service for phytosanitary controls. This Authority/Service though reports to the Ministry of Agriculture. Phytosanitary inspections are also using risk analyses, and there is no 100% inspection rate of neither imported nor exported shipments. It is important to note that phytosanitary inspections are also not exclusively carried out by agronomists.

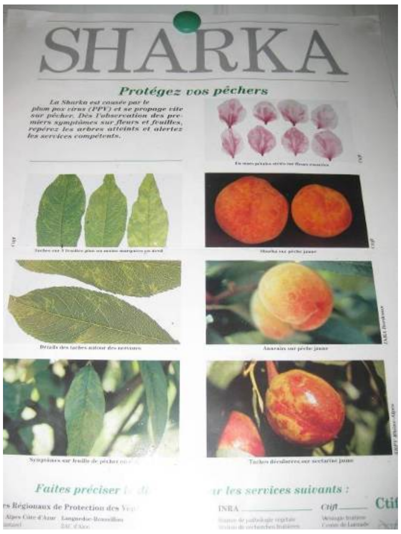
For exports in particular, many large companies which pool and store standardized products from packing centers are concentrated at and operate through National Interest Markets (MIN) . They are certified as “authorized traders” by state authorities, are responsible for loading and shipping to the traders abroad and are also accountable for the completion of the customs clearance and other customs procedures.

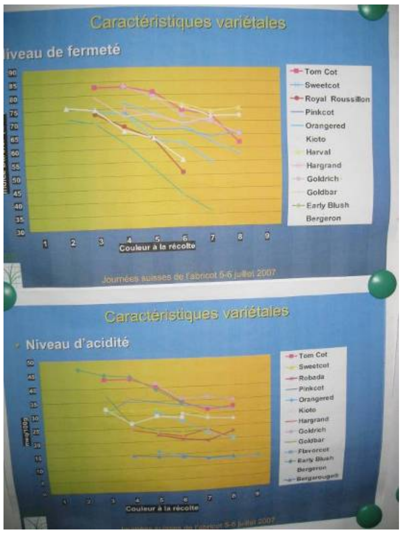
Tuesday, 22/7/2014

Visit of a fresh fruit and vegetables packing center (apricots, peaches, nectarines) at Mouriès

The company is a family-owned business and in recent years has made major investments in the automation of packing lines.

The tour was conducted by the employee responsible for the quality control, who was qualified and highly experienced. They use OECD Explanatory Brochures and of defects or damages as guidelines and/or for comparison when they sort the fruit. Also, they use a special machine which is capable of performing multiple analyses on a specific sample, to analyze and test colour, size, uniformity, sugar content, acidity or the firmness of fruit.



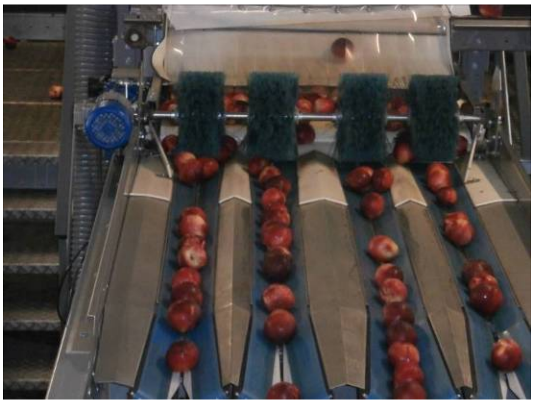


All products must meet the requirements of the standard and in addition any of the special requirements of the customers. Samples of the final product are continuously examined and compared against those requirements.

Apart from the quality standards, the quality assurance department also monitors the main phytosanitary risks that may cause problems for the export of the products. (E.g. tolerances for flesh in case of stone fruit)

As far as we could see all the employees of this company were trained and had adequate work experience in their field. Their training and education is a continuous process within the enterprise and the job tasks of each employee were clearly defined. This results in an excellent cooperation among the team.

As far as the mechanical equipment and machinery is concerned, the company is equipped with the most modern technology. For example, the most important machine had an array of sensors, digital cameras and mechanical parts which are coordinated via a computer. At the same time, all processes are monitored by an experienced senior member of the staff. The machine controls, sorts and sets the size, the color, the uniformity, and checks the existence of defects or damages and the camera takes 24 photos per fruit. The effectiveness of the camera is checked several times per day by an experienced employee-sorter and is readjusted accordingly.



In addition there is an experienced team of employee-sorters that completes the screening and the packaging. All these automations facilitate the next steps of the procedure such as the placement of

the products in cartons or plastic air separated containers (using air suction cups), the sealing with a plastic film, the labeling and the palletizing.

Storage takes place in cold storage facilities so that each lot is stored separately using barcodes.
The big advantage of this company is that it procures products from only a few certified producers, with large fields and production capacity. It is therefore easier to coordinate and secure the product uniformity/ standardization and the traceability.



The company has also a small showroom for the direct sale of products to consumers.

Visit of an olive oil mill – olive oil bottling in Baux-en-Provence

Inspections in the olive oil sector focus primarily on the implementation of the EU law, and in particular, with regards to the Origin labeling in retail sales, meaning the use of the term "extra virgin olive oil" and "Product Designation of Origin, PDO"

Inspections are carried out by officials of DIRECCTE. Also, analytical controls of olive oil are conducted via sampling sent to accredited laboratories in order to verify contamination and thus, to avoid misleading of the consumers.

The olive oil mill that we visited in Les Alpilles, Castelas (Provence) produces oil from very old olive groves(trees) in a valley (Vallée des Baux de Provence) , which is a designated PDO

area.

The olive growing methodology in Baux de Provence is also using organic farming methods, which works well and benefits the small size of the PDO area, contrary to the current situation in Greece. In addition they adopt the widespread environmentally friendly practices in this region as the whole area is an well-known tourist destination (medieval villages etc.).

The whole process of oil extraction, from olive harvesting until the production of the olive oil, lasts only six (6) hours according to the testimony of the owner of the Castelas mill. This is done order to preserve most of the organoleptic characteristics of olive oil.

The Castelas mill produces four (4) kinds of olive oils and a range of products based on olives (creams, olive pastes etc.) which are exhibited and sold in a specially designed shop area of the mill.

The owner dedicates a major part of his efforts to the promotion of the uniqueness of his product using modern marketing tools (e.g. placing emphasis on the PDO area, or the use of strict standards to produce PDO olive oil). This results in a demand level for his products which is much higher than his production. In addition, owing to the limited availability of farmable land in the area – which is also relatively expensive (80.000 €/hectare)-, an increase in production through the expansion of the olive groves in the coming years is not an option.

It is noteworthy that he has succeeded, like other businessmen in the region, to use and apply a similar logic used in wineries to the olive mill such as i.e. organizing visits to see the olive oil bottling; tastings, and highlighting the special nature of the product by using direct marketing with his visitors (consumers) who come to visit his production premises!. The owner spends a lot of himself with the visitors of the mill, thus becoming himself the most important aspect of his marketing strategy.

The conclusion that we can draw without any doubt, is that, producers in France have implemented a solid framework for the PDOs, which they exploit to the maximum. This is unfortunately not the case in Greece. This is complementary to the very sophisticated marketing plan French producers and producer associations have developed, based on personal relations and direct contact with the product and production, and the continuous modernization of and training in their production methods

France has also taken the lead of creating the PDO / PGI products. In the region of Provence alone, there are three PDOs for olive oils, which have all managed to link the region's name (as a brand name) with the quality of the products (olive oil, wine, vegetables, etc.).

As a result the price of the extra virgin olive oil of the Castelas mill ranges from 35-40 Euros per liter. The family-owned packaging plant in Mouriès which we visited before and that also bottles and sells their own olive oil, charges the same premium prices.

The result of the above strategy is that the price range of 35-40 euros per liter has been set as normal and is considered normal for this specialty. Unfortunately, in Greece such a price would be not justifiable given the fact that olive oil (extra virgin olive oil) is mainly handled in bulk quantities both in PDO as well as in other areas.

The quality of the oil that we had the opportunity to taste during our visit, did not differ significantly from the organoleptic quality of a good extra virgin Greek olive oil variety Koroneiki. In Greece, however, this does not affect the price level - for all the reasons mentioned above.

Wednesday 23/7/2014

Visit of the port of Fos to observe the quality control inspections and phytosanitary controls on imported fresh fruit and vegetables

During our visit in the commercial port of Fos, which is a major gateway hub for imports into France and by extension into Europe, we had a thorough identity check before we were allowed to enter the harbor area We visited the facilities of the French Phytosanitary Control Services, where the quality controls take place as well.

There, we had the opportunity to observe in practice both quality control procedures, and the phyto procedures, on a container load of citrus fruits. The procedures are very similar to the ones we follow in Greece.

Quality Control

Phytosanitary Control

(Inspection of a container load of non-disinfected timber (pallets) , which was rejected and removed to another inspection facility)

Visit of the Cavaillon National Interest Market (MIN) to learn about the quality control process applied to exported fruit and vegetables

First, we visited the logistics company DHL, a German multinational company. The staff of the DHL branch in Cavaillon welcomed us and explained to us that they were in charge of checking cargo from all of southern France. The company, besides transport services, is also in charge of the documents accompanying the cargo - from the electronic notification to FELIM or FELEX depending on whether it is an import or an export, to the customs clearance services, acting as a state certified and mandated agent between commercial enterprises and state authorities.

It is noteworthy that DHL mostly works with authorized traders, and that the company itself has been also certified by the competent authorities. Therefore only a small percentage of shipments are subject to inspections(quality and phytosanitary).

Mrs. Curier showed us an inspection process, that she was doing herself directly below the DHL offices where the head office of a large local exporter is located. The inspection was limited to a documentary control as the exporter was an “authorized trader" and his facilities had already been controlled this year. Thus he belonged to the cluster of the 5% (hence only the control of the supporting documents).

CONCLUSIONS - RECOMMENDATIONS FOR ADAPTATION IN GREEK STANDARS

Conclusions

Our impressions of the three-day visit to Marseille, for the control system in France, can be summarized as follows:

1. France has given great emphasis and support to the “authorized traders” scheme and has given strong incentives to the traders to join. There are disincentives to the ones not joining the scheme of the approved trader. The “authorized traders” scheme is of course not only linked to quality control, but also to tax incentives, to customs facilitation etc.
2. The system/process for notification control is fully automated, especially with regards to the reception and processing of notifications and the automated issuance (using risk analysis) of the decision of whether or not a physical inspection is necessary. If yes, the traders are notified automatically whether the specific lot has been selected for physical inspection, so that they make it available for inspection to the inspection services on a predetermined plot within a predetermined timeframe. If not, the exemption certificates are sent electronically to the traders with digital signatures and without the need of any type of printed documents.
3. All notifications are used exclusively for imports and exports to and from third countries. They are not used for any kind of intra-EU shipments.
4. All notifications are submitted at least 48 hours before the set time of inspection, which means the loading or unloading of a shipment. Thus, the inspection body has the flexibility to inform the inspectors and send them to the predetermined checkpoints. These are especially designated areas that operate under the responsibility of associations (importers or exporters respectively) .
5. The controls are conducted in the aforementioned areas within working hours (09:00 to 17:00). As the inspection services have offices only in the regional district headquarters, inspectors use service vehicles to drive to the checkpoints.
6. The quality inspections are completely independent from the phytosanitary controls and are conducted by different teams of officers reporting also to different authorities. At the stage of import, both services use common facilities for their controls

Recommendations

Despite the structural differences between the agriculture sector in Greece and France, the rural industries and the government control mechanisms, we believe that we can draw on the useful information we obtained from the French experience and adapt it to the satiation in Greece.

1. The “authorized trader” scheme should be strengthened and accompanied by strong incentives and disincentives for the non-approved traders, so that as many traders as possible can join it. The incentives could include the low frequency of the inspection of facilities, and the small percentage of inspections of the lot- as well as, possibly, some tax or customs facilitation. A disincentive could be the universal control (100%) of all exports and imports of the non-authorized traders.
2. Find ways to minimize the regular control of lots for (or from) EU countries, since, in reality according to the EU framework the authorities cannot impose the prescribed procedures without the cooperation of the enterprises. The temporary control of these lots may be shifted to ports and border stations, by the P.K.P.F & P.E. Alternatively inspections of the facilities is preferable as described below, and can replace the regular inspections of the cargos.

3. The inspection of the companies (importing - exporting) should be structured in two clusters
   I. Inspection of business facilities, following the standards of the circular 4453/116157/ 27.09.2013 for the authorized trader scheme. Depending on the compliance levels, the frequency of inspections will range from minimal for authorized traders to more frequent (once a month or more often) for those who do not meet certain standards. In cases of repeated non-compliances, penalties will be enforced such as not accepting the notifications, or/and fines or license suspension.
   II. Inspection of lots with a frequency of 2%, as is already in force, for the authorized traders and 100 % for the rest. This would be a powerful disincentive, as aforementioned.
4. Give incentives to the good and sustainable exporting businesses to cooperate with logistic companies in order :
   I. to minimize the operating costs,
   II. to reduce the cost of international and local transport of products, which is now very high,
   III. to improve the quality of products and services and
   IV. to plan the distribution and delivery of goods to customers more effectively.

At a next stage the logistics companies could take over some of the customs procedures (export entries, declarations, conduct of any checks etc.). For instance, dynamic fresh fruit and vegetables packing centers from each county could outsource the procurement of goods, the collection and storage of products, the management of the inventory and their transport to logistics companies. This would have numerous benefits as it would entail economies of scale regarding the procurement, the better planning of missions and the combined transport.

5. Such product packing and logistics' centers could become checkpoints for the inspection services which would result in a reduction of inspection costs.
6. The establishment of the collaboration with certified producer groups (recognized Producer Organizations), possibly within the context of "contract farming", as a low-risk criterion could be an incentive for export companies. This will have beneficial effects on traceability, uniformity of the product and production costs.
7. With regard to the actual inspections, we consider that there should be a combined control of the quality standards, food safety and phytosanitary controls. This requires the cooperation between MRDF (Ministry of Rural Development and Food) and the competent Directorates and Departments, as well as the provision of basic components:
   I. Regular training of the inspectors
   II. Providing equipment to inspection services, as well as a kit for each inspector (containing legislation and standards, OECD guidelines/brochures, calibrator, thermometer, magnifying glass, refractometer, materials for sampling etc.)
   III. Better use of the capacity of our technological-agronomists in the field of inspection systems to better and more effectively allocate their "travel" limitations (as framed by the current law) and to avoid increasing their travel or hiring more agronomists.

8. There should be coordination between quality and phytosanitary inspections so that in cases where a quality inspection is not required for a lot there shouldn't be one required for phytosanitary purposes. – This could result in reducing staff working hours.
9. To inspect the lot and not the notification.
10. To speed up the launch of the standard penalty system, as, at this stage the authorities cannot enforce compliance with the law. They can only make recommendations.

Finally, some comments on the electronic database (MENO):

1. Mandatory digital submission of notifications, directly on MENO for all the operators. Only in exceptional cases, the notifications should be submitted to DAOK (Directorate of Agricultural Economy and Veterinary Science). (Resolved to a degree with the 1965 / 08.22.2014 document MRDF).
2. Operators should be able to cancel a notification, if this is not carried out, with a mandatory description of the reason for the cancellation.
3. When submitting the notification, the operator should immediately and automatically be informed if the lot is selected for inspection, so that it is kept until the physical control takes place.
4. The inspection will occur depending on the time of submitting the notification:
   4.1 By 10:00, to be checked the same day

4.2 By 14:00, depending on the ability of the office and the distance (travel of the inspector), could be checked on the same day

4.3 After 14:00, to be checked the next day

4.4 Before weekends or holiday, until 14:00 of the previous working day

5. In cases where

5.1. the lots that have been chosen for inspection are not checked as a result of the fault of the customer,

5.2. the notification is submitted in time when the inspectors are not present to deal with the submission (e.g. in the evening or on weekends)

5.3. the notification is submitted with delay considering the estimated duration of the inspection,

there should be a criterion in the risk assessment analysis, e.g. how often incidences described above occur or such data could automatically become part of the criterion “previous control findings”

6. The electronic notification system should be user-friendly with e-messages, alerts , flags etc.