

Trade standards

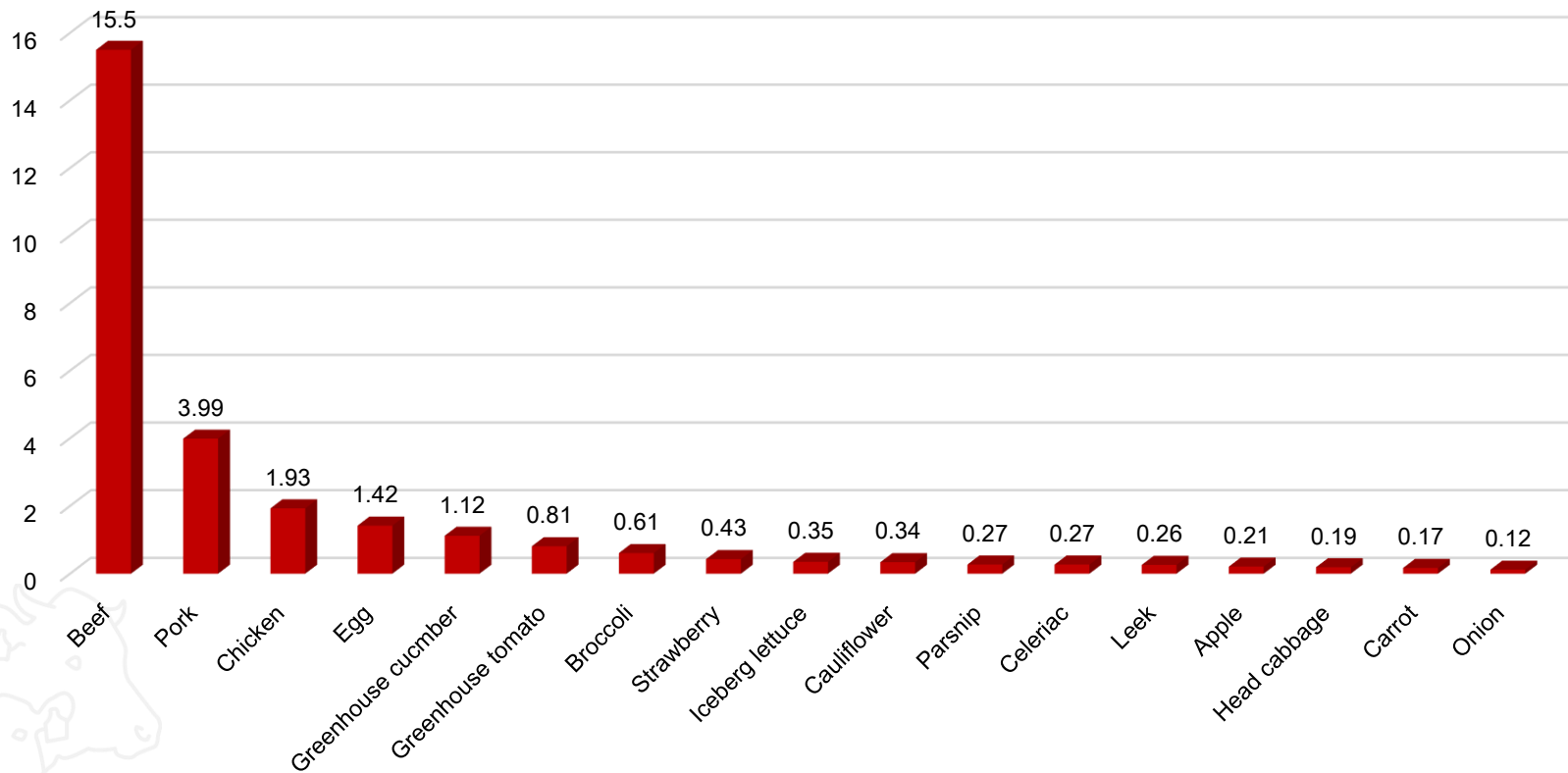
Food loss and waste

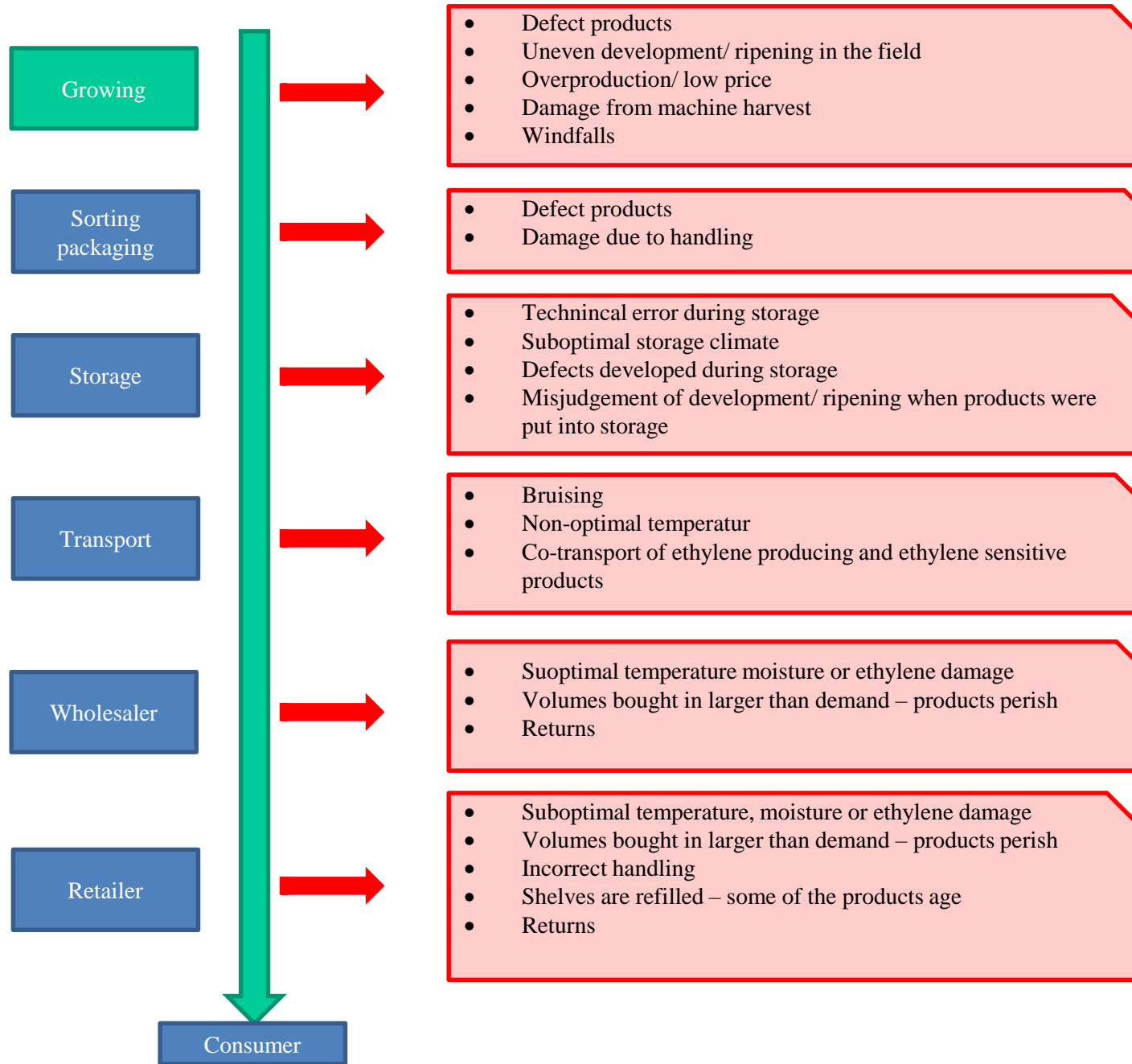
- Put it into a wider context
- How international standards work in business
- Purpose of quality standards
- Creation and change of standards
- Do standards increase waste?
- International standards vs private standards
- What can we do in standard setting?



Food waste is just one part of sustainability in food

GHG emissions CO₂/ kg equivalent

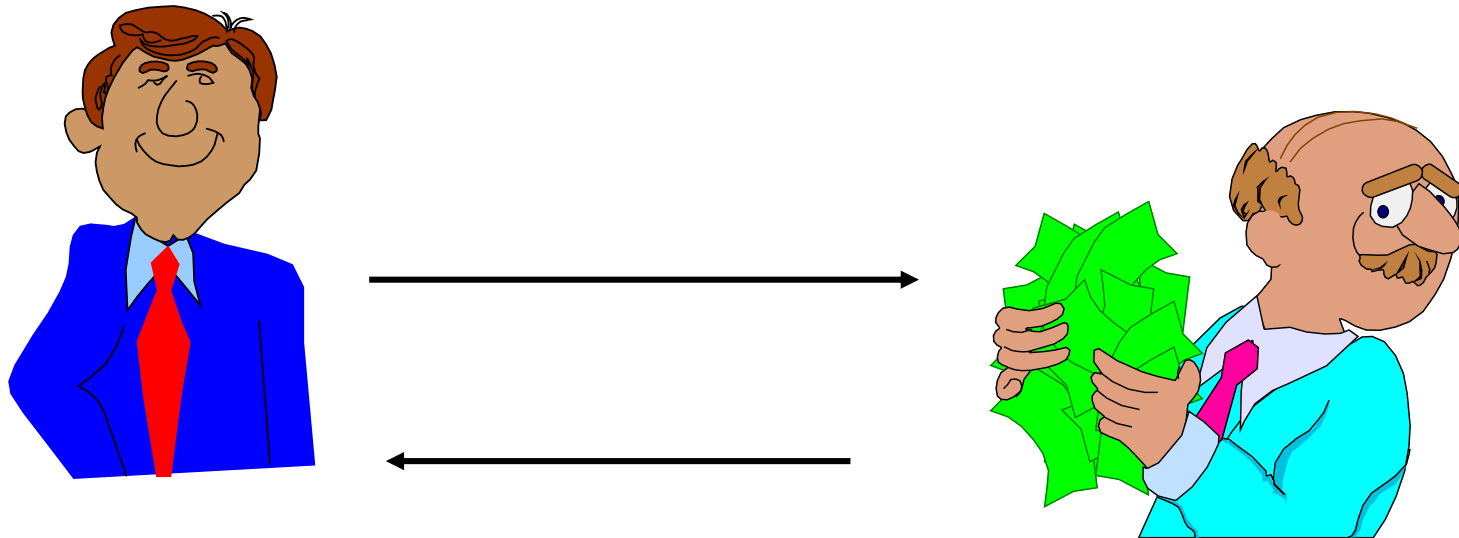




International standards



Basis of business contracts



Quality standards provide a basis for
business contracts.



Arrival control of products

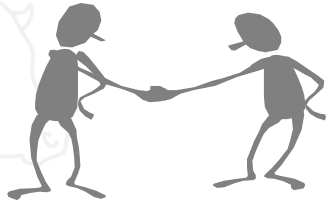


Result of arrival control

OK



Contract is
concluded and
payment made



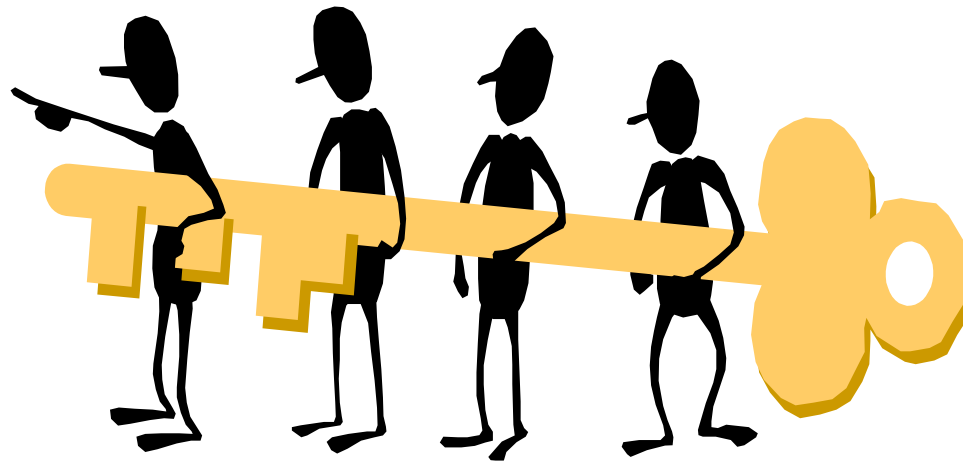
NOT OK



Seller (supplier) is
contacted and price
adjusted or products
returned



Enable groups of growers to
offer homogenous products to
buyers



Purpose of trade standards

Important for products that have a natural variation.

Basic

- Reduces transaction cost and transaction risk by providing a standardised description of the product to be traded
 - *lack of standards can be regarded as a technical barrier to trade*
- Provides a tool for groups of producers to sort their products in the same way and offer homogenous products

Additional

- Encourage a higher quality level
- Price differentiation – better pay for better quality

Creation and change of international standards

- In order to provide a working tool for daily business transactions, standards have to reflect trade requirements
- Standards are created and changed on the basis of input from producers and traders

Over time, quality standards have become more demanding in terms of cosmetic/ exterior quality

Why is that so?

Consumer choice has a central role.

The consumer will choose the most attractive product when given a choice



Consumer will chose the shop with the most attractive products vs price



A retailer will strive to have more attractive products than the other shops in town....



.....increasing cosmetic requirements

Do standards increase loss and waste?

- Trade standards do not drive higher requirements, they are reactive to market
- But, higher requirements are made permanent when they are introduced into the standards

This leads to

- Increasing requirements on cosmetic quality
- Risk for increasing use of chemicals
- Higher loss and waste

International standards vs private standards

- International standard –
 - standardised and harmonised product description
 - aim is to facilitate trade and reduce transaction costs
- A retailer chains' private standard –
 - specific requirements for a specific buyer
 - aim is to distinguish this retailer chains' products from those sold in other chains

Higher prices give higher margins

I.e. higher profitability for the sector



What can we do in standard setting

- ”Good eating quality is good enough”
 - Acceptance of level in existing international standards
 - Dialogue with industry when standards are created and changed to avoid excessive focus on exterior quality
- Improve use of tolerances in the standards
 - CAT I allows
 - 10 percent products not meeting the requirements of this category
 - 10 percent not meeting the sizing requirements
 - Cat II allows
 - Products with quite conspicuous defects
 - 10 percent of products not meeting the requirements of this category
 - Often no sizing requirements – or
 - 10 percent of products not meeting the sizing requirement
- Discuss the possible introduction of a Cat III
 - Consignments with concentrations of products with exterior defects can be sold in this Category.
- Information that use of quality standards can reduce loss and waste as well as costs and risks

