

SHORT SUPPLY CHAIN KNOWLEDGE
AND INNOVATION NETWORK

Regulations

Innovation Workshop

In this report on Regulations

The ICW (6-7 November 2018) consisted of three parts:

- a special session on SFSC's integrated into the IFS Food Safety Congress on 6 November in the Polin Conference Center
- a field visit in the Grójec region south of Warsaw (7 November)
- a special workshop in the campus of the University of Life Sciences (7 November)





The SKIN Innovation Challenge Workshop on Regulation took place on 6-7th November 2018 in Warsaw, Poland.

The topic of the ICW was "Regulations", which means everything in relation with legal frameworks and binding conditions, which affect SFSC players. The event was organized by the SKIN Polish partner EQA, supported by the other members of the working group on "Regulations". As preparation for the ICW a position paper was drafted by Agrar.Projekt.Verein (the leading partner of the working group) and circulated among the SKIN members (see annex). As main field of discussion a big part of the ICW was integrated into the regular **IFS Food Safety Congress** which took place in the architectonically very impressive Polin conference center in Warsaw.

The field visits were intended to demonstrate the practical aspects of regulations. On the basis of the impressions of the second day in the late afternoon an innovative session was foreseen to create new ideas with regard to the overall topic.



IFS Conference (Tuesday, 6 November 2018)

The event was organized by the SKIN Polish partner EQA, supported by the other members of the working group on "Regulations". The opening words came from **professor Bielawski**, who underlined the importance of food safety within the wider scope of feeding a planet of 9 billion people. He especially mentioned the rising problem of anti-microbial resistance of antibiotics as a worldwide issue. He stressed that beside food safety there are many other aspects related to the topic like logistics or knowledge transfer.

Czesław Siekierski, Siekierski, Polish Member of the European Parliament, highlighted the role of the European Union by setting EU standards for food quality and food safety in his welcoming speech. In practice the EU institutions have important regulatory tasks. He mentioned several crises like BSE or dioxine, where science based legislation in the meantime established clear traceability rules from field to table. He also highlighted the global dimension of uniform food safety standards as a background for trade exchange and international agreements (e.g. between EU and Canada, Japan etc.). Referring to CAP 2020+ he reaffirmed that the EU will pay more attention to quality.

After that **Sebastian Jerzebowski**, professor at the University of Life Sciences in Warsaw and member of the SKIN group welcomed especially the SKIN participants of many countries. Mr. **Marek Marzec**, director of the IFS (International Featured Standards) Office in Warsaw and founder of the EWA BIS Business Group, with a historical retrospect explained the crucial role of the state for a functioning food system in terms of hygiene.

Special topics were mentioned in detail: **organic food, ecology, environmental protection, sales in retail chains**, the prolonging of the shelf life without chemicals, **nutrition in hospitals**, conditionality of consumer behavior, the introduction of new food, food solutions to prolong the longevity of new products, the usage of new infrastructure, training, inviting academics from other universities, cooperation with the industry, the juncture of science and industry, the high pressure chamber, new technologies like sous-vide, extruder, pasteurizer, hybrid drying...

Marta Kutyna-Bakalarska, director of the Management Department of the EIT, the European Institute of Innovation and Technology explained the scope of the EIT food-programme. She especially highlighted the importance of innovation, education and communication to the consumer. One peculiarity is the cooperation between academia and economics, but also administration. In the EIT food project 51 partners from 13 countries (like Belgium, France, the UK Ireland, Iceland, Denmark, Finland, Poland..) are working together.

Fedele Colantuono presented the SKIN project to the audience which was not aware of this Horizon 2020 project.

Stephan Tromp, IFS Managing Director, from the IFS Office in Berlin introduced the IFS organization. The overall goal is delivering trusted products to satisfy the consumer. 750 retailers all over the globe are relying on this special quality assurance scheme, which focuses not only on food safety, but on legal compliance on a risk based approach. Whereas the pre-farm sector is covered by Global GAP IFS is a processing standard. It also offers additional certifications like for organic, sustainability, nutrition and authenticity. On the European market through the European-wide acceptance IFS gives you access to all member states. As it also covers 99,9 % of US legislation with IFS you have access to Walmart.





IFS session on SFSC's

The second part of the Conference was held in different parallel sections, addresses to different topics. In particular, the one dedicated to SFSC and to the SKIN project was attended by circa 50 participants. The first lecture of **Agnieszka Wryk** dealt with the cold chain, that it is not only about just temperature, but also freshness and the microbiological status. If the cold chain does not work you receive a shorter life-time. The challenge in practice is controlling fresh air and air circulation and moisture, especially for fruit and vegetables. Also light influences the life of bacteria.

Her main message: **The cold chain starts at the beginning of production.** An example: If strawberries are kept at ideal temperature their shelf life is 14 days. If the temperature rises to 6-12 °C the shelf life is limited to only 4 to 5 days. For fruit and vegetables three temperature ranges (0-4, 5-8, 8-12°C) are relevant, always in combination with moisture and ethylene. Air circulation during transport is also key. Failures in the cold chain are also a source for food waste.

In the next presentation “**Promoting SFSC’s through Italian legislation – the example of Apulia Region**” Dr **Vincenzo Colonna** (Member of the Apulia Regional Council) and Dr **Leonardo Di Gioia** (University of Foggia) presented the experience and the latest developments of Italian legislation in the Apulia region. They started the discussion introducing the process who brought to the proposal of the new law in cooperation with the University of Foggia – Dept. of Economics, who supported some aspects in the law creation, considering the outcomes and information obtained from the first phase of SFSC analysis in the SKIN project. They explained that the new law aims at the valorization of regional products in the region and that there are two preconditions: **competences in regional products** and a **close relation between consumers and producers**. The intention is to create new markets for small producers and social bindings with the overarching aim to keep small farmers with an average acreage of 6 to 7 on their farms.

The focus lies on direct sales, catering and collective catering services. By labelling means through a collective brand based on a certified quality consumers are informed about sustainable farming methods on the definition of “**0 km**” which means **less than 25 kg CO₂ per ton**. The expected advantages is the protection of autochthonous genetic resources, the exclusion of intermediaries, the promotion of seasonal products and the proven environmental sustainability (by life cycle assessment).

The regional law for public tenders requires at least 35 % of this regional category, which must fulfil the requirements. The inspections are done by the region, municipalities and the province. The system is in the status of implementation.





In the next intervention under the title “**Investments, efficiency and technical changes as elements of food chains development**” Dr **Agnieszka Bezat-Jarzębowska**, Institute of Agricultural and Food Economics, explained the conditions for the development of enterprises, especially the external and internal conditions, which both should be positive.

She summarized under “external” public regulations and market conditions like the relation of prices.

Internal conditions are efficiency, capital and labour. Her main message was that the length of the food chain is related to risk, so the conclusion is that shortening the supply chain reduces the risk.

Christian Jochum from the Austrian Chamber of Agriculture reported about the national experiences when practically implementing the EU food legislation for small holdings. He started with an overview on Austrian short supply chains of farms.

Looking at the share of turnover of various commodities meat and meat products with 27 % share of direct sales is first, milk and dairy with 19 % second and wine with 14 % third most important, followed by fruit and processed fruit, eggs, spirits, vegetables, juices, bread and pastry. Concerning distribution channels still 77 % is sold at the farm gate, but considerably 18 % via delivery services, 16 % deliver to gastronomy, 14 % sell to retailers, 13 % stand on a farmers' market, 9 % cooperate with a farmers' shop, 7 % run a tavern, 7 % use the internet and 7 % use special channels (wineshops, christmas markets etc.).

Austria looks back to a long tradition for direct sales. This is due to small scale structures in mountainous regions and less favoured areas. The historical background of physical splitting up of agricultural holdings when passing a farm over to the next generation put pressure to look for adding value through processing and direct sales. In the 70's and 80's direct sales were a kind of factory outlet at the farmgate (big quantities, reasonable prices). In the meantime it has turned to specialities, like meat products, cheeses, bread, juices, jams, fruit and vegetables.

Although media and politics are talking about "Small is beautiful" the reality of food distribution is big. Austria is the country of the supermarket format, because the big three (Rewe, Spar, Aldi) cover 85 % market share. There is fierce competition, price is dominant, but grading up of food by traditional quality is increasing, which leads to a big food diversity in the supermarkets, like organic, „back to the roots" (traceability), sustainability or animal welfare.



Direct sales in Austria facts and figures

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Looking at the Austrian example with regard to regulations, beforehand you have to understand EU food legislation (Reg. 852/2004 and Reg. 853/2004): These provide e.g. official exemptions for slaughtering and cutting in the same premises, rules for the delivery of small quantities of certain food (fish, game, eggs, raw milk, poultry,...) and a legal definition of marginal, localised and restricted activity. But these are only options which have to be activated by the national authorities.

Austria did so and as a consequence food entrepreneurs only have to be registered instead of approved (approval only for slaughtering, pasteurization of milk, delivery to whole salers). Austria has clear national rules for raw milk (forbidden for schools and nursery schools), apart from that mandatory hint „heating before consumption“.

Austria developed national guidelines for good hygiene practice for milk processing, for meat (slaughtering, cutting, processing, cooling, storing), for the slaughtering of poultry and rabbits for the slaughtering of farmed game, for fish, for eggs and egg sorting facilities, for fruit processing and for honey. These **national guidelines for good hygiene practice** were initiated by the Chamber of Agriculture, elaborated by experts and civil servants, adopted by the Codex Alimentarius, and officially published by the Ministry of Health.

The so-called „risk based approach“ was key to reduce **red tape**. The concept foresees the definition of standard work flows in a standardized form, which are checked once a year, and a separate form to document failures. Cleaning and disinfection is recorded in plans (no protocols), which are in place as long as there is no change in the usage of the chemicals and the way of cleaning and disinfection. Conduct product samples and laboratory tests only the most risky product per category is checked, which reduces the costs of testing dramatically.





To reach this, there were several requirements: Understanding the law, pressing politics, cooperation with authorities, a broad agreement with administration and enough resources to develop the guidelines and the accompanying training programmes. Additionally lots of activities were necessary to reach the same level of understanding between practice and authorities.

An important part of the knowledge sharing were **practical tools for practitioners** (handbooks, video).

Finishing Mr. Jochum explained the **Austrian quality programme „Gutes vom Bauernhof“** with currently approximately 1.700 participating farms. The criteria are the careful processing of own raw material, a sustainable agriculture and the diligent scrutiny before granting the quality seal. An own website plus an app called Schmankerl-Navi (delicacies' navigation system) was financed with special funding from Rural Development.

The following workshop was headlined “**Practical implementation of EU Food legislation for small holdings – The Polish example**” and done by **Rafał Serafin**, President of the Polish Environmental Partnership Foundation, a real expert in the field of Polish small holders and their needs.

He started with some statements: **of the about one Mio small farms a majority is doing their sales illegally due to the national legislation**, which is very comprehensive and complicated. Besides the principle that food must be safe more and more amendments were added in the last years, although EU-legislation provides lots of flexibility. The Polish responsibilities are split up: the Ministry of Agriculture and Rural Development is in charge of animal products, the Ministry of Health and Sanitary System responsible for food of plant origin.

Demand from the market side is increasing, especially the younger consumers want to know the origin. Nevertheless **although everybody is speaking of SFSC's and popularity is increasing, at the end many buy in a supermarket**. Direct sales means more income for farms and more healthy produce. Intermediaries are not necessarily excluded, like sales through an internet platform.

To reduce the burden of regulations authorities developed new standards to favour small structures through the so-called good hygiene practice instead of HACCP. With the MLO system, which entered into force 1.1.2017, marginal, local and limited production is benefitting from derogations. **Taxation** is another obstacle. It would be desirable, that MLO farms are also granted simplified taxation rules. **Cooperation among farmers and consumers is increasing**, in it lies the future. A special example are the “**kitchen incubators**”, small kitchens, which can be rented by small producers for processing purposes but also also for learning. The challenge is scaling up through market dynamics, because the future lies in the markets and not in the subsidies.



As from his experience there exist two groups in the EU: countries with small structures (Austria, PL, FR), others with big structures (NL --> focus on technologies). Common in all countries is the diversity of products offered. The challenges are similar: increasing sales volumes, overcoming the fragmentation by collaboration, overcoming barriers in financing, product development, market access, logistics, distribution, education of consumers and innovation subsidies under RD scheme.

Tadeusz Pokrywka from the Polish Chamber of Food Industry and Packaging explained national and international legal conditions for food packaging and labelling. He mentioned the three functions of packaging: the technical functions (transport, shelf life, storage), the aesthetical (underlining the value of a product) and the economical function (relation between costs of packaging). A new Polish law stipulates that recycling is mandatory for those who introduce packaging into the market. So everybody has to clean up behind himself, which means, that companies can do it themselves by collecting their packaging.

The overall aim is closed circular economy. "New trends and organizational challenges in international transport" was the title of the next lecture of **Justyna Dobraś-Michałowska**, from Fresh Logistics - Raben Group. Her message was that there are not enough truck drivers (100.000 vacant places), which leads to a search for man-less solutions. A consequence of this shortcoming of labour force are salary developments: truck drivers have much higher increases than warehouse workers. A practical background is that truck drivers change to other branches or want to have a better work life balance. New legal conditions, like the increase of road toll in Germany, the ban of sleeping in the cars in many countries and from 2019 on new electronic requirements what a truck is doing exacerbate the situation. And new problems arise: stuffed roads, empty shelves and transport tariffs that have dropped due to competition. For the food sector some specificities are additionally dominating: the cool chain is important, the transportation costs are high compared to the low value of the product, late orderings and quick delivery are understood.

Rafał Pietrasik from the Bureau Veritas Polska explained the development of the Global Food Safety Initiative (GFSI). Created in 2001 it gathers meanwhile 40 food production associations with the goal to fulfil food safety and implement HACCP. Therefore GFSI accepts GlobalGAP, BRC, SQF, FSSC 22.000 (for fresh product, storage and distribution). The following presentations of Sebastian Bownik, Technical and Commercial Director at Logopak East and Grzegorz Sokołowski from the Instytut Logistyki i Magazynowania were dedicated the issues of RFID technology for food labelling and the GSI standard as means of identifying and tracing food through all steps of the chain.



Field Visits (7th November 2018)

The storing, packing and distribution plant visited belongs to a cooperative of 30 members, which is meanwhile recognized as a producer organization. The reasons for founding were problems with sales, because everyone in the chain made profit except the producers. As prices were always under discussion there was a need to reduce the pressure on the price. There was no infrastructure to improve the situation, so only 12 members founded the cooperative in 2001.

At the beginning the first region, which was delivered to, was Warsaw, because consumers wanted a high quality product. So at the beginning the PO was delivering in SFSC's. The costumers in these SFSC's are still the same than at the beginning. When Warsaw was saturated new export outlets to Europe, Asia and America were developed because **the produced quantity grew to 20 to 30.000 t of apples per year.**

The region around Grójec is the oldest apple region, founded by the queen long ago in the past. A new brand "Apples from Grójec", which is also registered as a Geographical Indication, was introduced into the market. The owner of the brand is an association, composed of 12 PO's, of which Fruit orchards Pabierowice is one. The association cares about the price policy, protection of the brand, uniform packaging and the joint promotion. Sales are done separately by each member.

Our Orchard

(Pabierowice – Poland)

<http://naszsad.pl>

The aim is to have the highest quality, the reduction of pesticides and a good colour. These high quality apples are sold on the domestic market, in Germany and Scandinavia. **As it is a premium class the producer price is 30% higher than for the standard quality. 5 to 10 % of the volume is marketed under the brand.**

The cooperative received European fundings in the last 10 years: for the founding period, to build the infrastructure as PO (cooling equipment, sorting, packaging) and the members of the cooperative for their orchards.

Concerning **distribution channels 50 % goes for exports** and **50 % to the domestic market**, of which 100 to 150 are small SFSC clients from the beginning. These small clients run stores of 100 to 500 m² and convenience stores. They are delivered directly.

Apples which do not fit for the fresh market are used for processing purposes (1. category for dried apples, 2. category for juices, 3. category for concentrate). The concentrate is sold on the domestic market, the 1. and 2. category also go to exports, because transportation is possible. There are no left-overs.





Agrostawy is a family owned fish farm of 40 ha in total, of which 10 ha is ponds and water surface and the rest is orchards and forest. The farm was bought some years ago as a business and it was profitable from the first year. The annual production is **25 to 30 tons of fish every year**, which is sold as fish on the spot and in the restaurant or in the event location (for weddings etc.). Visitors can also catch their own fish. Sales to supermarkets have been given up, because the requirements were too high and the prices too low. The holding has 20 employees in the season (April to October) and 4 to 5 employees during the rest of the year.

The fish are raised from the egg to the adult fish, as the daughter is a biologist. Three types of fish are raised: **trouts, carps and sturgeons**.

The latter as young fish are kept in pools, then fattened in the big ponds and at the end of their life coming back into the pool where they are finally fattened for one and a half years. Three types of sturgeons are kept: Sibirian, Russian and Albino.

Concerning controls two to three times a year the water quality is tested on heavy metal and a special fish disease. The same is equally often done for slaughtering and cutting facilities, but not for the cool storage as everything is sold fresh.



Agro-Ponds

(Błędów – Polonia)

<http://www.agrostawy.pl>



Networking on Regulations

After coming back from the field visits to the campus of Warsaw University from 5 to 7 pm an innovation workshop was done, based on five questions, which were the outcome of the position paper:

1. How on the level of the parliaments (European, national, regional) can legislation be improved in a way, that the practical result is in line with the political intention?
2. How on the level of the practical implementation through local authorities can it be solved that the original intention is reached by providing flexibility and simplification, especially in the case of food legislation?
3. How can the political promotion of SFSC's by legislation be done in a way that it provides measurable results?

4. How can knowledge transfer contribute to a well-performing SFSC community regarding the role of legislation?

5. How can legislation help to lower the financial burden on SFSC's with respect to taxation, control fees, investments, inspection contributions, private quality assurance schemes etc.?

The SKIN group was split up in two groups, which had to find solutions for the issues raised. The first results, which were discussed in the two groups separately, were as follows:

1. How on the level of the parliaments (European, national, regional) can legislation be improved in a way, that the practical result is in line with the political intention? Answers:

- voting for the right people
- influence through international organisations (independent experts on the national level, very well connected among each other)
- media
- lobby organisations
- making pressure on MEPs



2. How on the level of the practical implementation through local authorities can it be solved that the original intention is reached by providing flexibility and simplification, especially in the case of food legislation? Answers:

- national legislation should provide space for interpretation for the local authorities
- making sure that bottom up information goes up to the legislator
- local authorities should help with the interpretation (like a "local agency")

3. How can the political promotion of SFSC's by legislation be done in a way that it provides measurable results? Answers:

- transparent rules, codes of practice
- policy makers should have the right information as precondition

4. How can knowledge transfer contribute to a well-performing SFSC community regarding the role of legislation? Answers:

- big problem
- different agencies come together, help in one go
- courses could be set up for that
- appropriate tools for different purposes
- for young discussion groups, smartphones etc.
- older farmers: face to face advise
- using social media, if trustful expertise is available
- network of expertise with trustful knowledge

5. How can legislation help to lower the financial burden on SFSC's with respect to taxation, control fees, investments, inspection contributions, private quality assurance schemes etc.?

Answers:

- under a certain size/turnover taxation should be made in a flat rate or exempted (HU, IRL, PL..)
- aging of farmers big problem: --> special support for young people, for passing over from the old to the new generation
- digitisation can help reduce administrative burden --> different registers, one-stop-shop,
- financial support for small producers

In a **second plenary round** these raw results were again discussed and the answers prioritized. So the final innovative ideas and answers are:

1. How on the level of the parliaments (European, national, regional) can legislation be improved in a way, that the practical result is in line with the political intention?

Solution: There should be a creation of platforms on national or European level for informal exchange on harmonization. These platforms should be promoted.

2. How on the level of the practical implementation through local authorities can it be solved that the original intention is reached by providing flexibility and simplification, especially in the case of food legislation?

Solution: To reach as many as stakeholders (more than now) as possible platforms for exchange and dialogue are useful. Consumer organisations should also be represented in these platforms, although it is sometimes difficult to invite them.

3. How can the political promotion of SFSC's by legislation be done in a way that it provides measurable results?

Solution: Political will is measured in money. There exist lots of incentives for SFSC, especially in RD schemes. Another indicator is the creation of jobs. More information is available at the regional nodes (NRN, ENRD).

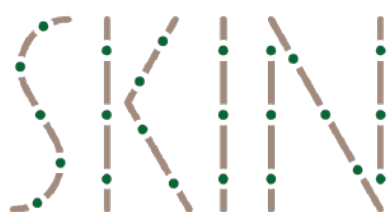
4. How can knowledge transfer contribute to a well-performing SFSC community regarding the role of legislation?

Solution: There exist already various institutions with an offer of courses and training programmes for capacity building for SFSCs. Additionally IT-based solutions on the basis of smart phones with a focus on understandable content (short questions, short answers) should be developed.

5. How can legislation help to lower the financial burden on SFSC's with respect to taxation, control fees, investments, inspection contributions, private quality assurance schemes etc.?

Solution: Decrease the number of inspections (e.g. inspections of live animal + meat inspections) concerning food legislation. Another (national) option could be a flatrate for taxation.





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The SKIN Workshop about "Regulations" was organised by Agrar.Projekt.Verein, with the strong collaboration of EQA, CBHU, Confagricoltura, Cassovia Life Sciences and all project partners

