

Briefing Paper on Agriculture Trade Facilitation in Greece

This briefing paper was developed by UNECE under the framework of the United Nations Development Account project "Deepening Regional Connectivity: Strengthening Capacities of Asian Developing Countries to Increase Intra-regional Trade by Implementing Paperless Trade and Transport Facilitation Systems" (a UNECE- and UNESCAP project)

Summary

In many developing and transition economies, agricultural trade is the backbone of sustained social and economic development. However, cross-border trade in perishable produce remains a challenge and many transition and developing countries have not been able to seize possible opportunities to increase their income through exports. Inefficiencies in the agri-food supply chains have not only led to income losses but also food losses and insecure food supply. The emergence of innovative agriculture supply chains and the latest approaches to improve supply chain management through trade facilitation provide new business and income opportunities, particularly for rural communities, Small and Medium-sized Enterprises (SMEs) and for women. To assist developing countries, UNECE and UNESCAP developed the UNNEXT Guide on information management in agro-food supply chains for trade facilitation. This Guide applies latest trade facilitation and eBusiness technologies for improvement of agri-food supply chains.



In 2013, the Greek Government started a major trade facilitation reform programme. In the framework of this overall reform programme, UNECE used an early draft of UNNEXT Guide to assist the government agencies and exporters in improving the export competitiveness of Greek Fresh Fruit and Vegetables. The activities focussed on the business process analysis (BPA) of the Greek agriculture supply chain, the implementation of an approved exporter scheme, the implementation of an automated and risk based inspection system and the preparation for use of electronic quality certificates. Based on the progress in the trade facilitation and eBusiness infrastructure that is created by these projects, Greece has now developed a concept for **Greek Smarter food export**.

This policy paper describes the strategic approach taken by Greece, the activities undertaken and the progress made within the past one and a half years of implementation.

Developing a strategy for agriculture exports with simplified and automated procedures

Background

With the objective of enhancing growth, the Greek Government made a commitment in October 2012 to implement a comprehensive trade facilitation reform programme to simplify and automate procedures for export and import. Core activities included the implementation of an eCustoms solution, simplification of procedures and legislation and a move towards paperless trade and Single Window. The UNECE Trade Facilitation Implementation Guide (TFIG) provides a [case study](#) that summarizes the reform.

With the reform programme having made good progress, Greece undertook a study in the first quarter of 2014 to analyse the competitiveness of its fresh food and vegetable supply chain. The ultimate objective was to develop improvement strategies for its export competitiveness building on the achievements made in the trade facilitation sector. This policy brief informs about the approach taken and the findings. The paper reflects the developments up to the third quarter of 2014.

UNNExT Business Process Analysis (BPA) is a well-established methodology to analyse activities for import and export. It creates a clear understanding of processes involved in trade and establishes a basis for stakeholder discussions, as well as improvements and automation of procedures.

Step 1: Analysing supply chains for agriculture exports

As a first step and in order to set the baseline, export processes of important Greek products (i.e. kiwi fruits and feta cheese) were analysed in detail using the UNNExT Business Process Analysis (BPA) approach. This analysis provided important insights into the time and costs associated with the export of agricultural produce. One conclusion of the study was that inspections and certificates for quality inspection were major time and cost factors in the export process.

The findings of the Business Process Analysis triggered a number of projects that aimed at improving the regulation of agriculture exports.

Step 2: Implementing key projects for Agriculture Trade Facilitation

Based on the findings of the BPAs, the Greek Ministry of Rural Development and Food (MRDF) and the Department of Customs of the Ministry of Finance started a number of projects to simplify the procedures for Greek agriculture exports. Under European Legislation,¹ the export of fresh fruit and vegetables to third countries (i.e. non-EU countries) requires conformity checks and issuance of con-

¹ Council regulation (EC) 1234/2007 and implementing regulation 543/2011

formity certificates. In addition, the above mentioned legislation requires member States to introduce risk based inspections and keeping a record of traders.

In Greece, in order to receive a quality certificate for an agriculture export consignment, the trader needs to send a notification for inspection through the MRDF electronic system (MENOS). Before the project was implemented each of the 50000 export consignments shipped every year was inspected and a quality certificate on paper was issued. As a result, there were a large number of inspections required which delayed exports. Therefore, Greece decided to introduce a risk based inspection system.

The objective of the Greek administrations was to improve the implementation of this regulation and the inspection process while guaranteeing highest quality standards for Greek agriculture exports through three trade facilitation projects:

Project #1: Approved trader scheme

As a first step, MRDF designed a scheme to approve those traders with a good compliance record in the past years and a quality control system which were controlled through inspections of the packing sites and an analysis of records. This scheme effectively reduces the frequency of physical quality inspections for the approved traders and the number of quality certificates needed, unless requested by the importing country. The advantages of becoming an approved trader were an incentive for exporters and packing houses to upgrade their facilities and apply strict quality policies on their own premises. It created a system of trust and provided a natural incentive for excellence. The scheme also helped to free up the scarce resources in the inspection services and to focus on high risk exports.

By the beginning of 2014, a total of 22 exporters were approved as authorized traders. In mid-2014, about 20% of the total fresh fruit and vegetable exports were handled through the scheme. It is expected that, by the end of 2014, a total of 50 traders will be approved.

Project #2: Automated risk based control in agriculture exports

As a second step to reduce the time for agriculture exports a risk-based inspection system for quality certificates was implemented.

The automated risk analysis system for Greece fresh fruit and vegetable exports includes the following criteria:

- Past export history and compliance of the exporter,
- Type of produce,
- Product lifecycle,
- Hazard Analysis and Critical Control Points and other certifications.

Risk-based trade control means to focus control in high-risk consignments based on risk parameters. These parameters can include type of produce, past experiences or consignment volumes, among others.

Based on this information, an export consignment will be placed into one of five risk categories. A fixed percentage of each category will be physically inspected, ranging from 70% for very high risk items to 2% for very low risk items. If the risk analysis determines that no physical inspection is necessary, an exemption certificate is generated. In all other cases, a conformity certificate is issued after a physical inspection.

Using the risk based approach, Greece has significantly reduced the number of inspections and the time needed for exports to third countries while maintaining a high level of quality control.

Project #3: Electronic exchange of quality certificates with Customs

Until 2014, Customs had to follow a directive which mandated checking of the conformity certificates for each consignment by a Customs officer. This led to 100% documentary checks of the agriculture exports by Customs which delayed exports and created substantive workload in Customs.

As a third step to facilitate trade, the Directorate of Customs and MRDF with support of UNECE started a project for the exchange of electronic exemption and quality certificates between MRDF and Customs.

This system connects the risk-based management approach for quality certificates implemented by MRDF with the automated risk assessment (selectivity) module used by Customs.

By exchanging electronic certificates, the integrity checks can be done by the IT systems of Customs and MRDF. Documentary controls by Customs officers will only be required if the Customs selectivity system has assigned a specific risk profile to the consignment. The export process is streamlined and valuable Customs resources can be focused on higher risk items. Potential certificate fraud can also be avoided.

Both MRDF and Customs worked together to define the specification for the electronic document exchange. A key point was to clarify the legal obligations of each party in the export process. Compared to the manual process the electronic document validation required a more detailed description of the rules and responsibilities for document and data validation.

The process of specifying an exchange process took about four months and underwent three major revisions. The specification is now awaiting implementation.

Step 3: Vision for an export strategy for Greek agricultural produce based on trade facilitation and eBusiness

Through the reforms and in just over two years Greece succeeded to significantly improve its trade facilitation competitiveness^{2,3}.



² Source: World Bank DoingBusiness.org 2013 report;

<http://www.doingbusiness.org/data/exploreconomies/greece>

³ Source: World Bank Logistics Performance Index (LPI): comparison 2011 to 2014

<http://lpi.worldbank.org/international/scorecard/radar/200/C/GRC/2014/I/OEC/2014/C/ITA/2014>

Greece is now aiming at taking advantage of the automated risk management and the IT systems that were introduced through the trade facilitation reforms to develop new value added products and export opportunities for Greek agriculture trade.

To support the new strategy, UNECE together with MRDF undertook a full scale review of the Greek fresh food and vegetable export conditions. The findings were presented and discussed with public and private sector stakeholders in two full-day workshops. In the first workshop, specific conditions of the Greek production, logistics and exports were analysed and strengths and weaknesses of Greece agro-food exports determined. Specific areas for improvement (hotspots) were identified and potential solutions discussed. The most relevant hotspots were then benchmarked internationally, recommendations developed and validated

with the stakeholders. This exercise provided an opportunity of open dialogue between the public and the private sector and to compare the current state of the Greek production and export process with high profile solutions applied in other countries. In the second workshop, the experts adopted a number of recommendations and developed a vision for a competitive production and export strategy with trade facilitation and information management as enabling technologies.

The strategy chosen by the Greece is outlined in the UNNEXT Guide for agriculture trade facilitation and is summarised as the [Smarter Food Vision](#).

The Smarter Food Vision is based on using information technology consistently a key resource to develop agricultural exports: by collecting and providing relevant information along the supply chain smaller producers can participate in export chains, food becomes safer to produce and eat. Most importantly of all, consumers get the chance to make informed choices about the food they eat.

Implementing the vision helps to turn natural disadvantages of Greek agricultural production, such as smallholding, into competitive advantages.

During the two workshops the experts concluded that In the case of Greece, with its long history of excellence in small-scale food production, the Smarter Food Vision could be best realised by creating premium, IT-enabled brands and focus on delivering high value products, such as organic and socially aware products, to high income markets. This avoids competition on price and instead bases market differentiation of Greek products on strong positive associations, such as being a well-known tourist destination, looking back on thousands of years as producers of highly renowned produce and the traditions of Greek smallholder productions.

The cornerstones of such a **Greek Smarter Food Vision** approach are:

- Quality of Greek produce
- Origin of Greece as a world class tourist destination
- Tradition of Greek smallholders and regions

“We have seen more change in the last 1½ years than in the 20 years before”

Greek Express Carriers

Greece international ranking in trade facilitation competitiveness improves 17 ranks in a single year

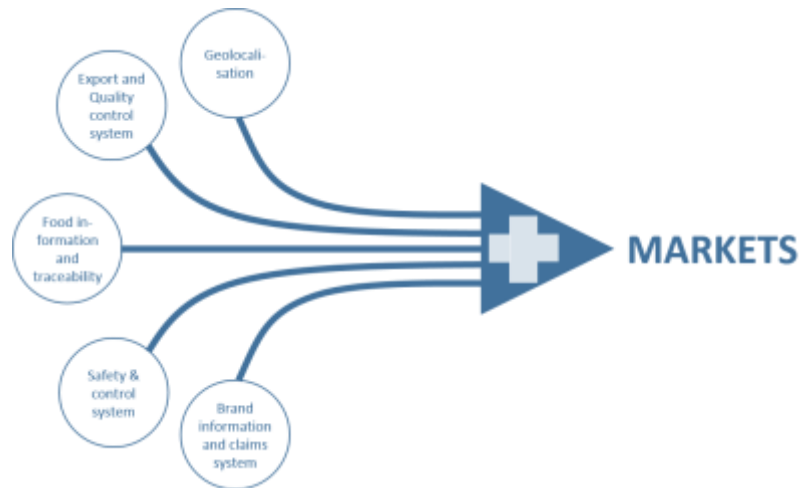
World Bank DoingBusiness.org

Greece international ranking in logistics competence improves from 68 to 40 and in Customs from 68 to 27

World Bank Logistics Performance Index

The basis of the Greek Smarter Food Vision approach is a comprehensive food information management system that is described in the UNNEXT Guide *Agri-food Chain Information Management For Trade Facilitation*, as a Smarter Food Single Window.

The Smarter Food Single Window consists of several components, some of which are already in place in Greece. Geolocation places the products sold under the brand on the map and connects them with local stories to create a link between the vastly different Greek regions and the consumer. The export and quality control systems of Customs and MRDF contribute to high standards of this premium brand to avoid consumer disappointment.



Summary and Conclusions

At the time of drafting of this policy brief⁴, the Greek trade facilitation process is still in full progress. Specifications for the electronic document exchange between MRDF and Customs have been completed and a recommendation has been made to the Government for implementation. The Greek Smarter Food Vision was supported by a group of experts which recommended the presentation of the concept to high level policy makers from the relevant ministries.

The factors of success of the on-going trade facilitation strategy for Greek fresh fruit and vegetables have been:

- Detailed analysis of export processes using the UNNExT Business Process Analysis and subsequent identification of bottlenecks,
- Targeted projects to pre-approve exports for compliant and trusted traders, automated risk-based controls and electronic exchange of certificates between different authorities. Key improvements are time to export and resource needs in the export control process,
- Involvement of stakeholders to identify hotspots and design solutions to key export challenges,
- Using the advances in trade facilitation and stakeholder feedback to develop a consistent export strategy for agricultural products, based on the UNECE and ESCAP Smarter Food Vision.

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A briefing note prepared by:
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⁴ Third quarter 2014