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Food loss/waste related to the use of standards

Food loss/waste related to the use of standards – Discussion paper *

The following discussion paper on the link between the use of standards and food loss/waste was prepared by the Rapporteur (Sweden) with input from other delegations. Delegates are invited to send their comments to the secretariat.

* This document was submitted on the above date due to delayed input from delegations.

I. Background

At the meeting of the Specialized Section on Standardization of Fresh Fruit and Vegetables in May 2014, the Specialized Section set up a Working Group, composed of the delegations of France, Germany, Malaysia, Sweden (Rapporteur), United Kingdom and the United States, to try to identify the reasons why the standards may cause waste.

At the meeting of the Working Party on Agricultural Quality Standards in November 2014 the delegations exchanged views on the way forward in addressing food waste concerns within quality standards. At its 2015 session, the Specialized Section on Standardization of Fresh Fruit and Vegetables started work on a limited number of products to see what issues and provisions could be addressed from the point of view of reducing food waste; i.e. the standards for leeks and tomatoes. In addition it was decided to draft a discussion paper which outlines some general aspects and possible options for changing the UNECE Standard Layout.

This document therefore aims at discussing the effects of current marketing standards on food waste and possible options for changes.

A. Today's layout of standards and their use

Most standards for fresh fruit and vegetables today have three quality classes: Extra Class, Class I and Class II. In standards for some products there are only Class I and Class II. The quality requirements in the standards increase from Class II - in which products are expected to have a good eating quality but where there are quite high allowances for exterior defects, to Extra Class - in which products are expected to have a perfect exterior quality. All products, irrespective of category, are, however, expected to have good eating quality.

The standardized descriptions in the standards serve as a basis for commercial trade agreements between buyers and sellers. They facilitate communication on the expectations of the buyer and, by reducing time and effort needed for this communication, decrease the transaction costs and risks.

In supermarkets, today, the products sold are to a very large extent Class I. Only to a limited extent are products of Class II sold, and also of Extra Class. We can therefore note that retailers to a very limited extent use the option of selling products with lower requirements for exterior quality.

In the last year, some shops have started selling products called "ugly fruit" which are products of all sorts of shapes, sizes, colours and exterior defects. This meets an increasing consumer concern that fruit and vegetables are being discarded, already at the farm or at sorting because they do not meet today's "cosmetic" requirements. This leads to the question: can these products be sold within the framework of existing standards or is there a need to change standards in order to take account of these products?

B. Is there a need for change?

The answer can be both no and yes.

Class II is quite allowing for exterior defects. In addition, there is a tolerance of 10 per cent, in weight or number, for products meeting neither the requirements of Class II nor the minimum requirements. However, not more than 2 cent of produce may be affected by decay. The 10 per cent tolerance covers all malformations, serious skin and colour defects as well as defects not meeting the minimum requirements but not affecting edibility such as

slight damage, soiling, lack of freshness. The 2 per cent tolerance covers all defects not meeting the minimum requirements rendering the produce unfit for consumption. In addition, some standards have an extra tolerance for a common defect, for example, the additional tolerance for 25 per cent, in weight, of broken carrots.

If products were more generally sold in Class II this class's allowance for cosmetic defects and the quite ample tolerances provided in it would allow most products to be sold.

When shops sell "ugly fruits", however, these are usually consignments with products that have not met the requirements of Class I, i.e. it is a concentration of "non-conformity products". In these cases, the allowances and tolerances of Class II are probably not enough. To allow for this type of consignment being sold, the standards would have to be changed in some way.

II. What are the options for change?

Three options have been identified and are discussed here.

- Abandon standards and sell products without any standardized descriptions
- Make Class II more allowing for defects
- Introduce a Class III.

A. Abandon standards and sell products without any standardized descriptions

If all products - irrespective of their size, colour, shape and external defects - were sold at the same price, this would mean that in the opinion of the retailer these aspects do not matter to the consumer. However, we can probably safely conclude that this is not the situation today. As long as these aspects are of importance to the consumer, they are of importance to retailers, wholesalers, importers, packers and producers.

As long as external quality aspects are of importance to consumers, commercial agreements between buyers and sellers will include requirements with relevant descriptions of these aspects. If official standards are not used (or being judged not useful for traders if they do not reflect trade practices) buyers, i.e. retail chains, will impose their own requirements. As a result, producers and packers will have to meet different requirements from the different buyers. This will increase transactions costs and risks and put more power into the hands of the buyer, i.e. retail chains. Especially small producers in distant markets will have problems knowing and meeting requirements of high value markets/ buyers. Therefore, small producers in developing countries are a group that may face difficulties with this option.

B. Make Class II more allowing for defects

Another option is to open up Class II even more than today. As most products are today sold in Class I, a change of Class II is therefore not likely to have a major impact on the market.

Class II could be opened up to accommodate products of different sizes, colours, shapes and with external defects but exclude products with rot and decay and other defects rendering them unfit for consumption.

With this option there would be no intermediate quality level between Class I and products today sold as “ugly fruits”. With the small use of Class II this may not have a great impact on the market.

C. Introduce a Class III

A third option is to retain Class II more or less as today and introduce a Class III. This category would allow shape, colour and skin defects that do not affect the eating quality of the produce. It would have no requirements for sizing and uniformity but retain maturity requirements to ensure that produce has a good eating quality.

Class III would essentially consist of “Minimum requirements” developed for each product separately to take account of each product’s specificities. Examples of such specificities are maturity requirements for fruit, allowances for broken carrots or trimming allowances for swedes and root celery. Class III would keep the same marking requirements as in Extra Class, Class I and II.

Keeping Class II and introducing a Class III would give a wider choice where for example Class II can be used for organic produce.

Whether this is needed or not will have to be discussed.
