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Traceability

Summary update on traceability*

The following document (for information) which was prepared by the secretariat contains updates on the work of the Agricultural Traceability Discussion Group.

* Submitted on the above date to allow for further topic input following the 29-31 August 2016 meeting of the Specialized Section on Standardization of Meat.

Background

At its annual session in November 2015, the Working Party on Agricultural Quality Standards (WP.7) decided to establish an informal discussion group on traceability of agricultural produce to carry forward discussions held at the WP.7 meeting, and, specifically, the Conference on Traceability of Agricultural Produce held as a part of the annual session. The discussion group is an open group consisting of members from both public and private sectors and representing the work of all Specialized Sections who have offered to participate on a voluntary basis.

It was decided that the discussions of the group would focus on the traceability of unprocessed agricultural products traded across borders; the needs of inspection agencies, producers including smallholders, packagers, and traders; as well as the role of agricultural marketing/quality standards in enhancing transparency and traceability.

So far, the work of the group has been conducted through a round of questions sent to participants, followed by a teleconference as well as related individual follow-up with participants who contributed further input to the discussion.

The following summary provides an interim overview of the main points discussed and preliminary conclusions reached so far.

Summary of discussions

Access to accurate and trusted information

The initial discussions concluded that business-to-business traceability solutions appear to work relatively well, especially in developed countries, particularly those with integrated supply chains (large retailers). However, the exchange of information between governments and business, and between governments remains more challenging.

Most traceability systems are company-internal systems, driven by their needs and guided by the fundamental traceability requirement of being able to trace produce “one step up, one step down” in the supply chain.

Many companies in the fresh fruit and vegetables, or dried fruit and nuts sectors, have efficient traceability systems in place. Recent experience suggests that certification, regardless of its purpose (sustainability, safety, etc.) has helped improve the sustainability in supply chains. Representatives of both vegetables, fruits and nuts sectors reported that many growers and traders use existing certification/accreditation systems (e.g. Global GAP, BRC, IFS, UTZ, fair trade, organic certification systems, or similar), which require them to have accurate traceability records from the plot to the packaged ready-for-market produce.

In the nuts sector, traceability systems usually set in at processing facilities which record batch- and lot-based information including records of which growers/regions are included in a batch/lot.

Upon arrival at the processing facility, nuts are stored in large silos (50 tons). One silo normally corresponds to one lot. Owing to the large size of silos, only large-scale growers might constitute their own batch/lot, while produce from small growers often would be mixed up in a silo. While records would be kept of which growers provided material for that lot, the mixing of produce and its treatment as a bulk produce reduces the possibility for full traceability down to the individual grower’s level. It is however still possible to trace nuts back to a particular region, area, and often also to the level of the cooperative, if applicable. Other challenges in the nuts sector included informal arrangements, informal

trade, and even theft. Another challenge is trade by middle-men or crackers who do not record the origin, i.e. growers of the produce.

In the area of meat, it was noted that many countries and industry associations had strict traceability in place. For example: EU provisions for labelling, marking and traceability for example are rather strict. Thus, if operators in the EU actually followed these, they would suffice to ensure traceability in this sector.

Conclusion 1: Loss of traceability information in supply chains happens mainly at the source, owing to several reasons including mixing produce to constitute lots, manual or poor record-keeping systems by small farmers and middle-men, as well as loss of information at brokers/middle-men and during transport. Information can also get lost further up the supply chain because of typing errors, wrong entries and lack of interoperability between systems.

The possibility for Governments to verify traceability/origin related data remains challenging. Government authorities rely on the information provided on packages and accompanying documents, and verifying its accurateness also with regard to traceability is not always easy.

For example, quality inspection bodies tasked with verification of the origin/ authenticity of produce of fresh fruit and vegetables reported facing challenges in obtaining full address details of packers/dispatchers when only web address are indicated on packages. In addition, the optional indication of officially recognized code marks allowed under the UNECE standards for fresh fruit and vegetables remains an issue as they can be difficult to understand, identify and traced back to an actual packer or dispatcher. While some of them contain comprehensive data, there is no standard format or data requirement that would give consistent information.

The existence of unfair trade practices and fraud are non-negligible problems as well. They might include traders labelling seasonal products with the wrong country of origin, through falsifying labels and accompanying documents. While quality inspection agencies check the labelling of the packages as well as accompanying documents in addition to the actual physical inspection of the produce, when needed, it is often very difficult to identify verify the real origin of the produce if documents have been falsified. Produce origin is mostly impossible to verify on the basis of visual inspection of produce.

It was also noted that in the fruits and vegetables sector, geo-localization of famers and allocation of location identification numbers has proved helpful. Geo-localization and similar methods do not only improve traceability but also pest and disease surveillance in production areas, and help with risk-based inspection planning for export certification, especially by SPS authorities.

In this regard, it was also noted that documentary and data requirements differed between the various agencies involved in cross-border trade (e.g. sanitary and phytosanitary requirements vs. quality requirements). The exchange of information e.g. between SPS and quality inspectorates appear limited in many countries. SPS inspection authorities face similar challenges with traceability when they need to trace back produce for infractions of pest or residue levels all the way to the producer as consignments may originate from many producers.

Increased collaboration between the agencies involved in agricultural exports such as SPS, sanitary, quality and customs might therefore present opportunities for improved verification of traceability related information, in addition to reducing documentary requirements. Dematerialization of paper-based documentary requirements and increased use of electronic certification and links between control agencies would not only help improve traceability and efficiency but reduce possibilities for fraud.

UNECE labelling provisions for fresh fruit and vegetables and traceability

The labelling provisions included in UNECE marketing standards for fresh fruit and vegetables require produce to be marked with:

- the name and physical address of the packer and/or dispatcher/shipper, or a code mark officially recognised by the national authority.
- the name of the product/variety
- the country of origin (optionally district)
- class and size of the product.

The information must appear “in letters grouped on the same side, legibly and indelibly marked, and visible from the outside of each package”.

As long as the trader is trusted, this information would generally be enough information for inspection agencies. However, as noted above, unfair practices have become a challenge in the sector, e.g. through falsified or wrongly transmitted information on labels. The information on the marking and accompanying documents may be difficult to read and verify, or may be misleading or unreliable. In addition, code-marks are sometimes difficult to verify and therefore also to trust.

The group therefore discussed options to improve the reliability of information checked by national quality control agencies. The following options were discussed:

- adding lot numbers;
- harmonizing code marks;
- allowing other internally agreed codes such as Global Location Numbers (GLN) as additional options;
- improving the exchange of data on wrongly labelled consignments between control agencies.

Lot numbers

Adding lot numbers to the labelling was mentioned as a possible option to increase traceability. However, while lot numbers were considered important, in reality, lot numbers could only ensure full traceability if they are unique. Currently, many processing facilities use the date of production as the lot number and would not be a unique number. In addition, one lot number is used for lots for sometimes contains produce from many growers, which again makes full traceability difficult.

Officially recognized and harmonized code marks

On the issue of code marks, the option mentioned in the UNECE fresh fruit and vegetables standards, some countries were of the opinion that they were not particularly useful in ensuring traceability, while others considered them helpful for the well-known and established code marks. It had become common industry practice in some major exporting countries to use them. To increase the reliability of code marks, the development of a common format for such code marks might be needed. So far, the following proposals were tabled:

- Ensure that the originating country that issued/authorized the code marks is a clear as part of the code mark (for example, for the UK the codes could have the format UK/000001 or for Spain the format ES/000001, or other similarly easily understood country code) and this code marking be clearly visible;

- A central registry e.g. at UNECE or any other trusted third party (e.g. EU or OECD – albeit both with limited membership) to gather and share format of codes for information to all actors including inspection agencies;
- That information (including on fraud) on officially recognized code marks (and their issuing agencies) would be exchanged/ made available through a centralized database.

Other internationally recognized codes as optional alternatives

The group also discussed the possibility and the potential implications of allowing other internationally recognized codes as an optional alternative. While several members were in favour of exploring this option, it was highlighted that it needed a certain number of clarifications. These are related to the potential technical and financial implications for traders and farmers. GS1 would provide information on how the Global Location Number (GLN) and product codes interact in value chains, and how they could be used in public and private spheres.

International exchange of data on wrongly labelled consignments

For fresh fruit and vegetables and within the European Union (based on The Commission Implementing Regulation (EU) No 543/2011of 7 June 2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors (OJ L 157, 15.6.2011, p. 1–163, with amendments), information on defective or wrongly labelled consignments is already being exchanged. The system is based on the OECD Guidelines.

The exchange of information mostly occurs between designated authorities/control bodies. In order to exchange such data on a broader international scale, it would require setting up more complex and internationally accessible database which would need to be maintained by a trusted third party, yet to be identified (see remarks under “officially recognized code marks”).

Traceability challenges for the small-scale farmers in the developing countries

Traceability in the developing countries can be a challenge, particularly for small farms. However, it can be improved through certain methods and certification by recording data of produces, growers, intermediaries, processors or other actors engaged in the supply chain. In the full segregation (FS) method, certified and non-certified products are not mixed. However, certified products are often mixed and may originate from different certified farms. For example, in Malaysia’s Palm Oil sector, millers or processors maintain records of their own certified contract farmers and their fruits for each batch. However, the fruits are then mixed and thus the end product cannot be traced back to a specific farm. In the identity preserved (IP) method, certified produce is kept separate until the end of the chain, making the product traceable all the way back to a single farm.

Organizing farmers into groups or cooperatives facilitates traceability, although, may not be sufficient for a 100 percent traceability. A range of interventions including outreach activities, training on recording and storing data, and stakeholder engagement are crucial for uptake of traceability by smallholders.

In sectors like fruit and vegetables, the allocation of location identification numbers has proven helpful not only for traceability but also for the surveillance for pest and diseases in production areas and risk-based planning of inspections for export certification by SPS authorities.

Traceability in the context of smallholder farming continues to have its challenges but potential solutions are available. Particular attention needs to be paid to context-specific solutions, which hold the greatest potential to be effective. Therefore, detailed discussions should focus on the development of a flexible framework that is adaptable to specific local, country or regional context.

Next steps:

The discussion group on traceability of agricultural produce will continue its discussions on what could be done to improve the access to and credibility of traceability/origin related data for government authorities.

Points of discussion include:

- Possibility of creating a common format/numbering/coding system for code marks, and/or a registration system for the issuers of code marks;
- Investigate and explore the potential benefits and implications of adding other internationally recognized codes (for optional use);
- Compile case studies on good practices to identify options for addressing the problems of small scale farmers and traders, potentially, leading to the development of a guide for smallholder farmers.

The Working Party is invited to consider these issues for discussion, suggest additional items and provide general guidance to the discussion group.