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FOR GOOD

Update on the Global and EU Fresh Produce Industry

By: Julie Escobar, *Co-founder GWF*
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April 9th, 2020





**Global
Women
Fresh**

Global Fresh Produce Industry

By: Julie Escobar & Monica Bratuti



Global situation PRODUCE

Trends

Opportunities

Where do I start?

Produce consumer trend during pandemic times



- Health
 - Immune system boosters



Where is the opportunity?

- Retail
- Online home delivery



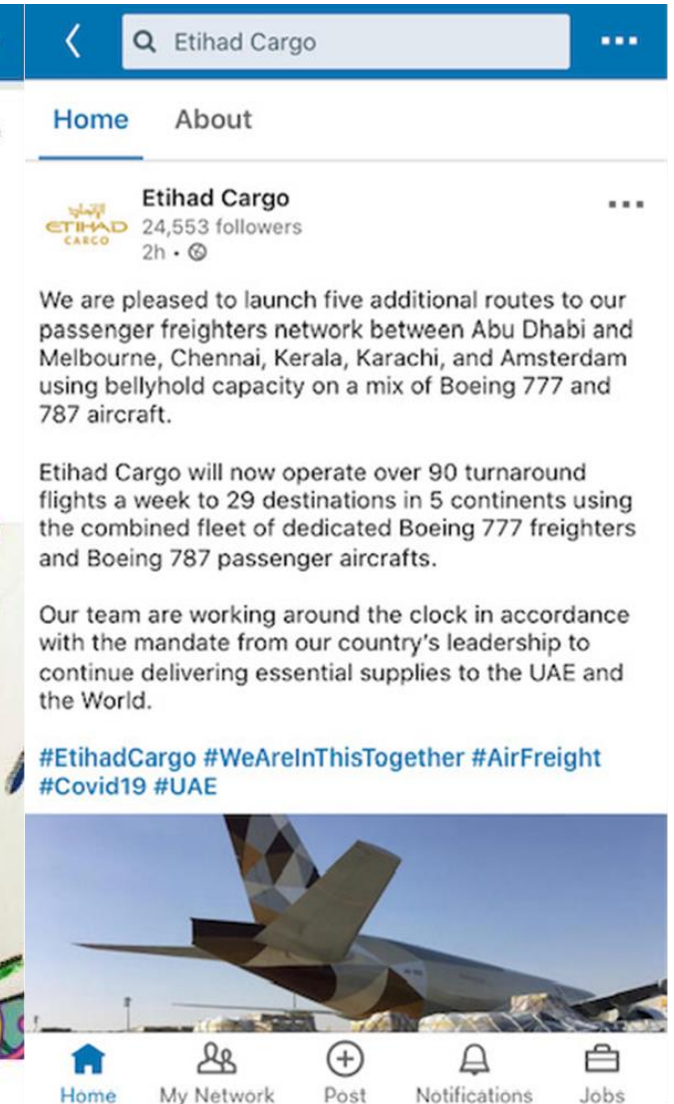
HOME



Where do I get this information?



- Talk to your customers and ask questions (old & new)
- Talk to your Freight Forwarders (make them your best friend)
 - Space priority
 - Charters
- Subscribe & read produce news DAILY!
- INTERNATIONAL
 - Fresh Plaza: www.freshplaza.com
 - Fruitnet: www.fruitnet.com
 - Eurofresh: www.eurofresh-distribution.com
- UNITED STATES FOCUS
 - The produce News: www.producenews.com
 - And now you know produce: www.andnowuknow.com
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 - #avocados #charters #produce #fruits
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Search: Eurofruit Magazine

 **Eurofruit Magazine**
Publishing • London, London • 517 followers

✓ Following


[Visit website](#)

Search: Etihad Cargo

 **Etihad Cargo**
Airlines/Aviation • 24,553 followers

✓ Following


Search: Tesco

 **Tesco**
Retail
Welwyn Garden City, Hertfordshire • 366,255 follow...
A place to get on

✓ Following

[Visit website](#)

Search: International Air Transport Assoc...

 **International Air Transport Association (IATA)**
Airlines/Aviation
Geneva, Le Grand-Saconnex • 360,517 followers

Stay strong
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75 YEARS

✓ Following

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Search: Produce Marketing Association...

 **Produce Marketing Association A-NZ**
Food & Beverages
Docklands, Victoria • 1,989 followers

Join our growing network
We serve member companies in every segment of the fresh fruit, vegetable and floral supply chain.

✓ Following

[Visit website](#)

Search: Carrefour


 **Carrefour**
Supermarkets
Massy, Île-de-France • 623,981 followers

On a tous droit au meilleur

✓ Following

[Visit website](#)

Search: ASIA FRUIT LOGISTICA


 **ASIA FRUIT LOGISTICA**
Events Services • Singapore • 2,551 followers

16-18 Sep 2020

✓ Following

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Search: Kenya Airways

 **Kenya Airways**
Airlines/Aviation • 123,500 followers
The Pride Of Africa

No change fees for all tickets purchased until April 30

✓ Following

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Search: Emirates


 **Emirates**
Airlines/Aviation • Dubai • 1,858,028 followers

WE'RE WITH YOU

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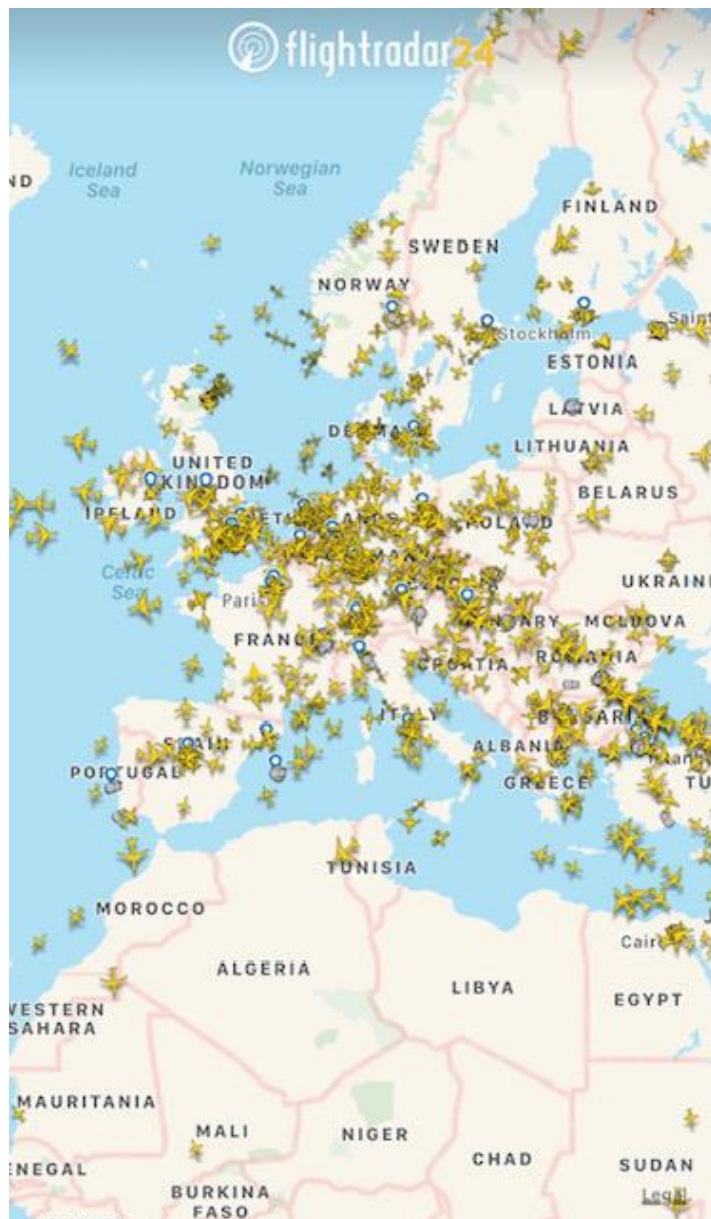
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Search: Lufthansa

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Frankfurt am Main, Germany • 388,570 followers
#SayYesToTheWorld

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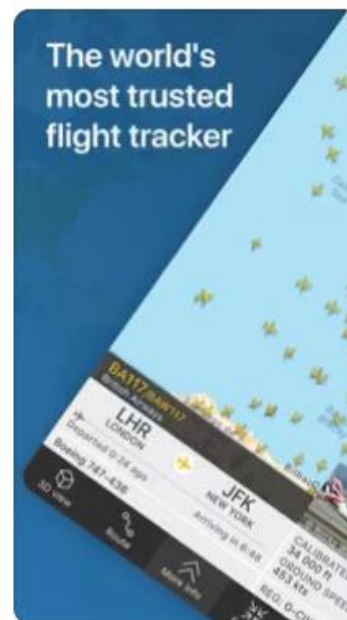
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Additional advices:

- Don't be afraid to transfer those high transportation increases to your customer, you'll be surprised they will accept them.
- Stay in close contact with all your customers, even if you are not shipping for them.
- Margin accordingly.
- Stay energetic, stay alert, stay positive, keep informed DAILY!

Impact of COVID 19 on EU fresh fruit & vegetable trade

EU: who is in lockdown?

- UK
- France
- Spain
- Italy
- Ireland
- Hungary
- Greece
- Germany
- Denmark
- Czech Republic
- Belgium
- Austria
- Etc..



What does the lockdown mean?

- Border closures for individual, not for goods
- Some countries are in complete lockdown (written permission to leave home only for a few essential reasons)
- Schools, Universities are closed
- Non-essential shops closed
- Dine-in restaurants closed,
- Gatherings banned (more than 2 persons, in some countries)
- Work-from-home policies implemented wherever possible (1/3 of workforce)
- Many shoppers are also worried about going to the grocery store, and so they're trying out pickup and delivery as a way to limit their exposure to other people.

The whole value chain is affected

- Production
- Transport
- Importer
- Foodservice
- Retail
- Wholesale sector
- Product range
- Exporters
- Importers
- Etc..

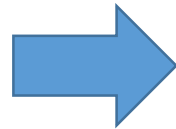
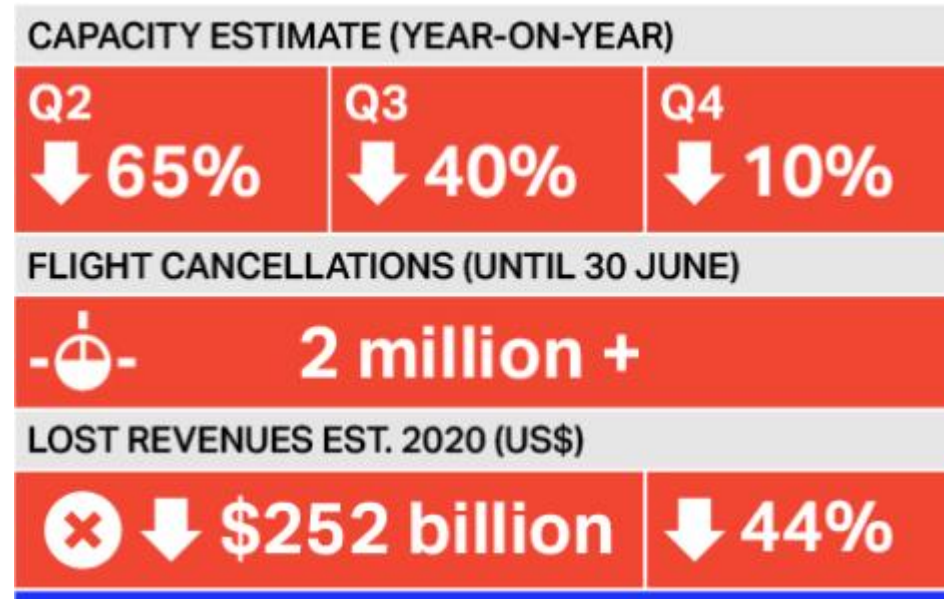
For fresh produce businesses, the effects of the COVID crisis mainly trickle down through changes in consumer spending, labor availability, logistics, and trade.

Impact of EU Transport & Logistics

- Air freight
- Sea freight
- Road transportation



Air freight



EU sea freight transport

- The reliability of container shipping has been considerably impacted by the lockdown measures causing delays in cargo operations.
- According to EU officials: The situation in the various European ports remains as “normal as possible”. This means that they do what is necessary to keep the ports in operation; this is the case for Antwerp, Rotterdam, Le Havre, Hamburg and Dunkirk.
- The French customs are putting in place special measures to **provide support to businesses** in the context of the health crisis. In particular, provision is made for **deferring payment of duties and taxes** to firms in difficulty. Tax office address for Dunkirk:

ri-dunkerque@douane.finances.gouv.fr



EU road transportation

1/2

- Freight transport companies that handle non food items stopped **90% of their activity**.
- **50%** of the transport companies handling food items saw their business **fall by 40%** and **4%** stopped entirely.
- Transport companies that are still running have to pay extra hours and working on weekends, **hence additional costs**, on top of extra transit times due to delays at borders, due to closures and empty returns.

On average rate increase of +20 to 30 % EU wide

EU road transportation

2/2

Even if freight transport is less affected than air freight, movement within Europe **remains difficult**.

Availability of trucks is also an issue: Practical example

Spanish exports to Russia and other parts of Europe are affected by logistical limitations due to delays at the borders of Italy, Austria, the Czech Republic and Slovakia. This means that fewer trucks are available for deliveries to the Spanish domestic market.

Solution?

The European Commission has urged the 27 EU countries to adopt measures to ensure the free flow of freight along “**green lanes**” with border crossings lasting no more than 15 minutes.

Practical tool?

Feature update: for **real-time waiting times** at some of the major European ports and for truck border crossing times

<https://covid-19.sixfold.com/>



EU workforce shortage

EU growers warning of severe labour shortages this season as travel restrictions across Europe prevent European seasonal workers arriving.

Predicted labour shortage

UK	100,000 workers
France	200,000 workers
Italy	370,000 workers
Germany	300,000 workers
Spain	210,000 workers

- EU Governments are looking to recruit more local labour, it will not be enough, hence important post harvest losses & potential future disruption in supply
- Beginning of April, the European Commission secured an operation framework for intra-EU trade and measures for seasonal workers.

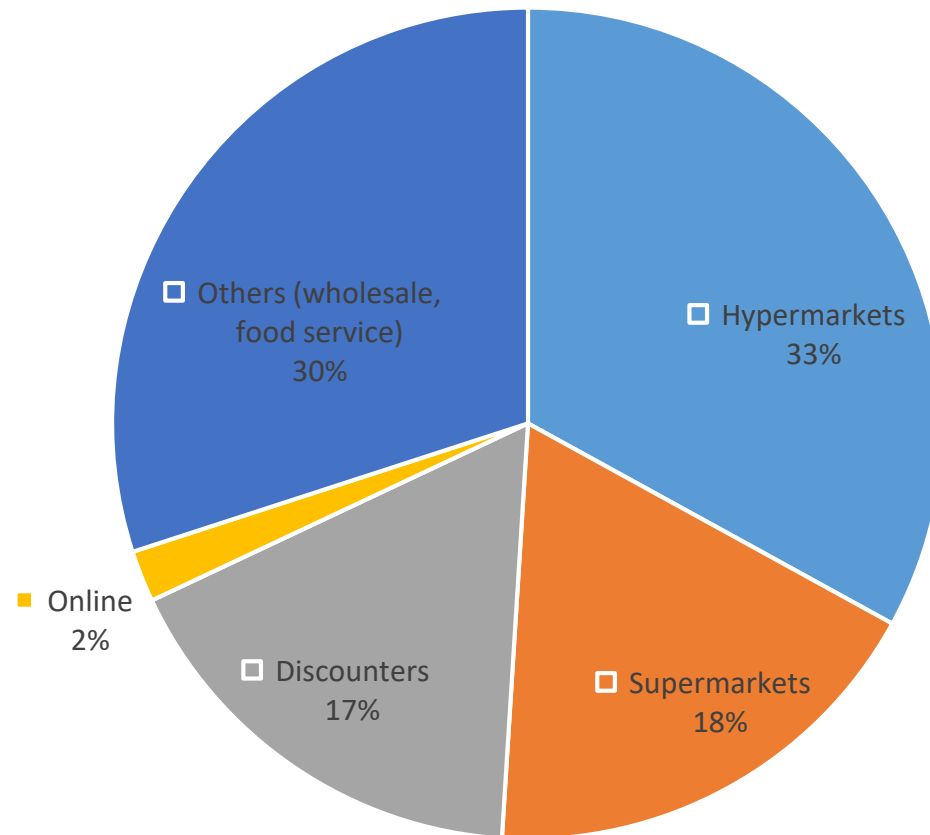
Sales of fresh fruits & vegetables in the EU



1) Panic buying – 2) don't worry plenty of supply –
3) price increase – 4) uncertain supply



Where are avocado sold in EU?



■ Hypermarkets ■ Supermarkets ■ Discounters ■ Online ■ Others (wholesale, food service)

Consequences of sales & distribution of fruits & vegetables in the EU

- Food service market
- Wholesale market
- Retail market

EU Fresh fruits & vegetable sales

Food service	-50%
Wholesale market	-30%
Import	-30%
Retail sales up	+ 40%

Wholesale markets – UK (12% sales of F&V)

- The Whoselale Market in New Covent Garden, London, has launched a new initiative inviting the general public to shop in the market as individuals, rather than keeping it as a wholesale option only.
- This initiative is a response to the fact that most vendors have seen their **sales plummet** due to the freefall in the hotel and catering sector; **80%** of their traditional market consists of hotels, restaurants, pubs, bars and events, all of which have closed their doors.
- In terms of imports, the UK's fresh produce import centres continue to be supplied. But, for this to continue, the **UK depends** to a large extent on **Spanish farmers, French lorry drivers and Dutch dockers** reporting for work. Goods continue to arrive from Italy even though the country is closed.

Wholesale markets - France

- Rungis, the world largest wholesale market, **sales dropped by 30%** for **fresh fruits & vegetables**, 60% for meat products and 20% for fish.
- With the closure of restaurants and markets, Rungis Market had to find a solution to sell its stocks. Set up a **home delivery platform** for fresh fruit and vegetables covering Paris and its inner suburbs.
- **Street open markets** (about 25 000 out of 100 000) in some French towns will be allowed to reopen this week on condition that a health protocol is strictly adhered to. This covers the layout of the market, food sales and distribution practices, and the distribution and display of safety guidelines and controls.

Food service (15% of sales of f&V in the EU)

- Restaurants, Cafés, Schools, Universities CLOSED
- Hospitals, prisons still OPEN
- In the UK alone, the closure of restaurants and cafés has further boosted the supermarket sector as consumers prepared and ate an extra 503 million meals at home.
- In total this market segment + wholesale market cover 25% of fresh produce consumption **and retail chains are not absorbing all of this volume.**

Retail sales soared

- According to Janusz Wojciechowski, European Commissioner for Agriculture and Rural Development, **demand for fruit and vegetables** in Europe **has increased sharply** in recent weeks. Spain, Italy and the Netherlands report a 40% increase, and Germany a 100% increase. **Demand for fresh fruits & vegetables remains high during the period of containment**
- Containment measures have resulted in a significant increase in demand in the food trade, particularly with home delivery services and drive through.
- In **France**, during the second week of March
 - **Food retail sales** + 38%
 - **Drive-through** + 61%
 - **E-commerce** + 90%.



Retailers



Retailers have also had to adapt stores with personal safety measures such as flexi-glass at cashiers and limiting shopper numbers in store.

In addition, risks for products to be successfully exported globally are increasing and importers are experiencing high uncertainty in terms of delivery and time required for documentation checks.

This increasing burden on the supply chain is set to have considerable ramifications for the long-term stability of the sector.

EU domestic fruits & veg buying

- The French retailers pledged that **100% of their fruits and veg** will be of **French origin**.
- Carrefour, a leading French supermarket, said that are already at 95% of this pledge. Leclerc and Carrefour (2 of the largest French retailers) will buy only French strawberries, asparagus etc



1. Price of fruits & veg increased by up to 70% (French supply vs imported supply)
2. Reduction of product range (less product in the same category, less exotics)
3. Decrease of imports (except for fruits & vegs not produced in France, during the French marketing season)

Increase consumption of fruits & vegetable, but which ones?

UP 

Bananas, oranges, [avocados](#), potatoes

DOWN 

Strawberries, Asparagus

What about [beans](#), [peas](#) imports?

Expect drop in sales during EU marketing season (July, August, September).

Sales will pick up when EU marketing season will be over or insufficient

At the business level – COVID Impact – Measures taken to mitigate

- EU controls
- Business failures ahead
- Delayed payment terms
- Certification extensions



Examples of practical measures put in place by an EU fruit exporter

- On-site doctor visits at pack house to ensure the health and safety of staff, customers and consumers.
- Creation of Crisis Management Team following the spread of the coronavirus outside of China, the introduction of EU lockdown measures.
- In addition to staff check-ups, workers are being kept a safe distance apart during work and breaks, while deep-cleaning of all areas of the packhouse has been stepped up and use of hand sanitizer and gloves has become mandatory. Access to the packhouse is strictly prohibited to unauthorised persons, and anyone showing any symptoms is instructed to self-isolate for 14 day

“Lighter” EU phytosanitary controls

- **Due to COVID-19 the EU decided on 31st of March, to impose « lighter » more flexible veterinary and phytosanitary controls for a duration of 2 months.**
- As a result, the official controls could be carried out by individuals others than the persons designated by the EU, when these EU controllers can not be physically present.
- Specifically designated labs could be use exceptionally when official certified lab are not available.
- For border controls, exceptionally, documentation submitted via electronic forms can be accepted.

Rising issues with payment delays

- “In this crisis , an issue that is of growing concern is that given the extremely volatile environment currently in the food supply chain, the likelihood of **delayed payments or non-payments and the drain on cash flow** will be much greater than could have ever been forecasted,”
- Some exporters are facing repeated requests from their buyers for **payment extensions** beyond the 30-day standard term of payment.
- EU countries are asking **governments & the EU**, to step in, with a payment guarantee mechanism for businesses (France set up a fund of €30 billion through bank loans) . Discussions are ongoing.

Business failures, ahead according to, Coface

They expect 68 countries to go into recession this year.

Business failures should be up 25% instead of 2% in a « normal year »,

Companies (all sectors) going under, should reach

USA (+39 %)

United Kingdom (+33 %)

Italy +18%

Spain +22 %

Germany +11 %

France: 58,000 companies expected to go under

EU importers with fragile financial background

- The leading French fresh produce importer & distributor **CANAVESE** has placed itself under the protection of the Commercial Court of Marseille, and opened judicial recovery procedure, in order to **continue trading**.
- Founded 45 years ago **€150m in revenues in 2019**, had two difficult years due to the too low prices of bananas, a product on which it has enormously bet by creating large plantations employing up to 2,500 people in the Ivory Coast.
- In an attempt to re-structure company finances, Canavese sold its banana business, which represented 25% of its turnover, as well as several ripening plants and large citrus plantations in Morocco, before the health crisis at the end of 2019.
- Before the crisis, revenue was up 38%. However, with the closure of schools, universities, corporate catering and commercial catering, **Canavese has lost 55% of its outlets**.
- "In very low margin trades like ours, the slightest incident is paid for in cash" the CEO stated. With the company **placed into receivership**, it should still be able to supply customers that are still operational, such as hospitals, retirement homes, military bases, brands of the large distribution and specialized retailers which still cover 55% of the activity.

- **EVER GROWING IMPORTANCE OF TAKING CREDIT INSURANCE,**
- **EVEN FOR EXPORTERS YOU ARE IN BUSINESS WITH REGULARLY.**



Trade Credit Insurance

- <http://www.ati-aca.org/>
- <https://www.coface.com/>



They typically insure you for:

80% of your debt against commercial risk (customer does not want to pay/can not pay)

90% of your debt against political risk (military coup, etc)

**EVER GROWING IMPORTANCE OF CREDIT INSURANCE,
EVEN FOR EXPORTERS YOU ARE IN BUSINESS WITH REGULARLY, NOT
JUST FOR NEW EXPORTERS**

Certification (extensions)

Are your certification still up to date and valid?

- Global Gap
- Organic
- Fairtrade
- BRC
- Etc...



Certification – GLOBAL GAP

- Adapted GLOBALG.A.P. Emergency Procedure for Certificate Extension
- The recently published procedure has now been modified and replaces the previously published (March 13, 2020) procedure to allow for a 6-month extension of GLOBALG.A.P. certificates.

GLOBALG.A.P. certificate validity may be extended beyond the 12 months, for a maximum period of 6 months. This can be done based on a risk assessment, which has to be recorded.

Further information needed

- https://www.globalgap.org/uk_en/media-events/news/corona-virus-updates/index.html

Certification - FAIRTRADE

- **Changes in audit procedures**
- Fairtrade's independent certifier, FLOCERT, has amended their audit procedures during this time. All physical audits have been paused **until 22 April 2020**, which includes existing certified producers as well as new applicants.
- Because physical audits are required for new producer certification, this means that **new certifications are paused**.
- For traders, FLOCERT has developed a **remote audit methodology**. All existing certified trader physical audits scheduled **through 30 June** will change to remote audits, while new trader applications can continue under FLOCERT's usual methodology.
- **From 23 March 2020 onwards, all physical audits will be amended as for the following customer groups:**
- **Certified Traders:** All physical audits scheduled **until 30 June 2020 will be converted into remote audits**.
- **Certified Producers:** All physical audits scheduled until 22 April 2020 will be **postponed**.
- **Applicant Traders:** Current methodology to provide the "[Permission to Trade](#) (PTT)" will continue.
- **Applicant Producers:** Since physical audits are postponed and these are a prerequisite for any Initial Producer [Certification](#), all Initial [Producer Certification](#) is consequently postponed.

Certification - **BRC**

- BRC GS has officially announced the emergency extension of certificates for 6 months, if an audit is not possible.
- They also remove the self-assessment and remote audit element of the certificate extension.
- Additional information can be found here:
- <https://www.brcgs.com/about/news/2020/brcgs-announces-revised-guidance-for-sites-affected-by-covid-19/>

Questions & Answers

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Instagram: #globalwomenfresh



Next webinars...

Date	Time	Topic	Facilitator	Meeting Zoom Link	ID	Password
Thursday April 9 th	5 pm (Kenya)	Update on the Global and particularly EU fresh Produce industry	Frederine Derlot, <i>ITC Fresh Fruits and Vegetables Expert</i> Julie Escobar, <i>Co-founder GWF</i> Monica Bratutti, <i>Co-founder GWF</i>	Click here	810 949 109	SheTrades
Tuesday April 14 th	5 pm (Kenya)	How to Think Strategically in Times of Adversity	Kate Dwoling , <i>Executive Business Coach</i>	Click here	810 949 109	SheTrades
Thursday April 16 th	5 pm (Kenya)	Supply Chain Challenges	Linda Carobbi, <i>Corporate Director for Savino del Bene</i>	Click here	810 949 109	SheTrades
Thursday April 23 rd	5 pm (Kenya)	Leadership and moments of Crisis	Laura Dellinger, <i>Wisebridge principal</i>	Click here	810 949 109	SheTrades
Thursday April 30 th	5 pm (Kenya)	Global Marketing in moments of Crisis	Natalie Shiman, <i>Director of Trade & Retail for Apeel Sciences</i>	Click here	810 949 109	SheTrades

THANK YOU!