Presentation of the Flemish fruit and vegetable sector

• Overview of the fresh fruit and vegetable sector
• Strategy in quality management
• Strategy in sales management
• Conclusions
Production mondiale: 1.200 million ton
1. Asie: 707 Mio ton
2. Eastern Europe: 143.4 Mio ton
3. South America: 127.1 Mio Ton
4. Europe (15): 115.6 Mio Ton
Europe (value, Eurostat)

<table>
<thead>
<tr>
<th>Country</th>
<th>FRUITS</th>
<th>LEGUMES</th>
</tr>
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<td>LU</td>
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Belgium

Flandre Vlaanderen: 43.612 Ha
Wallonie Wallonië: 11 Ha
Brabant Flamand: 11.894 Ha
Cornerstone: Producer organisations
Evolution of the members

- 2014

CONCENTRATION OF THE SUPPLY:
- number of PO’s going down, but PO’s getting bigger
- Total number of producers organised in PO’s: 3500
Turn over of the PO’s

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<th>2014</th>
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<th>2016</th>
<th>2017</th>
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<td>Vegetables</td>
<td>400000000</td>
<td>500000000</td>
<td>400000000</td>
<td>500000000</td>
</tr>
<tr>
<td>Total</td>
<td>700000000</td>
<td>700000000</td>
<td>700000000</td>
<td>700000000</td>
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</table>
Vegetables: volume 2017

- Cauliflower: 10,730,861 pcs
- Cucumbers: 166,112,062 pcs
- Lettuce: 74,253,850 pcs
- Bell pepper: 48,344,567 kg
- Leek: 56,397,812 kg
- Belgian Endive: 40,696,585 kg
- Tomatoes (L+V): 209,601,724 kg
- Courgette: 43,952,871 pcs
- Aubergines: 11,036,022 pcs
Fruit: volume

- Strawberries: 51,093,645 kg
  - Elsanta
  - ...
- Appels: 103,435,955 kg
  - Jonagold
  - ...
- Pears: 180,535,912 kg
  - Conference
  - ...
Orientation market

... is member of...

Orientation Producer

... is member of ...

p11
p21
p31
p41
p12
p22
...
...
...
p1n
p2n
pnn
Organisation

• 90% of producers are member of a producer organisation

• Advantages:
  • Concentration of the supply towards customers
  • Centralised quality management
  • Efficient logistics (packaging)
  • Centralised services towards producers
Tasks of PO’s

- Centralised Calibration (Peppers, Fruit)
- Conservation short and long term
- Procurement of packaging
- Packaging
- Quality control and inspection, grading
- Distribution
- Sales & Marketing
Quality management

• Main objective:
  • To deliver a sound, save and sustainable product to the customer

• By:
  • Imposing production guidelines to the producer
  • Control of the production guidelines (certification)
  • Guidelines for product quality
  • Grading and quality control
Product specifications

• Guidelines concerning the product:
  • Quality
  • Shape
  • Colour
  • Weight
  • Packaging
  • ....

Control by PO at entrance
Certification at PO level

ISO

HACCP

IFS

QS. Ihr Prüf system für Lebensmittel.

international food standard

food BRC certified
Sustainability

• One label for Fruit and Vegetables

• The sustainability label 'Responsibly Fresh' is a sign of recognition for all those concerned in the market for fruit and vegetables who seek to make progress in terms of prosperity, well-being and the environment.

• 'Responsibly Fresh':
  • 'Fresh' because we are working in the context of fresh fruit and vegetables.
  • 'Responsibly' means fruit from socially responsible companies and social involvement.
Sales

• Combination of
  • Day-by-day price via Auction Clock
    • Transparant
    • Product availability
    • Standardisation
  • Long term sales
    • Week
    • 2 – 3 weeks
    • Season
Sales: simultaneous auction clock
Summary

• Product is available

• Product is controlled:
  • Production conditions
  • Product specification

• Through PO’s:
  • Meeting demands of customer
  • Short logistic chain
  • Cold chain
  • Packaging
  • Efficient and transparent sales system
PO’s in an historical perspectif

- Fruit and vegetables were sold on the production site and local
- Lack of transparancy of the market. Producers were delivered to the randomness of the byers
- Need for an organised system. Development of first coöperatives at the end of the 19th century. Second wave after WO II
- Local producer organisations were getting bigger
- Wave of mergers ➔ larger PO’s
- Efficiency of the organisation
CMO 1996 EG 2200/1996: Producer Organisations

• PO’s are the cornerstone of the new CMO Fruit and Vegetables in 1996

• No longer subsidies for intervention of over-production
  • Concentration of the supply
  • Development of sales systems
  • Encouraging environmental practices
  • Reacting towards the market and be flexibel to market demands: flexible adaptation
Basic requirements of a PO

- Voluntary membership
- Efficient services to members
- Delivery obligation
- Democratic control
- Minimal size, minimal turn-over (40 producers with 5 mio € turn over in Flanders)
- Legal form: cooperative company with limited liability
Advantages of PO’s

• Concentration of the supply to give an answer towards concentration of demand

• Negotiation possibilities towards retail
  • Price
  • Volume
  • Quality / production guidelines
  • Packaging
  • Sustainability

• Services towards clients

• Optimizing costs for the producer
Where do interests of cooperatives and buyers coincide and where not?

<table>
<thead>
<tr>
<th>Producer perspective</th>
<th>Buyer perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>- bargaining / sales</td>
<td>- Bargaining / purchase</td>
</tr>
<tr>
<td>- reduction transaction cost</td>
<td>- reduction transaction cost</td>
</tr>
<tr>
<td>- information sharing</td>
<td>- information sharing</td>
</tr>
<tr>
<td>- quality management</td>
<td>- quality management</td>
</tr>
<tr>
<td>- co-innovation</td>
<td>- co-innovation</td>
</tr>
<tr>
<td>- logistic efficiency</td>
<td>- logistic efficiency</td>
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Customer is King
Advantages of PO

• Payment guarantee + short payment delay
• Realise market access
• Opening new markets
• Cost reduction for the producer

Advantages of being recognised PO

• Between producers the possibility to discuss about prices, volumes and common services
• Within the PO fixation of identical prices
• In certain conditions: “extension des règles”
<table>
<thead>
<tr>
<th>Goals</th>
<th>Result</th>
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<tbody>
<tr>
<td>Concentration of supply and stabilizing producer prices</td>
<td>Concentration very high (90%), PO respected for defending interests of producers</td>
</tr>
<tr>
<td>Quality improvement</td>
<td>High level quality, food safety and traceability schemes introduced</td>
</tr>
<tr>
<td>Planning production</td>
<td>PO gives guidance and information to growers concerning volumes and varieties</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>Extensively used, logistical services well developed (storage, grading, packaging) + research</td>
</tr>
<tr>
<td>Promote marketing/sales</td>
<td>Extensively used in Flanders</td>
</tr>
<tr>
<td>Environmentally sound techniques</td>
<td>Integrated, organic production and IPM got a boost. Use of “green” energy</td>
</tr>
<tr>
<td>Reduction production costs</td>
<td>Advantage of scale is present</td>
</tr>
<tr>
<td>Crisis management</td>
<td>Still important</td>
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<tr>
<td></td>
<td>Increased use of hail insurance</td>
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Thank you for your attention