CBI Buyer Requirements:



Introduction

The European market has strict demands regarding food safety and quality. The most important being the legislation regarding residue limits of pesticides. Other important issues are hygiene and contaminants. In addition, sustainability has become an increasingly important condition for market access. Mainstream certifications (e.g. Rainforest Alliance and UTZ Certified) are commonly required in the mass-market segment. Fairtrade certification also becomes increasingly adopted in the mass-market segment. In the higher quality and specialty segment, Fairtrade and organic certification prevail.

What legal requirements must my product comply with?

The most important demand of European buyers is that the tea complies with the strict food-safety legislation of the European Union. In this regard, issues concerning pesticides and contamination receive by far the most attention.

'My number one question to potential new suppliers is: "Does the tea meet European MRL levels?"' – European tea trader

Food safety: Traceability, hygiene and control

Food safety and food control are key issues in European food legislation. The <u>General Food Law</u> is the legislative framework regulation for food safety in the European Union. To guarantee food safety, it must be traceable throughout the supply chain, and risks of contamination must be limited. Implementing a quality management system can be an important tool in controlling food safety hazards.

The European Union exercises official checks on tea to guarantee compliance with the European food safety standards. The most common issue is compliance with maximum residue levels (MRLs), especially regarding tea from China. Non-compliance cases are registered in the <u>RASSF database</u>. In the event of (repeated) non-compliance, tea from non-complying countries is registered and included in a <u>list</u> for increased levels of official checks.

Tips:

- Read more about the General Food Law and health control in the European Union's Export Helpdesk.
- European buyers often ask their suppliers (particularly if they are new) for test reports to back up their claims that their products are 'meet European maximum residue level (MRL) standards'. If no such test reports are available, buyers are likely to interpret this as a clear sign that the product probably does not comply with legislation of the European Union.
- To ensure you are able to supply safe products, make sure you can always trace your tea back to your farmers and/or plantation sections.
- To avoid food safety issues, work according to hazard analysis and critical control points (HACCP) principles, and pay special attention to:
 - Employee hygiene
 - Hand washing
 - Proper use and storage of clothing
 - Regulated traffic flow throughout the farm and/or factory
 - In case of specific questions, contact the European Food Safety Authority or your buyer.
- Read more about <u>HACCP guidance notes</u> of the European Tea Committee.
- Check if there are any increased levels of controls for your product by checking <u>the most recent list of non-</u> <u>complying countries</u> or the <u>RASSF database</u>.

Maximum Residue Levels (MRLs) of pesticides in food

The use of pesticides is permitted in tea cultivation, but it should be strictly controlled. Pesticide residues are an important issue in the tea trade, particularly for tea from Asian countries (e.g. China, Vietnam, India, Indonesia, Sri Lanka). The European Union sets maximum levels on the amount of pesticides allowed on imported foods including tea. However, individual buyers in Germany for example, may have stricter requirements on MRLs than the official limits as part of their private standard (such as 30% of the level of the European Union). In addition, thresholds have become more rigorous as accredited laboratories are increasingly able to detect lower residue levels on dried tea leaves. The residues that are most

commonly found in tea are dicofol, ethion, quinalphos, hexaconazole, fenpropathrin, fenvalerate and propargite. Residues vary by country of origin, however, and are constantly changing.

In recent years, issues have emerged with regard to the maximum level of anthraquinone, which is set at 0.02mg/kg for food, including tea leaves. In many cases, anthraquinone has not even been used as a pesticide on tea plants. The tea becomes contaminated during drying or packaging, or by smoke caused by tea drying. The European industry is continuing its research to find out the root cause for anthraquinone contamination. If anthraquinone contamination is not the result of pesticide contamination, it might fall under the contaminant regulation in the future.

Note that there is a lot of discussion about the implications of the regulations on both the tea producers and traders. Limits in the European Union are sometimes considered to be unrealistic or unnecessary strict and advocacy groups try to lobby for more workable and globally recognised MRLs.

Tips:

- Be very keen on your MRLs as the European Union has very strict requirements! Discuss at length with your buyer what levels are acceptable. Even if you comply with European legislation, it could well be that your tea is rejected, based on stricter requirements set by the private standards of your buyer. Be prepared to submit your tea to lab analyses before approval of the buyers for shipment.
- Use the <u>European Union MRL database</u> to find the MRLs that are relevant for tea. Select your product or the pesticide you use and the database will show the list of the MRLs associated with it and the minimum requirements concerning MRLs in your product.
- Read the <u>compendium</u> of guidelines for tea as a reference for knowledge and standards on tea.
- A good way to reduce the amount of pesticides, is to apply integrated pest management (<u>IPM</u>), which is an agricultural pest control strategy that combines different management strategies and practices to grow healthy crops and minimise the use of pesticides.
- Stay up-to-date with ongoing international discussions and possibly contribute to these discussions yourself (for example, via your national tea board).
- Read more about <u>MRLs</u> in the EU Export Helpdesk.
- Note that the substances that receive special attention often vary. While there has been a special focus on anthraquinone in the past two years, other substances are likely to be 'in the spotlight' in the near future.
- A stronger signal from producing countries is needed in order to change the current way of testing pesticide
 residues in tea. Current regulations are based on dried tea leaves, even though tea is consumed as an infusion.
 The primary food-safety concern should be the amount of agrochemicals in the infusion that are consumed
 through tea drinking. The FAO Intergovernmental Group (IGG) on Tea is a working group for_intergovernmental
 consultation and exchange on trends in production, consumption, trade and prices for tea. The members also
 perform considerable testing on brewed tea. As a producing country, you can send test results from your brewed
 tea to this forum, thereby creating a lobby for testing brewed tea instead of dry tea leaves.

Contaminants in food

The European Union has set maximum levels for certain contaminants. Besides pesticide residues, monitoring may take place for:

- **Foreign matter**: contamination by foreign matter such as plastic and insects is a threat when food safety procedures are not carefully followed.
- **Mycotoxin contamination:** Although mycotoxins are generally not a major problem in tea production, the situation may be different for some herbal teas.
- Microbiological: although tea is a low-risk commodity, contamination with salmonella can be a serious threat. The current <u>European legislation</u> has no microbiological criteria for tea. Food safety authorities can, however, withdraw imported food products from the market or prevent them from entering the European Union when salmonella is found to be present.

Tips:

- Microbiological contamination can often be traced to incorrect harvesting and drying techniques and/or to crosscontamination in the factory, due to inadequate separation between clean and unclean zones.
- Read more about <u>contaminants</u> in the European Union's Export Helpdesk.

Consumer labelling

Pre-packed tea sold to consumers must adhere to strict <u>requirements</u> from the European Union concerning labelling, presentation and advertising of foodstuffs. It prescribes all of the information that must be mentioned on consumer packaging, including the list of ingredients, net quantity and the possible presence of allergens.

Although tea itself normally does not contain allergens, this may change if you sell mixes of (for example) herbal tea.

Tips:

- When providing pre-packed products, good professional packaging is a must. Therefore work closely together with your European buyers to make sure it complies with their needs.
- Always inform your buyer when your products contain allergens, even when you are not taking care of final packing.
- Read more about labelling of consumer food products in the European Union's Export Helpdesk.

Extraction solvents

These can be used for decaffeination of tea. There are maximum residue limits restrictions for the extraction solvents such as methyl acetate (20 mg/kg) and dichloromethane (5 mg/kg).

What additional buyer requirements do buyers often have?

Next to the legally binding requirements, you should also consider complying with the following non-legal requirements which may be requested by European buyers.

Widespread sustainability certification for tea

Corporate social responsibility (CSR) and sustainability have become a major focus of the European food industry. Tea suppliers should therefore follow this trend closely, as it is increasing the demand for sustainability certification.

Relevant consumer labels on the European tea market include Rainforest Alliance, UTZ Certified, organic and Fairtrade. The mainstream market shares for Rainforest Alliance, and to a lesser extent UTZ, are experiencing a particularly strong increase. Note that, although mainstream sustainability certification is considered almost a 'must' for exporters to Europe, you will not necessarily receive a premium price for such certification. Such certification may nevertheless offer several positive financial effects, including the possibility of offering a competitive advantage to farmers and exporters (for providing related services), along with improved income due to increased efficiency and insight into their positions along the supply chain.

Tips:

- Check local governmental programmes, agricultural institutes or universities in your country to gain a good
 overview of the opportunities, training modules and support in the field of certification in your region. Also check
 sustainability standards such as <u>Rainforest Alliance</u>, <u>Fairtrade</u>, <u>UTZ Certified</u> and <u>Ethical Tea Partnership</u> or multistakeholder initiatives like the <u>Dutch Sustainable Trade Initiative (IDH)</u> for their projects. In addition, see the <u>ITC
 Standard's Map</u>, with the latest information on standards and the possibility to compare various standards with
 one another.
- Talk to your buyer to find out what the preferred label(s) is (are). This may differ per country and/or retailer. For example, Rainforest Alliance is leading in the United Kingdom and preferred by major companies like Unilever, whereas UTZ Certified is the preferred label of the Dutch tea packer Jacobs Douwe Egberts and the Dutch retailer Ahold.
- The supply of certain labels (or combinations of labels) could become problematic. For example, only a few gardens hold double certification as Organic-Fairtrade. In case of harvest failure, there will be no supply. As an exporter, explore options for investing in the conversion of more tea gardens to specific labels. Consult with buyers about their preferred labels.
- Be sure that the price increase remains with you (and the farmers), and that it is not used to the benefit of your buyer, who may continue to pay the same low price.

The <u>Ethical Tea Partnership</u> (ETP) is a not for profit membership organisation that works to improve tea sustainability, the lives of tea workers, and the environment in which tea is produced. <u>Members</u> range from large international tea packer brands to small independent labels.

Tip:

• ETP provides support to producers with certification, monitoring, training and issues such as climate change. See: <u>benefits of ETP</u>.

Food safety management and traceability

Due to the growing attention for food safety, large retailers and other buyers, such as importers and processors in Europe, more often request food safety management systems (FSMS). The most important food safety management systems in the European Union are <u>BRC</u>, <u>IFS</u>, ISO22000 (<u>FSSC22000</u>) and <u>SOF</u>, which are mainly relevant for packers of consumer teas (not so much for farmers or traders).

All mentioned management systems are recognised by the <u>Global Food Safety Initiative</u> (GFSI), which means that any of them should be accepted by the major retailers. However, in practice some buyers still have preferences for one specific management system. So before considering certification against one of these standards, it is advised to check which one is preferred (e.g. British retailers often require BRC, whereas IFS is more commonly required on the European mainland).

Note that, even if a buyer has no strict requirement for a food-safety management system, the fact that you have implemented one demonstrates that you take food safety seriously. Furthermore, a food-safety management system may make it easier for you to ensure that your products meet the most important demand of your buyer: compliance with European food-safety legislation.

Tips:

- European market entry preparation may include implementing a food safety management system, and it is therefore important to familiarise yourself with them.
- When you plan to target one or more markets, check which specific food safety management systems are most commonly requested. In any case choose for a management system that is GFSI approved.
- Please be aware that food safety requirements can differ and ways of compliance can differ significantly per country or region in Europe. Generally, requirements are most strict in north-western Europe. However always ask your buyers what their requirements are.
- Read more on the different Food Safety Management Systems at the <u>Standards Map</u>.

What are the requirements for niche markets?

In addition to the legal and non-legal requirements regarding food safety and sustainability, complying with the following niche requirements could offer you a competitive advantage and make it easier to find buyers in specific market segments (e.g. the market for specialty teas).

Sustainable product certification: Fairtrade and Organic certification

Where setting requirements regarding sustainability has become common practice in the European market for mainstream tea, there is a niche market for organically produced tea and tea produced according to fair trade principles. In general, prices for Fairtrade certified and organic tea are higher.

Organic

Organic tea is produced using natural techniques (such as crop rotation, biological crop protection, green manuring and, composting) instead of using chemical sprays and fertilisers. The main reasons that buyers have for purchasing organic tea is that it is considered healthier than conventional products, as it contains fewer residues and reduces the environmental impact of tea production.

To market tea as organic in Europe, tea must be grown using organic production methods as laid down in <u>legislation</u> drafted by the European Union. The growing and processing sites must be audited by an accredited certifier, as well as all players in the supply chain including the growers, traders and/or processors, this to ensure a chain of custody.

After certification, you are allowed to put the European Union organic logo on your products, as well as the logo of the standard holder (e.g. <u>Soil Association</u> and <u>Organic Farmers and Growers</u> in the United Kingdom and <u>BCS Öko-Garantie</u> or <u>Naturland</u> in Germany).

Tips:

- Note that certification (including organic certification) does not guarantee compliance with European legislation
 with regards to pesticide residues, heavy metals and/or contaminants. Be sure to submit your certified tea for the
 necessary laboratory tests as well.
- Before changing to organic production, make a good analysis of costs and the expected return on investments. Implementing organic production and becoming certified can be expensive, especially for small holders. On the other hand it can increase yields and improve quality.

Having your tea <u>Fairtrade</u> certified according to the Standard of the Fairtrade Labelling Organisation (<u>FLO Standard</u>) is a way to show that your business is in line with sound social conditions. After certification by an independent third party, you are allowed to put the Fairtrade logo on your product. In general, prices paid for Fairtrade certified products are higher and consist of a minimum price plus a premium.

Tips:

- Be aware that <u>Fairtrade</u> has different standards: one for <u>tea grown by small producer organisations</u> and one for <u>tea produced on plantations</u>.
- Several organic certifiers have developed their own fair trade standards. Examples include the 'organic and fair' schemes of <u>IMO</u> and <u>Ecocert</u>. These schemes allow exporters to play a larger role than they can in the Fairtrade scheme, in which they are seen merely as service providers. In the organic and fair schemes, the exporter can lead the process, work together with growers and become a certificate holder.
- In some cases, it could be useful to consider double or triple certification (e.g. Fairtrade and organic, combined with UTZ or Rainforest Alliance), as it could enable you to serve a larger market. Be aware that this may increase your certification costs. Combined auditing is one solution: UTZ and Fairtrade launched a <u>collaboration to combine audits last year</u>.
- Consult the <u>Standards Map database</u> for more information on Fairtrade.

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