Abstract

Fruit and vegetables (F&V) sector is key sector in EU agriculture. It is of strategic importance representing 17% of the total value of agriculture production. Marketing standards are one of the basis of F&V common market organisation. This paper aims to explore the role of marketing standards of F&V, the importance of their introduction in Common Agriculture Policy (CAP) and to identify their level of implementation within the Croatian F&V sector. The research is based on ex post summative evaluation through key informant interviews. The results indicate that the major importance of marketing standards introduction in CAP is their harmonization followed by protection of EU market. According to the results of the research level of implementation of marketing standards for F&V in Croatia is not entirely satisfactory.

Key words: agricultural policy, Croatia, fruit and vegetables, marketing standards

Introduction

Fruit and vegetables sector has two main characteristics making the sector specific within the Common Agricultural Policy (CAP): perishable nature of products and vulnerability to weather changes. The sector has high geographical concentration because Italy and Spain account for 40% vegetable production and more than 50% of fruit production (Dell’Aquila and Petriccione, 2012).

Marketing standards as one of the basis of the fruit and vegetables sector have been introduced in 1980s on the request of retailers in order to reduce packaging and transport costs. It was not for the first time to have marketing standards in fruit and vegetables sector in force. United Nations Economic Commission for Europe (UNECE) has adopted in 1958 the Geneva Protocol on Standardization of Fresh Fruit and Vegetables and Dry and Dried Fruit. The later framework for the UNECE commercial quality standards was based on the Geneva Protocol. European Commission introduced numbers of regulations regarding marketing standards for fruit and vegetables in the period from 1996 till 2004. There were all together 34 regulations regulating 36 specific standards for fruit and vegetables. Marketing standards for fruit and vegetables have been known as a symbol of overregulation in the CAP. They have shown all absurdity of the rules in agricultural policy. Due to many factors one of them being simplification of the legislation, European Commission reformed all CMOs in Single Market Organisation (Regulation 1234/2007). Fruit and vegetables sector became part of the single market organisation in 2008. As a result of reforms, European Commission repealed 26 of 36 specific marketing standards (Commission Regulation 1221/2008) and 36 specific marketing standards defined in 34 different regulations were replaced with one regulation containing 11 standards. Finally, European Commission in 2011 adopted Commission Implementing Regulation No 543 laying down detailed rules for the application of the Single Market Organisation
Agricultural economics and rural sociology (Regulation 1234) in respect of the fruit and vegetables and processed fruit and vegetables sector. This regulation contains all provision regarding fruit and vegetables sector including marketing standards. The objectives of the research are: to identify the role of marketing standards of fruit and vegetables, the importance of their introduction in CAP and to investigate whether or not marketing standards are implemented within the Croatian fruit and vegetables sector and to what extent.

Material and methods

In order to achieve the objectives of the research ex post summative evaluation is used. According to the European Commission “evaluation is judgment of interventions according to their results, impacts and needs they aim to satisfy” (SEC, 2000). The evaluation is generally used to compare outcomes with goals that were set earlier (Miller, 2000) and summative evaluation serves the purpose of demonstration and documentation (Beswick, 1990). Ex post evaluation is summarized and results-oriented (Stockman, 2002). Ex post summative evaluation or impact evaluation is carried out when the policy has been in place for some time (OECD, 2009). Evaluation design consists of qualitative and quantitative analysis. Data were collected through key informant interviews. Population size (N=946) includes all vegetables producers in Croatia members of Croatian Association of Vegetables Producers (ZUHP). ZUHP represents 32% of all vegetables producers in Croatia. There are 11 County Association of Vegetables Producers in Croatia members of ZUHP. The stratified random sample (n=22) was made from vegetables producers from each county where County Association of Vegetables Producers is established in a way that two biggest producers (according to the quantity produced) have been chosen from each county. Sampling frame was register of representatives established in ZUHP.

Results and discussions

CAP as one of the oldest policies of the European Union has undergone several reforms but primary objectives have not been changed. CAP can be described through three policy dimensions. At the beginning of the CAP policy dimensions were producer prices, producers’ income and rural development. Nowadays policy dimensions have changed into market measures, direct payments and rural development. Marketing standards as one of the primarily marketing measures are of great importance for fruit and vegetables sector giving uniformity for fruits and vegetables on the market. Marketing standards are one type of compulsory public presentation standards (Chever et al., 2010). All presentation standards, according to the same authors, could be summarized in four general groups as presented in graph 1.

![Graph 1. Presentation standards](image-url)
After repealing marketing standards in 2008 only a small share of production was affected with this simplification because marketing standards remained for ten products that accounted for 75% of intra-Community trade (Milzow, 2009). Fruit and vegetables not covered by specific marketing standards have to be of “sound, fair and marketable quality and the country of origin must be indicated” as required by general marketing standard (EU 543, 2011).

Graph 2. Key elements of Commission implementing Regulation (EU) 543/2011 on terms of marketing standards.

European specific marketing standards must be in line with the relevant UNECE standards. Fruit and vegetables intended for industrial processing, animal feed or other non-food use are excluded from marketing standards and they must not be sold on the market for fresh products.

Graph 3. Scope of specific marketing standards
Although it is clear that bringing all the standards (marketing and food safety) for fruit and vegetables under the same legal framework would increase clarity and transparency (Čačić et al., 2009) it is questionable if presented legislative framework really means simplification or is just result of compromise between the most important MS. Croatia as a member state has to apply all regulations regarding marketing standards in the same way as the EU does. It means that only control is responsibility of the institutions. The research has shown that 90.9% of interviewees are familiar with marketing standards defining them as a set of rules regarding mainly visual appearance. The result doesn’t surprise because Croatian Association of Vegetables Producers in cooperation with prominent EU experts organized a number of workshops through Croatia educating members about the EU marketing standards. Workshops took place prior to the EU accession.

According to the results of research main advantages of marketing standards are: better sale of products because the products that do not confirm to the marketing standards have to be removed from the market (27.3%) and better quality of the products (22.7%) followed by protection of producers and consumer protection (18.2%). This is consistent with Chever et al. (2010) indicating that marketing standards allow to adjust production practice in order to obtain the required result (share of extra class, class I) and specifying how some countries in EU limit the price decrease during overproduction periods limiting the access to the market for lower quality products. As main disadvantage of marketing standards interviewees identified bad implementation in practice and no control.

Graph 4. Disadvantages of marketing standards

31.8% of interviewees are convinced that a major objective of marketing standards introduction in EU was harmonization of standards (introduction of uniform standards) and protection of EU market (27.3%). Interviewees rated on the five-point Likert scale legislation in Croatia concerning marketing standards as well harmonised (50%) but level of implementation of marketing standards for fruit and vegetables is not entirely satisfactory (59.1%).

According to the results of the research the most important role of the marketing standards is consumer (86.4%) and market protection (72.7%). Although they improve the marketing of products (50%), marketing standards for fruit and vegetables are considered to be agricultural policy measures (40.9%) that represent additional non-trade barriers (50%).
Conclusions

Fruit and vegetables sector has specific place within food sector because the products are sold unprocessed and they are perishable. On the other hand consumers are demanding convenience in food purchasing and are increasingly interested in food safety and quality standards. The research has shown that marketing standards are agricultural policy measure intended for protection of market and consumer protection. Marketing standards are also recognised as non-trade barriers although they can improve marketing of fruit and vegetables. In spite of fact that Croatia is from July 2013 member state, marketing standards in Croatia are not implemented as it could be expected. There is no sufficient control of marketing standards. It could be concluded that Croatian fruit and vegetables market as well as consumers are not protected to an appropriate extend.

References

Commission Regulation No 1221/2008
Council Regulation No 1234/2007
Commission Implementing Regulation No 543