

FOCUS OF THE WEEK

EU AND CHINA TOGETHER?

The EU and China have called for an early and successful conclusion to the Doha Round of World trade talks, and pledged their commitment to closer cooperation to keep trade and investment flowing in the economic downturn. EU Trade Commissioner Catherine Ashton and Chinese Vice-Premier Wang Qishan - following the second meeting of the EU-China High Level Trade and Economic Dialogue, between the European Commission and the Chinese government - reiterated the adherence of both the EU and China to the conclusions of the G20 summit in London, particularly highlighting the message that economic openness is vital to recover from the financial and economic crisis.

Commissioner Ashton said: "Trade and investment will lead us out of the current crisis. The EU and China therefore stand together today in calling for the swift conclusion of the Doha Round, which will help us trade our way out of recession." Commissioner Ashton highlighted the fact that there had been good discussions on trade and technology including intellectual property rights, customs cooperation and trade in food. The two sides also had good exchanges on climate change and energy issues, including the low carbon economy, energy efficiency and energy performance standards.

Will this approach between EU and China be a problem for US strategies within WTO talks?



FOOD SAFETY & ENVIRONMENT

SAINSBURY'S GOES GREEN

The UK retailer has fuelled its fleet of delivery lorries with a combination of diesel and bio-methane substance produced from land-fill bio-bags: the "[Genesis Dual Fuel](#)" solution by Clean Air Power, a UK technology developer. So, Sainsbury's is the first supermarket in Great Britain that delivers food products using new technologies that help to reduce carbon emissions while recycling organic waste.

According to John Pettit, Chief Executive of Clean Air Power, the "Genesis Dual-Fuel" system for heavy trucks running on diesel and bio-methane from landfill biogas could save up to 60 metric-tons of CO₂ per year, compared to its diesel counterpart.

So, if all the UK heavy duty vehicles were converted to run on bio-methane, there could be a total CO₂ saving of up to 8 million metric-tons per year, that is equivalent to a 4% reduction on the UK's total CO₂ emissions.

Sainsbury's called for a government commitment to support the use of bio-methane as a fuel of choice.



NEWS IN FIGURES

- ✓ **5,609 food outbreaks** were reported in 2007 in the EU according to the European Food Safety Authority and the European Centre for Disease Prevention and Control data. These outbreaks, in slight decrease from 2006, affected almost 40,000 people and caused 19 deaths. *Salmonella* continued to be the most frequent cause of food-borne outbreaks accounting for four out of every ten reported outbreaks: 2,201 outbreaks, 8,922 people affected and 10 deaths.
- ✓ **17 states** in the US were audited among the target of 39 states for which Food and Drug Administration is paid to monitor at least 7% of food safety inspections, according to USA Today report.
- ✓ **+5.9% comparable store sales** (without fuel sales) of Walmart in the US in April 2009 vs. April 2008 exceeding its own projection and analysts' 2.9% average estimate. +3.6% store sales for 13 weeks ended 05/02/2009 vs. 05/02/2008. The data for Walmart and Sam's Club combined sales are +5% for April and +3.7% for the first 13 weeks of 2009.
- ✓ **100 new and re-modeled Target discount** format stores will include the chain's new store-within-a-store grocery and fresh foods mini-markets. Target already has opened a few of the mini-grocery and fresh foods store-within-a-store markets inside Target discount stores in the Midwestern US. The fresh produce is all shrink-wrapped or pre-packaged. The in-store mini-markets offer full-service checkout. The mini-markets are estimated to carry about 2,500 skus. The mini-grocery stores inside the Target discount stores, use the tagline "Eat Well. Pay Less."

RETAIL, DISTRIBUTION & FOODSERVICE

CARREFOUR "TAILOR MADE" ITS HYPERMARKETS

The French retailer announced a complete renovation of its hypermarkets in France. The first of the new "tailor made" hypermarket concept is visible in Paris Auteuil. This store eliminated 40% of its non-food offer, while stocking a larger range of food items. The hypermarket, which is located in an affluent area, eliminated the automotive, household appliances and DIY (Do-It-Yourself) product categories, making way for fruit and vegetables (featuring a dozen exotic tomato varieties), regional French foods, a large selection of organic products and wine with bottles from €2 (US\$2.60) to €1,200 (US\$1,563).

In the hypermarket of Auteuil, customers can even find a place dedicated to hyper-upscale delicatessen products run by Fauchon, one of the most famous luxury food shops in the World.

To define its new assortment, Carrefour conducted an analysis of 6 months of data from 20,000 loyalty card holders who shop at the Carrefour hypermarket.

To boost sales in its hypermarkets, Carrefour will tailor its stores by the purchasing power of its customers, sales area and catchment area (city or urban location) in order to offer product ranges, assortments and merchandising adapted to each store.

The program will be extended to Carrefour's entire 220 French hypermarkets by the next three years.

ARE WE SURE DISCOUNTERS ARE THE CHEAPEST?

An analysis released by the independent research body ESA found that the four mainstream supermarkets in the UK are now cheaper than premium discounters.

The results were taken from a list of 49 staple items including bread, milk, cheese, sausages and beer.

A trolley of the same goods was bought at each of the competing stores and the results are:

- ✓ Aldi: £31.45 (US\$48.12);
- ✓ Lidl: £27.60 (US\$42.23);
- ✓ Netto: £26.39 (US\$40.38);
- ✓ Morrisons: £25.37 (US\$38.82);
- ✓ Tesco: £23.32 (US\$35.68);
- ✓ Sainsbury's: £21.98 (US\$33.63);
- ✓ Asda: £19.44 (US\$25.15).

TESCO REVAMPS THE CLUB CARD PROGRAM

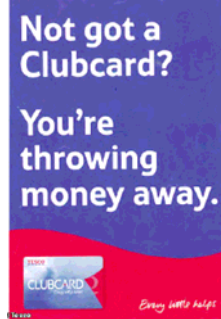
..... with an investment of £150 million (US\$229.5 million). The aim is to attract at least 1 million more customers to Britain's biggest loyalty program. With this move, Tesco Clubcard holders double the value of their vouchers against a wide range of popular products in Tesco stores and online.

The news comes as 15 million customers - and 1 in 2 UK households - receive their latest Clubcard statement.

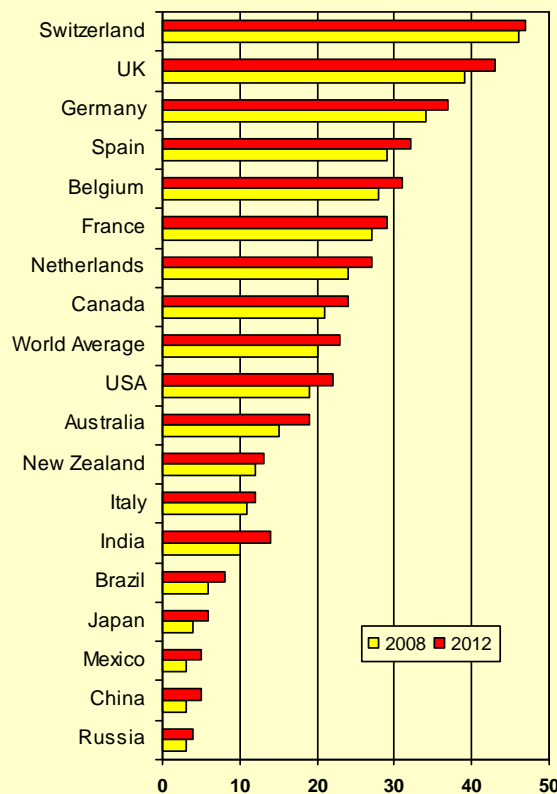
In May alone Tesco will give back £105 million (US\$ 160.7 million) to customers.

Clubcard 'double-up' was launched with a TV advertising campaign.

Tesco Clubcard was launched in February 1995. This is the most loyal customer of any supermarket around the World.



PRIVATE LABELS: SHARE OF MARKET BY VALUE (2008 and 2012* in %)



Sources: Planet Retail and AC Nielsen - *Forecast

FACTORS DRIVING PRIVATE LABEL GROWTH

Highly developed market
Highly concentrated market
High density of outlets
Presence of international retailers
Fierce price competition
Discounter expansion
Economic crisis

Source: Planet Retail

WISE WORDS: “Food and agricultural trade policy does not operate in a vacuum. In other words, no matter how sophisticated our trade policies may be, if domestic policies do not themselves incentivize agriculture, and internalize negative social and environmental externalities, then we will always have a problem. Yet, despite this trade reality, in the World Trade Organization (WTO), countries continue to disagree on whether agriculture is like shirts, shoes or tires, and should fall under the same trade regime. Hence, the specificity of agriculture in the WTO rule-book. It made its entry into that rule-book about 50 years after industrial goods, and managed to step-in on a different footing. For example, export subsidies, which are completely prohibited for industrial goods, are yet to be phased-out through the Doha Round in the area of agriculture! Moreover, whereas harmful subsidies for industrial goods are actionable in the WTO, many harmful agricultural subsidies found shelter in [Amber and Blue Boxes](#), and a [Peace Clause](#). Whereas the world's trade-weighted average industrial goods tariff is about 8%, in agriculture it is 25%. Not to mention tariff peaks, which in agriculture still rise up to 1,000 per cent.”

Pascal Lamy, WTO Director-General

INDUSTRY & GOVERNMENT

EU: 85% OF FOOD PRODUCTS CONTAIN NUTRITION INFORMATION

The EU project FLABEL (Food Labelling to Advance Better Education for Life) announced its first research results. An audit of the penetration of nutrition information recorded data from more than 35,000 products from 5 food and beverage product categories in retailers across the EU-27 Member States and Turkey.

On average 85% of the products audited contained nutrition information on the back of pack, ranging from 70% for Cyprus and Slovenia to more than 95% for Ireland, UK and The Netherlands. Front-of-pack nutrition information was found on average on 48% of all products, reaching as high as 82% in the UK.

By far the most wide-spread format across all countries was the tabular or linear listing of nutrient composition on the back of packs, stating either the big 4 (calories, protein, carbohydrates, fat) or the big 8 (big 4 plus sugar, saturated fat, fibre, and sodium).

Overall, breakfast cereals was the category with the highest penetration of nutrition information, displaying nutrition information back of pack on 94% of products and front of pack on 70% of products.

Guideline Daily Amounts (GDA) was on average on 25% of products, ranging from 2% in Turkey to 63% in the UK. Nutrition claims and GDAs were the most prevalent forms of nutrition information on the front-of-pack.



CONSUMERS

ADVICE LABELS TO BEAT CREDIT CRUNCH

The UK based retailer Morrisons, will start putting storage advice labels on produce this week, after conducting research which showed families waste up to £600 (US\$918) of food a year. According to the analysis, the average UK family currently throws out a third of all the food it buys in a year. The reason of this huge loss is that consumers do not know how to store perishable foods (fruit and vegetables above all) properly.

The labels will contain advice that will help to store in the best way possible fresh produce. Examples of the advices are:

- ✓ Store potatoes in the dark;
- ✓ Keep soft fruit out of the fridge as the cold makes them break down;
- ✓ Apples stay fresh two weeks longer if kept cool in the fridge;
- ✓ Keep bananas in a separate hook as they ripen other fruit;
- ✓ Tomatoes keep better at room temperature.

Moreover, considering that many consumers also leave their fridge temperatures too high, the advice on specific product are coupled with the statement “Reduce fridge temperature to 4°C (39.2°F) which is the optimum settings. The average fridge temperature in UK is 6°C (42.8°F).

According to Morrisons, if any consumer eats more of what he/she buys, this will be good both for the pocket of UK consumers and the planet.



PRODUCTS & TRADE

ECONOMIC CRISIS? PAY ATTENTION TO “LOOKALIKE” PRODUCTS

According to a study released by the [British Brands Group](#) (BBG), top brands will come under serious pressure as prices become one of the major driving factors for customer selection: shoppers may be being duped by cheap copycat versions of popular brands. The BBG study is currently the largest one undertaken on this subject in terms of the number of products investigated.

One in three customers admitted in the report that they had accidentally bought the wrong product because its packaging was similar to that of a well-known brand, while some 65% of shoppers said similar packaging can be confusing or misleading, according to the survey.

So, the British Brands Group accused retailers cashing in on the success of the big brands, and called for legal action.

The abstract of the study is available [here](#), and the full report is available [here](#).

HOW TO INCREASE THE FRESH PRODUCE SHELF-LIFE

This is the goal of the Purvege project developed by a Swiss-French cooperation: demonstrate the feasibility of a new physico-chemical process involving the combined use of UV radiation and ozone.

Key step in the process is the exposure of the cleaning water to UV radiation followed by the application of ozone.

The concentration of ozone appeared as a key parameter in the process since it had to be monitored at several measuring points in the laboratory prototype.

The Purvege decontamination prototype was successfully tested with several vegetables. In particular, the shelf life of tomatoes and apricots was extended considerably.

More information @ [Purvege](#)

FOOD PRODUCTION INCREASE IS NOT THE ANSWER

The [United Nations Special Rapporteur on the Right to Food](#), Olivier de Schutter, has warned that boosting food production to alleviate World hunger would not work on its own. “Increased investment in agriculture was essential, but he added that such investment had to benefit those who were food insecure. Increased harvests resulting in a return to low food prices would further discourage and marginalize small-scale farmers.”

de Schutter called for a form of sustainable development that was “more about how to help the World feed itself” than “how to feed the World.”

FROM THE CONSUMERS' PERSPECTIVE

PROMOTE YOUR “NATURAL” PRODUCTS

After the EU moved to outlaw a number of pesticides previously used to protect food crops delivered to consumers throughout Europe, fresh produce growers across the Old World are going back to nature to keep harmful pests off their crops, by bulk buying ladybirds and other “good” insects: predator insects, which include ladybird larvae and wasps, eat pests such as greenfly, whitefly and mealy bug. This is the so called integrated pest management (IPM).

Asda is the first major supermarket in UK to make the most of the opportunity of using this positive approach, which is delivering tomatoes, peppers and even strawberries and raspberries without the need for chemicals, under the new “Good Natured” range.

