

## Market Access Requirements in CBI's Market Information Database

CBI's Market Information Database contains information on:

- Market size, distribution, prices and margins
- **Market Access Requirements**
- Marketing

Market Access Requirements are divided into two categories:

- 1) legislative requirements and
- 2) non-legislative requirements

Unique aspects of this information:

- All requirements are applicable for CBI product sectors
- All requirements have been translated into English language
- All requirements have been analysed
- The information is targeted at the CBI target group
- CBI provides helpdesk: you can contact the CBI at [marketaccess@cbi.nl](mailto:marketaccess@cbi.nl)

**Legislative Market Access Requirements** form an important part of the Market Access Requirements exporters face when exporting their products to the EU. The Market Information Database presents legislation relevant for producers of any of the products that fall within the CBI product scope. The legislation is further divided into

- 1) EU legislative requirements and
- 2) Implementation of national legislation in EU Member States and Norway. At present the 15 countries that made up the EU up to 2004 plus Norway have been included. Legislation for the 10 'new' EU Member States will be included shortly.

**Non-legislative Market Access Requirements** are all requirements which EU importers may have for their suppliers, or which may offer you a competitive advantage when marketing your products in the EU. Examples are for instance labels and management systems, which are not legally required but could be required by your importer or could provide you with a competitive advantage.

### How to look for information in CBI's Market Information Database

The following search options are possible:

1. **Category search** - Search by choosing **market sector** and the (importing) **country** you are interested in. This way of searching will give a **complete overview** of all documents related to one market sector, and is also the most reliable way of using the database in order not to miss important information.
2. **Keyword search** - Search by typing in a **keyword**. This way you may get more specific information than the whole product group. Note however that you may also miss information relevant to your product when using this search function, as too specific a keyword may not generate any hits.

The Market Access Requirements, which are demanded by either EU governments or private sector parties, are based on consumer health, product safety, environmental, social and quality concerns. Looking at the origin of why requirements are being demanded, one can further divide these into several different **topics**. Please note that there is an overlap between issues.

In this document the main topics as covered by the Market Information Database are presented. These are:

1. Consumer health and safety market access requirements
2. Environmental market access requirements
3. Social market access requirements
4. Quality market access requirements

## **1. Consumer health and safety market access requirements**

### *Background*

During recent years consumer health and safety has become an important issue in international trade. Public authorities, European consumers and also industries themselves are extremely sensitive to any negative impact a product may have during or after its use.

Major disasters in the feed industry, food crises with contaminated food, products containing dangerous substances (soft toys for small children) are some examples that lead to public attention and often to more legislation, but also to initiatives of industries themselves in order to ensure public confidence. Together with the power of the media, industries are trying to minimise the risks, sometimes even aim for zero-tolerance, in order to stay out of negative media coverage.

### *Consumer health and safety legislation*

The European Union has set an enormous quantity of legislation to protect consumer health and safety. As legislative requirements are mostly related to requirements on the end product, presently there seems to be a development towards more attention on "tracking and tracing in the production chain", in order to control the product through its entire life cycle.

EU legislation to ensure consumer health and safety is especially relevant for the food sector. The present food safety policy of the EU includes many requirements that prohibit the presence of certain chemicals, or prescribe provision of information about conditions of the product and/or production process in the form of labelling of food products e.g. GMO information.

However, consumer health and safety legislation is also relevant for other product groups. An example is CE marking, including technical and administrative standards for certain products to ensure safety. Another example of consumer health and safety legislation relevant for non-food products is attention for specific dangerous substances, for instance the use of phthalates (softeners) used in plastic toys, but very unhealthy for little children when sucking on the toy.

Note that the subject of consumer health and safety is direct related to product liability and often also to environmental concerns.

### *Initiatives of other market parties*

Industries themselves initiated programmes or codes to make their own product sector more transparent in order to increase their capacity to ensure their products are safe and healthy. In the food industry the main EU food retailers responded to the negative public opinion on their products with standards on farm production (EUREPGAP management system) and also the processing of food (BRC management system). These instruments combine environmental and health and safety standards (EUREPGAP even sets social standards).

Also for non-food products, there are examples of the close connection between environmental and consumer health and safety standards. A well-known example is the Öko-Text label. This is a label for garments and textiles to ensure product safety for end-users of the products. This label is more a health label than an environmental label, focusing on harmful substances that may have a negative effect on human health. The label can only be affixed to textile products

when a lab test has given proof that certain hazardous chemicals are not present in the end product.

The combination between environmental and health and safety issues can be seen in the marketing of some environmental labels such as organic or biodynamic labels for food products. These are nowadays also marketed in Europe as healthy food products (besides environmentally sound aspects). Consumers in Europe are generally very concerned about their health, which is why environmental labels might have an added value. The connection between environmental and health and safety standards might help to find a market in the EU.

➔ [More specific information](#) on all the topics discussed in this section can be found in the database.

## **2. Environmental market access requirements**

Because of growing industrialisation in the world, the need for natural resources has grown enormously, while the production of waste and emissions to the environment has increased at the same time. Environmental problems such as the greenhouse effect, depletion of the ozone layer, extinction of species, pollution of air and surface water have been recognised as serious environmental problems since a few decades. As a result of the growing need to preserve the environment, countries worldwide have committed themselves to the concept of "sustainable development". Sustainable development is a process of change in which exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations. In other words: sustainable development is the development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.

Nowadays, care for the environment is an integral part of doing business and therefore international trade. On the one hand, legislators have developed environmental legislation to minimise or even ban certain substances and practices. On the other hand, industry itself, often pushed by environmental pressure groups and consumer organisations, have developed environmental standards that are used in trading practices.

Environmental standards can be implemented through several instruments, the main being labels, codes and management systems. Requirements can be both product- (product legislation and labels) and process-related (such as process labels and management systems).

### *Environmental legislation*

On the level of the EU as well as its Member States product legislation has been developed in order to reduce the negative environmental impact of products. This is resulting in requirements on the use of pollutants, such as hazardous substances in products. This kind of legislation is of special importance for companies exporting to the EU, because this legislation is compulsory for all products traded in the EU, no matter where the products are produced.

Besides product legislation, requirements have been developed for process legislation. National authorities, mainly in Europe, are setting more and more legislation in order to protect the local environment. Examples are restrictions on amounts of industrial waste water and air pollution. Note that regarding process legislation, only the national legislation in the country of production is legally binding. However, European importers may set the EU-process legislation as a standard to their overseas suppliers.

➔ [For more information](#) on sector specific EU legislation, please search the database.

### *Environmental labels, codes of conduct and management systems*

Frequently used instruments to demonstrate concern for environmental issues, are environmental labels, codes of conduct and management systems. They are considered 'voluntary' instruments because they are a response to market incentives (including the demands of business partners) rather than to public law or legislation. However, several

instruments are important market requirements of EU trading partners. The key is to improve environmental production processes. Labels often require a 'cradle to grave' analysis, whereas management systems require the production process to be mapped out and continuous improved performance. ISO 14000 is the most well-known environmental management system. There are several different environmental labels with varying market impact depending on country or region.

Implementing an environmental management system or becoming certified to label a product with a specific label may provide a competitive advantage. Some companies even demand this from their suppliers, whereas others may consider it an added value. Labelling a product organic, for instance, may also open up new opportunities in form of new (niche) markets.

➔ You can find out more about environmental management systems and labels, as well as environmentally sound production, in the database.

### **3. Social market access requirements**

#### *Background*

Social issues are important market access requirements in international trade. "Social issues" concern both general labour conditions, such as minimum wage and maximum working hours as well as health and safety of the employees. European trading partners more and more request a minimum of social requirements from their suppliers in developing countries. This is done through social or ethical trading requirements, suppliers' declarations, social responsibility and social accountability schemes. Exporters to the European Union are not obliged to comply with legislation on labour conditions in the countries of the European Union. Companies in developing countries only have to comply with legislation in their 'home' country. However, the requirements demanded by the private sector are an important issue when looking at accessing European markets.

Social issues are both important for consumers in the consuming countries and for employees in the producing countries. Improvement of working conditions and occupational health are also essential to get better motivated personnel, which is crucial with respect to productivity and product quality in general. Please note that the level of demands (importers) has grown the last few years and will continue to grow the coming years.

#### *Parties developing/demanding social requirements*

Because of increasing consumer awareness, pressure of certain NGOs (think of Amnesty International) and negative media coverage of social abuses of mainly multinationals sourcing in developing countries, there is an increased focus on social issues. Several stakeholders are part of this development: companies themselves try to keep up their image by guaranteeing their social responsibility, European governments develop guidelines for social behaviour, pressure groups try to put attention on social issues and consumers in the European Union react on it.

As a consequence "business conscience" or "social responsibility" has become a new selection criterion during the (consumer) purchasing process. Therefore, importers and large-scale retailers are including social issues, called ethics, integrity and social accountability, in their assessment of suppliers all over the world. The last thing they want to happen is that their treasured brand names should be placed in connection with "sweat shops" and/or child labour. Trade promotion officers and exporters in developing countries should be aware of these developments.

#### *General working conditions*

Just as every citizen of the world, employees should be respected according to basic human rights. In order to formulate definition to employees' rights, the ILO (International Labour Organisation) is the UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights. The ILO has installed Conventions and Recommendations setting minimum standards of basic labour rights. By ratification a country

engages to observe the convention and to report regularly on measures taken to give effect to the provisions conventions and recommendations. Not all conventions are ratified by all countries.

The ILO Conventions are dealing with issues like: minimum wage, minimum age of workers, non-discrimination, freedom of labour organisation etc. ILO conventions are internationally accepted and provide an excellent source of information and guidance for companies.

On example of social issues at a work place is Occupational Health and Safety (OHS), which is related to the risks for employees in specific processes. Occupational and work-related injuries and diseases involve large economic costs through absences from work, sickness treatment, disability and survivor benefits. Attention for health and safety prevents such costs. Occupational health and safety goes hand in hand with cleaner production options. Just as with environmentally sound production (ESP), OHS is more a matter of good housekeeping than high tech solutions. As an example of the parallel between ESP and OHS, Occupational Health and Safety involves management and control of hazardous substances (to protect employer's health), which is also a part of cleaner production to prevent emissions to the environment.

➔ [For more information](#) on ILO Conventions and for checklists on how to improve your business on practical occupational health and safety issues, please see the related documents.

#### *Instruments of social requirements*

An important way to demonstrate concern for social issues, are social labels, codes of conduct and management systems. Codes of conduct are often tools applied by EU companies that request their suppliers to agree with the mentioned standards. Exporters in developing countries do not necessary develop their own code but have to conform with suppliers' declarations. They are considered 'voluntary' instruments because they are a response to market incentives (including the demands of business partners) rather than to public law or regulation. However, several labels are becoming important market requirements.

➔ [You can find more information](#) on labels, codes of conduct and management systems in general, as well as specific examples in the database.

#### *Guidelines to develop social requirements*

Especially on social requirements, the private sector has a lot of freedom on how to develop their social demands towards their suppliers. Presently, there are many corporate suppliers' demands, but in some sectors there are more harmonised initiatives through for example branch organisations.

## **4. Quality market access requirements**

The word quality is used in many situations, in different meanings, because it has several definitions. Quality, or total quality, means the complete appliance to requirements and wishes of all parties involved with the product, i.e. final consumers, legislators and other market parties.

Therefore, quality aspects are valid at a business-to-business level, when buyers are the consumers and it is crucial when the products are sold to the final consumers, i.e. business-to-consumer. Looking at the intensive competition and the ever-increasing legislative requirements as well as non-legislative market requirements, companies have to adapt, adopt and improve constantly in order to stay competitive. This is directly or indirectly connected to the quality of the products and/or services provided.

Quality requirements are mainly based on improving a company's product and service performance, including issues such as:

- satisfaction of customers' expectations
- compliance with applicable standards and specifications (conformity)
- compliance with applicable regulations of society
- availability at competitive prices

- process efficiency

Specific issues when looking at business-to-business relationships:

- constant and in-time delivery of products
- traceability of products
- control of rejected products
- compliance to industry standards
- adequate labelling and packaging
- related issues such as environmental issues as the use of materials and production methods.

Specific issues when looking at business-to-consumer relationships:

- satisfaction of consumers' expectations
- procedures of complaints
- user manual

### *Types of quality*

When looking at total quality there are several levels of quality. First of all the quality of fulfilment of legislative requirements. These are the legislative requirements of the producing country as well as, when exporting to the EU, the European requirements. You can think of the health and safety legislation in the EU as well as environmental legislation. Secondly, buyers might add their own requirements to the legislative requirements, these could concern the product as well as the production process. This includes requirements on the nature of the product and its functioning, as well as customer related issues such as the type of material, look of the product, design, weight, social issues such as labour conditions etc.

Then, you can also define emotional quality aspects, such as customer related requirements. These will often differ from country to country, because they are culture, or even customer group defined.

It depends on the sector how the quality levels are divided. In the garments sector, for instance, emotional quality aspects will play a more important role than in the machinery sector, where the functioning of the product will be more important.

### *Quality standards*

Quality standards, such as product specifications and technical guidelines, are being used in all industries in order to achieve and maintain a certain grade. By producing conform a certain standard, there will be consistency in the quality of a product.

A manufacturer may choose to apply his own technical specifications, or he can choose to produce according to national or international defined standards. Especially when trading to the EU, it is preferable to use European or international standards, because they have been agreed upon by several parties and in many cases buyers will also prefer compliance to known standards.

- International standardisation

There are several international bodies on international standardisation of quality standards. For example the Codex Alimentarius and the UNECE (United Nations Economic Commission for Europe) for standardisation of food standards and the ISO (International Standardisation Institute) for many other standards. The ISO is a network of national standards institutes from 148 countries working in partnership with international organizations, governments, industry, business and consumer representatives. The best known ISO standards are the 9000 series for quality and the 14000 for environmental management.

The need for a standard is usually expressed by an industry sector, which communicates this need to a national member body. The latter proposes the new work item to ISO as a whole. Once the need for an international standard has been recognized and formally agreed, the first

phase involves defining the technical scope of the future standard. This phase is usually carried out in working groups which comprise technical experts from countries interested in the subject matter. Next, the countries will negotiate the detailed specifications within the standard. This is the consensus-building phase. Finally, the standard will be approved.

- **European standardisation**

When looking at the EU, every EU member state has its own standardisation institute developing standards, such as NEN in the Netherlands, DIN in Germany, BSI in the UK and AFNOR in France. The EU has started the process of harmonising standards on a EU level by putting national standards together and agree upon one standard and one interpretation applicable in all EU countries. The EU standardisation institutes CEN, CENELEC and ETSI operate on input that is provided by the national standardisation bodies. Standardisation bodies also are the contact points where standards can be ordered.

- **Other standard setters**

There are more parties that design or demand standards. Industries can set their own standards regarding quality. For example in the car industry, big companies such as DaimlerChrysler, Ford and General Motors have developed an industry-specific standard for quality which is based on the ISO 9000 standards. Many industries use their own good manufacturing practices that are developed based on the expertise and experience within sectors. Manufacturers in developing countries supplying to European buyers might be confronted with the sector specific demands from the sector itself. This will come on top of the legislative requirements of the EU.

#### *Quality control*

Quality control is important in order to fulfil all requirements required for total quality. Technical quality control minimises or eliminates defects, resulting in decreasing cost of production. It is logical that when products deviate from the intended standard, they must be either repaired or discarded which will increase production costs. If it is possible to manufacture products that will fulfil the standard, naturally costs will decrease and customers will be satisfied. This is done by process management.

The most common way of technical quality control is the checking or inspection of product (samples) to ensure its conformity to the product specifications of the standard. Products' defects or deviations can result form issues such as poor product design, defective (raw) materials, inadequate machinery and tools, human errors etc. Therefore the most effective way of quality control is to cover all these areas. A quality management system, will structure the way of assessing the quality within a company.

Effective process management requires a management system that will enable the company to produce in a consistent way. A manufacturer may choose to apply his own management system rules, but the most common way is to use the ISO standards for management systems. These standards are internationally accepted and applied in many sectors. Especially when exporting to the EU, it is preferable to use international standards, because they have been agreed upon by several parties and in many cases buyers will also prefer compliance to known standards.

➔ [More information](#) on quality aspects can be found in the database