Съфинансиран от Европейския съюз

КОМИСИЯ ЗА ЗАЩИТА НА ПОТРЕБИТЕЛИТЕ

РЕПУБЛИКА БЪЛГАРИЯ
Министерство на икономиката

"Analyzes of the foods and spirits and their large distributors in EU”

Project "Complex of measures for establishment of unfair commercial practices”, funded by the European Union Consumer Program (2014-2020) and Grant Agreement number – 811238 – CONC-CPC-2017 Bulgaria"

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TABLE OF CONTENTS:

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ANNEXES:

Annex No. 1 – Pictures of the selected products;

Annex No. 2 – Transfer and acceptance protocol for product's acquisition / for each group of products/;

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Analyzes of the foods and spirits and their large distributors in EU

1. Problem's identification. European requirements

Quality of life is a notion, related to the level of welfare and personal satisfaction, felt by the separate individuals or entire societies, formed by many and various criteria of physical, psychological and social nature. Food is required not only for the development, growth and maintenance of the functions of the organism but it also plays a key role in the quality of life. Many innovative solutions are introduced in the food technology with the purpose to improve quality of life.

On one hand, the introduction of new technologies requires stimulation in order to ensure the development of the food industry through the integration of research activities. They provide the required scientific evidence for the consumers and declare the health effect of the foods.

On the other hand, investments for examination of the relations between quality of food and human health and increase of the awareness of the consumers are required.

Considering the global challenges to food and safety of food and the guides, set for the purposes of the sustainable development, the European Commission established a political framework for food products 2030.

The aim is to transform the European food system so to enable them to become "sustainable to the future", i.e. sustainable, responsible, diversified, competitive and social.

The food industry in Europe is the largest production sector in terms of turn-over, added value and employment. Its contribution to the European economy is more than 1 trillion Euro of annual turn-over and a positive commercial balance of more than 25 billion Euro. The people employed in the sector are more than 4.25 million. According to data, provided by the National Statistical Institute, the annual turn-over in Bulgaria equals to about 5 billion Euro.

The number of the consumers in Western Europe is about 400 million people and in Eastern Europe, they reach the number of 100 million people.

Due to the high economic interest, the combat with the double standard with food is difficult and the resistance - huge. The separation is not between citizens of Western and Eastern Europe, but between the large corporative interests and the rights of the citizens.

The countries in Central and Eastern Europe took steps in 2018 to establish and prove different standards of foods of the same brand for their local markets in comparison to the Western markets. Bulgaria is also actively participating in the examination activities for establishment of double standard for foods through the Bulgarian Food Safety Agency (BFSA), which is the competent authority for the application of the Foods Act.

The researches performed, despite of the fact that they do not share common methodology of the European Commission, proved, beyond any doubt, that this is a real problem for the markets of Central and Eastern Europe.

We have to underline that up to now none of the researches have established a safety issues with foods and drinks to which a double standard is established. The above supports the compliance with the requirements of Regulation EC No. 178/2002, according to which all foods placed at the EU member-states' markets should meet strict safety rules. The provision of information about their main characteristics and composition to the consumers is a compulsory requirements.

At the same time, it turned out that the problem lies in the application of the requirements of Directive 2005/29/EC about unfair commercial practices. According to the Directive, the misguidance of the consumers in their belief that a given product is identical to the one, offered at the market of other member states is not allowed in any way. The considerable differences in the composition and characteristics of a similar product of the same brand is considered as unfair commercial practice. In order to facilitate the application of the Directive, the European Commission issued a Notification about the Directive of unfair commercial practices, about the evaluation of the difference in quality between foods with brand and individual label, placed on different markets.

"... the placement on the market of goods with a similar packaging and brand, but with different composition and sensory characteristics may contradict to the Directive of unfair commercial practices, if it can be proven, in each specific case, that:

The consumers have legitimate specific expectations for the product in comparison to the "reference period" and the product is significantly deviating from these expectations;

The trades omits or does not provide adequate information to the consumers and they cannot understand that there may be differences in their expectations;

That inadequate or insufficient information may disturb the economic behaviour of the average consumer, for example, by making him or her buy a product, which he or she would not buy otherwise.

The following criteria may be helpful in order to characterize the "reference product":

The product is placed on the market under the "same packaging and brand" in several EU member states;

This product is sold in most of these member states with a specific composition;

The perception by the consumers of the main characteristics of the product correspond to the composition of that product, as it is advertised in most part of these member states."

But the Notification admits that it is not always possible to achieve "constant quality" in various geographic regions. If the test conducted identify food products with:

Seemingly identical presentation;

Sold under the same brand;

Have significant differences in the composition and/or sensitive profile;

the competent authorities must judge, per every specific case, if the established differences have or would have affect over the decision for buying of the consumer. In relation to that, on 11.04.2018, EC made a proposal (2018/0090) for amendment of Directive 2005/29/EC about unfair commercial practices by the introduction of a potential unfair commercial practice in Article 6, Paragraph 2 of a supplement to the existing identification of the problem:

(c) Each sale of a product as identical to the same product, offered at the market of several other member states, while these products have significantly different composition or characteristics.

2. Research of the double standard for foods in the countries in Central and Eastern Europe

Comparative researches were performed in 8 member states during the period 2016-2017. In Bulgaria, 30 products were analyzed in 2017 and in 19 of them (63%) were established differences in the products. The highest number of researches was performed in Hungary: 105 products in total were tested and the average number of differences was established for 60 products. The researches conducted in 2017 showed differences in characteristics, related to quality (like composition and sensitive properties) of foods of similar brand. The comparisons were done based on the nutritional values and list of ingredients, which are compulsory elements according to Regulation (EC) No. 1169/2011 of the European Parliament and the Council from 2011 about the provision of nutritional information to the consumers and sensory tests. Due to different approaches for samples collection, testing and data interpretation, they are not fully comparable, but the differences between the products vary in the range between 31 to 82% (for Bulgaria 63%). In all researches, the differences are related to the ingredients or the sensory properties of the compared foods, but none of them has explicitly classified the quality of the foods evaluated. They can be different, but with good quality, which does not affect the health of the consumers. It is difficult to determine the quality as a notion, because it depends on too many variables. The Food and Agriculture Organization of the United Nations (FAO) in Europe, in 2004, made an attempt to provide a precise definition of the the notion "quality” at its conference. From historical point of view, quality is mostly understood as absence of defect, fraud and adulteration. More recently, quality is based on expected properties, like for example organoleptic and food characteristics or the benefits derived from them. The above introduces the requirement to consider the legitimate expectations of the consumers and similar consideration is required by the operators as well. And finally, quality means desired characteristics, which can justify the added value (for example organic farming) and the traditions related to them. It has objective dimension, which is the measurable physical and chemical characteristic of the food product as well as subjective dimension, formed by the expectations, perceptions and acceptance of the consumers (fitness for consumption). The researches show that when the match between the expectations of the consumers, which they have before the purchase (expected quality) and the experience, which they have during the usage of the product (qualities of experience) is better, than the satisfaction of the consumers is higher. They often count on well known commercial brands as indicators for quality. They have highest appreciation for the sensory properties, then for safety, freshness and attractive appearance of the product. The quality of the food is the most important motive for its acquisition, followed by its price, and the information about the brand remains in the background.

The report about double quality of the foods at the markets in Western and Eastern Europe was accepted with vast majority by the European parliament members in the Internal market and consumers protection committee of the European Parliament in 2018, when a reporter was Mrs. Olga Sehnalova. The report points out that the sale of foods and products with low quality in some member states, despite that the packing and the brand seem identical, is not acceptable. According to the authors of the report, the above practice undermines the trust of the citizens in the fair functioning of the EU internal marking. The practice of "identical brand, identical product, different composition" must be stopped. Such practices are dangerous and they must be immediately prohibited.

The MEP invite the producers to consider the implementation of a logo on the packaging, which to show that the content and the quality of the products with a same brand and with identical packaging are identical in the different member states.

The usage of cheaper raw materials and various proportions of the ingredients used and at the same time, offering the manufactured foods at prices of high-quality products should be considered as abuse of the trust of the consumers.

All states of the European Union welcome the public interest to the subject in the states, where the research was performed. When foods with deviating quality are found, the trust of the citizens in the functioning of the united marked is exposed at risk, which could lead to negative results both for the Union and to the various stakeholders, including the manufacturers.

The issue with double quality of the food products can be resolved only by a unified European regulation.

A Knowledge Center for frauds with foods and quality of foods is established to the European Commission. It is composed by a network of experts of the Commission, as well as by an external experts. The purpose of the center is to support the institutions, determining the EU policy as well as the national competent authorities, by providing access and exchange of current scientific knowledge in matters, related to frauds with foods and quality of foods. The new unit will be managed by

a Joint Research Center and will be fully funded by the European Commission.

The purpose of the project is to perform study, research and analyzes of the foods and spirits and their large distributors in EU. It includes the requirement to outline the framework and to determine the scope of the forthcoming laboratory examinations and tests.

Within the EU's common market, people, goods, services and capital "move" freely and in such a way, all obstacles to the quick and free distribution of goods, considering the demands of the consumers, through the large chains and companies, performing commercial operations in all EU member states, are removed.

Within the framework of the present activity it is foreseen to perform a research that will cover main groups of foods and spirits, which are commonly consumed in EU. The research covers main traders of already established large groups of foods and spirits.

As of now, it is a rule, that the goods are not manufactured only in one location, but they are assembled in various steps and frequently, this process takes place in different locations of the continent and the world. The definition "Made in" a country is rather an exception than a rule.

The first stage of the implementation of the project is to perform a research of the foods and spirits market and to analyze the large distributors in EU.

3. State of the consumer goods market in Bulgaria

3.1 Characteristics of the markets of fast-moving consumer goods. Peculiarities of the distribution of fast-moving consumer goods in Bulgaria

The largest share in the structure of the expenses of the households is occupied by the expenses for food (30.2%), and the expenses for alcohol and tobacco products occupy 4.2%. According to data of NSI, the expenses for food and non-alcoholic beverages are increasing. The data for the last quarter of 2018 are indicative, where they have grown with 7.5% compared to the same period in 2017. The situation in the consumption of alcoholic beverages and cigarettes is similar.

The volume of retail market of foods and non-alcoholic beverages in our country is estimated as about 10.5 billion BGN.

The sale of alcoholic beverages is also gaining a growth during the last couple of years. For 2017, its volume equals to 700.8 million BGN and this figure represents a growth of 7% compared to 2016.

The distribution market in Bulgaria is dynamic and the changes in the last couple of years require it to be clearly defined in order to determine the boundaries of the competition. Generally, the realization process in the fast-moving customer goods sector can be presented schematically in the following manner:

Scheme No. 1

PRODUCERS **(SUPPLIERS)**

↓ ↓

Wholesale trader **Retail trader**

↓

End consumer

It covers the delivery (from producers/suppliers) of fast-moving consumer goods and their subsequent distribution

The foods and beverages trade sector incorporates the following subjects:

- Wholesale traders – different companies, incl. exchanges and market paces. In relation to the "Cash and Carry" trade model, performed by "Metro Cash and Carry Bulgaria" EOOD, it should be noted that it has some peculiarities for our country, related to the opportunity for natural persons to shop as end customers.
- Retail traders. A lot of subjects operate on that market, providing supply of fast-moving consumer goods to end consumers.

For the needs of the research, the following markets should be examined:

Delivery market, at which the companies of the sector, dealing predominantly with sale of foods, have commercial relations as **customers** with end consumers;

Distribution market, at which the companies of the sector, dealing predominantly with sale of foods, have commercial relations as **suppliers** with end consumers;

EC makes a differentiation between these two markets as being the major market in the field of trade mainly of food products and it has established that the delivery market and the distribution market are interrelated.

Considering the huge variety of fast-moving consumer goods, as well as the practical impossibility to cover all goods, which might be subject to double standard, the present research with limit itself to goods of the following product groups:

Group 1 – pasta, dairy product, sweets (chocolates);

Group 2 – olive oil and spices;

Group 3 – canned foods;

Group 4 – spirits.

For the purposes of the research and definition of the notion, we have to characterize the delivery market and distribution market.

Delivery market – this market covers the sales of fast-moving food goods from producer/supplier to wholesale traders and retail traders.

Distribution market – it is the market on which the trade chains act like a distributors of fast-moving consumer goods in relation to the end consumers. It should be noted, that the trade chains are not the only participants at the market but their share is growing during the last couple of years.

Considering that the distribution channels are targeted to specific group of customers, the distribution market of fast-moving consumer goods can, conditionally, be split in two sub-markets, and namely:

3.1.1. Wholesale sub-market

The wholesale trade is performed by various type of traders – stock exchanges and markets, METRO and various wholesale traders, who distribute such type of goods.

- Stock exchanges and markets

Transactions for "wholesale" are conducted at the stock exchange market, at organized market, at which the organization and the performance of the trade are regulated by the Stock Exchange and Markets Act.

- Wholesale traders

The wholesale traders of food products re-sale the goods to retail traders (the goods are delivered to the relevant point of sale with own transportation, provided by the producer or are acquired by the trader franco-warehouse).

- METRO

The company performs operations of wholesale of fast-moving consumer goods through network of shops. The concept of wide range in the sector of the fast-moving food products allows for the company to be determined as a wholesale trader in the chain of deliveries.

3.1.2. Retail sub-market

The retail traders of the food products sale the goods to the end consumer. The trade chains are also participating in that market, which, depending on the size of their trade area are determined as: hyper markets – large self-service shops with significant commercial area and large assortment; super markets – large shops for food products, smaller in area compared to the hyper markets and which are mainly offering food products.

The retail trade of fast-moving consumer goods market is performed by hyper markets, super markets and mixed shops, selling food and non-food products. The similarity between the hyper markets, super markets (large shops for food products), on one hand and the retail traders (small shops), on the other hand, is in the volume of deliveries.

The differentiation of the various types of trade sites allows their grouping in two main groups: sites, of the so called "modern trade”, which include supermarkets and hypermarkets and the so called "discounters” and "traditional trade”, including neighbourhood (mixed) shops and specialized shops.

Despite of the fact that there are some peculiarities of trade model at the retail market, performed by "Metro Cash and Carry Bulgaria” EOOD, they are not so large that the chain to be determined as performing only wholesale trade of food and non-food products and in that sense to be completely positioned at the sub-market of wholesale trade. We should clarify, that EC, in its decision in relation to the "Cash and Carry” format, considers that the format offers goods to the business and not to the end consumer, claiming that the access to the relevant shop is limited to owners of access rights (customer cards), i.e. to individuals, who can prove that they own a business.

3.2 Characteristics of the large trade chains in Bulgaria

Subject of the research are going to be large trade chains and distributors of foods and drinks of world brands with largest share in the trade of food and drinks in Bulgaria. Most of the trade chains, operating at the territory of the country, have networks in many countries in Europa and in the research, related to the establishment of double standards for food and drinks, a comparison of brands and assortments in different geographic areas can be provided.

The hyper markets increase their share in the realization of foods and drinks on annual bases. The researches of different institutions have determined a share of 45% for the trade of foods and drinks for 2017. The careful analysis of the dynamics of the development of the largest trade chains in the country shows a number of peculiarities, which should be considered in their characterization.

In most of the cases, the large trade chains use direct import. Many of them look for direct contact with the multinational producers and deliver their products directly from their closest production facilities. Considering that, the requirement of logistics but not of distribution comes to the front.

Unfavourable fact for the distributors is the transition of many of the large commercial chains to deliveries to a central store house. During the last couple of years, Metro, Billa, Kaufland, Lidl and others, have established own logistics platforms. The suppliers transport the goods to a central storehouse, and then these goods are regrouped, enlarged and sent to the shops. The above approach, as a rule, results in reduction of the transport costs. The distributor becomes also redundant in the transportation from the central storehouse of the chain to its points of sale, because this operation, usually requires logistics partners.

A third peculiarity, characteristics for the market in last years is the introduction of the trade chains of their own brands (Table 1). According to data of a research of the Competition Protection Committee, which incorporates monitoring for 2016 and 2017, the ratio of "Goods with own brand of producer/goods, branded by the trade chain" is different in the different groups of goods and records dynamics. A gradual increase of the share of the goods with own brand of the trade chain, offered by the supplier, is observed in Kaufland, Lidl and Fantastico trade chains.

Table No. 1

Distribution of the goods under producer brand and under brand of the trade chain for 2017, %								
	Bread and pastries		Milk and dairy products		Meat and meat products		Sweets	
	Of a producer	Of a trade chain	Of a producer	Of a trade chain	Of a producer	Of a trade chain	Of a producer	Of a trade chain
Billa	80	20	74	26	70	30	88	12
Lidl	11	89	19	81	21	79	71	29
Metro	55	45	56	44	52	48	76	24
Kaufland	64	36	64	36	68	32	83	17
T-market	88	12	100	0	74	26	97	3
Fantastico	87	13	74	26	91	9	86	14

The sales of the eight chains for fast-moving consumer goods in the rating – Kaufland, Lidl, Metro, Billa, Fantastico, T-Market, CBA, Come are annually growing. The statistics show that the average rate of the volumes growth, on annual base, is 9.4%.

- **Kaufland Bulgaria EOOD and Co. (Kaufland)** performs its operations at the territory of the country through 59 points of sale. The chain has national coverage and presence in 33 towns. In some of the district towns, the chain operates more than one shop. At the territory of Europe, the trade chain is presented in: Germany, Poland, Czech Republic, Romania, Slovakia, Croatia, Austria. Its market share in the retail trade of foods and drinks in Bulgaria equals to 13.8%. For the last 9 years, the trade chain is a leader in terms of turn-overs from retail trade.
- **Lidl Bulgaria EOOD and Co. KD (Lidl)** performs its operations at the territory of the country through 94 points of sale. In some of the district towns, the Lidl operates more than one shop. The brand has sites in 27 countries and more than 10 thousand shops. The growth of sales in 2017 is the largest one among the 4 leading retailers – 12.4%. At the territory of Europe, the trade chain is presented in: Germany, Cyprus, Luxembourg, Belgium, Croatia, Slovenia, Malta, Greece, Romania, Hungary, Austria, Slovakia, Czech Republic, Italy, Portugal, Spain, England, Denmark, Finland, Sweden, Ireland, Northern Ireland, France. For the last years, Lidl is the trade chain with highest growth in the number of points of sales. The market share is evaluated to 7.9% of the retail trade of fast-moving consumer goods.

- **Metro Cash and Carry Bulgaria EOOD (METRO)** performs its operations through a network of shops, located in large populated areas. The chain has 11 stores and 2 storage areas in total. In the towns of Sofia and Plovdiv, METRO offers its services in more than one store. It counts on small number of sites in the larger towns, but is characterized with the fact, that they occupy larger areas in comparison to their competitors. METRO classifies the goods with short expiration term and which are frequently acquired by the consumers (food products, spirits, disposable goods) as fast-moving consumer goods. At the territory of Europe, the trade chain is presented in: Germany, France, Italy, Poland, Spain, Romania, Holland, Belgium, Czech Republic, Hungary, Austria, Portugal, Greece, Croatia, Slovakia The market share of the company, in relation to fast-moving consumer goods (for end and industrial consumers) is estimated to 7%.
- **Billa Bulgaria EOOD (Billa)** performs it operations of retail trade of foods and perishable goods through the 5 companies in the group: Evro Hart EOOD, Vinterko-BG EOOD, Van Holding EOOD,

Europe-VN EOOD and DAR G.N. OOD For 2019, the chain has

124 constructed stores at the territory of the entire country. The assortment of the products, offered by Billa consists mainly of fast-moving consumer goods, where the share of non-food products (additional assortment) does not occupy significant share of the turn-over realized. Billa has stores in the following countries in Europe: Austria, Czech Republic, Slovakia. The market share of the company is evaluated to 6.8% of the retail trade of fast-moving consumer goods.

- **Commercial chain Fantastico (Fantastico)** performs it operations of retail trade of foods and perishable goods through the 5 companies in the group: Evro Hart EOOD, Vinterko-BG EOOD, Van Holding EOOD,

Europe-VN EOOD and DAR G.N. OOD 38 of the 40 stores of Fantastico are located in Sofia, 1 store is located in Kyustendil and 1 in Elin Pelin.

According to the policy of Fantastico, all goods offered at the stores of the chain are considered as fast-moving goods, because they are essential commodities and are bought on a daily bases. Based on the above, it can be stated that the turn-over, realized by the trade chain, if formed entirely by fast-moving goods.

- **Trade chain Maxima Bulgaria EOOD (Maxima)** performs trade operations at the territory of the country through the **T-Market** stores. The company has 62 trade sites at the territory of the country. T-Market is a chain of supermarkets, which is presented in Lithuania, Latvia, Estonia and Bulgaria.

- Excise goods and travel retailers. More than 50% of that segment is generated by "Tabak market”. The company stands behind the chain Lafka, which offers cigarettes, drinks and sweets. The company has 1,070 sites in 130 populated areas, and part of them are franchised. The sales of the chain

"Avanti” also are limited to the wholesale and retail trade of alcoholic and non-alcoholic drinks, cigarettes, sweets and coffee.

Table 2

No	NAME	TRADE CHAIN	INCOME (in thousands		
			2,015	2,016	2,017
1	KAUFLAND BULGARIA	Kaufland	1,493,357	1,665,969	1,739,810
2	LIDL BULGARIA	LIDL	647,607	747,436	840,119
3	METRO CASH AND CARRY BULGARIA	Metro Cash & Carry	716,681	741,605	830,036
4	BILLA BULGARIA	BILLA	575,926	662,624	723,815
5	TC "FANTASTICO”	Fantastico	398,729	431,782	491,218
6	MAXIMA BULGARIA	T-Market	154,851	190,753	238,612
7	TABAK MARKET	Lafka	196,300	233,202	232,629
8	CBA	CBA	109,786	123,083	131,295
9	AVANTI 777	Avanti	52,617	65,239	79,258
10	L.S. TRAVEL RETAIL BULGARIA	Lagardere	58,807	65,466	72,652
11	TRANCHEV	BulMag	54,023	56,810	71,012
12	COME	CBA COME	57,688	62,385	67,954
13	TRIUMPH (VANITCHI+MARKO	Triumph	51,119	54,681	60,166
14	EPATSONI	Patsoni	50,693	49,292	52,096
15	ALEX TRADE 2010	Lexi	39,379	41,513	43,088
16	NUANCE BG	Nuance BG - duty-free trade	38,667	39,705	40,319
17	CBS	CBS	23,100	28,508	38,679
18	HIT HYPER MARKET	HIT	35,441	34,312	35,197
19	BOLERO	Bolero	29,086	28,771	32,694
20	VODOLEI - 13	Supermarkets "Mladost”	25,220	25,594	30,901
21	345	Magazin 345	29,062	27,140	27,569
22	MI - 12	Makao	26,889	27,243	27,269
23	VILTON 2	Vilton	22,038	25,760	26,945
24	NIKON NK	Dar	22,219	23,480	24,969
25	PROMARKET	Promarket	21,056	21,919	20,819
26	GEBR. HEINEMANN	Gebr. Heinemann	10,875	17,237	20,152
27	TARIMEX	Shops Tarita Pazardzhik	17,643	19,099	19,833
28	GEORGI VENTSISLAVOV 2005	Absolute +, Levski and Pavlikeni	11,334	12,107	19,157
29	SD ECO ASSORTI BAITCHEV AND SIE.	Eco Assorti	16,566	17,595	18,428
30	HM TOMI	Tomi	14,945	17,903	17,501

Considering the fact that the large trade chains are presented in many countries in Europe, the research of the double standards for foods, practically can concentrate itself in the same sites at the territory of: Portugal, Spain, Germany, Greece and Hungary. The countries are determined as representative countries, with various levels of economic development, neighbouring country (territorial closes of the markets) and country with similar governance and structure.

The trade chains, which have full coverage with the territorial scope of the research are:

- **Lidl Bulgaria EOOD and Co. KD (Lidl)**, which is presented in 23 countries in Europe, incl. the countries, included in the research.
- **Metro Cash and Carry Bulgaria EOOD (METRO)** It is represented in 15 countries in Europe.

According to the analysis of the wholesale and retail trade, these trade chains have significant share and turn-overs in the realization of fast-moving consumer goods and spirits.

Considering the analysis of the market structure, a conclusion can drawn, that is one fast developing market, at which the retail trade model acquires new dimensions. The well established international format of commercial chains grew roots in our country and it created a new model of shopping. A distinguishing feature of that format is the size of the commercial area and the rich assortment of goods, offered at affordable prices. So here, we can draw the conclusion that when the delivery market is more concentrated and the number of purchases is smaller, but is performed by large buyers, the power of the buyer is more probable to exist.

4. Methods for examination of various products types in EU member-state

In 2018, the European Commission established harmonized framework for selection, sample collection and testing of foods in order to evaluate their characteristic, related to quality. This framework provides guidance, allows to perform tests of the market in various regions and countries through the comparison of products and to assess the marketing practices of specific business operators in the food industry, as well as unfair commercial practices. It forms part of the initiative of the European Commission (EC) "New Deal for Consumers”, which is aimed in ensuring equal treatment of the consumers at the common market.

A set of measures for resolving the issue with accepted differences in the quality of foods, offered under the same brand and packaging in several states of the European Union are envisaged. The methods for analysis and assessment must be comparable in the individual countries and be based on serious scientific grounds. The methodology of harmonized testing of EU is developed by General Directorate "Joint Research Center” in close cooperation with the competent authorities of EU member states, consumer organizations and other stakeholders in the foods supply chain and the relevant authorities of the Commission. It is based on common principles of transparency, comparability, inclusion and fairness to the stakeholders in the food chain, including the consumers. The performance of comparative testing campaigns for evaluation of food products of a single brand, offered at different markets in EU is foreseen. The proper application of that harmonized framework will present the required evidence to the authorities for consumer protection in order to enable them to make decisions as per each individual case if the provisions of Directive 2005/29/EC about unfair commercial practices or the relevant laws about foods are violated. The results of the testing campaigns will show if there are differences in the composition and sensory properties of the foods of a given brand and how significant these differences are. The legislation for consumer protection in the individual member states will be supported through the understanding of what a significant difference in the characteristic of the product means. The purpose is each state of EU to apply identical measures for samples collection and testing of foods, the producers and traders to be aware of them and to be unable to challenge them and the evidence for double standards in foods to be definitive and comparable.

It is required the tests to be comparable and authoritative in order to assess the magnitude of the problem, for provision of justified evidence and taking of further actions. In order to achieve acceptance by all stakeholders in the foods supply chain (food producers, retail traders, food control and consumer protection authorities and consumer protection authorities), GD "Joint Research Center", as a scientific office at the Commission, works in close cooperation with the relevant offices in it. The competent authorities of the member states, performing researches and representatives of industrial organizations are also engaged. A consensus in the opinions is achieved and the competent authorities of the member states, the associations in the food industry, the consumer and professional organizations have nominated experts in order to establish a network of stakeholders. A network of experts is established, expert were assigned to work groups and the final version of the harmonized methodology of EU for testing of products, including selection, samples collection, testing, interpretation and reporting of data was developed. It is flexible in order to be able to adapt itself to the requirements of the tests. Six main principles, stated in the documents of ***Codex Alimentarius*** of FAO/WHO for sample collection and testing in the international trade with foods must be followed. The purpose is to establish equal conditions to all stakeholders, in transparent and fair way, and to serve as guidance in the development of common plan for future testing activities.

Principle 1: Transparency – all parties work in transparent way; the potential for disputes is reduced; effective communication between the parties for resolving of differences is allowed.

Principle 2: Components of the assessment procedure – selection of products; sample collection plan; examination of the samples in order to acquire results; criteria to base the decision in the utilization of the results.

Principle 3: Comparability – to pay due attention to the selection, samples collection and testing of the products in order to ensure comparability at all stages of the assessment procedure.

Principle 4: Appropriate procedures for selection, samples collection and testing – scientifically based; appropriate for the goods, for the purpose and consistently applied; analysis in certified laboratories or through validated methods; practical and feasible.

Principle 5: Comprehensiveness – engages the participating parties in consensus way; fair and equal treatment.

Principle 6: Fairness – selection of brands to be included in the testing programs must take in consideration the market share of the brands in the various member states, whiteout damaging the owners of the trade marks, who are active in several areas of the food categories; the requirements for confidentiality, applicable as per the legislation in force, are followed.

The research covers main traders of already established large groups of foods and spirits and sites of modern trade (trade chains).

The retail structure in the following chains is examined: Kaufland Bulgaria EOOD and Co. KD (Kaufland), Lidl Bulgaria EOOD and Co. KD (Lidl),
Metro Cash and Carry Bulgaria EOOD (Metro), Billa Bulgaria EOOD (Billa), Trade Chain Fantastico (Fantastico) and Trade Chain
Maxima (Maxima) through T-Market stores.

The 5 countries, selected for the performance of tests of products are:
Greece, Portugal, Hungary, Spain and Germany.

The products will be acquired from large European chains, located as follows: **– Greece - Thessaloniki, Portugal - Lisbon, Hungary - Budapest, Spain - Barcelona, South Germany - Munich, and from Bulgaria - Sofia, Plovdiv, Varna, Burgas, Ruse.**

Two of the chains have a developed retail trade network in them.
Metro Cash and Carry Bulgaria EOOD (Metro) and Lidl Bulgaria EOOD and Co KD (Lidl).

The selection of products must meet the provisions of Notification of the Commission 2017/C 327/01, and namely, that only products, offered at the market under **"same packaging and trade mark"** in several of the member states may included in the testing programs, despite of the difference in the language, used for the provision of information to the users or the size of the packaging. **In order to achieve that, the provision of pictures of the products is envisaged (Annex No. 1).**

The present activity covers main groups of foods and spirits, generally used within EU.

Considering the huge variety of fast-moving consumer goods, as well as the practical impossibility to cover all goods, which might be subject to double standard, the present research with limit itself to goods of the following product groups:

Group No. 1 – spirits;
Group No. 2 – pasta;
Group No. 3 – dairy products;
Group No. 4 – sweets (chocolates);
Group No. 5 – olive oil;
Group No. 6 – spices;
Group No. 7 – Canned food;

They are available in the largest part of the market of the European Union. The samples collection will be performed by control bodies, determined by the national competent authorities, following strict rules. A work group, consisting experts of Consumers Protection Committee, Bulgarian Food Safety Agency, Ministry of Economy, consumer organizations and scientific institutions will be formed.

Table 3 represents the products, selected for sample collection, based on the goods of the product groups (market basket).

Table No. 3

Products, selected for samples collection

Group 1 – spirits.		
Product	**Brand**	**Packaging/Weight**
Whiskey	Johnnie Walker (standard)	0,7 l
Whiskey	Jameson (standard)	0,7 l
Vodka	Absolut (standard)	0,7 l
Gin	Beefater (standard)	0,7 l
Group No. 2 – pasta		
Product	**Brand**	**Packaging/Weight**
Angel hair	De Cecco	500 g
Spagetti	De Cecco	500 g
Tagliatelle	De Cecco	500 g
Fusilli	Melissa Primo Gusto	500 g
Group No. 3 – dairy products;		
Product	**Brand**	**Packaging/Weight**
Milk	President Light	1 l
Butter	President	250 g
Mozzarella	Galbani	125 g
Cedar	Meggle	150 g
Group No. 4 – sweets (chocolates);		

Product	**Brand**	**Packaging/Weight**
Chocolate	Milka (with hazelnut)	100 g
Chocolate	Lindt	100 g
Candy	Lindt	200 g
Biscuits	Loacker Tortina Original	125 g
Group No. 5 – Olive oil;		
Product	**Brand**	**Packaging/Weight**
Olive oil	De Cecco	500 ml
Olive oil	Costa d`Oro Extra virgin olive	1 l
Olive oil	Castillo de Canena Reserva Familiar Picual	500 ml
Olive oil	Elia Extra Virgin	500 ml
Group No. 6 - spices;		
Product	**Brand**	**Packaging/Weight**
Paprika	Kotanyi	40 g
Paprika	Kotanyi	15 g
Rosemary	Kotanyi	24 g
Basil	Kotanyi	9 g
Group No. 7 - Canned foods;		
Product	**Brand**	**Packaging/Weight**
Corn	Bonduelle	212 ml
Tuna fish	Rio mare	80 g
Puree with broccoli	Hipp	125 g
Peas	Bonduelle	212 ml

A protocol for samples collection is developed, where the relevant data should be recorded, in order to guarantee the traceability of the products. For each individual group, the experts should fill in different protocol. Seven protocol types are provided for (Annex No. 2) to the present Methodology.

It is required to buy 3 or 4 pieces of the selected products for samples collection (for whiskey, vodka, olive oil - 3 pcs. each), which will be distributed in the following manner:

1 pcs. for sensory analysis;

1 pcs. for physical and chemical analysis;

1 pcs. for compulsory analysis, if required (establishment of differences);

1 pcs. stored until expiration date is reached.

The whiskey and the vodka do not have an expiration date so it is not required to buy more than 3 pcs.

The sensitive products – milk, butter and mozzarella – should be transported and stored in refrigerator.

The samples of the individual groups should have similar expiration dates (best before / to be used before - date), in order to ensure comparability of the results of the tests. As a reference criteria, the dates for "best before" / "to be used before" should be within 20% at the sample collection. The testing is performed within the stated expiration period.

Important: The protocol should contain information about the state and the address of the stores, from which the products are acquired, and to have pictures for verification.

The compliance evaluation will be composed of several stages:

- comparison and analysis of the information of the labels of the products, offered in the selected 5 countries and Bulgaria and preliminary pricing analysis;

- organoleptic (sensory) analysis of the products, performed by certified experts with proven experience in that field of examination – nature and scope of the difference, if one is present;

- physical and chemical analysis of all products types in order to make comparison of the information, provided at the labels, with the actually established ingredient in the product – identification of the reason for the difference, if such is present;

- comparison of the information from all researches types for Bulgarian product and its "European” analogue;

- additional examinations, if required.

Initially, the testing of the products should be performed through comparison of information, provided on the label (information about nutritional value and list of ingredients).

The sensory analysis will be performed by specially trained specialists through descriptive test as most appropriate type for the performance of multilateral comparisons. The result would provide information which products are different, to establish the nature of the difference and to evaluate the magnitude of the difference.

The physical and chemical analysis of the product will be performed in laboratories, certified by the Bulgarian Accreditation Service, by using appropriate methodology.

The allowed tolerances, according to the analysis method of the relevant indicator will be used for assessment of the laboratory results and for the assessment of the nutritional value complies the

Guidances of the Competent authorities about the control of the implementation of Regulation (EU) No. 1169/2011 will be used in relation to determination of the allowed tolerances in the nutritional values, stated on the label.

5. Conclusion

The European Presidency of Bulgaria in the first six month of 2018 marked the start of the negotiations for harmonization of the standards for food products in the European Union.

The European Commission (EC) approved pilot program for resolving of the issue with double standards with food, which is going to be initiated in 2019. The budget of the program is 1.3 million Euro. The funds will be distributed to consumer organizations, which will apply with activities, targeted against the double standard of foods, as well as to performance of tests. They will be used in collective consumer claims.

The information, collected by the organizations, will be used for the amendment of the European legislation and introduction of unified standards as well as for the establishment of a common authority that is going to monitor their compliance.

The final document of the High-level forum "Double standards in foods in EU – let's put the problem on the table", held in Bulgaria on 30 April 2018, which states that the double standards for foods should be eliminated at the territory of EU, was signed by all member states. This is the first document, fully supported by the EU member states. The support of EC in resolving of the issue can be determined as "categorical", because it not only identifies the issue, but also has provided specific following steps. It states as a significant priority that the negotiations in relation to the legislation of "New Deal for Consumers" should consider the existence and importance of "taste preferences, based on national cultures" and to clarify that the purpose is to ensure equal treatment of the consumer while at the same time maintain the diversity of foods, which is among the biggest cultural values in EU.

The legal statement of EC about the double standards is that they form unfair practice. All amendments in the three European directives in relation to composition of foods, methodology of determination of their quality and unfair commercial practices should be made until the end of the mandate of the current European parliament and to be enforced on 1 January 2020.

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