

## FOOD MILES/SUSTAINABILITY MARKET INTELLIGENCE

### April 2009 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

## SWEDEN

### IN SUM:

- A country with a high degree of environmental consciousness: Swedish society has a high level of environmental consciousness which is reflected in consumer preferences and labelling practices in the food and beverage market.
- Krav eco-labels: Krav (originally an organic standards organisation) has an eco-label recognised by 98% of Swedes and used by 6-7% of all food sold in Sweden. It is introducing climate criteria into its overall environment label, focussing on "hotspots" of the production and distribution process (including transport) rather than full life cycle analyses.
- "Buy local": "Buy local" arguments have resonance in Sweden appealing to both environmental concerns (e.g. in a recent book on "climate food"), and a desire to support local economies. The big supermarket chain ICA has a project with Swedish farmers to increase local market share for meat, dairy, fruit and vegetables.

### CONSUMER TRENDS

#### *A country with a high degree of environmental consciousness*

In our first report specifically on Sweden, it is worth giving examples of the high degree of environmental consciousness in this country: environment-friendly practices such as extensive recycling, and the use of biofuel for heating, are widespread; emphasis is placed on development of renewable sources of energy for the national grid; and incentives are provided for environmentally-friendly hybrid cars.

Swedish environmental consciousness is also reflected in consumer preferences and labelling practices in the food and beverage market. Organic produce is sold in mainstream supermarkets, appropriately labelled. Krav eco-labels – recognised by 98% of Swedes – can be found on many products (including some New Zealand kiwifruit) (see below for information on Krav).

### PRIVATE SECTOR ACTIVITY

#### *Krav the organisation*

Krav is a widely recognised food eco-label in Sweden, founded in 1985 to try to standardise the (voluntary) organic labelling that was then beginning to spring up

according to International Federation of Organic Agriculture Movements (IFOAM) standards. (Krav's first moves towards carbon labelling were reported in our April 2008 report for "The Nordics".) While most still identify Krav primarily with organics, company representative Kjell Sjudahl Svensson says that the *raison d'etre* for Krav labelling is for animal welfare and environmental reasons more broadly, rather than for health reasons, and that a Krav label indicates that a product is sustainable. He defines "sustainability" in line with the 1987 Brundtland Report as "economically, environmentally and socially stable". Initially, Krav labelling was used only for plant-derived foods, but in 2000 meats were included, and later this year Krav labelling for wine will start. Aquaculture is not yet included. Products must meet all criteria to qualify for the Krav label.

Since 1995, when Sweden joined the EU, Swedes' diets have changed significantly – with 25% more meat eaten, and more fresh fruit and vegetables. There is therefore more competition in the marketplace, with food able to be imported to Sweden easily from all over the EU, and Svensson suggests that Krav's job of monitoring products has become much more difficult. Krav employs very few analysts (with only 15 staff in all), and checks, for example, that no pesticides have been used on a product only when it has reason to be suspicious.

Unlike the situation in many countries, Krav-labelled food very often is not a lot more expensive than other food. 6-7% of all food sold in Sweden is Krav-labelled, and within that 9-10% of dairy products (up to 15-20% of dairy products in Stockholm and Uppsala). The label can be found in all three of the big chain supermarkets (ICA, Coop and Hemkop) and is used by the big dairy companies (e.g. Arla).

*Krav: climate concerns to be integrated into overall label, and to focus on key issues rather than life cycle*

Along with Swedish food producers, Krav believes that specific "climate labelling" would be too complicated. It has decided to integrate climate criteria into its normal labelling criteria. Its first climate-related criterion is now out for comment and relates to greenhouse heating. Given that in Sweden food is often grown for most of the year in greenhouses, the criterion will pay attention to the source of greenhouse heating (e.g. oil, biofuel, or electricity).

Krav sees transport as an important factor to be considered in "climate labelling" and intends to introduce a transport related criterion (e.g. favouring shipping over air freight). Svensson favours criteria covering just the most important environmental factors for a given product and focussing on "hotspots" of the food production and distribution process (e.g. fuels, livestock emissions, nitrification). Krav is therefore employing a rules-based, rather than life cycle analysis (LCA) approach for its label. Further climate criteria being developed relate to crop production (soil nutrient balance) and milk production (relationship of the length of the life of cows to methane emissions).

*"Buy local"*

In a country where the environment is valued highly, arguments to buy locally in order to prevent climate change fall on fertile ground. A recent book "Klimatmat" ("climate food") aims at sourcing local and seasonal ingredients only. Eating local, it claims,

minimises the 30% of greenhouse gases which come from the production of food - including transportation.

The idea of local buying has, in Sweden, also found resonance through the argument that it supports the economic development of local communities. The big supermarket chain ICA maintains that stocking locally produced fresh and specialty goods gives customers more choice, helps smaller companies grow, and reinforces ICA's connection to the local community. Last year ICA held a series of roadshows in Sweden as part of its 2008 "Local Tastes" project, meeting more than 450 suppliers. It also began a campaign with a Swedish association of farmers to increase demand for food produced locally. Goals of the programme include having 75% of all meat sold in ICA stores by 2012 originate from Swedish farms, as well as increasing proportions of local of dairy, fruit and vegetables.

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