

We **must** appreciate our raw materials!

In this article Sascha Hönig, owner of Specialty Brokers talks about dry fruits and oilseeds. He explains why it is important to know growing areas and farmers and why it is important not to drive down prices when we are looking for quality.



Sascha Hönig, owner of Specialty Brokers
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Why did I found Specialty Brokers? After many years of trading dry fruits and oilseeds I noticed that people in the industry often lack the basic knowledge about value chains of raw materials. At this point I need to go back some years. In 1988 I started trading dry fruits and oilseeds on an international level, mainly sultanas, sunflower and pumpkin seeds. Many things have changed in this market segment since then: sultanas were piled loosely in halls; washed, cleaned and packed manually. Pumpkin seeds in China were hulled and cleaned by hand. From North Dakota the first sunflower seeds arrived in Germany. Today most sunflower seeds are imported from Bulgaria, hulling and pre-cleaning

of Chinese pumpkin seeds is fully automated. Only the final cleaning takes place manually. And the processing of sultanas has changed significantly, too. I will explain this in more detail later on.

Changing demands require profound knowledge competence

On a daily base demands regarding our raw materials are getting more complex. We see permanent changes due to new regulations. Latest example: the maximum limit of Chlorpyrifor for sultanas. In addition bakeries display an ever increasing assortment of products. However, only a few decision makers in the bakery industry



Travelling in the countries of origin is crucial when we want to assure quality and safety of raw materials. A pumpkin field in the Chinese region of Xingjiang.
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know the origin of the processed raw materials. In most cases they do not have the time to travel to countries of origin and gather information on-site. Their buying decisions are based on second or third-hand information.

Due to this lack of market information Specialty Brokers has decided to build up a reliable and fact-based information network for certain raw materials (i.e. sunflower seeds, pumpkin seeds and sultanas). Tracing the produce from their point of origin (in our case China, Bulgaria, Turkey, Iran) to the consumer.

We can ensure this support since we spend 50 percent of our working time in the countries of origin. In the remaining time we are in permanent contact with shippers and producers via telephone and Email. The speed with which information about harvest results and markets are communicated has increased dramatically. Availability of correct market information is critical. This is even more important in order to differentiate between „fake news“, reliable market information and mission-critical forecasts. Just to give you an example: Currently contracts are closed for the new harvest of Bulgarian sunflower seeds, based on arguments made up out of thin air. Sowing in Bulgaria has not even started yet!



Sowing sunflower seeds has not even finished until May. Until then many fields are dormant.

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We noticed that local buyers speculate more and more on falling prices. In the last years pri-

ces for sunflower seeds dropped by 30 percent. Prices for pumpkin seeds halved and price erosion for sultanas is at nearly 60 percent. To some extent this could be explained by bigger harvests and an increase in productivity handling raw materials in the field. However, increasingly fierce competition and asking prices of local importers and processors play into it.

Product safety and product quality are paramount

Consumers' buying decisions are mainly based on safety and quality of products. The bakery industry has reacted to this demand. Last year we conducted 2 audits in China and Bulgaria, accompanied by German industry customers.

In 2014 Stiftung Warentest and Öko-Test (German consumer organisations) investigated consumer products such as trail mixes of reknown producers of nut mixtures regarding sultanas and their level of pesticides. The results were shocking: up to 20 different pesticides, a „pesticide cocktail“, were documented in a single sample of sultanas from Turkey. Together with our Turkish main shipper we reacted immediately and initiated our IPM (Integrated Pest Management) already back in 2014. The shipper uses state-of-the-art technology for cleaning and storage as well as a laser scanner, which replaces manual sorting. In addition he supplies farmers with pesticides. Supervised by an agricultural engineer on-site this guarantees control of usage, application and dosage. On top, before each delivery goods are tested in an independent lab and each badge comes with a certificate.

The bakery industry already uses IPM produce and is sensitized regarding pesticides in pumpkin seeds and sunflower seeds. In the baker's trade we cannot see this development at the moment. Here the German food retailing provides directions. In 2014 Turkish sultanas were banned by German food retailing due to the „pesticide cocktail“ problem. They were replaced by produce from South Africa. Today this is still the

case. Next year there will be a relaunch with IPM materials. Specialty Brokers tries to convince bakery wholesale and therefore baker's trade of IPM produce.



Turkish IPM sultanas offer the possibility of total traceability of raw materials to bakeries.

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For many years our primary aim is to shift the industry focus towards product, quality and safety. We promote fair partnership between producer and shipper on one hand and local importers, traders and consumers on the other. Only when we start appreciating the efforts in the countries of origin and raw materials – also in terms of price – financial scope can be achieved, necessary to trigger required investments into product quality and safety. Most important investments are modern cleaning technology and cultivation projects, e.g. contract farming.

Decision makers, also in the trade, must ask themselves: Who cultivates the raw materials, where and how? How does the production and logistics chain look like, until the produce have arrived in my bakery or industrial operation? Unfortunately these considerations are often limited since many traders serve a very large and attractive German market. These traders offer „inexpensive“ raw materials to the bakery industry.

Overall we believe that the topics product quality and product safety will gain in importance in the industry and in the trade as well. Therefore

we continue promoting and communicating these issues and achieve transparency for our shippers abroad and our local customers.

Good products might be closer than you think

In addition to our established products it will be important to promote highly innovative produce in the future. Some years ago Specialty Brokers was one of the first companies offering chia seeds to bakeries and introducing the trend of „Superfoods“. Currently we are drawing the industry's attention to Styrian pumpkin seeds as



Styrian snack kernels

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snacks and Styrian pumpkin seed oil as baking ingredients. Here we can use our experience with chia seeds and combine market trends such as „healthy diet“ and „regional high-quality produce“. Also in the case of pumpkin seeds it is critical to map and communicate the entire value chain.