



TRADE FORWARD
SOUTHERN AFRICA



INTRODUCTION TO REGULATORY COMPLIANCE AND MARKET ENTRANCE FOR FOOD AND COSMETIC CONSUMER PRODUCTS TO THE EUROPEAN UNION, UNITED KINGDOM, AND SOUTH AFRICAN MARKETS

GUIDE COMPILED FOR THE
SACU+M TRADE CAPACITY BUILDING PROGRAMME "TRADE FORWARD SOUTHERN AFRICA"
; FOREIGN, COMMONWEALTH & DEVELOPMENT OFFICE OF THE UNITED KINGDOM

GUIDE

Introduction to Regulatory Compliance and Market Entrance for Food and Cosmetic Consumer Products to the European Union, United Kingdom, and South African Markets

Guide Compiled For The
SACU+M Trade Capacity Building Programme
“Trade Forward Southern Africa “,
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1. Introduction

The SACU+M Trade Capacity Building Program “Trade Forward Southern Africa” is financed by the Foreign, Commonwealth & Development Office of the United Kingdom and implemented by the Development Alternatives Initiative (DAI) and Fair and Square.

The program gives both capacity building and technical assistance to help grow trade and find targeted solutions to improve gender equality in trade to alleviate poverty across the SACU+M region (Botswana, Eswatini, Lesotho, Mozambique, Namibia, and South Africa). The main activities included in the program are:

1. Increased access to information and trade promotion;
2. Support for market standards' compliance and integration into supply chains and value chains;
3. Trade and customs training and improving access; and
4. Equality for women in trade.

This guide follows a series of online training on documentary and regulatory compliance requirements for exporting cosmetic consumer products, condiments, and high-end foods to South Africa, the United Kingdom, and the European Union. It summarizes the teachings from the online trainings given to provide a concise and user-friendly guide for enterprises to download and keep as a reference manual.

2. How to use this guide

This guide summarizes a very short series of online trainings on documentary and regulatory compliance requirements for exporting cosmetic consumer products, condiments, and high-end foods to South Africa, the United Kingdom, and the European Union. This document is therefore by no means to be considered as a complete guide for exporting these products. It merely describes the basics that need to be considered. For each product, there are rules and regulations that must be researched in detail. The respective target market also influences the export strategy quite significantly.

When you read this guide, you should therefore be aware that it is only an introduction to the topic of export from developing countries to Europe and South Africa.

Most of the information in this guide applies equally to the food and cosmetic sectors. If there are differences regarding the sector, this is explicitly mentioned in the text.

Links are provided in the document to inform the reader where to find further information.

Disclaimer: The author of this guide took great care in preparing this manual. However, she cannot guarantee complete accuracy of all the information included in this document. Some aspects are also subject to frequent changes. No legal responsibility for any consequences of the use of the information provided can therefore be accepted.

3. Market understanding and market connections

3.1. Reasons for conducting market research

Exporting consumer products to a foreign market is an adventure that an enterprise can only undertake once a certain level of professionalism has been acquired. The farther the target market is from the home market, the more difficult it will be to study and research it. But research, preparation, and understanding your target market are essential. As an exporter, you must ask yourself:

- What does my targeted market need?
- How can my product fulfil these needs?
- Is the selected market a good fit for my product?
- Do I have a realistic chance against the competition in that market?

Unfortunately, success as an exporter does not come easily. There is no comprehensive checklist for success in export which you could tick off. Success depends very much on each individual enterprise and its capability to analyse its chances in a target market correctly and to adapt accordingly to the market research done.

In many cases, inexperienced business owners are not familiar with a target market but plan to export anyway. Often, they make false assumptions about the market, setting themselves up for disappointment and failure. Such false assumptions are dangerous because they tempt enterprises to invest, possibly in activities that are not promising and lead to financial losses.

Note! You need to verify any assumption you have about your chances of success in a target market. This is done through market research!

What are common false assumptions?

Table 1: Examples of common false assumptions about a target market

Assumption regarding the target market	Reality
“Our product has very good properties. We have done the analysis. It can be used for... very well. Therefore, it will surely be appreciated.”	The assumption about the product is not false. But are you aware that other products have the same properties and are more commonly known to buyers and consumers? Does your product need to replace another product? If this is the case, the assumption that the product will be highly appreciated by the market might be unrealistic.
“Our products are all natural. The trend is towards more organic products. Our product is organic and will be highly appreciated in the organic market.”	Organic markets required a recognized organic certification, at least in the United Kingdom and the European Union. Only organically certified products can be marketed as organic. Natural products are not the same as organically certified products. You cannot assume that the organic market will buy your product if you „only“ have a natural product but no certification.
“Our friends and families love our product. Everyone will love it!”	Friends and family are very biased consumers and not a good benchmark.

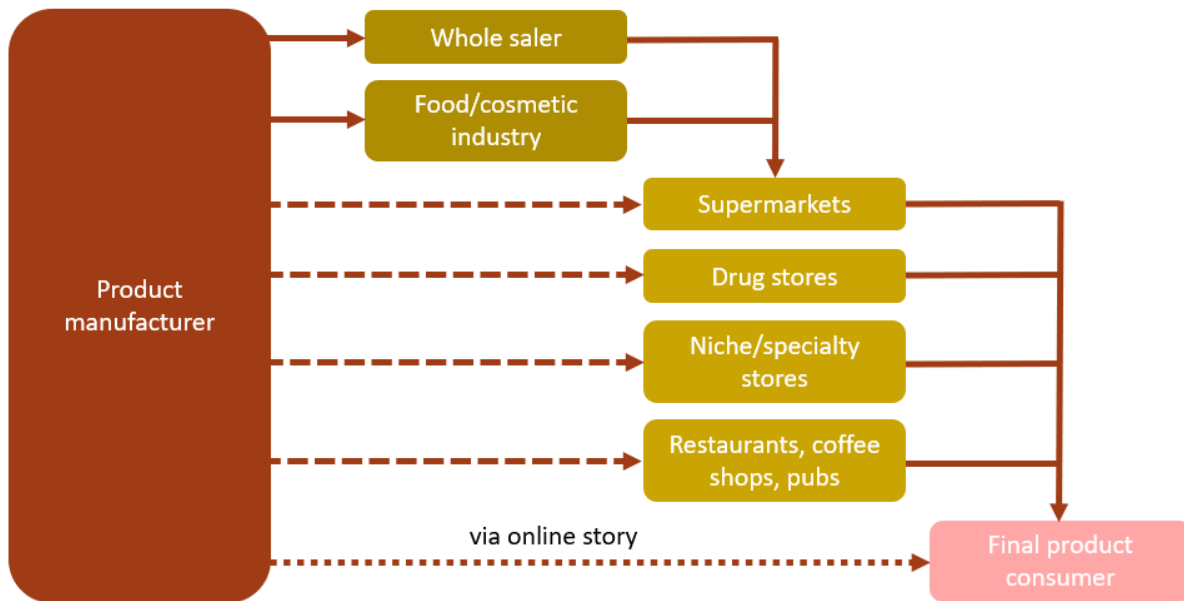
3.2. Understanding your value chain and different target groups

The term “value chain” describes the journey of your product from the very beginning of production up to the end consumer. Somewhere in this chain, your company “possesses” the product for a short part of the chain. And, naturally, at a certain point, you will sell your product and therefore hand it over to the next actor in the value chain.

For success in any kind of marketing effort for a product, it is necessary to understand one’s role in the chain as well as the important other actors that follow once the product has left the manufacturer. Important questions to answer are:

- Who is going to be your direct client, the next step in the value chain?
- Who is going to be the first consumer of your product?
- Do you sell an ingredient for further manufacturing?
- Do you sell your own consumer brand?

Figure 1: Possible value chain organization for consumer products



The figure above shows a very simplified version of the possible value chain segments after the product is manufactured. It becomes evident that there are quite a few ways of entering a market. A company will most likely not choose all market channels but focus on one or two. Once the channel to the market is selected, it is important to understand the different actors that the product manufacturer must consider in production and marketing.

The client

The direct client is the person or company that the product is directly sold to. In most cases, this will not be the final consumer but rather a wholesaler, distributor, supermarket, or drug store. The purchasing manager of this company will be the person that you will be dealing with as a supplier. What does such a purchasing manager think? What is important to this person? It is worth thinking about these questions because the better you understand the person opposite you on the business table, the more likely it is to sell your product.

Supermarket and drug store purchasing managers, as well as other retail buyers, expect suppliers to be experts on their products, not only in terms of production but also in terms of the product's market, customers, and consumers, as well as potential advertising and marketing strategies. As they need to fill the shelves of their store, they have no time to do this research for each product. They expect the brand owner to do it. Certainly, purchasing managers also think about financial margins and the benefits their store will receive.

In return, they can give your product(s) a listing on the shelf, access to millions of customers, and, most importantly, credibility with their customers by being directly associated with the supermarket brand and its brand values.

The customer

The customer is the person who buys the product from the supermarket or drug store shelf. This person is the one spending money on the product and making the decision that the product is needed. Even though, in many cases, you, as the manufacturer, will not have direct contact with the customer in the value chain, you must still understand the customer's needs and identify the benefits of your product for them. The customer is the individual that must be reached by the marketing of your product.

The consumer

The consumer consumes, uses, eats, or drinks your product. In many cases, it can very well be the same person as the customer. People often buy products for other people. For example, a father who buys groceries for the whole family, a restaurant owner who purchases food used for cooking for the restaurant's clients or a mother buying cosmetics to be used for her baby.

When you want to reach the customer with your marketing arguments, it is therefore crucial to also understand who the final consumer will be. Marketing strategies need to be developed and can follow various strategies. When you are producing a body cream for young children, for example, it can be a good idea to market it as "natural", "skin-friendly" and "soothing" — attributes that the mother would probably like to have for her child. There is no use in marketing such a product as "anti-aging".

3.3. Understanding product categories

Category is the term used by buyers and retail analysts to group together similar products. It is important to know under which category your product falls to analyse your competition. An example would be the category "oils and vinegars" in the food sector. That category then would have the sub-category "oil", for example, with different sub-sub-categories such as "sunflower oils", "seed and nut oils", "chili and infused oils", and so on.

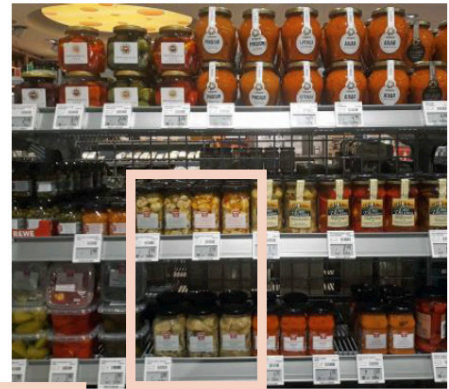
Tip! Go to supermarkets or drug stores in your target market and analyze the categories.

Once you have determined into which category your product would fall, it is time to do a competitor analysis. The best thing is to actually visit the target country, visit the relevant stores, and compare the products that you are going to compete with. You can create a spreadsheet detailing the competitor products in your category regarding price, product size, ingredients, quality (good/better/best), target consumer, etc.

Illustration 1: Example of analyzing your product competitors in case you sell processed artichokes

Waitrose – UK supermarket chain

In the category “antipasti”, the sub-category “artichokes” should be analyzed according to price, features, quality, etc.



Rewe – German supermarket chain

Photo credits: Lydia Gerratt for the Import Promotion Desk

Illustration 2: Example of analyzing your product competitors in case you sell cosmetic body oil

DM – German drugstore chain

In the category “body lotion, cremes and butters” and the sub-category “body oils”, each product should be analyzed according to price, features, quality, etc.

Photo credits: Kathrin Seelige

3.4. Your unique selling proposition (USP) which can fill ‘the gap’

Competition in any product category will always exist. In some cases, unless you have a very unique product, you will even have to replace an existing brand product on the market with your own product to become successful. How can you convince a supermarket or drugstore purchasing manager to put your product on the store’s shelf? How can you convince a customer to buy your product online instead of another similar product?

You need a unique selling proposition (USP). A USP is a specific and clear benefit that makes your product stand out when compared to competing products. What are the benefits that your product has?

Illustration 3: *Unique selling proposition (USP)*



“Each cake has something special, unique to that product.”

Does it provide better quality than competitors?

- Does it have unique ingredients?
- Does it provide innovation and “newness”?
- Does it offer better prices for customers or better profit margins for the store?
- Is it very authentically made in the country of origin?
- Does it have niche certifications, such as organic?

Store purchasing managers do not only regard your USP, but they also think about “the gap” on their shelves. The gap product is a missing product in the store product assortment that a consumer would purchase if it was on the shelf. The gap reflects the loss of potential sales and profit as well as the potential loss of a customer to another store brand where such a product is available. If you present your product to a purchasing manager or a distributor, you will therefore want to clearly express what gap your product fills.

A clear presentation of your USP and the benefits of your products to the customer and therefore to the stores is extremely important. You might have a very good USP, but if you do not communicate it well, no one will know about it. Once you have defined your USP, use it for your communication and marketing materials, for example on your website, on social media and in brochures.

3.5. How to conduct market research

You might wonder how you can do all this market research. The important thing is to start and develop step by step. At some point, you also must decide that you now want to go for it – you cannot research the market forever, as there will always be more knowledge to acquire.

Online market research

The first step is most likely the internet. You can search for market studies, for product information regarding target markets, or for relevant events in that market. Sometimes you can find news articles and publications. This information can give you some first ideas about your target market. There are specialized international institutions and projects for trade from developing countries that publish a lot of useful information for market research, such as:

- The [International Trade Centre](#) and its [ITC SME Trade Academy](#)
- The [Centre for the Promotion of Imports from developing countries](#) (CBI), a project of the Dutch Government
- The German [Import Promotion Desk](#), a project of the German Government

It is always good to search for and become active on social media. Platforms like Facebook and Instagram are excellent for connecting with potential customers and consumers. You can join certain groups, open your own company page, and gather followers; you can even launch small surveys and opinion polls. You can also follow influencers active in your sector on these channels or video channels such as YouTube or TikTok. Influencers and their followers can be a good indication of product trends in certain age groups.

The social networking site LinkedIn is also a good way to connect with potential business partners, other people from your sector and relevant institutions. On LinkedIn, you can especially become informed about events relevant to your business, and you can even contact potential buyers and partners.

Surfing and researching websites of online shops, supermarket online stores, and individual brands can also assist you in benchmarking your products against competitors. You can look at online retail prices, product ingredients, and communication trends.

Table 2: Different internet channels and their advantage for market research

Channel	Market research advantages
Facebook, Instagram, YouTube, TikTok, Twitter	<ul style="list-style-type: none"> · Direct contact with consumers and customers · Groups and communities offer insights into trends and changing opinions.
LinkedIn	<ul style="list-style-type: none"> · Contact to businesspeople and possible partners · Information on business events and trends
Online shops of supermarkets, drug stores, and individual brands	<ul style="list-style-type: none"> · Information on competing products · Comparison to competing brands

Face-to face interaction with market actors

The internet gives you a lot of information, but it can also mislead you sometimes. The very best way

to understand whether your product has a chance of being purchased from you to enter a certain market is to directly talk to your potential direct clients – particularly if you do not want to sell via an online shop but want to become available on store shelves offline.

Each client will have a request from you, a particular question, a necessity for a certain certification, an interest (or not an interest) in your product. The more of these client conversations you have, the more you will become informed about your chances and your competitors. A very good way to meet such people is through business trade fairs and business exchange events in the target market. The personal exchange is worth a lot and beats any exchange by email or social network. From experience, it is quite unlikely for a brand manufacturer to have success in a retail market where nobody has any direct experience and connection through visits and travels.

Professional market research

At some point, you might think about getting professional help for your market research. There are many agencies and specialists available who can support a company in this regard. Such an investment might be worthwhile. There are only market research studies available online for a fee. Spending money on market research might seem like a large investment, but you always need to calculate the benefits as well. Some manufacturers from developing countries make the mistake of trying to enter a faraway market which they do not understand properly. The activities trying to reach that market might cost a lot of money, and if you fail, this could be a huge financial loss. It might have been better to research several markets before focusing on one to see where the best chances of success are.

4. Understanding the basics of market entry requirements for food and cosmetic products

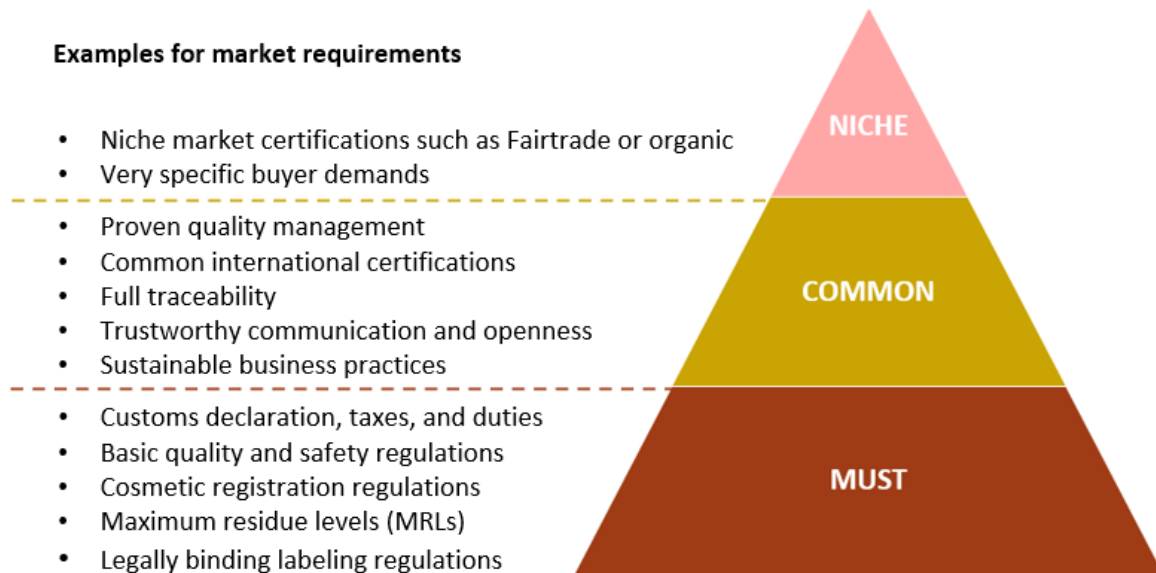
4.1. Legal vs. non-legal requirements – understand the difference!

The rules and regulations imposed by the government(s) are, of course, the legal market entry requirements. Such requirements are obligatory to enter the market, and if you do not follow them, you run the risk of being punished with high fines or even being banned from importing into that particular market.

Non-legal requirements are not required by law. However, they still constitute a market entry requirement because, without fulfilling them, you are not able to sell your product. Following societal pressures, buyers and clients are setting these requirements for themselves. Even though you cannot be fined for violating non-legal requirements, such requirements are equally important to you and your product if you want to successfully export to a market. Market requirements can therefore be

classified according to three types: “the must”, “the common” and “the niche” (see Figure 2).

Figure 2: Types of market requirements



“The must”

This type of market requirement reflects all the laws, rules, and regulations in place to enter a certain market. Without fulfilling these basic requirements, you cannot export.

“The common”

Common market requirements are those which almost every partner in the target market will require, even though they are not required by law. Failure to fulfil these requirements will exclude you from exporting due to market competition.

“The niche”

Niche market requirements are rules (sometimes also laws) which are necessary to obey to enter a certain niche market segment. Without fulfilling such requirements, you will not be able to enter the respective niche market, even though your product might already be sold in the conventional market.

4.2. In-trade product code definition

Before being able to research the legal and non-legal requirements for your product in a certain market, you need to clearly define what product you want to export or import. Especially for legal purposes, the product must be defined, as many rules of law depend directly on the kind of product you are trading. The importer into a market is responsible for making a correct declaration.

There is a worldwide system that regulates the codes for trade. It is called the Harmonized System

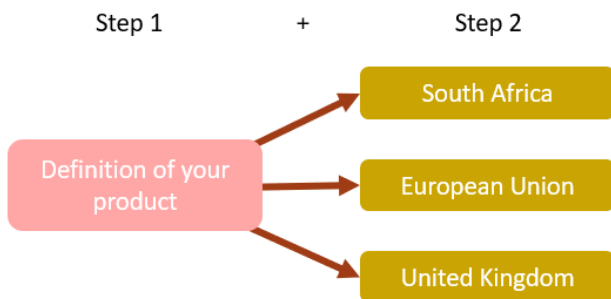
(HS). The HS is managed by the World Customs Organization (WCO) and forms the basis for trading products in almost every country in the world. It assigns specific 6-digit codes to about 5,000 product groups currently. Individual countries or trade unions are allowed to add longer codes for further classification. The EU added additional 8-digit subdivisions, South Africa added another three digits. The UK recently changed their code; it now has four additional digits.

Sometimes, finding the correct code for your product can be a little bit tricky. If you are unsure, however, it is recommended that you directly approach the customs authorities in the target market to clarify the code. Their decision should be legally binding.

There are several aspects which are used for classification purposes:

- The type of product – for example, food, cosmetics, clothes, cars, etc.
- The intended use of the product – for example, food is intended to put it into the human body, cosmetics might be intended for use on a person’s skin; etc.
- The ingredients of your product – what is your product made of? How much of each ingredient is in the product?
- Production methods – is it, for example, heated, cold-pressed, mixed, dried, etc.?
- Packaging of your product – is it intended for direct consumer contact? How large is the packaging container?

Figure 3: Steps to prepare the trade code research



To research your product code, you first have to know the answers to all the questions above. This should not be a problem, as you are the manufacturer of the product. For example, the next step would then be to define your first target market, for example, the European Union, the United Kingdom, or South Africa (see Figure 3). Once you have done this, you can research online for the correct code.

When you export for the first time, this activity might be a challenge. However, once defined, you do not have to do this activity again for follow-up exports to the same market.

After you have gathered all the information, you then must start a search for the correct product import code.

The tariff code system inside the European Union is called the ‘Combined Nomenclature of the

European Union'. The best way to conduct research in the Combined Nomenclature is to go to the Acces2Markets website, which provides a search function for the complete nomenclature:

- The [EU Access2Markets website](#)

At the beginning of 2022, the UK changed its tariff system and is now not following the European Union's system anymore. This website allows the search for the correct code and is now located directly on the UK government website:

- For business: the [UK Government's website on import, export, and customs for businesses](#)

The South African tariff book is published by the South African Revenue Service (SARS) Customs. The amendment to the Customs and Excise Act of 1964 defines the codes and can be viewed online. Unfortunately, the government does not provide a website with a good search function, only the full text of the Act is published. There are some private customs service providers online, however, where the South African tariff codes can be searched.

- The [South African Revenue Service \(SARS\) website on the Harmonized System](#)
- The [South African Customs and Excise Act, 1964 – Amendment of Schedule No. 1 \(2022\)](#)
- [Tariff Code Directory for Trade Logistics](#)

Note!

The SADC Common Market does not prevent you from knowing your product code. For example, VAT regulations can still be specific per country.

5. Legal market entry requirements – “the must”

Naturally, all rules and regulations of the respective market must be complied with. As explained above, custom duties and taxes are defined by the sort of product you export. Such regulations must be researched for each product separately. However, some legal aspects regarding the trade in food or cosmetic consumer products will be explained in this chapter.

5.1. Basic quality and safety regulations for food and cosmetic products

People have the right to expect that the food they eat and the cosmetics they use are safe and suitable

for human consumption or use on the human body respectively. Governments of all three markets regarded for this guide agree on this (see Table 3).

Table 3: Different statements of official institutions regarding safety in food and cosmetics

Market	Sector statements on food	Sector statements on cosmetics
European Union	<p>“European citizens need to have access to safe and wholesome food of the highest standard.”</p> <p>European Commission</p>	<p>“Regardless of the manufacturing processes or the channels of distribution, cosmetic products placed on the EU market must be safe.”</p> <p>European Commission</p>
United Kingdom	<p>“If your business deals in food, you must make sure you do not add, remove, or treat food in a way that makes it harmful to eat.”</p> <p>UK Government</p>	<p>“All ingredients must be safe to use, as must be the final cosmetic product.”</p> <p>UK Government</p>
South Africa	<p>“Control of food safety is based on the basic needs of communities and the right of South Africans to make informed food choices without being misled.”</p> <p>The South African Department of Health</p>	<p>“The Cosmetic, Toiletry & Fragrance Association of South Africa is the industry’s voice committed to maintaining the high quality and safety of cosmetic products.”</p> <p>CTFA, South Africa</p>

Whoever sells a food or cosmetic product is responsible for the safety of the consumer. Therefore, supermarkets and drug stores are highly concerned about safety, especially when it comes to food products. They must trust each product on their shelf—that it is safe to use and that everything has been done to prevent harm to the consumer. Consequently, it is in the interest of the product producer to ensure safety. If something happens to a consumer, there can be high fines. But even worse and more feared is the high loss in consumer trust and brand attachment that each incident causes.

The most common examples of safety issues are:

- Allergens in food and in cosmetics
- Toxic chemical substances cause diseases such as cancer.
- Toxic biological substances such as bacteria, molds, etc., cause harm to consumer health.
- Foreign objects in food

Especially in the food sector, consumers are highly aware of food safety scandals, which often cause high media coverage and large product recalls. In 2017, for example, hundreds of thousands of eggs from the Netherlands were contaminated with the pesticide fipronil and recalled in many countries in Europe.

Furthermore, the concept of food fraud is related to food safety, food production control, and consumer trust in consumer products. Food fraud describes the situation in which a food producer deliberately alters food in a way that it does not correspond to the characteristics of the original product. It does not necessarily have to be harmful to the consumer as such, but such behavior constitutes a severe case of consumer fraud—usually committed out of greed for money. Food safety control measures also enable clients to identify food fraud.

Some common examples of food fraud are:

- High quality olive oil mixed with low quality, inferior oils.
- Honey stretched with sugar
- Minced beef or pork meat stretched with low quality meat or other meat sources (e.g., horse meat)

But while many safety measures would fall under the non-legal market requirements (“the common”), there are some legal regulations that will secure basic food and cosmetic safety.

5.2. Good Manufacturing Practices (GMP)

Illustration 4: 8 areas of GMP measures

- | | |
|---|---|
| 1. Quality management |  |
| 2. Staff qualification |  |
| 3. Hygiene and sanitation measures |  |
| 4. Ingredients and raw materials |  |
| 5. Equipment and factory buildings |  |
| 6. Documentation and recordkeeping |  |
| 7. Inspections, audits, validation, and certification |  |
| 8. Complaint management and continuous improvement |  |

Good Manufacturing Practices (GMP) guidelines define a system of production that ensures the safety of food, chemicals, and pharmaceuticals. Such guidelines are published, for example, by national or

international authorities in the sector. So, for some products, there might be more than one guideline. But usually, all the guidelines for a product are similar.

Following a GMP guideline for different food or cosmetic products is the very first step towards production control and safety measures.

GMP guidelines usually regard the eight areas in Illustration 4. If you do not find the fitting GMP guideline for your product, it is also valid to follow a guideline similar to your product and adapt it a little bit. But the eight areas of GMP measures should always be covered.

In addition, there are ten general GMP principles defining how to implement GMP in your production:

1. Define Standard Operating Procedures (SOPs)
2. Enforce/Implement the SOPs.
3. Document procedures and processes.
4. Validate the effectiveness of SOPs.
5. Integrate quality into the design of the processes.
6. Upkeep of systems, facilities, and equipment
7. Develop the job competence of workers.
8. Cleanliness will help avoid contamination.
9. Prioritize quality and integrate it into the workflow.
10. Conduct GMP audits regularly.

Each of these principles is of equal importance in production. Together, they form the basis for a secure production line which is always maintained according to quality criteria by adequate staff and management personnel.

In the cosmetics sector, GMP usually corresponds to the application of the ISO 22716:2007 guidelines for the production, control, storage, and shipment of cosmetic products (see chapter 5.4). Following GMP guidelines is a legal requirement in the cosmetics sector in the EU and the UK. It is not yet regulated by law in South Africa.

In food production, basic GMP guidelines exist but are more and more correlated to the application of HACCP (see next chapter).

5.3. Hazard Analysis and Critical Control Points (HACCP)

The system of Hazard Analysis and Critical Control Points (HACCP) was developed in the 1960s when US manufacturers first designed and produced foods for astronauts going into space. The food needed to be as safe as possible since the health and lives of the astronauts were extremely valuable and needed to be secured. The HACCP system proved to be effective in this regard, and over the past 60 years the system has developed into a worldwide accepted standard for food production

to ensure food safety. HACCP is quite simple, in fact: the system identifies, evaluates, and controls hazards significant to food safety. There are three types of hazards:

- a) Chemical hazards, such as naturally occurring food allergens, mycotoxins, and other mycotoxins, or preservatives and additives used during manufacturing, as well as unintentionally present cleaning and sanitizing chemicals, pesticides, heavy metals, and other mycotoxins.
- b) Bacteria, viruses, yeasts, molds, and other biological hazards
- c) Foreign objects such as brittle plastic, glass, metal, wood, stones, and so on.



Any chemical, biological, or physical agent in food with the potential to cause harm to consumers is a hazard. The points in the manufacturing process where it is likely that such hazards can occur are identified for each line of production. They are called “critical control points”. Wherever there is a critical control point identified, the manufacturer must, naturally, define the control measure at this exact point in production intended to avoid the hazard. Once this is defined, it is a matter of documentation, rigorous adherence to the processes, and control of this adherence.

Be informed!

Sooner or later, every food processing enterprise must apply HACCP principles. You can't get around this very basic food safety measure!

HACCP therefore follows the following seven steps:

- Principle 1: Perform hazard analysis.
- Principle 2: Identify Critical Control Points (CCPs)
- Principle 3: Determine the critical limit (s).
- Principle 4: Establish a system to monitor control of the CCPs
- Principle 5: Establish the corrective action to be taken when monitoring indicates that a particular CCP is not under control.
- Principle 6: Establish procedures for verification to confirm that the HACCP system is working effectively.
- Principle 7: Establish documentation concerning all procedures and records appropriate to these principles and their application

HACCP is also increasingly used in the non-food industry, such as cosmetics. The system is adequate for any kind of control in manufacturing processes and is not limited to food production.

In the food sector, it is a legal requirement for any company exporting food to the EU, the UK, and the South African market to have a HACCP system in place. However, it is *not* a requirement to have an independent certification of your HACCP system. You can simply implement the system in your manufacturing, which is not difficult to implement, and you will be in compliance with the laws. However, many international certification agencies also certify HACCP systems, and it is helpful to have such a certificate with regard to communication with clients.

Entrepreneurs new to food or cosmetics production often think that HACCP requires a lot of investment and is very difficult to implement. This is a false assumption, which often serves as an excuse not to get started. Certainly, the team, the entrepreneur, and the employees need to become informed about HACCP. Many training courses are available online, and local business support organizations frequently offer short introductory training. Information on the internet is abundant. Every manufacturer should be able to start an HACCP system, even without having a degree in quality management. Once started, each enterprise will find its way to continuous improvement in the quality area. A key to success is the openness to learn and self-learn, as well as – at a certain point – the willingness to hire qualified staff who can handle and improve the HACCP system in place.

5.4. Cosmetic registration regulations in the EU and the UK

While food products are mainly regulated to ensure quality and food safety, cosmetic consumer products still must clear an extra bureaucratic hurdle before legally being allowed on the EU and UK markets. They need to be registered as a product with the official competent authority. While a food consumer product can be marketed by a manufacturer located in a country outside the EU or UK without any representation in those markets, this is different for cosmetic consumer products.

In the EU and the UK, cosmetic consumer products need to be registered when putting them on the market. Such a regulation, however, does not exist for the South African market. Thus, this chapter is only relevant for cosmetics producers wanting to export to Europe.

In principle, the cosmetic regulations in the two countries do not differ. The requirements are the same. But since the UK is part of the EU, cosmetics need to be registered in both markets separately.

You can access the cosmetic regulations in force under the following links:

- [European Union Regulation \(EC\) N° 1223/2009](#)
- [UK Cosmetic Products Enforcement Regulations 2013](#)

For both markets, there are three main aspects related to the registration of a cosmetics product:

1. Each cosmetic product put onto the market needs a so called ‘Responsible Person’
2. The ‘Responsible Person’ must keep the full ‘product information file’ for each product.
3. All cosmetic products must be registered with the competent authority.

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3. All cosmetic products must be registered with the competent authority.

The ‘Responsible Person’

The designated ‘Responsible Person’ for a cosmetic consumer product is a person or legal entity that officially markets the product in the EU or the UK. It can be the manufacturer of the product or also a different entity officially representing the manufacturer’s product. The reason for having such a “responsible person” inside the market is to have a local contact and a localized product responsibility. So, officially, the “responsible person” must ensure that the product meets legislative requirements.

For this purpose, the ‘Responsible Person’ must keep an up-to-date document with all relevant information on the cosmetic product. This dossier is called the “Product Information File (PIF)” and is an up-to-date document with all relevant information on the cosmetic product. This dossier is called the “Product Information File (PIF).” The PIF holds information such as the ingredients of the products, their formula, etc.

For small manufacturers from developing countries, it is often not possible to establish an office in the target market. Therefore, it is necessary to find another “responsible person” on the ground. There are many service providers, such as consultancy agencies, which provide this service in the cosmetics sector for a fee. Searching the internet for such a service will show many possibilities in this regard. A good source for contacts is also the [European Cosmetics Responsible Person Association](#).

The ‘Product Information File (PIF)’

The PIF is sometimes also called the “dossier”. It is required by law in the EU and UK to contain the following information:

1. Product description (e.g., name and the formula that enables us to identify the product without any vagueness)
2. The Cosmetic Product Safety Report (CPSR)
3. Documentation of the production according to Good Manufacturing Practices (GMP)
4. Proof of the scientific effects claimed
5. Data regarding animal testing
6. Labeling information

As mentioned earlier, there is no such legal obligation in South Africa. However, the industry in South Africa self-regulates using the [South African Cosmetic, Toiletries and Fragrances Association](#) guidance documents, which are also based upon the EU Cosmetic Regulation.



[ISO 22.716:2007](#)

GMP Cosmetics Standard

An important requirement which must be documented in the PIF is the production according to Cosmetics Good Manufacturing Practices. Acceptable GMP in the EU and the UK are those which are described by the ISO 22.716 standard. The ISO 22.716 is the worldwide benchmark for GMP in cosmetics. However, following these standards does not mean that a manufacturer must become certified according to ISO 22.716. Compliance with this standard can be demonstrated either by having an ISO 22.716 certificate, or by a declaration stating that the products are produced according to ISO 22.716. It is, nevertheless, recommendable to apply for an official certification in terms of communication with buyers and clients.

Registration with the competent authority

After having identified the 'Responsible Person' and preparing all the documentation for the PIF, the cosmetic consumer product finally needs to be registered with the competent authority in the respective market. These authorities are:

- [EU Cosmetic Products Notification Portal \(CPNP\)](#)
- [UK Office for Product Safety and Standards \(OPSS\)](#)

Restrictions on cosmetic ingredients

The European regulations ban over 1,300 toxic chemicals in cosmetics. It is therefore necessary to check whether all the ingredients used in your product are allowed.

The European Commission's database for information on cosmetic substances and ingredients ([CosIng](#)) gives all the relevant information on this question. To find your ingredient in this database, you first need to research the internet for either the International Nomenclature of Cosmetic Ingredients (INCI) number or the Chemical Abstracts Service (CAS) number of your ingredient. There are numerous websites where you can search for those numbers; they identify in a unique numerical way each cosmetic ingredient.

Restrictions on marketing claims for cosmetic products

A cosmetic product is not a medical product. Often, however, producers of cosmetics or cosmetic ingredients claim effects on the consumer's health that are not scientifically proven. This is extremely unprofessional but still very common. Business partners in Europe react to such claims with great skepticism and aversion because they do not want to become associated with such false claims and

consumer misinformation.

The regulations in the EU and the UK clearly state that medical treatment terms are forbidden on cosmetic products. A cosmetic product cannot “heal” or “treat” a disease. Other claims, e.g., “the product is anti-oxidant,” can be made under the condition that the ingredients are proven to actually have anti-oxidant characteristics. A good resource for learning about the restrictions is:

- [Cosmetics Europe – The Personal Care Association: Guidelines for Cosmetic Products Claim Substantiation](#)

5.5. Labeling and packaging regulations

Just like regulations regarding the ingredients or safety of a product, the target markets of the EU, UK, and South Africa also have regulations regarding the necessary labels on products and how they are packaged. For manufacturers of final consumer products, such regulations need to be taken into consideration when designing the packaging for the products.

It is, in general, possible to read up on the requirements and implement them, as the labeling regulations are quite clearly explained. However, some manufacturers prefer to work with specialized external consultants in this regard, particularly in cases where they want to export to many different markets as they adapt their packaging. The rules and regulations can be looked up here:

- [Rules on food labeling and packaging in the European Union](#)
- [Understanding the labeling requirements of the EU Cosmetics Regulation](#)
- [Rules on food labeling and packaging in the United Kingdom](#)
- [CTPA Guidance for Cosmetics Products in the UK](#)
- [South African Foodstuffs, Cosmetics and Disinfectants Act: Regulations: Labeling and advertising of foodstuffs](#)

5.6. Researching legal obligations and regulations

The governmental institutions of the market you wish to export to normally inform you about relevant legal requirements online. It might seem difficult to read through such information, but you cannot be afraid of reading and researching.

European Union

The EU has a very good information portal called [Access2Markets](#). On this website, all rules and regulations for trade between the EU countries and external markets can be found. Information on tariffs, taxes, labeling requirements, rules of origin, export measures, statistics, and much more is available. The website is available in all EU languages.

United Kingdom

Since the UK has left the European Union and its single market, all rules and regulations technically

must be re-set by the UK government separately. Luckily, many requirements of the EU market are simply taken over by the new separate market of the UK. However, the UK market is now a different market, and imports need to be declared.

The UK government has established a good online information system as well. As a point of departure, the [Step by Step Guide to Import Goods into the UK](#) is a very good website. It explains how to bring goods into the UK from any country, including information on taxes and duties as well as necessary licenses and certificates. The primary target group of this online guide is British businesses, but it is also very helpful for third-country traders.

South Africa

The South African government's best source of information is the website of the [International Trade Administration Commission](#). Guidelines and regulations on import control are explained and published. The application form for importing goods into South Africa – a key document for importing into this country – is also available online. The website further provides information on tariffs.

6. Non-legal market entry requirements – “the common”

6.1. Full traceability

Traceability is extremely important for quality control and safety along all food and cosmetic value chains, as well as for social compliance issues. A producer and distributor of a final consumer product is expected to provide full traceability throughout the entire supply and production chain. The reason is, on the one hand, that if there is a problem with your product, you are expected to immediately know where the problem came from and solve it. On the other hand, in Europe, the first laws and regulations emerged to hold European companies responsible for their supply chains to ensure sustainability and social compliance in production. Actors all along the value chains are recognizing the importance of traceability, and there is a general consensus that everyone along the chain must work to increase traceability.

***Illustration 5:** Traceability means understanding the product flow along the supply chain*



To have a traceable supply chain, manufacturers must first establish a traceability system throughout their manufacturing process and with regard to their raw materials. Some certification schemes, such as [Fairtrade International](#) and the [EU Organic certification](#) require a high degree of traceability. But even when not operating under such certifications, each manufacturer should establish a traceability control system. A good introduction to this topic is the [Import Promotion Desk Guide on Traceability](#).

6.2. Proven quality management and internationally recognized certifications

As explained in chapter 5 already, safety and quality management of products is very important, especially in the European markets. There are already many legal obligations to follow when wanting to export to these markets. However, market actors often expect their partners to go beyond the official legal obligations when it comes to quality and safety management.

The international certification most relevant in the cosmetics sector is the ISO 22.716 GMP standard, already explained. For exporting to the EU and UK, an official certification is theoretically not necessary (even though the GMP practices of the standard must be followed), but in practice, most cosmetic products available on these markets are manufactured by companies possessing an official ISO 22.716 certificate. In South Africa, this is not yet the case. There is no legal requirement to follow GMP in cosmetics, despite the fact that professional actors in the field do so for international competition and benchmarking. So, entering the South African market for consumer cosmetics is a little bit easier than the European market. But in the long run, any cosmetics manufacturer should aim for solid GMP-based production and possibly also an ISO 22.716 certificate.

Certifications of a certain kind are, however, especially expected in the food sector, even though they are legally not binding. As explained earlier, the HACCP manufacturing principles are obligatory to follow for any product brought onto the markets in South Africa, the EU, or the UK. It is, as it is the case with GMP in cosmetics, however, not mandatory to actually have an HACCP certificate as such; only the principles must legally be followed in food production.

In practice, food manufacturers around the world at some point become certified with the next certification in line, notably either the [ISO 22.000](#) or [FSSC 22.000](#) certifications. Both standards include the HACCP principles and, in a second step, have some additional requirements regarding food safety. The Food Safety System Certification (FSSC) contains a few more additional technical requirements than the ISO 22.000, but both standards are equally accepted as the standards for safe food production around the world. To become certified, manufacturers need to contact an authorized certification body.

Be informed!

In international markets, certifications are needed to proof food safety management to gain trust with buyers and clients.

The ISO/FSSC 22.000 standards are relevant for all food production plants, producing ingredients and semi-finished products as well as final consumer products. But in the retail sector in Europe, the actors usually require food brands to not only operate under the food safety ISO/FSSC 22.000 standard but also become certified according to the Brand Reputation through Compliance Global Standard ([BRCGS](#) or the International Features Standard – Food ([IFS-Food](#))). Both are private standards, having a few more requirements than the FSSC/ISO standards. BRCGS is a British standard, but it is

quite widely asked for in the retail business. IFS-Food is a similar standard but less widely accepted. Often, retail clients stick to one of those standards, requiring it from their suppliers of consumer food products. BRCGS or IFS-Food are very common standards for final consumer food brands in the EU and the UK. However, in other parts of the world, including South Africa, these standards are not yet as widely required.

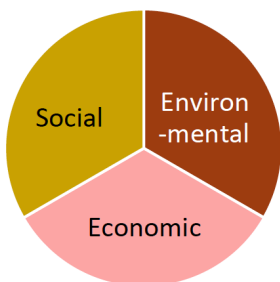
Figure 4: International certifications in the food sector support proof of quality management



6.3. Sustainable business practices

European buyers are increasingly addressing social and environmental issues. Sometimes they become involved in local social and environmental projects, and sometimes they develop their own Corporate Social Responsibility (CSR) policies or codes of conduct. Aspects that are tackled are business ethics, social responsibility, and environmental responsibility, such as carbon neutrality and impact on local biodiversity. This trend is not as visible in South Africa, but it is a worldwide development closely related to enhanced traceability and trade responsibility.

Figure 5: Corporate Social Responsibility’s Sustainability Dimensions



There is no single definition of the term “corporate social responsibility” and what it means. But it is widely recognized that a CSR strategy comprises.

1. Social sustainability

2. Environmental sustainability
3. Economic sustainability

In particular, European partners expect suppliers to comply with a code of conduct regarding CSR. This can be their own code of conduct or one based on external initiatives such as the [Business Social Compliance Initiative \(BSCI\)](#) or [Sedex Members Ethical Trade Audit \(SMETA\)](#). A helpful, but by no means mandatory, certification can also be the [ISO 26.000 standard for Social Responsibility](#).

Producers from developing countries should start becoming informed about such developments and expectations from their partners in export markets.

6.4. Trustworthy communication and openness

In trade between countries and continents, cultural differences between the actors are often underestimated. But they are an important matter when it comes to establishing trust between buyer and seller. Buyers, especially in Europe, want to create a trustworthy and long-term relationship with their suppliers, and for this, honesty, openness, and constant communication are very important. When beginning to work with new suppliers, serious business actors expect transparency and dependability. This does not mean that business secrets need to be shared, but first and foremost, that problems and challenges are addressed openly.

Illustration 6: Buyer and seller need to build a bridge of trust.



When you want to become a successful exporter, you should always answer your clients truthfully, not promise anything which you cannot deliver, and always answer within one or at most two business days to emails or other messages. If you want a fast business deal, you might get it by promising big things and telling a few half-truths. But you will never build a good, long-term business relationship on such terms.

7. Niche market requirements – “the niche”

In addition to the obligatory market requirements and the common buyer requirements in a sector,

there are also niche market requirements. Niche market requirements—if a product meets them—allow access to these niche markets, which could not be reached without fulfilling the requirements. In some cases, niche market requirements are mandatory to sell to a certain niche market segment. In other cases, they are not legally mandatory but, in terms of honesty towards the consumer, they are usually required by business partners.

For products coming from developing countries, it is often attractive to enter niche markets where gains are higher than in the conventional market, as those businesses can often not compete economically in the conventional markets. The most common niche market segments are related to certifications of a certain kind. But there might also be very small niche markets that do not rely on certification. An example is the market for “raw foods,” in which only food products not heated to more than 48°C are acceptable. So, the production method defines the suitability for this niche.

Organic niche market

The organic food and cosmetics market is growing, but it remains a niche market. While South Africa currently has no regulations that pertain to the production or labelling of organic products, governmental regulations in the EU and UK are very strict and must be followed. In the EU and UK, a product produced naturally cannot be marketed as “organic”. “Organic” means the food is *certified organic*. Certification can be obtained through accredited certification bodies.

Be reminded!

You should never call your product “organic” if it is not organic certified. Use the term “natural” in this case.

Figure 6: The EU Organic logo



The basis for the certification of *food* products in the EU – and also in the UK until further notice – is the [Regulation \(EU\) 2018/848](#). All organic food imported from non-EU countries must have a valid Certificate of Inspection. The EU has developed a logo for this kind of certification. The logo can only appear on food products that are certified according to the EU regulation.

The rules for complying with the EU regulation are perceived as “not organic enough” by some consumers. Those consumers are looking for additional organic standards that have stricter requirements than the EU regulation, and since there is a demand for such standards and products, they will exist. They adhere to private standards such as Demeter or Naturland certification. Regular organic certification already opens the organic market for your product. However, if you wish to work with a particular partner in Europe, additional organic certification might be asked for by this partner.

The organic and natural cosmetics markets are not as clearly regulated as the food segment. In Europe,

a food can be labeled as organic if all of its ingredients are organically certified. However, in cosmetic products, you often find ingredients which do not fall under the EU Organic Regulation because they are not used as food. Thus, cosmetics can be labeled as “organic” already if all the ingredients that *could* be certified *are* in fact certified. Non-certifiable ingredients, however, must not be organically certified.

There are some private label certifications that are more and more accepted as the basis for marketing a cosmetic product as “organic.” These standards are based on the EU Organic Regulation but add specifics regarding the cosmetics manufacturing process:

- [NATRUE standard of The International Natural and Organic Cosmetics Association](#)
- [COSMOS standard developed by five independent private standard organizations](#)

Fairtrade and social certification niche markets

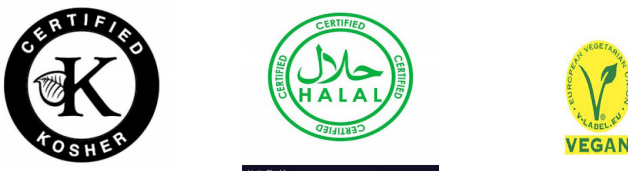
Especially in the EU and UK, consumers are more and more concerned about the production methods of their food and also cosmetics. They should also be fair to the producers and sustainable for the environment. Thus, certifications that ensure these production scenarios are defining the niche market of fairtrade products. Depending on the product, buyers might prefer one or other fairtrade certification.

Figure 7: Different fairtrade and social labels



Special religious and production-based niche markets

Figure 8: Labeling examples for religious and production-based niche markets



There are some segments of the market which tend to a special diet of consumers. Such a diet is sometimes based on religious beliefs or on personal decisions. The most common examples are the Kosher and Halal certifications for the dietary requirements of Jews and Muslims, respectively. It applies mostly, of course, to food, but also in the cosmetics sector, where people want to follow their religious beliefs and are sometimes looking for adequate products. It might be worthwhile to explore whether there is a large population following these religions in the target market.

Another common dietary trend is vegan food. Consumers following this trend do not want to consume any animal-based products. Plant-based food is naturally vegan, but for example, in the EU, a private vegan label assures customers about their choice of purchase. Cosmetics are often advertised as vegan if no animal-based ingredients are used.

It really depends on the marketing approach a product wants to follow whether these labels are acquired or not. Each label, of course, comes with an investment.



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