

## **Organic Production and Trade: Contributions, opportunities, challenges and constraints**



*Environmental Requirements and Market Access: Turning challenges into opportunities*  
UNEP-UNCTAD CBTF – 3 October 2007, Geneva, Switzerland  
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## **What does organic agriculture usually look like in Developing countries?**

### **Organic coffee plantation**



### **Organic integral farm (over 30 products)**



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## **As opposed to?**

### **Conventional Coffee**



### **Conventional pineapple**



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## **Organic agriculture is where environment meets economy (*potentially*)**

### **• Issues involved**

- sustainability (soil, water, biodiversity)
- system resilience (multiple opportunities for environmental and economic recovery)
- food security (cash and non cash products)
- independence (locally produced inputs, family labor, etc.)
- economic stability and security (?)



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## **A win win approach for farmers and consumers**

- **why do small farmers go organic?**
  - environmental and health benefits
  - economic benefits
  - opportunity for improved livelihoods
- **why do consumer want organic?**
  - food safety
  - environmental benefits
  - desire for a more balanced and fair society



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## **And where do farmers meet with consumers?**



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**At the market place!!!**



**Or maybe not???**



Biofach

Whole Foods



**Lets see what is going on in the international trade arena...**

*30.6 million has. Organic pastures and crops certified in the world*

Australia	11,8 million Has.	2,7% of agricultural land
Argentina	3,09 million Has.	2,41%
Italy	1,06 million Has.	8,4%
United States	1,6 million Has.	0,5%
Costa Rica	0,01 million Has.	2,5%

**The organic market grows continuously**

Average growth of global conventional food market: 4-5% per year

Average growth of global organic food market: 15% per year

**What kind of demand for organic food grows more?**

- Fresh fruits and vegetables represent 40% of sales and this sector grows 8,4% annually
- Dairy products, cereals, breads, fast foods, frozen foods and baby foods represent 60% of the sales and the average growth is 36% annually

**Growth and importance of the global organic market**

- 1997: \$10 000 million
- 2003: \$25 000 million
- 2005: \$34 000 million
- World agrochemicals sales in 2005: \$ 32 000 million
- Food sales at Wall Mart Supermarket in the United States (estimated): \$ 70 000 million

### Participation of main countries in the global organic food market

United States	2-2,5%
Europe	1-3%
Canada	0,9-1%
Japan	0,35-0,45%



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### Where is organic being sold?

- 1991: 7% at supermarkets, 93% at green stores, farmers markets and direct markets
- 2003: 50% (and more) at supermarkets



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### Some of the main corporations that now own organic food brands

- Coca Cola
- Kraft
- Kelloggs
- Dole
- Heinz
- Novartis
- General Mills
- and others...



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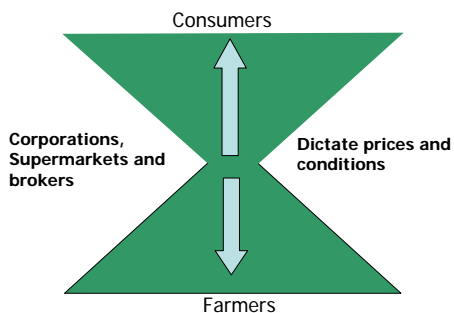
### General tendencies in the growth of the organic market

- The demand keeps growing strongly
- The demand for processed foods grows more than the demand for fresh foods
- The concentration of the production and marketing in corporate hands is being more important every day (supermarkets)



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### Are consumers and farmers really being able to meet their interests?



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### The market sets the rules

but...

what does the market know about holistic environmental, social and economic interrelations?



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**Not much!!**

*The market is conventional,  
the products are organic...*

*What are the implications?*



**What did a farmer have to do to access the organic market?**

- ✓ Good quality
- ✓ Constant supply
- ✓ Compliance with organic standards
- ✓ Good organization and logistics capacities
- ❑ Organic certification



### Organic certification

- ❑ Opportunity
- ❑ Challenge
- ❑ Constraint
- ✓ All of the above



### What do farmers think about it?

- ✓ Costly (direct and indirect)
- ✓ Complicated (industry tailored, guided by developed countries)
- ✓ Duplication (lack of harmonisation/recognition)
- ✓ Impossible to satisfy (ever more stringent and detailed)

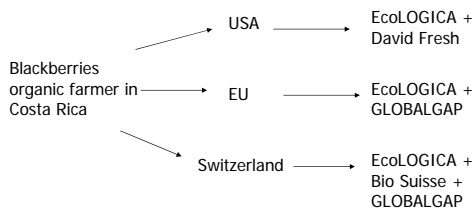


**Is that all?**



### Unfortunately, not!

Now there is GAP (ON TOP!)



**"Is that all now?"**



### Unfortunately, not!

The growing corporate markets ask for:

- Larger quantities
- Lower prices



**"Ok now, if I can make it, can I put all my products in the market?"**



### *Unfortunately, not!*

International corporate markets are for one product at a time (monoculture and scale economy approach)

**“And who is working on or supporting:**

- local/regional markets?
- technology development and transfer?
- research and training?”



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### *Not many!*

Everyone talks about market information, standards setting and certification as the main solution

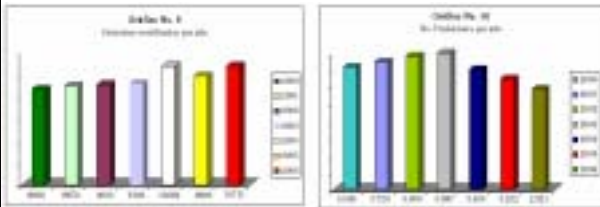
**Could be part of the solution, but for whom?**



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### Organic Agriculture in Costa Rica

Growth of certified organic has. in Costa Rica from 2000 to 2006



Source: ARAO, MAG 2007

After 2003 in Costa Rica the number of certified Has. has increased in 1611, while the number of farmers has decreased in 1066!

***Are we losing the small farmers?***

### *A win win approach for farmers and consumers??*

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### *Then? What to do?*

1. Support and develop international spaces where developing countries can have **REAL participation on international standards setting and implementation requirements**
2. Foster **national accreditation systems that have REAL international recognition** (lower costs of accreditation and certification for developing countries)
3. Foster and support **more small sized international trade initiatives** for organic products



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### *Then? What to do?*

4. Foster and support **fair trade concept** initiatives
5. Support projects that **work integrally on production, certification and marketing** of organic products for small farmers in developing countries
6. Support projects where the development of the **local market is a first step...** then go on to the international markets



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***Muchas gracias!!***



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