

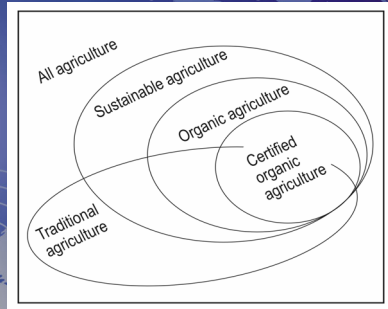
Organic Agriculture: A Trade and Sustainable Development Opportunity for Developing Countries

UNCTAD Trade and Environment Review 2005

Sophia Twarog, Ph.D.

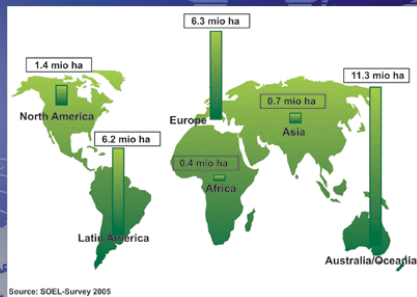
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

What is organic agriculture?



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Certified organic production: over 26 million hectares



Source: SOEL-Survey 2005

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

OA as a national sustainable development opportunity

- Economic benefits
- Food security benefits
- Environmental benefits
- Social & cultural benefits

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Economic benefits

Net income = (price x quantity) – total costs

Generally, incomes rise.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Food security benefits

- Higher incomes
- Higher yields
- Diversified production
- Improved nutrition

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Environmental Benefits

- Less pollution
- Improved soil, incl. increased water retention and less soil erosion
- Enhanced biodiversity
- No genetic contamination

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Environmental Benefits, cont'd

- Mitigated climate change
- Reduced energy consumption
- Landscape services

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Social & cultural benefits

- Benefits for smallholders
- Women's empowerment
- Builds on traditional knowledge
- Reduced rural-urban migration
- Improved health & safety
- Community revitalization

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

OA as an export opportunity

- Global sales of certified OA products 25 billion USD in 2003
- Sales growth rates at least double those of conventional food products
- Price premiums

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Export opportunities include

- Fresh and processed tropical products
- Counter-seasonal fresh produce
- Other products with demand-supply gaps
- Ingredients for food processing industry

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Regional Distribution of Organic Food Sales 2003

<u>Region</u>	<u>Billion USD</u>	<u>%</u>	<u>growth rate</u>
Western Europe	13.0	52	5%
North America	11.4	45	20%
Asia	0.48	2	
Oceania/Australia	0.24	1	
TOTAL	25.0		

Source: Sahota (2005)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Production challenges

- Little or no government support (policies, ag extension, R&D)
- Conversion period
- Knowledge intensive
- Sometimes lack of organic inputs
- Lack of secure land tenure

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Export challenges

OA exports must:

- Meet SPS requirements in import mkt (same as for convent'l products)
- Meet requirements of OA regulations & be certified by approved cert. body
- Meet additional requirements of private standards (sometimes)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Export challenges

- Agric. Subsidies in import markets
- Need for market information
- Consumer preferences for local food
- Lack of harmonization, equivalence & mutual recognition

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Recommendations to developing country governments

- Assess national organic sector & policies
- OA action plan
- Consider supporting OA R&D, extension services, certification costs, development of domestic market, exports, harmonization

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Other factors contributing to success

- Community organization
- Group certification

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Recommendations at international level

- Pursue harmonization
- Provide market info
- Take into acct special conditions in developing countries
- Support TC/CB in OA

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Thank you!



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT