Helga Willer and Minou Yussefi (Eds.)

The World of Organic Agriculture

Statistics and Emerging Trends

2004

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1 Preface

Organic agriculture has rapidly developed world-wide during the last few years. Because of the large interest we herewith present the sixth edition of the study „The World of Organic Agriculture“, that aims at documenting recent developments in global organic farming.

The internet availability of the publication in the course of last year resulted in more than 150,000 „visits“. A lot of additional information to the study (e. g. links, graphs etc.) are available from the internet at www.soel.de/oekolandbau/weltweit.html. Information about organic farming around the globe is provided at www.ifoam.org.

We are very thankful to the authors for contributing in depth information on their continent, their country or their field of expertise. We are also grateful to numerous individuals from all over the world, who helped us with valuable information.

We would like to thank all those who have collaborated with the publication of this study: Helga Willer and Minou Yussefi, for collecting the data, compiling information and for the editorial work. We gratefully acknowledge the help of Mike Mitschke, who compiled the most recent figures.

We are also grateful to Wanda and Gernot Schmidt for the technical editing and to Neil Sorensen for proof-reading as well as coordinating the production of this book.

Many thanks are due to Christine Neidhardt (ec menta) and Heike Slotta from NuernbergMesse, the organiser of BioFach, who financially supported this as well as earlier editions of this study.

We would greatly appreciate the submission of comments or supplemental information for the next edition to helga.willer@fibl.org.

Bad Duerkheim / Frick / Bonn, February 2004

Dr. Uli Zerger SOEL-Director	Dr. Urs Niggli FiBL Director	Bernward Geier IFOAM-Director for International Relations

2 Introduction

Minou Yussefi[1]

2.1 General Overview

In 1999, BioFach/Oekowelt GmbH commissioned Foundation Ecology & Agriculture SOEL to compile statistical data and general information on organic agriculture world-wide. Since then this study has been revised annually, and the newest figures are regularly presented at BioFach, which takes place in Nuremberg, Germany, every year. Since the 2003 edition the Research Institute of Organic Agriculture FiBL and the International Federation of Organic Agriculture Movements (IFOAM) have collaborated in this project. For the sixth edition, February 2004, the reports were newly written or revised and the statistical material was up-dated. An extensive chapter on standards and regulations was added.

The main findings can be summarised as follows:

- Organic agriculture is practised in almost all countries of the world, and its share of agricultural land and farms is growing. The total organically managed area is more than 24 million hectares world-wide. In addition, the area of certified „wild harvested plants" is at least a further 10.7 million hectares, according to various certification bodies.
- The market for organic products is growing, not only in Europe and North America (which are the major markets) but also in many other countries. It is valued at 23 billion USD (2002).
- Official interest in organic agriculture is emerging in many countries, shown by the fact that many countries have a fully implemented regulation on organic farming or are in the process of drafting regulations.

2.2 Methodology

In a survey undertaken between October and December 2003, experts from IFOAM member organisations – including the authors of this book –, certification bodies and other institutions were asked to contribute statistics on the organic area and number of farms. Additionally, an internet search and a literature search were carried out (see chapter 2.3 Information Resources).

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For many countries it is still difficult to find precise and up-to-date figures on the state of organic farming in individual countries, although it has become easier compared to when we started the survey in 1999. But still, in many cases no figures were available at all.

As long as state interest in organic agriculture is low, statistical information on organic agriculture rarely exists. In order to get a complete picture of the state of certified organic farming all over the world, a survey among all organic certifiers would need to be undertaken.

2.3 Information Resources

2.3.1 Institutions

International Federation of Organic Agriculture Movements (IFOAM)

The International Federation of Organic Agriculture Movements (IFOAM), the international umbrella organisation of organic agriculture organisations, has about 750 members in about 100 countries, which are listed in its membership directory. For this study, IFOAM members from all countries and many certification organisations as well as other institutions were asked for data about area and farms in their countries. These experts are listed in the tables at the end of the continent chapters.

IFOAM's conference proceedings and the magazines „Ecology & Farming" and „Oekologie & Landbau" (SOEL magazine) are both very useful sources of information on organic agriculture world-wide. The IFOAM homepage www.ifoam.org also provides useful information about organic farming worldwide.

Food and Agriculture Organisation (FAO)

The FAO offers vast information on organic agriculture at the internet page www.fao.org/organicag/default.htm. The article „Factors influencing organic agriculture policies with a special focus on developing countries" which can be downloaded from the FAO website gives a good overview of organic agriculture worldwide (Scialabba 2000).

2.3.2 Studies and Handbooks

Food and Agriculture Organisation (FAO)

In 2002, FAO published the study „Organic Agriculture, Environment and Food Security", a 250-page book on organic agriculture worldwide with background and statistical information (El-Hage Scialabba and Hattam 2003).

Information on the global market is available from the study „World Markets for Organic Fruit and Vegetables", published 2001 jointly by the International Trade Centre (ITC), the Food and Agriculture Organisation (FAO) and the Technical Centre for Agricultural and Rural Co-operation (CTA) (2004).

FiBL/Naturland/Sippo Handbooks

The Handbook „The Organic Market in Switzerland and the EU", published by the Swiss FiBL and Sippo offers market information for producers and international trading companies, organised both by product group and by country. In addition, the handbook provides an easily accessible overview of the import requirements applicable in Switzerland and the EU. In an appendix, the handbook contains official forms and an extensive collection of addresses (trading companies, authorities, certification bodies, organisations etc.) and websites (Kilcher et al. 2004).

The „Handbook Organic Cocoa, Coffee and Tea" was published by the same publishers and Naturland in January 2002.

Greenpeace

In 2002, Greenpeace published the study „Organic and Agro-ecological farming in the Developing World", written by Nicholas Parrot and Terry Marsden. This very interesting study provides extensive information on the current status of organic and, what the authors call „agro-ecological" or non-certified organic agriculture. The situation of organic farming in the countries of Africa, Asia and Latin America is described. Further themes are the questions of productivity and sustainability, natural methods of enhancing soil fertility, controlling pest and diseases, markets, certification and politics. This study is available from the internet and it can also be ordered from the IFOAM Head Office.

International Trade Centre (ITC) and United Nations Conference on Trade and Development (UNCTAD)

In 1999, the International Trade Centre (ITC) published its study „Organic Food and Beverages: World supply and major European Markets". The aim of this study is mainly to inform developing countries about the market potential of organic products from their countries for the organic markets worldwide.

The 271-page study covers world market trends, and contains chapters on market requirements, distribution channels, market access and market opportunities in Denmark, France, Germany, Netherlands, Sweden, Switzerland and the United Kingdom. The study is also a unique collection of information about the organic farming situation in almost every country of the world.

On the organic farming homepage of the International Trade Centre individual aspects covered in the study are expanded and updated. For further info see www.intracen.org/mds/sectors/organic/welcome.htm.

In 2004 the United Nations Conference on Trade and Development (UNCTAD) has published a compendium on „Marketing Organic Tropical Produce" with input from FiBL on a broad range of themes. The book covers the production, certification and conditions for market access of organically produced fruit and vegetables in the tropics. It contains information for producers and international trading companies alike, and shows how developing countries can boost their production and export capacities. The 330-page book is in English and is available for download free of charge.

2.3.3 Magazines

Oekomarkt Forum

The monthly information Bulletin of the German ZMP „Oekomarkt Forum" has a news service information for international developments in organic agriculture. A lot of the statistical information especially for developing countries, was taken from this newsletter. Many of these were originally supplied by the Organic Trade Services (www.organicts.com) or by the North American Organic Trade Association (OTA, www.ota.com).

The Organic Standard

In 2000 „The Organic Standard", a magazine concerned with international certification was launched. „The Organic Standard" provides regular and up-to date information on issues regarding organic farming world-wide. It is published by the Swedish

certifier „Grolink". A trial issue can be ordered via the internet at www.organicstandard.com.

2.3.4 Websites

FASonline

The „Organic Perspectives Newsletter" contains reports on organics from around the world gleaned from U.S. attaché reports, trips made by FAS staff, and other sources. The newsletter also covers items of interest about the U.S. national organic program and the domestic organic industry. A list of upcoming conferences, trade shows and other events is included in every issue (www.fas.usda.gov/agx/organics/attache.htm and www.fas.usda.gov/agx/organics/organics.html).

Organic Monitor

Extensive market and general information on organic farming in Europe and world-wide is also provided at www.organicmonitor.com.

Organic Trade Services

The Organic Trade Services offer extensive trade information. The information is available at www.organicts.com.

2.4 Literature Quoted in the Text:

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International Federation of Organic Agriculture Movements (IFOAM): www.ifoam.org = The IFOAM Homepage. International Federation of Organic Agriculture Movements, Bonn, Germany

International Trade Centre (ITC) (1999): Organic food and beverages: world supply and major European markets. ITC, Geneva, Switzerland. The study is available for USD 65 plus Postage from ITC, tel. +41 22 730 0253, fax +41 22 733 8695, e-mail kortbech@intracen.org and from the IFOAM Head Office. Book info at www.intracen.org/mds/sectors/organic/welcome.htm

International Trade Centre, Technical Centre for Agricultural and Rural Cooperation and Food and Agriculture Organisation of the United Nations (Eds.) (2001): World Markets for Organic Fruit and Vegetables -Opportunities for Developing Countries in the Production and Export of Organic Horticultural Products. Food and Agriculture Organisation FAO, Rome. Available at www.fao.org/docrep/004/y1669e/y1669e00.htm

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Scialabba, Nadia (2000): Factors influencing organic agriculture policies with a special focus on developing countries. Food and Agriculture Organization of the United Nations, Rome, Italy. Available for USD 30 from the Food and Agriculture Organisation of the United Nations (FAO), FAO-HQ@fao.org, www.fao.org/icatalog/inter-e.htm. Download via www.fao.org/organicag/doc/BaselSum-final.doc

United Nations Conference on Trade & Development (UNCTAD): Organic Fruit and Vegetables from the Tropics. Market, Certification and Production Information for Producers and International Trading Companies. United Nations New York and Geneva, 2003. Download at www.unctad.org/en/docs//ditccom20032_en.pdf

3 Development and State of Organic Agriculture Worldwide

Minou Yussefi[1]

Organic farming is practised in approximately 100 countries of the world and the area under organic management is continually growing. Also for some countries, where no statistical material was available, it may be assumed that organic agriculture methods are practised.

According to the SOEL-Survey (February 2004), more than 24 million hectares are managed organically world-wide. Currently, the major part of this area is located in Australia (about 10 million hectares), Argentina (almost 3 million hectares) and Italy (almost 1.2 million hectares). The percentages of land under organic management, however, are highest in Europe (see tables 1 and 2, figures 1 and 2). Probably less than half of the global organic land area is dedicated to arable land, since in Australia and Argentina most of the organic land area is extensive grazing land. In these countries with a rather dry climate, large extensive livestock systems are very suitable which are thus very common. The world's largest certified organic property (994,000 ha) is located in Australia (FAO 2002).

The increase of the organic land area – compared to the last edition of our survey – does not only result from an increasing interest in organic farming but also from the fact that we get better access to data each time we update this study. Nevertheless, it can be said that organic farming is developing all over the world.

For the sixth edition we got figures for the area of certified „wild harvested plants" which is at least an additional 10.7 million hectares, according to various certification bodies.

Australia/Oceania holds 42 percent of the world's organic land, followed by Latin America[2] (24.2 percent) and Europe (23 percent) (see figure 3). The distribution of the area and farms under organic management for each continent is shown in figure 3 and figure 4.

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[2] From this edition on Mexico is counted to Latin America, not to North America as in the previous versions.

In Australia/Oceania more than 10 million hectares and 2,000 farms are under organic management – this is the largest area in the world. In Australia approximately 10 million hectares are under organic management. Most of this is dedicated to extensive beef enterprises. The region's growth in organic trade is heavily influenced by the increasing demand for organic food and fibre products in Europe, Asia (especially Japan) and Northern America.

In many Latin American countries the area of organic land is now more than 100,000 hectares, and – starting from a low level – growth rates are extraordinary. The total organically managed area is more than 5.8 million hectares. The number of organic farms is almost 150,000.

In Europe more than 5.5 million hectares are under organic management, which corresponds to almost 2 percent of the total agricultural land. In some countries percentages have reached double digit figures. More than 170,000 farms are run organically. The main driving factor for the development are a growing market as well as policy support for organic farming.

In North America almost 1.5 million hectares are managed organically, representing approximately a 0.3 percent share of the total agricultural area. Currently the number of farms is about 10,500. There are signs that with the U.S. national organic standards, which were fully implemented at the end of 2002, progress has been made for the organic sector and for consumers.

The total organic area in Asia is now about 880,000 hectares, corresponding to 0.07 percent of the agricultural area. The number of organic farms is more than 61,000. Interest in organic agriculture continues to grow even though unevenly throughout the region. There is a wide spectrum of sector development stages, from early pioneer status to highly developed markets (Japan).

In Africa with few exceptions (e. g. Egypt and South Africa) certified organic production is mostly geared to products destined for export beyond Africa's shores. The statistics indicate that with few exceptions certified organic farming is relatively underdeveloped, even in comparison with other low-income continents. More than 320,000 hectares and 71,000 farms are now managed organically, representing about 0.04 percent of the agricultural land.

The data shown in the table below include fully converted land as well as „in conversion" land area.

Table 1: Land Area Under Organic Management (SOEL-Survey, February 2004)

	Organic Hectares
Australia	10,000,000
Argentina	2,960,000
Italy	1,168,212
USA	950,000
Brazil	841,769
Uruguay	760,000
UK	724,523
Germany	696,978
Spain	665,055
France	509,000
Canada	478,700
Bolivia	364,100
China	301,295
Austria	297,000
Chile	285,268
Ukraine	239,542
Czech Rep.	235,136
Mexico	215,843
Sweden	187,000
Denmark	178,360
Bangladesh	177,700
Finland	156,692
Peru	130,246
Uganda	122,000
Switzerland	107,000
Hungary	103,672
Paraguay	91,414
Portugal	85,912
Ecuador	60,000
Turkey	57,001
Tanzania	55,867
Polen	53,515
Slovakia	49,999
New Zealand	46,000
South Africa	45,000
Netherlands	42,610

	Organic Hectares
Indonesia	40,000
Romania	40,000
India	37,050
Kazakhstan	36,882
Colombia	33,000
Norway	32,546
Estonia	30,552
Ireland	29,850
Greece	28,944
Belgium	20.241
Zambia	20,000
Ghana	19,460
Tunisia	18,255
Egypt	17,000
Latvia	16,934
Sri Lanka	15,215
Yugoslavia	15,200
Slovenia	15,000
Dominican Rep.	14,963
Guatemala	14,746
Costa Rica	13,967
Morocco	12,500
Nicaragua	10,750
Cuba	10,445
Lithuania	8,780
Cameroon	7,000
Vietnam	6,475
Iceland	6,000
Russia	5,276
Panama	5,111
Japan	5,083
Israel	5,030
El Salvador	4,900
Papua New Guinea	4,265

	Organic Hectares
Thailand	3,993
Azerbaijan	2,540
Senegal	2,500
Pakistan	2,009
Luxembourg	2,004
Philippines	2,000
Belize	1,810
Honduras	1,769
Jamaica	1,332
Bosnia Herzegovina	1,113
Liechtenstein	984
Rep. of Korea	902
Bulgaria	500
Kenya	494
Malawi	325
Lebanon	250
Suriname	250
Fiji	200
Benin	197
Mauritius	175
Cyprus	166
Laos	150
Madagascar	130
Croatia	120
Guyana	109
Syria	74
Nepal	45
Zimbabwe	40
SUM	**24,070,010**

Table 2: Land Area Under Organic Management in Percent of Total Agricultural Area (SOEL-Survey, February 2004)

	% of Agricultural Area
Liechtenstein	26.40
Austria	11.60
Switzerland	10.00
Italy	8.00
Finland	7.00
Denmark	6.65
Sweden	6.09
Czech Rep.	5.09
UK	4.22
Germany	4.10
Uruguay	4.00
Norway	3.13
Costa Rica	3.11
Estonia	3.00
Spain	2.28
Portugal	2.20
Slovakia	2.20
Australia	2.20
Netherlands	2.19
Luxembourg	2.00
Slovenia	1.91
France	1.70
Hungary	1.70
Argentina	1.70
Chile	1.50
Belgium	1.45
Uganda	1.39
Belize	1.30
Canada	1.30
Bolivia	1.04
Israel	0.90
Greece	0.86

	% of Agricultural Area
Latvia	0.81
Ecuador	0.74
Ireland	0.70
Iceland	0.70
Sri Lanka	0.65
Ukraine	0.58
Peru	0.42
Papua New Guinea	0.41
Dominican Rep.	0.40
Paraguay	0.38
Tunisia	0.36
Poland	0.36
New Zealand	0.33
Guatemala	0.33
El Salvador	0.31
Yugoslavia	0.30
Suriname	0.28
Romania	0.27
Jamaica	0.26
Lithuania	0.25
Panama	0.24
Brazil	0.24
Colombia	0.24
USA	0.23
Mexico	0.20
Azerbaijan	0.20
Egypt	0.19
Ghana	0.16
Cuba	0.16
Mauritius	0.15
Nicaragua	0.14

	% of Agricultural Area
Morocco	0.14
Turkey	0.14
Tanzania	0.14
Zypern	0.12
Senegal	0.10
Japan	0.10
Cameroon	0.09
Indonesia	0.09
Vietnam	0.08
Pakistan	0.08
Lebanon	0.07
Honduras	0.06
Zambia	0.06
China	0.06
Rep. of Korea	0.05
South Africa	0.05
Fiji	0.04
India	0.03
Thailand	0.02
Philippines	0.02
Laos	0.01
Malawi	0.01
Guyana	0.006
Croatia	0.004
Benin	0.003
Russia	0.003
Kenya	0.002
Bulgarien	0.001
Nepal	0.001
Syria	0.001

Table 3: Organic Farms Worldwide (SOEL-Survey, February 2004)

	Organic Farms
Mexico	53,577
Italy	49,489
Indonesia	45,000
Uganda	33,900
Tanzania	26,986
Peru	23,057
Brazil	19,003
Austria	18,576
Turkey	18,385
Spain	17,751
Germany	15,628
Dominican Rep.	12,000
France	11,177
USA	6,949
Bolivia	6,500
Switzerland	6,466
Greece	6,047
Cuba	5,222
India	5,147
Finland	5,071
Mozambique	5,000
Colombia	4,500
UK	4,057
Costa Rica	3,987
Denmark	3,714
Sweden	3,530
Canada	3,510
Sri Lanka	3,301
Senegal	3,000
Honduras	3,000
China	2,910
Guatemala	2,830

	Organic Farms
Paraguay	2,827
Ecuador	2,500
Norwegen	2,303
Polen	1,977
Argentina	1,779
Niederlande	1,560
Australia	1,380
Rep. of Korea	1,237
Romania	1,200
Thailand	1,154
Slovenia	1,150
Hungary	1,116
Portugal	1,059
Vietnam	1,022
El Salvador	1,000
Ireland	923
New Zealand	800
Belgium	700
Czech Rep.	654
Estonia	583
Morocco	555
Philippines	500
Uruguay	500
Egypt	460
Israel	420
Tunisia	409
Pakistan	405
Lithuania	393
Benin	359
Latvia	350
Madagascar	300
Chile	300

	Organic Farms
Azerbaijan	285
South Africa	250
Bangladesh	100
Bosnia Herzegovina	92
Slowakei	84
Zambia	72
Ukraine	69
Bulgaria	50
Luxembourg	48
Cyprus	45
Liechtenstein	41
Ethiopia	35
Guyana	28
Nepal	26
Iceland	20
Croatia	18
Lebanon	17
Malawi	13
Jamaica	12
Zimbabwe	10
Fiji	10
Mauritius	3
Kazakhstan	1
Syria	1
SUM	**462,475**

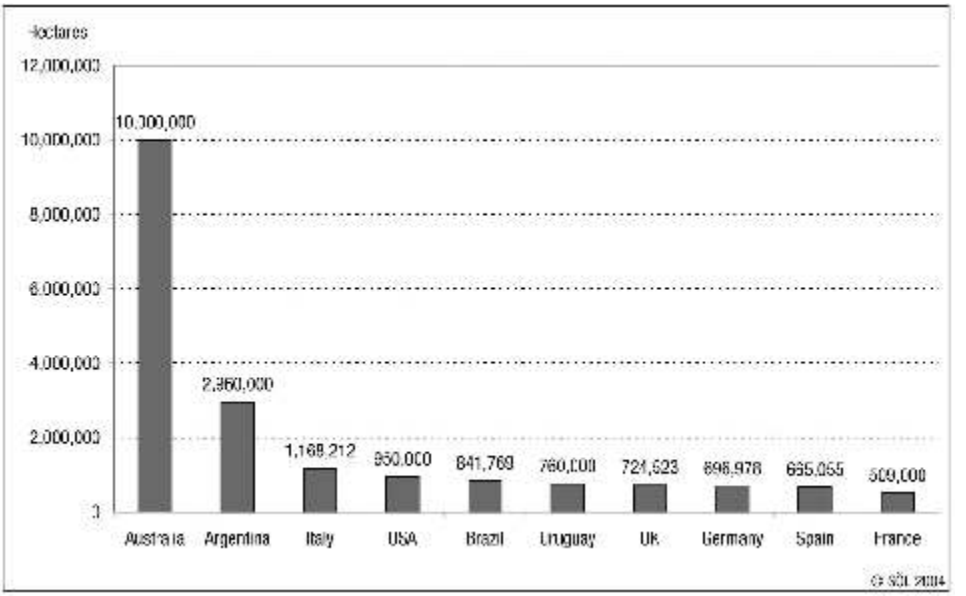

Figure 1: The ten countries with the largest land area under organic management
(Source: SOEL-Survey, February 2004)

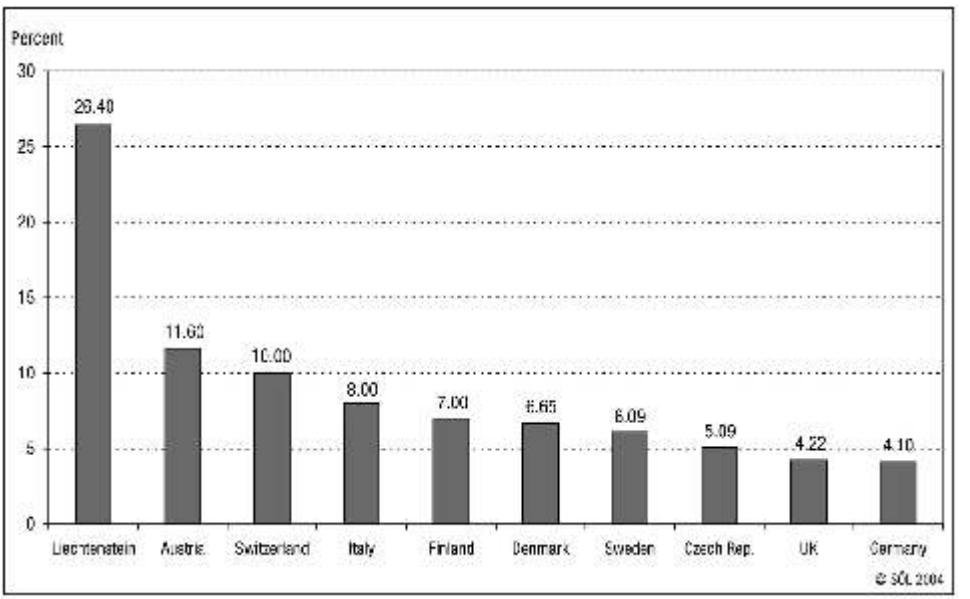

Figure 2: The ten countries with the highest percentage of land area under organic management
(Source: SOEL-Survey, February 2004)

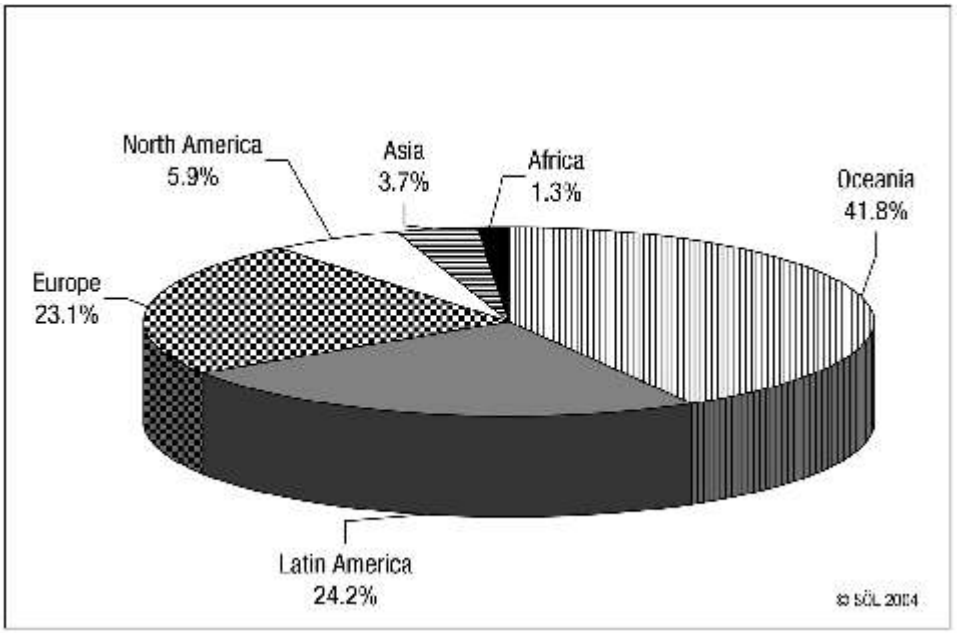

Figure 3: Total area under organic management – share for each continent
(Source: SOEL-Survey, February 2004)

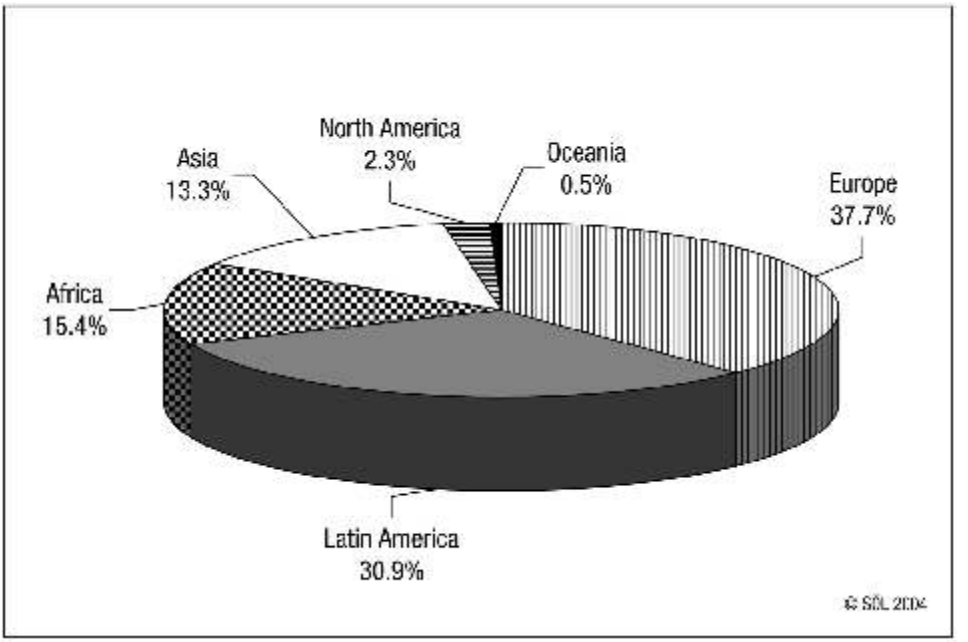

Figure 4: Total number of organic farms – share for each continent
(Source: SOEL-Survey, February 2004)

References

Food and Agriculture Organization of the United Nations (FAO) (2002): Organic agriculture, environment and food security, Environment and Natural Resources, 252 pages. FAO, Rome, ISBN 92-5-104819-3, ISSN 1684-8241, TC/M/Y4137/E

United States Department of Agriculture (USDA) (2002): GAIN Reports www.fas.usda.gov/agx/organics/attache.htm

The Organic Standard, various editions 2003, www.organicstandard.com

Zentrale Markt- und Preisberichtstelle GmbH (ZMP) (2003): Oekomarkt Forum (various editions), Bonn

4 Overview of the Global Market for Organic Food and Drink

By Amarjit Sahota[1]

4.1 Introduction

The global market for organic food and drink was valued at USD 23 billion in 2002. Although production of organic crops is increasing across the globe, sales are concentrated in the industrialised parts of the world. North America and Western Europe comprise the bulk of global revenues, however consumer interest is growing in other regions.

Consumer demand is confined to the industrialised world largely because of the price premium of organic products. Many developing countries have large sections of their populations below the poverty line, and this makes it difficult for a market for organic products to develop.

On analysing consumer behaviour towards organic products in international countries, a picture of a global organic consumer is emerging. A typical consumer of organic products has the following attributes:

> Location – lives in urban areas, usually in a big city

> Buyer Behaviour – discerning towards food and drink purchases, considering factors like quality, provenance and production methods

> Demographics – typically well-educated and belongs to middle-high social classes

> Purchasing Power – in a medium to high-income household with relatively high purchasing power

The industrialised nations have a sizeable and well-educated middle-class, and this is the reason why most organic food and drink sales are concentrated in these countries. As more countries develop economically and as their populations become increasingly educated and more affluent, demand for organic products is to rise. This is to cause sales of organic products to become less concentrated in the world. Rapid economic

[1] Amarjit Sahota, Organic Monitor, 79 Western Road, UK-London, W5 5DT, http://www.organic-monitor.com – Amarjit Sahota is the director of Organic Monitor, a company that has become the leading provider of business intelligence on the international organic food industry. Information has been taken from The Global Market for Organic Food & Drink (Organic Monitor 2003). More details can be found on www.organicmonitor.com.

growth in countries like China, Brazil, and South Africa is causing the upper social classes to expand, and this is creating a market for organic food and drink.

In other regions, there is an increase in organic farmland because of farmers being attracted to the export benefits of organic production. Although most production in Asian and African countries will be for export markets, it is also creating regional markets to develop in which organic farmers market their organic crops to consumers in their region.

Sales of organic food and drink are slowing in certain countries, especially in Western Europe, however, the market is becoming increasingly global. Consumer demand for organic products is expanding worldwide and as this continues, it will capture even larger international attention. Valued at USD 23 billion in 2002 and healthy growth continuing, the global organic market can be considered anything but a niche.

This section gives market size estimates for the major geographic regions. Market size and growth rates are based on research conducted by Organic Monitor as well as industry estimates. Sales of organic food and drink refer to certified organic products whilst products that are not certified are excluded. All revenues are in US dollars and fluctuations in exchange rate may distort market size data especially since the US dollar weakened considerably in the foreign exchange in 2003.

4.2 Western Europe[2]

The Western European market for organic food and drink was traditionally the largest in the world, however it has now been overtaken by North America. European sales of organic products were estimated to have expanded by about 8 percent in 2002 to reach USD 10.5 billion. The market has enjoyed rapid expansion since the mid 1990s and is now reporting slowing growth rates as certain sectors approach maturity.

Supply-demand imbalances have become a characteristic of the European organic food industry. A number of countries are showing oversupplies in sectors like organic meat and dairy whilst other sectors like organic cereals and grains continue to suffer from product shortages. A reason for this is that much of the early converts to organic agriculture were dairy and cattle farmers whilst the conversion rate for arable farmers has typically been low.

[2] Editor's note: The figures given in this chapter might differ from the market figures in other chapters of this book. This is due to the fluctuating exchange rates of the US Dollar and Euro as well as different research methods.

The German market is the largest in Europe, valued at USD 3.06 billion. Sales of organic products were hit by the Nitrofen scandal in June 2002 and begun to recover towards the end of the year. The food scare involved organic poultry to be contaminated by Nitrofen, a banned pesticide, and this led to a temporary drop in German consumer confidence in organic products.

The British market for organic food and drink is the third largest in the world. Retail sales were estimated at USD 1.5 billion in 2002 and market growth rates are slowing after years of growth between 20 and 40 percent.

The Italian and French markets are the next most important, each valued at about USD 1.3 billion. Other important markets for organic food and drink are in Switzerland, Denmark, Sweden, Austria and the Netherlands.

The Swiss market was valued at USD 766 million in 2002 and it is the fifth largest in Europe. The Swiss expenditure rate on organic products is the highest in the world with the average Swiss consumer spending about USD 105 on organic products per annum. The Danes are the second largest consumers of organic food and drink with an average spend of USD 71 per annum.

The average European expenditure rate on organic food and drink is USD 27.2 per annum. It is shown that there is much variation in the expenditure rate between European countries, ranging from USD 7.3 (Spain) to USD 105 (Switzerland) per capita. Countries like Switzerland, Denmark and Sweden have expenditure rates above USD 40 per annum and if these are seen as aspirations for other European countries then there is much scope for further market growth. An increase in the average consumer spend to USD 40 would raise the organic food and drink market value to USD 15.4 billion in Western Europe.

4.3 North America

The North American market for organic products is reporting the highest growth worldwide. Organic food and drink sales were estimated to have expanded by 12 percent to USD 11.75 billion in 2002. Consumer demand for organic products remains buoyant and the region is expected to account for most global revenues in the foreseeable future.

The United States Department of Agriculture USDA implemented the National Organic Programme NOP in October 2002. The NOP only allows organic products that meet USDA regulations to be marketed as organic products in the American marketplace. This has given the industry a boost by making organic products more visible in

the marketplace and raising consumer awareness. Organic products must meet national standards in order to obtain the official organic logo and this has strengthened consumer confidence in organic products. The NOP is also causing organic products to enter mainstream marketing channels with a number of American supermarkets now offering organic foods and beverages.

The USA market comprises the bulk of the North American revenues with the Canadian market estimated at USD 750 million in 2002. The Canadian market has been reporting growth of 15 to 20 % per annum since the late 1990s and similar growth is envisaged in 2003. The BSE crisis in June 2003 has elevated consumer interest in organic products and is causing organic food and drink to become more widely available in mainstream retailers.

4.4 Asia

The Japanese market for organic food and drink is the most important in the Asian region. This is perhaps not surprising considering Japan has the second largest economy in the world, and it is the most affluent country in the Asian region. Sales of organic food and drink were estimated at about USD 350 million in 2002.

The Japanese market for organic food and drink was previously estimated at above USD 3 billion, however the introduction of government regulations on organic farming and organic foods caused revenues to shrink over ten-fold in 2001. The Japanese Agricultural Standards JAS only allows organic foods that are certified by an accredited organisation to be marketed as organic foods. This caused many organic products to lose their organic status in 2001, and the market size shrunk as a result.

The increase in revenues in the Japanese market is largely due to more JAS-certified organic products coming into the market. It is unlikely, however, that the Japanese market for organic products will rise to about USD 3 billion in the foreseeable future due to many of the products previously marketed as organic products not meeting JAS standards.

Other important markets for organic products are in China, South Korea, Singapore, Hong Kong, and Taiwan. There is a small but growing market for organic food and drink in these countries. Countries like Malaysia, Thailand, and India are expected to show growing markets for organic products as organic farmers in step up production in these countries.

4.5 Latin America

Latin America has the second largest amount of organic farmland in the world with 5.8 million hectares, however it has a small market for organic food & drink. Most of the organic farmland is used to produce organic products for the export market with about 10 percent sold within the region. The region is an important source of high quality organic fresh produce to northern hemisphere countries, especially to the United States and Europe.

Sales of organic food & drink were estimated at US $100 million in 2002. Most demand is in the big cities, especially in Brazil and Argentina, which are two of the leading organic producers in the region. Increasing consumer affluence and growing awareness of organic products are stimulating consumer demand for organic products.

4.6 Oceania

Although the Australasian continent comprises almost a half of global organic farmland, the market represents a fraction of the global total. Sales of organic food and drink were estimated at about USD 200 million in 2002 with Australia comprising the bulk.

Cattle farmers use much of the organic farmland in Australia as pastureland. The Australian organic food industry is export-oriented with significant quantities of primary products like organic fruit, vegetables and beef going to other countries. Sales of organic products within Australia are growing at about 15 to 20 percent per annum and consumer demand continues to strengthen.

The organic food industry in New Zealand is highly export-oriented. There are high volumes of organic kiwi fruit, lamb, fruit and vegetables exported to northern hemisphere countries and relatively low amounts are sold in the domestic market.

4.7 Conclusions

Although organic farmland continues to rise across the globe, most sales of organic food and drink are restricted to the industrialised world. Figure 5 shows that the two regions of North America and Western Europe account for roughly 97 percent of global revenues. Other important markets are in Japan and Australia.

Two factors are adjudged to be responsible for consumer demand to be concentrated in the most affluent countries of the world. The price premium of organic products

restricts demand to countries where consumers have high purchasing power. This is a factor why most sales are in countries where there is a sizeable middle-class of the population. The second factor is education and more specifically awareness of organic products. As consumers become more educated and informed of food issues, they are more inclined to buy organic products whether it be because of factors like food safety, concern for the environment, or health reasons.

As production of organic crops increases across the globe, regional markets are also expected to develop in which organic farmers will produce organic products for consumers in their region. This is expected to stimulate sales of organic products in many developing countries, especially in countries like Brazil, China, India, and South Africa where economic development is increasing at a rapid rate and a more educated and affluent middle-class of consumers is developing.

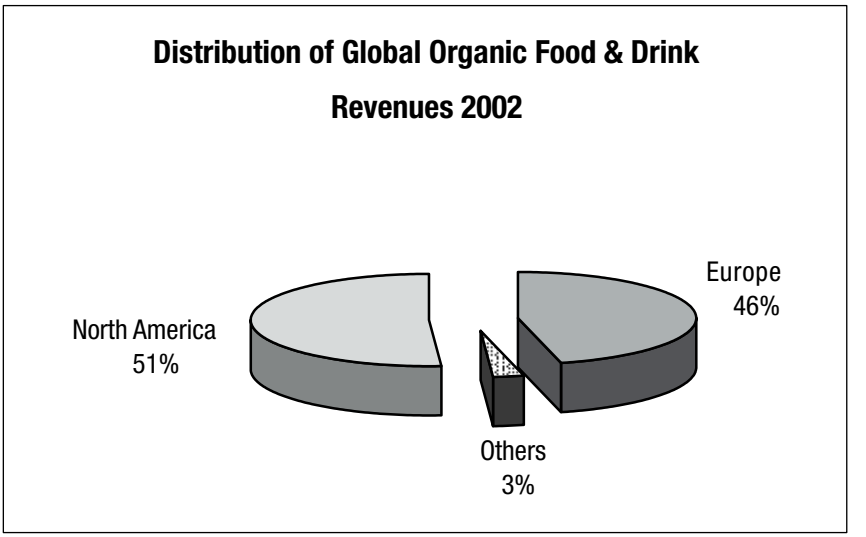

Figure 5: Distribution of global organic food & drink revenues 2002. Note: All figures are rounded. Source: Organic Monitor

4.8 Reference

Organic Monitor (2003): The Global Market for Organic Food & Drink. Organic Monitor, London, UK. Info available at http://www.organicmonitor.com/700140.htm

5 Standards and Regulations

Lukas Kilcher[1], Beate Huber[2] and Otto Schmid[3]

5.1 International Standards

5.1.1 IFOAM Standards

The Basic Standards for Organic Production and Processing (IBS) of the International Federation of Organic Agriculture Movements IFOAM were first published in 1980. Since then they have been subject to biennial review and republication.

The IFOAM Basic Standards define how organic products are grown, produced, processed and handled. They reflect the current state of organic production and processing methods. These standards should not be seen as a final statement, but rather as a work in progress to contribute to the continued development and adoption of organic practices throughout the world.

The IFOAM Basic Standards provide a framework for certification bodies and standard-setting organizations worldwide to develop their own certification standards and cannot be used for certification on their own. Certification standards should take into account specific local conditions and provide more specific requirements than the IFOAM Basic Standards.

Producer and processors that sell organic products are expected to work within, and be certified by certification bodies, using standards that meet or exceed the requirements of the IBS. This requires a system of regular inspection and certification designed to ensure the credibility of organically certified products and build consumer trust.

The IFOAM Standards Committee in close co-operation and consultation with the IFOAM member organizations and other interested parties develops the IBS. The

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IFOAM Basic Standards are presented as general principles, recommendations, basic standards and derogations.

At the homepage of IFOAM http://www.ifoam.org under „Organic Guarantee System" the IFOAM Norms, consisting of the IFOAM Basic Standards for Organic Production and Processing and the IFOAM Accreditation Criteria for Bodies certifying Organic Production and Processing are published. The homepage also provides information on the IFOAM Accreditation Program (see chapter 6).

5.1.2 The Codex Alimentarius

The need for clear and harmonized rules has not only been taken up by private bodies, IFOAM and state authorities (e.g. EU Regulation 2092/91 within the European Union), but as well by the UN-Organizations FAO and WHO. FAO and WHO consider international guidelines on organically produced food products as important for consumer protection and information, and because they facilitate trade. They are also useful to governments wishing to develop regulations in this area, in particular in developing countries and countries in transition.

The Codex Alimentarius Commission, a joint FAO/WHO Food Standards Program, began in 1991 (with participation of observer organizations such as IFOAM and the EU) elaborating Guidelines for the production, processing, labelling and marketing of organically produced food. In June 1999 first the plant production and in July 2001 the animal production was approved by the Codex Commission. The requirements in these Codex Guidelines are in line with IFOAM Basic Standards and the EU Regulation for Organic Food (EU Regulations 2092/91 and1804/99). There are differences with regard to the details and the areas, which are covered by the different standards.

The trade guidelines on organic food take into account the current regulations in several countries, in particular the EU Regulation 2092/91, as well as the private standards applied by producer organizations, especially based on IFOAM Basic Standards. These guidelines define the nature of organic food production and prevent claims that could mislead consumers about the quality of the product or the way it was produced.

The plant an animal production-section is already well developed the Codex. In the section on processing of organic food especially of animal products, there is an ongoing debate in the Codex Alimentarius Organic Working group on how far the use of food additives and processing aids should be limited, taking into account consumer expectations for minimal processing and little use of inputs on one hand, and traditional eating habits in different regions and the possibility to choose between a certain range of products on the other hand.

In the view of IFOAM, which was actively involved in the elaboration of these Guidelines, this Codex Document is an important step in the harmonization of international rules in order to build up consumer trust. They will be important for equivalence judgments under the rules of WTO. For developing the market for organically produced food, the completion of this Codex Guidelines are important in giving guidance to governments in developing national regulations for organic food.

These Codex Guidelines for organically produced food will be regularly reviewed at least every four years based on given Codex procedure. Regarding the list of inputs there is a possibility of an accelerated procedure, which facilitates a quicker update of amendments. Regarding the future work a clear need was identified at the meeting of the Codex Committee of Food Labelling (CCFL) in 2003 in Canada to review the lists of substances for agricultural production as well as processing – taking into account the technological advances of the organic food industry, the development of research for organic farming/food and the growing awareness of different consumer groups for such food. The new criteria for agricultural inputs as well as those for additives and processing aids are used in such a way that decisions on future inputs are supported by technical submissions evaluated with these criteria.

Further information about Codex Alimentarius is available via the homepage www.codexalimentarius.net. There is also a special homepage on organic agriculture at the FAO Homepage: www.fao.org/organicag/. The Codex-Alimentarius-Guidelines on organic agriculture can be downloaded at ftp://ftp.fao.org/codex/standard/en/CXG_032e.pdf.

5.2 National and Supranational Regulations

5.2.1 The EU Regulation on Organic Production

In the member states of the European Union (EU), the labelling of plant products as organic is governed by EU Regulation 2092/91, which came into force in 1993, while products from organically managed livestock are governed by EU Regulation1804/99, enacted in August 2000. They protect producers from unfair competition, and they protect consumers from pseudo-organic products. Plant and animal products, and processed agricultural goods imported into the EU, may only be labelled as organic if they conform to the provisions of EU Regulation 2092/91. The EU Regulation on organic production lays down minimum rules governing the production, processing and import of organic products, including inspection procedures, labelling and marketing, for the whole of Europe. Each European country is responsible for enforcement and for its own monitoring and inspection system. Applications, supervision and sanctions are dealt with at regional levels. At the same time, each country has the responsibility

to interpret the regulation on organic production and to implement the regulation in its national context.

EU Logo for Organic Products

In February 2000 the European Commission introduced a logo for organic products that may be used throughout the EU by producers operating in accordance with the provisions of the EU regulation on organic production. The logo may only be used on organic products where 95 percent of the ingredients are organic products that originate from the EU and that have been processed, packaged and labelled in the EU or on imports from countries with an equivalent inspection system. The use of the symbol is voluntary, and it may also be used in conjunction with national government or private logos for identifying organic products. So far only few companies, especially in Southern Europe, are using the EU logo and the market impact is low.

The brochure „Organic farming – Guide to Community Rules", published by the European Commission in 2001 and the handbook „The Organic Market in Switzerland and the European Union – Overview and market access information for producers and international trading companies" (Kilcher et al. 2004) provide extensive information about EU Regulation 2092/91 and market access regulations. The EUR-Lex website leads to a consolidated version of the EU Regulation 2092/91 and includes amendments up to 23.03.2002. Available in all languages of the EU at http://europa.eu.int/eur-lex/de/consleg/main/1991/en_1991R2092_index.html

5.2.2 Other National Regulations

Many countries outside the European Union legally protect organic products or are in the process of development of organic regulations (see table 4). All these regulations lay down minimum rules governing the production, processing and import of organic products, including inspection procedures, labelling and marketing.

Several EU countries have developed their own national regulations as well as national logos for organic products; in some cases this occurred long before the EU regulation on organic production came into force. These logos are well known and much trusted by consumers. The existence of these logos is one reason for the organic boom in these countries (see table 5).

Table 4: Countries with a Fully Implemented, with Finalized and with Draft Regulations

(Source: Commins, October 2003)

Countries with a Fully Implemented Regulation (39)		
Region	**Country**	**Contact Details**
EU (15)		
	Austria	Dr. A. Sattler, Bundeskanzleramt Abt, VI/B/1, Radetzkystrasse 2, 1020 Wien, Austria
	Belgium	Mr. Ch Papeians, Ministere des Classes Moyennes et de l'Agriculture, DG4 - WTC T3, Boulevard Simon Bolivar 30, 6ieme etage, 1000 - Brussels, Belgium
	Denmark	Mrs. Helle Emsholm, Danish Veterinary & Food Administration, Morkhoj Bygade 19, 2860 Soborg, Denmark, tel. +45 33 95 61 94, e-mail hee@fdir.dk
	Finland	Mr. Tero Tolonen, Ministry of Agriculture and Forestry, Department of Food And Health, 00023 Government, Finland, e-mail tero.tolonen@mmm.fi
	France	Mme Marianne Monod, Ministère de l'Agriculture et de la Pêche, Direction Générale de l'Alimentation, Bureau des labels et des Certifications, 251 rue de Vaugirad, 75732 Paris, France
	Germany	Mr. Uwe Slomke, Bundesministerium für Verbraucherschutz, Ernährung und Landwirtschaft, Federal Ministry of Consumer Protection, Food and Agriculture, Referat 526 - Ökologischer Landbau, extensive Bewirtschaftungsverfahren, Rochusstraße 1, 53123 Bonn, Germany, tel. +49-(0)228 529 - 4160, fax - 4262, e-mail uwe.slomke@bmvel.bund.de
	Greece	Mrs. Agathi Balbouzi, Directorate of Processing Standardization and Quality Control Office of Organic Products, 2 Acharnon Street, 10176 Athens, Greece
	Ireland	Mr. Michael O'Donovan, Department of Agriculture and Food, Johnstown Castle Estate, Wexford, Ireland
	Italy	Mr. Battista Piras, DG Politiche Agricole ed Agroalimentari Nationali, Minesterio dell Risorse Agricola, Agoralimentari e Forestali, Via XX Settembre 20, Rome 00187, Italy

Countries with a Fully Implemented Regulation (39)		
	Luxembourg	Mme Monique Faber, Administration des Services Techniques de l'Agriculture, 16, Route d'Esch / BP 1904, L - 1019 Luxembourg, Luxembourg
	The Netherlands	Mrs. Gabrielle Nuytens, Ministry of Agriculture, Bezuidenhoutseweg 73, Postbus 20401, 2500 EK Den Haag, The Netherlands G.J.G.M.Nuytens@DL.AGRO.NL
	Portugal	Mrs. Ana Soeiro, Minsterio da Agricultura, Desenvolvimento Rural e Pescas, Instituto de Desenvolvimento, Rural e Hidráulica , Av. Afonso Costa, 3 · 1949-002 LISBOA, Portugal
	Spain	Mrs. Esperanza de Marcos Sanz. Ministerio de Agricultura, Pesca y Alimentación. D.G. de Alimentación. S.G. de Sistemas de Calidad, Diferenciada. Pº Infanta Isabel, 1. 28071 Madrid, Spain
	Sweden	Göte Frid, Organic Farming MSc Agric., Swedish Board of Agriculture, S-55182 Jönköping, Sweden
	United Kingdom	A. Eldridge, Defra, Organic Farming Branch, Area 5F, Ergon House, 17 Smith Square, London SW 1P 3JR United Kingdom, tel. +44 (0)20 7238 - 5803, fax - 6148
Rest of Europe (13)		
	Bulgaria	Miroslava Georgieva, Director of the Rural Development Directorate, 55, Christo Botev Blvd., 1040 Sofia, tel./fax: +359 2 981 94 23, e-mail mira@mzgar.government.bg
	Cyprus	Ministry of agriculture, Nicosia person in charge: Kyriakos Patsalos director agricult. department: Antonius Konstantinou you can reach both via fax +357 - 22 781 425
	Czech Republic	Tomas Zidek, Ecology Section, Ministry of Agriculture of the Czech Republic, Tesnov 17, CZ 117 05 Prague 1, Czech Republic, e-mail mailto:Zidec@mze.cz
	Hungary	Ministry of Agriculture and Rural Development, Department for Plant Protection and Soil Conservation, Budapest, Kossuth tér 11, 1055, Hungary, tel. 00-36-1-301-4015, fax 00-36-1-301-4644
	Iceland	Mr. Ólafur Friðriksson, Ministry of Agriculture, Sölvhólsgata 7, IS-150 Reykjavík, Iceland, tel. +354 545 9750, Email: olafur.fridriksson@lan.stjr.is

Countries with a Fully Implemented Regulation (39)		
	Lithuania	Agroecology and Ecological Farming Division of Department of Agriculture and Food at the Ministry of Agriculture. Head of Division - Vytautas Byla, tel. + 370 5 2391133, fax + 370 5 2391129, e-mail VytautasB@zum.lt
	Norway	Hilde Dolva, Norwegian, Agricultural Inspection Service, Postbox 3, 1430 AAs, Norway
	Poland	Mr. Wieslaw Wawiernia, Ministry of Agriculture and Rural Development, Wspólna 30 00-930 Warsaw, Poland; tel. +48 22 623 - 24 66, Fax - 628 87 84
	Serbia and Montenegro	Serbia and Montenegro Federal Ministry of Economic and Inner Trade, Department for Agriculture, Assistant of Minister – PhD Miroslav Malesevic, Federal Inspector for Organic Agriculture – PhD Senad Hopic, Federal Ministry of Economic and Inner Trade, Omladinskih brigada 1, 11070 Novi Beograd, tel. +381 11 - 311 73 71, Fax - 604-028, E-mail -hopic@sezampro.yu, shopic@hotmail.com
	Slovak Republic	Ministry of Agriculture of the Slovak republic, Dobrovièova 12. Bratislava 812 66, tel. +421 2 592 - 66 11, fax - 68 510, e-mail: majkut@mpsr.sanet.sk
	Slovenia	Mrs. Marta Hrustel,, Ministry of agriculture, forestry and food, Dunajska 56-58, SI-1000 Ljubljana, e-mail Marta.Hrustel@gov.si
	Switzerland	Patrik Aebi, Head of Section, Promotion of Quality and Sales, Federal Office for Agriculture, Mattenhofstrasse 5, CH-3003 Bern, Switzerland, e-mail patrik.aebi@blw.admin.ch, tel. +41 31 322 - 25 92, fax - 26 34, Internet: http://blw.admin.ch
	Turkey	Dr. Hürriyet TAÞBAÞLI, Tarým ve Köyiþleri Bakanlýðý, APK, Sehit Adem Yavuz Sokak, 10/14 Bakanlýlar, Ankara/TURKEY, tel.-work + 312 419 83 18, tel.-mobil +533 463 55 35, e-mail: htasbasli@yahoo.com; thurriyet@hotmail.com
Asia and Pacific Region (7)		
	Australia	Ian Lyall, Food Programs, AQIS, Edmund Barton Building Barton ACT, GPO Box 858, Canberra ACT 2601, Australia
	India	Mr. S. Dave (General Manager, APEDA), 3rd Floor, NCUL Building, 3 Siri Institutional Area, August Kranti Marg (Opp. Asiad Village), New Delhi - 110 066, tel. (direct) 011 653 4175, fax 011 653 4175, e-mail gmffv@apeda.com

Countries with a Fully Implemented Regulation (39)		
	Japan	Kenji Watanabe, Deputy Director, International Standardization Office – Standards and Labeling Division General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries, 1-2-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8950, Japan e-mail kenji_watanabe@nm.maff.go.jp
	Philippines	Gilberto F. Layese, Officer In Charge – Director Bureau of Agriculture and Fisheries Product Standards, Department of Agriculture, BPI Compound, Visayas Avenue, Diliman Quezon City 1100, Philippines tel. N^{S} (632) 920-6131 to 33; fax (632) 920-6134; e-mail bafps@yahoo.com
	Korea	Lee Kwang-Ha, Deputy Director, Quality Management Div., -NAQS(National Agricultural Products Quality Management Service) 433-2 Anyang 6 Dong Anyang City, Kyeonggi-Do, Korea tel. 82-31-446-0127, fax 82-31-446-0903 e-mail kwangha@naqs.go.kr
	Taiwan	Mr. Wen Der Lin of the Council of Agriculture (COA) e-mail lml@mail.coa.gov.tw
	Thailand	Mr Vichien Petpisit, Director, Botany and Weed Science Division, Department of Agricutlure, Chatuchak Phaholyotin, Bangkok 10900, tel./fax (+66-2) 6713445, e-mail vichpet@doa.go.th
The Americas & Caribbean (3)		
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	Costa Rica	Elizabeth Ramirez Sandi, Ministerio de Agricultura y Ganadería, Servicio Fitosanitario del Estado, Gerencia Técnica de Acreditacion y Registro en Agricultura Orgánica,Apartado 70-3006, Barreal de Heredia, Costa Rica. e-mail eramirez@protecnet.go.cr
	USA	Mr Keith Jones, National Organic Program Staff, USDA –Transportation and Marketing Division, Rm 4008 South Bldg., 14th & Independence, PO Box 96456 Washington DC 20090-6456, USA, e-mail Keith.Jones@usda.gov
Africa & The Middle East (1)		
	Tunisia	Ministry of Agriculture, 30 rue Alain Savary, 1002 - Tunis, tel. (216 71) 786 833, e-mail ag@ministeres.tn

Countries with a Finalized Regulation – not yet Fully Implemented (8)		
Region	**Country**	**Contact Details**
Europe (2)		
	Croatia	Ms. Zeljka Gudelj Velaga, Ministry of Agriculture and Forestry, Ulica Grada Vukovara 78, 10000 Zagreb, tel. +385 1 610 - 6200, fax - 9200, e-mail office@mps.hr
	Estonia	Estonian Ministry of Agriculture, Eike Lepmets, Lai 39/41, EE - 15056 Tallinn, Estonia, tel. +372 6 256 - 141, fax - 200, e-mail eike@agri.ee, http://www.agri.ee, http://www.legaltext.ee/indexen.htm
Asia and Pacific Region (1)		
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The Americas & Caribbean (4)		
	Brazil	Rogerio Dias, Ministerio da Agricultura SDA, tel. +55 61 218 2700, e-mail rogeriodias@agricultura.gov.br
	Chile	Gonzalo Narea, Servicio Agrícola y Ganadero, SAG, tel. + 56 2 672 1394, +56 2 698 6517, e-mail:gnarea@sa.minagri.gob.cl http://www.sag.gob.cl
	Guatemala	Brigitte Cerfontaine, Coordinadora de Certificación, Mayacert, fax (502) 238 1740 y 253 8175 internet www.mayacert.com
	Mexico	Amada Vélez Méndez, Directora General de Inocuidad Agroalimentaria, Acuícola y Pesquera (DGIAAP) / Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (SENASICA) / Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA), Municipio Libre No. 377, Piso 7B, Esquina Av. Cuauhtémoc, Col. Sta Cruz Atoyac, 03310 México D. F., tel. 9183 1000, 1224, 1215 ext. 34066, 34067, e-mail inoalim@senasica.sagarpa.gob.mx, amada.velez@sagarpa.gob.mx
Africa & The Middle East (1)		
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Countries in the Process of Drafting Regulations (15)		
Region	**Country**	**Contact Details**
Europe (3)		
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	Georgia	Ms. Marika Gelashvili, Ministry of Agriculture and Food, 41 Kostava str. 380023, Tbilisi, Georgia, tel. +995 32 932681, fax +995 32985838, e-mail makoto@posta.ge
	Romania	Teodora Aldescu, Chef Service Organic Agriculture, Ministry of Agriculture and Food, Boulevard CAROL 1- #17, Bucharest, Romania
Asia and Pacific Region (3)		
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	Indonesia	Pusat Standardisasi dan Akreditasi Departemen Pertanian Republik Indonesia Kantor Pusat Departemen Pertanian RI Gedung E 7th Floor, Jl. Harsono RM, Ragunan, Jakarta, Indonesia. Contact person: Ir. Syukur Iwantoro, MS, M.Sc tel./fax 62-21-78842042, e-mail:syukur@deptan.go.id
The Americas & Caribbean (4)		
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	Nicargua	Ministerio Agropecuario y Forestal, e-mail ortega@magfor.gob.ni, internet http://www.magfor.gob.ni/
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Countries in the Process of Drafting Regulations (15)		
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Africa (2)		
	Madagascar	Mr. Jean Claude RATSIMIVONY, President, Groupement Professionnel des Opérateurs en Agribusiness de Produits Naturels et Biologiques de Madagascar (PRONABIO) Antananarivo 101 - Madagascar, B.P. 8530, tel. (261 20) 22 269 34, fax (261 20) 22 613 17
	South Africa	Niel Erasmus, Directorate of Plant Health and Quality, National Department of Agriculture, Private Bag X258, Pretoria 0001, tel. +27 12 319 - 6027, fax - 6055, e-mail: niele@nda.agric.za
Middle East (2)		
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	Lebanon	Middle East Centre of Transfer of Appropriate Technology (MECTAT), Boghos Ghougassian, P.O. Box 113-5474, Labban-Ras Beirut, Beirut, tel. +961 1 34 - 1323, fax - 6465, e-mail Dboghos@mectat.com.lb

5.2.3 US and EU Import Procedures

Since the US regulation on organic agriculture, the National Organic Program (NOP) came into effect in October 2002 there are two regulations, the US and the EU legislation (see 5.2.1), which influence strongly the standards of organic production and trade worldwide. From the perspective of the consumer one could say that production and inspection standards of US organic products, EU organic products and organic products from a lot of other parts of the world are equivalent with each other. However, farmers or traders who want to export organic products should already with application for certification know the potential final destination(s) of their products to assure that both production standards and procedures for imported products in the aimed market are met.

Importing Goods into the EU

Article 11 of EU Regulation 2092/91 governs market access for organic products in the countries of the EU. It stipulates that organic foods imported into the EU from third countries must have been produced, processed and certified in accordance with equivalent standards. Enforcement is the responsibility of the EU Member States. At the present time there are two ways of authorizing imports into the EU:

1. Access via the *list of third countries* (Art. 11, paragraphs 1–5): A country or certification body may apply to be added to the list of third countries via its diplomatic representatives in Brussels. In order to be added to this list, the country making the application must already have enacted organic farming legislation and a fully functional system of inspection and monitoring must be in place. In addition, it must provide an attestation of equivalence and other information on organic farming methods. The European Commission decides upon the application based on an assessment of the implemented system. To date 8 countries have been included on the list: Argentina, Australia, Costa Rica, Czech Republic, Hungary, Israel, New Zealand and Switzerland. Goods imported from these countries need to be accompanied by a consignment-specific „Certificate of Inspection for Import of Products from Organic Production".

2. Access via *import permit* (Art. 11, paragraph 6): For all countries not included on the list of third countries (i.e. the vast majority of imports into the EU). As a rule, certification bodies operating at the international level will assist exporters and importers to put together all the information and evidence needed to accompany the application for an import permit. Requirements vary from one EU country to another, but the following requirements apply generally: An importing company needs to sign an inspection contract with a European certification body. The importer applies for an import permit with the local competent authority. With the application she/he has to provide documentation to prove that the production and certification of the respective products has been equivalent with the EU requirements. Products may not be released into the EU market before an import permit has been issued. Import permits are usually issued for a limited time period. Each consignment needs to be accompanied by a „Certificate of Inspection for Import of Products from Organic Production".

The retroactive assessment on equivalency with the EU Regulation 2092/91 leaves more flexibility on the acceptance of imported products compared to the US-procedure (see below). However the implementation of this provision caused a lot of problems: the competent authorities have very limited resources to assess a request for import and the trade is confronted with a not-transparent system, unclear provisions and

different implementations in the various Member States. The European Commission realized this problem and is seeking an alternative, which shall be implemented in 2006 on expiry of the statutory period of time of the current provision.

Within the EU all organic products may be freely traded. However, procedures relating to the issue of import permits tend to differ between the EU countries. It is advisable to seek competent advice before trading commences.

Importing Goods into the US

Similar to EU Regulation 2092/91, the US NOP requires all produce labelled as organic in the US to meet the US standards. Although there are quite some variations on the import procedures: According to the EU production standards and inspection measures of imported products have to be equivalent with the EU meaning that there might be variations in the systems if they still provide the same level of assurance and are upholding the objectives of the EU Regulation.

The US regulation is more precise in its requirements for imports and demands imported products to fully meet the NOP provisions. The US system approves certification bodies as agents to operate the US certification program published as part of the rule. Retroactive certification is not possible. Inspections have to be conducted by inspectors trained on NOP using NOP questionnaires, and only certificates issued by certification bodies accredited by the US Department of Agriculture USDA are accepted. It is not relevant whether the certification body is based in the US or outside. So far almost 100 certification bodies had been accredited by USDA according to NOP, and only produce certified by these certification bodies may be exported to the US.

Recognition Procedures in the US and EU

Both the US and EU have provisions to accept other governmental systems on a bilateral agreement. The procedures on how to meet such agreements are described quite poorly in the respective legislation and leave the impression that such agreements are rather based on political negotiations than technical assessments.

According to the EU regulation 2092/91 the respective export countries have to request to be listed on the third country list. They have to supply the necessary information and might be examined on the spot by an expert group authorized by the European Commission for being listed. Based on this assessment the European Commission is deciding on the listing (see above). The US so far has accepted a few foreign governments' accreditation procedures. For example certification bodies accredited according to the US requirements by Great Britain, Denmark or New Zealand are accepted by the USDA for certifying according to US NOP without being

directly accredited by USDA. This is just recognition of the accreditation procedures, the respective certification bodies still have to meet the requirements of NOP to issue certificates accepted by the US.

The US is negotiating in addition equivalency agreements with Australia, the European Union, India and Japan. This means that USDA would determine that their technical requirements and conformity assessment system adequately fulfill the objectives of the NOP, and no double certification (e.g. Australian and US) would be necessary in case of imports. Although the US announced that equivalency determinations are most complex and time-consuming, and that they expect to take the negotiations with the EU at least five years.

Some countries with close trade relationships to the US, e.g. Canada, Australia and Mexico are currently revising their organic legislation, and it can be assumed that NOP is taken into consideration for these revisions in order to achieve bilateral agreements in future. Although the EU Regulation and US NOP are the strongest poles to influence national standards on organic production also other countries passed already or are elaborating legislation on organic production which are not necessarily in line with the EU or US system, e.g. Japan. It is quite likely that despite the harmonization activities initiated by IFOAM, FAO and UNCTAD, trading organic products will be become even more complicate the next years

5.3 Private Standards

In some countries in Europe, farmer's associations had already formulated their private standards and labelling schemes long before national regulations came into force. These quality marks, for example in the UK, in Denmark, Austria, Sweden and Switzerland, are well trusted by consumers and are one of the reasons for the current boom in the market for organic products in these countries.

Originally, private standards were more a set of guiding principles rather than the detailed production and processing standards prevalent today. These private standards in some elements exceed the minimum requirements stipulated by national regulations: Private standards are more demanding in the field of agriculture and in processing, too. For imported products to be awarded the private labels, all of the foreign operators (producers, processors and traders) must fulfill not only the requirements set out in EU Regulation 2092/91 or other national regulations, but also comply with the respective private label standards. Those private labels undertake an additional verification of compliance.

Farmer's associations published all of the earliest organic standards. Standards committees and the general assembly still develop most of them in a democratic process. Along with publishing standards the associations then set up systems to verify compliance with those standards. These standards provide an identity to the farmers association and help to ensure the loyalty of the farmer.

The private standards have determined the content of the IFOAM Basic Standards, which in turn have had a major influence on the EU Regulation 2092/91 and the Codex Alimentarius. Compared to national regulations, private standards are developed from the bottom up rather than imposed from above. However, since the implementation of national regulations, private standards are forced to compile with them and state authorities more and more make standards-decisions instead of farmer's associations.

In 2002, an International Task Force on Harmonization of UNCTAD, FAO and IFOAM initiated efforts to harmonize organic standards and regulations. This partnership between the private organic community and the United Nations offers a forum for public and private discussions and aims to initiate the development of a constructive and effective partnership between the private and the public sector.

Table 5: Government and Private Logos for Organic Products in Europe		
Austria (state)	**Belgium (private)**	**Czech Republic (state)**
		
Denmark (state)	**Finland (state)**	**France (state)**
		
Germany (state)	**Netherlands (state)**	**Norway (private)**
		
Spain (state)	**Sweden (private)**	**Switzerland (private)**
		

5.4 Relationship to Fair Trade

Many producer associations in the emerging markets and markets in transition conform to the requirements of the Fair Trade organizations, e.g. FLO (Fair-trade Labelling Organization International), Transfair, Max Havelaar and World Shops (Weltläden). Having a Fair Trade label does not necessarily mean, however, that the products can also be sold as ‚organic'. In order to be designated organic, the project must be subject to accredited organic inspection procedures.

IFOAM maintains close contacts with FLO and its members, since a large number of projects conform to the standards of both organizations. The combination of ‚organic' and ‚fair trade' labelling can enhance a product's market prospects. Additional information and regulations can be downloaded at www.flo-international.org.

5.5 Literature

Commins, Ken: Overview of current status of standards and conformity assessment systems, Discussion Paper from the International Task Force on Harmonization, October 2003

European Commission, Directorate-General for Agriculture (2001): „Organic farming - Guide to Community rules", Brussels, 2001, Available at http://europa.eu.int/comm/agriculture/qual/organic/brochure/abio_en.pdf

IFOAM Conference on Organic Guarantee Systems, Conference Conclusions, February 2002

Kilcher Lukas et al. (2004): The Market for Organic Food and Beverages in Switzerland and the European Union. Overview and market access information, pp 156, Forschungsinstitut für biologischen Landbau (FiBL) und Swiss Import Promotion Program (SIPPO), Second Edition Frick/Zürich January 2004, ISBN 3-906081-03-06

6 Certification and Accreditation

6.1 Certification

Gerald A. Herrmann[1]

The frequency of scandals in agriculture and the food industry is increasing, despite the implementation of more rigorous laws for food safety. How can this be explained? Modern technology in food production and manufacturing still means that the application of pesticides and mineral fertilizers in agriculture or the use of chemical ingredients and additives in food processing remains a common practice that results in detectable residues. The standard analytical techniques have developed so rapidly that residues can be detected, even at minute levels. The awareness of the consumer is constantly increasing. The quality of food is more important than in the past, although the sales turnover of food discounters seem to contradict this statement. And there is another important development: control and certification mechanisms are developing rapidly. There are almost no areas of human life or technology where regulations or norms have not yet been developed and introduced. In this regard organic food production set the precedents for the conventional industry.

Whereas private (farmer) organizations developed the standards for production, inspection and certification in the 1980s, the first governments took over this task at the beginning of the 1990s. Although they took on the task of defining the rules as a sovereign right, they did not necessarily become involved in the implementation of these rules at all levels.

Today Codex Alimentarius, with its organic chapter, defines the common international framework for governments (see chapter 5). Regulations like the EU or US law were passed and implemented at governmental or supra-governmental level. State governments added specific requirements. Today about 60 countries have already implemented a system or are on their way to doing so. The major consuming and importing markets like Europe and the USA are leading, but countries like India, China and Brazil are following this path. Inspection and certification is accredited or at least supervised by government authorities as defined in the regulations, even though the systems being implemented might be quite different. Control and supervision at all levels should guarantee that all inspectors and certifiers are evaluated and accredited (ac-

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creditation means: „the inspection of certifiers"). But it is not enough to define the rules. It is still necessary to achieve a minimum (worldwide) equivalency guaranteed throughout the system. Therefore a whole set of norms, the ISO Norms, are introduced to the organic sector which have to be followed and implemented.

The concern of the consumer should therefore be met. Food scandals should disappear in the long run as production and processing cycles are regulated and „the control of the controllers" is well organized. But we all are still waiting for that to happen. Why is that so?

First, the ongoing application of pesticides, food additives, etc. (see above) in the conventional system contaminates the organic system. Second, because inspection, certification and accreditation systems are plausibility systems, they do random checking. Even if inspections are done on a regular/irregular basis and are announced/unannounced, it is impossible to afford an „around the clock" supervisory system.

As a result of the above mentioned factors, certification (including inspection and accreditation) should be reasonably designed to support the credibility of the organic system rather than to spoil it by overburdening it with more and more bureaucratic details. The aim (fiction?) of a completely „safe" system will not be achievable as long as the polluters are protected and supported by the same regulatory system that would like to put an end to food insecurity and food scandals.

This is what the organic movement tried to do and is still trying to achieve and implement by designing a private system, yet acknowledges the reality of its practical restrictions.

6.2 Organic Certification Statistics: 364 Certification Bodies in 57 Countries[2]

Gunnar Rundgren[3]

The Organic Certification Directory 2003, published by Grolink, lists 364 bodies as offering organic certification services. There may well be more bodies, as information for all countries was not available.

Although 364 certification bodies is a lot, they are unevenly spread. 290 of them are located in the European Union (106), the USA, Japan, Canada and Brazil. 56 of the listed certification organizations also operate outside their home country. Most of them are based in a developed country and offer their certification services in developing countries. A handful is busy on most continents.

There are only 57 countries that have a home-based certification organization. Most of Africa and Asia are still lacking local service providers. There are only 7 certification bodies in Africa and most of them are in South Africa. In Asia 83 is a lot, but then 65 are in Japan.

The statistics showing what kind of approvals a body has offers some interesting information (see table 6). For example, the US system has managed to get quite some buy-in, in a relatively short time. Direct accreditation by the USDA with no fee for the first round of accreditation has attracted 106 certification bodies, of which 42 are outside the USA. On the other hand, the EU after more than a decade has 112 approved bodies, with only 18 non-EU based bodies recognized within its system. It should never the less be kept in mind that the majority of imports into the EU come through certifications granted under article 11.6 (i. e. the importer's derogation), and non-EU based certification bodies whose certifications have been recognized under article 11.6 are not included in the 112 listed as having EU approval.

Other interesting information includes: 97 of the listed organizations do not have any of the highlighted accreditation/approvals. 41 of the bodies having EU regulatory approval have no other approval (including no EN 45011/ISO 65 accreditation). 54 of the bodies approved for the USA have no other approval.

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[2] This statistics is part of The Organic Certification Directory 2003, compiled by Grolink and originally published in the Organic Standard, issue 28, August 2003.

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Table 6: Certification Bodies and their Approvals per Region						
Region	**Total**	**IFOAM**	**Japan**	**ISO 65**	**EU**	**USA**
Africa	7			1		
Asia	83	4	65	1	1	2
Europe	130	10	9	45	100	28
Latin America / Caribbean	33	4		10	5	8
North America	101	4	1	14		64
Oceania	10	4	6	3	6	4
SUM	**364**	**26**	**81**	**74**	**112**	**106**

6.3 IFOAM Accreditation[4]

International Organic Accreditation Service (IOAS[5])

The International Organic Accreditation Service (IOAS) is a non-profit, independent organization, which offers international oversight of organic certification, through a voluntary accreditation process for certification bodies active in the field of organic agriculture.

The IOAS's main business is in implementing the Accreditation Program of the International Federation of Organic Agriculture Movements (IFOAM), which is an industry-based, global guarantee of organic integrity, unburdened by national barriers and implemented by one body which has no other interests (for information on the IFOAM Basic Standards see chapter 5).

Under this program, applicant certification bodies are assessed against the IFOAM Norms – the criteria for certification bodies and the IFOAM Basic Standards. The assessment includes both a review of the certification body's documentation and an on-site visit to evaluate the quality of the certification body's performance. Once a cer-

[4] Extensive information about the IFOAM accreditation programme is available at the IOAS Homepage at http://www.ioas.org/

[5] International Organic Accreditation Services (IOAS). Ken Commins, 118 ½ 1st Ave. S Suite 15, Jamestown, ND 58401 USA, tel. +1 701 252 4070, fax +1 701 252 4124, e-mail Info@ioas.org, http://www.ioas.org/

tification body is compliant with these requirements, it is awarded IFOAM accreditation by the IOAS. Continued compliance is assured through an annual surveillance system that includes yearly visits to the office of the certification body and, where appropriate, visits to foreign offices and operators.

In addition to IFOAM accreditation, the IOAS also offers accreditation against ISO/IEC Guide 65 General Requirements for Bodies Operating Product Certification Systems and compiles reports addressing a certification body's conformity with organic regulations such as EU Regulation 2092/91.

The IOAS is comprised of a Board of Directors and an Accreditation Committee drawn from different sectors of the organic community around the world. Five professional and one support staff located in offices in the USA, Europe and Australia carry out the day-to-day work.

History

- November 1992
  IFOAM launches the IFOAM Accreditation Program.
- December 1994
  The first certification bodies gain IFOAM accreditation.
- March 1997
  IOAS incorporated. IFOAM Accreditation Program transferred to IOAS.
- September 1998
  First accreditation committee formally constituted.
- December 1998
  13 Certification bodies accredited with additional 6 under review.
- March 2002
  Two additional staff employed bringing total number of employees to 6.
- November 2002
  IFOAM Accreditation Program is 10 years old.
- September 2003
  29 IFOAM accredited certification bodies with additional 3 under review.

The IOAS is self-financed, 80 percent of which comes from the accreditation process. The remainder is income from undertaking technical projects, all related to organic standards and development of better regulatory systems in this field.

The global and specific nature of the IFOAM Accreditation Program provides a basis for providing a consumer guarantee of organic integrity with appropriate regulatory effort and the IOAS are hopeful that ongoing discussions and active collaboration with governments and international organizations may rationalize the current situation.

The IOAS recognize that there is much duplication of effort in regulating the organic sector, within the private sector, within governments and between the private and public sectors. This over-regulation does not improve its ef-

fectiveness and certainly does not facilitate access to markets, consumer choice and competitive prices.

The IOAS are working towards a collaboration with governments and international organizations both multilaterally within the International Task Force on Harmonization set up by FAO, IFOAM and UNCTAD and bilaterally to look at ways to share information and reduce the regulatory burden on certification bodies and in turn producers. It is too early to say what form a new model for regulation may take, but it is hoped that it can combine the attributes of both private and public sectors to provide a worldwide guarantee of integrity from one inspection at producer level and one accreditation at certification level.

6.4 IFOAM Accredited Certification Bodies

International Organic Accreditation Service (IOAS)

IFOAM Accredited Certification Bodies

Australian Certified Organic (ACO)
P O Box 3404, Toowoomba Village Fair
Queensland, 4350, Australia
tel. +61 7 4639 3299
fax +61 7 4639 3755
e-mail manager@bfa.com.au

Countries of Operation: Australia, Fiji, Hong Kong, Japan, New Zealand, Papua New Guinea, Singapore

Organic Agriculture Certification Thailand (ACT)
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Countries of Operation: Thailand

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7 Organic Agriculture in the Continents

7.1 Africa

Nicholas Parrott[1] and Fred Kalibwani[2]

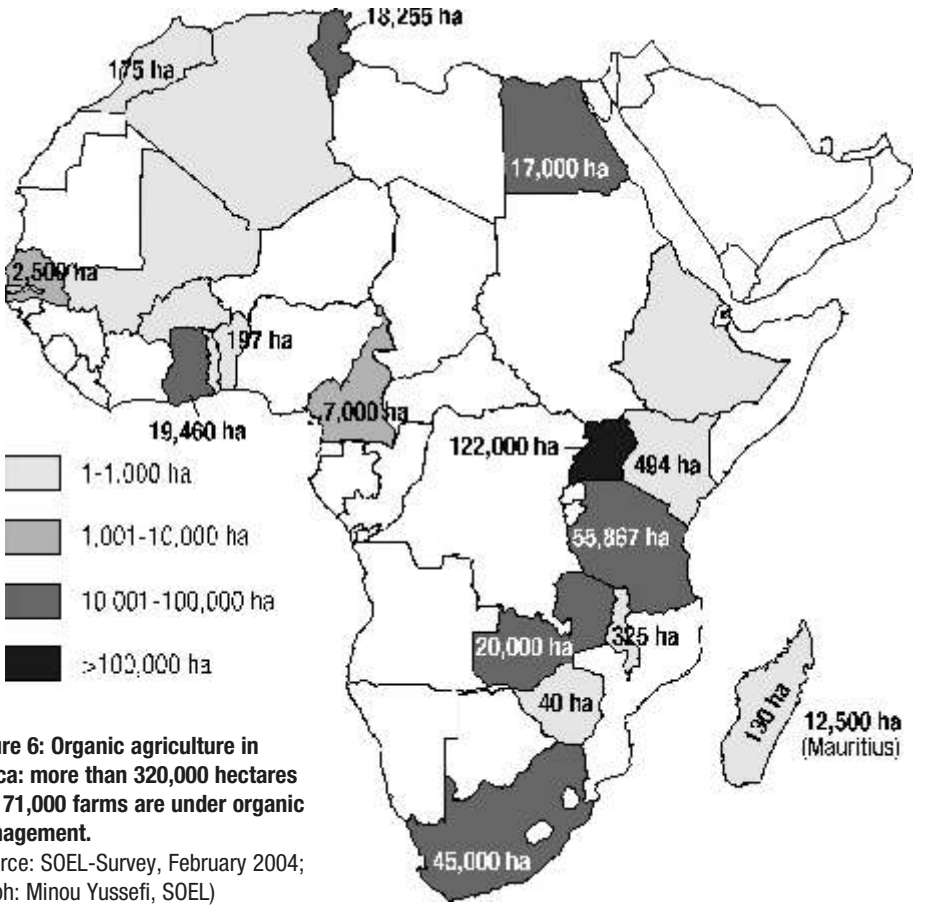

Figure 6: Organic agriculture in Africa: more than 320,000 hectares and 71,000 farms are under organic management.
(Source: SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

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This chapter draws on a recent IFOAM Publication „Organic and like minded movements in Africa“ by Nicholas Parrott and Bo Van Elzakker (2003).

7.1.1 Introduction

There are two levels of organic farming in Africa - certified organic production and non-certified or agro-ecological. With one or two exceptions (notably Egypt and South Africa) certified production is mostly geared to products destined for export beyond Africa's shores. Statistics for certified production are provided in table 8. Although these are probably incomplete, (most countries do not have data collection systems for organic farming) they indicate that with, few exceptions (notably Uganda), certified organic farming is relatively underdeveloped, even in comparison to other low-income continents.

However, certified organic production only represents a tip of the iceberg of organic farming in Africa, and evidence is emerging of a far larger agro-ecological movement in parts of Africa. Local NGOs and farmers' groups, as well as development agencies are increasingly adopting organic techniques as a method of improving productivity and addressing the very pressing problems of food security faced by all too many Africans. Agro-ecological approaches also address a number of other priority concerns. They resonate with and are being used in initiatives designed to:

> maintain and enhance soil fertility

> combat desertification

> promote tree-planting and agroforestry

> develop low and no input means of combating pests

> promote the use of local seed varieties

> maintain biodiversity

> support the most vulnerable social groups (often particularly women and households headed by women) and

> combat global warming

To date no systematic attempt has been made to track the extent to which these approaches are being employed on the ground, or their effectiveness, vis-à-vis other ap-

proaches, in meeting economic, social and environmental objectives. Yet there is much evidence that they are growing in appeal and often proving highly successful in meeting these aims.

Yet for all this the organic movement has a credibility problem in Africa. Advocates of modernisation can point to the very low level of input use in most of Africa and the low take up of Green Revolution technologies and claim that most farming in Africa is already de facto organic and evidently fails to meet food security needs or protect fragile environments. Coupled with the experience in the Northern Hemisphere that conversion to organic farming leads to a loss in yields (at least in the first years) it is all too easy to argue that organic farming in Africa is an „immoral option". An option which, at best, permits access to premia export markets to a favoured few, while ignoring and perhaps exacerbating, the plight of the many.

The organic (and other like minded) movements need to challenge this perception. They need to demonstrate that organic agriculture is a viable and sustainable development option for Africa and that adopting organic agriculture does not mean a return to some form of low technology, backward or traditional agriculture – but that, instead, it pursues a blend of innovations originating from both scientists and farmers. They must present the organic farming system as emphasising management (M) over technology (T) as well as emphasising biological relations (BR) and natural Processes (NP) over chemically intensive methods (CIM).

Organic farming in Africa must be viewed beyond the trade frame. It must be viewed as an agricultural system that „enhances" and „manages" the complexity of the ecosystem rather than reduce and simplify the biophysical interactions on which agricultural production depends. It must be seen as deliberately integrating and taking advantage of naturally occurring beneficial interactions. But most importantly, organic farming in Africa must be seen as a process of learning and adaptation as well as the institutional and policy framework that drives this process.

In recent years some policy makers and donors have started to recognise the potential of export oriented organic agriculture as a means of generating foreign exchange and increasing incomes. Yet the broader benefits of organic farming and agroecology (in terms of enhancing food security, environmental sustainability and social inclusion and reducing exposure to toxic pesticides) all too often go unrecognised.

7.1.2 Statistics / Historical Development

The formal organic sector in Africa remains relatively underdeveloped and statistics are often difficult to come by. There is evidence of certified organic production in around 50 percent of African countries, with approximately 320,000 hectares of formally certified land – half of which is concentrated in Uganda, Tanzania and South Africa (see table 8). In the past years there has been evidence of substantial growth in certified organic land in Ghana, Ethiopia, Tanzania and Zambia.

Certified organic farming in Africa takes two main forms: relatively large farms or plantations within single ownership that are oriented towards export production and smallholder groups who collectively organise extension, inspection, certification and marketing activities. Many of the smallholder groups are (initially at least) supported by development aid programmes, particularly the Swedish financed EPOPA programme, which has stimulated the development of the organic sector in Uganda and Tanzania. Most smallholders in these programmes will only use a part of their land for their export cash crop, using the remainder for household consumption and local markets. Occasionally hybrids of these two forms exist where large plantations will buy in additional produce from certified small holder „out-growers".

7.1.3 Markets

With a few exceptions (notably Egypt and South Africa) the African market for organic produce is very small. This is due both to low income levels and an, as yet, undeveloped infrastructure for inspection and certification. Most certified organic production in Africa is geared towards export markets, with the large majority being exported to the EU, which is Africa's largest market for agricultural produce (and the world's largest organic market). The range of certified organic products currently being produced in Africa is shown in table 7.

Table 7: Organic Produce from Africa (by type and country)	
Product Group	**Countries**
Fresh Vegetables	Egypt, Kenya, Madagascar, Malawi, Morocco, South Africa, Tunisia, Uganda, Zambia
Bananas	Cameroon, Ghana, Senegal
Citrus Fruits, Grapes[3]	Egypt, Morocco, South Africa
Tropical fruits (fresh)[4]	Cameroon, Egypt, Ghana, Madagascar, Senegal, South Africa, Tanzania, Uganda
Dried Fruits	Algeria, Burkina Faso, Egypt, Madagascar, Morocco, Tanzania, Tunisia, Uganda
Coffee	Cameroon, Ethiopia, Kenya, Madagascar, Tanzania, Uganda
Tea	Tanzania, Uganda
Cocoa	Cameroon, Ghana, Madagascar, Tanzania
Sugar	Madagascar, Mauritius,
Cotton	Benin, Egypt, Senegal, Tanzania, Uganda
Coconut Oil	Mozambique
Palm Oil	Ghana, Madagascar Tanzania
Olive Oil	Tunisia
Ground Nuts (peanuts)	Zambia
Tree Nuts (cashew, shea)	Kenya, Malawi, Morocco, Tanzania
Sesame	Burkina Faso, Uganda, Zambia, Zimbabwe
Herbs (culinary)	Egypt, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Morocco, Mozambique, South Africa, Tunisia, Zambia, Zimbabwe
Spices (culinary)	Cameroon, Egypt, Ethiopia, Madagascar, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zimbabwe
Medicinal / Therapeutic Herbs and Spices	Egypt, Morocco, Namibia, Tunisia, Zambia
Essential Oils	Madagascar, Tanzania
Honey	Algeria, Malawi, Tanzania, Tunisia, Zambia
Other Forest Products	Uganda, Zambia, Zimbabwe
Cereals	Egypt

[3] Including wine

[4] Avocadoes, mangoes, pineapples, papaya etc.

With the exception of the Maghreb countries and Egypt, which benefit from their proximity to European markets, the potential of an export led organic strategy is constrained by high transport costs and poor infrastructure. For most sub-Saharan African countries the best potential for organic exports undoubtedly lies in low volume - high value crops (such as coffee, herbs, spices, medicinal and beauty products), non-perishable items, those which offer opportunities for adding value locally and tropical fruits.

Domestic markets for organic produce are developing in Egypt and South Africa, both reasonably prosperous countries by African standards. Sekem, the pioneer of the organic movement in Egypt, has developed a substantial domestic market for a range of products, including herb teas, fruit and vegetables and organic cotton. Domestic sales account for a majority of its certified production. In other countries and particularly in the larger cities, there are reports of some demand for „naturally" grown produce. Often, however, this is not certified and its popularity is often due to these products tasting better than their intensively grown counterparts. The potential of applying organic approaches within urban farming, which provides a high proportion of fresh vegetables and protein within many African cities, is being explored in some places.

7.1.4 State Support, Standards and Legislation

At present Tunisia is the only African country with its own organic (EU compatible) standards, certification and inspection systems. Egypt and South Africa have both made significant progress in this direction. Both have two certifying organisations and are well on the way to developing standards. Morocco and Zambia have made some progress to developing their own standards. The Namibian government has expressed an interest in developing an organic sector and the Ugandan Coffee Development Authority recognises the commercial potential of organic coffee (they will be hosting the 3rd IFOAM organic coffee conference in Kampala in spring 2004).

In general however, the potential of organic approaches, even those geared to premia export markets, has not yet been recognised by the majority of African governments. In consequence most African countries are reliant upon both foreign standards and certifying bodies. This is a major constraint on the development of the organic sector, creating a „chicken and egg" situation, where the market does not develop because the necessary infrastructure is not in place, and the infrastructure is not there because the market is inadequately developed. The Swedish Development Agency SIDA is considering funding a programme to develop local certification and inspection capacity in South and Eastern Africa. South Africa, Uganda, Tanzania, Zambia and Kenya are the countries most likely to be involved in this process. Other countries in the region may also be able to benefit by participating in inspection and standard setting programmes.

The absence of local certification and inspection capacity is a critical bottleneck that needs to be overcome in order to develop the potential of African organic exports.

7.1.5 Innovations in Agroecology

In many countries improved organic farming methods are being developed and disseminated as part of broader packages for sustaining livelihoods. Indigenous NGOs and farmers groups are particularly active in this field in Ghana, Kenya, Senegal, South Africa, Uganda and Zimbabwe, where networks of organically minded NGOs are starting to form effective lobbying and advocacy bodies for the organic movement. PELUM in Zimbabwe and SACRED Africa in Kenya are two examples of networks that are, often very effectively, integrating the organic message into more general development efforts. There are also pro-organic NGOs active in training, support, and advocacy in Togo, Benin, Zambia, Ethiopia and Madagascar. The emphasis of their activities can vary significantly according to local needs and circumstances. For example,

> in Kenya groups are successful experimenting with using the virulent Water Hyacinth as a basis for making silage, compost and its stems for furniture making;

> in South Africa traditional healers are being encouraged to switch from collecting to organically cultivating those medicinal herbs that have come under pressure, partly as a result of the HIV/AIDS pandemic;

> in Madagascar an innovative system of rice cultivation under organic management has been given higher yields than those obtained on demonstration farms run by the agro-industrial sector. This system is now being widely experimented with in Asia and tested by the International Rice Research Institute (IRRI).

Elsewhere international development agencies are recognising the potential of organic farming as a central plank in developing sustainable livelihoods for the rural poor. Helvetas and GTZ (the Swiss and German development agencies) explicitly support (non-certified) organic approaches to agriculture, as do Misereor and Weltfriendensdienst (two German NGOs). Elsewhere in Africa international support for organic approaches can be found amongst agencies with remits as varied as the Save the Children Fund UK and the Biodiversity Institute for Sustainable Development of the Global Environment Facility.

7.1.6 Research, Extension and Training

Agricultural research in Africa is quite fragmented between the international research centres (often under the umbrella of CGIAR), universities and field level research. Often there is inadequate communication between these different levels, particularly over research priorities. Disciplinary boundaries often inhibit the adoption of the holistic approach often required by an organic system. In addition the extension services in many countries are often understaffed, under-funded and demoralised. NGOs and church groups often play an important role in filling these gaps at the grassroots level. This general picture also holds true for the organic movement.

Nonetheless there are some outstanding examples of innovative organic research at all these levels. Pioneering research on organic farming techniques has emerged from the World Agroforestry Centre (formerly ICRAF) and the International Centre for Insect Physiology and Ecology ICIPE. Other centres, such as the International Institute for Tropical Agriculture IITA and the International Livestock Research Institute ILRI could potentially contribute to finding solutions to the problems facing organic farmers. However many tensions exist between the between mono-disciplinary based science and industry based research priorities and those of the poorest farming communities. Solutions that would satisfy organic criteria can often prove to be inappropriate or unaffordable to small-scale producers. And often there is little commercial interest or available funding which do meet the needs of small scale farmers. A final further barrier to developing the potential of the organic sector is that much expertise and experience (of failures as well as successes) is locked away in the „grey literature“ of project evaluations and consultants reports and rarely reaches the public domain.

Paradoxically organic and agroecological farming appears to thrive better in countries where the extension services have been worst affected by „restructuring programmes“ as extension services have traditionally been the carriers of modernisation. Where they have been absent or ineffective farmers have been left to their own devices, and have often innovated with organic approaches rather than those that require (expensive and often unavailable) artificial inputs.

These issues are by no means unique to Africa, and despite these obstacles there is abundant evidence of innovative organic research through research institutes, universities, private sector led projects and farmers own experimentation. Disseminating the findings of these experiences – within both the research and farming communities, as well as developing research agendas that meet real life needs, are major obstacles for which need to be overcome.

7.1.7 Outlook

The fact that most African agriculture is by default low external input agriculture – but not necessarily organic – provides a potential basis for organic agriculture as a development option for Africa. Organic farming practices deliberately integrate traditional farming practices and make use of locally available resources. As such they are highly relevant to a majority of African farmers, who have often resisted Green Revolution, seeing them as inappropriate, risky and inaccessible.

The link between organic agriculture and social accountability must be emphasised. The benefits of organic agriculture must be seen to spread beyond trade. Most organic agriculture in Africa is non-certified – and will probably so for a while to come. There is need to develop domestic markets as well as new or alternative forms of standardisation and verification that suit the African context.

There is undoubtedly room for a substantial increase in certified organic production in Africa, and smallholders engaged in it often derive significantly benefits, improving their incomes as a result. Yet there are also significant constraints on the potential for developing. In part these are external, to do with the costs of certification, problems of infrastructure, maintaining links with distant markets and the vagaries of world markets. Yet also they are internal. The over-riding priority for African agriculture is that of achieving sustainable food security. Organic agriculture has a huge potential in helping meet this aim, which is only just beginning to be recognised.

The formal and informal organic sectors in Africa share much common ground. Yet because of their different orientations and the different actors involved, the potential for knowledge sharing and pooling of resources that undoubtedly does exist is rarely realised. The development of networks between NGOs, development agencies and research institutes will be a necessary step along this path.

The opening of a new IFOAM service centre in Africa in early 2004 offers a potential bridge between these two expressions of the same movement and the possibility for the broad achievements of organic farming to be more widely appreciated and further expanded. It offers the opportunity for a more intensified effort to unite the growing organic sector in Africa into a model that can be sold to national governments. It provides a unique opportunity for more strategic lobbying and advocacy for the inclusion of organic agriculture, which provides a coherent sustainable option for agriculture, within national agricultural plans. It is indeed a unique opportunity for the organic movement in Africa, along with like-minded organisations – to speak with one voice.

7.1.8 Reference

Parrott, Nicolas and Bo Van Elzakker (2003): Organic and like minded movements in Africa. International Federation of Organic Agriculture Movements (IFOAM), Tholey-Theley, Germany. Download at http://www.ifoam.org/igo/africa_survey.pdf

Table 8: Land Under Organic Management and Number of Organic Farms in Africa (Source: SOEL-Survey, February 2004)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Angola	1998	0	0	0	0
Benin	2002	359		197	0.003
Botswana	1998	0	0	0	0
Burkina Faso	1999	+		+	
Cameroon	2003			7,000	0.09
Central African Republic	1998	0	0	0	0
Chad	1998	0	0	0	0
Djibouti	1998	0	0	0	0
Egypt	2002	460	0.02	17,000	0.19
Equatorial Guinea	1998	0	0	0	0
Eritrea	1998	0	0	0	0
Ethiopia	2003	35[5]		+	
Gambia	2003	+		+	
Ghana	2003			19,460	0.16
Guinea-Bissau	1998	0	0	0	0
Kenya	2000	+		494	0.002
Liberia	1998	0	0	0	0

[5] 35 cooperatives with 23,000 members

Table 8: Land Under Organic Management and Number of Organic Farms in Africa (Source: SOEL-Survey, February 2004)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Madagascar	2002	300		130[6]	0
Malawi	2002	13		325	0.008
Mali	2003	+		+	
Mauritius	1995	3		175	0.15
Morocco	2002	555	0.01	12,500	0.14
Mozambique	2001	5,000			
Namibia	1998	0	0	0	0
Niger	1998	0	0	0	0
Rwanda	1998	0	0	0	0
Senegal	2001	3,000		2,500	0.1
Seychelles	1998	0	0	0	0
Somalia	1998	0	0	0	0
South Africa	2001	250		45,000	0.05
Swaziland	1998	0	0	0	0
Tanzania	2002	26,986		55,867	0.14
Tunisia	2001	409	0.08	18,255	0.36
Uganda	2002	33,900		122,000[7]	1.39
Western Sahara	1998	0	0	0	0
Zambia	2003	>72		20,000	0.06
Zimbabwe	2001	10		40	
SUM		**71,352**		**320,943**	

+: In these countries organic farming exists, but we do not have any figures.

0: In these countries organic farming is not practised.

[6] Projects about 1,000 ha ended in 2001 (will be started in 2004, maybe).

[7] Figure for organic land from 2001

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7.2 Asia

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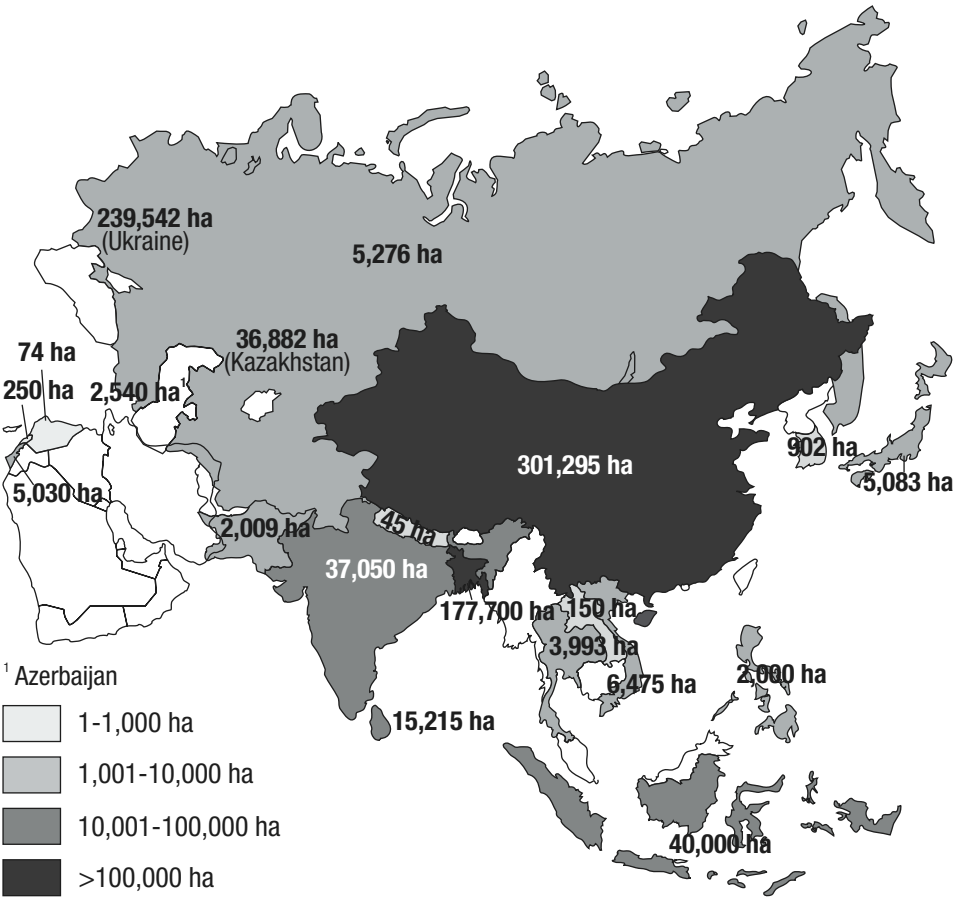

Figure 7: Organic agriculture in Asia

In Asia about 880,000 hectares and more than 61,000 farms are under organic management.
(Source: SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

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7.2.1 General

Interest in organic agriculture continues to grow apace albeit unevenly through out the region. The regional diamond with Japan to the North, Philippines to the East, Indonesia to the South and Pakistan to the West hosts a spectrum of sector development stages, from early pioneer status to the third largest market in the world. Sector development in the region, in general, may be placed into four categories (table 9). Key features highlighted may not all be present in countries listed or manifest in a similar way.

Growing receptivity and acceptance of the organic agriculture concept is reflected in both the mushrooming of local markets and government involvement, including policy support, in the region in recent years. The level of sector development in general reflects the respective countries' economic situation. Japan and Korea represent the major markets of the region, whilst China heralds perhaps the highest growth potential in the near future, attracting the setting up of organic processing/marketing joint ventures between local and foreign investors.

Table 9: Development Status and Key Features of Organic Agriculture in the Asian Countries

Development Status and Key Features	Countries
Pioneer organic agriculture advocacy Sustainable agriculture & rural development emphasis instead of organic market development. NGO extension of organic principles to small family producer as a tool to reduce expenditure and health impact from use of chemical inputs. Informal non-certified production and marketing. Insignificant government involvement	Bangladesh Burma, Bhutan, Cambodia, Laos, Nepal
Conversion for export Exploitation of export opportunities as a business option not necessarily including an agenda for change in the larger agriculture/development context. Conversion of organised grower groups, large commercial farms and plantations linked to foreign market ”partners” (buyers). Presence of foreign certifiers (no local certifiers) Few certified products in the local market. Government involvement (minor to major) Local organic movement not well organised	East Timor, Indonesia, Pakistan, Vietnam
Emergent local organic sector Arising recognition of a shared national development interest between advocacy & business segments often reflected in the presence of a functioning forum (formal/informal) for dialogue and national level strategic development planning, e.g. standard setting and certification, government lobbying. NGOs supported organic extension Organic research and training courses Involvement of private small and medium enterprises (small scale processing) Local market uptake, including supermarkets (presence of imports and local organic brands) Organised local organic movement (including local certification bodies) Major government involvement (regulation, certification & accreditation)	China, India, Malaysia, Philippines, Singapore*, Sri Lanka, Thailand * no government regulatory initiative
Mainstreaming and agribusiness development Wide spread production including contract farming linked to conventional processors/exporters Market regulation	Japan, Korea, Taiwan

7.2.2 Production & Markets

Export opportunities are buoyant and remain the major factor for conversions, especially in the region's developing economies. Exports however are still largely composed of fresh produce and commodity crops with lower end value added processing, e. g. dry/processed raw ingredients. Of recent, aquaculture, particularly shrimp farming, is picking up with projects in China, Indonesia, Thailand and Vietnam. Organic animal products, i. e. poultry and pork, are available albeit in limited amounts and select locations in the Chinese domestic market.

Emergent domestic markets e.g. in China, Malaysia, Philippines, Singapore and Thailand are maintaining growth trends. Demand reportedly outstrips supply in China. Domestic price premiums range from 10 percent to 400 percent or more according to market location, quality and products. Positive market trends have encouraged private entrepreneurs to set up shops even in the mountaintops of Nepal. The range of marketing channels is diverse as are market conditions from rural India to Tokyo, including ad hoc organic bazaars, small retail shops, supermarket shelves, multi level direct selling schemes and internet marketing. Most emergent markets in the region offer a mixture of certified, in-conversion and self claimed organic products, that are locally produced as well as imported. Whilst there is still a sizeable resistance to commercialisation, a number of NGOs who had previously resisted a market lead strategy for organic agriculture are developing marketing activities for their producer constituencies at local, regional and national levels, e. g. the MASIPAG network in the Philippines.

Trade within the region is growing albeit nothing like the amounts exported to the EU and USA. Whilst Chinese products have long been exported to Japan and Korea, certified Chinese and Thai goods can now be seen in Malaysian and Singapore markets alongside the more dominant imports from Australia, New Zealand, USA, and EU. Although small, emergent markets in the region are getting on the radar. A small number of Malaysian and Singapore buyers were recently invited to an all paid for trade excursion to BioFach America (September 2003) by their respective US Embassies.

Large plantation corporations are planning pilot scale conversions, e. g. oil palm in Malaysia. Multinational supermarkets operating in the region, e. g. Tops, Tesco, Carrefour, have started procurement of organic fresh produce locally. Conventional food importers/distributors, e. g. in Malaysia, Singapore, are adding on organic lines. A number of countries in the region, e. g. China and the more advance ASEAN nations, are standing at the threshold of the 4th organic development wave, i. e. Agribusiness involvement, according to Vitoon Panyakul, of Green Net, Thailand, a pioneering local wholesale distributor and exporter of organic products. The more dynamic markets in the region are experiencing the demise of small to medium size pioneer operators and

takeovers by larger companies. Fair trade is picking up as an issue for organic movements in the region. The Thai movement plans to develop fair trade organic labelling for the domestic market in 2004.

7.2.3 Standards, Certification & Regulation

The region in general is still at an early stage of formalisation with few private sector organic institutions, norms or regulations implemented in most countries. Government interest in general is growing along with involvement. Seven Asian countries sent delegates to a meeting of government officials held in conjunction with the IFOAM Trade conference in Bangkok (November 2003).

Organic regulations are already in place in India, Japan, Korea and Taiwan, including official accreditation or approval /registration of certification bodies. Malaysia and Thailand have published voluntary national organic standards. China, Indonesia, Philippines and Sri Lanka are reportedly finalising their respective national standards.

83 certification bodies were identified to be operating in Asia (The Organic Standard:s Organic Certification Directory 2003). 65 are located in Japan. Local certification bodies (CBs) outside of Japan are few and relatively weak in comparison to the numerous international CBs operating in the region, particularly in China and India. Out of the 29 IFOAM Accreditation CBs, only three are from Asia, i. e. ACT (Thailand), JONA (Japan) and OFDC (China).

At the governmental level, the Thai Department of Agriculture DoA has been operating an organic certification programme for a number of years. The Malaysian DoA is implementing its certification programme in 2004. More than 10 certifications have established themselves in China. Many are semi government organisations at national or provincial level. Government initiatives in organic certification and accreditation are also related to the increasing demand for standardisation in general for exports, e. g. HACCP, Euro GAP, ISO 9000 and ISO 14000.

7.2.4 Development Challenges

Whilst NGOs remain the main actors in advocacy and extension, market entrepreneurs, private small and medium organic enterprises (SMEs), are emerging to be the driving force in local market development in many places, as elaborated above and reported at the IFOAM/FAO seminar on vegetables and fruits in the region, the IFOAM

Trade conference and Local Marketing workshop held in Bangkok, Thailand (November 2003).

Marketing initiatives in developing countries in the region however lack reliable production and market data to develop their work effectively. Authoritative statistics are generally not available. The informal nature of markets in many countries also makes data collection difficult. Whilst production is expanding and quality is improving, the range of products is still far from being able to fill the food basket. Retailers reportedly suffer from inconsistent supply of both local and imported products. Local market initiatives also face pricing challenges in having to compete against export prices for certified local products, not to mention price competition between themselves for their respective market shares.

Development cost in many instances is a major constraint, i. e. the situation where product development costs including extension and training are far too demanding for local private sector investment at current market sizes. Unfortunately, the major focus of government initiatives in the region are on standards and certification instead of extension and training, supported in some cases by foreign developments aid, e. g. Swiss funding in Indonesia and New Zealand funding in Vietnam.

Increasing regulatory and standard requirements and the lack of international harmonisation are posing obstacles to exporters in the region. Ironically, government initiatives in standardisation with an eye towards export markets are adopting the very same requirements that will inhibit development of domestic markets when implemented, e. g. a conversion requirement of 2 years in line with the EU regulation. Whilst subsidies are available in the EU, the same is not available in developing countries in the region, and unlikely to be possible in the foreseeable future.

Non-governmental development funding is supporting NGO extension, but by and large not marketing projects, considered to be better handled by business entrepreneurs. Whilst the ideological resistance of NGOs against commercialisation have lessened, it is never the less still significant, dampening potential collaboration between extension NGOs and market entrepreneurs to address market development challenges. The situation unfortunately, entrenches the need for high market premiums and maintains the tension between farm/market viability and the issue of affordable organic food (mainstreaming) and civil society advocacy for safe food security to the average consumer. Certification, whilst necessary for market differentiation presents arguably more of a cost burden than a value added solution in this scenario.

Responding to local operators' requests, the Thai and Malaysian authorities are offering subsidised inspection and certification for primary production. Whilst the supportive intent of the government initiatives are commendable, their implementation,

unfortunately, is expected to raise problems for the local organic movements. The existing IFOAM accredited NGO certification body in Thailand now faces unfair service competition. The years and resources in institutional development made to-date by the local movement is now vulnerable. Under current international conditions related to organic regulations and labelling, subsidised government inspection and certification can be expected to inhibit the development of local private sector certification programmes, whilst reinforcing the role of foreign private certification bodies operating in the country for exports. As large well-organised producers enjoy similar benefits, the small producer gains relatively no advantaged support to enter the certified organic market. The proliferation of certification bodies in Japan and China, on the other hand is contributing to over capacity.

Better public and private collaboration is critical to address sector development in a more coherent fashion in the region. The emergence of private sector associations such as IFOAM Japan; Lanka Organic Agriculture Movement (LOAM), Sri Lanka; Organic Alliance Malaysia (OAM), Malaysia; and Organic Producers and Trade Association (OPTA), Philippines, are hopeful signs of maturation within the ranks of local operators, from the „Each man for himself, pioneering mentality“ to the realisation of shared interests and the need for a higher level of unity to address sector development challenges at the macro level including lobbying authorities. Improvements in sector cooperation and public-private collaboration, resulting in more coherent framework standard setting and policy support can be expected in the coming years.

Table 10: Land Under Organic Management and Number of Organic Farms in Asia (Source: SOEL-Survey, February 2004)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Azerbaijan	2002	285	0.75	2,540	0.2
Bangladesh	2002	100		177,700	
China	2001	2,910		301,295[2]	0.06
India	2002	5,147		37,050	0.03
Indonesia	2001	45,000		40,000	0.09
Israel	2002	420		5,030	0.90
Japan	1999	+		5,083	0.09
Kazakhstan	2002	1		36,882	
Rep. of Korea	1998	1,237		902	0.05
Laos	2001			150	0.01
Lebanon	2001	17	0.01	250	0.07
Malaysia	2002			+	
Nepal	2001	26		45	0.001
Pakistan	2001	405	0.08	2,009	0.08
Philippines	2000	500		2,000	0.02
Russia	2002			5,276	0.003
Sri Lanka	2001	3,301		15,215	0.65
Syria	2000	1		74	0.001
Thailand	2002	1,154	0.02	3,993	0.02
Ukraine	2002	69		239,542	0,58
Vietnam	2002	1,022		6,475	0.08
SUM		**61,595**		**881,511**	

[2] Therefrom more than 200,000 ha in conversion

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7.3 Australia/Oceania

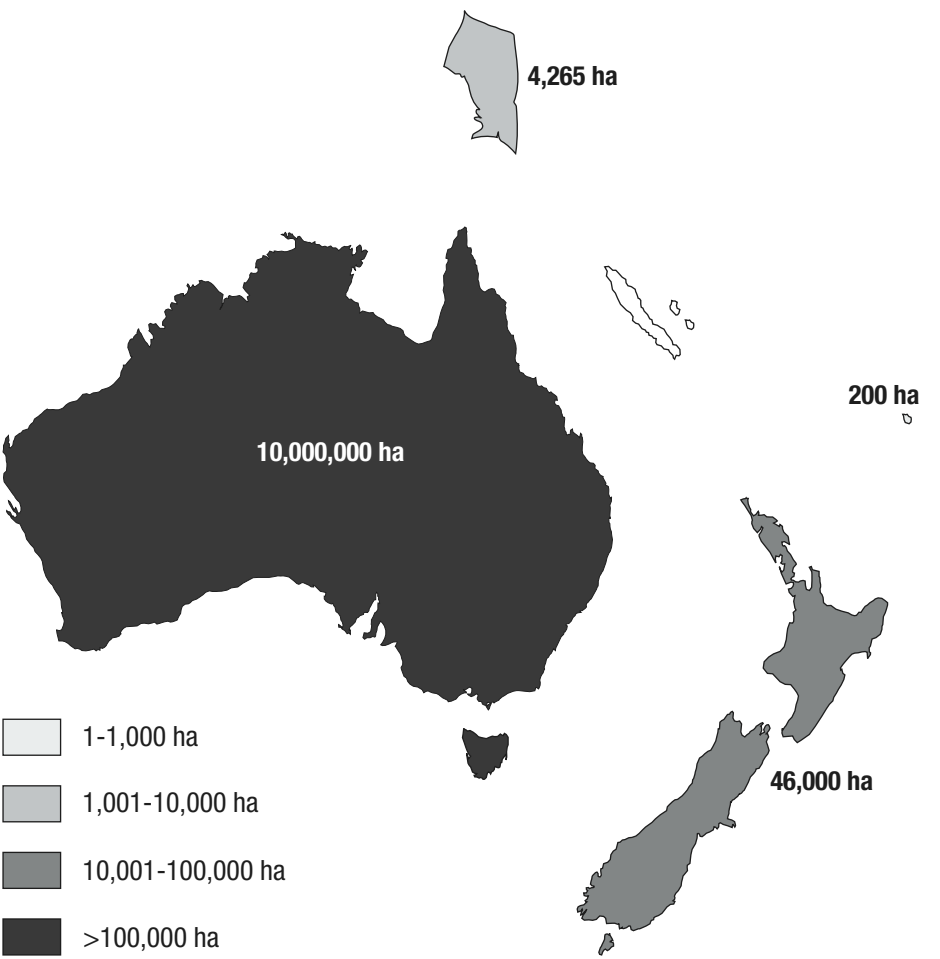

Figure 8: Organic agriculture in Australia and Oceania

In Australia/Oceania more than 10 million hectares and 2,000 farms are under organic management – this is the largest area in the world.
(SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

Australia/Oceania includes New Zealand and Australia as well as smaller countries like Fiji, Papua New Guinea, Tonga and Vanuatu. Australia has more organic land than any other country in the world. Most of this is dedicated to extensive beef enterprises. The region's growth in organic trade is heavily influenced by the increasing demand for organic food and fibre products in Europe, Asia (especially Japan) and Northern America. The fact that there are three IFOAM-accredited certifiers – The National Association for Sustainable Agriculture Australia Limited NASAA and Biological Farmers of Australia BFA as well as BIO-GRO (New Zealand) shows the importance that is placed on exports.

7.3.1 Organic Farming in Australia

Darren Halpin and Martin Brueckner[1]

Introduction

There is almost no hard data on the organic industry in Australia. Therefore most of what we know is based on industry estimates or projections. In Australia, the best estimate of organic certified area is around 10 million organic hectares (Biological Farmers of Australia 2003). Most of this area is pastoral land for extensive grazing. While this is impressive, the productivity from this area is quite variable and often lower than in European nations. In terms of land area under organic production as a percentage of land area under agricultural production, Australia's 1.6 percent falls below the 2.4 percent average of OECD countries (Pillarisetti 2002).

Important areas of production include fruit and vegetables which are produced all year around and dairy products (a rapidly growing sector), rice, wool, herbs, wine, vegetable seed and sheep-meat. There are no subsidies for organic agriculture.

Market

Within Australia, consumer concerns about process quality and food safety are understood as factors stimulating demand for organic produce in the country (McCoy & Parlevliet 2000, von Alvensleben 2001). While trends of rising consumer demand for organics are becoming discernible, the organic food market in Australia is still considered a niche market (Agra Europe 2003, Queensland Department of Primary Industries QDPI (2003), with organics accounting for only 0.2 percent of food retail sales nationally (Invest Australia and KPMG 1999, p.15). Also, to this day little is known about the 'organic consumer' and more consumer behaviour research is required (Johnston & Perry 2001). Of the few consumer studies undertaken in Australia, results illustrate that while there appears to be some positive correlation between income and the demand for organic food (McCoy & Parlevliet 2000), no clear delineations can be made with respect to the consumption of organic food along gradients of gender, income, age or education (Queensland Department of Primary Industries QDPI 2002, Smith 2003). Overall, consumer demand is said to be increasing at a rate of 20 to 30 percent per annum (BFA 2003, p.19). However, price, quality concerns, availability, inconsistent labelling, and product recognition are frequently cited obstacles to a more

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rapid expansion of the Australian market for organics (Dumaresq & Greene 1997, Invest Australia and KPMG 1999, Lyons et al. 2001).

Current market figures for Australian organic produce are not available, and industry figures available therefore need to be treated with caution. While there is relative certainty about the value of farm gate sales for the years 2001 and 2002 (ca. AUS $ 90 million; approx 45 million EUR) (Biological Farmers of Australia 2003, Wynen 2003), figures stating retail values differ greatly. Estimates for the total retail value of organic produce for the year 2000-1 vary from AUS $ 165 million (approx. 99.5 million EUR) (Wynen 2003) to AUS $ 250 million (approx. 151 million EUR) (Biological Farmers of Australia 2003), and exports of Australian organic produce are estimated at AUS $ 50 million (approx. 30.2 million EUR) (Austrade 2003).

On the domestic market, organic produce receives a substantial price premium over that of conventionally grown produce. For cereals and livestock products this ranges between 50 percent and 75 percent and for fruit and vegetables the premium is usually between 50 percent and 60 percent (Food and Agriculture Organisation 2002); yet, price premiums of up to 100 percent are not uncommon (Bulletin 2001). The pricing of organic food will continue to be a key determinant of consumer demand for organic produce and market growth, especially since it appears that current price premiums are set above levels many consumers accept (see for instance Pearson 2001, Queensland Department of Primary Industries QDPI 2003).

Since the demand for organic products is often greater than the available local supply, Australia is an importer of organic food. The total value of imported organic produce is unknown. However, according to McCoy and Parlevliet (2000, p.62) imports are mostly of processed grocery lines, such as coffee, pasta sauces, olive oil, soy drink, preserves and the like, primarily from the United Kingdom and the USA. Other commodities are imported to fill temporary short falls in domestic production (Crothers 2003). Examples here include importing kiwi fruit and fresh produce from New Zealand.

Europe is the key export market for Australian organic products (in particular, Germany, The Netherlands, United Kingdom), accounting for over 70 percent of Australian organic exports (Austrade 2003). More recently, Switzerland, Japan, USA, Singapore, and Hong Kong have also emerged as promising future export markets for Australian produce. The primary products for export are grains, processed products, seeds and horticultural products. Fruit juice, wine and soy milk are the dominant export articles in the organic beverage category (Austrade 2003). Assumed key drivers behind export market growth are mounting concerns about the process quality of food (e. g., use of genetically modified organisms (GMOs), the application of chemicals in food production, etc.), and concerns for general health and wellbeing (McCoy & Parlevliet 2000, von Alvensleben 2001).

Policy Support

In Australia, growth in the organic industry has been strongly influenced by rapidly growing overseas demand. Of recent times, the government has taken a keener interest in supporting the organic sector largely because it recognises the export potential. The same applies to New Zealand.

Australia has had national standards for organic and bio-dynamic products in place since 1992, and it is one of the countries on the third country list of the European Union. While these standards are enforced for the export of organic products only, they also act as an informal standard domestically. The term ‚organic' is not protected in the domestic market place and widespread use of the term for uncertified products creates consumer confusion.

Certification and Legal Situation

The Australian Quarantine Inspection Service AQIS audits organic certification organisations against the requirements of the „National Standard for Organic and Biodynamic Produce" to ensure the integrity of organic products is maintained and that they meet the standards of importing nations. The following seven organisations are accredited by AQIS:

- Biological Farmers of Australia BFA
- Bio-Dynamic Research Institute BDRI
- National Association of Sustainable Agriculture, Australia NASAA
- Organic Herb Growers of Australia OHGA
- Organic Food Chain OFC
- Safe Food Production Queensland SFPQ
- Tasmanian Organic-dynamic Producers TOP.

Of these seven certification bodies, five can export to the European Union; however all seven can export to non-European countries such as Canada, Japan, Switzerland and the United States (Food and Agriculture Organisation 2002). At present there are no foreign certification bodies working in Australia, and no local certification bodies work in association with international certification bodies. Organic production in Australia has been protected by the Australian Export Standard for Products Labelled

Organic or Bio-Dynamic since 1992; this standard was amended in 1998 and revised again in 2002. The new standard, which is now known as the National Organic Standard for Organic and Bio-Dynamic Produce, stipulates minimum requirements for crop production, animal husbandry, food processing, packaging, storage, transport and labelling, bringing Australia in line with international standards. The new standard complements existing regulatory requirements in Australia such as environmental management, food safety, and animal welfare (Organic Produce Export Committee 2002). While specifically covering requirements for the export of organic produce, the standard does represent an industry document that lays down the principles for organic food production in Australia.

There is no mandate that farms labelling or the selling organic produce be certified as this only applies to products dedicated to export (Food and Agriculture Organisation 2002). Currently, produce certified by an AQIS approved certification organisation may voluntarily use a government mark upon application to AQIS. A national mark that has legal standing on the domestic market does not exist at present.

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7.3.2 Organic Farming in New Zealand

Seager Mason[1]

Introduction

Organic agriculture continues to be a rapidly developing sector in New Zealand, which gains a lot of publicity because of its high quality image, and its importance in helping to underpin New Zealand's overall image as a producer of high quality agricultural products.

Statistics

New Zealand has about 1100 certified organic operations, with about 40,000 hectares of certified organic farmland. Most different food and beverage products are now available as certified organic. The main organic products are kiwifruit, apples, and processed vegetables. Both organic kiwifruit and organic apples now represent more than 5 percent of the total production in those sectors for New Zealand. A wide range of top quality organic wines and beers are now also available. Dairy and livestock farmers have been slow to convert in the past, but with encouragement from processors we are now seeing more conversions.

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BioGro New Zealand is New Zealand's leading organic certifier and organic producers' organization.

Statistical Overview

Organic Producers and Land Area

- Ca. 1100 certified producers comprising of
  - 900 primary producers
  - 100 processors and exporters
  - 100 certified suppliers of inputs (fertilisers etc)
- 40,000 hectares under organic management (full range of primary and non-primary production).

The Market

- The current value of organic products exported is NZ $ 70 million (ca 37 million EUR) growing at approx 10 percent per annum.
- Current sales of organic products in New Zealand is approx NZ $ 100 million (ca 53 million EUR), approximately half of this is produced in New Zealand, the rest imported. Current growth is about 20 percent per annum, but the domestic market experienced 100 percent annual growth over the years 2000 to 2002.

Land Use and Production Structure

- Kiwifruit: organic kiwifruit constitute more than 5 percent of the kiwifruit sector
- Pip fruit: organic is close to 10 percent of the pip fruit sector
- Vegetables / arable crops: organic constitutes approximately 2 percent of the sector
- Dairy and meat: organic is less than 1 percent of the sector

Certifiers

- BioGro:
  650 producers
- Demeter:
  50 producers
- Organic Farm New Zealand (new small scale producers scheme):
  ca. 180 producers
- Agriquality/Certenz:
  220 producers.
- Ca. 1000 uncertified producers, mainly small scale primary producers.

Markets

– Domestic

New Zealand's domestic market grew very rapidly over the period 2000 to 2002 – by more than 100 percent per annum each year. This growth was due to a variety of factors, particularly rejection of genetic engineering, but also because of the high quality of organic food, and because organic agriculture has the support of many people as the being the best way forward for New Zealand's agriculture and food production.

Most supermarkets are now stocking some organic products, and some supermarkets are specialising in organic products due to customer demand. Organic shops are increasing in number and size, with some of the successful specialty organic shops becoming small to medium size organic supermarkets.

The rapid growth in the domestic market has slowed over the last year.

– Export

New Zealand's economy is reliant on exporting and agricultural products are New Zealand's main exports. Exports of organic products have grown steadily over the last ten years, and are currently more than 70 million NZ $ (ca 32 million EUR) per annum.

Growth of organic exports has slowed over the last two years due to the rapid growth in domestic demand. Demand for exports of organic products far exceeds supply. With the slow down in the growth of the domestic market, producers are again looking at export options.

Standards and Legislation

New Zealand National Organic Standard

The New Zealand National Organic Standard was released in November 2003. This was developed with government funding under the auspices of Standards New Zealand. It will mainly serve as a benchmark for certifiers operating in New Zealand and mainly for the domestic market at this stage. It is a voluntary standard, it is not mandatory, so consumer protection will continue to be only through the Fair Trading Act (with reference to the National Standard as required) because there are no specific organic labelling laws.

Export

Exports to the European Union and to the USA are via the New Zealand Food Safety Authority NZFSA Official Organic Assurance Programme OOAP.

Through this programme New Zealand has Third Country Listing with the European Union and recognition by the US Department of Agriculture USDA. The certifiers such as BioGro operate as Third Party Agency certifiers for the OOAP.

NZFSA have also applied to the Japanese Ministry of Agriculture MAFF for acceptance of the OOAP for Japan access, but at the moment certifiers like BioGro have access to Japan through their recognised certifier arrangement with a Japan based certifier ICS. BioGro also has recognition for access to Quebec, Canada,

Imports

There are still no controls on imports labelled „organic“ other than certifiers setting their own standards for recertification, and the labelling laws under the Fair Trading Act.

State Support

There is a small amount of government support for organic agriculture in New Zealand. The two main recent examples are:

> National Organic Standard (see above).

> National Strategy for organic agriculture: A government funded national strategy for organic agriculture was released in November. The key recommendation is for the formation of a peak industry body which will coordinate initiatives in the organic sector. This body will take on the coordinating role which has been provided by the Organic Federation of Aotearoa New Zealand on a voluntary basis up to now.

> Other

There is no direct government financial support for conversion of primary production to organic agriculture.

Research and Extension

Organic research in New Zealand is carried out by public bodies, universities, and the private sector. One example is an organic research farm which is a joint venture between a university and a food processing company.

Several universities and other tertiary institutions offer courses and training in organic agriculture.

There are an increasing number of agricultural advisers who offer consultancy services for organic producers.

Outlook

Through the launch of the National Strategy for Organic Agriculture, there is now government acknowledgement of the importance of organic agriculture in New Zealand, but still only limited government support.

Genetic engineering remains a major issue in New Zealand, and was the number one issue in the last general elections July 2002. There was a moratorium on commercial release of GMOs until October 2003, but in spite of majority public and industry support for it to remain; this has now been lifted by the government. No applications for commercial release have been made at this stage, and any that are made will meet fierce resistance. There is a very active movement for New Zealand to remain GMO, and it is supported by a majority of New Zealanders. Genetic engineering remains a key issue for New Zealand's organic sector.

A key issue for New Zealand's organic sector is lack of supply. The only solution is to encourage more farmers to convert, by providing advice and research to support conversion, and the various organic organizations such as BioGro are doing the best they can within their resources to facilitate this support.

Internet Sites

Information on organic farming in New Zealand is available via the internet site www.bio-gro.co.nz and www.organicsnewzealand.org.nz.

Table 11: Organic Land and Farms in Oceania / Australia (Source: SOEL-Survey, February 2004)					
Country	**Date**	**Organic Farms**	**% of all Farms**	**Organic Hectares**	**% of Agricultural Area**
Australia	2002	1,380	1.4	10,000,000	2.20
Fiji	2000	10		200	0.04
New Zealand	2002	800	1.14	46,000	0.33
Papua New Guinea	1995			4,265	0.41
SUM		**2,190**		**10,050,465**	

Sources

Australia: Farms (2001): Rod May, National Association For Sustainable Agriculture Australia (NASAA), e-mail capck@netconnect.com.au; Farmland: Darren Halpin, e-mail d.halpin@ecu.edu.au

Fiji: Seager Mason, Bio-Gro NZ, P.O. Box 9693, Wellington Mail Centre, tel. +64-4-5895366, e-mail mason@bio-gro.co.nz

New Zealand: Paulina Wilhelm, Ministry of Agriculture and Forestry New Zealand, e-mail Paulina.Wilhelm@maf.govt.nz

Papua New Guinea: International Trade Centre UNCTAD/WTO, Organic food and beverages: World supply and major European markets, Geneva 1999, www.intracen.org/itcnews/newsrel/182eng.htm

7.4 Europe

Helga Willer and Toralf Richter[1]

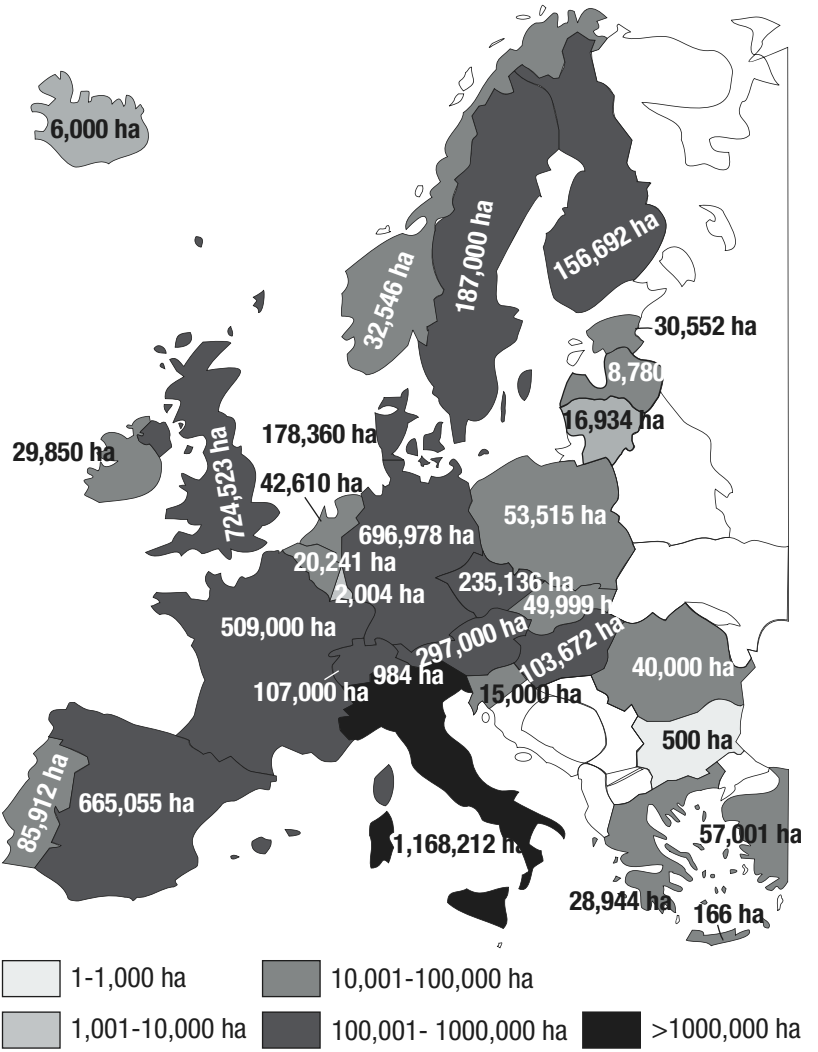

Figure 9: Organic agriculture in Europe: more than 5.5 million hectares and almost 175,000 farms are under organic management. (Source: FiBL/SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

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7.4.1 Statistical Development: Continued Growth

Since the beginning of the 1990s, organic farming has rapidly developed in almost all European countries. Growth has, however, slowed down recently.

According to the Swiss Research Institute of Organic Agriculture FiBL, by the 31.12.2002 in the 15 countries of the European Union (EU), around 4.8 million hectares were managed organically by almost 140,000 farms. This constituted 3.5 percent of the agricultural area and 2 percent of the farms in the EU.

According to the SOEL-statistics in the whole of Europe currently 5.6 million hectares are managed organically by approximately 175,000 farmers.

Compared to the previous year, this is an increase of 9 percent in the organic land area in the EU, mainly due to a strong growth in France, Spain and the UK. The number of farms went down, however, mainly due to a decrease in organic farms in Italy.

There are also substantial differences between individual countries regarding the importance of organic farming. More than 11 percent of agricultural land is organic in Austria, and 10 percent in Switzerland. Some countries have yet to reach one percent. The country with the highest number of farms and the greatest number of hectares is Italy. One quarter of the European Union's organic land and more than one third of its organic farms are located here.

A complete overview of the statistical development of the organic sector since the 1990s is available at the homepage of the Organic Centre Wales at www.organic.aber.ac.uk/stats.shtml.

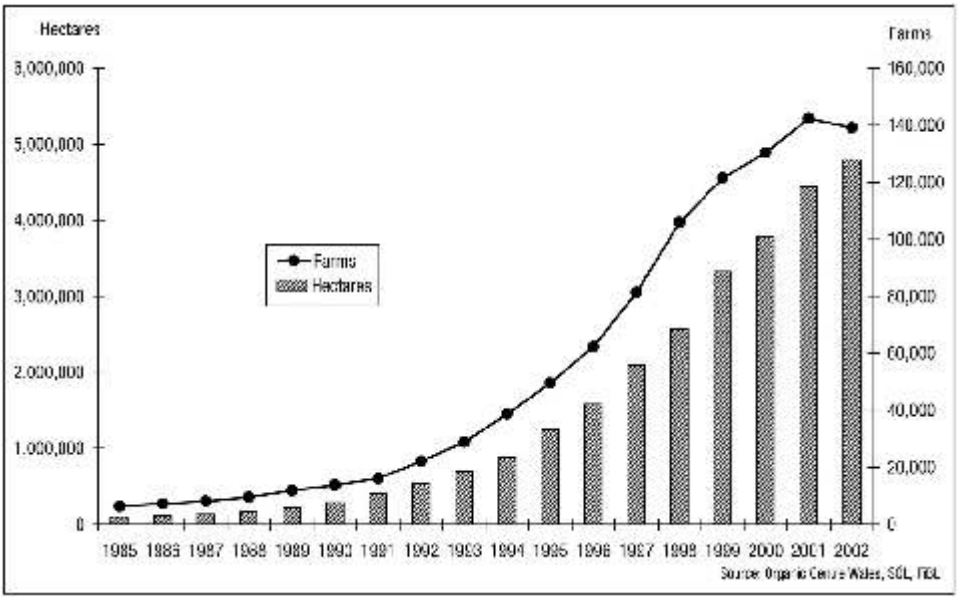

Figure 10: Development of land under organic management and of organic farms in the European Union 1985 to 2002

(Source: Organic Centre Wales, SOEL, FiBL)

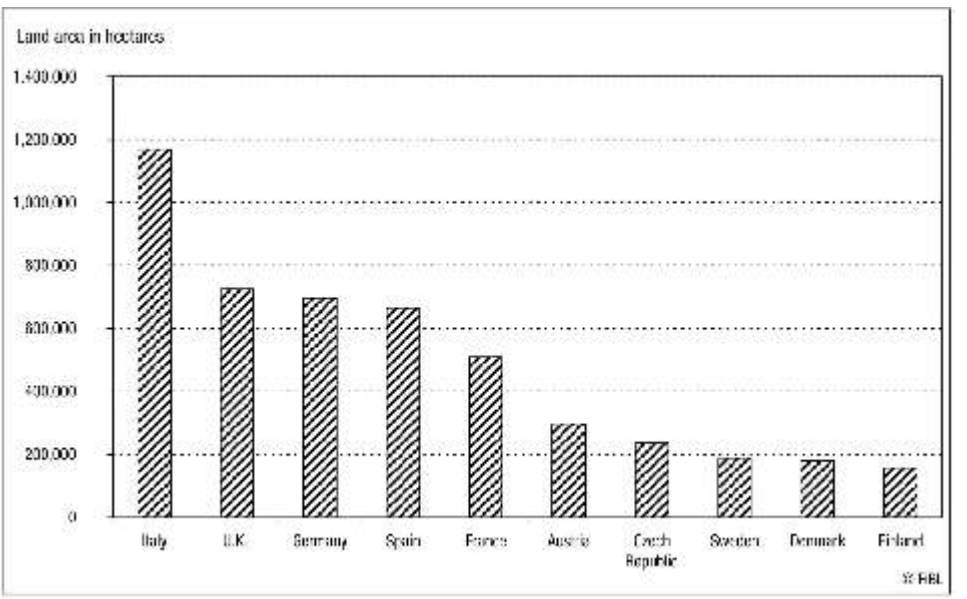

Figure 11: Organically managed area in Europe: the 10 countries with the highest area of organic Land (European Union, Accession countries, EFTA countries) per 31.12.2002

(Source: FiBL)

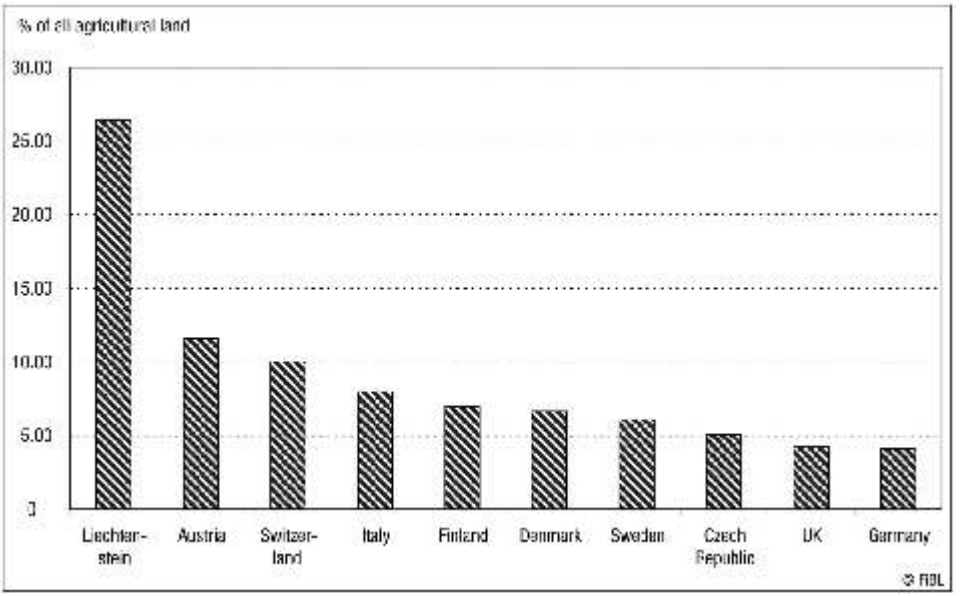

Figure 12: Organically managed area in Europe: the 10 countries with the highest share (%) of organic land (European Union, EU-Accession countries, EFTA countries) per 31.12.2002
(Source: FiBL)

7.4.2 Milestones in the History of Organic Agriculture in Europe

1924 Beginnings of organic agriculture in Germany with Rudolf Steiner's course on bio-dynamic farming; in the 1930s and 1940s the first bio-dynamic associations are founded in Europe („Demeter")

1930s/40s Dr. Hans Mueller active in Switzerland (organic-biological farming, which is now the most common organic farming practice in the German speaking countries; represented by „Bioland", „BioSuisse")

1946 Soil Association founded in the U.K. by Lady Eve Balfour (organic farming)

1972 International Federation of Organic Agriculture Movements IFOAM founded

1973 Research Institute of Organic Agriculture FiBL founded in Switzerland, now the largest organic research institute worldwide

1975 Foundation Ecology & Agriculture SOEL founded in Germany

1980s Most of the organic associations and organizations founded

1990 First BioFach Fair takes place in Germany, now the biggest fair for organic products worldwide

1991 IFOAM European Union Regional Group founded

1991 EU Regulation 2092/91 on organic agriculture published in the official Journal of the European Commission; the regulation became law in 1993

1992 EU regulation 2078/92 published in the official Journal of the European Union, area based support for organic farming under this regulation granted in almost all European Union countries since 1994 (now continued under EU Regulation 1257/1999)

1992 IFOAM Accreditation Program established

1995 First action plan for organic farming launched in Denmark

1999 Global Codex Alimentarius standards on organic agriculture published

2000 Agenda 2000 implemented including continuation of the area-based payments as well as other support measures for organic farming (Rural Development regulation No. 1257/1999)

2001 January, BSE crisis in Europe, resulting in a major shift in attitude in favor of organic farming

2001 May, Copenhagen: First steps taken towards a European action plan for organic farming

2003 European consultation on the action plan for organic farming

2003 Numerous organic farming related research projects accepted under the first call of the sixth framework program

7.4.3 The IFOAM European Union Regional Group[2]

The IFOAM Regional Group European Union (IFOAM EU group) was founded in 1991. It unites the interests of the European organic sector. Each European country has a representative and a substitute on the board of the group. The group meets three times a year, and one meeting takes places in Brussels for information exchange with the European Commission. A major step in the year 2003 was the establishment of a Brussels office, funded by the organic sector or public monies of the member states.

The IFOAM EU group has several working groups. One is dealing with the EU regulation on organic farming, one with policy questions one with research.

The main issues in 2003 regarding EU regulation on organic farming were related to bought-in animals, seeds, revision of the annexes on inputs and on processing, organic wine, equivalence of EU regulation and the IFOAM basic standards, aquaculture and guidelines for inspection bodies.

The policy subgroup released a paper on the co-existence of GMO and organic faming. This group is also involved in the discussions on the European action plan on organic farming.

The research subgroup is involved in a new European research project, which will support the revision of EU regulation on organic farming; this project will start in 2004. The IFOAM EU group is also invited by the European Commission to present suggestions on research activities. Suggestions include: research on the benefits of organic farming, organic viticulture and wine processing, processing and aquaculture.

7.4.4 The European Market for Organic Foods

The main information and figures presented here were compiled as part of a FiBL survey among experts of the organic sector in November 2003. Many of these figures are estimates, and the methods of research behind these figures might vary from country to country, as no uniform data collection system for market data is yet available. The figures should therefore be treated with utmost caution.

[2] The information in the sub-chapter on the IFOAM European Union Regional Group is based on an internal paper by Otto Schmid of FIBL, who is the Swiss representative in this group.

Additional information is available from Organic Monitor (The Global Market for Organic Food & Drink, 2003; see also chapter 4 in this book) and from a survey which was conducted within the European research project OMIaRD (Padel et al. 2003).

An update of the study of the European market of Hamm et al. (2002) with reliable figures on the European market with organic products should be published in spring 2004.

According to Organic Monitor (2003) in 2002 nearly half of the organic food sales worldwide were generated in Europe. The European sales of organic products were estimated to have expanded by about 8 percent in 2002 (Organic Monitor 2003) to reach approximately ten to eleven billion Euro (FiBL, survey 2003). After years of tremendous organic sales growth, in many European countries the market is now maturing. Reasons can be found in the broad market penetration, which comes to a final stage in countries like Denmark, Austria or Germany and the advanced development of organic assortments in the big retail companies. Furthermore the number of organic consumer remained stable and did not increase as a result of new conventional food scares.

Comparing European countries, Germany is still the biggest national market in Europe with nearly 30 percent of the total European market volume. National markets with organic sales volumes of more than one billion Euro of can be found in France, the United Kingdom and Italy (see figure 13).

However there is no single common and homogenous market for organic food all over Europe. The individual national organic markets are at different stages of development. In countries such as Greece or Portugal, the organic market is still in the pioneer phase. In Italy, France and the United Kingdom, a first boom phase in the marketing of organic produce was apparent in recent years. Within a third group with countries like Austria, Switzerland, Denmark or Sweden the organic markets are quite mature now, supported by national government activities as well as by active market development measures by the leading national retail chains.

This leads to clear differences in terms of per capita consumption of organic produce all over Europe. Switzerland can be considered as the clear organic market leader in Europe, or even the world. Even when different national food price levels are taken into account and Switzerland is the country with the highest food price level in Europe, nearly double the organic product volume per capita is consumed in relation to Denmark or Sweden as countries with the second and third highest consumption (see figure 14). Significantly, the difference between Switzerland and Denmark grew tremendously over the last two years. While in Switzerland an already quite matured market was further pushed by the leading Swiss retail chains COOP Switzerland and

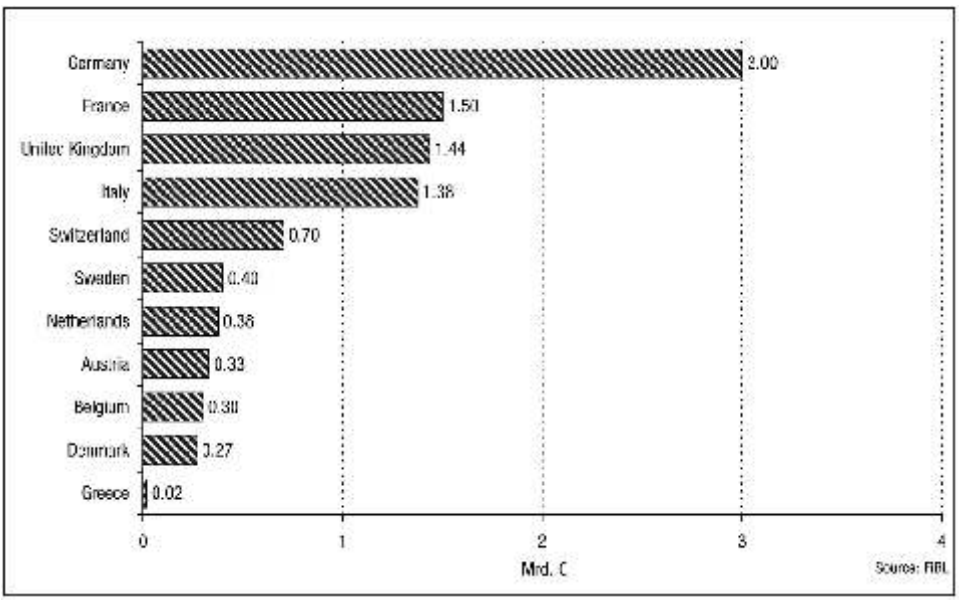

Figure 13: Organic product sales in selected European countries in 2002
(FiBL survey 2003)

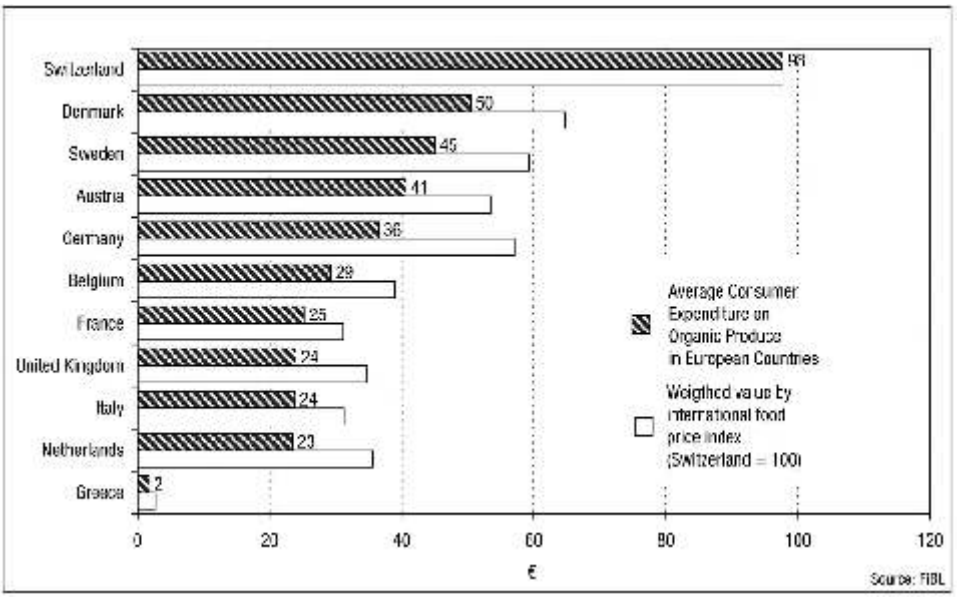

Figure 14: Average consumer expenditure on organic produce in European countries 2002
(Source: FiBL)

Migros, this development was widely missed in Denmark by the leading retail chains COOP Denmark and Dansk Supermarket.

In Switzerland the organic market share altogether amounts 4 percent, however some relevant sub-markets actually have much higher market relevance (eggs 12 percent, milk 11 percent, vegetables 11 percent, bread 8 percent, fruit 7 percent).

Generally it is noticeable that those countries where the market leading supermarket chains have broad assortments with more than 500 organic items the highest market shares can be observed. In most countries already at least 75 percent of organic products are sold through multiple retail chains. When, however, like in Germany, discounters dominate the food market and broad organic assortments are offered only by smaller and regional oriented retailers there is a technical barrier for a maximal market penetration of organic products.

There has been considerable growth in the market for organic products in Europe in recent years. However, competition between the countries of Europe is growing and the annual growth rates between 1999 and 2002 differs clearly by country (see figure 15).

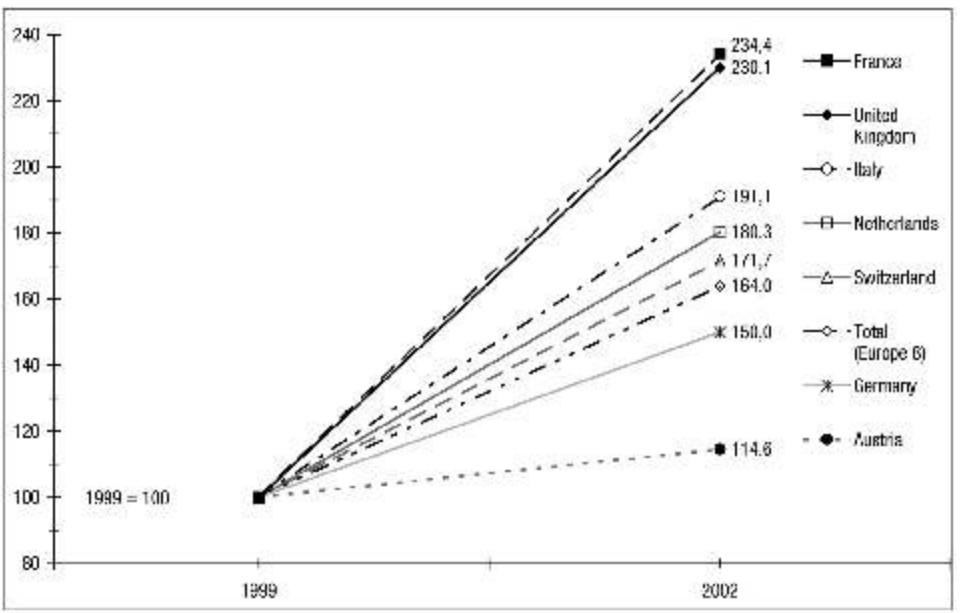

Figure 15: Index for the development of organic food sales between 1999 and 2002 for selected European countries.

The highest growth rate in the last years could be observed in France and the United Kingdom (see figure 15). In both countries the organic market grew annually by more than 40 percent in the last three years on average. In a group with Italy, the Netherlands and Switzerland, the average market growth varied between 20 to 30 percent per year. In Austria and Denmark where the market is positioned at a matured stage nearly no market growth of the organic sales occurred.

Between 1999 and 2002, organic sales and organic land areas developed with a different dynamic in many European countries. Moreover, two countries developed in different directions. While the organic demand decreased in the last three years in Denmark, the organic land area conversely increased. The opposite development took place in Austria. The most well balanced development between demand and supply could be observed in France and Germany over the last years.

What does the future for the European organic market look like? What are the market prospects in terms of growth, what are the main influencing factors? To answer these questions, 129 experts from all over Europe were interviewed within of the project OMIaRD (Organic Market Initiatives and Rural Development, see Padel et al. 2003). The following paragraphs summarize the main results of the market expert survey.

„Fragmented and underdeveloped market“ and „lack of marketing know-how“ received high scores from a list of possible constraints for the development of supply. More than 70 of 129 experts also considered „poor co-operation and communication“ and „low levels of farm gate premiums“ to be important constraints, whereas '"lack of supermarket involvement" and „competition from non-organic alternatives“ were not seen as important.

„High consumer price“, „poor availability of organic products“, „lack of consumer information and awareness“ and „poor product presentation“ were considered important by more than two thirds of the respondents in the area of demand, whereas „competition from near organic alternatives“ and „lack of credibility of the certification systems“ were not considered important.

Altogether it has to be stated that in none of the established European organic markets between 2002 and 2007 growth rates will reach more than 10 percent per year. Regarding the expected market development within the next five years overall rates varied between countries, with lowest rates anticipated in Denmark (approximately 1.5 percent per year) and highest rates in the United Kingdom (11 percent per year). Product groups with the lowest market growth are cereals. Highest growth is expected for meat and convenience products. The majority of experts anticipated higher demand than supply for fruit and vegetables, but no clear trends emerged for other product categories.

Experts agreed that organic marketing structures need to improve with expected increases and that increased product range can help stimulate demand and that new consumer groups should be targeted. They do not think that promotion should be based on risks associated with conventional food.

Table 12: Expected Market Growth Rates Between 2002 and 2007 for the Total Organic Market and for Specific Product Categories in Selected European Countries (%)

	DK	AT	CH	UK	DE	FR
Total Organic Market	1.5	4.6	4.5	11.0	4.8	6.1
Convenience products	3.3	8.4	7.0	8.8	7.3	10.0
Meat products	1.7	3.2	8.0	12.3	3.1	10.0
Dairy products	1.0	3.4	1.5	8.8	6.7	6.5
Fruit & vegetables	4.0	5.7	5.0	8.3	7.1	5.0
Cereals products	2.5	5.3	2.0	6.0	4.6	5.3

Source: Padel et al. 2003

7.4.5 EU Regulation on Organic Farming

With EU regulation on organic production 2092/91, considerable protection for both consumers and producers has been achieved. This regulation has been implemented in all countries of the European Union since 1993. In December 1999, the European Commission decided on a logo for organic products. This can be used for all produce whose production is regulated by EU regulation 2092/91.

The brochure „Organic farming – Guide to Community Rules", published by the European Commission in 2001 provides extensive information about EU regulation 2092/91.

Also, in countries outside the European Union, organic products are either legally protected, or the development of organic regulations is in progress (e. g. Norway, Switzerland, Hungary, Slovenia, Czech Republic). Several EU countries have developed their own national regulations as well as national logos for organic products; in some cases this occurred long before the EU regulation on organic production came into force. EU regulation 2092/91 has undoubtedly brought considerable security for consumers,

but consumer confidence clearly needs to be increased by extra measures at national level.

Work on the EU regulation on organic farming is constantly in progress, and the regulation is adapted to new developments and findings.

A major development related to the EU regulation on organic farming is the implementation of EU regulation 1452/2003 which requires all EU countries to establish databases for organic seed from 1 January 2004 in order to make the supply situation more transparent. Organic seeds and vegetative propagating material must be used if an official database shows that the relevant variety or a comparable variety is available. It is only when the market supply for suitable seeds or vegetative propagating material has been exhausted that a farmer can be given approval to use conventional seeds or propagating material. From January 2004 the organicXseeds internet database set up by the Swiss Research Institute of Organic Agriculture FiBL will be the official database for organic seeds and vegetative propagating material in Germany.

7.4.6 Organic Farming Research in Europe

Organic farming research is organized differently in the European countries. Until the 1980s it was mainly carried out by private research institutes, which have been the driving force for the development of organic farming research since the 1920s. In the 1980s the first universities took organic farming on their curricula, in the 1990s the first EU-funded projects on organic farming contributed to a better collaboration of researchers on organic farming on a European level, and the first state research institutes became active.

Today's high political and societal acceptance and interest in organic farming research is reflected in the fact that a European action plan is under work and that national action plans exist already, including special programs for organic farming research (e. g. Germany: Federal Organic Farming Scheme BOEL; Denmark: Danish Research Center for Organic Farming DARCOF). At the state research institutions organic farming is getting increasing attention in many countries: In France the National Agricultural Research Institute INRA now has an organic farming coordination group (Comité Interne Agriculture Biologique CIAB), and the German Federal Agricultural Research Institute FAL has one research institute dedicated to organic farming research, and it is also increasing coordination activities.

Figure 16 shows the proportion between land under organic management and the monies for support of organic farming research. Especially in Germany since the launch of the Federal Organic Farming Scheme, the situation is quite satisfactory. Italy,

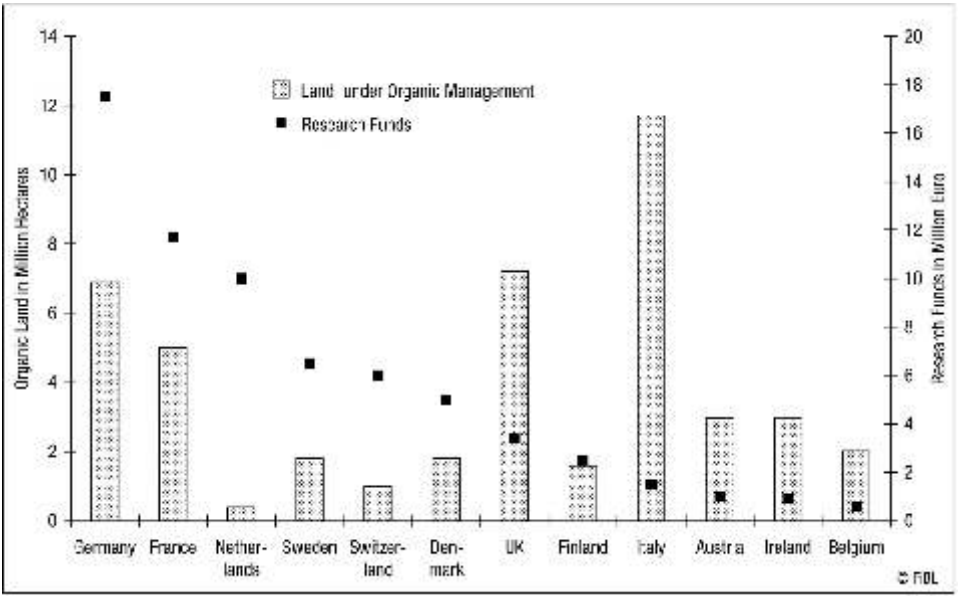

Figure 16: Funding for organic farming research in European countries 2002 and land under organic management

on the contrary, has a very low support for organic farming research. In spite of the fact that Italy has the biggest land area under organic management in Europe, it has one of the lowest budgets for organic farming research. The figures for research funding are based on European Commission report as well as on information of the Italian Ministry of Agriculture.

Under the European Union's research framework programs, several organic farming projects have been funded. In the calls under the Sixth Framework Program, which was launched in December 2002, organic farming plays a more prominent role than in earlier programs, and several organic farming projects are funded under it.

The following projects with relevance to the development of the organic sector in Europe started in 2003 or will start in 2004 (selection).

- Food from low input and organic production systems: Ensuring the safety and improving quality along the whole chain (QLif)
  Coordination: University of Newcastle and FiBL
  to start early 2004

- Scientific Support of the Revision of Regulation 2092/91
  Coordination: DARCOF
  to start early 2004

- Organic Inputs Evaluation
  Scientific Co-ordination: FiBL Switzerland
  Internet: http://www.organicinputs.org

- Further Development of Organic Farming Policy in Europe, with Particular Emphasis on EU Enlargement EU (CEEPOF)
  Co-ordination: Research Institute of Organic Agriculture FiBL, Switzerland and University of Wales, Institute of Rural Studies, UK
  Internet http://www.irs.aber.ac.uk/EUCEEOFP

- European Information System for Organic Markets (EISfOM)
  Co-ordination: University of Wales, Institute of Rural Studies, UK
  Internet http://www.eisfom.org

- Organic Marketing Initiatives and Rural Development (OMIaRD)
  Co-ordination: University of Wales, Institute of Rural Studies, UK;
  Internet http://www.irs.aber.ac.uk/omiard/index.html

A major initiative to improve information exchange among those interested in organic farming research is the international database Organic Eprints. Organic Eprints is an international open access archive for papers related to research in organic agriculture. The archive contains full-text papers in electronic form together with bibliographic information, abstracts and other metadata. The database with currently more than 1200 entries is available at www.orgprints.org. The database was set up by DARCOF, and it is now further developed as part of a project under the German Federal Organic Farming Scheme.

7.4.7 State Support for Organic Agriculture

Several EU regulations under Agenda 2000 constitute the reform of the Common Agricultural Policy of the European Union (CAP) for the period 2000 to 2006. With the Rural Development Regulation (No. 1257/99) it is possible to support organic farming with subsidies in various ways: agro-environment programs, investment aid, marketing aid, and regional development and demonstration farms. It may be expected that with the implementation of the Agenda 2000's mid-term review of 2003 more support will be given to organic farming.

7.4.8 Enlargement and Organic Farming

In the countries of Central and Eastern Europe organic farming is also gaining importance. The area under organic management is in most cases, however, not as high as in the countries of the European Union. The Czech Republic, though, has converted more than 5 percent of its agricultural land, which is a higher percentage than Germany has.

The countries wishing to become part of the European Union currently adapt their legislation to EU legislation. The countries Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Slovakia, and Slovenia already have regulations for supporting and protecting organic farming. Both the Czech Republic and Hungary are on the third country list of EU regulation 2092/91, which means they can export their organic products without further controls into the European Union.

Many farmers in Central and Eastern European countries are using far more extensive farming methods. This means that conversion to organic farming is a lot easier for them. Producers from CEE countries can offer organic products at comparably low prices. Already now an increasing amount of organic products including cereals is imported into Western Europe. In order to avoid competition and price dumping it is very important to promote the domestic market in the accession countries.

7.4.9 Action Plans

At the Conference „Organic Food and Farming – Towards Partnership and action", which took place in Denmark in 2001, agriculture ministers from twelve European countries called for a European action plan for the development of organic farming and food (Ministry of Food, Agriculture and Fisheries 2002).

Currently, the action plan is being developed further by members of the European Commission, assisted by the IFOAM European Union group as well as by scientists who have already developed concepts for action plans under the European Union's research programs. In the spring of 2003 a consultation on the European action plan was carried out among European citizens who were asked to comment the action plan. According to the European Commission, there had never been a consultation with so much feedback as this one.

The current version of the European action plan covers eleven areas where organic farming should be supported: marketing, international trade, standards and inspec-

tion, research, training and the measures to support organic farming under the Common Agricultural Policy.

7.4.10 Future

The land area under organic management has increased continually since the mid 1980s throughout the European Union. Almost all European governments now provide strong political support, and this was demonstrated at the European Conference on organic farming held in Denmark in May 2001. In order to achieve the targets which many governments have set themselves further efforts will, however, be needed.

Current challenges include good cooperation by the private organic sector with governments to forge action plans and further measures to support organic farming as well as regulation related issues. Another challenge is the 6th research framework program, which offers vast possibilities for funding organic farming research. In order to tap these funding sources good project proposals, good collaboration with the actors of the organic sector, and excellent collaboration between colleagues both within as well as outside the organic farming research community are needed. And finally, EU enlargement, due from 2004 onwards, needs to be prepared in order to guarantee a balanced development of the organic market within Europe.

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7.4.12 Appendix: Development of Organic Agriculture in the Countries of the European Union

The figures on the development of organic farming in the countries of Europe are based on statistics compiled by Nicolas Lampkin, University of Wales, which were collected as part of the EU-project „Effects of the CAP-reform and possible further developments on organic farming in the EU"; the more recent figures were contributed by the Research Institute of Organic Agriculture FiBL, Switzerland. The graphs were made by Zentrale Markt- und Preisberichtstelle fuer Erzeugnisse der Land-, Forst- und Ernaehrungswirtschaft GmbH (ZMP), whose contribution to this publication is gratefully acknowledged. The year always refers to December 31st.

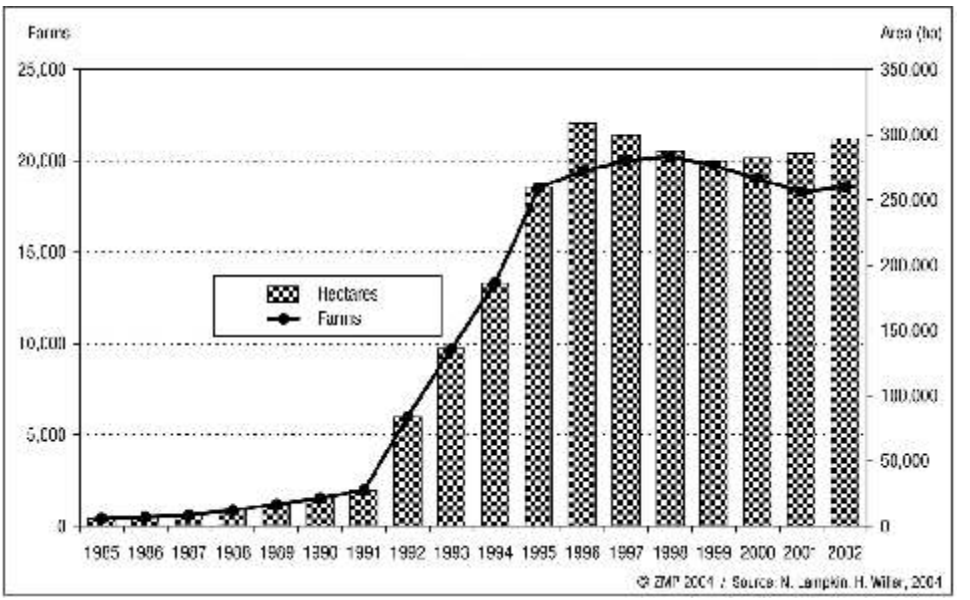

Figure 17: Development of organic agriculture in Austria

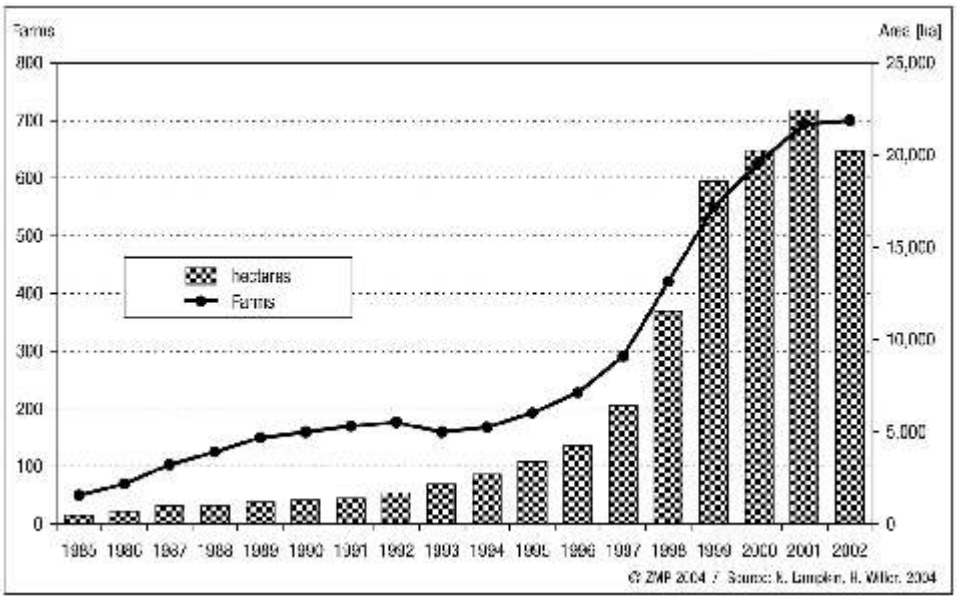

Figure 18: Development of organic agriculture in Belgium

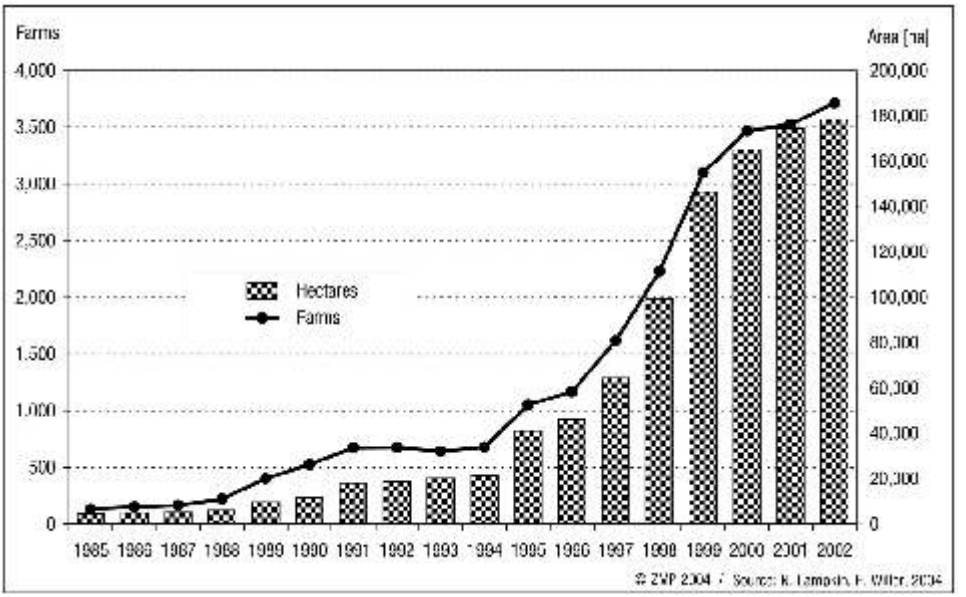

Figure 19: Development of organic agriculture in Denmark

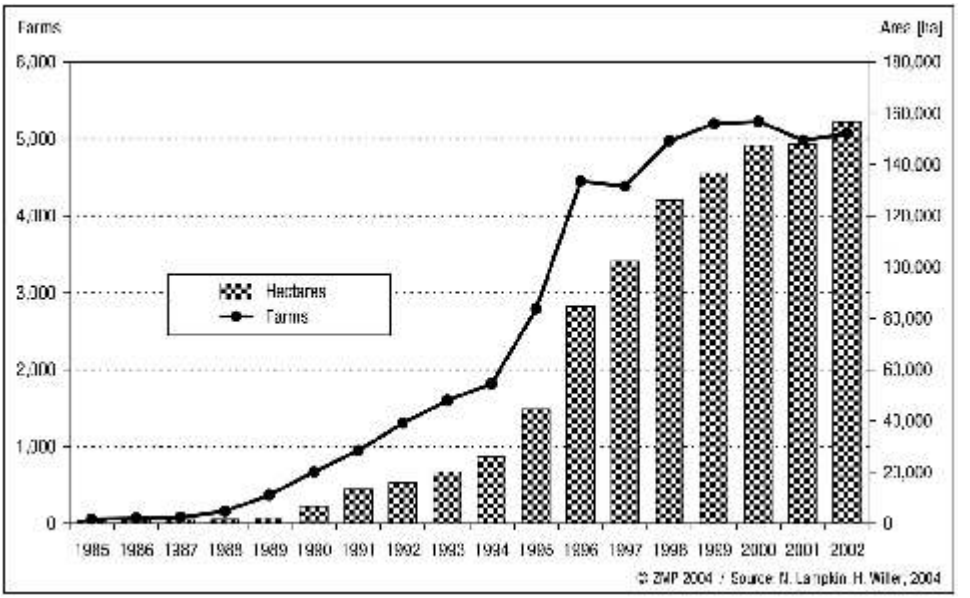

Figure 20: Development of organic agriculture in Finland

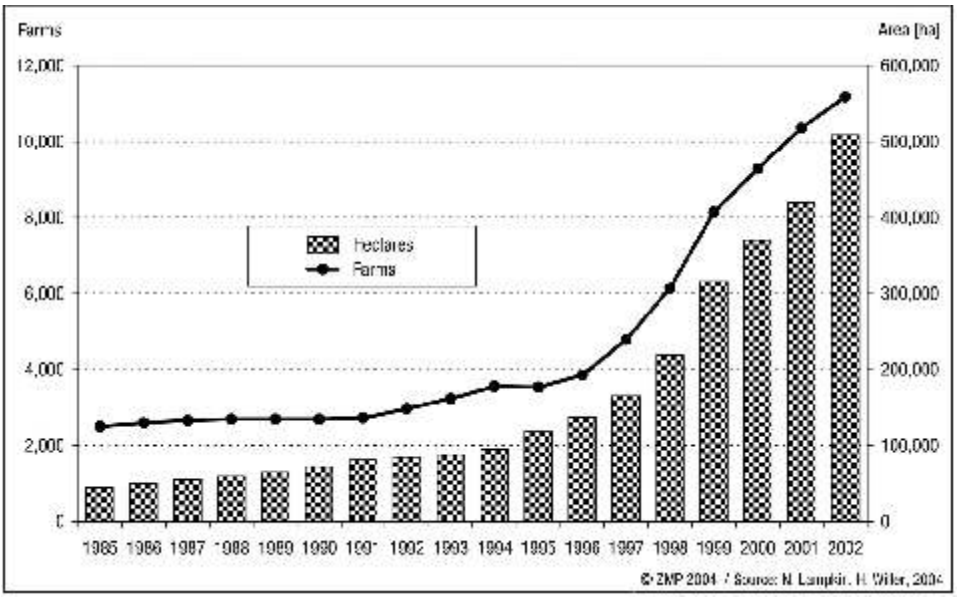

Figure 21: Development of organic agriculture in France

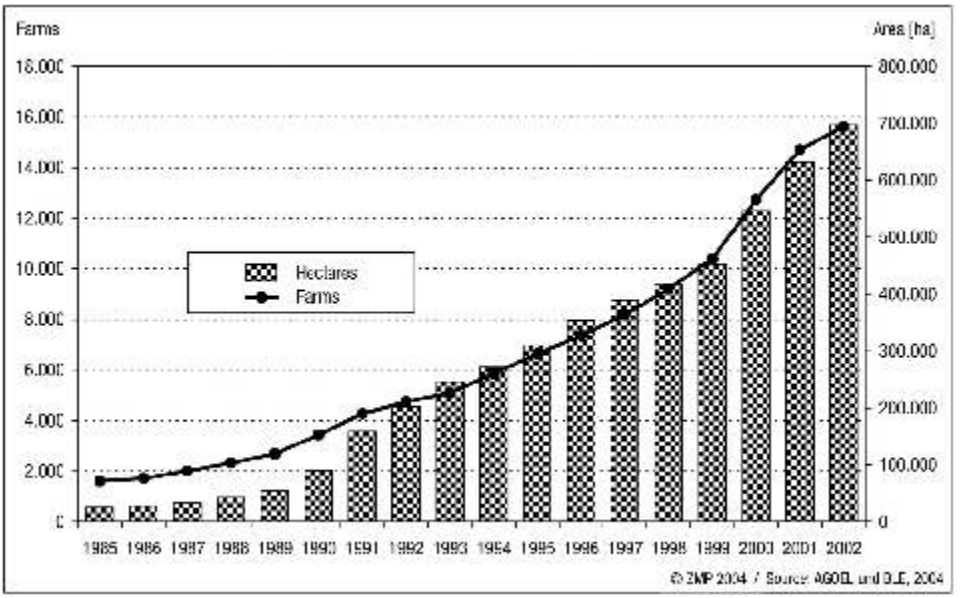

Figure 22: Development of organic agriculture in Germany

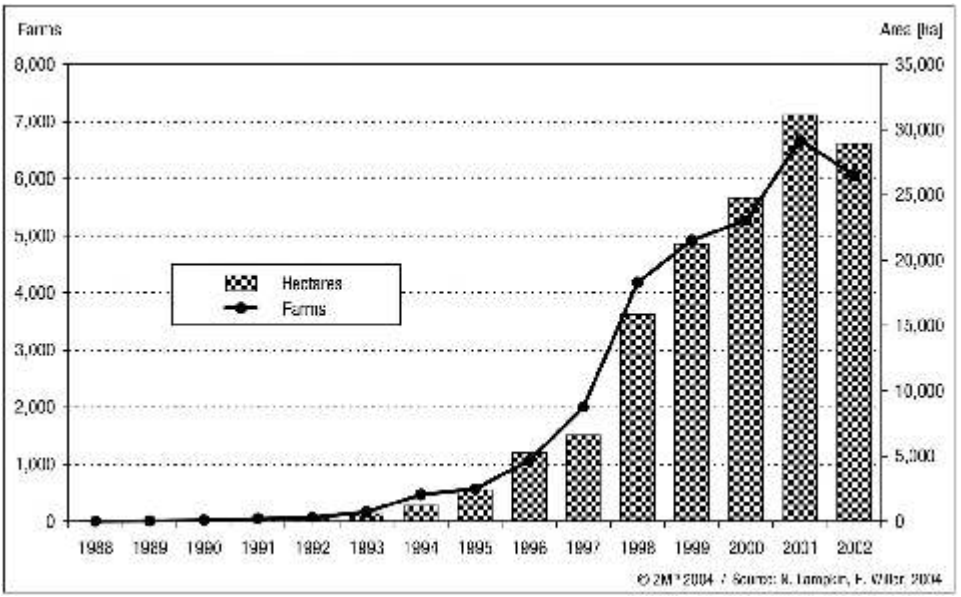

Figure 23: Development of organic agriculture in Greece

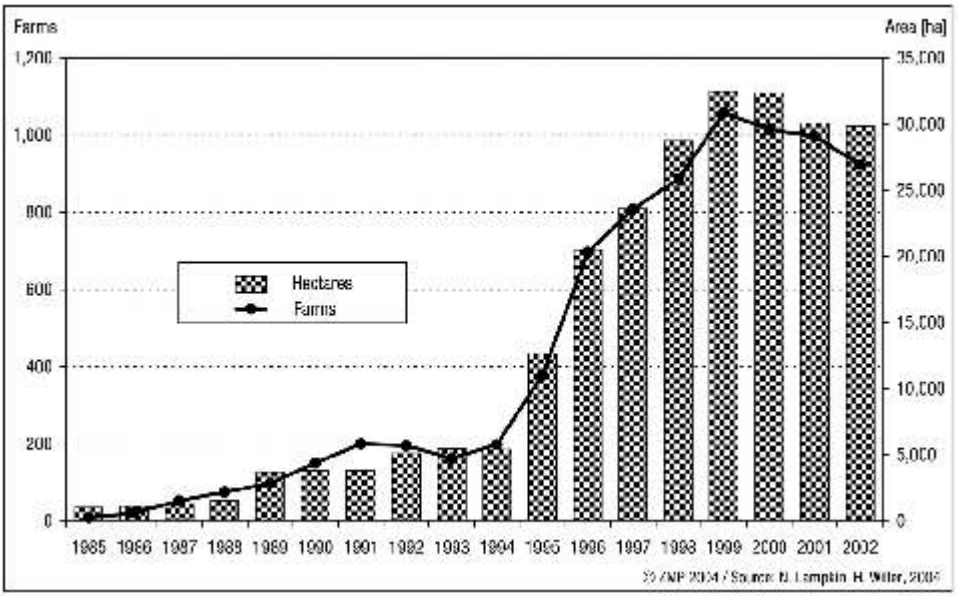

Figure 24: Development of organic agriculture in Ireland

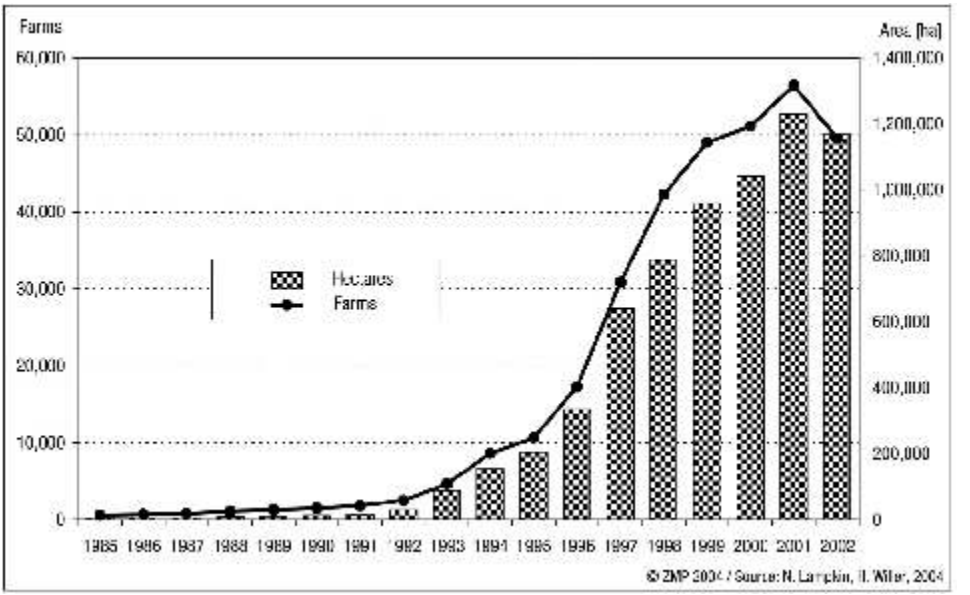

Figure 25: Development of organic agriculture in Italy

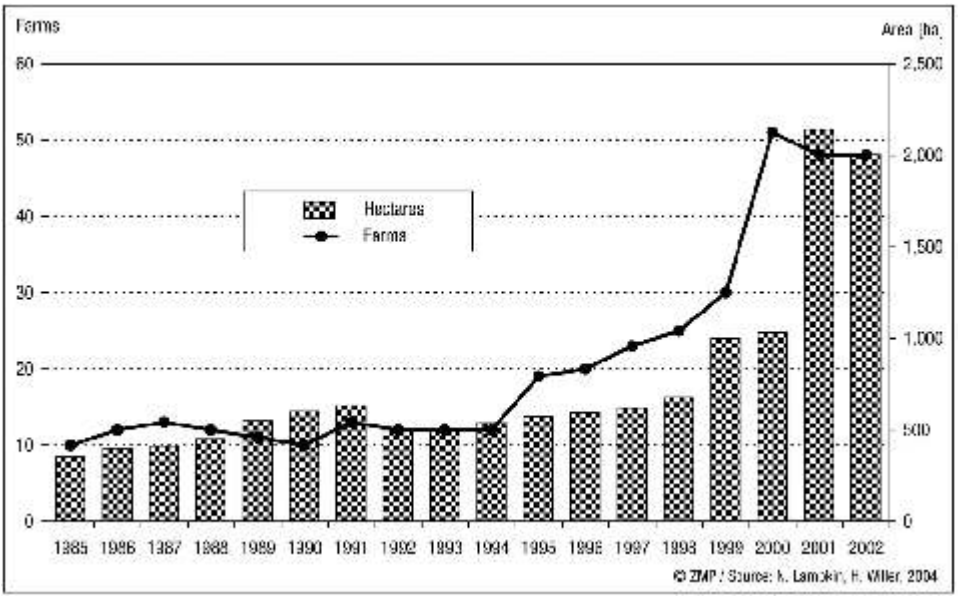

Figure 26: Development of organic agriculture in Luxembourg

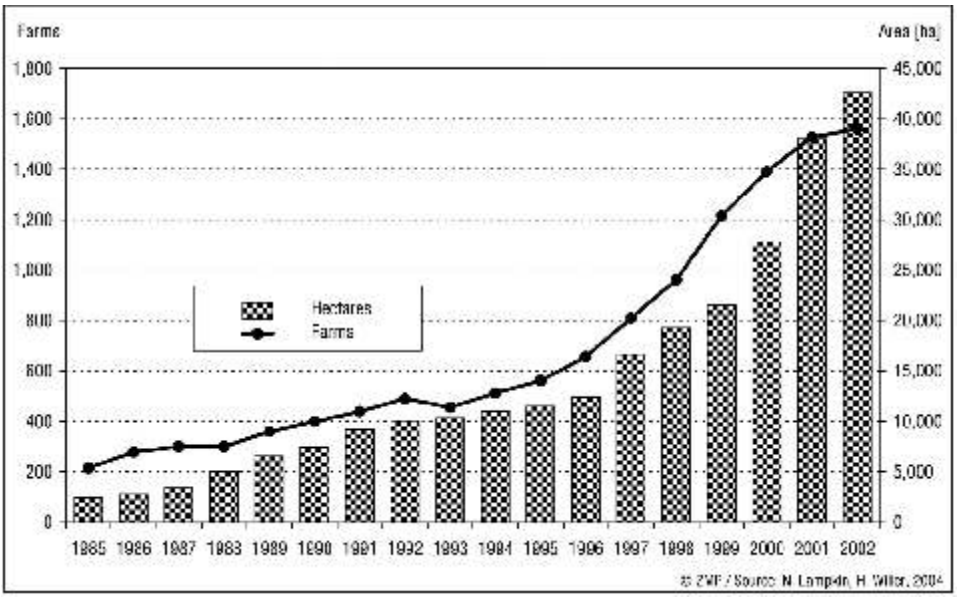

Figure 27: Development of organic agriculture in the Netherlands

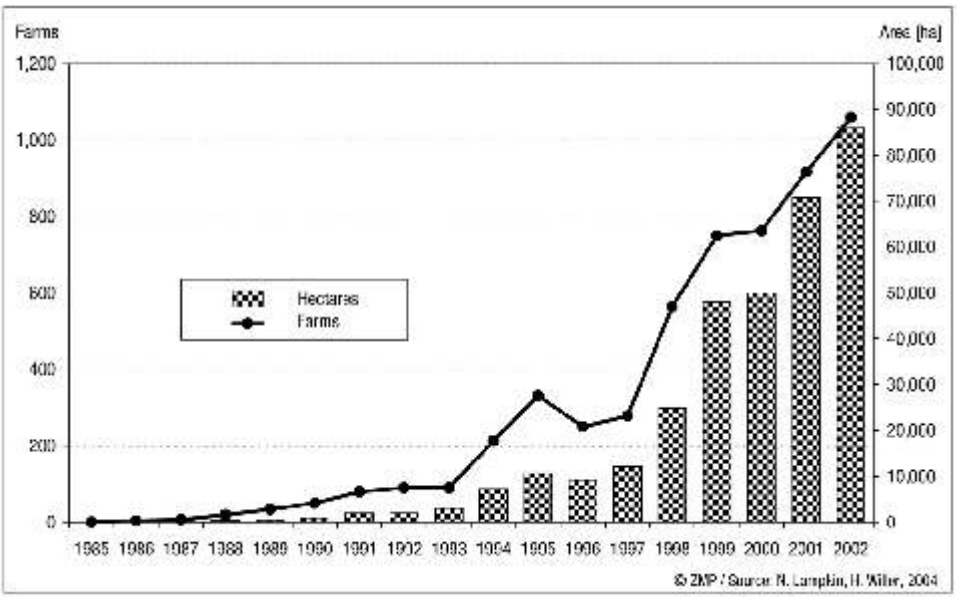

Figure 28: Development of organic agriculture in Portugal

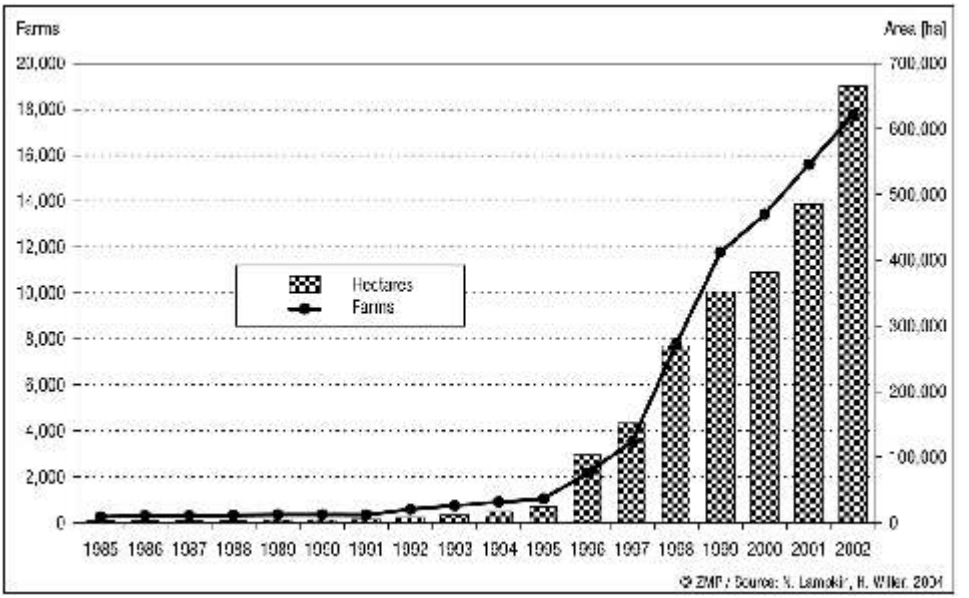

Figure 29: Development of organic agriculture in Spain

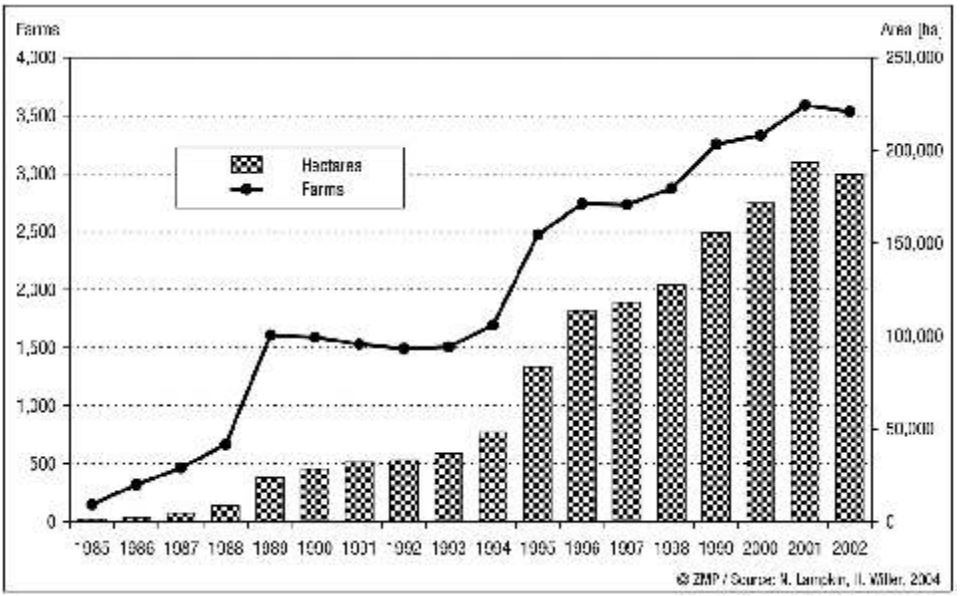

Figure 30: Development of organic agriculture in Sweden

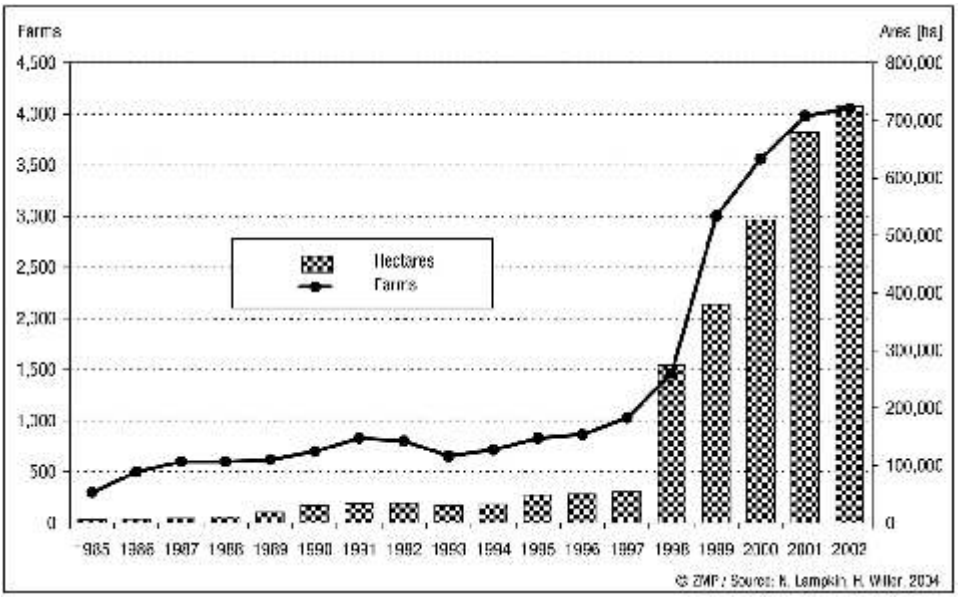

Figure 31: Development of organic agriculture in the U.K.

Table 13: Land Under Organic Management and Number of Organic Farms in Europe (SOEL/FiBL-survey February 2004; for up-dates please check www.organic-europe.net/europe_eu/statistics.asp)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Austria	2002	18,576	9.20	297,000	11.60
Belgium	2002	700	1.23	20,241	1.45
Bulgaria	2000	50		500	
Bosnia Herzegowina	2002	92		1,113	
Croatia	1998	18		120	
Cyprus	2002	45	0.09	166	0,12
Czech Republic	2002	654	2.37	235,136	5.09
Denmark	2002	3,714	5,88	178,360	6,65
Estonia	2002	583	0.20	30,552	3.00
Finland	2002	5,071	6.80	156,692	7.00
France	2002	11,177	1.55	509,000	1.70
Germany	2002	15,628	4.00	696,978	4.10
Greece	2002	6,047	0.69	28,944	0.86
Hungary	2002	1,116	0.26	103,672	1.70
Iceland	2002	20	0.80	6,000	0.70
Ireland	2002	923	0.70	29,850	0.70
Italy	2002	49,489	2.14	1,168,212	8.00
Latvia	2002	350		16,934	0.81
Liechtenstein	2002	41	20,50	984	26.40
Lithuania	2002	393		8,780	0.25
Luxembourg	2002	48	2.00	2,004	2.00
Malta	2002	+	2.00	+	
Netherlands	2002	1,560	1.70	42,610	2.19
Norway	2002	2,303	3.90	32,546	3.13
Poland	2002	1,977		53,515	0.36
Portugal	2002	1,059	0.25	85,912	2.20
Romania	2001	1,200		40,000	0.27

Table 13: Land Under Organic Management and Number of Organic Farms in Europe (SOEL/FiBL-survey February 2004; for up-dates please check www.organic-europe.net/europe_eu/statistics.asp)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Slovakia	2002	84	1.10	49,999	2.20
Slovenia	2002	1,150	0.15	15,000	
Spain	2002	17,751	1.47	665,055	2.28
Sweden	2002	3,530	3.94	187,000	6.09
Switzerland	2002	6,466	10.80	107,000	10.00
Turkey	2001	18,385	0.09	57,001	0.14
U.K.	2002	4,057	1.74	724,523	4.22
Yugoslavia	2001			15,200	0.30
SUM		**174,257**		**5,566,599**	

+: In this country organic farming exists, but we do not have any figures.

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Bosnia and Herzegowina: Eldina Muftic, ECON, e-mail econbih@bih.net.ba, KRAV Kontroll AB, Box 1940, 751 49 Uppsala, Sweden, tel. +46-18-138040, fax +46-18-138041, e-mail info@krav.se

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Hungary: Biokontrol

Iceland: Dyrmundsson, Ólafur, The Farmers Association of Iceland, P.O. Box 7080, Baendahoellin, 127 Reykjavik, Iceland, tel. +354-563-0300, fax +354-562-3058, e-mail ord@bondi.is

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Slovenia: Anamarija Slabe, Institute for Sustainable Development - Institut za trajnostni razvoj, Metelkova 6, 1000, Lubljana, Slovenia, tel. +386-41-725991, fax +386 61 1337 029, e-mail ana-marija.slabe@ibm.net

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7.5 Latin America

Pipo Lernoud[1]

Figure 32: Organic agriculture in Latin America

In Latin America more than 5.8 million hectares and almost 150,000 farms are under organic management.

(Source: SOEL-Survey, February 2004;
Graph: Minou Yussefi, SOEL)

[1] Alberto Pipo Lernoud, Argentina, e-mail pipo@ifoam.org – Pipo Lernoud is Vice-President of IFOAM.

7.5.1 Traditional Farming

Latin America has a very ancient agricultural tradition, and for millennia it used organic methods. Rotation, variety selection, fertility management that includes composting and mulching, sophisticated irrigation systems, long-term planning and community land management were all features of American agriculture two thousand years ago.

Hundreds of varieties of corn, liquid and solid cocoa, all sizes of squash, all kinds of tomatoes and over 90 varieties of chillies, many of the foods found today on the world's tables, were seen for the first time by European eyes after Columbus arrived to the continent.

The Aztecs in Mexico had a complex and massive system of food production that involved irrigation from the mountains, elevated beds and artificial channels with fish and seaweed, utilizing precise rotations all over the lake surrounding their gigantic capital Tenochtitlan.

In those same days, when the Spanish invasion arrived to Cuzco, in Peru, they met a culture of expert agriculturists. Learning their skills from their ancient neighbours the Aymaras, and developing a real soil and production science, the Incas were able to farm millions of hectares distributing seeds along an empire that stretched from Central America to the North of Argentina and Chile. They developed probably over a thousand varieties of potato, a food that is now a staple food in countries throughout the world.

All these traditions are alive in the farmers of indigenous descent along the mountain ranges, from Mexico to Argentina. Hundreds of thousands of small farmers are now gathering in associations to redignify their knowledge within the organic movement, using the Internal Control System to certify their crops. Many of those families produce coffee, cocoa, sugar, bananas or other organic crops for export and have a small vegetable plot for food security and bartering. Others unite to reach the weekly markets around the cities, bringing their vegetables and fruits. They are striving to make a living, but organic agriculture has allowed them to plan their harvests and find a growing market for their products.

7.5.2 The Market

Local Markets

Some countries in Latin America have an internal market of organic products. In Brazil, for example, some producers associations like the Eco Vida network in the southern states get their vegetables and fruits together once a week and take them in their own trucks to the markets in the big cities, selling in open fairs or supermarkets under the name of the farmer or the brand name of the association. A very similar but smaller situation can be seen in Ecuador through the Fundación Maquita Cushunchic – Comercializando Como Hermanos MCCH. In Argentina, dozens of supermarkets are supplied by groups of growers who unite to get variety, and thus make all kinds of vegetables and fruits accessible for mass consumption. In Costa Rica, vegetable producers have a slogan: „From my family to your family".

Supermarkets

Supermarkets in the continent are beginning to sell organic products. Vegetables and fruits are sold in Uruguay, Costa Rica, Honduras, Peru, Brazil and Argentina, among others. The availability of processed products is more spars, due to the difficulty of sourcing sufficient quantities. Argentina has a wide variety of oils, flours, honey, wine, and tea on the shelves and some supermarket chains have developed their own organic brands or a clearly defined organic section. Sol de Acuario was a company that had a wide variety of certified products in Argentinean supermarkets, ranging from tea to breakfast cereals and corn flour, until the economic crisis. Some of those products are now sold by one supermarket brand, Bells Organic, owned by the Dutch corporation Albert Hejlin.

Specialised stores

Most Latin American countries feature specialised stores, or health food stores, where organic farmers can take their products to sell to a trained clientele. This is where the information about organic regulations and characteristics reach the public. In the IFOAM Local Markets Conference in Buenos Aires (2000), one of the conclusions from the Latin American participants was that the specialised stores inform the public better than supermarkets, and that the owners of the shops usually help the organic market grow by spreading the news about recently arrived products, teaching the consumers to respect the harvest seasons and care for the vegetables in a special way.

In Bolivia, the El Ceibo cooperative is a producer association that manages 8,000 hectares, mostly cocoa, and nuts, quinoa, coffee and hibiscus. Irupana has more than 15

stores, 12 of them in La Paz, where they sell breakfast cereals and snacks made from native crops like quinoa or amaranth.

Popular fairs

Probably the most popular form of organic trade in Latin America is the neighbourhood fair or small informal market. In most towns there is a place, usually a park or sports arena, where the producers can sell their goods directly to the public on a weekly basis. This is a good opportunity for farmers to get the full price, without having to losing a significant portion to middlemen. Many local governments favour this kind of transaction, helping the farmers by providing them the stalls and some advertising. Although each of these local fairs has a small economic significance, they are very important for modest peasants, and in total they represent an important percentage of the organic market of the continent.

The Peruvian NGO Red Agroecologica RAE has developed thousands of these small weekly fairs all over the villages of Peru, taking advantage of a more than thousand year tradition of local trade that comes from the indigenous communities. Something similar takes place in many areas of South and Central America.

Many groups of vegetable producers in Brazil, Argentina and Peru sell organic produce to the public with the same prices as conventional products, making it a political point to „let all the consumers choose freely, not only the rich." Some of these schemes have developed a quite sophisticated system of „participatory certification", basing their guarantee of the direct relation between the consumer and the producer.

Box schemes and home delivery

Another important organic trade system is the box scheme. In big cities, many producers organize a planned home delivery circuit with prepared boxes containing assorted vegetables and fruits, and sometimes milk products and eggs brought by other farmers.

This has been, in many cases, the starting point of organic producer associations and specialised shops, which grew out of a successful home delivery system. In Argentina, probably the biggest internal market on the continent, it took ten years of box schemes to develop a consumers base that could allow producers to step into the more massive sale of supermarkets. Uruguay is following the same pattern, and Brazil has regional groups that have been reaching the public with organic produce through home delivery for almost twenty years.

La Comunidad Sustenta a la Agricultura (CSA)

Inspired by the Japanese system Teikei and the American Community Supported Agriculture CSA, a movement is growing in some places of Latin America: La Comunidad Sustenta a la Agricultura. Groups of around 40 consumer families get together with a farmer and make a plan for the entire year. They decide together what to sow, develop a budget and detail the needs of the consumers and the farmer. Then the consumers advance some of the money to the farmer to start that year's production. They share the risks and fix the prices. In some areas of the south of Brazil and around Lima in Peru, this is already a working reality. „It is like a future stock market" consumers say, „you risk the money to get good food all year round".

Exports

Export is still the main organic activity in Latin America. From the coffee grains and bananas of Central America, to the sugar in Paraguay and the cereals and meat in Argentina, the trade of ecological produce has been mostly oriented towards foreign markets. This trend is typical of a southern area, with poorly developed national markets and great need of cash to pay its international debts. Like most of the Third World countries, the members of the American countries south of the Rio Bravo sell their basic products without any added value, to be processed in the developed countries for their national markets.

It is very difficult for organic producers on the continent to meet the quality standards and regulations of the demanding international markets, due to lack of information and support from governments and traders to develop capacity on quality control.

Nevertheless, you could have whole meals with what the continent exports, including coffee with sugar, honey, fruits and breakfast cereals for the morning, meat, all kinds of vegetables, oils, grains, wine and fruit juices for lunch and dinner, and maybe even some herbal teas and sweets for dessert.

In Costa Rica, around 30 percent of the territory is a protected natural area, and there are many organic projects developing in the area, stimulated by the government. In Honduras and many other countries, multinational companies are buying land to produce organic for export. In Argentina, the well-known Benetton Italian family has bought and certified 600,000 hectares in Patagonia for organic sheep meat and wool production.

7.5.3 Commodities

Fresh fruits

Many Latin American countries have been selling their fruit harvest to Europe and the United States: Brazil sells apples and grapes; Chile has established a very good kiwi export business, and exports some fine fruits like raspberries and strawberries; Colombia, Honduras and Dominican Republic sell bananas, pineapples, mangoes and other tropical fruits; Argentina sells apples, pears and citrus fruits; and Mexico also sells apples, avocados and bananas on the world market.

Pineapple is a growing export possibility in Central America. 1.7 million kg of bananas are exported yearly from Costa Rica for baby food production in Europe and America.

Vegetables

Argentina, Brazil and Chile are strong vegetable exporters, both fresh and dried. Costa Rica, and other Central American countries sell smaller quantities of fresh vegetables to the external market as well.

Grains and cereals

Paraguay is a big soybean producer, together with Argentina, Mexico and Brazil, which also produce and export corn and wheat. Organic grain farmers in the south of the continent are facing a big confrontation with the genetically modified cultivars of soy (RR) and corn (bt) that have become mainstream in the area.

Coffee

Mexico is one of the largest coffee producers in the world, producing tens of thousands of tons of coffee beans, mostly harvested by small indigenous farmers, reaching the world's biggest supermarkets and coffee shops. Bolivia, Nicaragua, Guatemala and other Central American countries have important coffee production with mainly the same characteristics. It is mostly done in an ecological forest management system, thus creating a valuable alternative to the deforestation process taking place in the region.

30 percent of Peru's coffee production is already organic. When, like in 2001, the price of the coffee is too low, farmers get more income from their diversified production, selling tropical fruits to small processing plants. In Costa Rica this alternative is called „Organic Integrated Farms".

Cocoa

Most of the coffee producing countries also cultivate cocoa for chocolate, usually processed in Europe under fair trade logos and certified by European companies. It is also a very important source of income for small farmers throughout Central America and the tropical areas of South America.

Sugar

Brazil, Paraguay, Ecuador and Argentina are some of the sugar producers in the area. Small farmers in co-operatives who own or manage small sugar mills do some of it. In Brazil there is a big company producing with high quality technologies and social standards in tens of thousands of hectares.

Meats

Argentina was the biggest beef exporter in the region, with more than two million hectares of certified meat (beef and lamb) production until the recent crisis. There is also a strong internal market for organic meats in Argentina. Uruguay is beginning to produce organic meat, as is Brazil.

7.5.4 Certification

Excepting those from Argentina and Costa Rica, which have Third Country status in the European Union, all other Latin American producers need to be re-certified by a European company to enter the market in Europe. American or European companies certify most of the export production in Latin America anyway, because the buyer side imposes the certification. Organic Crop Improvement Association OCIA and Farm Verified Organic FVO from USA and Naturland, BCS Öko-Garantie and the Institute for Marketecology IMO from Europe are very active in the area.

Some certification bodies in the continent are very well developed, like Argencert and Organización Internacional Agropecuaria OIA (Argentina), Instituto Biodinamico (Brazil) and Bolicert (Bolivia) – all IFOAM accredited – and Biolatina (Peru and other countries). Other working agencies are Ecológica from Costa Rica, Bio Nica from Nicaragua, Maya Cert from Guatemala and CertiMex from México. Chile has Certificadora Chile Orgánico CCO and PROA – Corporación de Promoción Agropecuaria, Uruguay has Urucert and Sociedad de Consumidores de Productos Biológicos SCPB. Argentina has more than 12 certifying agencies, apart from Argencert and OIA already mentioned, there are Bio Letis (EU recognized), Agro

Productores Organicos de Buenos Aires APROBA, Ambiental, Fundación Mokichi Okada MOA are also important.

Costa Rica has its own national standards, Paraguay and Chile are working on the process, and Argentina has a national law, whose standards date back to 1992.

The region is beginning to discuss Social Criteria for Standards. In October 2001, representatives from many countries got together in the „1st IFOAM Seminar on Social Responsibility in Organic Agriculture", in Cochabamba, Bolivia, to discuss the details of Social Standards and Codes of Conduct. The Social Accountability in Sustainable Agriculture (SASA) project, carried out by IFOAM and others to evaluate joint social and ecological certification, is soon coming to a conclusion.

7.5.5 Governmental Support

No Latin American country has subsidies or economic support for organic production. Costa Rica and some others have official funding for research and teaching, Argentina and Chile have had official export agencies helping producers get to the international fairs and print product catalogues, and in Mexico there is growing interest by national and state agencies, for example in the state of Jalisco. But in general the organic movement in Latin America has grown by its own forces, with some seed funding for extension and association building by international aid agencies, especially from Germany, the Netherlands and Switzerland. International trade has been stimulated by buying companies and fair trade agencies, focusing especially on some basic products like coffee, bananas, orange juice and cocoa.

7.5.6 Education and Extension

Latin America has a great deal of activity in education relating to ecological agriculture. Many universities and agricultural organizations offer teaching courses and on-farm experimental projects. Cuba has a very developed teaching and research project carried out by the Cuban Association of Organic Agriculture ACAO, and the Brazilian Instituto Biodinamico has done very systematic work on farm production. Agruco and Agrecol have done a lot of extension work over the years, leading to a strong support for food security and farmers knowledge, especially in the Andean region.

The Agroecological Movement of Latin America and the Caribbean MAELA, an international movement linking around 80 groups in many countries, has done extension

work with the small farmers across the continent for many years, especially focused on self sufficiency and associated skills.

The Latin American Centre of Sustainable Development CLADES, lead by Miguel Altieri and Andres Yurcevic, has built a very thorough body of knowledge and experience around agro ecology and biodiversity issues, connecting universities (especially in the United States) with farmer groups and extension agencies, publishing very complete studies and giving lectures in all countries. Miguel Altieri is probably the most articulate spokesman of ecological farming in the region.

IFOAM, representing all, has been supporting and aiding all the spread of organic projects through the region, and bonding different sides of the movement through big events like the Sao Pablo Scientific Conference in 1992 and the Mar del Plata Scientific Conference in 1998, both big international gatherings that took place in the area, and the Latin American IFOAM Local Markets Conference in Buenos Aires, June 2000. The University of Chapingo in Mexico is coordinating a Latin American Research Network for Organic Production.

Latin America, one of the biodiversity reservoirs of the world, is just beginning to recognize the enormous potential of organic agriculture. It has the farming traditions, the fertile lands and the varied climatic zones that allow it to produce almost anything in an ecological way, helping the much-needed greening of the planet.

Some information was taken from the ITC Report „Organic Food and Beverages“ put together by Rudy Kortbech-Olesen and others (International Trade Centre, Geneva, 1999 – the report can be ordered via the homepage of IFOAM http://www.ifoam.org/letter.html) and that of the International Trade Centre (http://www.intracen.org/mds/sectors/organic/abstract.htm).

7.5.7 Latin America: Country Reports

Alberto Pipo Lernoud and Marcela Piovano[2]

Argentina

Argentina had 3,192,000 certified hectares in 2000, and less than three million hectares in 2003, a decrease caused by the de-certification of big livestock certified areas, due to changes in the organic meat market. 98 percent of the certified land is devoted to livestock production, especially sheep production in big farms on the slopes of the southern states, in Patagonia. 74 percent of the organic land is in Patagonia, owned by only 5 percent of the organic farmers in the country. On the other end, around a third of the farms (591) are located in one area, Misiones Province, in the north, being small farmers organized in associations to produce sugar and mate tea. The total number of farms in Argentina 2003 is 1779.

90 percent of the organic production in Argentina is for export, mainly to the European Union and USA. The biggest exports are cereals and oilseeds: corn, wheat, soy, and sunflower. Fruits are also exported in big quantities: pears, apples, oranges and lemons. Some vegetables, especially garlic, onions, and beans are also exported. There is also a growing sector of aromatic and medicinal plants.

On the processed side, olive oil, sugar, concentrated juices; honey and wine of that origin are quite successful in the European und US-American import markets.

All the products mentioned have been exported for years, many of them since 1992.

Meat exporting began ten years ago with beef, and recently Patagonian lamb became the predominant export for international markets. In 2002 there were 754,000 sheep and 122,000 head of cattle certified in Argentina

The domestic market had been growing in the big cities since 1990, through home deliveries, supermarkets and specialized shops, but had a downward trend during the economic crisis in 2001 and 2002. Some important companies disappeared from the market (Sol de Acuario) and others diminished their participation in the supermarket shelves. Home deliveries, with a more direct relation with the costumers, were able to survive and are now in the upward trend again (El Rincón Orgánico). Some deliveries carry more than 200 different products, especially vegetables, fruits, oils, teas, breads,

[2] Paper on Mexico written by Laura Gomez Tovar and Manuel Angel Gomez Cruz

eggs and jams. There is also a big company (La Serenisima) with a massive production of organic milk on more than 10,000 hectares and many associated farms.

Argentina was the first third world country to have a national regulation adapted to the European Union (1992) and the first to enter the third country list. There are 12 national certifiers, some of which with a strong international presence (Argencert and OIA), and two are steadily growing (Letis and Food Safety). There is no important activity of foreign certifiers.

Argentina has a strong umbrella organization, MAPO, which organizes programs, capacity building, research projects, conferences and meetings. MAPO organized the 12th IFOAM Scientific Conference in Mar del Plata, 1998. There is also a new Trade Chamber, CAPOC, and many local and regional networks.

Universities are quite active in organic issues, especially the National Buenos Aires University UBA and the Salvador University. The National Agrarian Research Institute INTA has a whole area on organics, coordinated by a former IFOAM World Board Member, Pedro Gomez. INTA also carries the biggest organic family garden project in the world, PRO HUERTA, that reached almost 1 million families doing home organic farming in the 1990´s, which suffered a financial crisis, but went back into action in 2003.

Bolivia

Bolivia has grown from 31,025 certified hectares in 2000 to 364,100 in 2002. In the same period, the number of farms has gone from 5240 to 6500.

The most important products from Bolivia are coffee, quinoa, chestnut, cocoa, vegetables, tea, herbs and lesser volumes of amaranth, dehydrated fruits and beans.

Bolivia has chains of shops selling organic products, especially in La Paz, Cochabamba and Santa Cruz de la Sierra. The Tiendas Ecológicas sell only certified products, and other shops like Irupana, Eco Market, El Ceibo and Protal sell also some uncertified, „natural“ products from small farmers associations.

In January 2000, the Basic Norm for Ecological Agriculture in Bolivia, presented by the Association of Organizations of Ecological Producers of Bolivia AOPEEB, universities and the Bolivian Standardizing Institute, was approved under the ministerial resolution NB 907/001/2000. In 2003 a national law presented by the movement is being discussed in the legislative.

The Technical Coordination Committee within the Minister of agriculture is working on a National Policy for Ecological Production.

Some private institutions carry research programs on organic agriculture, like the Association of Organizations of Ecological Producers of Bolivia AOPEB, PROBIOMA. PROIMPA. Also the two state universities, the faculty of agriculture of the University of Cochabamba UMSS and the Institute of Ecology are developing organic research.

Bolivia has an IFOAM accredited national certifier, Bolicert, and many foreign certifiers acting in the country.

Brazil

In 2001 Brazil had 275,576 certified hectares. In 2003, there are more than 800,000. There is also a huge quantity of informally certified or not certified organic production, especially in the southern states of Rio Grande, Parana and Sao Paulo. The calculated number of organic producers is around 14,000. The total formally certified production reached 200 million US $ in 2003. 90 percent of the farms are smallholdings. The growth of organic production is calculated in between 30 and 50 percent annual.

Exports are mainly raw products, like coffee, banana, soybeans, corn, etc. There is a growing export business of organic meat. Some processed products like concentrated fruit juices; sugar, processed soy and others are beginning to find international markets.

The domestic market in Brazil is, together with Argentina, the most developed in Latin America. 45 percent of the sales in the domestic market are done through supermarkets, 26 percent through fairs and 16 percent in specialized stores. Most of the products are fresh vegetables and fruits, but there is a growing number of processors, both companies and small family units, processing tea, coffee, mate tea, jams, oils, breakfast cereals, dairy products.

There are 12 national, and about 9 international certification agencies acting in the country.

There is an intense movement around local marketing and „participatory certification“, especially in the south, with hundreds of weekly fairs, the biggest of them being in Porto Alegre, with more than 300 farmers selling directly to the public every week.

There are many NGOs working in organic farming in Brazil, mostly with small and family farms. The Eco Vida Network and the Association of Organic Agriculture AAO

are well known examples. Those NGOs, together with consumer organizations, have lobbied against the permission for GMO planting, especially in the southern, agrarian states. In 2003 the government allowed some controlled planting, which is being challenged.

EMBRAPA, the national agricultural research centre, is developing several research projects, working in intense relationship with the producers. The Ministry of Agrarian Development is actually very involved in promoting ecological agriculture as an alternative for the millions of small farmers throughout the country.

Colombia

The number of organic certified hectares was 33,000 in 2003, covering the 0.25 percent of the total agricultural land. The number of farms is 4500, the majority of them being smallholders.

40 percent of the organic land has coffee as a main production. Colombia also produces palm oil, sugar cane, fresh and dehydrated banana, fresh mango, medicinal plants, cocoa, and some processed fruits. There is also some production of livestock, sheep and pigs.

The domestic market is very small. Some „natural“ food stores sell organic products. Supermarkets are beginning to carry some organic products, especially fruits and vegetables.

In 1995 Colombian Ministry of Agriculture issued the first regulation (Res. 0544/1995), which was modified in 2002 (Res. 0074).

The Organic Agriculture Research Center CIAO, the National University of Colombia, the University of Santa Rosa, and others are carrying programs of research into organic production.

Colombia has several groups and associations promoting organic agriculture, predominantly the Organic Coffee Producers Association ACOC, the Colombian Network on Biological Agriculture RECAB, Fundación Pro Sierra, Corporación Penca de Sabila, Corporación la Ceiba, Fidar and others.

Costa Rica

In the year 2000, Costa Rica had 8,974 certified hectares. In 2003, it has grown to 13,967 with 3,987 producers.

The main exported products are banana puree, cocoa, coffee, spices and medicinal herbs, blackberries, orange pulp, mango, pineapple, etc.

Since 1992, the farm and training center Jugar del Valle has been selling vegetables to the Mas por Menos supermarket chain. COPROALDE organized a fair in 1994, and Comercio Alternativo reached hotels, supermarkets, restaurants and schools with organic produce. Other selling schemes are ALIMCA with home delivery, AFAORCA with coffee and APOETAR with vegetables. There is a very active organization, CEDECO, promoting research, local markets and training that have been efficient in supporting farmers markets in several regions.

Costa Rica has a National Certification System that has been recognized as equivalent by the European Union (2003), thus becoming part of the coveted third country list.

Since 1995 it has laws regulating pesticide use, and has had a regulation since 1997, which was further modified in 2000 and 2001. There has been a National Program of Organic Agriculture, promoted by the Inter-American Institute for Cooperation on Agriculture IICA, and today there is a draft of a law of National Promotion of Organic Production.

Costa Rica has two national certifiers, EcoLógica and the Central American Institute for the Certification of Organic Products AIMCOPOP, and three registered international certifiers.

Chile

In 2002, the number of certified hectares in Chile was 285,268. But it is estimated that in 2003 Chile would end having 646,150 with the final certification of Patagonian prairies destined to sheep production. Around 300 farms have been reported as certified organic.

Chile's growth in organic production is fully geared to exports, and the main fresh products are: sheep meat, apples, cherries, asparagus, blueberries, avocado, citrus, and olives. There is also a growing export of processed products, like wine, olive oil and fruit juices and concentrates. Chile has a new and interesting development in organic salmon.

The internal market is very small although there are some home deliveries in the cities, carrying mainly vegetables and fruits, and few specialized shops (La Ventana Orgánica, Pura y Natural, etc.)

The Norm No. 2439 regulates the production, and recently the Norm No. 2079 was established to define the functioning of certifying agencies in the country.

The movement has recently united in the Agrupación de Agricultura Orgánica de Chile AAOCH.

There are three national certifiers, the most active being Certificadora Chile Orgánico CCO-Corporación de Investigación en Agricultura Alternativa CIAL, who also serves as an inspection background for international agencies, and the smaller Corporación de Promoción Agropecuaria PROA and Agroeco, and many international agencies acting in the country, some with permanent offices in Santiago (Argencert, the Institute for Marketecology IMO and BCS Öko-Garantie).

There is an efficient governmental support for exports through the official agency Pro Chile, and research being done in the Research Institute INIA and the Universidad del Mar.

Mexico

Laura Gómez Tovar and Manuel Ángel Gómez Cruz[3]

The Emergence

The beginning of organic agriculture in Mexico was influenced by NGOs, trading companies and religious groups; state participation, however, was insignificant. Finca Irlanda, located in the State of Chiapas, obtained its first certification in 1967 (for biodynamic coffee). Afterwards, in the mid 1980s, some private coffee producers such as Rancho Alegre, Finca San Miguel, Finca La Granja and Finca Montagua began to certify their production. In 1982, the most recognized organic coffee cooperative, UCIRI, initiated its shift to organic farming due to a strong religious influence (Theology of Liberalization); it obtained its first organic seal in 1988. In the northern part of the country, the production of organic vegetables started in 1985 with a small-scale,

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low-income producers´ cooperative called Productores Orgánicos del Cabo, located in Baja California Sur.

Table 14: Economic Importance and Growth Rate of Organic Agriculture in Mexico

Year	1996	1998	2000	GR	2002*
Acreage (hectares)	23,265	54,457	102,802	44.98	215,843
Number of producers	13,176	27,914	33,587	26.35	53,577
Employment (labor days)	3,722,400	8,700,000	16,448,000	44.98	34,534
Foreign currencies ($US)	34,293,380	72,000,000	139,403,992	41.99	280,698

Source: Statistics based on fieldwork, 1996, 1998 and Gómez Cruz Manuel., et. al. La agricultura orgánica en México. Datos básicos. 2001, CIESTAAM, p. 11.
*Projections for 2002

General Overview

The organic farming sector is the smallest in the Mexican agricultural industry (less than 1 percent of the total acreage), but it is the most dynamic. It showed spectacular growth in the last few years. The growth rate (GR) in acreage was 45 percent between 1996 and 2000; the number of producers grew by 26 percent, employment by 45 percent and foreign currencies by 42 percent (see table). Economic forecasts for 2002 were also very promising, with more than 215,000 ha and 53,000 producers projected, plus more than US $ 280 million expected to be generated in foreign currencies.

Mexico is recognized all over the world as an organic export-producer, more than as a consumer. There are 262 zones of production in 28 of the 32 states of the country. The main states producer's by acreage are Chiapas (42 percent), Oaxaca (27 percent) and Michoacan (5 percent).

More than 40 different organic products are grown. The most important product by acreage cultivated is coffee with 70,838 hectares (69 percent), followed by white and blue corn with 4,670 hectares (4.5 percent) and sesame with 4,124 hectares (4.0 percent). There are 3,831 hectares cultivated with vegetables (tomatoes, chilies, squashes, cucumbers, onions, garlic, peas, eggplants, melons, etc), 3,047 with agave (for production of honey), 2,510 with herbs (basil, mint, ginger and others), 2,075 with mango,

1,849 with orange, 1,597 with bean, 1,444 with apple, 1,171 with papaya, and 911 with avocado. Also, there is production of soybeans, banana, cocoa, oil palm, vanilla, peanut, pineapple, hibiscus flower, lemon, coconut, nut, litchi, chickpea, safflower, passion fruit and peach, although with less acreage. As well, it is possible to find production of honey, along with marginal quantities of milk, cream, cheese, candies and cosmetic products.

In terms of importance in relation to conventional agriculture, the acreage used for growing some products is significant. Some 14.5 percent of all the area cultivated with vanilla is organic, 10.4 percent with coffee, 8.7 percent with papaya, 7.1 percent with sesame, 4.5 percent with oil palm, 2.7 percent with litchi, 2.4 percent with nut, 2.4 percent with apple and 1.4 percent with mango.

In 2000, there were more than 33,000 organic farmers in Mexico. They are made up of two groups: the small-scale, low-income producers, who are peasants and indigenous people that have small land holdings (2.25 ha on average) and are grouped together in co-operatives, which facilitate certification and trading; and large-scale producers, which are private enterprises that cover between 100 to 2,000 hectares (150 ha on average) and operate independently. The small-scale, low-income producers comprised 98.6 percent of the total number of producers, farmed 84.1 percent of the total organic acreage and generated 68.8 percent of the foreign currencies earned; large-scale producers represented the rest of the figure.

Certification is carried out by a national agency, Certimex (ISO 65 approved), international agencies which have offices in Mexico (OCIA, Bioagricert, Imo, and Naturland), and others (Oregon Tilth Certified Organic, Quality Assurance International, FVO, etc). In November 2003, a proposed regulatory framework for organic products (Iniciativa de Ley de Productos Orgánicos) was presented to Mexican senators for their approval. At the time of this writing, senators were analyzing it.

The majority of the country's organic production is going to export (between 80 and 85 percent) as raw materials, mainly to the United States and Europe. Foreign currencies generated by organic product exports ($280 million US) represent 8.5 percent of the total export income of the agricultural sector.[4]

The internal market is in its incipient stage, with less than 5 percent of production being sold in health food stores, specialised organic stores in the biggest cities (Mexico City, Monterrey and Guadalajara), cafeterias, street markets (Guadalajara, Oaxaca, Jalapa and Chapingo, Edo. de México), tourist areas, and cities close to important zones of organic production. In these places, it is possible to find organic coffee, fruits, vege-

[4] Based on projections for 2002.

tables, herbs, honey, milk and tea. Some 10 percent of the total production that is not exported is traded on the national market as conventional product. The lack of development of this market is due to limited consumer knowledge of organics (few people know exactly what the terms „organic“ and „ecological“ mean), high premium prices and a lack of availability in the common market structures.

Potentials and Constraints

The success of organic farming in Mexico and its spectacular growth have been the product of various factors: constant product demand and access to premium prices on the international market; the procurement of a better final income to producers; the presence of peasant agriculture which facilitates the conversion to organic methods; indigenous knowledge and cosmovision, in which protection of Mother Nature is part of their belief system; and the formation of a group of promoters, taken from the communities, for the diffusion of organic technology, which has allowed a few technicians to spread organic farming to producers.

The most significant constraints are a lack of commitment by the government for supporting this agriculture, scarce research and development, the absence of advising institutions, dependence on foreign companies for marketing of the products, and an insignificant development of the national market.

Peru

In 2001 Peru had 84,908 certified hectares. In 2003 there were more than 130,000 hectares under certification. More than 20,000 farms, most of them small and indigenous, producing coffee and cocoa under the internal control system.

97 percent of the production is exported, and 94 percent of those exports are coffee and cocoa. Banana is also a growing export. The exported value is around 30 million US$. Other exported products are quinoa, cotton, pecan nut, Brazil nut, onions, asparagus, sesame seeds, amaranths, and tomato.

Although it amounts to only 3 percent of the production, there is a very well organized internal market, thanks to the work of Eco Logica Peru. There are weekly fairs in Lima and surroundings (Bio Ferias); there are home deliveries (Bio Canasta), small shops and defined areas in the supermarkets (Isla Ecológica). This channels move around half a million dollars yearly. The main products sold on the domestic market are: Vegetables (43 percent), fruits (41 percent), beans (9 percent) and roots crops: potatoes and sweet potatoes (7 percent).

There is a local certification agency, Inka Cert that – together with other Latin American certifiers – formed Bio Latina, which is accepted by the EU. The inspection body SKAL, the Institute for Marketecology IMO and SGS Peru have offices in Lima.

Since 1998 there is a National Commission or Organic Production, CONAPO, which unites private sector, scientists and the governmental sector. In 2003, after a very long consensus process, the National Regulation was put in place.

In research, there is a lot of activity in the small farmers movement, through the technologies defined as DPT (Participatory Development of Technologies), coordinated by the NGO's Network of Organic Agriculture RAE, Centro IDEAS and the Peruvian Organic Producers Association ANPEP. There is also a widely extended capacity building through the farmer-to-farmer system. On the formal side, the Agrarian University of La Molina has for long been a centre of organic studies and education.

Uruguay

Uruguay has 760,000 certified hectares in 2003, a stunning growth from the 1,200 reported in 2000. There are 500 organic farms.

99 percent of the area is destined to meat for exports, meaning 90 percent of the value of Uruguayan organic exports. Other exports are wines, rice, honey, milk and citrus fruits.

The domestic market is small, happening mainly through supermarkets (58 percent), home deliveries (25 percent), farmers markets (10 percent) and on-farm sales (7 percent). A weekly organic fair has been taking place in Montevideo since the 1990´s.

Organic production in Uruguay is regulated by decree No. 360/992 from the Minister of Agriculture. The newly founded umbrella organization, the Uruguayan Organic Movement MUO, is working with the government in the details of a future legal structure.

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Table 15 : Organically Managed Land and Organic Farms in Latin America
(Source: SOEL-Survey, February 2004)

Country	Date	Organic Farms	% of all Farms	Organic Hectares	% of Agricultural Area
Argentina	2002	1,779		2,960,000	1.70
Belize	2000			1,810	1.30
Bolivia	2002	6,500		364,100	1.04
Brazil	2002	19,003	0.39	841,769	0.24
Chile	2002	300	0.09	285,268	1.50
Colombia	2002	4,500		33,000	0.24
Costa Rica	2002	3,987		13,967	3.11
Cuba	2002	5,222		10,445	0.16
Dominican Rep.	2001	12,000		14,963	0.40
Ecuador	2001	2,500		60,000	0.74
El Salvador	2000	1,000		4,900	0.31
Guatemala	2000	2,830		14,746	0.33
Guyana	2002	28		109	0.01
Honduras	2000	3,000		1,769	0.06
Jamaica	2002	12		1,332	0.26
Mexico	2002	53,577		215,843[5]	0.20
Nicaragua	2003			10,750	0.14
Panama	2000			5,111	0.24
Paraguay	2002	2,827		91,414	0.38
Peru	2002	23,057		130,246	0.42
Suriname	1998			250	0.28
Uruguay	2002	500		760,000	4.0
SUM		**142,622**		**5,821,792**	

[5] Projections for 2002: Gomez Cruz et. al 2003

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7.6 North America

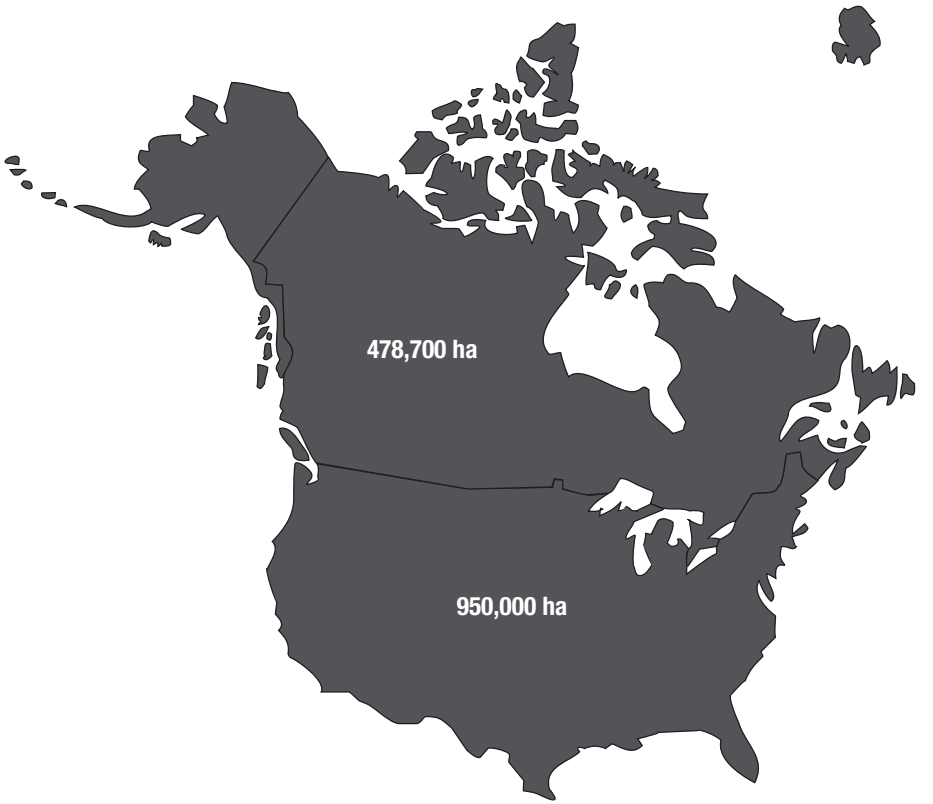

Figure 33: Organic agriculture in North America
In North America almost 1.5 million hectares and 10,500 farms are under organic management.
(Source: SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

7.6.1 United States

Barbara Haumann[1]

It has been a just over a year since U.S. national organic standards were fully implemented on Oct. 21, 2002. Although it is too soon to measure the long-term results from having national organic standards, there are signs that there has been progress made for the organic sector and for consumers.

Production and sales of organic products in the United States continue to grow at a healthy pace. In fact, U.S. sales of organic foods and beverages were estimated to have reached more than US $ 11 billion in 2002 and were projected to surpass US $ 13 billion in 2003.

Although organic food and beverage sales currently represent only about 2 percent of overall grocery sales in the United States, organic fruit and vegetables captured about 4 percent of overall produce sales in 2002, according to the Produce Marketing Association (PMA) in its Organic Fresh Produce Industry 2003 report. PMA has estimated that organic produce sales alone would grow 8 percent in 2003, to reach nearly US $ 5 billion.

With national organic standards in place, U.S. consumers now have the assurance that products labeled as organic have been produced, processed and handled following requirements that were adopted based on intense industry input and public comment.

Although more consumer education is still needed, there is evidence that consumers are noticing the organic labels as more and more products are appearing in stores bearing the USDA Organic seal.

The Food Marketing Institute's (FMI) report Trends in the United States: Consumer Attitudes & the Supermarket 2003 notes that 55 percent of consumers are aware of the new labels.

Of the households surveyed for the FMI report, 70 percent of consumers indicated their primary grocery store provides natural or organic foods; of the remaining, 18 percent said their store didn't, while 12 percent were not sure.

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Asked whether they preferred natural and organic products to be displayed in their own section or to be integrated in the store, nearly half (48 percent) said they prefer that organic products be in a separate section. However, an increasing number (37 percent), up from 26 percent the previous year) said they prefer that organic products be stocked with their conventionally produced counterparts.

In addition, 160 of 1001 respondents said they purchase organic products at least once a week, and an additional 190 said they make such purchases one to three times a month. 45 percent of those polled said they are aware of the new organic labels, while 55 percent said there is a difference between „USDA" and „Made with" organic labels. 56 percent indicated that „certified organic" labels were very or somewhat important to them.

The 2003 Whole Foods Market Organic Foods Trend Tracker released in October 2003 indicated 54 percent of U.S. consumers had tried organic foods, with nearly one-third claiming to consume more organic foods and beverages than a year ago. The annual survey commissioned by Whole Foods Market polled 1000 American consumers.

Meanwhile, The National Marketing Institute's (NMI) 2003 Health and Wellness Trends Database showed 38.2 percent of the general population have purchased organic foods in the past year. Among more than 1000 households polled, nearly one third (32.3 percent) said USDA Organic seal would increase their purchases of organic products. The impact was much higher among organic users, with 84 percent saying the seal would increase their interest in purchasing.

„Organic penetration has remained relatively constant despite an economic downturn and the effects of homeland security. Yet organic sales dollars have continued to grow, leading perhaps to the conclusion that those who are using organics are using more of them," according to NMI.

Supermarkets, farmers' markets, natural and health food stores, as well as „super stores" such as Wal-Mart, Sam's Club and Target are all venues for shoppers seeking organic products. Although some shoppers are willing to pay premiums for organic foods, others indicate price is a barrier to their buying these products.

Certification Agencies

Meanwhile, rather than reducing the number of certification agencies, U.S. national organic standards have encouraged additional companies to become accredited by the U.S. Department of Agriculture.

The initial list of accredited certification agencies announced by USDA in April 2002 showed 42 agencies (38 domestic agencies, and four from outside the United States) had successfully completed the accreditation process. This list has continued to grow over time.

As of Nov. 13, 2003, the National Organic Program (NOP) had accredited 89 certification agencies. Of these, 53 were U.S.-based certifiers, with the remaining 36 companies from around the world. This reflects the importance other countries wishing to export organic products and ingredients place on the U.S. market for their products.

In addition, 13 other certification agencies were in the review process in anticipation of possible accreditation, and 28 other agencies applying for accreditation were in the information stage of the process.

Meanwhile, USDA has recognized the organic assessment programs of a number of other countries, thus allowing products certified by them to be labeled and sold as organic in the United States. These include the New Zealand Ministry of Agriculture and Forestry, the Counseil d'Accréditation du Quebec, United Kingdom Register of Organic Food Standards, the Danish Ministry of Food, Agriculture and Fisheries, and most recently, the British Columbia Ministry of Agriculture, Food and Fisheries-Certified Organic Associations of British Columbia.

In other developments, NOP has indicated it has plans to provide an annual report on compliance complaints and enforcement, which most likely will be posted on the agency's web site.

Numbers up

Although all the data had not been tabulated by the time this report went to press, economist Catherine Greene of the U.S. Department of Agriculture's Economic Research Service indicated preliminary data show „the numbers (for acreage and production) are up."

Partial data at press time shows increased U.S. acreage devoted to organic agriculture, with major commodity trading also indicating larger amounts of commodities traded on contracts. Greene indicated preliminary data also showed „tremendous regional variations."

In California, California Certified Organic Farmers (CCOF) said the acreage it certifies as organic increased by 20.5 percent during 2001, an additional 8.8 percent dur-

ing 2002, and 13 percent during 2003. Brian Leahy, CCOF's executive director, reported that his agency has certified almost 170,000 acres to date.

Some of the small farmers who sell directly to consumers have opted not to be certified, he noted, but still the numbers have grown.

Meanwhile, CCOF has seen the number of organic processing operations grow substantially. Some of these are companies just entering the organic market, while others are operations that previously operated as organic but had not actually been certified, Leahy said.

In the Pacific Northwest, the Washington Department of Agriculture's certification program, the largest certifier in that state, certified 34,209 acres (= 13,684 hectares) during 2002, up 7 percent from the 32,031 acres (=12,812 hectares) certified in 2001.

In northeastern United States, the state of Vermont has seen substantial growth in certified operations. Certified dairy operations have grown from a mere 3 in 1993 to 55 in 2001, 59 in 2002 and 64 in 2003. Certified organic producers have grown from 78 in 1993 to 230 in 2001, 253 in 2002 and 289 in 2003. Certified acreage has grown from 23,638 in 2001 to 24,351 (=9,740 hectares) in 2002 and 30,387 (=12,155 hectares) in 2003.

„We have experienced continued strong growth. The additional acreage for vegetable operations reflects new farmers entering the market, while the increase in dairy operations reflects farmers transitioning to organic," according to John Cleary of Vermont Organic Farmers, the certifying arm of the Northeast Organic Farming Association of Vermont. Organic, he noted, is giving new hope to small farmers, who otherwise might be forced out of farming. „This has been exciting, particularly on the dairy side," Cleary said.

Legislative Challenge

Interestingly, U.S. national organic standards were put to the test only several months into implementation. The good news: the organic sector was able to uphold the integrity of the standards.

The challenge came in February 2003 in the form of one long sentence, Section 771, hidden in the Omnibus Appropriations Bill. The rider, although not overturning the national organic standards, would have undermined the standards by failing to provide money to USDA to enforce the requirement of 100 percent organic feed for all livestock. In effect, if left to stand, it would have opened the door to lesser require-

ments for livestock feed, and made it impossible for consumers to trust the organic label on organic livestock-derived products, from meat and eggs, to dairy products.

This raised the ire of those already willing to meet the 100 percent requirement, as well as the Organic Trade Association, affiliated organizations, all companies believing in organic, and consumers. Some legislators, who had been on the ground floor when the Organic Foods Production Act of 1990 had been enacted, stood and fought to overturn this rider. They were joined with others who might not actually support organic agriculture, but believed it was important to let a new regulation stand and be enforceable.

In addition, Secretary of Agriculture Ann M. Veneman also stepped up to defend the national organic standards. In the final analysis, USDA was willing to back the National Organic Program.

The bottom line: consumers need to be able to trust a label, and the new rule needed to be given a chance to work.

There is another win that can be traced in part from this incident: growing congressional awareness of the importance of organic agriculture and products. As a result, the U.S. House of Representatives has established a formal Organic Caucus, and the U.S. Senate has in place an informal organic working group. These developments signal a „coming of age“ for the organic sector in the legislative arena.

Wider Picture

Although not directly linked to the national organic standards, other provisions are falling into place for organic players. The first big step came when USDA's Risk Management Agency recognized that organic is a viable agriculture form, and thus could be covered under crop insurance through the Federal Crop Insurance Corporation. Other federal agencies are also working on organic provisions. For example, USDA's Economic Research Service now is starting to collect production and price data.

Cost-share provisions in place to help farmers defray the cost of certification are an example of how organic farmers are being helped to meet national organic standards. This should encourage more farmers to get involved in organic agriculture, and result in increased availability of organic products for consumers. Cost-share provisions for producers and handlers can help overcome cost barriers to becoming organic, which, in turn, will help ensure increasing supply. The National Organic Program has information about cost share on its web site, at www.ams.usda.gov/nop/StatePrograms/CostShare.html.

In recognition of organic as a growing sector, the Census Bureau incorporated two questions on organic production in the 2002 Farm Census (one on total certified organic crops harvested and the second on the value of certified crops sold). It was a major „first."

Meanwhile, as a result of having national organic standards in place, the United States has been in serious negotiations with other countries concerning equivalency agreements that will facilitate the international trade of organic products. It is anticipated that there will be a possible agreement with the European Union within the next year or so.

Research Opportunities

On another front, during the past year the Organic Trade Association has launched the Organic Center for Education and Promotion, a not-for-profit organization to promote the use of organic products by collecting and disseminating scientific evidence about organic agriculture and products, and to conduct educational programs about the benefits of these products.

Prior to having national organic standards, it was impossible to have meaningful scientific studies as there could be questions raised on the organic integrity of the products studied. However, now that there are standards, there are consistent requirements for what constitutes organic. This makes it possible for researchers to study the attributes of organic products more closely and accurately, with valid parameters.

New Product Category

The national organic standards have also opened up a new market for organic farmers and companies wishing to sell organic meat. Before the final rule was implemented, meat products produced organically could not advertise that on the label, but only that they were certified organic by a certification agency.

As a result, the organic meat market is one of the fastest growing categories in the organic sector.

The market research firm Datamonitor, for instance, projects U.S. organic sales to reach US $ 30.7 billion by 2007, „driven largely by double-digit growth in the meat and meat products industry." Sales of organic meat and meat products are expected to grow from US $ 547 million in 2002 to US $ 3.86 billion in 2007, according to Datamonitor.

Datamonitor projections show the U.S. organic market will have a five-year compound annual growth rate of 21.4 percent between 2002 and 2007, compared to 21.2 percent annual rate between 1997 and 2002.

Opportunities for Retailers

There are a number of signs pointing to the fact that retailers have jumped on the organic food wagon.

As more and more manufacturers have announced they were releasing certified organic products bearing the USDA Organic seal, retailers became more interested in displaying and integrating them in their stores.

Overall, according to Supermarket News (Sept. 29, 2003), „Retailers like the National Organic Program. It's been good for business." Supermarket News reporter Roseanne Harper points out that the publicity surrounding implementation of national organic standards may actually be the factor that got more consumers interested in organic products. Retailers she interviewed also said that such standards have instilled consumer confidence. Also, retailers reported organic products are easier to find, and that it is easier to answer consumers' questions about organic products since there are specified agricultural and handling practices in place.

This and other articles, however, note that stores are struggling with whether to integrate or segregate organic products from their conventional counterparts. Depending on the store and the location, some are actually setting up stores „within a store" to have an organic or natural section, while others are integrating products, such as putting organic pasta and ketchup on shelves along side conventional counterparts.

Meanwhile, stores like Wegman's Food Markets, Price Chopper Supermarkets, Kroger Co., and Albertson's are offering more organic selections. Some, such as Kroger and Price Chopper, are putting out their own private label organic products. Private label organic products offer much potential, as retailers can leverage their own house brand and add organic offerings to meet consumer demands.

There is also a trend for retailers to seek organic certification for their operations even though the national organic standards do not require them to do so. Retailers that have become certified include Whole Foods Markets' whole chain, the Wedge Community Co-op in Minnesota, Silver City Food Coop in New Mexico, New Leaf Community Markets in California, and the Brattleboro Food Coop in Vermont.

In addition, more organic foods are being offered in foodservice operations at various campuses. Hamburg patties from Organic Valley farmers, for instance, are now offered at University of Wisconsin Housing Food Service cafeterias. Also, United Natural Foods, Inc., recently announced it is partnering with Sodexho USA to distribute organic products to Sodexho USA's 6,000 institutional foodservice facilities throughout the United States. These include foodservice operations in hospitals, at universities, and in military installations.

Entry of Major Companies

The entry of major companies to the organic marketplace sometimes is cited as a negative, but also can be seen as a positive. For instance, the more players, the more products will be available to consumers, who, in turn, will buy more products. This will result in more land under organic production, regardless of the size of the operation. And that will be better for the environment, local communities, and the planet. And, because there are national organic standards in place, the big players have to abide by the same rules as the small players, which means a big player can't cut corners or capitalize on the organic claim without meeting strict requirements.

Their entry reflects a level of confidence in organic products, which should be viewed as a positive result. Some players came on or made investments as the national organic standards became a certainty.

Such companies as Dean Foods, Frito-Lay, General Mills, M&M Mars, Tyson, Kraft, Kellogg, Earthbound Farm, Brown & Foreman, and Weetabix in Canada either offer products on their own or through a division.

And daily other companies enter with new products. Archer Daniels Midland Co., for instance, has introduced its first certified organic product, while Campbell's Soups has introduced organic tomato juice as its certified organic product. Even Ben and Jerry's Homemade Inc. is test-marketing a line of organic ice cream, while the 7-Eleven store chain has added organic chips and other organic offerings. Gift food marketing company Harry and David, meanwhile, offered a mixed medley of organic fruits for the December 2003 holiday season. And organic foods are part of the menu on Song, Delta Air Lines' new air service.

Farmers' Opportunities

For farmers who already were certified organic, the changes need to comply with national organic standards have not been onerous. In fact, the standards may have elim-

inated competition from farmers who were claiming they were „organic," when in fact they weren't.

In addition, with cost-share provisions from USDA distributed through the states, farmers have had some help in covering their certification costs.

Farmers will also find there are manufacturing companies and restaurants that encourage small family farms to supply them with locally produced quality organic products. For instance, Fairfield Farm Kitchens in Brockton, Massachusetts, seeks locally produced organic ingredients whenever possible. This is because more consumers are looking at the source of the foods they eat. Related to that, Community Support Agriculture (CSA) ventures and farmers' markets are blossoming throughout the country.

For instance, according to an article in The New York Times, Oct. 27, 2003, there are approximately 1.000 CSAs across the country, with 28 in place in New York City alone. More and more people throughout the United States are clamoring for good quality organic produce, and want it locally grown. This bodes well for family farms, and proves that with the national organic standards, there is room for all size farmers because of the diverse marketing opportunities available.

Meanwhile, from a business point of view, organic standards give organic farmers legitimacy. For instance, organic operations can now apply for federal crop insurance.

Challenges Ahead

Still, national organic standards for foods and beverages have made some industry players in segments other than food and beverages (such as personal care, cosmetics and fiber) anxious and eager for clear labeling guidelines for their products.

Organic agricultural ingredients in these product categories are covered under the requirements of the rule, but the end products aren't. Anticipating this, the Organic Trade Association (OTA) has developed organic fiber processing standards, which are close to adoption by the industry. In addition, OTA has a Personal Care Task Force that is tackling some of the difficult questions still needing to be answered in this sector.

The organic status of these end products is at the point where the food industry was prior to the adoption of national organic standards. For some industry players and consumers, getting these issues resolved seems of utmost urgency. However, realistically, one must remember how many years it took to develop national organic stan-

dards for foods, and realize it may take years to resolve these questions for other categories.

Looming perhaps in the not-too-distant future will be an issue tied to a congressional mandate made this year, sparked by Sen. Ted Stevens of Alaska, that directs USDA to draw up a standard allowing wild fish to be labeled as organic. OTA will be active in analyzing the regulation and organizing comments to ensure that the full integrity of organic practices is preserved.

Meanwhile, price is often cited as an obstacle for gaining more consumer interest in buying organic products. Yet, even now, there are organic products being sold at or below the price of conventional products. With increased volume, prices are bound to fall. However, organic farmers will need to make sure they get a fair price for their products.

Conclusion

With the U.S. national rule in place, the organic sector has been able to provide a guarantee to consumers that organic products that are marketed using the new labeling in fact mean that specific practices were followed. And if products are mislabeled or companies or individuals break the rules, there are consequences.

The U.S. market has seen more and more organic products being introduced, the number of certification agencies accredited by USDA has grown, and talks are progressing to expedite international trade of organic products.

The past year has been one of foundation building, achieving more awareness of organic agriculture and products on the part of legislators, more interest by companies wishing to enter the market, and more and more retailers seeking certification even though such a step is voluntary.

With concerns about global security and measures to protect food safety, traceability is becoming a key word in the entire food industry. The organic sector is already proving that there is a way to trace food from farm to the table, and showing how to do it successfully.

7.6.2 Canada

Barbara Haumann

Agriculture Canada estimates organic retail sales will increase by 20 percent a year to CAN $ 3.1 billion (approx. 2.4 billion US Dollars) in 2005. Much of the growth stems from public unease about the impact of industrial farming on the environment and the health of the entire food chain, according to the Canadian Organic Growers, a national advocacy and education organization.

Since 1999, the Canadian industry has had a voluntary Canada Organic Standard. In January 2003, industry players met with representatives of Agriculture & Agri-Foods Canada and agreed on the need for a mandatory regulation to help expedite trade relations with such major trading partners as the United States, European Union, and Japan. In conjunction with this, efforts are under way to use the current Canada Organic Standard as a guidance document to help produce revised standards less detailed in scope that can implement a regulation.

Efforts to work toward a mandatory federal organic regulation for Canada involve a complex process because Canadian law requires that before any new regulation can be implemented, it must be shown that the regulation is needed and was developed in broad consultation with the affected sector and the Canadian public.

Consultation within the industry concerning a national organic regulation is well under way. During 2003, organic farmers, processors and traders throughout Canada received a questionnaire on this topic from the Organic Regulatory Committee ORC. Formed at the Guelph Organic Conference in January 2003, this private-sector committee of organic farmer groups, certifiers, processors and traders is working with government officials to develop and implement a national regulatory system for organic products. The Organic Trade Association is an active member of this committee.

ORC members have used questionnaire results to assess what their constituents want in the organic regulation, and then drafted position papers on the best way to structure it. From these, ORC has drafted what it terms an „ideal system." This proposes that Canada have a broad standard covering the basic principles of organic production, with the more detailed and prescriptive standards developed with the Canadian General Standards board as an auxiliary reference document for certification criteria. This would give Agriculture and Agri-Foods Canada (AAFC) a more effective tool for negotiating organic equivalency with other countries.

AAFC hosted information workshops in Ottawa in November 2003 and invited ORC members and other key players in the organic sector to participate. The sessions reviewed progress on developing the regulation, Canadian Organic Standard revisions, and the legislative steps required to implement the regulation. Also discussed were plans for a trade equivalency submission to the European Union.

Canadian officials are also consulting with the Canadian public and other constituents for comments and guidance. The first of these consultative sessions was scheduled for January 2004 in Guelph in conjunction with the 2004 Organic Conference at the University of Guelph. Additional consultations are tentatively planned for February and March.

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Canadian Organic Growers

Agriculture Canada

Table 16: Organically Managed Land and Organic Farms in North America (Source: SOEL-Survey, February 2004)					
Country	**Date**	**Organic Farms**	**% of all Farms**	**Organic Hectares**	**% of Agricultural Area**
Canada	2002	3,510	1.4	478,700	1.30
USA	2001	6,949		950,000	0.23
SUM		**10,459**		**1,428,700**	

Sources

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8 Achievements Made and Challenges Ahead

Bernward Geier[1]

Milestones for the Growth

Stagnation seems to be an unknown word in the world of organic agriculture, which in 2003 continued again with an impressive dynamic „to grow organically". This growth is only possible because the movement „grows" together. Countless are the many national and regional conferences, congresses, seminars and fairs, which bring the activists and stakeholders of the organic sector together. In many aspects, the BioFach fairs are the most important active and impacting international platforms for the future development of the organic movement. Apart from the world leading organic fair, which attracted almost 30,000 professional visitors in February 2003 in Nuremberg, BioFach fairs on three continents have meanwhile been established. BioFach Japan was organized for the second time in October in Tokyo, while the BioFach in North America found a new place with its launch as „fair in the fair" integrated with the Natural Products Expo East, which took place in September in Washington D.C. The launch of BioFach Brazil was a fascinating success, which attracted, with its 1,200 participants, three times as many participants than expected to the conference with its lively „sold out" show floor.

Another highlight of the year was the 7th IFOAM International Organic Trade Conference, which took place in November in Bangkok, Thailand. A series of eight seminars and meetings were arranged and organized around the central theme of the trade conference. (A conference reader is available from IFOAM.)

Another „milestone event" was the founding of the International Society of Organic Agriculture Research (ISOFAR), which took place in June in Berlin, Germany. The society aims to coordinate and unite researchers and scientists active in organic agriculture from all around the world (for more information see the web page: www.isofar.org).

The activities and engagement to strive towards harmonization of the organic guarantee systems now has a concrete platform with the establishment of a permanent

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IFOAM/FAO/UNCTAD task force, which has started to work concretely for the desperately needed harmonization.

After extensive and worldwide consultation, IFOAM has concluded its search for a new mission, which reflects well the challenges and ambitions of the sector:

IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity. Our goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture.

It can be foreseen that this mission will guide the organic movement beyond the direct activities of the federation providing a visionary platform for the sector's further development.

Growing Recognition

While organic farming and marketing get recognition and acceptance with every hectare or acre converted and Dollar, Euro, Peso or Rupee „turned over", the movement has also made significant progress in what can be called public recognition. A clear indicator for achievements in the international arena is the meanwhile impressive engagement and involvement of the Food and Agriculture Organization (FAO). Their web page (http://www.fao.org/organicag/) gives a good overview on FAO's organic activities.

While debate continues whether the failure of the World Trade Organization (WTO) summit in September in Cancun was a victory for the (underprivileged) people and countries, this world gathering was also an indicator that organic agriculture is increasingly recognized with its solution potential - especially in combination with fair trade initiatives.

Founder and inspiration of the biodynamic SEKEM initiative in Egypt, Mr. Abouleish, and Nicanor Perlas from the Philippines, who also has strong ties with and connections to the organic movement, likely generated the most international „organic" media attention and recognition by winning the Right Livelihood Award (also known as alternative Nobel prize).

Challenges ahead

This publication shows again how the organic sector continues to grow „on the field and on the shelves". While the growth rate remains to be very impressive in the United States, Europe experiences momentarily a kind of consolidation after the „unnatural" expansion wave following the BSE crisis. With the first „mad cow" detected in the USA it is likely that North America sees even a higher growth in the near future. With organic products entering mainstream markets will come along that the further development becomes also more dependent of the overall worldwide economic situation. It will not be a question whether the organic movement continues to grow, but the challenges will increase to keep pace with this growth without fundamentally challenging or threatening the overall principles of organic agriculture. The debate within (and outside) IFOAM has started to look at the principles of organic agriculture as outlined in the IFOAM basic standards. They have served for a long time, but are not „carved in stone". Rapid developments in the sector definitely have impacts. It is up to the stakeholders to ensure that the foundation on which this movement rests has „up to date" principles, and at the same time that these principles are not sacrificed on the „alter of market expansion".

Of increasing importance will also be the increase of cooperation with other civil society movements and initiatives. First of all the fair trade sector, but also the environmentalist movements as represented by the World Conservation Union (IUCN), Worldwide Fund for Nature (WWF) and Greenpeace. The cooperation between the organic agriculture movement and the food and dining movement, particularly with SlowFood, is coming to „full swing".

The next year will see the finalization and approval of the European action plan for organic agriculture, which has definitely the potential to serve as a benchmark and challenge for governmental and international support throughout the world.

A major challenge continues to be the continuous spread of GMOs. With the fall of the GMO moratorium in the European Union ahead it will be more important than ever to defend the organic „territory" and interests. The struggle for the purity of organic seeds has luckily seen some first success in Europe. GMOs remain to be not only a challenge and thread, but also an opportunity - especially to sensitize more and more consumers all over the world for food quality, which will lead many automatically to organic.

Another challenge ahead is also to focus and increase activities and support to countries like Russia or regions like the Arabian world, which have „sleeping" potential for organic growth.

Challenges

While there seems to be almost an automatism for a continuous development of internationally traded organic products, the movement needs to continue to increase its activities and investments in the development of regional and local markets. Continuous obstacles in this context are the high demands and costs for certification, which has been developed and designed predominately for the needs of the international market. Interesting initiatives and experiments are on their way for community based and alternative certification models giving an organic affordable and reliable guarantee frame for direct and local marketing. The excitement and enthusiasm at BioFach in Brazil, which focused on regional marketing, gave a good impression on the momentum this important orientation of the organic sector has already gained. The success of organic agriculture and food in the future shall increasingly be measured not only on this magic „25 billion US Dollars" statistic, but also more and more on the „conquest" of local and regional markets. As the quality of organic production meets more and more fair trade and finds increasing acceptance by the food culture movement, the future for organic agriculture and trade will continue to be bright and abundant with opportunities.

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