SEMINAR ON PRODUCTION AND EXPORT OF ORGANIC FRUIT AND VEGETABLES IN ASIA

BANGKOK, THAILAND
3-5 November 2003

Organized by:

Food and Agriculture Organization of the United Nations (FAO)

International Federation of Organic Agriculture Movements (IFOAM)

and the

EarthNet Foundation
SEMINAR ON THE PRODUCTION AND EXPORTS OF ORGANIC FRUIT AND VEGETABLES IN ASIA

Bangkok, Thailand, 3-5 November 2003

A seminar organized by FAO, IFOAM and the EarthNet Foundation

PROGRAMME

3 November 2003

OPENING: WELCOME ADDRESSES
8.30 Mr He Changchui, Regional Representative for Asia and the Pacific, ADG, FAO
8.40 Mr Gunnar Rundgren, President of IFOAM
8.50 Mr Vitoon Panyakul, General Secretary, EarthNet Foundation

SETTING THE STAGE: OVERVIEW AND FACTS ON WORLDWIDE ORGANIC AGRICULTURE
9.00 Bernward Geier, Director of International Relations, IFOAM

IFOAM’s role in supporting organic agriculture
9.15 Vaheesan Saminathan, IFOAM Asia Coordinator
9.30 Coffee break

1. THE WORLD MARKETS FOR ORGANIC FRUIT AND VEGETABLES: CURRENT SITUATION AND PROSPECTS
Chairperson: Paul Pilkauskas, FAO
9.45 The markets in Europe
Paul Pilkauskas, Senior Commodity Specialist, FAO
10.15 The US and Canadian markets
Rudy Kortbech-Olesen, Senior Market Development Adviser, ITC
10.45 The Japanese market
Katsushige Murayama, President of IFOAM Japan
11.15 Discussion: market and price prospects
Moderator: Paul Pilkauskas, Senior Commodity Specialist, FAO
12.30 Lunch break (12.30-14.00)

2. MARKET ACCESS ISSUES: STANDARDS AND REGULATIONS
Chairperson: Antonio Compagnoni, IFOAM

Standards and guidelines for organic production, processing, labelling and marketing
14.00
- Organic standards in importing countries: differences and similarities
  Gunnar Rundgren, President of IFOAM
14.30
- USDA’s national organic rule
  Shelton Weinberg, World Board member, IFOAM
15.00 Regulations for the importation and labelling of organic foods in Japan
  Kenji Matsumoto, World Board member, IFOAM
15.30 Regulations for the importation and labelling of organic foods in the European Union
  Gerald Hermann, Vice-President, IFOAM

Questions and answers session
16.00 Coffee break
16.15 Discussion: regulations and standards
  Moderator: Antonio Compagnoni, World Board member, IFOAM
18.00 End of Day 1
4 November 2003

3. Producing and Exporting Organic Horticultural Products in Asia
   Chairperson: Paul Pilkauskas, FAO
   Opening of registrations for the next day's roundtables

   9.00 Overview of organic agriculture in Asia
      Vitoon Panyakul, General Secretary, EarthNet Foundation

   9.30 Producing organic horticultural products in Asia
      Pascal Liu, Commodity Specialist, FAO

   9.30 Assessing the profitability of converting to organic farming. Key parameters to analyse
      Pascal Liu, Commodity Specialist, FAO

   10.00 Organic vegetable production: a theme for international agriculture research
      Heidi Lumpkin, ARC (Thai University of Kasetsart)

   10.30 Coffee break

   11.00 Certification options available to producers and exporters in Asia
      Ong Kung Wai, IFOAM, Malaysia

   11.45 Discussion: How to improve access to certification in Asia?
      Moderator: Ong Kung Wai

   12.30 Lunch break (12.30-14.00)

4. Establishing an Organic Export Sector
   Chairperson: Pascal Liu, FAO

   Country case studies: lessons learnt and success factors

   14.00 India
      Producer-Company partnerships for the Marketing of organic horticultural products,
      Subhash Mehta, Advisor, Organic, Marketing and MADP, FAO India
      Biodynamic production of fruit and vegetables at CI SH, Lucknow
      Dr R.K. Pathak, Director, Central Institute for Sub-tropical Horticulture, India

   14.30 China, Dr Zhou Zejiang, Senior Advisor, Organic Food Development Centre, China

   15.00 Thailand, Vitoon Panyakul, General Secretary, EarthNet Foundation

   15.30 Discussion: Success factors in developing the production of organic fruit and vegetables
      Moderator: Pascal Liu

   16.00 Coffee break

   International support programmes for the development of organic agriculture in developing countries

   - Role of FAO in supporting organic agriculture
     16.15 Hiroshi Hiraoka, Soil Management Specialist and Pieter Ypma, Marketing Consultant, FAO
     Regional Office for Asia and the Pacific
     16.45 Questions and answers

   - Role of the International Trade Centre
     17.00 Rudy Kortbech-Olesen, Senior Market Development Adviser, ITC

   17.30 Questions and Answers Session
      Discussion: where to find support for organic horticulture projects?

   18.00 End of Day 2
5 November 2003

Simultaneous Roundtables  9.00-12.30 and 14.00-16.00

9.00

RT1: Strategies and technologies for improving production of organic fruit and vegetables in Asia
Moderator: Subhash Meta, FAO
Rapporteur: Paul Pilkauskas, FAO

RT2: Standards and certification: how to avoid that they become a barrier to trade?
Challenges in harmonization of organic standards and certification, by Ong Kung Wai, IFOAM
Moderateur: Ong Kung Wai, IFOAM
Rapporteur: Vaheesan Saminathan, IFOAM

RT3: Developing the domestic market for organic fruit and vegetables in Asian countries
Moderator: Pascal Liu, FAO
Rapporteur: Pieter Ypma, FAO

12.30 Lunch break

14.00 Roundtables resume

16.00 End of roundtables, coffee break

16.30 Presentation of the findings of the roundtables to the plenary by the rapporteurs

18.00 Conclusion of the seminar
Seminar on the Production and Exports of Organic Fruit and Vegetables in Asia

Welcome address
by
He Changchui, Assistant Director-General and, Regional Representative for Asia and the Pacific, Food and Agriculture Organization of the United Nations (FAO), Thailand

Mr Chairperson,
Dear Participants,
Ladies and gentlemen,

Consumer demand for organically produced food and fibre products, and society’s interest for more sustainable development provide new opportunities for farmers and businesses around the world. It is thus with great pleasure that I have come to the opening of this Seminar on the production and exports of organic fruit and vegetables in Asia. This meeting is jointly organized by the International Federation of Organic Agriculture Movements (IFOAM), the Earth-Net Foundation, and FAO. I would like to thank these partner organizations for their support, especially Vitoon Panyakul and all the staff of Earth-Net for their excellent work in the logistical organization of this meeting.

The seminar will focus on the market situation and outlook for organic horticultural products and on ways in which Asian countries can take advantage of potential market opportunities. It will cover the main issues related to the marketing of organic horticultural products, including outlets, logistics, certification and standards. Some production issues will also be addressed as they relate to exports. The debates will focus on the specific situation of the Asian countries.

FAO closely monitors international commodity developments, including the emergence of new market segments. We assist countries and the private sector in obtaining reliable information on agricultural production and trade in order to facilitate efforts towards export diversification and a better equilibration between supply and demand. Producing organic fruit and vegetables can contribute to increasing food security by generating incomes in small farms in a way that is sustainable from an environmental perspective.

Ladies and gentlemen,

Since the mid-1990s, the market for organic foods has been expanding rapidly and retail sales will probably exceed the value of US$23 billion in 2003. In Asia, it is estimated that total retail sales will reach some US$450 million in 2003. While most of these sales presently take place in Japan, other countries have witnessed a rapid expansion of their organic market. These countries include China, India, the Republic of Korea and Singapore. Organic production has risen steadily across Asian countries in recent years, and the total area under organic management was estimated at 600 000 ha in 2003. The countries with the largest organic area are China, India and Indonesia. To date, China and Japan have established official organic certification bodies, and China, India, Malaysia, the Philippines and Thailand are developing organic legislation.

In order to help countries make informed decisions on these market opportunities, FAO carries out studies of the markets for selected organic commodities. This year, FAO surveyed the markets for organic citrus, bananas, coffee and tea in particular. In October 2001, FAO published, in collaboration with the International Trade Centre (ITC) and the Technical Centre for Agriculture and rural Cooperation (CTA), a major study on organic fruit and vegetables. This 312-page publication titled World markets for organic fruit and vegetables: opportunities for developing countries in the production and export of organic horticultural products will be distributed to you.
The publication provides detailed information on demand for organic fruit and vegetables in the world’s largest organic markets (European countries, Japan and the United States), including data on sales and imports. The study also analyses the prospects for further growth in sales in the medium term and gives recommendations on which product categories are likely to provide market opportunities to developing countries. The experts who will speak today will provide you with updated data on production and trade of organic fruit and vegetables.

Based on data collected recently, it can be estimated that total sales of organic fruit and vegetables will approach US$5 billion in the developed countries in 2003. The main markets are the United States, followed by Germany, the United Kingdom, Italy, France, Switzerland and Japan. In many countries, fruit and vegetables rank first in total organic sales. The market surveys indicate fast growth in sales of organic fruit and vegetables in most developed countries.

However, the growth of sales has slowed from its high rates of the period 1996-2001. For some products, there is a risk if oversupply and prices are expected to decrease in the near future. While the deceleration of the sales’ growth is a general trend, the market for organic fruit and vegetables has remained dynamic in many countries such as Australia, France, Italy, Japan and the United States.

One should bear in mind that the organic sector is still a niche in the total food sector. Market shares of organic foods in most developed countries are around two percent of total food sales. Somewhat higher figures are found in some West European countries (e.g. Austria, Denmark, Switzerland) with estimated organic shares close to 3 percent.

The share of organic sales in the fruit and vegetable sector is somewhat higher than the share of organic sales in total food sales. In most developed countries, organic shares in fresh fruit sales are estimated at about three to five percent, whereas for vegetable sales the organic shares are estimated at up to ten percent in the Switzerland and the United Kingdom. Organic fruit and vegetables offer some opportunities for developing countries. Domestic production of organic products in developed countries is expected to continue rising within the next few years (there is usually a time lag of three years between conversion and production of certified organic produce), but it is unlikely to meet demand for most products.

However, important constraints must be taken into account. Consumers’ preference for locally or regionally produced organic fruit and vegetables indicates that the best opportunities are in counter seasonal fresh organic temperate zone produce and tropical products. For products that cannot be produced in the colder climates in northern developed countries (e.g. oranges, kiwis, etc.) most organic supply tends to come from producing countries close to these markets. Basic requirements for success include a more competitive producer and FOB (free on board) price while meeting at least the organic and phytosanitary standards and providing the same quality as conventional products.

Ladies and gentlemen,

Organic agriculture has a legitimate place within sustainable agriculture programmes. Its environmental, economic and social benefits have captured the attention of many countries, presenting both challenges and opportunities for both public and private sectors. In particular, member nations need advice on standard, certification, and labelling and information on the potential of organic agriculture to contribute to environmental quality, income generation and food security. Informed decision making on organic agriculture, within the range of sustainable agriculture options, would allow governments and the private sector – including the farmers – to direct research and extension efforts, and tap national and international market opportunities.
FAO has developed several work programmes on organic agriculture and is ready to assist Asia-Pacific countries in the development of their organic sector. Decreased government support to agricultural inputs indeed offers a unique opportunity for the conversion of low-input agricultural systems into more productive organic agricultural systems. FAO has long concluded that a horizontal expansion of agriculture in Asia is no longer feasible. The emphasis is now on sustainable agriculture such as offered by organic systems, systems which secure bio-diversity, increase agro-ecosystem stability, protect against environmental stress, and – in turn – improve the resilience of farm economies.

In conclusion, allow me to emphasize that the subject of organic agriculture promotes the national and international public debate on sustainability by creating awareness of environmental and social concerns that merit attention. The issue of sustainability is indeed a central theme in FAO’s mission to help build a food-secure world for present and future generations.

Wishing you a highly successful seminar.

Thank you.
An Overview and Facts on Worldwide Organic Agriculture

Organic Trade a Growing Reality

Bernward Geier, Director of International Relations, IFOAM

Nobody can deny that organic trade is a growing reality all over the world. Growth is certainly something very natural and the growth rates of the organic sector are showing that organic products come out of the “niche” and enter mainstream markets.

A condition for the further development of the organic food sector is a fast increase of conversion to organic on the farm level. It is impressive to have about 15,000 organic farmers in Germany. In Switzerland the “organic” share has reached the range of 10 %, with the largest canton Graubünden, having around 50% Austria with more than 20,000 organic farmers, totals also around 10 % organic farming. Sweden and Finland show similar proportions. In 1996 Italy had a level of about 60,000 organic farms.

Similarly impressive developments can be seen in countries like Uganda, where 15,000 farmers choose to cultivate organic coffee and/or cotton or Mexico where ten thousands of small farmers (campesinos) produce organic coffee, as well as staple food the organic way for the local market.

Today the reality of the organic trade sector also comes up with impressive data. The organic market in the USA is in the range of ten billion Dollars and foreseen to double in the next two or three years. In Germany, we can see how the whole baby food sector is on its way to becoming more or less exclusively organic. Also the fact that more than 30% of the daily bread in and around Munich is baked with certified organic gives a clear indicator, that we conquer mainstream markets. Surprising is the fact that even in a country like Egypt, organic produce becomes mainstream. The biodynamic SEKEM initiative, employing about 1,000 people delivers its products to 20,000 pharmacies and shops in Egypt. Rapidly growing consumer demands are also reported from countries like Argentina, Japan, Brazil, Poland and Australia. Especially encouraging is the fact that local markets for organic food are also getting increasingly established in so-called “developing” countries. Of growing importance in this context will be the close cooperation between organic agriculture and the fair trade movement.

It cannot be denied that there are some marketing problems in certain sectors, but the above mentioned facts leave no doubt that organic trade continues to grow remarkably. Respected organic market analysts like Prof. Ulrich Hamm have forecasted annual growth rates of 20% - 30% a year. The largest organic trader in the UK expects today’s 25 billion US Dollar organic market to go to a volume of 100 billion US Dollar in the next five years with a major share of this growth taking place in the USA, Europe and Japan. In the context of these figures and forecasts, Denmark’s target of reaching a 20% market share of the total food market for organic products sounds quite realistic. An indication of the future ahead is also the fact that McDonalds, Nestle, and Unilever have entered the organic market.

The rapid growth of organic farming and food brings certainly quite some challenges along for the organic movement. Yet if we do not give up our holistic principles on the “altar of market expansion” we will be able to contribute to the establishment of organic ideas as a starting point for a change in lifestyle and consumption patterns reaching way beyond food and nutrition.
Bernward Geier
Hofgut Imsbach, D-66636 Tholey-Theley/Germany
Phone: +49-6853-919890, Fax: +49-6853-919899
E-Mail: HeadOffice@ifoam.org
web: www.ifoam.org

Since 1987, Bernward Geier has been Director for International Relations IFOAM (International Federation of Organic Agriculture Movements), the global umbrella organisation of organic farming and research with more than 750 member organisations in 105 countries all over the world. Author of the book “Saving seeds from your own organic garden”. Editor and/or co-author of many books on organic farming and related subjects. Some 90 popular and scientific publications in the area of organic agriculture and related fields have also been published. So far lecturing activities, moderation and seminar experience in about 60 countries.

Member of the International Federation of Agricultural Journalists (IFAJ) and active in the field of agricultural politics and policies for about 20 years. Lobbying experiences include UNO, FAO, UNEP, WTO, OECD, EU - Commission, as well as national governments and ministries. Cooperative activities include Greenpeace, IUCN, WWF, PAN and Friends of the Earth.
IFOAM’s Role in Supporting Organic Agriculture

Vaheesan Saminathan, IFOAM Asia Coordinator

A unique nature of International Federation of Organic Agriculture Movements (IFOAM) is that it is the single movement, which has been able to bring almost all the organic activists across the globe under one umbrella. Activists associated with IFOAM come from various corners in the world and represent different disciplines. During its thirty years of existence, it has gained recognition from among small-scale organic farmers in the third world to the level of gaining consultative status in the international organisations such as UN and FAO.

At its inception, the vision set out by IFOAM has been *diffusion and exchange of information on the principles and practices of organic agriculture* (O/A). Based on the achievement of worldwide networking, IFOAM has been able to work towards its vision to a larger extend. Going by the mission of IFOAM, the worldwide adoption of organic agriculture is gradually seeping through the vast influence made by the green revolution agriculture in Asia. Involvement of IFOAM or realisation of its work could be seen at various levels in developing countries - supporting and/or strengthening the organic movements active in national, sub-regional and regional levels. This level of support is realised either directly or indirectly. Implementation of identified projects and programmes by IFOAM (e.g. IFOAM 99, I-GO etc.) on identified specific subject areas and resulting output from such efforts have helped to strengthen organic activists/groups in the third world and in Asia. Results of such projects have contributed to fill in the information gab, which often prevails at the level of agricultural policy/decision making bodies at national and regional levels. Benefits of facilitation and support provided in having access to authoritative information, exchange of knowledge and information and its diffusion through conferences, trade fairs and publications, making available the IFOAM Basic standards (IBS) and its regular revision, efforts taken for harmonising the organic standards have now slowly started reaching the national governments in the third world. Accreditation of certifying bodies and the benefits of organic produce marketing and related services of International Organic Accreditation Service (IOAS) reach smallholder organic farmers in the third world through IFOAM accredited organic certification agencies. Lobbying and advocacy work carried out by IFOAM (e.g. the issue on GMOs) and services rendered to members and associates have been other areas of significant involvement by IFOAM. The array of work carried out by IFOAM has helped and contributed for wider awareness among members and associates and have sensitised not only them but also other organic activists. This has helped to draw attention towards relevant and burning issues, which influence the O/A sector development. In this line, the role of IFOAM has been felt at various scales and in different geographic regions.

Consolidating the development of sub-national, national and regional movements towards the adoption of holistic O/A, as defined by the IFOAM calls for further active involvement by IFOAM in Asia and Africa. Generally, in the third world, particularly in Asia, the efforts of IFOAM need to be further realised at national level through respective governmental mainstream organisations in the sector of Agriculture.

IFOAM, a unique worldwide movement in the organic sector through its structures (member associations, world board members, regional groups, working groups etc.) need to seek mechanisms to contribute, through its mission, for national level development of organic agriculture in Asian countries. The need for such mechanisms would articulate the existing initiatives with the aspirations and expectations of national O/A movements. They demand for constant efforts and activities required for the promotion and development of holistic organic agriculture, that is strongly backed by the IFOAM principles towards the sustainability of agriculture in the third world, particularly in Asia and Africa.
S. Vaheesan

Holds bachelors degree in Agriculture and Masters degree in Natural Resource Management.
Became associated with IFOAM, since 1994.
Chairperson, National Experts Committee on O/A, Convened by the Ministry of Environment and Natural Resources, Sri Lanka
Executive Committee member, Lanka Organic Agricultural Movement (LOAM), Sri Lanka.
Asst. Team Leader, WB project on watershed restoration in Sri Lanka.
Organic Markets in Europe

Paul Pilkauskas, Senior Commodity Specialist, FAO

Retail sales of organic food and beverages in European countries have enjoyed substantial growth over the past ten years. Sales growth in some countries has been as high as 85%. However, as a percent of overall food market shares organic products continue to be a small percentage of the total. The UK, Switzerland and Denmark lead in terms of percentages of organic vegetables consumed. Most consumers appear willing to pay a price premium of up to 20%. One of the significant problems in analyzing organic markets is the lack of reliable, verifiable data, both in production, prices and imports. Organic import data is not broken out separately, so the real levels of imports are really estimates. Europe cannot be analyzed as a single entity, as each country appears to be behaving differently with regard to organic policy, internal production, consumption and imports. While distribution channels vary, supermarkets are expanding their role. Although production in Europe is expanding, there is frequently greater demand than supply, thus substantial opportunities for imports of fruits and vegetables, fresh and processed, particularly for counter-seasonal fresh products and non-temperate zone fruits and vegetables. In policy and operational terms it is important to have national organic legislation, access to certification services that are accepted in the importing countries, good knowledge of organic farming techniques, good post harvest handling, infrastructure and logistics and good partnerships.

Paul Pilkauskas
Senior Commodity Specialist
Horticultural Group
Commodities and Trade Division
FAO Rome
Tel: 39 06 570 52003
Email: paul.pilkauskas@fao.org

Paul Pilkauskas is currently Senior Commodity Specialist responsible for horticultural products in the Commodities and Trade Division of FAO in Rome, Italy. He is Secretary of FAO Intergovernmental Groups on Citrus Fruits and the Sub-Group on Bananas of the Intergovernmental Group on Bananas and Tropical Fruits. During the past three years the horticultural group which he leads has taken on a greater role with regard to organic horticultural products, their marketing and production. It is in this context a publication was issued compiling a series of studies on market opportunities for organic horticultural products, which was followed by a conference in Trinidad in 2001. Prior to joining FAO he was a consultant for the United States State of Kentucky and the Commonwealth of Puerto Rico, acting as their European representative in Brussels. He previously enjoyed a 26-year career with the U.S. Foreign Service as an economist specializing in commodity trade issues and negotiations, including GATT negotiations. Paul holds degrees from Queens College and Syracuse University in New York.
The North American Market

Rudy Kortbech-Olesen, Senior Market Development Adviser, ITC

The United States of America

With retail sales of organic food and beverages amounting to about $12 billion in 2003, the United States is the world’s largest market for this product group. Industry sources expect recent years’ strong growth (20 per cent or more annually) to continue over the short to medium term. In 2002, organic produce sales even grew by 33% (New Hope Natural Media). According to some surveys, retail sales of organic food might reach $20 billion in 2005, although other sources are less optimistic and think it will take longer to reach this level.

According to USDA figures, total certified farmland increased from 935,000 acres in 1992 to 2,344,000 acres in 2001, corresponding to about 150%. The biggest increase took place in cropland, which reached about 1,305,000 acres in 2001, while pasture and rangeland amounted to about 1,040,000 acres. Vegetables were grown on 71,600 acres. Major crops were lettuce, tomatoes and carrots. Fruit was grown on 55,600 acres. Main crops included grapes, apples, citrus and tree nuts. However, a wide and varied range of fruit and vegetables are grown organically in the United States.

Organic produce is by far the most important organic item, accounting for over 40% of all organic food sales. Natural food stores are the principal retail outlets for organic fresh produce. Other important channels include conventional supermarkets and “direct-to-consumer” sales, e.g. farm-gate sales, farmers’ markets and “community supported agriculture” subscription (CSA). While both the natural food stores and the conventional stores sell organic produce, they approach the sector differently. The natural food stores usually focus on organic produce and will offer conventional produce only when organics are not available. Most mainstream supermarkets, on the other hand, feature conventional produce and provide limited organic produce to complement their conventional range. However, some conventional supermarkets are also opening their own natural food departments.

Amongst the most important processed fruit and vegetable products are fruit juices and other fruit beverages, jams and marmalades, pasta sauces, frozen, canned and dried fruit and vegetables. Organic fruit and vegetables are also used as ingredients in various prepared food categories, including baby food. For most processed fruit and vegetable products, natural food stores are probably still the principal outlet, though for some items like frozen vegetables, the conventional supermarkets are equally important. For organic food as such, conventional supermarkets have now become the largest outlet with natural food stores a very close second.

Foodservice is still extremely small in organic products, including fruit and vegetable, but some of the big companies are starting to realize that there is a huge business potential. As more and more consumers, including school feeding systems and student campus dining services demand organic food, we shall see this sector develop.

National standards on organic agricultural production and handling, labelling and certification, etc. (National Organic Program of the USDA), implemented in October 2002, are having a significant impact on the development of the United States organic industry. Throughout the value chain, from the domestic or foreign farmer to the final consumer, the standards will increase the focus on organic products and help to regulate and promote the trade.

While most of the fresh organic market consists of domestic production, a considerable part of total requirements is imported. Organic fresh produce importers/distributors are responsible for importation, warehousing and distribution of the product. Processed fruit and vegetable products are mostly imported in bulk, e.g. fruit juices, concentrates and pulp/purée, by specialized importers who
supply food and beverage manufacturers. There is also some import demand for retail-packed fruit and vegetable products.

Import demand for organic fresh produce includes tropical and other products that are not grown in the United States; off-season products that are grown domestically, but where there is unmet demand outside the US season; and in-season products, also grown domestically but for which there is a temporary or more permanent shortage because of strong and increasing demand.

**Canada**

With retail sales estimated at US$ 850-1,000 million in 2003 Canada is ranked as the sixth largest market in the world for organic food and beverages. The market appears to be growing rapidly, probably by 20-25% annually. For some product groups, growth rates may be considerably higher.

Canada is a major producer with a total certified organic production area of about 430,000 hectares (over one million acres), according to Agriculture and Agrifood Canada; the main crops are grains, oilseeds, dried legumes, fruit and vegetables and maple syrup. About 1.2% of all farmers and 5% of fruit and vegetable growers are organic.

For climatic reasons a large share of the organic food range cannot be grown in Canada and must be imported. Most imports come from the United States, probably at least 80-90% (most of which is packaged food). In the case of fresh produce imported from the United States, it must be noted that a considerable amount of this is first exported to the US from Latin America, in particular from Mexico. Major Canadian distributors also import some products direct from foreign suppliers other than the USA.

Distribution channels are characterized by the huge size of the country, i.e. regional distribution is commonplace. For example, the largest distributor of fresh produce has distribution centres in Vancouver, Toronto and Montreal. Each centre purchases fresh produce locally or in the region, whereas imports for the whole country tend to be handled centrally. It is significant that the big retail organizations, notably Loblaws, have introduced a range of organic fresh produce and other food products.

With the exemption of the province of Quebec (and to some extent British Colombia) there are no legal requirements for organic certification, although a voluntary national standard does exist. A committee is currently looking at ways and means to establish a mandatory national regulatory system. In the meantime, the Quebec standard (compulsory in Quebec) or other recognized certification (in other provinces) will be required by most importers and traders. It is important to note that all documentation and labelling must be in the two official languages, English and French.

Like in the USA, import items include tropical and other products that are not grown domestically, as well as off-season products and other items where there is a temporary or more permanent shortage. There is also a strong interest in items that are new to the market or fairly unknown. A major distributor, for example, is currently looking for baby vegetables (e.g. baby corn), Asian and Caribbean vegetables, ginger, etc. Thanks to a high degree of ethnic diversity in Canada, there is a strong demand for exotic produce and ethnic products.

The market for organic processed fruit and vegetables, like jams and marmalade, frozen vegetables and canned items, is much smaller and most of it is imported from the US. However, there is some import demand for frozen and aseptic packs of fruit and puree, including tropica, e.g. mango, guava and passion fruit. Other processed fruit and vegetable items may also find a small market.
Conclusion

Although there are a number of potential risk factors or threats, like oversupply of certain products, reduced price premiums, competition from other forms of environmentally friendly and sustainable agriculture, etc., there is little doubt that the United States and Canadian markets will offer farmers and producers of organic products interesting business opportunities in the future, whether for domestic players or foreign producers, including those in developing countries, who are looking for new markets.

**Rudy Kortbech-Olesen**
Senior Market Development Adviser
International Trade Centre UNCTAD/WTO (ITC)
Palais des Nations
CH-1211 Geneva 10
Switzerland
E-mail: kortbech@intracen.org

*Rudy Kortbech-Olesen is responsible for ITC's trade promotion and development activities in organic products. He was the coordinator and principal author of the ITC study Organic food and beverages: world supply and major European markets and coordinated ITC's inputs to the joint FAO/ITC/CTA study World markets for organic fruit and vegetable. He also wrote The United States market for organic food and beverages.*
Organically Certified Fruits and Vegetables on the Japanese Market

Katsushige Murayama, President of IFOAM Japan

According to the statistics, there are very few organically certified fruits and vegetables in Japan. This is a result of how the regulations on organic certification were introduced into Japan as well as the nature of the history of Japan’s organic agriculture (i.e. the presence of alternative marketing such as Teikei).

While those consumers who have been committed to organics for a long time will most likely stick to Teikei, home delivery, and collective purchasing (most of them are not certified), some may shift away to retail shops and supermarkets for convenience. Large-scale customers (e.g. supermarkets, restaurant chains, processed vendors) that seek to purchase organic agricultural products from the market in blocks will undoubtedly try to get a hold of a large quantity through “negotiated transactions” (mutual agreement) from both inside and outside the country (for both certified and non certified produce).

The demand for organic fruits is high. Consumers demand high quality and are very sensitive to taste. When exporting to the Japanese market, the product quality, in particular in reference to residual pesticides, must be ensured. Furthermore, we, IFOAM Japan, would like to request that only the products that are not domestically produced in Japan be exported to Japan.

Katsushige Murayama
E-mail: murayama@eps4.comlink.ne.jp

Born in Tokyo in 1940. After working as a journalist, he travelled abroad extensively. Upon returning, he founded the Kojinsha Organic Farm. He has served as a member of the IFOAM Standard Committee and World Board. Currently he is the president of IFOAM Japan and JOAA’s national board member.
Organic Standards in Importing Countries: Differences and Similarities

Gunnar Rundgren, President of IFOAM

There are many similarities between the various organic standards in importing countries. However, there are a number of issues where there are differences which may be of high relevance for exporters. Such issues are among others:

- Definition of conversion period
- Monitoring of conversion periods
- Administrative and management requirements for the operator
- Scope of Regulations
- Inputs
- Seeds
- Parallel production
- Contamination
- Environmental and social aspects
- Labelling

In addition to regulatory standards there are numerous private sector standards which may have more restrictive requirements than the legal level.

Certification bodies increasingly offer a menu of certifications to allow their producers market access to the various markets.

Gunnar Rundgren
Torfolk
SE 68495 Höje
Sweden
Tel.: +46 563 72345
Fax: +46 563 72066
Cellphone: +46 7051 80290
Email: gunnar@grolink.se

Gunnar is CEO of Grolink, a consultancy service specialised in organic agriculture development. He has been working with organic agriculture for more than twenty years. He established the Torfolk farm together with Kari Örjavik. Grolink’s office is located at the farm. Gunnar was one of the founders of KRAV – the certification programme for organic agriculture in Sweden and its General Manager until 1993. He has been involved in IFOAM for many years and is currently the President of the World Board of IFOAM. Previous to that, Gunnar was the founding President of the IOAS.
USDA’s National Organic Rule

Shelton Weinberg, World Board member, IFOAM

The USA is the largest and most dynamic organic market in the world, and while there is substantial organic production in the US, this market offers plentiful export opportunities for organic producers in Asia and around the world.

In October 2002, the US Government enacted the National Organic Program (NOP) which regulates how organic food to be sold in the US is produced and labelled. NOP requires any farmer, wild harvester, processor, manufacturer or handler, whether within or outside the USA, to comply with the NOP. There is government enforcement with a penalty for violations.

The NOP is codified in a set of standards that covers crop standards, livestock standards and handling standards. The NOP standards are process standards, regulating how a product is produced, not end-check standards measuring the qualities of the finished product. Certain substances and production methods, such as use of Genetically Modified Organisms, are expressly prohibited.

Products sold in the USA must be certified by an NOP Accredited Certifying Agent. Any company wishing export organic products the USA must contract a certifier who has applied has been granted accreditation from USDA. As of September 25, 2003 there were 88 certifiers accredited to certify to the NOP standards. Of these 53 were US based (60%) and 35 were based outside of the USA (40%). Of the certifiers outside the USA, 18 are from Europe (51%), 9 are from Latin America (26%), 6 are from Canada, and 2 are from Australia. There are currently no Asian certifiers recognized by USDA as accredited to the certify to NOP. Organic Agriculture Certification Thailand has applied.

Choice of a certification service provider is a critical decision for any Asian producer wishing tap the US market. Since there are no NOP accredited certifiers in Asia today, I recommend contracting with a US based certifier who has invested in building international certification and cultural expertise. While there is no substitute for a producer being directly and thoroughly familiar with the NOP, a qualified certifier can be of great assistance.

I also recommend that Asian producers work with directly with national and regional certifiers in Asia, emphasize the importance of gaining NOP accreditation, and encourage them to apply. This may seem a daunting task, but in the long run, is will worth the investment of time and resources. US certification expert consultants can be hired to help guide them through this process and help them learn to understand and overcome the hurdles.

Shelton Weinberg
Weinberg & Associates
E-mail: shel@sheldonweinberg.com
Phone: +1 360 299 3579

Weinberg is an organic industry professional with 20 years’ experience. He has a successful track record of business development, project management and entrepreneurism, domestic and international, for both small and large companies.

Weinberg spent 10 years with USA organic foods pioneer Cascadian Farm, and its successor companies Small Planet Foods and General Mills. Positions he has held at Small Planet include Director of Purchasing, Vice President of Operations, Vice President of International Sales and Business Development and Vice President of Global Organic Initiatives. He also served as Business Development Director, Organic Foods for the International Division of General Mills.
He is currently the principal of, a business development consultancy with focus on organic trade, international development, project management, brand development, strategic planning, third-world crop improvement and sustainable growth. Weinberg & Associates combines Mr Weinberg’s years of experience with the expertise of his world-wide network to add value to a broad range of clients including multi-national companies as well as regional and local companies, start-ups, and not-for-profits.

Weinberg is the North American World Board Member of the International Federation of Organic Agriculture Movements (IFOAM), with a special focus on organic trade issues. He also serves on the Organic Trade Association’s International Relations Committee, and on the UK Food and Drink Federation’s Organic Liaison Committee. He has an international reputation as a speaker and champion of the organic movement.
Regulations for the Importation and Labelling of Organic Foods in Japan

Kenji Matsumoto, World Board member, IFOAM

Organic foods are now regulated in Japan by the law of standardization and proper labelling of agricultural and forestry products (the JAS law).

In my presentation I will explain very briefly the outlines of JAS organic regulations and then how to export organic foods to Japan.

The regulations consist of JAS Standard, Criteria of organic operators and criteria of certification organization. For more details, please look at the English translation of home page of MAFF (http://maff.go.jp).

The Japanese Government has an equivalency agreement with the 15 countries of the E.U., Australia and the U.S.A. The other countries have no equivalency agreement with Japan. Organic operators in a country without equivalency agreement who want to export to Japan have to get JAS organic certification by a registered certification organization or registered foreign certification organization. A JAS organic operator must meet the technical criteria stipulated in MAFF notifications. I will explain what is required in my presentation.

Once you have been certified as a JAS organic operator, you have to affix the JAS organic label correctly. I will explain how to label your organic products to export to Japan. More details on Quality Labelling Standard of Notification No.513,514,517 are provided in the home page of MAFF.

Kenji MATSUMOTO
Executive Director
Japan Organic & Natural Foods Ass.(JONA)
Japan
Email: matsumoto@jona-japan.org

Matsumoto was elected as director of JONA in 1996. After retirement from a food and beverage company, he was assigned as general manager of JONA in 1997 and restructured JONA’s organization to become an international organic certification body following IFOAM Standard and Criteria. He also helped to establish the Independent Organic Inspectors Association of Japan. In 1998, he was nominated as a member of the JAS Committee to propose the Japan Organic Regulations to MAFF. He was elected as a member of IFOAM World Board in August, 2002.

JONA was approved as a registered organic certification organization immediately after implementation of JAS Organic Regulations in 2000.
Regulations for the Importation and Labelling of Organic Foods in the European Union

Gerald Hermann, Vice-President, IFOAM

The presentation will give an overview about organic farming, processing and inspection systems in the European Union which is regulated by EU regulation on organic farming 2092/91.

The production on farmer’s level is defined (Annex I). Annex II regulates the use of mineral fertilizers and chemical pesticides. Soil fertility must be maintained or even increased. The EU Regulation regulates plant production and organic husbandry.

An overview about the definition on allowed inputs of organic and non organic origin and the labelling requirements for non processed and processed products is given. Products may be labelled as organic if at least 95% of the ingredients are from allowed organic origin. In the case of products with at least 70% of organic ingredients, a reference to the organic production may only be made in the ingredients list and on the label referencing the organic percentage. All allowed processing inputs including those of conventional origin are defined in Annex VI of the regulation.

Beneath the definition of production and the requirements for labelling the inspection system is defined in the Regulation (Annex 3). The fundamental requirement is the physical annual inspection of every operator in the chain of production. Additional spot checks are required which might be announced or unannounced. Also the approval of inspection bodies is defined. Either the state authority itself or private inspection bodies approved by the authority are performing inspections.

Equivalent rules for production and labelling apply to imports from non-EU countries. The equivalence of production and processing rules, of the inspection system and of documentation requirements must be proven to the EU Commission in Brussels or to the competent authority of the respective EU member state approving imports. The EU Commission decides on including a non-EU country in the Third Country List (Article 11, 1) or the national authority on import allowances (Article 11, 6).

Gerald A. Herrmann
Kapuzinerplatz 1
80337 München
GERMANY
Tel. +49 (0)89 74612017
Fax +49 (0)89 74612018
Cell phone +49 (0)177 5521460
Email: g.herrmann@organic-services.com

Gerald A. Herrmann has a university degree in agriculture. He started his career in organic agriculture in 1985. He worked as organic farm consultant, in certification, marketing, public relations, licensing and had teaching assignments. After being President of the Board of Naturland, an international association of farmers and private certification body, he was its Executive Director. Today he is director of ‘Organic Services’ his international consultancy for Organic Agriculture and the Organic Food Industry providing services like business development, policy advice, advice in certification and accreditation, in marketing and public relation. Gerald served in different structures of IFOAM, the International Federation of Organic Agriculture Movements, and today as Vice-President. He is also Vice-President of ECOLAND, an organic farmer association in Germany, and member of the Advisory Board of BÖLW, the German umbrella organization of the Organic Industry.
Overview of Organic Agriculture in Asia

Vitoon Panyakul, Green Net/Earth Net Foundation

There are two streams of organic agriculture in Asia, one as part of sustainable farming and the other as export-oriented organic projects. The first group is supported by non-governmental organizations (NGOs) and the other is initiated by the business sector. Historically, the sustainable agriculture movement emerged earlier (in the 1970s) as a reaction to the green revolution, while the commercial organic farms are the product of commercial collaboration between Asian food exporting companies and importers seeking to capture organic market opportunities in industrialized countries. The NGO model is predominantly small-scale, working with family farms and mainly targets the domestic market, while the business model is larger-scale and focuses on export markets.

Due to their export orientation, the private organic projects need to rely on foreign certification services from importing countries, while the NGO projects, at least at the beginning, do not require any formal third party certification. As the market expands, more and more NGO projects have begun to embark on export opportunities while keeping the efforts to develop local markets as their primary objective. Local competency has been developed by assistance from importing countries to establish local organic certification programme.

The Asian governments have become interested in organic farming for the last 5 years, as the organic market further expands and exhibits its potential and significant market opportunities. Almost all Asian authorities have taken interest in organic certification and accreditation as their priority, even though the major constraints in organic farming in Asia are at the level of farm production. The booming of public organic standards and inspection systems makes little contribution to Asian organic growth and, on the contrary, further complicates international harmonization of organic guarantee systems.

Public-private partnership (PPP) is urgently needed if rapid growth in organic agriculture in Asia is to be sustained. Re-orientation of government policies is urgently needed, including the support for farm extension, post harvest technologies, and supply chain management. Closer collaboration between NGOs, the private sector, farmers, scientists, and public authorities can ensure that the efforts of each group are not in conflict with one another and that synergy is achieved.

Vitoon PANYAKUL
Green Net/Earth Net Foundation
Thailand
Email: vitoon@greennetorganic.com

Vitoon R. Panyakul has been working with the Thai organic movement since 1991. During his first few years, he worked as researcher for the Local Development Institute, responsible for developing a national organic agriculture programme. In 1994, Vitoon with his colleagues started Green Net, the first national organic food distributor in Thailand where he served as Executive Director. From 1995, Vitoon was involved with the establishment of the national Organic Agriculture Certification Thailand (ACT), the first local certification body in the country. He served as the ACT General Manager until December 1999. Vitoon is currently a member of the IOAS Board as well as accreditation committee.
Assessing the Profitability of Converting to Organic Farming: Key Parameters to Analyse

Pascal Liu, Commodity Specialist, Commodities and Trade Division, FAO

Many conventional farmers consider converting to organic agriculture due to the rapidly growing market for organic products and the possibility of higher prices. However, they are also aware that organic farming may entail some constraints and possibly higher costs, and are therefore unsure whether they will be economically better off if they convert. The economic and financial evaluation method may help them make scenarios to assess the profitability of converting to organic farming. The three indicators used by this method are the Net Current Value, the Internal Rate of Return and the Recovery Period. An example of the application of this method is given in a case study comparing the profitability of organic and conventional citrus production in Spain.

In this example, production costs are higher in the organic farms than in the conventional ones, mainly due to the need for more labour and the higher costs of organic fertilizers. Moreover, yields are lower in the organic farms, in particular during the transition period. After this 3-year period, however, they tend to come back to levels close to those of conventional production. The case study shows that the profitability is lower in the organic farms, although the difference is small. It also examines the sensitivity of both production systems to variations in costs and producer prices. The organic system is found more sensitive than the conventional system. The study also shows that the organic citrus production system is more profitable than the conventional one only if the producer price for organic citrus is 30% higher than that of conventional citrus.

Of course, these specific findings cannot be extended to all organic production systems and no general conclusions on the comparative profitability of organic and conventional farming can be drawn from this case study. However, this method can be useful to producers who consider conversion to organic farming. It shows that the most important economic parameters that should be analysed are:

- Possible fall in yields (with the possibility of recovery later)
- Difference in production costs (labour costs tend to increase in particular)
- Price difference (organic prices tend to be higher, but not always)

All these parameters vary over time, which implies that various scenarios should be considered.

Pascal Liu
Commodity Specialist
Raw Materials, Tropical and Horticultural Products Service
Commodities and Trade Division
(email: pascal.liu@fao.org)
phone: 39 06 570 55957
fax: 39 06 570 54495

Pascal Liu is an Agricultural Economist and has worked as a Commodity Specialist in the Horticultural Products Group of FAO since 1998. His work includes studies of the markets for organic fruit and vegetables and economic analysis of organic production. He was the coordinator and editor of the publication “World market for organic fruit and vegetables”, produced in collaboration with colleagues from FAO, ITC and CTA in 2001. Pascal organized the Conference on Supporting the Diversification of Exports in Latin America and the Caribbean through the Development of Organic Agriculture with CTA, CDE and IICA in 2001. He has done research on various types of environmental and social certification programmes and has collaborated in publications on this topic. Before joining the FAO, he worked on agricultural development projects with farmer groups in North Africa and Southern France from 1990 to 1996.
Organic Vegetable Production: A Theme for International Agricultural Research

Heidi Lumpkin, ARC (Thai University of Kasetsart)

The Asian Regional Center (ARC)-Thai University of Kasetsart is a key component of the World Vegetable Center, the leading international centre for vegetable research and development. The World Vegetable Center’s mission is to reduce poverty and malnutrition in the developing world through increased production and consumption of vegetables. The Center acknowledges the role organic vegetable production can play in achieving its mission, but also recognizes there is little scientific research in organic agriculture production systems. Millions of subsistence farmers who do not purchase chemical inputs could increase their crop yields if they were provided with information and training in organic production techniques and management strategies.

As a result, the World Vegetable Center has launched a new research and development program on organic production technologies for vegetables. The Center will focus on components that solve problems specific to organic farming systems, such as sustainable soil fertility and nutrient management, selection of disease-resistant cultivars, and development of IPM/biological control methods suitable for organic farmers.

Specific examples of recent accomplishments to be included in the program:

- Parasitoids of diamondback moth—the most destructive pest of the cabbage family—have been successfully introduced in Asian countries.
- Pesticide-free strategies that control eggplant fruit and shoot borer, the most severe insect pest of eggplant in the tropics.
- Technologies developed for production of pesticide-free leafy vegetables under net structures, suitable in peri-urban areas where pesticide misuse is especially high.
- Disease-resistant, early-maturing mungbean lines incorporated into over 1 million ha of rice-wheat cropping systems in the Indo-Gangetic Plains. Mungbeans enrich the soil, increase farmers’ incomes, and improve diets in this impoverished region.
- Over 5000 accessions of indigenous vegetables have been collected in Asia and Africa. Many of these accessions grow well under low input systems and show natural resistance to pests and diseases; thus, they could be promising for organic production and income generation, especially for women.

Food safety is also a major concern. Many of today’s vegetable farmers inappropriately use toxic pesticides, pre- and postharvest. This threatens the health of the farmer, consumers, and contaminates the environment. Everyone, rich and poor, must have access to safe vegetables. We also must become better stewards of our increasingly threatened natural resources. Reducing the use of chemical inputs through the adoption of organic agricultural production methods will help achieve these goals.

Finally, the World Vegetable Center invites the scientific community, NGOs, farmers’ associations, and other stakeholders to work as partners in our efforts to assist organic vegetable farmers in solving their production problems, gaining access to information and training, and achieving higher incomes and creating healthier communities.

Heidi Lumpkin (E-mail: thomas_lumpkin@yahoo.com)

Heidi Marie Lumpkin represents the World Vegetable Center through its’ regional branch at Kasetsart University in Bangkok, Thailand. She has a bachelor’s degree in Soil Science with an emphasis in environmental soil chemistry. She also has been a certified organic farmer in the Pacific Northwest United States since 1992.
Certification and Options Available to Organic Producers and Exporters in Asia

Ong Kung Wai, IFOAM, Malaysia

What is certification? Do I need to be certified? And, particularly, How to choose a certification body? These questions can be all too confusing for the new operator.

The presentation will address general requirements and process of certification, including:

- Standards & Applicable requirements
- Documentation & Quality control
- Compliance audit / Inspection
- Conditions / Corrective actions
- Annual renewal

It will explain the operating scenario, the factors determining the need for certification, the actors involved and also explore key considerations in identifying suitable organic certification body or bodies to use, including:

- Market access and acceptance in the three major markets: the EU, US and Japan
- Credibility of the organisation with the trade and certification industry
- Cost of certification and inspection including use of local/regional inspectors.

Ong Kung Wai
Humus Consultancy
7, Jalan Nunn
10350 Penang
Malaysia
Tel: +604-2265 480
Fax: +604-2265 479
Email: kungwai@tm.net.my

Ong Kung Wai is CEO of Humus consultancy, a partner organisation of Grolink, an international consultancy service specialising in organic agriculture development. He studied Biodynamic Agriculture and Rural Development in the UK, travelled and participated in community and development work in Asia, Europe and USA, before settling back in Malaysia (1993). He was Sustainable Agriculture Programme Officer for Pesticide Action Network, Asia and the Pacific, for four years before moving to consultancy work. His involvement in the organic sector includes being Board member of the International Organic Accreditation Service (IOAS), IFOAM Norms Management Committee member, Management Committee member of ACT Control (a regional inspection service based in Bangkok), chairperson of Organic Alliance Malaysia (a membership based sector association) and Steering Committee member of the Malaysian organic certification programme. Besides organic agriculture interests, Kung Wai is proprietor of Taska Nania, a Rudolf Steiner pre-school education programme, based in Penang, Malaysia.
Producer-Company partnerships for the Marketing of organic horticultural products,

Subhash Mehta, Advisor, Organic, Marketing and MADP, FAO India

The joint paper focuses on FiBL’s findings over a period of 21 years of comparative research on Biodynamic, Organic and Conventional Agriculture. This is supported by results presented in the slides of work done in this area by Dr Pathak at his institute.

This paper also looks at a legal business platform which protects the interest of the small farmers as they are stakeholders to the end:

- Business platform as regulated by the Government of India “Producing Company” to protect the interest of the small farmers
- Organic Agricultural know-how
- Group certification for export to developed countries
- Product and market driven, etc.

The Gopa model highlights the numerous responsibilities now shouldered by the farmers but need to move to the business platform (PC) leaving the farmer to his core competence “Farming”, relieving him of the commercial risks and the debt burden. The paper also highlights the fact that added value of farm produce and marketing should be the responsibility of the PC and the professionals manning it.

Subhash Mehta
55, Lodi Estate
New-Dheli 110 003, India
Tel: 91 11 246 93 060
E-mail: icap@vsnl.net

Currently, Advisor for Marketing and Organic Agriculture to FAO Delhi for the MADP Project being implemented in South Asia. He brings to this project 45 years of global experience as an International Practicing Consultant (Marketing) and Entrepreneur since 1965, now focusing on the numerous platforms and mechanisms essential to make the rural/agriculture business platforms sustainable. In September 1999 he completed the course in Organic Certification and Inspection at CHIEM, Bari, Italy. This gave him the required grass roots working knowledge for the promotion of Organic Farming at the macro level with Central and State Governments and also with multilateral agencies. In 2001 he submitted to IFAD a proposal for conversion of cultivation of Medicinal, Aromatic and Dye Plants from Conventional to Organic which was approved in April 2003. FAO decided to implement this project in May 2002. It is the first Organic Project taken up by FAO and IFAD.
Successful Conversion of Conventional to Organic/Biodynamic:
a Case Study

R.K. Pathak and R.A. Ram, Central Institute for Subtropical Horticulture, Lucknow, India

Biodynamic agriculture is based on sound principles of soil biotechnology and microbiology. It does not require sophisticated facilities and most of manures and biopesticides are prepared at farm. Biodynamic preparations are components of biological agriculture, capable of affording long-term sustainability to agriculture and particularly to the ecosystem. Basic principles of biodynamic farming are to restore the soil and the organic matter in the form of humus, increasing microbial population, skilful application of the factors contributing to soil life and health, treating manure and composts in biodynamic way. Genetic make up of variety and balanced nutrition are key factor for quality and high production. By understanding the gesture and effect of each rhythm, agricultural activities like soil preparation, sowing, intercultural operations and harvesting can be programmed to harnessing cosmic forces. Agricultural practices (field preparation, sowing, manuring, harvesting, etc.) performed as per constellation are more effective and beneficial. Every constellation has dominant elemental influence and affects four specific parts of the plants. Agricultural practices for better root activity (manuring, rooting), flowering, growth and fruiting/seed is to be done as per constellation. During ascending period, cosmic forces are active above the earth/ground and suitable for practices like spray and propagation, etc. In descending period, cosmic forces are active below the earth. Therefore, agricultural practices such as field preparation, sowing, manuring, harvesting of root crops show better response when performed during this period. During full moon period plants are more prone to fungal diseases because of congenial humidity in the atmosphere and new moon period is suitable for sowing of tuber crops and harvesting of grain crops. Biodynamic compost preparations (BD-502-507) are called BD set. BD sets are used in the Cow Pat Pit (CPP), BD compost, BD liquid manure and biodynamic liquid pesticides. Biodynamic field sprays (BD-500-501) are applied in micro doses as per calendar for improvement in physical chemical and biological properties of soil, improving photosynthetic activities and defence to fungal infection.

Based on the above practices, 22 villages in U.P. (India) under UP Diversified Agriculture Support Project (UP DASP) were selected as Bio-villages during 1997-98. In these villages, after training, production of vegetables was undertaken with the use of NADEP/vermi/BD compost along with CPP. Spectacular responses with respect to yield and quality were obtained. In view of this experience, a 13.5-acre land has been used by an organic farm since 1999 at the Central Institute for Subtropical Horticulture, Lucknow (CISH) and cultivation of horticultural crops is being done organically. A few of the BD preparations and cow dung have shown spectacular response to pest and disease control. Details of research findings related to improvement in soil health, yield and fruit quality will be discussed during the presentation.

R.K. Pathak
Director
Central Institute for Subtropical Horticulture, Rehmankhera, India
E-mail: director_cish@yahoo.co.in
Ph.D Horticulture (Pomology) IARI, New Delhi (1970)
M.Sc.Ag. Horticulture Govt. Agriculture College, Kanpur. (1965)

Experience: Research, Teaching, Administration
China’s Market for Organic Fruits and Vegetables: 
Current Situation and Prospects

Zhou Zejiang Li Debo (OFDC-CHINA)

1. Current situation: Organic vegetable is the most prosperous segment in the Chinese organic market, while the organic fruit sector is still in its initial stage. About 80% of organic vegetables are for export, mostly for Japan, while organic fruits farms are mostly still in organic in conversion status. Production of certified organic fruits will increase significantly within 2 years. Most existing organic fruit farms presently produce for domestic market, but aim at international market in the longer run. The newly established organic vegetable farms produce mostly for the domestic market. The organic vegetable farms are mostly located in the eastern provinces and near Beijing. The best running organic vegetable farms and processing companies are joint ventures.

2. Advantages: The Chinese government is encouraging the development of the organic industry. Local governments are implementing different incentive policies to support organic production. The international demand for China’s organic vegetables and fruits is high. Farmland is available for development of organic fruit and vegetable in China. The potential for developing China’s exports of organic fruit and vegetables is high. Hong Kong has a high market potential for organic vegetables and fruits produced by the Mainland. The organic products from other countries are welcome by the Chinese consumers if the prices are reasonable.

3. Obstacles and Countermeasures: lack of funds, technology and market are major obstacles to the development of organic vegetables and fruits. Mutual recognition of certification is urgently needed. From November 1, 2003, the “National Regulation on Certification and Accreditation” will enter into force. Foreign organic certifiers wishing to continue their certification activities in China are asked to register. A clear understanding of the new Chinese regulation is needed. Most of the Chinese vegetable and fruit farmers are operating on a very small scale. The model of “Company + Farmers’ Association + Farmers with the support and help of local government” should be encouraged. Most of the Chinese companies involved in organic vegetable and fruit marketing are not good at international communication. Organic market information networks are extremely needed.

ZHOU Zejiang
OFDC
8 Jiang-Wang-Miao Street, 
Nanjing, 210042 China
Tel: +86-25-5425370/13057599463
Fax: +86-25-5420606
Email: zejzhou@public1.ptt.js.cn

Graduated from Nanjing University in 1968, Mr Zhou worked in a geological prospecting team for 12 years in rural areas of China. He has worked for the Nanjing Institute of Environmental Sciences of the State environmental Protection Administration since 1980 and involved in research on environmental issues related to eco-farming, biodiversity and rural environment protection for years. He joined the first organic inspection in China in 1990 and became one of the first 2 organic inspectors of China in 1995. As one of the organic movement pioneers in China and the Senior Advisor of the Organic Food Development Centre of China SEPA, he has been actively involved in promoting the development of organic agriculture and organic food in China. Mr Zhou is chairing the Certification Committee of OFDC and is Vice Chairman of OFDC Standard Committee.
Organic Agriculture in Thailand

Vitoon Panyakul, General Secretary, EarthNet Foundation, Thailand

Organic agriculture is not a recent phenomenon. Local Thai farmers have practiced traditional farming for hundred of years. Such practices have been developed and enriched through farmers’ knowledge of local agro-ecology and environmentally sustainable way of farming. Despite the imposition of modern agriculture, traditional farms continue to exist and local indigenous knowledge of sustainable farming remains. The survival of these farms is the source of the revitalization of modern organic agriculture in Thailand today.

The Thai organic agriculture is part of the larger sustainable agriculture movement, initiated by farmers and local non-government organizations (NGOs) since 1980s. The Alternative Agriculture Network (AAN) was established in 1984 as a national network and provides main discussion forum of experience sharing and policy advocacy for sustainable agriculture, including organic farming.

As organic agriculture gains more and more momentum in recent years, several organizations specializing in organic agriculture have also emerged. Many organic production projects have been initiated by producer organizations, private companies, exporters and even NGOs. Also, a national private certification body, the Organic Agriculture Certification Thailand or ACT (founded in 1995) was also set up to provide professional organic certification services for all farm production as well as processing and handling operations.

An estimate of 8,958 hectares of farmlands are now under organic management. This represented around 0.04% of the total farmlands. Thai organic agriculture is at early stage and productions are dominated by primary food products, e.g. rice and fresh vegetables. Several initiatives, either by private sector or by NGOs, have focused on diversification to new organic products like medicinal herb, tropical fruits, shrimp and even palm oils.

The government policies towards organic farming are generally favourable. Though no direct subsidy for organic farming is offered, the Thai government has focused its attention mainly on developing national standards, certification and accreditation. This has made little helps towards the organic production where the main constraints are.

Critical factors influencing the success of organic agriculture in Thailand would include building domestic markets, developing effective extension scheme to reach small-scale farmers, inventing appropriate post-harvest technology, and strengthening to collaboration between the public and private sector.

Vitoom Panyakul has been working with the Thai organic movement since 1991. During his first few years, he worked as researcher for the Local Development Institute, responsible for developing a national organic agriculture programme. In 1994, Vitoom with his colleagues started Green Net, the first national organic food distributor in Thailand where he served as Executive Director. From 1995, Vitoom was involved with the establishment of the national Organic Agriculture Certification Thailand (ACT), the first local certification body in the country. He served as the ACT General Manager until December 1999. Vitoom is currently a member of the IOAS Board as well as accreditation committee.
Role of FAO in Supporting Organic Agriculture

Hiroshi Hiraoka, Soil Management Specialist and Pieter Ypma, Marketing Consultant, FAO
Regional Office for Asia and the Pacific

In recent years organic agriculture has developed rapidly and has become an attractive export opportunity to most developing countries. It has sustained an annual growth rate of 20-30% while at the same time offering a considerable price premium to producers of organic products. From the consumer perspective, this is driven by an increased awareness on environmental issues and food quality and a perception of increased food safety. While producers share these views they also want to benefit from the price premium for organic products. These attractive conditions have focused the attention of many governments, producer organizations and other stakeholders on organic agriculture.

Due to the necessity of providing a guarantee to consumers that organic methods have been used in the complete organic food supply chain, the FAO/WHO Codex Alimentarius Commission has developed guidelines on Organically Produced Foods. FAO has included Organic Agriculture in its Medium Term Plan (2002-2007) as a cross sectoral issue. The objective is to enhance FAO support to all member countries in organic agriculture, especially to increase their capacity to effectively produce, store, process, inspect, certify and market organic foods and fibres. In this context it is, amongst others, undertaking commodity studies for specific organic products and improving the dissemination of organic information through meetings, conferences and posting of research findings on various websites. In order to facilitate access to international markets, the Organization is involved in defining options for harmonization and equivalence in organic agriculture: an International Task Force, composed of both public and private sector representatives, has been established for this purpose.

As most technical information on organic agriculture stems from temperate zones, much remains to be done to adapt organic agriculture practices to environmental and socio-economic conditions prevailing in tropical and arid areas. One of the important factors of sustainability is agro-biodiversity wherein the natural ecological balance is the main production “input” and organic farmers are expected to be both custodian and users of this multi-dimensional diversity. Particular emphasis is also given to resource-poor farmers and their ability to invest in long-term productive systems.

Various technical divisions of FAO have been involved in organic agriculture issues, each emphasizing the significance of the production (soil fertility management, plant protection, seed production, agro-forestry, harvesting of wild products, organic aquaculture), post-harvest procedures (storage, processing, packing) and marketing of organic products. Collection / dissemination of information, establishment of networks, workshops and seminars are the main activities which have produced number of reports, papers, technical guidelines and manuals. Technical assistance to countries is undertaken through field projects.

In conclusion, FAO has advanced in delivering knowledge in the areas of marketing, global assessments, organic standards, harmonization and equivalency. On the other hand, the organization finds itself in need to make increased and concerted efforts in building up developing countries’ capacities for efficient and economically competitive systems in order to better contribute to sustainable agriculture and rural development through organic agriculture.

Hiroshi Hiraoka
Soil Fertility Officer
FAO/RAPG, Maliwan Mansion, 39 Phra Athit Road,
Banglumpoo, Bangkok 10200 THAILAND
Tel. +66-2-697-4118  Fax. +66-2-697-4445
E-mail: hiroshi.hiraoka@fao.org
Holds Bachelors degree in Agriculture, Graduate Diploma in Agriculture Development Economics, and Masters degrees in Agriculture / Agricultural Development and Environment
Entered FAO in 2001
JICA Agriculture Expert in the Sultanate of Oman 1999 – 2000
Researcher at Sumitomo Chemical Company Limited 1993 – 1997

Pieter Ypma
Associate Professional Officer Marketing
FAO Regional Office for Asia and the Pacific
Maliwan Mansion
39 Phra Atit Road
Bangkok 10200
Thailand
E-mail: pieter.ypma@fao.org

Holds a Bachelors degree in Tropical Agriculture, a Graduate Certificate in Environmental Technology & Business Hygiene, and a Masters degrees in Environment & Development. He has both experience on the production side as well as the marketing side of organic agriculture. In the Netherlands he has managed a small Bio-Dynamic market garden while in Zimbabwe and Swaziland Mr Ypma was involved in the certification of organic products. In Tanzania he worked as marketing advisor for Dgis the Dutch bilateral donor on a dairy project. Mr Ypma joined FAORAP in 2001 as APO agricultural marketing and has been involved with organic marketing in this context.
Role of the International Trade Centre

Rudy Kortbech-Olesen, Senior Market Development Adviser, ITC

The International Trade Centre UNCTAD/WTO, or ITC, is the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. It is sponsored jointly by the World Trade Organization (WTO) and by the United Nations Conference on Trade and development (UNCTAD). ITC's mission is to support developing and transition economies, and particularly their business sector, in their efforts to realize their full potential for developing exports and improving import operations with the ultimate goal of achieving sustainable development. For further information on ITC visit www.intracen.org.

Since ITC became involved in organic trade, it has carried out a series of market surveys, including Organic food and beverages: world supply and major European markets; World markets for organic fruit and vegetables (jointly with FAO and CTA); and the latest, The United States Market for Organic Food and Beverages. It has also organized export seminars in almost 20 developing countries, mainly LDCs. It is currently involved in various country and regional export development projects, including one in Africa, which focuses mainly on spices, herbs and essential oils. ITC has also just started research on the Canadian market for organic products, which is expected to be published early 2004. It is also planned to publish an exporters guide/manual on organic spices, herbs and essential oils. Visit the ITC Web site on organic products www.intracen.org/nds.

Rudy Kortbech-Olesen
Senior Market Development Adviser
International Trade Centre UNCTAD/WTO (ITC)
Palais des Nations
CH-1211 Geneva 10
Switzerland
E-mail: kortbech@intracen.org

Rudy Kortbech-Olesen is responsible for ITC's trade promotion and development activities in organic products. He was the coordinator and principal author of the ITC study Organic food and beverages: world supply and major European markets and coordinated ITC's inputs to the joint FAO/ITC/CTA study World markets for organic fruit and vegetable. He also wrote The United States market for organic food and beverages.
Challenges to International Harmonization of Organic Standards and Conformity Assessment Systems

Ong Kung Wai, IFOAM, Malaysia

When leading pioneers such as Rudolf Steiner, Robert Rodale, Sir Albert Howard and Lady Balfour propound their thoughts on agriculture in the 1920s to 1940s, they advocated for a holistic approach to agriculture as well as a way of life. Could they have foreseen the entangling web of technical standards, regulations and conformity systems that we have weaved for the organic sector today?

Based on a commitment to a philosophy, organic standards and certification schemes arose within the private sector in the early 1970s. They were primarily developed by non-government associations of farmers and consumers based in Europe and the US. Recognition as an organic producer in the early years was based simply on becoming a member of an organic association. A self declaration was sufficient. Later, informal peer reviews took place and loose guidelines were set. The world of organic standards and conformity assessment has come a long way since.

The number of private organic certification schemes has greatly increased. Many today are professional bodies operating under 3rd party independent inspection and certification norms. In the last 15 years particularly in recent years, an expanding number of governmental organic regulations have developed worldwide in parallel with private systems. Today, there are more than 360 organic certification bodies based in 57 countries working worldwide. Whilst some maintain their own proprietary standards, many certify to set regulations.

Whilst the purpose of certification is to foster confidence of consumers and to enhance trade in organic products, the plethora of certification requirements and regulations today is becoming a major obstacle to the development of the organic sector, especially for operators in developing countries.

Problems and Challenges

Some of the systemic problems and challenges that have resulted from this labyrinth of standards and conformity assessment systems are as follows:

- Import discrimination whereby compliance is required with standards not always suitable to the agro-ecological conditions of exporting countries;
- Multiple accreditation of certification bodies in order to access international markets, namely Europe, Japan and USA;
- Need of multiple certifications by organic operators in order to access international markets, namely Europe, Japan and USA.
- Difficulties faced by operators, due to different interpretation of rules by certification bodies;
- Enormous workload (and delays) for authorities in negotiating recognition agreements;
- Limitation of the effectiveness of bilateral agreements in cases of products with ingredients sourced from around the globe;
- Lack of recognition by national regulations of private multi-lateral agreements such as the one between IFOAM Accredited certification bodies.
- Lack of clarity on the respective roles that should be fulfilled by the private sector and the government sector relative to organic standards and conformity assessment.
Harmonization

There is undoubtedly a need for harmonization of organic guarantee systems in the private as well as public sectors to sustain and further enhance trade in organic products. What are the elements that make up this entangled web of standards, regulations, certification and accreditation systems? How can we untangle this Entangling Web that is choking development of the organic sector?

Better collaboration between the private and government sector is critical. A better understanding of the appropriate roles for government and private bodies in standard setting, certification and accreditation is required. An international mechanism for equivalency determination between regulations and private stems is necessary. One that respects diversity in organic agricultural systems and allow for variations in standards where appropriate.

The presentation will review the historical development in organic standards and conformity assessment systems; discuss current initiatives in harmonisation; examine the core challenges and explore possible approaches.

Ong Kung Wai
Humus Consultancy
7, Jalan Nunn
10350 Penang
Malaysia
Tel: +604-2265 480
Fax: +604-2265 479
Email: kungwai@tm.net.my

Ong Kung Wai is CEO of Humus consultancy, a partner organisation of Grolink, an international consultancy service specialising in organic agriculture development. He studied Biodynamic Agriculture and Rural Development in the UK, travelled and participated in community and development work in Asia, Europe and USA, before settling back in Malaysia (1993). He was Sustainable Agriculture Programme Officer for Pesticide Action Network, Asia and the Pacific, for four years before moving to consultancy work. His involvement in the organic sector includes being Board member of the International Organic Accreditation Service (IOAS), IFOAM Norms Management Committee member, Management Committee member of ACT Control (a regional inspection service based in Bangkok), chairperson of Organic Alliance Malaysia (a membership based sector association) and Steering Committee member of the Malaysian organic certification programme. Besides organic agriculture interests, Kung Wai is proprietor of Taska Nania, a Rudolf Steiner pre-school education programme, based in Penang, Malaysia.