

Breaking into the Organic Food Market

Definition of Organic Farming

- Products labeled as “organic” are those certified as having been produced through clearly defined organic production methods.
- “Organic” is a claim on the production process rather than a claim on the product itself.

*(FAO CORPORATE DOCUMENT REPOSITORY
Economic and Social Department)*

Organic Farming and Processing

- Refraining from using agro-chemical and synthetic fertilizer in farming practice is not sufficient to be classified as organic farming.
- The practice has to meet some certain standards and must be certified by licensed CB.
- Processing of organic produce from farm must be certified for the products to be classified as organic.

Organic Farming and Processing Standards

- There are many standards at present.
- Developed countries or group of countries have their own standards.
- Most of the standards are basing on IFOAM's guidelines.
- To export to USA, EU, Japan, which are major markets for organic products, exporters have to be certified under each and every standard.

Market Channels of Organic Food Products

- Modern trade or grocery multiples chain.
- Specialty outlets, natural food stores.
- Membership market : Direct sales from growers to consumers.

Market size of Organic Foods

- The world retail sales is estimated by ITC (*International Trade Center, UNCTAD/WTO*) to be USD 23–25 billion in 2003 and 29-31 billion in 2005.
- Organic foods representing only 1.1% by value of total foods sales (*MarketResearch.com*).
- The market is increasingly dominated by modern-trade or grocery multiples chains (*Ibid*).
- Major food manufacturers are increasingly entering the organic foods market (*Ibid*).

Breaking into the Markets

- Certification by selected licensed or accredited CB is a prerequisite.
- It is important to select and target the export market before certification.
- Third country rules of each targeted countries must be met.
- Must get specific approval from relevant authority or control body in each country before exporting the organic products.

Labeling

- Labeling of organic product must comply with rules and requirements of each importing country.
- Label must be put at the designated place on the packaging of the products.
- It is a must to study the labeling rules and regulations carefully before exporting to each country.

Key Success Factors in exporting the Products

- All the prerequisites must be met fully.
- Consistency in quality of the products have to be maintained at all time.
- Must be in the position to provide regular supply, possibly year round.
- Must have reliable traceability system.
- Meeting specific requirements of modern-trade retailers, such as “*Field to Fork*”, “*Nature Choice*” and etc.

Corporate Social Responsibility (CSR)

- Increasingly CSR becomes more important in buying decision of leading retailer chains of the world.
- Ethical and fair trading are carrying more weight in buyers' decision in the high-end markets.
- Child and force labor is not acceptable in any market in the developed world.

Thank you