



World markets for certified foods

Pascal Liu and Mikkel Andersen
Commodity Specialists

FAO, Rome, April 2004



1



Outline of presentation

- Scope
- World market
- Europe
- US
- Japan
- Conclusions and Opportunities

2



Scope of presentation

- Social and env.l certification:
FLO, IFOAM, RA/SAN, SAI
- Problem: no official data
- Labelled products:
 - Organics = surveys, estimates
 - Fair Trade = FLO data
- Non labelled products = difficult

3



World markets

- Organic retail sales ~ US\$ 23 bn
 - All foods
- Fair-trade sales ~ US\$ 500 mln
 - Coffee, tea, cocoa, honey, sugar, rice, fresh and processed fruits (FLO) + other foods
- RA/SAN ?
 - Coffee, bananas, citrus, cocoa
- SA-8000 : bananas, other foods still low

4



World markets

- Mainly Developed countries (> 95%)
- Developing countries:
 - low sales but rapid rise
 - Brazil, Argent., China, Egypt
- Central and Eastern Europe: take off

5



EUROPE

- Largest market for certified foods
- Mainly EU (> 90% sales)
- Switz: high per cap. consumption
- Central and Eastern Europe: take off in some countries (Czech Rep.)
- Expected to expand with EU Accession


6



EUROPE: Organics

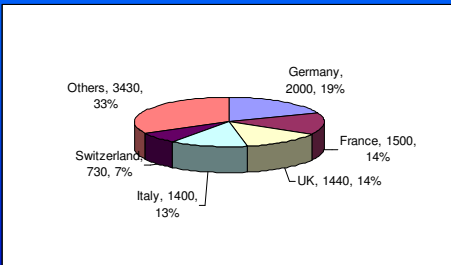
- Retail sales 2002: €10-11 bn
- Variations in cons per caput:
 - Switzerland = €99
 - Italy = €23
 - Greece < €10
- Growth: + 8% 2002, slow down

7




EUROPE: Organics

Est. retail sales in 2002 (mln €)
Source: FiBL/SÖL



Country	Sales (mln €)	Percentage
Germany	2000	19%
France	1500	14%
UK	1440	14%
Italy	1400	13%
Switzerland	730	7%
Others	3430	33%

8



Europe: Organics

- Growth: +3 to +9% dep. on country
- Oversupply in dairy, meat
- Competition high
- Price erosion


9



Europe: Fair trade

- Retail sales ~ €300 mln in 2002
- > 75,000 T (FLO + ATOs) 2003
- Switz. + UK + NL = 2 thirds
- Main products:
 - Coffee
 - Bananas

10



Sales of FLO labelled products (MT)

	2001	2002	Growth %
Coffee	14,398	15,779	9.6
Tea	1,077	1,266	17.5
Bananas	29,066	36,612	26.0
Cocoa	1,465	1,656	13.0
Sugar	468	653	39.5
Honey	1,089	1,038	-4.6
Juices	944	1,387	46.9
Rice	0	392	
Fresh Fruit	0	29	
Total	48,506	58,813	21.2

11



Europe: Fair trade

- Growth: +20% p.a. since 2000
- High growth in new markets
 - France, UK, Austria, Norway, Finland
- Older markets:
 - DK: stagnant
 - NL, Germany: slight ↓

12



USA

- Largest market for organics, RA/SAN
- Fair-trade small volumes, but ↑
- Certified coffee: growth
RA/SAN, shade, bird friendly, etc.

13



USA: Organics

- Retail sales ~ US\$ 11 bn in 2002
- Growth +20% p.a. for many years
- 2001-2002: + 10-12%
- Factors:
 - NOP
 - Consumer interest
 - Supermarkets

14



USA: Fair trade

- Very low volumes ~ 2000 T in 2002
- But high growth: +48% in 2002
- Mainly coffee: + 91% in 2003
- Launching of FT fruit

15



Japanese market

- New and dynamic market for certified food products
- Mainly organic and fair-trade
- Specific quality standards – taste
- New regulations – JAS and “specially grown” products


16



Teikei and Supermarkets

- Teikei system (organic)
 - production agreement between producer and consumer
- 60 % sales in supermarkets
- Large share - Consumer coops, direct purchase, etc.

17



Organic agricultural law (JAS)

- Revised JAS regulation – 1999
- Based on ISO 9001
- 3rd party certification
- Immediately fall in organic production
- Improved consumer understanding and trust

18

Specially Grown Products

- Implemented in April 2004
- Voluntary guideline
- All in one label :
Tokubetsusaibai or “specially grown agricultural products”

19

Organic production in Japan

Product year/t	2001	2002	Growth
Vegetables	19,675	27,460	1.40
Fruits	1,391	1,939	1.39
Rice	7,777	12,287	1.58
Wheat	722	559	0.72
Soybean	1,162	945	0.82
Tea	927	1,246	1.34
Other	2,081	2,188	1.05
TOTAL	33,734	46,623	1.38

20

JAS production outside Japan

Product year/t	2001	2002	Growth
Vegetables	26,221	23,994	0.92
Fruits	4,085	28,050	6.87
Rice	2,672	2,031	0.76
Wheat	2,058	1,086	0.54
Soybean	61,019	44,874	0.73
Tea	93	1,224	13.16
Other	58,493	16,331	0.30
TOTAL	154,642	117,590	0.76

21

Potential certified products

Product	Organic	Other cert.
Coffee	O	O
Banana	O	O
Fresh fruits	-	-
Nuts		
Cacao	O	O
Sesame	O	
Vanilla/cardamom	O	
Honey		O
Pepper	O	

22