

Gunnar Rundgren¹

Organic- making markets work for developing countries

IFOAM

International Federation of Organic Agriculture

“IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity.

Our goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture”

IFOAM has 750 member organisations in 110 countries. They are involved in production, certification, trade, development, education etc.

The activities of IFOAM are oriented to three main areas:

- information exchange within the movement
- The Organic Guarantee System (the IFOAM Basic Standards, the Accreditation Criteria, the Accreditation Program and the IFOAM Seal)
- Policy and lobbying

IFOAM has a high level of involvement in developing countries and a high proportion of members there. In November 2003 there will be an organic trade conference in Thailand, in March 2004 and organic coffee conference in Uganda. We are planning to set up an office in Africa and are currently looking for funds for that.

www.ifoam.org

Extent of organic farming

- The growth of organic agriculture is continuing. The world acreage of **certified** organic agriculture is estimated to 25 million hectares.
- There are probably another 10-20 million hectares of non-certified organic agriculture, mainly in developing countries, often referred to (especially in Latin America) as agro-ecology.
- In some developing countries there are (still) large number of farmers that practice either traditional agriculture which doesn't rely on purchased inputs, or farmers that just can't afford to buy inputs. E.g. in Uganda and Tanzania the average use of chemical fertilisers is less than 1 kg per hectare and year: meaning that most land is **never** fertilised. Recently, many governments in developing countries have ceased to subsidise agro-chemicals as a result of structural adjustment or other policy changes. A number of farmers who were tricked into commercial monocropping based on subsidised inputs are now in a very difficult position.

Organic Agriculture - leading countries

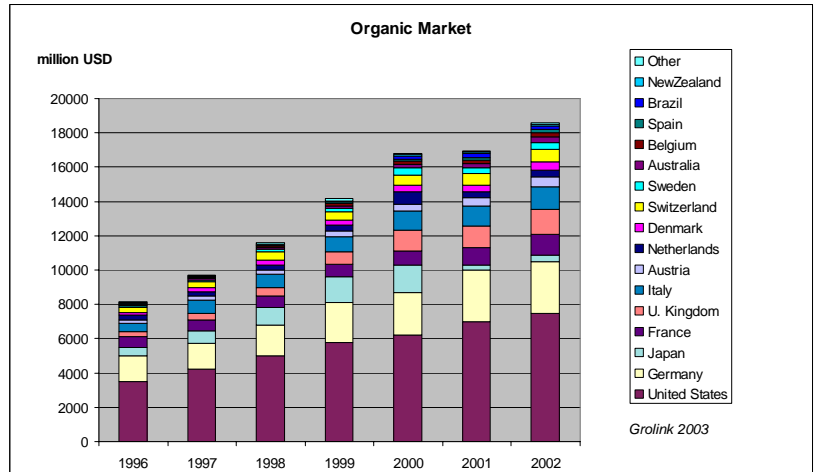
	<i>Hectares 2002</i>
Australia	10 500 000
Argentina	3 192 000
Italy	1 230 000
Canada	1 000 000
United States	948 553
Brazil	803 000
U. Kingdom	729 550
Uruguay	678 481
Germany	632 165
Spain	485 130
France	419 750
Austria	345 375
Sweden	320 000
China	301 295
Chile	273 000
Czech Rep	235 136
Denmark	174 600
Ukraine	164 449
Finland	147 943
Mexico	143 154
Uganda	122 000
Switzerland	102 999
Hungary	100 000
India	90 000
Peru	84 908
Portugal	70 857

(Grolink 2003)

¹ Organic farmer and promoter, President IFOAM, CEO Grolink, info@grolink.se

The market is growing

- The market is also growing. Total value 2002 USD 15 to 25 billion.
- Market data still not reliable, too many inflated figures, e.g. US data do not correspond to areas and level of imports.
- Growth in market in the EU not as quick as growth in acreage – subsidy farming is taking place.
- Growth patterns for countries and for products differ a lot. Countries like Denmark, Austria, Switzerland and Sweden have organic market



share in the range of 4-6 %. The bigger countries, Germany, UK, France and Italy are more in the range of 2-4%. In the same country market shares for different products can vary a lot, e.g. in Denmark the market share for organic milk is 30% while organic pork is just one percent. Organic coffee in Sweden is 6% while organic tea is less than one percent.

- A number of developing countries have now a local organic market. The value of the domestic organic market in Brazil is estimated to \$200 million. Argentina, Costa Rica, China and Thailand are other examples of quite successful local market development.

What's in it for developing countries?

Organic agriculture fits small holders in developing countries in many ways:

- organic is close to most traditional farming systems
- diversity makes system secure, productive and resilient
- fits in value systems and traditions
- cost for conversion is very low
- yield in low potential areas normally increase with organic management!
- many farmers can't afford inputs and can't afford or get credits to buy them
- gives the farmers dignity and pride

The hurdles for organic are among others:

- lack of proper information
- hostile domestic policies
- certification requirements and procedures
- import regulation for organic (US, EU and Japan) creating hurdles (IFOAM is working a lot to try find solutions for this, among others together with FAO and UNCTAD)
- private certification schemes with strong market recognition
- certification costs
- non transparent market
- lack of knowledge
- lack of appropriate inputs

EPOPA - an interesting example

Export Promotion of Organic Products from Africa – initiated and funded by Sida Uganda since 1995, Tanzania since 1998

Have initiated the following:

- Lango Organic project, Uganda, cotton and sesame, 12 000 farmers
- Nyasa Organic Cocoa Export Project, Tanzania, cocoa, 20 000 farmers. The worlds largest organic project!
- Kawacom, Uganda, coffee, 12 000 farmers
- Outspan, Uganda, cotton and sesame, 3 000 farmers
- KCU, Tanzania, coffee, 3500 farmers
- ESCO, Uganda, cocoa and vanilla, 1500 farmers

+ many more. EPOPA is now trying to develop local processing as well.

In addition the EPOPA program supports the development of local certification capacity, training and local market development

Results: substantial increase of income for participating farmers (15-100%). The quality of products increase dramatically as a result of the integration in the supply chain and the transparency as well as a result of the better management induced by certification. In this way the exporters can fetch premium price also when they have to sell some products as conventional.

www.epopa.info