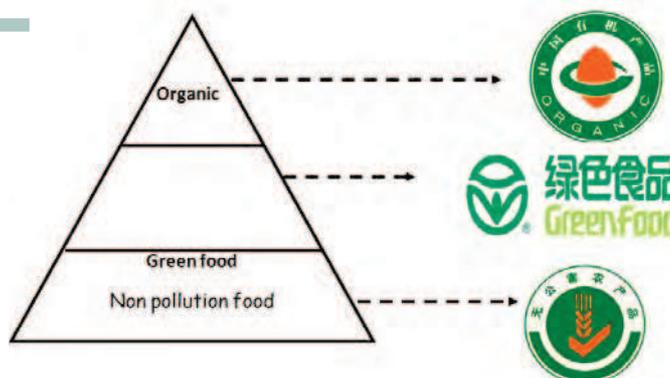


# The Chinese Organic Export Model, Globalization and a Danish Future Perspective

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China has gained a top position in the world of Certified Organic Agriculture (COA). This article briefly portrays the development and institutional nature of the Chinese success as an exporter of organic products in a process of globalization. It then reflects on possible lessons from this case of globalization, to be implied from the point of view of future development and integrity of the Danish organic sector.



China is known as the world's factory and symbol of globalization mainly in fields where – in the words of Harvard business scholars Zeng & Williamson (2007) - “Chinese Cost Innovation is Disrupting Global Competition”. China has now also gained a top position in the world of organic agriculture - in terms of area under COA management. It may be relevant to ask therefore how this success came about and whether it may have implications for global competition, division of labor and economic as well as environmental sustainability of organic farming in different regions.

## China eats “Green” food – export organics

The large majority of Chinese consumers eat Green Food (GF) which is certified according to a longstanding Chinese product standard: GF has been analysed, verified and labeled as “unpolluted” and safe to eat (Fig 1). The pre-existence of this “green” label is perhaps one reason why the evolution of Chinese COA has been export oriented. The institutional set-up for COA in China has been analysed in detail elsewhere (Egelyng, Qiao & Li 2006).

The Chinese environmental administration (now ministry) SEPA and later

the standardization bureau (CNCA) has recently issued a stream of circulars, rules, and guidelines for regulation of the market for COA products. The essence in this history is the emergence of a state guided and yet commercial certification system for organic products. The policy rationale is to



无 化 肥/No Fertilizer 无 除 草 剂/No Herbicide  
无 农 药/No Pesticides 非 转 基 因 食 品/No GMO

重量/NET WT.: 350克/g

成份/Ingredients: 有机紫葡萄干/Organic Purple Raisins  
卫生许可证/Sanitation License No.: 新卫食字2006第12083号  
原产地/Origin: 中国新疆/Xinjiang China  
执行标准/Executive Standard: GB/T 19630  
保质期/Shell Life: 12个月/12 months  
生产日期/Production Date: 见袋身/Shown on the package  
储存条件/Storage: 阴凉干燥处/Keep in cool and dry place

经销商/Distributor

北京博扬信科技有限公司

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improve compliance with all the increasingly complex and formal rules involved with internationally accepted certification as “organic”.

China's capacity to “deliver” on formal compliance is already high. In other words, it may well be that

Chinese organic production bases are small green “islands” in high seas of background pollution, in some regions, and it may be that the (natural resource) transaction costs of transporting small amounts of “Biofertilizers” long distances by small diesel trucks between these “islands” could trigger some green (including GHG) accounting issues. However, the Biofertilizers and the end products are usually very professionally certified.

The institutional foundation for certified organics in China, is not yet anchored enough to ensure inwards nationwide expansion of COA across the nation. It remains to be seen therefore whether and to what extent certification as organic can work as an institutional vehicle within China itself, to promote a more environmentally sustainable rural development trajectory to strengthen local livelihoods of Chinese producers, rural communities and safeguard local environments or help conservation of environment and nature.

It is also still an open question to what extent the export oriented COA sector has a direct farmer livelihood function, given that most Chinese COA exports are produced at so-called “production bases” meaning

companies renting land and hiring workers to till, plant and harvest, rather than dealing with “farmers”.

In the past few years, nevertheless, Chinese COA has evolved quickly, measured in quantitative terms like numbers of producers, area and product value, prompting China's current position among the world's big COA nations, exporting to Europe, Japan and USA, where the entry of large supermarket chains such as Walmart has introduced Chinese COA food products in the same shelves as American, European and Latin-American foods.

## Challenges and Perspectives for COA at national and local levels

A few years ago, this author participated in an American conference on “Place, Taste and Sustenance – the Social Spaces of Food and Agriculture” at Boston University. I shall never forget the assembly of eminent US scholars essentially concluding that the US agricultural model had grossly failed to safeguard development (environments, local communities and livelihood), and only succeeded providing (too) cheap volumes of food, obesity, urbanization and monetary streams up production chains. The assembly pursued a solution

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by looking to Europe – particularly to French concepts of terroir and geographical indications (GI) – i.e. for a new and different institutional environment to create real dollar value out of what had so far been non-market values and therefore apparently having had no value at all: biodiversity, cultural diversity, small rural communities, local food cultures, environmentally benign production methods, local agro-environments and so on. Like the American assembly, a Danish Professor (Kjeldsen-Kragh) argues – in *Tidsskrift for Landøkonomi*, June 2010 – that (conventional) Danish agriculture is on the wrong track – it failed to serve the policy goals of the society in which it is embedded.

**Challenged certification**

As eminently shown i.a. by the American journalist Michael Pollan, in his “The Omnivore’s Dilemma” published in 2006, the integrity of organic certification is challenged not so much by formal rule compliance issues perhaps, but rather by what American food system researchers refer to as bifurcation and by conventionalization. This has meant that in the USA a significant number of organic producers have turned their back on the organic certification system, because they feel the organic label has been hijacked by the corporate sector, using “input substitution” to comply with formal rules (industry standards), rather than following “genuine” organic principles. In the long run, of course, further travel along such a trajectory of bifurcation and conventionalization, will threaten the “brand value” of COA.

In Denmark, where COA has been a rising star for a full generation now, the “Green Growth” policy paper has presented a triangular public policy ambition of ensuring (market driven) growth, development and integrity of the organic sector - in addition to a new opening towards corporate ownership, as in China and the US. Mature stars can implode and if one adds the dimension of a globalized



*Jinling Hotel in Nanjing has its own production of organic vegetables*

organic market and division of labor for COA (with China illustrating globalization and the US other challenges), one may conclude that it may be relevant indeed to catapult Danish COA to a new and higher level. In the eyes and mind of this author, this new level may have to evolve around a concept of valorization and a policy discussion of what it is we - in our capacities as consumers, citizens, farmers, processors, stakeholders and taxpayers – wants the organic label to valorize. Is it merely a matter of conformity to one industry standard (no chemical inputs) among many similar technical standards, providing money value for participants in a value chain from competition in the global market as it presents itself in the supermarkets. Or is it also a discussion of

national levels, conditions under and institutions by which the organic sector holds potential to capture or valorize a host of additional positive “externalities”.

**Institutional innovation needed**

To build an even brighter future on an already glorious past, institutional innovation is needed in several areas of COA. This innovation need to move

and their biodiversity, for keeping clean water, diverse landscapes, develop local gastronomic cultures and strengthen local livelihoods and employment in areas “threatened” by de-population, zoning restrictions and “structural reforms”.

If successful, such a strategy will help Denmark consolidate or further valorize its agro-food system products at home and abroad, in a world market generally blind to “externalities”, positive as well as negative.

In the case of China as the world’s factory, the world market is blind to the huge environmental and social cost polluting industries incurs on China, where local populations suffers the consequences. Chinese COA holds promise that this “brown” history need not repeat itself in the case of Chinese agriculture and certainly for Denmark COA is an institutional vehicle that has already helped Denmark add or reflect the high value of an agricultural sector providing high levels of sustainability and development - environmental and social safeguards.

beyond technical, production and (money) “value chain” issues and include a broader “contractual” and more (rural) developmental view of organic farming as involving a palette of public policy instruments (market conform of course) for conserving Danish nature areas

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