

## Organic market development in Africa, Asia and Latin America: Case studies and conclusions for national action plans

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### Abstract

*Organic market strategies of many developing countries are mainly export oriented. On one hand, this is due to lack of local and regional market development. On the other hand, this is due to the fact that the organic market offers producers and trading companies in the South and East excellent export opportunities. How can developing countries develop local and regional markets? The promotion of organic markets – both on local and international level – gets more and more attention in agricultural policies and in development cooperation. One big challenge is to support trade rules and favourable business conditions up to comprehensive national action plans in order to support the development of the organic market. Special focus needs the development of domestic markets for organic food products. There is a need for accompanying measures such as regional and national promotion activities, development of regional labels and capacity building. In each socio-economic environment, such initiatives and development programmes are differently. The paper analyzes examples of organic market development strategies, promotions programmes and projects in Asia, Africa and Latin America.*

### Introduction

Organic agriculture is considered an interesting option for sustainable development in poorer countries because it offers a unique combination of low external input technology, environmental conservation and input/output efficiency. And organic agriculture provides access to premium price markets through labelling. NGOs and farmers' groups are increasingly adopting organic agriculture as a method of improving incomes and living conditions.

At the same time, critical voices raise concern that organic agriculture is not capable of serving local and regional markets in developing countries and thus not meeting the world's growing food needs (Zundel, C. & Kilcher, L. 2007). Action plans and agricultural policies from developing countries as well as a large number of cooperation projects support organic market strategies, initiatives and promotion programmes. In their policies, local, regional and international markets are addressed. However, international markets often are on the top of the priority list. Therefore, organic production in developing countries still mainly is export-oriented.

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## Materials and methods

The paper analyzes organic market development strategies, promotions programmes and projects of developing countries in Asia, Africa and Latin America. This analysis is based on:

1. Evaluation of national action plans and promotion strategies
2. Own experiences in market development projects in India, Lebanon, Cuba and other countries
3. Literature research.

The evaluation analyses the results of the programmes and the impact of organic markets on food security on household and community level, on national/regional and on international level.

## Results

At the **household and local community level**, organic agriculture provides access to attractive local and international markets and promotes alternative food chains as well as community-based rural-urban networks. Organic agriculture, therefore, makes diversified food available to the poor and offers new income sources and livelihoods. Integral supply chains and organic market initiatives contribute directly to the self-reliance of local food systems and to food availability. Examples:

- The organic coconut cooperative in Baracoa (Cuba) produces within an agroforestry system that also provides cash crops such as grapefruits, cocoa, honey and a diversity of self-sufficiency crops, livestock production and wood (Kilcher 2006). Cuba's agrarian policy supports organic agriculture in the mountains of Guantánamo and other eastern provinces.
- Wadi El Tayim, a Lebanese organic market initiative, is a women's cooperative that produces Lebanese specialities with artisan processing techniques. Their main markets are Arab communities that are familiar with the much valued Lebanese cuisine (Kilcher 2007). The Association for Lebanese Organic Agriculture provides market information to the operators in the organic market and promotes local organic produce.

At the **national and regional level**, organic markets have the potential to increase food security and national food supply. Stable, diverse farms contribute to the availability of food products on the national market. Organic agriculture, therefore, improves the viability of rural economies and increases food self-sufficiency. Example:

- The Indian Organic Farmers' Producer Company, Jaiva, is owned by organic farmers and aims to market the complete diversity of organic products from India on the domestic and international market. Jaiva, founded in Kerala in 2004, trades a broad range of organic spices, tropical fruit, coffee, cocoa, rice and other products. Such initiatives contribute to improving the viability of rural economies, improving self-reliance of local food systems, increasing food self-sufficiency and improving the import/export balance. The government of India therefore promotes organic markets, however, mainly for export, like in many other developing countries.
- The big challenge for organic food producers in Asia, Africa and Latin America is to become less reliant on exports by strengthening domestic markets for their products in order to spread the business risk of organic food production. India Organic Trade

Fair, organised annually by the International Competence Centre for Organic Farming ICCOA, contributes considerably to the development of the local organic market and is a major driving force to push the movement forward. Domestic market development is a pre-condition for a healthy organic sector, especially to find economic use for lower value crops used during the rotation period, in an intercropping or agroforestry system.

At the **international level**, the high potential of organic agriculture in production and market development are positive driving forces for improving international food security. A strong food identity and self-confident farmers can strengthen the position of a country in the international market. There are several ongoing debates concerning international organic market development. Two prominent examples:

- Many consumers expect – beside other reasons such as health - organic food production to minimize food miles. Presently, organic regulations and certification rarely take into account the proximity of production and consumption. Only a few labels, such as Bio Suisse, do not accept transport by plane.
- Diversification – a core concept of organic agriculture – is in direct opposition to the “concept of comparative advantages”. Worldwide integration of all markets into one worldwide market place for products where all suppliers compete on an equal basis so that the cheapest supplier prevails overcasts environmental and social values (Vogl, et al., 2005). Some experts (Willer and Yussefi, 2003) believe that the implementation of worldwide harmonized standards for organic agriculture is important for further growth of the organic market. However, other experts believe that globalization will undermine organic agriculture by forcing farmers, processors and certifiers to submit to the forces of the so-called free markets (Singh, 2001).

### **Discussion and conclusions**

Developing countries export the largest share of certified organic products to Europe and North America. Domestic markets for organic food develop slowly in developing countries because of:

- Lack of awareness at consumer and producer levels and, therefore, lack of trust in organic production and certification;
- Inability of most developing country consumers to pay premium prices for organic products;
- Lack of market access and market information.

Action plans and agricultural policies for organic market development should therefore include the following tools:

- Create awareness: introduce producers and consumers to organic agriculture, particularly in countries where organic agriculture is being introduced.
- Increase information and transparency: provide farmers and other stakeholders with information through market studies and business directories.
- Link production with supply: bring market actors together via networking, trade fairs, food festivals and other events. Vertical and horizontal cooperation of players in the supply chain is essential and needs support.
- Support creative initiatives: create and develop organic market initiatives, value chains and farmer enterprises for organizing processing and marketing of their products. One big challenge is to bring together the needs of international, regional

and local markets with the reality and the constraints of mainly small-scale farmers in developing countries.

- Develop domestic markets: focus organic market initiatives specially to develop the domestic market for organic food products. There is a need for accompanying measures such as regional and national promotion activities, development of regional labels and capacity building.
- Reduce certification costs: overcome the expense of organic certification, an insurmountable barrier for many producers. There is a need for local certification bodies and participatory guarantee systems.
- Support trade rules and favourable business conditions up to comprehensive national action plans in order to support the development of the organic market.

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