International Trade Centre

UNCTAD CNUCED WTO OMC

ITC
Your partner in trade development

The US and Canadian Markets

Rudy Kortbech-Olesen
International Trade Centre UNCTAD/WTO

USA - Market Size/Trends

- World's biggest market for organic food and beverages
- Retail market estimated at $ 12 billion in 2003
- Annual growth rates about 20% since 1990
- May continue - short/medium term
- Slower growth (longer term)

Total U.S. Certified Farm Land in Acres

	1992	1995	1997	2000	2001	% Change 92-01
Total	**935,450**	**917,894**	**1,346,558**	**2,029,073**	**2,343,924**	**151**
Pasture and rangeland	532,050	279,394	496,385	810,167	1,039,505	95
Cropland	403,400	638,500	850,173	1,218,905	1,304,766	223
Total certified growers (# of farms)	3,587	4,856	5,021	6,592	6,949	94

Source: Economic Research Service, USDA

Organic Cropland Acreage

- Grain crops 457,415
- Soy beans 174,467
- Vegetables 71,667
- Fruits 55,675
- Oil seeds 43,722

- Dry beans 15,080
- Unclassif./oth.Beans 12,496
- Dry peas/lentils 9,362
- Herbs, culinary and Medicinal 5,677
- Herbs, wild crafted 8,498
- Potatoes 7,533

Source: Economic Research Service, USDA

Organic Vegetable Acreage

	1997	2000	2001	Changes 97-01 (%)
Tomatoes	3,780	3,063	3,451	- 8.7
Lettuce	5,743	11,410	16,073	179.9
Carrots	3,323	5,665	4,757	43.2
Other Vegetables*	39,715	42,204	47,386	19.3
TOTAL	**52,561**	**62,342**	**71,667**	**36.4**

** Includes various specialty crops*

Source: Economic Research Service, USDA

Organic Fruit Production in Acres

	1997	2000	2001	Changes 97-01 (%)
Grapes	19,299	12,575	14,532	- 24.7
Apples	8,846	9,270	12,189	37.8
Citrus	6,099	6,509	9,741	59.7
Tree nuts	4,908	4,468	5,883	19.9
Unclassified *	10,261	10,660	13,330	29.9
TOTAL	**49,413**	**43,481**	**55,675**	**12.7**

**Includes berries and stone fruits*

Source: Economic Research Service, USDA

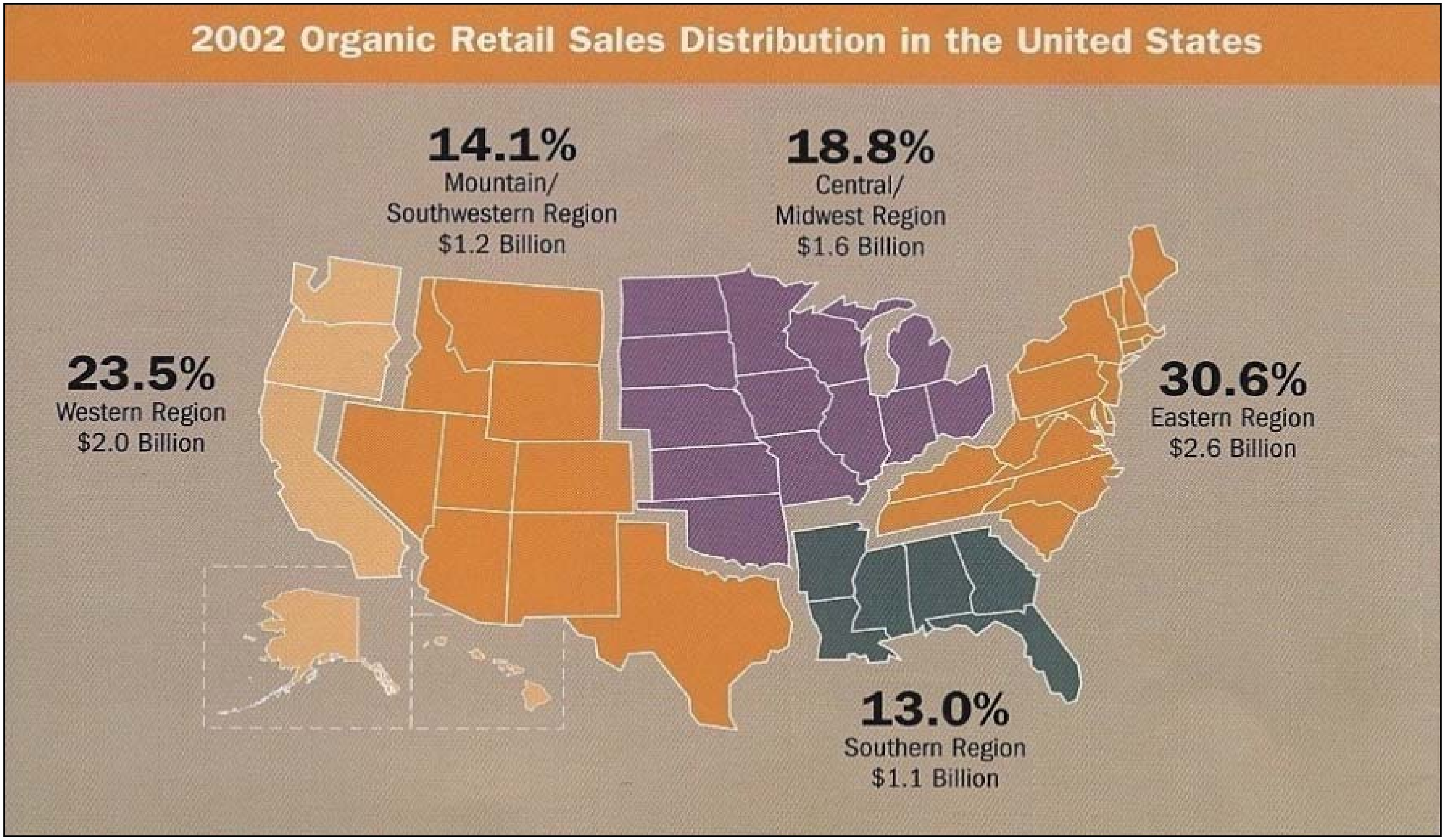
Important Market Characteristics

1. Health and environmental concerns amongst consumers
2. The national organic program (NOP) puts more focus on organics
3. Product development and innovation
4. From niche product to mainstream food trade
5. Fresh produce most sold product category (42%)
6. Followed by non-dairy beverages, breads and grains, packaged foods and dairy products.

Processed Fruit & Vegetable Products

- Frozen fruit and vegetables
- Canned fruit and vegetables
- Dried and dehydrated fruit and vegetables
- Fruit juices and other fruit beverages
- Pasta sauces
- Jams and marmalades
- As ingredients in various prepared food categories, e.G. Baby food and yoghurt

Target Top Markets



Source: Organic Products Expo-BioFach, America

Retail Sales of Organic Food

- Conventional supermarkets (120,000) – 49% of sales
  - Limited organic offerings supplement
  - 73% of stores stock organic produce
- Natural foods stores (20,000) – 48% of sales
  - Focus on organic (produce)
  - Fill in with conventional
- Direct to Consumers – 3% of sales
  - US producers sell about 23% of their vegetable acreage direct
- Foodservice
  - Currently extremely small, but likely to develop

Natural Food Stores

- **About 20,000**
- **Major chains**
  - **Whole foods market,** Austin, TX (with about 150 stores)
  - **Wild oats,** boulder, CO (with about 100 stores)

Top Conventional Supermarkets in the U.S.

1. The Kroger Co., Cincinnati, OH with about 2,200 stores
2. Albertson's Inc., Boise, ID with about 1,800 stores
3. Safeway Inc., Pleasanton, CA, with about 1,450 stores
4. Ahold USA, Inc., Chantilly,VG, with about 1300 stores

Key to Successful Exports to US

FIND A GOOD

IMPORTER - DISTRIBUTOR

Importer/Distributor Services

Importation

Warehousing

Distribution

- Other Distributors/Wholesalers
- Retailers
- Foodservice

Promotion

Market Intelligence

Business Opportunities for DCs:

- *Tropical products* (and other products not grown in USA)
- *Off-season products* (e.g. Fruit & vegetables outside US season)
- *In-season products*(e.g. Fruit & vegetables in shortage though grown in USA)
- *Novelty or specialty products* (e.g. Wine from southern hemisphere)
- Processed fruit and vegetable (mainly in bulk)

Top Vegetable Prospects

- Asparagus, fresh or frozen
- Avocados
- Beans, fresh or frozen
- Cabbage
- Carrots, fresh or frozen
- Cauliflower & broccoli, fr/fz
- Celery, fresh
- Cucumbers
- Eggplant
- Endive, fresh
- Garlic

- Lettuce
- Mustard
- Okra, fresh or frozen
- Onions
- Peas, incl. chickpeas
- Peppers
- Potatoes, fresh or frozen
- Radishes, fresh
- Squash
- Tomatoes

Top Fruit and Nut Prospects

- Bananas
- Nuts & preps
- Grapes, fresh
- Cashew nuts
- Melons
- Citrus, fresh
- Mangoes
- Pineapples, fresh or frozen
- Berries, excl strawberries
- Apples, fresh
- Strawberries, fresh or frozen
- Pears

- Pecans
- Other nuts
- Peaches
- Macademia nuts
- Kiwi fruit
- Brazil nuts
- Plums
- Water chestnuts
- Filberts
- Chestnuts
- Pistachio nuts

US Retailers and Wholesalers Ready to Buy

- "We're interested in any new fruit and vegetable"
- "Would buy as soon as an organic producer can provide the product"

CANADA – Market Size/Trends

- **Sixth largest market for organic food and beverages**
- **Retail market estimated at US$ 850 – 1,000 million in 2003**
- **Annual growth rates 20-25%**
- **Total certified organic production area – 430,000 hectares (> 1 million acres)**
- **Main crops: grains, oilseeds, dried legumes, fruit and vegetables, maple syrup**
- **1.2% of all farmers and 5% of fruit and vegetable growers are organic**
- **No winter production capacity – must import**

Important Market Characteristics

- Most imports (80-90%) come from USA
- Big imports of processed/packaged food
- Food safety, health and environmental concerns
- Fresh produce most sold product category (41%), followed by beverages (17%), breads and grains (14%), packaged/prepared foords (12%), etc.
- High degree of ethnic diversity – exotic produce
- Two official languages: English and French

Distribution Channels

- Huge country – regional distribution
- Importers/distributors
- Big retailers, e.g. Loblaws, going into organics
- Growing number of natural food supermarkets
- Market is (slowly) mainstreaming

Certification

- No federal regulations for organic certification
- Voluntary national standard
- Mandatory standard in the province of quebec
- Committee discussing mandatory national regulation

Market Opportunities (Imports)

- Similar to the USA

  But mainly:

- Fresh fruit and vegetables, *and*
- Packaged food
- Also processed fruit and vegetables (in bulk)
- Industry goal: 10% of retail market in 2010

Web Sites

- www.ers.usda.gov/briefing/organic
- www.fas.usda.gov
- www.ams.usda.gov/nop
- www.ota.com
- www.atn-riae-agr.ca/news/organics-e.htm
- www.cog.ca
- www.caqbio.org
- www.organicagcentres.ca

Thank you

Gracias

Agradeça-o

Merci

Danke

Grazie

International Trade Centre
UNCTAD / WTO

Overview World Markets for Organic Food & Beverages (forecast)

Markets	Retail Sales 2003 (million US$/€)	% of total food sales - ca.	Annual growth % 2003-2005	Retail Sales 2005 (million US$/€)
Germany	2,800-3,100	1.7-2.2	5-10	-
U.K.	1,550-1,750	1.5-2.0	10-15	-
Italy	1,250-1,400	1.0-1.5	5-15	-
France	1,200-1,300	1.0-1.5	5-10	-
Switzerland	725-775	3.2-3.7	5-15	-
Netherlands	425-475	1.0-1.5	5-10	-
Sweden	350-400	1.5-2.0	10-15	-
Denmark	325-375	2.2-2.7	0-5	-
Austria	325-375	2.0-2.5	5-10	-
Belgium	200-250	1.0-1.5	5-10	-
Ireland	40-50	<0.5	10-20	-
Other Europe*	750-850	-	-	-
Total (Europe)	10,000-11,000	-	-	-
U.S.A.	11,000-13,000	2.0-2.5	15-20	-
Canada	850-1,000	1.5-2.0	10-20	-
Japan	350-450	<0.5	-	-
Oceania	75-100	<0.5	-	-
Total	**23,000-25,000**	-	-	**29,000-31,000**

Note: *Official trade statistics are not available. Compilations are based on rough estimates. Sales figures are based on an exchange rate of US$ 1.00 = € 1.00.*

** Finland, Greece, Portugal, Spain, Norway, Poland, Hungary, Czech Republic, Estonia, Latvia, Lithuania*

Source: Compiled by ITC, December 2002