

Seminar on the Production and Exports of Organic Fruit and Vegetables in Asia

Welcome address

by

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Mr Chairperson,
Dear Participants,
Ladies and gentlemen,

Consumer demand for organically produced food and fibre products, and society's interest for more sustainable development provide new opportunities for farmers and businesses around the world. It is thus with great pleasure that I have come to the opening of this ***Seminar on the production and exports of organic fruit and vegetables in Asia***. This meeting is jointly organized by the International Federation of Organic Agriculture Movements (IFOAM), the Earth-Net Foundation, and FAO. I would like to thank these partner organizations for their support, especially Vitoon Panyakul and all the staff of Earth-Net for their excellent work in the logistical organization of this meeting.

The seminar will focus on the market situation and outlook for organic horticultural products and on ways in which Asian countries can take advantage of potential market opportunities. It will cover the main issues related to the marketing of organic horticultural products, including outlets, logistics, certification and standards. Some production issues will also be addressed as they relate to exports. The debates will focus on the specific situation of the Asian countries.

FAO closely monitors international commodity developments, including the emergence of new market segments. We assist countries and the private sector in obtaining reliable information on agricultural production and trade in order to facilitate efforts towards export diversification and a better equilibration between supply and demand. Producing organic fruit and vegetables can contribute to increasing food security by generating incomes in small farms in a way that is sustainable from an environmental perspective.

Ladies and gentlemen,

Since the mid-1990s, the market for organic foods has been expanding rapidly and retail sales will probably exceed the value of US\$23 billion in 2003. In Asia, it is estimated that total retail sales will reach some US\$450 million in 2003. While most of these sales presently take place in Japan, other countries have witnessed a rapid expansion of their organic market. These countries include China, India, the Republic of Korea and Singapore. Organic production has risen steadily across Asian countries in recent years, and the total area under organic management was estimated at 600 000 ha in 2003. The countries with the largest organic area are China, India and Indonesia. To date, China and Japan have established official organic certification bodies, and China, India, Malaysia, the Philippines and Thailand are developing organic legislation.

In order to help countries make informed decisions on these market opportunities, FAO carries out studies of the markets for selected organic commodities. This year, FAO surveyed the markets for organic citrus, bananas, coffee and tea in particular. In October 2001, FAO published, in collaboration with the International Trade Centre (ITC) and the Technical Centre for Agriculture and rural Cooperation (CTA), a major study on organic fruit and vegetables. This 312-page publication titled

World markets for organic fruit and vegetables: opportunities for developing countries in the production and export of organic horticultural products will be distributed to you.

The publication provides detailed information on demand for organic fruit and vegetables in the world's largest organic markets (European countries, Japan and the United States), including data on sales and imports. The study also analyses the prospects for further growth in sales in the medium term and gives recommendations on which product categories are likely to provide market opportunities to developing countries. The experts who will speak today will provide you with updated data on production and trade of organic fruit and vegetables.

Based on data collected recently, it can be estimated that total sales of organic fruit and vegetables will approach US\$5 billion in the developed countries in 2003. The main markets are the United States, followed by Germany, the United Kingdom, Italy, France, Switzerland and Japan. In many countries, fruit and vegetables rank first in total organic sales. The market surveys indicate fast growth in sales of organic fruit and vegetables in most developed countries.

However, the growth of sales has slowed from its high rates of the period 1996-2001. For some products, there is a risk of oversupply and prices are expected to decrease in the near future. While the deceleration of the sales' growth is a general trend, the market for organic fruit and vegetables has remained dynamic in many countries such as Australia, France, Italy, Japan and the United States.

One should bear in mind that the organic sector is still a niche in the total food sector. Market shares of organic foods in most developed countries are around two percent of total food sales. Somewhat higher figures are found in some West European countries (e.g. Austria, Denmark, Switzerland) with estimated organic shares close to 3 percent.

The share of organic sales in the fruit and vegetable sector is somewhat higher than the share of organic sales in total food sales. In most developed countries, organic shares in fresh fruit sales are estimated at about three to five percent, whereas for vegetable sales the organic shares are estimated at up to ten percent in the Switzerland and the United Kingdom. Organic fruit and vegetables offer some opportunities for developing countries. Domestic production of organic products in developed countries is expected to continue rising within the next few years (there is usually a time lag of three years between conversion and production of certified organic produce), but it is unlikely to meet demand for most products.

However, important constraints must be taken into account. Consumers' preference for locally or regionally produced organic fruit and vegetables indicates that the best opportunities are in counter seasonal fresh organic temperate zone produce and tropical products. For products that cannot be produced in the colder climates in northern developed countries (e.g. oranges, kiwis, etc.) most organic supply tends to come from producing countries close to these markets. Basic requirements for success include a more competitive producer and FOB (free on board) price while meeting at least the organic and phytosanitary standards and providing the same quality as conventional products.

Ladies and gentlemen,

Organic agriculture has a legitimate place within sustainable agriculture programmes. Its environmental, economic and social benefits have captured the attention of many countries, presenting both challenges and opportunities for both public and private sectors. In particular, member nations need advice on standard, certification, and labelling and information on the potential of organic agriculture to contribute to environmental quality, income generation and food security. Informed decision making on organic agriculture, within the range of sustainable agriculture options, would allow governments and the private sector – including the farmers – to direct research and extension efforts, and tap national and international market opportunities.

FAO has developed several work programmes on organic agriculture and is ready to assist Asia-Pacific countries in the development of their organic sector. Decreased government support to agricultural inputs indeed offers a unique opportunity for the conversion of low-input agricultural systems into more productive organic agricultural systems. FAO has long concluded that a horizontal expansion of agriculture in Asia is no longer feasible. The emphasis is now on sustainable agriculture such as offered by organic systems, systems which secure bio-diversity, increase agro-ecosystem stability, protect against environmental stress, and – in turn – improve the resilience of farm economies.

In conclusion, allow me to emphasize that the subject of organic agriculture promotes the national and international public debate on sustainability by creating awareness of environmental and social concerns that merit attention. The issue of sustainability is indeed a central theme in FAO's mission to help build a food-secure world for present and future generations.

Wishing you a highly successful seminar.

Thank you.