

The Organic Market in Europe.

Overview and Market Access Information.
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Foreword SIPPO.

The Swiss Import Promotion Programme implemented by Osec is active in 14 countries and supports small and medium sized companies from emerging markets to gain improved access to the Swiss and European market through trade fair participation and other tailor-made matchmaking activities. In the organic and natural ingredients programme, SIPPO concentrates on niche products such as herbs, spices, vegetable and essential oils, dried and deep frozen fruits and vegetables, nuts and mushrooms. SIPPO focuses on semi-processed or processed products to assure that a high percentage of the added-value of a processed product remains in the country of origin.

SIPPO companies may not always have the organic certificate to enter into the European organic market when they apply for the programme. However, they are aware of the necessity to obtain the value adding label for best selling results. European importers are high demanding due to import regulations, but also because many European customers ask for organic and fair traded products. This manual shall help you to understand the regulations of the EU and EFTA market for organic products and inspire you to select the appropriate certificates or labels for your well documented organic products.

Rita Stupf
Head Development Services



Foreword FiBL.

More than thirty-seven million hectares of agricultural land are managed organically by 1.8 million producers. About one-third of the world's organic land – 13.4 million hectares – is located in emerging markets and markets in transition. Global sales reached 55 billion US dollar in 2009, more than doubling in value from 25 billion US dollar in 2003. Europe is after the USA the second largest organic market in the world with a turnover of 26 billion US dollar in 2009. These figures increase year by year and such facts impressively illustrate the powerful development of the organic production and market all over the world.

Behind these figures lie a large number of benefits and impacts, which are the motor for this development: organic agriculture is the choice of millions of farmers, as it aims to produce healthy food while establishing an ecological balance to prevent soil fertility and pest problems. In this way, organic farmers maintain and enhance animal health, biodiversity, soil fertility and productivity, and reduce groundwater and air pollution. And there are many further benefits: organic farming contributes to the achievement of key development indicators, such as competitiveness of agriculture, farming income, food supply, food quality, mitigation of global warming and minimisation of negative environmental impacts of agricultural production. The quality of organically produced food is higher than that of conventionally produced food; several indicators show this, such as the risk of food contamination from pesticides and lower nitrate content. These are some of the main reasons for the consistent increase in consumer demand, representing a huge potential for worldwide organic market development.

How can organic producers, processors and traders in emerging markets and markets in transition benefit from these tremendous prospects for growth and from these excellent opportunities to improve incomes and living conditions? Through its research, training and advisory services, the Research Institute of Organic Agriculture FiBL works to make organic agriculture practicable and accessible for as many farmers as possible all over the world. It is our belief, however, that organic agriculture will only have sustained success if farmers, farmer groups, traders, technicians and authorities have access to appropriate information and are well prepared for their work.

With this manual, which has come into being thanks to the support of the Swiss Import Promotion Programme (SIPPO) as well as private donors – with notable thanks going to the contribution of many experts and data providers – FiBL and SIPPO endeavour to spread this information and contribute to enabling emerging economies and economies in transition to exploit the opportunities of organic agriculture to the fullest.

With this edition, FiBL and SIPPO are presenting The Organic Market in Europe for the third time. Compared to the previous editions, this edition expanded considerably in geographical scope, now including the EFTA countries Iceland, Liechtenstein and Norway and the new EU countries Czech Republic and Poland. The information on regulations, the statistics and market trends collected and compiled in this manual provide a guide with the most important information to successful market access in EFTA and EU countries. However, it can't claim to be complete in all aspects, as especially market data are still scarce. The market data of this manual are therefore based on a mixture of statistics, estimations and experts opinions.

This manual has three parts: Part A provides an overview on the organic market in Europe. Part B includes the four EFTA member states Iceland, Liechtenstein, Norway and Switzerland, giving Switzerland a more detailed look as it is one of the most developed organic markets in the world and also the home base of the manual editors. Part C includes ten EU member countries: Austria, Czech Republic, Denmark, France, Germany, Italy, Poland, Sweden, the Netherlands and the United Kingdom. The annex contains a comparison of the European and Swiss organic regulations, including Bio Suisse standards. Useful links, addresses and references are listed at the end of each chapter.

Lukas Kilcher
Head of Communications
Research Institute of Organic Agriculture FiBL



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Part A: The organic market in Europe: Overview.

1. Organic agricultural production in Europe.

Key developments

Organic farming is carried out in at least 160 countries worldwide (Willer/Kilcher 2011). The share of organic agricultural land of total agricultural land and the number of organic holdings is continuously growing. The market for organic products is also growing, not only in Europe and North America, where the largest markets are to be found, but also in many emerging economies and economies in transition. The roots of organic farming, however, are in Europe, where the development has been driven by a solid base of producers and consumers who are convinced of the ecological and social benefits of organic methods (Kilcher 2004). The positive development of the organic sector is also due to several policy support measures such as funding under rural development programmes, legal protection and action plans as well as support for research and advisory services.

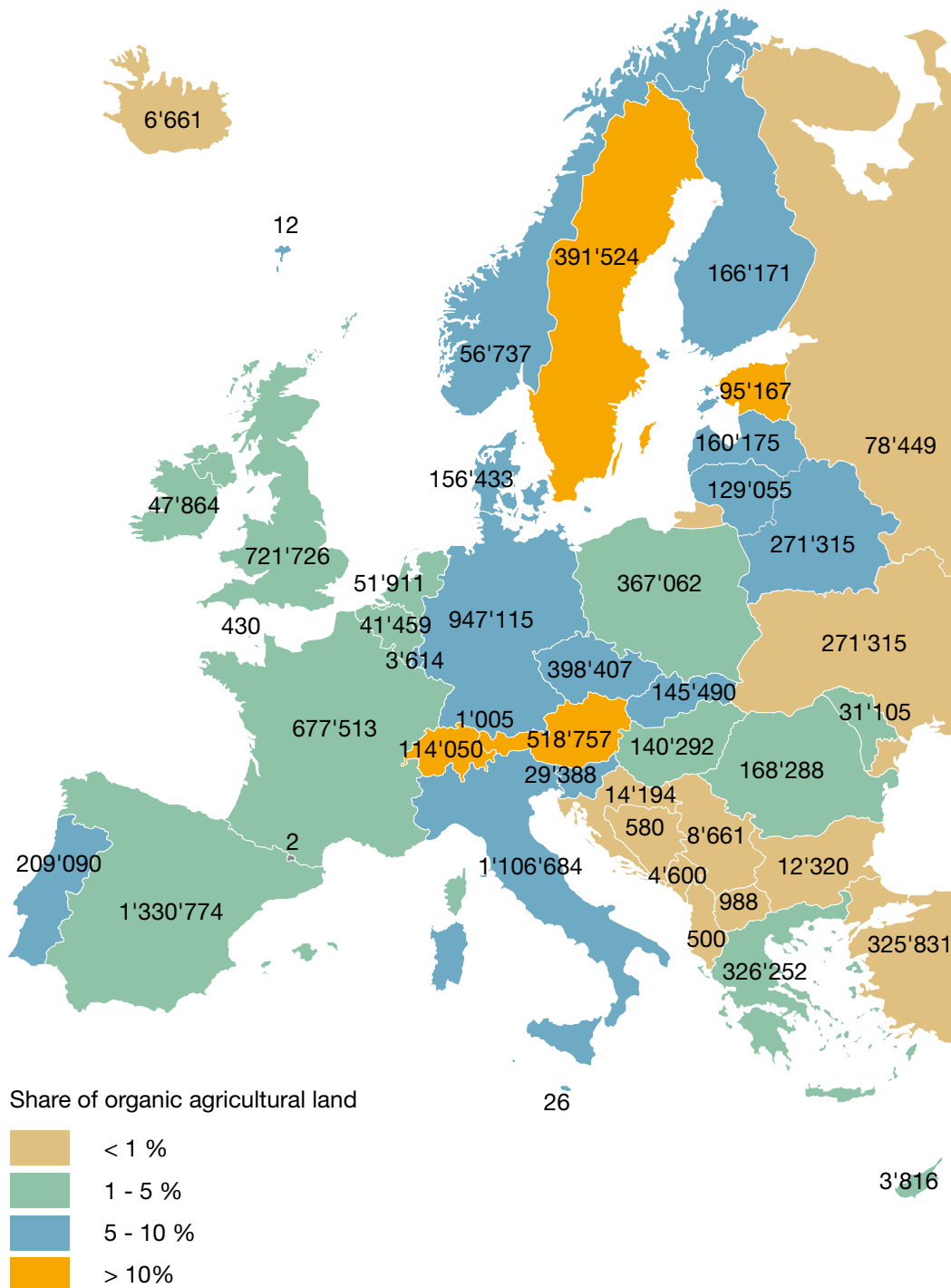
Production

Organic agricultural land has exceeded the nine million hectare mark in 2009. In 2009, 9.3 million hectares were under organic agricultural management in Europe; this constituted 1.9 percent of the agricultural area. Compared with 2000 (4.5 million hectares), the organic land has more than doubled.

In the European Union there were 8.4 million hectares in 2009, constituting 4.7 percent of the agricultural land. Compared with 2000 (4.3 million hectares) the organic area grew by 77 percent (including all 27 member states). The new member states showed a considerably faster growth; the organic area increased from 0.34 million hectares in 2000 to 1.7 million hectares in 2009 (FiBL 2011).

In addition to agricultural land, there are other certified areas such as wild collection, aquaculture, grazing land outside the agricultural land and forests (FiBL 2011). Finland has the largest organic wild collection area in the world with 7.8 million hectares of mainly wild berries. There are significant differences among the individual countries regarding the extent of organic agricultural land. There are five countries now that have more than ten percent organic land (2009): Liechtenstein (26.9 percent), Austria (18.5 percent), Sweden (12.6 percent), Switzerland (10.8 percent) and Estonia (10.5 percent). Germany, the largest market for organic food in Europe and the second largest in the world, has a share of organic land of only 5.6 percent.

Figure 1: Europe: Organic land and share of the total agricultural area by country 2009



Source: FiBL 2011

Table 1: Organic agriculture in Europe: land under organic agricultural management and share of total agricultural land 2009

Country	Year	Agriculture [ha]	Share of total agricultural land
Albania	2009	500	0.04%
Austria	2009	518'757	18.50%
Belgium	2009	41'459	3.02%
Bosnia and Herzegovina	2009	580	0.03%
Bulgaria	2009	12'320	0.40%
Channel Islands	2008	430	5.73%
Croatia	2009	14'194	1.10%
Cyprus	2009	3'816	2.61%
Czech Republic	2009	398'407	9.38%
Denmark	2009	156'433	5.88%
Estonia	2009	95'167	10.49%
Faroe Islands	2009	12	0.40%
Finland	2009	166'171	7.25%
France	2009	677'513	2.47%
Germany	2009	947'115	5.59%
Greece	2009	326'252	3.94%
Hungary	2009	140'292	3.32%
Iceland	2009	6'661	0.44%
Ireland	2009	47'864	1.16%
Italy	2009	1'106'684	8.68%
Latvia	2009	160'175	9.03%
Liechtenstein	2009	1'005	26.87%
Lithuania	2009	129'055	4.87%
Luxembourg	2009	3'614	2.76%
Macedonia, The Former Yugoslav Republic	2009	988	0.09%
Malta	2009	26.4	0.25%
Moldova	2009	32'105	1.29%
Montenegro	2009	4'600	0.90%
Netherlands	2009	51'911	2.69%
Norway	2009	55'378	5.35%
Poland	2009	367'062	2.37%
Portugal	2008	209'090	6.02%
Romania	2009	168'288	1.22%
Russian Federation	2009	78'449	0.04%
Serbia	2009	8'661	0.17%
Slovakia	2009	145'490	7.51%
Slovenia	2009	29'388	6.01%
Spain	2009	1'330'774	5.35%
Sweden	2009	391'524	12.56%
Switzerland	2009	114'050	10.78%
Turkey	2009	325'831	1.29%
Ukraine	2009	271'315	0.66%
United Kingdom	2009	721'726	4.47%
Total*		9'262'997	1.87%

Source: FiBL, based on data of Eurostat, national ministries and private sector organisations

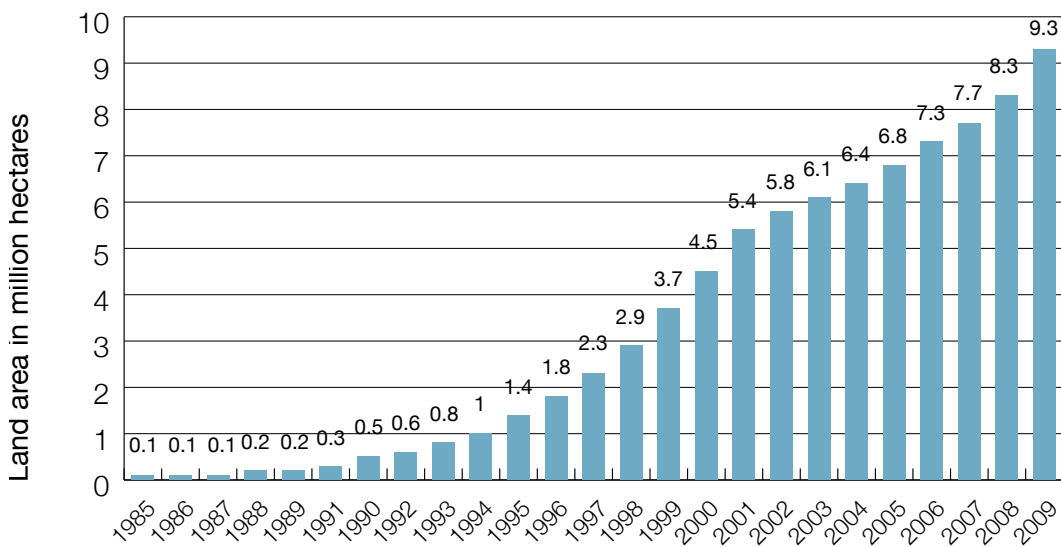
In 2008, there were 257,545 organic producers in Europe, compared with approximately 150,000 in 2000.

Land use

In 2009, 40 percent of all farmland was used for arable crops¹ and 45 percent was grassland, with eleven percent being used to grow permanent crops.

Spain (760,000 hectares), Germany (514,000 hectares) and the United Kingdom (496,000 hectares) have the most permanent grassland/grazing areas. To convert extensively used areas and grassland to organic farming requires relatively few changes in production and few investments. Therefore, grasslands are higher in organic farming than in conventional farming, where it accounts for about one third of the agricultural land. In some countries, support programmes also play a role. In countries like Ireland, Slovenia and the Czech Republic, more than 80 percent of organic area is used for grassland. In Bulgaria, Denmark, Lithuania and Italy, organic grassland accounts for less than one fourth of the area.

Figure 2: Europe: Development of organic agriculture



Source: Aberystwyth University, FiBL, AMI

Eighteen percent of the European organic area is cereal production, amounting to 1.74 million hectares in total (1.5 million in the EU, where 2.6 percent of the entire cereal area is organic). Most cereals were grown in Italy (250,000 hectares), Germany (201,000 hectares), Spain (184,000) and Ukraine (134,000 hectares). Organic vegetables were grown on 103,000 hectares in 2009; key producing countries were Italy (30,000 hectares), the United Kingdom (16,000 hectares) and Germany (12,000 hectares).

Eleven percent of the organically managed land (1 million hectares) was used for permanent crops in 2009; most of this land is either olives (366,000 hectares), grapes (168,000 hectares), or nuts (160,000 hectares). The organic grape area increased by 30 percent compared with 2008. Most of the increase occurred in Spain which is now the country in Europe with the largest organic grape area; previously Italy held this place.

pasture, land under market and kitchen gardens and temporarily fallow land (less than five years). (Source: FAOSTAT <http://faostat.fao.org/site/379/DesktopDefault.aspx?PageID=379>)

Permanent crops: land cultivated with crops that occupy the land for long periods and need not to be replanted after each harvest, such as cocoa, coffee and rubber. This category includes land under flowering shrubs, fruit trees, nut trees and vines, but excludes land with trees grown for wood or timber. (Source: FAOSTAT <http://faostat.fao.org/site/379/DesktopDefault.aspx?PageID=379>)

Permanent grassland: the term 'permanent pasture' is used by the FAO for land used permanently (five years or more) for herbaceous forage crops, either cultivated or growing wild (wild prairie or grazing land). Eurostat uses the term «grassland,» which can include rough grazing.

Wild collection: The recently revised EU regulation on organic production considers the collection of wild plants and parts thereof, growing naturally in natural areas, forests and agricultural areas as an organic production method – provided that those areas have not, for a period of at least three years before the collection, received treatment with products not allowed under the regulation. Furthermore, the collection must not affect the stability of the natural habitat or the maintenance of the species. The regulation also foresees standards for the collection of wild seaweeds and parts thereof.

¹ Agricultural area :This category is the sum of areas under a) arable land, b) permanent crops and c) permanent meadows and pastures (Source: FAO-STAT <http://faostat.fao.org/site/379/DesktopDefault.aspx?PageID=379>)
Arable land: land under temporary crops, temporary meadows for mowing or

Government support

Switzerland and Denmark had introduced support schemes already in the 1980s, and in 1989 Germany introduced support for organic farming under what is known as the extensification programme. With the EU's agri-environmental programme, this support was extended to all EU countries (since 1992). The type and amount of support provided within this programme varies within the different EU Member States. Also, non-EU countries such as Switzerland and Norway have similar support schemes.

In 2004 the European Commission set up an action plan for organic food and farming. Under this action plan a number of measures to support the sector have been realised including a promotion campaign for organic food and farming.

Organic action plans provide a framework for integrating policies and measures in order to encourage organic sector development. Thus, action plans serve as a strategic instrument for governments to achieve policy goals, particularly when multiple policy areas (such as agriculture, environment, trade) and different levels of policy formulation are to be integrated (Schmid et al. 2008). Currently at least 16 countries in Europe have or had an action plan (Gonzalvez 2011), many of them with quantitative targets. Austria, for instance, aims to have 20 percent organically managed agricultural land by the end of 2010 – an aim that was almost achieved by mid 2010 when 19.5 percent of the agricultural land was listed as organic.

In 2004 the European Action Plan for organic food and farming was launched. The information campaign proposed in the plan (Action 1, a multi-annual EU-wide information and promotion campaign to inform consumers, public institutions' canteens, schools and other key actors) was implemented in July 2008. The campaign homepage offers a wide range of information on organic agriculture and numerous tools (e.g., pictures, flyers) to support the promotion of organic agriculture.

2. Development and potential of the European organic market.

Globally, the organic market reached 54.9 billion US dollars in 2009. A large part of the turnover was in Europe (48 percent) and in North America (48.1 percent). Since 1999 (15.2 billion US dollars), the global market for organic products more than trebled (Sahota 2011).

In Europe, the turnover of organic food and drink (general retail sales, specialised shops, farmer to consumer direct sales, etc.) was 18.4 billion euros in 2009. Germany had 5.8 billion euros, followed by France with 3 billion euros, the UK (2.1 billion), Italy (1.5 billion) and Switzerland (1 billion).

In 2009 the highest market shares – with more than five percent of the total market – were reached in Denmark (7.2 percent), Austria (6 percent) and Switzerland (5.2 percent). While organic land has expanded rapidly in many new EU member states, as well as in candidate and potential EU candidate countries, consumption levels have remained very low in these countries and the organic market accounts for less than one percent of the total food market. In spite of the financial crisis, the European organic market continued to grow in 2009, particularly in France (+19 percent), but also in the Scandinavian countries, Switzerland and Austria. However in most countries, growth rates were smaller than in 2008 due to the financial crisis and decrease in food prices. In Germany the turnover of organic products remained stable and in the UK the market volume decreased by 12.9 percent. There are, however, signs that in 2010 the organic market recovered, growing at single-digit rates.

Table 2: The market for organic food and beverages in Europe 2009

Country	Sales, total [Mio euros]	euros/person	Share of food market [%]	Catering [Mio euros]
Austria	868	104	6.0	51
Belgium	350	32	1.5	
Bulgaria	5	1		
Croatia	37	8	0.8	
Cyprus	2	2		
Czech Republic	68	7	0.7	
Denmark	765	139	7.2	67
Estonia	12	8.8	1.0	
Finland	75	14	1.0	
France	3,041	47	1.9	
Germany	5,800	71	3.4	
Greece	58	5		
Hungary	20	3	0.3	
Ireland	106	24		
Italy	1,500	25		300
Liechtenstein	3	84		
Luxembourg	41	103	3.3	
Montenegro	0.1	0.1		
Netherlands	591	36	2.3	56
Norway	114	24	1.3	
Poland	50	1.3	0.1	
Portugal	70	7	0.5	
Romania	3	0.1		
Russian Federation	65			
Slovakia	4	0-8		
Slovenia	34	17		
Spain	905	20		
Sweden	735	75	4.0	
Switzerland	1,023	132	5.2	
Turkey	4	0.1		
Ukraine	1			
United Kingdom	2,065	34		18.5

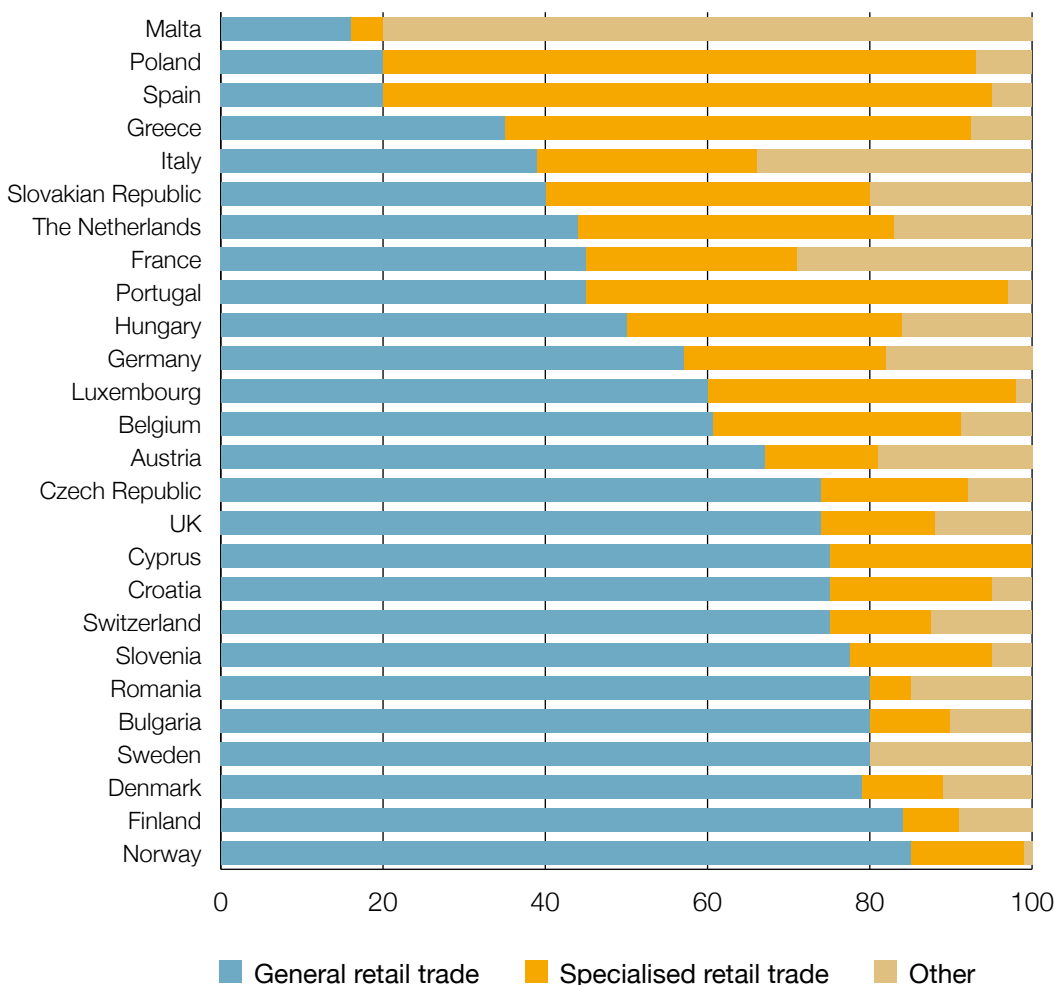
Sources: National data sources (government data, semi-state agencies, private sector). Compiled by FiBL, AMI and the Organic Research Centre 2011

3. Market partners.

In most European countries, conventional supermarket chains have a share of more than 50 percent of the organic market. By creating more awareness for organic products through promotion and increasing organic product ranges, most of the chains have been continuing the development of the organic market as a whole. Organic markets in Scandinavia, the UK and Switzerland are mainly driven by conventional sales channels. In most south-

ern European countries, however, the specialised organic market is still the dominant player in terms of market share. However, experts assume that this situation will change in the next years as the availability of organic products in conventional supermarkets increases. In Germany and in France, conventional supermarkets have about half of the organic market (van Osch et al. 2008).

Figure 3: Europe: Marketing channels of organic products in 27 European countries



Source: Schaer et al, 2008. With updates for the countries covered in this volume

Links

- www.ifoam-eu.org: European Union Group of the International Federation of Organic Agriculture Movements - IFOAM EU Group
- www.ifoam.org: International Federation of Organic Agriculture Movements (IFOAM)
- http://europa.eu.int/comm/agriculture/qual/organic/index_en.htm: The European Commission's Organic farming homepage
- <http://ec.europa.eu/Eurostat>: Eurostat: Organic farming data: <http://ec.europa.eu/eurostat> > Statistics > Statistics A-Z > Agriculture > Data > Main tables > Organic Farming
- www.fibl.org: FiBL – Research Institute of Organic Agriculture
- www.organic-europe.net: Organic Europe, maintained by FiBL: Country reports, address database, statistics
- www.organic-world.net: Organic World (maintained by FiBL): Statistics, country information, news
- www.organic-market.info: Organic Market Info: Market News and updates: www.organic-market.info
- www.tporganics.eu: Technology Platform TP Organics

References

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- European Commission, DG Agri (2010): An Analysis of EU Organic Sector. Brussels.
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- Schmid, Otto; Dabbert, Stephan; Eichert, Christian; Gonzalez, Victor; Lampkin, Nic; Michelsen, Johannes; Slabe, Anamarija; Stokkers, R.; Stolze, Matthias; Stopes, Christopher; Wollmuthova, P.; Vairo, Daniela and Zanolli, Raffaele (2008) **Organic Action Plans**. Development, implementation and evaluation. A resource manual for the organic food and farming sector. Research Institute of Organic Agriculture (FiBL), Frick and European Union Group of the International Federation of Organic Agriculture Movements (IFOAM), Brussels. Archived at orgprints.org/13481

Part B: The countries of the European Free Trade Association.

1. The organic market in Switzerland.

1.1 FAQ on importing organic products into Switzerland.

This chapter provides answers to the most common questions that may arise during the day-to-day commercial operations of a trading company exporting or importing organic products to Switzerland. Many of the answers also include links to more detailed information in the chapters that follow.

A) How does the export of organic products differ from the export of conventional produce?

- Company objectives: In addition to economic objectives, ecological and social aspects must also be considered. The ecological and social aspects form the basis of a firm's credibility with its customers, and this in turn is the foundation for a long-term business relationship.
- Logistics: Some privately controlled organic standards such as Bio Suisse do not allow import by air. Transported goods may only be sprayed with pesticides or cleansing agents, which are specially permitted for use with organic products.
- Packaging and declaration: Packaging must be free from pesticides, colourings, solvents or cleansing agents, which could contaminate the organic products. Organic products must be labelled in accordance with the regulations laid down by the Swiss Organic Farming Ordinance (Bioverordnung).
- Certification: To have an imported product passed as «organic» in Switzerland, the producers, processors, exporters and importers must undergo inspection and certification at least once a year by an accredited organic inspection and certification body.

B) What are the issues to bear in mind when exporting organic products to Switzerland?

Regardless of the product, importers must bear in mind the following aspects:

- The quality of products (prior agreement should be reached with the buyer);

- Assuring consistency in supply, avoiding dramatic fluctuations;
- Efficient collection and distribution of the products;
- Thorough documentation of raw material flows, production land and premises (this reduces the workload and associated costs of inspection);
- Regular communication with the buyer, avoid delay in sending offers, samples and email communication;
- Have all certificates and product descriptions as well as samples ready when offering a product;
- Competent advice on production, processing and commerce to avoid problems with certification.

C) What import documentation is compulsory especially for the import of organic products?

- An exporter from a non-EU member state must ensure that the chosen certification body submits a Certificate of Inspection (imports from Member States: different procedure, see also Part B, Chapter 1.3.1).
- For products imported from a country not listed on the list of countries (Annex 4 of the Federal Department of Economy Ordinance on Organic Farming 910.181): The importer must ensure that the individual authorisation has been submitted by FOAG¹.
- If the exported product is intended to be marketed under a private organic label, additional documentation may be required by the private organic label organizations. This is, for instance, the case for Bio Suisse (Part B, Chapter 1.3.2).

D) What is the «List of Countries»?

The Swiss Organic Farming Ordinance (Bio-Verordnung SR 910.18) provides a List of Countries in Annex 4 stating those countries and accredited inspection and certification bodies for which the export formalities are simplified. The products, regions or operators may be specified. For imports from countries on the

List of Countries and certified by one of the accredited inspection and certification bodies listed, an individual authorisation from FOAG is not needed (Part B, Chapter 1.3.1).

E) Is certification according to Bio Suisse standards essential in order to market organic products in Switzerland?

To market a product as organic in Switzerland, the Swiss legal formalities must be satisfied. Bio Suisse certification is only necessary if the customer wishes to market the product under the Bio Suisse Knospe label, the Bud label (a graphic depicting a bud and the letters «BIO», shown in Part B, Chapter 1.3.2 of this handbook). However the Bio Suisse label does make marketing substantially easier, as it is well known and highly appreciated on the Swiss organic market.

F) May an exporter from abroad apply to Bio Suisse for certification of products?

An exporter cannot apply directly to Bio Suisse for certification of products. The application must be made through a Bio Suisse licence holder; a list of these can be found on the Bio Suisse website: www.bio-suisse.ch. As a rule, Bio Suisse only grants a licence to firms (e.g., importer, trader, processor) or producers in Switzerland.

G) Are the organic standards in Switzerland stricter than in the EU?

The Swiss Organic Farming Ordinance is stricter than the EU regulation on organic production on several points, particularly in its stipulations on whole farm systems and biodiversity (see the comparison of regulations in Annex I). However, the requirements on conversion are less strict than in the EU: Switzerland does not observe a «year zero» (1st year of conversion). Most privately operated label programmes in Switzerland and in the EU have conditions exceeding the minimum requirements of the Swiss and EU organic regulations.

H) What is the importance of the Codex Alimentarius Guidelines for organically produced food?

Since 1999 the Codex Alimentarius, a joint programme of the Food and Agriculture Organization (FAO) and the World Health Organisation (WHO) of the United Nations, has internationally agreed «Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods». These guidelines, which are regularly revised, are important as guidance for many governments, which had established own regulations for organic food and farming or still will do. Together with the basic standards of IFOAM (International Federation of Organic Agriculture Movements), which have been developed by the private sector, the Codex Organic Guidelines, which were developed mainly by governmental bodies (with IFOAM as observer), constitute the only international reference standards in case of disputes in trade with organic products (under the system of the WTO, the World Trade organisation).

I) Is the Swiss market open to products from emerging markets and markets in transition?

High quality and innovative organic products from emerging markets and markets in transition are most welcome and well represented on the Swiss market, especially if there is no or limited production of these in Switzerland. Of course opportunities differ a lot from product to product. Access to the Swiss market (and also to the EU) for such products is regulated by means of regulations on equivalence. The production, certification and labelling of organic products in emerging markets and markets in transition must take place according to requirements which are equivalent to those of the Swiss Organic Farming Ordinance. This is not to say that identical procedures are imposed. In fact, it is desirable to adapt organic farming standards to local conditions and make use of certification bodies in the emerging markets and markets in transition. The Research Institute of Organic Agriculture (FiBL) in Frick (www.fibl.org) can be of assistance with feasibility studies and detailed market research.

J) Are there separate import quotas for organic products in Switzerland?

No, Switzerland does not impose separate import quotas for agricultural products (neither organic production nor conventional production). Customs laws do not take into account whether products are organic or not. The main issue for importers is that import quotas for fruits and vegetables are set, in coordination with the seasonal availability of Swiss products.

¹ Federal Office for Agriculture

K) Which inspection and certification bodies are officially recognized in Switzerland?

An inspection and certification body is recognized by the Swiss authorities if it:

a. appears in the List of Countries in Annex 4 of the Ordinance of the Swiss Federal Department of Economic Affairs on Organic Farming (Verordnung des Eidgenössischen Volkswirtschaftsdepartement über die biologische Landwirtschaft SR 910.181) (see also www.admin.ch and www.blw.admin.ch/themen/00013/00085/00092/index.html). The products, regions or operators may be specified. See article 23 of the Organic Farming Ordinance 910.18.

b. has a valid accreditation document in accordance with either ISO 65 or EN 45011 standards, and is listed with the Swiss authorities (Federal Office for Agriculture – Bundesamt für Landwirtschaft). See article 23a of the Organic Farming Ordinance 910.18.

L) Why are all the inspections and paperwork necessary?

Consumers of organic products want to be certain that the «organic» label on the outside is a true indication of an «organic» product on the inside. To avoid abuse or fraud, national legislation protects these terms. This is why farmers, processors and traders must submit to an accredited inspection process. As part of this, the entire production cycle must be documented so that, in the event of an objection, a product can be traced back from the final consumer to the original producer.

M) What is GLOBALGAP and how does it differ from organic certification?

GLOBALGAP (The Global Partnership for Good Agricultural Practice) was launched by leading European food retailers and is aimed at promoting and encouraging best agricultural practices in the farming of fruits and vegetables, in animal production, flowers and ornamentals, aquaculture and other products. The main aim of GLOBALGAP is to ensure food safety in the production chain, and to a degree, the framework also pays attention to social issues (www.globalgap.org). In light of the recent developments in Europe on food safety, meeting GLOBALGAP standards will be more and more necessary for retail suppliers of farm products. It is mainly applicable to those who want to supply supermarkets. Ask your customer if GlobalGAP certification is necessary.

N) What can be done to make the work of customers in Switzerland easier?

It is very helpful if the farm and/or processing unit in the exporting country prepares the most comprehensive documentation possible. If Bio Suisse certification is desired, your certification body must be informed of this intention before the inspection.

O) Is the present quality level satisfactory for the Swiss market?

For export, it is necessary to check that products meet the quality standards of the target market in Switzerland. This involves not only the requirements of the Swiss Organic Farming Ordinance, but also Swiss food legislation. In general, Swiss consumers have very high expectations in terms of product quality. Organic products must usually meet the same quality standards as conventionally produced goods. The only slight allowances are made in the case of fruits. The requirements also relate to food packaging. It is common practice to provide the importer or potential customer a representative sample of the organically produced products. On this basis, agreement can be reached with the trading partner as to whether the quality is sufficient to satisfy market requirements.

P) What are the market prospects for an organic product in Switzerland if it is not marked with the Bio Suisse Bud label?

Even organic products without the the Bud label can be marketed successfully in Switzerland, for instance through the Migros supermarket chain. Smaller retailers market other organic products alongside Bud labelled products. However the marketing effort made by Bio Suisse for its Bud label is considerable. As the Bud label has become very familiar to consumers, it is an advantage to use this label. The symbol possesses high status and credibility in the minds of Swiss consumers.

Q) What are the differences between integrated and organic production?

Compared with conventional methods, integrated production already contains important steps towards more environmentally sound practices in agriculture, such as biological pest control and the utilization of synthetic crop protection agents according to the control threshold principle. Organic production, in contrast to integrated production, bans synthetic crop protection agents, fertilizers and herbicides. Permitted methods of production and labelling conventions for organic products are regulated internationally. Products from integrated production cannot therefore be described as «organic».



R) How can potential business partners in Switzerland be contacted?

Contact can be made with potential (new) business partners in Switzerland in writing, by telephone or in person. Trade fairs are a good opportunity for producers and exporters to present their products to future consumers and traders. One of the most important organic trade fairs internationally is BioFach in Germany (www.Biofach.com), which many Swiss customers also attend. In the search of potential business partners, SIPPO – Swiss Import Promotion Programme (www.sippo.ch) – can also be of assistance.

S) Where can export information and figures on the organic market be obtained?

- Details of the statutory foundations of the Swiss Organic Farming Ordinance can be found at www.blw.admin.ch and www.admin.ch/index.html.
- The Bio Suisse homepage (www.biosuisse.ch) provides information on agriculture in Switzerland and the addresses of Bio Suisse licence holders together with Bio Suisse standards and forms.
- The Research Institute of Organic Agriculture (FiBL) in Frick can be of assistance with feasibility studies and detailed market research (www.fibl.org).
- Information on the EU regulation on organic production can be obtained at http://ec.europa.eu/agriculture/organic/home_en.

Web information sources on organic agriculture

Do you need more information about organic agriculture? There are excellent information sources for production and market. Most of them are targeted to an international audience. Here are a few (for more, see the web information corner at the end of each chapter):

- www.fao.org/organicag/oag-glossary/en/: A glossary on organic agriculture.
- www.organic-world.net: FiBL Website with information/statistics on organic farming worldwide.
- www.foa.org/organicag: FAO organic farming pages.
- www.organic-market.info: News on organic farming world-wide
- http://ec.europa.eu/agriculture/organic/splash_en: Organic farming pages of the European Commission.
- www.orgprints.org: Online archive with publications related to organic agriculture.
- <http://gain.fas.usda.gov/Pages/Default.aspx>: Global Agricultural Information Network of the United States Department of Agriculture (USDA), with reports on organic farming.
- www.agra-net.com: Market briefing for the international food trade.
- <http://portal.organicedunet.eu/>: Learning material on organic agriculture.
- www.biofach.de/en/newsletter/: Trends and facts concerning the organic market.
- www.orca-research.org: Homepage of the Organic Research Centres Alliance (ORCA), with country information.

1.2 The market for organic products in Switzerland.

1.2.1 Consumption trends for organic products

Demand for organic products has grown continuously over the last decade due to positive consumption trends from increased awareness and quality orientation. New consumer concerns are the effect of climate change and minimizing our ecological footprint. Consumers are also no longer considering organic as a production method alone and have come to expect much more than good agricultural practice without synthetic fertilizers and pesticides. Consumers are increasingly buying organic for the following reasons:

- Organic goods produce less food miles, which means: the closer the origin, the better;
- Organic farming contributes to the mitigation of climate change;
- Organic farmers invest in biodiversity and contribute to saving rare species, such as rare crop varieties, plants in alpine regions or birds in rainforests;
- Organic farmers strengthen the natural regulation forces and promote beneficial insects and plants in hedges in and around fields;
- Organic agriculture means also fair trade, especially for organic products from developing countries: all stakeholders of the organic chain should benefit from the premium prices, especially the farmers;
- Organic agriculture contributes to sustainably feeding the world. Therefore, organic agriculture should be productive and efficient in order to promote food security in developing countries.

Hybrid purchasing patterns

Many consumers expect multiple benefits from organic products. However, consumers are often inconsistent in their behavior: they expect organic products to be climate neutral, yet they drive by car to the shopping center, where they purchase high quality organic as well as low price conventional products. Purchasing patterns vary according to situation, mood and the product required. Thus today it is rare to find one standardized consumer

group or consumption pattern. Instead, buying behavior often follows parallel or even contradictory «hybrid» trends. Another example: organic food and convenience food can be combined without apparent problems. Supermarkets respond to consumer whims by offering both high quality organic products and low price discount products.



Für mich und dich.

The most important retailer of organic products in the country, Coop Switzerland, tries to respond to these diverse consumer expectations by offering different product lines, for example «fine food» – a line of luxurious quality products, «prix garanti» – for guaranteed lowest price in the country, «Naturaplan» – a complete organic product range, as well as many other product lines.

Quality oriented and price-conscious shoppers

There is another contradicting consumer expectation, which is important to consider: organic consumers are quality oriented and price-conscious shoppers at the same time. Swiss consumers have become more critical and price conscious over the years when purchasing food. This is especially true since the economic crisis of the first decade of the new millennium. This quality expectation is conditioned by their high level of education, never ending food scandals and the growing significance of low prices in the marketing of mass-market retail chains.

This means that the most successful marketing of organic products will be achieved where the price premium over conventionally produced products is perceived to be moderate, while organic producers and marketing bodies at the same time project a credible and high quality image. For organic producers it is not easy to comply with these sometimes contradicting expectations.

Table 3: Consumption patterns for organic products

The increased demand for organic foods is predicated on a variety of key factors:	There is a parallel range of factors restricting the growth of the market for organic foods:
<p>Growing awareness of health issues: Growing numbers of people, especially families with children or older consumers, are focusing on the health aspects of their diet. Younger consumers aspire to ideals of well-being, while parents want to give the best quality to their kids.</p>	<p>Price: A high price difference between organic products and conventionally produced foods is the most powerful limiting factor on demand. However, in comparison to other European countries – Switzerland, for example – the price-sensitivity is lower due to the comparable high income-level. At the same time, the price difference between organic and conventionally produced foods is lower in Switzerland due to the high share of supermarkets in the organic market.</p>
<p>Food safety: Food scandals such as spoiled meat, pesticide contaminated fruits or mad cow disease have repeatedly undermined consumer confidence. Consumers question the safety of food production and intensive conventional agriculture.</p>	<p>Trade and processing structures: One reason for high prices of organic produce is that distribution is often quite inefficient and involves many intermediaries (separate collection of organic produce in minimal quantities). With increasing availability, larger quantities and more efficient distribution, the price-difference over conventional produce will decrease further.</p>
<p>Environmental awareness: Most consumers have been sensitized to environmental issues. Themes such as global warming, pesticide residues, recycling and sustainable agriculture are widely debated. The active concern over food may well increase further.</p>	<p>Availability: Although the organic product range is large in Switzerland, there is still a lack of certain organic products (e.g., of specialty fruits and vegetables). This is coupled with the fact that the organic range does not keep pace with every general trend in consumption (e.g., in frozen foods or convenience products). In addition, there are product sectors in which potential demand far exceeds the available supply (e.g., pork, poultry meat). In restaurants and hotels, however, the offer is still limited.</p>
<p>Animal welfare: Consumers are sensitive about intensive livestock rearing, which does not fulfil animal welfare requirements.</p>	<p>Quality issues: In some product groups, for example fruit, organic products do not always have the same visual quality standard as conventional products. Organic products are more prone to show signs of ageing due to their slower turnover rate. There are also discussions about pesticide residues in organic wine due to drift from neighbouring farmers.</p>
<p>Growing awareness of regional specialties: To date, almost all food products are available in organic quality and for those products that cannot be produced the whole year or at all in Switzerland, the import rate is high. At the same time, consumers are increasingly skeptical of globalization. This is increasingly true with the climate debate. Therefore, identification with regional products is on the rise. Imported products – especially those that can be produced in Switzerland – are greeted with skepticism by certain Swiss consumers.</p>	<p>Media attention: Media are more critical towards organic produce compared to the pioneer phase. «Bio-bashing» has become fashionable for some products, for example organic milk. Especially high price premiums and the food quality benefits of organic products are questioned by some experts and media.</p>
<p>Credibility: Certification systems, label programmes and standards established by legislation have ensured a greater degree of credibility for organic foods. Consumers generally have more faith in the authenticity of the products. However, any news about fraud decreases consumer faith in organic certification.</p>	
<p>Availability: In Switzerland, it is very convenient to purchase organic foods. The two largest Swiss supermarket chains Coop and Migros have an almost complete and continuously growing range of products in their stores.</p>	
<p>Level of education: Studies have shown that consumers of organic products tend to have a higher level of education. In Switzerland, the level of education is comparably high, which is shown to be a good pre-requisite for growth of the organic market.</p>	
<p>Media attention: Internet, television, radio and print media constantly draw the population's attention to food safety, environmental issues and animal welfare.</p>	

Price premiums and willingness to pay for organic products

The average price premium for organic products in Switzerland has decreased over the last several years due to better availability and more efficient distribution. Experts anticipate continuous pressure on price premiums in the next couple of years. Price premiums on organic products vary according to product group and type of market. Price premiums generally are higher for fruits, vegetables and wheat and lower for milk and meat. Price premiums are dictated in part by higher production and distribution costs and by consumers' willingness to pay a premium. They tend to be higher in specialist organic food stores/natural food stores and lower in supermarkets and mainstream consumer outlets.

The majority of consumers accept a price premium for organic products between 10 and 30 percent, with a somewhat greater willingness to pay a premium for plant products produced to organic standards than for organically produced animal products. People are also willing to pay a higher premium for specialty and for regional products.

1.2.2 Organic agricultural production in Switzerland

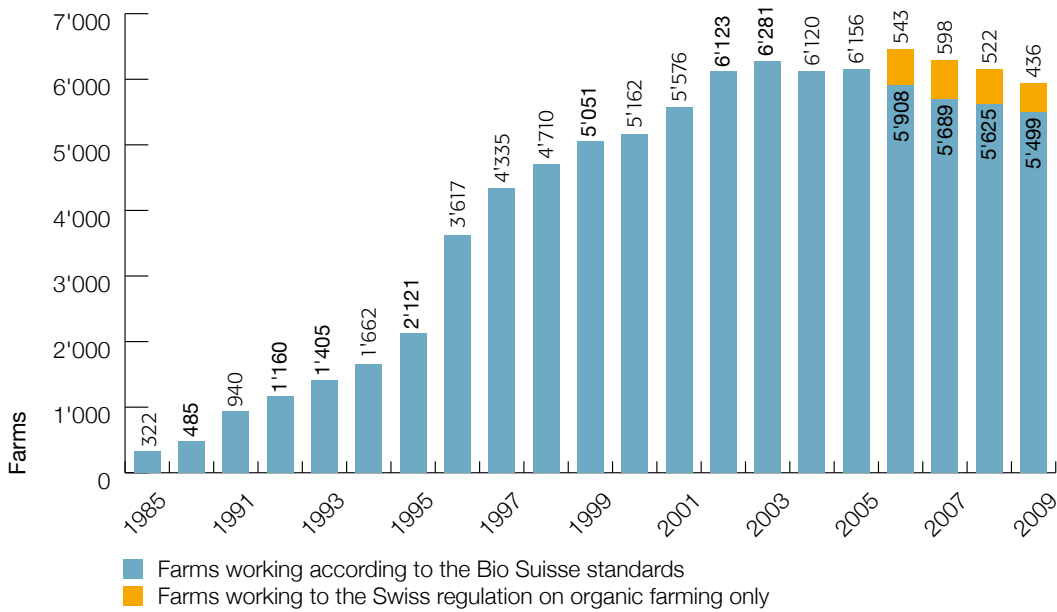
Organic agriculture has undergone a dynamic development in Switzerland over the last 20 years. During the boom years between 1990 and 2003, the number of organic farms increased from 800 to 6,281. After these years of rapid expansion, the number of organic farms is tending towards a slight decrease; from 2003 to 2009, the number of organic farms decreased to 5,935¹ (see Figure 4). Nevertheless, the area of agricultural land being farmed according to organic standards has remained more or less stable since 2007. By 2009 it had reached 120,000 hectares², constituting 11.4 percent of the agricultural area of 1.06 Mio hectares³ (see figure 5).

¹ Source: FiBL and Bio Suisse

² Source: FiBL and Bio Suisse

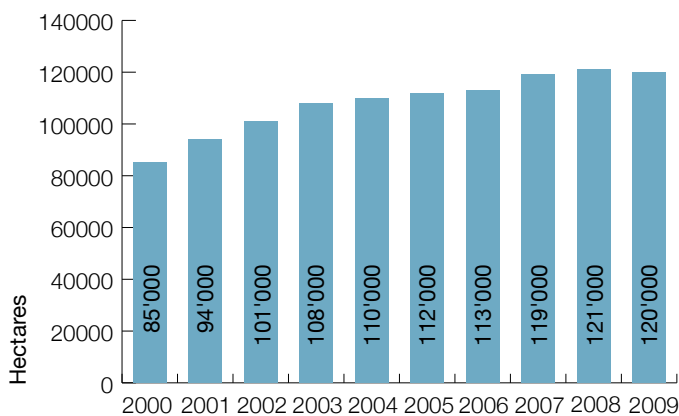
³ Source: Swiss Federal Statistical Office 2010

Figure 4: Development of the organic farms in Switzerland 1985-2009



Source: FiBL and Bio Suisse

Figure 5: Development of organic farmland in Switzerland 2000-2009



Source: Bio Suisse

Several factors contribute to the consolidated development of organic production in Switzerland:

- There is a continuous trend towards larger farms. The pressure for rationalisation together with decreasing food prices have increasingly forced small Swiss farmers to enlarge or give up their farm. As land is extremely limited, it is very difficult to increase farm size.
- Switzerland belongs to the three countries with the highest share of organic farms in Europe: From the total 60,000¹ farms in Switzerland, 5,935 are organic, which is a share of 11.1 percent (all figures 2009). For further growth, new investment in promotion activities is needed to gain the attention and interest of new farmers for conversion to organic production.
- The trend for lower price premiums for organic has the advantage that it makes organic affordable for most consumers. In addition, there is a trend to reduce governmental support. Both of these trends hurt the economic position of farmers and hamper the development of organic farming.

Parallel to these challenges, there are several driving factors of future growth:

- the consumers' concern about healthy food (see previous chapter);
- the agri-environmental policy of the state government, which supports organic farms with annual subsidies;
- the appearance and availability of organic foods in the two dominant supermarket chains, Coop and Migros;
- The work of the organic actors like Bio Suisse, who unites the organic sector and of FiBL, who provides research and practical advice for farmers. Bio Suisse with the help of FiBL launched in 2010 a new promotion programme for organic agriculture, which includes increased extension and information support for organic farmers and those who consider a conversion.

Most organic farms in Switzerland work organic, rather than biodynamically. Although very well known to the public, biodynamic farms compose only a small niche within the organic sector. The number of biodynamic farms has changed little during the rapid expansion of organic farming. Ninety to ninety-five percent of Swiss organic farmers belong to the umbrella organization Bio Suisse, the association of Swiss organic farming movements. In 2009, there was, however, a decrease in the number of farms producing based on the Bio Suisse guidelines (see figure 4).

The largest proportion of organic farms is in the mountain areas, because converting to organic farming is much easier for live-stock farms than it is for cropping farms or horticultural enterprises. Half of all the farms in the canton of Graubünden are organic². The share of organic area compared to the total agricultural land in mountain areas is 19.9 percent and in the lower lands 5.4 percent (Switzerland total: 10.8 percent).

The Swiss organic production is strongly related to environmental protection, especially in the mountainous regions where organic farming is an integrated part of the tourism strategy. Major parts of organic farmland are concentrated in those regions. Therefore, 84 percent of Swiss organic land is used as permanent grassland and grazing, only 15 percent of the land is used for arable crops and for permanent fruit crops. The most significant organic crops grown in Switzerland are bread cereals, fodder cereals, vegeta-

bles and potatoes. The main organic products of animal origin are milk, dairy products, meat or meat products and eggs. Dairy products stand out as one of the most important product groups within organic agriculture in Switzerland as a whole. Organic products are grown in Switzerland on private family farms. The average size of holding in 2008 was 20 hectares.³

Bio Suisse, the Swiss organic farmer association, is of course not satisfied with the decreased number of organic farms and organic area, as described above. It does not reflect the market potential and further growth in organic production that is needed in order to satisfy the needs of the market (see 1.2.3). Bio Suisse therefore launched in 2010 the organic programme «Bio-Offensive» with the goal of recruiting new organic farms. This programme includes the following tools:

1. Training and extension: together with FiBL and advisory services, potential farmers get support and preparation for conversion to organic farming.
2. Market coordination: products that are lacking on the market will be carefully promoted by Bio Suisse.
3. Standards: a possible reason for the reduction of the number of organic farms in mountain areas is the new restrictions in animal feeding (100 percent organic feed is obligatory). Bio Suisse sees a need to consolidate its demanding standards, without losing profile and substance.

¹ Source: Swiss Federal Statistical Office 2010

² Source: Swiss Federal Statistical Office 2010

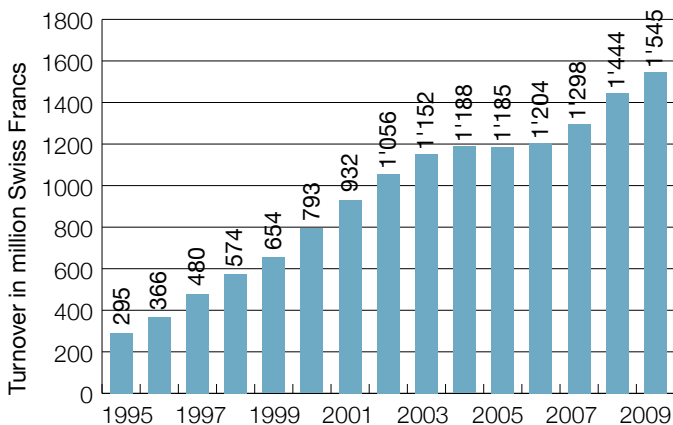
³ Source: Swiss Federal Statistical Office 2010, Swiss Agriculture Pocket Statistics 2010

1.2.3 Market development and volume in Switzerland

The economic crisis in the end of the first decade of the new millennium did not affect the organic market development in Switzerland. The Swiss organic market continued its long running trend for significant growth without any backlash: The turnover has increased from 1.29 billion Swiss Francs in 2007 to 1.55 billion¹ in 2009. Since 1999 (654 million Swiss Francs), the organic market has, on average, grown more than 10 percent annually. The growth was 7 percent from 2008 to 2009. Together with Denmark, Austria and Liechtenstein, Switzerland belongs to the countries with the largest number of consumers purchasing organic products: in 2009, more than 5 percent² of total food foods and beverage sales were organic (2008: 4.9 percent). The growth of the share of organic products in the market underlines the increasing interest of consumers for organic food.

innovation in range of products, is able to reach new consumers. A detailed look at the retail sector shows that the market shares of organic products are continuously increasing. This is remarkable, as the sales prices for many organic products decreased in the last years. That means that in spite of the price pressure a higher turnover was generated especially with fresh products. Details of the organic growth per product group are shown in table 4:

Figure 6: Growth of the Swiss organic market 1995-2009



Source: Bio Suisse 2010

Fresh organic products such as eggs, bread and vegetables are the leading part of the organic turnover. Dairy products and organic fruits developed quite well in 2009. Swiss production follows the agricultural possibilities, concentrating on bread, dairy products and vegetables.

All organic product groups were growing steadily in previous years. Especially significant is the growth in meat and fish as well as convenience products. This fact underlines that organic products are established on the Swiss market and with its continuous

¹ Source of market figures: Bio Suisse

² Source: Bio Suisse 2010

³ Overall market growth for all marketing channels was 7 percent in 2009 (Bio Suisse 2010).

Table 4: Sales of organic products in supermarkets, market shares and growth per product group in Switzerland 2009

	Turnover Mio Swiss Francs	Market Share (%)	Growth 2008 to 2009 (increase in %)
Total (excluding specialised shops, direct marketing and discounters)	1108.9	5.2	+5.2 ³
Fresh products, total	728.4	6.5	+4.9
Packed products, total	380.5	3.7	+5.7
Milk products	167.0	8.6	+0.5
Bread	141.1	16.0	+4.4
Vegetables	134.5	10.7	+3.0
Fruits	89.7	7.0	+4.6
Convenience products	87.2	7.6	+8.3
Meat	82.1	1.9	+16.8
Fish	23.7	6.0	+34.6
Eggs	43.9	17.2	+11.0

Source: Bio Suisse 2010

The organic market in the French-speaking region of Switzerland, the Romandie, was during many years behind the Swiss-German regions. During the past couple years, a catch-up race has been going on with growth in Romandie higher than the Swiss average: the total organic market in Romandie increased by 10.5 percent from 2008 to 2009 (Swiss market as a whole was 7 percent). The reasons for this high growth are diverse:

1. On the one hand, the awareness for ecology and food safety increased in Romandie (with a certain delay compared to the rest of the Swiss-German regions). «Green» issues are highly present in Romandie.
2. Organic products are now readily available in the retail sector of Romandie.

The organic market in the Italian-speaking Ticino grew considerably slower (+3.3 percent from 2008 to 2009). The market share of organic products in this region is 4.8 percent and slightly below the national average.

1.2.4 Imports in the Swiss organic market

Natural factors limit the options for Swiss production and restrict domestic supply. Ever more imports are flowing into Switzerland

due to the high level of demand. The import share differs in size depending on the product group (see figure 7). Today, an important share of organic products for Swiss consumption is imported from European countries as well as from other continents and overseas. However, the Swiss market is smaller compared to other countries and the expectations in terms of product quality and certification is higher, to the occasional frustration of producers, import/exporters and retailers. This can be explained by the following main factors:

- Bio Suisse dominates the greater part of the Swiss organic market. In the year 2009, 60 to 70 percent of all Swiss organic products were certified according to standards set by Bio Suisse. Bio Suisse sets demanding requirements for imported products, for example insisting on whole farm organic management, refusing to award the label to products that could compete with Swiss organic products and prohibiting air transport.
- Organic products «under conversion» have less difficulty in the Swiss market compared to the EU, but it is becoming more and more difficult also in Switzerland to sell conversion products with a price premium. Therefore, depending on the product group, producers must wait out the two-year conversion period before they can export to Switzerland. Shrimp, for example, is one of the few products, which still can be sold in conversion.

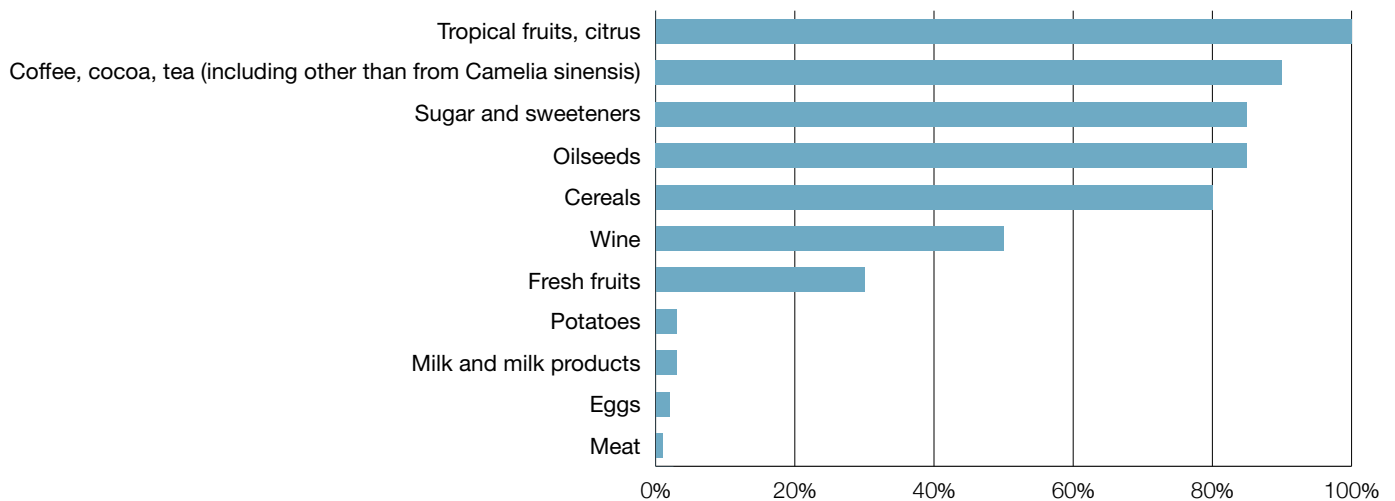
- High quality requirements imposed by traders for organic produce.
- Logistical problems affecting imported produce are for instance too small quantities and inadequate distribution network.
- Many consumers of organic foods associate organic farming with regional and seasonal production. With the strong position of supermarket chains in the Swiss organic market, the significance of this aspect is further declining.

Despite these factors constraining cross-border trade in organic products, imports of organically produced foods and beverages

into Switzerland are constantly rising due to the strong surge in demand and the insufficient domestic production. This is especially true for:

- durum wheat, bread and fodder cereals, soya, rice;
- citrus fruits, tropical fruits both fresh and processed (dried fruits, juices, etc.);
- coffee, cocoa, tea, spices, herbs and many other products that can't be produced in Switzerland for climatic reasons;
- vegetables and fruits in the counter-season.

Figure 7: Estimated import share of organic products in Switzerland



Source: Estimates FiBL

It is rather difficult to get import data. Bio Suisse provides information that imports with their Bud label increased from 100 Million Swiss Francs in the year 2000 to 250 million Swiss Francs in 2008. The trend for rising imports is expected to continue in the coming years. The increased demand for organic meat and organic eggs has also enhanced demand for fodder cereals. Currently only around 20 percent of Switzerland's total requirement for organic cereal is produced in Switzerland. There is no import of organic milk and milk products.

In general, it is recommendable to use the services of an importer to introduce organic products into Switzerland rather than selling them directly to the food industry or trade. Importers can provide the exporter with information on market conditions, quality standards, market access restrictions and import formalities. Just as importantly, they can provide the logistical service needed in order to reach the customer quickly. In addition, many industrial buyers prefer to obtain goods from familiar intermediary organizations which take on the upfront workload and costs of importation on their behalf.

1.2.5 Market partners and sales channels

Per capita, Swiss consumers purchased over 200 Swiss Francs worth of organic products in 2009. Seventy-three percent of the organic products were sold by the two leading foodchains (see figure 8 and table 5). Coop with 764 million Swiss Francs (49.4 percent share of the total Swiss organic market) and Migros with 365 million Swiss Francs (23.6 percent market share). Direct marketing (on farm shops, street markets, etc.) again performed with a strong growth of 9.6 percent compared to the previous year: in 2009, 80 million Swiss Francs were achieved with direct marketing, which constitutes a share of 5.2 percent of the total Swiss organic market.

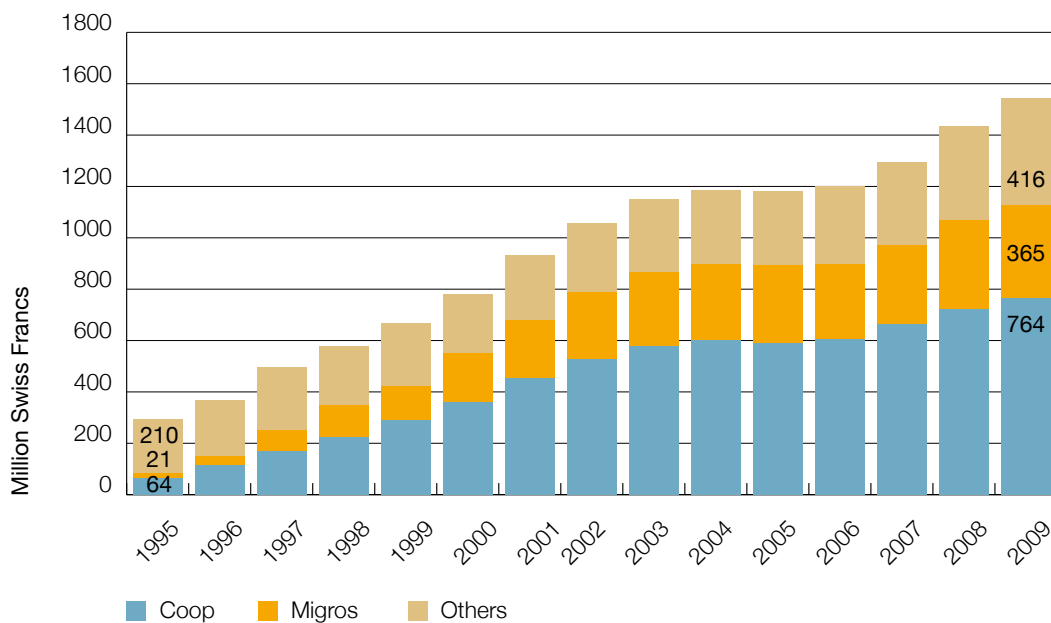
Relatively new is the entering of organic products through discount supermarkets with a low price strategy. Currently, the organic share of these discount supermarkets is considerable and their organic turnover has grown in 2009 from 7 to 40 million Swiss Francs. This growth comes mostly from the market entry of the discounters Aldi and Lidl. However, the share of the discounters is still modest (2.6 percent of the total Swiss organic market).

Table 5: Turnover, market shares and growth per product group (2009)

	Turn over Mio Swiss Francs	Growth %	Market Share %
Coop	764	5.8	49.4
Migros	365	6.0	23.6
Specialised organic shops	229	1.5	14.8
Direct marketing	80	9.6	5.2
Smaller retail (Volg, Spar, etc.)	16	2.3	1.0
Department stores, butcheries, bakeries	52	-7.9	3.4
Discounters	40	471.4	2.6
Total	1546	7.0	100

Source: Bio Suisse 2010

Figure 8: Development of the organic market in Switzerland by marketing channel 1995-2009



Source: Bio Suisse

1.2.6 Future trends and perspectives

The excellent sales figures from the last years lead in many cases to supply bottlenecks. And there is no sign of a decreased growth rate of the Swiss organic market. There were not enough organic eggs, for example. Organic cereals are chronically scarce. Many fruits, vegetables, potatoes, berries, herbs, rapeseed oil and pork meat were not readily available on the market and organic sales could have been considerably higher with improved availability of these products. The organic market needs more organic farmers, especially when considering the future growth. Bio Suisse communicated that «a couple hundred new organic farms are needed.»

Bio Suisse therefore launched, with the support of FiBL, an initiative to promote organic farming amongst conventional farmers in order to motivate them to conversion (see also 1.2.2). An important tool for this initiative is improved market coordination and promotion of products that are particularly scarce.

1.2.7 Development and potential by product group

Development of the organic market in Switzerland is dynamic and a growth potential exists for most product groups. This chapter provides companies wishing to import organic products into

Switzerland with detailed first-hand information on this development and the potential for organic products in the Swiss market. The data is based on an expert survey recently conducted by FiBL. Market data are not currently available for all products. The figures on national and international supply do not claim to be exhaustive.

1.2.7.1 Fresh vegetables

Market situation and potential

Fresh vegetables were among the earliest organic products. Over the years this product group has gained a position of great importance in the market. The sales volume in 2009 was 134.5 Million Swiss Francs (2006: 115 Mio). In 2009, 11 percent of all fresh and stored vegetables sold were of organic quality. This number varies considerably, depending on the type of vegetable, outlet and region. This is true not only of the specialist retail trade, but also of supermarkets, which now account for over 70 percent of organic vegetable sales. In the last few years, annual growth in turnover of 2-5 percent has been registered. Growth trends vary for different vegetables. Generally, growth is expected to remain stable or increase due to the increased organic engagement of

supermarket chain Migros. Experts rate the future market situation for fresh vegetables as very good and assess that the outlook for stored vegetables will also remain good.

In the supermarket chain Coop, the main retail sales chain for organic products, about 15 percent of all vegetables sold were organic. Carrots taking the limelight of which nearly 40 percent of the sales were organic. As with fresh vegetables, over half of these products are sold in the Coop and Migros supermarket chains.

Significance and sources of imports

Swiss traders and retailers prefer domestic goods whenever possible. Nevertheless, imports make up an important part in order to supplement domestic supplies during off-season and to bridge bottlenecks in supply. This calls for quick reactions to the market situation on the part of exporters and importers: since import quotas are determined weekly, they can change quite rapidly. Measured by quantity, imports of fresh vegetables are constantly increasing. The primary countries of origin for imported organic vegetables are Italy and France. Smaller quantities are imported from Spain, Germany, the Netherlands, Austria, Morocco, Israel, Canada, China, USA and Romania.

Parallel to market liberalization, price pressure is increasing on Swiss organic vegetable producers, which already invested a lot in modernization of their farms. For them, the situation is challenging and for those who would like to export to Switzerland this brings along a growing opportunity.

Policy and trade environment

For the time being, Swiss import restrictions are the constraining factor: domestic production is protected by high trade duties during phases of good domestic provision. However it is insured by law that phases of high duties must be interspersed with the phases of low duties. These periods of low trade duties mostly coincide with periods of insufficient domestic supply (between November and April). The bilateral treaties between the EU and Switzerland should have a stimulating effect on trade in organic vegetables.

The market is transparent and well organized and domestic production is protected. In the next few years, market liberalization and customs reduction will increase the pressure on prices, which will hit domestic producers. With this trend, imports might

increase on the cost of domestic production. The supply of organic vegetables from the Mediterranean region, including North Africa, will continue to grow. This will lead to pressure on prices for the domestic production in Switzerland. At the same time, however, demand from the major retail chains (especially Migros) is increasing.

Problems and wishes of market operators

- Quality expectations from Swiss buyers are extremely high, also comparable to surrounding neighbours. Swiss importers want producers to offer very high quality.
- Most Swiss buyers prefer vegetables from neighbouring and Mediterranean countries. Vegetables from overseas have little prospect for market access, since various organic labels prohibit import by air.

1.2.7.2 Processed vegetables

Market situation and potential

Generally, the Swiss market for organic processed vegetables is less dynamic compared to the market of fresh vegetables, as canned vegetables are not well accepted by Swiss organic consumers. On the other hand, there is a growing trend for convenience food and ready-to-serve meals, which increases the demand for processed vegetables (e.g., salad mixtures and cabbage).

Some firms have already specialised in this area, others produce both organic and conventional. For example there is a long-standing tradition of Swiss organic vegetable juices and these are exported worldwide. The newer firms are also interested in exporting processed vegetables.

There is increasing demand for processed vegetables from restaurants. However, most restaurants are price sensitive when purchasing their raw material.



Significance and sources of imports

Most vegetables that are used for processing are grown domestically. Imported produce is supplementary in character and mainly restricted to the supply of asparagus, spinach, beans, peas, carrots, cauliflower, broccoli and tomatoes. The primary source of processed vegetables is Italy. Smaller quantities are bought from France, Hungary, Germany and the Netherlands. There is some limited scope on the Swiss market for processed vegetables from overseas, provided that they are transported by ship. Given a similar product range, neighbouring countries have better market prospects since transporting goods long distances from overseas is opposed on ecological grounds.

Policy and trade environment

The situation is similar to that of fresh vegetables. The market is not yet as well developed, however. Accordingly there is a lack of information. Some products are in short supply. For example, there are too few suppliers of mushrooms.

Problems and wishes of market operators

- Swiss importers are interested to increase the diversity of suppliers, especially when domestic production will decrease and imports increase.
- The problems and expectations coincide with those applying to fresh vegetables (high quality, close provenience).

1.2.7.3 Fresh fruits

Market situation and potential

In Switzerland organic cultivation of pome and stone fruits underwent a radical improvement in quantity and quality during the last years, reaching 7 percent (2009) of the total fruits produced inland. The cultivation of organic cherries however has not progressed beyond an early stage because of persistent plant protection problems. New protected production systems were evaluated by FiBL with good results. An increased domestic production of organic table cherries is therefore expected. Organic berries currently are developing very dynamically on the market, growth is expected to continue. More than 80 percent of organic berries are imported.

Mass-market retail chains have a strong interest to complete their organic assortment. In addition to this, the general demand for exotic fruits (e.g., citrus, kiwi, banana, mango, etc.), also from organic production, has increased considerably. Thus the potential for market development is furthermore attractive, promising good future sales opportunities for fruits. This is particularly true for fruit species that are still underrepresented on the market, such as pineapple and mango. The market volume for fresh fruits is currently 89.7 Million CHF (85.7 Million in 2008). It is expected that in the next couple of years, the market share of fresh fruits will grow moderately but continuously. The market volume for citrus fruits is currently rising by 10-20 percent per year.

Significance and sources of imports

Especially pears are often imported from Austria, Germany, Spain and other neighbouring countries, as domestic production is not sufficient. Stone fruits such as organic apricots and peaches are scarcely grown in Switzerland due to the humid climate and are thus mainly imported from Mediterranean countries. Citrus fruits and exotic fruits are exclusively imported. Lemons and oranges usually originate from Italy and Spain.

Bananas come primarily from the Dominican Republic, Mexico, Uganda, Peru and Cameroon. Mangoes and grapefruits originate from Ghana and Cameroon; pineapples, papaya and passion fruit from Ghana and Uganda; figs, pears and apricots from Turkey and berries from Poland and Hungary. Other fruits originate from Israel, Germany, Austria, Argentina and Chile.

Policy and trade environment

The market for organic exotic and tropical fruits developed considerably in the last couple of years (especially banana, citrus) and has a significant potential in both the delicatessen sector and normal mainstream retail outlets. Mango, pineapple, papaya and other tropical fruits still have a relatively small market. With the increasing engagement of Migros in organics, the demand will increase also for exotic and tropical fruits. The level of supply is currently rising worldwide, which will have a positive effect on availability and prices.

Domestic fruits: As with fresh vegetables, high import duties are imposed on local fruit varieties at times of sufficient domestic provision. During periods when there are shortfalls in Swiss supply, lower import duties and high import quotas are set for these same fruit species.

Problems and wishes of market operators

- Production of tropical fruits for the fresh fruits market is quite a challenge. Postharvest treatments and logistics need to be solved in a proper way in the export country. Also transportation by ship needs careful planning, especially for highly perishable tropical fruits such as papaya.
- Quality expectations of Swiss importers and traders are very high, producers in neighbouring and developing countries need to consider this issue.

- Producers of tropical fruits regularly complain of problems in adhering to the strict Bio Suisse standards.
- Particular obstacles are the requirement for whole farm organic management (for example affecting pineapple holdings) and the ban on imports by air (increasing the need for postharvest treatment). Professional and larger producers, who know fruit species how to manage/improve quality, have a higher chance for success on the Swiss market.

1.2.7.4 Fruit juices

Market situation and potential

Apple juice, pear juice and grape juice have been produced in Switzerland for many years, along with juices and pulp from various other fruits (blackcurrants, strawberries, etc.). They have become well established, not only in natural food stores but also in supermarket chain outlets. In the first year of the new millennium, demand for apple, pear and grape juice remained on high level, but the market growth slowed down compared to the nineties.

In the last years, the main growth in the Swiss organic juice market was in citrus juices. Organic citrus juices have been available in Swiss supermarkets since the year 2000. Citrus is the most important fruit in the juice market and there is still a considerable market growth potential. Other exotic fruit juices such as pineapple and mango on the other hand can mainly be obtained in specialty stores and rarely in supermarkets, although there is considerable interest in these juices. Demand for exotic juices is expected to rise step by step in the next few years, particularly for organic pineapple juice. Manufacturers of foods for children feature prominently among the buyers of tropical and exotic fruit juices. Experts take a positive view for future development: they expect annual growth in sales of organic juices to reach 20 percent and more for orange and grapefruit juices and 30 percent for pineapple juice. Citrus will always be the most important organic juice among the exotic juices, especially among the imported organic juices.

Significance and sources of imports

Apple, pear and grape juices originate mainly from Switzerland. It is possible to import small volumes from surrounding European countries. Orange juices are currently imported from Cuba, Mexico, Egypt and Italy. Grapefruit juice originates mainly from Mexico and Cuba and organic mango juice from Cuba and India.



Other proveniencies supply juices in smaller quantities for use in baby foods. Latin American countries surpass European countries in the supply of citrus juices because of their better quality.

Policy and trade environment

The well-established market for traditional Swiss juices (apple, pear, etc.) is supplemented by organic citrus juices and exotic fruit juices. Switzerland offers an advantageous environment for all organic juices because of the health conscious customers and especially during winter and spring. Few restrictions are likely.

Problems and wishes of market operators

- For citrus juice products, the greatest problems faced by traders are inconsistent supplies and restricted availability. Recently the citrus greening disease, striking many countries in Latin America, reduced their offer and it continues to be a challenge for organic producers. Swiss importers need the reliability of a secure supply. The largest importer of organic citrus juices, Coop Switzerland, is supporting its providers to manage the citrus greening disease organically in order to secure supply.
- Fruit juice of other tropical fruits such as pineapple needs to be carefully planned together with a Swiss importer if possible, as market volumes are still relatively small.

1.2.7.5 Dried fruits and nuts

Market situation and potential

Dried fruits and nuts from organic production are relatively straightforward from the logistical management point of view and play a key role in composite products like muesli and baked goods. Rising demand can be expected, particularly from bakeries. Nuts are the most important product and offer the greatest potential for growth. Dried fruits are already well established and available both in natural food stores and in supermarkets. The future market prospects are good. In the medium term, annual growth of 5 to 10 percent can be expected.

Significance and sources of imports

Due to relative small quantities, dehydration of organic fruits in Switzerland is decreasing, except for dried pears. Processing of dried fruits in organic quality is mainly a business in Italy and eastern European countries. The same situation is for baby food production, which was gradually outsourced to other European countries over the last several years.

Products in this group are easy to import into Switzerland: domestic production is far from sufficient to meet existing demand and the Bio Suisse ban on importation of organic products by air is not a barrier since these products ship easily and keep well. Nuts are bought primarily from Turkey, almonds from California and Turkey, figs from Turkey and dates from Tunisia and USA. Other dried fruits and nuts originate from Morocco, Tunisia, Costa Rica, Togo, Cameroon, Italy, among other countries.

Policy and trade environment

Countries in Asia and South America are currently expanding their production and this is likely to boost the supply of competitively priced produce of high quality. Switzerland provides an advantageous environment for the import of dried fruits and nuts.

Problems and wishes of market operators

- Swiss importers expect dried fruits to be of excellent quality (the quality of nuts has improved dramatically in recent years).
- Foreign producers are critical of Swiss import quotas and want market access to be more liberal.
- The Bio Suisse standards also pose problems to foreign producers because they are stricter than the EU regulation. Producers are hoping for international harmonization of these standards.

1.2.7.6 Culinary and Medicinal herbs

Market situation and potential

Organic culinary and medicinal herbs have long held a place in the Swiss market. Firms such as Weleda and Bioforce have developed top quality products and export organic medicinal products and cosmetics throughout the world. There is a good level of demand in Switzerland but the market has been uneven in its development. Organic medicinal herbs are widely distributed through natural food outlets and drugstores and market potential remains consistently good. Of the imported culinary and tea herbs, around one third go to organic food stores, one third to processing companies and one quarter to mass market retail chains and the remainder are sold by mail order. The introduction of herbal teas to supermarkets has been very successful and there is great potential.

The same is true for culinary herbs. Annual growth in turnover over the last six years was around 15 percent. With annual market growth realistically estimated at 10 percent, the market outlook is good. A proportion of imported herbs, teas and tea ingredients such as thick-skinned fruits are picked in the wild. The requirements imposed on these projects are considerable: adherence to organic standards, clear delineation of the collection area and the matter to be picked, an organization chart for the project, a confirmation of ecological safety and an official collection permit. The proportion of organic herbs and teas collected in the wild is estimated to be less than 5 percent (no survey data available).

Significance and sources of imports

Domestic production is not sufficient to meet the Swiss demand for herbs. This is not mainly for climatic reasons, but mainly due to the high costs of manpower, a major production cost in organic herb production. However, there are a number of traditional and high quality processors such as Ricola and Eroboristi, which produce with domestic and imported herbs high quality candy, tea, kitchen herbs and many other innovative products.

Such processors give preference to domestic and European sources for quality reasons (fresh processing), especially in the case of medicinal herbs. Imported medicinal herbs are predominantly drawn from surrounding European countries. Spices originate from many countries: Albania, Sri Lanka, Indonesia, India, Morocco, Egypt, Turkey, Argentina, Nicaragua, Peru, Guatemala, Croatia, France, Hungary and Madagascar.

Domestic tea production is able to meet around 20 percent of demand. Herbal teas are imported from Argentina, Burkina Faso, Hungary, the Czech Republic, Croatia, Peru and Turkey and in small quantities from France, Tanzania, Sri Lanka and India. Black and green tea originates from Sri Lanka, India, China and Nepal.

Policy and trade environment

Countries of export, both in Europe (Germany, Italy, Austria, England) and overseas (China, Sri Lanka etc.), are strongly expanding production. Furthermore, new suppliers from Eastern Europe and South America (Chile, Peru) are forcing their way into the market. Heightened competition in terms of quality and price must now be expected. The quality requirements will rise in future, particularly with regard to the issue of residue-free products.



Problems and wishes of market operators

- Quality requirements are increasing year by year. HACCP is becoming more and more the standard. Swiss importers repeatedly find fault with the quality of herbs from small farmers' projects and call for better advice and training for producers as well as professional quality management.
- Foreign producers must take care to prevent residues of synthetic crop protection agents (resulting from spray drift from neighbouring fields under conventional cultivation). This could become an increasing problem for tea since more processing is taking place in non-organic processing plants.
- The problem of availability varies according to product group. Swiss importers want continuity of delivery. Problems in cultivation and storage should be reported early so that bottlenecks in supply can be rectified more easily.
- The herb and spice trade often consists of small cargoes and therefore suffers disproportionately from administrative obstacles and the high costs of certification.

1.2.7.7 Cereals and cereal products

Market situation and potential

Cereals and cereal products are an important and fast growing segment of the Swiss organic market, and have for years been the top-selling organic products in Switzerland. The main buy-

ers of organic cereals are mills, feed manufacturers and muesli manufacturers. From there, cereal is moved to bakeries or directly to the retail trade. In the last few years, the market for cereal products has shown steady growth of 10–20 percent per year. In 2009 about 30,000 tons of bread cereals (total Bud domestic production and import) and 45,000 tons of cereals for animal feed were processed in Switzerland.

The most important product is organic bread. In supermarkets, a considerable selection is available. Almost weekly, innovations come on the market, like new organic bread types and pasta. Important players in the market are increasingly larger bakeries offering innovations such as deep frozen bread (e.g., Fredy's bakery and Lehmann).

Both wholesalers and retailers assess the future growth potential as good and expect continued annual sales growth of 5–10 percent. In the fodder cereals sector, the rising demand for organically produced eggs and pork will increase the need for imported fodder cereals.

Significance and sources of imports

Swiss importers are only allowed to import non-processed organic cereal products. That means only the whole grain is allowed; flour, pasta and bread are not allowed. Organic cereals are sourced if possible in neighbouring countries:

- Switzerland imports around 70 percent of its organic bread-stuff: bread wheat, rye and spelt, coming mainly from German-speaking EU, Canada and USA.

- Organic rice is imported from Italy, Thailand, Egypt and France. There is a high share of fair trade products.
- Feed grain has an 80 percent import share. Imports of cereals like barley, oat and fodder wheat mainly from EU countries, Canada, USA, Argentina, Egypt, Brazil and China.
- Protein feed like corn, field beans, pea, and soya are imported from Italy, Hungary and other EU countries such as Romania.
- Hay is imported from surrounding countries like Germany, Italy and Austria.

Policy and trade environment

The import of fodder cereals is subject to quotas. In order to protect domestic fodder mills, mixed fodder is not allowed to be imported with the Bud label.

Problems and wishes of market operators

- Swiss importers prefer cereals of high quality and are ready to pay a fair and stable price for it.
- They request a good continuity of supply.
- Foreign cereal producers report a certain amount of difficulty with the high standards of the Swiss Organic Farming Ordinance (whole farm organic management) and of the Bio Suisse standards. Traders would prefer a harmonization of Swiss standards with European standards, especially in the cereal sector.

1.2.7.8 Oilseeds and oil products

Market situation and potential

The organic oil and oilseed market is well established in Switzerland. Culinary oils are produced to organic standards and are imported by medium sized and large trading companies, retail chains (Migros, Coop, Manor), by the processing industry, flour mills, natural food stores and restaurant and catering businesses. Organic olive oil in particular has again gained ground in recent years; growth in turnover at mass market retailer level has reached a high level. All oils have achieved a rather high level and future sales growth are expected at a more moderate level, less than 10 percent per year. The saturation of the Swiss market is dampening the dynamic of some importers. Swiss buyers are

gradually reporting a saturation of demand for sunflower, thistle, linseed, hemp, olive and soya oil produced in organic quality. An exception is colza oil: demand increased considerably after the launch of an organic colza oil at Coop. As production is challenging in Switzerland due to the climate, the import share is high. Today, the usage of by-products from oil and oilseeds is only allowed if they are of organic quality. Most oilseed by-products are now available in organic quality. In the next few years, growth in this sector will stabilize at 10 percent per year.

Significance and sources of imports

A large proportion of organic oil and oilseed is imported:

- The most important countries of supply for oil and palm fat are: Italy, Colombia, Germany, Greece, Austria, Romania, France, Albania, Argentina, Brazil, India, Palestine and Tunisia.
- Oilseeds imported as seeds are imported from: Italy, Germany, Hungary, Romania, China, Argentina and Egypt.
- Colza oil is imported from: Italy, Austria, Hungary, Romania and Germany. The Swiss organic farmers together with Bio Suisse are making efforts to increase domestic production.

Policy and trade environment

The policy and trade environment has been stable since a couple of years. High duties on pre-processed oils and oilseeds are impeding access to the Swiss market and adding to the cost of imports. In the future, increasing supply and growing competition can be expected on the international stage.

Problems and wishes of market operators

- Oils awarded the Bud label are substantially more expensive than products without Bud certification, especially at retail level (not supermarkets). Importers and wholesalers aim to be more cost-conscious when purchasing and want a homogenization of price levels. This would facilitate access to the market and give it fresh impetus for growth.
- Importers hope for further liberalization for international trade (reduction of tariffs and fiscal duties) to ease import restrictions.
- More distant countries of production have recurring difficulties with continuity of supply and with certification. Availability and continuity can be addressed by selecting suppliers with different harvest times.



1.2.7.9 Protein crops

Market situation and potential

Beans, peas, lentils, soy beans and other protein crops are subsidiary elements in the Swiss organic selection in terms of value and quantity. The significance of this segment in completing the range is great and should not be underestimated. The principal purchaser of protein crops is the processing industry. The market situation for protein crops is permanently good, with modest annual sales growth. The opportunities for development are limited since annual sales growth is unlikely to rise above 10 percent and is thus below the general growth rate of the organic market in Switzerland.

Significance and sources of imports

The import share is extremely high in this product group, as domestic production is difficult due to climatic reasons:

- The relative small domestic production of organic soy in Switzerland is used for human consumption due to the high prices that can be achieved on the market. Soy for fodder is 100 percent imported from Italy, China, Romania, Brazil, Canada, Austria and Germany.
- Field beans are imported mainly from Germany, protein peas from Germany, Austria, Italy, France, Romania, Hungary and Canada.
- Lupins and peas are primarily imported from Hungary, the USA, Canada, Brazil and Argentina.

Policy and trade environment

International supply is increasing but Swiss demand remains modest. This means that despite good general conditions (no duties or special regulations), Switzerland as a national market is not of great interest for protein crops.

Problems and wishes of market operators

The overriding problem is the low consumption of protein crops in Switzerland. With the new regulation in animal feeding (100 percent organic fodder in animal feed) the demand for organic protein crops increased in the last years, but not substantially.

1.2.7.10 Wine

Market situation and potential

Switzerland is an attractive wine market: Consumption per head is one of the highest in the world (comparable with southern Europe). About 23,000 hecto-litres (hl) of organic wine are consumed per year, 10,000 hl of which are produced in Switzerland and 13,000 hl are imported. There are about 300 hectares of organic vineyards, which is a share of 2 percent of the total Swiss grape area. The organic wine consumed is 0.8 percent of the total consumption. The organic wine produced in Switzerland is mostly sold directly. But retail chains like Coop and Delinat market both domestic and imported wines.

Organic wine occupies an important position in the organic product selection and is an item of pleasure, for certain consumers a

luxury item. Annual growth over the next few years is expected to be 5 percent. Overall the organic wine market will continue to develop well, as the image of organic wine improves.

In addition, there is a growing number of organic liquors on the market. Some are produced domestically, such as kirsch from cherries, others are imported, (e.g., rum and tequila).

Significance and sources of imports

Fifty-seven percent of the organic wine consumed in Switzerland is imported. More red wine is produced, imported and consumed than white wine. Organic red wine is imported for the most part, mainly from the wine-growing countries of southern Europe: France, Italy, Spain, Croatia and Portugal. Small quantities are also produced in Austria and Germany. Organic liquors are imported in smaller quantities. Organic rum, for instance originates from Cuba (so far imported as organic molasses and distilled in Switzerland) and Paraguay.

Policy and trade environment

Bio Suisse provided pioneer work in developing standards for organic grape and wine production. In the frame of an international project, a European organic wine regulation was developed, which makes it easy to export organic wine into Switzerland.

For organic wine from Europe, the conditions in Switzerland are advantageous. There is no fear of competitors from outside Europe (at least for the time being) since most important wine importers steer clear of organic wine from overseas for quality reasons (personal contact with producers) and for ecological motives (transport).

Problems and wishes of market operators

Even though the present quality of organic wine is considered to be getting better and better, it is important that quality standards are preserved and even further improved.

1.2.7.11 Sugar

Market situation and potential

Organic sugar is used by the processing industry and is also sold in retail outlets; industry consumption is, however, far more important compared to the retail channel. In the last few years the market has developed step by step, reaching a considerable

level and now beginning to consolidate. Due to obligation to use organic sugar in the processing industry and in parallel to the growing market for organic convenience foodstuffs, the demand for organic sugar will steadily grow in the near future. Traders expect growth in turnover of 5–10 percent for the next few years.

Significance and sources of imports

Sugar produced from sugar cane is by far the most important source. It is imported mainly from Paraguay, Cuba, Costa Rica, Argentina, Brazil and from the Philippines. Maple syrup is imported from Canada.

There is a controversial discussion about beet sugar in Switzerland: an initiative began aimed at developing domestic beet sugar production, however, as production costs of domestic beet sugar is much higher than imported beets or cane sugar, domestic sugar is not very competitive on the market. At present, there is no sugar beet produced in Switzerland and Bio Suisse is continuing its efforts to promote at least a domestic beet sugar processing. Beet sugar produced in Switzerland is currently made from beets from southern Germany.

Policy and trade environment

With the new EU regulation for the sugar market in place since 2007, prices have come under pressure in the EU and in Switzerland. The bilateral contracts between the EU and Switzerland opened the borders for sugar. Due to these contracts, sugar from developing countries has become more competitive and has enjoyed easier access to the Swiss market. As a consequence, imports increased and prices decreased in the last years. The two Swiss sugar mills in Frauenfeld and Aarberg have therefore asked the Swiss authorities to increase border protection for Swiss sugar.

The import of sugar into Switzerland is no longer subject to quotas. However, only Bio Suisse beet sugar can be imported if there is not sufficient national sugar on the market. This in fact is a protection for the sugar mills. There is no restriction on the import of cane sugar.



Problems and wishes of market operators

- Beet sugar: the main obstacle is the high price compared to cane sugar.
- Cane sugar: as this is a mass product, there is a danger of price pressure down the chain to the producers. Therefore, many market operators ask for fair trade.

1.2.7.12 Honey

Market situation and potential

In Switzerland, approximately 4,100 bee colonies are kept under organic production methods (2007). By the end of 2007, there were about 275 certified organic beekeepers (1.8 percent of the total beekeepers) producing not only under Swiss ordinance and the Bio Suisse standards, but also under the Demeter and the APiBIO label. They produce about 40 tons per year, which is 2.9 percent of the total Swiss honey production per year. The major types of honey differ depending on the geographic regions. The most common honeys are:

- Multifloral: dandelion, fruit trees, rape and wild flowers;
- Forest: various honeydew-yielding trees, mainly coniferous;
- Alpine honey: alpine rose, heather and wild flowers;
- Chestnut honey.

Switzerland has a bee density of 4.5 colonies per square kilometre, which is one of the highest in the world. As bees are kept all over Switzerland, pollination of all cultivated and wild plants is assured.

Organic honey in Switzerland is mostly produced by hobby beekeepers; their annual honey yield is about 10 kg per colony. Very few hobby beekeepers supply specialised stores, they mainly sell their honey privately. However, in the last few years distributors have started to buy bigger volumes of organic honey. For Swiss supermarket chains, organic honey is still a relatively new concept but their entry has started already, this will clearly stimulate the market in the near future. Increasing amounts of organic honey are demanded from the processing industry. The potential of organic honey can be characterized as good for the next years because the demand for organic honey is much larger than the amount of honey produced in the country. Experts anticipate an annual increase in the market of 10-15 percent for the next couple of years.

Significance and sources of imports

The organic honey volumes produced in Switzerland do not cover the actual demand. Therefore, organic honey is imported from different countries such as India, Mexico, Cuba, Nicaragua, Brazil, Argentina, Germany, Italy and France. Eastern European countries, such as Bulgaria, Macedonia and Romania are increasing their production of organic honey in the last several years; therefore they will also play an important role as suppliers of organic beekeeping products.

Policy and trade environment

Since 2002, organic beekeeping is regulated by the Swiss ordinance which is equivalent to the EU regulation. Private standards such as Bio Suisse did not regulate organic honey production in Switzerland until 2003. The association AGNI (Working Group for Natural Beekeeping) is the main umbrella organization that promotes the organic beekeeping independent of the standards.

Organic honey has been produced in Latin American countries for several years now. These countries have to fulfil the EU Standards (i.e., good manufacturing practice, HACCP procedures) in order to be recognized as third countries that are permitted to export in the EU. The import policy of organic honey in Switzerland is based on the EU regulation.

Problems and wishes of market operators

Foreign producers want to keep bees under the Bio Suisse standards. Bio Suisse does not allow the use of thymol against varroa mites and the water content should not pass 18 percent. Such conditions can be difficult to fulfil in some tropical, warm and humid areas. For other regions, as in Bulgaria, beekeepers have already reached recognition from Bio Suisse.

1.2.7.13 Cocoa

Market situation and potential

In Switzerland, specialised shops as well as supermarkets sell ordinary organic chocolate as well as luxurious and specialised chocolate products. Production is dominated by relatively small and medium-sized chocolate manufacturers with unique brands and a high grade of innovation. Some of them have added other labels to their products in compliance with other sustainability criteria (e.g., fair trade). However, also some large and traditional manufacturers of well-known branded products in Europe (e.g., Barry Callebaut and Cadbury) have developed organic and fair trade chocolate products since more than 15 years. Other large and traditional manufacturers of well-known branded products in Europe still are at the very start with organic chocolate and other companies such as Nestle are not likely to start with organic chocolate in the near future. The limiting factor is the consumer demand and the demand of the food industry. All smaller and larger traders are ready to increase their investments in organic cocoa, as long as there is demand.

Organic and fair trade cocoa also has competition from other socially responsible programmes, such as UTZ Certified or Rainforest Alliance.

Significance and sources of imports

One hundred percent of Switzerland's organic cocoa is imported. The main source countries are the Dominican Republic, Bolivia, Peru, Tanzania and Madagascar. New sources of organic cocoa for Switzerland from Latin America are in preparation.

Policy and trade environment

The prospects for export make Switzerland an interesting country for organic and/or fair trade chocolate. The quality and reputation of Swiss chocolate have a positive effect on the national and international demand for organic chocolate.

Problems and wishes of market operators

One important question for cocoa producers is how to meet the requirements of the international market and the importer. Swiss cocoa importers give the following answers to these questions:

- From the European importers' point of view, lack of quality and lack of continuity are the main obstacles. They would like the supply to expand. This would also help to even out fluctuations in harvest, such as those resulting from natural disasters.
- West Africa is an important supplier of cocoa on the market, as it is represented in most chocolate products. But there is very little organic cocoa available from this region. Therefore, organic chocolate is limited to specialty products from organic cacao from Latin America, for example.
- Producers, traders and European importers mention that it is necessary to reduce the workload for certification and label schemes and to harmonise the standards. For example, a situation can arise whereby the same chocolate that is sold in the EU as a completely organic product can only be certified as produce under conversion in Switzerland. Therefore Swiss importers often bring in the goods via an EU country. This rather unreasonable diversion can be prevented if the produce could be directly imported into Switzerland as fully organic.



1.2.7.14 Coffee

Market situation and potential

The sustainable coffee market (organic and fair trade) in Switzerland has many years of history, thanks to initiatives of some roasters and thanks to Max Havelaar who have successfully promoted sustainable coffee during the last decade. The Swiss sustainable coffee market is already in a mature state. The market share of fair trade coffee in Switzerland was 4.8 percent in 2009 (in retail market), one of the highest market shares in Europe. The «eating out» channel is growing fast, it already has a share of 29 percent of total fair trade coffee sales. In comparison to the small size of the country, a relatively large number of companies are involved in the sustainable coffee business. Still now the number is increasing.

Most organic coffees on the Swiss market are doubly certified – organic and fair trade labels – and therefore organic coffees without fair trade labels practically do not exist on the Swiss market. Organic coffee makes up for about 25 percent of all sustainable coffee. Actually, there is a clear shift from fair trade to doubly certified fair trade and organic coffee. Especially the large supermarket chains now demand more and more doubly certified sustainable coffee. The Swiss fair trade coffee market grew constantly until the year 2009 (total 1,519 tons coffee roasted and instant). There are still a lot of growth opportunities for sustainable coffee in Switzerland for the next 2–5 years. The Swiss are frequent coffee drinkers.

Preferred coffees are high quality coffees, often consumed as milk-coffee. These are mostly 100 percent arabicas. However, robustas are increasingly used for the growing espresso market. Most of the presently available sustainable coffees are also blends. Sustainable coffee in Switzerland is generally considered high quality coffee, i.e., coffee in the upper segment of the product range. 71 percent of the fair trade coffee (1078 t roasted coffee) is sold in the retail trade through the retailers Coop, Migros, Manor, Spar and Volg but also through many roasters running their own web shops. Main growth is expected in the retail trade as well as in the institutional and out of home channels. The specialised retail trade (specialty coffee shops, fair trade and world shops, organic food stores) has lesser growth prospects.

Significance and sources of imports

100 percent of organic coffee is imported into Switzerland. Fair trade and organic coffees for the Swiss market are being imported in decreasing order of importance from: Mexico, Peru, Guatemala, Bolivia, Colombia, Tanzania, Brazil, Nicaragua, Republic Congo, Ethiopia, Honduras, Indonesia, Dominican Republic, Costa Rica. There are some projects to import organic (not fair trade) coffee also from other proveniences.

Policy and trade environment

Mexico is the undisputed leader in organic coffee and very well established in Switzerland. But the positive image of organic coffee in Switzerland also facilitates the access of other countries to the Swiss market. This may heighten competition.

Problems and wishes of market operators

- Retention of quality is extremely important. Most of the importers laud the quality of the available organic coffee but point out that further supply of different origins and qualities would be needed.
- Price is considered important, but not exclusively so. Quality is much more important than price. Growers should therefore realise that their product in Switzerland is considered a top of the line product. The quality conscious Swiss are willing to pay considerably more for a product of good quality. This characteristic is decisive for strategic planning by producers, processors, traders and retailers.
- Reliability in all its facets is considered of high to very high importance. Some of the importers have had bad experiences with suppliers of sustainable coffee. Contracted volumes were not respected, delivery dates were not met, and certificates were not presented in time, etc.
- Clarity between the different types of certification and standards is considered important for both fair trade and organic production. Organic standards are secured in European legislation but the fair trade standards are not.

1.2.7.15 Seeds, seedlings and ornamental plants

For many years agricultural standards have stipulated that seeds and seedlings used in agriculture must be produced to organic standards. This requirement has brought an interesting market into being and stimulated domestic cultivation. Switzerland has formerly lost most of its (conventional) seed production except for cereals and potatoes. For these two sectors, a double certified (organic and seed certification) was rapidly established, so that currently nearly 100 percent of the organic cereal seeds and about 60 percent of organic seed potatoes are produced in Switzerland by the traditional seed propagating cooperatives. For vegetable and ornamental seeds, Switzerland has two main organic propagators and breeders (Sativa and Zollinger). But since the vegetable seed market is dominated by multinational companies, there are still a lot of seed imports mainly from the Netherlands, Germany and France. An estimated 10 percent of these imports are organic, with the rest coming from conventional sources. Conventional, chemically untreated seeds can be used either with a personal derogation or with a general derogation implemented by the governmental authority. For fodder crops (grass species, legumes, maize) the organic seed market has

evolved very fast. For maize, the imports are 100 percent organic, for grass and clover mixtures, 50 to 60 percent are organic seeds.

The market for seedlings for vegetable growers has developed dynamically in recent years. About 12 companies in Switzerland and the surrounding countries are now producing seedlings according to Bio Suisse standards. Imports of seedlings with other organic standards (e.g., EU certification) are less than 5 percent. The provision with organic seedlings has reached 100 percent.

The market for organic ornamental plants is very small. Therefore, the production of transplants in organic quality is developing very poorly. Organic ornamental gardeners are therefore allowed to use vegetative propagation material from non-organic sources. The same situation exists for ornamental seeds. The choice is very big and imports to Switzerland are mainly from conventional sources. Sometimes it is not even easy to find the right varieties in untreated quality. The offer of organic seeds produced in Switzerland is mainly restricted to domestic, wild species.

Policy and trade environment

For seedlings, rising domestic production will force out the imports step by step. There will always be demand for specialties such as grafted tomatoes from abroad. But since Bio Suisse dominates over 90 percent of the market, they have mostly to fulfil the slightly stricter Bio Suisse standards.

Problems and wishes of market operators

- The main problems from the trader's point of view are the regulations on seeds and seedlings under both national legislation and Bio Suisse standards. The Bio Suisse standards for seedlings are very demanding regarding the use of substrates.
- The importation of seeds is easier, since for all crops except cereals and potatoes, there is no big pressure to produce according to Bio Suisse standards. The EU organic regulation is sufficient for seeds.
- The administration for imports of organic seeds and seedlings has become easier since the organic certificate no longer has to physically travel along with the goods anymore but can be transferred separately.



1.2.7.16 Textiles

Market situation and potential

The organic market started in the food sector. In the meantime, organic is established also in the non-food sector. The most important product in this sector is organic cotton, as cotton is a highly sensitive product and known for its extreme use of pesticides and its genetically modified seed problematic. Therefore, textiles made from organic cotton are very much in demand in Switzerland. A pioneer in organic cotton is the yarn trader Remei together with Coop, who launched large projects with the BioRe Foundation in India and Tanzania. Further, the State Secretariat of Economic Affairs (SECO) is supporting the private development agency Helvetas to promote organic cotton in Switzerland.

These private and public initiatives resulted in a considerable growth of the market share: organic cotton in the complete value chain (import-export) in Switzerland increased from 1.5 percent to more than 5 percent in 2007.¹ SECO and Helvetas aim to increase the market share in 2011 up to 7 percent, in cooperation with the private sector of the cotton chain and with other NGOs. After several years of high growth, the market consolidated in the past few years, as the data in Figure 9 shows. This is true, for example, for the main seller of organic cotton products, Coop Switzerland for which organic cotton growth in 2007 was still at 13 percent, in 2008 growth decreased to 4 percent and 2009 to 1 percent. At the same time, companies like C&A increased organic cotton sales considerably.

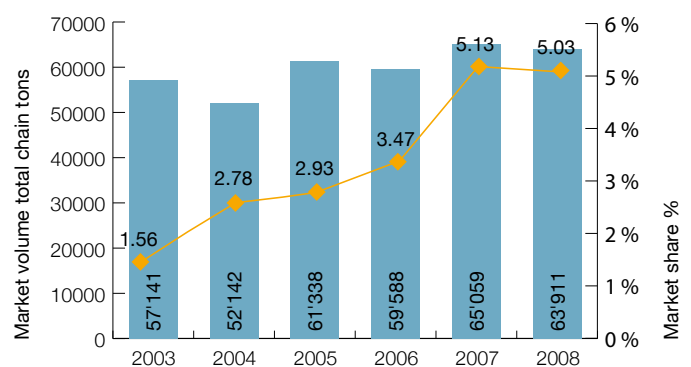
¹ Helvetas calculations regarding the organic cotton chain in Switzerland 2008

Future development seems somehow insecure, as the financial crisis increases the trend for cheaper clothing and in this way increases the competition for organic quality. Further growth depends on consumer awareness, which needs further promotion. Further investments in awareness creation are ongoing, from the private sector as well as from SECO-funded projects.

Significance and sources of imports

One hundred percent of organic cotton is imported and comes primarily from India, Tanzania, Turkey, Egypt, Peru and West Africa. Processing takes place in Switzerland, India, Germany, Greece, Portugal, Lithuania, Croatia and other countries.

Figure 9: Development of the organic cotton market in Switzerland 2003-2008.



Source: Helvetas 2008

Policy and trade environment

Bio Suisse does not award the Bud label to textiles. The framework for the import of organic cotton into Switzerland is very good, however, and is virtually unaffected by administrative barriers.

Problems and wishes of market operators

The standards regarding processing are still somewhat varied. The international association of the natural textile industry (Internationaler Verband der Naturtextilwirtschaft e.V., IVN) has attempted to harmonize standards by uniting manufacturers, traders and exporters in a two-level label system and an associated quality control process consisting of factory and product inspections.

1.2.7.17 Meat and aquaculture products

Market situation and potential

The organic meat market is booming and is growing faster than the total Swiss organic market. From 2008 to 2009, there was a growth in sales volume of 17 percent (fresh and processed meat). However, the market share is still less than 2 percent and below average. Several reasons are responsible for this development:

1. Lack of domestic fodder and challenges with nutrient-balance have thus far limited organic pork meat production in Switzerland.
2. There is a strong competition of non-organic label meat on the market. Swiss consumers appreciate Swissness, freshness and animal friendly husbandry.
3. Organic consumers eat less meat.
4. The price difference and therefore the incentive for producers is relatively low. However, consumer prices are relatively high.

What are the trends on the organic meat market? In general, increasing demand will also increase organic meat production and it is possible to supply the demand with domestic production, given the fact that feedstuff will be imported. However, it might make sense to import meat instead of feedstuff. This is a long-term option, as consumers clearly prefer Swissness.

- Trends for pork meat: There is a clear trend for increased organic meat production, which will improve availability and also decrease prices for consumers.
- Trends for beef and sheep meat: the market is rather saturated, however, there is an increasing demand coming from Migros supermarket, which is opening new opportunities.
- Chicken meat: this is a rather small market that is currently in balance (domestic supply covers demand). Bio Suisse standards are much more demanding than the EU and Swiss regulations.

Organic aquaculture products are increasingly important on the Swiss market; from 2008 to 2009 there was a growth of 35 percent! Organic fish has an excellent image on the market, as it is known as a healthy low-fat product that has been produced in a sustainable manner. There is a small but growing domestic production, mainly of trout. Seven organic trout farms produce about 300 tons of organic trout, 80 percent of which is distributed by retailers. The rest is sold to restaurants or via direct marketing from the pond.

Significance and sources of imports

A clear policy exists by Bio Suisse and Coop to promote and to give preference to domestic meat production, as this is an important income source for Swiss farmers, especially in the mountains. Further, organic consumers prefer Swiss provenience. Nevertheless, there are some very limited imports of organic meat:

- Small quantities of bacon from neighbouring countries;
- Imports of specialties like salami and ham;
- Marginal imports of organic beef from Argentina.



The domestic production of organic trout cannot cope to 100 percent with the recent demand for organic trout and trout products in Switzerland. Therefore, also for organic trout, some imports (about 5 percent) are needed to satisfy the national demand. All other organic aquaculture products are imported to 100 percent:

- Salmon from Ireland;
- Pangasius from Vietnam;
- Tilapia from Honduras;
- Sea trout from Ireland;
- Sea bream and sea bass from France;
- Shrimp from Ecuador, Vietnam, Brazil and Thailand.

Policy and trade environment

There is a clear preference for domestic production. From 2012 onwards, it will be obligatory to feed organic pigs and chicken fully organic feed. This will increase a need for feedstuff imports, less than meat.

Aquaculture: Swiss market partners give preference to domestic trout production. Imports for Bud labelled trout need a permit from Bio Suisse. All other organic aquaculture imports are not limited.

Problems and wishes of market operators

There is a clear preference for domestic production. However, there is a limited interest for processed specialties like ham and salami.

Aquaculture: There is an urgent need for alternatives in feed for organic fish. The fishmeal problem in organic fish is currently solved by feeding fishmeal made from trimmings. Trimmings' fishmeal is a scarce resource - recognized by exploding prices in the last several years. Beyond intensive research on vegetable alternatives to fishmeal, the potential of invertebrate proteins for feeding purposes was discovered again. In Switzerland, there is a research project going on to feed insect larvae instead of fish-by products, replacing the fishmeal in the diet of farmed fish by meals made from insect larvae to an extent as high as possible.

1.2.7.18 Milk and dairy products.

Market situation and potential

The organic milk market is of high importance for Swiss farmers as it is the most important stable income source for many farmers. At the same time, this market is of least importance for potential exporters to Switzerland. The organic milk market was growing steadily 4-11 percent in the last couple of years, for 2010 experts estimate a 7 percent growth. Since 2005 production stabilized and is about 20 percent above the domestic demand. Therefore there is more of a need and potential for exports than for imports. In 2009, there was some stagnation. In 2010 the

market shows growth again, primarily due to new investments by Migros. Future market growth rate is expected to settle at around 2 percent per year.

Five percent of Swiss milk or 208,000 tons was organically certified in 2009, but only 166,000 tons could be sold as organic, the rest was sold as conventional. This milk is processed into drinking milk, cheese, yoghurt and other products. The market share of organic fresh milk products in retail was 8.6 percent or 167 million Swiss Francs in 2009. The market share of organic cheese is 5.2 percent or 70.2 million Swiss Francs. The organic cheese market is growing faster than the milk market. Farmers get a price premium of +10 to +20 percent for their organic milk (2008).

Significance and sources of imports

As long as there is enough organic milk in Switzerland, Bio Suisse does not certify imported milk products with a Bud label. There is really no need for importing organic fresh milk or milk products. The situation is different for specialty cheese. Specialty cheese like soft cheese or mold cheese from France, parmesan from Italy, manchego from Spain and feta from Greece all have a chance to be imported. Such imports generally do not get Bio Suisse approval, but they may be imported as organic without the Bio Suisse Bud label. The only exception is feta cheese that gets the Bio Suisse approval as it is only produced in Greece based on AOC-regulation. The demand volume for imported cheese strongly depends on the activities of the retail chains Coop and Migros in the future. Imported cheese products have mainly been found in natural food stores so far.

Policy and trade environment

The situation of oversupply led the organic dairy producer organisations in Switzerland, Bio Suisse, to coordinate the supply development and steer the produced organic milk properly since 2005. For fresh milk, import tax is extremely high and imports do not make sense.

Problems and wishes of market operators

There is no real need for imported milk and milk products for Switzerland since the market is only open for specialty cheeses.

Web information corner, references and sources

Links

- naturaplan.coop.ch: Information on the Naturaplan range by Coop.
- www.migros.ch/de: Overview of the Migros supermarket chain.
- www.leshop.ch/leshop/Main.do/direct/de/Search/bio/: Overview of the Migros organic products.
- www.bionetz.ch: Directories of the organic food stores, restaurants, wholesalers and food processing in Switzerland, including recipes and free small-ads.
- www.bio-suisse.ch/de/verarbeiterhndler.php: Firms licensed by Bio Suisse to manufacture products by Bud quality. Searchable database of firms supplying organic products, including addresses. Available in German.
- www.volg.ch
- www.spar.ch
- www.manor.ch
- www.lidl.ch
- www.aldi-suisse.ch

Organic honey links

- www.agni.ch/cms/
- www.agroscope.admin.ch/imkerei/index.html?lang=en
- www.worldconferenceonorganicbeekeeping.com/

References and sources

Sources of production and market data are:

- FiBL and Bio Suisse www.fibl.org/ and www.bio-suisse.ch/en/home.php
- Swiss Federal Statistical Office www.bfs.admin.ch/bfs/portal/en/index.html
- Swiss Agriculture Pocket Statistics 2010 www.bfs.admin.ch/bfs/portal/en/index/themen/07/22/publ.html?publicationID=3898

The specific market data by product group is based on an expert survey recently conducted by FiBL. Market data are not currently available for all products. The figures cannot claim to be exhaustive.

1.3 Requirements relating to access for organic imports.

1.3.1 The Swiss Organic Ordinance

Swiss organic products must comply with the requirements set out in the Swiss Organic Farming Ordinance (SR 910.18 and SR 910.181). This also includes compliance with:

- Documentation of ecological services (Direktzahlungsverordnung, SR 910.13) (a prerequisite for direct payments)
- Ordinance on animal protection (Tierschutzverordnung SR 455, 455.1)
- Ordinance on protection of water resources and the aquatic environment (Gewässerschutzverordnung SR 814.2, 814.201)
- Ordinance on ethological programmes (Ethoprogramm-Verordnung SR 910.132.4)

Imported organic products must conform to equivalent conditions. In addition, the Ordinance on direct payments in agriculture (Verordnung über die Direktzahlungen in der Landwirtschaft SR 910.13) also contains provisions relating to organic farming, forming the basis for the disbursement of ecologically motivated direct payments in Switzerland and is an expression of the Swiss agricultural policy objective to promote organic farming. It is not relevant, however, for foreign producers and trading companies.

Objectives of the Organic Farming Ordinance

The Swiss Ordinance on organic farming and the labelling of organically produced products and foodstuffs (Organic Farming Ordinance; Verordnung über die biologische Landwirtschaft und die Kennzeichnung biologisch produzierter Erzeugnisse und Lebensmittel, short name: Bio-Verordnung SR 910.18 and 910.181) came into force on January 1, 1998 and is based on Article 15 of the Agriculture Act (Landwirtschaftsgesetz SR 910.1).

It lays down the basic requirements that a product must fulfil in order to be designated organic.

This is intended to protect organic products from abuses and improve market transparency. Organic products must comply with strict requirements concerning production and processing and be subject to inspection by a competent and independent inspec-

tion body. The state acts in a supervisory capacity with regards to inspection.

Scope and labelling

The Swiss Organic Farming Ordinance is applicable to the following products:

- Unprocessed agricultural crop, animal breeding and animal products.
- Processed agricultural crop and animal products intended for human consumption, composed essentially of ingredients of plant or animal origin.
- Feed material and fodder for animal breeding.

The Ordinance on Organic Farming is not applied to aquaculture and its products. For these products, the Swiss Federal Office for Agriculture does not provide individual import authorizations. This is a major difference to the EU regulation, which includes aquaculture since July 2010. Agricultural products may only be labelled as organic products if they comply with the provisions of the Organic Farming Ordinance. The following terms or their usual derivatives (such as bio, eco) are protected under Swiss law (for other languages see the EU regulation, which stipulates «organic» for English, for example):

- German: «biologisch», «ökologisch»
- French: «biologique»
- Italian: «biologico»

Labelling remains voluntary. Where products are labelled as organic, however, they must conform to the relevant provisions of the Organic Farming Ordinance. In Switzerland at present there is no government label for organic products, but there are various private labelling schemes.

How the Swiss Ordinance compares to the Bio Suisse Standards Most of the private labelling schemes both in Switzerland and in the EU go further than the minimum requirements of the Swiss Organic Farming Ordinance and the EU Regulation on Organic Production. Previous to the Swiss Organic Farming Ordinance coming into force, the standards that were applied to the production and marketing of organic products were primarily those set by Bio Suisse. Producers and traders that have been certified as

conforming to the Bio Suisse Standards may identify their products using the Bud label after signing a contract with Bio Suisse. The Bud label is very common on the Swiss market and over 90 percent of all Swiss organic farmers are members of Bio Suisse. For access to the Swiss market with the Bud label see Part B Chapter 1.3.2.

How the Swiss Ordinance compares to the EU regulation on organic production

The Swiss Organic Farming Ordinance is equivalent with the EU regulation on organic production EG 834/2007 and its implementing rules EG 889/2008 and EG 1235/2008. In addition, various amendments have been made to the Swiss Ordinance to bring it into line with the EU regulation. The Swiss Organic Farming Ordinance is stricter than the EU regulation on organic production in requiring conversion of the whole farm to organic management (see Table 3 and, for more detail, Annex I). Its requirements relating to the conversion process differ from the EU regulation: in Switzerland there is no «year zero» (conversion label applies only after 12 months). As a result, conversion normally takes two years rather than three as in the EU. Another difference is that the EU regulation allows a retrospective recognition of the conversion under specific conditions.

Reciprocal recognition of organic imports, Switzerland-EU

If a product has been approved in accordance with the EU Regulation on Organic Production, then it can be approved automatically as organic in Switzerland too and vice versa. The terms of the WTO/GATT treaties and the bilateral treaties between Switzerland and the EU stipulate that barriers to trade must not be allowed to form. Since 2002, the bilateral agricultural agreement between Switzerland and the European Union has been in force, stating that the organic regulations for both parties are equivalent. Exceptions are mentioned in Annex 9 (so far only Swiss products in conversion and goat products from tie stalls are mentioned). The additional conditions imposed by the Swiss Ordinance compared to the EU regulation are therefore not applicable to imports into Switzerland from the EU. In order to comply with the requirements of private labelling schemes, however, conditions such as whole farm conversion and other additional conditions may be imposed on imports from abroad, including the EU.

Elements of reciprocal recognition

- EU organic products are also considered organic products in Switzerland. The same applies also to organic goods that have been certified in Switzerland as conforming to the Swiss Organic Farming Ordinance. Such products may be exported to the EU without any problem if they are certified and correctly labelled based on Swiss Organic Farming Ordinance. If the EU organic logo will be applied, special requirements need to be considered:
 - origin of the product
 - code number of inspection body
- Any indication «bio» (organic), or the use of a private organic label is possible in Switzerland and in the EU.
- The list of countries in Annex 4 of the Swiss Organic Farming Ordinance of the Federal Department of Economy 910.181 (termed in the following the «Country List») generally is analogous to the EU third countries list in the annex 3 of the EU regulation 1235/2008.
- With regard to the accredited certification bodies, the Swiss Organic Farming Ordinance refers to the EU Regulation on Organic Production, thereby acknowledging all the inspection bodies or authorities published in on the webpage of the EU Commission http://ec.europa.eu/agriculture/organic/consumer-confidence/inspection-certification_en

Points for importers to note concerning Switzerland:

- The exporter in the EU must ensure that the product bears the code number of the inspection body and the origin of the product.
- Organic imports into the EU that are later exported again to Switzerland must have all duty paid before they leave the EU and must be certified as organic products conforming to the EU regulation on organic production.
- An exception is made to the principle of reciprocal recognition in the case of products from farms in the process of conversion. When a conversion product from the EU, or another country, is imported into Switzerland, this must be specifically declared. They must also bear a conversion label stating «product under conversion to organic farming.» It is essential that these products are properly labelled so as not to mislead customers into thinking the farm is fully converted.
- Due to the differing requirements pertaining to conversion labelling, conversion products exported from Switzerland into the EU must be sold in the EU as conventional products. In Switzerland only 4 months must have elapsed from the start of conversion (after which conversion products may use the conversion label) whereas in the EU, it is 12 months. Furthermore, the EU does not permit conversion products composed of several agricultural ingredients to use the conversion label.

Import requirements

Organic products from the EU that are labelled as such in accordance with EU regulation on organic production may be recognized as organic products in Switzerland (see above). Imports of products from countries outside the EU into Switzerland (and also into the EU) are regulated by means of equivalence requirements: production, inspection and certification and labelling of organic products in emerging markets and markets in transition must conform to conditions that are equivalent to those contained in the Swiss Organic Farming Ordinance.

Inspection and certification

In order for an imported product to be marketed as «organic» («biologisch» or «ökologisch») in Switzerland the producers, processors and exporters in the country of origin and the import-

ers in Switzerland must be inspected by an accredited certification body at least once per year. For this they must enter into a contract with an accredited inspection and certification body. In Switzerland the following inspection and certification bodies are accredited at Federal level (the actual list of the Swiss certification and inspection bodies is available on www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en For more information see chapter B 1.4.2).

Inspection and certification bodies must conform to EN-45011 or ISO-65 standards and obtain accreditation from the Swiss Accreditation Service (Schweizerische Akkreditierungsstelle SAS). List of certification bodies accredited in third countries is in Annex 4 of the Federal Department of Economy (FDE) Ordinance on Organic Farming (see also the web information corner at the end of this chapter).

Exports from countries on the List of Countries

Countries where the government imposes conditions on organic products that are equivalent to those applied in Switzerland and adherence to these conditions is guaranteed, may be included on a List of Countries in Annex 4 of the Federal Department of Economy (FDE) Ordinance on Organic Farming. Countries wishing to be included on this list must submit an application to the Swiss Federal Office for Agriculture (FOAG; Bundesamt für Landwirtschaft, BLW) giving details showing that their production regulations and inspection systems are equivalent. As the country lists of the EU and Switzerland are equivalent, it is recommended to apply for the EU and Swiss List of Countries at the same time.

At present, all the EU countries plus Argentina, Australia, Costa Rica, India, Israel and New Zealand are included on the Swiss Country List. Tunisia is already on the EU List of Countries and in process to be accepted on the Swiss Country List. With the expansion of the European Union to the east, the new members would automatically be treated as EU member states. The EFTA countries are not automatically added to the Swiss Country List. However, EFTA member countries recognize ordinances and decrees of other EFTA and EU countries as equivalent (see EFTA: SR 0.632.31 - www.admin.ch/ch/d/sr/c0_632_31.html). The updated List of Countries can be obtained from the Swiss Federal Office for Agriculture or downloaded at the following website: www.admin.ch/ch/e/rs/rs.html

Organic imports from these countries are subject to simpler procedures for approval. For such imports the exporter must obtain an import certificate (Certificate of inspection for the import of products from organic production - Kontrollbescheinigung) from the certification body or authority in the country of origin. Link: www.admin.ch/ch/e/rs/rs.html This certificate is presented to the importer in Switzerland. It is required by the certification body when the annual inspection of the business is carried out. Moreover, this document confirms that the imported product is an organic product.

Exports from non-approved countries outside the EU

Similar to the EU, Switzerland also operates a system of «individual authorization». For direct imports from countries that are not included on the list of third countries, the importer in Switzerland must submit an application for individual authorization to the Federal Office for Agriculture (FOAG). The forms for this application are available at:

www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en.

On the basis of these the FOAG can confirm the equivalence of individual products and issue an «individual authorization.»

Individual authorizations are listed annually in the Swiss official trade gazette (Schweizerische Handelsamtsblatt) and can be seen on the internet:

www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en.

Only when the individual authorization has been granted may the product be marketed in Switzerland as an organic product. In these cases too, every delivery must be accompanied by an import certificate.

Requirements related to the individual authorization

- A separate application for individual authorization is required for each exporter in the country of origin.
- The declaration of equivalence – point 15 of the application for individual authorization - must be stamped and signed by the certification/inspection body of the exporter and is the key prerequisite for approval of the application.
- Checklist for assessing equivalence from the Federal Office for Agriculture see: www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en

- The use of genetic engineering and irradiation is prohibited. Equivalence of procedures used is subject to detailed assessment.
- The more thoroughly the documentation has been prepared, the quicker and less complicated it will be to process the application. For all individual authorizations, a basic fee of 300 Swiss Francs will be charged by FOAG. In the case of applications that place especially great demands on the time and effort of the FOAG, a higher fee is charged to reflect this. It is advisable to prepare the documents as thoroughly as possible in German, French, Italian or English and, where necessary, draw on the services of a certification body in order to keep the administrative effort and the corresponding costs, to a minimum.
- Inspection to ascertain whether the importer in Switzerland has the required authorization for all imports is carried out by the Swiss inspection and certification bodies.

New procedure in preparation

It is expected that the «individual authorization» procedure will only be used until the end of 2012. The new procedure planned will be based on a list of recognized certification bodies published by the EU and Switzerland. Products certified by certification bodies on this list have access to the Swiss market without individual authorization. This list will be elaborated on in collaboration with the European Commission along with the Federal Office for Agriculture. The list of control bodies and control authorities will be published for the first time in 2011. Until the end of 2012, both procedures – the individual authorization and the list of control bodies – can be used. It is planned that from 2013 onwards, market access for organic products from third countries (not included in List of Countries in Annex 4 of the Federal Department of Economy (FDE) Ordinance on Organic Farming) into the Swiss market will only be possible using the list of control bodies and control authorities.

Conditions pertaining to import certificates

Every consignment must be accompanied by an import certificate. This certificate serves as a confirmation that production requirements have been adhered to and that inspection has taken place. Import certificates are issued by certification/inspection bodies that are accredited at federal level (not by the Federal Office for Agriculture):

- In the case of imports into Switzerland from countries on the Country List, the import certificate must be completed by one of the certification bodies or by the authority for the relevant country stipulated on the Country List. For imports from the EU the import certificate is no more required. In the case of imports of non-EU products from the EU that already have an import certificate for the EU, this will be accepted as long as the information contained in it is valid at the time of import into Switzerland.
- In the case of imports into Switzerland from countries not included on the List of Countries (where individual authorization is required), the body named in the application for individual authorization (normally the exporter's certification/ inspection body) is responsible for issuing the certificate.

Care should be taken to ensure that the properly completed document, which must have been stamped and signed by the inspection body or authority, is forwarded to the importer in Switzerland without delay. If an importer is unable to produce an import certificate he will be sanctioned accordingly.

1.3.2 Private organic labelling schemes

1.3.2.1 The Bio Suisse Bud label

The Association of the Swiss Organic Agriculture Organizations (Vereinigung Schweizer Biolandbau-Organisationen, Bio Suisse) was founded in 1981; it comprises more than 30 member organizations and some 5700 «bud» farmers. In 1981 Bio Suisse set out the first joint standards for organic cultivation and established the Bud label trademark for products from certified organic production. Nowadays the Bud label is the most widely known organic label amongst consumers in Switzerland. For imported products to be awarded with the Bud label, all of the foreign operators (producers, processors and traders) must meet not only the requirements set out in the Swiss Organic Farming Ordinance, but also comply with Bio Suisse Standards.

Verification of compliance is undertaken by Bio Suisse. Corresponding applications for inspection must be made by a Bio Suisse licence holder before goods are imported. It is not only in the field of agriculture that the Bio Suisse Standards are tougher than the minimum requirements stipulated by Switzerland and the EU. In processing, too, certain processes and additives such as synthetic ascorbic acid and dye and flavour substances are not permitted. For processed products, each constituent product must be approved by Bio Suisse.

The application for Bio Suisse approval must be made by an importer operating in Switzerland. The importer must be, or must become, a Bio Suisse licence holder and pay the approval fees and Bud label licence fees. For a product to be labelled with the Bud label, it must be imported via a Bio Suisse licence holder. Based on marketing considerations, Bio Suisse imposes the following restrictions on imported goods:

- Bio Suisse Standards must be complied with.
- Transportation by air is not permitted.
- Priority is given to imports from the nearest production regions or countries.
- Fresh products from overseas are only approved if, for climatic reasons, these products cannot be grown in Europe (this includes frozen goods). For a list of fresh produce that may be imported from overseas see (in German and French) www.bio-suisse.ch/media/de/pdf2009/Import/positivliste_frischprodukte_mai_2009_d.pdf or www.bio-suisse.ch/media/fr/pdf2009/Import/positivliste_frischprodukte_mai_2009_f.pdf
- In the case of products processed abroad in their entirety and products of animal origin, the management board of Bio Suisse decides on a case-by-case basis whether the product may be approved.
- Bio Suisse can reject importing organic products from overseas for image reasons (standards Article 6.2.2).
- Rigorous chain-of-custody monitoring: traceability back to the producer of the raw material is checked for every import.



Figure 10: The Bio Suisse logo for domestic products (above) and import products (below).



Documentation required for application for Bio Suisse approval

In the case of farms Bio Suisse requires:

- Bio Suisse Checklist for Individual Producers (see www.bio-suisse.ch/en/library/import/checklist.php) completed by an accredited inspection body
- current inspection report (first-time applicants and producers re-applying following a break must also submit the previous year's report)
- certificate of organic status
- annual production programme / schedule of areas
- location plans (first-time applicants)
- all attachments listed on the last page of the Bio Suisse Checklist

In the case of producer cooperatives and small farmer groups please contact Bio Suisse: import@bio-suisse.ch.

Trade firms must be able to provide evidence that they guarantee separate handling of Bio Suisse-approved goods. Bio Suisse requires the following documents for trade and processing firms:

- Bio Suisse Checklist for Processing and Trade (see www.bio-suisse.ch/en/library/import/checklist.php) completed by an accredited inspection body
- current inspection report from the inspection body (for processing: current inspection reports on all locations involved in processing)
- certificate of organic status
- samples of dispatch notes / invoices and container labels
- all attachments listed on the last page of the Bio Suisse Checklist

Only Bio Suisse approved raw materials may be used in the production of Bio Suisse approved products. For this reason, all producers supplying raw materials must be approved by Bio Suisse. The more complete this documentation is, the quicker the application for approval can be processed.

Approval procedure

When Bio Suisse has considered the application, the importer receives written notification while the firm in question (producer, processing firm, exporter) receives in addition to the notification all relevant details for the follow-up approval. The approval procedure must be repeated every year.

The Bio Suisse approval does not entitle operations outside Switzerland to label products with the Bud label. Only Swiss importers who hold a valid licensing contract with Bio Suisse are authorized to do so. Products must be labelled on containers, packages, delivery notes, invoices, etc. with the phrase or logo «approved by Bio Suisse».

Table 6: Comparison of organic farming regulations and standards: EU, Swiss Organic Farming Ordinance and Bio Suisse Standards

Area, criteria	EU Regulations	Swiss Organic Ordinance	Bio Suisse and Demeter
Whole farm conversion to organic management	<ul style="list-style-type: none"> • Sectoral conversion in crop production and livestock management possible (no parallel production, different species involved, traceability) 	<ul style="list-style-type: none"> • Whole farm conversion mandatory; exceptions include: permanent crops. They can be non-organic if grown in accordance with the governmental environmental performance record (ÖLN) 	<ul style="list-style-type: none"> • Whole farm conversion mandatory • Plus two day compulsory training for farmers newly converting or for organic farmers newly using the Bud label.
Conversion period	<ul style="list-style-type: none"> • 2 years and 3 years for perennials; may be shortened to 1 year for individual farms (if no prohibited agents utilized in the last 3 years) 	<ul style="list-style-type: none"> • 2 years; conversion date always January 1 	<ul style="list-style-type: none"> • 2 years; conversion date always January 1; conversion from Swiss Organic Farming Ordinance to Bio Suisse takes 1 year
Step by step conversion Parallel production	<ul style="list-style-type: none"> • Conversion plan of perennial crops where varieties cannot be easily differentiated: special control requirements, max. 5 years • A producer may run organic and non-organic production units in the same area under specific restrictions for seed and propagation material, grassland exclusively used for grazing, research areas 	<ul style="list-style-type: none"> • Gradual conversion permitted only in certain circumstances, for instance on farms with horticulture crops during a maximum period of 5 years • Gradual conversion of animal husbandry possible within 3 years 	<ul style="list-style-type: none"> • Gradual conversion permitted, but only possible with wine, fruit and ornamental plants. Detailed conversion plan required showing goal of all-organic management within 5 years and permit necessary • Gradual conversion of all animals possible with the exception of ruminants and horses where it is not allowed
In-conversion label	<ul style="list-style-type: none"> • From 2nd year on 	<ul style="list-style-type: none"> • From 1st year on 	<ul style="list-style-type: none"> • From 1st year on
Surfaces enhancing biodiversity («compensatory ecological habitat areas»)	<ul style="list-style-type: none"> • No specific requirement 	<ul style="list-style-type: none"> • 7% of agricultural area, 3.5% for horticulture holdings 	<ul style="list-style-type: none"> • 7% of agricultural area for all holdings, including horticulture (BS-RL 2.4.1) • At least 5% of total vegetation must be low-input grassland
Nutrient balance	<ul style="list-style-type: none"> • On farms with livestock inputs from livestock limited to max.170 kg N/ha 	<ul style="list-style-type: none"> • Nutrient balance required: balanced «Suisse-Bilanz» • Maximum animal stocking density for livestock farms: 2.5 Units/ha 	<ul style="list-style-type: none"> • Nutrient balance required: balanced «Suisse-Bilanz» • Animal stocking densities are limited depending on the agricultural official zones.

Area, criteria	EU Regulations	Swiss Organic Ordinance	Bio Suisse and Demeter
Crop rotation	<ul style="list-style-type: none"> • Appropriate multiannual crop rotation including legumes and other green manure crops, no specific legislation in detail (checked by national inspection and certification bodies) 	The crop rotation should be such that pests and diseases are prevented and soil erosion and compaction as well as runoff of nutrients avoided	<ul style="list-style-type: none"> • At least 20% of crop rotation area should have a soil improving crop on it for one year (e.g., ley and/or green manures), otherwise special rules apply • At least 50 % of arable land should have a cover crop over winter. Except for rice, a cultivation break of at least a year must be made between two crops of the same species for annual crops
Soil management	<ul style="list-style-type: none"> • Only general rules 	<ul style="list-style-type: none"> • Only general rules 	<ul style="list-style-type: none"> • Year-round green cover must be generally maintained for orchards
Fertilizers and soil conditioners	<ul style="list-style-type: none"> • Only permitted fertilizers and soil conditioners as listed (EC Reg 889/2008 special Annex I) 	<ul style="list-style-type: none"> • Permitted fertilizers as listed in Annex 2 of Swiss Organic Farming Ordinance 	<ul style="list-style-type: none"> • Permitted soil conditioners and fertilizers are listed in Annex 1 and in the annually updated list of approved auxiliary inputs published by FiBL
Use of crop protection agents	<ul style="list-style-type: none"> • Only substances of a special list of permitted plant protection products (Annex II) 	<ul style="list-style-type: none"> • List of permitted plant protection agents as in Annex 2 of Swiss Organic Farming Ordinance 	<ul style="list-style-type: none"> • Only substances from the FiBL list of approved substances
Limits for copper use as plant protection agent	<ul style="list-style-type: none"> • Maximum 6 kg/ha on a 5 year average, calculated on a 5 year average 	<ul style="list-style-type: none"> • Max. 4kg/ha 	<ul style="list-style-type: none"> • Different max. amounts/ha; max. 1.5 kg to 4 kg per hectare per year depending on crop, e.g., 1.5 kg for apples/pears, 2 kg for berries and 4 kg for stone fruits, potatoes and vineyards (for grapes: calculated on a 5 year average)
Pyrethroid insecticides	<ul style="list-style-type: none"> • Pyrethroids (only deltamethrin or lambda-cyhalothrin); only in traps with specific attractants; only against <i>Bactrocera oleae</i> and <i>Ceratitis capitata</i> Wied. 	<ul style="list-style-type: none"> • Prohibited 	<ul style="list-style-type: none"> • Prohibited

Area, criteria	EU Regulations	Swiss Organic Ordinance	Bio Suisse and Demeter
Animal husbandry	<ul style="list-style-type: none"> Organic livestock shall be born and raised on organic holdings; for breeding purposes Ruminants require 100 % organic feed The maximum percentage of non-organic feed authorised for species other than herbivores shall be: 5 % The livestock shall have permanent access to open air areas, preferably pasture, whenever weather conditions and the state of the ground allow. Special rules for tethered animals in small holdings for outdoor access (2 times/week) 	<ul style="list-style-type: none"> Only production animals which come from organic holdings may be kept. Ruminants require 100 % organic feed The maximum percentage of non-organic feed authorised for species other than herbivores shall be: 5 % According to the governmental «RAUS» directive (routine outdoor access) and for rabbits according to «BTS» directive (exceptionally animal friendly housing systems) 	<ul style="list-style-type: none"> Organic animals from farms that are not affiliated to Bio Suisse must be kept in accordance with Bio Suisse Standards for a period of at least 3 months Ruminants require 100 % organic feed The maximum percentage of non-organic feed authorised for species other than herbivores shall be: 5 % According to «RAUS» directive (routine outdoor access) and for rabbits according to «BTS» directive (exceptionally animal friendly housing systems)
Processing	<ul style="list-style-type: none"> No irradiation; Annex list of additives and processing aids for processing of plant and animal products 	<ul style="list-style-type: none"> No irradiation; Annex list of additives and processing aids for processing of plant and animal products 	<ul style="list-style-type: none"> No irradiation or microwave treatment; only quality-preserving methods permitted, less additives allowed
Genetically modified organisms and products derived from them	<ul style="list-style-type: none"> Prohibited 	<ul style="list-style-type: none"> Prohibited 	<ul style="list-style-type: none"> Prohibited
Packaging	<ul style="list-style-type: none"> No requirements 	<ul style="list-style-type: none"> No requirements 	<ul style="list-style-type: none"> Some restrictions: aluminum can, PVC, etc.
Transport	<ul style="list-style-type: none"> No requirements 	<ul style="list-style-type: none"> No requirements 	<ul style="list-style-type: none"> Generally no air transport allowed.

1.3.2.2 Demeter

For a product to carry the biodynamic Demeter label, it must conform to the production and processing standards laid down by the Swiss Demeter Association. This also applies to Demeter imported goods. Demeter standards have the same requirements as Bio Suisse and in some respects go even further (www.demeter.net):

- Use of biodynamic preparations. These preparations are aimed at stimulating soil fertility by revitalising the soil and stimulating activity in plants.
- No copper products are allowed in the cultivation of vegetables and potatoes.
- Landscaping of the farm. Every farm should provide good living conditions for beneficial organisms.
- Only feed of biodynamic origin and max. 20 percent of off-farm organic origin. No feed of conventional origin may be brought in.

Special requirements apply with regard to processing. For Demeter imported goods, the following rules must be observed:

- Air transport of goods is not permitted. Exceptions can be only asked for highly perishable tropical fruits from biodynamic projects in developing countries. Decisions are made by the Demeter commission for protection of trademark rights (Demeter Markenschutzkommission).
- Demeter products from farms under conversion may only be imported into Switzerland if the farm has been 100 percent certified by the EU. Such products may then be brought onto the Swiss market with the declaration «under conversion to Demeter.»

The imported product is only recognized as a Demeter product in Switzerland if it has been certified by one of the 16 member countries of Demeter International or by the International Demeter Certification Body (Prüfstelle) in Darmstadt, Germany; www.demeter.net.

1.3.2.3 Migros organic programme

The Migros label is an organic label with growing importance in Switzerland. Under this label Migros commits itself to the quality of organic products sold in its outlets. The detailed requirements include social, ecological and qualitative criteria.

The processing complies with the provisions of the Swiss Organic Ordinance. In domestic production the same requirements apply as for Bio Suisse directives. Imported products with the Migros bio label correspond to the European regulations. Air transport is not accepted. No organic products are imported from conversion firms. Before a supplier can offer bio products through Migros' channels, the supplier must comply with the Migros bio directives. In addition, the supplier must have each product approved and after thorough examination a product certificate is granted.

Figure 11: The Migros bio logo



1.3.2.4 Label requirements for exports to Europe

Bio Suisse works closely with other labelling organisations that set equivalent standards. These include the German organisations Naturland, Bioland, Demeter Deutschland, GÄA, Biokreis, Verbund Ökohöfe and the Austrian organisations Bio Austria and Erde und Saat. All of these organisations include whole farm conversion as a requirement.

1.3.2.5 Relationship to fair trade

Many producer associations in the emerging markets and markets in transition conform to the requirements of the fair trade organisations (e.g., FLO (Fairtrade Labelling Organisations International), Transfair, Max Havelaar, FairWild and World Shops (Weltläden). Having a fair trade label does not necessarily mean, however, that the products can also be sold as organic.



In order to be designated organic, the project must be subject to accredited organic inspection procedures. Bio Suisse maintains close contacts with Max Havelaar Switzerland, since some projects conform to the standards of both organisations. The combination of «organic» and «fair trade» labelling can enhance a product's market prospects.

1.3.3 Requirements laid down in the legislation on foodstuffs

Both organically and conventionally produced foods, irrespective of whether or not they are imported, are subject to Swiss laws and ordinances relating to foodstuffs. The Swiss legislation on foodstuffs is composed of horizontal and vertical ordinances. The horizontal ordinances treat subjects of general importance and are applicable to all foodstuffs. The vertical ordinances regulate specific products such as the ordinance on sugars, sweets and cacao products. For details see the web links at the end of this chapter.

The Federal Act on Foodstuffs and Utility Articles (Lebensmittelgesetz, SR 817.0) is the basic law laying down general requirements.

Ordinance on foodstuffs and utility articles (Lebensmittel und Gebrauchsgegenständeverordnung, SR 817.02) contains basic requirements applicable to all producers and all foodstuffs, for example requirements on self-control procedures of the establishments (HACCP or guides to good practice, documentation, traceability system, withdrawal and recall procedures). It also contains general requirements on labelling, hygiene, permitted ingredients and permitted technological treatments.

Hygiene ordinance (Hygieneverordnung, SR. 817.024.1) contains detailed requirements concerning the hygienic design of rooms where foodstuffs are prepared, treated or processed, hygienic equipment, heat treatment, cooling, storage and transport, personal hygiene as well as requirements for potable water and how to deal with waste in food premises. Furthermore it contains specific requirements for food of animal origin and microbial criteria for foodstuffs.

Ordinance on foreign substances and constituents in foods (Verordnung über Fremd- und Inhaltstoffe in Lebensmitteln, short name: Fremd- und Inhaltstoffverordnung SR 817.021.23): lays down the maximum permissible concentrations of plant protection products, growth regulators, heavy metals, pharmacological substances, microbial toxins, radionuclides, etc.

Ordinance on additives permissible in foodstuffs (Verordnung über die in Lebensmitteln zulässigen Zusatzstoffe, short name: Zusatzstoffverordnung SR 817.021.22): contains lists of substances that are allowed to be used as food additives, as well as a table indicating the permitted use of the additives in the different food categories.

Ordinance on the labelling and advertising of foodstuffs (Lebensmittelkennzeichnungsverordnung SR 817.022.21): contains detailed regulation concerning labelling requirements, nutrient declaration as well as nutrient and health claims.

Ordinance on the measurement and declaration of quantities relating to goods for trade and transportation purposes

(Verordnung über das Abmessen und die Mengendecklaration von Waren in Handel und Verkehr, short name: Deklarationsverordnung SR 941.281): regulates indications of quantity (weight, volume, etc.) relating to foodstuffs and the corresponding declarations both for foodstuffs that are sold loose and those sold in pre-packaged form.

These ordinances relate mainly to foodstuffs packaged for the consumer and are not directly relevant to bulk imports. However all indications on the semi processed foodstuff must enable the producer of the end product to label the food correctly. Exporters should nevertheless take these requirements into consideration since the final products processed from imported raw materials must comply with them.

1.3.4 Customs regulations and value-added tax

For organic products the general customs tariffs and regulations apply. High customs duties are levied on a range of agricultural products such as sugar, vegetable oils and dairy products. For some products special import licences are also necessary, which are only granted to Swiss importers. Higher customs duties are levied on processed products than on raw materials. The import of meat, meat products, fish, fishery products, milk and dairy products, sanitary certificates are required. Furthermore, the import of these products is only possible if the establishment is approved by the EU and is listed accordingly. Further details are contained in the Swiss Ordinance on agricultural imports (Schweizerische Agrareinfuhrverordnung, SR 916.01) and on the homepage of the Federal Veterinary Office (www.bvet.admin.ch). As in the EU, preferential customs duties may be applied to imports of certain agricultural products from emerging markets and markets in transition in accordance with the Swiss tariff preferences system (Generalized System of Preferences) and these are lower than the tariffs generally applicable (SR 946.39) (see www.admin.ch/ch/d/sr/94.html). Imports from Least Developed Countries are exempted from customs duties for the majority of headings in the customs tariffs. A complete and up-to-date list of customs tariffs may be obtained on request from the Swiss Federal Customs Administration (Eidgenössische Zollverwaltung) (see www.ezv.admin.ch/index.html?lang=en).

Importers pay a value-added tax of 2.4 percent on foodstuffs that they bring into Switzerland. The VAT rate is the same for both imported goods and those produced in Switzerland.

Web information corner, references and sources

- www.blw.admin.ch: The website of the Swiss Federal Office for Agriculture provides detailed information on:
 - The Swiss Organic Farming Ordinance
 - Forms and lists
 - Direct payments for organic farms
 - Cultivation of organic products.
- www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en: Documents for import of organic products (forms, explanations, regulations, information) in English
- www.admin.ch/ch/e/rs/rs.html
- Original texts of:
 - Swiss legislation
 - The Swiss Ordinance on agricultural imports.
- www.ezv.admin.ch: Customs tariffs of the Federal Customs Administration.
- www.iso.ch: The homepage of the International Organization for Standardization (ISO) in Geneva provides a link to ISO-65, the standard pertaining to certification bodies.
- www.cen.eu/cen/pages/default.aspx: The homepage of the European Committee for Standardization (CEN) provides a link to the text of the EN-45011 standard.
- www.seco.admin.ch/sas/index.html?lang=en: Swiss Accreditation Service (Schweizerische Akkreditierungsstelle SAS is the accreditation body for inspection and certification bodies in Switzerland.
- www.bio-suisse.ch: The website of Bio Suisse provides detailed information on:
 - Standards relating to farming and processing
 - Approval procedures for the Bud label
 - Markets and prices
 - Addresses of licence holders
- www.maxhavelaar.ch: The website of Max Havelaar Switzerland, one of the most important fair trade organizations in Switzerland.
- www.maxhavelaar.ch/en/products-shopping/products/coffee-tea/ Market information of Max Havelaar.
- www.fairwild.org: The website of FairWild Foundation, including the FairWild Standard.

- www.demeter.ch and www.demeter.net: The website of Demeter Switzerland and the website of Demeter International provide information on:
 - Standards relating to farming and processing
 - Approval procedures for the Demeter label.
 - www.migros.ch/de/supermarkt/nachhaltige-labels/bio/reichtlinien.html : Migros bio standards concerning the processing and trade of Migros' organic products.
 - www.coop.ch/pb/site/common/node/50465/Len/index.html: Coop Naturaplan organic products information portal.
 - www.codexalimentarius.net: The general website of Codex alimentarius. Guidelines for organically produced food. www.codexalimentarius.net/web/more_info.jsp?id_sta=360
- Links for certification bodies: See part B, chapter 1.4.

References and sources

This chapter is based on expert interviews and inputs from Swiss Federal Office for Agriculture, Bio Suisse, Demeter and Migros. Main sources are the original legislation texts, mentioned in the text and available on the web.

1.4 Services for organic agriculture.

1.4.1 Research, advisory services and extension tools

Switzerland is one of the pioneering countries of organic farming (Alföldi 2010). Today it has one of the highest proportions of organic agricultural land in the world. It also has a long history of organic farming research, which in the beginning was carried out by organic farming pioneers and private institutions such as the Goetheanum, Möschberg Centre and the Research Institute of Organic Agriculture FiBL, founded in 1973. The first IFOAM scientific conference on organic agriculture was organised by FiBL in 1977 in Sissach, in the northwestern part of the country. In the 1990s Agroscope, the Swiss federal agricultural research stations, became involved in organic research topics. Today, the government funds research on organic farming both at FiBL and the state institutes.

The key institutions of organic agriculture research

The Research Institute of Organic Agriculture FiBL is one of the largest and most well-known competence centers for organic agriculture and sustainability in the world. It is a private trust and has been active in organic farming research and dissemination since 1973 (www.fibl.org).

The three federal research stations of Agroscope have become increasingly involved in organic research projects since the year 2000: Agroscope Changins-Wädenswil ACW, Agroscope Liebefeld-Posieux ALP and Agroscope Reckenholz-Tänikon ART. These federal research stations are carrying out applied research in sustainable and multifunctional agriculture. Out of the three research stations, Agroscope Reckenholz-Tänikon ART carries out the most research projects specifically dedicated to organic food and farming (www.agroscope.admin.ch).

The Organic Research Coordination Group has been coordinating the activities of Agroscope and FiBL since 1995. Since 2004, an annual conference documents the current status of organic farming research at these institutes.

In addition, there are two private research institutes focusing at biodynamic research: the Section for Agriculture at the Goetheanum in Dornach (www.sektion-landwirtschaft.org/4202.html?L=1) and the Cereal Breeding Group of Peter Kunz (gz.peter-kunz.ch). The national research programme for organic farming is organised according to a four-year research concept of the Swiss Federal

Office of Agriculture FOAG. Within this concept, organic farming is considered an important issue for Swiss agricultural research and research for organic farming is carried out as a continuous process.

Organic farming research is carried out on all relevant themes:

- FiBL is doing research exclusively for organic farming, whereas at Agroscope, research for integrated and organic farming is carried out in parallel. Together with the activities of FiBL, all relevant agricultural topics such as plant production, animal health and husbandry, food quality and socioeconomics are covered and carried out in the context of organic farming.
- FiBL covers soil management and plant nutrition, horticultural crop research, organic seed production, organic plant protection, and biodiversity, livestock health, livestock breeding and ethology, socio-economics including policy, regulation and markets, as well as food quality. In addition, FiBL has recently been involved in numerous activities related to organic farming research: it helped to set up the Technology Platform TP Organics and the Organic Research Centres Alliance ORCA.
- Agroscope ART Reckenholz covers soil management and plant nutrition, grassland and arable crop research, breeding of fodder crops, biodiversity, plant protection and landscape.
- Agroscope ACW Changins covers grassland and arable crop research, breeding of arable crops and vines, variety testing and horticultural crops, especially aromatic plants.
- Agroscope ALP covers milk and meat quality/technology/processing.
- Agroscope ACW Wädenswil covers fruits and vegetable production, viticulture, crop protection, breeding/variety testing, quality and processing research.
- Agroscope ART Tänikon covers farm management, farm technology and animal husbandry.

Approximately 7.5 million euros per year are allocated specifically to organic farming research from public budgets. The major part of the state funding for organic farming research is granted by the Federal Office of Agriculture FOAG.

The key funding institutions are:

- Federal Office for Agriculture FOAG: 7 million euros via permanent staff of the Agroscope Centers and grant to FiBL («Leistungsauftrag»).
- State Secretariat for Education and Research SER: Until recently the funding for Swiss partners in projects of the European Research Framework programmes came directly from Switzerland (SER). Now these funds are distributed via the European Commission in Brussels.
- Cantonal governments in agricultural schools and in extension services including Swiss College of Agriculture in Zollikofen: 1 million euros (estimate). Teaching and extension in organic farming are general cantonal duties.
- Furthermore, the organic industry (sector organisations, retailers, foundations) is also funding organic farming research in the country.

Dissemination: Training, advisory service and extension tools

In Switzerland, all cantons offer an introductory course for farmers converting to organic agriculture and technical advice for farmers. In addition to these courses and official advisory services, FiBL, education and training centers, the federal Agroscope centres and the different regional organic farmers' associations also offer various courses, diverse extension services and hold meetings:

- Training at FiBL and at the agricultural education and training centres;
- Advisory services by phone provided by FiBL, Bio Suisse, agricultural education and training centres, Agricultural Advisory Service for the German and French speaking parts of Switzerland, Agroscope centres, private companies;
- Group advice is provided by FiBL, agricultural education and training centres, organic marketing associations, private companies and consultancy firms;

- Individual farm advice provided by FiBL, Bio Suisse, agricultural education and training centres, organic marketing associations, private companies and consultancy firms.
- Modules on organic farming for apprentices are offered by many agricultural schools.

Furthermore, FiBL and a group of teachers and trainers have developed a curriculum for becoming an «organic farmer» and in 2004 an organic school was set up. For biodynamic farmers there is a four-year apprenticeship programme.

The Swiss Federal Institute of Technology ETH Zurich offers a specialised agro-ecology programme for agronomists with specific organic farming courses. Similar programmes are offered by the Swiss College of Agriculture at Zollikofen and the University of Applied Sciences at Wädenswil.

FiBL, Bio Suisse and Agricultural Advisory Service offer a complete set of magazines and documentation services for farmers and trainers:

- «bioaktuell»: Specialised magazine for Swiss organic farmers. Released 10 times per year in three languages (German, French, Italian). Published by FiBL and Bio Suisse;
- «Beiträge»: Specialised magazine for Swiss Biodynamic Agriculture. Published by Demeter Association;
- Technical guides provided by FiBL, Bio Suisse, Agricultural Advisory Service for the German and French speaking parts of Switzerland; Agroscope centres, organic marketing associations, private companies and consultancy firms;
- www.bioaktuell.ch: Internet platform for Swiss organic farmers;
- Articles in specialised farmers' magazines and public newspapers;
- Mailings provided by Bio Suisse, member organisations of Bio Suisse, Agroscope centres, organic marketing associations, private companies and consultancy firms.
- FiBL: More than 35 years of excellence for sustainability

- The Research Institute of Organic Agriculture (FiBL) was founded in Oberwil, Switzerland in 1974 as a private non-profit foundation. Its aim was to promote the breakthrough of organic principles and sustainable practices in agriculture and the food industry, acting as a centre of scientific expertise and good practice.

FiBL today:

- FiBL Switzerland has 135 staff scientists and senior advisors and is based in Frick (canton of Aargau).
- FiBL Germany (since 2002) has 17 staff scientists and senior advisors and is based in Frankfurt.
- FiBL Austria (since 2004) has 15 staff scientists and senior advisors and is based in Vienna.
- Current budgets: FiBL Switzerland 14 million euros, FiBL Germany 1.4 million euros and FiBL Austria 750,000 euros.

Impacts:

For more than 35 years FiBL has taken the lead in fostering the development of organic agriculture from an idea nurtured by the pioneering few to a globally acknowledged method of sustainable farming. Organic farming has developed impressively since the 1970s and today there are statutory bases and global standards for organic agriculture, the number of organic farmers has swelled to 1.8 million worldwide and global trade in organic foods accounts for some 55 billion US dollars a year (2009).

In the last 20 years FiBL as well as other institutes in several countries have played a trailblazing role in research, particularly in the areas of organic agriculture, species-appropriate livestock management and holistic animal health. During this period, the annual volume of state and privately funded research in Europe has grown from an initial level of 1 million euros to some 80 million euros today.

Core activities:

- Scientific research: Soil fertility management, ecological crop management, nature conservation and biodiversity, food quality and healthy nutrition, animal health and welfare management, socio-economics and sustainability assessment.

- Activities in developing and emerging countries: Joint research activities in Africa, Asia, Latin America and Eastern Europe, consultancy on organic market development, standards, certification, action plans and institution building. Joint advisory activities with farmers, trainers, advisors, food traders and authorities.
- Dissemination: Farm and food industry advice, educational courses and programmes, dissemination of knowledge by internet, leaflets, technical guides, books and media events.

FiBL-Support for organic market development

The organic market is a highly specific and dynamic market where constant observation of trends is necessary. At the same time it is a market with tremendous prospects for growth and it offers creative producers and exporters some excellent opportunities for success. In step with the growing opportunities for trade links and commodity marketing, the requirements placed upon the credibility and quality assurance of organic produce are also rising. Competent project support – from production through to processing and to the final sales outlet – is thus becoming all the more important. FiBL offers full value chain development services and help to establish and implement traceability and certification requirements. FiBL supports the development of organic market initiatives, marketing concepts, marketing techniques and market intelligence, and is linking demand with supply.

1.4.2 Certification

The Swiss Organic Farming Ordinance delegates the inspection of organic farms and processors to private organisations, but requires a certification and inspection scheme in compliance with EN 45011. The Swiss Federal Office of Metrology and Accreditation (METAS) is responsible for the accreditation of inspection and certification bodies.

In Switzerland the main organic certification bodies are bio.inspecta and Bio Test Agro. For organic processing and import operators, the main certifiers are: bio.inspecta, IMO (Institute for Market Ecology), OIC (Inter-Cantonal Organism of Certification) and Procert Safety AG. A regularly updated list of the Swiss certification bodies is available at www.blw.admin.ch/themen/00013/00085/00092/index.html?lang=en

Bio.inspecta (www.bio-inspecta.ch) was established in 1998 in order to set up a neutral, independent and credible auditing and certification procedure for organic products. bio.inspecta is Switzerland's leading provider of inspection and certification services for products produced in accordance with principles of environmental and social sustainability and animal welfare. Today, bio.inspecta inspects and certifies more than 80 percent of all organic farms across Switzerland as well as retailers/traders and processors of organic products. bio.inspecta not only offers its services locally in Switzerland but also worldwide and is a recognized European Union certification body. bio.inspecta uses an electronic certification tool called eCert. With eCert and the electronic client platform www.easy-cert.ch, bio.inspecta clients are able to retrieve electronic certificates in real-time. In addition, registered customers can monitor their suppliers organic label status online.

In order to offer clients services from one source, bio.inspecta has formed a strategic alliance together with SQS (The Swiss Association for Quality and Management Systems) and OIC. And with the other main organic farm certification body in Switzerland Bio Test Agro, bio.inspecta has created a joint appeals commission for its Swiss organic farm operators.

The organic standards which are certified by bio.inspecta range from all the state organic standards like the Swiss Organic standard, European Union Organic standard and US National Organic Program (NOP). Furthermore, bio.inspecta is accredited for private organic standards like Bio Suisse, Delinat (private wine standard), GOTS (Global Organic Textile Standard), MSC (Marine Stewardship Council), NaTrue (natural and organic cosmetic label) and STEP (fair trade carpet manufacturing). In the food processing sector bio.inspecta offers the global food safety inspections and certification together with its partner SQS.

Bio Test Agro (BTA) (www.bio-test-agro.ch) is a Swiss organic certification body founded by 5 organic farmers in 1998. BTA is specialised in organic farm inspection and certification in Switzerland and recently it has also been accredited for certification of organic processors. It has its seat in the canton of Berne. BTA had 1250 clients as of 2008. BTA offers inspection and certification services for the Swiss Federal Organic standard and the Swiss private organic standard Bio Suisse. Together with bio.inspecta BTA runs a joint appeals commission for its clients.

The Institute for Marketecology IMO (www.imo.ch) inspects and certifies farms and processors in Switzerland and worldwide. For over 20 years, IMO has been active in the field of organic certification and is also an expert in the sectors of natural textiles, sustainable forestry and social accountability monitoring. IMO staff controls more than 50 standards in the food and non food sector. Organic standards offered by IMO range from all the state organic standards like Swiss Organic standard, European Union Organic standard, US National Organic Program (NOP) and JAS (Japanese Organic Standard). IMO is a recognized EU certification body. IMO also provides a platform on the internet for its clients.

Furthermore IMO inspects and certifies operators according to private organic standards like Bio Suisse, its own (IMO) wild collection standard, GOTS (Global Organic Textile Standard), MSC (Marine Stewardship Council) and FSC (Forest Stewardship Council).

IMO also certifies the Fair for Life Social & Fair Trade Certification programme which was created together by IMO and the affiliated Swiss Bio Foundation.

Organisme Intercantonal de Certification OIC (www.oic-izs.ch) was founded in 1999. OIC is specialised in certification of designated origin in the French speaking cantons (federal states) of Switzerland. It certifies organic wine production. OIC has been a pioneer since the 1990s in the area of protected geographical status trademarks. Next to organic certification, OIC also provides services for product regimes of Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI).

Procert Safety AG (www.procert.ch) was founded in 1997. Procert offers inspection and certification services for the Swiss Federal Organic standard and is recognized by the EU as an organic certification body. Besides the organic certification schemes Procert also offers global food safety standards like IFS (International Food standard) and BRC (British Retail Consortium).

Web information corner, references and sources

- www.fibl.org: The FiBL website provides:
 - Information on FiBL's research programmes;
 - An online-shop for ordering technical guides and other publications;
 - An overview of courses and training opportunities in organic farming;
 - Downloadable data and statistics on organic agriculture;
 - Information on conferences and events in organic agriculture.
- www.goetheanum.ch: Information on the research programme of the Goetheanum in Dornach
- www.agroscope.admin.ch/aktuell/index.html?lang=en: Information about the six state-run agricultural research stations
- www.agrl.ethz.ch/index_EN: Information on degree courses in Agriculture at the Department of Agricultural and Food Sciences at the Swiss Federal Institute of Technology (ETH) in Zürich.
- www.shl.bfh.ch/index.php?id=23&L=1: Information on degree courses in Agriculture at the Swiss College of Agriculture (SHL) in Zollikofen.
- www.ifoam.org: International Federation of Organic Agriculture Movements; useful information and links

Certification bodies

- www.bio-inspecta.ch
- www.bio-test-agro.ch
- www.imo.ch
- www.oic-izs.ch
- www.procert.ch

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2. The organic market in Iceland.

History

Iceland is a mountainous, volcanic country of 103,300 km² just south of the Arctic Circle. Although the growing season is short and the climate is cool, there is considerable potential for the development of organic agriculture. Pioneers paved the way for organic farming in the 1930s. Development, however, has been slow in comparison to the rest of Europe.

The use of agrochemicals, which increased during the latter half of the 20th century, is still low and there is little pollution in this sparsely populated and isolated country which, because of the country's cool climate, is free of several well-known animal and plant diseases and the standard of animal welfare is generally high. The main technical obstacles, however, are a shortage of organic fertilisers and difficulties in growing legumes such as white clover. There is a network of consultants in organic farming operating from the Farmers Association of Iceland to help with such issues facing today's organic farmers (Icelandic Agricultural Statistics 2009).

Production base

Agricultural production is of great importance to the national economy of Iceland. The country's 4,000 farmers produce sufficient food of animal origin for the population of around 300,000 as well as substantial amounts of vegetables, partly in geothermally heated glasshouses. It is estimated that in 2008 nearly 7,000 hectares were under organic cultivation, accounting for 0.46 percent of the total agricultural area (Willer/Kilcher 2011). In 2009 there were 36 certified (by TUN Certification Body) organic producers and 14 processing plants, up 17 percent and 22 percent respectively (Icelandic Agricultural Statistics 2009). Organic processing mainly focuses on dairy and herbal products.

Over the last 15 years there has been a steady, yet slow growth in the production of certified organics in Iceland. The organic product range is growing and now includes barley, herbs, carrots, potatoes, turnips, cabbage, cauliflower, rhubarb, tomatoes, cucumbers, peppers, milk, lamb, beef, eggs and seaweed products. The vegetable sector has shown the strongest growth with both field and greenhouse products such as potatoes, carrots, cabbages, herbs and tomatoes. In the animal sector there has been a substantial increase in milk production and processing in recent

years, but less in meat, primarily sheep meat. Very limited organic egg production is taking place as well as some barley production. It is clear that domestic production is much less than needed to satisfy market demand. Looking at the last decade the number of organically certified farms and other units (processors, wild harvest and seaweed operations) has grown from 39 in 2001 to 64 in 2009. Though production is still relatively limited, it is enjoying a growing popularity and will undoubtedly grow larger (Ministry of Fisheries and Agriculture). Premium prices for organics normally range from 10-30 percent.

Government support

Sustainable agriculture is on the agenda of the Government of Iceland and determined efforts shall therefore be made to strengthen certified organic production and other sustainable forms of agricultural production (The Farmers Association of Iceland). Although organic production is still at a somewhat small scale, it is increasing and is warmly received by consumers; hence it is fair to say that more attention will be given in the future (Ministry of Fisheries and Agriculture).

Unlike in most neighbouring countries, a substantial conversion grant scheme does not yet exist in Iceland, although there has been a provision for minor conversion support, which has been of some help to a few farmers. It has been limited to recultivation of fields, mainly hayfields and greenhouses and only available for two years per field or plot. In addition, there is a little support being given for certification costs, but only during the first year of conversion. This scheme ends at the end of 2010 according to Agricultural Law No. 70/1998.

Some local authorities are also working on efforts to involve organic farmers where appropriate, for example composting organic waste for organic cultivation.

The market

Although organised marketing is still in the early stages of development, certain positive signs are on the horizon regarding both domestically produced and imported certified organic food. Small quantities, large distances and few producers and processors are some of the challenges faced.



Consumers can now access organics from some supermarkets in addition to specialised shops and box delivery and direct farm sales are increasing. However, promotion work is needed and consumers clearly need more information on the quality and general value of organic commodities. It is estimated that organics (domestic and imported) account for 1 to 2 percent of food purchased in Iceland.

Known organic exports include lamb to Denmark and the UK as well as organic seaweed products sold to the USA.

Imports and market requirements

The volume and value of organic imports are not known, but the majority of organic imports is estimated to include processed fruits, vegetables and cereals and are estimated to account for less than one percent of food imports. The main organic imports are fruit and grain based commodities together with spices, etc., from developing countries. Organic vegetables come in, especially in mid-winter when the domestic products have been sold out and such commodities are lacking on the food market.

Iceland is free from many livestock and plant diseases making the imports of live animals, raw meat and plants therefore either forbidden or strictly limited. For certain products, mainly in the livestock sector, there are custom tariff based import protections for the domestic market (e.g., cheese, yoghurt and processed frozen meat). This is implemented by the Ministry of Agriculture and Fisheries in accordance with the part of the EU legislation ratified by Iceland (and other members of the European Economic Area).

As indicated above, domestic production is still rather limited and several organic products have to be imported as they cannot be economically grown in Iceland due to the climate. Hence, imports have been growing, especially from 2000 to 2008 when the banking crisis led to a reduction in purchasing power, but some improvement is being noticed already. In spite of this difficult situation where imports have become very expensive due in part to 100 percent currency devaluation, consumer demand and generally positive consumer attitudes are strengthening demand for organic produce.

Market access provisions

The Icelandic law and regulations on organic agricultural production were written in accordance with the EU regulation 2092/91 and subsequent amendments. The Ministry of Agriculture's Advisory Committee on Organic Agriculture monitors amendments to EU Regulation on Organic Production and other EU regulations relevant to organic agriculture. Iceland has fully implemented the EU legislation on organic farming including certification and labelling. Certification bodies need an official permit of operation from the Ministry of Agriculture as well as an accreditation from the Icelandic Metrology and Accreditation Agency.



As stated above, there are restrictions on imports of certain agricultural products through tariffs. This is strongly related to self sufficiency and sustainability considerations and the strong will of the population to maintain a high level of food security on a remote island. The strong will to not sacrifice food security, including that of organic produce, for further trade liberalization is likely to become a major issue in negotiations between the Icelandic Government and the EU in months ahead, probably coming next to fishing and sovereignty.

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3. The organic market in Liechtenstein.

History

Organic farming in Liechtenstein began in 1991. Until the 90s, just one certified organic farm existed in this small country. After the start of the «Öko-Bauer» (organic farmer) project in 1991 and the implementation of a professional organic farming extension service, new farmers began to be motivated for organic production. In 1995 alone, 12 farms began farming organically. The impetus for the conversion to organic was the new structure of the agricultural system with the introduction of direct payments and the Agri-environment programme («Abgeltungsgesetz») in 1996. This offered new possibilities for farmers. To date, organic production in Liechtenstein plays an important role in production as a whole and on the market in general, as it has the highest share of organic land in Europe.

Production base

Organic agriculture developed well over the last 15 years and has consolidated recently. In 2009, 32 Liechtenstein farms were producing according to organic legislation. This is 26 percent of all farms that get direct payments. Since 2008, two farms suspended organic production and one farm abandoned agricultural production. No farm began conversion in 2009. In 2010, at least two new larger farms have decided to start conversion. Most organic farms keep sheep, goats and horses and together with farms producing suckler cows. Counting only the dairy and combined farms, organic farming has a share of 25 percent of all farms. There are no specialised crop or vegetable farms producing organically due to high production costs.

The most important production in Liechtenstein is dairy production. More than 60 percent of the gross yield in agriculture comes from milk production. The total milk production in 2009 in Liechtenstein was about 14.5 Million kilograms (Agrarbericht, 2008). Twenty-three percent of this amount comes from organic production and is processed by the «Milchhof Liechtenstein.» In Liechtenstein 23 percent of all working animals are produced under organic regulation. From the 32 farms in 2009, 46 percent had dairy production, 23 percent were keeping goats and sheep, nine percent were keeping fattening beef, eight percent had pig production, eight percent had suckler cows and three percent had poultry. The other farms had no livestock.

Slightly over 1,000 hectares or 27 percent of the total area (about 3,550 hectares) are certified organic. The average farm size is about 33 hectares. Three farms have organic vineyards. Seventy percent of organic land is grassland and 30 percent is arable land.

Government support

Liechtenstein has its own agricultural policy, which is oriented to the Swiss agricultural policy due to the common economic area. In the «Agri-environment programme,» organic and animal friendly production standards are supported by the government. In 2009, an agricultural framework law was put into force. It determines that Liechtenstein agriculture should provide sustainable, healthy and market oriented production. This framework also defines rules for organic production as well as the support programme. The subsidies are paid according to the area under organic management (Table 7: Direct payments for organic farms per hectare and year). The maximal support for farms in conversion is 25,000 Swiss francs.

Table 7: Direct payments for organic farms per hectare and year

	Support for existing farms per hectare (Swiss francs / EUR)	Support for farms in conversion per hectare (Swiss francs / EUR)
Permanent crops	2,400 / 1,900	3,200 / 2,000
Arable area	1,600 / 1,200	1,400 / 875
Permanent grassland	630 / 490	700 / 438

These payments are an important share of income for organic farmers and give considerable incentive for organic production. The income of organic farmers increased from 2007 to 2008 due to better market conditions and due to higher acreage contributions.

Future goals for the promotion of organic agriculture in Liechtenstein are:

1. Consolidation of organic products on the market. Primary objective is a labour adequate value creation for organic farmers.
2. Expansion of organic farming:
 - a) Qualitative aspect: reaching high quality organic production by professional farm management.
 - b) Quantitative aspect: market oriented enhancement of organic production (in the vegetable and crop sector) as basis for diversification in organic farming.
3. Secure farmer's livelihood by targeting economic development of organic farms.

The farmer organisation of Liechtenstein («Vereinigung Bäuerlicher Organisationen im Fürstentum Liechtenstein VBO») is the agricultural umbrella organisation in Liechtenstein. Together with other partners, it is responsible for the development and the

promotion of organic farming in Liechtenstein. In 2005, organic farmers joined together with the «Verein Bio Liechtenstein VBL,» a member of VBO. VBL's main responsibility is the development of organic agriculture in Liechtenstein. Its project «Öko farmer» monitors the development of organic agriculture production and marketing with the primary goal of creating a sustainable and demand oriented growth in organic farming and ensuring consumers' supply of regional organic products.

With regards to research for organic farming, Liechtenstein looks closely at the activities of its neighbour Switzerland. An important role in this respect is that of the Research Institute of Organic Agriculture (FiBL) in Frick. Advisory services for farmers are outsourced by the government to a private consulting agency that has special knowledge in organic farming. The extension services of this agency are financed by governmental support and contributions from the farmers. The services are planned in coordination with the association bio Liechtenstein.

The Market

The market for organic products is growing steadily (Table 8). In 2008 the market increased by 11.2 percent; especially fresh products have had a very strong positive development (fruits + 42 percent, meat + 33 percent and milk + 23 percent) (Annual report of bio consulting, 2009).

Table 8: Liechtenstein: Development of the domestic market for organic products 2006-2009 (estimated data)

	Production volume (t)*	Production value (Mio. Swiss francs/ EUR)	Sales (Swiss francs / EUR per person and year)	Population
2006	600	3.3/2.5	94/71	34,900
2007	627	3.9/3.0	113/86	35,100
2008	615	3.9/3.0	112/85	35,168
2009	615	3.9/3.0	111/84	35,900

* Agricultural land and crops



A wide range of organic products are produced in Liechtenstein (Table 9). An important role is played by the «Milchhof Liechtenstein AG» where all the dairy products are produced and marketed in Liechtenstein and in Switzerland. In 2009 a total of 84 tons of organic meat were produced in Liechtenstein (72 percent beef, 14 percent sheep, 11 percent pork and the remainder goat and horse meat).

For better visibility, organic products made in Liechtenstein are labelled with the «Ähre» seal. The seal stands for quality and origin based organic production from Liechtenstein. It guarantees compliance of the Bio Suisse guidelines. Because of the shared economic area with Switzerland, other organic labels also appear in Liechtenstein. Many organic farmers produce for the Migros Bio Programme in Switzerland and just a few produce according to Demeter standards.

Table 9: «Bio Ländle» products from Liechtenstein

Milk	Milk, yoghurt, butter, cheese
Meat	Beef, lamb, pork, poultry
Fruits and berries	Apples, pears, plums, raspberries, blackberries, red/black currants
Eggs	Eggs
Cereals	Wheat flour, rye flour, corn flour
Drinks	Red, white and rosé wine, apple cider

Organic production and marketing in Liechtenstein is based on the Bio Suisse standards. All organic farmers are annually inspected according to the Liechtenstein legislation, which is based on the Bio Swiss guidelines. The control standard and the control execution are comparable to the Swiss procedure.

Figure 12: Organic labels in Liechtenstein

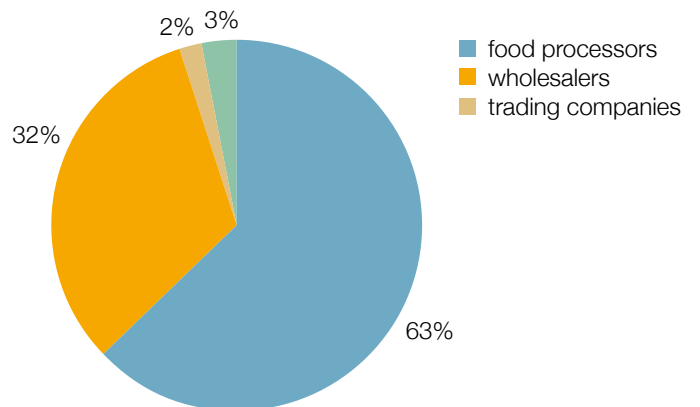


Organic products from Liechtenstein are mostly sold in Switzerland, especially milk and crop products. The most important sales channels and their estimated market shares (see figure 13) of organic products in Liechtenstein are:

- Food processors such as Hilcona AG and Milchhof AG: 63 percent
- Retailers (MIGROS, COOP): 32 percent
- Trading companies: 2 percent
- Regional food retailing: 3 percent

During the last few years a trend began for direct marketing and farm gate products.

Figure 13: Sales channels for organic products in 2009 in Liechtenstein



Import/exports and market requirements

The purchase of Swiss organic products in Switzerland by people from Liechtenstein is quite significant. Since there are open borders between Switzerland and Liechtenstein (through the free trade agreement), this cannot really be considered as import. Liechtenstein only «exports» organic products to Switzerland thus far. This includes mainly unprocessed products such as milk, meat and corn. Only a few of the organic products consumed are coming from Liechtenstein. Organic wines, vegetables (prepared and preserved), cereals, sugar, oils, fats and fish products are very rare or not produced at all in Liechtenstein. Organic milk and meat (beef, sheep) is mostly produced and consumed in Liechtenstein or gets exported to Switzerland.

Organic products from Liechtenstein must comply with the Swiss Organic Farming ordinance (see Part B, chapter 1.3.1).

The Bio Suisse standards (common also in Liechtenstein) differ from minimum governmental regulations (e.g., those of the EU) and require a full documentation of the operation. Internationally, organic standards vary as to their strictness. In order to ensure that the imported components of «Bud» products also comply with the strict Bio Suisse requirements, farmers and processors abroad must comply with the Bio Suisse Standards. Compliance is monitored by the Label Commission Import (LCI) on the basis of the inspection reports issued by the local inspection bodies (see Part B, chapter 1.3.2).

Export promotion plays an important role in organic market development in Switzerland and Liechtenstein. With the acquisition of new customers in foreign countries, organic products will begin to become better known.

Market access provisions

Liechtenstein is part of the agricultural market of Switzerland. In Liechtenstein the main certifiers for farms and processors is bio.inspecta. Bio.inspecta inspects and certifies more than 99 percent of all organic farms in Liechtenstein. This certification should protect the interests of consumers by ensuring the credibility and common practice for organic production.

In order for an imported product to be marketed as organic in Liechtenstein the procedures, processors and exporters in the country of origin and the importers in the agricultural market Switzerland-Liechtenstein must be certified by an accredited inspection and certification body. They have to undergo the same procedure as in Switzerland (see Part B, chapter 1.3.1).

Web information corner, references and sources

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- www.bio-suisse.ch/en/home.php: Umbrella organisation of the «organic organisation in Liechtenstein»
- www.gesetze.li/Seite1.jsp?LGBIm=2010068: Information (in German only) for support regulation of conventional and organic farms in Liechtenstein
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4. The organic market in Norway.

History

Organic agriculture began with biodynamic farming in the 1930s in Norway, but didn't experience substantial growth until the 1970s and 1980s when growing interest in environmental issues began. In response to rising certification demands in Norway in the mid-1980s, the private organic certification body Debio, began to take up certification activities. Until today, Debio certifies all organic products on the Norwegian market. The number of organic farms has been on the rise ever since. Debio certifies according to governmental order on organic farming, processing, import and marketing of organic agricultural products, which corresponds to the EU regulation 2092/91.

Production base

In 2009, 56,713 hectares were under organic agricultural management; this constitutes 5.6 percent of Norway's agricultural area (Røsnes 2010). Compared with 2008, this is an increase of five percent; compared with 2000, this is nearly a trebling of organic land. About 80 percent of organic land was fully converted. There were 2,702 organic farms in 2008 (Eurostat 2010).

Norway's cold climate determines agricultural production, limiting products such as vegetables (Norfelt 2008). Eighty percent of agricultural land is used for arable crops, however, the largest part is used for green fodder (34,000 hectares), followed by cereals (9,000 hectares). Vegetables and potatoes are grown on 700 hectares. Eighteen percent of agricultural land is grassland and the remainder is used for permanent crops – mainly apples, followed by berries and plums (Eurostat 2010). There has been an increase in organic production of most commodities from 2008 to 2009. Only grain production decreased, reflecting adverse weather conditions in 2009 (Norwegian Ministry of Agriculture and Food 2009).

Important for developing organic livestock farming is organic grain production. Important grains include barley, oats and wheat. A known bottleneck in development is lack of cereals for feed.

The number of organic laying hens in 2009 doubled since 2007. A similar positive development was seen with sheep and lamb, showing an increase in 2009 of over 20 percent since 2007 and dairy cows showing an increase of over 4 percent. In contrast, the

number of slaughter pigs decreased by nearly 25 percent in 2009, but this was due to a disease breakout at the main producer (Røsnes 2010).

Government support

Norway is currently lagging behind most European countries in terms of availability of organic products. In response, the Norwegian government voted in 2005 for organic farming production goals that increase the production and consumption of organic food to 15 percent by 2015; in the meantime, the government voted again in October 2009, extending the date to 15 percent by 2020 (Norwegian Agricultural Authority website). While the basis for this production goal is a balanced development in various sectors, covering organic livestock and a diverse selection of organic foods, both Norwegian and imported foods are included in the goals for consumption (Norwegian Ministry of Agriculture and Food, Norwegian Action Plan).

The first direct payments for organic farming in Norway were established in 1990. Since then, organic agriculture has become an increasingly important part of agricultural policy. The Norwegian Agriculture and Food Production Board developed its first action plan for the development of organic agriculture in 1995, with the current action plan being the fourth consecutive action plan in progress.

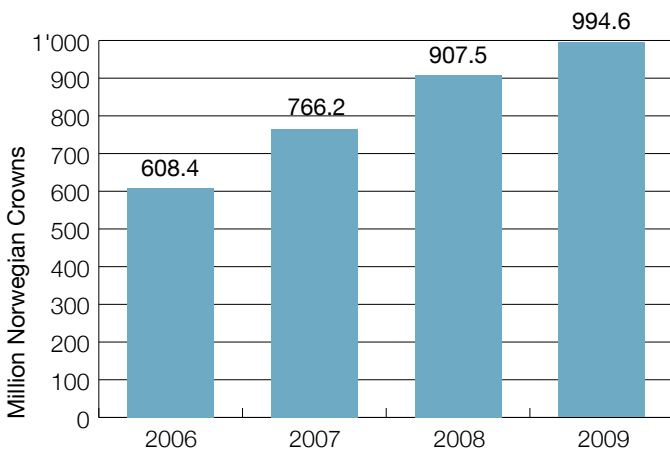
The market

The retail sales value for organic food was estimated to be worth approximately 114 million euros in 2009, constituting a share of the food market of around 1.2 percent (Røsnes 2010). The average per-capita-consumption was estimated to be 27.7 euros (FiBL and AMI 2010). In 2007, organic product sales in Norway grew by 46 percent and fair trade product sales grew by 40 percent (Agriculture and Agri-Food Canada 2008).

The main limiting factor for organic market expansion in Norway is expected to be a shortage of many organic products in the coming years (Norfelt 2008). The import of organic foods will, however, significantly complement the Norwegian production and ensure access to foods that are not produced in Norway (Norwegian Ministry of Agriculture and Food 2009b).

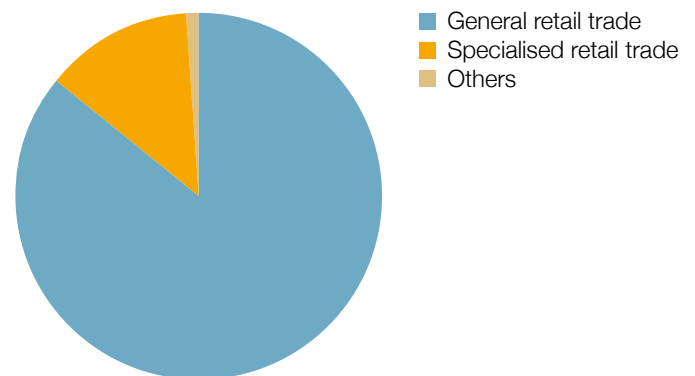


Figure 14: Norway: Development of the domestic market for organic products 2006-2009



For a long time, Norway's main marketing channels were direct marketing, organic food shops and health food shops. Vegetable box schemes started in 1990s. Since the specialised organic retail market is not very developed in Norway, the organic market expanded largely by going through conventional sales channels, with 90 percent of organic products being sold in conventional supermarkets (Norfelt 2008). Given the exposure such large retailers imply, growth prospects for the organic market are seen as good (Norfelt 2008).

Figure 15: Norway: Sales channels for organic products in 2009



While processing, import and trading companies showed strong growth in 2007 and 2008, 2009 stagnated, with the number of companies staying constant at 803 (Ökomarkt service, issue 29/2010).

Norwegian consumers do not demand organic products as much as their fellow Europeans. Nonetheless, health and nutrition are becoming top priorities among Norwegian consumers and demand is growing at a rapid pace for environmentally-friendly, healthy, organic products (Agriculture and Agri-Food Canada 2009). There is also a high awareness among consumers about the organic certification label «Ø», distributed by Debio (Norwegian Ministry of Agriculture and Food 2009). Nielsen data indicates that «health» is currently Norwegian consumers' biggest concern. Norwegian consumers are also increasingly seen as willing to spend more money on healthy and ethical products. Norwegians spend 10 to 15 percent of their income on food and are willing to pay more for convenient, ethical and healthy products (Agriculture and Agri-Food Canada 2009). According to a Nielsen survey, 25 percent of Norwegian consumers say they would pay more for organic products and many consumers were uncertain of their opinion on organic products (Agriculture and Agri-Food Canada 2009).

In Norway, consumption of fruits and vegetables in general is increasing (growth in 2007 was 6 percent) with 1.4 billion euros (11 billion Norwegian Kroner) being consumed annually. The largest growth is seen in convenience products such as pre-packaged products (e.g., tomatoes, lettuce, carrots, onions, grapes and potatoes). The largest vegetable consumption in Norway in terms of volume is tomatoes and the largest amount of fruit imported is bananas (Agriculture and Agri-Food Canada 2009). Of the organic fruits and vegetables eaten, it is estimated that 50 percent is imported. However, this number is highly debated as it is impossible to give exact figures because distributors are not able to give detailed reports on the product's origin (Norfelt 2008). What is known, however, is that there is especially strong growth with certain fruits and vegetables where consumers easily perceive the difference between organic and conventional. These are productions that are largely market driven (Norwegian Ministry of Agriculture and Food 2009b). In 2009, shares were highest for baby food (12.9 percent) followed by eggs (4.8 percent), vegetables (2.1 percent), coffee and tea (2.1 percent), milk and dairy products (1.7 percent), bread and cereal based products (1.4 percent) and fruit (0.9 percent) (Røsnes 2010). According to Røsnes, the greatest

sales in organics in 2009 was seen in dairy products, vegetables, cereal based products, eggs, then fruit and meat.

Norway's main trading partners are UK, Netherlands, Germany, Sweden, US, France and Denmark (Economy Watch 2009a). Included in Norway's important export industries are fishing and food processing, whereby the percentage of organic is negligible, but global demand is growing and supply is therefore expected to follow (Economy Watch 2009b).

Imports and market requirements

Currently, Norway imports approximately half the food they eat (Norwegian Ministry of Agriculture and Food 2009a). According to the Nielsen Conference on key trends in Norway's retail grocery market, environmentally-friendly, organic, fair trade and healthy products are a growing segment of the Norwegian retail grocery market. These trends may offer opportunities for organic exporters wishing to penetrate the Norwegian market (Agriculture and Agri-Food Canada 2009).

Certain organic products consumed are with certainty of Norwegian origin, such as eggs (100 percent) and most dairy and meat products (90 percent). With other products, such as baby food, it is known that 100 percent is imported. Grain import numbers are based on distribution chain figures (based on grain trader orders), but even here, the share of imports greatly varies from year to year based on Norwegian climate conditions. In 2009, because of bad growing conditions in Norway due to cold weather and too much rain, imports were around two-thirds.

Norway has a custom tariff-based import protection for agricultural products from the World Customs Organisation (WCO). Import protection is for products that can easily be produced in Norway, such as eggs, milk, grains, meat, potatoes and some fruits and vegetables. With a few exceptions, such as allowances for reduced tariffs on certain processed organic vegetables, juices and baby foods, Norwegian organic products have the same tariff protection as conventional products, therefore the same customs tariffs are charged. This, along with problems of miscoding regarding country of origin, makes it difficult to estimate the total amount of organic products being imported into Norway (Røsnes 2010).



Market access provisions

The organic regulations (currently EU regulation 2092/91, with EU regulation 834/2007 expected to be in force in Norway by 2011) are an essential part of the framework for organic production, processing and labelling in Norway. The regulations set standards for production and concerns as well as the government's responsibility to have a functioning inspection with regulatory documentation requirements and annual checks. The regulations shall protect the interests of consumers by ensuring the credibility and common practices for organic production, both for products manufactured in the EU / EEA and products imported from countries outside EU / EEA (Norwegian Ministry of Agriculture and Food, Norwegian Action Plan).

Norway allows most agricultural products duty-free or reduced tariff entry from developing countries. As of July 2002, all products from least developed countries can also enter duty-free and without quantitative restrictions. Norway has removed all quantitative restrictions on textiles and clothing and textiles have duty-free status (European Commission 2009).

All providers of organic products produced in Norway are certified by Debio. They ensure that farms and fish farms, processing and marketing enterprises, importers and others follow the regulations for organic production and meet the requirements for marketing organic products under Debio's Ø-label. The Ø-label can be applied to imported products that are certified by an accredited body in the country of origin, in accordance with regulations that correspond to Norwegian rules and regulations (Debio.no website; info in English).

Links

- <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/norway/>: Trade information for Norway at the homepage of the European Commission
- www.debio.no: Homepage of Debio, the Norwegian certifier
- www.regjeringen.no/nb/dep/lmd/tema/okologisk.html?id=1272: Organic farming pages at the homepage of the Norwegian Ministry of Agriculture and Food:
- www.slf.dep.no/no: Norwegian Agricultural Authority

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Part C: The European Union.

1. Access for organic imports: Requirements and conditions.

1.1 General framework.

The European Union (EU) has a Common Agriculture Policy (CAP), a common commercial policy, and common import and customs regulations for imports from outside the EU. Organic products are subject to the same customs tariffs as conventional products. The African-Caribbean-Pacific (ACP)-EU Partnership Agreement (The Cotonou Agreement 2000) forms the basis for developing a long-term cooperation between the EU countries and the 79 ACP countries. The agreement provides preferential tariffs for the ACP countries and also provides general preferential tariffs for developing countries and products from Least Developed Countries are duty free. In order to take advantage of preferential tariffs, imported goods must be accompanied by a certificate of origin. The Common Agriculture Policy applies quantitative restrictions and special charges, depending on the product, the season and country of origin for agricultural imports (including organic imports).

The first revision of the Cotonou Agreement took place in 2005. This revision was a negotiation of the regional Economic Partnership Agreement (EPA) with the intention of liberalising trade between the two parties, putting an end to the system of non-reciprocal trade preferences from which the ACP States currently benefit. The agreement is compatible with the rules of the WTO. The second revision of the Cotonou Agreement took place in 2010. The trade chapter of the agreement will reflect new trade relationships and the expiry of preferences at the end of 2007. It reaffirms the role of the EPA to boost economic development and integration into the world economy. It underlines the importance of trade adaptation strategies and aid for trade.

The latest rounds of WTO Ministerial talks have yet to come to an agreement on agriculture and trade. In discussion are the scale of tariff reductions on thousands of industrial and agricultural products and future levels of farm subsidies in the WTO member countries. At time of publication, the negotiations on agriculture continue to be underway.

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- Information about Codex Alimentarius is available via the homepage, www.codexalimentarius.net. The Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods, amended in 2009, can be downloaded from www.codexalimentarius.net/download/standards/360/cxg_032e.pdf.

1.2 Codex Alimentarius.

The Codex Alimentarius developed by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO), has become the global reference point for consumers, food producers and processors, national food control agencies and the international food trade. The Codex Alimentarius is the product of a long evolutionary process involving a wide cross-section of the global community. Since 1999 it also covers international guidelines on organically produced food products to serve as important instruments for consumer protection and to facilitate trade. They provide assistance to governments wishing to develop regulations in this area, in particular in developing countries and in countries with transition economies. The Codex Guidelines are an important step towards the harmonization of international rules that serve to build consumer trust. They will be

important in the future for equivalence judgments under the rules of the World Trade Organisation (WTO). In fact, the revised EC regulation 834/2007 mentions explicitly that, for the assessment of equivalency, the Codex Alimentarius guidelines CAC/GL 32 shall be taken into account. In terms of developing the market for organically produced food, these Codex Guidelines also provide guidance to governments in developing national regulations for organic food.

The Codex Alimentarius Commission approved plant production guidelines in June 1999, and animal production guidelines in July 2001. The requirements of the Codex Guidelines are in line with the IFOAM Basic Standards and the EU regulation (EC) 834/2007. There are, however, differences with regard to details in specific areas covered by the varying standards. The annex lists, which define what substances can be used in organic food and farming systems, have been under revision since 2005, with a focus on substances for food processing and criteria for the use of new substances. A working group within the Codex Committee for Food Labelling (CCFL), which is supported by the government of Canada, is charged with this work. The Codex Commission adopted several amendments in the annex lists that were proposed by the CCFL in July 2009. Other substances discussed, like nitrates, as well as ascorbates for meat processing, and phosphates as food additives, however, were not approved in the Codex Guidelines for organic food.

- Information about Codex Alimentarius is available via the homepage, www.codexalimentarius.net/web/index_en.jsp. The Guidelines for the Production, Processing, Labeling and Marketing of Organically Produced Foods, amended in 2009, can be downloaded from www.codexalimentarius.net/download/standards/360/cxg_032e.pdf www.codexalimentarius.net/download/standards/360/cxg_032e.pdf > .

1.3 IFOAM.

The International Federation of Organic Agriculture Movements (IFOAM)¹ is a grassroots and democratic organization that currently unites 750 member organizations in 116 countries. It was founded in 1972 and shaped the common understanding and definition of organic agriculture on the global level. In 1980 IFOAM elaborated the first international standards and laid the basis for today's standards and regulations on organic agriculture. IFOAM goals are the worldwide cooperation and exchange of information in regard to organic agriculture which includes the organisation of international scientific conferences and regional seminars. IFOAM has close links, engaging international organizations such as FAO, UN, ISO. IFOAM aims at harmonising standards and conformity assessment through its Organic Guarantee System.

IFOAM's mission

- IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity.
- IFOAM's goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of organic agriculture.
- Leading the organic movements worldwide, IFOAM implements the will of its broad based constituency - from farmers' organizations to multinational certification agencies, ensuring the credibility and longevity of Organic Agriculture as a means to ecological, economic and social sustainability.
- Uniting the organic world, IFOAM provides platforms to stakeholders for a wide range of purposes. Through international conferences, committee meetings and other forums, IFOAM facilitates the ongoing and constructive dialogue about the future and status of organic agriculture.
- Assisting its membership, IFOAM implements specific projects that facilitate the adoption of Organic Agriculture, particularly in developing countries. IFOAM also represents the organic agriculture movements at United Nations and other intergovernmental agencies.

¹ www.ifoam.org

The IFOAM Organic Guarantee System assures organic integrity internationally at a voluntary level. The Organic Guarantee System (OGS) is a guarantee system of standards, verification and market identity. It fosters equivalence among participating certifiers, aiming for more reliable trade.

The best known pillars of the Organic Guarantee System are the IFOAM Basic Standards for Organic Production and Processing (IBS) and the IFOAM Accreditation Criteria for Certification of Organic Production and Processing (IAC). Together they are called the IFOAM Norms. The IFOAM Basic Standards address the principles, recommendations and required baseline standards that guide operators in producing their organic crops and maintaining organic integrity in the further handling and processing of organic commodities. The IFOAM Accreditation Criteria are based on the International ISO norms for the operation of certifying bodies (ISO 65/EN 45011) and they are additionally developed to reflect the particular circumstances of certifying organic production and processing.

IFOAM's Basic Standards and Accreditation Criteria are generally respected as the international guideline from which national standards and inspection systems may be built; and they have been used as a reference by standard-setters and legislators in national and international arenas.

IFOAM has an accreditation programme carried out under contract by the International Organic Accreditation Service Inc. (IOAS), a US based organization. IFOAM accreditation is awarded to certification bodies that use certification standards that meet the IFOAM Basic Standards and demonstrate compliance with the IFOAM Accreditation Criteria. Currently about 35 certification bodies are IFOAM accredited. The Accredited Certification Bodies have implemented a Multilateral Agreement (MLA) amongst themselves. The MLA creates multilateral equivalence at the level of the Accreditation Criteria and the IFOAM Basic Standards. Implementation of the MLA streamlines certificate acceptance among the certification bodies and thus helps to support and ensure orderly market transactions and trade.

The other pillar of the IFOAM Organic Guarantee System is national or regional certification standards approved by IFOAM as being compliant with the IFOAM Basic Standards. Together all approved regional or national certification standards constitute the IFOAM Family of Standards.

The IFOAM Organic Guarantee System is currently undergoing a revision. With the revised system IFOAM reacts to the changing environment where governments with their organic legislations have a strong influence on the organic markets. IFOAM aims at creating a framework for mutual recognition and harmonization of standards and verification systems. The framework shall be open to private standards and government regulations, although it particularly seeks to strengthen stakeholder-owned private standards, giving them one common voice.

1.4 The EU regulation on organic production.

The EU regulation on organic production¹⁵ – like the Swiss Organic Farming Ordinance – lays down minimum rules governing the production, processing and import of organic products, including inspection procedures, labelling and marketing, for the whole of Europe. Since 1993 the EU regulation defines what constitutes an authentic, certified organic product. Each European country is responsible for enforcement and its own monitoring and inspection system. Applications, supervision and sanctions are dealt with at the regional level whereas the responsibility for the oversight on the imports is currently shifted from the Member State level to the European Commission. During the last few years the regulatory framework on organic farming has been revised with the aim of achieving a simplified, more coherent and less detailed regulation. Since 2009 the new regulation is in force and comprised of the following elements:

- The Basic Regulation Council Regulation (EC) No 834/2007 of 28 June 2007¹ on organic production and labelling of organic products and repealing regulation (EEC) No 2092/91 was adopted. This regulation describes the objectives, principles and basic requirements of regulations for organic production.

¹ The revised Regulation 834/2007 and its implementation rules are published on the EUR-Lex website, lex.europa.eu. They are available in all official languages of the European Union.

- The Basic Regulation is supplemented by the Implementation Rules, which describe the details on production, labelling, control and imports (Commission Regulation (EC) No 1235/2008 of 8 December 2008, Commission Regulation (EC) No 889/2008 of 5 September 2008; Commission Regulation (EC) No 1254/2008 of 15 December 2008). In 2009 the Implementation Rules were augmented with the introduction of aquaculture standards. In addition, the Commission adopted Guidelines on imports of organic products into the European Union.

When using the regulation, it should be noted that most topics are usually covered in both parts of the regulation: the objectives, principles and basic requirements for each topic such as plant production, livestock and processing are described in the Basic Regulation whereas the technical details including the positive lists for farm and processing inputs are described in the Implementing Rules. To get a complete understanding of the standards, the Basic Regulation and the Implementation Rules have to be read in parallel. Although the European Commission aimed to preserve the most important elements of the previous EU regulation 2092/91, there are many changes to details, some of which may have serious impacts on organic farming in the future.

In addition to the obligatory regulation, the EU has also published guidelines on imports of organic products into the EU. Although not adopted into law, these guidelines provide important guidance on how the EU Commission interprets and enforces the regulation.

1.4.1 Importing goods into the EU

With the new Council regulation (EC) No 834/2007 and the provisions concerning the arrangements for imports from third countries – (Regulation (EC) No 1235/2008) – approved in December 2008, the framework conditions for imports into the EU have changed considerably. The modified provisions for imports are undoubtedly the most important change in the new EU regulations on organic agriculture. The revised import procedures will replace the current (temporary) system of import authorizations by an approval system for inspection bodies operating in countries outside of the European Union.

In the future, products will only be granted import permission into the EU if they have been certified by an inspection body or authority recognized by the European Commission. The European Union will publish lists of approved inspection bodies and

authorities as well as approved third countries. There will be three different lists:

1. List of inspection bodies that apply an inspection system and production standards equivalent¹ to the EU regulation on organic production.
2. List of inspection bodies that have been accredited according to EN 45011/ISO 65 and that apply an inspection system and production rules compliant with the EU regulation on organic production. The provision on compliance with EU regulation on organic production is new.
3. List of countries whose system of production complies with rules equivalent to the EU's production and inspection provisions.

So far all imports to the EU have to be produced and certified according to rules equivalent to the EU regulation. However, variations in standards such as technical details for reasons of different socio-economic, climatic or other conditions are possible as this type of equivalence allows for a locally adapted approach. In the future, a compliant approach will also be introduced (list 2 above). Compliance requires full application of the EU regulation and does not accept any variations. For example, grower groups with internal control systems would not be accepted under a compliant system whereas it is accepted under the equivalent approach. The advantage of the compliant approach will be that certificates of inspection will no longer have to accompany the imported products which are obligatory for products under the equivalent approach. The EU has not yet implemented the compliant procedure and is not expected to do so until after 2012 at the earliest.

For the time being, most products are imported through what is known as import authorizations. Import authorizations are requested for imports from all non-EU countries except those listed on the Third Country List (Argentina, Australia, Costa Rica, India, Israel, New Zealand, Switzerland and Tunisia and Japan status as of 31.05.2010). Import authorizations will be issued within a maximum of 12 months after the EU Commission has published the first list of approved inspection bodies, meaning that no more import authorizations are likely to be issued after 2012.

Applications for import authorizations must be submitted by an importer located in the EU to the respective competent authority. The importers are often supported by the control body which is certifying the import activities. The importer has to prove through the application that the products have been controlled under a control system and has production standards equivalent to that of the EU regulation and has used a control body which meets EU requirements. The competent authority often requires further documentation such as inspection reports and supervision reports or accreditation certificates of the control body. Import authorizations have to be applied for and approved prior to any import activities and are usually submitted for a one year authorization period. Within the approved year, the importer may import the products listed from the exporter indicated in the authorization. Import authorizations are always issued to a single importing company. If several companies are importing from an exporter in a third country, they all have to apply separately for an import authorization. The import authorizations issued in the EU are published on the the Organic Farming Information System (OFIS) website – see ec.europa.eu/agriculture/ofis_public/index.cfm. No import authorizations are needed if the products are produced in a country and by a certification body which is listed on the Third Country list (list 3 above).

A country may apply to be added to the list of third countries (EU Third Countries List) via its diplomatic representatives in Brussels. In order to be added to this list, the country applying must already have enacted an organic farming legislation and a fully implemented system of inspection and monitoring must be in place. The legislation and standards must be equivalent to the EU requirements and the Codex Alimentarius. The European Commission decides on the application based on an assessment of the implemented system and the results of an evaluation visit conducted by EU experts to evaluate the implementation and enforcement of the control system in the respective country. To date only nine countries have been included on the list: Argentina, Australia, Costa Rica, India, Israel, New Zealand, Switzerland, Tunisia and Japan. Intensive negotiations are in place with Canada and USA. Further applicant countries are Bolivia, Chile, China, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Mexico, Paraguay, Peru, Thailand, Turkey and Uruguay.

Goods imported with an import authorization or from a listed Third Country need to be accompanied by a consignment specific «Certificate of Inspection for Import of Products from Organic Production.» This certificate is issued by the control body of the

exporter in the third country. The original certificate should be attached to the lot documentation (e.g., invoice, certificate of origin, bill of loading).

All organic products may be freely traded within the EU. However, procedures relating to the issue of import permits are not the same in all EU countries. It is advisable to seek advice from the relevant authorities before trading commences.

1.4.2 Requirements for inspection bodies

The new import regulation will allow a more consistent and effective control system for imported products and improves the possibilities for supervision of inspection bodies operating in Third Countries. It further increases transparency by publishing lists of recognized inspection bodies. In the old system, it was difficult for inspection bodies outside the European Union to prove the acceptance of their certification in the European Union. They were dependent on European importers' willingness to apply for an import authorization with a new or unknown inspection body, representing a significant hurdle. The new system allows inspection bodies from non-EU countries to apply for recognition using their own initiative, enabling them to prove their status prior to the start of trade relationships. This also reduces the risk to importers who import products certified by non-European and/or lesser-known inspection bodies.

The provisions of regulation (EC) No 1235/2008 stipulate that registered control bodies operating in third countries using standards equivalent to the EU regulations on organic agriculture will be published first. The first period in which control bodies could apply to be included in this list began October 31, 2009. The European Union received 72 applications from certification bodies from all over the world (including the EU). The first list of certification bodies approved under the new import scheme is expected to be published by the end of 2010 or the beginning of 2011. Import authorizations will only be issued 12 months after the publication of this list.

The detailed requirements for the application dossiers, such as criteria for the assessment bodies, the assessment reports and other documents which must be provided, are partly described in the Basic Rules (EU reg. 834/2007) and the Implementation Rules (EU reg. 1235/2008) and partly in the guidelines on imports of organic products into the European Union, which can be more suitably adapted and thus be more descriptive.

Control bodies who want to apply for inclusion on one of these lists must present an assessment report drawn up by an independent third party that complies with ISO 17011, an international standard for accreditation bodies. These can be national accreditation bodies or the International Organic Accreditation Service (IOAS), an international accreditation body specialised in organic agriculture owned by IFOAM, or another qualified national competent authority. The assessment report must include information on document reviews, office and witness audits conducted in third countries.

The applying control bodies must further present a detailed description of the organic standards which constitute the basis of their certifications for organic farm production, processing and export operations. Transparent standards are an important pillar for market transparency and thus for fair competition.

The EU already indicated in the import guidelines that any compliant procedure will require a full application of the EU regulation, for example a database on the availability of organic seeds must be available in the country, whereas a mere list with seed supplier addresses would not be sufficient. Also group certification, a system which is of great importance from the point of view of development policies, does not comply with the EU regulation and will not be accepted under the compliant procedure. It might well be that few inspection systems will be deemed compliant under the system.

The new rules further describe requirements for supervision of the control bodies operating in third countries. For example, the accreditation body must conduct document reviews, office audits and witness audits in representative third countries. «Critical locations,» such as the offices of control bodies in third countries where relevant management and certification decisions are taken, must be included in the audits and witness audits must be done more frequently.

1.4.3 EU logo for organic products

With the revision of the regulation, the EU made considerable changes in the labelling requirements and in 2010 introduced a new logo for organic products. The design is often called «Euro-leaf.» It symbolizes the marriage of Europe (the stars derived from the European flag) and Nature (the stylized leaf and the green colour).

Figure 16: The new EU logo for organic products



The EU organic logo is used to supplement the current labelling and increase the visibility of organic food and drink for consumers. The placement of the EU logo is mandatory beginning July 1, 2010 for pre-packaged food produced in the EU and remains voluntary for imported products. Whenever the EU organic logo is used on a product, the origin of agricultural raw materials needs to be indicated by using the terms «EU Agriculture,» «non-EU Agriculture» or «EU/non-EU Agriculture.» If all raw materials have been farmed in only one country, the name of this specific country, in or outside the EU, can be indicated instead, for example «German Agriculture.»

For use of the logo the following requirements must be met:

- at least 95 percent of the product's ingredients of agricultural origin have been organically produced;
- the product complies with the rules of the EU control scheme;
- the product has come directly from the producer or preparer in a sealed package.
- the product bears the name of the producer, the preparer or vendor and the name or code of the control body.
- The EU organic logo can neither be used for products that are not within the scope of the EU organic legislation, such as products of hunting and fishing of wild animals, cosmetics, textiles, nor for products that are in conversion to organic.

The European Commission's Directorate-General for Agriculture and Rural Development has developed a detailed user manual, which includes concrete guidelines for the application of the EU organic logo. The user manual, further information (Frequently Asked Questions about the Logo) and the organic logo in different formats are available for downloading under the section «EU POLICY/Logo» of the EU Organic Farming website: www.organic-farming.eu.

1.4.4 How the EU regulation relates to other standards

The EU regulation has strongly influenced the «Codex Alimentarius Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods.» At the same time, the EU also references the Codex Alimentarius Guidelines for the assessment of equivalence under the new import scheme.

For imports to the European Union, the general legislative framework for imported products has to be complied with. With the adoption of the EU regulation No. 834/2007, a single governmental standard for organic products was established within the European Union. It is equally applied in all the 27 Member States. Within the European Union the free movement of organic products is ensured. However, Member States may apply stricter rules within their territory to organic plant and livestock production, where these rules are also applicable to non-organic production.

Some Member States and private organizations have developed their own standards or additional standards complementing the EU regulation. As long as the EU regulation is complied with, there are no limits for applying additional standards on a voluntary level. In some countries (e.g., Germany, UK and Sweden, the private standards play an important role and traders/importers may request additional certification against these standards. The EU logo may be associated with private logos.

Web information corner, references and sources

Links on requirements and conditions relating to access for organic imports

- http://ec.europa.eu/agriculture/organic/home_en: Internet site of the European Commission on organic farming in all European Union languages
- http://ec.europa.eu/agriculture/organic/eu-policy_en: Internet site of the European Commission on organic farming with sections on the legislation, logo, European Action Plan and promotion programmes, in all European Union languages
- www.fao.org/organicag: Information on organic agriculture by FAO with detailed country reports including the on legal situation
- www.ifoam.org/about_ifoam/standards/index.html: IFOAM Guarantee system
- www.unctad.org/trade_env/itf-organic/welcome1.asp: International Task Force on Harmonization and Equivalency in Organic Agriculture (ITF)
- www.codexalimentarius.net/download/standards/360/cxg_032e.pdf
- The Codex Alimentarius Commission and the FAO/WHO Food Standards Programme: Organically Produced Foods, Rome 2007
- www.ifoam.org/about_ifoam/around_world/eu_group/web_Revision/Revision_info_page.html: IFOAM EU Group Info page on the Revision process of EU regulation 2092/91.
- www.certcost.org: European Union project on the economic analysis of certification systems for organic food and farming

Sources

- Council regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing regulation (EEC) No 2092/91; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:189:0001:0023:EN:PDF>
- Commission regulation (EC) No 1254/2008 of 15 December 2008 amending regulation (EC) No 889/2008 laying down detailed rules for implementation of Council regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:337:0080:0082:EN:PDF>
- Commission regulation (EC) No 1235/2008 of 8 December 2008 laying down detailed rules for implementation of Council regulation (EC) No 834/2007 as regards the arrangements for imports of organic products from third countries; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:334:0025:0052:EN:PDF>
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- Schlueter, Marco, Camilla Mikkelsen et al (2009): The New Organic Regulation for Organic Food and Farming in Europe: EC 834/2007 - Background, assessment and interpretation for stakeholders. IFOAM European Group, Brussels

2. Major markets: Selected countries.

2.1 The organic market in Austria.

History

The first organic farms in Austria were established in the 1920s, but the real boom phase in organic started in the beginning of the 1990s when in 1991 the Austrian Ministry of Agriculture and Forestry introduced national conversion subsidies through its agri-environmental programme ÖPUL. In Austria, more than two out of three organic farmers are members of one of the organic farming associations. The largest association is Bio Austria, which was founded in 2005, with about 13,000 members.¹

Production base

Apart from the state, sector organizations, retail chains and food processors also influenced the development of organic agriculture by promoting organic products by linking them to vitality and the preservation of Austrian landscape and culture. Thus organic farming accounted for more than 500,000 hectares in 2009, which was 18.5 percent of the total agricultural area. Austria is expected to reach its target of 20 percent organic land in 2010.

In 2009 most of the agricultural land was grassland/grazing area (66 percent) and arable crops constituted nearly one third of the agricultural land. More than half of arable crops are cereals.

Government support

Austria's organically managed area continues to grow, but the current demand for organic products often cannot be met. An Action Programme for Organic Farming (2008 to 2010) from the Ministry of Agriculture, Forestry, Environment and Water Management has been launched and is seen as a political declaration of intent to promote organic farming and its products. The Action Programme comprises general requirements and measures to be implemented during the respective years. These measures relate in particular to education and training, schools, extension, research, marketing, public relations work and inspection (quality assurance).

The main objectives of the action plan are:

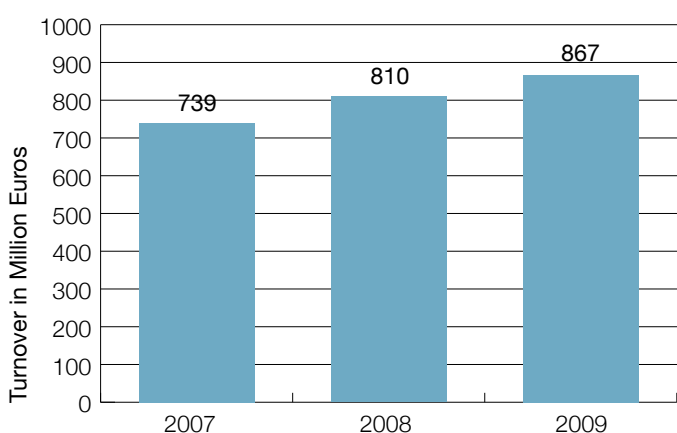
- to provide an overall strategy for the development of the organic sector;
 - to achieve an organic share of 20 percent of the agricultural area by 2010;
 - to communicate the environmental benefits of organic farming to consumers;
 - to enhance the profitability of organic farming.
- In 2008 about 95 percent of all organic farmers participated in the Austrian Agri-environmental Programme ÖPUL. ÖPUL is therefore an important factor for the positive development of organic farming. With the approval of the «Programme for Rural Development 2007-2013,» organic farming will be further promoted (Klingbacher 2009).

The Market

The organic market in Austria is one of the best developed in the European Union and is dominated by conventional supermarket chains and discounters, which cover about two-thirds of annual turnover. The market share of organic products was around an estimated six percent of the total food sales in 2009 (Fruchtportal 2010). The domestic market was to 867.6 million euros in 2009, a growth of 5 percent compared to 2008. The total turnover including sales, catering and exports was 984 million euros in 2009 (OTS.at 2010). The per capita consumption was 104 euros in 2009. Austria is thus one of the leading countries in the world with regards to per capita consumption as well as share of the total food market. According to the sector organization Bio Austria, processors in particular should become active as the potential for organic products is even higher than the current market share.

¹ For a list of all organic producers' organisations see www.organic-world.net/austria.html#c2078.

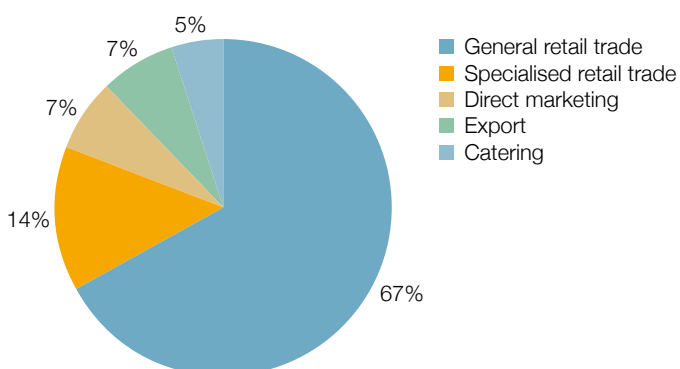
Figure 17: Austria: Development of the domestic market for organic products 2007-2009



Source: FiBL Austria, Agricultura and BioAustria 2010 (OTS.at 2010).

Conventional supermarket chains and discounters cover about two-thirds of the annual turnover. The first organic food brands were launched by supermarket chains in 1994. But specialised organic food shops have also played an important role in Austria's organic history and are beginning to expand and modernise. At the same time, organic supermarkets are starting to attract new clientele – especially in urban areas. Another important and growing marketing channel is kitchens/catering in the public and private sector.

Figure 18: Austria: Sales channels for organic products in 2009



Source: FiBL Austria, Agricultura and BioAustria 2010

While organic milk supply is still slightly higher than demand, the demand for various organic foods – such as organic fruits and vegetables – exceeds domestic production. Organic fresh products had a market share of 6.5 percent in 2009, constituting an increase of 18.5 percent compared with the previous year (Fruchtportal 2010).

High shares of the respective total sales in the retail shops and discounters are reached by eggs (17.5 percent), potatoes (16.2), milk (10.7), yoghurt (9.8) and fresh fruits (9.8), fresh vegetables (9.6), butter (7.9), with lower shares for meat (2.2) and meat products (1.5) (RollAMA 2009).

Surveys show that about 20 percent of Austrian organic consumers are responsible for 80 percent of overall sales. The entry of discounters into organic retailing increases consumer awareness of and interest in buying organic as it becomes more affordable. The most important reasons shown for buying organic products are their health-related benefits, their higher quality, and their positive impact on the environment. Also, to a high degree, they are considered «simply the best.» Since regional products are becoming increasingly important, the chance to link regional and organic could have another positive influence on the growing demand for organic products (Liebing 2008).

Exports

In 2009, exports had a share of 6.7 percent (approximately 66 million euros) of the total turnover of organic food, an increase of ten percent from the previous year. Major export products are milk products, which in 2009 decreased slightly (FiBL Austria, Agricultura, Bio Austria at OTS.at 2010). Increases of more than ten percent of exports were noted for cereals for human consumption, dry food, fruits and wine.

Imports and market requirements

About half of all organic products sold in Austria are imported. The main countries are Italy, Germany and Spain (Liebing 2008). The most important product groups are fruits, vegetables, and dry goods (non-perishable).



Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Austria: The additional statutory regulation, called Austrian Food Codex (Österreichischer Lebensmittelkodex), includes regulations in the areas of: managed wild animals, rabbits, wine processing and catering. These standards are mandatory for any organic production and processing in Austria. Products imported from other EU Member States or from third countries only have to comply with the EU regulation 834/2007; compliance with the Austrian Food Codex is not required.

The inspections laid down by the EU Regulation on Organic Production are conducted by eight private inspection bodies. These inspection bodies are approved and supervised by the Lebensmittelbehörde (Food Authority) of each respective federal state. Most organic farmers are a member of Bio Austria, the Austrian Organic Farmers Association. Bio Austria has its own logo and also has created its own standards, which exceed EU requirements.

The AMA BIO logo is the national label for products from organic agriculture. The label, managed by the Agrar-Markt-Austria-GesmbH (AMA), may be used for all products produced according to EU regulation 834/2007 and chapter eight of the Austrian Food Codex («Österreichischer Lebensmittelkodex»). There are two types of the AMA-BIO logos. The red and white label includes an indication of origin, which can be used on organic products where

at least 70 percent of the value determining ingredients originate from the country or province indicated on the label (not restricted to Austria). The black and white label shows neither any references to the origin of products nor any other restrictions besides honouring the EU regulation 834/2007. The use of the AMA-BIO logo requires a contract with AMA.

Austria satisfies most of its demand from local production and imports are mostly for products which cannot be produced in Austria such as certain fruits and vegetables, various spices and dry products. The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products have to be issued by the importing company to the Lebensmittelbehörde (Food Authority) of the federal county where the importing company is located.



Web information corner, references and sources

Links

- www.bio-austria.at: The homepage of Bio Austria
- www.bioinfo.at: Consumer information
- www.fibl.org/en/austria/location-at.html: Homepage of FiBL Austria, the Research Institute of Organic Agriculture
- www.lebensministerium.at/article/archive/11131: Organic farming pages at the internet site of the Federal Ministry of Agriculture, Forestry, Environment and Water Management

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- Klingbacher, Elisabeth (2010): Austria - country report. The Organic-World homepage, FiBL, Frick www.organic-world.net/austria.html. Accessed July 5, 2010. Date given in document: January 27, 2010.
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2.2 The organic market in the Czech Republic.

History

Organic food entered the Czech organic market in the early 1990s. At that time, health food shops and the supermarket chain Carrefour were the most important marketing channels. Up until the new century, the main marketing channel for organic food was health and natural food shops, where only a limited number of consumers shopped. With the turn of the century, conventional retailers gradually became interested and started offering a small range of, mostly imported, organic products. Since 2002, the Czech organic market has been rapidly developing (Vaclavik 2008). Beginning as an alternative farming system supported by a limited number of people, the production recognized by the state and defined by legislation has evolved over the years, resulting in a level of confidence necessary to gain wide support from consumers. Currently, the Czech Republic ranks among the top countries in terms of the share of organically farmed land area in Europe. The objective that has been set by the Action Plan on Organic Farming 2010 – ten percent of land area under organic management by 2010 – has been reached.

Production base

In 2009, 398,407 hectares were under organic management in the Czech Republic, constituting 9.4 percent of the country's agricultural land. Compared to the previous year, this is a 16 percent increase and a doubling since 2000. Almost 70 percent of organic land was fully converted to organic farming.

In 2009, there were 2,689 organic farms, 30 importers and 422 processors.

Eighty-two percent of agricultural land is permanent grassland, leaving a mere 47,400 hectares for arable or permanent crops. Twenty-four thousand hectares are for cereals, followed by green fodder from arable land (14,000 hectares). Between 2008 and 2009, relatively strong growth was noted for high value products like vegetables (+60 percent) and for fruits (+25 percent) (Eurostat 2010).

Government support

Since 2007, support for organic farming has been based on the European Union's Rural Development Programme 2007 – 2013.

Payments are disbursed per organically farmed land area, using different rates for differences in land use. Furthermore, organic farmers receive grants for specific measures such as modernization of agricultural holdings and adding value to agricultural products (Valeška et al. 2009).

The Czech Republic action plan aims for ten percent organic land by 2010, a goal that has been achieved by the end of 2010. The necessity to create an action plan resulted from the conclusions of the international conference on organic farming held in 2001, the «European Summer Academy on Organic Farming,» which was attended by the Czech and Austrian Minister of Agriculture during a time when the European Action Plan was being prepared. The Czech action plan, the organisational and technical aspects of which were provided by the Ministry of Agriculture, the Ministry of Environment, the Research Institute of Agricultural Economy and the Institute of Agricultural and Food Information, was prepared in cooperation with the representatives of the organic farmers associations (PRO-BIO, Libera), the control body KEZ o.p.s., agricultural universities, research institutes and with organic farmers, processors and distributors of organic food.

Some of the key aims of the action plan are:

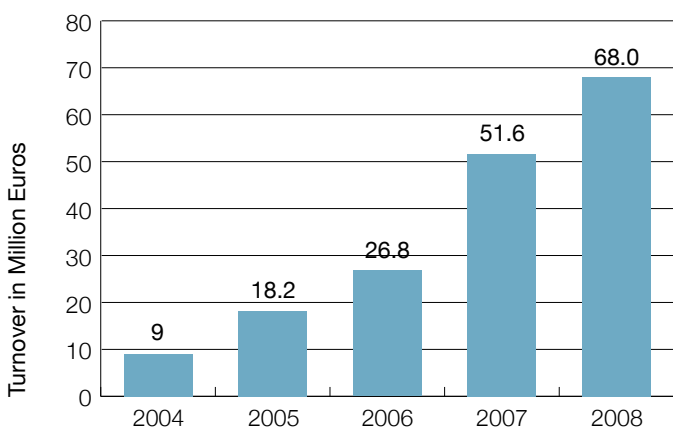
- to enhance the position of organic farming in the Czech Republic;
- to increase the positive influence of organic farming on nature and landscape;
- to ensure the viability of organic farms;
- to increase the competitiveness of Czech agriculture in the EU;
- to increase public confidence in organic farmers;
- to promote viable rural farms;
- to improve living conditions and welfare of animals kept on organic farms;
- to contribute through organic production to the protection of consumer interests;
- to enhance positive perception of the quality of organic food products by consumers;

- to expand the market with organic food products and to increase, together with the growing market, the effectiveness of production and of processing of organic farming products;
- to improve specialised consulting, education and research in the organic farming sector;
- to achieve by 2010 an approximately 10 percent share of organic farming land out of the total Czech agricultural land.

The Market

The organic food market in the Czech Republic has shown significant growth over the past several years. The growth was 70 percent in 2007 and 40 percent in 2008. In 2008 the turnover of organic food was 68 million euros and the market share was about 0.6 percent. The average annual per capita spending on organic food was 6.6 euros in 2008 (Green Marketing 2009).

Figure 19: Czech Republic: Development of the turnover of organic food and beverages 2004 to 2008

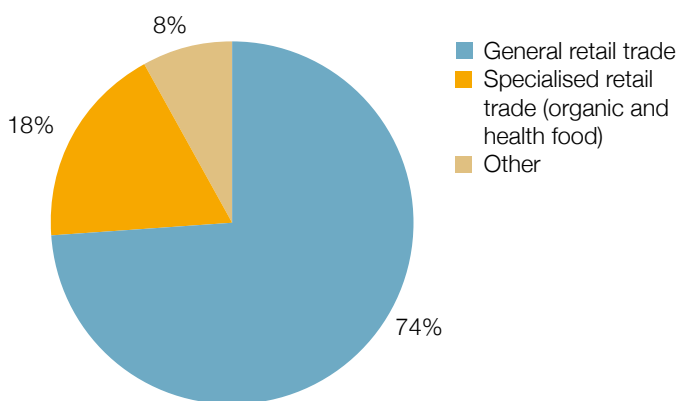


Source: Green marketing

In the Czech Republic, the largest share of organic products is sold via conventional retail chains. These retail chains gained a share of the organic market that reached 74 percent in 2008. The share of specialised organic and health food shops total turnover decreased and in 2008 was 18 percent of the organic market share. The growth seen in retail chains is due to the arrival of private brands towards the end of 2007 and through 2008. Private brands of retailers make up over 30 percent of organic

food offered by retail chains. Tesco hypermarkets have the widest range of organic food under its brand. The Tesco organic brand comprises 108 items. The drugstore chain dm has the widest selection with over 450 items (Green Marketing 2009).

Figure 20: Czech Republic: Sales channels for organic products in 2008



Source: Vaclavik 2008

Baked goods were the fastest growing organic food category in 2008, sales soared by 342 percent from the previous year. Sales of organic fruits and vegetables jumped by 61 percent (Green Marketing 2009). In 2007, the best sold domestic product groups were processed packed goods, dairy products and eggs as well as beverages (Vaclavik 2008).

The development of organic farming in the Czech Republic is stimulated by consumers who are looking for fresh domestic organic products. The average consumer is still unaware of the principle behind organic food production and is not willing to spend money on more expensive goods. Nevertheless, some affluent and younger consumer groups are starting to discover organic food and it is becoming a trend category. With the government's current information campaign it is expected that this group will expand significantly and that the market will continue to grow (Vaclavik 2008). The organic boom will also continue to be driven by the rising consumer purchasing power.

Czech manufacturers exported organic food worth approximately 5 million euros in 2008, 45 percent more than in 2007. Export



targets are mainly Slovakia, Poland and other East European countries (Green Marketing 2009).

Import and market requirements

It is estimated that the Czech Republic depends on imported products for roughly 60 percent of its consumption, in particular with regard to processed organic foods. The best sold imported products are processed packaged food and beverage, followed by dried food like nuts, seeds, dried fruits and cereals. The most important imports originate from the Netherlands, Germany and Austria (Vaclavik 2008).

Important products imported from developing countries and markets in transition are (Vaclavik 2010):

- China: tea, pulses, beans, buckwheat, flax and millet;
- Egypt: dried fruits, olive oil, herbs;
- Philippines: dried fruits;
- Turkey: dried fruits, olives, nuts, pulses;
- Peru: cacao, coffee;
- Chile: wine;
- The Ukraine: herbs, frozen fruits, juices, grain;
- Sri Lanka: herbs.

Imports are also rising due to increased popularity of fair trade products.

Currently, most of the growth is from imported products at drugstore chains, discounters and supermarkets. The biggest obstacle for a larger share of domestically produced organic food is insufficient production and manufacturing. Even though domestic supply is increasing, most of the raw material for manufacturing, with the exception of grain mill products, meat, herbs and, in part, milk, comes from abroad (Vaclavik 2008).

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in the Czech Republic: The inspections laid down by the EU Regulation on Organic Production are conducted by three private inspection bodies: KEZ Chrudim (public beneficiary corporation), ABCERT AG Brno (a branch of the German ABCERT AG) and Bikont Brno, Gmbh. These inspection bodies are approved and supervised by the Ministry of Agriculture of the Czech Republic. Organic products and organic food certified by the approved private control organizations are labelled with the national BIO logo, called «green zebra.»



The Czech logo is not a guarantee of Czech origin and can therefore be used for imported products that are certified according to EU regulation 834/2007. There are no additional standards. To use the logo, the importer must simply complete an administrative procedure and pay a fee to one of the three private inspection and certification bodies (KEZ, ABCert or Bikont). Certification organizations have their own logos, but they are of minor importance for imported products.

The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products must be sent by the importing company to one of the three private inspection and certification bodies, which will in turn forward them to the Ministry of Agriculture.

Web information corner, references and sources

References

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- **Valeška, J., K. Dyrťová, L. Bauerová, L. Sehnalová and K. Capounová (2009):** 2008 Yearbook Organic Farming in the Czech Republic. Ministry of Agriculture of the Czech Republic, Praha. Available at www.bioinstitut.cz/english/documents/roценка_v_Aj_08-na_web.pdf

Links

- <http://eagri.cz/public/eagri/zemedelstvi/ekologicke-zemedelstvi>: Organic farming pages at the homepage of the Czech Ministry of Agriculture
- www.bio-info.cz: Homepage of the largest news and information portal on organic products in the Czech Republic.
- www.bioinstitut.cz: Homepage of the Bioinstitut, an organic farming research institute.
- www.GreenMarketing.cz : Homepage of the market research company Green Marketing.
- <http://bio.bespin.cz/en:start>: Homepage of the Bioacademy, which takes place annually.
- www.ProBio.cz: Homepage of the Pro-Bio Association, the largest organic farmers organization.

2.3 The organic market in Denmark.

History

Denmark is one of the pioneers in promoting organic agriculture. Since the first organic legislation was introduced in Denmark in 1987 it has been the government's policy to actively promote organic farming. The rapid development of the sector in recent years is a result both of government support and strong cooperation among government authorities, organic farmers and the retail trade. Denmark has, together with Switzerland, the highest per capita consumption of organic products worldwide (LF 2010).

Development of organic farming goes back to the 1920s when Denmark experienced a widespread interest in natural living and natural foods that was followed by the establishment of the Biodynamic Association in 1936. The Danish movement was further developed in 1981 with the foundation of the Danish organisation for organic farming, Økologisk Landsforening, made up of farmers, consumers and processors with its own growing and breeding regulations and an independent inspection service. In 1982, the first organic carrots were sold in Danish grocery stores. Consumer interest in the new phenomenon was low at first. Then in 1987, Danish legislation regulating organic production was passed. This gave a strong signal of support for organic agriculture, in part by earmarking funds in the state budget for marketing and supporting conversion to organic farming. Likewise, the red «Ø» label, which shows that a product is state-certified organic, has played a significant role in establishing awareness among Danish consumers. However, at the beginning of 1993, the demand for organic products was still so limited that only half of the organic milk produced could be sold as organic. But the situation changed dramatically in 1993 when the supermarket chain Super-Brugsen introduced discounts and widespread marketing efforts. Other chains followed suit with similar sales initiatives, resulting in an explosive growth in sales; within a year, the market situation underwent a complete turnaround with demand surpassing supply causing a shortage of organic products. After the development of the organic market increased throughout the 1990s, stagnation was seen for some years, but picked up again beginning in 2005. Over the last few years, all grocery chains have introduced more organic products in their product range. The larger product ranges and consumers' increasing interest in quality foods are considered to be contributing factors in the fast growth in the sales of organic products. In spite of the financial crisis consumption continues to rise (Organic Denmark 2010).

Figure 21: Denmark: The organic government logo, a reason why Danes have a high trust in organic products



Production base

Organic farming accounts for six percent of the total Danish farmland (corresponding to almost 170,000 hectares in 2009). The number of organically managed farms increased from 676 in 1994 to 2,682 in 2009. The average size of organic farms in Denmark is 62 hectares, which is slightly larger than the average conventional farm. Whereas organic land area has not changed much in the past ten years, the number of farms decreased and the average farm size went up.

Eighty percent of organic agricultural land is made up of arable crops, most of the remaining land is permanent grassland and only few permanent crops are grown. A major part of the latter is apples followed by berries. Of the arable crops, most land is used for green fodder from arable land (74,000 hectares), followed by cereals (46,000 hectares). Vegetables were grown on 1,800 hectares in 2008 (eurostat 2009).

Government support

In 1995 the Council on Organic Food and Agriculture developed an «Action plan for Organic Farming» with 65 recommendations for the Minister of Agriculture, Food and Fishery to encourage organic farming in Denmark. The action plan served as a base for much of the political work in the following years. It was followed by a second five-year action plan in 1999.

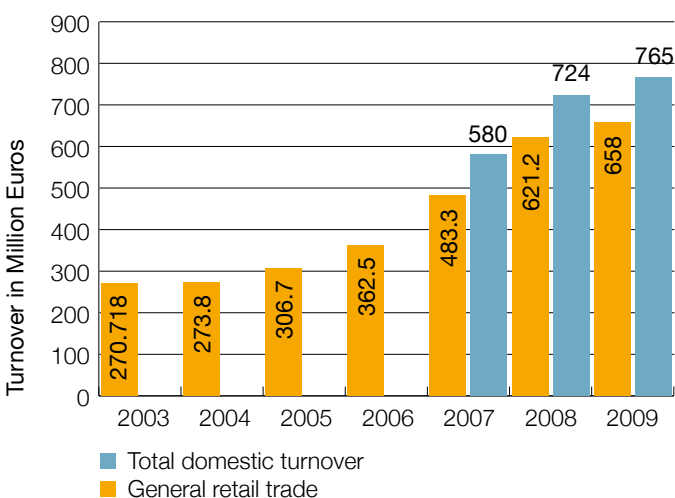
There is currently no action plan in force, but the organic sector is supported through numerous government measures such as direct payments in the framework of the European Union's rural development programmes, research funding and the promotion of the government organic seal.

At the moment, a new political plan for organic farming is being developed. The government aims to at least double the organic agricultural area within the next 10 years. The increase in production also needs to be driven by a corresponding increase in demand. Therefore the new plan is expected to continue the strategy of using both demand and supply side measures.

The market

Organic products accounted for 7.2 percent of total food sales in 2009, corresponding to 765 million euros. The per capita consumption was 138 euros in 2009, one of the highest in the world together with Switzerland (LF 2010). The organic companies and the organic association Økologisk Landsforening are expecting the market to grow at two digit rates and a doubling of organic sales by 2015 (AMI 2010). In 2009, the market grew by 5.7 percent, a smaller rate than in the previous years, but still high considering 2009 was a difficult year for consumers. The economic crisis has dampened the fast increase in demand during 2005 to 2008 and the overall price level also decreased in 2009. Like in many other European countries, there was, however, an increase in volumes sold.

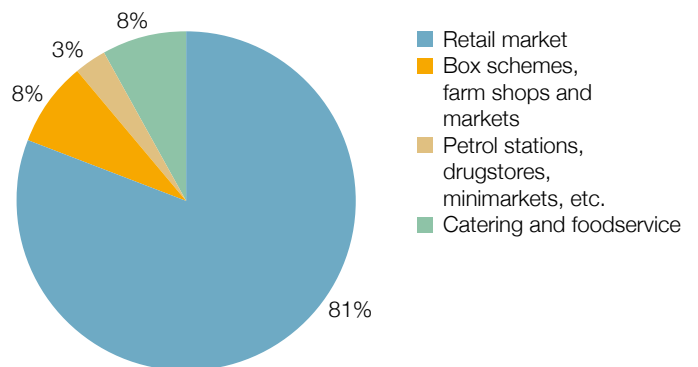
Figure 22: Denmark: Development of the domestic market for organic products 2003-2009



Prior to 2007 no overall data for the Danish organic food market were available, only for the organic sales in the general retail trade.

Source: Statistics Denmark for retail sales, LF for total 2007 to 2009, based on Organic Denmark and Statistics Denmark data

Figure 23: Denmark: Sales channels for organic products 2009



Source: LF 2010

Regarding vegetables, more and more products from the neighbouring countries are entering the Danish retail market. The competition has increased due to increasing production in other regions with lower price levels (Jensen 2010).

The customer segment buying the biggest proportion of organic foods tends to be university graduates and those who have studied at university. Statistics from the market research company GfK show that Danes in this segment are increasing their consumption of organic foods more than any other group (Organic Denmark 2010).

Exports

In 2008, Denmark exported organic products in value of 87 million euros, almost half of exports were dairy products and eggs, most of which were exported within Europe. The single biggest market is Germany, where more than a quarter of the Danish exports go (24.5 million euros in 2008), followed by Sweden (18 million euros in 2008) (Statistics Denmark 2010).

Danish exports of organic products have only increased slightly in the past years. With a growing European and global market for organic food, the opportunities for export are good. The explanation for the weak growth in exports is due to the strong demand on the home market (Alroe and Halberg 2008).

Import and market requirements

Organic goods in value of 185 million euros were imported in 2008, more than quadrupling in value between 2003 and 2008 (Statistics Denmark). Almost 90 percent of the imported products came from Europe (163 million euros), followed by North and South America (10.2 million euros), Asia (5.4 million euros) and Africa (1 million euros). After Germany (40.1 million euros), the Netherlands (33.9 million euros) is the second most important country in terms of imports, the latter being due to the fact that many products that are imported to Europe enter via the Netherlands. The key product groups in terms of value are fruits, nuts and berries, followed by cereals, grain mill products and vegetables (Statistics Denmark 2010). The demand for dried fruits and nuts is met almost entirely by imports, which include temperate, subtropical and tropical fruits, nuts and kernels (Kilcher 2004).

More and more finished products from abroad are sold in the retail markets. The variety of organic goods has increased a lot in recent years. As consumers get more familiar with buying organic they can also recognize the diverse logos in addition to the Danish Ø-logo, such as the EU-logo, the Swedish KRAV logo, the German Bio-Siegel and others.

The food processing industry is therefore a very important market segment. There are interesting prospects for exporters in emerging countries and countries in transition who can supply quality products at competitive prices. Importers and food processors are interested in obtaining more supplies direct from the source – depending on the product in question and provided there is confidence in the certification procedure applied in the producer country. Product innovations and consumer confidence in the authenticity of the organic origin of the product are necessary conditions for the market potential to be fully realised (Kilcher 2004).

Table 10: Imports and exports to Denmark by product 2008

Main crop category	Imports by product [Mio euros]	Exports by product [Mio euros]
Fruits/nuts/berries	29.69	
Cereals	21.63	4.43
Grain mill and bakery products	20.99	6.39
Vegetables, prepared and preserved	20.20	1.91
Feedstuffs	16.83	3.03
Fruits, berries and nuts, prepared and preserved	15.59	5.37
Oils and fats	14.02	1.61
Prepared food and feedstuffs	12.72	5.61
Sugar	9.46	3.98
Coffee and tea	7.88	1.10
Beverages	6.21	1.00
Cocoa, chocolate and sugar confectionery	2.74	0.31
Meat and fish products	2.48	11.01
Dairy products and eggs	2.18	39.68
Vegetables	1.23	1.83
Medicinal and aromatic plants, permanent	0.90	0.14
Tea/mate	0.54	0.20
Cocoa	0.19	0.00
Total	185.46	87.60

Source: Statistics Denmark 2010



Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Denmark: Denmark implemented already at the end of the eighties a national inspection label for organic products: the national «Ø» label with the text Stat-skottrolleret Økologisk (Governmental inspection). The national Ø label indicates that the preparation of the product – its processing, packaging, or labelling – has been controlled by the Danish authorities. The symbol is seen on Danish and foreign products that have been packaged in Denmark. It is only if the final part of the control has occurred in Denmark (production, processing, packaging, or labelling), that the Danish inspection label can be used. Importers, processors and packers that want to carry out activities, such as labelling, on organic products in Denmark must register with the Danish authorities and their activities must be inspected by these authorities. Products prepared under the Danish inspections can be labelled with the Ø label.

Inspection and certification of organic products in Denmark is a part of normal food control procedures and is therefore executed exclusively by public authorities (in contrast to most other European countries). The two authorities responsible for the implementation of the EU Regulation on Organic Production are the Danish Plant Directorate (responsible for the area of plant and animal production) and the Danish Veterinary and Food Administration (responsible for the area of processing and distribution). Applications for import of organic food must be sent to the Food and Veterinary regional authorities and applications for import of

organic feed must be sent to the Danish Plant Directorate. The Danish Veterinary and Food Administration can provide information about the relevant regional authorities.

Web information corner, references and sources

Links

- www.ICROFS.org: homepage of the International Centre for Research in Organic Food Systems ICROFS
- www.lf.dk: Homepage of The Danish Agriculture & Food Council. Represents the farming and food industries of Denmark including businesses, trade and farmers, associations. Members of the council count a major part of organic farmers and organic processors in Denmark.
- www.okologi.dk: Økologisk Landsforening, the umbrella organisation of the Danish organic sector
- www.OrganicDenmark.dk: Homepage of Organic Denmark, a non-profit member association aiming to increase knowledge about organics among Danes, boost organic production and sales in Denmark and promote the sales and exports of organic growers and producers.
- www.pdir.dk: Homepage of the Danish Plant Directorate / Plantedirektoratet, in charge of the implementation of the EU Regulation on Organic Production.

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2.4 The organic market in France.

History

In the 1980s, organic agriculture in France was further developed than in other European countries. The first standards for organic agriculture were published in 1972 by the producers' association Nature & Progrès. In 1981, the French government officially recognized organic farming by creating a national commission responsible for the organization and development of organic farming in France. In 1985, the state logo for organic products, AB (agriculture biologique) was launched. This level of state recognition led to the wide acceptance of organic agriculture in France and across its borders. At the time, France was the most important European supplier of organic products and 40 percent of the European organic land was located in France (Reynaud/Rison 2001).

In November 2001, the state agency Agence Bio was established to develop and promote organic agriculture. Whereas at the beginning of the 2000s development was slow, in 2008 and in 2009 France was among the countries with the highest market growth rates. Also the organic area increased substantially compared with previous years.

Production base

Even though France has had a dynamic organic market since 2005, only 2.5 percent of its agricultural land is organic (less than the European Union (EU) average). From 1994 to 2009, the organic farming sector in France demonstrated consistent growth. During this period, the land under organic agricultural management increased by nearly 490 percent. Recent data published by Agence Bio showed that in 2009, 16,446 organic farms were counted, an increase of 23.7 percent compared to 2008 and 677,513 hectares of land were organic (up 16 percent from 2008). In 2009, 56 percent of the agricultural land was used for arable and permanent crops. The key crop groups were fodder crops (almost 160,000 hectares), cereals (103,000 hectares) and grapes (almost 40,000 hectares). Major relative increases between 2008 and 2009 were noted for grapes and cereals (Eurostat 2010).

Government support

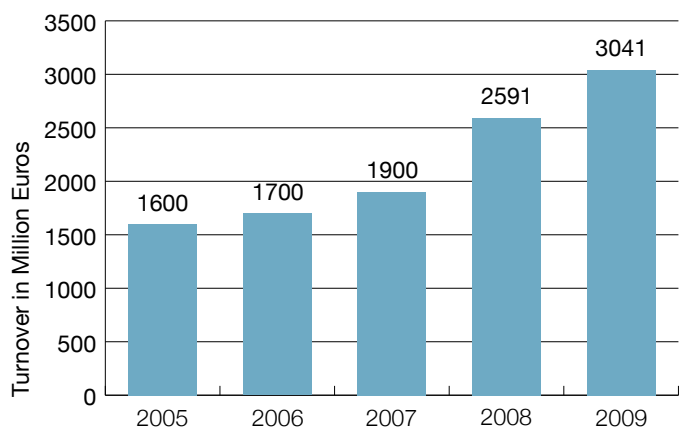
The French government strongly supports the development of organic farming as a sustainable component of French agriculture. The government makes financial assistance available to farmers who convert farmland to organic production. In 2008, the French Minister of Agriculture published «Agriculture biologique: horizon

2012», the French organic action plan 2008-2012, providing funds for research and development in the organic industry in order to triple the area devoted to organic farming by 2012 (Agence Bio 2010).

The market

France has, with a population of more than 60 million, one of the largest food markets in Europe. In 2009, the market share of organic products reached 1.9 percent of the total food sales. In just four years, between 2005 and 2009, the turnover of organic food sales nearly doubled from 1.6 to 3 billion euros.

Figure 24: Development of the organic market in France 2005-2009

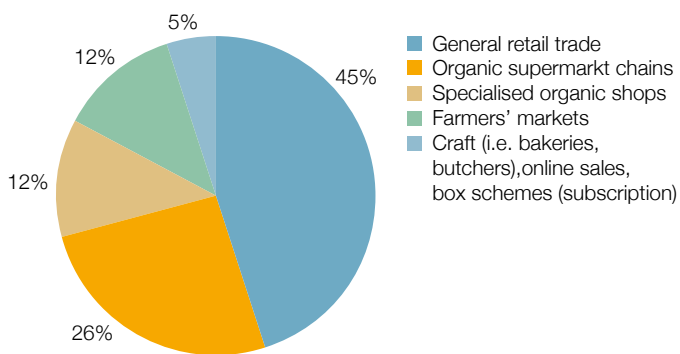


Source: Agence Bio 2010 and previous editions of the Agence Bio yearbook.

In 2009, the major supermarket chains gained importance compared with the other marketing channels. In 2009, nearly 45 percent of organic products were bought in major supermarkets (41.7 percent in 2008; and 40 percent in 2005). In 2009, growth was 12 to 15 percent among the specialised shops. Sales are also rising among bakers, butchers, specialised retailers of fruits, vegetables and wine and shops selling frozen products. Direct marketing is also gaining importance.



Figure 25: Importance of sales channels for the marketing of organic products in France 2009



Source: Agence Bio 2010

According to Agence Bio (2010), in 2009, the importance of organic food groups in terms of retail sales value is as follows (share of a product group of the organic food market):

- 22% milk, dairy products and eggs;
- 19% groceries (excluding dairy products and fresh fruits and vegetables);
- 17% fresh fruits and vegetables;
- 11% meat;
- 11% bread and flour;
- 10% wines;
- 5% fruits and vegetable juices;
- 3% delicatessen;
- 1% sea food;
- 1% frozen food.

Table 11: France: Turnover with organic products by retail channel in 2009

Organic products (Million 2009)	Total 2009	General retail	Specialised organic shops	Artisans (i.e., bakeries, butchers)/Online sales/Boxschemes (subscription)	Farmers markets
Beef	136	84	8	24	20
Pork	35	20	9	5	1
Lamb	30	13	2	8	6
Poultry	93	45	28	2	17
Eggs	196	116	68	2	9
Milk	240	193	38		9
Dairy products	235	137	61	1	36
Cured meats	50	31	19	1	
Fine food	80	37	43	1	
Smoked sea fish	25	18	6	1	
Food products, various, sweet	315	115	200		
Packaged food	272	108	164		
Wines (none sparkling) and others	298	58	99	40	102
Vegetable drinks	57	28	29		0
Fruits and vegetable juices	77	48	24		5
Other drinks	6	3	2		1
Frozen food	34	8	3	22	0
Bread / flour	340	125	135	40	40
Fruits and vegetables	523	172	231	5	115
Total	3041	1358	1169	152	362

Source: Agence Bio 2010

Since 2007, the consumption of organic products has shown a very positive trend. Indeed, in 2009, 46 percent of French people consumed organic products at least once a month, compared with 44 percent in 2008 (and 42 percent in 2007). Twenty-six percent consumed organic products at least once a week and nine percent every day.

The most important motives for buying organic products are the concern for the environment and animal welfare, but hedonistic motives like health and quality are increasingly important.

In 2009, for 79 percent of the consumers the main obstacle to purchasing organic products remains the «high price» (Agence Bio 2009). Habitual buying behaviour of organic products is not so common, and this is the second major obstacle, but this is now changing, as product availability is improving (Agence Bio 2010).

Sales of French organic products outside of France amounted to 190 million euros in 2009. Exports consisted mainly of fruits and vegetables, constituting 36 percent of the exports. Wines made from organic grapes also account for 36 percent of the exports (Agence Bio 2010).

Imports and market requirements

Only a part of French demand for organic products can be met by domestic production. Off-season products and tropical/exotic organic products have ready access to the French market. Organic imports have grown very rapidly since the mid-1990s (Kilcher 2004).

In the beef and sheep, poultry (chicken and eggs) and wine sectors imports are currently very limited. It is expected, that from 2011 onwards, imports for dairy and cereal products will decrease. Agence Bio (2010) concludes that on average 38 percent (in terms of value) of the organic products consumed in France originate outside of France:

- 30 percent of the imported products are exotic products like bananas, tropical fruits, coffee, tea, cocoa;
- 30 percent are related to production for which France has no special advantage: citrus fruits, soybeans, aquaculture, Mediterranean vegetables, sweet and salty groceries;
- 40 percent are products where France is short of supply even though these products could also be produced in France: grains, milk, pork, fruits and vegetables (fresh or processed).

The share of the latter increased in 2009 as demand grew fast and many of the organic crops were still in the conversion period.

According to Schaer (2008) the most imports in recent years originate from Italy, other EU countries, and North Africa. Imports from Asia are insignificant. Emerging markets and markets in transition that already export EU-certified organic products have good prospects for expanding their exports to France. There is good potential for imports for raw materials and final products from the tropics and the Mediterranean region.

Agence Bio (2010) publishes information on the products and countries on the third country list according to EU Regulation on Organic Production, for which import permission were issued. However, information on actual imported volumes is not available.

Table 12: Import permissions for products from third countries: Products and countries of origin

Essential oils/Medicinal and aromatic plants: Egypt, Bosnia Herzegovina, Morocco, Madagascar, Albania
Fresh and dry fruits and vegetables: Morocco, Peru, Turkey, Ecuador, Dominican Republic, Turkey
Fruits and processed vegetables: Mexico
Cereals and industrial crops (oil crops, protein crops, fodder crops): Kazakhstan, Bolivia, United Arab Emirates
Animal feed: Brazil, China
Oil-based products: Colombia, Tunisia
Spices: China, South Africa, Sri Lanka, Peru
Cocoa: Ecuador, Madagascar, Sao Tomé and Príncipe, Vanuatu
Tea: China, Japan, Canada, Sri Lanka, South Africa, Brazil
Coffee: Mexico, Bolivia, Peru, Ethiopia, Honduras
Sugar: Brazil, Paraguay, Cuba, Thailand
Honey: China, Canada
Aquaculture products: Madagascar, Mozambique, Ecuador
Mushrooms, Ecuador, China

Source: Ministère de l'Alimentation, de l'Agriculture et de la Pêche (DGPAAT)

Table 13: France: Domestic market and imports of organic products in 2009

Organic products (Million euros) 2009	Total 2009	Imports 2009	Share of imports 2009
Beef	136	1.36	1%
Pork	35	2.8	8%
Lamb	30	0	0%
Poultry	93	2.79	3%
Eggs	196	1.96	1%
Milk	240	60	25%
Dairy products	235	58.75	25%
Cured meats	50	15	30%
Catering	80	32	40%
Smoked sea fish	25	23	92%
Food products, various, sweet	315	214.2	68%
Food products, various, salted	272	144.16	53%
Wines (none sparkling) and others	298	2.96	1%
Vegetable drinks	57	44.46	78%
Fruits and vegetable juices	77	57.75	75%
Other drinks	6	1.2	20%
Frozen food	34	22.75	65%
Bread / flour	340	136	40%
Fruits and vegetables	523	339.95	65%
Total	3041	1155.58	38%

Source: Agence Bio 2010

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in France: The inspections laid down by the EU Regulation on Organic Production are conducted by six private inspection bodies.

France was one of the first European countries to implement a national logo for labelling organic products, the «AB» logo (Agriculture Biologique). It has displaced other private organic labels in France and is the property of the French Ministry of Agriculture. For the communication, the AB logo is managed by the French agency for organic farming (Agence bio: www.agencebio.org). The AB logo has become the most important label by which French consumers recognise organic products. The use of the

AB logo is permitted after signing a logo-using contract provided that compliance with the requirements of the EU regulation and additional production regulations not implemented by the EU regulation (snail, ostrich, rabbit and aquaculture, (see Ministère de l'alimentation, de l'agriculture et de la pêche (2010) http://agriculture.gouv.fr/IMG/pdf/ccf__janvier_2010-homologue.pdf) has been confirmed by a control body approved by the authority in the relevant country.

The AB logo may also be used for imported organic products if the requirements of the EU production regulations are met. The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products have to be issued by the importing company to the French Ministry of Agriculture (MAP DG-



PAAT; address: Bureau des signes de qualité et de l'agriculture biologique, 3 rue Barbet de Jouy, F- 75349 Paris 07 SP, http://mesdemarches.agriculture.gouv.fr/article.php3?id_article=153

Web information corner, references and sources

Links

- www.agencebio.org: Homepage of Agence Bio
- <http://agriculture.gouv.fr/agriculture-biologique>: Organic farming pages at the homepage of the French Ministry of Agriculture

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2.5 The organic market in Germany.

History

In Germany, the first farms converted to organic management in the early 1920s and at the same time the first health food stores (Reformhäuser) were established. However, organic farming remained a niche sector until the 1980s and organic products were sold only in health food and natural food stores. It was only in the early 1990s, when conventional retail chains began to sell organic products that sales began to rise. An important factor for the growth of the organic market since the 2000s has been the introduction of a national organic logo, the Biosiegel and the implementation of the Federal Organic Farming Scheme.

Production base

In 2009, 947,115 hectares were under organic agricultural management (Ministry for Agriculture, Food and Consumer Protection 2010). This constituted 5.6 percent of agricultural land. Compared with the previous year this is an increase of four percent, compared with 2000, the area increased by 75 percent.

In 2009, more than 50 percent of the agricultural land was grassland, arable land constituted 44 percent, and permanent crops about 1 percent of the agricultural land (AMI 2010). The key crop groups are cereals (nearly 202,000 hectares), followed by green fodder from arable land (153,000 hectares), dried pulses (22,000 hectares) and vegetables (11,800 hectares) (AMI 2009).

There were 21,047 farms in Germany in 2009, 5.7 percent of all farms. Germany is the country with the highest number of processors (10,481) and importers (958) in Europe (Ministry for Agriculture, Food and Consumer Protection 2010, Eurostat 2010).

Government support

The German government has provided area-based payments for farmers since 1989, first under what is known as the extensification scheme, now under the European Union's rural development programmes, under which other forms of support for farmers are also granted.

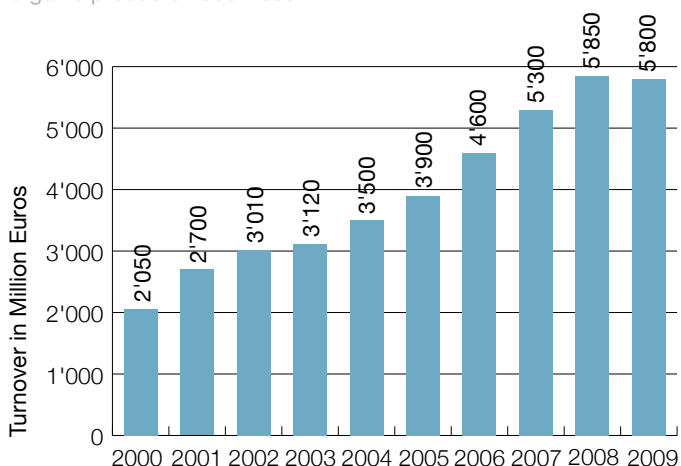
The Federal Organic Farming Scheme, German's action plan for organic farming, was implemented in 2002 with the aim of reaching 20 percent organic land, however without mention of a target year to reach this goal. For this federal programme, the German government had a budget of 35 million euros for 2002 and 2003

and between 2004 and 2007, 20 million euros was granted annually. Since 2007, 16 million euros were allocated annually to this programme. A large part of this sum is spent on information measures, but also on measures to improve framework conditions for organic production, processing, and trade. Another major focus of the programme is research.

Organic market

Germany's market for organic products is the largest in Europe and the world's second largest after the United States. Organic food sales in 2009 were at 5.8 billion euros. This corresponds to a share of around three percent of the total food market. Though the volume of product sold increased, market value decreased in 2009, due to price decreases. However, in the organic specialised sector, market value increased by four percent.

Figure 26: Germany: Development of the domestic market for organic products 2000-2009

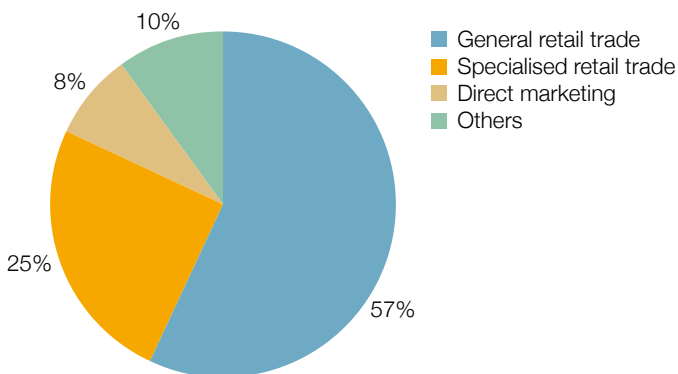


Source: Hamm and Rippin 2009

Health and natural food stores play an important role in Germany compared with many neighbouring countries, accounting for 25 percent of total sales of organic products (Hamm/Rippin 2009). The specialised organic supermarkets that opened in the late 1990s are an attractive supplement to the specialist organic retail trade and their number continues to grow – in the first half of 2010, 28 such new markets opened (Biomarkt.info 2010).

Fifty-seven percent of organic products were marketed through supermarket chains in 2008 while a further eight percent were sold via direct sales. The share of supermarkets in the total organic food market is on the increase.

Figure 27: Germany: Sales channels for organic products 2008



Source: Hamm and Ripplin 2009

National production is estimated to meet around 60 percent of organic demand (Strauch and Schaer 2008).

The main product groups (ranked by consumer spending) are milk and dairy products, fresh fruits and vegetables, bread and baked goods, alcoholic beverages (mostly wine), non-alcoholic beverages, baby food and eggs. A considerable share of grains, beverages, eggs and dairy products consumed in the country are produced domestically. The segments experiencing most growth in 2009 were baby food (+16.5 percent); alcoholic drinks (+13.4 percent); meat (+13.1 percent) and bread spreads (+11.8 percent). A decrease in value was noted for long-established organic products like vegetables and fruits (Behr 2010).

Short-term supply bottlenecks occur repeatedly on the German organic market. However, with improving availability of organic products this problem is expected to become less severe. The potential problems in the future development of the organic market in Germany are: the increasing discount orientation of retailers and consumers, price dumping for organic products by supermarket chains or the loss of regional processing facilities (Kilcher 2004).

Imports and market requirements

Germany is the largest European importer of organic products, it is estimated that around 40 percent of the product value of all organic products is imported (Strauch and Schaer 2008). Fruits and vegetables (fresh and processed) are the most important import items (Kilcher 2004).

For some crops/products, import data are available from GfK (based on panel data, Behr 2010) and they show the following (2009 data):

- For citrus the key countries of origin were: Italy, accounting for almost half of the imports, followed by Spain with almost a third, then South Africa and Greece.
- At least 16 percent of the eggs consumed were imported, 70 percent of these came from the Netherlands.
- At least 40 percent of the fresh vegetables were imported. One third of this came from the Netherlands, followed by Spain, Italy and Israel.
- At least 80 percent of the fresh fruits were imported (including tropical fruits); 20 percent of these came from Italy, followed by Ecuador, Spain and Costa Rica.

Important organic import items also include nuts, tea, coffee, cocoa, spices, culinary oils and fats, sweeteners and bakery products. A large proportion of imports originate from emerging markets and markets in transition (Kilcher 2004).

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Germany: The inspections laid down by the EU Regulation on Organic Production are conducted by 24 private inspection bodies – about a third of them are also operating in third countries. The Öko-Landbaugesetz (Organic Farming Law) regulates some aspects of the implementation of the EU Regulation on Organic Production and also includes a section stating the fines for companies that breach the EU regulation. Germany has a well-known national label for organic products, the «Bio-Siegel,» which was introduced with an extensive promotion and marketing campaign. Companies complying with the EU regulation 834/2007 may use the Bio-Siegel as long as they inform the «Informationsstelle Bio-Siegel» (information service Bio-Siegel) of their use. There are no restrictions for imported products. The use of the label is free, however there are guidelines for the design of the logo. For more information see www.bio-siegel.de/english/homepage/.



In addition to the EU regulation, various organic farming associations have developed their own standards, which go beyond the EU standards. These farmer associations certify the products based on their own standards, but the inspections are carried out through EU approved inspection bodies. Often importers require that products not only meet the EU regulation, but also the requirements of private standards. The most important difference between farm association standards and the EU regulation is the requirement for whole farm organic management, where parallel production of conventional and organic agriculture is not allowed on the same farm. Farms that abide exclusively by EU standards are permitted to operate conventionally on parts of the farm.

Organic farming associations authorize members and licensees to label products with the logo of their association. The best-known private labels in Germany are Bioland, Demeter and Naturland. For products that are supposed to be labelled with the label of one of these associations, the ingredients have to be certified according to these standards and it might be necessary for German inspection bodies to inspect them, even if equivalence at the European level has already been declared for the imported products. Germany is the country with the highest demand for imported products in the EU. The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products must be issued by the importing company to the Bundesanstalt für Landwirtschaft und Ernährung (BLE) (Federal Agency for Agriculture and Food).



Web information corner, references and sources

Links

- www.Bio-Markt.info: Market related information
- www.BOELW.de: Homepage of the German Federation of the Organic Food Industry BOELW
- www.Oekolandbau.de: Central Internet portal on organic farming, funded by the Ministry of Food, Agriculture and Consumer Protection
- www.soel.de: Website of the Foundation for Organic Agriculture SOEL, with much information on organic farming

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- **Ministry for Agriculture, Food and Consumer Protection 2010**
- **Strauch, Claudia and Burkhard Schaer (2008)**: Germany. In: Osch, Susann van, Burkhard Schaer, Claudia Strauch, Caroline Bauer (2008): Specialised Organic Retail Report Europe 2008. Practical Compendium of the Organic Market in 27 European Countries. ORA, Vienna, EKOZEPT, Montpellier/Freising, Bio-vista, Ettlingen

2.6 The organic market in Italy.

History

For a long time, Italy was the country in Europe with the largest area of organic agricultural land; currently Spain holds this distinction. However it is still the European country with the largest area of organic cropland, and is a major, if not the biggest exporter of organic products in Europe. However, with the growing domestic market, organic imports are increasing in importance.

In Italy the earliest pioneering experiences in organic agriculture date back to the 1960s, but it only began taking off in the 1970s, due to more and more farmers and consumers seeking an improved quality of life and consumption. During the mid 1980s, the first local coordination agencies established the National Commission for Organic Agriculture, made up of representatives of organisations and consumer associations from many Italian regions. This commission established the first nation-wide private standards for organic farming.

Once the EU organic regulation was implemented, numerous small associations of organic farmers and producer and consumer committees operating in each region reorganised themselves. Currently over 90 percent of the organic operators are members of one of the organizations associated with the federative network FederBio, founded in 1992 (Pinton 2010).

In the 1990s, the organic sector in Italy showed one of the largest average annual growth rates in Europe in terms of land under organic management. Since that time, the organic area has been around 1 million hectares with some fluctuations, mainly due to the fact the payments for organic farming under the European Union's Rural Development Programmes were not made available on a continuous basis in Italy.

Production base

Currently 1.1 million hectares are under organic agricultural management in Italy (2009). Compared with 2008 this is an increase of 10 percent, however, compared with 2000, this is only an increase of six percent. About 66 percent of organic agricultural land was fully converted.

Large parts of organic agricultural land are in the south of the country, for instance Sicily (206,546 hectares), Basilicata (112,289 hectares) or Puglia (140,176 hectares). Almost half of the proces-

sors are, however, located in the North of the country: Emilia-Romagna (721), Lombardia (507), Veneto (484), Tuscany (427) and Piemonte (353) (SINAB 2010).

Seventy percent of agricultural land is cropland (permanent and arable crops) – a very high share in comparison to other European countries. Key crop categories are cereals (250,000 hectares), green fodder from arable land (180,000 hectares), olives (140,000 hectares) and grapes (43,000 hectares). Between 2008 and 2009, strong growth was noted for high value crops like nuts (+52 percent), citrus fruits (+31 percent), vegetables (+30 percent), olives (+22 percent) and cereals (+21 percent) (Eurostat 2010).

There are 43,230 producers, 2,564 of which process their own products, 5,223 processors and 260 importers. Compared with 2008, the number of organic operators decreased by 2.3 percent at national level. But a closer look shows stability or even slight growth in most parts of the country. The decrease is concentrated in two regions Basilicata and Sardinia. In both cases, this is due to a delay in payments under the rural development programmes.

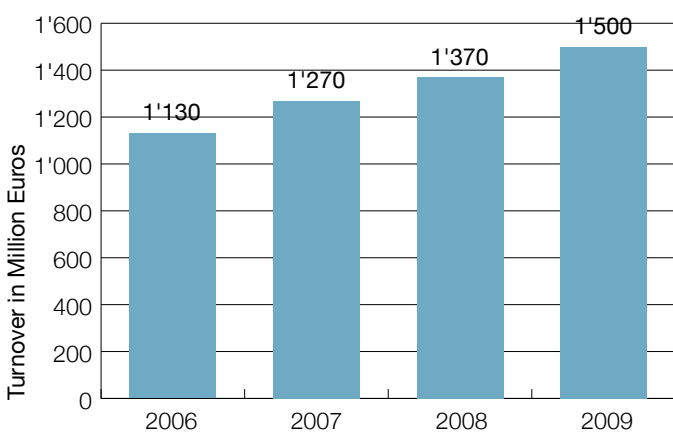
Government support

Like in all European Union countries, organic farming in Italy is supported under the European Union's rural development programmes. The Italian National Action Plan for organic agriculture and organic products (Piano d'Azione nazionale per l'Agricoltura Biologica e i Prodotti Biologici) was launched in April 2005. The key targets of the plan are to position Italian organic products on the global market, to support and develop organic production and related supply chains, enhance consumer information, and to improve services to the organic sector. The plan does not have a quantitative target, which many other countries have.

Market size, share of total market, per capita consumption

In 2009, the per capita consumption of organic food was 25 euros and the organic market in Italy amounted to 1.5 billion euros. Growth has been at one-digit rates in supermarkets (which differentiate from other European countries, since supermarkets are not the main sales channel in Italy), but steady in the past five past years. The specialised shops saw a higher growth rate. The first figures for 2010 indicate that growth will continue, for instance market growth was between 5 and 10 percent in the first half of 2010 in specialised shops and sales of a sample of relevant wholesalers also show growth increasing by at least ten percent. The financial crisis has had no major effect on the Italian organic market.

Figure 28: Italy: Development of the domestic market for organic products 2006-2009

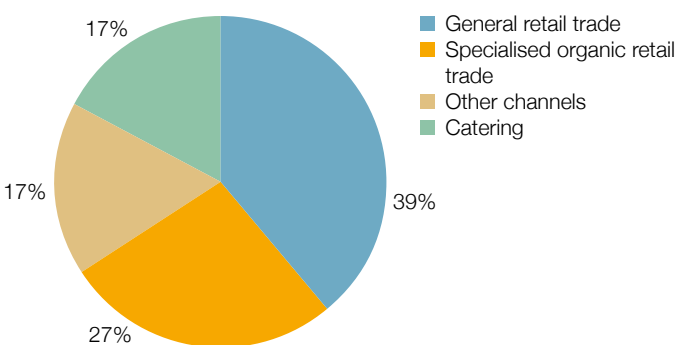


Source: AssoBio estimate

Specialised organic shops hold 40 percent of the organic market (600 million euros turnover in 2009, an increase of 16 percent compared to 2008), followed by supermarkets (400 million euros turnover, an increase of 7.4 percent compared with 2008), direct sales, box schemes, etc.), which had a turnover of 250 million euros, organic catering was also at 250 million euros.

Exports play a major role for organic farming in Italy: They amounted to 850 million euros in 2009 (all data by Pinton Organic Consulting based on AC Nielsen/ISMEA and AssoBio).

Figure 29: Italy: Sales channels for organic products 2009



Source: Pinton Organic Consulting 2010

All major supermarket chains sell organic products. According to the AcNielsen/Ismea panel, in the first six months of 2009, compared to the first six months of 2008, supermarket sales grew by 8.5 percent (in volume) and 7.4 percent (in value). Coop is the most important mainstream retailer and a big organic reseller, with a turnover of 76.4 million euros in 2008 (+7.3 percent compared with the previous year). In 2009 Coop started a rebranding of its former «Bio-logico» range and launched the new «Vivi-verde» (live green) private label, including organic food and eco-labelled items (detergents, low energy light bulbs, etc.). Its organic range consists of 339 items, 23 of which are baby foods and 5 from fair trade. Next in importance comes Esselunga with its private label range «Esselunga Bio.» Carrefour also runs an organic private label. Further players are Conad and Despar.

Table 14: Sales of organic products in mainstream supermarkets in the first 6 months 2009, compared with the first 6 months 2008 (in value)

Category	Change 2009/2008	Share of organic sales
Fruits & vegetables	+37,8%	25,2%
Dairy	-3,9%	17,8%
Breakfast products	-2,8%	12,2%
Beverages	+11,6%	10,0%
Eggs	+24,3%	8,3%
Bread, pasta, rice	-12,8%	7,1%
Baby food	-18,2%	4,8%
Oils	+1,8%	3,9%
Honey	+10,4%	3,6%
Frozen ice creams	+7,1%	2,4%
Others	-2,0%	4,7%
Total Organic	+7,4%	100

Source: Pinton Organic consulting, based on Ismea/AcNielsen data



There are about 1,150 organic shops, mostly in northern and central Italy, with a turnover of 600 million euros (2009). The only organic supermarket chain at national level is NaturaSi (about 70 shops, eleven of which are in Rome and eight in Milan), with a range of about 4,000 products. It has a quarterly magazine and a fidelity card programme with about 70,000 cardholders. In 2009, NaturaSi merged with Ecor, the main organic wholesaler, starting the company Ecor NaturaSi (Pinton 2010); a few months later the company bought the 20 year old Bologna based wholesaler Baule Volante.

About 2000 organic farmers are engaged in direct marketing, with about 800 box schemes. Organic foods are served in 360 restaurants. About 900 municipalities serve organic products to more than one million school children daily (140,000 in Rome alone). There are more than 1,200 organic farms with agritourism facilities and organic products are sold on about 120 websites (e-commerce).

Exports account for about a third of the overall turnover of organic products in Italy (850 million euros in 2009). Key products are fruits and vegetables (mostly for the European market), olive oil, wine, balsamic vinegar and pasta. The most important export market is Europe, and the most important countries are Germany, France, Austria and Switzerland. The amount of export to Japan is interesting and (slowly) growing and the export to the United States is still very small (Pinton 2010). In 2009 an interesting export activity, «Organic Made in Italy,» started with Brazil and South America (supermarkets, Italian food specialists). The project is coordinated by FederBio and co-founded by the Ministry for Economic Development and the Italian Trade Commission. In 2008, 22 percent of Italian consumers bought some organic products, and in 2009, despite the financial crisis, this share grew to 26 percent. Organic consumers are similar to the typical European organic consumer: between 25 and 50 years of age with a medium or high income, a high school or university degree, and they live in large cities, mostly in northern and central Italy (Pinton 2010).

The most popular product groups in supermarkets are fruits and vegetables, which account for 25 percent of all organic sales, followed by dairy products (18 percent), breakfast products (12 percent) and beverages (10 percent) (Pinton 2010).

Imports and market requirements

It is estimated that 80 percent of the organic products consumed in Italy are produced domestically (Pinton 2008). It is difficult to estimate the total value and volume of imports as many companies do not buy directly from third countries, but from other European importers (mostly Dutch). Data on imports from EU countries are not available.

The 2008 statistics from SINAB regarding imports from third countries (both countries on the third country list as well as other non EU countries) showed that In terms of volume most of the imports came from Asia, followed by European non-EU countries and Africa. The key product groups were cereals, processed foods (cocoa, coffee, olive oil, extra virgin olive oil, cane sugar) and vegetables (see table 15). The most important products in terms of volumes imported were soft wheat, followed by durum wheat, cocoa, potatoes and bananas (for details see table 16). Since 2006, the import volume has more than doubled.

According to Pinton (2008), the best sold organic imported product groups are sugar, coffee and tea, followed by fruit and rice. The most important import countries are Costa Rica, Egypt and Germany. These figures refer to the value of all imports, not only to those from third countries.

Table 15: Imports from third countries to Italy in 2008 by region and crop group (in metric tons)

Region	Cereals	Industrial crops	Fruits and nuts	Medicinal plants	Vegetables	Processed foods	Total
Africa		40	504	11	7,335	3,839	11,729
Central America	0		1,199	43		7,562	8,803
North America	1,778	59		75	377	373	2,662
South America	54		5,984	18	1	5,335	11,392
Asia	26,719	49	58	11	477	636	27,949
European Non-EU countries	15,828	8,664	1,069	82	1,245	435	27,323
Total	44,378	8,812	8,814	241	9,436	18,179	89,859

Source: SINAB 2009. Cereals: soft and durum wheat, rice, barley; Industrial crops: rape seed, sunflower seed, soy, linseed; Fruits and nuts: apricots, oranges, bananas, kiwis, lemons; Medicinal and aromatic plants: capers, aloe vera products, coconut oil, sesame oil, sesame; Vegetables: onions, beans, lentils, potatoes, peas; Processed foods: cocoa, coffee, olive oil, extra virgin olive oil, cane sugar.

Table 16: Imports from third countries to Italy in 2008 by product (Only products of more than 300 tons)

Product	Organic imports: Quantity in tons	Total imports in tons	Share (%) of organic imports of total imports
Soft wheat *	25,847	1,288,463	2 %
Durum wheat *	12,395	939,604	1 %
Cocoa*	7,432	85,292	9 %
Potatoes*	6,651	117,109	6 %
Bananas *	6,391	572,498	1 %
Colza	6,289	19,822	32 %
Cane sugar	5,908	10,960	54 %
Extra virgin olive oil	3,308	83,891	4 %
Barley	3,195	24,240	13 %
Linseed	2,435	12,825	19 %
Whole meal rice	1,479	28,526	5 %
Rice	1,285	20,921	6 %
Lentils	853	26,125	3 %
Onions	687	17,902	4 %
Peas	628	14,132	4 %
Coffee*	512	446,000	0 %
Lemons *	443	70,098	1 %
Beans*	427	104,213	0 %
Kiwi	418	43,950	1 %
Pulps and fruit concentrates	413	29,077	1 %
Palm oil *	391	598,076	0 %

*= highest potential for the future according to Pinton (2010)

Source: SINAB 2009

About 250 open air organic markets are held in Italy (mainly in the summer, some all year long), often linked together with shows, stage plays, concerts, conferences, etc. Some of them are more than 20 years old.

The trade exhibition Sana (established 1989) is held in September in Bologna. In 2009, 1,060 exhibitors and 67,220 visitors participated; Sana, FederBio and the Italian Trade Commission welcomed approximately 100 foreign buyers.

To encourage communication about organics, Sana runs a national journalistic prize called «Communicating Organic.» The first prize is 3,500 euros, the second prize is a weekend in a resort with an organic restaurant honoured with 3 stars by the Michelin Guide, and the third prize is a week-long stay on an organic agritourism farm.

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Italy: The inspections laid down by the EU Regulation on Organic Production are conducted by 15 private inspection bodies, three of which are authorized to work in the province of Bozen only. The competent authority for the application of EU regulation 834/2007 is the Ministry of Agriculture, Food and Forestry (Ministero per le Politiche Agricole, Alimentari e Forestali – MiPAAF).

There are two organisations that have private standards of national significance, more restrictive than the EU regulation:

- AIAB: Garanzia AIAB, certified by ICEA, CCPB, IMC, Bios, QCertificazioni Codex
- AMAB: Garanzia AMAB, certified by IMC.

Labelling products with one of the private labels can be done by having the product certified directly from the corresponding inspection body Regarding Garanzia AIAB, one of the specific requirements is that the raw materials are mainly grown in Italy (except coffee, cocoa, tropical fruits and spices).

The import of organic products from third countries is regulated by the EU Regulation on Organic Production 834/2007. Applications for import permits for organic products have to be issued by the importing company to MiPAAF. Based on additional requirements laid down in art.11 of the Ministry decree n. 18354 of the 27/11/2009, MiPAAF will evaluate equivalence with the EU regulation 834/2007.

Web information corner, references and sources

Links

- www.assobio.it: Homepage of the AssoBio association which unites the organic processors and traders in Italy
- www.biobank.it: Homepage of Biobank, with information on organic farming, including address lists (farms, processors, farm holidays, restaurants etc.).
- www.federbio.it: Homepage of FederBio, the Federation of the Italian Organic Associations
- www.ismea.it, Istituto di Servizi per il Mercato Agricolo Alimentare, Institute of services for the agro-food markets, linked to the Italian Ministry for agricultural and food policy (MiPAAF)
- www.organic-world.net/italy.html: Information on organic farming in Italy
- www.politicheagricole.it/ProdottiQualita/ProdottiBiologici/, organic section in Ministry for agricultural and food policy's web site.
- www.SINAB.it: Information system for organic farming of the Italian Ministry of Agriculture

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2.7 The organic market in Poland.

History

The organic agriculture movement started in the 1980s due to growing ecological public awareness. Early seminars given by Polish scientists and experts from western European countries led to the establishment of the first organic farmers association in 1989, called Ekoland. This year was also around the time when the first organic products were offered in Warsaw shops (Metera 2005). The association became a full member of IFOAM in 1990. In 1993, a second sector body, the Polish Society of Organic Farming (PTRE) was established. In 2010, seven Polish organisations were members of IFOAM.

After May 1, 2004, when Poland joined the European Union and agri-environmental programmes came into force, interest for converting to organic farming increased. In 2004, the EU logo started to be used and supplemented the existing organic private Ekoland label. The EU organic logo helped Polish consumers distinguish organic food on the market and encouraged more processors and traders to become involved. A national campaign to promote organic food was launched in 2006 and the next campaign is currently being prepared.

Production base

In 2009, over 367,000 hectares of agricultural land were managed organically. This constituted 2.28 percent of the country's total agricultural land. Compared with 2008, this was an increase of 16 percent, and since 2000, organic land (22,000 hectares) increased more than tenfold. Poland has thus one of the fastest growth rates of organic land in Europe. Around 60 percent of organically managed land was fully converted. There were nearly 17,423 producers and 277 processors in 2009.

Of the agricultural land, 45 percent is permanent grassland (170,000 hectares), arable crops account for 37 percent (140,000 hectares) and permanent crops for 16 percent (64,000 hectares) of the organic agricultural land. The share of permanent crops is relatively high due to the fact that it has been possible to apply for grants of up to nearly 600 euros per hectare for walnut plantations, many of which are, however, not productive (Kreuzer 2010). The key crop groups are cereals (77,000 hectares), followed by green fodder from arable land and unspecified permanent crops (which probably include the unproductive walnut plantations), nuts and then berries and temperate fruits.

Government support

Since 2002, Poland subsidized the cost of inspection associated with organic farming based on farm size. In 2006, government allocated the equivalent of roughly two million euros to organic farming, about half of which was allocated to certifying organizations to cover their inspection related costs. The remaining money was spent on research in organic farming and on promotion and extension (Porter 2006). Furthermore, there was a government campaign that started in 2006.

Since Poland joined the European Union in May 2004, Polish organic farmers have received a per hectare subsidy for organic farming under the European Union's rural development programmes, but the Polish government already began granting area based payments as early as 1999.

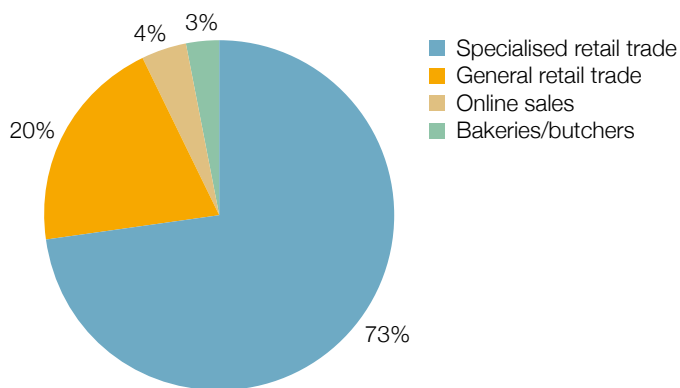
The Market

The market share of certified organic food products in the domestic market is still very small. In 2006, the turnover of organic products was 50 million euros and the market share 0.14 percent of the total food market. The annual per capita spending was 1.30 euros. It is expected that by the end of 2010, the market will be at 140 million euros with a share of 0.33 and an annual per capital spending of 3.70 euros (Vaclavik and Szeremeta 2008). However, market data have not been available for the years after 2006.

An important initiative for the development of the Polish domestic market is the Organic Marketing Forum in Warsaw, which took place for the 5th time in 2010. Its aim is to support closer cooperation in the enlarged European Union and the creation of domestic organic markets in Central and Eastern Europe through a professional meeting of entrepreneurs.

Together with direct sales, health food and natural food shops developed as the first organised retail structure and both are still the most important channels for sales of organic food. In recent years, some supermarkets have started to offer a limited range of selected products in organic quality; these are, however, mainly imported from Germany, Italy and France. As a result, most organic food is often very expensive and hence only available for higher income consumers. There are, however, a few shops in Poland offering inexpensive local organic food. A major challenge is to establish logistical networks for cutting distribution costs and for product range extension (Vaclavik and Szeremeta 2008).

Figure 30: Sales channels for organic products in Poland in 2008



Source: Vaclavik and Szeremeta 2008

In 2008, the best sold organic products were cereal products and seeds, followed by juices, vegetable preserves and by fresh vegetables and fruits. It is expected that there will be an increase in the domestic product range due to the increasing number of processors and better organisation of the supply chain. Fresh products will become more widely available and the sales of organic fresh production will increase. The production of regional organic products is also expected to increase in importance (Vaclavik and Szeremeta 2008).

Processing, wholesale and retail are not well structured and developed at the moment, resulting in a low number of points of sales, higher prices and lack of some product types like fresh food, dairy and animal products. Due to the small domestic product range, sales of imported products, particularly processed products, are popular among retailers (Vaclavik and Szeremeta 2008).

Health aspects and taste remain the main reasons for buying organic food among consumers. Up to the middle of the 2000s, health food shops were perceived by Polish consumers as an alternative source for buying special and dietary food. Recently, wealthier consumers who consciously look for high quality products have become customers of specialised shops.

Due to increased ecological awareness, it is expected that more customers will buy organic food. Currently, the main barriers to development and the main reasons for the small demand are consumer related: the low consumer awareness about organic food, the lack of trust in quality and control of organic food and the low

income. Additionally, poor quality and lack of information on organic food quality and of sales points hamper consumer purchasing. A major challenge is therefore to create a consumer base that has awareness for the advantages of organic food (Vaclavik and Szeremeta 2008).

Exports of organic products from Poland are not significant. A few exporters sell fruits for processing (frozen black and red currants, strawberries, wild fruits, canned cucumbers and cereal coffee). Lack of organisation of small farms is one of the biggest barriers to the development of the export sector (Metera 2005). More and more Polish processors produce organic products for foreign brands as subcontractors. Export of processed food under Polish brands is very limited.

Import and market requirements

The organic market is not well developed, partly due to the low number of processors and the low range of processed products available, resulting in a number of organic imported products being offered. Thirty percent of organic products consumed in the country are estimated to be imported. The most relevant imported products are cereal products, juices and oils. The key countries of origin are Germany, Italy and France (Vaclavik and Szeremeta 2008). In some cases, Polish processors import some organic raw materials when there are problems with domestic supply due to either a lack of availability, the product being out of season, or, on occasion, due to high prices.

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Poland: The inspections laid down by the EU Regulation on Organic Production are conducted by 11 private inspection bodies. There are no private logos or standards which have to be taken into consideration for gaining access to the Polish market.

Poland imports very little products from third countries. The import of organic products is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products have to be issued by the importing company to Agricultural and Food Quality Inspection (Główny Inspektorat Jakości Handlowej Artykułów Rolno-Spożywczych), see www.ijhars.gov.pl. It must be taken into consideration that administrative procedures for import authorizations can take a long time.



Web information corner, references and sources

Links

- www.ijhar-s.gov.pl/raporty-i-analazy.html: Reports and analysis of organic farming at the homepage of the Agricultural and Food Quality Inspection Authority
- www.organic-marketing-forum.org: Homepage of the Organic Marketing Forum which takes place annually in Warsaw
- www.organic-world.net/poland.html: Information about Poland at the Organic World homepage.
- www.minrol.gov.pl/index.php?/pol/Jakosc-zywnosci/Rolnictwo-ekologiczne: Ministry of Agriculture and Rural Development; information of organic farming unit.
- www.biokurier.pl: Biokurier, Internet service based on the 3-monthly magazine about organic food
- www.infobio.pl: Internet service about organic sector in Poland.
- www.stowarzyszenieekoland.pl: Ekoland - Association of Organic Food Producers.
- www.odr.net.pl/rolnictwo_ekologiczne/ organic farming information and databases at Agricultural Advisory Centre, Branch Office in Radom

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2.8 The organic market in Sweden.

History

Prior to the 1980s organic farming in Sweden consisted of a number of organisations working in isolation, each with its own concept and philosophy. A common basis with a common concept of organic farming was formed in the beginning of the 1980s with a forum for cooperation called SAO – Cooperation Group for Alternative Agriculture. The need to work with farmers interests such as policy making and marketing, led to the establishment of ARF, the National Association of Alternative Farmers in 1985, today the Swedish Ecological Farmers Association. The ARF founded the certifier KRAV with the aim of uniting different practices under a common system of standards and certification.

Today KRAV is no longer acting as a certifier, but has become a key player in the organic market in Sweden. It develops organic standards and promotes the KRAV label, which is well-known among Swedish consumers.

Production base

As of December 2009, the organic agricultural area amounted to almost 390,000 hectares, constituting 12.6 percent of agricultural land. Seventy-five percent of organic land had full organic status.

Seventy percent of organic agricultural land is arable land, most of which is, however, is used for green fodder (180,000 hectares). Cereals accounted for 76,000 hectares and oil crops for 7,500 hectares in 2008. Permanent crops like fruits and berries have a share of less than one percent of agricultural land.

There were 3,686 producers, 654 processors and 146 importers in 2008 (Eurostat).

Government support

Government support for farmers is granted under the agri-environmental schemes of the European Union. The current Swedish action plan published in 2006 and running until 2010 «Ekologisk produktion och konsumtion – Mål och inriktning till 2010» set the goal of 20 percent organic land area by 2010, and 25 percent of the food in public canteens should be organic by 2010.

The market

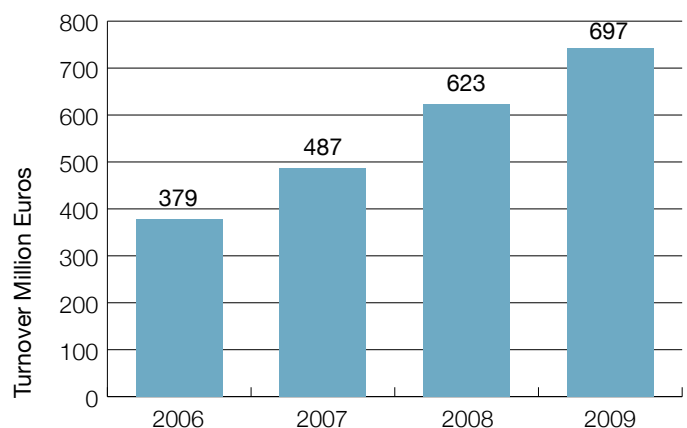
In 2008, Sweden had one of the highest market growth rates in Europe with 38 percent and in 2009 the market grew by 16 percent. Also in 2010 the market for organic food continued to grow (KRAV 2010). Organic sales accounted for 623 million euros in 2008 and 697 million euros in 2009 (SCB 2010). In 2009, 4 percent of the food sales were organic; the average per capita spending was 75.4 euros. Eighty percent of organic food is sold in multiple retail outlets in Sweden.

Most of the organic products in Sweden are sold under the KRAV label (excluding fruits and vegetables). Recently a new version of the well-known KRAV logo was launched.

Figure 31: Sweden: New KRAV Logo



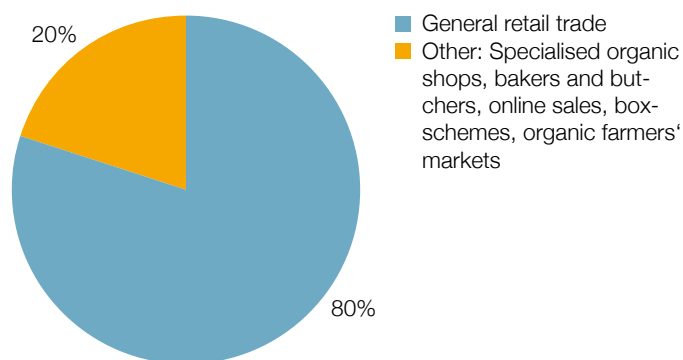
Figure 32: Sweden: Development of the domestic market for organic products 2006-2009



Source: SCB

Approximately 80 percent of organic products are sold via supermarkets. The multiple retailer Coop is among the leading European companies in sales and promotion organic food. Other marketing channels, like specialised organic shops, butchers, bakers, online sales, boxschemes and organic farmers' markets account for twenty percent of the sales.

Figure 33: Sweden: Sales channels for organic products in 2009



Source: KRAV 2010

The organic food market consists largely of dairy products (37 percent) and eggs (10 percent), constituting nearly half of the market. Whereas in 2009, growth of organic dairy products slowed somewhat, the market for organic eggs continued to grow at high rates. Data on fresh produce like fruits and vegetables are not available (KRAV 2010).

Sales of organic cereal preparations increased by 16 percent during 2009, also contributing to this growth was the launch of new products.

The category of packaged food products includes baby foods and canned products, representing almost a third of organic products sold. This category as a whole has grown by about 16 percent between 2008 and 2009. Canned vegetables, nuts and jams had growth rates of over 30 percent.

Interest in KRAV certified meats continues to be strong among consumers. The market grew by almost 30 percent during 2009.

The market for KRAV certified fish continues to rapidly evolve. The two main groups within this category are frozen fish and canned fish, which in total increased by 126 percent in 2009.

Beverages continue to increase rapidly, the category as a whole grew by nearly 30 percent in 2009, which is almost the same growth rate as in the previous year. Coffee continues to be the most important product, nearly half of all organic beverages are coffee. Juices and nectars are two groups that have developed most rapidly. Tea now accounts for nearly 10 percent of the beverage category. Sales have increased by 76 percent. Alcoholic beverages have shown a significant increase of revenues in the organic range and they account for nearly two percent of total sales. Organic wines increased by 46 percent in 2009, most of this being white wine. Today there are 84 organic items available in this category.

It is estimated that products are exported at an estimated 30 million euros. Important export products are dairy and cereal products and berries (van der Kroght 2010).

Imports and market requirements

An estimated 50 percent of organic sales are from imported products (KRAV 2010).

Fruits and vegetables are the largest group. The largest single product is bananas, mainly imported from South and Central America.

Another large group are other tropical crops; one-tenth of the registered products are coffee products. Further important tropical crops are nuts and dried fruits. Spices represented 12 percent of the registered products in 2009 (KRAV 2010). In general, there are good market chances for exporters of all products that cannot be grown in Sweden.



Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in Sweden: In Sweden there are no additional statutory regulations on organic farming.

The two competent authorities are the Swedish Board of Agriculture (Ministry of Agriculture - Jordbruksdepartementet) – responsible for agricultural production and import of animal feed and the Ministry of Nutrition National Food Administration (Livsmedelsverket) – responsible for the processing and import of organic products. The inspections laid down by the EU Regulation on Organic Production are conducted by four private inspection bodies.

Most organic products in Sweden are labelled with the KRAV logo which is well known by Swedish consumers. Although it is a private voluntary logo, it is usually requested by traders. Imported products that are supposed to be labelled with the KRAV logo have to be certified or recertified by one of the following certification bodies: HS Certifiering, Araneacertifiering, Valiguard, Smak. For fish and fish products imported into Sweden, Debio is the certification body in charge. These products need to fulfil the requirements of the EU regulation as well as the applicable KRAV standards.



The KRAV standard incorporates all relevant EU requirements and a number of stricter requirements such as the social standards. In addition, it regulates some areas not covered by the EU regulation, for example textile production, leather production and pet food production. Swedish companies that signed a license agreement with KRAV are allowed to label their products with the KRAV logo – provided the products have been produced according to the KRAV standards. The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import permits for organic products have to be issued by the importing company to the Ministry of Nutrition National Food Administration (Livsmedelsverket).

Web information corner, references and sources

Links

- www.KRAV.se: Homepage of KRAV
- www.Ekolantbruk.se: Homepage of the organic farmers' association Ekologiska Lantbrukarna
- www.Jordbruksverket.se > Miljö och klimat > Ekologisk produktion: Organic farming pages at the Homepage of the the Swedish Board of Agriculture Jordbruksverket

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2.9 The organic market in the Netherlands.

History

The history of organic agriculture started in the 1920s with the first biodynamic farm in Zeeland, Loverendale. In 1993, a new organisation for the entire sector was founded: Platform Biologica, today Biologica. Since 1996 there has been government policy focusing on increasing the demand and supply of organic products; the third action plan is currently in place.

Production base

Agriculture in the Netherlands is normally very intensive. The main branches of production are fruits, vegetables, flowers and ornamental plants and cattle farming. Within the agricultural sector, organic farming plays only a modest role compared to neighbouring countries.

In the 1990s, as in most European countries, organic farming began to grow in the Netherlands. In 2009, 1,413 organic farms managed a total of 51,911 hectares, corresponding to 2.7 percent of total farmland (Biologica 2010). About 90 percent of organic agricultural land was fully converted. The average farm size in organic agriculture is 36.7 hectares. Since 2000, organic land has grown by 60 percent (Eurostat 2010).

Seventy percent of organic agricultural land in 2009 was grassland, 12,500 hectares was arable land and almost 600 hectares permanent cropland. The key crop groups are cereals (5,460 hectares) and vegetables (including potatoes) and fruits (6,290 hectares) (Biologica 2010).

Government support

From 1992 until 2004, the government provided area based payments for organic farming under the EU's rural development schemes. Since 2006, these payments were replaced by a subsidy for part of the certification cost for organic farms. A government plan of action has set the goal of ten percent of agricultural area being managed to organic standards by 2010. By the end of 2007 it was clear, however, that these ambitions could not be realised. In the latest policy document for the period 2008-2011, the Ministry formulated the following ambitions for the development of the organic sector:

- annual growth of ten percent in consumer spending on organic products;
- annual growth of five percent of the organic agricultural land;
- standard allocation to the organic sector of ten percent of the budget for policy support research and statutory research tasks.

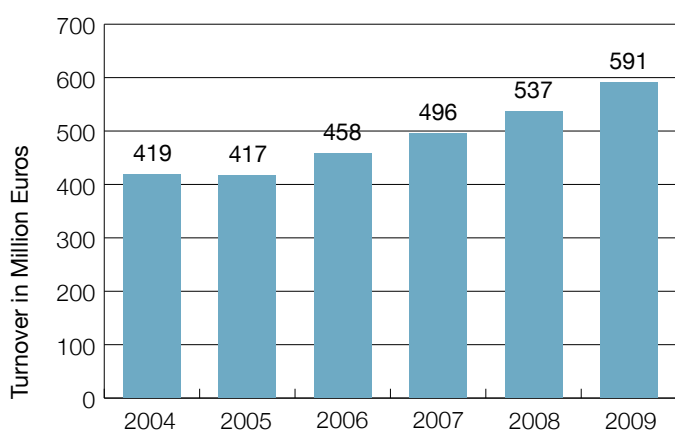
Market development is facilitated by the Taskforce Market Development for Organic Agriculture. An important objective of the Task force is to increase the sales of organic produce. This taskforce organises consumer campaigns, supports retailers in their marketing efforts and promotes export and import of organic produce. Moreover, the organisation has a role in balancing supply and demand considering the current shortage in the supply of organic produce (Sukkel & Hommes 2009).

The market

In 2009, organic sales amounted to about 590 million euros (excluding catering and large kitchens), while the share of organic products in the total food market was about 2.3 percent (Biologica 2010). In 2009, the average per capita consumption was 36 euros and thus lower than in the neighbouring countries.

Over the last decade, consumer spending on organic produce has grown 8.5 percent annually on average. International sales of organic produce are also still increasing. However, since 2004, the number of organic farms has declined and the total organic acreage has almost stabilised. This development has caused a shortage in the supply of organic produce in recent years (Sukkel and Hommes 2009).

Figure 34: The Netherlands: Development of the domestic market for organic products 2004-2009 (catering not included)

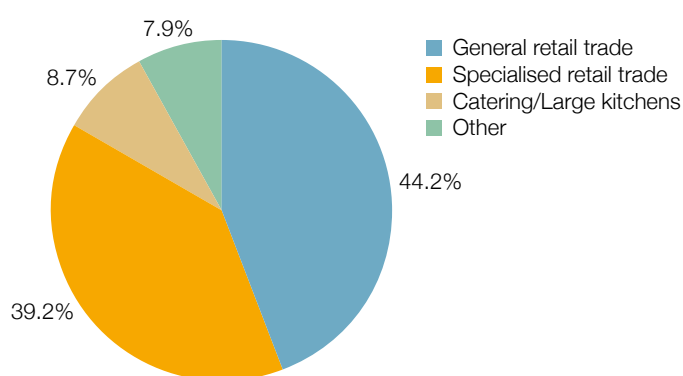


Source: Biologica 2010

The most important marketing channel is the general retail trade, but specialised trade has an almost equal share of the organic market and is thus much more important than in most other European countries (Blom 2009). Foreign trade in the Netherlands has been able to establish a firm role as an international hub for organic produce (Kilcher 2004).

In 2009, 48 percent of sales (excluding catering) of organic products were sold via supermarkets as opposed to 43 percent in specialised shops in 2009 (Biologica 2010). Nearly nine percent was sold through other distribution channels like bakeries, butcheries and direct sales. Most supermarket chains in the Netherlands such as Albert Heijn, Plus, Jumbo, C 1000, Super de Boer sell organic products in their branches (van Idsert 2008). The catering sector is growing fast. The government aims to provide 100 percent sustainable catering in public canteens by 2010, and is giving a positive stimulus to achieving this goal (Blom 2009).

Figure 35: The Netherlands: Sales channels for organic products 2009



Source: Biologica 2010

The product groups fruits, potatoes and vegetables and dairy and eggs enjoy the highest market shares.

Turnover of organic fruits and vegetables was 147.9 million euros in 2009, with a share of the overall market for these products being four percent (Biologica 2010). Carrots, onions, cabbage and potatoes are the main cash crops in organic plant production. They are also major export products (Organic Holland 2010). Due to state-of-the-art greenhouse technology in the Netherlands, the economic value of greenhouse crops is very high. Major greenhouse crops are tomatoes, sweet peppers and cucumbers. The main organic fruit crops in the Netherlands are apples and pears, but also berries and wine grapes. In addition to these, many other crops are grown organically, including ornamentals, flowers, bulbs and mushrooms, some of which are key export products (Organic Holland 2010).

The turnover of meat and meat products was 94.5 million euros in 2009; the market share was 2.4 percent in 2009 (Biologica 2010). Demand for organic beef has risen dramatically in recent years. As a result, most organic meat consumed in the Netherlands is imported (Organic Holland 2010).

Organic eggs worth 18.1 million euros were sold in 2009, 7.6 percent of all eggs sold. Dairy products accounted for 122.4 million euros, 3.6 percent of the total dairy market (Biologica 2010). Dairy products are extremely popular in the domestic market, but export figures are continuously rising. Goat and sheep dairy



products are mainly exported. Organic poultry meat and eggs are important export products for the Netherlands. Three quarters of all organic eggs produced in the Netherlands are exported (Organic Holland 2010).

Organic bread accounted for 58.1 million euros, 3.3 percent of the total market. Other groups (baby food, bread spreads, coffee and tea, oils, wine and other beverages) accounted for 205.6 million euros with a share of 1.4 percent (Biologica 2010).

Dutch trade in organic products has assumed a significant volume. In 2007, Dutch export of organic products amounted to between 500 and 550 million euros (expressed in consumer prices). This is almost 0.5 percent of the total export of food and agricultural products. Export mainly involved fruits and vegetables, eggs, goat's milk and other dairy products, particularly cheese and meat. The main destinations are Germany, the United Kingdom and Scandinavia. Eighty percent of the export is conducted by companies specialised in trading organic products (Bakker/Bunte 2009). According to Organic Holland, more than 50 percent of organic production in the Netherlands is exported (Organic Holland 2010).

Imports and market requirements

Imports have a central position for organic products in the Netherlands. The major players in the organic market, the supermarket chains, often have to procure organic products from abroad. On the other hand, the Netherlands is also a large exporter of organic products. This is because numerous international food proces-

sors process organic products for re-export in their branches in the Netherlands. The Netherlands have almost as many food processors (1,343) as organic farmers (1,414) – probably a unique situation in the world (Biologica 2010). There were 248 importers in 2009 (Eurostat 2010). Unprocessed organic products are also re-exported from the Netherlands (Kilcher 2004). Dutch imports of organic products amounted to between 250-300 million euros in 2007 (expressed in consumer prices). This was 0.5 percent of the total Dutch import of food and agricultural products (Bakker/Bunte 2009).

The main imported products are fruits, in particular tropical fruits and vegetables, dry groceries, cereals, oilseeds, dried fruits, nuts, seeds for planting, coffee, tea, spices and herbs (Kilcher 2004). The main suppliers are Germany, Italy and Spain (van Idsert 2008). Off-season and exotic products from tropical and subtropical countries account for an ever growing share (Kilcher 2004).

Market access provisions

Market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in the Netherlands: In the Netherlands, EU regulation 834/2007 is implemented through a national Decree on the Agricultural Quality of Organic Production Methods. This legislation designates the organisation Skal as the sole official body for inspection and certification pursuant to the EU regulation in the Netherlands.

In 2002, Skal was split up into two organisations: the private foundation Skal for certification of organic production in the Netherlands by order of the Ministry of Agriculture (www.skal.nl) and the private company Skal International, which is, since the split, 100 percent part of Control Union (<http://certification.controlunion.com/>).

Skal's certification mark, EKO, indicates that the product carrying it meets the requirements of the EU regulation 834/2007. Most products, including imported products, in the Netherlands are labelled with the EKO label. For use of the logo the EU regulation 834/2007 has to be met and foreign producers have to sign a contract with Skal to assure proper labelling.

The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import authorizations for organic products have to be issued by the importing company based in the Netherlands to the Ministry of Agriculture.



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- www.biologica.nl: Homepage of the organic sector organization Biologica
- www.organicholland.nl: Information on market and trade with Dutch organic products.
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- www.organic-world.net/netherlands.html: Information on the Netherlands at the Organic-World website

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2.10 The organic market in the United Kingdom.

History

The United Kingdom has a long tradition in organic farming, with the foundation of the Soil Association in 1946 being a major milestone. Despite an early start, the organic market has developed only slowly compared to other European countries in the mid 1990s. This has been explained by the poor interest of British consumers and the modest government support given to organic farms compared to other European countries. It is only since the late 1990s that demand for organic products has risen significantly, particularly for dairy and meat products. This is due in part to the involvement of several retailer chains and their promotion efforts (Kilcher 2004). In 2008, the UK was the third largest market for organic food in Europe.

The first organic standards were published as guidelines by the Soil Association in 1967. The Soil Association Organic Marketing Company, now Soil Association Certification Ltd., was set up in 1973 to inspect and certify organic food. In total, there are nine control bodies for organic farming and food, with four of them operating only in certain parts of the UK. The Soil Association standards are the most widely recognised private standard in the UK.

In 1981 a major retailer, Safeway, began selling organic products. By 1993 the four biggest supermarket chains Tesco, Sainsbury, Safeway and ASDA, as well as smaller retailers such as Waitrose, also began selling organic groceries and produce, very early in comparison to most other European countries. The three supermarkets with the biggest share in organic products are Sainsbury, Tesco and Waitrose and all continue to develop their range of organic products.

The EU Regulation on Organic Production is the basis for UK organic standards. These are implemented under the Organic Product Regulations that was updated after the total revision of the regulation in the UK. The Department for Environment Food and Rural Affairs (DEFRA) has produced a guidance document (PDF 330 KB) on these new organic standards (Defra 2010).

Production base

Since 2004 (674,506 hectares), the organic farming area in the UK has demonstrated consistent growth, even though there was a slight decrease of one percent in 2009. In 2009 738,707 hectares were under organic management (Defra 2010).

Half a million hectares or more than two-thirds of the organic agricultural land are grazing/grassland areas (2009). Slightly more than 200,000 hectares of arable and permanent crops are grown. The key crop groups are green fodder from arable land (almost 130,000 hectares), followed by cereals (60,000 hectares) and vegetables (18,800 hectares). After Italy, the UK has the largest vegetable area in Europe.

In 2009 there were 4,946 organic producers and 2,411 processors. The total number of operators (including importers) was 7,567, constituting a decrease of 4.2 percent compared with 2008 (Defra 2010).

Government support

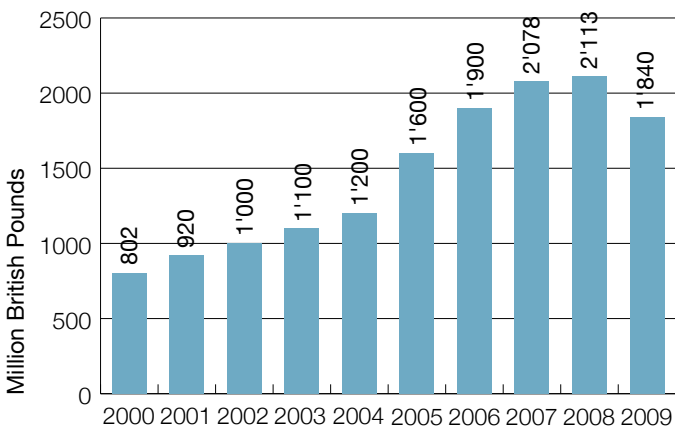
Financial assistance from the government has been available for converting to organic farming under a number of schemes since 1994, with varying schemes in the four administrations in England, Wales, Scotland and Northern Ireland. Maintenance grants were introduced in 2003/2004, later than in many other EU member states (even later in Northern Ireland). And compared to other EU members, payment rates in the UK are relatively low. The current English scheme is the Organic Entry Level Stewardship (OELS) element of the Environmental Stewardship that was introduced in March 2005 and is open to all farmers and land managers that have organic certification and fulfil the minimal criteria to participate in the agri-environment scheme (Defra 2010). The English Action plan from 2002 was completed in 2007 and not replaced. The current Welsh action plan ends in 2010, a new action plan is under development. In Scotland a new action plan is in preparation after a gap of a few years and in Northern Ireland, the action plan for 2007/2008 has not been replaced.

The market

The British retail market for organic products has been one of the fastest growing markets in Europe until 2008; between 2000 and 2008, the turnover of organic food sales more than doubled (see Figure 36). In 2009, sales of organic products in the UK were worth an estimated 1.84 billion British Pounds, a decrease of 12.9 percent compared with 2008. Sales slowed significantly after

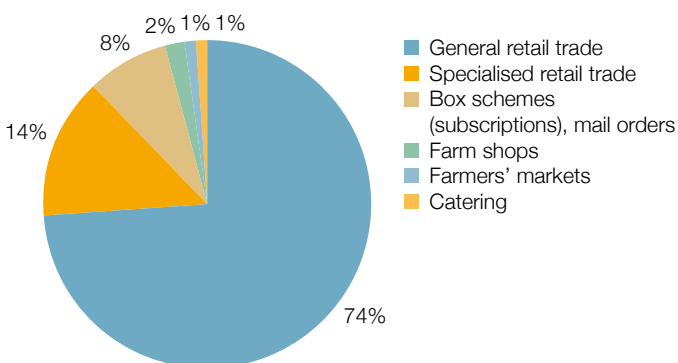
many years of uninterrupted growth, as shoppers reduced their spending during the economic downturn and leading retailers reduced organic ranges and shelf space. Estimates of organic product share in the overall retail market for the year 2009 was around 3.5 percent. The Soil Association predicts growth in the organic market to be 2 to 5 percent in 2010 (Soil Association 2010).

Figure 36: UK: Development of the domestic market for organic products 2000-2009



In the 1970s and 1980s, farmers had to sell their products mainly through direct on-farm sales. Today, direct sales like farm shops, farmers' markets, box schemes and mail order account only for a small proportion of the retail sales. The majority of sales are in supermarkets and specialised retailers.

Figure 37: UK: Sales channels for organic products 2009



Source: Soil Association 2010

The two biggest categories of organic food in terms of retail sales value are dairy and fresh fruits, vegetables and salad (produce). Worst hit by the declining sales in 2009 were the categories produce (with a decline of 14.8 percent), fresh meat and bread and bakery products. In contrast, organic milk, organic baby food and home cooking ingredients were the food categories that resisted the trend, with sales increasing by 1 percent, 20.8 percent and 1.4 percent respectively. The best year on record for organic milk sales was 2009. Sales of organic health and beauty products also continued to grow dynamically, increasing by a third to 36 million British Pounds (Soil Association 2010).

Table 17: UK: Product amount & share of organic market in 2009

Organic products *	Organic products (£ million) 2009	Share 2009
Dairy produce	607.2	33%
Produce	478.4	26%
Home cooking ingredients	110.4	6%
Fresh meat	92	5%
Confectionery	73.6	4%
Hot beverages	73.6	4%
Breakfast cereals	73.6	4%
Chilled convenience foods	73.6	4%
Biscuits	55.2	3%
Bread and bakery	55.2	3%
Alcohol	36.8	2%
Fresh poultry and game	36.8	2%
Savoury snacks	36.8	2%
Canned goods	36.8	2%
Total	1,840	100%

*excluding baby food

Source: Organic Market Report 2010, Soil Association.



The proportion of households buying some organic food has grown substantially over the years, but fell slightly in 2009 compared to 2008 from 88.9 to 88.3 percent. On average, consumers bought organic products 16 times during the year, compared to 18 times in 2008. Generally, they typically spent 2.9 percent less on organic products per shopping trip. Just like other shoppers, organic consumers have also responded to the recession by economizing.

In total, the organic market relies heavily on a committed core of consumers who buy organic products frequently. Nine percent of households that buy organic food more than once a fortnight are responsible for 56 percent of total sales. A further 14 percent buying organic food more than once a month, but no more than once a fortnight, account for 21 percent of sales. At the other end of the spectrum are the 14 percent of organic consumers that only buy something organic once a year and unsurprisingly account for just 1 percent of total spending.

Organic products attract consumers from a wide socio-economic spectrum. In 2009, manual and casual workers, pensioners, students and people on benefits accounted for 33 percent of money spent on organic, a slight decline compared to 35 percent in the previous year. Consumers with higher incomes increased their share of spending from 65 to 67 percent. Families with children living at home account for a smaller proportion of the organic market than they do of overall food and beverage sales.

Shoppers aged 35 to 64 tend to be the keenest organic buyers. They account for 60 percent of spending on organic products. Shoppers under 35 and over 65 represent 16 percent and 24 percent of spending respectively (Kantar Worldpanel cited by the Soil Association 2010).

The top five reasons for buying organic products were a preference for naturalness/unprocessed foods (40 percent), the restricted use of pesticides (34 percent), better taste (30 percent), better for my well-being (28 percent) and better for the planet (25 percent) (Onepoll.com cited by the Soil Association 2010).

Imports and market requirements

It has been estimated that about 34 percent of the organic food consumed in the UK is imported (Frost and van Diepen 2010), but there are no official figures on this. Important product categories of imports are fruit and salad crops (largely due to seasonal issues), but also cereals, other vegetables, dairy products and pork. British retailers and consumers place very high demands on the external appearance of fresh products. Imported organic foods originate from EU member states, such as Netherlands, Spain and Italy. The main organic suppliers outside of the EU are the USA, Egypt, Israel, Argentina, South Africa and Central America (Kilcher 2004, Frost and van Diepen 2008).

Market access provisions

The market access for organic products is regulated by EU regulation 834/2007 on organic farming (see Part C, Chapter 1). The following additional provisions apply in the United Kingdom:

The UK has an organic control system based on 9 private control bodies. All of these control bodies apply the standards in line with Regulations (EC) 834/2007 but have their own version of standards and/or control manual. In some cases this includes standards for areas not (yet) regulated by the EU. The Soil Association Standard owned by a charity is the only private standard that differs substantially in several areas from the EU regulation. In the market place and by the consumer, the symbol of SACert is presently the best known and SACert labelled products currently occupy about a third of the UK organic market. For use of the Soil Association logo a contract with and certification by Soil Association is necessary.

There is no national label for organic products in the United Kingdom. British supermarket chains dominate the organic market. The word «organic» in combination with the supermarket's brand name like Marks & Spencer Organic, Waitrose Organic, Sainsbury Organic, Tesco Organic or ASDA Organic are used in marketing. Supermarkets are working with various certification services depending on product and country of origin.

The United Kingdom is one of the strongest importers of organic products. The import of organic products from third countries is regulated by the EU Regulation on Organic Production. Applications for import authorisations for organic products have to be issued by the importing company to the Department for Environment, Food and Rural Affairs (DEFRA).

Web information corner, references and sources

Links

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- www.defra.gov.uk/foodfarm/growing/organic/: Organic farming pages at the website of the Department for Environment, Food and Rural Affairs (due to change of government, some content is out of date).
- www.organicfarmers.org.uk: Homepage of Organic Farmers & Growers Ltd (OF&G), Inspection and certification bodies
- www.organic-world.net/uk.html: Links and information related to organic farming in the United Kingdom.

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Annex 1: Comparison of standards in organic agriculture.

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Chapter	<ul style="list-style-type: none"> • EU Regulations • EU Council Regulation (EC) 834/2007, • EU Commission Regulation (EC) 889/2008 and updates 	<ul style="list-style-type: none"> • Additional requirements of Swiss Regulations • CH-Bio-V = Organic Farming Ordinance • CH-EVD-Bio-V = Ordinance on Organic Farming FDE (Federal Department of Economy) 	<ul style="list-style-type: none"> • Additional requirements of Bio Suisse and Demeter • BS-RL = Bio Suisse Standards • BS-W = Bio Suisse Instructions
Scope of application	<ul style="list-style-type: none"> • Mandatory for plant and animal products (including aquaculture), seaweed, yeasts used as food or feed, collection of wild plants (EC Reg 834/2007 Art. 1, 12.2) • Covering foods and feed labelled with the words «organic» (in English), «biological» or «ecological» or equivalent terms (EC Reg 834/2007 Art. 23) 	<ul style="list-style-type: none"> • Mandatory for plant and animal products (excluding aquaculture) labelled organic or a similar label along with food and feed (CH-Bio-V Art. 1) 	<ul style="list-style-type: none"> • Mandatory for products to be sold as meeting the standards of the Bio Suisse Knospe («Bud») (BS-RL1.1.1) and Demeter organic label
Overall principles, objectives	<ul style="list-style-type: none"> • To establish a sustainable management system for agriculture that: respects nature's systems and cycles; high level of biological diversity; high animal welfare; products of high quality. For each area including processing detailed principles. (EC Reg 834/2007 Art. 4) 	<ul style="list-style-type: none"> • Same as EU Regulation (CH-Bio-V Art.3) 	<ul style="list-style-type: none"> (BS-RL = Guidelines Chapter 2.1) • Demeter: Use of biodynamic compost preparation, attention to stellar/planetary influences on planting and cropping
Whole farm conversion	<ul style="list-style-type: none"> • Sectoral conversion in crop production and livestock management possible (no parallel production, different species involved, traceability) (EC Reg 834/2007 Art. 17; 889 Art. 35) 	<ul style="list-style-type: none"> • Whole farm organic management • Exception: permanent crops. They can be non-organic if grown in accordance with the environmental performance record (ÖLN) (CH-Bio-V Art. 6 und 7) 	<ul style="list-style-type: none"> • No exceptions to the principle of whole farm organic management (BS-RL 4.1.1) • Two day compulsory training for farmers newly converting or for organic farmers newly using the bud label. (BS-RL 4.1.3)
Prohibitions	<ul style="list-style-type: none"> • No utilization of synthetic chemical agents or ingredients (EC Reg 834/2007 Art. 4, 12 and 16) • No utilization of genetically modified organisms or their products (EC Reg 834/2007 Art. 9) • Hydroponic cultivation not allowed (EC Reg 889/2008 Art. 4) • No utilization of growth regulators, defoliantes (EC Reg 834/2007 Art. 12 and 16) • No ionizing rays or irradiated products (EC Reg 834/2007 Art. 10) 	<ul style="list-style-type: none"> • Same as EU Regulation (CH-Bio-V Art. 3) 	<ul style="list-style-type: none"> • No hybrid varieties in cereal cultivation (except corn) (BS-RL 2.2.1)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Inspection and certification	<ul style="list-style-type: none"> Annual certification including at least one physical inspection per year of all operators. (EC Reg 889/2008 Art. 65) 	<ul style="list-style-type: none"> Same as EU Regulation (CH-Bio-V Art. 30) 	<ul style="list-style-type: none"> Inspections must be carried out by an inspection body approved by Bio Suisse and accredited by the Swiss federal authority (BS-RL 7.2.3)
Conversion period	<ul style="list-style-type: none"> 2 years and 3 years for perennials; may be shortened to 1 year for individual farms (if no prohibited agents utilized in the last 3 years) (EC Reg 889/2008 Art. 36, 37, 38) 	<ul style="list-style-type: none"> 2 years; conversion date always January 1 (CH-Bio-V Art. 8) 	<ul style="list-style-type: none"> 2 years; conversion date always January 1; conversion from Swiss Organic Farming Ordinance to Bio Suisse takes 1 year (BS-RL 4.1.4) Demeter: 3 years, reduced to 1 year if from Bio Suisse to Demeter, no retrospective approval of farms and parcels
Step by step conversion, parallel production	<ul style="list-style-type: none"> Conversion plan of perennial crops where varieties cannot be easily differentiated: special control requirements, max. 5 years (EC Reg 889/2008, Art. 40) Parallel production of same species exceptions for seed and propagation material, grassland, research areas with restrictions (EC Reg 889/2008, Art. 40) 	<ul style="list-style-type: none"> Gradual conversion permitted only in certain circumstances, for instance on farms with horticulture crops during a maximum period of 5 years Gradual conversion of animal husbandry possible within 3 years (CH-Bio-V Art. 9) 	<ul style="list-style-type: none"> Gradual conversion permitted, but only possible with wine, fruit and ornamental plants. Detailed conversion plan required showing goal of all-organic management within 5 years and permit necessary (BS-RL 4.2.1) Gradual conversion of all animals possible with the exception of ruminants and horses where it is not allowed (BS-RL 4.2.5)
Compliance with national legislation: Environment protection, water resources protection and animal welfare *	<ul style="list-style-type: none"> Compliance with relevant national legislation 	<ul style="list-style-type: none"> Mandatory compliance. A component is the fulfilment of the governmental environmental performance record (ÖLN) (CH-Bio-V Art. 3) 	<ul style="list-style-type: none"> Mandatory compliance
Nutrient balance	<ul style="list-style-type: none"> On farms with livestock inputs from livestock limited to max. 170 kg N/ha (EC Reg 889/2008 Art. 3, 15, annex IV) 	<ul style="list-style-type: none"> Nutrient balance required, LBL (balance sheet of Lindau agricultural extension service) method (CH-Bio-V Art. 12) 	<ul style="list-style-type: none"> LU equiv. max. method, LBL method when in doubt (BS-RL 2.1.4; BS-W Nährstoffversorgung (Nutrient supply))

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Crop rotation	<ul style="list-style-type: none"> • Appropriate multiannual crop rotation including legumes and other green manure crops, no specific legislation in detail (checked by national inspection and certification bodies) (EC Reg 834/2007 Art. 12) 	<ul style="list-style-type: none"> • The crop rotation should be such that pests and diseases are prevented and soil erosion and compaction as well as runoff of nutrients avoided (CH-Bio-V Art. 10) 	<ul style="list-style-type: none"> • At least 20% of crop rotation area should have a soil improving crop on it for one year (e.g. ley and/or green manures), otherwise special rules apply • At least 50% of arable land should have a cover crop over winter. Except for rice, a cultivation break of at least a year must be made between two crops of the same species for annual crops (BS-RL 2.1.11; BS-W Soil conservation and crop rotation)
Ecological compensation areas	<ul style="list-style-type: none"> • No specific requirement 	<ul style="list-style-type: none"> • 7% of agricultural area, 3.5% for horticulture holdings (Direct payment regulation, Art. 5 and Annex) 	<ul style="list-style-type: none"> • 7% of agricultural area for all holdings (BS-RL 2.4.1) • Min. 5% of total vegetation must be low-input grassland (BS-RL 2.4.4)
Soil fertility and soil biological activity	<ul style="list-style-type: none"> • Enhancement of soil life and natural soil fertility, soil stability and soil biodiversity preventing and combating soil compaction and soil erosion, and the nourishing of plants primarily through the soil ecosystem. • In addition, fertilisers and soil conditioners may only be used if they have been authorised for use in organic production (EC Reg 834/2007 Art. 5, 12) 	<ul style="list-style-type: none"> • Maintenance and improvement of soil fertility and soil biological activity • Low-impact farm management • Promotion of biodiversity • Intensity of the production of fodder crops shall be varied and adapted to the location (CH-Bio-V Art. 10) 	<ul style="list-style-type: none"> • Same as Swiss Organic Farming Ordinances (BS-RL 2.1.1) • Demeter: Consideration of stellar/planetary influences in planting and cropping

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Use of fertilizers and soil conditioners	<ul style="list-style-type: none"> • Only permitted fertilizers and soil conditioners as listed (EC Reg 889/2008 special Annex I) 	<ul style="list-style-type: none"> • Mineral nitrogen fertilizers not permitted • Organic fertilizers should come from own farm whenever possible • Spreading of nutrients max. 2.5 LU equivalent per ha in prime locations • Use of peat only for seedling production and bogs • Permitted fertilizers as listed in Annex 2 of Swiss Organic Farming Ordinance CH-EVD-Bio-V-V (CH-Bio-V Art. 12) 	<ul style="list-style-type: none"> • Min. of 50% of nutrients should be applied to own land • Export of farmyard manures only to organic holdings, import from holdings having at least an «environmental performance record» (ÖLN) • A maximum of 50% of nutrient supply may be from fertilizer from non-bio farms, with a special permit from «MKA» (Markenkommission Anbau) – Brand commission – up to max. 80%) • Max. transport distances (linear distances): slurry 20 km, manure 40 km, and poultry manure: 80 km • Permitted soil conditioners and fertilizers are listed in Annex 1 and in the annually updated list of approved auxiliary inputs published by FiBL (BS- RL Annex I) (BS-W «Nährstoffversorgung» (Supply of Nutrients) • Demeter: Use of biodynamic compost preparations with all farmyard manures at least once per year. Application of horn manure and horn silica to every crop including grassland

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Crop protection	<ul style="list-style-type: none"> • Prevention of damage caused by pests, diseases and weeds shall rely primarily on the protection by natural enemies, the choice of species and varieties, crop rotation, cultivation techniques and thermal processes (EC Reg 834/2007 Art. 12g) • Only substances of a special list of permitted plant protection products (EC Reg 834/2007 Art. 12 and 16; EC Reg 889/2008 Art. 5, Annex II) • Use of copper: maximum 8 kg/ha on a 5 year average, from 2006 on 6 kg/ha calculated on a 5 year average (EC Reg 889/2008 Annex II, 6) • Pyrethroids in traps are allowed in special instances (EC Reg 889/2008 Annex II, 4) 	<ul style="list-style-type: none"> • Pests, diseases and weeds must be controlled by a combination of different measures: choice of appropriate species and varieties, appropriate crop rotation, mechanical cultivation procedures, permitted thermal procedures, promotion and protection of natural enemies of pests • List of permitted plant protection agents as in Annex 2 of Swiss Organic Farming Ordinance (CH-Bio-V) • Copper application limited to 4kg/ha (CH-Bio-V Art. 11) 	<ul style="list-style-type: none"> • Only substances from the FiBL list of approved substances (BS-RL 2.3.2) • Limits for copper application range from 1.5 kg to 4 kg per hectare per year depending on crop, e.g. 1.5 kg for apples/pears, 2 kg for berries and 4 kg for stone fruits, potatoes and wine (for grapes: calculated on a 5 year average) (BS-RL Annex 2) • Use of substances not compliant with organic standards is not permitted (BS-W «Whole farm management») • Demeter: copper not permitted in vegetable cultivation (incl. potatoes)
Seed or vegetative reproduction material	<ul style="list-style-type: none"> • Seed and vegetative propagating material must be from organic production (EC Reg 834/2007 Art. 1 (i)) • Exceptions if not available from organic production (database) (EC Reg 889/2008 Art. 45) 	<ul style="list-style-type: none"> • Seed, seedlings and vegetative propagating material must come from organic holdings (CH-Bio-V Art. 13) 	<ul style="list-style-type: none"> • Swiss seed, planting material and vegetative reproductive material and vegetative reproductive material must have been produced under the «bud» label (BS-RL 2.2.2) • Max. 60% peat in soil mixes and propagation substrates, max. 70% peat in blocking seed soil (sep. regulation for horticulture) • Addition of Styromull (ground styrofoam) to soil substrates is prohibited • Compliance with Bio Suisse availability seed and seedling guidelines

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Vegetable production	<ul style="list-style-type: none"> No special requirements 	<ul style="list-style-type: none"> Steaming of soil is restricted to market gardening under cover and production of seedlings (CH-Bio-V Art. 11d) 	<ul style="list-style-type: none"> Vegetable production is only permitted in soil (BS-RL 2.5.1) Heating in greenhouses not to exceed 5 degrees C (from Dec. 1 to Feb. 28) (BS-RL 2.5.8) Crop rotation: 24 month break between main crops of the same family (BS-W Bodenschutz und Fruchtfolge) Use of peat to enrich the soil is not allowed (BS-RL 2.5.2) Demeter: Mulch sheeting to cover no more than 5% total area, for certain specialty crops
Fruit and wine production	<ul style="list-style-type: none"> No special requirements 		<ul style="list-style-type: none"> Year-round green cover must be maintained for orchards (BS-RL 2.6.3) Minimum quality and grading criteria for organic fruit set down in the Bio Suisse minimum regulations (BS-RL 2.6.12)
Origin of animals	<ul style="list-style-type: none"> Organic livestock shall be born and raised on organic holdings; for breeding purposes, non-organically raised animals may be brought onto a holding under specific conditions. (EC Reg 834/2007 Art. 14a) A maximum of 10% of adult bovine livestock and 20% of the adult porcine, ovine and caprine livestock may be brought in, as female (nulliparous) animals, from non organic-production stock-farms per year, as replacements (when organically reared animals are not available). (Exceptions include males for breeding; herd/flock renewal after disease outbreak.) (EC Reg 889/2008 Art.42) 	<ul style="list-style-type: none"> Only production animals which come from organic holdings may be kept. This does not apply to horses for riding and draught horses, hobby animals, and animals of the bovine species in rearing contract with a non-organic holding Exceptions are possible for female animals that have not yet given birth Detailed information (CH-Bio-V Art. 16f) 	<ul style="list-style-type: none"> Organic animals from farms that are not affiliated to Bio Suisse must be kept in accordance with Bio Suisse Standards for a period of at least 3 months in order to be marketed as «bud» animals. Pigs, laying hens, and broilers must be exclusively purchased from Bio Suisse holdings Detailed information (BS-RL 3.1.10)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Husbandry practices and housing conditions	<ul style="list-style-type: none"> • Personnel: necessary basic knowledge and skills as regards health and welfare needs of the animals (EC Reg 834/2007 Art. 14b (i)) • The livestock shall have permanent access to open air areas, preferably pasture, whenever weather conditions and the state of the ground allow (EC Reg 834/2007 Art. 14b (iii); EC Reg 889/2008, Art. 14) • Transitional period: for tethering for buildings already existing before 24 Aug. 2000, for stocking densities until 31st Dec. 2013 authorised by competent national authority (EC Reg 889/2008 Art. 95) 	<ul style="list-style-type: none"> • Fully slatted houses and fully perforated floors are prohibited • According to «RAUS» directive (routine outdoor access) and for rabbits according to «BTS» directive (exceptionally animal friendly housing systems) • No tethering (exception: for cattle, goats, and draught horses) (CH-Bio-V Art. 15) 	<ul style="list-style-type: none"> • No tethering, some exceptions until the end of 2010 (BS-RL 3.1.3)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Feeding	<ul style="list-style-type: none"> • Use of feedstuffs primarily from on-farm production (EC Reg 834/2007 Art. 14d) • The maximum percentage of non-organic feed authorised per period of 12 months for species other than herbivores shall be: 5% during the period from 1 January 2010 to 31 December 2011. (EC Reg 889/2008, Art. 43b) • Maximum percentage of daily intake: 25% non-organic feed (dry matter) (EC Reg 889/2008, Art. 43b) • At least 50% of the feed shall come from the farm unit itself or be produced in cooperation with other organic farms primarily in the same region. (EC Reg 889/2008, Art. 10) • Up to 30% of the feed formula of rations on average may comprise in-conversion feedingstuffs, when from the holding itself up to 60%; up to 20% from permanent pastures in conversion) (EC Reg 889/2008, Art. 21) • Use of non-organic feedingstuffs for a limited period and in relation to a specific area by individual operators in case of catastrophic circumstances (EC Reg 889/2008, Art. 47) • Same rules and criteria for processed feed as for feed (EC Reg 834/2007 Art 18) • Only authorised non-organic substances, no growth promotors and synthetic amino acids) (EC Reg 834/2007 Art 14d, criteria in Article 16) • Detailed list of approved feed additives and substances used in animal nutrition (EC Reg 889/2008, Annex VI) 	<ul style="list-style-type: none"> • Same as EU Regulation • Force feeding shall not be permitted • Use of feedstuffs primarily from own farm. Purchase of feed is allowed • Ruminants are only allowed organic feed • Non-ruminants are allowed only 5% non-organic feed • Feed and starting products and single components and additives must abide by Annex 7 of the CH-EVD-Bio-V • The addition of feeding stuffs from conversion holdings shall be permitted on average up to a maximum of 30% of the ration of individual categories of production animal, as dry matter. If this feedingstuff is from the holding itself, the amount can be 60 percent, and, where this is a conversion holding, 100% • Ruminants must be fed at least 60% raw feed • Obligatory FiBL/RAC/Bio Suisse list of approved feedstuffs (CH-Bio-V Art. 16a, 16b, 39i) 	<ul style="list-style-type: none"> • All animals must be fed at least 90% «bud» feed • All non-ruminants must be fed at least 90% «Bud» feed, the rest must be at least 5% compliant with the Swiss regulation, and a maximum 5% conventional feed is allowed • Ruminants must be fed at least 90% «bud» feed and the other 10% must as least comply with the Swiss regulation • Ruminants must be fed at least 90% raw fodder • Conversion-grade feed produced on the farm may comprise a maximum of 60% of the ration (in-conversion holdings: up to 100%). Brought-in feeds serve only as supplements. (BS-RL 3.1.8) • The approved conventional feed is only allowed to be used as single components or as part of a certified feed systems («bud» or supplementary «bud» feed) • The approved mineral mixtures and supplementary feed must be in compliance with BS standards • Use of restaurant waste is not allowed (more info BS-RL 3.1.9)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Breeding	<ul style="list-style-type: none"> Maintenance of animal health by encouraging the natural immunological defence of the animal, as well as the selection of appropriate breeds and husbandry practices (EC Reg 834/2007 Art. 5e) Reproduction: no treatment with hormones or similar substances, unless as a form of veterinary therapeutic treatment in case of an individual animal (EC Reg 834/2007 Art. 14e) Cloning and embryo transfer prohibited (EC Reg 834/2007 Art. 14c (iii)) 	<ul style="list-style-type: none"> Breeding methods and races must support the health and performance of the animal No animals from embryo transfer (CH-Bio-V Art. 16c) 	<ul style="list-style-type: none"> Use of steers from embryo transfer is not allowed (BS-RL 3.1.1)
Zootechnical measures	<ul style="list-style-type: none"> Any suffering, including mutilation, shall be kept to a minimum (not routinely, except for reasons of safety and on a case by case basis) (EC Reg 834/2007, Art. 14.b (viii); EC Reg 889/2008, Art. 18) 	<ul style="list-style-type: none"> Dehorning of adult animals is only allowed in exceptional cases, but never during the months of May, June, July, and August. (CH-Bio-V Art. 16e) 	
Disease prevention and veterinary treatment	<ul style="list-style-type: none"> Chemically synthesised allopathic veterinary medicinal products or antibiotics for preventive treatment prohibited (Reg 889/2008, Art. 23.1) No use of growth promoters and hormones (Reg 889/2008, Art. 23.2) Parasite treatments: max. 3 courses of treatments with chemically synthesised products within 12 months or one for animals less than one year (Reg 889/2008, Art. 23.2) Double withdrawal period after administration of medication (Reg 889/2008, Art. 23.5) 	<ul style="list-style-type: none"> Same as EU Regulation (CH-Bio-V Art. 16d) 	<ul style="list-style-type: none"> A bacteriological analysis of the milk must be carried out prior to the use of dry cow antibiotics. (BS-RL 3.1.11) Demeter: no dehorning. No intramammary treatments with antibiotics for drying off

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Cattle	<ul style="list-style-type: none"> • Special outdoor access and housing area requirements (EC Reg 889/2008, Annex III) • Herbivores shall have access to pasturage for grazing whenever conditions allow (EC Reg 889/2008, Art. 14.2) • Bulls over one year access to pasturage or an open air area. (EC Reg 889/2008, Art. 14.4) Tethering of animals prohibited with the exception of small farms (if access to pastures during grazing period and at least 2x/week access to open air if grazing not possible) (EC Reg 834/2007 Art. 14b (vi); EC Reg 889/2008, Art. 39) • No fully-slatted or grid floors: at least 50% of indoor surface area (EC Reg 889/2008, Art. 11.1) • Dry laying/rest areas with straw or other suitable natural material. (EC Reg 889/2008, Art. 11.2) • Housing of calves in individual boxes forbidden after the age of one week (EC Reg 889/2008, Art. 11.3) • Young animals on maternal milk in preference of natural milk for at least 3 months, (EC Reg 889/2008, Art. 20.1) • Min. 60% of feed as roughage (EC Reg 889/2008, Art. 20.2) • Conversion periods for brought-in animals: 12 months for meat production or at least 3/4 of animal's lifetime (EC Reg 889/2008, Art. 38.1a) • Final fattening phase of adult bovines for meat production may take place indoors, if period max. one fifth of their lifetime and max. 3 months. (EC Reg 889/2008, Art. 46) 	<ul style="list-style-type: none"> • Tethering is not allowed; exceptions listed in (CH-Bio-V Art. 15.a) 	<ul style="list-style-type: none"> • As a rule, tethering is not allowed, exceptions to this rule can be found (BS-RL 3.1.3) • Electric cow trainers are prohibited (BS-RL 3.2.1)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Horses	<ul style="list-style-type: none"> • Conversion periods for brought-in conventional equidae: 12 months (EC Reg 889/2008, Art. 38.1a) 	<ul style="list-style-type: none"> • Tethering of draught horses is only allowed until the end of August 2010 with the respective permit from (MKA) (CH-Bio-V Art. 39d) 	<ul style="list-style-type: none"> • Tethering of draught horses is only allowed until the end of 2010 with the respective permit from (MKA) (BS-RL 3.1.3)
Small ruminants (Goats and sheep)	<ul style="list-style-type: none"> • Special outdoor access and housing area requirements (EC Reg 889/2008, Annex III) • Conversion period for brought in conventional livestock for meat production: 6 months (EC Reg 889/2008, Art. 38.1b) 	<ul style="list-style-type: none"> • Tethering of goats will be allowed until 31.12.2013, provided that the regulations governing regular outdoor exercise are complied with and animals are kept in comfortably littered areas and individually managed as long as the product is not exported (CH-Bio-V Art. 39d) • Compliance with RAUS outdoor access requirements • Feeding for a minimum period of 35 days with natural milk, preferably maternal milk (CH-Bio-V Art. 16b) 	<ul style="list-style-type: none"> • Tethering of goats is only allowed until the end of 2010 and under special circumstances • Compliance with Bio Suisse sheep and goat guidelines
Pigs	<ul style="list-style-type: none"> • Special outdoor access and housing area requirements (EC Reg 889/2008, Annex III) • Daily roughage for rearing and fattening pigs (EC Reg 889/2008, Art. 20.3) • Sows shall be kept in groups, except in the last stages of pregnancy and during the suckling period (EC Reg 889/2008, Art. 11.4) • Conversion period for brought-in conventional pigs for meat production: 6 months (EC Reg 889/2008, Art. 38.1b) 	<ul style="list-style-type: none"> • Feeding for a minimum period of 40 days with natural milk, preferably maternal milk (CH-Bio-V Art. 16b) • The percentage of fodder ingredients not produced organically may be up to 35 percent of the total feed ration of pigs, measured as dry substance, provided dairy waste is used. (CH-EVD-Bio-V Art. 4a, Annex 5) Other regulations as per (CH-EVD-Bio-V Art. 4a, Annex 5) 	<ul style="list-style-type: none"> • Piglets must not be weaned before the age of six weeks. • Pigs must have access to unchopped roughage or straw to keep them occupied. • Non-lactating sows must have access to pasture or rooting areas • Pigs must have daily outdoor access from their 24th day of life, except for sows during the first 24 days after farrowing • Compliance with Bio Suisse pig-keeping guidelines (BS-RL3.5.1)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Hens	<ul style="list-style-type: none"> • Special outdoor access and housing area requirements (EC Reg 889/2008, Annex III) • Poultry access to an open air area for at least one third of their life (EC Reg 889/2008, Art. 14.5) • Floor area at least 1/3 solid (with litter) (EC Reg 889/2008, Art. 12.3a) • Laying hens: 6 hens per m2 floor area of housing. Outdoor run 4 m2 per hen • Max. 3000 laying hens and max. 4800 broilers per housing unit (EC Reg 889/2008, Art. 12.3a) • Continuous nocturnal rest period without artificial light of at least eight hours. (EC Reg 889/2008, Art. 12.4) • Min. age at slaughter 81 days for chickens, where impossible, slow-growing breeds to be used (EC Reg 889/2008, Art. 12.4) • Conversion period for bought in conventional poultry for eggs 6 weeks and for meat production 10 weeks (max. 3 days old) (EC Reg 889/2008, Art. 12.4c/d) • Non-organically reared pullets for egg production below 18 weeks allowed until 31 December 2011, when organically reared pullets are not available (EC Reg 889/2008, Art. 42b) 	<ul style="list-style-type: none"> • Compliance with RAUS outdoor access requirements • Detailed requirements on housing size, stocking density, nests, access doors, light • Laying hens: 5 hens per m2 floor area of housing. Outdoor run 5 m2 per hen • Broiler poultry: Outdoor run 2m2 per hen • Other regulations as per (CH-EVD-Bio-V Art. 4a, Annex 5) 	<ul style="list-style-type: none"> • The maximum flock size is 250 laying hens. In case of three-dimensional housing systems (water and feed at different levels), flock size may be increased to a maximum of 500 birds. A maximum of 4 flocks are permitted per house. (2000 laying hens per housing unit) (BS-RL3.6.2; compliance with Bio Suisse laying-hen guidelines)
Transport	<ul style="list-style-type: none"> • No special requirement, only recommendation to minimize duration (EC Reg 834/2007 Art. 14b (vii)) 	<ul style="list-style-type: none"> • No special requirement 	<ul style="list-style-type: none"> • The products must be transported by land or by sea; products transported by plane cannot carry the «bud» label (BS-RL5.10.1) • No unnecessary fresh products from overseas, exception is tropical fruits (BS-RL5.10.4)
Social standards	<ul style="list-style-type: none"> • No special requirement 	<ul style="list-style-type: none"> • No special requirement 	<ul style="list-style-type: none"> • Minimal social requirements for workers (BS-RL8.1.1ff)

	EU Regulation	Swiss Organic Ordinance	Bio Suisse and Demeter
Water usage	<ul style="list-style-type: none"> No special requirement 	<ul style="list-style-type: none"> No special requirement 	<ul style="list-style-type: none"> Overseas operations must comply with proper (sustainable) water usage
Woodland clearing	<ul style="list-style-type: none"> No special requirement 	<ul style="list-style-type: none"> No special requirement 	<ul style="list-style-type: none"> Clearing of woodland for organic farms is not allowed
Processing and storage	<ul style="list-style-type: none"> The preparation of processed organic food shall be kept separate in time or space from non-organic food (EC Reg 834/2007 Art. 19.1) The use of non-organic ingredients, additives and processing aids must be authorised according to specific criteria (EC Reg 834/2007 Art. 19.2 and 21) Authorised non-organic agricultural ingredients for food processing (EC 889/2008, Annex IX) Authorised substances for food processing (EC 889/2008, Annex VII, A & B) 	<ul style="list-style-type: none"> The use of additives and processing aids is restricted for plant and animal products. See Annex 6 of the Swiss Organic Ordinance 	<ul style="list-style-type: none"> Products bearing the «bud» label may only be processed by means of careful mechanical and physical cooking and fermentation processes, or combinations of these procedures. (BS-RL5.3.1ff) Storage and processing, in particular the use of additives and processing aids as well as the processing methods must comply with the product specific directives for processing. (See www.bio-suisse.ch)



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Are your trading partners reliable?

- Finding new business partners** – linking with promising new partners
- Monitoring trading partners** – tools to assess trade relationships
- Trade & certification** – harnessing diverse quality standards for trade



Service Area – Quality Processing

How do you make sure that your products excel?

- Quality & risk management** – assessing risk in the whole production process
- Improved storage & processing** – tackling critical factors to enhance value
- Certification & documentation** – procedures to ensure annual approval



Service Area – Quality Marketing

Are your products optimally positioned in the market?

- Marketing strategy development** – practical research to improve targeting
- Residue analysis & mitigation** – interventions to ensure food safety
- Product standards & certification** – implementation and documentation



Contact

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