



Organic supply chain

- General trends

- > **Salvador V. Garibay**
- > **Biofach 2007**

Actually... 31 millones of hectares are managed organically representing at least 633 891 farms in the world

Australia	11,8 millions of Ha	2,7% of total agricultural area
Argentina	3,1 millions of Ha	2,4%
Italia	1,1 millions of Ha	8,4%
United States	1.6 millions of Ha	0,5%
Costa Rica	0,009538 millions of Ha	0,3%

There has been major growth of organic land in North America and in Europe

Share of organic products

Unites States	2-2,5%
Europe	1-3%
Canada	0,9-1%
Japan	0,35-0,45%

Growth of the organic global market

>1997: 10 000 millions of USD

>2003: 25 000 millions of USD

>2005: 33 000 millions of USD

>Global sales of agrochemicals in 2005: 32 000 millions of USD

>Food sales of Wall Mart in USA (estimated):70 000 millions of USD

The organic market grows strongly

>Average growth of the food market: 4-5% annually

>Average growth of the organic food market: 15% annually

Which organic products grow faster?

>Fresh fruit and vegetables represent 40% of the sales and growth 8,4% annually.

>Milk products, cereals bread, convenience food, frozen food and baby food represent 60% of the sales and growth a 36% annually.

Where are the organic products mostly sold?

>1991: 7% of the sales were in the supermarkets, 93% organic shops, fairs and direct sales.

>2003: 50% (or more) of the sales are were in the supermarkets.

>Denmark: 85%

>Argentina: 80%

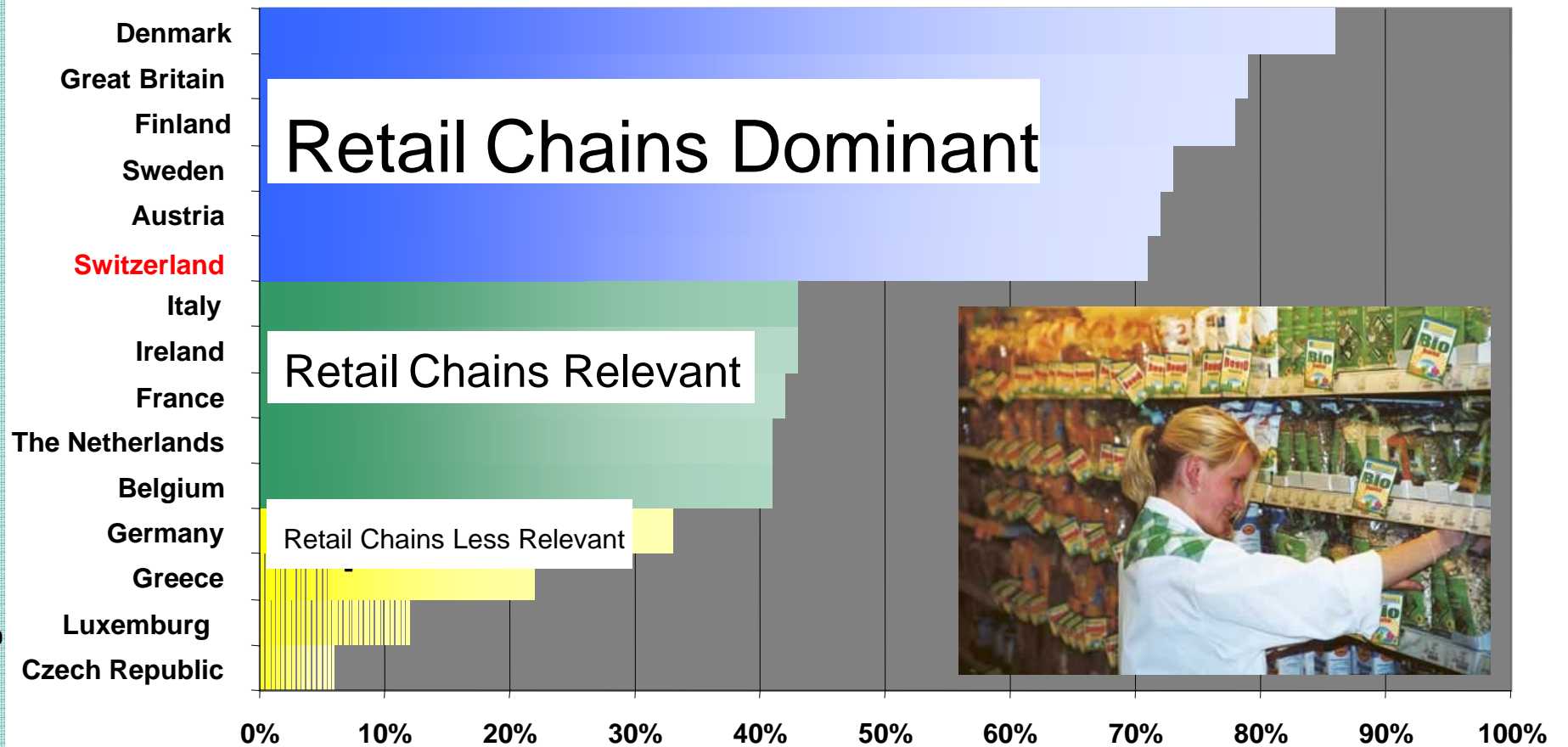
>USA: 50%

>United Kingdom: 80%

>Italy: 45%

>Costa Rica: 64% exports, 35% supermarkets and 1 % others

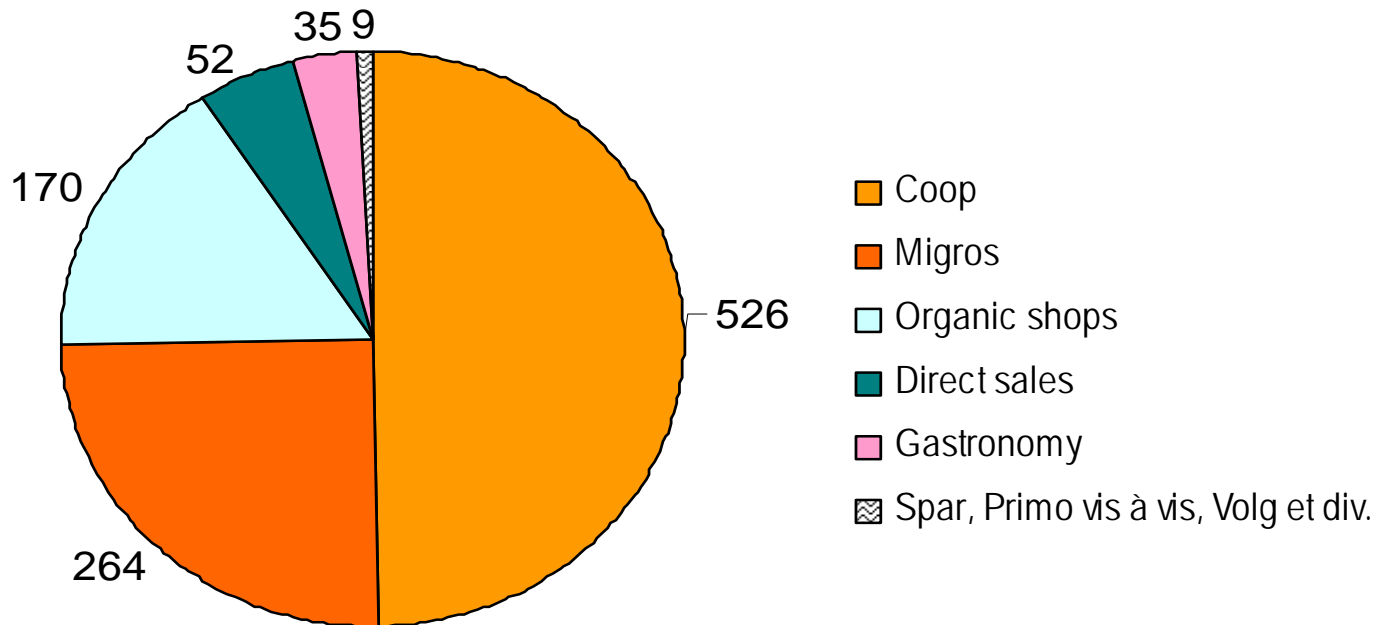
Distributions channels in Europe



Sources: HAMM et al., 2002

Distribution channels of organic products in Switzerland

Sales of organic products:
1056 millions CHF



More than 75% of organic products are sale in the supermarkets

Some principal companies owners of organic labels

- > **Coca Cola**
- > **Kraft**
- > **Kellogg**
- > **Dole**
- > **Heinz**
- > **Novartis**
- > **General Mills**
- > **and others...**

General trends on the growth of the organic market:

- > The demand grows strongly, **the supply slowly.**
- > The demand for processed products grows more than the demand of fresh products.
- > Concentration of labels in hand of companies.
- > Concentration of the sales in hand of companies (supermarkets).

Which implication has this trend for the organic producer?

- > The companies (industry and supermarkets) demand: volume, regularly supply, quality, certifications, specifications, **the prices many cases do not cover the production cost.**
- > The buyers of the supermarkets have little solidarity with the farmers.
- > The small and mediums farmers are not in a win-win relation with the companies.

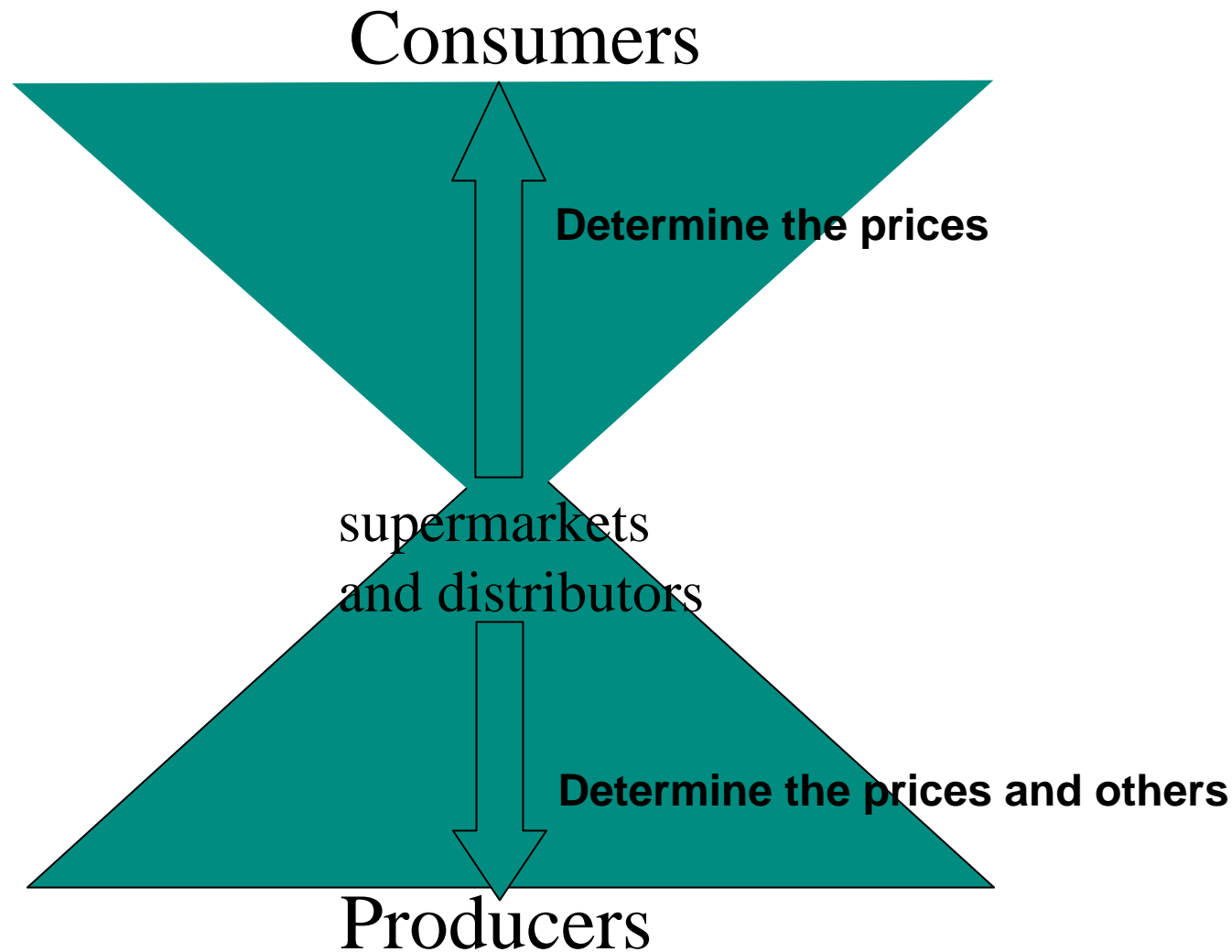
Requirements from the traders

> EUREPGAP



- > **EUREP: EUro-REtailer Produce Working Group →**
- > **GAP: Buenas Practicas Agricolas**
- > **EUREPGAP: una organización sin fines de lucro**

There are a concentration of the supply chain in few companies



The market is the organizer element in the farm

- > In organic agriculture, the environment, the producer and its culture should be the organizer elements of the farm.
- > The market determine the rules for the farmer and as consequence the decisions taken on the farm as for example which varieties, agronomical management, biodiversity in the farm, landscape and **provoke the invisibility of the farmer.**

USA trends

- > The company Horizon Organic Dairy controls the 70% of the organic milk market in the USA.**
- >In 2001, Horizon Organic Dairy bought a small organic company and change the agreements with the milk producers.**
- >The same year, the milk producers suffering a reduction of their earnings of about 15,000 USD per family.**
- >The same year, Horizon Organic Dairy increased their earnings 200%...**

Latin America trends

- > Wall Mart have an aggressive expansion strategy in Latin America (buying or forming alliances with national supermarkets).
- >Its politic of low prices for organic products reduce the possibility that farmers initiate with the conversion or worst to abandon the organic production.
- >The low supply volumes of a specific organic product is substitute with the importation of cheap organic products.



Switzerland changing rules



Indian Candy
Pazifischer Trockenlachs) ca. 80-90g

Getrocknete Wildlachsstreifen
Pazifischer Wildlachs
Dieser begehrte Lachs lebt in den Küstengewässern des Nordpazifiks. Er hat ein ausgeprägtes Wanderverhalten, daher ist sein Fleisch relativ mager und von feiner Struktur und dunkler Farbe. Die Ureinwohner Alaskas schätzen ihn seit jeher und pflegen eine uralte traditionelle Verarbeitungsweise. Die Lachseiten werden von Hand mit grobem Meersalz eingerieben und luftgetrocknet. Anschliessend werden sie in Streifen respektive so genannte Riemen geschnitten. "Indian Candy" werden diese Streifen genannt und gelten als wohlschmeckende kleine Zwischenverpflegung.

Budget SUPERSTARS

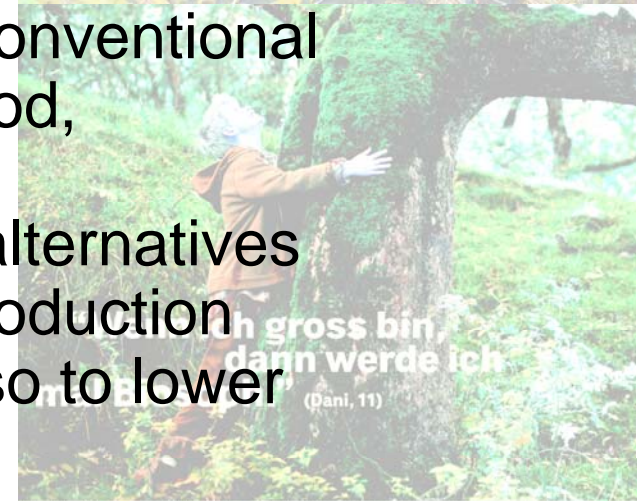
PRIX Garantie

www.fibl.org

Switzerland organic market



- > Switzerland (still) has the highest consumption of organic products per capita in Europe
- > In 2005: Stagnation of the organic market
 - Reason 1: strong emphasis of the development of the discount segment (Prix Garantie; M-Budget)
 - Reason 2: strong emphasis of the conventional on premium segment (Heidi; Fine-Food, Selection)
 - Reason 3: much consumer shift to alternatives of lower prices as those of integral production and friendly animal production but also to lower priced organic products



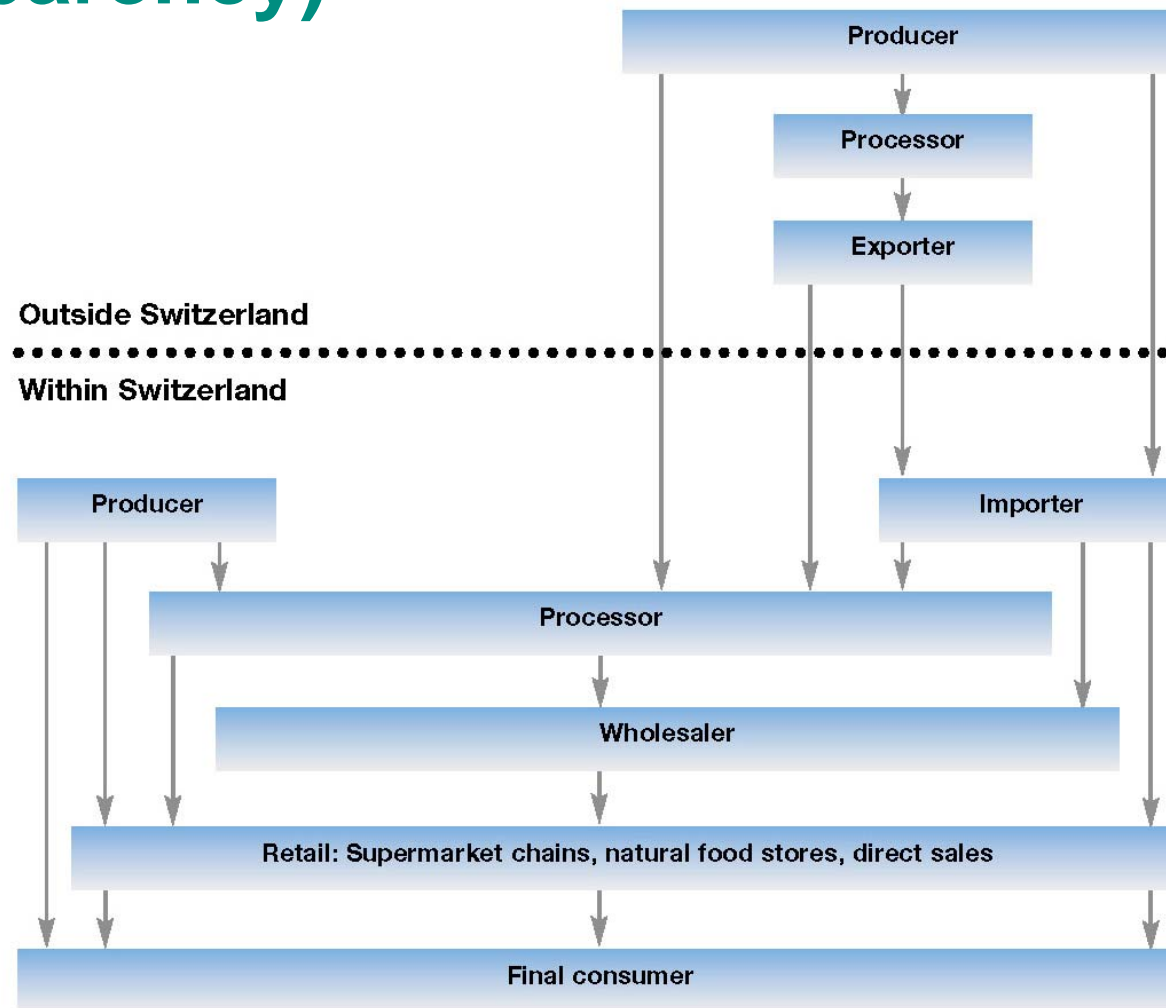
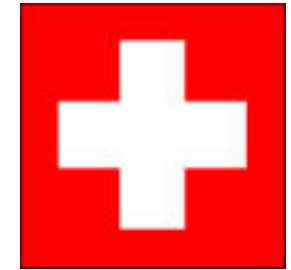
What are the possible consequences?

Farmers abandon the organic production and go back to the conventional production.

Farmers try to develop direct relationship between them and the consumers (several examples).

Which possible strategies can be used in order to promote further development of organic agriculture and the consumption of organic products?

Trade structure in the Swiss organic market (more price transparency)

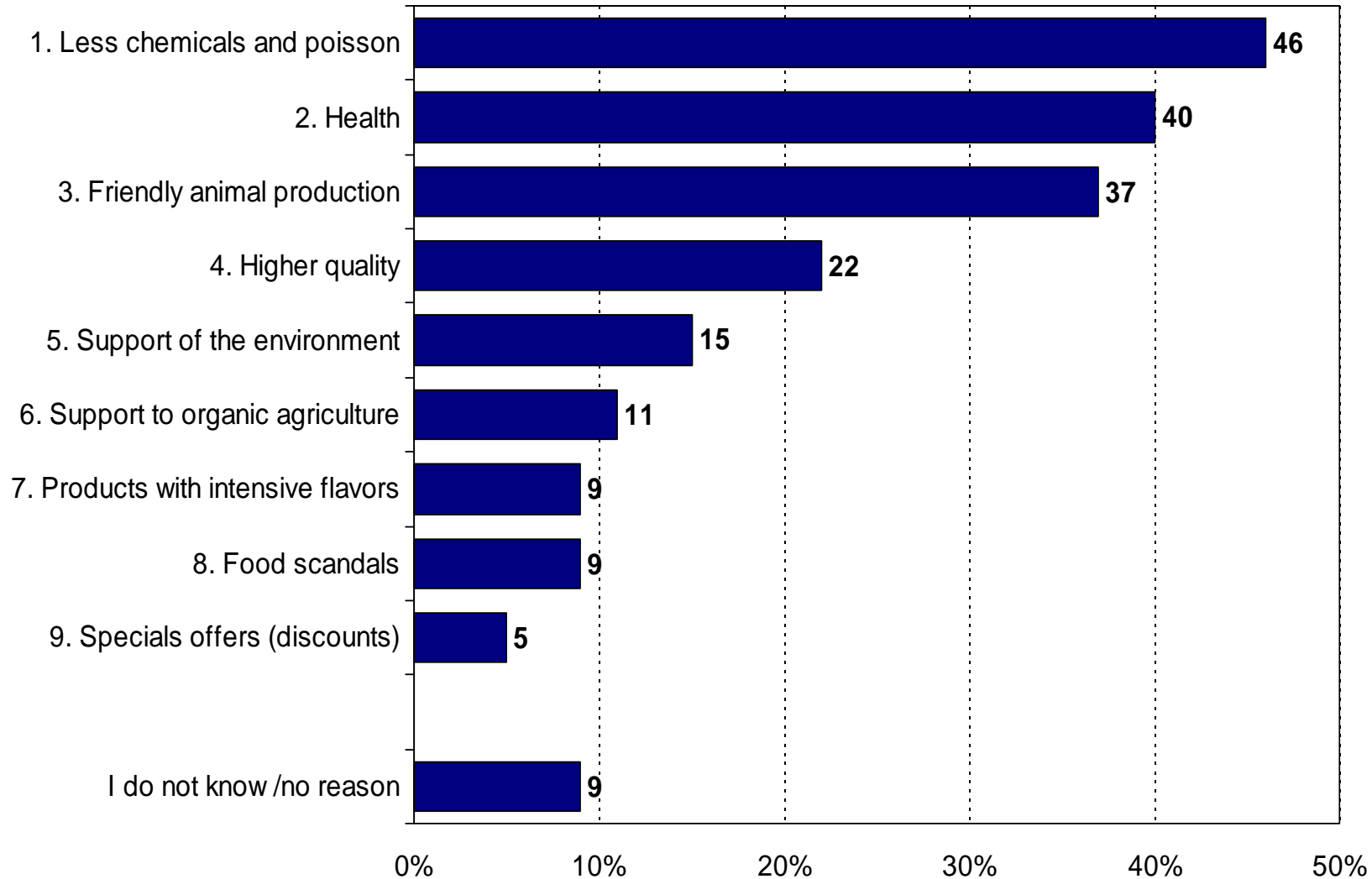


Source: FiBL

Converge strongly the concept of organic and fair trade, “also in Europe”

Product	Growth	Market share	Organic market share
	Fair Trade	Fair Trade	Fair Trade
	2004/2003	2004	2004
Sugar	-4%	9%	92%
Cocoa	8%	1%	83%
Coffee	-3%	6%	56%
Tea	-4%	5%	40%
Rice	127%	6%	27%
Banana	68%	47%	19%
Iced tea	181%	0.3	17%
Mango	-2%	3%	10%
Honey	-10%	14%	2%
Pineapple	71%	15%	0%

The reasons of buying organic products

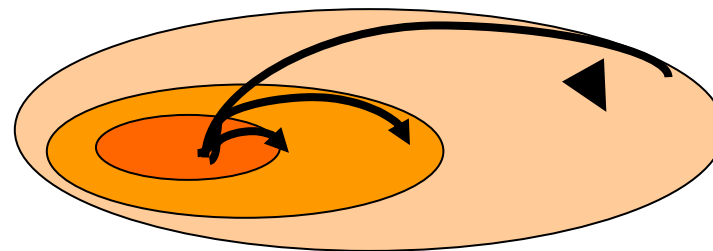


Promotion of regional specialties

- Productos orgánicos con la yema
- Actualmente 100 productos de 30 regiones de la Suiza
- Productos frescos de una sola materia prima 100% de la región, productos agrícolas mezclados 90%
- Procesamiento si es siempre posible en la región
- Distribución local, regional o también nacional



Regionale
Bio Spezialität



A) Distribución solamente local en el origen del producto

B) Distribución regional, ejemplo en una VRE

C) Distribución nacional



Emotional campaign

für **BIO** KÄSE
vom BERG 
15 MIN.  **COOP**

  **Coop Naturaplan.**
Für Mensch, Tier und Natur.


Für mich und dich,



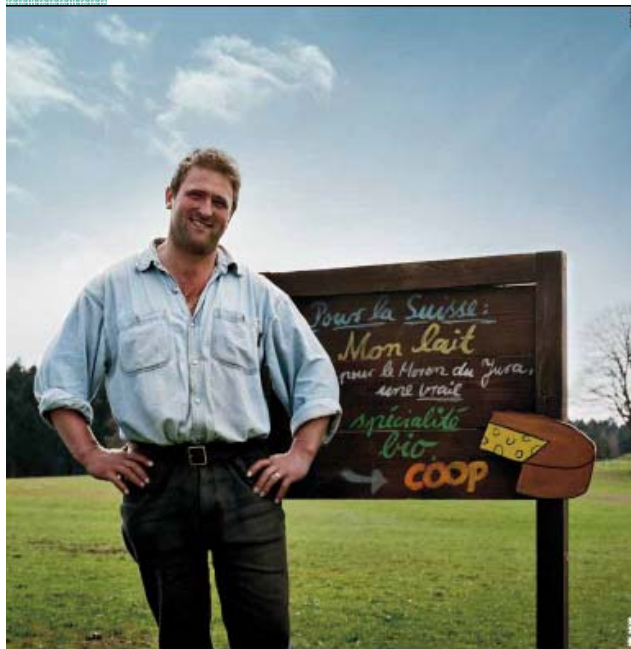
Coop Naturaplan steht für Lebensmittel aus biologischer, naturnaher Landwirtschaft sowie für Fleisch und Eier aus tierfreundlicher Haltung. Und das schon seit 13 Jahren. In der Schweiz produzieren

6300 Bio-Bauern nach den strengen Knospe-Richtlinien. Genießen Sie den Unterschied. Naturaplan. Für Mensch, Tier und Natur.



Für mich und dich,

Make visible the farmer to consumers



Daniel Franchi, paysan bio au Furl



Hanspeter Thöny-Gerber, Bio-Bauer in Fagnans



Patrik Eigenmann, Bio-Bauer in Schweizerholz



Moranda Jura bio
Coop Naturaplan, 1000g, 22,-



Coop Naturaplan
Bio Bündner
Saligna Salzig,
100 g, 1,05



Coop Naturaplan
Bio Bündner
Chräbberfleisch,
per 100 g, 7,90



Coop Naturaplan
Bio Joghurt Apfel/Birne
aus der Ostschweiz,
150 g, 0,95



Spécialité régionale bio.



Pour moi et pour toi,



Regionale Bio-Spezialität.



Für mich und dich.



Regionale Bio-Spezialität.



Für mich und dich.

Every organic apple contributes to 12 grams of carbon fixation



**I eat organic to
reduce global
warming.**

What do you do ?

Know your options:

