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United Nations Conference on Trade and Development

POLICY DIALOGUE ON PROMOTING PRODUCTION AND TRADING OPPORTUNITIES FOR ORGANIC AGRICULTURAL PRODUCTS

21-22 February 2002, Brussels

**Meeting Report on the Policy Dialogue
organized by the UNEP-UNCTAD
Capacity Building Task Force (CBTF)
on Trade, Environment and Development**

Background

This Policy Dialogue, organized by the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF), was funded by the European Commission (DG-Environment) and hosted by the secretariat of the African, Caribbean and Pacific (ACP) countries. In addition, the UNCTAD Trust Fund for the Least Developed Countries provided support to enable experts from selected least developed countries (LDCs) to attend this meeting as well as a *Conference on International Harmonization and Equivalence in Organic Agriculture* that was organized by the International Federation for Organic Agriculture Movements (IFOAM), in cooperation with UNCTAD and the Food and Agriculture Organization of the United Nations (Nuremberg, 18 - 19 February 2002).

The meeting allowed a very informative and constructive dialogue that involved more than 50 policy makers and representatives of certification bodies, intergovernmental organizations, aid agencies and civil society, as well as academics and other stakeholders from developing and developed countries. Experts from 17 developing countries, namely Argentina, Bolivia, Cambodia, Chile, China, Costa Rica, Ethiopia, Haiti, India, Kenya, Mozambique, Peru, Senegal, South Africa, Tunisia, Uganda and Zambia, as well as around 35 representatives from ACP missions in Brussels, attended the meeting.¹ Officials from the European Commission's Directorate-General (DG) on Agriculture, DG-Environment and DG-Trade, as well as several officials from the ACP secretariat, also participated in the meeting. Other participants included experts from the International Trade Centre (ITC), WTO/UNCTAD, the Organization for Economic Cooperation and Development, IFOAM, and other institutions, as well as from environment and development non-governmental organizations (NGOs). Mr. Peter Ole Nkuraiyia, Ambassador of Kenya to Belgium, Luxembourg and the European Union, chaired the meeting.

The objectives of the meeting were to explore practical steps to support organic production in developing countries and to improve trading opportunities. The representative of DG-Environment emphasized the economic, social and environmental gains which developing countries could derive from organic production and exports, and the contribution the meeting could make to the achievement of win-win-win results. The representative of DG-Trade referred to the various parts of the Doha Ministerial Declaration, including the need for capacity building and benefits that could result from the reduction or elimination of tariff and non-tariff obstacles to trade in environmental goods and services. A broad range of developing country experts and officials exchanged views and experiences on the development of the organic agricultural sector

¹ An expert from Madagascar contributed a paper to the meeting.

in their countries, and the potential and means to encourage that development. Papers and PowerPoint presentations are available on the CBTF and UNCTAD websites.²

The meeting discussed a range of issues, such as trends in organic agricultural markets and opportunities for developing countries; ways to address production and institutional constraints in these countries; government regulations and trading opportunities; the role of organic standards in promoting organic agriculture in developing countries; developing policies and instruments to facilitate conversion to organic production; reducing certification costs while maintaining the integrity of organic markets; harmonization and mutual recognition of public and (private) guarantee systems; national and regional CBTF initiatives and recommendations for future work.

At the final session, participants discussed the main points emerging from the meeting and made recommendations for possible follow-up actions. Key points emerging from the meeting are explored in more detail below.

Production

In many developing countries significant shares of agricultural land are cultivated using traditional or “alternative” production methods, with little or no use of agro-chemicals. Such areas could be converted to organic agriculture to improve soil fertility, sustain production and overcome dependence on external inputs. In many cases, yields produced by organic agriculture are higher than those produced by traditional management practices. Thus, organic agriculture offers opportunities, affordable to small-scale farmers, to improve farm efficiency and profitability. Other advantages of organic systems are soil and water conservation, reduced chemical pollution and associated health problems, gender benefits, employment and support to the development of appropriate technologies. In this context, development of supportive government policies and strategies for promotion of organic agriculture were considered a necessary step.

Several experts expressed the view that organic agriculture can contribute to food security objectives, since organic farming tends to be more efficient than the traditional farming of resource-poor farmers. The view was also expressed that, because of food security concerns, organic farming may not be an effective short-term option for all agricultural areas, or perhaps in some cases not a viable large-scale option for some countries. In such cases, priority should be

² For CBTF: <http://www.unep-unctad.org/cbtf/>; for UNCTAD: http://www.unctad.org/trade_env/index.htm.

given to substantially reducing chemicals inputs in certain areas while aiming for fully organic production in other areas.

Organic agriculture, whether certified or not, has important advantages. However, certification is essential for promoting consumption and for international trade, as well as for taking advantage of price premiums, where they exist. Certification has to be made affordable, including to smallholders in developing countries. It is therefore important to reduce certification costs. Group certification, based on internal control systems, is a promising avenue for smallholders. In this context, experts exchanged views on the advantages of internal and external control and certification and exchanged national experiences.

Experts stressed the need to promote training and capacity building for organic agriculture. Several experts proposed that farmers' knowledge of traditional agriculture practices be built on and that such knowledge be improved through appropriate training (e.g. through field schools for farmers). Concerning official support to the organic sector, one of the major challenges is to develop a framework for the organic sector that integrates the development agenda with the economic agenda. A national authority could link up with other institutes, NGOs, farmers' organizations and the private sector in designing strategies to support and energize the organic sector, particularly in the fields of research, extension, post-harvest handling and marketing. Government assistance with micro credit and micro enterprise to self-help groups of landless agricultural families, particularly women, for organic seed preparation, organic compost, bio-pesticides and bio-fertilizers (accessing usufruct rights of common property resources such as waste lands exclusively for the resource-poor) was considered essential. Government assistance in providing facilities for soil, water testing and pesticide residue testing of organic products was also stressed.

Several experts emphasized the need to develop national legislation, standards and certification infrastructure to encourage the development of the organic sector in developing countries. Others felt that this was not necessarily the first priority in developing countries with a very small organic sector and that government intervention should prioritize extension service research and inclusion of organic agriculture in government policies and plans. Where appropriate, regional certification bodies should be set up for those countries where national bodies do not prove to be cost-effective. Government support is one option for making certification affordable to small producers.

Multi-stakeholder dialogues in developing countries can play a key role in raising awareness and in designing holistic policies for organic agriculture, as well as generating government support. Many participants stressed the importance of multi-stakeholder processes for developing fair and effective national policies and certification programmes. CBTF, in cooperation with IFOAM,

ITC and FAO, can play a positive role in facilitating the setting in motion of national and regional processes, including with regard to standards and certification (in particular group certification) at the regional level, as well as in promoting pilot studies aimed at identifying how to reduce certification costs.

Trade

In the area of trade, the fact that major markets for organic products are growing at rates of 10-15 per cent a year creates opportunities for developing countries. However, preferences for local or regional rather than imported products and pressures to reduce “food miles”, invoking environmental concerns, may have adverse implications for certain categories of organic products from developing countries. In addition, the proliferation of public and private sector standards, as well as complex government regulations and import procedures, can pose problems for developing country producers.

Experts emphasized the need for mutual recognition and equivalence and welcomed efforts by IFOAM, UNCTAD and FAO to explore a framework for harmonization, including between public and private guarantee systems. Both developed and developing countries should participate in such a process.

Experts engaged in an open and constructive discussion concerning steps which developed countries could take to promote trading opportunities for organic products from developing countries. These include:

- Appropriate recognition of group certification in the importing country’s regulations;
- Appropriate recognition of the special conditions of developing countries by certifiers, traders and importing countries’ Governments;
- Transparent and understandable rules and procedures governing imports;
- Promotion of consumption of organic products, including from developing countries, for example by providing market information;
- Non-discriminatory use of labels, for example the use of official organic labels in the European Union should be open to non-EU producers.

Several experts stressed that in the context of WTO negotiations on the reduction or elimination of trade obstacles regarding environmental goods and services, attention should also be paid to enhancing trading opportunities for organic agricultural products, in particular from developing countries. Some experts proposed that ways to enhance market access for organic agricultural products, including through tariff preferences and fair trade, be explored. However, difficulties

with such an approach were also discussed. Several experts noted that the reduction of agricultural subsidies would favour the competitiveness of organic products, in particular from developing countries. Some experts emphasized that there was a need to consider the possible implications of organic agriculture subsidies in developed countries for trading opportunities of developing countries.

Experts expressed their appreciation for the constructive dialogue with EU officials, particularly on trade-related issues.

Follow-up

Experts proposed further dialogue amongst developed and developing country officials, farmers, certifiers, traders and retailers. It was also proposed that follow-up meetings at the regional level be organised. The ACP secretariat expressed a strong interest in further CBTF work in this area, which could be organized in the context of the UNCTAD-ACP Memorandum of Understanding. An offer has been made to host a regional meeting for Africa. The UNCTAD and UNEP secretariats are following up on these proposals.