

Impact of organic guarantee systems on production and trade of organic products

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Overview

- Theory
- Practice
- Your thoughts

Introduction

- Problems with present arrangements international trade of organic products
- How big are the problems?
 - Extra 'costs' over and above those of compliance to one system.

Problems: direct costs

- Administration
 - Standards
 - Certification
 - Accreditation

Problems: indirect costs

- Production
 - Farm inputs
 - Yields
- Marketing
 - Storage
 - Delays
- Legal requirements

Change: winners and losers

- Gain from harmonization
 - Some exporters (no easy access)
 - Consumers in importing country
- Loss from harmonization
 - Some exporters (easier access)
 - Producers in some importing countries

Evaluation of gains and losses

- Depending on:
enterprise, countries involved, year, etc.

Evaluation of gains and losses: choices

- What to include?
- Rationale of choice:
 - Data availability
 - Trade: 'uncomplicated'
 - Diversity:
 - Geographic (all continents)
 - Farm type (large, small)
 - Crop characteristics (ease of storing)
 - Experience of researcher

Enterprise

- Wheat
- Coffee
- Rice
- Fruit and vegetables

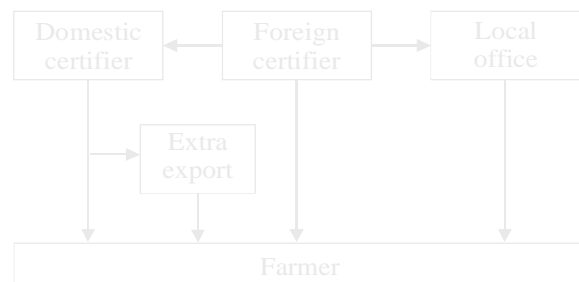
Model

- Present situation
 - Including total certification costs without harmonization
- Situation with harmonization:
 - Excluding extra cost of certification due to present situation

Outcome

- Percentage effect of change of included crops
- Educated guess of effect on total market
- Possible total effect – with ranges

Direct costs: certification for more than one export market



Direct costs: available data

- Difference between Domestic certification for 1 export market and:
 - add-ons for other export market
 - foreign certification

Available:

- domestic certification: Yes
- Foreign certification for exports: No

Indirect costs: production and marketing

- Production
 - More expensive inputs: no data
 - Decrease in yield: no data
- Marketing:
 - Storage: no problem?
 - Delay and product spoilage: no data
 - Dependant on importer: no data
 - monopoly? no data
 - Other? no data

Application: wheat and coffee

- Quantities of exports by
 - Exporting country
 - destination
- Product price:
 - Farm gate
 - Export
 - Import
- Certification cost: per unit
 - Farm production data:
(yield, rotation, hectares)

Wheat: countries

- Argentina: almost
- Australia: almost
- Canada: some
- Hungary: most
- Slovakia: most
- USA: none
- Other: which??

Coffee countries

- Mexico: some
- Peru: some
- Colombia: some
- El Salvador: few
- Tanzania: few
- Uganda: few
- Brazil: ??
- Costa Rica: ??
- Other:

Summary of questions

- Total costs (Table 3.1, p.4):
 - Any other inclusions?
- Direct costs:
 - some domestic certifiers (check and add)
 - Foreign certifiers (add)
- Indirect cost:
 - Data? Assumptions? Other approach?
- Inclusion of other enterprises:
 - rice, fruit and vegetables, other?
- More data on:
 - Wheat and coffee