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STRENGTHENING DEVELOPING COUNTRIES' CAPACITIES TO RESPOND TO HEALTH, SANITARY AND ENVIRONMENTAL REQUIREMENTS

Strengthening Developing Countries' Capacities To Take Advantage Of Niche Markets For Organic Agricultural Products: The Experience Of Costa Rica, India And Uganda

PAPER # 5

René Vossenaar and Sophia Twarog, UNCTAD*

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*The views expressed in this paper are those of the authors, and not necessarily those of UNCTAD

Contents

Acronyms

CBTF	UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development
CIF	Cost, insurance, freight
EPOPA	Export of Organic Products from Africa (Sweden)
FIELD	Foundation for International Environmental Law and Development
ICO	Internal Control System
IFOAM	International Federation for Organic Agriculture Movements
INM	Integrated Nitrogen Fertilizer Management
IPM	Integrated Pesticide Management
LDC	Least Developed Country
LEISA	Low external input sustainable agriculture
MAL	Ministry of Agriculture and Livestock
NOGAMU	National Organic Agricultural Movement of Uganda
NOP	National Organic Program (United States)
NOSB	National Organic Standards Board
NPOA	National Programme for Organic Agriculture (Costa Rica)
NPOP	National Programme for Organic Production
PITTA-P.O.	
PDS	Peermade Development Society
OFPA	Organic Foods Production Act
SIDA	Swedish International Development Agency
S&D	Special and differential
TBT	Technical Barrier to Trade
TNC	Transnational corporation
TRQ	Tariff Rate Quota
UEPB	Uganda Export Promotion Board
UNCTAD	United Nations Conference on Trade and Development
USDA	United States Department of Agriculture
WTO	World Trade Organization

I. BACKGROUND

1. The UNCTAD secretariat, with the support of the International Development Research Centre (IDRC) in Canada, has been implementing a technical co-operation project to examine the linkages between environment- and health-related requirements in international markets and export opportunities of developing countries. One specific component of the project tries to identify policies that can be applied at the national and international levels to strengthen the capacities of developing countries to take advantage of emerging niche markets for organically produced products.

2. Such niche markets present promising opportunities for developing countries. However, in order to seize such opportunities, developing countries must overcome a number of production and export constraints, including those related to certification, import procedures and marketing strategies. This scoping paper examines some of these issues and seeks to identify policy responses to support developing countries in their efforts to use market opportunities for organic products to promote their production and exports, and at the same time, obtain environmental and developmental gains. This scoping paper complements the analysis of possible trade barrier effects of environmental and health requirements presented in other scoping papers prepared under the project.

3. This paper addresses in particular the following issues:

- How can Governments and the private sector in developing countries address production and export constraints?
- How can developed countries take account of the special conditions and needs of developing countries in their national organic standards and regulations and how can they facilitate imports of organic products from developed countries?
- How can bilateral and multilateral aid agencies assist developing countries in promoting production and exports of organic agricultural products?
- What are the key trade issues in the area of trade rules?

4. The paper is largely based on the experiences of one developing country from each of the three regions covered by the project, in particular Costa Rica,[1] India[2] and Uganda.[3] These experiences were discussed at the regional workshops organized under the project. This scoping paper also draws on conclusions and recommendations of recent meetings, in which experts from Costa Rica, India and Uganda participated, in particular:

- The UNCTAD Expert Meeting on *Ways to enhance the production and export capacities of developing countries of agriculture and food products, including niche products, such as environmentally preferable products* was held in Geneva, from 16 to 18 July 2001;[4]

[1] Roxana Salazar, *Barriers to organic agriculture: the case of Costa Rica*, July 2001. The section on Costa Rica in this scooping paper is also based on papers by the Ministry of Foreign Trade and Felecia Echeverria, National Organic Agriculture Programme of Costa Rica.

[2] See: Veena Jha, *Production and trade in organic agricultural products: India and Viet Nam.* Study carried out under UNCTAD/UNDP projects IND/99/965 and VIE/98/036.

[3] See: Nimrod Waniala, *Production and trading opportunities and constraints for organic agriculture in Uganda.* Study carried out under project INT/98/A61. Mr. Waniala is Director, Private Sector Foundation (PSF), Trade Policy Capacity Building Project, Kampala, Uganda.

[4] See UNCTAD, *Ways to Enhance the Production and Expert Capacities of Developing Countries of Agriculture and food Products, Including Niche Products, Such as Environmentally Preferable Products: Background note by the UNCTAD secretariat*, Geneva, 2001. The outcome of the expert meeting outcome is contained in document TD/B/COM.1/41 and TD/B/COM.1/EM.15/3.

- The Conference on *International Harmonization and Equivalence in Organic Agriculture*, organized by the International Federation for Organic Agricultural Movements (IFOAM), the Food and Agriculture Organization (FAO) and UNCTAD (Nuremberg, 18 and 19 February 2002);[5] and
- The *Policy Dialogue on Promoting Production and Trading Opportunities for Organic Agricultural Products* under the UNEP-UNCTAD Capacity Building Task Force (CBTF) on Trade, Environment and Development (Brussels, 21 and 22 February 2002).[6]

II. KEY ISSUES

A. Opportunities

5. Increased demand for organic food, in particular as a result of heightened consumer concerns in the area of food safety and quality, generates trading opportunities for developing countries.[7] Demand is growing approximately 10 to 20 per cent per year in most major markets.

6. Markets, however, are still relatively small. In most developed countries, the market share for organic agricultural products is not more than 1 to 2 per cent of total demand of food products. The International Trade Centre (WTO/UNCTAD) estimates that organic markets in developed countries totaled US$ 17.5 billion in 2000. The markets for organic products in the United States and the European Union amount to approximately US$ 8 billion and US$ 7 billion respectively. The estimated value of the Japanese market is much smaller (US$ 2,5 billion). This scoping paper therefore focuses on the EU and US markets.

7. In the context of currently depressed commodity markets, organic products may be more saleable than their conventional counterparts. Moreover, price premiums for organic products versus conventional ones can be considerable. However, there are some concerns that only a modest portion of the retail price premium makes it way back to the actual farmers.

8. In developing countries, certified organic agricultural production is still very limited, but rising. Currently, over 100 developing countries produce certified organic products, including some 20 LDCs[8]. Moreover, significant shares of agricultural land are under traditional or “alternative” production methods, with little or no use of agrochemicals. Such areas could be converted to certified organic agriculture, provided that markets are available and certification costs can be kept low.

B. Constraints

9. In order to take advantage of niche markets for organic agricultural products, developing countries need to overcome a number of production and export constraints. Many of these constraints are common to agricultural production and trade in general. In addition to these general constraints, developing country producers and exporters face an array of specific constraints

5 http://www.ifoam.org/press/harmonisation_conference.html

6 The report of the meeting can be found on http://www.unctad.org/trade_env/test1/meetings/brussels/finalreport.doc. See also http://www.unctad.org/trade_env for papers submitted to the meeting and powerpoint presentations.

7 René Vossenaar and Veena Jha, UNCTAD, *Trading opportunities for organic food products from developing countries*, paper prepared under the UNCTAD/FIELD project on *Strengthening Research and Policy-Making Capacity on Trade and Environment in Developing Countries*, presented at the project workshop in Dar es Salaam, April 2001.

8 Rudy Kortbech-Olesen, International Trade Centre, personal correspondence (2002).

relating to production, government policies and infrastructure, transport and handling, market information, and certification.[9] They also need to compete in markets with stringent quality requirements, increasing pressure for subsidies, uncertain price premiums and preferences for locally-produced food. One constraint for developing countries with a relatively large potential to increase organic production is the small size of international markets, in particular for organic agricultural products from developing countries.

Production constraints in developing countries

10. The organic sector in developing countries has generally developed outside the sphere of public support. In general, no subsidies or other financial incentives have been given[10]. Lack of technical know-how on organic production practices is often a major production constraint. Government agricultural extension services do not generally include organic agriculture per se. Another problem area is lack of organic production inputs. Some countries have reported difficulties in acquiring the necessary organic composting materials, bio-pesticides, and bio-fertilizers. Obtaining high quality seeds and planting materials also has been cited as a problem. There has been little research and development in developing countries on varieties and production methods best suited to organic agriculture. In some cases, securing the additional labour required for organic agriculture also has created certain difficulties. In addition, the required conversion period can pose greater challenges for developing country producers, particularly smallholders, as they often do not have the financial reserves to easily see them through a season or two of reduced yields. The Costa Rica and Uganda studies cite inability to capture economies of scale as another constraint.

Export constraints

11. Constraints to increased exports of organic products from developing countries include: high certification costs; lack of market information and marketing strategies; insufficient export facilitation; limited physical infrastructure for transport and storage, including facilities for separate handling of OA products; complex procedures in importing countries; and tariff and non-tariff protection in import markets. Moving up the value chain into processed OA products is often constrained by the absence of such processing facilities in developing countries. Furthermore, traditional agriculture that has been practiced for centuries often does not get appropriate recognition in developed country markets.

Certification and accreditation

12. Certification and accreditation issues play an important role. In most cases, developing country exporters depend on certification by international certification bodies to be able to market their products as organic in foreign markets. Costs of certification vary, but can be significant. Small developing countries, in particular LDCs, may find it difficult to set up national certification infrastructure. In fact, the case study on Uganda shows that exporters largely depend on aid agencies and transnational corporations to obtain certification. The case studies pay particular attention to certification costs for smallholders as well as possible ways to reduce such costs.

13. Several steps can be taken to reduce certification costs in developing countries while maintaining the integrity of the organic system and the credibility of the certification. This issue is examined in box 1.

[9] Sophia Twarog and Rene Vossenaar, "Obstacles Facing Developing Country Exports of Organic Products to Developed Country Markets", in *Conference Reader*, Conference on *International Harmonization and Equivalence in Organic Agriculture* (Nuremberg, 18-19 February 2002)

[10] Tunisia is a notable exception to this rule, providing subsidies to help cover initial certification costs.

Box 1: Certification costs in developing countries[11]

A certification body should:

- Be able to certify to various public and private Standards
- Be accredited ISO guide 65
- Maintain a high quality and professional work
- Assure to the certified product an access to all markets
- To provide to the applicant the update Standards
- Be willing to cooperate with local staff, train and use domestic inspectors, work with local domestic certification bodies

Certifiation includes the following cost elements:

- Inspection on site
- Report
- Evaluation of the report
- Decision of certification
- Establishment of certificate
- Follow up – Transaction – Export – Import – Documents

Factors influencing the cost of certification include:

- Inspection fees
- Certification fees
- Travel costs
- Inspection Plan - Frequences of the Inspection
- Analysis

How can a balance be established between certification cost and credibility of the certification?

- Inspection done by local staff
- Adaquate fees - local fees
- Less travel cost
- Provisions for small holder group certification
- Certification based on Internal Control System (ICS)
- Risk assesment. Approach for external control

What can be done to achieve this balance?

- Develop programs to train organic farmers and small holder groups
- Adopt standard and inspection plan to the local situation
- Assure that the farmers to get the right price for their production

14. For smallholders in developing countries, the cost of regular inspection and certification is simply unaffordable. Therefore, any developing country certification scheme should include the possibility of smallholder group certification (SGC). This is possible only when there are sufficiently large numbers of farmers growing the same crops by the same methods and under similar conditions. Over 25 certification bodies worldwide have systems to deal with SGC. However, differing approaches have made it difficult for one certifier to accept another's certification. This has sometimes led to costly multiple inspections and certifications.

15. To address this problem, a workshop on SGC was held under the auspices of IFOAM in February 2001 with the aim of achieving uniformity and mutual recognition. In accordance with the IFOAM criteria for SGC, participants agreed that when there is no annual inspection by an external

[11] Michel Reynaud (ECOCERT) in the CBTF *Policy Dialogue on Promoting Production and Trading Opportunities for Organic Agricultural Products* (Brussels, February 2002).

certifier, there must be an Internal Control System (ICS). Participants agreed upon the definition of an ICS: 'a documented quality assurance system that allows the external certification body to delegate the annual inspection of individual group members to an identified body/unit within the certified operator'. They also agreed upon basic elements of an ICS (organization of operator, quality of personnel, rules and procedures) and contents of external evaluation, whereby the certifying body confirms that the ICS is functioning properly. A follow-up workshop is planned to help certifiers harmonize their approach to SGC.[12]

16. The EU and US Regulations do not explicitly provide for SGC. It could be good for developing countries if regulations in the EU, US, and other major markets included provisions for SGC based on ICS.

Standards and import regulations

17. There is concern that the multiplicity of private standards, national and regional regulations, and import procedures in developed countries may create obstacles to imports of organic products originating in developing countries. The transaction costs resulting from the existence of multiple standards are significant. Under current circumstances, certification bodies in developing countries have to seek accreditation in different markets. Obtaining import permits may be a time consuming and cumbersome process.

18. To address the problems created by the plethora of organic standards and regulations, the International Federation of Organic Agriculture Movements (IFOAM), the FAO and UNCTAD jointly organized the conference on *International Harmonisation and Equivalence in Organic Agriculture* (Nuremberg, Germany, 18-19 February 2002). One of the recommendations emanating from this meeting was the establishment of a Task Force comprising representatives of Governments of the main importing markets, developing country Governments, private certifying bodies, IFOAM, FAO, and UNCTAD.

Organic labels

19. Current rules concerning the use of official organic labels are sometimes discriminatory. For example, the use of the official organic label in the European Union is not open to non-EU producers. It is to be noted that this label is not widely used even by EU producers.

20. In addition to official government labels, private certifying bodies have their own labels. In each major market, consumers generally recognize only one or two of these organic labels. For example, in the U.K. the Soil Association mark is best known. Thus, even if a product meets all regulatory requirements, if the certifying body's mark is not recognized in the target market, sales will be dampened. This is one reason many developing country producers have their products certified by (relatively expensive) developed country certifiers. Partnerships between developing country and developed country certifying bodies is another means of overcoming this constraint, although this may also have cost implications.

Market information and channels

21. Limited market information and poor marketing channels can hamper exports of certified organic products from developing countries. The papers on India and Uganda indicate that certified products produced in developing countries often are sold as conventional products. The Uganda case study, for example, reports that organic farmers of cotton and sesame sold less then 20 per cent

[12] Sophia Twarog and Rene Vossenaar, Op. Cit.

of their production as organic products as during the 2000/2001 season. The India study shows similar results, for example in the case of organic pepper.

Entering international markets, risks for developing countries

22. Certification is a necessary, but not sufficient condition for entering international markets for organic products. Market dynamics may pose certain risks to developing countries. The long-term implications of recent efforts to promote organic agricultural production, in particular in Europe, for trading opportunities for organic products from developing countries are not clear. For example, the effects of projected increases in organic production in developed countries (to a considerable extent induced by ambitious Government plans and subsidies) on market prices and import levels are uncertain. Increased pressure in developed countries for subsidies to promote organic agriculture could eventually adversely affect the competitiveness of (unsubsidized) products from developing countries. Moreover, if markets fail to expand at the same rate as production, there will be downward pressure on prices, lower margins and incentives to keep out imports.

23. Second, the eastward enlargement of the European Union will affect the organic food market in Western Europe. Several countries with economies in transition in Central and Eastern Europe are in a similar position as developing countries in the sense that an important number of farmers use little or no agro-chemicals. For example, a substantial share of agricultural output in Poland is effectively produced by organic methods. If these countries join the European Union, their organic producers would be in a strong competitive position vis-à-vis producers from developing countries because of being relatively close to the main consumer markets and being inside the EU market. This might imply that developing countries would run a marketing risk if they chose to substantially increase the output of temperate organic products to serve the EU market.

24. On the demand side, consumers of organic food are increasingly placing emphasis on locally supplied food[13]. This may adversely affect demand for products from developing countries that can also be produced in developed countries (e.g. dairy and meat products). Focusing on tropical and counter-seasonal products can help alleviate potential negative impact.

Summing Up

25. It follows that the commercial risks of embarking on a large-scale promotion programme for organic agriculture require careful attention, as building up standards and certification infrastructure that is credible in developed countries may be expensive.

[13] Pressures to reduce "food miles", invoking environmental concerns, may also have adverse implications for certain categories of organic products from developing countries (Report of the CBTF policy dialogue). Some have noted that consumers may prefer locally grown products to the extent that (a) they believe that organic fresh produce has a shorter shelf life than conventional fresh produce and (b) prefer to support family farms and sustainability in their own community. Sydney Rosen and Bruce A. Larsen, Development Discussion, *The U.S. Organic Market: Size, Trends, and Implications for Central American Agricultural Exports*, Paper No 737, February 2000. Harvard Institute for International Development, Harvard University.

III. IMPORTING INTO THE EUROPEAN UNION AND THE UNITED STATES

26. As mentioned earlier, this scoping paper focuses on the markets of the European Union and the United States. Since the United States organic programme is yet to be fully implemented, practical experience with official standards is largely limited to the European Union.

A. The European Union

27. EU Council Regulation No. 2092/91 on organic production and labelling entered into force on 22 July 1991.[14] The Regulation covers production, processing, labelling and inspection of agricultural products and foodstuffs from organic agricultural production. Council Regulation (EC) No 1804/1999 amended it to also cover livestock production.

28. Article 11 of Regulation 2092/91/EEC, paragraph 1 opens the EU organic food market for products from third countries, based on the concept of equivalence. There are two[15] ways to export organic products to the European Union:

- *Paragraph 1*: Establishes a “third-country” list, indicating countries with which equivalence is established. However, only six countries are on the list: Argentina, Australia, the Czech Republic,[16] Israel, Hungary and Switzerland. Costa Rica[17] and India have both requested to be included in this list.

- *Paragraph 6*: Organic products from countries which are not on the ”third-country” list can be marketed in the EU provided the importer submits documentation to the importing EU Member State to confirm that the products are produced and certified according to rules equivalent to those of EU. This provision, commonly referred to as the “importer derogation”, is scheduled to expire on 31 December 2005. Over 80% of EU organic imports enter the EU according to this procedure[18].

29. In order to be able to import under the provisions of Article 11, paragraph 6, the importer must provide the Member State with sufficient evidence to show that:[19]

- The imported product was produced according to organic rules equivalent to EU standards;
- The imported product was subject to inspection measures equivalent to EU inspection requirements;

[14] European Commission, Directorate-General for Agriculture. *Organic Agriculture, Guide to Community Rules*.

[15] There is also a third, but little used option: Under an amendment to Regulation 2092/91, an EU Member State may assess a foreign country's inspection/certification body and request the Commission to approve it. Only one certification body from Hungary has been approved in this manner. Source: Ong Kung Wai, "Three approaches to import regulations" in *The Organic Standard* (Issue 13, May 2002).

[16] It took the Czech Republic (which at the time of application to the EU already had a substantial organic sector) six to seven years to get approval to be placed on the EU third country list. Gunnar Rundgren, *Is there a need for a regulatory framework?* in *The Organic Standard* (Issue 11 March 2002).

[17] Costa Rica submitted an application in February 2000. An EU mission visited Costa Rica in November 2000. In its Final Report, the mission recommended to include Costa Rica in the third country list, provided that the Costa Rican authorities inform the Commission that action has been taken to implement certain recommendations within 6 months. European Commission, *Organic Farming in Costa Rica*. DG(SANCO)/1252/2000 – MR Final.

[18] Gunnar Rundgren, "EU import approvals" in *The Organic Standard* (Issue 13, May 2002).

[19] Ken Commins and Ong Kung Wai, "Regulation of Imports into Major Markets" in *Conference Reader*, Conference on *International Harmonization and Equivalence in Organic Agriculture* (Nuremberg, 18-19 February 2002).

- The inspection measures are permanently and effectively implemented; and
- The inspection body operates in compliance with ISO/IEC Guide 65

30. Each importer must obtain a separate authorization for each consignment[20]. Such authorization shall be valid only as long as these conditions are shown to be satisfied. In 2000 and 2001, over 85 countries exported in this framework to the EU, including the three developing countries covered in this paper.

31. Commission Regulation (EC) No 1788/2001 of 7 September 2001 defines detailed rules with regard to the certificate of inspection for imports from third countries under Article 11.[21] From 1 July 2002[22], import procedures will be harmonized throughout the EU. *For each consignment* the approved authority or inspection body in the third country from where the goods are exported must produce an *original* certificate of inspection for import of products from organic production. It must be submitted to and endorsed by the authority of the EU Member State where the product is imported, after which the product will be able to enter into free circulation within the EU. It is expected that this requirement could considerably increase delays.

32. Since July 1999 certification and inspection bodies must conform to the European standard EN 45011 or to ISO Guide 65. This disqualified a number of certifiers in developing countries that had been active in certifying exports to the EU. For non-EU and non-listed countries, the guarantee of conformity to EN 45011 must be provided by an official accreditation organization. Most developing countries do not have such an entity.

B. The United States

33. The Organic Foods Production Act (OFPA) of 1990 required the United States Department of Agriculture (USDA) to develop national standards for organically produced agricultural products and to establish an organic certification program, based on recommendations of the National Organic Standards Board (NOSB). The National Organic Program (NOP) first proposed draft standards in December 1997. A revised proposal was issued in March 2000. The final regulation was adopted in December 2000.

34. The deadline for programme implementation set by the United States Department of Agriculture is October 21, 2002. At the time of writing, the first phase of implementation is underway and many certification agencies have applied for accreditation.[23] The NOP will announce accredited agencies in April 2002 and the agencies will then certify according to NOP standards.

[20] According to a recent ITC/FAO study “In practice, the duration of the process to obtain an import permit can vary considerably. Some importers reported that it is a matter of weeks in some countries (e.g. the Netherlands), while it can take up to several months in other member states. In France, for example, some trade sources said that in the past it used to take up to six months to obtain an import permit. However, they said that there has been considerable progress recently, leading to a more reasonable time frame (generally not exceeding two months).”

[21] This Regulation defines detailed rules with regard to the certificate of inspection required pursuant to Article 11(1)(b) and (3)of Regulation (EEC)No 2092/91 and with regard to the submission of such certificate for imports undertaken in accordance with the provisions of Article 11(6)of the same Regulation.

[22] Several EU Member States have expressed their concerns with the introduction of this Regulation in July 2002. The matter will be discussed in June 2002 and the introduction of the Regulation could likely be delayed. Source: "EU Customs Regulation Postponed?" in *The Organic Standard* (Issue 13, May 2002).

[23] In the first round of accreditation (ending April 2002), 37 foreign certifiers had applied for accreditation, including 12 certifiers from 10 developing countries: Argentina (2), Bolivia, Brazil, Chile, China, Costa Rica, Guatemala, Mexico, Peru and Thailand. The 2 applicants from Costa Rica are: Eco-Logica SA and Asociacion Instituto Masoamericano para la Certificacion de Productod Organicos y Procesados. Of these 37, four were accredited, including one from a developing country--BioLatina from Peru. The accredited agencies must still complete a

35. Certifying agents operating in foreign countries may apply for USDA *accreditation*. Otherwise, a foreign certifying agent may seek *recognition*:

- When USDA has determined, upon the request of a foreign government, that its authorities are able to assess and accredit certifying agents as meeting the *requirements of the NOP*; or
- As meeting *requirements* *equivalent* *to the NOP* under an equivalency agreement negotiated with the United States.

36. Whereas the European Union sets extensive, detailed requirements for "third countries", including requirements for inspection bodies and operators in third countries who seek to export organic products to the European Union, the United States organic regulation does not have such provision.[24]

IV. CASE STUDIES FROM SELECTED DEVELOPING COUNTRIES

A. Costa Rica

Background

37. Several papers examining the experience of Costa Rica[25] indicate that the transition towards organic agriculture in Costa Rica over the last 15 years has been the result of several factors. These include initiatives of small agricultural producers motivated by the high cost of fertilizers; loss of efficiency of synthetic agro-chemicals; the search for new markets as well as health, environmental and biodiversity-related concerns. The area under organic production or in process of conversion is approximately 9400 hectares, which represents 1.9 per cent of the total area under permanent cultivation. As much as 94 per cent of certified farms are of less than 5 hectares.

38. Small producers, therefore, play a key role in advancing organic agriculture. There are more that 4000 organic producers and approximately 135 organizations of organic producers. For the most part, small-scale organic producers are organized in groups according to regions and products; the largest group is made up of 1600 producers. Some provinces have local projects that group small producers, including indigenous communities, in sectors such as bananas, cocoa and coffee.

39. A large part of organic production in Costa Rica is exported to the European Union (mainly processed foods, such as, *puré* of banana, oranges, mango juice and coffee) and the United States (mainly coffee). The most important export products are organic coffee and organic bananas.

Production and export constraints

40. According to Felicia Echeverria Hermoso[26], main production and export constraints include:

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successful site audit within 120 days. Other applications are under final review, pending submission of additional information requested by the USDA. For more information, see: www.ams.usda.gov/nop.

[24] Jim Riddle and Lynn Coody, "Comparison of the EU and US Organic Regulations" in *Conference Reader*, Conference on *International Harmonization and Equivalence in Organic Agriculture* (Nuremberg, 18-19 February 2002).

[25] *Organic Agriculture in Costa Rica*

[26] Felicia Echeverria Hermoso, *Desarrollo de Politicas y Acciones Institucionales para Apoyar la Produccion y Comercializacion de Productos Organicos en Costa Rica*. Paper presented at the UNCTAD *Expert Meeting on*

- Organic markets are usually very demanding with regard to quality, packaging, and certification;
- Organic farms are usually small and dispersed throughout the country, making it difficult to achieve economies of scale;
- International markets usually demand large quantities of organic produce on rather short notice;
- Most small farmer organizations lack the knowledge, financial and/or administrative capacity to give interpretation to and comply with market requirements;
- Farmers lack appropriate support in research, technology transfer and financial resources (there is a need to re-educate extension workers and other agriculture-related professionals);
- The transition period and the certification process are usually expensive, discouraging farmers from converting to organic agriculture;
- Not having access to market information implies that many organic farmers, who could potentially increase their production levels, are reluctant to do so;
- Many organic farmer associations able to access international markets need to pay several certifications for different export markets.

41. As mentioned above, certification tends to be expensive. Many organic farmer organizations in Costa Rica have been able to access the international market, but most of the price premiums received have to be spent in several certifications, practically one for each importing country. The experience of a transnational corporation (TNC) based in Costa Rica illustrates this point.[27] The TNC processes and exports to the United States, France, Germany, Switzerland and Italy.[28] To be able to export to these markets, it needs multiple certifications. In particular it uses the following certification bodies:

- For exporting to the United States: Oregon Tilt
- For exporting to Switzerland: Bio Suisse
- For exporting to the European Union: EcoCert

42. The costs of certification are critical for small producers. In the same study, this is illustrated by the case of an organization of 70 small farmers that sell organic fruit to the TNC in question. The organization of small farmers has an Internal Control System (ICS). EcoLogica, a local certification body, carries out most of the inspections. EcoLogica has an agreement with EcoCert and Oregon Tilt. The organization of small farmers pays the following:

- To EcoLogica: a set fee (for inspection, reports and a certificate) plus 0.5 per cent of gross sales
- To: EcoCert a fee for certification and follow up costs (With regard to exports to Switzerland, Bio Suisse gives approval through agreement with EcoCert and charges the importers for the certificate)

Ways to Enhance the Production and Export Capacities of Developing Countries of Agriculture and Food Products, Including Niche Products, Such as Environmentally Preferable Products. Geneva, 16-18 July 2001.

27 Felicia Echeverria Hermoso, presentation at the CBTF *Policy Dialogue on Promoting Production and Trading Opportunities for Organic Agricultural Products*.

28 The case study lists the following basic information: CIF price for the conventional product: US$ 450 per tonne; the CIF price for the organic product: US$ 1,200 per tonne. The cost to the corporation for a ton of processed organic product: US $348.

43. The estimated costs to the organization are US$ 2,600 per year for fees plus approximately US$ 1200 per year for ICS Management. The price paid to the organization is $146.20 per tonne of organic fruit. The study concludes most of the price premium is absorbed by certification costs.

44. Although certification continues to be a major constraint, the regional scoping paper for Central America argues, however, that in Costa Rica there has been a sizeable reduction in the costs of inspection and certification due to the widening of the scope of action of the certification and inspection agencies.

Institutional support

45. In the past, organic producers received most of their support directly from NGOs, cooperation agencies and some university projects. However, recently the public agricultural sector has become more actively involved in promoting this type of production. Organic agriculture is supported mainly by the National Production Council and the Ministry of Agriculture and Livestock (MAL). In 1995 Costa Rica established a National Programme for Organic Agriculture (NPOA) under the auspices of the MAL. These institutions work towards promoting and supporting organic production and commercialization of organic products. Some of the activities of the NPOA include:

- Carrying out consumer-oriented promotion campaigns;
- Promoting capacity-building programs for organic agriculture;
- Strengthening research in the field of organic agriculture; and
- Coordinating and unifying efforts between public and private organizations in support of organic agriculture.

46. Apart from the NPOA, institutional support is provided by 15 to 20 NGOs, church-based organizations, universities and the National Extension Direction (with 85 agencies in 8 regions) of the Ministry of Agriculture and Livestock. The National research and technology transfer programme in organic agriculture (PITTA-P.O.) also plays an important role.

47. Certain financial resources are available, in particular through international aid agencies and NGOs, the Ministry of Foreign Trade and the Ministry of Agriculture and Livestock. Although not specifically aimed at organic farming, the “Productive Re-conversion Fund” and other governmental trusts can be used. National banks are starting to show some interest in organic agriculture, but the interest rates and requirements they apply to organic agricultural producers remain the same as those for conventional agricultural producers.

48. Institutions that promote national and international trade of organic products include NGOs (at national level). PROCOMER of the Ministry of Foreign Trade, has been providing information and partial support to attend BioFach Trade Fairs. The National Council of Production (CNP) has been supporting organic agriculture in terms of marketing, product development, quality standards and market information.

National standards and certification

49. The NPOA has established general procedures related to accreditation of certification agencies, as well as rules and regulations for the inspection of organic agriculture. Specific laws and regulations set a legal framework for organic agricultural production. The competent authority dealing with issues related to the inspection of organic agriculture in Costa Rica is the Direction of Phytosanitary Protection Services of the Ministry of Agriculture. Within this Direction, the Department on Accreditation and Registration of Organic Agriculture is authorized to carry out the

following tasks: implementing legislation concerning organic agriculture; creating a registry of operators; and approving and supervising different private and public inspection bodies.

50. Costa Rica has good certification and accreditation infrastructure. There are three authorized inspection bodies, two of which have the authority to both inspect and certify. The two national certification agencies that have been accredited in Costa Rica are the EcoLogica Agency and the AIMCOPOP Agency. The German agency BCS has offices in Costa Rica, and has also been accredited by the national authorities. This agency has its base in the European Union (EU). It undertakes inspection duties in Costa Rica, but certification takes place in the EU.

51. It is expected that Costa Rica will soon be included in the EU "third country list" under Regulation 2092/91 (Article 11.1).

Recommendations

52. In the light of lessons learned so far, the NPOA has identified the following priorities:

- Strengthening alliances with media and consumers (to deepen awareness and knowledge of institutions and farmers and promote domestic consumption)
- Providing training for extension workers
- Developing incentives (to support farmers in transition to organic agriculture; create favorable credit conditions; and provide low cost certification alternatives)
- Building a national strategy through a participatory process (to develop long-term concerted policies and consolidate the National Organic Agriculture Movement and build private-public sector alliances)

B. India

Background

53. India has traditionally practiced organic agriculture, but the process of modernization, in particular the Green Revolution in India has led to increased use of chemicals.[29] In recent years, however, limitations of agriculture based on chemical use and high irrigation have become apparent and there has been a resurgence of interest in organic agriculture. Renewed emphasis on organic agriculture originates from two concerns (a) falling agricultural yields in certain areas, as a result of, *inter alia*, excessive use of chemical inputs and decreased soil fertility, and (b) environmental concerns. Exports also play a role, but perhaps less than in other countries. Several movements, such as LEISA (Low external input sustainable agriculture) have been promoted in India. However, the scope of such programmes has been relatively limited. Policies towards organic farming are still in the making and information is scarce. Farmers and NGOs are almost the only source of information on the current nature and extent of organic farming in India, with very limited information being available from government agencies or certification bodies. Primary information has been collected under UNCTAD projects.

[29] Veena Jha, *Production and trade in organic agricultural products: India and Viet Nam.* Paper presented at the workshop in Havana, May/June 2000.

Case studies

54. Case studies carried out under different UNCTAD projects cover Darjeeling tea, spices and coffee. A survey was conducted of 28 organic spice growers in the Idukki District. A survey was also conducted of two groups of coffee growers. In the case of Darjeeling Tea, one major reason for tea gardens to turn organic was that yields were decreasing (although not merely due to excessive usage of chemicals). In addition, in the early 1990s tea gardens had to substantially reduce the usage of pesticides and chemicals because of restrictions on chemical residues in export markets. Moving all the way to organic tea was not seen as a big extra step. Finally, in the early 1990s, a market premium of over 80 per cent prompted many growers to export organic tea. Twenty of 87 tea gardens in Darjeeling, most of them 100 per cent export-oriented, converted to organic tea production. However, only ten gardens, exporting directly to buyers in Germany, Japan and the United States, experienced increased profit margins. In order to benefit from organic tea farming, market diversification into other products such as herbal tea, green tea, other products and eco-tourism may be required.

Price premiums and marketing

55. Experience from the case studies seems to indicate that price premiums for growers are uncertain and difficult to secure. This is in part due to the fact that marketing chains tend to be complex.[30] Thus, even where consumers and retailers are willing to pay a price premium, in many cases such premiums do not seem to have benefited producers.

56. Lack of market information and marketing strategies is a major constraint to market development. For example, export channels for organic coffee from India are not fully established. Insufficient markets for organic pepper constitute a constraint and three quarters of certified organic black pepper has been sold in markets for conventional products. Marketing policies to promote the use of brand names and other mechanisms, including electronic commerce, to move organic products out of commodities markets and auctions, are needed to increase premiums or simply to find markets.

Standards and certification

57. The Indian Government has created a National Steering Committee to develop National Guidelines for Organic Production. The "National Programme for Organic Production (NPOP)" provides an institutional mechanism for production and export of organic food products, taking into account the requirements of international markets. The declared objectives of the NPOP are:

- To declare standards for organic production
- To recognize specific bodies for preparing an approved package of practices for specified products and approving certification programmes.
- To allow the recognized bodies to accredit agencies to inspect and certify that products are the result of following the prescribed practices.
- To seek recognition from and according reciprocal recognition to standards of other nations and trading blocks; and
- To institute a logo and prescribing its award by accrediting bodies on products qualifying for bearing the Indian organic label.

[30] Marketing of organic products is a major problem for Indian farmers. There is no critical mass of producers in many sectors to enable economies of scale for processing, servicing, research and market development.

58. Under the NPOP, National Standards were published in March 2000. The Standards are based on the Basic Standards of Organic Agriculture and Food Processing of IFOAM with suitable modifications taking into account the agricultural and climatic conditions prevailing in India.

59. The National Steering Committee has designated the Tea Board, Coffee Board, Spices Board and APEDA as accreditation agencies for the products under their responsibility.

Institutional support

60. Initially, local IFOAM members and associates, farmer organizations and other stakeholders led the organic agriculture movement in India. Currently, the Spices Board, an organization of the Indian Government, and NGOs, such as the Peermade Development Society (PDS), actively support organic production. The Spices Board, for example, has elaborated guidelines for organic production, offers training in organic farming practices and has institutionalized a scheme for meeting 50 per cent of the cost of inspection and certification of accredited certification agencies. Other commodity-specific boards, such as the Tea Board and the Coffee Board also support organic production. Recently, the Government has initiated some programmes in support of organic agriculture, but it does not provide significant subsidies.

61. The basic infrastructure for regulating the growth of organic agriculture in India has thus been established. However, much remains to be done, such as obtaining recognition of the Indian Standards from international standards organizations as well as the standards organizations in important markets, involvement of producers to ensure that the standards adequately reflect field situations, and accrediting credible certification agencies.

Recommendations

62. Organic agriculture in India helps maintain and improve soil fertility over long periods of time, which translates into sustainability. Organic agriculture can improve and protect the environment, protect human health, and ensure sustainable development. Moreover, methods of organic and bio-dynamic cultivation can significantly increase yields in traditional agriculture. The study makes the following recommendations:

- Raise public awareness and promote the demand for organic products by increasing the range and quantity of organic products in the domestic market. At the same time, promote high-value export of traditional products like aromatic rice, upland rice, fruits, and medicinal materials;
- Enhance the conservation and promotion of agro-biodiversity in the development of organic agriculture. This includes arranging diverse and suitable cropping patterns and cropping seasons, and exploring and applying local traditional varieties in adapting organic agriculture to various niches of the ecological and socio-economic conditions of each locality;
- Select and breed crops for pest and disease resistance, and for tolerance to adverse agro-ecological conditions;
- Integrate, in the most effective way, the use of crop varieties with Integrated Pesticide Management (IPM) and Integrated Nitrogen Fertilizer Management (INM), thereby promoting the use of locally available resources;
- Address trade policy issues, focusing on trade preferences for organic agriculture, the use of subsidies, technical assistance and special measures for small producers in developing countries.

C. Uganda

Background

63. A study by the lead researcher for the African project component argues that Uganda is well placed to adopt organic agriculture thanks to the abundance of land and the lack of generalized use of chemical products.[31] Conversion could easily be done among small-scale producers, a main characteristic of agricultural production in Uganda.

64. The paper shows that experiences, in particular with regard to production and market access, vary across products. Some products have already been exported for some years and have benefited from external support in terms of know how and certification. This is the case of cotton and sesame, promoted by a collaboration, launched in 1994, between the Swedish International Development Agency (SIDA), the Uganda government and some private companies. The experience of other products, such as organic coffee, is more recent.

Production and export constraints

65. The study discusses constraints facing organic agriculture in Uganda, related to (a) production, (b) market access and marketing, and (c) institutional and policy-related issues. Production constraints include:

- The cost of certification and the need to maintain high quality standards.
- The small size of the organic sector makes it difficult to achieve economies of scale. The fact that small producers are dispersed over a large area increases inspection costs.
- Lack of price premiums in the domestic market
- Lack of know-how, insufficient training and extension facilities;
- Uncertainties about land ownership. Farmers have to be sure that they will be able to benefit from investing, for example, in improved soil fertility;
- Insufficient financial support and credit facilities;
- Overproduction is some areas.

66. The major marketing constraints include:

- Lack of information on organic markets;
- Difficulties in penetrating external markets. As a result, most producers sell through transnational corporations rather than exporting directly to distributors;
- Absence of an organized national market and distribution system;
- Poor infrastructure (including a poor road network in rural areas and limited airport handling facilities).
- Uncertainty concerning demand and price premiums, which provides insufficient incentives to farmers to make additional efforts needed for organic production;
- Difficulties in generating sufficient volumes for export, in part because small-scale producers are located in different areas;

[31] Nimrod Waniala, op. cit.

67. The key main institutional and policy constraints may be summarized as follows:

- Absence of a clear government policy on promotion of organic products nor financial or other support available to entrepreneurs.
- Lack of a national body to support organic agriculture through national co-ordination and international negotiations:
- Lack of locally-based certifying bodies.

68. The Uganda paper has not addressed the extent to which import procedures or other issues related to conformity assessment have been an obstacle, if any, to exports of organic products. Other studies, however, indicate that marketing of Robusta coffee from a successful EPOPA project in Bushenyi, Uganda, has been hampered by delays in obtaining import permits for the German market.[32]

Price premiums

69. The study reports that during the 2000/2001 season organic farmers could sell less than 20 per cent of their organic cotton and organic sesame as organic products. The rest had to be sold as conventional products. However, where organic farmers do receive price premiums, these tend to be significant. In the case of coffee, a 20 per cent premium over the conventional price is offered. Organic cotton farmers receive a price premium of 15 per cent. Organically-produced horticultural products fetched price premiums of 120 per cent and *African Organics* paid its growers of pineapple, apple banana, passion fruit and ginger a price premium in the range of 40 to 80 per cent.

70. A case study on cotton and sesame in Lira district in Northern Uganda shows that production costs of organic and conventional coffee and sesame are very similar. Whereas yields and unit cost of production are not very different, profits of organic farmers are higher as a result of price premiums.

Recommendations

71. Organic agriculture offers an avenue for farmers to improve on farm efficiency and profitability to a level higher than those under traditional management and the majority of the small-scale producers can afford to make this change. The opportunity for Uganda to become a relevant actor as an exporter of organic products depends mainly on its certification capacity. Uganda currently lacks a locally-based certification body. A national institution that would actively support organic agriculture in Uganda and facilitate the creation of a local certifying body is needed to lower certification costs and to provide incentives. As well, it would be necessary to ensure permanent supervision of the crops and to demonstrate the significance of the potential market for organic products in order to avoid overproduction as occurred in the past.

72. The study makes the following recommendations:

- A locally-based certifying body should be established;
- National bodies such as the Uganda Export Promotion Board (UEPB) and NOGAMU should create awareness, identify markets, provide information on prices and possible market saturation, and promote a local market for organic products;
- The Government should develop a clear policy on organic agriculture and play a proactive role in designing supportive policies;

[32] http://antenna.nl/agroeco/projects/projects.htm

- At the international level, Ugandan exporters should be assisted to obtain direct contacts with buyers in Europe (to obtain higher price premiums);
- The international community should assist exporters by meeting the cost of certification, at least initially;
- Exporters should focus their outgrower initiatives in areas where they can easily realize a critical mass and accordingly reduce costs of supervision and marketing; and,
- The Government of Uganda and donors should promote credit programmes for organic agriculture.

V. CONCLUSIONS

73. All three papers emphasize the important potential economic, social and environmental benefits of organic agriculture in developing countries. It is argued that organic agriculture can increase productivity, improve and protect the environment, protect human health, improve local household nutrition, and ensure sustainable development. Yield levels under organic management may be lower than those were fertilizers have been applied, but they tend to be higher than under traditional management practices. Thus, organic agriculture offers an opportunity, affordable to small-scale farmers, to improve farm efficiency and profitability above levels achieved under traditional management.

74. While many farmers in developing countries have practiced organic methods of production for centuries, experience with certified organic agriculture is relatively new. This poses great challenges to Governments and farmer communities. The experiences from Costa Rica, India and Uganda show that there is considerable interest in these countries to explore opportunities for organic agricultural production and exports. In all three countries, small producers play a key role in organic agricultural production. NGOs and rural organizations have been instrumental in promoting organic agriculture, in particular in Costa Rica and India, whereas aid agencies play a relatively large role in Uganda. In all three countries, the Government institutions have gradually taken a more active role in promoting production and exports. Costa Rica and India have relatively well established certification infrastructure, whereas in Uganda exports largely rely on aid agencies and transnational corporations to obtain certification. Both Costa Rica and India have taken steps to have their certification and inspection systems recognized by the EU in order to be included in the EU “third-country” list (see Section III) to gain easier access to the EU market.

75. Yet, the case studies indicate that producers in developing countries interested in taking advantage of market opportunities for environmentally preferable products such as organic agricultural products in many respects face similar problems as producers struggling with stringent SPS and/or environmental requirements. These include the need to comply with standards set by the importing country, certification costs, transaction costs resulting from multiple standards, etcetera. In some cases, authorities or even certification bodies and/or supermarket chains deliberately favour locally- or regionally-produced food products over imports. It follows that comprehensive policies at the national and international levels are required, including in the areas of trade policy and capacity building. The next section summarizes key recommendations.

VI. RECOMMENDATIONS

A. Strengthening developing countries' capacities to address production and export constraints

Raising awareness and promoting policy dialogues[33]

76. All papers recognize the need to raise awareness of trading opportunities for organic products as well as the environmental, economic and social benefits of organic production. Institutions to lead such a process are already in place, such as the National Programme of Organic Agriculture in Costa Rica, Apeda in India, as well as NOGAMU and UEPB in Uganda. NGOs also play a key role, for example in India.

Research and development, training

77. The studies also recommend further research and development to promote organic farming in developing countries. Examples can be found in the Indian case study.

Development of national legislation and standards.

78. The studies on Costa Rica and India emphasize that the development of domestic standards is essential for the promotion of organic production and for the creation of domestic certification infrastructure. National standards can also contribute to the creation of domestic niche markets. The Uganda case study is silent on this issue, but recommends to establish a certification body located in Uganda. Costa Rica and India have already established national standards.[34]

Addressing certification costs.

79. In most cases, developing country exporters depend on certification by international certification bodies to be able to market their products as organic in the foreign markets. Small countries, in particular the least developed countries (LDCs) such as Uganda, often have significant problems in establishing national certification infrastructure. Apart from recommending the establishment of a certification body located in Uganda, the case study calls on the international community to assist exporters in meeting certification costs.

[33] The CBTF Policy Dialogue in Brussels concluded that multi-stakeholder dialogues in developing countries can play a key role in raising awareness and in designing holistic policies towards organic agriculture, as well as generating government support. 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 national and regional processes to be set in motion, including regarding standards and certification (in particular on group certification) at the regional level, as well as in promoting pilot studies aimed at identifying how to reduce certification costs. (See report of the Policy Dialogue).

[34] In the CBTF Policy Dialogue in Brussels several experts stressed 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 prioritise extension service research and inclusion of organic agriculture in government policies and plans. Government support is one option for making certification affordable to small producers. (See report of the Policy Dialogue). On this issue also see Gunnar Rundgren, op. cit.

Developing a domestic market.

81. The study on Costa Rica recommends that the development of a domestic market be promoted. Because of its size, this could also be useful in India.

Market strategies

82. Experience from the case studies seems to indicate that price premiums for growers are uncertain and difficult to secure. This is in part due to the fact that marketing chains tend to be complex. Thus, even where consumers and retailers are willing to pay a price premium, in many cases such premiums do not seem to have benefited producers.

83. The country studies, in particular those on India and Uganda, highlight the need to develop market strategies and to identify possible partners, including exporters, foreign buyers and distributors, and consumers in order to establish appropriate marketing strategies

Appropriate Government support

84. Lack of clear Government policies and appropriate Government support has been identified as an important constraint in all case studies. The governments of Costa Rica and India have recently adopted a more active role. Uganda has also made some progress in providing institutional support.

B. Facilitating imports of organic products into developed countries

85. Authorities and other stakeholders in main importing countries can implement several measures to facilitate access to their organic markets for products from developing countries, in particular by

- Seeking to reflect the needs of developing countries in organic standards and import procedures. For example, organic standards should provide for group certification, with adequate use of internal control systems;
- Promoting harmonization and mutual recognition of organic standards, including between public and private standards, based on equivalence;
- Ensuring transparent and understandable requirements and procedures for imported products, in particular from developing countries;
- Providing information on organic standards and regulations, market opportunities and other factors relevant to exporters from developing countries;
- Promoting consumption of organic agricultural products, including from developing countries, for example by providing consumer information; and
- Exploring trade preferences for organic agricultural products from developing countries

86. Proposals have been made, for example in the United States, to use tariff rate quotas (TRQs) to promote specific categories of organic products.[36]

[35] Michel Reynaud (ECOCERT) in the CBTF *Policy Dialogue on Promoting Production and Trading Opportunities for Organic Agricultural Products* (Brussels, February 2002).

[36] In the United States, imports of sugar are subject to TRQs. The quota sugar usually pays no or a very low duty , whereas over quota sugar pays a high duty. Organic sugar falls into the category of specialty sugar, a subset of the refined sugar quota. In 1999/2000 the US Department of Agriculture raised the specialty sugar quota, in large part to accommodate the growth in organic sugar demand in the United States. In the light of projected high growth in organic sugar demand, interested parties approached the US Government to seek application for an additional quota

C. The role of bilateral and multilateral aid agencies

87. Multilateral and bilateral donors, as well as import promotion agencies can provide technical assistance to help promote organic agricultural production, obtain certification and identify business partners. For example, the Swedish International Development Agency (SIDA) started, in 1995, the EPOPA (Export Promotion of Organic Products from Africa) Programme to help African countries to exports organic products from Africa.[37] EPOPA is now active in Uganda and the United Republic of Tanzania and projects are under way in other countries. Similarly, CBI, an import promotion agency from the Netherlands, together with the Uganda Exports Promotion Board (UEPB), assists Ugandan farmers to produce and export organic foods and spices to European markets.

D. Issues in the area of trade rules

88. The Indian case study includes some recommendations in the area of trade policy and trade rules, focusing on trade preferences for organic agriculture, the use of subsidies, technical assistance and special measures for small producers in developing countries. The following issues are of particular concern:

- The implications, if any, for developing countries of developed countries' subsidies to assist their farmers in converting to organic production;
- The identification of ways to facilitate imports of organic products through enhanced transparency and practical application of the concept of equivalence, taking into account the WTO Agreement on Technical Barriers to Trade;
- Key trade issues related to international, national and regional organic standards;
- The need for transparent and non-discriminatory labeling;
- Possibilities to grant special and differential (S&D) treatment, including trade preferences, to organic products originating in developing countries.

89. In the Post-Doha process, a number of issues could be considered. This includes an examination of the extent to which mandated negotiations aimed at reducing or eliminating tariff and non-tariff barriers to environmental goods and services (Doha Ministerial Declaration, paragraph 31) could benefit developing countries' exports of organic agricultural products.

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line in the HTSUS that would specifically accommodate organic sugar. Peter J. Buzzanell (Executive Director, Peter Buzzanell & Associates, Inc.) *Organic Sugar: Short Term Fad or Long Term Growth Opportunity?* For the International Sugar Organization, 9th International Seminar "Hot Issues for Sugar" November 21, 2000, London, United Kingdom.

[37] EPOPA is a subprogramme of SIDA's Private Sector Development. Its execution has been commissioned to Agro Eco Consultancy in the Netherlands. Projects can be initiated in all countries in Africa where Sweden is engaged in private sector development. http://www.sida.se/Sida/jsp/Crosslink.jsp?d=293. When African exporters offer products, the local coordinator (country manager) and Agro Eco will help in finding importers. Support is available for sending samples, testing residue, exchanging product specifications and some other services. EPOPA provides assistance in project organization, research and marketing. The feasibility study can be financed, as well as consultancy, training and initial certification.

E. Possible follow-up

90. Working closely with IFOAM, FAO, ITC and other relevant institutions, the following follow-up activities could be considered. Some of these activities could be carried out in the context of an UNCTAD/FIELD project on trade and environment and/or the UNEP-UNCTAD CBTF:

- Assisting interested developing countries in designing and implementing appropriate Government support for organic agricultural production, in particular by:

  – Promoting studies focusing on:

    ✓ the identification – at the product level - of yields, costs and profitability of organic production as compared to conventional agricultural production;
    ✓ the identification of promising products;
    ✓ the identification of ways to reduce certification costs of organic producers in developing countries;
    ✓ the identification of production, marketing and institutional constraints; and
    ✓ the identification of options for overcoming these constraints

  – Policy dialogues, which could focus on:

    ✓ creating awareness of the potential commercial and environmental benefits of organic agriculture; and
    ✓ promoting multi-stakeholder committees.

- In cooperation with IFOAM, FAO and other relevant institutions, exploring mechanisms for recognition of guarantee systems of developing countries

  – Promoting unilateral and mutual recognition;
  – Examining ways to promote the practical application of the concept of equivalence;
  – Promoting dialogues with relevant authorities in developed countries;
  – Promoting a framework of harmonization; and
  – Examining trade-rule aspects.

- In cooperation with ITC, IFOAM and relevant authorities in developed and developing countries:

  – Ensuring transparent and simple rules governing imports of organic products; and
  – Exploring trade preferences for organic products.

- In cooperation with ITC, examining market strategies

  – Disseminating results of market research to interested developing countries;
  – Promoting studies and training in interested developing countries;
  – Examining possibilities to use e-commerce to promote exports of organic products from developing countries;
  – Facilitating and promoting partnerships with donors and fairtrade organizations; and
  – Facilitating and promoting partnerships between developing country exporters and institutional buyers in importing countries.

ANNEX: RESEARCH QUESTIONS

1. In your country, what are the major constraints to production and exports of organic agricultural production?

2. What policies have been adopted by the Government (and the private sector) of your country towards organic agriculture?

3. What are the major experiences with regard to exports (where relevant and possible, exports to the EU and US markets should be examined separately), in particular with regard to
    a. How is certification obtained?
    b. Difficulties, if any, to comply with import requirements?
    c. Have price premiums been obtained/

4. How should the Government and the private sector in your country address production and export constraints?

5. In your view, how can developed countries facilitate imports of organic products from developing countries?

6. How can bilateral and multilateral aid agencies assist developing countries in promoting production and exports of organic agricultural products?

7. What are the key issues in the area of trade rules?