



CONNECTING FARMERS AND CONSUMERS

Farmers' reasons for adopting organic agricultural practices are often the same reasons consumers have for buying organic products. Both farmers and their customers know that organic farming methods that avoid synthetic pesticides and fertilizers and minimize pollution of soil, air and water, are good for the environment and produce food that is perceived as healthier. But beyond the benefit to the earth and its inhabitants, farmers also must consider another benefit before entering the organic world – the financial benefit. What about the bottom line? Independent of their environmental motives, farmers need sufficient financial returns, i.e. is it worth it?

Organic is the fastest growing food sector, in both land use and market size. Yet, official statistics are non-existent and global assessments are scarce. National statistics gatherers rarely recognize organic production as worthy of being reported separately. Organically produced commodities are not identified as such in international trade. Organic products consumed or marketed locally often are not submitted to certification. In addition, when there is no organic market, certified organic products sell as conventional produce and are not reported in organic data.



Organic box scheme

Global retail sales for certified organic products are estimated to reach US\$23-25 billion in 2003, but no specific numbers exist for organic production, consumption, trade or prices. Organic agriculture's share of food and beverage sales may be small, 1 to 2 percent, but its move from specialty food stores onto supermarket shelves, where up to 15 percent of some products in specific markets are organic, indicates the movement has mainstreamed. This increased exposure also forewarns the potential for multinational food companies and retailers to become major players in organic food supply, in terms of contracting production, supermarket offers and international trade. If they are to compete, small producers in developing countries need access to the required know-how for production, post-harvest handling and marketing, as well as to affordable certification systems.



Annually, Biofach gathers the world organic markets

organic agriculture **MARKETS**



Organic section in a supermarket, Italy

Organic products receive better prices in the market.

But going organic to take advantage of the added value requires a long term commitment. It takes time to cleanse land of chemicals used in modern farming practices and to learn techniques of good organic management.

Evolving issues such as farm subsidy policy, expensive certification processes and demand-supply balance affect prices. The intricate cropping system is knowledge and labour intensive and thus more expensive in the start-up phase. Consumer markets are growing but reactive, driven by food safety concerns. The higher retail prices of organic products are affected by economic swings. In addition, organic agriculture is most successful when it relies on local species, varieties and breeds that are more resistant to disease and grow better in local environments, but are not well known to consumers. On the other hand, organic farmers do not have to pay for synthetic inputs. In addition, **they often establish producer-consumer groups to provide direct food marketing through such activities as farmers' markets or home deliveries to subscribed customers, which increases profits.**



Organic supermarkets are emerging

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A high volume of marketed organic produce is channeled to general food shops, including supermarkets, by wholesalers and distributors.



Specialized organic shop, Madrid

The increase of market share of organic products is greatly dependent on the involvement of general food retailers in the organic food market because it lowers costs and thus expands the consumer base.

In order for the organic sector to thrive, it needs more than growing markets. It needs governmental and intergovernmental policies to harmonize standards; provide development support through research and advisory systems, education and consumer information; regulate use of synthetic inputs; and implement global environmental treaties.



In addition, public and private investments in organic agriculture research are needed to balance the research and extension programmes that promote intensive use of synthetic inputs.



Organic farmers' street market

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