

POLICY SUMMARY: GOVERNMENT SUPPORT FOR EXPORTING ORGANIC PRODUCTS



OVERVIEW

This policy summary provides recommendations on why and how to provide support for exporting organic products. It outlines options for providing this support, followed by examples from various countries.

SUMMARY OF POLICY OPTIONS

Measures to support the growth in exports of organic products include:

- funding or subsidizing organic companies to exhibit in, or attend, international organic trade fairs;
- organic trade missions to other countries;
- providing data and other information on organic markets in importing countries;
- developing a national organic brand strategy;
- providing or sponsoring an internet portal with information on export-ready suppliers.

RATIONALE

Increasing the export of organic products is a way for countries to earn foreign currencies and improve their trade balance. It is even more so than with conventional agriculture, because organic agriculture requires proportionally much less commercial inputs (which are often imported) and relies more on the countries' own local resources. Combined with the premium prices for organic, this results in better national value creation. In addition, as organic markets are demanding markets, it helps moving exports into a quality segment, instead of a bulk segment.

A well-developed organic export sector can represent a significant amount of the overall national trade balance. Growth can also be achieved in a relatively short time. For example, Tunisia increased the value of organic exports from EUR 7 million in 2004, to EUR 35 million in 2008 and to around EUR 140 million in 2015. This represents an average growth rate of 30% per year over the decade. This spectacular growth was the outcome of very pro-organic government policies and particular pro-organic export policies.

Developing organic exports is also a way for countries that do not have yet a significant domestic demand for organic products to still encourage production development, stimulated by foreign markets. Tapping into the growing global demand for organic



products represents a significant economic opportunity for agricultural export economies.

Hence government support to kick-starting and boosting organic export market chains is a sound investment for countries to make, with returns that will be, not only in terms of environmental protection and job creation (public goods afforded by organic agriculture) but also in terms of earning foreign currency.

SCOPE

Support to organic exports can be implemented at various stages of development of the organic sector and with or without an organic regulation in place. It will be clear which operators are certified organic for foreign markets and those can still be prioritized in the export support schemes. This measure will be less suited to a context where the country is essentially an importing country for organic products, where the local production is not well developed. Export support for organic businesses can contribute to the policy objective of earning foreign currencies, and to the objective of encouraging societal benefits from a wider adoption of organic agriculture on the national territory.

POLICY OPTIONS

Funding or subsidizing organic companies to attend/exhibit in international trade fairs:

Perhaps the most common type of support in this area is for government agencies to fund or subsidize organic companies to exhibit in, or attend, international trade fairs, especially those dedicated to organic products, such as the BioFach. Travel costs and exhibit space is very expensive for small companies starting in the organic export business. Giving them support to attend an international organic trade fair (with or without a booth) can be a very good way to enable them to make initial business contacts abroad, as well as get a sense of the demand and trends in this sector. Governments often organize and subsidize exhibits by individual companies in one pavilion under the country's banner.

Organizing organic trade missions to other countries:

Trade missions taking organic companies abroad with an organized program of visit and meetings is another avenue for export promotion. This can also be packaged in the form of an "Organic Day" abroad, during which the domestic companies promote their products to the foreign market. If there is an organic sector umbrella organization in the country, the trade missions can be organized with its collaboration. Alternatively,



governments can fund potential buyers to come to their country and visit a range of organic producers and exporters, as was done by the Uganda Export Promotion Board.

Providing data and other information on organic markets in importing countries:

Some countries (e.g. Tunisia, USA) provide to their organic producers and traders information on the organic sector and markets in other countries, including regulatory requirements. In Tunisia, seminars have been organized to provide export market information. Alternatively the government can give funding to organic associations for them to organize capacity building (in the form of training, seminar or tailored advice) of organic companies on how to access international markets. Another type of support is to fund or subsidize market studies, either generic or product-specific, targeted at export markets.

Developing a national organic brand strategy:

An appealing image of the country, and when available paired with a national organic logo, can build a distinctive organic brand. It is often associated with the promotion of the national organic label as a brand, and can capitalize on the positive image of a country (e.g. mountainous countries) or it can try to mitigate the negative image of a country in terms of contamination.

An alternative more specific approach is to grant funding to private organic sector organizations to conduct their brand marketing campaigns on foreign markets.

Providing or sponsoring an internet portal with information on export-ready suppliers:

The compilation of a directory with export ready organic companies is common. A notable extension of this concept is to expand information on suppliers (such as product availability from producers and exporters) and link this directory with major international market portals, which creates an online organic trading point. In Uganda, an online trading point was developed by an organic sector association, NOGAMU, with assistance through international development cooperation. However, the measure is also appropriate for uptake by national governments.



COUNTRY EXAMPLES

Tunisia: The government is among the most pro-active in terms of encouraging its organic sector to export to foreign markets. Tunisia first saw itself as having a comparative advantage in the supply of organic products for the EU market, and has put a range of measures to ensure this opportunity was tapped into. Recently, Tunisia has been looking at other emerging markets and supporting its exporters to enter them. Various public institutions have supported Tunisian exporters in understanding foreign market requirements and promoting their products towards foreign buyers, abroad and within Tunisia. Specific activities have included Tunisia organic brand development, trade fair support, sponsoring information workshops for exporters, marketing videos for use by Tunisia's embassies and at other international venues.

Uganda: The Export Promotion Board (UEPB), in recognition of the role of organic exports in the economy, and to foster competition among organic operators producing for export, introduced the Best Organic Exporter and Organic Fruits and Vegetable Exports Awards within the President's Awards for Exports. The UEPB also co-organized buyer's tours whereby European organic buyers visited the Uganda producers.

United States: The US Department of Agriculture's export promotion

programs have been particularly helpful for fresh products such as apples and grapes, and for many processed products. In 2015, the Organic Trade Association received a grant of around EUR 730,000 from the US Department of Agriculture's Market Access Program to promote US organic products abroad. Its activities include an online directory of export-ready businesses and products, an online global organic trade guide featuring market and regulatory information for other countries, and private sector trade missions. The USDA Foreign Agriculture Services (FAS) produces some special reports on the organic regulations and markets in its Global Agricultural Information Network (GAIN). These reports are compiled by USDA specialists based in Embassies and FAS offices around the globe.

The **Netherlands:** In its National Organic Action Plan 2005-2007, the government supported exports of organic products with a EUR 1.7 million budget allocated by the Ministry of Agriculture. This included promoting the Dutch organic products in international fairs, such as Biofach, as well as through trade contact.

Mexico: The government established in 2008 "Impulso Orgánico Mexicano", the national association for the promotion of organic products, which acts as the



Promotion Committee of the National Council for Organic Agriculture (working both to promote domestic sales and export). It elaborated a promotion plan for organic product exports, which was submitted to the Mexican export promotion agency. Additionally, the Mexican Ministry of Agriculture, via its Agricultural Marketing and Market Development Service Agency (ASERCA), conducts campaigns for the promotion of Mexican organic products abroad. Mexico's participation in the Nuremberg BioFach is also supported.

Indonesia: The district of Semarang has facilitated the certification of organic vegetables and access to export markets to Singapore and Malaysia. The Indonesia Organic Alliance also received some support from the government for their booth materials at the BioFach exhibition fair.