

Guide for Pacific Promotion Policy

Pacific Organic Policy Toolkit
<http://www.organicpasifika.com/poetcom/>

Background and Guidance on Strategic Plan for Promotion of Organic Agriculture and Products

Purpose

Normally – almost always – support for promotion of organic agriculture and products are included in the national Strategic Plan for Organic Agriculture and Markets. This toolkit reflects this and includes actions in the category of “pull” strategies – measures that aim to increase demand for organic products. The relevant case examples of specific “pull” actions are found in the Strategic Action section of this toolkit. The group of these strategies may also be considered under the banner of “promotion strategies.” This background and guidance on promotion supplements other information in the toolkit, providing additional background information and an example stand-alone action plan for promotion.

Government Support for domestic market development

Some background information

Prices: In the Pacific as with other developing countries much of the organic food grown locally and organically is not sold as “organic” at premium prices. One should have realistic expectations about the domestic market for organic foods or for any other foods that command a premium prices. Nevertheless, it is clearly a myth that *all* consumers in developing countries are optimizing their food expenditure to get as much energy and nutrients as possible per money unit. A look at the sales of soft/fizzy drinks, beer, coffee, sugar and other luxury products, or at the health food sector, clearly shows that there are, even in the poorest countries, there are enough people who can afford to spend something extra on their food, to cater for the development of a premium organic market.

However, experience shows that the initial market for organic products will be found mainly in the upper end of the market. Does this mean that organic products should be reserved for an affluent minority? The price of organic products is high mainly as a result of very limited supply and inefficient distribution rather than high costs of production. Most important for a decent pricing level is probably to organize the supply and the distribution, which requires collaboration by the actors. With growing volumes, distribution can be more efficient and retail prices are likely to go down, not necessarily putting pressure on farm-gate prices. Distributing organic products through mainstream channels such as supermarkets will help in this, but supermarkets are also very demanding clients and an emerging organic sector may not be able to fulfill their stringent quality and just-in-time delivery demands.

Pricing is also influenced by agriculture policies – subsidizing conventional fertilizer is in essence subsidizing conventional products. This is why an important step in the planning process is to review policies and their effects on organic agriculture.

Organic production is not necessarily more expensive than conventional production. If one takes into account the normally higher nutritional value and higher dry-matter content of organic food, organic products may be more affordable. Therefore,

organic foods should not be seen as food for the rich, even if the starting point in the marketing often is to supply the upper end of the market. For some Pacific countries the high-end opportunity will be up-market resorts and other hospitality enterprises.

Market Channels: Specialized shops, farm-gate sales and open-air markets are often the first ways to sell organic. Supermarkets were instrumental in the development of substantial organic markets, especially in Northern Europe and North America, and also in most developing countries supermarkets are picking up organic products. This is also reported from East Africa, China, Brazil, Korea, Fiji and many developing countries. Domestic markets are developing in all countries where organic production is established, often with a similar divide regarding products and producers as in conventional production, e.g. larger farms with specialized production are for exports, smaller farms with diverse production are for the local markets.

Conditions for Domestic Organic Markets: Research in Europe has established six critical conditions for the substantial development of organic markets:

- Strong consumer awareness;
- High degree of involvement by food companies;
- Sales through conventional supermarkets;
- Moderate (less than 50 per cent) organic price premiums;
- One dominating label; and
- Nation-wide professional promotion.

Organic Marks: A common mark (label) that is actively promoted has much more impact than a common standard or the existence of a government regulation (but they can obviously be mutually supportive). Most consumers can easily recognize a mark, while they normally have little knowledge or even little interest in the standards and regulations. Such an organic mark can have many forms. It can be a governmental label accessible for producers certified by an approved body (USDA organic, JAS organic (Japan) , Denmark organic). It can be a mark that is owned by an organic association available for use based on private criteria (e.g. Organic Pasifika), it can be a mark owned by the trade (a private label organic mark such as Whole Foods “365 Organic”, or it can be the mark of a certification body (e.g. Biogro , NZ). In Denmark, 92 per cent of consumers recognize the governmental label for organic products; in Sweden, 96 per cent of consumers recognize the private KRAV standards mark. Initially, the ownership or the underlying construction around a mark is not very important. More important is that it is widely used on all legitimate organic products. Therefore, an accessible “marketing mark” is likely to be most successful. By public ownership or collective ownership (e.g. by an organic sector business association or organization), the future policies for its use can be adapted to the various stages of development.

As noted there is already a common mark for the Pacific countries, which is owned by POETCom and available for use on products produced according to the Pacific Organic Standard and related requirements of the guarantee system for the Organic Pasifika brand.



Instead of setting up its own regulatory system and government seal, a Pacific government could recognize the system for Organic Pasifika. This might include making arrangements with POETCom for an Organic Pasifika customized seal to identify production in a given country.

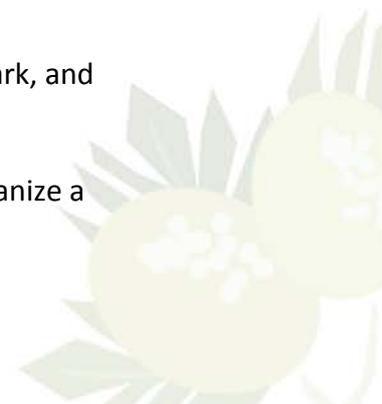
Imports in Pacific Islands markets: In countries in the initial stage of organic sector development, the domestic supply of organic products is often small, qualities doubtful, and the level of processing very low. In that scenario, the whole organic sector can get a boost from imported products – more products will make both retailers and consumers more interested. As modern consumers are used to consistent availability of most products, imports stimulate the market. This opportunity is often lost when the early organic market is moved by producer organizations and NGOs, which rarely have imports on their priority list and sometimes outright reject imports as being competition to local producers. Imports of organic products to developing countries are to a very large extent from OECD countries rather than from other developing countries. Even products that are produced in a neighboring country may very well be exported to, processed or packaged and then imported.

The role of government in domestic organic markets: The government is normally not, and should probably not get too involved in domestic markets, apart from setting the general regulatory framework. However, when it comes to consumer education, it is quite common that governments promote the consumption of particular foods, for commercial or health reasons. Consumer education for a healthy diet can also include the promotion of organic food. General promotional activities have been supported in Costa Rica, Saudi Arabia, Philippines, Turkey, Denmark, Canada and in many other countries. Local Governments can also promote organic foods by allocating space in open markets, as in Laos where local governments run organic farmers markets, and Moldova where the Ministry allocates space on its grounds for an organic farmers market. .

The most important factors in an early stage for domestic markets, where Governments can play a role, are:

1. availability of products, proper presentation and distribution,
2. clear consumer communication, including promotion of a common mark, and
3. compiling and distributing market information.

Supply and Distribution: Producer organizations can be supported to organize a



common supply, nice packaging and an efficient distribution. Government can take the initiative to bring together the parties of the supply chains, such as in the Philippines, which has opened a number of organic trading centres, and which also serve as facilities for technical workshops.

Consumer awareness campaigns and organic brand development: These should be considered only if there are some identifiable sources of organic supply. Government support to consumer awareness campaigns can take many forms, and they usually best planned and implemented in cooperation with private/civil society stakeholder organization and/or international development organizations. A case illustrating the latter is the implementation by GIZ (Germany) of a consumer awareness campaign in Saudi Arabia, funded by the government (featured elsewhere in the toolkit). Governments may not only fund awareness campaigns, but they might have a visible role, with the head of state or head of ministry identifying with the messaging. For example, a high-profile campaign launch event might feature a high level official. In Canada, the government and private sector have collaborated on development of the “Canada Organic” brand program, which gives high visibility to Canada’s the national organic seal. The government pays for the technical development of the program, and the private sector conducts implementation. The Province of Negros Islands Occidental (the Philippines), organizes an annual organic farmers festival at the provincial capitol grounds.



The provincial governments of Negros Oriental and Negros Occidental had come together in 2005 to launch a joint effort called “Negros Organic Island,” which seeks to transform the whole of Negros into the “Organic Island of Southeast Asia.” The idea is to mainstream sustainable agricultural practices throughout the island to address problems of rural poverty, underdevelopment, food insecurity, health deterioration and environmental degradation and become “the organic food bowl of Asia”.

Market information systems: These can be useful for all parties in the supply chain, and in particular for producers. Information systems could include a directory of suppliers and buyers, price and quantity reporting, and can also include forecasts for future production. It is important that market information reaches out to the farmers.

Other strategic actions that Pacific Island governments can adopt to increase demand for organic products are covered in the Strategic Actions section of this toolkit under “Pull” strategies. These include but are not limited to public



procurement of organic food, primary school gardens and curricula, and facilitation of organic “suitcase” exports.

Pacific Islands government support for export market development

Globally, government involvement in export development has mainly been on two levels: 1. export promotion activities (e.g. Brazil, Chile, Costa Rica and Thailand), and 2. cases where there is an organic regulatory system, efforts to get recognition according to the importing countries’ regulations, successfully accomplished by developing countries in only a few cases so far. Whereas organic regulations are not in place in the Pacific Islands, this section focuses on export promotion activities.

In addition to government support, organic export promotion activities by producers in developing countries have also been supported by development agencies (e.g. GTZ, USAID, SIPPO, Sida, and CBI). Pacific governments interested in promoting exports of organic products may wish to explore cooperation with development agencies working in their countries on agricultural development and/or trade development.

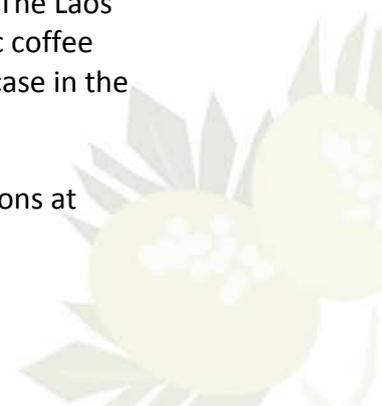
When designing export promotion programs, the special nature of the organic markets need to be understood: the outlets or programs designed for conventional products may not be the right ones for organic; exporters used to selling bulk commodities are often less inclined to understand the more demanding and quality-conscious organic markets; handling practices and treatments need to be adopted. Personal contacts between seller and buyer, important in all business, are even more important for organic exports.

Exports strategies and choice of target export markets should take into consideration the potential trade barriers, especially those created by organic regulations in importing countries.

Pacific countries have opportunities to avoid such barriers in New Zealand and Australia, which do not have mandatory regulations. Australia has a national standard and requires a reliable certification for imports, but it has already set up means to recognize the Organic Pasifika brand as of equivalent reliability. Organic products exported to the EU, Japan, United States, and China will be required to meeting the organic regulations of those countries.

Organic exporters should cooperate in their export marketing activities. Through joint cooperation, supported by the Government, they can meet challenges. For example, many export crops are regularly fumigated with chemicals that are not allowed in organic farming; however, there are alternative treatments such as carbon dioxide or freezing. The Government can support the establishment of joint facilities for such treatments in a central location or in export harbours. The Laos government has established special organic handling facilities for organic coffee under its organic coffee export support program, which is featured as a case in the strategic actions section of this toolkit.

Exporters can also cooperate to request government facilitation of pavilions at



relevant organic trade fairs, such as the BioFachs in China, Japan and Germany. Pacific governments may also take the opportunity to cooperate with other island governments to support organic pavilions for the products of several Pacific Island nations. For more information on the BioFach fairs, visit <https://www.biofach.de/en/biofach-world>



Example of an Organic Promotion Action Plan

Note: This hypothetical does not reflect a comprehensive planning process and therefore action plan is not linked to objectives. However, a real plan should always link to objectives.

Lavaluva is a hypothetical island nation in the Indian Ocean consisting of 22 populated islands with 88% of the population (754,400) residing on the largest island, Valau. It is part of a group of island nations that are coordinated through the Indian Ocean Nations Council. 32% of the economy is related to agriculture and 28 % related to tourism. Climate change is a major issue for the country, whose islands are low-lying and have been plagued by both cyclones and droughts in the last decade. Lavaluva main agricultural export crops are coconut, mango, spices (black pepper, cinnamon, nutmeg). Lavaluva is well known for the quality of its mangos, due in large measure to certain soil types and microclimates present in the islands. Rice, vegetables and root crops are also cultivated for local consumption. Lavaluva farmers remain fond of traditional practices and agriculture is generally speaking, not intense. There are several large coconut and mango plantations on the main island. Herbicides are the main category of pesticidal inputs, and conventional fertilizers are also both on the plantations and small-scale farms.

Situation of Organic Agriculture and Markets

Organic agriculture emerged in Lavaluva starting in about 2004 when a European company organized spice producers into an organic group with an internal control system. The group is certified by a German-based certification body. An international development organization from Switzerland is currently organizing small scale coconut producers in a project for producing value-added coconut products both for food and cosmetic/body care uses. These products have potential sales both in export and domestic markets, including the resort industry on the islands. There are about 60 organic producers growing vegetables, fruits and root crops for local markets, mainly open air markets in the main city of Luna and their local towns, who are organized in a participatory guarantee system, but they compete with other producers and do not gain much premium in prices. Farmer surveys conducted by an international NGO show that farmers are generally interested in learning more about organic methods, and would consider to market as organic if demand were stronger and they could earn a high return.

Lavaluva's consumers are mostly unaware of organic agriculture and the potential benefits of consuming organically produced products. There is a champion for organic agriculture in the Ministry, but little progress has been made until recently in identifying what the Ministry and other agencies can do to support the development of organic agriculture, which aligns well with some of the countries chief sustainable development goals. With the help of the international development groups and the European spice trading company, the organic champion organized a public-private summit on developing organic agriculture and markets in Lavaluva. Participants included several Ministries (Agriculture, Tourism, Education, Health, Trade), NGOs,

farmers. Results of the SWOT analysis for organic agriculture and markets conducted during the summit were the following:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Success of current group production of spices and a good case story to tell. • Dedicated and expert development organization assisting new organic producers in new product category (coconut) with much upside potential from value-added processing. • High quality profile of mango and export market opportunity for organic mango. 	<ul style="list-style-type: none"> • Lack of domestic consumer awareness and demand for organic products. • Low or no premium for organic farmers in domestic markets • No organization of mango producers yet • Production challenges for vegetable farming in hot, humid climate
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Rising demand for coconut products of all kinds, for export and domestically • Farmers are interested to grow and sell organic products. 	<ul style="list-style-type: none"> • Phytosanitary requirements for exports, especially spices and mango

Promotion Action Plan (3 years)

Action 1: Establish and Publicize an Organic Farmers Market in the Main City

Action 2: Create and Implement a Public Awareness Campaign

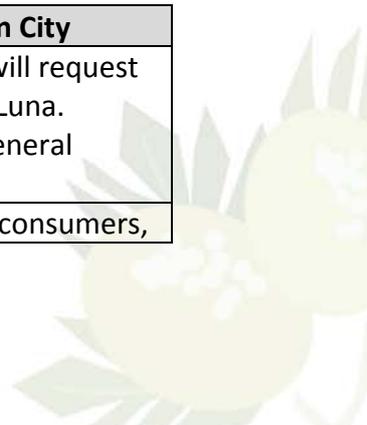
Action 3: Create and implement an organic gardening curriculum, including a garden project, for public elementary schools, to also be available to religious schools.

Action 4: Support linkages of resort/hospitality industry and organic cooperatives, companies and producers.

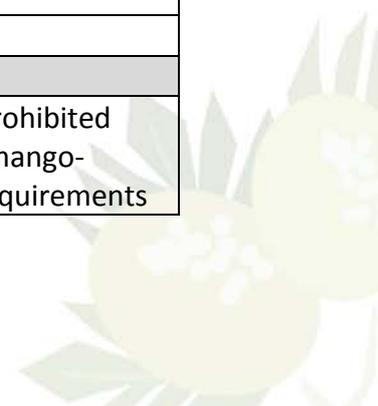
Action 5: Remove phytosanitary barriers to export of organic mangos

Action 6: Explore opportunities for organic mango production in Lavaluva, including conversion of current plantations (or parts thereof) or new investment.

Action 1: Establish and Publicize an Organic Farmers Market in the Main City
<p>Description: The ministry, in consultation with the PGS organic farmers will request to sponsor an organic section at the regular Saturday open-air market in Luna. Ministry will cover any added costs for the special section, and provide general signage and publicity materials for the section.</p>
<p>Justification: Organic farmers need to build their identify and story with consumers,</p>



and set the stage for building demand and charging some reasonable premium for their products.
Timeframe: Year 1
Budget source: Ministry of Agriculture. .
Implementation: Ministry of Agriculture, Rural Development Office
Indicator: Increased farmer revenues from market
Action 2: Create and Implement a Public Awareness Campaign
Description: The international development agency for the coconut project will develop, in cooperation with the Ministry, a consumer awareness campaign in cooperation with the Ministry. Coconut project information will be included to raise the profile of the agency's main project in the country, so win-win.
Justification: Consumer awareness is key for building domestic demand
Timeframe: Years 1-2
Budget source: Ministry and development agency to share costs TBD
Implementation: International Development Agency leads content of campaign. Ministry of Agriculture have overall responsibility. Health ministry to be consulted.
Indicator: Results of consumer surveys at Luna Market
Action 3: Create and implement an organic gardening curriculum, including a garden project, for public elementary schools, to also be available to religious schools.
Description: Consultant will be engaged to develop an organic gardening curriculum for Grades K-6 in several pilot school districts. In addition to the curriculum a training manual will be developed for schools to start organic gardening projects.
Justification: Young children can impart awareness to all other family members based on their school learning and activities and help create consumer demand.
Timeframe: Year 1 for Curriculum and Training Manual Development. Years 2-3 for implementation.
Budget source: Dept. of Education
Implementation: Dept of Education
Indicator: Number of curricula implemented. Number of school gardens
Action 4: Support linkages of resort/hospitality industry and organic cooperatives, companies and producers
Description: Host a workshop of resort association, restaurant association, and organic stakeholders, including the spice trader, coconut project, NGOs and local farmers to educate and explore opportunities to expand the organic brand in the hospitality industry.
Justification: Hospitality industry provides logical fit as sales channel for premium organic products.
Timeframe: Year 2
Budget Source: Ministry of Agriculture – rural development office/Ministry of Tourism
Indicator: Successful workshop and linkages established.
Action 5: Remove phytosanitary barriers to export of organic mangos
Description: Investigation to be made into potential replacements for prohibited phytosanitary treatments, based on experiences and practices of other mango-producing countries. When suitable treatments are identified, revised requirements



to include organic treatments.
Justification: This is a mandatory step before any export of organic mangos can be planned.
Timeframe: Years 1-2
Budget Source: Ministry of Agriculture, Department of Crop Protection
Indicator: Listing of suitable treatments for mango
Action 6: Explore opportunities for organic mango production in Lavaluva, including conversion of current plantations (or parts thereof) or new investment.
Description: After solving Action 5, meet with organic mango plantations and/or forge connections with potential mango production companies to identify opportunities for new production from group production.
Justification: Build another sustainable export product, also with potential for domestic markets.
Timeframe: Year 3
Budget Source: Ministry of Commerce, Export Development Office
Implementation: Ministry of Commerce, Export Development Office
Indicator: Interest in the Initiative is established

