



# WORLD MARKETS AND TRADE

August 2008

## Organic Trade Continues to Grow

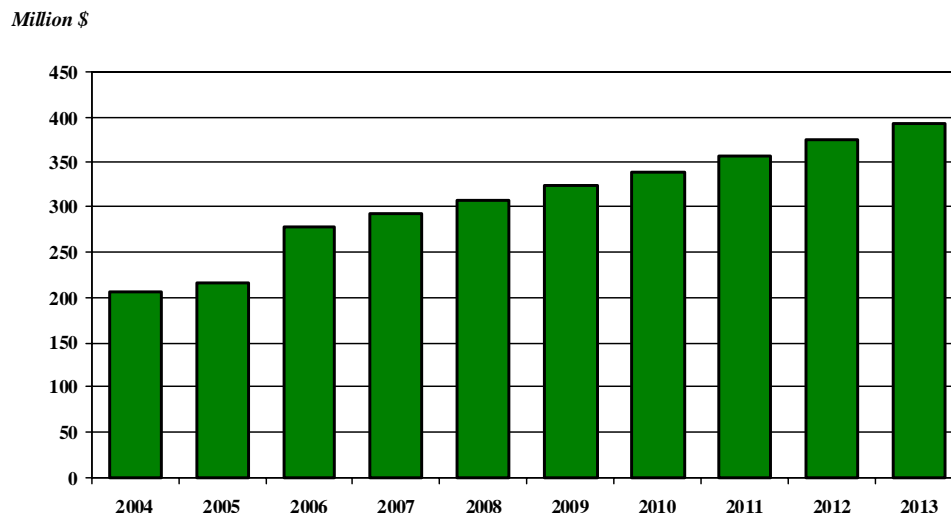
### Summary

United States exports of organic product continue to grow. According to the Organic Trade Association (OTA), total U.S. organic sales, including food and non-food products, are estimated to have reached \$21.2 billion in 2007, and are projected to surpass \$25 billion in 2008. The Organic Monitor expects international sales to reach \$38.6 billion. The U.S. is a huge market and as such is a net importer. Exporters face specific challenges in a growing global market.

### U.S. Organics Industries Export World Wide

Like many agricultural products, Canada, dominates the U.S. export market share. However, U.S. exports continue to grow to both developed and developing countries. The OTA estimates that exports will grow at a 5-percent annual rate over the next several years. Exports, however, currently make up only about 1 to 2 percent of all organic production. The United States dominates world demand given its population and ability to pay and as a result is a net importer by as much as a 4 to 1 ratio to exports. While U.S. exports are only expected to increase 5 percent, according to Organic Monitor, overall total world trade in organics is expected to grow 16 percent this year. The Harmonized Commodity Description and Coding System (HS) of tariff nomenclature is an internationally standardized system of names and numbers for classifying traded products developed and maintained by the World Customs Organization (WCO). At this time, the HS system does not differentiate between organic and conventionally grown products and therefore trade flows are difficult to track.

### U.S. Organic Exports Increasing



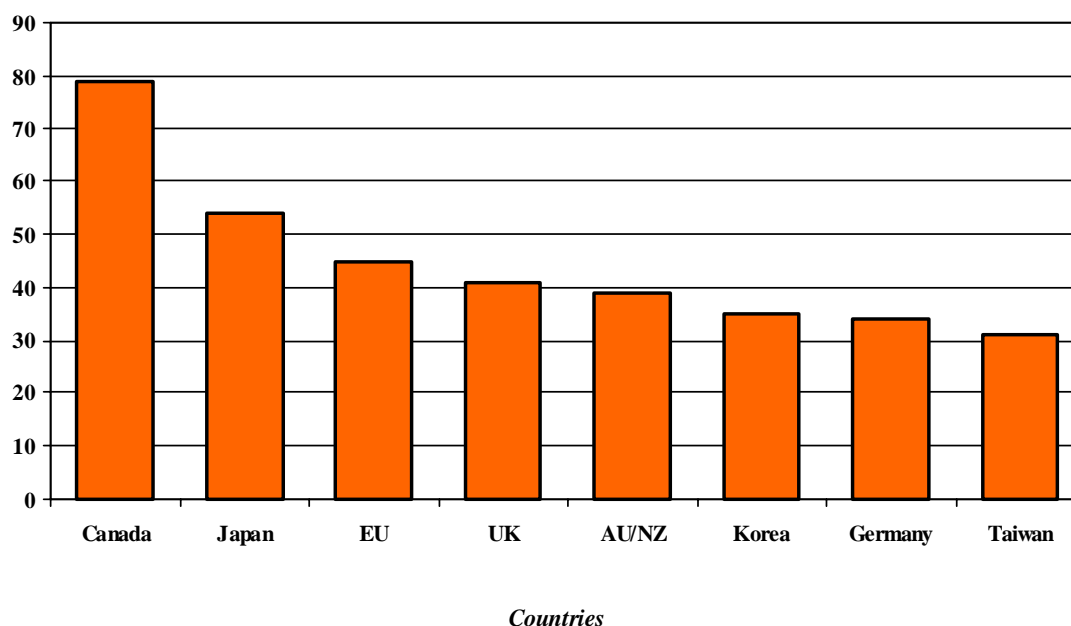
## Organic Products Traded Are As Diverse As the Companies That Export Them

Major organic products exported include soybeans, food ingredients, fruit juices, frozen vegetables, and dried fruit. The United States imports organic products for direct consumption or to be used as ingredients.

According to OTA, there are 933 companies in the U.S. that process, handle, and supply organic products. About one third of all certified organic products exported from the U.S. are done so by companies that have been exporting organics for over ten years, while 25 percent have been exporting six to ten years. The remaining companies have been in the export market for five years or less. Export sales by 18 percent of the companies exceeded \$5 million, while one fourth of the companies totaled less than \$100,000.

## Nearly 80 Percent of Companies Exporting Organics Export to Canada

*Percent*



U.S. exporters are challenged when local organically produced products are preferred. This is the case in Canada and presents a hurdle when trying to maintain growth. According to industry data, exports to Canada are valued between \$75 and \$100 million. Japan also prefers local organic fruits, vegetables, rice, and tea but there is a significant market for processed organic foods. The EU market has an added competitive dimension whereby products certified to EU standards are imported from the Middle East, Africa, and Australia.

The FAS Attaché Report search engine contains reports on Organics can be found on the FAS home page at <http://www.fas.usda.gov>.