

Organics East: Postcards From the Pacific Market

Organic producers, go east! Several Asian countries are just discovering organic foods, presenting an unparalleled chance to enter the market right as it begins to develop. Some of Asia's wealthiest consumers look to organic foods as a healthy change—much as their Western counterparts do.

Vietnam

There is evidence that the Vietnamese government wants to limit additives in the foods it imports; the government has started to check imported foodstuffs against a published list of acceptable food additives and ingredients. This new focus seems tailor-made for the natural and organic food exporter.

Still, all exporters should verify that their food ingredients and additives are permitted. To learn if your product may be imported, contact:

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The Philippines

The Philippine organics industry, estimated at \$5.2 million, appears to be relatively small, featuring mainly locally grown products that are limited in variety.

The promising news is that production is expanding by a healthy 10 to 20 percent annually. Experts envision demand for organic products eventually outpacing local production. Once more consumers become aware of organic foods and have better access to them, the potential for growth in imports will clearly exist.

Since for most Filipino consumers, price is the deciding factor in the food they buy, the future of organic food rests as a niche market, mainly appealing to wealthier, well-traveled customers who have been influenced by the "healthy lifestyle" elsewhere. In some cases, organic food sales may also gain ground because of concern over food safety, the environment or health considerations.



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Korea

Think of Korea as the budding flower of organic foods in Asia. This market is relatively small, but has grown rapidly over the past decade. Current import regulations are ambiguous, but favor processed organic ingredients.

A recent survey showed that many consumers plan to purchase more organic foods. One-third of those surveyed said they would be willing to pay as much as 50 percent more for organic products. Clearly, the Korean market promises potential for U.S. exporters of organic foods.

Korea's domestic production has also shown tremendous growth over the past decade. The amount of farmland devoted to organic practices rose to 17-fold over the past 10 years since 1990.

Korean consumers are earning more, so they can afford to care more about the quality of their food. Currently, fresh fruits and vegetables account for more than 60 percent of the total product in the market. Imports of organic processed ingredients represent a small portion of the total, but the market for such products is expected to flourish in the near future.



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Japan

Call it a cool deal for organic exporters—Japan's top frozen foods importer, Nichirei, is now selling organic foods, certified in accordance with Japan's new labeling regulations. Thanks to Nichirei, organic frozen vegetables from the United States, China and New Zealand have made their debut in Japan. Since March, these vegetables have been certified according to revised Japanese organic standards.

While FAS' Agricultural Trade Offices in Osaka and Tokyo have been promoting U.S. organic foods, the Agricultural Affairs Section at the U.S. Embassy in Tokyo has been busy negotiating market access terms with the Japanese Ministry of Agriculture. With implementation of the U.S. National Organic



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Program, the agricultural affairs office is working to obtain Japanese recognition of the new U.S. standards.

This would allow U.S. certified organic products to be exported to Japan. Until equivalency of standards is recognized, an interim agreement will be in place to allow trade to continue.

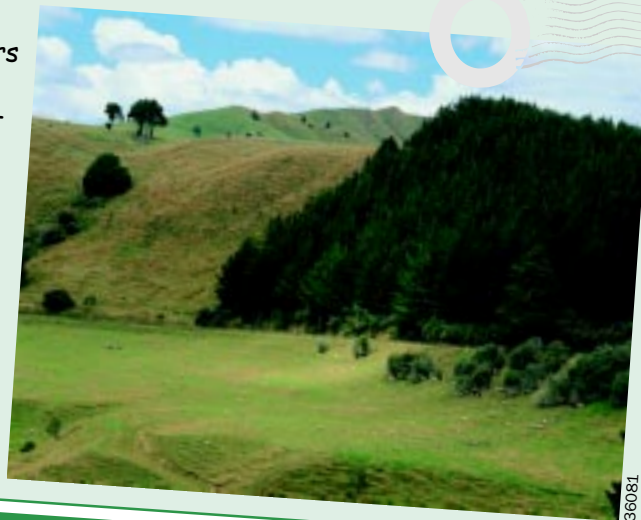
U.S. exporters should also be aware that, to many consumers in Japan, the word "organic" denotes high food-safety and nutrition standards.

The market will certainly grow as more consumers gain confidence with the new certification and labeling programs, but lower prices and higher product variety are also important for increasing sales. Correspondingly, U.S. suppliers should consider promotions, products and price as three keys to success.

New Zealand

Heads up—the competition is well organized! New Zealand's organic producers and processors have formed the Organic Products Exporters Group, or OPEG to develop international market opportunities and improve the industry infrastructure. New Zealand exports reached over \$27 million in 1999/2000 with a significant 77-percent growth in the U.S. and European markets. OPEG predicts the New Zealand organic exports to be worth \$225 million by 2006.

Note that New Zealand's domestic consumption of organics is rising to \$14 million, suggesting opportunities that U.S. organic exporters should check out.



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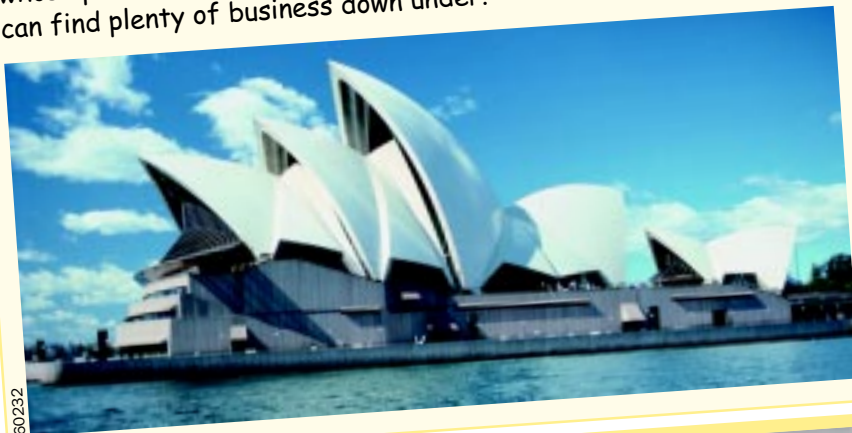
Australia

Calling all low-tech farmers: Australia's importers want to do business with you. One Australian producer told FAS the strong growth pattern in organic food is being driven by consumers who want food from crops bred naturally, without genetic modification.

This source says that media reports on biotechnology issues often inflate organic sales and profits. This source also links reports of food and chemical contamination to increases in organic sales.

But right now Australia's farmers can't meet consumer demand. They're looking for long-term contracts in order to proceed with investments in organic farming methods, since start-up costs are high.

Meanwhile, an established U.S. organic farmer or exporter whose products can pass muster with Australia's organic standards can find plenty of business down under.



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The posts that contributed to this story have further details about their respective markets.

Exporters with questions about a particular region are encouraged to contact them for details.

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