

“Bringing ASEAN Organic Products to the World Market – Areas of Conflict between the Philosophy in the Movement and the Global Food Market Place”





- Certification is a **MUST** to enter foreign markets
- A process is on it's way for the ASEAN group of states, with the target to agree on a common ASEAN certificate
- Check if existing certificate or the new “ASEAN certificate” is equivalent to those in the country you are heading for
- Support the ongoing process in the ASEAN group: “Standards in the Southeast Asian Food Trade” (SAFT) – an activity of the ASEAN Ministries of Agriculture in cooperation with the German Society for Development (GIZ).



- Equivalency is indeed a keyword: Where ever you want to export to, the first step is to check about the acceptance of your certificates.
- Secondly the classical health-care aspects which occur in every country have to be checked.
- And looking into these general rules & regs the “Organics” are getting into a competitive field with the “Conventionals”



- By being a member of the organic movement you are not only selling organic items – it is also about delivering a conviction about how to treat the world, the mother earth
- This can lead into an area of conflict and it is necessary to handle this situation
- The question is: What is your perception and what is customers perception for the market and market behavior?



- The producer has made a decision for going a way of sustainability and the producing and processing is following all aspects of sustainability
- The awareness of the customer for sustainability is slowly but permanently rising and the consumer is taking a decision: Local or international products?
- People from the beginning of the organic movement are to a certain stage reluctant when we speak about „food business“:
- Is the international trade of organic products suitable?

- Sales of organic food:
- Food Business as usual...
- ...or small shops at the producers place...







- Both options are keeping their position in the markets but the future belongs to international trade...
 - and the organized trade itself is the driving force behind it:
- Just recently the seafood retailer Kroger announces an update of the company target on seafood **on seafood sustainability**. Sourcing for seafood is underlying various certification processes with a special focus on sustainability because this aspect is recognized as a sales argument. (Source Supermarket News July 12th)
- One reason for Krogers action can be found in another magazine the very next day: **Source beats price** when shopping for seafood, consumers are prepared to put sustainability before price and to pay an average of 11% more than the market price for a certified product, according to the Marine Stewardship Council. (Source LZ News July 13th)



- **Better milk and eggs** is a result of growing consumer demand: German discounter Lidl plans to convert its dairy supply chain to GM free, and British retailer Tesco is determined to stop sourcing eggs from caged hens by 2025. (Source LZ News July 13th)
- **Organics on the rise** Sales of organic fruits and vegetables at mainstream retailers in the US market count now total US\$ 5.5 billion, an increase of 16.4% from a year ago, according to a new report from the Organic Trade Association and Nielsen. (Source Super Market News Research, July 18th)

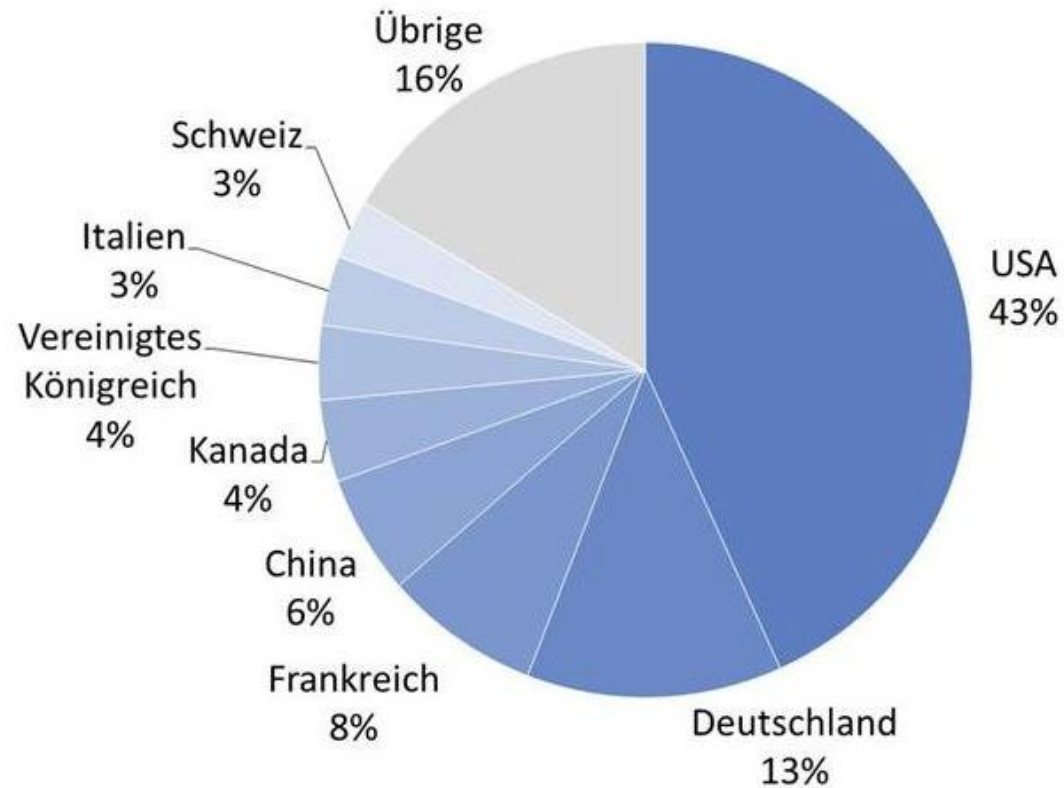


- In a project run by **supermarket chain Asda** in partnership with the University of Leeds customers have cut food waste and reduced their shopping bill, saving an average of GBP 57 a year. ■
- According to a survey, **63% of Australians want to be more sustainable** in their home but fear the costs involved while retailers estimate that consumers can save up to hundreds of dollars per year when using more sustainable solutions. (Source SN, July 20th)
- Sustainability has become a major global issue and the customer is willing to pay for it!
- A look at the global market:



Global Organic Market: Share of retail turnover in 2014

Quelle: FiBL-AMI-Erhebung 2016 basierend auf nationalen Datenquellen





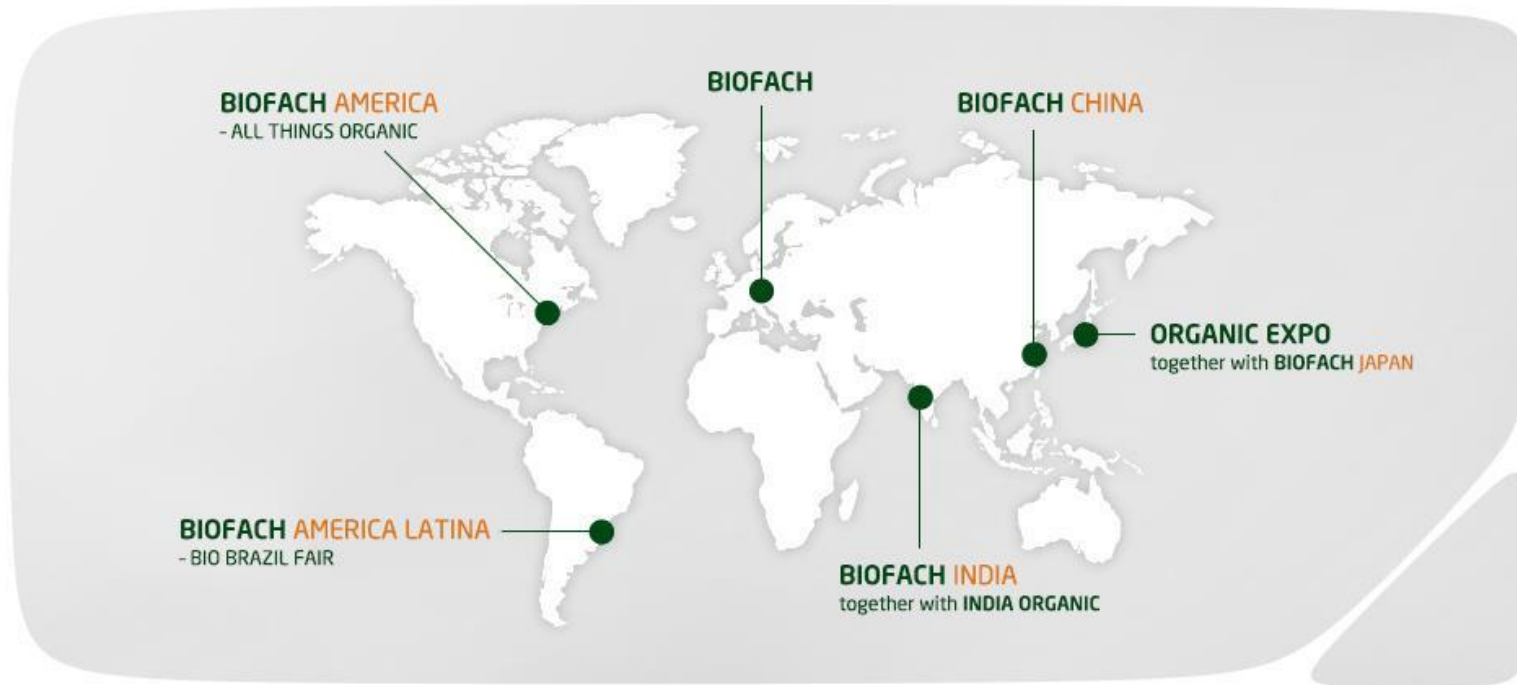
- These are the available research figures, not dividing between organized and small scale trade
- A ranking can be seen: USA – Germany – France – China – Canada and UK
- Not clear the difference between so called „Organic“ and „Natural“ products
- And not to be seen „Economical Unions“, like EU, like ASEAN or other



- Not included big moves like this one:
- **Billions for Healthy Food:** French yogurt maker Danone is making headlines with a US\$ 12.5 billion deal (paywall) to purchase US organic foods producer WhiteWave. Danone is keen on adding the best-selling US soy milk brand “Silk” and expanding in organic food. It is believed to be the food giant's biggest acquisition in almost a decade. (Source: LZ Newsletter July 6th)
- By the way: For Danone it is not the first move into organic: Danone already owns US brands Stonyfield and Happy Baby and has successfully let those businesses run as a separate unit...and is very successfully collaborating on growing organic agriculture and partnerships.



- And what is also not visible is the creativity of the trade to promote the organic idea, just one sample:
- A creative move is reported from a supermarket chain in **Brazil - ZONA SUL Supermarket** - which wanted to emphasize that it was selling fresh, local, sustainably grown food: The supermarket is experimenting with "fresh garden" installations in its stores, where rows of herbs, onions, and greens are displayed as if they're growing in the store.
- The campaign was designed to let customers understand the store's commitment to sustainability and the quality of the food. It made a difference - the campaign led to an 18% increase in vegetable sales in the store. (Source Fastco-exist, July 11th)



– As a trade show organizer we are covering already the existing and some of the upcoming markets: Apart from the event in Nuremberg all of these events are a mirror to the local markets – but with a continuous growth in international participation.



Finally:

- Remembrance where the Movement has it's roots and keeping the conviction
- Acceptance of established rules of the trade - but creating new sustainable ways of trade
- Observation of the global marketplace, following the flow of the commodity which is driven by consumer needs

I do believe that Business has a place in the organic and natural world
- now we have to think about the sustainability of money!

Thank you for your attention