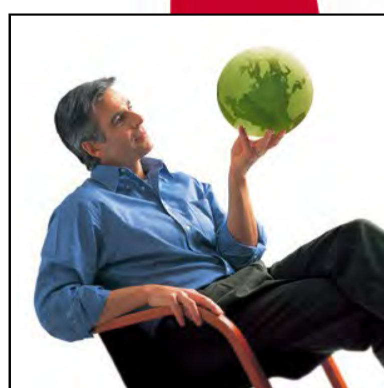
Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET ANALYSIS REPORT | NOVEMBER 2010

Market Trends

Organics



Growing Forward

Canada

EXECUTIVE SUMMARY

The organic food and beverage industry is growing rapidly worldwide, fueled by significant innovation in the areas of product formulation, packaging, and technology.

Organic products, which can simply be defined as products grown without the use of synthetic chemicals, are attractive to many consumers because of both their perceived and actual qualities. Organic consumers place significant value on food quality, nutrition, environmental sustainability, and animal welfare.

On average, organic products are more expensive than conventional products, meaning that consumers who buy organics are willing to pay more for the perceived health and environmental benefits.

This report provides both a global and Canadian-focused overview of the organic food and beverage industry, highlighting market statistics, products, and consumer trends. Issues of interest include organic product expansion by specific sector and category, top organic imports, consumer attitudes and preferences, innovation in organic products, and organic standards and labeling.

This report contains information from multiple sources such as reports, journals, and databases, which are identified in the *Key Resources* section at the end of the report.

INSIDE THIS ISSUE

DID YOU KNOW?

- According to the most recent statistics available, G-7 countries are responsible for 80% of organic sales, but only have 12% of the world's organic farmland (Organic Monitor, 2006. "Research News").
- The United States' (U.S.) sales of organic food products reached $24.8 billion in 2009, an increase of 5.1% over 2008. Organic sales represented just under 4% of overall food and beverage sales in 2009 (OTA, 2010).
- In 2009, organic food sales in the United Kingdom (U.K.) were just over £1.8 billion, down 12.9% from a record high in 2008 (Smithers, 2010).

GLOBAL ORGANIC MARKET

Overview

- The organic food and beverage industry is growing rapidly worldwide. It surpassed US$50 billion in sales in 2008, double the US$25 billion recorded in 2003. Traditionally, the organic food industry was based specifically on fresh produce, and while organic fruits and vegetables retain the highest sales growth, the industry has expanded into many value-added manufactured products (OTA, 2010).

- The demand for organic products by G-7 nations has outpaced domestic production, which has been increasing at a relatively slow rate, creating a supply shortage that is filled by foreign imports. The largest gains in organic food production are in developing countries, which have a very small internal market for such goods. As a result, the supply of organic foods and beverages has become a global industry, but demand remains concentrated in more affluent nations (Organic Monitor, 2006. "Research News").

- Throughout the world, organically-managed acreage totalled 35 million hectares in 2008, farmed by almost 1.4 million producers, across 154 countries (OTA, 2010).

- Most organic agricultural land is located in Oceania (38%), Europe (24%), and Latin America (20%); among individual countries, Australia has the most organic land, followed by Argentina and Brazil (Willer and Klicher, 2009) .

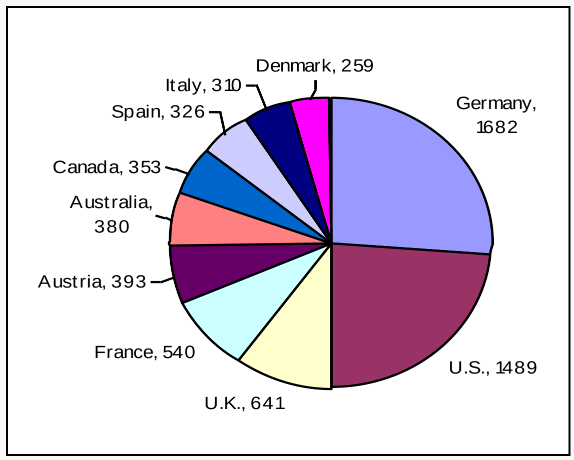
Organic Packaged Food

- Among organic producing nations, most of the recent packaged product growth has come from the U.S., Germany, the U.K., Canada, and Italy (Datamonitor Group, 2010). As shown in Figure 1, top markets for packaged organic products launched in 2009 were Germany, the U.S., the U.K., France and Austria (Mintel Group 2010).

- In 2009, 9267 new packaged food and beverage products with "organic" on their labels were introduced in world grocery outlets. Tea was the most popular sub-category, with 636 products introduced in 2009. As shown in Figure 2, the remaining top packaged product sub-categories with "organic" on their labels were seasonings (403), juice (359), pasta (352), and cold cereals (323) (Mintel Group, 2010).

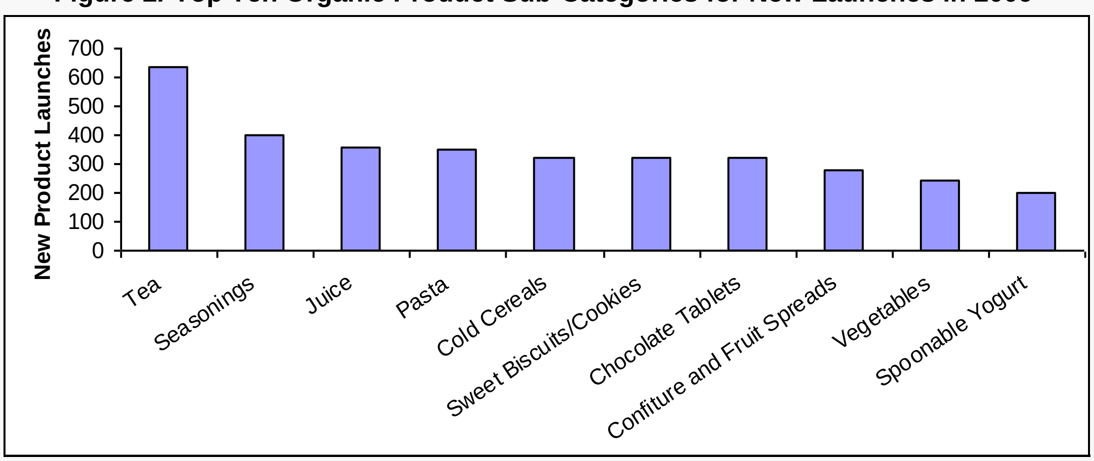
- The top five companies in new product development in the world market for 2009 were Kaufland Warenhandel (Germany), Alnatura (Germany), Hipp (Austria), Allos Walter Lang (Germany), and Woolworths (South Africa).

Figure 1: Top Ten Markets by Number of Launches, for New Packaged Organic Products in 2009



Source: *Mintel Group, 2010*

Figure 2*: Top Ten Organic Product Sub-Categories for New Launches in 2009*



Source: *Mintel Group, 2010*

Organic Packaged Food (continued)

Significant Categories

Organic Baby Food

Organic baby food accounted for approximately a quarter of all new baby food product launches worldwide in 2009. Nearly half of these organic baby products were launched in North America. In Canada in particular, baby food was the fastest growing category within the organic food sector in 2009 (Euromonitor International, 2010). Growth in this market despite the recession may illustrate that, while consumers may be cutting back on organic foods generally, they are more willing to spend more when it comes to perceived benefits to their infants' health (Mintel Group, 2009).

Organic Dairy

World market value for organic dairy products rose to US$7.03 billion in 2009. Spoonable Yogurt represented the most important sub-category for new organic dairy products launched in 2009; however, "all-natural" yogurts are an important source of competition, as consumers often view them as cheaper alternatives to organic. The market for organic drinking milk is heavily concentrated in North America and Western Europe, (93% of market value) (Euromonitor 2010). In the U.S. market, organic drinking milk commands a premium of about 50% in most cases. Growing awareness of the use of Recombinant Bovine Growth Hormone, rBGH, in the U.S. dairy industry[1] is the primary factor in explaining this sector's rapid growth over the past two decades, and remains an important motivation for American consumers purchasing organic dairy products (Lotter, 2003; Dimitri and Greene, 2002).

Significant Sub-Categories

Organic Tea

Organic tea led all other organic product sub-categories with 636 new products launched worldwide in 2009 (Mintel Group, 2010). Organic teas represented 7.5% of all tea products introduced in 2009 (Mintel Group, 2010). Green tea was the most popular variety with several unflavoured varieties and numerous flavoured varieties also being introduced, pomegranate flavouring being particularly popular. Other popular varieties were Earl Grey, along with various flavoured Chai and white teas. The organic label on teas is often accompanied by a label indicating provenance. Nearly a third of Americans who drink tea believe that organic tea is better than conventional tea and 16% have switched to organic tea because they perceive it to be healthier. The market faces some important hurdles however, as a quarter of Americans no longer drink organic teas due to price. (Mintel Group, 2009).

Organic Seasonings

Organic seasonings account for 10% of the global seasonings market and have maintained steady growth in recent years, despite recessionary spending worldwide. Many organic seasoning products further emphasized their authenticity by including information regarding the provenance of the products, as well as the method of preparation on the packaging label (Mintel Group 2009).

Organic Fresh Food

- Fresh produce is the leading organic product category, comprising a third of global revenues in 2006. Common items such as apples, oranges, carrots, and potatoes, for example, are typical entry points for consumers into the organic industry (Organic Monitor, 2006. "Abstract").
- In the U.S., organic fruits and vegetables are the leading product categories, representing 11.4% of all U.S. fruit and vegetable sales (OTA, 2010).

Distribution Channels

- Mass market retailers were responsible for 54% of sales of organic food and beverage products worldwide in 2009. Natural retailers accounted for 38% of sales. This represents a shift from 2008 when mass retailers accounted for 45% and natural retailers, 43% (OTA, 2010).
- Other smaller retail channels include Internet sales, farmers' markets, community supported agriculture (CSA) programs, mail order and boutique or specialty stores (OTA, 2010).

[1] Artificial growth hormones, such as rBGH, are not approved for use in conventional or organic milk production in Canada.

CANADIAN ORGANIC MARKET

Overview

- Total sales of organic products in Canada amounted to approximately $US2 billion in 2008, with an average annual growth rate of 20% over the past few years (Organic and Wellness News, 2010).
- In the 2006 Census, just over 15,500[2] farms reported producing organic products. Organic producers were classified as certified organic (3,555), transitional organic (640), and uncertified organic (11,937).

- In 2008, the 3713 certified organic farms in Canada represented 1.62% of all farms in the country. The majority of certified organic farms are concentrated in Saskatchewan (28%), followed by Quebec (25%), and Ontario (18%). However, Prince Edward Island and New Brunswick showed the largest gains, with the presence of certified organic farms in these provinces, growing by 19% and 13%, respectively, over 2007 (Macey, 2008).
- Field crops, hay, vegetables, fruit and greenhouse products, livestock and maple syrup represent the majority of Canada's certified organic farm production (Holmes and Macey, 2009).
- Canada's main organic export markets are the U.S., the European Union, and Japan. Canada's top organic export is organic wheat; other important exports include several grains, pulses, and oilseeds, as well as a variety of fresh fruits, vegetables, and value-added products (AAFC, 2007).
- Canada is a significant importer of organics, importing an estimated 80% of all organic food and beverage products sold in Canadian markets. Canadian imports originate most significantly from the U.S., Mexico, and Chile, with several other countries making up the remaining supply (AAFC).

Organic Packaged Food

Table 1: Top Categories of Certified Organic Packaged Food

Categories	Sales 2008 (CAD$)
Prepared Foods	86,852,918
Refrigerated (Food and Beverages)	76,552,241
Dairy	70,962,817
Beverages (Non-Refrigerated)	45,930,995
Condiments, dressings, spreads, relishes & sauces	29,414,427

Source: *AAFC-AAC, 2010*

- In 2009, 353 new packaged food and beverage products with "organic" on their labels were introduced in mainstream Canadian grocery outlets. Mirroring world markets, tea was overwhelmingly the most popular sub-category for organic product launches with 51 products introduced in 2009. The remaining top packaged product sub-categories with "organic" on their labels were: bakery goods (34), baby food (30), coffee (17), juice (16), sauces and seasonings (20), cereal/energy bars (15), savoury/salty snacks (15), and dairy products (17) (Mintel Group, 2010).
- The top five companies in new product development in the Canadian market for 2009 were: Shoppers Drug Mart, Loblaws, Metro Brands, Royal Gypsy Tea, Nature's Path Foods and Eden Foods (Mintel Group, 2010).

[2] A farm could report more than one category.

Organic Fresh Food

- At 2.3%, organic fruit and vegetable farms account for the largest share of total organic farms in Canada (Cronier, 2008); however, the vast majority of organic fruits and vegetables sold in Canada are imported.
- In 2009, Canada's top five imports of certified organic fresh vegetables by value were: packaged lettuce/salad mixes, lettuce, spinach, carrots, cauliflower and broccoli. Together, these commodities were valued at just under CAD$100 million, representing about 78% of Canada's total certified organic, fresh vegetable imports in 2009. In the same year, Canada's top supplier of certified organic fresh vegetables by a vast majority, as measured by import value, was the United States, followed by Mexico, the Dominican Republic, the Netherlands and Israel (Canadian Agriculture Trade Statistics, 2010).
- In 2009, Canada's top five imports of certified organic fresh fruit by import value were: grapes, bananas, blueberries, strawberries, and raspberries, followed by citrus fruit (lemons, limes and oranges). Combined, these fruit products accounted for more than CAD$113 million, or about 83% of total certified organic, fresh fruit imports for the year. Canada's top supplier of certified organic fresh fruit in 2009 was also the United States, followed by Chile, Mexico, Ecuador, Columbia and Costa Rica (Canadian Agriculture Trade Statistics, 2010).
- Table 1 illustrates Canada's top five fresh organic imports (both fruit and vegetables), as measured by import value growth over 2007.

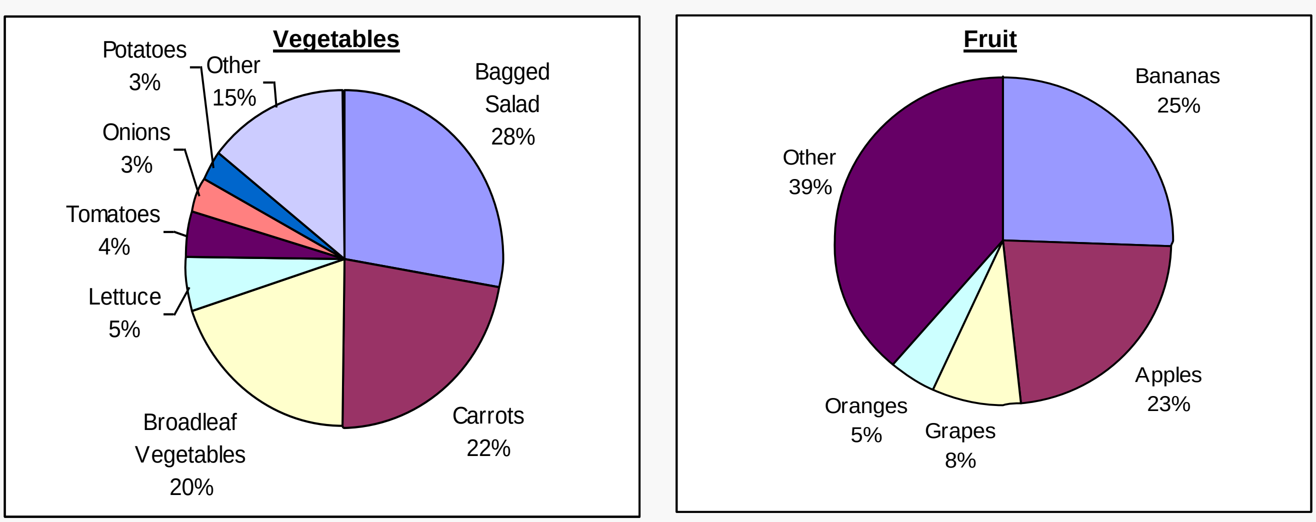
Table 2: Canada's Top Certified Organic Imports, by Growth in Import Costs ($CAD)

Certified Organic Product	2007	2009	% Change
Tomatoes, excluding greenhouse, fresh or chilled, nes	1,163,779	3,286,467	182%
Peaches, excluding nectarines, fresh, nes, in their natural state	428,292	1,203,234	181%
Eggplants (aubergines), fresh or chilled	310,568	680,062	119%
Asparagus, fresh or chilled, nes	430,368	832,168	93%
Cauliflowers and headed broccoli, fresh or chilled, nes	2,203,133	4,228,683	92%

Source: *Canadian Agriculture Trade Statistics, 2010*

- In 2006, fresh produce accounted for CAD$157 million or 38% of all certified organic foods sold through Canadian grocery outlets. Fresh vegetables in particular accounted for 25% of supermarket sales (CAD$102 million). Top vegetables based on market share were bagged salads, carrots, broad leaf vegetables, lettuce, tomatoes, onions, and potatoes. Organic fresh fruit accounted for 13% or CAD$52 million in sales. Top organic fruits included bananas, apples, grapes, and oranges (Figure 3) (Macey, 2007).

Figure 3: Sales of Certified Organic Vegetables and Fruit in Canada, by Percentage Share, 2006



Source: *Macey, 2007*

Distribution Channels

- According to a study conducted by AC Nielson, organic sales represented 2.5% of total food sales at the retail level in 2008 (AAFC-AAC, 2010).

- In 2008, 45% of all organic food sales in Canada took place through conventional retail outlets, accounting for CAD$925.8 million. Other retail accounted for 35% at a value of CAD$712 million, and direct to consumer sales made up the remaining 20%, at a value of CAD$400 million (AAFC-AAC, 2010).

ORGANIC STANDARDS, REGULATIONS AND LABELLING

Globally

- The creation of standardized rules helps attract additional organic consumers by guaranteeing core values and providing a clear definition of product attributes, such as environmentally sustainable production methods, a regard for biodiversity, and higher standards of animal welfare. The trade off is often price-oriented, as mandated production methods and label requirements may create added costs and new verification processes enter the existing system. The impact in the long run will likely be minimal, as producers and certification bodies become more efficient and cost effective. Marginal cost increases will likely have little to no impact on consumers' purchasing decisions because existing organic consumers are predominantly of higher income and educational levels and are willing to bear the cost to receive the additional perceived and actual benefits of organic goods (Sawyer, Kerr, and Hobbs, 2008).

- Major organic-producing nations have developed their own organic standards. For example, the E.U. members share a basic organic standard developed by the International Federation of Organic Agriculture Movement (IFOAM) and the U.S. National Organic Program was developed by the U.S. Department of Agriculture. The Canadian Organic Standard is regulated by the Canadian Food Inspection Agency (CFIA). Each national standard is slightly different on a technical level, in terms of production methods and allowable substances, but they share many similarities that generally outweigh the differences.

- There is no current global organic standard that allows for trade harmonization, although, where in use, equivalency agreements among nations mitigate some technical trade barriers (for information on the Canada-U.S. Equivalency Agreement, see page 8). In addition, from 2003 to 2008, the United Nations Conference on Trade and Development (UNCTAD), the FAO, and IFOAM partnered in a taskforce (ITF) to facilitate greater harmonization and equivalence in organic trade. In 2008, they launched two tools in this regard: EquiTool, an international guideline for determining equivalence of organic standards, and the International Requirements for Organic Certification Bodies (IROCB). A 'Beyond ITF' project is envisioned to encourage the use of these tools and assist developing countries in developing relevant regulations (Willer and Klicher, 2009).

USDA ORGANIC

The USDA organic logo indicates certification in the U.S. and is considered equivalent in Canada.

IFOAM ACCREDITED

The IFOAM accredited logo indicates accreditation of an organic certifying agency, such as the U.K. Soil Association, in the E.U. It is commonly found next to the certifier's logo on organic packaged foods.

In Canada

- The Canadian *Organic Product Regulations* apply to food and beverages intended for human consumption, food intended to feed livestock, and plant cultivation. Under these regulations products labelled with the word "organic" or the "Canada Organic/Biologique" logo (pictured below), must be certified by a federally accredited certification body to comply with Canadian Organic Standards. This requirement also applies to all organic food and livestock feed products sold in inter-provincial trade or imported into Canada (CGSB, 2008). Work is underway to include aquaculture in the Canadian Organic Standards in the future.

- The following specifications are included under the Canadian Organic Product Regulations:
  - The Canadian Organic/Biologique logo may only be used on products with at least 95% organic content; the label "100% organic" is not permitted in Canada.
  - Multi-ingredient products with an organic content of greater than 70% and less than 95% can bear the claim "X% organic".
  - Multi-ingredient products with an organic content of less than 70% cannot be labelled organic.
  - "Transition to organic" claims are not permitted in Canada.

- On June 17, 2009, the Canadian Food Inspection Agency and the U.S. Department of Agriculture (USDA) reached an historic Equivalency Agreement. Under the Agreement, both the Canadian Organic/Biologique logo and the USDA organic seal may be used on certified organic products from both countries, eliminating the need for producers to certify their products twice. Some additional requirements reconcile the main differences between the respective national organic standards. For example, Canada will continue to deny organic certification to agricultural products produced with sodium nitrate, in contrast to the U.S., which allows this practice. In addition, agricultural products derived from animals treated with antibiotics will continue to be denied as organic in the United States, whereas Canada allows the use of antibiotics in emergencies for animal welfare reasons (Organic Trade Association, 2009).

For more information on organic standards, regulations and labelling, please consult the following resources:

Key Resources on Organic Standards, Regulations, and Labelling

Canada
Canadian Food Inspection Agency, Organic Product Regulations:
http://www.inspection.gc.ca/english/fssa/orgbio/orgbioe.shtml

Canadian General Standards Board: Organic Production Standards:
http://www.tpsgc-pwgsc.gc.ca/cgsb/on_the_net/organic/index-e.html

United States
USDA Certification Bodies:
http://www.ams.usda.gov/AMSv1.0/etfileDocName=STELDEV3004346&acct=nopgeninfo

U.S. Organic Labelling Resource :
http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELDEV3004323&acct=nopgeninfo

European Union
Organic Farming Standards and Regulations:
http://www.organic-europe.net/europe_eu/standards.asp

Global
International Taskforce on Harmonization and Equivalence in Organic Agriculture
http://www.itf-organic.org/

International Federation of Organic Agriculture Movements
http://www.ifoam.org/about_ifoam/standards/index.html

Overview

- The increase in consumer demand for organic products is based on both perceived and actual benefits. Food safety and health benefits generally rank highest among consumer motivations for purchasing organic food, followed by environmental sustainability (Bonti-Ankomah and Yiridoe, 2006). Consumers also consider taste, animal welfare, and the absence of Genetically Modified Organisms (GMOs), additives and synthetic chemicals, in their purchases. In addition, increased media attention on food safety and the environment as a whole has heightened consumer awareness of both what they are eating and how their food is produced.

Consumer Profile: Who Buys Organic?

Source: *The Hartman Group, 2006*

- Consumer demand for organic food and beverage products is concentrated in Europe and North America, together accounting for 97% of global revenues (2007 estimate) (Organic Monitor, 2009). Within this market, however, the diversity of organic consumers is growing and demographics are playing a far lesser role in determining purchasing behaviour. Instead, as organics become more and more popular and accessible, the profile of the global organic consumer is shifting to reflect personal values and concerns that cut across demographics — organic consumers are no longer a homogeneous group (The Hartman Group, 2010). With a multitude of purchasing motivators coming into play— from health to quality to ideology—the diversity of global organic consumers will continue to increase. Marketers will need to shift their perspective: the global organic consumer is no longer simply classified as the suburban Caucasian woman, but as the environmentally conscious student, the Hispanic-American mother, the aging and active baby-boomer, to name a few.

- A survey commissioned by Alberta Agriculture, Food and Rural Development (2007) classified Canadian organic consumers into three types: heavy buyers who purchase organics regularly (23%), light buyers who purchase organics several times a year (27%) and occasional buyers who purchase organics once or twice a year (27%). Results demonstrated that increases in organic purchasing are occurring most frequently among those who already buy at least several times a year (increase of 5% since the last survey in 2001).

- In 2006, a national survey commissioned by Agriculture and Agri-Food Canada examined consumers' attitudinal preferences toward food safety and quality. Individuals were segmented based on their attitudes and characteristics. Those segmented as "concerned natural food buyers" were most likely to purchase organic foods because they were most likely to place significant value on food quality, nutrition, environmental sustainability, and animal welfare, and seek foods without GMOs, additives, or synthetic chemicals. This segment represented about 16% of the Canadian population and consisted mainly of persons with higher levels of education and income. Canadians in this group were also older than the average Canadian, and more likely to be vegetarian, and reside in either Ontario or British Columbia. They also were the most likely to only buy organic if it was certified (Ipsos-Reid, 2006).

Key Purchase Motivators

Health, Nutrition and Safety

- According to a study commissioned by Alberta Agriculture, Food and Rural Development, heath, safety, and nutrition were the top three reasons why people consumed organic foods in 2007. Theuer (2006) confirmed that consumers perceived organic food to have higher nutritional value. In terms of health drivers, the absence of chemicals, antibiotics, and hormones seemed to be most important. With respect to sensory properties, such as taste, smell, or feel, a majority of organic consumers agreed that organic fruits and vegetables tasted better than conventional produce.

- Recently, organic foods have had a strong presence in the infant food and beverage market. Concerned parents are seeking products that they perceive as healthier and safer for their babies, by limiting their exposure to unnecessary chemicals, additives, and antibiotics. The *My Organic Baby* product line in Canada is an example of this trend; it is sold in all 68 Canadian ***Babies "R" Us*** outlets, as well as in many large mainstream grocery retail outlets (Datamonitor Group, 2009). Other organic baby foods have experienced similar product chain expansion to meet increased consumer demand.

Key Purchase Motivators (continued)

Environmental Consciousness and Animal Welfare

- Although concern for the environment and animal welfare are not the main reasons why most consumers purchase organics, they are still influential components. Many developed nations have put significant attention on issues related to the environment and, despite the current global economic recession, the trend towards increased environmentalism is continuing. The increase in “green” technologies, government funding, and an overall escalation of media attention on environmental issues have all helped increase the environmental awareness of consumers.

- Although it has been reported in multiple studies that environmental concerns are a major driver for organic consumption, consumer motivations and priorities vary (Hughner et al., 2007). In countries like Denmark, for example, the environment is the most important factor for buying organic foods (Hughner et al., 2007); in contrast, Brazilians put less emphasis on the importance of the environment when compared to other attributes such as health (Agriculture and Agri-Food Canada, 2009).

- Animal welfare is also an important component of the equation: many consumers link improved animal-rearing methods with safer food and reduced environmental problems (de Passillé and Rushen, 2005). In turn, many consumers associate organic farming with these improved methods and overall enhanced animal welfare, creating an important motivation for the purchase of organic food. Responding to these consumer expectations, many organic certifiers are increasingly addressing animal welfare standards in mandated production methods (Sundrum, 2008).

Response to Organic Prices

- Globally, most consumers are willing to pay a premium of 10% to 20% for organic food and beverages products, yet price premiums on organic food products often range higher (Bonti-Ankomah and Yiridoe, 2006). Indeed, price premiums, along with lack of knowledge and product availability, are the most important reasons preventing consumers from purchasing organics (Bonti-Ankomah and Yiridoe, 2006). In addition, more and more new claims are grabbing consumer attention instead; for example, foods labelled as “all-natural”, produced locally, or without the use of antibiotics or pesticides are often considered more important by consumers than the broader “organic” label (Context Marketing, 2009; Hartman Group, 2009).

- A study conducted in 2008 showed that Canadian consumers on average are willing to pay a price premium to maintain higher standards. The buffer zone between farms to eliminate the drift of conventional farm chemicals was the most important attribute overall under any pricing scheme. Other requirements of interest varied in importance based on country. For example, for U.S. consumers, the most important attribute was labelling requirements, followed by buffer zone, price, and tobacco sprays. U.K. consumers primarily valued the buffer zone, followed by price, labelling requirements, and tobacco spray usage. These consumers were least attached to their current standards (Sawyer, Kerr, and Hobbs, 2008).

PRODUCT INNOVATION

- Innovative organic products have been a key driver of growth for the organic industry worldwide. Innovation in this industry is determined by a number of strategies, including:
  - Formulation: a first-ever use of a new ingredient or combination of ingredients;
  - Packaging Benefit: a new benefit through packaging design; and
  - Technology: a new manufacturing process or breakthrough technology in function or form.

- The products described below highlight innovative organic products released between January 2006 and December 2009. These products include innovations in the formulation of new ingredient combinations, flavours, packaging, and technology benefits that contributed to added convenience, taste, look, and quality. All information and images in this section are from the Datamonitor Group, 2010, unless otherwise noted.

Beverages

Pukka Herb Ltd's Detox Aniseed, Fennel & Licorice Tea (Manufactured in the U.K.)

This product, launched in Canada in December 2008 and available in several countries worldwide, claims to be "a unique blend of cleansing herbs with fantastic detoxifying properties." It is sold in 40 gram boxes containing 20 servings each, in aniseed, fennel and licorice varieties. It is certified organic by the U.K.'s Soil Association as well as by the USDA. The tea ingredients are chosen specifically for both their taste and detoxifying functional benefits: "Aniseed and fennel seed help to relax digestion and flush the urinary system. Cardamom seeds can help to clear excess mucus. Coriander and celery seed help to wash toxins from the body. Licorice root is calming and tonifying".

Tizane - 100% Organic Beverage - Hibiscus, Jasmine, Lemongrass (Manufactured in the U.S.)

Tizane Beverages' 100% Organic Beverage in *Hibiscus, Jasmine, Lemongrass* flavours was launched in the U.S. in August 2008 and is USDA certified organic. The beverages are marketed as "the first 100% Organic Beverages featuring the unadulterated taste of botanicals" as well as being "eco-conscious and socially conscious," as they are made with 100% organic ingredients that are "fair-trade certified where available." The beverages are sweetened with blue agave nectar in place of added sugar. They are available in recyclable 12 oz. (355ml) clear glass single serve bottles.

Food Products

Chicza - Organic Rainforest Gum (F) (Manufactured in Mexico)

Chicza Organic Rainforest Gum is produced in Mexico by *Consorcio Chiclero*, a group of 56 cooperatives (The Chicza Rainforest Gum Initiative). It has been distributed in the U.K. by *Waitrose Ltd*. as of April 2009. The product is certified organic by the U.K. office of *Bioagricert*, an Italian-based certification agency. According to manufacturer, Mayan Rainforest Co., Ltd., it is "the world's first certified organic, 100% natural, biodegradable chewing gum." It also claims to be 100% biodegradable, and that it "will become dust within weeks" of being disposed. Three varieties are currently offered: Spearmint, Wild Mint, and Heirloom Lime.

Food Products (continued)

Manitoba Harvest - Certified Organic Hemp Protein Powder Mix (Manufactured in Canada)

Manitoba Harvest Certified Organic Hemp Protein Powder Mix was launched in the U.S. and Canada in May 2010. Dark chocolate and vanilla flavours are available. The mix is innovatively formulated with organic coconut palm sugar, a new sweetener that is "high in potassium, magnesium, zinc and iron, and is also a good source of vitamins B_1, B_2, B_3, B_6 and C." In addition, the mix is a source of 10 essential amino acids, is both soy and gluten-free, and contains no additives or preservatives.

Spectrum - Organic All Vegetable Shortening - Butter Flavor (Manufactured in Columbia)

Spectrum Organic All Vegetable Shortening in *Butter Flavor* is manufactured by the *The Hain Celestial Group* and is USDA certified organic. It is the first available organic vegetable shortening with a butter flavour. Moreover, it claims to be dairy-free, vegan, kosher, non-hydrogenated, and GMO-free. It is marketed as made from "sustainably harvested organic palm oil sourced from dozens of small family farms in Columbia." It available in the U.S. in 24 oz. plastic tubs.

CONCLUSION

The organic industry has experienced rapid worldwide growth in the past decades, with a growth rate hovering around 20% for the past few years (Laux, 2010). The global financial crisis is expected to affect the organics market; however, growth, if slowed, is expected to continue as consumers remain willing to pay premium prices for foods believed to be healthier and more sustainably produced. Fresh produce will continue to dominate the market, and most new consumers of organic food will begin their purchases in this sector. New innovation in packaged food and beverage products is creating important emerging market opportunities in this sector as well.

The organic sector is becoming increasingly global, with more than 100 countries currently exporting certified organic products (FAO, 2008). The lack of international organic standards, however, may create potential technical trade barriers; currently, there exist more than 400 private and public certification bodies worldwide (FAO, 2008). Responding to trade challenges, the FAO, UNCTAD and IFOAM partnered in 2003 to develop important initiatives to harmonize international organic standards internationally, and facilitate the international flow of organic goods; similar efforts are expected to continue.

In most countries, the organic sector remains a niche market, targeting consumers concerned with health, nutrition, and environmental issues. In North America and Western Europe, however, organics have begun to enter the mainstream market, cutting across demographics and appealing to a far wider range of consumers than ever before.

KEY RESOURCES

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