Organic Market scenarios

Malaysia & Singapore

Introduction

Ong Kung Wai

- **Consultant, Grolink**
- **Chairperson, Organic Alliance Malaysia**
- **Coordinator, Certification Alliance**
- **UNFSS Advisory Panel member**
- **Director of Rudolf Steiner inspired kindergarten**

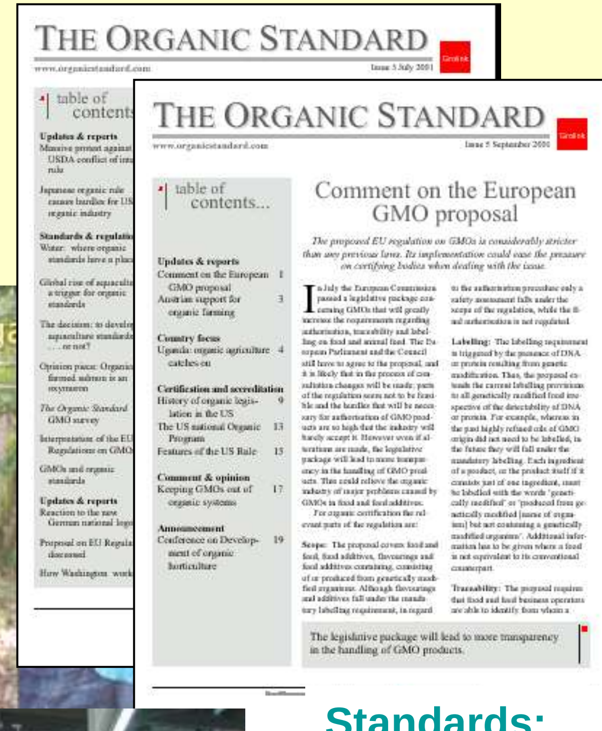
- Community Service Volunteer & Social Worker background
- Study & work overseas (1981-1993): BD Agric & Rural Dev. (1985/6 & 1990-3)
- Sustainable Agriculture Programme Officer for PANAP [1994-98]
- Consultant for OA [1999, Grolink partner since 2003]
- Trainer, Organic Agriculture Development course [1999 – 2011]
- Commissioning Editor, The Organic Standard [2002 – 2010]
- GOMA Project Steering Committee [2008 - 2012]
- IFOAM World Board member [2005 - 2011]
- IOAS Board member and Vice-President [1996-2005]

Your Sector Development partner

www.grolink.se

Torfolk, Sweden

Policy, Strategy & Institutional development



THE ORGANIC STANDARD

www.organicstandard.com

Issue 5 September 2001

table of contents...

Updates & reports
Comment on the European GMO proposal 1
Austrian support for organic farming 3

Country focus
Uganda: organic agriculture catches on 4

Certification and accreditation
History of organic legislation in the US 9
The US national Organic Program 13
Features of the US Rule 15

Comment & opinion
Keeping GMOs out of organic systems 17

Announcement
Conference on Development of organic horticulture 19

Comment on the European GMO proposal

The proposed EU regulation on GMOs is considerably stricter than any previous laws. Its implementation could ease the pressure on certifying bodies when dealing with the issue.

The legislative package will lead to more transparency in the handling of GMO products.

Consultancy & Training

Standards; Regulations & Certification

Development Projects & Market linkage

Malaysian Organic Scenario

- **Start up: late 80s**
- **Break through: 1995**
- **Market Boom: late 90s**
- **Established niche market today**

  (face regulatory enforcement dilemma)

Development drivers & issues

- **Consumer & Private sector** [from mid 1980s]
  - cancer therapy [raw food diet]
  - imports [pioneered by healthy lifestyle based companies]

- **NGOs/Civil Society** [mid-1990s]
  - Plantation workers' health; food safety advocacy
  - Sustainable Agriculture - Organic

- **Government** [from early 2000s]
  - Civil society lobbying – consumer protection
  - Local premium market niche for local producers
    (Sustainable Agriculture & Value Addition for small-holders)

Production

Break through [1995]
Steven Leong & the Cameron Highland Organic Producers

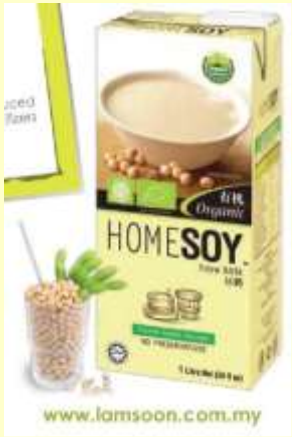
Vegetable, Fruit & (Rice)
96 certified farms [Dec. 2012]
Majority for domestic market
Some export to Singapore

Market

Initial development: home based - direct distribution

Import supported market

Organic import-repacking
- Organic retail chains
- Standalone health food stores
- Supermarket



Corporate & GLC interest
Mainstream importers
Processors (emerging)

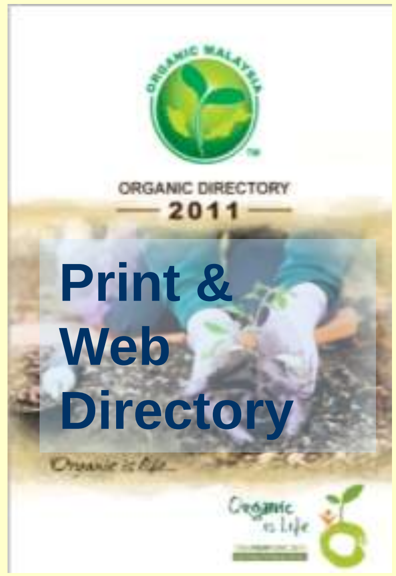
USD 200 Million (guesstimate)
over 200 retail outlets (excluding supermarkets)
9 certified processors (2011) + 2 (2013)

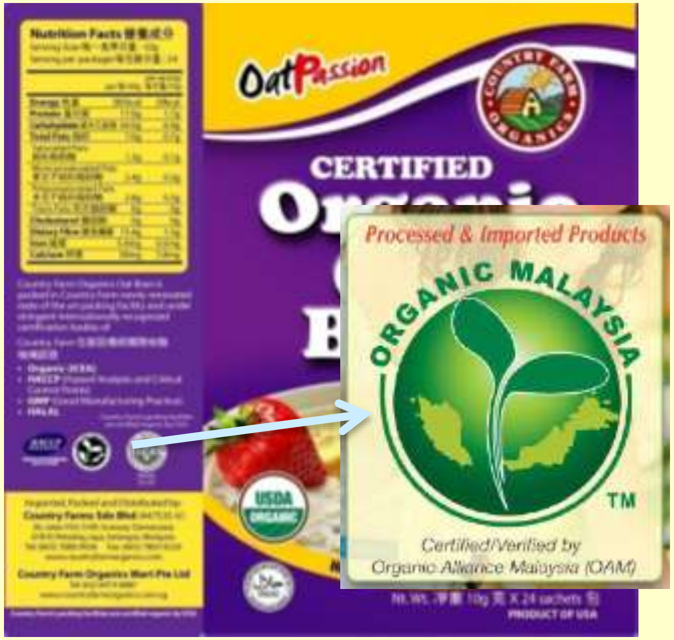
Government intervention

- **Organic Standards MS 1529 (2001)**
- **Government organic certification (SOM) (2002)**
- **Labeling regulation (2012)**

Products claiming to be organic must meet MS 1529, i.e. be certified under SOM or a certification accepted/recognised by SOM (Dept. of Agriculture)

Organic Alliance Malaysia [since 2002]





Export certification

Partner Organizations:

- Organic Agriculture Certification Thailand (ACT) www.actorganic-cert.or.th
- Organic Food Development and Certification Center (OFDC), China www.ofdc.org.cn
- Korea Agricultural Product And Food Certification (KAFC), South Korea www.kafc.kr
- PT. BIOCert Indonesia (BIOCert) www.biocert.or.id
- Institute for Ethical and Environmental Certification (ICEA), Italy www.icea.info
- Organic Alliance Malaysia (OAM) www.organicmalaysia.com.my
- Organic Certification Nepal (OCN)
- Laos Certification Body (LCB)
- Organic Certification Center of the Philippines (OCCP) www.occpphils.org
- SriCert, Sri Lanka www.sricert.org

Sector Overview & Development challenges

- **Still young with good growth potential** [premium prices]
- **Quality assurance gaps**
  - profusion of foreign organic marks
  - government recognition of other certification still pending
- **Niche market syndrome**
  - enterprising entrepreneurs
  - low market development collaboration
- **Deficiency in support services**
  - no training or extension for producers
  - some research but no practical impact
  - poor market data
- **Beginning (hopeful) of public & private sector partnership**

Singapore scenario

- **Steady growth since the 1990's**
- **Retail market estimated to be about US$3.5 million in 2000.** (GAIN Report 2001 USDA FAS)
- **Market size valued at US$39 million in 2006** (OTA, USA)
- **SE Asian market to report 17% compound annual growth rate between 2007 and 2013** (Organic Monitor projection)
- **At 17% year on year growth, market size would amount to about US$100 million in 2012**
  (*Dr Ngiam Tong Tau,* Former CEO and Director General, Agri-Food and Veterinary Authority of Singapore)

Organic Food Market Structure in 2000 (Estimated)	
	% Share of Market
Fresh fruits and vegetables	10%
Brown rice and rice based convenience foods	15%
Non-alcoholic beverages, e.g. juices and cider vinegar	15%
Flours, pulses and lentils etc.	20%
Confectionery items, including spreads	5%
Breakfast cereals, cereal bars and snack foods	5%
Chilled and frozen products, including meat	5%
Other items, e.g. coffee, tea, sugar, edible oils, canned foods, specialty foods and wines	25%
Total	100%
Source: Trade estimates and observations (September 2000)	

Retailer Name and Outlet Type	Number of Outlets	Involvement with Organic Foods	Purchasing Method / Agent Type
NTUC Fairprice* (Supermarket)	41	Fairprice currently leases concession space in 16 of its supermarkets to an organic food supplier, Just Health Food, which retails products supplied by Origins Health Food Pte Ltd. It displays only limited quantities of organic foods on its own shelves, e.g. Billington's organic sugar.	Will purchase organic products from local importers only if they are viable amongst its target market, i.e. the mass market.
Cold Storage (Supermarket)	22	Carries a very limited range of organic foods.	Imports direct under the Waitrose label from the UK and purchases some products from local importers if considered viable.
Shop'n Save (Supermarket)	27	Carries a very limited range of organic foods.	Purchases from local importers if considered viable.
Daimaru (Supermarket)	2 **	Carries a very limited range of organic processed foods.	Purchases from local importers if considered viable.
Isetan (Supermarket)	1	Carries a very limited range of organic processed foods.	Purchases from local importers if considered viable.
Giant*** (Hypermarket)	1	Carries a very limited range of organic processed foods.	Purchases from local importers if considered viable.

*: Includes supermarkets operating under the Fairprice and Liberty names.
**: Daimaru operates two supermarkets and a small foodhall located in its department stores.
***: Part of Cold Storage group of businesses
Note: Sources with Carrefour Hypermarket comment that they do not carry organic foods at present.
Source: Retail trade sources and market observations.

Singapore scenario 2000

- More than 50 smaller retail outlets besides supermarkets selling organic processed foods
- Wide range of products imported mainly from USA & Australia.
- Number of brands is high, relative to small market size.
- Products carried by supermarkets but market revolves around smaller health food shops and concession space rented by importers from mainstream retailers.
- No local food processors manufacture organic foods.
- Organic products are imported in bulk, repacked and retailed in small packs, e.g. 250 gm or 500 gm
- Small quantities used by food service outlets and hotels (10-15%) on an infrequent basis.
- Organic foods interact with products described as “chemical free”.
- Most local consumers do not understand organic foods and consumer education about these products is currently very weak.

Consumer profile

- Singaporeans on **special diets because of medical conditions**, e.g. cancer. Reported to be an important part of the market, if not the most important group of local consumers being serviced today.
- Singaporean **vegetarians**, including Buddhists and others that are members of vegetarian and similar societies.
- **Expatriates**
  - Japanese families interest for Japanese products & healthy foods.
  - Western families interest for organic produce known to them.
- Middle to upper income groups who are health conscious.

Most have sufficient income to be unconcerned about retail price.

Main concern to consume food without additives or pesticides.

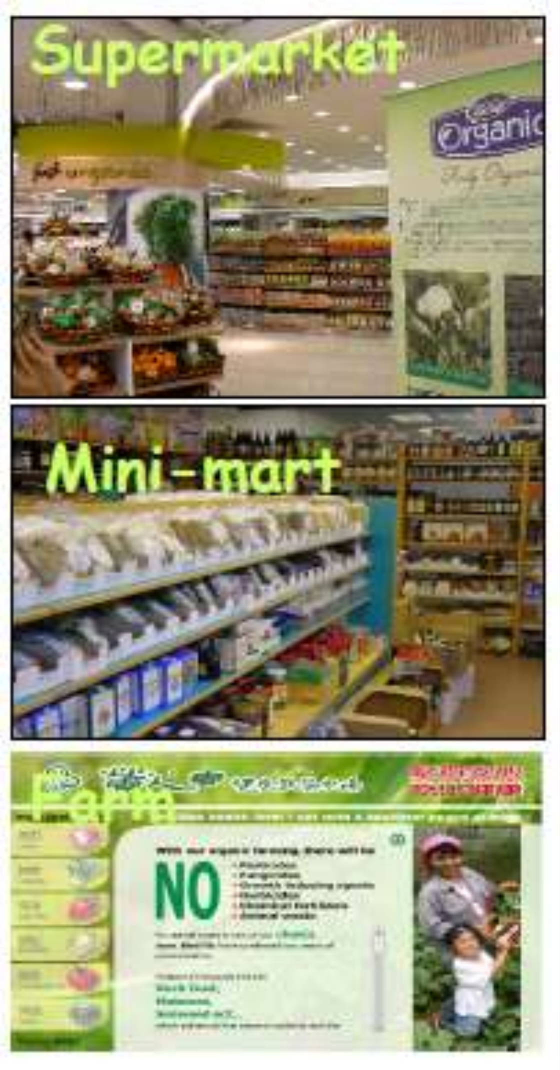
However, most would welcome lower prices.

Importers are constantly seeking to supply more value-for-money products to the market.

Singapore scenario 2012

More than 70 outlets

1. **Supermarket chains**: NTUC Fairprice; Dairy Farm Group (Cold Storage, Tanglin Market Place, Jasons Market Place, Paragon Market Place); Carrefour
2. **Specialist retailers**: e.g. SuperNature: Natures Glory; Brown Rice Paradise; Green Valley Farms
3. **Online marketing**: Super Nature; Zenxin Organic Food
4. **Local Organic Farms**: Green Circle Eco-Farm; Fire flies Health Farm; Bollywood Veggies



Source of Organic foods: Australia, New Zealand, USA, European countries, Thailand, Malaysia, Japan, UK

Market Drivers

1. Increasing demand for Safe food; Health scares
2. Increasing awareness or need to support sustainable and low carbon farming; mitigate climate change; protect and conserve the environment

Market Challenges

- Lack of understanding of the nature of organic farming and organic food
- Confusion caused by nonspecific labels such as: Green; organically grown; Pesticide free; Natural; Free-range and Eco labels
- Higher retail price compared to conventional food
- 'Lack of regulations on production and supply of organic food - no National Accrediting Agency' ? ?

Agri-Food & Veterinary Authority of Singapore

[illegible]

FOD 019/2008

CIRCULAR

21 Jan 2008

All Processed Food Importers/Declaring Agents

All declaring agents are requested to inform your importers of the contents of this circular.

Dear Sirs/Madams

IMPORT OF ORGANIC PROCESSED FOOD

We wish to remind you that food products labelled as organic foods, organically produced or words of similar meanings are required to meet the standards established by the Codex Alimentarius Commission for organically produced foods. This Codex standard can be downloaded from the following website:

http://www.codexalimentarius.net/web/standard_list.do?lang=en

2 Therefore, all import of organic processed food are required to accompany with the organic certification from the relevant certification bodies of the country of origin.

3 Importers are required to declare if the imported food products are labelled as organic food product or of organic origin by typing the word "organic" in the product / item description field in the TradeNet system during permit application. Please see examples below:

HS CODE	PRODUCT CODE	PRODUCT DESCRIPTION	UNIT OF QTY
09012110	[illegible]	COFFEE, ROASTED, UNGROUND (ORGANIC)	KGM
20079900	[illegible]	JAM MARMALADE, BLUEBERRY (ORGANIC)	KGM

4 Importers are required to produce the original organic certificate as and when required when AVA officer inspects the incoming organic food consignments. Failure to do so could liable you to be prosecuted under the Sale of Food Act or The Food Regulations.

5 If you require any clarification, you may contact Mr Ahmad Rahman at Tel: 6325 8369. Alternatively, you can also contact our TradeNet officers at Tel: 6325 0783, 6221 5056.

Yours faithfully

TAN HENG PIU
FOOD CONTROL DIVISION
FOOD & VETERINARY ADMINISTRATION
for CEO
AGRI-FOOD & VETERINARY AUTHORITY

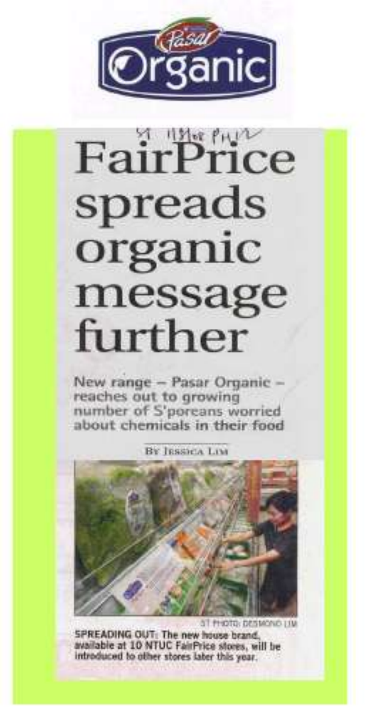
Circular organic food

1. … food produce labelled as organic foods, organically produced or words of similar meaning are required to meet the standards established by the Codex Alimentarious Commission for organically produced foods. The Codex standard can be downloaded from ……
2. Therefore all import of organic processed food are required to accompany with the organic certification from the relevant certification bodies of the country of origin
3. Importers are requested to declare if the imported products are labeled as organic food product or of organic origin by typing the word 'organic' in the product description
4. Importers are requested to produce the original organic certificate as and when required when AVA officer inspects the in-coming organic food consignments. Failure to do so could liable you to be prosecuted under the Sale of Food Act of The Food Regulations.

NTUC FairPrice Organic Assurance Programme (NOAP)

Pasar Organic: Truly Organic

FairPrice



FairPrice spreads organic message further

New range – Pasar Organic – reaches out to growing number of S'poreans worried about chemicals in their food

By Jessica Lim

ST PHOTO: DESMOND LIM

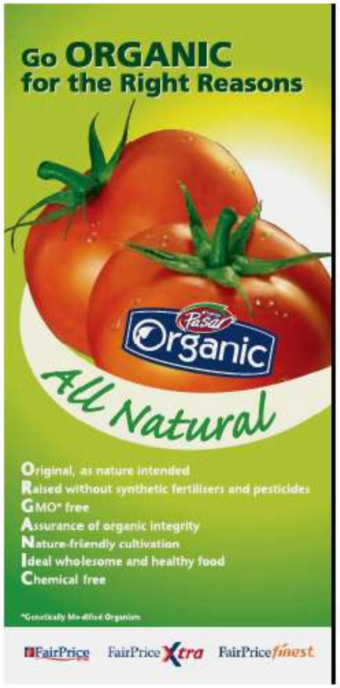
SPREADING OUT: The new house brand, available at 10 NTUC FairPrice stores, will be introduced to other stores later this year.

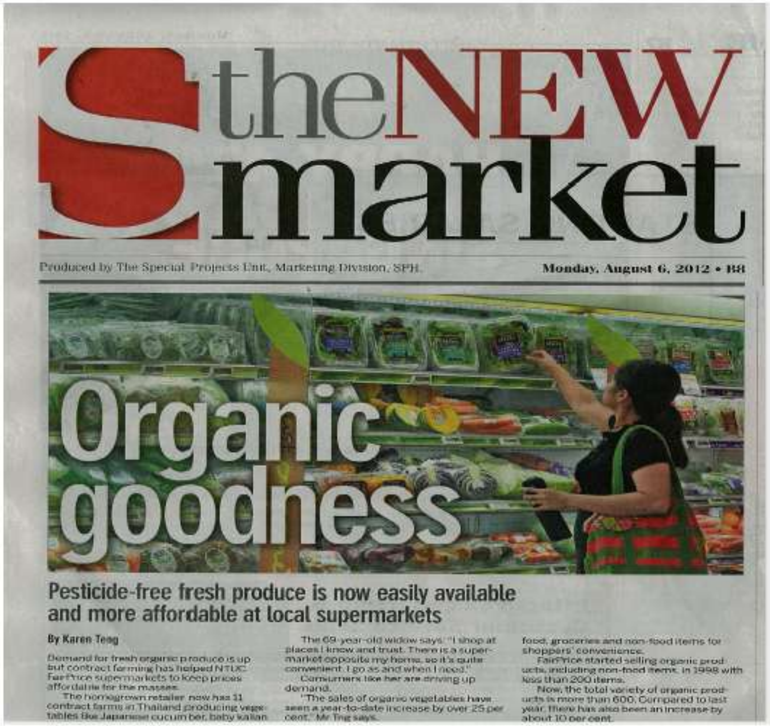
NTUC Fair Price

- Founded by the labour movement in 1973, with a social mission to moderate the cost of living in Singapore
- Largest retailer, S$ 2.4 Billion,
- 250 outlets – FairPrice supermarkets, FairPrice Finest, FairPrice Xtra, FairPrice Xpress and Cheers convenience stores
- Fresh Food Distribution Centre - centralised warehousing & distribution

NOAP Launch

- 31st July 2008: 10 to 31 outlets, 2012
- > 40 Asian type tropical vegetables
- 25% Annual increase in sales
- Leading role in organic market place in terms of organic quality assurance




theNEW market

Produced by The Special Projects Unit, Marketing Division, SPH.

Monday, August 6, 2012 • B8

Organic goodness

Pesticide-free fresh produce is now easily available and more affordable at local supermarkets

By Karen Teng

Demand for fresh organic produce is up but contract farming has helped NTUC FairPrice supermarkets to keep prices affordable for the masses.

The homegrown retailer now has 11 contract farms in Thailand producing vegetables like Japanese cucumber, baby kailan

The 69-year-old widow says: "I shop at places I know and trust. There is a supermarket opposite my home, so it's quite convenient. I go as and when I need."

Consumers like her are driving up demand.

"The sales of organic vegetables have seen a year-to-date increase by over 25 per cent," Mr Ting says.

food, groceries and non-food items for shoppers' convenience.

FairPrice started selling organic products, including non-food items, in 1998 with less than 200 items.

Now, the total variety of organic products is more than 600. Compared to last year, there has also been an increase by about 10 per cent.

Milestones

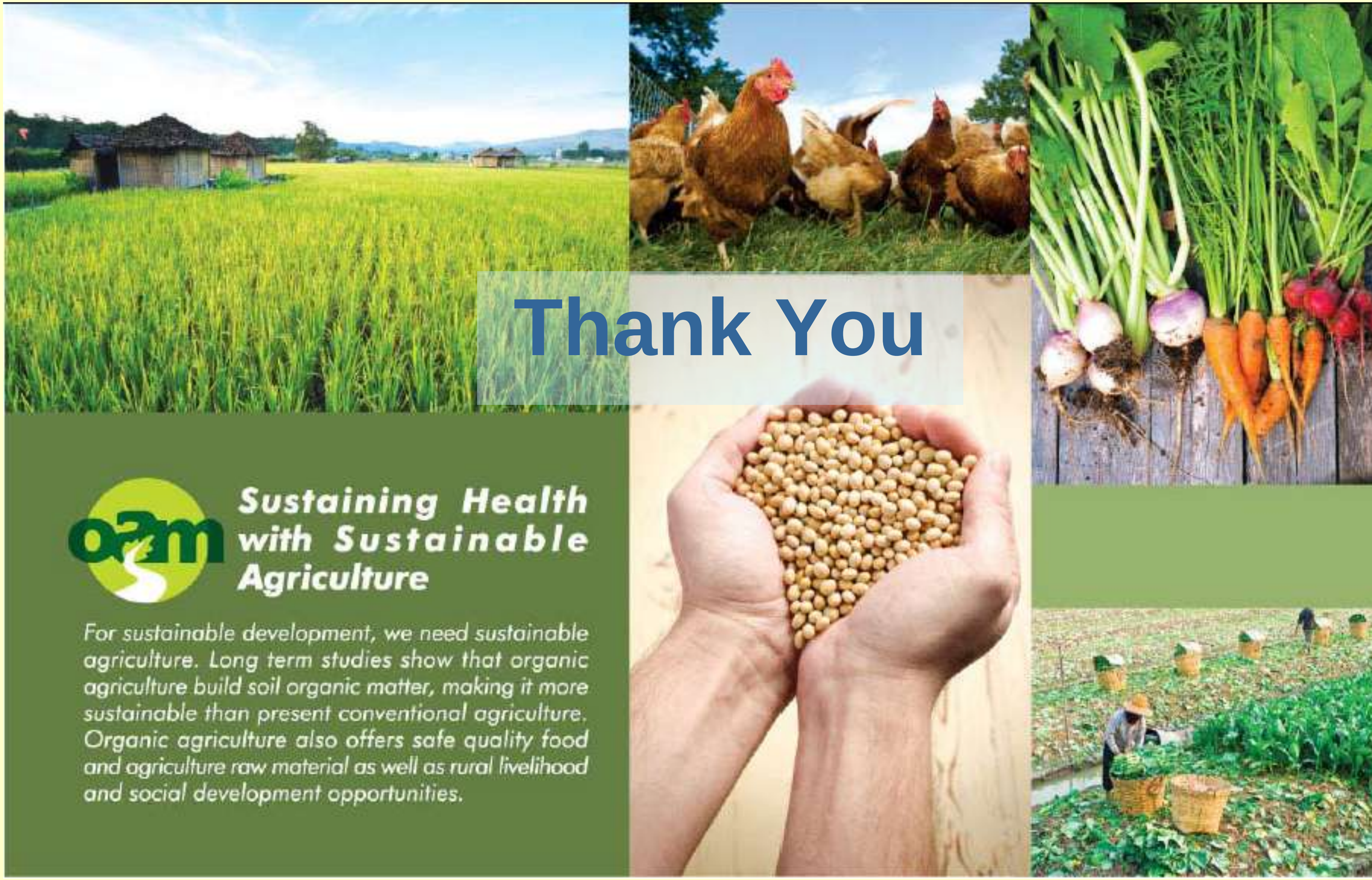
- Organic food is now available in 31 NTUC Fairprice supermarkets distributed throughout the island
- Price of organic food is now more affordable to the public
- The public is more aware of the nature of organic food
- The Sales of organic food has grown 25% year on year from 2009 to 2011

Outlook

The organic food consumer market in Singapore has seen healthy growth in the last ten years and is expected to maintain its double digit growth in the years forward.

(*Dr Ngiam Tong Tau,* Former CEO and Director General, Agri-Food and Veterinary Authority of Singapore)

Thank You



oam
Sustaining Health with Sustainable Agriculture
For sustainable development, we need sustainable agriculture. Long term studies show that organic agriculture build soil organic matter, making it more sustainable than present conventional agriculture. Organic agriculture also offers safe quality food and agriculture raw material as well as rural livelihood and social development opportunities.