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Argentina

Organic Food Report

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Report Highlights: Argentina's organic production is estimated at \$20 million, of which 85 percent is exported and only 15 percent destined for domestic consumption. However, with the largest per capita GDP in Latin America and the increasing interest of supermarkets in organic products, good possibilities are opened for a larger demand of both domestic and imported organic products.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1], AR

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SECTION I. SUMMARY

Argentina is well placed to be an increasingly important producer and exporter of organic products due to both its abundance of appropriate land and natural resources, and foresight in developing workable guidance and regulations for this sector. Domestic consumption to date represents only a small fraction of output, but is growing; therefore, exports are presently the key outlet for production. However, consumers are slowly becoming more aware of these products and are incorporating them into their diet. Some industry highlights are mentioned below:

- Argentina is in a privileged position to develop organic agriculture due to its diverse climates and ecological conditions for various crops, and its extensive production systems which have traditionally used small quantities of agrochemicals and which do not require significant changes for the conversion from traditional to organic agriculture.
- During the past few years, organic production has been growing significantly at a 25 percent annual rate. The domestic market of organic products is also growing, but at a slower pace.
- Approximately 85 percent of Argentina's organic production, estimated at \$20 million, is exported and the remaining 15 percent is destined for domestic consumption.

ADVANTAGES	CHALLENGES
Argentina has the largest per capita GDP in Latin America, which will facilitate the growth in consumption of organic foods.	Argentina's various climates and extensive production systems allows it to easily develop organic agriculture.
Largest supermarkets are gradually incorporating organic products to their shelves, and some are planning to launch marketing campaigns to educate consumers.	Argentina does not need big changes for the conversion from traditional to organic agriculture.
Main supermarket chains are developing private labels for organic foods.	Argentina has developed its own regulations on organic agriculture equivalent to the EU's.
Argentina is supporting the inclusion of organic products in the Harmonized Tariff Schedule to facilitate trade.	Organic exports are growing at a 25 percent annual rate.
Growing domestic consumption improves the knowledge of consumers and potential supply to the domestic market.	Almost all organic products domestically consumed are manufactured locally.
U.S. foods are regarded as of high-quality and high certification standards.	Lack of consumer awareness on the benefits of eating organic foods, and the positive impact of organic agriculture on the environment.
	High prices of organic products in a price-driven market.

SECTION II. REGULATIONS AND POLICIES

As mentioned above, Argentina has shown foresight in setting up a regulatory framework for this sector.

- Argentina is the only country in the Americas which, since 1992, has established its own standards for the certification of organic products equivalent to the EU's and validated by the International Federation of Organic Agriculture Movements (IFOAM).
- Argentine organic production is officially governed by the National Service of Agricultural and Food Health and Quality (SENASA) through Resolutions No. 423/92 which applies to organic products of vegetable origin, and No. 1286/93, related to organic products of animal origin, and also by EU's Resolution No. 45011. On August 4, 1999, the National Law on Organic Production (No. 25127) came into force with the approval of the Senate.
- By law, SENASA is also supporting the opening of the Harmonized Tariff Code to organic products in order to clarify trade of such products.
- SENASA has full authority to supervise all organic production establishments, storage areas, packaging, trade, transportation, and distribution, and also to audit certifying companies to verify certification procedures, whenever it is deemed necessary.
- For a food product to be considered as organic, its production process must be certified by a company approved by SENASA. If the product is to be exported to Europe, that certifying organization must be also approved by the EU official organizations.
- For an organic food product to be imported into Argentina, it must be recertified by an Argentine certifying company approved by SENASA.
- All imported organic products entering into Argentina must comply with the above stated regulations, which include a certificate from the country of origin stating that the product has been certified as organic.
- Regarding package size and materials, expiration dates, and labeling, organic food products must comply with SENASA's and INAL's (National Food Institute) official requirements that apply to all traditional foods. They deal with the identification of the product (primarily type of product, origin, brand, lot, weight, and certifying company's stamp).

For additional information on this section, please refer to our *Food and Agricultural Import Regulations and Standards Report - FAIRS '99* (AGR# AR9076), which you can find in the agricultural country report section of the FAS Homepage: www.fas.usda.gov.

- The Government of Argentina (GOA) does not grant any subsidies or incentives to agricultural production, including organic production. Currently, there are no government or private-sponsored activities designed to educate and encourage consumers to purchase organic products. However, in September 1998, the Argentine Agricultural Secretariat (SAGPyA) launched the National Program for the Development of Organic Production (PRONAO), meant to promote organic products in the domestic market, increase the number of producers dedicated to this activity, capture new markets, and educate consumers. This program has not yet been fully implemented.

SECTION III. CONSUMPTION AND MARKET SECTORS

A. CONSUMPTION

- No formal market research has been carried out either by the GOA or the private sector on the profile of consumers of organic food products. However, through anecdotal information, they can be defined as belonging to the higher-income strata, very knowledgeable of the qualities and benefits of organic foods, and concerned about his health. Some of the consumers of organic fruits and vegetables are vegetarians.
- The average Argentine consumer is price-oriented; thus, he is not prepared to pay more for a product which he does not feel a need for or perceive as better.

B. MARKET SECTORS

1. Retail Foods

Entry Strategy

For information on this section, please refer to our *Retail Food Sector Report* (AGR# AR9083), which you can find in the agricultural country report section of the FAS Homepage: www.fas.usda.gov.

Market Summary

- The size of the retail market of organic foods is estimated at \$3 million. During the past few years, organic production has shown a significant annual growth rate of 25 percent, while the domestic market followed at a slower pace.
- During 1998, the most important certified organic products of vegetable origin destined for domestic consumption were cereals such as corn (891 metric tons), followed by bread wheat (425 metric tons). Among certified organic fruits, apples and pears were the most outstanding, and among vegetables, lettuce, chard, and carrots. Other products consumed were yerba mate, olive oil, and aromatic herbs.

Regarding domestic consumption of organic products of animal origin during 1998, please see the following chart:

PRODUCT	VOLUME
Beef (kg.)	50,384
Honey (kg.)	3,056
Cheese (kg.)	3,984
Milk (liter)	1,477,776
Poultry (kg.)	119,529

PRODUCT	VOLUME
Eggs (dozen)	6,664

Source: SENASA

- In 1998, domestic consumption of organic beef, cheese, and honey decreased in comparison with 1997. On the other hand, certified volumes of poultry (40 percent) and fluid milk (60 percent) for the domestic market increased.
- Organic products with a higher potential demand in the domestic market are primarily fresh fruits and vegetables (in part due to a growing trend of consumption among vegetarians), and also eggs, oil, and poultry.
- Prices of organic products with respect to traditional products vary from 15 to 100 percent more depending on the product. In some cases, the price of the leading brand of a traditional food product is similar to the price of the equivalent certified organic product.
- In Buenos Aires City and suburbs, approximately 80 percent of all organic food products is sold in supermarkets. The remaining 20 percent is sold in specialty stores (where all types of natural, health, and dietary products are also marketed), especially in the interior of the country. Home delivery is the most traditional way of selling organic products but it only represents a very small share of the market, although it shows an upward trend.
- Supermarkets usually incorporate imported dry foods as a tool to differentiate themselves from their competitors, and they are beginning to apply this policy to organic products.

Sector Trends

- Organic food products available in the Argentine market, primarily in supermarkets, are as follows: beef, poultry, eggs, honey, olive oil, fruits and vegetables, dairy products, tea, coffee, aromatic herbs, yerba mate, sugar, among others. The most widely consumed are fruits and vegetables, poultry, eggs, and edible oil.
- Only a few imported organic products (such as coffee and vinegar) can be found in supermarkets.
- Major Argentine supermarkets and super stores (Jumbo, Norte, Carrefour, Coto, and Disco-Ahold) are developing private labels for a few organic products. Some chains are also working on marketing campaigns with the purpose of educating customers about the benefits and advantages of eating organic products.
- Jumbo is planning to set up a separate shelf exhibiting organic products in three of its outlets, where customers belong to middle and middle-upper strata.

2. Food Ingredients

- There is no market for organic certified food ingredients. However, the demand for GMO-free food ingredients is increasing in the Argentine food processing industry.

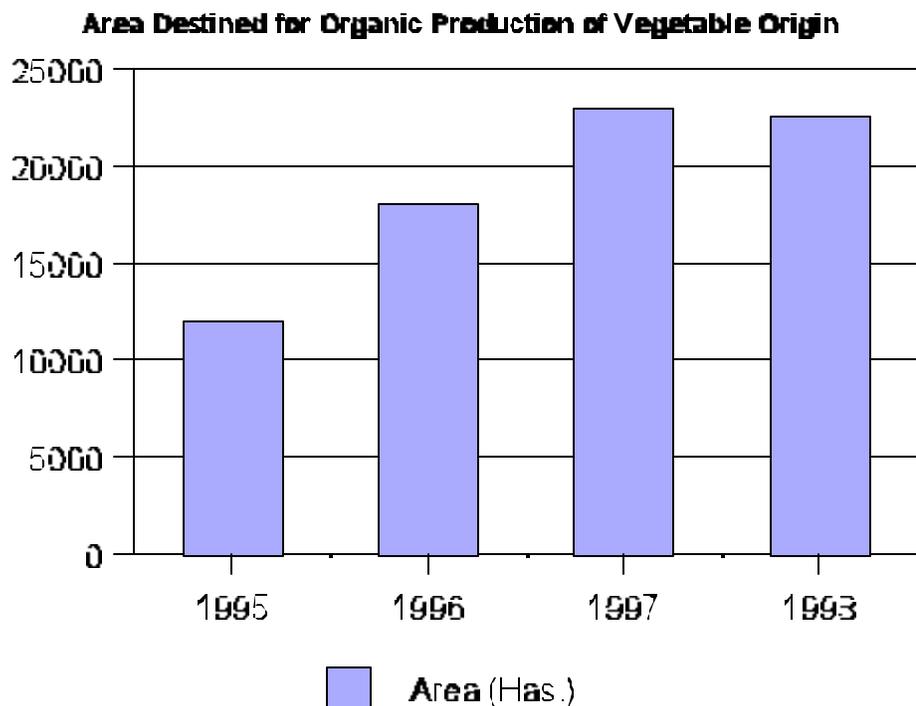
3. Food Service Products

- The demand for organic products in five-star hotels and fancy restaurants is expected to grow gradually due to strong foreign investment primarily in the hotel sector and the remarkable increase of tourism from Europe and the United States.
- There is no significant potential for organic food in the institutional sector (schools, hospitals, etc.) since this is a price-driven sector.

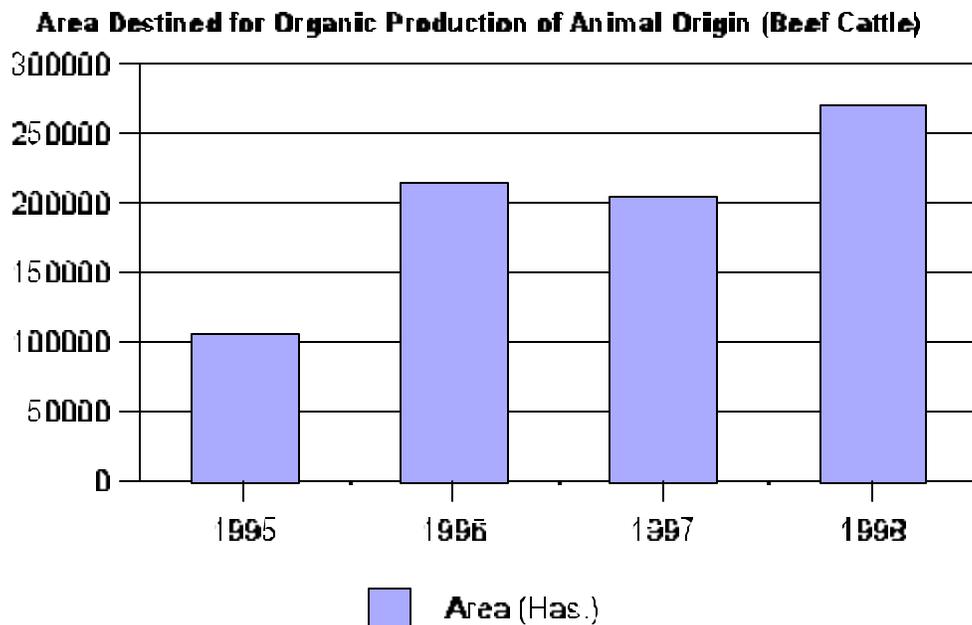
SECTION IV. PRODUCTION AND PROMOTION

A. PRODUCTION

- Organic production in Argentina, estimated at \$20 million, has continued to grow steadily in recent years at an annual rate of 25 percent. The total area dedicated to certified organic production in 1998 was 291,605 hectares, of which 21,739 hectares were destined for products of vegetable origin, and 269,866 hectares for products of animal origin, primarily beef cattle.
- The main crops harvested were organic grains and oilseeds, primarily concentrated in the Pampean Region (Provinces of Buenos Aires, La Pampa, Santa Fe, Córdoba, and Entre Ríos). Other provinces with significant organic production were Misiones, Salta, and Santiago del Estero.



Source: SENASA



Source: SENASA

- Of the total organic certified harvested area, grains and oilseeds accounted for 65 percent, followed by non-food agricultural products with 21 percent, vegetables and pulses, 5.5 percent, and fruits, 3.7 percent.
- Organic livestock production was also primarily concentrated in the Pampean Region, and was destined for beef cattle and dairy production.

Exports

- Exports have been increasing at an annual rate of 25 percent during the past five years, and are expected to continue at this pace during the next decade.
- Total CY 1998 exports of certified organic products grew significantly in general due to the increase of exports of products of vegetable origin, since exports of products of animal origin and honey decreased.
- As in previous years, the EU and the United States continued to be the principal foreign markets.
- There have recently been some investments (mostly foreign) in the Argentine organic sector, such as financial assistance to help producers grow and the purchase of small organic companies. These investments tend to focus on placing the product in the export market.

B. PROMOTION

- In 1998, the EU primarily purchased organic grains, oilseeds, and fresh fruits; and the United States, fresh fruits and further processed products.
- Exports of organic grains and oilseeds, fresh fruits and vegetables, and beef are expected to continue to increase during the next five years.

Argentine Exports of Certified Organic Products of Vegetable Origin (in Kg.) - CY 1998

Certified Organic Product	European Union	United States	Other (Rest of Europe, Japan & Uruguay)
TOTAL	13,937,928	1,871,881	450,687
Grains and oilseeds	7,152,527	--	
Fresh fruits	4,544,803	1,435,431	
Vegetables	2,016,523	60,688	
Aromatic herbs	--	2,310	
Further processed products	84,555	370,452	
Other	139,520	3,000	

Source: SENASA

SECTION V. PROMOTIONAL ACTIVITIES

- Argentina actively participates in the promotion of organic food products through PROMEX and ExportAr, which are state entities that organize trade missions to various shows around the world such as BioFach in Nuremburg, Germany, and Natural Products Expo-East in Baltimore, MD, and provide technical assistance to producers to place their products in foreign markets. They also organize educational seminars on organic production and marketing addressed to small and medium-sized companies.

SECTION VI. POST CONTACTS AND FURTHER INFORMATIONGovernmental Regulatory Agencies

Dirección Nacional de Fiscalización
Agroalimentaria
Coordinación de Producciones Orgánicas
Servicio Nacional de Sanidad y Calidad
Agroalimentaria (SENASA)
Secretaría de Agricultura, Ganadería, Pesca y
Alimentación
Avda. Paseo Colón 367, piso 5
1063 Buenos Aires, Argentina

Phone/fax: 54-11-4345-4110/4112
4331-6041/6049
(ext. 1501/1508)
E-mail: dica@inea.com.ar
(Import regulations for traditional food products
and certification of organic products)

Instituto Nacional de Alimentos (INAL)
 Estados Unidos 25
 1101 Buenos Aires
 Phone: 54-11-4342-5674
 4340-0800 (ext. 3538)
 Fax: 54-11-4331-6418
 (Import regulations for traditional food products)

Trade Associations

Cámara Argentina de Productores Orgánicos
 Certificados (CAPOC)
 Carlos Antonio López 3826, piso 1, dpto. 1
 1419 Buenos Aires
 Phone/fax: 54-11-4502-8778
 E-mail: info@organico.com.ar
 Website: www.organico.com.ar

Movimiento Argentino para la Producción
 Orgánica (MAPO)
 Sarmiento 1562, piso 7, dpto. 6
 1042 Buenos Aires
 Phone/fax: 54-11-4382-5562

Main Certifying Companies and Agencies

Organización Internacional Agropecuaria (OIA)
 Avda. Santa Fe 830
 1641 Acassuso, Pcia. de Buenos Aires
 Phone: 54-11-4793-4340; 4798-6514
 Fax: 54-11-4798-9084
 E-mail: ويا@impsat1.com.ar

Martín y Omar 129, piso 2, of. 224
 1642 San Isidro, Pcia. de Buenos Aires
 Phone: 54-11-4686-0067
 Fax: 54-11-4686-2502

Argencert S.R.L.
 Bdo. de Irigoyen 760, piso 10, of. "B"
 1072 Buenos Aires
 Phone/fax: 54-11-4334-2943; 4342-1479;
 4331-7185
 E-mail: argencert@interlink.com.ar

Convenio de Certificación Conjunta ArgenINTA-
 IRAM
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 1425 Buenos Aires
 Phone/fax: 54-11-4802-9623; 4802-6101;
 4804-3920

Or
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Food Safety Seguridad Alimentaria

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 Federico Lacroze 2025

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Asociación de Agroproductores Orgánicos de Buenos Aires (APROBA)
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Asociación para el Pastoreo Racional Intensivo (A.P.P.R.I.)
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Phone/fax: 54-11-4855-6620
E-mail: [appri\(14@hotmail.com](mailto:appri(14@hotmail.com)

Other Sources of Information

Programa de Promoción a las Exportaciones (PROMEX)
Secretaría de Agricultura, Ganadería, Pesca y Alimentación
Avda. Paseo Colón 922, P.B. 4
1063 Buenos Aires
Phone: 54-11-4349-2019
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