China, Peoples Republic of

Organic Products

Dueling Standards for Organic Foods

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Report Highlights:
Growing interest in safer food has led to the emergence of two different organic food standards: the Green Food standard and the Organic standard. Each standard is supported by a different government agency, and reflects the interests of that agency.
Food Anxiety

As Chinese consumers become more health conscious, they are paying more attention to the quality and safety of the food they eat. Most are aware that the use of agricultural chemicals is poorly regulated in China, and that industrialization has left pollutants in the soil, water and air in most areas. As a result, consumers in the growing middle class are searching for additional assurances as to the safety of the food they and their children eat, and are willing to pay more to receive that assurance. Producers are aware of this trend. Many farmers located near urban areas have made special arrangements with consumers in the city to produce safer products. These arrangements usually amount to simple measures to reduce contaminants. (For example, many apple growers place small bags over their apples, partly to reduce pesticide residues). In other areas, travel reveals a large number of farmers claiming to grow organic food. Many however, are unclear on the concept, and freely admit to using chemical fertilizers and pesticides on their ‘organics.’ At the same time, many farmers in China’s more remote areas are already producing food that is organic by default, since they cannot afford synthetic inputs. The difficulty is in making the connection between producers and consumers. The key to making this connection is development of a reliable system of certification.

Fighting Words: Green or Organic?

Regulatory officials are aware of the marketing potential for safer foods, and are working to establish systems for certification. They also recognize that certification could become a lucrative business for the agency that controls it, bringing a steady flow of income from certification fees. As a result, two standards have emerged, each championed by a different agency, and each with a different emphasis, showing the agency’s interests. The one thing that both standards have in common is recognition of the importance that branding will play in developing consumer support. Both place a heavy emphasis on development of a recognizable trademark.

The Green Food Standard

The most developed of the standards is the Ministry of Agriculture’s (MOA) Green Food Standard, originally issued in 1992. MOA has gradually refined and developed a standard that reflects MOA’s strong producer orientation. Green Food is subdivided into two standards: A and AA. The A standard is less demanding, and appears to be directed at domestic consumers who are interested in safe food, but are not willing to pay much more to get it. The AA standard is stricter and comes closer to western notions of ‘organic food.’ The additional cost, however, will limit the AA standard’s appeal to a smaller (but still significant) group of well-to-do consumers. As incomes continue to grow there is likely to be some shift in interest toward the AA standard.

Both the A and AA standards rate the environmental quality of the area where the food is produced, placing minimum standards for concentrations of different pollutants in the air, water and soil. The A standard bans the use of many synthetic pesticides and fertilizers, while strictly regulating the amount and timing of use of others. Pesticide use is not allowed at all during the period immediately prior to harvest. The AA standard does not allow the use of synthetic
pesticides, hormones or veterinary medicines at all, and allows only simple chemical fertilizers. The Green Food standard also includes separate standards for food processing and transportation. Details of this standard are included in report CH1059.

Certification is handled through the China Green Food Development Center (CGFDC), which is the sole owner of the Green Food trademark. The CGFDC has, in turn, established two departments to handle certification issues. The first is the Green Food Environmental Monitoring Administration, which is responsible for certifying environmental conditions in production areas. The second is the Green Food Quality Inspection Administration, which inspects and certifies the food products themselves. The CGFDC ensures the reliability of its certification by limiting it to larger producers and processors. Although this excludes most small farmers, it simplifies the process of monitoring compliance and should help keep certification costs down. The greatest advantage of the Green Food standard is infrastructure. There are now 38 administrative organizations at the provincial, county and city level which are authorized to certify green food products. In addition, there are 56 environmental monitoring organizations and 9 quality inspection organizations. The Chinese government claims to have certified 1,057 green-food processing plants.

The Organic Food Standard

The chief rival to the Green Food standard is the Organic standard, which was issued by the State Environmental Protection Agency (SEPA) in July, 2001. Due to its very recent origin, many of the technical details of this standard have yet to be resolved. The Organic standard is purer than the Green Food standard, but much less practical for both Chinese farmers and consumers. It does, however, more closely resemble the standards for organic foods used in other countries. This standard forbids the use of pesticides, chemical fertilizers, hormones, chemical additives, chemical pigments, chemical preservatives, and other chemicals and genetic engineering technology. The rigidity of the Organic standard makes its use challenging in China, where a large farming population and limited land makes intensive farming an absolute necessity. Under these conditions, good management can eliminate the most noxious chemicals and limit use of others, but total elimination of chemical inputs is impractical for yields to be profitable. The exception to this rule is in deep inland areas such as Inner Mongolia, but the very remoteness of these places and small scale of production makes certification difficult.

Under this standard, SEPA approves the qualifications of the certifying organizations. These organizations are, in turn, responsible for certifying foods as organic. To certify an organic food production base, applicants must provide documents outlining the local environmental quality, as well as other technical documents. For processed foods, producers must certify that the raw materials are organic, as well as providing the product standards, processing methods and disposal method for pollutants. Trade in organics must also be certified. Certification must be renewed once every two years, and any changes in the items produced or the processing will require that the product be re-certified.
Different Priorities, Different Prospects

The two standards appeal to differing markets, and reflect the different interests of their agencies. At present, the Green Food standard has the advantage. Green Food has placed it bets on the domestic market, crafting a standard that largely ignores international markets’ interest in ‘naturalness,’ focusing on food safety instead. The standard also shows MOA’s awareness of the circumstances under which China’s farmers work: complete non-use of chemical fertilizers and some pesticides is simply not practical in most of China. Improved management of chemicals, however, is not only possible, but much needed. Properly managed, Green Food’s A standard could become the base standard by which Chinese consumers judge food safety. Betting on the domestic market makes good sense, as rising incomes are likely to see the domestic market grow more quickly than export markets. Green Food is also ahead in terms of infrastructure, reflecting the standard’s longer history and MOA’s strong contacts with producers. Independent verification of environmental standards may also prove more reliable than SEPA’s dependence on the applicant’s own documentation.

SEPA’s no-compromise approach reflects their role as the monitor of environmental quality, as well as a lack of experience with food production and marketing. The Organic standard is designed to match, or even exceed the organic standards of other countries. In the process however, it sets the bar higher than most Chinese producers can jump. Large-scale production to this standard is practical only in inland areas such as Inner Mongolia and Heilongjiang. Even in these areas organic production will produce lower yields. Identity-preserved transportation to major consumption areas will add to the cost, and the final product is likely to be priced out of reach of most middle-income consumers. (The exception to this rule may prove to be baby foods: legally mandated small families have made parents more sensitive than ever to the health needs of their children). As a result, the primary appeal of this standard is likely to be export markets. Access to these markets, however, will depend on the Chinese standards being accepted by foreign governments.