

Extracts for 2009 Sustainable Foods Summit in Amsterdam

(source: Organic Monitor and [www.organic-market .info](http://www.organic-market.info))

The first Sustainable Foods Summit drew to a successful close at the end of June in Amsterdam, with the organisers and delegates satisfied with the inaugural event.

In spite of the economic recession, the summit brought together about 100 key executives involved in sustainability in the food industry. A post-summit survey shows that 86% of participants were satisfied or very satisfied with the summit, and that 79% found it informative. Dr. Rainer Bachi, Director of IMO, echoed the positive sentiment, 'thank you for the excellent organisation of the conference...we received many new ideas and useful information'.

The summit kicked off by an opening address by Dr. Nadia El-Hage Scialabba from the Food & Agriculture Organisation (FAO) of the United Nations. Titled 'Inconvenient Truths for the Food Industry', the address set the tone of the summit by stressing the importance of sustainability in agriculture and food production: Climate change, water scarcity, oil dependence and urbanisation are putting a strain on the planet's capacity to feed itself.

The first session of the summit looked at the various eco-labelling schemes for sustainable food products. Amarjit Sahota, Director of Organic Monitor, showed that the global market for eco-labelled foods was valued in the region of US \$70 billion; the bulk of sales generated from organic foods. The proceeding papers were from leading eco-labelling organisations that included Fairtrade Labelling Organisation (FLO), Rainforest Alliance, UTZ certified and the Carbon Trust. The panel discussion looked at how convergence was occurring between some of these standards. For instance, a growing number of organic standards are incorporating social and biodiversity principles.

Investing in Sustainability was the focus of the second session, with presentations given by financiers and recipients of ethical investments. Koert Jansen from Triodos Bank highlighted the importance of sustainable investment, especially in today's capital markets. Wim Nienhuis, Managing Director of AgroFair, showed how investment in fair trade projects in Latin America and Africa has created professional enterprises. Canaan Fair Trade shared its experiences on how ethical investment has had a major impact on the lives and welfare of Palestinian people.

Pascal Grévarath, Chairman of the CIAA Environment Committee, opened the second day of the summit with his opening remarks on 'Sustainability from Farm to Fork'. He expressed the need for Life Cycle Assessment (LCA) of food products, setting the scene for the session on Sustainable Supply Chains. Sustainable initiatives at various levels of the food supply chain were then highlighted in the proceeding presentations by Earthoil Plantations, Alpro, Nature & More, and TetraPak. A paper on ethical consumerism by Boston Consulting Group showed that awareness and perceived choice – and not price - were the major barriers for consumers to buy more green products. Volkert Engelsmann from EOSTA showed how organic food companies are meeting rising consumer expectations by becoming carbon neutral and implementing traceability schemes.

The Marketing & Industry Issues session rounded off the two-day summit. The session started with Innocent Drinks, which shared its sustainable initiatives that involve offsetting carbon emissions, ethical sourcing and reducing packaging. Hans van Bochove revealed that Starbucks has become the world's largest buyer of fair trade coffee and how it aims to double its fair trade coffee sales. The final presentations looked at retailer

sustainability initiatives, with Royal Ahold Group giving details of its recently launched private label for sustainable food products, Pure & Honest.

The summit brought together various stake-holders in the food industry; these included food and ingredient companies like Royal Wessanen, Café Direct, Unilever, Tradin Organics, ADM, Givaudan, Natudis; retailers like Metro, Sainsbury's and Albert Heijn; and various NGOs and inter-governmental organisations.

Organic Monitor would like to thank the sponsors, speakers and participants for the success of the Sustainable Foods Summit. The 2nd Sustainable Foods Summit will take place again in Amsterdam, June 2010. Global Organic Market Slows: Emergence of Organic Plus Strategies

Source: Organic Monitor - 2009

Global organic food sales have been increasing by over US \$5 billion a year, exceeding US \$50 billion in 2008. However, single digit-growth could occur for the first time this year because the **global economic slowdown** is impacting organic product sales.

Organic food sales are being affected by the reduction in consumer spending power and declining investment levels. Consumers are curbing expenditure on food products because of rising price sensitivity, whereas investment from new entrants and financiers has dwindled. The UK market has been the most adversely affected, with just 2 % growth reported in 2008.

Organic Monitor finds another factor affecting market growth is increasing consumer sophistication. Consumers are demanding more from organic food products; they are increasingly looking at ethical sourcing, traceability, the carbon footprint, sustainability and corporate social responsibility. Thus, the organic production method only partially meets rising consumer expectations. Recognising the change consumer behaviour, leading organic food companies are adopting 'Organic Plus' strategies. Such companies are going beyond organic and adopting highly ethical, ecological and sustainable business practices. Increasingly, these companies are marketing their organic products on these values.

In the UK, some leading organic food brands are positioned on such **non-organic** attributes. For instance, **Green & Black's** has become a household name partly because consumers identify it as an ethical brand. The organic chocolate is made from certified organic cocoa, which is ethically sourced from developing countries. Ethical sourcing is a key strategy for many organic food companies. Many, including **SunOpta** and **Rapunzel**, have invested in developing countries in Latin America and Asia. Some have gone further and invested in war-torn areas like Sri Lanka and Palestine.

Canaan Fair Trade was set up by such **social investment**. The Palestinian company is a major success story in a region that has been ravaged by conflict for decades. This year, it became the first company in the world to introduce certified organic and fairtrade olive oil. Apart from targeting regular buyers of organic products, its products reach out to consumers who want to improve the lives of Palestinians. The business ethos of **AgroFair**, the leading supplier of organic and fairtrade fresh produce in Europe, is based on making such ethical investments. It has set up a number of enterprises to help marginalised producers in Africa and Latin America. In recognition of its strong corporate ethics, AgroFair was awarded the Dutch Award for Corporate Social Responsibility a few years ago.

Other organic food companies are strengthening their environmental credentials by **offsetting carbon emissions**. **Eosta**, a leading trader of organic fruit & vegetables, is the first to launch a range of climate-neutral fruits & vegetables in Europe. The products are marketed via the Nature & More scheme which enables consumers to trace organic products to the farms where grown. The scheme also enables the carbon footprint of each product to be measured. In the UK, the organic cosmetics firm **Neal's Yard Remedies** has become the first high-street retailer to become carbon neutral.

Sustainability is becoming a major focus of leading companies. **Hipp**, the largest organic food processor in the world, has pioneered many sustainability initiatives. It uses renewable energy to make organic baby food, is cutting carbon emissions and recycles 97 % of its waste. Hipp's environmental performance has been recognised by a United Nations Millennium Business Award.

The Swiss supermarket chain **Co-op** has responded to consumer demand for locally grown products by launching a dedicated private label. Pro Montagna represents a range of Swiss mountain food products, many of which are organic.

The global organic products industry faces **fresh challenges** in 2009. The financial crisis coupled with changes in consumer behaviour is affecting organic food sales. Organic Monitor recommends organic food companies meet these fresh challenges by adopting Organic Plus strategies. Companies should look at going beyond organic and consider initiatives like ethical sourcing, adopting fair trade practices, offsetting carbon emissions, traceability schemes, promoting biodiversity, etc. By adopting such strategies, they will ensure positive growth continues in 2009 and beyond.

Source: Organic Monitor – 2009
