

Market grows for organic vegetables

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SHANGHAI: Four years ago, Daniel You went to a Shanghai Carrefour supermarket to look at how organic products were selling. The deputy general manager of Shanghai E-solution Agricultural Technology Co Ltd (SEAT), a Sino-Germany joint venture company, was disappointed with what he saw.

No one was showing any interest, except for a couple who bought a potato for their son, even though it was too expensive for them. "I felt really down. I couldn't help wondering if it was worth getting involved in the business," You recalled.

But he is glad to see more and more people are now familiar with, and readily buy, the products. The business is indeed on the rise. SEAT reported a total turnover of nearly US\$2 million last year, an annual growth of about 20%.

Four types of vegetables are found in China: normal vegetables, harmless vegetables, green vegetables and organic vegetables. All vegetables, except for organic ones, are grown with the use of fertilizers and pesticides.

The current sale of organic products accounts for 4 per cent of the vegetable market.

The organic food industry took root in the country in 2000, and about 33 national production bases have been set up. The main products include vegetables, tea, rice, fruits and honey.

According to Xinhua News Agency, the value of organic output in China last year rocketed to 3 billion yuan (US\$375 million) from virtually nothing a few years earlier. In particular, organic food exports were valued at US\$ 200 million.

However, organic food only accounts for 0.02 per cent of the domestic market at the moment, while the figure in developed countries is about 2 per cent.

In the shade of a greenhouse at SEAT, green water spinach is ripe and ready for harvest, although a few of the leaves have been chewed by worms. "Organic products don't look as appealing as normal vegetables, which are barely affected by worms due to pesticides," said You. "The weeds growing beside the organic vegetables also prove no pesticides are used," he added.

According to You, farming organic vegetables requires at least four times as much labour as other vegetables. And the growing period is more than double that of normal vegetables.

The firm was the first company in Shanghai to obtain the Organic Food Certificate. It offers more than 140 kinds of products every year, grown on around 15 hectares of land in Shanghai's Songjiang District.

Farmers at SEAT work from 6-10 am and from 2-6 pm each day.

All the harvested vegetables are stored in cold storage room for three hours. After being packaged, they are again kept in a cold room with a temperature of 20° C and are finally delivered by refrigerated trucks to supermarkets in Shanghai and other cities in East China.

Roughly speaking, the process of harvesting vegetables to selling them on the market takes 20 hours.

Besides SEAT, another supplier from Beijing called Ouge Organic Farm provides products for big supermarkets across Shanghai.

According to an employee surnamed Li, based in a Shanghai Carrefour, nearly 10 branches have been selling organic products since 2001. The sales volume is more than 4 times as much as that at the beginning, especially in Gubei and Jingjiao districts where many expatriates live. For instance, the daily sale of organic products at the Gubei store can reach 20,000 yuan (US\$ 2500), compared with 4000 Yuan (US\$ 500) in 2001.

Guy Wiener, general manager of SEAT, is confident about his business. "Although the market share for organic vegetables is rather small right now, it shows that there is room to develop in the future," he said.

The German businessman pointed out that the market for organic products could become "a mess" if many people plunge into the business as "not everyone will keep to the standards."

He added: "Strict regulations and strong support from the government are really needed."

More and more Chinese buyers have started to love organic products, even though experts disagree about whether the products are more beneficial to people's health than ordinary vegetables.

However, a young white-collar worker surnamed Ni is a believer. "I don't dare purchase normal vegetables," he said. "I heard some farmers never eat the vegetables they sell in the market; they only consume the vegetables which are grown in separate fields without the use of pesticides. "It sounds terrifying to me, I therefore think organic products are the safest ones."

Yet despite the apparent advantage of organic products, prices are too high for ordinary people.

At the organic vegetable section in Carrefour, the price of potatoes is up to 18 yuan (US\$2.2) per kilogram, five times more than the cost of normal ones.

Carrots are about 24 yuan (US\$3) per kilogram, while non-organic ones cost less than 2 yuan (US 25 cents) per kilogram.

A saleswoman responsible for the organic section said their main customers were white-collar workers and foreigners, plus a few elderly people.

"The organic vegetable business, of course, is not as promising as that for other kinds of vegetables since they are much cheaper," she said.

Shanghai resident Yang Jun purchases organic products occasionally. "I like organic food, but I cannot afford to buy it every day. We all know Ferrari and Mercedes Benz make good cars, but not everyone is able to buy them. "If I have to spend five times as much money on organic food as I do on normal food, I would prefer to go to a restaurant instead," said the director of the Shanghai Xieshun Advertising Co.

You from SEAT told China Daily that older residents purchase organic vegetables regularly during the summer rather than in other seasons as they know that summer is a difficult time for vegetables to grow, thus more fertilizers and pesticides are required.

According to Wiener, there are two main reasons for the high cost of organically produced food: The lower yields and the higher labour and management costs. He explained that organic farms are not allowed to use chemical pesticides so yields are lower than on conventional farms.

Proper record keeping, monitoring, regular auditing and testing of the products also makes organic farms more labour- and management-intensive than conventional ones.

Wiener predicted prices would slightly go down if more organic vegetables were grown.

Besides the high price, organic products' reliability is another factor that makes some people hesitant about buying them.

A young white-collar worker, who declined to be identified, argued that producing organic vegetables is just an excuse to make more money. "There is too much fake organic food in the market. As a customer, how can I tell organic products are real or not?" "The labels might be put on normal vegetables and then sold at high prices. Who knows if pesticides may also have been used at night?" she said.

According to You, an organic label is issued by the government on each package. However, they are small so can be easily missed.

Experts estimate that the increase in the rate of exported organic food will hit over 30 per cent every year in order to meet high demand.

And China has many advantages to produce such food. For example, it has an abundant labour source and many mountain areas that are rarely farmed with the use of pesticides and fertilizers.

But an industry insider expressed worries over the credibility of organic producers. "So far there is no specific governmental body to supervise the production of organic food, therefore we have to depend

on organic manufacturers themselves to conducting the business under certain regulations. They are supposed to put quality first rather than commercial interest," he said.

"Moreover, the current inspection system is limited as we are not able to detect some special pesticides, even though they are used in organic farming." He said that not all farms and manufacturers would be able to be certified to produce organic food due to strict standards.

Some experts say that because organic agriculture does not use toxic and persistent pesticides, choosing organic products is an easy way to help protect the environment and people from health problems, such as asthma and cancer.

The organic products industry has grown rapidly around the world over the last decade. Many Western nations, including the United States, France, Britain and Australia, have welcomed organic food. And the organic food industry has expanded from vegetables to fish, meat and dried food.