Organic raw materials – Various developments in the organic industry

A proposal for a discussion against dumping in organic raw material markets, and concerning the future of the organic business in our industry – this definitely does not only affect the tea, herbs and spices sector.

1. The raw material situation in the organic industry

1.1. Quantities
Tendency: many kinds of food products from non-EU countries are becoming scarce, as locals are increasingly holding onto the high quality products which were previously exported to the rich West. A number of countries have minimum quality standards which must be fulfilled before products can be exported (e.g. Spices Board of India).

1.2. Prices
The large grocery chains’ mindset of ignoring every increase in price from the source has been spreading to the organic food industry, organic supermarket chains, etc. for quite some time. If it is not possible to neutralise the price increases in raw materials through internal efficiency measures (e.g. replacing staff with machinery), then quality will slowly deteriorate in various ways as the pressure on prices has to be passed on to the upstream manufacturers and producers.

1.2.1. Pressure on prices for organic producers
Here, too, the result will be – and indeed already is – avoidance. Organic food production comes hand in hand with extra work – if this work is not compensated, then the following occurs:

1.2.2. Herbicides replace hoeing
Using glyphosate is significantly cheaper and more effective than tilling. Organic farmers are only able to give up illegal measures (assuming their honest personal commitment to organic methods), if they are guaranteed a premium.

1.2.3. Rural depopulation
Small-scale farming, which, according to the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) Report, offers the only opportunity to produce enough food on agricultural land which is farmed continuously, requires continuity over generations. If it is no longer worthwhile for the next generation of farmers, they will abandon the business – also due to a lack of appreciation for rootedness and long-established ways of living from the soil.

2. Product quality, value

2.1. Appreciation preserves quality
Not all fennels are the same, just as not every table wine is a Grand Cru. If the people involved in the organic supply chain do not receive orders or the opportunity to be appreciated and paid accordingly, then good, organic quality and motivated, high calibre organic farmers will disappear.
2.2. Organic goods are being lost to the conventionally grown market

If the people involved in the organic value-added chain hesitate to send a clear signal that they will go along with pretty much any price demanded, particularly in the case of shortages (weather dependent, political unrest, etc.), the goods will quickly be snatched up locally by clever, conventional wholesale buyers (also speculative buyers...) who entice farmers with cash. The organic market is left on the outside looking in. On this topic, a quote from the 2017 harvest forecast for organic vanilla:

Due to the high demand from new traders, a large amount of organic vanilla is bought from farmers as conventionally grown vanilla. At such high prices, it is of secondary importance whether farmers sell their vanilla as conventionally grown or organic. Other factors, such as financial needs, etc., are more critical. Export volumes will decrease even further as prices continue to skyrocket. At the same time, the demand for organic vanilla has only marginally decreased, in spite of the high prices. Due to the lack of alternatives in the organic sector, recipes cannot be adapted to the same extent as in the conventionally grown sector. The large, conventional exporters are purchasing green vanilla using aggressive buying strategies. Last year they started to buy green vanilla too late in the year and were therefore unable to meet their demand. As a result, their storehouses are empty. We presume that they have outstanding obligations from the previous year to fulfil, and now have to purchase aggressively due to their low stocks. The sale of prepared vanilla has begun in key growing areas, and there is no sign of a fall in prices. Clients pay > 400 EUR/kg for conventionally grown vanilla for processing. Organic vanilla is currently not available. Export volumes will decrease even further as prices continue to skyrocket. At the same time, the demand for organic vanilla has only marginally decreased, in spite of the high prices. Due to the lack of alternatives in the organic sector, recipes cannot be adapted to the same extent as in the conventionally grown sector. The large, conventional exporters are purchasing green vanilla using aggressive buying strategies. Last year they started to buy green vanilla too late in the year and were therefore unable to meet their demand. As a result, their storehouses are empty. We presume that they have outstanding obligations from the previous year to fulfil, and now have to purchase aggressively due to their low stocks. The sale of prepared vanilla has begun in key growing areas, and there is no sign of a fall in prices. Clients pay > 400 EUR/kg for conventionally grown vanilla for processing. Organic vanilla is currently not available.

2.3. Organic methods for short-term yields

If soil is not systematically regenerated using compost to reintroduce the substances and nutrients lost through growing, working the land and harvesting, then major damage occurs and yields consequently suffer as a result of diseases and poor harvests. Composting is very labour-intensive, but ways must be found to make it affordable in the long-term.

2.4. Education, inspections

The structures, which we have profited from over the past 40 years of our involvement in organics, were built up by local associations such as Demeter, Bioland, Naturland etc. and do not naturally exist in the rest of the world. The process for transporting this knowledge to places where it is lacking costs just as much as an on-site organic inspection that lives up to its name. A downgrading of expenditures for inspections, provoked by a price war between on-site inspectors, has moved organic inspections to our laboratories, where it may then be determined that an effective organic inspection apparently did not take place. If the product can then no longer be classified as organic, inexpensive inspections will become a driving factor in increased prices.

2.5. Neo-colonial attitudes

As we have come to understand the world outside of this bizarre, northern European obsession with organic food inspections, the way that we do-gooder organic importers behave is often not very different to the behaviour of the colonial powers in the last 500 years. If our industry does not agree to make substantial investments in the organic (small-scale) farmers in these developing countries in order to really safeguard quality, we will drift into an ethically problematic role as the representatives of a campaign to declassify and dispose of organic foods. Simply filing away the IFS papers does nothing to promote improvement.

2.6. Wasting IFS, quality control, sustainability and social standard budgets

The paper tiger of food, sustainability and social standardisations consumes huge amounts of money in Northern Europe. In order to safeguard quality sustainably and fairly, several times this amount of money must be transferred to the countries of origin of our organic raw materials to help solve problems there. Instead, we transfer the risk further and further backwards – back to the farmers – by bombarding one another with increasingly costly and elaborate letters of indulgence for raw materials...

... and societies which are politically and culturally different to us yet still independent, which we have abandoned for the time being – monitored, but without collaborative advice – will likely become recalcitrant in the long run. If we do not place a greater emphasis on such societies in all forms, we are not doing anything to secure suppliers for the future of organics in the face of a looming food shortage (also in organic foods!).
3. Contaminants, herbicides and other harmful substances, and their limits

3.1. Environmental pollution

3.1.1. Plastic
Plastic bag shreds are everywhere in water and on land, in organic salmon and sea salt, and the same question for all food chains everywhere is: When will a limit be placed on the amount of microplastic particles permitted in organic food?

3.1.2. PAH and anthraquinone
We have the industrial revolution and its political and other consequences, including deregulated neo-capitalism, the neoliberalism of the G20 nations, etc., to thank for many, if not all of these thresholds for declassification and the resulting disappearance of organic produce.
We use the most sensitive methods to measure just how ruined the planet already is.
The prospects for producing clean, organic food decline every year, even when we try to keep organic processing as free from harmful substances as possible in this respect.

3.1.3. Mineral oil derivatives – MOSH (POSH) and MOAH
It is not a huge surprise that residues of these substances can be found in all conventionally grown and organic foods: These contaminations can be measured coming from leaking agricultural machines, environmental crimes, unregulated exhaust gas purification, printing ink, etc. Organic food can come into direct contact with them via recycled paper and cardboard packaging, plastic packaging, or inkjet and printing ink containing mineral oil.
Some of the proposals for a move towards barrier packaging (metallised films...) contradict the same ecological ideas as switching to green wood boxes would.
We will probably increasingly have to send suitable packaging material back to the source, provided it is allowed by the countries’ customs authorities.

3.2. Weed management to control PA and TA
Pyrrolizidine and tropane alkaloids
‘Poisonous’ plants growing amongst food is not necessarily a problem in small-scale agriculture, provided that expert farmers are on hand. Livestock avoid such plants, so the plants successfully achieve their goal – defence against natural enemies of all kinds. Inexpert, large-scale farming is very dangerous for organic food. It is essential to have a sufficiently trained workforce out in the fields, and any additional expenses resulting from this must be borne.

3.3. Herbicides: Glyphosate and others
Even if the EU Commission decides at some point to stop authorising these substances, the concentration in the environment, in our urine and on organic agricultural land will increase.
In non-EU countries, nothing will improve. In some regions of the world, organic farmers and their buyers need to deal with a level of contamination above 0.1 mg/kg – exceeding the level for conformity with the BNN (German Association of Organic Processors, Wholesalers and Retailers). The situation with other herbicides has been less well-researched. Withdrawing authorisation for the use of glyphosate will make access to the market much easier for these other herbicides and displace the problem.

3.4. DDT, DEET, permethrin
Analysis brings to light once again:
The alleged UN ban on DDT is ignored in a number of countries. Governmental and NGO activities in malaria regions to preventatively spray the population, villages and sometimes whole tracts of land with DDT (inexpensive!), as well to distribute DEET (Autan) repellents and permethrin-impregnated mosquito nets are understandable. The fight against the Zika mosquito is proceeding in a similar manner – organic food that is grown there falls by the wayside and is declassified.

4. Shortages, allocation: Sites, varieties and climate change

4.1. Land shortages
The price of land that can be used for agriculture is subject to general competition and securing arable land at the right time is a worldwide scramble. Organic agriculture can only keep up if organic farmers can generate sufficient financial yields on their land. Organic farmers also need to be able to show that organic agriculture is lucrative enough that land prices, land ownership, leases or tenures do not need to prevent farmers from continuing in organic agriculture.
Discussion

4.2. Seeds
After the question of seeds was allowed to slide during the boom phase of the organic sector in favour of higher yields and snazzy plants (CMS hybrids), a costly change of thought is now taking place. Due to the simultaneous monopolisation and patenting by conventional seed corporations, organic seed development must now be driven forward with renewed strength in order to maintain credibility. Finding new seeds is also a matter of urgency due to the tangible impacts of climate change.

5. Destruction of value

5.1. The magic of entry pricing
As long as (organic) consumers are prioritising savings, and this is reinforced by the large organic supermarket chains (and chemist’s chains and their organic suppliers etc.), the ‘Aldi effect’ on organic food cannot be avoided. This would not be such a dilemma and would regulate itself if these individual price wars were not passed along vertically via the manufacturer all the way to the raw material level, but instead were passed along horizontally.

5.2. Advances in analysis
Driven by the illusion that freedom from harmful substances might be possible in this world, new and problematic ingredients are constantly being critically quantified and analysed, and even organic products are being pilloried by the media surrounding the tests. There is some scope for possible improvements in cultivation, drying and processing. In any case, the costs of analysis for one lot of goods have increased from around 300 euro to approximately 800 euro and above. This is not a huge amount for container loads, but the quantities stemming from small farmers, foraging, and regional 2-3 hectare agriculture will continue to lose their marketability, because these products cannot consistently provide added value, or will become riskier due to the need to expect the complete loss of organic crops due to exceeding permitted organic limits.

5.3. Declassification of organic products
A variety of developments which lead to declassification have already been articulated in the points above.

6. New EU organic regulation
Regardless of the outcome of the haggling in Brussels, which was clouded by insufficient knowledge of the subject – all the forecasts expect the situation to worsen for organic producers, and for our organic future to come under threat.

7. A shortage of organic raw materials
In summary: Organic raw materials are growing increasingly scarce. Price increases will be necessary in order to secure raw materials. We hear from organic farmers who are returning to conventional cultivation in light of the increasingly difficult circumstances (mentioned above), and from farmers who would like to produce organically but are unable to secure any land. Even if organics are moving further away from being completely free from harmful substances, they are still the best thing that we can do for our planet. We need a new scenario for organics which can withstand the challenges of even the worst-case organic regulation.

8. We would be delighted if you would like to contribute any further additions, theses and suggestions based on your expert knowledge, or offer any other assessments.

Spich, Oct. 2016 Heinz Gasper, Ursula Stübner, and Dr. Ben Kaukler/Topqualitea