

## International Markets for Organic and Fair-Trade Products: The example of North America

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### Abstract

*Global retail sales of organic foods were estimated at some US\$34 billion in 2005. Few final figures are available for 2006 yet, but Organic Monitor estimates that sales reached US\$38.6 billion. They increased by over 200 percent in less than a decade, from approximately US\$11 billion in 1997. Although growth slowed slightly in the early 2000s, it is currently robust. Assuming it remains constant, global organic retail sales would approach US\$70 billion in 2010. In a more conservative scenario, sales would reach some US\$60 billion in 2010.*

*Certified organic products are overwhelmingly sold in developed countries, especially in Europe and North America, which account for over 90 percent of retail sales. The market share of developing countries was estimated to range between 2 and 3 percent in 2005, but sales are expanding rapidly in some of these countries. Developing countries produce and export substantial quantities of certified organic products, in particular Latin American, Caribbean, and Asian countries.*

*Global sales of fair-trade certified foods rose by 41 percent in 2006, exceeding US\$2.1 billion, and grew further in 2007. Tropical products such as tea, cocoa, coffee, and bananas have enjoyed the fastest growth rates. On average, sales have expanded by 40 percent annually over the period 1997–2007. Fair-trade products are only sold in developed countries. The main markets are the United States, the United Kingdom, France, Switzerland, and Germany, accounting for nearly US\$2 billion in 2006.*

*The North American organic market shows the fastest growth worldwide, with yearly rates close to 20 percent. It accounted for 44 percent of global sales in 2005. Between 80 and 90 percent of its organic food consumption is produced domestically. The United States is the world's largest organic retail market and accounts for over 40 percent of global sales. Its retail sales for organic goods (food and nonfood) were estimated at US\$14.6 billion in 2005. Preliminary estimates for 2006 vary between US\$16 and US\$17 billion. Fruit and vegetables are the most important category, followed by animal products. In Canada, organic retail sales were estimated to exceed US\$1 billion in 2006. Canada is the world's sixth largest organic market, with a significant portion of Canadian imports coming from or through the United States. The annual growth rate has ranged between 15 and 20 percent over the last 10 years.*

*The North American fair-trade market is smaller than the organic market, but growing at an even faster rate, on average 70 percent annually over the last five years. Preliminary estimates for 2006 show that the aggregate sales value should approach US\$900 million. North America now accounts for over one-third of global fair-trade sales. The United States has become the largest fair-trade market, overtaking European countries that were the traditional leaders. Coffee is overwhelmingly the most important fair-trade product, representing approximately 86 percent of the total U.S. fair-trade market. The North American market is increasingly demanding products that are double certified organic and fair-trade.*

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