ORGANIC PRODUCTION DEVELOPMENT AND MARKET REGULATION IN THE COUNTRIES OF THE EURASIAN ECONOMIC UNION

COUNTRY STUDY: ARMENIA

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National policy and regulation

There is no stand-alone strategy specifically devoted to the promotion of production and market of organic products in Armenia.

Several strategic documents reflect organic production, e.g.

- **Strategy and Action Plan for Sustainable Rural and Agricultural Development for 2010-2020:**
  Stipulates organic agriculture promotion program implementation measures through increase in organic production volumes, number of enterprises engaged in organic production and export volumes.

- **Strategic Development Programme for 2014-2025:**
  Stipulates promotion of high added value agriculture products, improvement of servicing of agricultural equipment and technical services, state-supported programs on irrigation of pastures and ensuring access to and from pastures, implementation of safety systems, procedures and principles (e.g. HACCP system, quality and safety ISO 22000 standard with state support), etc.
National policy and regulation

**Law on Organic Agriculture, 2008**

- Rests upon the Codex Alimentarius organic standards and guidelines and EU organic regulations.
- Regulates production, preservation, processing, transportation and sale of agricultural products/materials.
- Defines the principles of and legal grounds for the management of organic agriculture and directions of state support and the duties of the authorized body.

Directed by:

- Improving physical, chemical and biological composition of soil in natural way and protection of soil fertility.
- Conserving biodiversity by selection of plant species/varieties, improving pedigree animal husbandry and reducing risks associated with human activities;
- Selection of methods and technologies of agricultural processing that ensure maximum preservation of the biological value;
- Excluding environmental pollution by cessation of use of synthetic chemicals and application of environmentally friendly technologies during agricultural activities;
- Excluding use of hormones, hormonal preparations, living modified organisms, genetic engineering and other modern biotechnologies and ionizing methods.
National policy and regulation

  Regulates the import and export of organic agricultural products, provides the form of organic certification documents for imported organic products.

  Sets procedures for the organization of organic agriculture, production, processing, packaging, storage, transportation, marketing and labeling of organic plant and livestock and beekeeping products.
  Provides packaging requirements and the list of supplements allowed for organic horticulture and livestock production and their utilization conditions.

  Provides the exact lists of organic agriculture permitted materials and usage procedures used for harvest and land improvement and plant protection.
Stakeholders

- Kickoff of organic farming started two decades ago by efforts of donors and NGOs
- It took time for the idea to manure: Law on Organic Agriculture adopted in 2008
- Export market opportunity: main driver for organic producers rather than external forces.

Shen NGO deals with organic agriculture practices in Armenia since 2000 for creating sustainable and environmentally friendly income source for rural communities.

establishes organic extension groups, new markets for organic inputs, export and local market channels, lobbies organic sector development, proposes legislative amendments on organic agriculture, extension services and organic cooperatives, develops curricula/textbooks, provides grants for farmers to start or expand organic production

Ecoglobe LLC: organic certification body in Armenia established in 2002 with donor support

promotes organic agriculture, develops legislation, national/private standards, increases awareness of Armenian organic products abroad, promotes local/regional/international market development

CARD, Center for Agricultural and Rural Development

organizes organic conferences, implements organic market research projects, promotes accreditation of organizations cooperating with farms and agricultural production, processing and certification enterprises.

ICARE, International Center for Agribusiness Research and Education

provides education, research and expert advice for promotion organic agriculture in Armenia.
### Portrait of organic consumers in Armenia

<table>
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<th>Profile</th>
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| • Mostly 20-40 years old  
| • People of high income  
| • People having experience in foreign countries (education, work, tourism)  
| • Expatriates  
| • Repatriates  
| • New trends: vegans, vegetarians, people of active living and healthy living, etc.  
| • Families that have children  
| • Families that have ill family members  
| • Low level of consumption  
| • Currently low level of market impact/influence |
### Portrait of organic consumers in Armenia

#### Consumer perception

| How consumers identify organic | Prevailing: organic is without chemicals or pesticides, no harm and healthy for consumers |
|                              | Natural: what nature gives us, without chemical supplements |
|                              | Produced using organic methods and have certificate or label |
|                              | Taste better, look like natural, does not necessarily look “perfect” or “beautiful” |
|                              | Have certificate or label |
|                              | Not easy to produce |
|                              | Can`t be cheap and is more expensive because of low volumes and high costs of production |
|                              | Preference is for local produce |
|                              | Local is partially organic because local farmers use less chemicals (because they are not able to acquire much) than in commercial farming that puts an emphasis on the volumes |

| Reasons for consuming organic produce | health, especially if there are children or ill people in the family |
|                                      | becomes fashionable |
|                                      | for self-consumption, but for friend/relative visits prefer well-looking fresh products: cultural feature |

| Reasons for not consuming organic produce | limited availability of organic products: it`s hard to find where to buy organic products, ecp. fresh |
|                                         | high price or affordability issues: “I do not buy organic because of financial situation” |
|                                         | seasonality: inability to buy organic fresh product whole year |
|                                         | low awareness on where to buy organic products |
|                                         | inconvenience of location of selling points/store and inconvenience of reaching them |
|                                         | difficulty to find information on organic produce |
Certification

➢ Ecoglobe LLC – organic certification body

- international accreditation and recognition: USA, Canada, EU, Switzerland, NIS, etc.
- organic certifications for soil management methods, animal and plant (fruit orchards, cereals, vegetables, greenhouses, etc.), wild berries, wine, bee-keeping, aquaculture and organic fertilizers.

➢ National Accreditation Body of the Ministry of Economy

- is not responsible for organic accreditation but accepts the international accreditation bodies list
- Ecoglobe is accredited by German DAkkS included in the list
# Organic certification schemes

## ARMENIAN ORGANIC
- **Law On Organic Agriculture** is national legislation, regulating organic production, marketing and trade. Ecoglobe provides certification according to the Law, according to the requirements in its private standard “Green Caucasus”.
- Law allows “organic”, “ecological”, “ecologically clean”, “biological”, “eco” and “bio” for labeling and advertising organic products and conversion period organic production”.
- The Law requires conformity assessment of organic products to be conducted at least once a year.

## GREEN CAUCASUS
- **GREEN CAUCASUS** Private Standard (EU REG.834/2007, 889/2008 equivalent)
- Standard is the intellectual property and trademark of Ecoglobe.
- Standard is subject to assessment and revision according to the EU organic legislation, Swiss Organic Farming Ordinance and RA Law about Organic Agriculture.
- Green Caucasus standard products may be marketed as “Organic“, “Eco“, “Bio” or other labels on European Union, Switzerland, Armenian and other markets.
- Green Caucasus standard operations are accredited by the Deutsche Akkreditierungsstelle GmbH/ German Accreditation Agency (DAkkS).

## USDA NOP
- **USDA NOP 7 eCFR-205**: USDA NOP Electronic Code Of Federal Regulations 205
- United States Regulations of the Department of Agriculture on Organic Production
- USDA NOP products may be marketed “100% Organic” or “Organic” in USA, Canada and other markets.
- Ecoglobe meets all the requirements of USDA NOP 7 CFR Part 205 as an Accredited Certifying Agent.

## BIO SUISSE
- **BIO SUISSE** is Swiss Private Standard
- Exceeds the minimum legal requirements in essential respects of EU-Eco-Regulation 834/2007 or equivalent
- International Certification Bio Suisse AG (ICB) performs the certification. Ecoglobe offers a Bio Suisse inspection
- Ecoglobe is recognized certification body by the Federal Office for Agriculture of Switzerland.
## Organic sector developments

| Organically cultivated area | 1,430 ha of farmland  
|                           | 4,820 ha of wild collection and beekeeping  
|                           | Total 6,250 ha compared to 376 ha in 2005  
| Organic producers | Small-scale farmers for raw organic production  
|                   | Large, medium and small enterprises for processing, marketing and exporting  
|                   | Medium and small for other producers (cosmetics, fertilizers, etc.)  
|                   | Recent trend: large and medium directs attention to raw production (can afford high initial costs, benefit from economy scale and more bargaining power and export potential)  
| Supply | Several fertilizers  
|        | Over 30 organic crop varieties:  
|        | Fruits and berries: apricot, peach, plum, cherry, grape, quince, pomegranate, pear, apple, raspberry and blackberry  
|        | Vegetables: tomato, pepper, eggplant, zucchini, cucumber, carrot, cabbage, potato and fodder beet  
|        | Cereals: wheat, spelt, barley and maize  
|        | Wild collection crops and greens: buckthorn, rosehip, mint, peppermint, immortelle, etc.  
|        | Production is not yet in certification pipeline  
| Consumption | 10-30% of locally with export of 70-90% to Europe, Russia, CIS, USA and Asia  
| Export | Over 150 tons of organic products, mostly juice, dried fruits and honey  
| Import | 400 organic products sold in supermarkets and specialized stores (9)  

### Organic sector developments

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<td>▪ Natural and climatic conditions, abundance of sun days, high quality water flowing from mountains and professionalism of farmer.</td>
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<td>▪ Recent growth trends in organic certification and production of Armenian organic products</td>
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<td>▪ Competitive advantage: quality rather than quantity (small scale and limited agro resources), higher value-added and unique products</td>
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<td>▪ Growing organic product demand worldwide and increased export opportunity</td>
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<td>▪ Slow but increasing awareness and behavioral change</td>
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<td>▪ But: not yet high priority on the level of policy makers perceptions, priority in paper but limited governmental support</td>
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Organic sector developments

Trends in organic agricultural land area (ha)

Organic share of total agricultural land

Armenia

56% countries worldwide

0.1% <1%
Organic sector developments

Trend in number of organic operators in Armenia (N)

- In and outside Armenia (%)
- Within Armenia (N of operators)

Belarus
Georgia
Kazakhstan
Russia
Ukraine

Yerevan 14%
Yerevan and marzes 2%
outside Armenia 13%
other marzes 71%

- Yerevan
- Aragatsotn
- Syunik
- Kotayk
- Lori
- Tavush
- Armavir
- Ararat
- Vayots Dzor
- Gegarkunik
- Shirak

a) In and outside Armenia (%)  
b) Within Armenia (N of operators)
Organic sector

Types of certified products (%)

- plant products: 46%
- processed food: 20%
- wild collection: 1%
- wild collection/processed food: 7%
- beekeeping: 23%
- organic fertilizer: 3%

Organic crop area: selected crops (ha)

- Cereals: 10%
- Vegetables: 37%
- Fruits: 53%

Organic area: selected crops (ha)

- Apricots: 117
- Dried pulses: 101
- Peaches and nectarines: 18
- Cherries: 14
- Grapes: 8
- Raspberries: 6
- Other fruits: 16
- Other vegetables: 22
- Wheat: 16
- Other cereals: 16
• **Eurasian Economic Union (EAEU)**: the implication of Armenia joining the EEU in 2015 is that Armenian food processors and producers should follow unified certification procedures for products targeted for export to the EEU countries, which provides access to a market of more than 182 million people.

• **General System Preferences (GSP+)** trade regime with the EU for 6,400 products exported with zero or reduced customs duties.

• **General System Preferences** with USA, Canada, Switzerland, Japan and Norway: no customs duties for all agricultural and industrial products with few exceptions under Armenia-EU DCFTA negotiations

• **US Trade Agreement**: Trade and Investment Framework Agreement with the US

• **Free trade agreements** with CIS and Georgia

• **Free economic zone agreement** with Iran on with objective of constructing joint factories in the zones and transforming mineral resources into exported items for exporting joint products to Eurasia and Europe.
Map of Armenia’s preferential tax regimes covering 45 countries
Integration

- **Agricultural Cooperation Agreement** with Jordan on promotion of sales, investment, information, expertize and technology exchange in the field of organic agriculture with safe use of pesticides and plant protection.

- **Eurasian Economic Union (EAEU):**
  - According to expert estimations, the EAEU countries can absorb 20% of the organic product market worldwide, which is expected to reach $200 bln by 2020.
  - Member States highlight cooperation in organic agriculture sector:
    - utilization of **innovative plant protection products** developed in the EEU (e.g. insect pheromones, nano-scale products, new types of fertilizers that can guarantee environmentalization of crop production and yield increase of organic products)
    - development of **a harmonized state registration system** of polyfunctional bioproducts and microbial plant protection products that contribute to the improvement of organic farming.
    - integrated efforts for **ICT employment and information and consultation** provision of agro-industrial complex of the EAEU members (e.g. coordination of activities of national information and consultation systems in the sphere of organic farming)
A kind of behavioral change and perception message articulated by one of the natural dry food producers, who is planning to go for organic in the nearest future:

“I want to spread a new culture among the people in Armenia so that when visiting guests as a gift they present our natural, additive-free and preservative-free products, packed in beautiful wooden packages, which is more like a souvenir, instead of buying imported banana and perfectly looking big apples or bananas, which our people like very much to buy”.