

Manuel Amador Director of the Corporación Educativa para el Desarrollo Costarricense (CEDECO, Educational Corporation for Costa Rican Development).

Organic Production in Central America

CHARACTERISTICS OF ORGANIC AGRICULTURE IN CENTRAL AMERICA

The growth of organic agriculture in Central America is due in large part to the convergence of three main factors, which occurred during the 80's:

1. The opportunity to produce (and export) that was offered to small farmers on the part of international donor agencies accredited in the region and the members of the NGOs that worked together with the former as process facilitators.
2. The efforts of farm families that, for some time had been producing without synthetic chemical inputs.
3. The demand from conscientious consumers in the countries of the European Union and the United States, interested in healthy and healthful organic products from the tropical areas of Central America.

Most of the 41,823 ha in certified and transitional farms in the Central American region are no more than 5 hectares, on average; i.e., organic production in Central America consists principally of small farmers integrated into domestic and international markets, whose productive units can be characterized as:

- a. Farms or plots with scant or no use of synthetic inputs; they are generally highly diversified farms maintaining an efficient utilization of resources such as seeds, water, soil, and plant diversity. One of the most concrete examples is the one referring to coffee. Most of the current organic coffee farms have been consolidated from highly diversified areas where coffee occupies just one of the spaces. This situation is very different from that of the farms submitted to an agro-chemical regime, where there is little diversity and shade is scarce.
- b. Farms where indigenous practices have been preserved, with wild plants or those introduced several decades or even centuries ago, managed on an artisan basis, but with an extractive logic for marketing (e.g., organic blackberries in Guatemala and Costa Rica).
- c. More "modern" plots or farms that have adopted a technical management for organic, ecological, biological, or permaculture agriculture, which used chemical inputs but are now in the transition process or are certified after having completed the period established by the certifying agencies.
- d. Small plots or farms of poor farmers (one hectare or less), who have opted for "clean" production since they lack the income necessary to purchase chemical inputs.
- e. Capital intensive agro-industrial firms, frequently foreign-owned, interested in the growing world market for organic products.

PRINCIPAL ORGANIC PRODUCTS FROM THE REGION

Most of the organic farmers in the Central American region are small producers with high levels of diversification; however, they are the main suppliers of very diverse products and are in charge of promoting organic production with the volumes delivered to the processors and marketers. Very few of these small farmers deliver their product directly to the market, usually selling to domestic or international middlemen who proceed to process and deal with distributors in the destination markets.

The major organic products from the region are cacao and coffee, due to their volume and the dedicated crop areas in several countries. Frequently they are integrated into the external markets, where they are shipped after partial processing, to complete their preparation and distribution to the purchasing countries. The organizations or firms that sell them maintain relationships with the international certifying agencies, and are frequently subject to inspection by national agencies (such as Mayacert in Guatemala and Eco-Lógica in Costa Rica) or regional agencies (such as Biolatina). Although there are other organic products that are important at the country level, these do not represent the largest volumes in the region as a whole. Such is the case of organic bananas in Costa Rica, where approximately 1.5 million kilograms are produced yearly, coming from indigenous groups and small farmers.

There is a set of "secondary" export products, which are also negotiated on the local market, which represent the greatest diversity: sesame, indigo, cashew, pineapple, bananas, mangoes, vegetables, blackberries, and brown sugar. These products are also certified by national and international agencies. Some of these products take on particular importance in individual countries, for example, indigo for dye and cashew nuts in El Salvador. On the other hand, sesame is an important product in Guatemala, El Salvador, and Nicaragua

The "tertiary" products are customarily aimed at the domestic markets, such as different fruits, basic grains, roots and tubers; they are also sold in conventional markets or in the few existing certified points of sale. These products normally come from diversified farms throughout the region, some of which are capable of exporting.

Table 1 presents a summary of most of the organic products originating in the region and destined to either the domestic or the international markets.

Table 1. Main Organic Products in Central America by Destination Market

Product	Belize		Guatemala		Honduras		El Salvador		Nicaragua		Costa Rica		Panama	
	Local	Intl.	Local	Intl.	Local	Intl.	Local	Intl.	Local	Intl.	Local	Intl.	Local	Intl.
Coffee			X	X		X	X	X	X		X	X	X	
Bananas				X		X			X		X	X	X	
Cacao		X		X		X	X				X	X		X
Sesame				X		X		X	X					
Pineapple			X		X	X	X		X		X	X	X	
Cashew			X					X	X	X				
Cotton										X				
Cardamom		X		X										
Honey			X	X				X	X	X	X		X	
Indigo							X							
Sugar			X	X	X		X	X	X		X	X	X	
Blackberries			X		X		X				X	X		
Medicinal Plants			X	X			X		X	X	X		X	
Oranges	X		X		X		X		X		X	X	X	
Vegetables			X	X	X		X	X	X		X		X	
Ginger			X			X			X		X	X		
Pepper				X		X			X		X			
Other Fruits			X			X	X		X		X	X	X	
Dairy Cattle	X								X					

Source: IICA

DESTINATION MARKETS

Exports

As was mentioned above, the export market for organic products in Central America began and accelerated with the efforts of NGOs and cooperating agencies, which acted as facilitators to place these products in European, US, and more recently, Japanese markets. Visiting foreigners or those resident in Central America also looked with interest on the possibility of facilitating exports of chemical-free products, such as cacao, coffee, bananas, mangoes, brown sugar, sesame, and indigo. With the resulting interest among external purchasers for these tropical products, this commercial relationship began to consolidate: slowly the volumes offered were regulated and export product quality improved at the same time that the certification processes were perfected.

International market offerings come from the farms of small farmers. The commercial relationships with external markets have developed in an isolated manner, on a product-by-product basis. Coffee, cacao, and bananas are examples of important products for the region whose international sales were organized individually, without a common strategy.

One determining factor for exports has been certification: this began with the presence of inspectors from US certifying agencies, such as OCIA, and European ones, such as BCS OKO garantie, Ecocert, and Soil Association, among others. Besides simplifying product access to the different countries, they also promoted processes for creating local inspectors, thus reducing the costs to independent growers and organizations.

Local Markets

Although organic crops in Central America were directed to export early on, there is a clear interest in developing local markets as well.

More specifically, and strictly speaking, Central American countries do not have local markets for organic products; what one finds are points of sale promoted by farmer's organizations, NGOs, and some firms that supply supermarkets. There are also small stores, fairs, and "door to door" sales. The volumes are still small, seasonal, and generally do not meet the standards for international certification. Several Central American organizations are urgently planning to build a strategy or campaign that would allow them to increase the number of consumers and increase the points of sale as prior steps for the creation of local markets in the region.

Furthermore, there are continuing efforts to overcome the scant volumes and lack of diversity in the products destined to local points of sale. The trend is to insure a greater diversity of products, volumes, quality, and frequency of organic products. Largely, the growth in local markets implies a learning space for establishing ever-greater ties to international markets.

Currently, new ways are being sought to guarantee an organic production process for the consumer; at the same time, there are efforts to ensure that these guarantee mechanisms comply more fully with international certification processes.

With regard to the limited development of the points of sale, Table 2 presents some initiatives that are attempting to develop local sales outlets in the region.

Table 2. Marketing Channels and Product Types for Local Markets in Central America

Country	Points of Sale	Product
Guatemala	Municipal fairs, initiatives in supermarkets.	Vegetables, fruit, coffee, and medicinal plants.
El Salvador	Hotels, supermarkets, restaurants, direct sales.	Vegetables, cacao, passion fruit, plumón, papaya, other fruits, honey, and organic fertilizer.
Honduras	Community Marketing Network (COMAL, RELACC) based on product exchanges.	Brown sugar, pineapples, other fruits, coffee, orange wine.
Nicaragua	Fairs held by the Nicaraguan Community Trade Network (RENICEA, RELACC) sales are marketed as conventional products and direct sales as conventional products.	Citrus, other fruits, grains (beans, coffee, tamarind, peanuts, cashews, strawberries, amaranth), medicinal plants, spices, soybeans.
Costa Rica	Stores, fairs, "door-to-door" sales, supermarkets.	Vegetables, fruit, roots and tubers, coffee, grains.
Panama	Procesol (RELACC), fairs, and "door to door" imports from Costa Rica and California.	Vegetables, different fruits, roots and tubers.
Belize	None	No information available.

Source: IICA

Organic Consumers

It is important to note that the Central America countries have few consumers that are fully aware of the virtues of organic products. Specifically, there are no organic consumers, as such, only persons interested in consuming products that are healthier and environmentally friendly. Usually these are foreign residents and groups of individuals that understand the importance of medical practices and eating habits directly related to wholly natural products.

The consumers that visit the points of sale and are interested in increasing the demand, by informing others about these products, could be labeled "solidarity customers"; they could be utilized to form a foundation for heightening interest and increasing the demand. The only country with a consumer organization is Panama, an organization called "Vacuru", which is continuously searching the country and neighboring Costa Rica for supplies. In some countries, such as Nicaragua and Guatemala, organic products are considered an unknown and underdeveloped product at the national level. Sales of "natural" products date back several years throughout the region, but there are no dynamic promotional structures allowing a short-term increase in demand.

Prices

In the scarce points of sale throughout the region, the surcharges (for the consumer) run between 10% and 30%, very different from the prices obtained on international markets. In some cases, prices for organic products destined for export can surpass conventional products by more than 100%.

INSTITUTIONAL INVOLVEMENT

Support from the NGOs and international cooperation agencies for organic agriculture in Central America intensified after the Rio de Janeiro Summit in 1992, where sustainable agricultural practices gained greater currency. At the same time, a process was undertaken to identify suitable farms to multiply production and the search was begun for new markets for these products.

In the Central American countries, there are few Public institutions involved in this topic. Concern for developing the activity is restricted to some officials interested in it. Thus,

possibilities for credit, research, technical assistance, and organizational processes are limited to external cooperation agencies and non-governmental organizations. More recently, participation by Public institutions has shown a preference for legal regulations and export procedures, excepting Costa Rica, which also has a National Promotion Program.

As long as Public institutions delay their involvement, there will be limits to the advance of sectors vital to the integral development of these activities. Research, credit, technical assistance, marketing support, market information, and regulations, would all be activities contributing to growth in this sector. However, organic agriculture has not been assimilated as a part of the development models promoted by Central American States; it still receives a very subtle support, insufficient for determining the true scope and opportunities for new productive forms.

STANDARDS AND GENERAL ASPECTS OF CERTIFICATION

In general, the countries within the region are making efforts to establish a legislation that would regulate organic agriculture; only Costa Rica has been able to advance significantly within the legal framework.

In those Central American countries without legislation regulating organic agriculture, the growers must seek certification directly with the international certifying agencies.

The countries are at various stages of the process of defining mechanisms and instruments to standardize production, transformation, marketing, and internal markets. Some of them are based on the Codex Alimentarius, on European Union standards, those from the United States, and Costa Rican legislation. A breakdown of the progress achieved to date can be seen in Table 3.

Table 3. Legislative Progress on Standardizing Organic Agriculture in Central American Countries.

Country	Degree of Progress	Agencies Responsible
Belize	Review of legislation from the EU, Codex Alimentarius, and C.R. legislation	IBRA, Helios Organic Products Association.
Guatemala	National Commission for Ecological Agriculture, Ministerial Decree No. 1-73-89.	Representatives from MAGA, Non-Traditional Products Exporters Association, University representatives.
Honduras	National Organic Agriculture Committee, consultation process consultants, advice on regulations based on Codex Alimentarius legislation and Costa Rican legislation. They want to establish regulations, not a law.	INHO and a national representative of SERASA.
El Salvador	Framework established the level of agricultural policy.	No information available
Nicaragua	Final constitutions in the basic law on the production and regulation of ecological agriculture in Nicaragua.	Mag-Fer, BFA, Export and Import Center (CEI), APENH (Non-Traditional Product Growers and Exporters Association).
Costa Rica	Partial Law, regulations and standards Process for recognition of the country as a third country before the EU.	Vegetable Health and Production Office of the Ministry of Agriculture (MAG).
Panama	Legal Framework Commission, reference laws, Codex Alimentarius, Costa Rican Law.	Growers, Public institutions.

An analysis of Table 3 shows that the progress has barely gotten underway within the "legal framework" of the different countries; in most cases, they have been determined based on the initiatives of the certifying agencies themselves, as well as NGO promoted processes to

establish standards. In this sense, the State has had little involvement; basically on a reactive basis, to the needs of growers and agencies requesting their participation in the control and oversight of the relationships between growers, processors, certifying agencies, and marketers.

Certifying Agencies in the Central American Region

The certifying agencies are the bodies charged with verifying that products brought to market are truly organic; they guarantee for the consumer that the products have met all the legal and technical requirements for them to be healthy and healthful. The certifying agency seals are the purchasers' and consumers' guarantee of the "clean" origins of the organic product.

Previously, international certifying agencies contacted the growers interested in certification; nowadays the process is simpler, ever since the national agencies have been in charge of inspecting and monitoring the non-accredited agencies in Central America. However, in spite of this, many agencies are working within the region without State recognition; i.e., they are not recognized or accredited, merely because there are no legal mechanisms to do so.

Unique to Costa Rica, the State can provide legal support for the registered agencies, by means of the accreditation office. In this case, the effort to achieve recognition as a "third country" is also noteworthy, which means the accreditation of the Costa Rican State in the European Union. The organic products certified by registered agencies will be recognized in European Union markets, with prior endorsement by the office in charge of accreditation. It has taken a long time to achieve this disposition, but in the end, it will facilitate entry of Costa Rican products into European countries. In Latin America, only Argentina has achieved this recognition.

Table 4 describes the presence of certifying agencies in the Central American region.

Table 4. Certifying Agencies in Central America

Country	National or Regional	Internationals
Belize	Maguestek	Soil Association, QCCAA Globe
Costa Rica	Maguestek	OCIA, OFCO, OCEB, BCS Naturland Biofund
El Salvador	BioTónica Eco-Lógica	BCS-OKÖ Garantie OCIA QAI
El Salvador	Eco-Lógica	BCS-OKÖ Garantie OCIA Naturland Ino-control
Guatemala	BioTónica	OCIA
Costa Rica	Eco-Lógica Almacopop BCS-OKÖ Garantie (accredited)	Skal Ecofert Otop BioTónica OCIA
Panama	Eco-Lógica	Ecofert

Fuente: IICA

The first experiences in the region involved certifying agencies from the United States (e.g., OCIA) and Europe (BCS-OKÖ garantie and ECOCERT), that were recognized in the US and European markets, respectively. These agencies sent their own inspectors for the certification, which entailed a significant cost for the growers' organizations and the individual growers.

More recently (about three years ago), national agencies began to appear, which meant an important contribution to the reduction in costs, because they sell inspection services to international certifiers, and through alliances with them, they are indirectly recognized in the countries of the European Union and the states of the US. They also play an important role in constructing standards for the national markets.

BCS-OKÖ garantie is one of the oldest agencies working in Central America; it has offered services as an agency recognized in the European Union. Another agency recognized in the region is Biolatina, which is a consortium or group of certifying agencies from several countries (Nicaragua, Bolivia, Peru, and Colombia), which is recognized in the European Union.

At the national level, there are two certifying agencies with regional recognition. This is the case of Mayacert from Guatemala and Eco-Lógica from Costa Rica; they have developed national certification processes and extended their services to other countries in the region, as well.