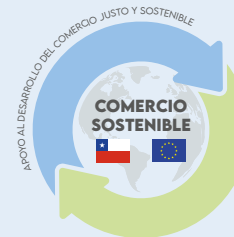


# Characterization of Organic Agriculture in Chile and the European Union

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## 1. Introduction

The global population is currently 7.9 billion. Over 800 million people face hunger and over 2 billion are malnourished. Meanwhile, most agricultural systems are not sustainable. Organic agriculture may be an alternative for addressing hunger, malnutrition, poverty, water use, and climate change along with sustainable production and consumption (IFOAM, 2022)<sup>1</sup>.

The global agro-food system must be overhauled in order to feed a global population that will reach 8.6 billion by the year 2030 and 9.8 billion by 2050. In this context, the increase in agricultural productivity and sustainable food production are crucial for helping to alleviate the risk of hunger.

Unsustainable agriculture is the leading cause of the loss of biodiversity and

is responsible for nearly 80% of deforestation around the world.

It also contributes to global warming, pollution, and soil and water degradation, threatening rural livelihoods and food and nutrition security. Soil degradation has reduced the productivity of 23% of the world's land surface.

The recent Intergovernmental Panel on Climate Change (IPCC) report showed that food systems cause an estimated 29% of global anthropogenic greenhouse gas emissions. Chemical fertilizers used to grow food are responsible for most of the nitrous oxide released into the atmosphere as a result of human activity. Meanwhile, farmers are among the poorest and food insecure people in the world, and are most impacted by climate change. Finally, it is important to note that most policies only exacerbate these problems and, according to a recent study, just 1% of the US\$ 700 billion

given to farmers each year are used to benefit the environment.

The most important problems of our time, including energy, the environment, climate change, food insecurity, financial insecurity and population growth, cannot be understood or resolved in isolation. We must create policies that lead to the development of more sustainable production systems like organic production, supporting farmers through this transition and valuing their contribution to the common good and to the production of healthier foods for everyone. Changing food systems also involves changing the conditions in which farmers work and live, focusing on equity, social justice and inclusions.

One of the areas that requires attention in the field of agriculture is the role of women. In many parts of the world, rural women represent nearly 50% of agricultural labor, and they tend to face discrimination

both in society and in their homes. Female farmers play a key role in guaranteeing food security, particularly in rural societies. However, a lack of training, limited access to resources and exclusion from decision-making spaces cause them to produce up to 30% less than their male counterparts. Eventhough women are responsible for approximately half of the world's food production, nutritional indicators for women are worse than those of men in all age groups. As a result, female farmers adapt to the reduction in buying power, shifting Agriculture to less expensive and less diverse diets. Due to the nature of their role in agriculture, female farmers tend to be more exposed to the health risks posed by harmful agricultural inputs than men.

Empowering women to farm organically can increase their production, provide a greater diversity of fruits and vegetables for family meals and increase household income when they sell the surplus.

<sup>1</sup> <https://www.ifoam.bio/>

When women manage this increased income, the nutrition and overall health of children tend to improve. In addition, organic farming can support rural women's efforts to use sustainable farming practices that avoid the use of chemical substances like pesticides, which negatively impact their health. Women must be given the opportunity to engage in intensive training so that they can obtain technical information and learn to be autonomous and independent.

Approximately 30% of global crop production and the global food supply currently comes from small properties measuring less than 2 hectares. These entities use approximately 25% of farmland in a manner that maintains rich agricultural biodiversity.

Given all of the above, there is a clear need to move towards more sustainable, fair and equitable production systems that protect the

natural resources that are essential for producing food products in order to meet current and future needs. When done well, agriculture based on the principles of organic farming can be a path towards more sustainable food systems. It is also important to note that organic agriculture is an accessible system that empowers small-scale farmers because it is based to a great extent on the use of biodiversity and local resources and generates few external costs. This is particularly important for subsistence farmers.

The goal of this study is to provide a general description of the current state of organic production globally and specifically the state of organic farming in the European Union and Chile based on the Mutual Recognition in Organic Farming Agreement signed by the two economies in 2017. We also review the changes and consequences for Chile of the entry into force of new EU regulations on January 1, 2022.

## 2. Definition of Organic Agriculture and principles

There are various definitions of organic production or farming at the global level. We offer a summary of some of them and the principles upon which this type of production is based.

### 2.1. Chile Law 20.089

In Chile, organic production is regulated by Law 20.089, which creates the "National Organic Agricultural Product Certification System." This law was published on January 17, 2006. Its purpose is to ensure and certify that organic products are produced, manufactured, packaged and handled in accordance with the regulations and standards of this law.

Law 20.089 establishes that **"organic agricultural products are defined**

**as those that come from holistic production management systems for farms, livestock or forestry products. Such systems promote and improve the health of the agro-ecosystem and particularly that of biodiversity, biological cycles and the biological activity of the soil"**<sup>2</sup>.

This law also establishes the conditions for the sale of products using the term 'organic' or equivalent terms. One of these conditions is that all products called organic, biological or ecological must be duly certified by an entity registered with the National Organic Certification System Registry. Producers, manufacturers and other participants in the market who have formally enrolled in the system and comply with its standards may use the expressions "organic products" or its equivalents, such as "ecological products" or "biological products" on their labels, identification or the denomination of the products that they handle and use the official seal that expresses that quality.

<sup>2</sup> [https://www.sag.gob.cl/sites/default/files/sist\\_nac\\_cert\\_prod\\_organicos.pdf](https://www.sag.gob.cl/sites/default/files/sist_nac_cert_prod_organicos.pdf)

## 2.2. European Union Regulation (UE) 2018/848

EU Regulation 2018/848 of the European Parliament and Council govern organic farming. Its focus is ecological production and labeling of ecological products. This regulation repealed EC Regulation 834/2007.<sup>3</sup> The regulation refers to agriculture and aquaculture farming practices, food product processing and labeling, certification procedures for farmers and the importation of organic products from outside of the EU. The regulation has been complemented by various implementation rules.

In regard to organic production and labeling of organic products, EU Regulation 2018/848 defines ecological production as ***“an overall system of farm management and food production that combines best environmental and climate action practices, a high level of biodiversity, the preservation of natural resources and the application of high animal welfare standards and high production standards in line with the demand of***

***a growing number of consumers for products produced using natural substances and processes”<sup>4</sup>.***

It establishes that ecological farming is based on a sustainable system but also includes the other stages of the food supply chain: provision of raw materials, processing, storage, transport, distribution and retail services. Organic production is based on four fundamental principles, which are outlined below.

The four fundamental principles on which organic production in the European Union is based
The use of chemical pesticides and synthetic fertilizers is prohibited
Genetically Modified Organisms (GMOs) are not allowed
Antibiotics for animal use are significantly restricted
Use of crop rotation

## 2.3 International Federation of Organic Agriculture Movements (IFOAM)

Founded in 1972, IFOAM-Organics International is an NGO that promotes sustainable food production systems through the consumption of organic products. It is based on a holistic approach to food production founded on the principles of health, ecology, equity and care.

IFOAM-Organics International is a global umbrella organization for the ecological farming movement. It represents nearly 800 affiliates in 117 countries. Its mission is “leading, uniting and assisting the organic movement in its full diversity”<sup>5</sup>.

IFOAM defines organic agriculture as ***“a production system that sustains the health of soils, ecosystems, and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic Agriculture combines tradition, innovation, and science to***

***benefit the shared environment and promote fair relationships and good quality of life for all involved.”<sup>6</sup>.***

IFOAM proposes four principles for organic farming<sup>7</sup>, and defines them as the roots from which it grows and develops. The organization states that these principles develop and express the contribution that organic production can make to the world and a vision for improving all farming in a global context. They are developed as ethical principles that inspire action.



<sup>3</sup> <https://eur-lex.europa.eu/legal-content/ES/TXT/?uri=CELEX:32018R0848>

<sup>4</sup> <https://www.europarl.europa.eu/news/es/headlines/society/20180404STO00909/agricultura-ecologica-en-la-ue-nuevas-reglas-mas-estrictas-infografia>

<sup>5</sup> <https://www.bioecoactual.com/2018/11/12/ifoam-organics-international/>

<sup>6</sup> <https://www.ifoam.bio/why-organic/organic-landmarks/definition-organic>

<sup>7</sup> [https://www.ifoam.bio/sites/default/files/2020-05/poa\\_spanish\\_web.pdf](https://www.ifoam.bio/sites/default/files/2020-05/poa_spanish_web.pdf)

• **The principle of health.** Organic farming should sustain and promote soil, plant, animal, human and planetary health as a single and indivisible entity. It holds that the health of individuals and communities cannot be separated from that of ecosystems. The role of organic farming whether production, processing, distribution or consumption is to maintain and improve the health of ecosystems, organisms and human beings. As such, the use of fertilizers, pesticides, veterinary products and additives in foods that can have negative health impacts should be avoided.

• **The principle of ecology.** Organic farming should be based on living ecological systems and cycles, work with them, emulate them and help sustain them. It establishes that production should be based on ecological processes and recycling. Organic management should adapt to local conditions, ecology, culture and scale. Those who produce, process, sell or consume organic products should protect and benefit the shared environment, which includes landscapes, habitats, biodiversity, and the air and water.

• **The principle of equity.** Organic agriculture should be based on relationships that ensure equity with respect to the shared environment and life opportunities. This equity is characterized by equality, respect, justice and responsible management of the shared world among both humans and their relationships with other living beings. Everyone involved in organic agriculture should develop human relationships in a manner that ensures justice at all levels and for all parties: producers, farmworkers, processors, distributors, salespeople and consumers. Organic production should provide everyone involved with good quality of life, contribute to food sovereignty and help reduce poverty. Animals should be given living conditions that are based on their physiology, natural behavior and wellbeing.

• **The principle of precaution.** Organic agriculture should be managed responsibly, and steps should be taken to protect the health and wellbeing of current and future generations and the environment. Those who practice organic

agriculture can increase efficiency and productivity as long as they do not compromise health and wellbeing. Given that there is only partial knowledge of ecosystems and agriculture, precaution must be considered. This principle establishes that care and responsibility are key elements in the management, development

and selection of technologies for organic farming. Practical experience, accumulated knowledge and local and traditional know-how offer valid, time-tested solutions. Organic farming should prevent important risks, adopt appropriate technologies and reject unpredictable approaches like genetic engineering.



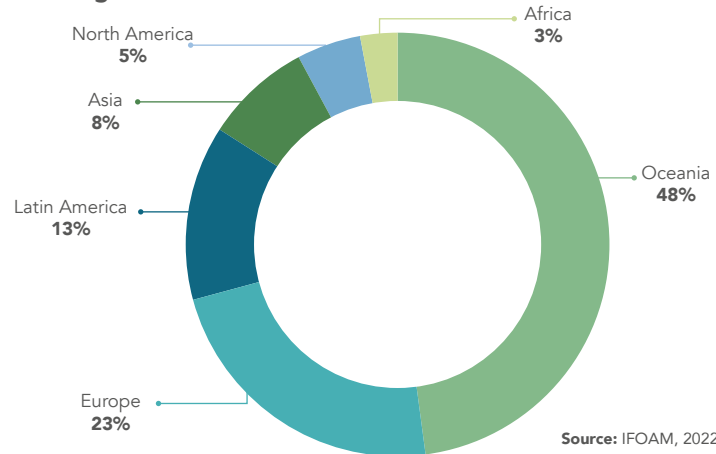
### 3. Organic Agriculture Around the World

The latest international statistics<sup>8</sup> suggest that 190 countries engage in organic production and that the surface area covered by organic agriculture continues to grow in 2020, it rose to 74.9 million hectares, up 3.5% over the 72.3 million hectares reported in 2019. This surface area is managed by over 3.4 million organic producers. Organic sector growth aligns with the progressive increase in global demand for organic products.

Nearly half (35.9 million) of the 74.9 million hectares are located in Oceania, with a high concentration in Australia. The regions that follow it are Europe (17.1 million), Latin America (9.9 million) and Asia (6.1 million), North America (3.7 million hectares), and Africa (2.1 million hectares).

<sup>8</sup> <https://www.ifoam.bio/>

**Figura 1. Global organic surface area**



**Figura 2. Global sales of organic products. 2020**

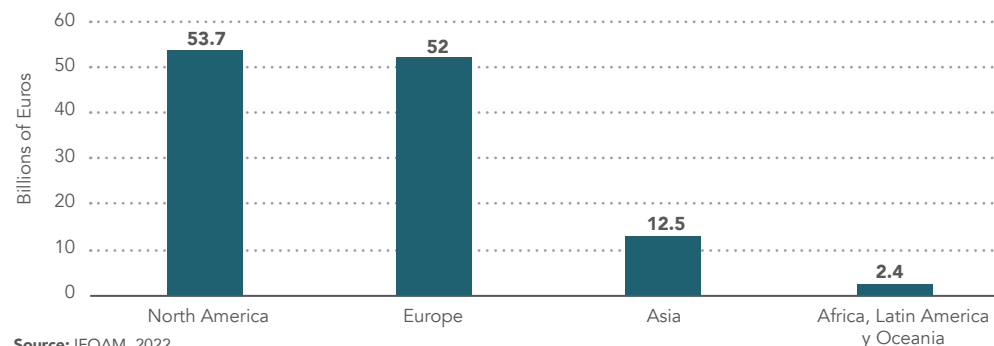


Figure 1 shows the percentage of organic hectares by region.

The three countries with the greatest amount of organic surface area in 2020 were Australia (35.7 million hectares), Argentina (4.5 million hectares) and Uruguay (2.7 million hectares).

Global sales of organic foods and beverages increased by 14 billion Euros between 2019 and 2020, a 15% increase -the largest to date-, rising to 120.6 billion Euros in sales, historically in terms of income. This increase in sales was mainly caused by the COVID-19 pandemic, which boosted consumer interest in consuming organic food products because people began to perceive them as healthier and more nutritional foods that also strengthen the immune system. This growth also aligns with the progressive increase in global demand for organic products due to increased environmental awareness of consumers regarding the products that they purchase and consume.



As Figure 2 shows, by region, North America leads sales with a market valued at 53.7 billion Euros followed by Europe with 52 billion Euros. Together, these two economies represent 107.7 billion Euros, that is, 87.7% of global sales. The European Union reported sales of 44.8 billion Euros.

By country, the United States continues to be the leading market, with sales totaling 49.5 billion Euros. It is followed by Germany (15 billion Euros), France (12.7 billion Euros) and China 10.2 billion Euros. However, today most growth comes from other regions, especially Asia. Organic food markets are increasingly important in countries like China, India and South Korea.

Global sales of organic products are expected to exceed 150 billion Euros in the next five years, and growth will continue in the coming years as consumers continue to associating organic foods with good health, nutrition and wellbeing.

Table 1 summarizes the main organic farming indicators for 2020 and international production and trade statistics.

Table 1. Global: Main organic farming indicators 2020

Indicador	World	Leading Countries
Countries with Organic Production	2020: 190 countries	
Organic Surface Area	2019: 72,3 million ha 2020: 74,9 million ha	Australia: 35,7 millones ha Argentina: 4,5 millones ha Uruguay: 2,7 millones ha
Percentage of organic surface area compared to total	2020: 1,6%	Liechtenstein: 41,6% Austria: 26,5% Estonia: 22,4%
Increase in organic surface area 2019-2020	2,6 million hectares (3,5%)	Argentina: 21% Uruguay: 28% India: 16%
Wilderness collection and other non-farming areas	1999: 4,1 millones ha 2020: 28,5 millones ha	Finland: 5,5 millones ha Namibia: 2,6 millones ha Zambia: 2,5 millones ha
Producers	1999: 200.000 2020: 3,4 million	India: 1.599010 Etiopia: 219.566 Tanzania: 148.607
Organic market	2019: 106,6 billion euros 2000: 15,1 billion euros 2020: 120,6 billion euros	US.: 49,5 billones de euros Germany: 15 billones de euros France: 12,7 billones de euros China: 10,2 billones de euros
Average per capita consumption	2020: 15,8 euros	Switzerland: 418 euros Denmark: 384 euros Luxembourg: 285 euros
Countries with fully implemented regulations	2020: 76	

Source: Developed by the author based on FiBL and IFOAM- Organics International data (2022).

The increase in the production and consumption of organic products aligns with consumers' increased environmental awareness regarding the products that they buy and consume. Organic production

plays an important role in mitigating and adapting to climate change.

According to the study "Organic Agriculture and the Sustainable Development Goals:

Part of the Solution"<sup>9</sup> organic farming has a positive impact and contributes to efforts to meet **eight of the 17 Sustainable Development Goals**<sup>10</sup>. These are outlined below:

<sup>9</sup> [https://www.ciaorganico.net/documypublic/621\\_Agricultura\\_Org%C3%A1nica\\_y\\_los\\_ODS.pdf](https://www.ciaorganico.net/documypublic/621_Agricultura_Org%C3%A1nica_y_los_ODS.pdf)

<sup>10</sup> <https://www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible/>

## SDG 2. Zero hunger



Organic production is a sustainable management system that is practiced by thousands of small-scale producers around the world. It contributes to food safety and provides nutritious food products.

## SDG 3. Health and wellbeing



Organic production contributes to the availability of a wide variety of quality food products using processes that do not harm the environment, human health, animal wellbeing or plant health. Although the debate on whether or not organic is healthier than conventional is ongoing, we can state that pesticides may be harmful to the health of both consumers and farmworkers. In this sense, organic products can certainly be seen as part of the solution when it comes to human health.

## SDG 6. Clean water and sanitation



With respect to clean water supply, farming uses an immense amount of water and has been linked to the deterioration of its quality. By eliminating the use of synthetic pesticides, organic farming reduces water pollution.

## SDG 8. Decent work and economic growth 9. Industry, innovation and infrastructure



SDG 9. Industry, innovation and infrastructure Organic production involves establishing a competitive economy based on knowledge and innovation, a high level of employment that encourages social and territorial cohesion, and support for the transition towards an economy with low carbon emissions that makes effective use of resources. Sustainable agricultural practices like organic farming can make a considerable contribution to decent work conditions and economic growth.

## SDG 12. Responsible consumption and production



Organic production promotes farm production and sustainable consumption. Given that sustainable production and consumption point towards "doing more and better with less," organic production improves the use of resources by reducing the use of resources, degradation and pollution throughout the life cycle. It also influences the entire supply chain from production to consumption and lifestyles through organic standards and seals.

## SDG 13. Climate action



Climate action is affecting and being affected by farming. Organic agriculture uses fewer inputs and has a greater C capture potential. It also is more adaptable to the climate and resistant to external weather phenomena. As such, in the field of adaptation and mitigation, organic agriculture can be considered part of the solution.

## SDG 15. Life on land



The loss of biodiversity and degradation of the land cause changes that are prejudicial to ecosystems and the natural food chain. The main causes of this decrease are farming and its extensive use of pesticides and herbicides. Due to the reduced or inexistent contribution of mineral fertilizers and pesticides, organic fields tend to improve biodiversity compared to conventionally managed fields, contributing positively to this Sustainable Development Goal.

In regard to the global challenges that we are facing in the area of food production, it is clear that there is a need for a different, comprehensive approach that is not only focused on production, but also on environmental and social aspects. Organic agriculture can be considered part of the solution to these challenges.

## 4. Organic Agriculture in the European Union

In March 2021, the European Commission launched the **'Action Plan for the Development of Organic Production in the EU'**, which seeks to achieve the goal of the **European Green Deal** of allocating 25% of EU farmland to ecological agriculture by 2030. The plan consists of 23 measures organized around three axes.

### AXIS 1:

To stimulate demand and guarantee consumer trust.

### AXIS 2:

To stimulate reconversion and strengthen every link in the value chain.

### AXIS 3:

To advocate by example: To increase the contribution of ecological agriculture to environmental sustainability.

At the same time, new ecological agriculture legislation entered into force in the EU on January 1, 2022, following a one year delay. The purpose of the new regulations is to reflect the evolution of this rapidly growing sector and to ensure loyal competition for farmers while avoiding fraud and maintaining consumer trust based on the following:

#### Simplification of production rules

through the progressive repeal of a series of exceptions and exclusions;

#### Strengthening the oversight system

through stricter preventative measures and rigorous oversight throughout the supply chain;

#### Application of the same regulations

that apply to EU producers to producers from non-EU countries;

#### Expansion of the list of products

by ecological production rules (such as salts, cork, beeswax, wool, etc.) and the introduction of

supplementary production rules (for deer, rabbits and poultry);

#### Certification process facilitation

for small-scale farmers thanks to a new group certification system;

#### The adoption of a more uniform approach

to reducing the risk of accidental pollution due to pesticides.

### 4.1 Statistics

Organic agriculture has experienced significant growth in the EU over the past few years in terms of surface area, number of operators, and consumption.<sup>11</sup> Its surface area increased by nearly 66% over the past ten years from 8.3 million hectares in 2009 to 14.9 million in 2020. Organic surface area represents 9.2% of all farming area used in the EU.

The increase in the area used for organic production has been accompanied by a substantial increase in retail sales, which doubled their value in the past 10 years from approximately 18 billion Euros in 2010

to over 41 billion in 2019. Despite this, ecological farm surface area in France, the leading country in the EU in terms of certified ecological surface area, only represented 9.7% of total farming surface area in 2020.

That same year, the EU reported sales of 44.8 billion Euros. The country with the most sales was Germany, with 15 billion Euros, followed by France with 12.7 billion and Italy with 3.9 billion.

While the average per capita annual spending on organic products is 84 Euros (US\$ 90) in the EU, there are substantial differences among member states, with that amount ranging from 1 Euro to 344 Euros.<sup>12</sup> In addition to differences in buying power, this is due to the fact that the market is still incipient in certain regions. It is also related to the lack of adequate supply chains in many areas, limited familiarity with the logo among consumers, and a lack of knowledge of the benefits of organic production. While organic aquaculture production is a relatively new sector, it has significant growth potential.

<sup>11</sup> FiBL- the World of organic agriculture 2020

<sup>12</sup> FiBL- the World of organic agriculture 2020

According to the recent publication Organic Farming in the EU: Continuing on the Path of Growth. European Commission, DG Agriculture and Rural Development, Brussels<sup>13</sup> (July 2022), total imports of organic products from the EU increased from 2.79 million tons in 2020 to 2.87 million tons in 2021, which represents an increase of 2.8%.

The publication states that the EU continues to be an important importer of organic agri-food products, particularly products that have undergone very little

processing. In terms of volume, the main imports were products mainly sold in bulk, such as cereals, cacao beans, coffee (commodities) and fruit, vegetables and meat (primary products), which together represent 44% of all organic imports.

In 2021, the volume of commodities imports dropped 5.3% to 1.27 million tons. This was mainly due to a decrease in the supply of oilseed cakes from China (-34.4%), wheat from Ukraine (-12.9%) and sugar from Brazil and India. Specifically, there were decreases in imports of organic sugar

(8.6%) and cacao beans (4.5%). Imports of primary products by volume increased by 5.7% to 1.25 million tons due to an increase in the demand for tropical fruit (+10.2%), especially bananas, and organic honey (+7.9%).

Imports of products with higher added value dropped significantly, but have presented higher growth rates: imports of processed products (mainly juices and olive oil) have increased by 7% to 212 thousand tons. Imports of prepared foods grew by 120%, and the amount of imported beverages more than doubled.

The EU imports that grew the most in 2021 by country were India with 18.1%, mainly in oilseed cakes, followed by Mexico with 10.8%, mainly juice and sugary products.

We note that in 2021, one third of total organic imports from the EU (945 thousand tons) came from

Holland, a 10.2% increase over 2020. Nearly 20% (517 thousand tons) were imported by Germany, with an

increase of 5.2% over 2020. These two EU member states represented over 50% of the volume of organic products imported by the EU in 2021.

However, the other five leading importers posted decreases in 2021. Belgium's organic imports dropped by 8.6% to 277 thousand tons (it imported less wheat and sugar), those of France decreased by 1.1% to 272 thousand tons (it imported less sugar), and those of Italy dropped by 4.7% to 225 thousand tons (it imported fewer vegetables and oilseed cakes).

The main exporters of organic products to the EU in 2021<sup>14</sup> were Ecuador, with 345,242 tons (12% of the total), the Dominican Republic with 265,075 tons (9.2%), India with 205,928 tons (7.2%), Peru (203,577 tons, 7.1%), Ukraine (189,239 tons, 6.6%), Turkey (154,938 tons, 5.4%), China (149,283 tons, 5.2%), Colombia (105,199 tons, 3.7%), Mexico (73,265 tons, 2.6%), Brazil (55,452 tons, 1.9%), and Argentina (55,259 tons, 1.9%).



<sup>13</sup> [https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23\\_en](https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23_en)

<sup>14</sup> [https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23\\_en](https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23_en)

According to this publication, in 2021 Chile placed 23rd, with a total of 27,909 tons exported to the EU. This represents 1% of

all imports by EU countries. Chile placed 5th in fresh or dried fruit (excluding citrus and tropical fruit), with 13,500 tons (9.5%

of the total), after Turkey (33,700 tons), Ukraine (20,100 tons), Argentina (16,900 tons), and New Zealand (13,600 tons).

**Table 2. Summary of the main organic agriculture indicators for the EU**

Indicator	U.E
Organic surface area	2020: 14.9 million ha
% of organic surface area compared to total agriculture surface area	2020: 14.9 million ha
Increase in organic surface area 2019-2020	5,3%
Organic surface area: Main countries	<b>France</b> :: 2,5 million de ha <b>Spain</b> :: 2,4 million de ha <b>Italy</b> :: 2,1 million de ha
Producers	2020: 349.499
Processors	2020: 78.262
Organic market	2020: 44,8 billion de euros
Organic market most important countries 2020	<b>Germany</b> :: 15 billion de euros <b>France</b> :: 12,7 billion de euros <b>Italy</b> :: 3,9 billion de euros
Growth of the organic market 2019-2020	15,1%
Largest importers of organic products 2021 <sup>15</sup>	<b>Holland</b> :: 33% del total (945 mil t). Creció 10,2% vs 2020 <b>Germany</b> :: Casi un 20% del total (517 mil t). Creció +5,2% vs 2020
Most significant growth of the organic market 2019-2020 by country	<b>Germany</b> :: 22,3% <b>Austria</b> :: 18,0% <b>Ireland</b> :: 16,2%
Average per capita consumption	2020: 102 euros

**Source:** Developed by the author based on FIBL and IFOAM- Organics International and D.G. Agriculture and Rural Development data (2022).

<sup>15</sup> [https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23\\_en](https://agriculture.ec.europa.eu/news/eu-maintained-its-position-top-trader-agri-food-products-2021-2022-03-23_en)

<sup>16</sup> The legislative proposal COM/2018/392 final-2018/0216 (COD), the future Common Agricultural Policy (CAP) also highlights the beneficial role of ecological farming and offers support through various mechanisms.

## 4.2 Regulations

The “**European Green Deal**” is at the center of the European Commission’s policy agenda. Its main purpose is to achieve sustainability and climate neutrality for Europe by 2050, acting as a vehicle for investment and growth.<sup>16</sup> One of the goals of the “**European Green Deal**” is to use 25% of EU farmland for organic farming by 2030. Another key objective is substantially increasing ecological aquaculture production.

There are major differences across EU member states in regard to the proportion of farmland that is allocated for organic farming, which ranges from 0.5% to over 25%. In March 2021, the European Commission launched a “**Plan of Action for the Development of Organic Agriculture in the EU**”, which is meant to allow the region to achieve the European Green Deal objectives. The Action Plan is designed to develop organic/ecological agriculture throughout the EU, increasing production, stimulating demand, and improving sustainability.

The Plan recognizes organic/ecological production as a policy tool for transforming the reality of agriculture and food consumption in the European Union in order to meet the goals set in the **“2030 Biodiversity Strategy”** and the **“Farm to Table Strategy”**, as well as the upcoming **“Plan of Action for Zero Air, Water and Soil Pollution”**. These strategies set out actions that cover the entire food chain, from production to consumption, and others that address international cooperation in sustainable food systems. The goal of these strategies is to align food production with environmental protection while encouraging investment and sustainable production. The Commission will seek to promote this objective in the context of the Sustainable Development Goals (SDGs).

It is also worth mentioning that the EU announced the new Carbon Farming Initiative (CFI) for 2022, which is designed to compensate farmers for their service to the cause of restoring ecosystems, emissions reduction, and carbon

capture in the context of the climate agreement. The initiative is a voluntary carbon compensation system. It is a key component of the Emissions Reduction Fund (ERF) and allows land managers to earn carbon credits by changing their land use or management practices to store carbon or reduce greenhouse gas emissions. The goal of the initiative is to mitigate climate change and improve farming soil. It is focused on carbon capture and facilitates collaboration between farmers and interested parties

within and beyond the food chain. Given that the new EU regulations are supported by the Action Plan for the Development of Organic Production in the EU, the details of the plan are presented below.

#### 4.2.1 Action plan for the development of organic production in the EU

The Plan recognizes organic/ecological production as a tool that can be used to help meet the objectives set out in the “Biodiversity Strategies” and “Farm to Table” strategy.

The main goal of the plan is to balance the necessary increases at the production level with constant and sustained growth of demand for ecological products. The plan consists of 23 measures structured around the following three axes:

##### AXIS 1:

To stimulate demand and ensure consumer trust.

##### AXIS 2:

To stimulate recovery and strengthen all of the links in the value chain.

##### AXIS 3:

To advocate by example to increase the contribution of ecological agriculture to environmental sustainability.

The plan’s Road Map includes the following actions:





- New financial framework designed to guarantee the ecological transition of agro-food production.
- Dedication of 30% of the budget of the research and development lines directed at agriculture, forestry resources and rural areas to financing projects linked to the agricultural sector.
- New budgetary allocations dedicated to the promotion of ecological agro-food products.
- The development of national plans of action with objectives and actions focused on the growth of the ecological sector. Each member state must develop a national strategy with related actions, clear deadlines and national goals. The goal is to increase the national percentage of ecological agriculture.
- Taxation and accounting of real costs: To conduct a study on the real price of food, including the role of taxation, with the goal of developing recommendations.

- To encourage member states to support the implementation of biodistricts.
- To stimulate the introduction of products developed through ecological agriculture in public tenders.
- The integration of ecological products into the minimum required criteria for sustainable public hiring as part of the legislative proposal on sustainable food systems (2023).

The Commission has reported that it will continuously gather data on the environmental, economic and social benefits of ecological agriculture and will disseminate them via social media.

Through this plan, the Commission has taken concrete steps towards promoting demand for ecological products. For example, there is a US\$ 52.5 million budget for the ecological sector in the context of promotion policies and plans to integrate ecological products into the minimum required criteria for

sustainable public hiring.

Given that the goal of increasing ecological agriculture surface area will only materialize with an increase in demand for organic products, the plan is meant to promote consumption of ecological foods throughout the EU.

We note that all evidence suggests that EU citizens increasingly value food products produced with broader benefits for society, such as organic products, products with geographic indications, local food production systems with smaller carbon footprints and innovative products with low emissions.

Under the new EU Regulation 2018/848 on organic/ecological production that went into effect on January 1, 2022, the Commission is also working to promote local and small-scale production in order to shore up organized and efficient supply chains and ensure that small-scale producers can find outlets for their production.

The development of ecological aquaculture is another goal supported

by the EU policy in the “Farm to Table” strategy established in 2020. Its goal is to produce a significant increase in ecological aquaculture by 2030.<sup>17</sup> In 2021, the Action Plan for the Development of Organic Production in the EU clearly identified ecological aquaculture as a sector with development potential. The action plan states that the Commission aims to 1) support research and innovation and 2) identify and address obstacles to the growth of ecological aquaculture in the EU. The Strategic Guidelines on Sustainable and Competitive Aquaculture for 2021 to 2030 describe the promotion of ecological aquaculture as a key issue.

#### 4.2.2 New EU Regulation 2018/848

EU Regulation 2018/848 of the **European Parliament and Council**<sup>18</sup>, is the legislative act that establishes rules for ecological production and labeling of ecological products. It was introduced on January 1, 2022 after a one-year delay, repealing and replacing EC Regulation 834/2007 of the European Council.

<sup>17</sup> [https://www.eumofa.eu/documents/20178/432372/Organic+aquaculture+in+the+EU\\_final+report\\_ONLINE.pdf](https://www.eumofa.eu/documents/20178/432372/Organic+aquaculture+in+the+EU_final+report_ONLINE.pdf)

<sup>18</sup> [file:///D:/1%20PROYECTO%20UE/bibliografia/1.-848\\_2018\\_nuevo-reglamento-1.pdf](file:///D:/1%20PROYECTO%20UE/bibliografia/1.-848_2018_nuevo-reglamento-1.pdf)

EU Regulation 2018/848 is the legal framework that seeks to unify the rules for countries, provide stability to the sector so that new operators join it, and promote the consumption of organic foods. This is due to the rapid growth of the sector and increasing interest in this type of products among consumers and was developed in response to challenges posed by this rapid expansion. It is also meant to give the sector an effective legal framework.

EU Regulation 2018/848 is mandatory for all EU member states and their citizens. It is applied directly, as it is included in the legal ordinances of all member states once it is published in the Official Gazette of the European Communities, and there is no need for them to transpose it. It is automatically applied within the EU.

Beyond the European Union, operators will enter a transition period that runs from January 1, 2022 to December 31, 2026. This will give them the opportunity to adapt their activities to the new regulation.

EU Regulation 2018/848 is meant to reach a series of goals:

- Simplification of production rules through the progressive repeal of a series of exceptions and exclusions.
- Strengthening the oversight system through stricter preventative measures and rigorous oversight throughout the supply chain.
- Producers from countries that are not part of the EU will have to comply with the same rules as EU producers.
- Extending the scope of application of ecological production rules to include a broader list of products (such as salt, cork, beeswax, mate, grape leaves and hearts of palm) and incorporating new production rules for deer and rabbit.
- Certification will be easier for small-scale farmers because of a new group certification system.

- The adoption of a more uniform approach to reducing the risk of accidental pollution due to pesticides.
- The progressive elimination of exemptions applicable to the production of demarcated beds in greenhouses.

A summary of the main changes<sup>19</sup> introduced by the New Ecological Production Regulations **2018/848**<sup>20</sup>, is presented below as a general reference.

For more details on the changes, consult the regulations using the official EU link.: <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

#### 4.2.2.1 General changes<sup>21 22</sup>

##### i) The new regulation adds ambitious objectives:

- To contribute to a non-toxic environment;
- To maintain the long-term fertility of soils;

- To promote short distribution circuits and local production; and
- To promote the development of activities meant to improve ecological plants.

ii) The following may be certified:

**New products:** Yeasts, salt, silkworm cocoons, natural rubbers and resins, beeswax, essential oils not meant for human consumption, corks, uncarded cotton, wool, raw hides, traditional plant preparations.

**New animal species:** Rabbits and deer.

**Groups of operators:** Solely farmers, seaweed producers, aquaculture animal producers and others who engage in the processing, preparation or sale of food or feed. With legal status, joint marketing and an internal oversight system.

<sup>19</sup> <https://interecoweb.com/la-normativa-a-tu-alcance/>

<sup>20</sup> <https://www.caecv.com/principales-novedades-del-nuevo-reglamento-de-produccion-ecologica-2/>

<sup>21</sup> [https://www.caecv.com/wp-content/uploads/2021/12/INFOGRAFIA\\_R-848-2018\\_CAMBIOS.pdf](https://www.caecv.com/wp-content/uploads/2021/12/INFOGRAFIA_R-848-2018_CAMBIOS.pdf)

<sup>22</sup> [file:///D:/1%20PROYECTO%20UE/biblografia/1.-848\\_2018\\_nuevo-reglamento-1.pdf](file:///D:/1%20PROYECTO%20UE/biblografia/1.-848_2018_nuevo-reglamento-1.pdf)

**iii) Animal production:**

- Conversion period for 12-month exercise areas (cannot be reduced to 6 months).
- Breast milk substitutions are prohibited.
- Oversight officials may authorize the use of restraints with animals under certain conditions.

**iv) Plant production:**

- Cultivation ratio and reinforced soil.
- Heterogeneous propagation material may be used.

**v) Oversight:**

- If unauthorized substances are present, a block and investigation are mandatory if there is a well-founded suspicion and no use of reference to ecological until the result of the official investigation.

**vi) Manufacturing:**

- Requirements for use of aromas

- Only a six-month period (which may be renewed once) for the allowed use of ecological ingredients by the respective authority.

- There will be no EU list for the use of non-ecological ingredients.

- Changes in feed production rules.

- Prohibition of the use of artificial nanomaterials.

**vii) Labeling**

- The phrase “Authorized for use in ecological production under Regulation 2018/848” may be used on agricultural supplies, but the EU logo may not be used.

- Changes for feed (Can it be used for companion animals?).

**viii) Exceptional production rules**

- Fewer opportunities for exceptions (including catastrophic circumstances).

**ix) Stricter import rules**

- In the absence of an agreement guaranteeing the equivalence of the list of ecological conditions of a non-community country with EU ecological regulations, an ecological product exported to the EU will be subject to oversight in accordance with EU rules. In this case, the rules will be exactly the same for a EU producer and a non-EU producer. In other words, non-EU country producers will have to meet the same requirements as EU producers (changes in third party product import management).

**4.2.2.2 Changes in plant production<sup>23 24</sup>****i) Certification**

- Groups of operators can be certified.

**ii) Pest and disease control**

- Techniques such as biofumigation or solarization are mentioned for the first time for the prevention of damages caused by diseases and weeds.

- There will be a list of allowable products for cleaning and disinfecting plant production facilities.

- The co-formulants of phytosanitary products that are registered as authorized active materials are explicitly permitted.

**iii) Plant propagation material (PPM)**

- New definition of the term PPM. Not only seeds, but also seedlings, cuttings, etc.
- Perennial crops Rootstock should be ecological for at least one generation for two growth seasons.
- In-conversion plant propagation material may be sold after 12 months (not for seedlings).
- Organic plant propagation material may be sold without considering the registration requirements and certification of pre-basic material.

<sup>23</sup> <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

<sup>24</sup> [https://www.caecv.com/wp-content/uploads/2021/12/Produccion\\_vegetal.pdf](https://www.caecv.com/wp-content/uploads/2021/12/Produccion_vegetal.pdf)

#### iv) Soil fertility

- Soil fertility must be increased through multi-year crop rotation, which must include leguminous crops as the main or coverage crops for rotation crops and other green manure crops.
- In the case of greenhouses and perennial crops (other than feed), green manure and short-term leguminous crops must also be included, and plant diversity must be introduced.
- Livestock manure or organic material application will be mandatory in all cases.
- Ecological crops with the exception of those grown naturally in water will be produced in live soil or mixed or fertilized live soil with materials and products that are allowed in ecological production in relation to the subsoil and parent rock.

- Growing outside of soil, including hydroponics, continues to be prohibited.

#### v) Germinated seed production

- For the production of germinated seeds (sprouts and cress), inert medium (from authorized substances) may be used solely to keep the seeds damp.

#### 4.2.2.3 Changes in animal production<sup>25</sup>

- Animals will have ongoing access to open air areas that allow them to exercise, preferably in pastures.

#### i) Certification:<sup>26</sup>

- New products: wool and skins; New species: rabbits and deer.
- The conversion period for grazing and open-air spaces used by non-herbivore species will be 12 months.

#### ii) Aviculture:

- 30% increase in animal feed that should be for own use
- Hen houses and facilities:
  - > Porches will not be included in the calculation of interior or exterior surface areas.
  - > The separation of compartments for fattening birds other than Gallusgallus will have to be made of solid boards.
  - > Open air areas will have a radius of no more than 150 meters.



- > Chicken fattening areas must have perches or elevated places for roosting.

- Density characteristics and minimum surface areas for Gallusgallus fathers for the production of eggs to incubate Future laying gens or fattening Gallusgallus, pullets and young roosters, fattening birds.
- Database of availability of ecological pullets.
- Restrictions on the purchase of non-ecological pullets. Pullets meant for egg production and poultry for meat production must be less than three days old.

#### iii) Bovine livestock

- Livestock may not be tied or isolated except for specific animals during a limited period of time and to the extent that said practices are justified for veterinary reasons.
- 25% reduction in in-conversion feed.

<sup>25</sup> <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

<sup>26</sup> <https://www.caecv.com/wp-content/uploads/2021/12/Ganaderia-1.pdf>

- At least 60% of feed will be used for the entity itself. If this is not possible or the feed is not available, it will be produced in collaboration with other ecological or in-conversion production units and operators that use feed and raw materials for feed from the same region. This percentage will increase to 70% on January 1, 2024.

- The final fattening phase may not be completed indoors.

#### iv) Porcine livestock

- 30% increase in animal foods that should procedures for own use
- Non-ecological feed proteins only for piglets up to 35 kilograms.
- At least 50% of the open-air area will be occupied by a solid structure.

#### vi) Apiculture

Non-ecological wax may be used as long as it does not contain unauthorized substances and is made from opercules.

#### vii) Rabbit production

##### Feeding regulations:

- At least 70% of feed will be used for the entity itself or will be produced in collaboration with other ecological or in-conversion units.
- Rabbits will have access to pasture as long as conditions allow.
- Breeding conditions will be based on maximum use of pastures.

- Fodder will constitute at least 60% of the diet. Foods with fiber such as hay will be provided when grass is insufficient.

##### Housing regulations and husbandry practices:

- Housing will provide a comfortable, clean and dry place for sleeping or resting built with solid materials other than mesh. The beds will have hay or other appropriate natural materials.

- Rabbits will be kept in groups.

- Rabbit farms must use resistant breeds that have adapted to open air living conditions.

- The rabbits will have access to covered shelter with dark areas, an exterior pen with plants, a raised platform both inside and outside.

#### viii) Deer production regulations

##### Feeding regulations

- At least 60% of feed will be used by the unit itself. This will increase to 70% after January 1, 2024.
- The animals will have access to pasture as long as conditions allow.
- Breeding animals will be based on maximum use of pastures.
- At least 60% of the dry material that comprises the animals' daily ration will be fodder.

- The animals must have access to natural grass in an enclosed area.

- Animals raised in an enclosed area must have clean and fresh water.

##### Housing regulations and husbandry practices

- Cervids must have shelter, covered areas and fences that are not harmful to them.

- En enclosures for red cervids, the animals must be able to roll in the mud in order to guarantee that they can care for their skin and regulate their body temperature.

- All housing must have a flat surface, but the flooring may not be slippery.

- The areas in which the animals are fed must be located in areas that are protected from the elements, and they must be accessible.

- If ongoing access to food cannot be provided, feeding areas will be designed such that all of the animals can eat at the same time.

#### 4.2.2.4 Changes for groups of operators<sup>27</sup>

It is very important to note how this point has evolved since the previous legislation. Prior to the new regulation, there was only “guidance” for third

countries. Now there are much more precise rules, and groups of operators may also be used in the EU.

The certification of groups of producers will now be accessible to all countries

and will be accompanied by reinforced oversight. For example, the size of each operation and number of group members will be limited. Table 3 below summarizes the changes and requirements for the groups of operators<sup>28</sup>.



**Table 3: Requirements for groups of operators**

One group	One certificate of conformity
Requirements to be met by the group	Individual membership requirements
<ul style="list-style-type: none"> <li>Joint marketing system for the products that the group produces</li> <li>Comprised of only farmers (who engage in agricultural activity) or operators that produce seaweed or aquaculture animals and can engage in the processing, preparation or sale of food or feed.</li> <li>Internal oversight system (documentation and oversight procedures) Manager + internal inspectors</li> <li>Minimum percentage of sampling and oversight</li> <li>Person or entity responsible for ensuring that each member complies with regulations</li> <li>Maximum of 2,000 operators</li> </ul>	<ul style="list-style-type: none"> <li>With a maximum operation of 5 hectares; 0.5 hectares in the case of greenhouses; 15 hectares exclusively in the case of permanent pasture.s</li> <li>Cost of individual certification: &gt; than 2% of the volume of each member's business; ecological production business volume &lt; 25,000 Euros per year; or standard ecological production &lt; 15,000 Euros per year</li> <li>Legal status</li> <li>Incorporation in a member state or third country</li> </ul>
Members must develop their activity close to one other.	
Non-compliance by individual members of the group may lead to the withdrawal of the entire group's certificate	
Annex-List of members of the group of operators	

<sup>27</sup> <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

<sup>28</sup> [https://www.caecv.com/wp-content/uploads/2021/12/Grupo\\_operadores-1.pdf](https://www.caecv.com/wp-content/uploads/2021/12/Grupo_operadores-1.pdf)

<sup>29</sup> [https://www.caecv.com/wp-content/uploads/2021/12/Grupo\\_operadores-1.pdf](https://www.caecv.com/wp-content/uploads/2021/12/Grupo_operadores-1.pdf)



#### 4.2.2.5 Changes for processed products<sup>30</sup>

##### i) Production regulations for processed products (food products, feed and new ranges)<sup>31</sup>

- In-conversion processed products are included in the separation and cleaning rules (only ecological and non-ecological processed products had previously been included).
- A list of authorized products for cleaning and disinfecting plant production facilities and buildings has been included.
- The following new products may be certified as ecological:
  - > Yeasts meant for human or animal consumption; yerba mate; grape leaves; hearts of palm; hops sprouts and other similar edible parts of plants and products obtained from them; sea salt and other salts for food and feed; silk cocoons that can be used for spooling; natural rubber and resins; beeswax; essential oils;

natural cork stoppers that are not made of chipboard and do not have binding agents; cotton that has not been carded or combed; wool that has not been carded or combed; raw hides and skins that have not been treated; traditional plant-based preparations.

##### ii) In the wine sector rules:

For the use of thermal treatments under Annex IA, point 2 of EC Regulation N°606.2009. The maximum temperature may not exceed 70-75°C.

Specific production rules must be outlined for some of the new ranges. In the meantime, processed product production rules are used.

##### iii) Food processing:

The main change refers to the manufacture and use of flavoring. Only natural flavors that are 95% from a single source may be used (for example, "natural vanilla flavor").

#### Figure 3. Use of the EU logo on labels



Source: Taken from CAECV, 2022.

#### iv) Labeling:

Greater flexibility is given regarding product origin: products that are marked "Agriculture from the EU" may contain 5% of ingredients from outside of the Community instead of the current 2%. Figure 3 above summarizes the use of the EU logo.

#### 4.2.2.6 Importation from third countries<sup>32</sup>

- The following in-conversion products may be imported:
- From 3 systems to 2. The equivalence with countries disappears (12.31.2025).
- Third countries with a trade agreement

<sup>30</sup> [https://www.caecv.com/wp-content/uploads/2021/12/INFOGRAFIA\\_R-848-2018\\_PRODUCTOS-TRANSFORMADOS-1.pdf](https://www.caecv.com/wp-content/uploads/2021/12/INFOGRAFIA_R-848-2018_PRODUCTOS-TRANSFORMADOS-1.pdf)

<sup>31</sup> <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

<sup>32</sup> <https://eur-lex.europa.eu/legal-content/ES/LSU/?uri=CELEX:32018R0848>

with the EU (recognition of that the national production system meets the same objectives and principles through the application of rules in order to guarantee the level of conformity).

- Oversight agencies recognized for the purposes of compliance.

### 4.3 Effects of the New EU Regulation 2018/848 for Chile

The changes and new EU Regulation 2018/848 that went into effect on January 1, 2022, do not affect the condition of Chile because the Agreement aligns with the current regulations. Chile continues to export under Chilean regulations. Furthermore, the Equivalence Agreement between Chile and the EU is governed by the stipulations of the new regulation (848/2018), that is, it is country equivalent under a trade agreement. However, a study may be conducted in the future to determine whether the regulatory changes allow the equivalence as it stands to be maintained.

According to information provided by an EU expert, **new EU regulation 2018/848 does not affect Chile's situation**. As such, Organic Chilean producer may continue to export to the EU under Chilean regulations because Chile is an equivalent country under the Agreement and as such is not on the third country list presented in Annex I of EU Regulation 2325/2021. In the expert's opinion, there is one important issue that may impact this situation in the short- to medium-term. Specifically, an analysis must be conducted to determine whether what was equivalent under the Agreement continues to be equivalent under the new EU regulation. This has yet to be completed, and it would be necessary to review possible points in which this equivalence is not maintained. For now, there are no changes for Chile, but small or major changes to Chilean regulations may be necessary in the future. In conclusion, the current agreement contains a reference to the repealed EU legislation, so the parties should probably review the agreement.

This has been confirmed by the Agriculture and Livestock Service (Servicio Agrícola y Ganadero, SAG).<sup>33</sup> The entity has reported that the current agreement of equivalence and reciprocity between Chile and the EU is different from mechanisms for recognition of third countries that Europe is to review and update by 2026. In view of this, Chile is not part of the status change, and this does not affect current trade. This has been confirmed in various meetings with European officials. In regard to the fact that both parties must give notice of the changes made in accordance with Article 3 of the agreement between Chile and the EU: Recognition of the equivalence of the agreement, in numbers 2 and 3, SAG reports that on February 18, 2019, it received communication from OTC on Regulation 848/2018, and the EU sent a letter to SAG with a list of new legal texts in December 2021. Finally, and in regard to the changes made by the EU to its regulations and whether there are plans on Chile's part to review these changes and adjust Chilean regulations to them, SAG reports

that the Service is reviewing the main organic regulations of reference on an ongoing basis, and that it intends to work on new regulatory changes (Decrees 2 and 3/2016), in which it will consider, among other matters, current EU regulations. The full text of the Chile-EU Agreement in regard to whether there are changes in any of the two regulations is transcribed below.<sup>34</sup> These changes will be considered equivalent unless one of the parties has objections. Both parties must report changes, and the validity will be maintained if the counterpart does not present objections.<sup>35</sup> This is stipulated in the agreement, "**Article 3: Recognition of the Equivalence of the Agreement**", numbers 2 and 3:

- 2. In case of modification, repeal or replacement of the laws and regulations listed in Annexes III or IV, or of addition to said laws and regulations, the new regulations will be considered equivalent to the regulations of the other Party unless the other Party objects in accordance with the procedure established in section 4.

<sup>33</sup> Information provided by Claudio Cárdenas, Head of the Organic Agriculture Department of the Agriculture Agency (Servicio Agrícola y Ganadero, SAG).

<sup>35</sup> It seems that the EU officially notified Chile of these changes in late 2021 or early 2022.

<sup>34</sup> [https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:22017A1214\(01\)&qid=1518678887808&from=EN#:~:text=El%20objeto%20del%20presente%20Acuerdo,no%20discrimi%20naci%C3%B3n%20y%20reciprocidad.](https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:22017A1214(01)&qid=1518678887808&from=EN#:~:text=El%20objeto%20del%20presente%20Acuerdo,no%20discrimi%20naci%C3%B3n%20y%20reciprocidad.)

• 3. If one Party believes that the legal dispositions, regulations or administrative procedures and practices of the other Party no longer meet the equivalence requirements, it will issue a well-founded request to the other Party to modify the pertinent legal disposition, regulation or administrative procedure or practice within an adequate time frame of no less than three months in order to guarantee the equivalence. If the interested Party continues to believe that the equivalence requirements are not met after that period expires, it may unilaterally withdraw recognition of the equivalence of the laws and regulations listed in Annexes III or IV with respect to the pertinent products listed in Annexes I or II.

#### 4.4 Survey on the Effects of EU Regulation 2018/848 for Chile

In an effort to identify the type of information that organic producers have access to based on a primary source and their perceptions of the

effects of the new EU Regulation 2018/848 for Chile, a detailed consultation was conducted with organic producers, associations or producers and companies that export organic products to the EU, and the companies that certify these products for export. A total of 16 companies that were approached agreed to answer the consultation. They are listed below:

- Agrícola Los Avellanos SpA.
- Apícola Natural Bee SpA
- Asociación de Productores Orgánicos de Ñuble A.G. (APO Ñuble A.G.)
- Centro de I+D en Agroecología
- Certificadora Bioaudita Ltda.
- Certificadora Ecocert Chile S.A.
- Certificadora Mayacert SpA.
- Consorcio I+D Vinos de Chile
- Cooperativa de Productores Orgánicos de Chile (Organicoop)
- Inmobiliaria San Bernardo, S.A. (Geonuts).
- Hortifrut Chile. S.A.
- Sociedad Vinícola Miguel Torres S.A.
- Sociedad Agrícola y Comercial Ltda. (Agricom Ltda.)



- Surfrut Ltda.
- Viñedos Emiliana S.A.
- Agrícola Huertos de Huaiquivilo

The responses suggest that there is a great deal of misinformation regarding what the entry into force of the new regulation means for Chile given that most of the respondents mention

effects that are clearly not related to the changes to the European regulation.

Table 4 below presents a summary of the answers, which point to what the respondents identify as the main benefits of the entry into force of the new EU regulation will be for organic production in Chile.

Table 4. Summary of the main benefits of the entry into force of EU Regulation 2018/848 for the Chilean sector

Benefits	Answers	Nº of Answers
<b>Rules and regulations</b>	<ul style="list-style-type: none"> <li>i) The Agreement with the EU allows us to approach this regulatory change without an impact to organic operators because the Agreement respects Chilean regulations and does not change them.</li> <li>ii) Changes in EU regulations do not affect us, and Chilean regulations still apply;</li> <li>iii) The changes in the European regulation are an incentive to analyze the Chilean regulation and assess which changes must be made.</li> <li>iv) It is beneficial to Chile to know the requirements of the new regulation so that it can comply with it;</li> <li>v) It is a benefit that simplifies EU regulations because it will be easier to continue to work under this regulation. It will not be easier to comply with the regulations;</li> <li>vi) The main benefit is shorter processing times of COI because of digital signatures, which will provide more time between the issuance of the COIs and the ship's departure. If the adoption of the EU regulation, which has a more uniform approach to reducing the risk of accidental pollution due to pesticides, leads to increased oversight of pesticides in Chile and an increase in the list of products that cannot be applied, it will be a direct benefit to bees and the environment</li> </ul>	15
<b>Certification</b>	<ul style="list-style-type: none"> <li>i) The greatest benefit is that one may ask the EU to expand the scope of certification of new products and thereby diversify national production. This may include some derivatives of quillay, which were left out of the Agreement but could be included with a regulatory change;</li> <li>ii) It will facilitate the certification process;</li> <li>iii) Certification is meant to be easier for small-scale farmers, and it will achieve greater inclusion and integration of such entities, especially smaller ones;</li> <li>iv) The new regulation favors group certification</li> </ul>	8
<b>Markets and Trade</b>	<ul style="list-style-type: none"> <li>i) Benefit of being able to continue to export to the EU;</li> <li>ii) The opportunity to open new and better markets for the company, especially in Germany;</li> <li>iii) It may lead to increased participation of producers in the markets;</li> <li>iv) There could be better sales projections based on reduced bureaucracy;</li> <li>v) Organic wineries will have advantages.</li> </ul>	10
<b>Oversight and inspection</b>	<ul style="list-style-type: none"> <li>i) The changes to the EU regulation strengthen the Chilean oversight system through stricter preventative measures and more rigorous oversight throughout the supply chain;</li> <li>ii) The reinforcement of oversight measures does not affect Chilean businesses that handle production processes conscientiously and that believe in the organic model;</li> <li>iii) It is beneficial to reinforce oversight in order to decrease fraud, ensure organic integrity, and improve the sector's reputation.</li> </ul>	5

Table 5 below presents a summary of the interview respondents' answers when asked about the main problems that the entry into force of the new EU regulation will pose for organic production in Chile.

**Table 5. Summary of the main problems that the entry into force of EU Regulation 2018/848 poses for the Chilean sector**

Problems	Answers	N° of Answers
<b>Information</b>	<ul style="list-style-type: none"> <li>i) Failure to inform farmers about updates to this new regulation;</li> <li>ii) Failure by agencies familiar with the new regulation (like SAG) to provide information and to clearly share the changes with all of those involved in organic;</li> <li>iii) Lack of information for Chilean importers, which suggest that there are many questions about the new regulation;</li> <li>iv) Failure to train Chilean oversight agencies so that they can quickly and seamlessly implement these changes and ensure that they do not pose obstacles to production;</li> <li>v) Failure to present these changes and their impacts in every region in the country;</li> <li>vi) It is not clear what the implications will be for Chilean producers.</li> </ul>	12
<b>Certification</b>	<ul style="list-style-type: none"> <li>i) Lack of knowledge of what the new EU regulation means for Chile in practice and how this affects current certification of producers, processors and retailers;</li> <li>ii) It would be problematic for the new regulation to lead to more information requested by certifiers;</li> <li>iii) If something about the new EU regulation can be negative for Chile, it could be keeping more records and more bureaucracy.</li> </ul>	7

In conclusion, the survey shows that a great deal of information is missing at all levels (producers, processors, exporters) regarding the effects of the new EU regulation on Organic Chilean production.

Many of the respondents stated that they are not familiar with the new regulation or its impact on their activities. Others assume that the new regulation does

impact our country, which is not the case as stated previously in this document, because the new EU regulation 2018/848 does not affect Chile's status. As such, organic Chilean producer may continue to export to the EU under Chilean regulations because Chile is an equivalent country under the Agreement and as such is not on the third country list from Annex I of EU Regulation 2325/2021.



## 5. Organic Agriculture in Chile

The increase in certified organic surface area in Chile speaks to the growth of the production and exports of these products, which exceeded US\$ 326 million in 2021, reaching over 50 countries.

Furthermore, in recent years, the number of organic farmers' associations (OFAs) with self-certification and production has increased. This is very important for meeting the demand for organic products in Chile.

In this section, we provide organic production statistics for Chile and for foreign trade, specifically exports and imports to and from the EU, respectively.

### 5.1 Production statistics

According to official sectorial statistics provided by the Information Service of the National Organic Certification Registry of the Agriculture and Livestock Service (SAG), As of December 2021, Chile had a total

organic surface area of 259,640 hectares (Table 1). This includes both cultivated area and area certified for wild collection (105,127 ha). Between 2020 and 2021, the total certified organic surface area remained practically unchanged, with a decrease of 10%. This was influenced by the 66%

drop in minor fruit tree surface area.

#### Wine grapes and major fruit trees.

If one analyzes the cultivated organic surface area by category (Table 2), the larger quantity of hectares corresponds to wine grapes (7,270 hectares) followed by apples (2,396 hectares) and olives (956 hectares).

**Table 1. Evolution of organic surface area by category (hectares)**

Category	2017	2018	2019	2020	2021	% Var 21/20
Pastures*	1,844	1,147	1,414	134,472	133,438	-1
Wild collection	154,942	51,548	92,279	130,526	105,127	-19
Wine grapes	4,446	3,360	3,507	4,408	7,270	65
Major fruit trees	4,693	4,617	4,219	6,365	5,811	-9
Minor fruit trees	6,069	5,717	6,801	11,120	3,812	-66
Fallow or unused	1,345	775	4,128	742	1,996	169
Vegetables and legumes	370	109	150	654	1,034	58
Cereals, pseudocereals, oil seeds	311	292	273	488	547	12
Medicinal plants and aromatics	491	226	374	269	508	89
Seeds, seedlings, nurseries	157	48	31	1	98	9,740
<b>Total</b>	<b>174,667</b>	<b>67,839</b>	<b>113,176</b>	<b>289,044</b>	<b>259,640</b>	<b>-10</b>

Source: Developed by the author based on SAG data, 2022.

\*The pasture surface area in 2021 includes 129,000 hectares in the Magallanes Region with a livestock focus.



**Table 2. Certified organic surface area for wine grapes and major fruit trees (hectares)**

Species	2017	2018	2019	2020	2021	% Var 21/20
Wine grapes	4,446	3,360	3,507	4,408	7,270	65
Apple trees	2,106	2,357	2,683	2,650	2,396	-10
Olive trees	966	786	146	927	956	3
Hazelnut trees	s/i	s/i	17	378	195	-49
Walnut trees	223	s/i	236	372	361	-3
Almond trees	249	203	203	306	622	103
Cherry trees	227	170	216	242	120	-50
Lemon trees	133	s/i	119	189	181	-5
Kiwi trees	298	s/i	157	175	160	-8
Plum trees	s/i	115	63	111	120	8
Avocado trees	s/i	s/i	137	76	s/i	s/i
Peach trees	s/i	s/i	39	74	s/i	s/i
Nectarine trees	s/i	s/i	23	64	s/i	s/i
Pear trees	s/i	s/i	69	57	s/i	s/i
Orange trees	s/i	s/i	25	46	s/i	s/i
Mandarin orange trees	s/i	s/i	s/i	34	s/i	s/i
Table grapes	s/i	s/i	19	27	s/i	s/i
Pomegranate	s/i	s/i	14	7	s/i	s/i
Chestnut trees	s/i	s/i	46	1	s/i	s/i
Other*	492	986	8	628	700	11
<b>Total</b>	<b>9,139</b>	<b>6,991</b>	<b>7,726</b>	<b>10,773</b>	<b>13,081</b>	<b>21</b>

**Source:** Developed by the author based on SAG data, 2021.

\*Includes surface area certified by the Ecological Farmers' Organizations (EFO).



**Minor fruit trees.** There was a significant decrease of 66% in total surface area for minor fruit trees, which dropped from 11,120 ha to just 3,812 hectares. This was due to the decrease in the certified surface area of all species (Table 3).

**Wild collection.** The certified organic surface area set aside for wild collection of species totaled 105,127 hectares in 2022 (Table 4), with collection of rose hips standing

out with a total collection surface area of 79,863 hectares.

**Animal production.** There is no data on organic animal production for 2021. According to SAG data, organic livestock production is still quite limited in Chile. A total of 151,226 animals were certified in 2020 but no data was available on the species. That same year, a total of 24,426 organic beehives were certified.

**Table 3. Certified organic surface area with minor fruit trees (hectares)**

Species	2017	2018	2019	2020	2021	% Var 21/20
Blueberries	3,233	3,108	3,868	5,756	2,385	-59
Raspberries	1,263	881	1,222	1,639	695	-58
Cultivated rose hip	s/i	s/i	1,036	s/i	s/i	s/i
Blackberries	821	511	556	439	306	-30
Strawberries	119	96	92	288	198	-31
Sarsaparilla	s/i	s/i	s/i	s/i	81	s/i
Other*	70	1,121	26	2,999	148	-95
<b>Total</b>	<b>5,506</b>	<b>5,717</b>	<b>6,801</b>	<b>11,120</b>	<b>3,812</b>	<b>-66</b>

**Source:** Developed by the author based on SAG data, 2022.

\*Includes EFO data.

**Table 4. Organic surface area for wild collection, 2021**

Species	Surface area (hectares)
Rose hip	79,863
Maqui fruit	15,462
Chilean guava	2,246
Soap bark tree	2,112
Hipericum	1,162
Crateagus	1,100
Boldo	905
Wild blackberries	812
Other species*	1,466
<b>Total</b>	<b>105,127</b>

**Source:** Servicio Agrícola y Ganadero, SAG, 2022.

\*Includes Ecological Farmers' Organizations (EFO).



**Certified organic surface area by region of the country.** Table 5 provides information on certified organic surface area by region of the country and species. Of the 16 regions, 14 present organic production. Most farming surface area is found in the central-southern regions of the country. The Magallanes Region has the most surface area due to the certified organic prairies that are used for animal production. The Maule Region has 40,962.7 hectares, placing it second due to certified organic surface area for wilderness collection.

**Table 5. Certified organic surface area by region of the country (hectares) 2021**

Region	Major fruit trees	Minor fruit trees	Medicinal plants and aromatics	Fallow	Cereals	Prairies	Vegetables	Seeds	Farming surface area	Wilderness collection	Total
Arica and Parinacota	-	-	-	-	-	-	-	-	-	-	-
Tarapacá*	-	-	-	-	86,8	-	-	-	86.8	162.5	249.3
Antofagasta	-	-	-	-	-	-	-	-	-	-	-
Atacama*	6.0	-	-	-	-	-	-	-	6.0	-	6.0
Coquimbo*	1,248.8	199.4	10.5	485,2	-	313,2	9,6	1.7	2,268.3	-	2,268.3
Valparaíso*	2,675.1	133.9	35.0	361.7	81.5	243.3	67.4	0.2	3,598.1	1,650.1	5,248.1
Metropolitan Region*	1,694.8	10.4	57.1	220.5	10.8	102.0	177.3	10.1	2,282.9	410.0	2,692.9
O'Higgins*	2,907.4	43.3	7.8	348.9	4.1	171.7	108.4	16.4	3,608.0	557.4	4,165.4
Maule*	2,415.3	594.3	0.3	127.7	45.2	701.9	79.5	38.1	4,002.2	36,960.5	40,962.7
Ñuble	611.1	1,542.5	0.1	184.3	192.2	427.1	63.1	26.4	3,046.8	3,699.4	6,746.1
Biobio*	1,268.7	199.8	32.5	41.8	83.5	31.5	17.2	-	1,674.9	13,501.1	15,176.0
La Araucanía*	185.5	759.7	359.4	194.4	41.7	258.7	116.5	4.6	1,920.4	35,194.9	37,115.2
Los Ríos*	20.8	242.3	1.4	5.1	1.4	2,017.1	48.3	1.0	2,337.3	5,472.6	7,809.8
Los Lagos*	47.9	86.1	3.0	25.9	-	171.3	346.3	-	680.4	3,019.5	3,699.9
Aysén	-	-	0.5	-	-	0,5	-	-	1.0	4,499.0	4,500.0
Magallanes	-	-	-	-	-	129,000.0	-	-	129,000.0	-	129,000.0
<b>Total</b>	<b>13,081.2</b>	<b>3,811.7</b>	<b>507.5</b>	<b>1,995.5</b>	<b>547.2</b>	<b>133,438.2</b>	<b>1,033.5</b>	<b>98.4</b>	<b>154,513.1</b>	<b>105,126,8</b>	<b>259,639,9</b>

Source: Servicio Agrícola y Ganadero, 2022.

\*Includes surface area certified by the Ecological Farmers' Organizations (EFO).

**Organic surface area certified by Ecological Farmers' Organizations.** Finally, but no less importantly, we report on organic production for EFOs with self-certification. Table 6 provides this information by region. Nationally, vegetables cover the most surface area (628.7), followed by major fruit trees (315.2). The Los Lagos (564.3 hectares) and Maule (276 hectares) Regions have the most certified organic surface area.

**Table 6. Certified organic surface area (hectares) of Ecological Farmers' Organizations (EFOs) 2021**

Region	Major fruit trees	Minor fruit trees	Medicinal plants and aromatics	Fallow	Cereales	Cereals	Prairies	Vegetables	Wilderness collection	Total
Arica and Parinacota	-	-	-	-	-	-	-	-	-	-
Tarapacá*	-	-	-	-	86.8	-	-	-	162.5	249.3
Antofagasta	-	-	-	-	-	-	-	-	-	-
Atacama*	6.0	-	-	-	-	-	-	-	-	6.0
Coquimbo*	78.0	-	-	-	-	-	6.5	-	-	84.5
Valparaíso*	36.8	0.5	4.8	-	-	-	67.4	-	-	109.5
Metropolitan Region*	1.5	4.3	-	-	-	-	40.0	-	-	45.8
O'Higgins*	-	-	-	-	-	-	3.0	-	-	3.0
Maule*	149.0	107.5	-	-	-	4.0	15.0	-	0.5	276.0
Ñuble	-	-	-	-	-	-	-	-	-	-
Biobio*	-	-	-	-	-	-	5.9	-	-	5.9
La Araucanía*	-	-	-	-	-	-	96.4	-	-	96.4
Los Ríos*	-	1.0	-	-	-	-	48.3	0.5	10.4	60.1
Los Lagos*	43.9	-	-	-	-	162.8	346.3	-	11.3	564.3
Aysén	-	-	-	-	-	-	-	-	-	-
Magallanes	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	315.2	113.3	4.8	-	86.8	166.8	628.7	0.5	184.6	1,500.6

Source: SAG, 2022.

\*Includes surface area by the Ecological Farmers' Organizations (EFO).

## 5.2 Organic Product Exports from Chile to the World and the EU

Exports of organic products from Chile have increased in recent years. Figure 4

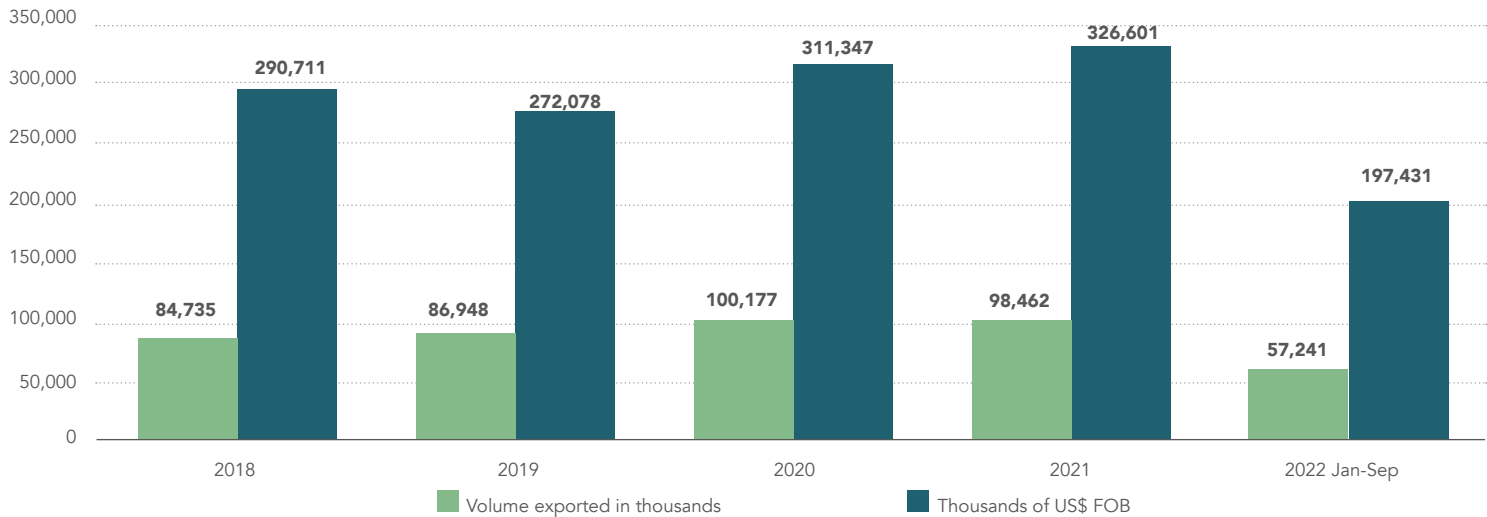
shows the increase in both volume and value. Total exports grew from 84,736 tons in 2018 to 98,462 tons in 2021 for an increase in 16.2% in volume.

In terms of value, exports increased from US\$ 290.7 million to US\$ 326.6

million during the same four-year period, which is equivalent to growth of 12.4%. Table 6 presents the main organic products exported by Chile in 2021. These 25 products represent 96% of all exports in value.



**Figure 4. Chile Organic exports to the world**



Source: Odepa with information from Customs, 2022.

**Table 6. Main organic products exported to the world. 2021**

Product	Unit	Volume exported in thousands	Thousands of US\$ FOB
Fresh organic blueberries	Net kilo	18,741.3	106,828.8
Frozen organic blueberries including those with sugar or sweeteners	Net kilo	13,947.0	49,154.6
Fresh organic Royal Gala, Fuji, Granny Smith and other apples	Net kilo	24,122.4	26,053.1
Frozen organic raspberries including those with sugar or sweeteners	Net kilo	4,344.3	23,762.0
Frozen organic strawberries including those with sugar or sweeteners	Net kilo	5,689.1	19,275.8
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	2,666.4	14,415.9
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	1,872.9	8,530.9
Organic virgin olive oil in packages of 5 liters or less	Net kilo	2,103.9	7,915.0
Sauvignon Blanc with denomination of origin made from organic grapes, 2 liters or less	Liter	1,663.5	7,323.5
Chardonnay with denomination of origin made from organic grapes, 2 liters or less	Liter	1,514.8	6,318.2
Organic apple pulp products	Net kilo	6,295.9	6,150.6
Frozen organic blackberries including those with sugar or sweeteners	Net kilo	1,638.4	5,477.9
Pinot Noir wine with denomination of origin made from organic grapes, less for 2 liters	Liter	998.3	4,791.9
Fresh organic kiwis	Net kilo	2,543.2	4,285.8
Carménère wine with denomination of origin made from organic grapes, 2 liters or less	Liter	1,113.3	4,116.4
Organic dried apples (since 2012)	Net kilo	459.0	3,959.6
Other wines made from organic grapes, 2 liters or less	Liter	1,163.8	2,755.7
Organic rose hip oil and its fractions	Net kilo	41.4	2,329.0
Organic apple juice, unfermented and without added alcohol with a Brix value of $\geq 70$	Net kilo	1,592.4	2,297.9
Organic rose hip husk, including cut, broken or crushed formats (since 2012)	Net kilo	280.7	2,151.0
Other organic fruit preserves, jellies, marmalades, purees and pastes	Net kilo	1,543.8	1,969.0
White wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	422.8	1,870.7

Organic honey (since 2012)	Net kilo	346.8	1,555.0
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	339.6	1,468.6
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	361.6	1,436.7
Organic prunes (since 2012)	Net kilo	264.6	1,356.1
Organic fresh cranberries (since 2012)	Net kilo	169.2	1,238.1
Merlot wine with denomination of origin made from organic grapes, 2 liters or less	Liter	277.6	1,221.5
Organic asparagus, including cooked and frozen (2012)	Net kilo	198.4	1,106.3
Fresh organic sour cherries (Prunus cerasus) (since 2012)	Net kilo	122.6	843.8
Other fresh or dried parts of organic rose hips, including cut, broken or crushed formats	Net kilo	213.0	735.4
Syrah wine with denomination of origin made from organic grapes, 2 liters or less	Liter	108.8	614.0
Organic rose hip seeds and empty seeds, including cut, broken or crushed formats (since 2012)	Net kilo	469.3	474.7
Organic fresh or dried boldo, including cut, broken or crushed formats (since 2012)	Net kilo	148.8	463.9
Fresh organic sweet cherries (Prunus avium) (since 2012)	Net kilo	121.3	426.2
Fresh organic Crimson and Thompson (Sultanina) seedless grapes	Net kilo	81.3	391.9
Sulphited organic cherries not apt for immediate consumption (since 2012)	Net kilo	330.6	333.8
Other fresh or refrigerated organic mushrooms or truffles (since 2012)	Net kilo	0.4	222.9
Fresh organic sarsaparilla (since 2012)	Net kilo	17.5	211.4
Other organic products		222.3	1,202.3
<b>Total exported to all destinations</b>		<b>98,462</b>	<b>326,601</b>

Source: Developed by the author based on 2022 Customs and Odepa data.



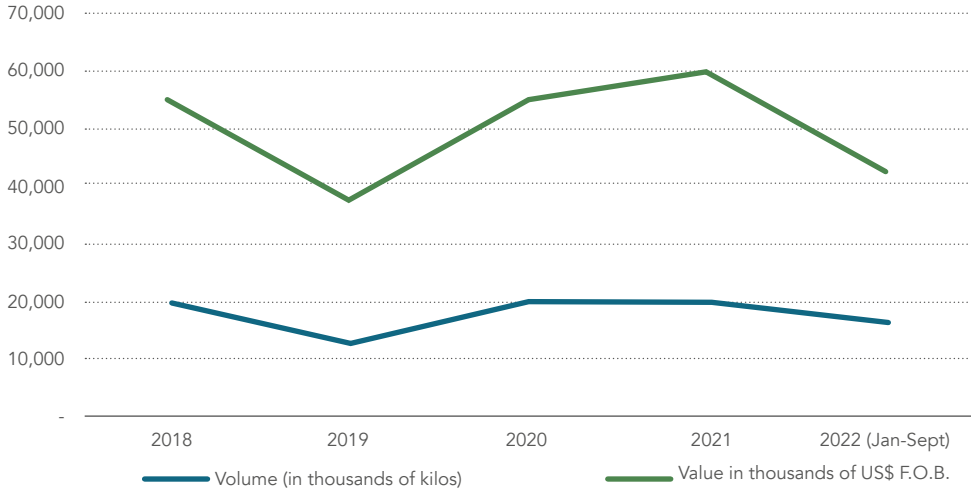
Table 7 below compares the total exports of organic products in volume and value from Chile to the world and to the EU. It also provides the percentage that corresponds to exports to the EU.

Between 2018, the year that the Mutual Recognition Agreement between Chile and the EU entered into force, and 2021, Chilean exports of organic products to EU countries dropped from 23,206 tons to 9,433 tons (-16.3%) and the value decreased from US\$ 65.4 million to US\$ 59.0 million (-9.9%). In other words, while

in 2018, 27% of the volume of Chilean exports went to EU countries, that percentage was 20% in 2021. Statistically speaking, since the agreement was signed, Chilean exports to the EU have decreased in both volume and value. We note that 2021 and 2022 figures do not include exports of organic products from Chile to the United Kingdom.

Figure 5 presents the trend in organic exports from Chile to the EU in volume and value since the agreement between these two economies entered into force in 2018.

Figure 5. Evolution of organic exports to the EU



Source: Developed by the author based on 2022 Odepa data.

Table 7. Organic product exports from Chile to the world and the EU

Year	Volume exported (in Thousands)					Value in Thousands of US\$ F.O.B.				
	2018*	2019*	2020*	2021	2022 (Jan-Sept)	2018*	2019*	2020*	2021	2022 (Jan-Sept)
Organic exports to the world	84,735	86,948	100,171	98.462	57,241	290,711	272,078	311,347	326,601	197,431
Organic exports to the EU	23,206	16,747	24,403	19.433	15,842	65,486	46,418	63,768	59,020	42,105
Percentage of organic exports to the EU (%)	27	19	24	20	28	23	17	20	18	21

Source: Developed by the author based on 2022 Odepa data.  
 \* Includes exports to the United Kingdom.

We note that the volume of organic products exported, and the value of those exports do not follow the same patterns due to the annual composition of products exported. In other words, although the volume exported may be lower, as was the case in 2021, the value of those exports may be higher due to the higher price of one of the products exported. Table 8 presents the evolution of organic exports from Chile to the EU with and without exports to the United Kingdom. Exports of organic products are concentrated in about a dozen countries.

In 2021, the five most important EU countries for Organic Chilean exports in terms of volume were Holland (9,540 tons), Germany (2,197 tons), Denmark (1,629 tons), Belgium (1,442 tons), and Italy (1,387 tons).

**Table 8. Value and Volume of organic products exported from Chile to EU countries.**

Destination	Volume Exported (in thousands)					Value Exported US\$ F.O.B. (in thousands)				
	2018	2019	2020	2021	2022 Jan-Sept	2018	2019	2020	2021	2022 Jan-Sept
Holland	10,628	6,509	9,074	9,540	6,487	25,924	14,544	21,806	25,597	17,517
Germany	2,035	1,697	3,518	2,197	2,762	7,837	5,243	9,586	8,625	7,544
Denmark	1,637	1,216	2,025	1,629	1,595	5,363	4,624	6,623	5,285	4,436
Belgium	591	616	893	1,442	822	2,693	2,442	3,379	5,540	2,759
Italy	1,241	739	1,332	1,387	1,407	2,077	1,240	2,567	3,134	3,104
Sweden	1,304	1,270	1,280	1,145	709	4,747	4,735	3,963	3,385	1,718
France	581	283	452	594	594	1,564	1,188	1,214	1,820	1,135
Spain	581	229	1,128	488	520	1,734	684	2,714	2,302	1,472
Ireland	41	121	282	424	417	180	302	700	911	421
Finland	321	332	305	333	213	1,418	1,338	1,243	1,411	836
Poland	180	222	226	183	218	768	776	764	686	784
Lithuania	13	14	21	29	24	62	63	98	141	109
Estonia	20	8	12	18	1	98	38	55	78	8
Latvia	41	35	37	11	23	189	171	180	46	107
Slovakia	12	3	6	5	3	56	22	24	24	15
Luxemburg				4					19	
Cyprus	5	4		2	20	25	20		9	104
Bulgaria		4	1	1			6	1	1	
Czech Republic	2	2		0	0	13	12		6	3
Austria	38					279				
Croatia										
Slovenia			0					5		
Greece	1					17				
Hungary	0					4				
Malta	1	1	0			5	5	1		
Portugal					25					31
Romania	1					4				
<b>Total 27 EU countries</b>	<b>19,273</b>	<b>13,303</b>	<b>20,590</b>	<b>19,433</b>	<b>15,842</b>	<b>55,059</b>	<b>37,454</b>	<b>54,925</b>	<b>59,020</b>	<b>42,105</b>
United Kingdom	3,934	3,444	3,812			10,427	8,964	8,843		
<b>Total 27 + United Kingdom</b>	<b>23,206</b>	<b>16,747</b>	<b>24,403</b>	<b>19,433</b>	<b>15,842</b>	<b>65,486</b>	<b>46,418</b>	<b>63,768</b>	<b>59,020</b>	<b>42,105</b>

Source: Developed by the author based on 2022 Odepa data.

Between 2018, the year that the Mutual Recognition Agreement between Chile and the EU (including the United Kingdom) went into effect, and 2021 (without the United Kingdom), Chilean exports of organic products to EU countries decreased in volume from 23,206 tons to 19,433 tons, that is, by - 16.3%. In terms of value, they decreased from US\$ 65,486,000 to US\$ 59,020,000, that is, by -9.9%.

It is important to note that, according to a recent EU report dated September 2022 and titled “EU imports of organic agri-food products: Key developments in 2021,”<sup>36</sup> which provides data on the importation of ecological products from various countries to the EU, Chile is the 23rd largest exporter to the EU. The report suggests that said exports increased from 27,475 tons in 2020 to 27,909 tons in 2021. This means that 1% of all exports to the EU come from Chile.

It is necessary to clarify that the statistics provided in the EU report do not align with the official statistics provided by Chilean customs. As stated earlier in this report, that body reported that the volume of Chilean exports to the EU between 2020 and 2021 decreased from 23,206 tons to 19,433 tons (-5.6%). These differences in the volumes reported by Chilean Customs and the EU publication are due to

the fact that the data provided by the former include only organic products that already have a differentiated line description. There is a small percentage of organic products that do not have that description and thus are not included in those numbers. By contrast, the EU data come from the TRACES (Trade Control and Export System) Commission online management tool. This means that those data reflect all of the organic products

imported by the EU that were declared by certifying companies.

The tables below provide detailed information on the organic products exported from Chile to the five most important destinations in the EU by volume of products exported. These are Holland (9,540 tons), Germany (2,197 tons), Denmark (1,629 tons), Belgium (1,442 tons) and Italy (1,387 tons).



<sup>36</sup> [https://agriculture.ec.europa.eu/system/files/2022-09/agri-market-brief-19-organic-imports\\_en.pdf](https://agriculture.ec.europa.eu/system/files/2022-09/agri-market-brief-19-organic-imports_en.pdf)

Table 9 presents data on organic products exported from Chile to Holland in 2021. This is the leading destination of exports by volume of products exported. The three most important products are fresh apples (4,520 tons), fresh blueberries (2,610 tons), and organic apple pulp products (576 tons).



**Table 9. Chile Organic products exported to Holland 2021**

Product	Unit	Volume (in Thousands)	Value in Thousands of US\$ F.O.B.
Fresh organic Fuji, Granny Smith, Royal Gala and other types of apples	Net kilo	4,520	4,499
Fresh organic blueberries	Net kilo	2,610	14,310
Organic apple pulp products	Net kilo	576	858
Fresh organic kiwis	Net kilo	572	1,073
Chardonnay wine with denomination of origin made from organic grapes, 2 liters or less	Liter	266	992
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	181	709
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	152	757
Carménère wine with denomination of origin made from organic grapes, 2 liters or less	Liter	132	474
Other organic fruit preserves, jellies, marmalades, purees and pastes	Net kilo	106	101
Frozen organic blueberries including those with sugar or sweeteners	Net kilo	63	175
Fresh organic Crimson Seedless grapes	Net kilo	56	247
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	55	189
Sauvignon Blanc wine with denomination of origin made from organic grapes, 2 liters or less	Liter	50	172
Fresh organic prunes	Net kilo	40	61
Fresh organic bilberries and other fruits from the Vaccinium genus	Net kilo	33	122
Merlot wine with denomination of origin made from organic grapes, 2 liters or less	Liter	31	102
Organic dried apples	Net kilo	30	224
Fresh organic sarsaparilla	Net kilo	18	211
Pinot Noir wine with denomination of origin made from organic grapes, 2 liters or less	Liter	17	73
Fresh organic sweet cherries (Prunus avium)	Net kilo	9	70
White wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	5	30
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	5	36
Frozen organic strawberries including those with sugar or sweeteners	Net kilo	5	18
Frozen organic blackberries including those with sugar or sweeteners	Net kilo	3	12
Syrah wine with denomination of origin made from organic grapes, 2 liters or less	Liter	2	11
Other wines made from organic grapes, 2 liters or less	Liter	2	9
<b>Total</b>		<b>9,540</b>	<b>25,535</b>

Source: Developed by the author based on 2022 Odepa data.

Table 10 presents detailed information on organic products exported from Chile to Germany in 2021. Germany is the second most important destination country for such products by volume in the European Union. The three most exported products are fresh blueberries (404.8 tons), organic fresh apples (349.3 tons) and organic honey (301.5 tons).



**Table 10. Organic Chilean products exported to Germany 2021**

Product	Unit	Volume (in Thousands)	Value in Thousands of US\$ F.O.B..
Organic fresh blueberries	Net kilo	404.8	2,288.3
Fresh organic royal gala and other organic varieties of apple	Net kilo	349.3	347.9
Organic honey	Net kilo	301.5	1,341.2
Other wines made from organic grapes, 2 liters or less	Liter	226.4	184.4
Organic rose hip husk, including cut, broken or crushed formats	Net kilo	194.7	1,387.5
Organic rose hip seeds and empty seeds, including cut, broken or crushed formats	Net kilo	137.5	183.9
Frozen organic blueberries including those with sugar or sweeteners	Net kilo	114.9	291.1
Organic dried apples	Net kilo	110.1	800.3
Other fresh or dried parts of organic rose hips, including cut, broken or crushed formats	Net kilo	75.9	356.0
Carménère wine with denomination of origin made from organic grapes, 2 liters or less	Liter	70.1	270.1
Chardonnay wine with denomination of origin made from organic grapes, 2 liters or less	Liter	42.4	150.1
Sauvignon Blanc wine with denomination of origin made from organic grapes, 2 liters or less	Liter	41.0	109.6
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	27.2	232.4
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	23.5	105.1
Organic prunes	Net kilo	21.0	101.7
Other organic dried fruits except for line items 0801 to 0806	Net kilo	15.0	74.5
Fresh organic cranberries	Net kilo	11.7	95.6
Merlot wine with denomination of origin made from organic grapes, 2 liters or less	Liter	7.0	33.6
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	5.7	20.9
Other organic vegetables, including cooked and frozen Net	Net kilo	4.4	21.6
Pinot Noir wine with denomination of origin made from organic grapes, 2 liters or less	Liter	2.9	12.1
Organic dried quince (since 2012)	Net kilo	2.2	11.0
White wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	1.7	9.8
Organic dried strawberries	Net kilo	1.6	58.5
Syrah wine with denomination of origin made from organic grapes, 2 liters or less	Liter	1.6	8.8
Organic rose hip oil and its fractions	Net kilo	1.5	97.6
Organic dried blueberries (since 2012)	Net kilo	1.0	24.1
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	0.1	0.2
<b>Total</b>		<b>2,196.7</b>	<b>8,618.0</b>

Source: Developed by the author based on 2022 Odepa data.

Table 11 presents data on organic products exported from Chile to Denmark, the third most important destination country for exports to the EU. The three most important exports by volume exported were fresh apples (582 tons), Chardonnay wine (252 liters) and other organic wines (164 liters).

**Table 11. Organic Chilean products exported to Denmark 2021**

Product	Unit	Volume (in Thousands)	Value in Thousands of US\$ F.O.B.
Fresh organic Royal Gala and other organic varieties of apple	Net kilo	582	614
Chardonnay wine with denomination of origin made from organic grapes, 2 liters or less	Liter	252	1,066
Other wines made from organic grapes, 2 liters or less	Liter	164	564
Carménère wine with denomination of origin made from organic grapes, 2 liters or less	Liter	131	515
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	106	465
Sauvignon Blanc wine with denomination of origin made from organic grapes, 2 liters or less	Liter	90	394
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	74	302
Frozen organic raspberries, including those with sugar or sweetener	Net kilo	71	467
Pinot Noir wine with denomination of origin made from organic grapes, 2 liters or less	Liter	61	356
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	59	388
Other organic fruit preserves, jellies, marmalades, purees and pastes obtained by cooking, including those sweetened with sugar or other sweeteners	Net kilo	18	17
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	9	31
Syrah wine with denomination of origin made from organic grapes, 2 liters or less	Liter	6	67
White wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	4	51
Merlot wine with denomination of origin made from organic grapes, 2 liters or less	Liter	0,3	2
<b>Total</b>		<b>1,629</b>	<b>5,298</b>

Source: Developed by the author based on 2022 Odepa data.



Table 12 presents data on organic products exported from Chile to Belgium, the fourth-place destination country in terms of importance of exports to the EU by volume of products exported. The most important products are fresh blueberries (295 tons), frozen blueberries (240 tons) and fresh apples (207 tons).

**Table 12. Organic Chilean products exported to Belgium 2021**

Product	Unit	Volume (Thousands)	Value in ThUS\$ FOB
Fresh organic blueberries	Net kilo	295	1,411
Frozen organic blueberries including those with sugar or sweeteners	Net kilo	240	657
Fresh organic Royal Gala, Granny Smith and other organic varieties of apple	Net kilo	207	265
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	182	975
Sauvignon Blanc wine with denomination of origin made from organic grapes, 2 liters or less	Liter	146	718
Carménère wine with denomination of origin made from organic grapes, 2 liters or less	Liter	118	444
Organic asparagus, including cooked and frozen	Net kilo	60	328
Chardonnay wine with denomination of origin made from organic grapes, 2 liters or less	Liter	53	193
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	51	199
Other wines made from organic grapes, 2 liters or less	Liter	34	138
Frozen organic raspberries including those with sugar or sweeteners	Net kilo	24	88
Organic honey	Net kilo	21	98
Other organic vegetables, fresh or refrigerated	Net kilo	6	0
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	5	26
<b>Total</b>		<b>1,442</b>	<b>5,540</b>

**Source:** Developed by the author based on 2022 Odepa data.

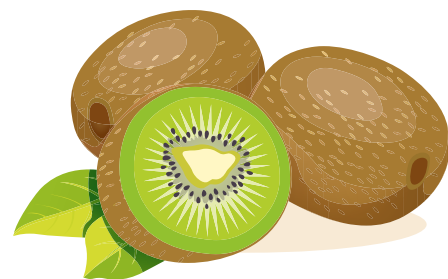




Table 13 presents data on organic products exported from Chile to Italy, the fifth-place destination country for exports to the EU by volume. The two most important exported products were fresh kiwis (1,046.6 tons) and prunes (200.8 tons).

**Table 13. Organic Chilean products exported to Italy 2021**

Product	Unit	Volume (in Thousands)	Value in Thousands for US\$ F.O.B.
Fresh organic kiwis	Net kilo	1,046.6	1,573.8
Organic prunes	Net kilo	200.8	1,049.3
Frozen organic blueberries including those with sugar or sweeteners	Net kilo	42.2	100.8
Other organic varieties of fresh apples	Net kilo	38.5	42.3
Frozen organic strawberries including those with sugar or sweeteners	Net kilo	24.0	68.5
Organic dried apples	Net kilo	14.4	130.3
Red wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	6.9	59.6
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	6.1	23.1
Chardonnay wine with denomination of origin made from organic grapes, 2 liters or less	Liter	3.6	13.7
Cabernet Sauvignon wine with denomination of origin made from organic grapes, 2 liters or less	Liter	2.4	19.1
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	0.9	13.1
Organic rose hip oil and its fractions	Net kilo	0.7	37.1
White wine blends with denomination of origin made from organic grapes, 2 liters or less	Liter	0.1	0.9
Other organic dried fruits except for line items 0801 to 0806	Net kilo	0.1	2.1
<b>Total</b>		<b>1,387</b>	<b>3,134</b>



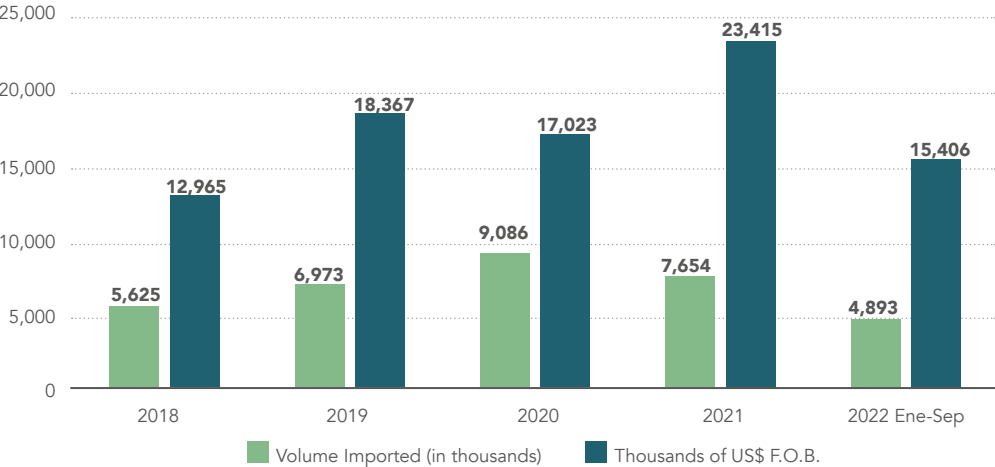
**Source:** Developed by the author based on 2022 Odepa data.

### 5.3 Organic Imports from the World and the EU

Chile imports a wide variety of organic products, but these imports are clearly smaller than the country's exports.

Figure 6 presents the evolution of imports of organic products and their upward trend. Imports by volume increased from 5,625 tons in 2018 to 7,654 tons in 2021, up 36.1% over four years. In terms of value, imports rose from US\$ 12.9 million to US\$ 23.4 million, up 81.4%.

Figure 6. Chilean organic product imports



Source: Developed by the author based on 2022 Odepa data.

Imports by volume increased from 5,625 tons in 2018 to 7,654 tons in 2021, up 36.1% over four years. In terms of value, imports rose from US\$ 12.9 million to US\$ 23.4 million, up 81.4%. Table 14 compares imports of organic products to Chile by volume and value from around the world to imports from the EU and the percentage of the total amount of imports to Chile

that come from the EU. Between 2018 and 2021, total imports from around the world and from EU countries increased.

Imports of organic products to Chile from the EU grew from 379 tons in 2018 to 1,264 tons in 2021. In other words, Chile went from importing 7% of its organic products from the EU to import 17% over

Table 14. Chilean organic product imports from the world and the EU

Año	Volume (in Thousands)					Value in Thousands of US\$ F.O.B.				
	2018*	2019*	2020*	2021	2022 (Jan-Sept)	2018*	2019*	2020*	2021	2022 (Jan-Sept)
Organic Product Imports from the World	5,625	6,973	9,086	7,654	4,893	12,965	18,367	17,023	23,415	15,406
Organic Imports from the EU	379	406	799	1,264	137	2,389	2,943	4,162	6,004	1,344
Percentage of organic to the EU (%)	7	6	9	17	3	18	16	24	26	9

Source: Developed by the author based on 2022 Odepa data.  
\* Include UK imports.

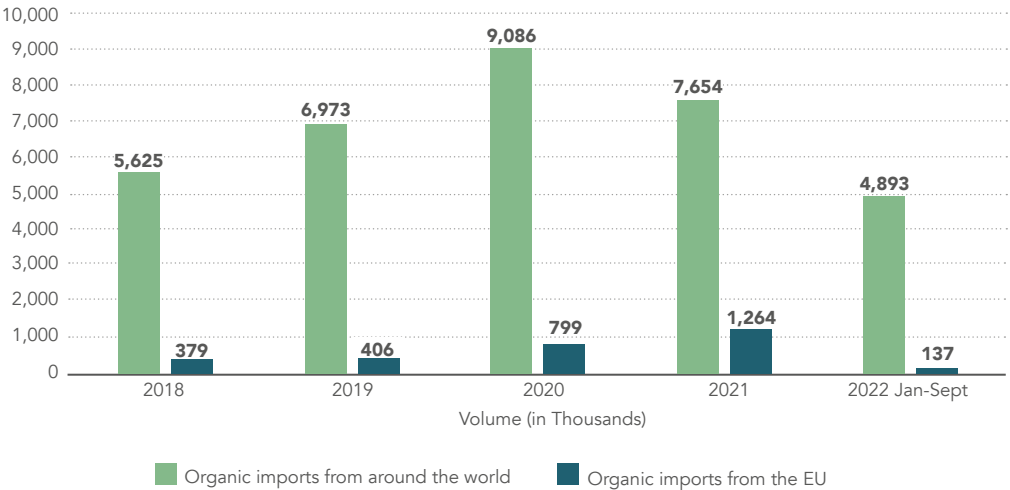
four years. The value increased from 18% to 26% during the same period.

Imports of organic products to Chile from the EU increased from 379 tons (2018) to 1,264 tons (2021). In other words, there was a 233% increase in the volume imported. In terms of value, they increased from US\$ 2.4 to US\$ 6, or by 251.3%. In 2018, the organic products imported by Chile from the EU represented 7% of the total by volume.

That number increased to 17% by 2021. The three most important EU countries in terms of providing organic products to Chile in 2021 by volume were France, Spain and Belgium. Since the agreement went into effect four years ago, it has led to an important increase in EU exports to Chile.

Figure 7 presents the evolution of the increase in value of imports of organic products to Chile from around the world and from EU countries.

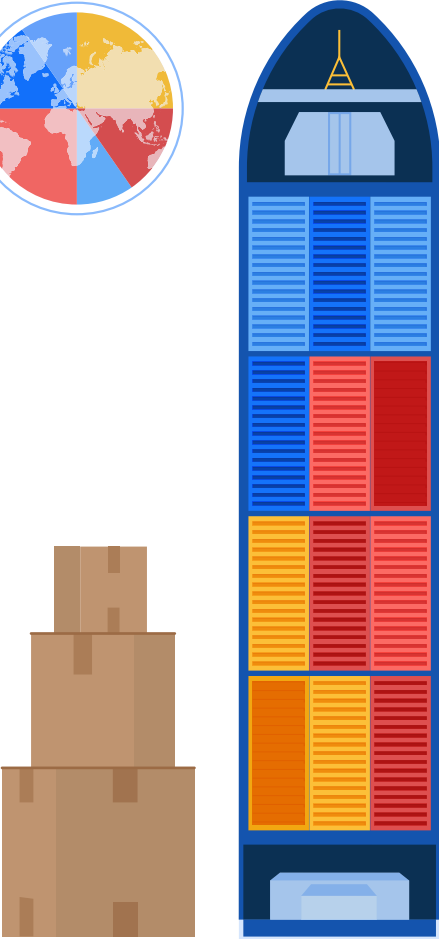
**Figure 7. Chilean imports from the world and the EU**



**Source:** Developed by the author with 2022 Department of Agricultural Policy Studies (ODEPA) data.

Table 15 shows the volume and value of organic product imports by European Union country. Imported organic products to Chile in 2021 essentially came from nine countries.

The most important sources in terms of both volume and value of the imported products were France (558 tons worth US\$2,5 million) and Spain (256 tons worth US\$1,3 million).



**Table 15. Volume and value of organic products imported to Chile from EU countries**

Volume Imported (in Thousands)						Value in Thousands of US\$ F.O.B.				
Country	2018	2019	2020	2021	2022 Jan-Sept	2018	2019	2020	2021	2022 Jan-Sept
France	4.2	38	133	558	22.0	28.3	687.1	1,216.7	2,512.7	100.5
Spain	132.0	157	465	256	31.0	732.0	729.5	1,691.4	1,336.1	248.3
Belgium	67.0	1	22	212	0.1	106.3	9.4	48.7	179.5	0.7
Poland	8.0	5	3	104	13.0	142.1	96.1	54.3	544.5	282.0
Italy	64.1	70	47	56	51.0	600.6	560.4	31.6	570.3	503.9
Holland (Netherlands)	29.7	10	5	35	5.1	111.5	53.0	29.4	528.9	30.8
Germany	5.9	4	12	19	9.1	90.6	57.2	103.2	292.2	168.5
Austria	1.7	3	1	13	5.5	4.2	1.6	1.5	18.2	9.4
Bulgaria	48.8	83	63	10		91.1	108.7	132.7	21.9	
Cyprus										
Croatia		0.004					6.0			
Denmark										
Slovenia										
Estonia										
Finland										
Greece										
Hungary	0.9	1				15.7	13.3			
Ireland										
Latvia										
Lithuania										
Luxembourg										
Malta										
Portugal	0.1	0.1	23			0.3	1.5	102.0		
Czech Republic	0.0	0.012				0.2	1.1			
Romania										
Sweden										
<b>Total 27 EU</b>	<b>362.5</b>	<b>370.8</b>	<b>773.4</b>	<b>1,263.6</b>	<b>136.7</b>	<b>1,922.8</b>	<b>2,325.0</b>	<b>3,691.6</b>	<b>6,004.3</b>	<b>1,344.1</b>
United Kingdom	16.8	34.8	26			466.5	618.2	470.3		
<b>Total 27 EU + United Kingdom</b>	<b>379.2</b>	<b>405.6</b>	<b>799.3</b>	<b>1,263.6</b>	<b>136.7</b>	<b>2,389.3</b>	<b>2,943.2</b>	<b>4,161.8</b>	<b>6,004.3</b>	<b>1,344.1</b>

Source: Developed by the author based on 2022 Odepa data.

Table 16 provides detailed information about organic products imported to Chile from France. The most imported product by volume was Sauvignon Blanc wine (416,000 liters) and instant coffee made from organic beans (124 tons).

**Table 16. Organic products imported to Chile from France 2021**

Product	Unit	Volume (in Thousands)	Value in Thousands of US\$ F.O.B.
Sauvignon Blanc with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	416	25
Instant unscented coffee made from organic coffee beans	Net kilo	124	2,278
Blends of white wines with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	13	48
Merlot wine with denomination of origin made from organic grapes, 2 liters or less	Liter	2	52
Organic apple pulp products	Net kilo	1	7
Other red wine blends with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	1	56
Other red wines with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	1	11
Other white wines with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	0	3
Organic virgin organic olive oil in containers with a net content of 5 liters or less	Net kilo	0	6
Pinot Noir wine with denomination of origin made from organic grapes with a capacity of 2 liters or less	Liter	0	22
Organic (fermented) black tea and partially fermented tea in packages of < = 3 kg	Net kilo	0	3
Other organic fruit preserves, jellies, marmalades, purees and pastes obtained by cooking, including those sweetened with sugar or other sweeteners	Net kilo	0	1
Syrah wine with denomination of origin made from organic grapes, 2 liters or less	Liter	0	0
Other organic (unfermented) green teas in other packages	Net kilo	0	1
<b>Total</b>		<b>558</b>	<b>2,513</b>

**Source:** Developed by the author based on 2022 Odepa data.



Table 17 presents the organic products imported to Chile from Spain. The leading product by volume was olive oil (217 tons).

**Table 17. Organic products imported to Chile from Spain 2021**

Product	Unit	Volume (in Thousands)	Thousands of US\$ F.O.B.
Virgin organic olive oil in containers with a net content of 5 liters or less	Net kilo	217	1,059
Other organic virgin olive oils	Net kilo	15	84
Other organic fruit preserves, jellies, marmalades, purees and pastes	Net kilo	14	91
Toasted caffeinated organic coffee	Net kilo	7	62
Other organic dried fruits except for line items 0801 to 0806	Net kilo	1	14
Other (unfermented) organic green teas in other packages	Net kilo	1	11
Unscented instant coffee made from organic coffee beans	Net kilo	1	6
Fresh or dried organic chamomile, broken or crushed	Net kilo	0	7
Other white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	04	3
Other red wines with denomination of origin made from organic grapes, 2 liters or less	Liter	0.1	0.4
Organic (fermented) black tea and partially fermented tea in packages of < = 3 kg	Net kilo	0.01	0.3
Blends of white wines with denomination of origin made from organic grapes, 2 liters or less	Liter	0.01	0.01
Sulphited organic cherries not apt for immediate consumption.	Net kilo	0.001	0.1
<b>Total imported</b>		<b>256</b>	<b>1,336</b>

Source: Developed by the author with 2022 Department of Agricultural Policy Studies (ODEPA) data.



The information presented in this section can be summarized as follows:

- In 2021, Chile exported 98,462 tons of organic products worth US\$326.6 million.
- The five main organic products exported by Chile in 2021 in terms of value were fresh blueberries, frozen blueberries, frozen raspberries, frozen strawberries and fresh apples.
- The main destination countries of Organic Chilean products in terms of value in 2021 were the United States (US\$195.5 million), Canada (US\$31.3 million) and Holland (US\$25.5 million).
- In 2021, exports from Chile to the EU represented 20% of the total volume exported and 18% of the total value exported.
- In 2021, the five most important EU countries Organic Chilean exports in terms of value were Holland,

Germany, Belgium, Denmark and Italy.

- The exported organic products vary widely by destination country, but notable products are apples, blueberries, kiwis, honey and wine.
- Organic product exports far exceed imports.
- In 2021, Chile imported 7,654 tons worth US\$23.4 million.
- In 2021, 16.5% of all imports of organic products came from EU countries. This is equivalent to 25.6% of the total value of imported products.
- Chilean imports of organic products from the EU grew from 379 tons in 2018 to 1,264 tons in 2021. In other words, Chile went from importing 7% of its organic products from the EU to 17% over a four-year period. The value increased from 18% to 26% during the same period.

- The three most important EU countries in terms of providing organic products to Chile in 2021 by volume were France, Spain and Belgium.

- The products imported by Chile vary significantly by country of origin. The leading imported products in 2021 were white wine, instant coffee and olive oil.

## 5.4 Regulations and Certification

For a product to be labeled as organic, biological or ecological in Chile, it must be certified and must meet requirements set out in the Chilean Organic Production Standard. This was established under Law 20.089, which creates the National Organic Certification System<sup>37</sup>.

Law 20.089 allows for two certification systems:

- i) Third party certification through certification agencies (companies) and

- ii) The entity itself may self-certify through Ecological Farmers' Organizations (OFOs).

Both certification systems are supervised and overseen by SAG and must comply with current Chilean regulations.

## 5.5 Key Stakeholders and their Roles

**Competent authority.** Under Law 20.089, the competent authority for organic agriculture in Chile is the Agriculture and Livestock Service (Servicio Agrícola y Ganadero, SAG),<sup>38</sup> which reports to the Agriculture Ministry.

Article 4 of Law 20.089 states that "The Agriculture and Livestock Service (Servicio Agrícola y Ganadero) will be the entity responsible for overseeing compliance with this law and its supplementary regulations and for punishing infractions. The entity also will be responsible for managing and overseeing the use of the distinctive organic agricultural product official seal and may charge certifying entities registered with it to manage its application".

<sup>37</sup> <https://www.sag.gob.cl/ambitos-de-accion/certificacion-de-productos-organicos/132/normativas>

<sup>38</sup> [https://www.sag.gob.cl/sites/default/files/sist\\_nac\\_cert\\_prod\\_organicos.pdf](https://www.sag.gob.cl/sites/default/files/sist_nac_cert_prod_organicos.pdf)



**Certification agencies**<sup>39</sup>. Law 20.089 establishes that in order to enter the Law 20.089 Organic Product Certification Agency Registry, all national or foreign, public or private certification agencies must show that they meet the formalities, requirements, and technical and professional protocols necessary to execute the certification tasks set out in Law 20.089. Companies that certify SAG approved and registered organic products are thus authorized to certify that the requirements set out in Chile's organic production standard have been met. As of September 2022, there are six:

1. ECOCERT CHILE S.A.
2. CERES-Certification of Environmental Standards GmbH
3. BIO Certificadora Servicio Limitada y/o BIOAUDITA Ltda.
4. CONTROL UNION PERU SAC
5. MAYACERT SPA
6. PATAGONIA CERT SpA

**Ecological Farmers' Organizations (EFOs)**<sup>40</sup>. Article 3 of Law 20.089 states that in the case of sale in fairs, stores, local markets or other venues by ecological farmers (small-scale, family, rural and Indigenous producers) involved in corporate oversight and organization processes that have registered with the oversight agency may have their own alternative certification systems once the traceability of the product and free access to production or processing facilities is proven for consumers and the oversight entity.

Under this certification system, also known as a Participatory Certification, in order to use the terms organic, ecological or biological on their products, Ecological Farmers' Organizations must self-certify and register with SAG, meeting current organic agriculture regulations.

The first party certification organizations registered with SAG through July 2022 are listed on Table 18 below:

**Table 18. Names of Ecological Farmers' Organization (EFO) Year**

1. Sociedad Comercializadora Tierra Viva Ltda	2008
2. A.G. de Productores Orgánicos Décima Región	2010
3. Sociedad Agricultores Orgánicos del Valle del Aconcagua	2011
4. Asociación Gremial Productores Los Ríos Orgánico	2014
5. A.G. Chiloé Orgánico	2015
6. Cooperativa Campesina de Producción Orgánica Valle de Aconcagua	2015
7. Asociación Gremial Agrobato	2015
8. Organización Productores Orgánicos Curacaví	2017
9. Agricultores Orgánicos del Valle de Limache	2018
10. Asociación Indígena Aymara Centro Artesanal Monte Huanapa de Cariquima	2018
11. Asociación Indígena Aymara Suma Juira de Cariquima	2018
12. Asociación Indígena Aymara Agrupación de Mujeres Indígenas Artesanas de la Comuna de Colchane Aymar Warmi	2018
13. Asociación Indígena Aymara de Productores Juira Marka	2018
14. Cooperativa Vitivinícola y Agropecuaria Valle Marga Marga Ltda.	2018
15. Sindicato de Trabajadores Independientes Corazón Orgánico Paine	2018
16. Asociación cultural y social de productores orgánicos y agroecológicos del Maule	2019
17. Organización de Productores Orgánicos de Melipilla (OPOMEL)	2019
18. Cooperativa Agrícola Campesina Malalwe Ltda.	2019
19. Agrupación por la Biodiversidad de Paillaco	2019
20. Comité de Pequeños Productores Orgánicos	2019
21. Agrupación Agroecológica de Isla de Maipo	2020
22. Cooperativa de Apicultores Orgánicos de Chile	2021
23. Cooperativa Agroecológica de Pica Limitada	2022

<sup>39</sup> <https://www.sag.gob.cl/ambitos-de-accion/sistema-general-traves-de-organismos-de-certificacion>

<sup>40</sup> <https://www.sag.gob.cl/ambitos-de-accion/certificacion-de-productos-organicos/132/registros>

**Organic operators.** According to the SAG definition, organic operators include certified organic production units. In 2020, SAG began to provide data on organic agriculture by region in terms of the number of certified organic establishments, the surface area used for agricultural and livestock production, and the surface area certified for wild collection (Table 7).

The Magallanes Region presents the most certified organic surface area. Some 129,000 hectares there are used for livestock production. The Los Ríos, Maule and La Araucanía Regions have a large number of hectares set aside for this purpose due to their large wild collection areas. If we analyze the data on certified organic surface area used for vegetable production, Ñuble Region (5,692 ha) and Maule Region (4,807 hectares) stand out.

In regard to the number of entities certified as organic, it is important to note that although SAG does not provide detailed information on their type, the group includes companies that process and sell organic products. The regions with the largest presence of this type of entity are Ñuble (1,175), Maule (589) and the Metropolitan Region (355).

**Table 7. Organic facilities and organic surface area by region (2020)**

Region	No. facilities	Farming surface area	Wild collection	Total surface area (ha)
Magallanes	13	129,000	-	129,000
Los Ríos	91	2,616	67,087	69,703
Maule	589	4,807	35,636	40,443
La Araucanía	223	2,982	16,320	19,302
Ñuble	1,175	5,692	7,759	13,450
Biobío	122	1,347	4,501	5,848
Los Lagos	96	1,180	1,211	2,392
O'Higgins	206	2,381	-	2,381
Valparaíso	162	2,092	244	2,335
Metropolitana	355	2,069	-	2,069
Coquimbo	74	1,693	10	1,703
Tarapacá	53	86	163	249
Atacama	3	7	-	7
Aysén	2	1	-	1
Arica y Parinacota	1	-	-	-
Otros	14	151	13	84
<b>Total</b>	<b>3,179</b>	<b>156,104</b>	<b>132,942</b>	<b>289,046</b>

**Source:** Developed by the author based on SAG data, 2021.

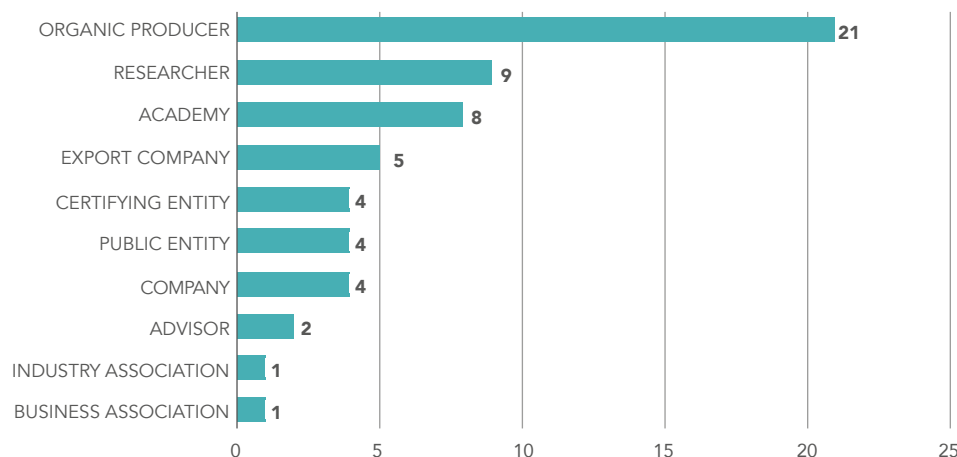
## 5.6 Survey on Organic Agriculture Development in Chile

In order to increase the trade of organic products from Chile to the EU, it is important to determine how O.A. has developed in our country and the progress made and problems and

challenges encountered.

With this goal in mind, an online survey (Google form) was developed to gather this information from primary sources. A total of 59 responses were submitted (Figure 1). Most of the information was obtained from organic producers (21), researchers (9) and academics (8).

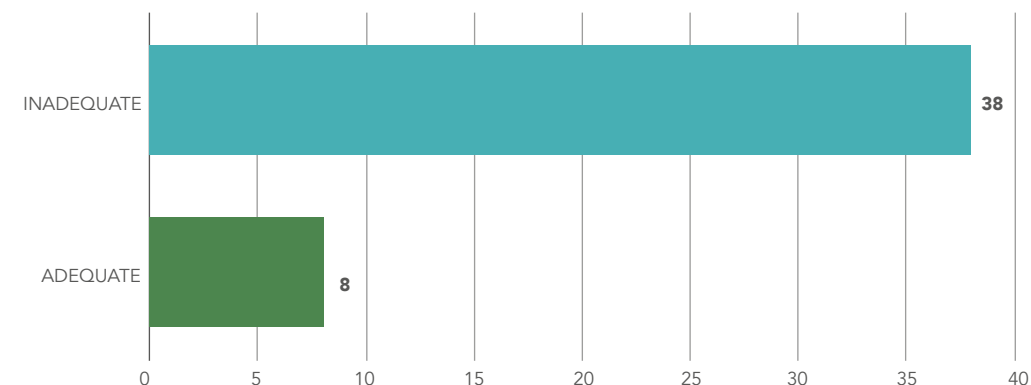
**Figure 1: Answers received by type of activity**



Source: Developed by the author based on the online survey, 2022.

In regard to the matter of how organic agriculture has developed in Chile, 38 people stated that it has been inadequate (82.6% of respondents) and only eight stated that it had been adequate (17.4%) (Figure 2).

**Figure 2. Perception of O.A. development in Chile**



Source: Developed by the author based on the online survey, 2022.



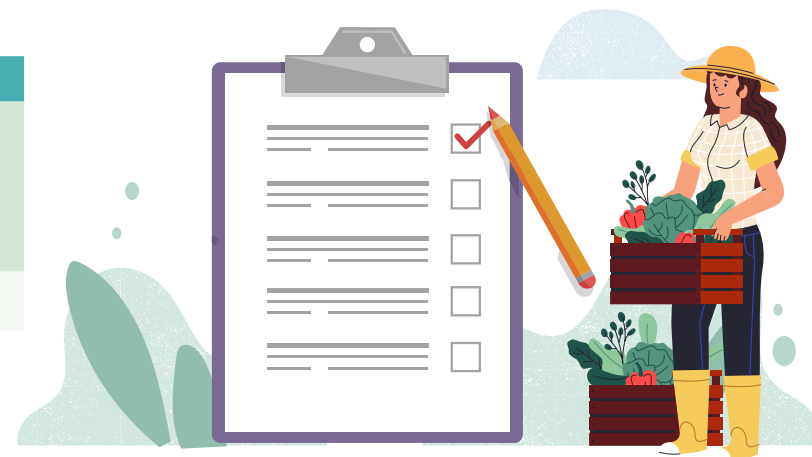
The following section presents a summary of the opinions and reasons why the development of O.A. in Chile has been **ADEQUATE**, based on their expectations.

Adequate Development	Answers
Legislation and Regulations	<ul style="list-style-type: none"> <li>i) Existence of a legal framework and standard for national certification;</li> <li>ii) Existence of an oversight system supported by the government that is fairly solid and has clear rules;</li> <li>iii) First-party or Ecological Producers' Association certification;</li> <li>iv) Certifications are issued in Chile;</li> <li>v) Agreements with other countries to recognize O.A.;</li> <li>vi) Support for government institutions, particularly SAG and ODEPA;</li> <li>vii) Existence of export companies.</li> </ul>
Demand for products	<ul style="list-style-type: none"> <li>i) Growing demand for organic products in international markets;</li> <li>ii) Citizen demand for quality foods.</li> </ul>

Source: Developed by the author based on the online survey, 2022.

The following section presents a summary of the factors and the respondents' opinions and reasons why the development of O.A. in Chile has been **INADEQUATE**, based on their expectations.

Factors	Answers
Support, incentives and dissemination policies	<ul style="list-style-type: none"> <li>i) Supporting the development of organic agriculture is not a priority for the State and Agriculture Ministry.</li> <li>ii) Absence of a national policy and incentives to promote conversion to organic production.</li> <li>iii) Law 20.089 on organic production does not encourage organic production- it only controls it.</li> <li>iv) Lack of investment in equipment, technological development, research and innovation in this area.</li> <li>v) Failure to explain why organic agriculture is important for maintaining sustainability.</li> <li>vi) Lack of support for small-scale organic producers.</li> <li>vii) Lack of campaigns informing the public of the difference between organic and conventional products.</li> <li>viii) The Agriculture and Health Ministries do not report on the toxicity of agrochemicals and their effects, which limits the development of the organic market.</li> <li>ix) SAG is not perceived of as willing to support organic production.</li> <li>x) Failure to reactivate regional roundtables on organic agriculture.</li> </ul>
Regulations and certification	<ul style="list-style-type: none"> <li>i) The certification process is challenging, complex and costly. Each year certifying companies request new records through very poor communication.</li> <li>ii) There are no regulations in place to protect farmers who use agrochemicals and transgenic seeds.</li> </ul>
Consumption and consumers	<ul style="list-style-type: none"> <li>i) Low internal consumption, limited demand for organic products at the national level.</li> <li>ii) Absence of an educational policy that promotes consumption of organic foods.</li> <li>iii) Lack of knowledge of the benefits of organic products among members of the public.</li> <li>iv) Consumers are not aware of the presence of pesticides in fruits and vegetables. Given that they do not understand the meaning of the organic seal, they are not willing to pay more for these products.</li> </ul>



<b>Sales and markets</b>	<ul style="list-style-type: none"> <li>i) Failure to develop the internal market for organic food products.</li> <li>ii) Lack of local markets where organic products can be presented and sold.</li> <li>iii) Lack of support for efforts to strengthen existing organic markets.</li> <li>iv) Issues finding organic products in the market.</li> </ul>
<b>Production and producers</b>	<ul style="list-style-type: none"> <li>i) Lack of good quality, varied organic seeds and other inputs.</li> <li>ii) Lack of collaboration and organization among producers and other stakeholders in the production chain.</li> <li>iii) Limited number of producers and manufacturers competing with organic imports.</li> <li>iv) Organic agriculture is seen as an export business and there is a lack of philosophical focus.</li> <li>v) The organic production system is less attractive for some producers.</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>i) The development of OA is almost exclusively based on the higher prices. This has led producers to change their approaches, moving away from the system when prices drop.</li> <li>ii) Organic products are seen as something limited to the “elite” because they are more expensive. They are generally an option for upper class consumers and are not seen as “healthier” or good for “human health.”.</li> </ul>
<b>Education, technical assistance and technology transfer</b>	<ul style="list-style-type: none"> <li>i) In general, the academic sector has stopped developing organic agriculture because it does not recognize organic production as a valid growing method.</li> <li>ii) There is hardly any technical and professional education on organic production in Chile.</li> <li>iii) The National Institute of Agricultural Development (INDAP) does not have specialized staff who can adequately advise farmers so that they can convert to this system.</li> <li>iv) There is a lack of training and technology transfer for small- and medium-scale farming.</li> </ul>

The following section summarizes opinions on the actions required to **support the development** of OA in Chile.

<b>Support, incentives and dissemination policies</b>	<ul style="list-style-type: none"> <li>i) Developing a public policy that recognizes the positive externalities of organic agriculture and its contribution to dealing with climate change and food safety with incentives and a budget for research and innovation and an annual production goal.</li> <li>ii) INDAP should have a Development Unit focused on organic agriculture with a presence in every region of the country. It should be tasked with ensuring that organic producers can access its benefits.</li> <li>iii) CORFO should create a line of funding to support organic producers.</li> <li>iv) Credit support should be provided at a zero-interest rate for organic farming projects.</li> <li>v) Incentives should be offered to establish biological corridors and protect native fauna and flora.</li> <li>vi) Organic matter and composting in rural areas should be subsidized.</li> <li>vii) Credits and subsidies should be offered for biological inputs.</li> <li>viii) Certification should be subsidized and there should be support for the transition to organic farming.</li> <li>ix) SAG should simplify registration processes, and approval for OA inputs should not be exclusive to that agency.</li> <li>x) Organic rural family farming should be promoted because this type of activity provides 70% of the foods consumed in Chile.</li> <li>xi) Public funds and competitions should assign extra points to organic projects.</li> <li>xii) State-run companies should have nutrition programs with a % of the purchases coming from small-scale organic producers to promote organic production and consumption.</li> <li>xiii) A specific organic seed production program should be implemented.</li> <li>xiv) There should be stricter policies for the use of pesticides, and the over 140 pesticides that are prohibited in Europe but authorized in Chile should be prohibited.</li> </ul>
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<b>Certification</b>	<ul style="list-style-type: none"> <li>i) Certification costs should be simplified and reduced.</li> <li>ii) Certifications must be more accessible for exports.</li> <li>iii) More certifying agencies should be created.</li> <li>iv) Rates for certifying agencies should be limited or subsidized for small- and medium-scale farmers.</li> <li>v) Information should be distributed about the differences between seals (organic, agro-ecological, sustainable, natural, etc.).</li> </ul>
<b>Consumption and consumers</b>	<ul style="list-style-type: none"> <li>i) Consumers should be educated on what it means to produce organic and what the organic seal means.</li> <li>ii) Consumption of organic products should be encouraged through information campaigns.</li> <li>iii) There should be a campaign aimed at vegans to encourage them to value organic products.</li> <li>iv) The population should be educated on the harmful effects of consuming foods with pesticides.</li> <li>v) Government programs that contribute to the consumption of organic products should be created.</li> </ul>
<b>Production and producers</b>	<ul style="list-style-type: none"> <li>i) There is a need to provide access to a wider variety of quality organic seeds.</li> <li>ii) The use of pesticides and production of transgenic seeds should be gradually decreased at the national level.</li> <li>iii) Efforts should be made to use traditional seeds.</li> <li>iv) Organic producers should organize and work together.</li> <li>v) A private sector entity should be created to present the issues that the sector is facing.</li> </ul>
<b>Sale and markets</b>	<ul style="list-style-type: none"> <li>i) Promoting the development of regional organic fairs, which are vital spaces for disseminating organic agriculture.</li> <li>ii) Promoting organic fairs near schools, Family Health Centers (Centros de Salud Familiar, CESFAM) and public clinics.</li> <li>iii) Encouraging municipalities to provide public space to organic farmers so that they can put together fairs in visible, central, accessible places with parking.</li> <li>iv) Pilot projects for public organic product purchasing should be developed.</li> <li>v) Agreements should be established between INDAP and supermarkets for the purchase of organic products.</li> <li>vi) Efforts should be made to enhance organization and joint sales among farmers.</li> <li>vii) The perception that organic agriculture is more expensive must be changed.</li> <li>viii) Support for organic product exports should be provided along with information about markets, product demand and training on the export process (rules, logistics, prices, etc.).</li> </ul>
<b>Education, research, technical assistance and technology transfer</b>	<ul style="list-style-type: none"> <li>i) An annual monetary award for the best thesis of the year on organic agriculture should be created.</li> <li>ii) Efforts should be made to disseminate best OA practices with traditional farmers in order to encourage them to transition to sustainable farming.</li> <li>iii) Training programs on organic agriculture should be created for farmers, advisors and technicians.</li> <li>iv) An R+D+i line should be created to support the development of local technologies.</li> <li>v) Demonstration and training centers should be created for farmers, technicians, professionals and consumers.</li> <li>vi) More local research on inputs, practices, etc. should be developed.</li> <li>vii) The importance of healthy eating should be incorporated at the elementary and middle school levels.</li> </ul>

## 5.7 Perception Survey on Exports to the EU

In regard to the goal of this study -to expand the exchange of organic products between Chile and the EU-, the same survey asked about organic exports to the EU. The responses are summarized below.

<p><b>If you already export products to the EU, what type of product do you export? Have you had any issues exporting to this market? What type of problem?</b></p>	<ul style="list-style-type: none"> <li>i) Maqui exports. There is a difference between Chilean law and US law regarding the use of capsules for organic products. A capsule (HPMC) that is not listed on the ingredients list can be used in the EU. As such, the content of the product is 100% organic (because the capsule is not measured). However, in Chile every ingredient counts, and even though Chile is the source of maqui (<i>Aristotelia chilensis</i>), capsules with organic certification are not allowed for the European market. However, European companies can buy maqui in Chile, make it using HPMC capsules and sell it as organic, even in Chile.</li> <li>ii) Wine exporter. There are organic farmers that export wine to Europe, but they cannot sell it as organic because under the Chile-EU Agreement, the EU does not recognize first party certification of OFAs.</li> <li>iii) Bulk organic honey exporter. The problem is the scarcity of containers and extremely high prices. The price of new drums rose 170%, and the price of retrofitted ones is up 140%.</li> <li>iv) Blueberry exporter. The problem is that the EU market is small and does not have the best prices.</li> <li>v) Walnuts are exported without any issues.</li> <li>vi) Organic seeds are exported, but the requirements are tough.</li> </ul>
<p><b>If you don't export to the EU but are considering doing so in the near future, what would you like to export? Why do you not yet export to the EU?</b></p>	<ul style="list-style-type: none"> <li>i) One needs a lot of information that we don't have to export, as well as producers' organizations, market studies, familiarity with EU requirements and knowledge of export processes, among other things.</li> <li>ii) We don't have a lot of information about which organic products each EU country wants.</li> <li>iii) We want to export noble fruits, but we can't because the EU has imposed barriers to the entry of those fruits from Chile. Maqui (<i>Aristotelia chilensis</i>) and murta (<i>Ugni molinae</i>) have been consumed in Chile for centuries as foods and for their nutraceutical powers. However, the EU only allows pure maqui powder and does not allow it to be included as an ingredient, and it does not allow murta at all. However, the EU imports these fruits if they are fresh or in other recipes. This protectionism does not follow the spirit of the agreement between the EU and Chile.</li> <li>iv) There are unfair barriers that limit the export of Organic Chilean inputs to the EU.</li> <li>v) I would like to export organic nuts (walnuts, pecans and pistachios), functional foods and medicinal herbs, but I do not have the economic resources to develop crops that need three years without harvest. The State does not offer me preferential treatment based on the organic nature of my products.</li> <li>vi) Small-scale organic farmers could work together to export avocado, walnuts or almonds for food, beauty or medicinal purposes, but there is a lack of organizational support.</li> <li>vii) I would like to export organic onions and garlic, but I don't have enough to pay workers, and there is a lack of infrastructure.</li> <li>viii) I do not export, but I handle small volumes and do not have contacts with importers in the EU.</li> </ul>
<p><b>If you do NOT plan to export to the EU, why not?</b></p>	<ul style="list-style-type: none"> <li>i) Exporting requires solid organization, like a group. You need market studies, knowledge of EU requirements and you have to find certified processing entities, among other things.</li> <li>ii) Because of the carbon footprint.</li> <li>iii) Because of a lack of capital for financing fruit crops with organic certification.</li> <li>iv) Because we are focused on meeting internal consumption.</li> <li>v) Because exporting goes against the development of sustainability and care for the environment.</li> <li>vi) We should first develop organic agriculture so that Chileans eat well and stay healthy and because in the future European consumers will not accept products with a huge carbon footprint. They will look for local, ethical and fair trade.</li> </ul>

It is clear that there are challenges to overcome in order to successfully introduce an organic product in the export market. Producers need easy access to knowledge

or to trained professionals who can give them specific information related to the export process, such as the demand for organic products in a specific market,

shipping rules, transportation logistics, customs rules, tariffs and certifying agency processes. All of this is basic information for exporting but is generally not easily

available to farmers who live in rural areas and lack time, solid internet connections and access to specialized literature on these topics.



## 6. Chile-EU Agreement on Trade in Organic Products

In regard to the alignment of regulations on organic certification, the equivalence agreement with the European Union (EU) that has been in place since 2018 is in full force. Furthermore, it has a memorandum of understanding with Brazil (2019) and recognition with Switzerland (2019).

Chile's memorandum of understanding (MoU) with Brazil, which it signed in late 2018, is the only agreement that allows OFAs to export self-certified products to Brazil and Brazilian products produced under Participatory Guarantee Systems (PGS) to be imported to Chile. Recognition with

the U.S.A. and South Korea is pending due to delays related to the pandemic, and there are official talks with authorities in Japan and Australia.

### 6.1 Chile-EU Agreement

On April 27, 2017, the **Agreement between the Republic of Chile and the European Union on Trade in Organic/Ecological Products** was signed in Belgium.<sup>41</sup> It is the first "next generation" agreement on trade in ecological products signed between the EU and a Latin American country. The agreement was passed in Chile on November 3, 2017 and published in the Official Gazette of the EU on December 14, 2017.

The agreement mutually recognizes the equivalence of the respective ecological production standards and their oversight systems in the hopes of decreasing certification costs and opening up new business opportunities, particularly for Organic Chilean products as the EU prioritizes countries with which it has agreements in place.

The purpose is to promote trade in organic/ecological products, contribute to the development and expansion of the organic/ecological sector in the EU and Chile, and reach a high level regarding the principles of the organic/ecological production rules and those related to guaranteeing oversight and the integrity of organic/ecological products. This also will improve the protection of the respective organic/ecological logos. The agreement is also designed to improve regulatory cooperation between the parties in regard to matters related to organic/ecological production. It has a cooperation, exchange of information and litigation resolution system for organic/ecological trade. Finally, the agreement allows the products manufactured and overseen in accordance with EU regulations to be sold directly in Chile and vice versa.

The Agreement involves a series of tariff codes for included and excluded products in both directions. These are outlined in Annexes I and II of the agreement.<sup>42</sup> To determine whether a product is included as equivalent, see the Annexes.

In general, Chile recognizes organic/ecological products from the EU outlined in the Agreement Annexes as equivalent under the following spaces for the application of EC Regulation No. 834/2007:

- Unprocessed vegetable products
- Live animals or unprocessed animal products (including honey)
- Aquaculture products and seaweed
- Processed agricultural products meant for human consumption (including wine)
- Processed agricultural products meant to be used as animal feed
- Plant propagation material and
- Seeds for growing

On the other hand, the European Union recognizes the following products from Chile as equivalent:

<sup>41</sup> [https://www.sag.gob.cl/sites/default/files/acuerdo\\_productos\\_organicos\\_cl-ue.pdf](https://www.sag.gob.cl/sites/default/files/acuerdo_productos_organicos_cl-ue.pdf)

<sup>42</sup> The annexes and products contained in them can be viewed in detail at: [https://www.sag.gob.cl/sites/default/files/acuerdo\\_productos\\_organicos\\_cl-ue.pdf](https://www.sag.gob.cl/sites/default/files/acuerdo_productos_organicos_cl-ue.pdf)

- Unprocessed vegetable products
- Honey
- Processed agricultural products meant for human consumption (including wine)
- Plant propagation material and
- Seeds for growing

Chilean animal product production regulations, other than apiculture products and feed, have not been considered equivalent and may only be recognized as such in a future phase once Chile develops legislation on said products. Although Chile lacks regulations regarding organic/ecological aquaculture, it does recognize EU organic/ecological aquaculture and seaweed.

Even though the European Union does not set out conditions for imported ingredients, processed agricultural products meant for human consumption that have been processed in Chile should use ingredients organically/

ecologically produced in Chile or ingredients imported to Chile from the EU or a third country recognized as equivalent by the Union per Article 33, section 2 of Regulation 834/2007. However, this is not allowed from third countries that the Union has only recognized in terms of oversight authorities or agencies in accordance with Article 33, section 3 of Regulation 834/2007.

According to the Agreement, the legislation that is applicable to the EU is as follows<sup>43</sup>:

- **EC Regulation No. 834/2007 of the Council** dated June 28, 2007 on the production and labeling of ecological products. It repeals Regulation No. 2019/91, which was most recently modified by EU Regulation No. 517/3013 of the Council.
- **EC Regulation No. 889/2008 of the Commission** dated September 5, 2008, establishing dispositions for the application of EC Regulation No. 834/2007 of the Council on production and labeling of ecological

products with respect to ecological production, labeling and control. This was last modified by EU Execution Regulation No. 1358/2014 of the Commission.

- **EC Regulation No. 1235/2008 of the Commission**, dated December 8, 2008 establishing the dispositions for the application of EC Regulation No. 834/2007 of the Council in regard to imports of ecological products from third countries, modified by EU Execution Regulation 2015/931 of the Commission.

According to the Agreement, the applicable organic legislation in Chile is as follows:

- **Law No. 20.089 dated January 17, 2006**, which creates the National Organic Agricultural Products Certification System.
- **Decree No. 3 dated January 29, 2016** of the Agriculture Ministry, which approves the Regulations of Law No. 20.089, which creates the National Organic Agricultural Products Certification System.

- **Decree No. 2 dated January 22, 2016**, of the Agriculture Ministry approving the Technical Regulations of Law 20.089, which creates the National Organic Agricultural Products Certification System.

- **Resolution No. 569 of the National Directorate of the Agriculture and Livestock Service** dated February 7, 2007, which sets standards for the registration of organic product certification entities.

- **Resolution No. 1100 of the National Directorate of the Agriculture and Livestock Service**, dated March 4, 2008, which approves the graphic brand manual for the official seal for organic products and their equivalents.

- **Resolution No. 7.880 of the National Directorate of the Agriculture and Livestock Service**, dated November 29, 2011, which establishes the minimum contents of certificates for use in organic agriculture in the context of Law No. 20.089.

<sup>43</sup> [https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:22017A1214\(01\)&qid=1518678887808&from=EN](https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:22017A1214(01)&qid=1518678887808&from=EN)

The agreement consists of two annexes that contain the codes and descriptions of the harmonized system's nomenclature along with observations and conditions:

- **ANNEX I.** Organic/ecological products from Chile whose equivalence recognizes the Union with the condition that the organic/ecological products listed in Annex I must be unprocessed agricultural products produced in Chile and processed agricultural products meant for human consumption that have been processed in Chile with ingredients produced organically/ecologically that have been manufactured in the country or imported to Chile from the Union or a third party in accordance with a regime recognized as equivalent by the Union by virtue of Article 33, Section 2 of EC Regulation 834/2007 of the Council dated June 28, 2007 on production and labeling of ecological products and which repeals EEC Regulation No. 2092/91.

- **ANNEX II.** Organic/ecological products from the Union whose equivalence is recognized by Chile with the condition that the organic/ecological products listed in Annex II must be unprocessed and processed agricultural products that are manufactured or processed in the Union.

## 6.2 Survey on the Effects of the Chile-EU Agreement for Chile

In an effort to gain first-hand knowledge of the most important progress made and problems and challenges related to the Chile-European Union Agreement on Trade in Organic/Ecological Products, a detailed consultation was conducted with organic producers, producers' associations and companies that export organic products to the EU, along with the companies that certify these products for export. Sixteen of the companies approached agreed to answer the survey questions. They are listed below:

1. Agrícola Los Avellanos SpA.
2. Apícola Natural Bee SpA
3. Asociación de Productores Orgánicos de Ñuble A.G. (APO Ñuble A.G.)
4. Centro de I+D en Agroecología
5. Certificadora Bioaudita Ltda.
6. Certificadora Ecocert Chile S.A.
7. Certificadora Mayacert SpA.
8. Consorcio I+D Vinos de Chile
9. Cooperativa de Productores Orgánicos de Chile (Organicoop)
10. Inmobiliaria San Bernardo, S.A. (Geonuts).
11. Hortifrut Chile. S.A.
12. Sociedad Vinícola Miguel Torres S.A.
13. Sociedad Agrícola y Comercial Ltda. (Agricom Ltda.)
14. Surfrut Ltda.
15. Viñedos Emiliana S.A.
16. Agrícola Huertos de Huaiquivilo



### 6.2.1 Progress on certification

- The agreement has facilitated the organic certification process in Chile because bureaucracy is limited to compliance with a single national regulation.
- It allows for the use of electronic signatures on COIs with SAG's seal and the issuance of transaction documents in Chile.
- It allows us to be able to identify the individual risk assessment for Chile based on our own experience.
- It reduces certification costs for operators and clients, which makes our service more attractive. (Certifying company)
- It has allowed for the sale of a large volume of products at a higher price than they would fetch in the local market or other markets.
- It helps resolve certification problems here in Chile.
- It highlights the importance of national certification, which had been seen as merely a legal obligation of little importance.

- It allows us to set equivalence in regard to sulfite levels in wines.
- Elimination of the review/approval of inputs for the EU regulation.

### 6.2.2 Progress on trade

- The agreement has driven and increased exports to the EU.
- It has allowed the country to export organic seeds to the EU.
- It has facilitated access to European markets for companies that did not have sufficient resources to certify both standards prior to the Agreement.
- It has supported the growth and development of the national organic sector.
- The Agreement has not increased sales of organic wines to Europe, but it has increased the portfolios with new brands that will differentiate on and off trade channels, though this cannot necessarily be directly attributed to the agreement.
- The Agreement could facilitate recognition with standards from other countries like the US.

- It facilitates trade and fairly recognizes the many years of work that have been done in the public and private sectors.

### 6.2.3 Progress on control

- The Agreement has strengthened the institutional structure and recognition of the authority in this area (SAG).
- It makes the oversight process stronger by reinforcing a single standard (the Chilean one) and focusing on it.

### 6.2.4 Strengthening the country's image

- The Agreement has strengthened the image of our country and positioned us as one of the few countries in the region with this type of Agreement. It thus gives us an advantage in terms of being able to sell our products in Europe by complying with Chilean regulations.
- This Agreement is the greatest step forward in organic agriculture after Law 20.089 because it has allowed Chilean producers who are certified under Chilean law to access one of the

markets with the strongest demand for organic food products.

- The Agreement has made Chile a little more visible as a reliable supplier in Europe.
- It makes it easier to enter into other Agreements with countries like Switzerland and the United Kingdom.
- It allowed the Organic Chilean standard to be recognized as a high-level certification standard.

The main problems with the implementation of the Agreement that were mentioned by the respondents are listed below.

### 6.2.5 Issues with the control authority (SAG)

- Lack of leadership by Chile's counterpart (SAG) in terms of addressing specific issues related to the Agreement.
- SAG does not have enough staff to respond quickly to what the country needs to do to be on the same level as Europe.

- We recently had issues with SAG's Traces platform, like receiving the COI in time. There is a need for greater fluidity among the parties in order to maintain this Agreement.

- Difficulties with the authorization of the use of ingredients by SAG. Some are approved in the EU but cannot be used in Chile because they are not authorized by SAG.

- The Agreement has given SAG more power in regard to the issue of what is organic, but the issue is the "oversight attitude looking for a detail to justify issuing a fine" exhibited by some officials, who end up exhausting producers until they give up on maintaining organic certification.

### 6.2.6 Regulatory issues

- EU restrictions on the use of certain elements is a problem in Chile. For example, the use of nitrates, extensive livestock waste and compost in amounts greater than 170UN/ha/year, as experts recommend applying higher doses to poor and sandy soils in order to improve and increase

organic matter, considering that a large number of crops have technified irrigation and that it would not involve polluting water tables under the condition of drought and low rainfall.

- The regulation restricts the use of copper. That is a problem in Chile because some soils have naturally high levels of copper, and certifiers do not consider that. They assume that high doses of copper are applied and issue penalties.

- Some of the technical requirements on EU regulations are not clear (i.e., phosphoric acid content).

- In the case of multi-residue analysis, polar ingredients have been detected, especially in the case of processed foods like pulps and dehydrated products. It is not clear whether this actually involves fraud or is a result of a problem with the analysis, or if it is due to the fact that metabolites similar to those identified at the soil and plant level are produced. For example, aluminum fosetyl is a conventional ingredient that controls Phytophthora in organic crops that are not impacted

by the pathology and where that product is not used.

- Production in the substrate instead of the soil prevents producers from exporting to Europe because their product does not comply with the Chilean standard.

### 6.2.7 Certification issues

- The agreement establishes certification under national standards controlled by the oversight agency (SAG), which does not have staff trained for inspections and looks for mistakes made by the farmer and often causes them to lose certification due to issues that are discretionary.

- Failing to include self-certification of Ecological Farmers' Organizations (EFOs) in the agreement.

- Products that are not include in the mutual recognition list has forced us to send clients to transnational corporations that work in Chile (certifying agency).

- Loss of certification due to analysis issues. For example, in Germany, forbidden ingredients that do not exist

in Chile are identified in an organic product despite the fact that in Chile the SAG and other certifying agency analysis does not detect the prohibited substance. This discredits our country when it actually is not happening.

### 6.2.8 Trade issues

- Problems of availability of agricultural supplies for use in organic production in Chile such as organic sugar due to the regulatory restriction that comes from a country that has an agreement with the EU.

- The Agreement has not led to increased sales or improved prices for our organic wines. Our sales in Europe have decreased since 2017 due to the cancellation of some "tenders," especially in Nordic countries.

- The barriers to entry to the EU market are particularly high for organic honey. Some countries are very protectionist when it comes to finished products. They only want raw materials Meanwhile, Chile receives all types of products from the EU that compete with ours.

### 6.2.9 Challenges of and improvements to the agreement

The main challenges that must be overcome according to the interview respondents in order to improve the implementation of an Agreement between the Republic of Chile and the European Union on Trade in Organic/Ecological Products are presented below.

- Incorporating organic products area certified by Ecological Farmers' Organizations into the agreement for sale in the EU.
- Improving SAG's technical oversight and product evaluation capacities in regard to products' use in organic agriculture.
- Facilitating the process completed before shipping because it is very complicated in terms of logistics.
- Some of the administrative requirements related to the timing of the issuing of certificates prior to shipment should be made more flexible without compromising organic integrity. There is currently an issue with shipments, delays

and difficulties, that the requirements must consider.

- Invite the industry actors to discuss future improvements to the Agreement to ensure getting feedback on its implications and pre-assess its impact and viability.



## 7. Trends and Conclusions

In this new “back to normal” post-pandemic stage, we are already observing changes in routines and eating habits. Some people paid attention to the food that they were eating before COVID-19, but there is now increased awareness of the importance of diet and the origin of the products that one ingests. There is a new “healthy” eating trend that applies to food products that are seen as being beneficial to human health in terms of nutrition.<sup>44</sup>

In this context, sales of organic products are increasing. This seems to reflect consumers' preference for these products based on the benefits that they attribute to being healthy. Organic food products are also increasingly linked to lower use of packaging, which means that consumers who are concerned about taking care of the environment believe

that these products contribute to a dual purpose. Various studies analyze organic market production and projections for the post-pandemic context. These are summarized below.

### 7.1 Projections for Organic Markets

Trends that suggest that a percentage of consumers is becoming increasingly strict about their food restrictions, particularly in high income countries, point to new business opportunities for organic food and drink suppliers. This is promising for “certified” producers that can guarantee that they comply with international recognized rules and principles regarding ecological production. It opens up new spaces for international trade of agro-industrial products.

On the other hand, many organic ingredients are increasingly used in the food sales sector in the US and EU. An increasing number

<sup>44</sup> <https://thefoodtech.com/tendencias-de-consumo/como-la-pandemia-modifico-los-habitos-de-alimentacion-de-los-consumidores/>

of small businesses and restaurant chains, including fast food chains, are incorporating organic products.

As a result, the organic food sector has become one of the most dynamic in global production in the processed foods sphere. This is forcing manufacturing countries to increase their efforts to identify consumer preferences early on in order to differentiate themselves from their competitors.<sup>45</sup>

The global demand for organic products has led to an increase in surface area used for organic production. Significant rates of annual growth have been reported in several countries, as mentioned previously in this document.

Another factor that is no less important to consider is the upward trend in plant-based food consumption. According to a report by Bloomberg Intelligence, global demand for plant-based products may grow five-fold by 2030. This is driven by the growing demand for sustainable products.<sup>46</sup> Some of the

factors responsible for the increase in consumption of plant-based products include concerns regarding health and the environment, the decrease in the cost of plant-based food products and technological advances that increase their palatability. This could be a major opportunity for the manufacture of plant-based organic foods.

According to the study “Mercado de alimentos y bebidas orgánicos: crecimiento, tendencias, impacto de covid-19 y pronósticos (2022-2027)” by Mordorintelligence,<sup>47</sup> the global organic food and beverage market is expected to experience a Compound Annual Growth Rate (CAGR) of 16.44% between 2022 and 2027, reaching 150 billion euros.

Ecovia Intelligence<sup>48</sup> forecasts similar growth, arguing that consumers are turning to organic and healthy foods in an attempt to increase their personal immunity. Meanwhile, online retail companies reported significant increases in the sales of these sustainable products. Projections suggest that this increase will

continue over the next few years. “COVID is generating consumer awareness of the relationship between nutrition and health. Consumers buy more organic and healthy food products in order to boost their personal immunity,” one consulting firm employee reported.

Increased awareness among consumers of health and the benefits of organic food products has driven even more growth of the market. In addition, with the growing number of chronic illnesses such as heart problems, cancer, diabetes and increased health costs, consumers focus more and more on their diets. The growth of the market also can be attributed to consumers’ belief that organic food products are safer, more nutritional and taste better than conventional products.

However, this increased demand for organic foods has caused supply issues that mean that the organic food industry operates under pressure. Numerous countries presented supply problems for raw materials as a result of the block generated in the international supply chain.

Las materias primas utilizadas por las empresas de alimentos orgánicos Raw materials used by European and North American organic food companies are produced in Asia, Latin America and Africa. International border closures interrupted supply chains. For example, India is an important source of organic tea, herbs, spices and ingredients related to them. The emergency measures introduced stopped food processing and exports. As such, producers hope to be able to weather the current scenario. They hope that current demand for organic foods remains strong even after consumer fears related to COVID-19 wane. The major winners in this crisis were organic producers who were located near their suppliers.

While North America and Europe are currently the highest volume markets, the participation of countries like China, India, Brazil and Indonesia in the world market is expected to grow faster in the coming years. With the exception of Brazil, Latin America has a strong profile as a supplier of more

<sup>45</sup> <https://eleconomista.com.ar/debates/el-futuro-alimentos-organicos-mundo-n45601>

<sup>46</sup> <https://www.conexiones365.com/nota/abastur-restaurantes/tendencias-alimentos-organicos>

<sup>47</sup> <https://www.mordorintelligence.com/es/industry-reports/organic-food-and-beverages-market>

<sup>48</sup> <https://www.ecovaint.com/organic-and-natural-foods-market-research/>



developed markets. This means that the opportunity to develop organic products is enormous<sup>49</sup>.

China is not exempt from the supply chain issue. The lack of organic inputs or raw materials to complete the manufacture of industrialized organic products like organic sugar and seeds is a structural problem for the sector.

## 7.2 Post-COVID-19 Pandemic Projections

Some experts believe that the coronavirus crisis will generate new trends and profound changes for the organic sector. In this sense, a series of factors that merit consideration emerge. These include certain changes in consumer behavior, the provision of local supplies, the commitment to guaranteeing food safety, the proliferation of more active public policies focused on the sector, a focus on increased food chain

transparency and the growth of online retail sales.

The issue of the current and future price of organic products, which directly impacts their consumption, merits consideration as well. Like all activities, organic production requires prices that cover the costs of organic farmers. Organic production frequently requires more effort and results in lower production ('optimal' instead of 'maximum'). The presence of millions of consumers around the world makes it hard to set prices within the organic sector due to the complex aspects involved.<sup>50</sup> Organic products tend to be more expensive for several reasons. These include the cost of certification, more limited supply compared to demand, and higher production costs.

For example, organic products require more labor per production unit, and the greater diversity of companies prevents the formation

of economies of scale. Post-harvest, manufacturing and transport are more expensive because of the separation from conventional products. In theory, based on increased technological innovation and economies of scale, production, manufacturing, distribution and sale prices should fall for organic products. Finally, organic food



prices do not only include the cost of production. They are also linked to factors that are not considered in conventional product prices, such as workers' health and protecting the environment.

On the other hand, the higher prices of organic crops compensate for the rotation or soil rest periods that are necessary to enrich fertility; increased animal well-being; the elimination of risks to farmers based on the inadequate handling of pesticides; and rural development through the creation of more farming jobs. The following section outlines some factors that are expected to influence and change the world organic food industry after the COVID-19 pandemic.

### 7.2.1 Consumer behavior

The COVID-19 pandemic has had a strong impact on consumers,

<sup>49</sup> [https://www.inti.gob.ar/assets/uploads/files/economia-industrial/05-2021/productos-organicos-\(Analisis-INTI\).pdf](https://www.inti.gob.ar/assets/uploads/files/economia-industrial/05-2021/productos-organicos-(Analisis-INTI).pdf)

<sup>50</sup> <https://www.fao.org/organicag/oa-faq/oa-faq5/es/>



changing the way they shop and eat. From the early panic purchases and hoarding to infrequent in-person and online shopping, the pandemic has led to significant changes in consumers' attitudes and behavior. Organic food sales have increased significantly during the pandemic. However, demand for plant-based products, nutritional supplements and natural products is also growing. Consumers are increasingly turning to products associated with health and well-being as they pay more attention to disease prevention.

The challenge for the industry is to guarantee that sales of organic products meet consumers' needs. For example, the sale of organic dairy products has been negatively impacted by the increase in the consumption of plant-based products. If consumers do not associate organic meat with ethical behavior and nutrition, organic meat sales may decrease. A study by Hughes and Flavián identifies five main reasons that US consumers choose to buy

organic food products:

1. They believe that they are safer for themselves and their families.
2. They do not contain pesticides or other chemical products.
3. Consumers avoid antibiotics and growth hormones by buying organic products.
4. Shopping organic allows them to avoid GMOs (genetically modified organisms).
5. They perceive them to be of higher quality.

### 7.2.2 The organic food market in the Asia-Pacific region

We anticipate that the Asia-Pacific will project a rapid increase in CAGR during the forecast period (2022-2027). This is due to changing lifestyles and consumers' increased disposable income.<sup>51</sup>

Experts anticipate increased awareness regarding the health benefits of organic foods and beverages along

with progress on organic agriculture techniques. These factors will drive demand for organic food and beverages in the region.

The Asian market imports a significant number of processed organic food and drink from developed countries in Europe and North America. Industrialized and developed countries like Australia, New Zealand, Japan, Singapore, Hong Kong and Korea are the main organic food and drink markets in the Asia Pacific region.

### 7.2.3 The organic baby food market

According to the report "Pronóstico mundial del mercado de alimentos orgánicos para bebés 2021-2027, tendencias de la industria, participación, conocimiento, crecimiento, impacto de Covid-19, análisis de oportunidades de empresas,"<sup>52</sup> the global organic baby food market was worth US\$ 3.61 billion in 2020. The estimated CAGR for the period in question is 12.23%. This market could be worth over US\$ 12 billion by 2027.

In general, babies are particularly vulnerable to food-borne illnesses because their immune systems are not developed enough to fight off infections. The organic baby food industry has developed as a result of this, as these products are made with special care. Organic baby foods are food products that are grown or processed with no fertilizers or synthetic pesticides. The growing demand for organic baby food is driven by increased consumer awareness of the importance of limiting babies' exposure to the harmful chemicals used to produce conventional foods and increased awareness of the benefits of organic products. Furthermore, the increase in female employment around the world contributed to increasing the size of the prepared organic baby food sector, making it one of the fastest growing segments. Demand is also being driven by the trend towards clean label products and cleaner diets, as well as foods that are fresher and healthier for parents and their children.

<sup>51</sup> <https://www.mordorintelligence.com/es/industry-reports/organic-food-and-beverages-market>

<sup>52</sup> <https://www.mordorintelligence.com/es/industry-reports/organic-baby-food-market>

The popularity of organic baby food is growing as the offerings expand. With increased disposable income, parents may replace homemade food with brand-name organic baby food, which represents an important driving factor in the forecast period for both developed and developing countries. As such, investments in the organic baby food sector are growing. Furthermore, new baby food companies are distinguishing their brands from others using specific health objectives, from improved digestion to brain development, baby-guided weaning and the prevention of allergies, innovative packaging and the use of specific organic ingredients with health benefits for cognitive and physical development, which is a key trend in this market.

The relaxation of China's one

child policy may have a positive impact on pre-packaged baby food. The potential to increase wealth and boost the number of newborns gives Chinese baby food and drink manufacturers adequate grounds to develop organic packaged food products in order to meet consumer demand for organic and higher



quality baby food and drinks. According to Global Trade Organic, the size of the packaged organic baby food and drink market in Japan was around US\$ 597.4 million, or US\$ 4.71 per capita. In addition, the use of pre-cooked foods for babies has increased, which in turn impacted the market.

It is important to note that over the past few years, the business of feeding babies using organic foods has become a multi-million-dollar industry. In fact, organic baby food is playing an increasingly important role in meeting the nutritional demands of babies and small children around the world. Furthermore, the industry recently experienced various changes. Most of these are driven by the parents' lifestyle and their growing interest in organic food products.

#### 7.2.4 Online sales

When the first measures against COVID-19 were introduced, they led to a change in consumer buying habits. Some began to purchase products online, particularly because they did not want to leave the house due to fear of the virus or the chaos in local supermarkets.

Delivery platforms have become a channel that allows consumers to find what they need for their lifestyles, from fruit and vegetables to fresh meat and artisan bread. This new habit drove the purchases and consumption of organic foods. The COVID-19 pandemic has increased the number of food sales that are conducted remotely, such as home delivery of fruits and vegetables. The sale of organic fresh food boxes is worthy of note and seems to be here to stay as long as consumer concerns persist.

### 7.2.5 Sustainable packaging

Another popular option among consumers who buy food products online is food boxes. These contain various food products in carefully measured quantities to be used to prepare a specific dish. The sustainable packaging and environmentally friendly contents have gained popularity, reflecting the concerns of consumers of organic products who are focused on the environment. For example, consumers who are aware of environmental issues tend to complain when the packaging of the products that they use contain too much plastic or are not recyclable.



### 7.2.6 Consolidation of the global organic food industry

According to the consulting firm Ecovia Intelligence,<sup>53</sup> the global food industry is expanding. Three important agreements signed in 2022 involved organic food companies established in Europe and North America.

Royal Wessanen, one of Europe's largest and oldest organic food companies, made a considerable investment to strengthen its position in the sustainable and ecological market, paying 885 million euros.

The Amsterdam-based company is the owner of European organic and free food brands such as Bjorg, Kallo, Allos, Whole Earth, Clipper, Alter Eco, Tartex and Isola Bio. Earthbound Farm, the leading organic salad company in the United States, was purchased by Taylor Farms for US\$ 400 million. Established in 1984, the California company has become an international supplier of organic fruit, vegetables and salads. It was bought by Whitewave Foods in 2013 and was owned by Danone USA

in 2016. The French multinational has transferred the company because it plans to focus on dairy alternative products. Bolthouse Farm, a leading supplier of organic products and natural drinks in the United States, was also sold. Campbell Soup bought the company in 2012 and has since sold it to the private capital firm Butterfly for US\$ 510 million.

Bolthouse Farm organic carrots, juices, shakes and cherries are commonly found in natural food stores throughout the United States. Over the past few years, it has borne witness to the entry of non-conventional operators. Whole Foods Market was purchased by the online retail giant Amazon for US\$ 13.7 billion in June 2017. In Europe, the health company Midsona has purchased leading organic food companies in Scandinavia (Urtekram) and Germany (Davert). However, according to Ecovia Intelligence, "acquiring successful organic food products does not guarantee success." The firm sees competition and integration as major challenges. Although health growth rates continue, the organic food market is becoming

increasingly competitive. For example, Organic Valley, a leading organic food company in the United States, recently reported its second year of losses. Despite its US\$ 1.1 billion in sales in 2018, it reported losses of US\$ 6.9 million.

### 7.2.7 Food safety

The COVID-19 pandemic also has highlighted the importance of food safety. Several countries identified weaknesses in their supply chains and have focused on keeping food supply networks active during the crisis. We expect more governments to invest in natural farming and food production in the coming years. It is likely that access to safe, sufficient and nutritional food will have a more central place on the political agenda.

It is also likely that organic food production will play an important role considering the growing acceptance of its environmental and health benefits. Asian and African countries that traditionally focused on organic food industries focused on export, are now developing their internal markets.

<sup>53</sup> <https://www.catorce6.com/negocios-verdes/16957-la-industria-de-alimentos-organicos-se-consolida-en-europa-y-usa>

### 7.2.8 Government support

Governments are expected to invest more in organic agriculture in order to make their food industry more resilient. They also will encourage organic agriculture as countries seek to reduce the use of pesticides and improve soil fertility. This is the case of the EU which announced in May 2020 that the European Green Deal included a target of transitioning 25% of farmland to organic by 2030. The EU farm to table strategy is meant to improve food safety in Europe. It is designed to reduce the environmental impact of the European food system by 2030. This will be achieved by reducing chemical pesticide use by 50%, the use of hazardous pesticides by 50%, the use of fertilizers by 20% and nutrient loss by 50% by 2030.

### 7.2.9 Transparency and traceability for avoiding fraud

Some believe, and some research supports, the notion that organic foods may have higher nutritional

value (more vitamins and antioxidants) than conventional foods because organic plants improve their natural production of phytochemicals (vitamins and antioxidants) in the absence of pesticides and fertilizers in order to better defend against mosquitoes and weeds. Organic food can thus be sold at a premium price that is 25 to 60% higher than that of conventional foods<sup>54</sup>

There is a strong incentive for exporters and/or importers to commit fraud with organic foods. It is therefore necessary to prevent the presence of falsified records in the supply chain process because these chains generally involve numerous entities (individuals), and each could potentially violate the organic certification requirements. The move towards transparency and traceability in agriculture product supply chains is expected to gain traction. As the supply of organic ingredients and products becomes stricter, **the risk of fraud and adulteration increases.**

### 7.2.10 Blockchain technology and QR codes

Blockchain technology is a promising option for preventing falsified information from being registered in the supply chain.<sup>55</sup> Blockchain technology is digital information (the “block”) that is stored using a public database (the “chain”). Each block contains a cryptographic hash that belongs to the previous block, a time stamp and transaction data. By design, blockchain is immutable (resistant to changes to its data), decentralized (it uses the network

consensus) and transparent (each public address can be viewed), that is, it is an open and distributed accounting book that can efficiently record transactions between two parties in a verifiable and permanent manner.

The use of traceability tools to maintain the integrity of organic products is expected to increase significantly, and **blockchain technology** is expected to play a key role in this process.

For example, Europe’s largest supermarket chain, Carrefour, is using blockchain to enhance the transparency of some of its store brand organic products.<sup>56</sup> According to the company, there is a growing desire for transparency on the part of consumers in regard to the origins of their organic products and the production methods used to make them. This tamper-proof technology for storing data safely is already being used with Carrefour. This gives consumers transparent access to all of the available information on the route that the products have followed from production to shipment to the



<sup>54</sup> [https://blogs.anderson.ucla.edu/global-supply-chain/2019/06/puede-la-tecnolog%C3%A1Da-blockchain-prevenir-el-fraude-de-los-alimentos-org%C3%A1nicos.html#\\_ftn4](https://blogs.anderson.ucla.edu/global-supply-chain/2019/06/puede-la-tecnolog%C3%A1Da-blockchain-prevenir-el-fraude-de-los-alimentos-org%C3%A1nicos.html#_ftn4)

<sup>55</sup> <https://www.investopedia.com/terms/b/blockchain.asp>

<sup>56</sup> <https://financialfood.es/carrefour-implanta-la-tecnologia-blockchain-con-sus-productos-bio/>

store. In April 2022, Carrefour launched its first product with blockchain technology, the Spanish organic orange, which is sold in packages of four. The practice will gradually be extended to all Carrefour Bio brand products. Benoît Soury, Director of the Carrefour Group's Organic Market, explains, *"Carrefour is a pioneer in regard to organic products in France. Through its Act for Food program, it has committed to implementing a comprehensive traceability regime in order to guarantee extremely high levels of transparency. Using this technology with our organic products for the first time allows us to meet our goal of becoming the leader in the food transition for everyone."*

China is another example. In 2021, the country launched a new mobile application (OrgHive) for organic foods. It uses blockchain technology to verify the certification of organic foods. Blockchain technology looks to be a promising solution to combat

organic food fraud. If it works, brands can earn more by selling more genuine organic foods.

Another potential tool for avoiding fraud is the use of a QR code. Essentially, consumers can access information about a product by simply scanning the code on the label. This includes everything about the life cycle of the product:

- its origin and the path that it has followed, the producer's name, field location, packing location, means of transport,
- its quality, harvest date, results of any analyses, the variety and its seasonality,
- and organic certification data, including the conversion date, official certificate and additional initiatives implemented by the producer.

#### 7.2.11 Demand for clean label products is growing

Consumers are increasingly demanding more "clean labels" on products. Their interest lies in being able to identify the ingredients in their food and drinks. This has led the market for this type of products to experience growth. Consumers increasingly avoid consuming products that contain synthetic ingredients because several published studies suggest that natural ingredients can help to avoid hyperactivity and behavioral problems in children, among other benefits. According to a study conducted by Ingredion, an ingredients company,<sup>57</sup> the Asia Pacific region presented the highest demand for clean label products and the fastest rate of growth compared to any other region.

#### 7.2.12 Retail sales

Online retail sales are the clear winners in the COVID-19 crisis. Amazon and Whole Foods have capitalized on the shift towards buying online from home. We expect online retail sales to account for a large part of organic food sales in the coming years.

Major conventional supermarket chains and online retailers that sell organic foods will win market shares. Organic food retailers, especially those from Europe and Asia, must adapt. We expect the increasing buying power of millennials and Generation Z to accelerate this trend<sup>58</sup>.

#### 7.2.13 Fair trade foods

Consumers frequently confuse fair trade and organic foods. While it is true that both are produced ethically, "organic" establishes standards for farming methods and the use of natural resources, while "fair trade" establishes standards for negotiating with suppliers and working with people.

Fair trade is also included in the "organic agriculture principles," so we expect to see the concept of 'justice' take on a more central role in organic food messaging.<sup>59</sup> One example of fair trade is an organic producer who pays their workers well and gives them a safe and healthy work environment.

<sup>57</sup> <https://www.mordorintelligence.com/es/industry-reports/asia-pacific-food-colorants-market-industry>

<sup>58</sup> The terms "millennial" or "generation Y" refer to people born between 1981 and 1996. They follow "generation X" and precede "generation Z," the latter referring to people born between 1997 and 2012.

<sup>59</sup> <https://www.conexiones365.com/nota/abastur/restaurantes/tendencias-alimentos-organicos>

#### 7.2.14 Zero emissions foods

The term “zero emissions foods” refers to the balance between the amount of carbon emissions produced and the amount eliminated in the atmosphere. Zero emissions foods include manufactured products in which total carbon dioxide emissions have been calculated and removed from the atmosphere in various ways. This means that the impact of the food production process on the climate is “neutralized.”

Some net zero initiatives include reforestation, the use of renewable energy, reduction of fossil fuels, water conservation and waste management. According to David Welch, the co-founder of Food-tech Synthesis Capital, “One can reach ‘net-zero,’ but this requires innovation throughout the value chain. One cannot simply trust that companies mix the same ingredients in slightly different ways. One has to go to the starting material and innovate with zero emissions in mind.”<sup>60</sup>

Zero Emissions Foods defenders argue that “This means starting with practices like agro-ecology, organic / ecological agriculture and regenerative agriculture, which are designed to protect the soil and avoid the use of chemical-based synthetic pesticides and fertilizers.”

Sustainable agriculture official James Woodward of the UK non-profit Sustain,<sup>61</sup> which advocates for food and agricultural policies, adds, “These production methods reduce the use of fossil fuels on farms and increase the soil’s ability to store more carbon.”



<sup>60</sup> <https://www.conexiones365.com/nota/abastur/restaurantes/tendencias-alimentos-organicos>

<sup>61</sup> <https://www.sustainweb.org/>

### 7.3 Organic Food Trends in the European Market

According to the study “Mercado europeo de alimentos y bebidas orgánicos: crecimiento, tendencias, impacto de covid-19 y pronósticos (2021 - 2026),” the organic food and beverage market in Europe is expected to grow at a CAGR of 8.34% between 2021 and 2026.<sup>62</sup>

According to the study, the spread of COVID-19 is causing EU consumers to seek out foods and other items related to healthy living. The pandemic is shaping Europeans’ eating patterns and the lifestyles of consumers in general, and many of them are adjusting their diets to emphasize well-being and sustainability. Organic food products are sold more quickly than the national average. Mara Miró Arias, a Spanish ecological olive oil manufacturer, says that her “online and retail sales have increased over 40% in the past few months.”

In Europe, the industry is seeing demand for cleaner and more

minimalist food products, which clearly reflects the growing awareness of consumers, who are looking for products that say that they are “organic” or “never any.”

The increased demand for organic foods and beverages is mainly due to growing consumer concern about the negative impact of GMOs on health, as well as that of preservatives, synthetic additives and similar elements. The adoption of healthy eating patterns due to the high prevalence of lactose and gluten intolerance is also driving demand for organic gluten free and lactose free products. In addition, growing levels of urban development and improved quality of life have increased demand for high quality organic foods and beverages.

#### 7.3.1 Increased demand for clean label and organic products in Europe

European consumers’ preference for foods with innovative flavors along with health benefits and convenience and as natural sources of nutrient supplements

<sup>62</sup> <https://www.mordorintelligence.com/es/industry-reports/europe-organic-food-and-beverages-market>



has increased the demand for foods and beverages with clean labels throughout the region. Consumers' interest in identifying the ingredients in their foods and beverages and their concern over the long-term effects of the products and their nutritional content and impact on their health, environmental sustainability, supply and social responsibility have led to increased demand for organic foods and beverages in Europe.

For example, in Germany, the industry has seen a drop in synthetic ingredients in food products due to increased use of botanical products, the replacement of emulsifiers with enzymes and increased demand for natural products. This trend and the demand for nutritional products are expected to further drive demand for organic foods and beverages.

Furthermore, due to the aging of the German population, these consumers are more inclined to purchase

nutritional products because of growing health problems. We expect to see steady demand for special ingredients in organic and functional drinks.

Finally, the group Germany Trade & Invest (GTAI), a foreign trade and marketing company in the Federal Republic of Germany, confirms that German consumers are becoming more health-conscious and are looking for sweets that are low in sugar, fairly traded or organic.

Organic products	Countries with potential demand
Fresh Fruit	Denmark (berries), Finland (berries), Hungary, Italy (blueberries), Holland (blueberries), Lithuania, Norway (berries), Poland, Romania, Spain, Sweden (berries), and the United Kingdom.
Wine	The Czech Republic, Denmark, Finland, Hungary, Italy, Lithuania, Poland, Sweden and the United Kingdom.
Dried and dehydrated fruit	Denmark, Hungary, Lithuania, Norway, Romania
Nuts	Denmark, Spain, Finland, Italy (walnuts), Holland (walnuts), Norway, Sweden, United Kingdom
Lemons	Spain, Italy, Holland and Poland
Avocado	Italy, Poland
Seafood	Italy, Lithuania

Source: ProChile, 2022.

### 7.3.2 Survey of ProChile trade attachés

In an effort to acquire first-hand knowledge of potential demand in the European Union, an online survey of ProChile trade attachés in Europe was conducted on both organic and fair-trade products. ProChile offices in the following countries participated in and responded to the survey: the Czech Republic, Denmark, Finland, Germany, Hungary, Italy, Lithuania, the Netherlands, Norway, Poland,

Romania, Spain, Sweden and the United Kingdom.<sup>63</sup>

The information obtained suggests that several EU countries have potential interest in a large variety of organic Chilean products. In some cases, they mention products that Chile does not currently offer on international markets, such as organic lemons and seafood.

The results of the survey in regard to organic products are presented below.

<sup>63</sup> The information obtained is given even though the United Kingdom is not part of the EU.

## 7.4 Conclusions

Sales of organic foods and beverages are expected to reach 150 billion euros in the next five years, posting 16.44% growth between 2022 and 2027. This growth is expected to continue as consumers continue to associate organic foods with good health, nutrition, wellbeing and caring for the environment.

The most important factors that are thought to impact the development of the organic sector, and which should be analyzed and considered, include changes in consumer behavior and preferences; the growing global demand for plant-based products; the growth of the organic market in the Asia-Pacific region; the growth of demand for organic baby food; the growth of online sales; food safety; sourcing for local inputs for organic production; public policies focused on the sector; and increased food chain transparency.

There are global challenges that the organic sector will have to overcome

to ensure that organic product sales meet the needs of international markets and consumers, such as offerings that meet increased demand; fluid and sufficient flow of raw materials and inputs required for organic production; strategies for addressing the decrease in sales of organic dairy products globally as a result of the increase in “similar” plant-based products; and information campaigns that cause consumers to associate organic meat with ethical behavior and nutrition so that their sales do not lag as those of dairy products have.

In 2021, Chile exported 98,462 tons of organic products worth US\$ 326.6 million and experienced 16.2% growth in volume and 12.3% growth in value between 2018 and 2021. The five main organic products exported were fresh blueberries, frozen blueberries, frozen raspberries, frozen strawberries and fresh apples. The main destination countries were the United States (US\$ 195.5 million), Canada (US\$ 31.3 million) and Holland (US\$ 25.5 million). Chilean imports of organic products in 2021 totaled 7,654 tons worth US\$ 23.4 million.

In regard to the Mutual Recognition Agreement between Chile and the EU that has been in place since 2018, Chilean exports of organic products to EU countries decreased by 23,206 tons between 2018 and 2021 to 19,433 tons (-16.3%) and US\$ 65.4 million to US\$ 59 million (-9.9%). While 27% of the volume of organic products exported by Chile in 2018 was sent to the EU, that number dropped to 20% in 2021.

Statistically speaking, since the agreement was signed, Chile's organic exports to the EU have decreased in both volume and value.<sup>64</sup> Chilean imports of organic products from the EU during the period under the agreement increased from 379 tons in 2018 to 1,264 tons (+233%) and from US\$ 2.4 million to US\$ 6 million (+151.3%). Statistically speaking, since the agreement was signed, Chilean imports of organic products from the EU have increased in both value and volume. Finally, Chile went from importing 7% of organic products from the EU to 17%, and in terms of value, that percentage rose from 18 to 26.

In the current context of global demand for organic products, we can point to a healthy forecast when it comes to increasing Chilean exports. Specifically, based on data provided by ProChile's offices in Europe, there is potential increase in importing organic products from Chile in some EU countries. There is generally interest in organic products such as fresh fruit, wine, dried and dehydrated fruit, nuts and avocado. In some cases, they mention products that Chile does not currently offer on international markets, such as organic lemons and seafood.

It is important to note that an important challenge for Chile that would impact exportation of organic products to the markets with the highest consumption is ensuring that the food is not only produced but that successfully introduce organic products into export markets and guarantee an organized exchange of goods among importers and exporters. The surveys show that it is not enough for producers to be familiar with organic production regulations and to meet them. There is also an urgent need

<sup>64</sup> We note that 2021 and 2022 figures do not include exports of organic products from Chile to the United Kingdom.



for information associated with the export process reach producers and for them to also have trained staff who can inform them or manage matters such as shipping regulations, customs procedures, transport logistics, customs regulations, tariffs and pricing mechanisms, as well as other basic information necessary to export in areas in which trade exchange within the organic sector requires special knowledge. This general information is not easily available to farmers who live in rural areas and have little time available and limited Internet connections and thus cannot access specialized literature or the resources available on these topics. In most cases, there is a need for information, support and training to access export opportunities for organic products.

Special attention must be paid to ensuring that this information reaches producers and that they develop plans and training activities if the goal is for more producers to get involved in

the increasingly large and competitive organic product export market. We must also note that Chile is not free from a supply chain issue that is present around



the world. The lack of organic supplies or raw materials for the manufacture of industrialized organic products, such as the scarcity of organic sugar and seeds pose structural problems for this sector that require urgent solutions.

Finally, but no less importantly, we must note that the changes and the new EU Regulation 2018/848 that went into effect on January 1, 2022 does not impact Chile, as the agreement is understood to be based on current regulations, meaning that Chile continues to export under Chilean legislation. In other words, Chile is an equivalent country under the trade agreement. However, future research may be conducted to determine whether the regulatory changes allow the equivalence as it stands to be maintained. In this regard, the interviews conducted as part of this study suggest that there is a great deal of disinformation regarding the contents of the new regulation and what its entry into force means for Chile.

Many respondents stated that they are very concerned about the effects of the regulation's impact on their enterprises, referring to positive and negative effects that are not related to the changes implemented through the new European regulation.

Consumers are increasingly informed and discriminating about their food preferences, particularly those in the European Union. These trends suggest that there are new business opportunities for organic food and beverage providers. This is promising for certified producers, who can guarantee compliance with regulations and organic production principles and are interested in positioning their products in international markets. As we have seen, the growth of organic agriculture and the demand for organic products pose opportunities and challenges that should be explored and addressed. The goal of this study has been to present both opportunities and challenges.

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