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Part A: Switzerland



1. Frequently asked questions on importing organic products into Switzerland

This chapter provides answers to a collection of questions that may arise during the day-to-day commercial operations of a trading company exporting or importing organic products to Switzerland. Most of the answers are followed up with detailed information in the following chapters.

1.1 How does the export of organic products differ from the export of conventional produce?

- *Company Objectives:* In addition to business objectives, ecological and social aspects must also be considered. The latter form the basis of a firm's credibility with its customers, and this



in turn is the foundation for a long-term business relationship.

- *Logistics:* Some privately controlled organic standards do not allow import by air. Transportation may only be sprayed with pesticides or cleansing agents which are specially permitted for use with organic products.
- *Packaging and Declaration:* Packaging must be free from pesticides, colourings, solvents or cleansing agents which could contaminate the organic products. Organic products must be labelled in accordance with the regulations laid down by the Swiss Organic Farming Ordinance (Bio-Verordnung).

- *Certification:* To have an imported product passed as 'organic' in Switzerland, the producers, processors, exporters and importers must undergo inspection and certification at least once a year by an accredited organic inspection and certification body.

1.2 What are the issues to bear in mind when exporting organic products to Switzerland?

Regardless of the product, importers must bear in mind the following aspects:

- The quality of products (prior agreement should be reached with the buyer).
- Avoiding dramatic fluctuations in supply.
- Efficient collection and distribution of the products.
- Thorough documentation of raw-material flows, production land and premises (this reduces the workload and associated costs of inspection).
- Small farmers' cooperatives: ensuring the quality of internal control procedures.
- Coordination of inspections by foreign inspection bodies.
- Competent advice on production, processing and commerce helps to avoid problems with certification.

1.3 What import documentation is compulsory?

- The exporter must in every case produce the import certificate issued by the certification body in the country of origin (Part A, Chapter 4.3.6).
- In the case of an individual authorization procedure, the exporter's inspection and certification body must also fill out an 'Attestation of Equivalence' (Part A, Chapter 4.3.6).
- If the exported product is intended for marketing under a private organic label, additional documentation may be required by the private organic label organizations.

1.4 What is the 'Country List'?

The Swiss Organic Farming Ordinance (Bio-Verordnung SR 910.18) gives a Country List stating those countries and accredited inspection and certification bodies for which the export formalities are simplified. Exports from countries on the Country List need not present an Attestation of Equivalence, for example. Until the end of 2000, the Country List is valid for plant products only. Once the Swiss Organic Farming Ordinance becomes applicable to animal products in early 2001, an updated list will be made available and will apply equally to animal products (Part A, Chapter 4.3.6).

1.5 Is certification according to BIO SUISSE standards essential in order to market organic products in Switzerland?

To market a product as organic in Switzerland, the Swiss legal formalities must be satisfied. BIO SUISSE certification is only necessary if the customer wishes to market the product under the BIO SUISSE Knospe label (a graphic depicting a bud and the letters 'BIO', shown in Chapter A 4.4.1 of this handbook). However the BIO SUISSE label does make marketing substantially easier. BIO SUISSE is the association of Swiss organic agriculture organizations. It operates its own standards and owns the Knospe label.

1.6 Can an exporter from abroad apply to BIO SUISSE for certification of products?

No. The application must be made through a BIO SUISSE licence holder. A list of these can be found at www.bio-suisse.ch. As a matter of principle, BIO SUISSE will only grant a licence to firms or producers in Switzerland.

1.7 Are the organic standards in Switzerland stricter than in the EU?

The Swiss Organic Farming Ordinance is stricter than the EU Regulation on Organic Production (Annex II of this handbook) in several points, particularly in its stipulations on whole-farm systems and biodiversity (see the comparison of regulations in Annex III). However the requirements on conversion are less strict than in the EU. Switzerland does not observe a 'year zero'. Most privately operated label programmes in Switzerland and the EU have certain conditions which exceed the minimum requirements of the Swiss and EU organic regulations.

1.8 Is the Swiss market open to products from emerging markets and markets in transition?

Access to the Swiss market (and also to the EU) for products from emerging markets and markets in transition is regulated by means of regulations on equivalence. The production, processing, inspection, certification and labelling of organic products in emerging markets and markets in transition must take place according to requirements which are equivalent to those of the Swiss Organic Farming Ordinance. This is not to say that identical procedures are imposed. In fact, it is desirable to adapt organic farming standards to local conditions and make use of certification bodies in the emerging markets and markets in transition. The Research Institute of Organic Agriculture (FiBL) in Frick (Switzerland) can be of assistance with feasibility studies and detailed market research.

1.9 Are there separate import quotas for organic products in Switzerland?

No, Switzerland does not impose separate import quotas for agricultural products from organic production on the one hand and conventional produce on the other. Customs law takes no account of whether products are organic or not. The main issue for importers is that import quotas for fruits and vegetables are set, in coordination with the seasonal availability of Swiss products.

1.10 Which inspection and certification bodies are officially recognized in Switzerland?

An inspection and certification body is officially recognized by the Swiss authorities if it:

- a) appears in the Country List in Annex 4 of the Ordinance of the Swiss Federal Department of Economic Affairs on Organic Farming (Verordnung des Eidgenössischen Volkswirtschaftsdepartement über die biologische Landwirtschaft SR 910.181) (see also www.admin.ch) or
- b) has a valid accreditation document in accordance with either ISO 65 or EN 45011 standards, and is listed with the Swiss authorities (Swiss Federal Office for Agriculture – Bundesamt für Landwirtschaft).

1.11 Why are all the inspections and paperwork necessary?

Consumers of organic products want to be certain that the 'organic' label on the outside is a true indication of an 'organic' product on the inside. To avoid abuse or fraud, national legislation protects these terms. This is why farmers, processors and traders must submit to an accredited inspection process. As part of this, the entire production cycle must be documented so that, in the event of an objection, a product can be traced back from the final consumer to the original producer.

1.12 What can be done to make the work of customers in Switzerland easier?

It is very helpful if the farm in the exporting country prepares the most comprehensive documentation possible as part of the Attestation of Equivalence. If BIO SUISSE certification is desired, the inspection office must be informed of this intention before the inspection.

1.13 Is the present quality level satisfactory for the Swiss market?

For export, it is necessary to check that the quality of products meets the standards of the target market in Switzerland. This involves not only the requirements of the Swiss Organic Farming Ordinance, but also Swiss food legislation. In general, Swiss consumers have very high expectations in terms of product quality. Organic products must usually meet the same quality standards as conventionally produced goods. The only slight allowances are made in the case of fruit. The requirements also relate to food packaging. It is common practice to provide the importer or potential customer a representative sample of the organically produced products. On this basis, agreement can be reached with the trading partner as to whether the quality is sufficient to satisfy market requirements.

1.14 What are the market prospects of an organic product in Switzerland if it is not marked with the BIO SUISSE Knospe ('bud') label?

Even organic products without the Knospe label can be marketed successfully in Switzerland, for instance through the large-scale distributor Migros. Even smaller retailers market other organic products alongside Knospe products. However the marketing effort made by BIO SUISSE for its Knospe label is considerable. As the 'bud' becomes increasingly familiar to consumers, it will become more important to use this label. The symbol possesses high status and credibility in the minds of Swiss consumers.

1.15 Where can export information and figures on the organic market be obtained?

- Details of the statutory foundations of the Swiss Organic Farming Ordinance can be found at www.blw.admin.ch and www.admin.ch.
- The BIO SUISSE homepage (www.bio-suisse.ch) provides information on agriculture in Switzerland and the addresses of BIO SUISSE licence holders together with BIO SUISSE standards and forms.

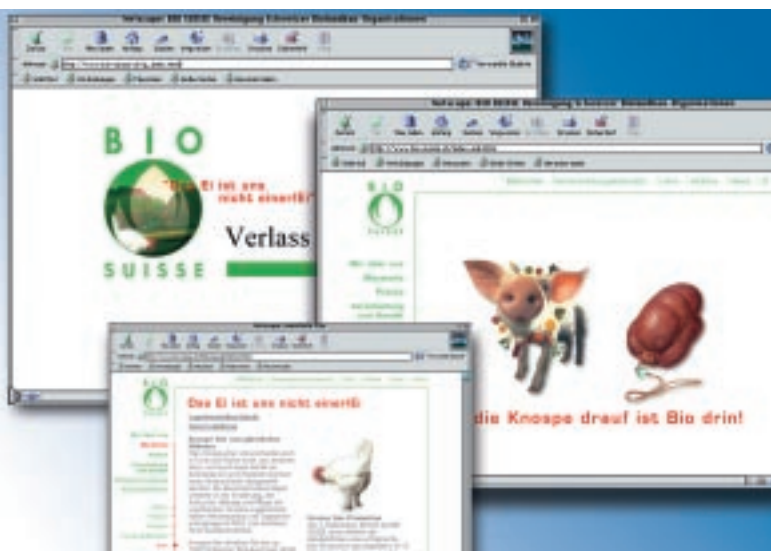
- Information on the EU Regulation on Organic Production can be obtained at http://europa.eu.int/eur-lex/en/lif/dat/1991/en_391R2092.html

1.16 How can potential business partners in Switzerland be contacted?

Contact can be made with potential (new) business partners in Switzerland in writing, by telephone or in person. An address list can be found at the end of this handbook. Trade fairs are a good opportunity for producers and exporters to present their products to future consumers and traders. One of the most important organic trade fairs internationally is BIOFACH in Germany, which Swiss customers are also likely to attend. Other trade fairs are listed with addresses at the end of this handbook. In the search for potential business partners, SIPPO – Swiss Import Promotion Programme – can also be of assistance.

1.17 What are the differences between integrated and organic production?

Compared with conventional methods, integrated production already contains important steps towards more environmentally sound practices in agriculture, such as biological pest control and the utilization of synthetic crop protection agents according to the control threshold principle. Organic production, in contrast to integrated production, bans synthetic crop protection agents, fertilizers and herbicides. Permitted methods of production and labelling conventions for organic products are regulated internationally. Products from integrated production may not therefore be described as 'organic'.



- The Research Institute of Organic Agriculture (FiBL) in Frick (Switzerland) can be of assistance with feasibility studies and detailed market research projects (www.fibl.ch).

2. The market for food and organic products in Switzerland

2.1 Economics and demographics

2.1.1 Populations and households

Switzerland's 7.2 m inhabitants live in an area of 41,284 km². Over half of the population lives in and around Zurich, Basel, Geneva and Berne. Switzerland's population density is 173 inhabitants per km². In the next 20 years the population is expected to grow to 7.6 million, the main reason for this trend being increasing life expectancy.

In the year 2020, over 50% of the Swiss population are likely to be over 50 years old. The 50–70 year-old age bracket is considered to have special purchasing power due to its relative affluence and leisure time. In comparison with younger consumers, the food intake per head for older consumers is lower in quantity, but as a group they tend to focus more strongly on quality and health. This consumer segment is thus of particular interest as regards demand for organic products.

In Switzerland there are almost 3 million private households, a figure which continues to rise. This is not just a result of population growth but also of decreasing household size. The average size of a Swiss household in 1990 was 2.3 persons (EU: 2.6 persons per household). In 1990 more than two thirds of the Swiss population lived in one- or two-person households. Smaller households have a greater demand for high value and pre-processed products, and for smaller quantities per package. They are also less price conscious than larger households and they dine out more frequently. They are less inclined to choose organic products than larger households and families with children.

2.1.2 Employment

In Switzerland the proportion of working people in the 15–64 year-old age bracket is high in comparison to the EU (see Table 1). Almost 80% of all men and more than half of all women in this age bracket were employed in 1997. The distribution of employment by economic sectors shows 5% of Swiss employment to be in agriculture and forestry, 25% in industry and 70% in the service sector (see Table 1).

Table 1: Proportion of population employed, and its distribution across sectors in 1997

	Switzerland	EU
Men	78.5 %	69.9 %
Women	56.9 %	45.6 %
Agriculture (Primary Sector)	4.6 %	5.0 %
Industry (Secondary Sector)	25.4 %	29.5 %
Service Sector (Tertiary Sector)	70.0 %	65.5 %

Source: EUROSTAT, 1998/99

As a consequence of the high employment rate, leisure time in Switzerland is in ever-shorter supply. Domestic chores are increasingly farmed out to service providers, and even for food shopping less time is available.

2.1.3 Consumer prices and spending patterns

Consumer prices have risen slightly in the last few years. In the period between 1993 and 2000, food price inflation was 3%, slightly below the average inflation rate for consumer goods and services in Switzerland. In the same period, producer prices for farmers have dropped significantly and now reach only 82% of the 1993 price level.

Only 13% of all consumer spending today is allocated to foods and beverages, in line with the falling trend that has continued for decades and will persist in future. The reason for this is the expected fall in retail food prices in the course of increasing trade liberalization.

2.2 Consumption trends for organic products

2.2.1 Current trends

Although a series of external influences have affected demand for organic products positively in the last few years, there are also consumer trends in Switzerland which counteract higher demand for organic products.

A growing group of quality oriented and price-conscious shoppers

In future, Swiss consumers will become (even) more critical and price conscious when purchasing food. This is conditioned by their high level of education, food scandals, and the growing significance of low prices in the marketing of mass-market retail chains. This means that the most successful marketing of organic products will be achieved where the price premium over conventionally produced products is perceived to be moderate, while organic producers and marketing bodies at the same time project a credible image.

Growing awareness of health and fitness issues

Growing numbers of people, especially older consumers, are focusing on the health aspects of their diet. Younger consumers aspire to ideals of well-being (or 'wellness', as it is termed in German-speaking countries). Trend researchers therefore anticipate that demand will grow for organic and diet foods.

Growing awareness of regional specialities

Identification with the home region will increase as a reaction against globalization. Imported products, especially those which could be produced in Switzerland, are greeted with scepticism by certain Swiss consumers.

Growing awareness of environmental issues

The Swiss population has been relatively well sensitized to environmental issues. The involvement of the individual in environmental issues and active concern over food may well increase further. That is a good prerequisite for further growth in the market volume of organic products.

The trend to keep up with trends

One of the key influences on modern consumption patterns is that exerted by the media in general and advertising in particular. This will heighten the trend to purchase according to brand awareness. In this environment it is important for companies marketing organic products to possess a strong brand and to maintain a media presence.

Hybrid purchasing patterns

Purchasing patterns vary according to situation, mood, and the product required. Thus today it is rare to find one standardized consumer group or consumption pattern. Instead, buying behaviour often follows parallel or even contradictory 'hybrid' trends. Organic food and fast food, for example, can be combined without apparent problems.

2.2.2 Consumption patterns for organic products

Organic foods are by no means novel products on the Swiss market. It is now some 50 years or more since farmers realized the benefits of organic practices on their farms. However the growing demand has only come to the attention of the food industry and trade in the last 10–15 years. The increased demand for organic foods is predicated on a variety of key factors:

- **Food safety:** Food scandals such as BSE repeatedly undermine consumer confidence. Consumers question the safety of food production and intensive conventional agriculture
- **Environmental awareness:** Most consumers have been sensitized to environmental issues. Themes such as pesticide residues, recycling and sustainable agriculture are widely debated.
- **Animal welfare:** Consumers are sensitive about intensive livestock rearing which does not fulfil animal welfare requirements.
- **Media attention:** Television, radio and print media constantly draw the population's attention to food safety, environmental issues and animal welfare.
- **Credibility:** Certification systems, label programmes and standards established by legislation have ensured a greater degree of credibility for organic foods. Consumers can now have more faith in the authenticity of the products.

- **Availability:** Since the two largest Swiss supermarket chains COOP and Migros have begun to market organic products actively, it has become more convenient to purchase organic foods. The scope of the organic range in the supermarket chains is also growing continually.
- **Level of education:** Studies have shown that consumers of organic products tend to have a higher level of education.
- **Quality issues:** In some product groups (for example fruit) the organic products do not always come up to the same visual quality standard as conventional products. Organic products are more prone to show signs of ageing due to their slower turnover rate.
- **GMO-free production:** Neither Swiss nor EU standards for organic products accept the utilization of genetically modified organisms (GMO) in production or processing.

There is a parallel range of factors restricting the growth of the market for organic foods:

- **Price:** A high price-differential between organic products and conventionally produced foods is the most powerful limiting factor on demand. However, in comparison to other European countries (Germany, for example) the price differential between organic and conventionally produced foods is lower in Switzerland.
- **Trade and processing structures:** One reason for high prices for organic produce is that distribution is often rather inefficient and involves many intermediaries (separate collection of organic produce in minimal quantities). With increasing availability, larger quantities and more efficient distribution, the price-differential over conventional produce will fall.
- **Availability:** Many branches of the mass-market retail chains still lack a full selection of organic products (e.g. of fruits). This is coupled with the fact that the organic range does not keep pace with every general trend in consumption (e.g. in deep-frozen foods or convenience products). Not only that, but there are product sectors in which potential demand far exceeds the available supply (e.g. pork, poultry meat).

2.2.3 Price premiums and willingness to pay for organic products

Price premiums on organic products vary according to product group and type of market. They are dictated in part by higher production and distribution costs, but also by the willingness of consumers to pay the premium. They tend to be higher in specialist organic food stores/natural food stores and lower in supermarkets and mainstream consumer outlets. In the latter two market types, premiums for the following product groups are approximately:

- Milk/dairy products: 10%
- Vegetables: 40–80%
- Potatoes: 50%
- Cereals/cereal products: 40–50%
- Fruits and nuts: 50–60%

The majority of consumers accept a premium for organic products of between 10 and 30%, with a somewhat greater willingness to pay the premium for plant products produced to organic standards than for organically produced animal products. People are willing to pay a higher premium for speciality products.

2.3 Organic agricultural production in Switzerland

Organic agriculture has undergone dynamic development in Switzerland over the last 10 years. Since the early 1990s it has been acknowledged and promoted by



politicians and government bodies. The area of agricultural land being farmed according to organic standards is expanding rapidly. By the beginning of 2000 it had reached some 87,000 ha (8.1% of agricultural land in Switzerland). Since the early 1990s, the number of organic holdings has increased almost eight-fold. By the beginning of 2000, the number of organic farms was 5300. This corresponds to 8.4% of all agricultural holdings in Switzerland. Further growth in farm conversions to organic agriculture is to be expected in the next few years, albeit at a less rapid growth rate.

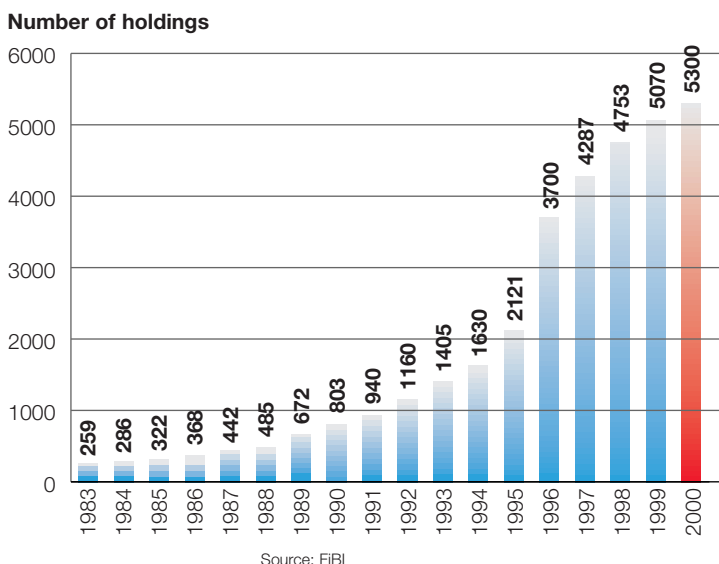
In terms of area, the most significant organic crops grown in Switzerland are bread cereals, fodder cereals, vegetables and potatoes. The main organic products of animal origin are milk, dairy products, meat or meat products and eggs. Dairy products stand out as one of the most important product groups within organic agriculture in Switzerland as a whole. Organic products are grown in Switzerland on private family farms. The average size of holding is 16 ha.

2.4 Market partners and trade structures

The Swiss organic market is extremely diverse: numerous small and medium-sized firms – sometimes going back decades – are engaged in the supply, processing and distribution of organic products (Figures 2, 3). However two supermarket chains have taken up a dominant position as sales intermediaries: since the entry of the two



Figure 1: Development of organic agriculture between 1983 and 2000



largest Swiss supermarket chains COOP and Migros, in the early and mid-1990s respectively, sales of organic products have progressed in leaps and bounds. Currently around 60% of all organic products are sold through the two supermarket chains. In comparison to many other European countries, mass-market retail chains occupy a dominant position in Switzerland (see Figure 4). Furthermore there are a series of wholesale firms, importers and agents who have specialized in the import of organic products (addresses in Annex IV).

Figure 2: Sales channels for organic products in Switzerland, 1998

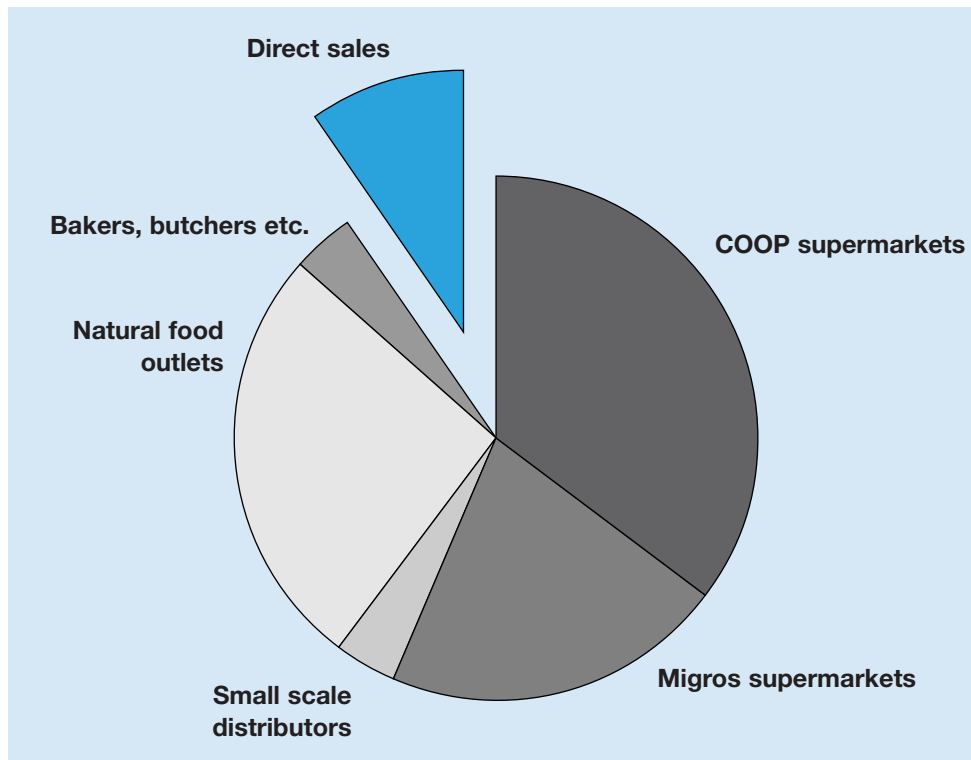
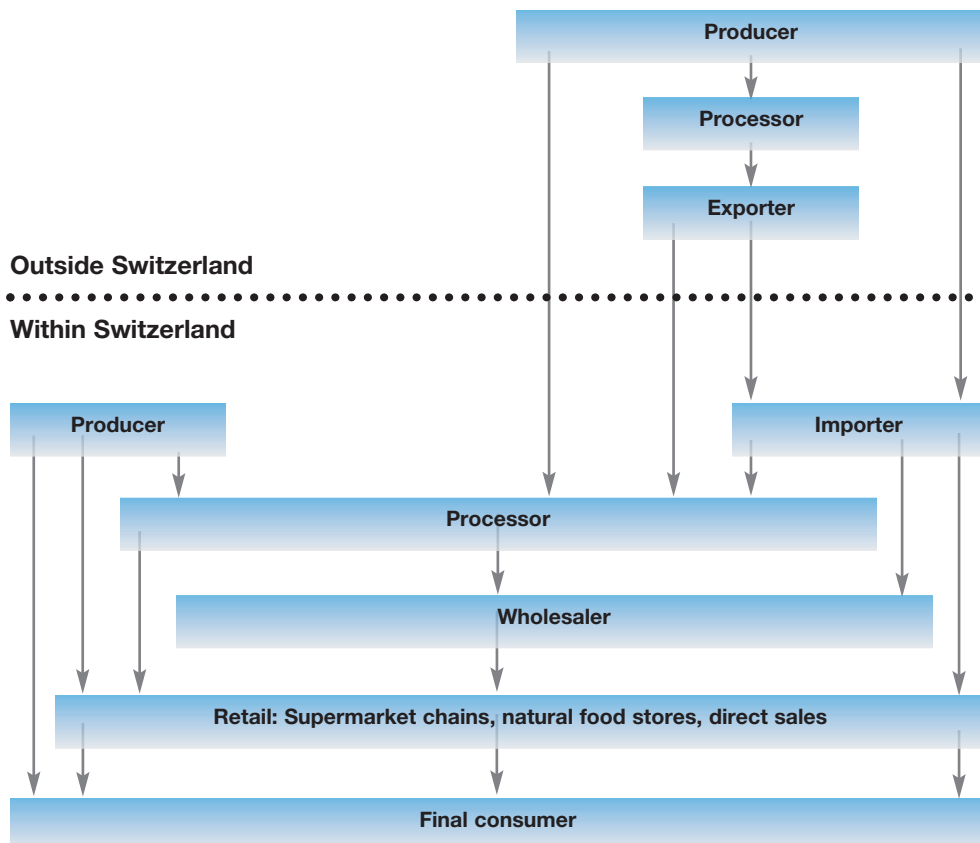
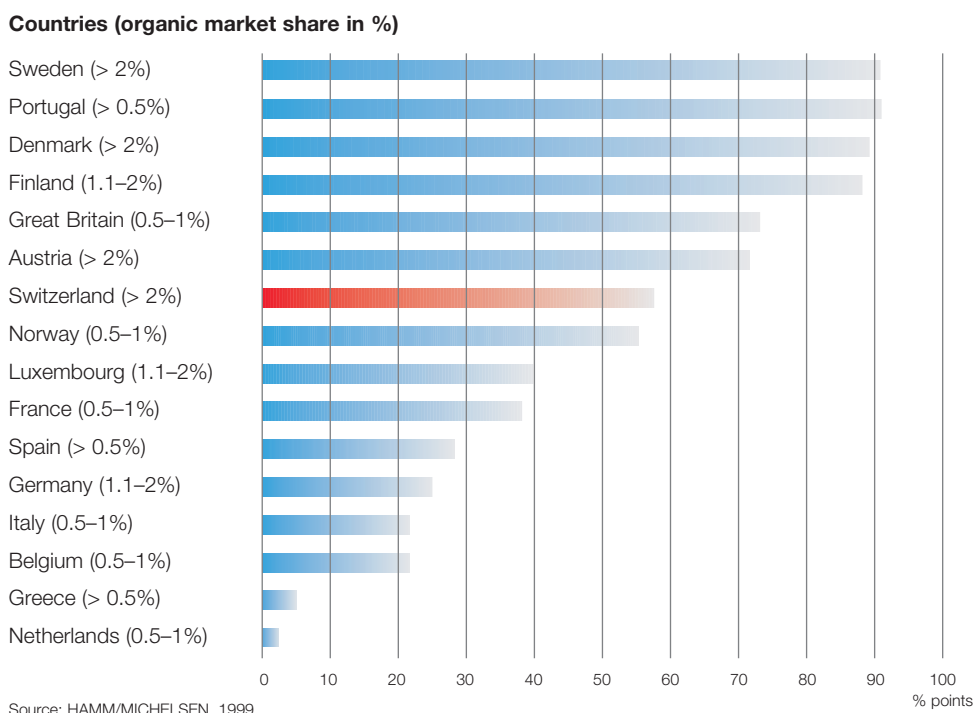


Figure 3: Trade structures in the Swiss organic market



Source: FiBL

Figure 4: Proportion of organic products marketed through mass-market retail chains in Switzerland and other European countries



2.4.1 Supermarket chains

COOP has sold organic products since the early 1990s. In 1999, sales achieved by COOP (CHF (Swiss Francs) 280 million) represented 43% of all organic foods sold in Switzerland. COOP has set itself ambitious sales targets: to double turnover in the next few years and gain 10–20% of market share for key products. COOP also owns food processing plants, some of which manufacture organic products. COOP organic products are marketed with the BIO SUISSE label, the Knospe ('bud'). They are also sold under COOP's own trademark 'NATURApplan', although under this label animal products may be sold which only conform to integrated production standards, since products of organic quality are not available in sufficient quantities. The certification of COOP organic products is carried out by bio.inspecta. According to figures provided by COOP, the product range extends to over 500 organic items and is increasing. COOP also markets textiles made from organic cotton under the 'NATURALine' label.

At **Migros**, the largest supermarket chain in Switzerland, ethical and socio-ecological aspects are also gaining importance. Total sales in the relevant lines (Migros Bio-Programm, eco!, Mio Plant natura, Max Havelaar) figured approx. CHF 1.5 billion in 1999. In 1999, Migros Bio turnover figured CHF 132 million, accounting for 20% of the total turnover of organic products in Switzerland. The Migros range currently comprises some 900 organic articles. At Migros, too, there is a rising trend in the marketing of organic products. All organic products are sold under the Migros-Bio label (agricultural standards comparable with those of BIO SUISSE) and certified by bio.inspecta. Migros likewise owns various processing plants, some of which also manufacture organic products.

2.4.2 Smaller retail chains

Various wholesalers exist which deal in organic products. The USEGO-Trimerco-Holding purchases products and supplies them to over 5000 retail outlets, including Primo supermarkets, Vis-à-Vis shops and numerous independent retailers, many of whom stock organic products (e.g. 'Bio

Domaine' products and Knospe products). Other chains such as Volg AG (based in Winterthur), Manor (based in Basel) and Spar (based in St. Gallen) stock organic foods, Knospe products among others. Annual sales of organic products in these retail chains are currently around CHF 20 million and development is far less dynamic than at COOP or Migros.

2.4.3 Health food stores, specialist organic stores, direct marketing

Until the early 1990s, specialist organic stores were the most important sales outlets for organic products, together with farm-gate sales and weekly farmers' markets. While organic product sales through COOP and Migros are rising steadily, sales of organic products through organic food stores and health food stores have stagnated, as has the direct marketing of organic products by farmers. The annual turnover of organic produce in health food stores and specialist organic outlets has stuck at around CHF 150 million since 1997. Direct sales have remained equally static since 1997 at around CHF 50 million per year.

2.4.4 Catering

The marketing of organic products through catering companies and workplace canteens is in the very early stages of development. The turnover of organic products is increasing quite considerably however. Some of the main suppliers are: SV-Service in Zürich, in cooperation with BIO SUISSE (joint project to supply university canteens and COOP restaurants with organic foods) Swissair (naturalgourmet™ concept on all international Swissair flights).

2.4.5 E-commerce

E-commerce is not the medium of first choice for the food sector, since it is a difficult way to market fresh products. In the case of organic products an additional factor is that the target audience does not belong to the most enthusiastic group of Internet users.

In the Business-to-Business sector, efforts are being made to establish electronic commerce. One example is the Biofood-net (<http://www.biofood.net>). But even this labours under the constraint that dealing with organic products relies primarily on direct contacts.

2.4.6 Organizations for organic agriculture

Swiss organic farmers belong to more than 30 different organizations, practically all of which are members of BIO SUISSE (the Association of Swiss Organic Agriculture Organizations) in Basel (for more information about BIO SUISSE and its standards and certification programme see Part A 4.4.1).

2.4.7 Inspection and certification bodies

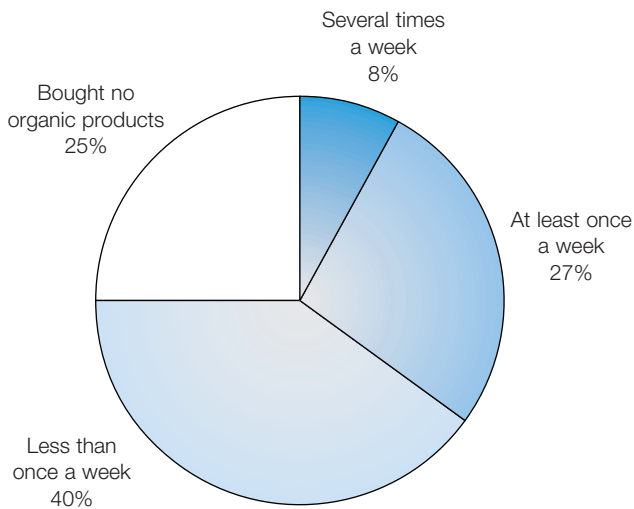
To be marketed as organic produce, a product must be certified by an accredited inspection and certification body. The principal inspection and certification body in Switzerland is bio.inspecta AG. It certifies most of the agricultural holdings producing to BIO SUISSE, Demeter and Migros-Bio organic standards. The Bio Test Agro AG firm only carries out inspections of agricultural holdings. Individual processing operations are inspected by the SQS firm. The Institute for Market Ecology (Institut für Marktökologie, IMO) supplements its international activities by inspecting Importers, Exporters and processing companies in Switzerland (addresses in Annex IV).

2.5 Demand and volume of the organic market in Switzerland

Today the great majority of Swiss consumers buy organic products fairly regularly. In response to a BIO SUISSE survey, only a quarter of respondents stated that they bought no organic products (Figure 5).

2.6 Importing organic products

Figure 5: Frequency of purchase of organic products in Switzerland



However, shoppers identify not only certified organic products as 'organic'. Often, true organic products are confused with products from high-welfare livestock management, integrated production or regional label programmes.

Whereas in the past consumers of organic products were mainly those who linked an organic diet with a holistic, ecological lifestyle, today a growing number of average consumers have a positive attitude to organic products. However, this is only transformed into real demand by attractive offers. Thus the entrepreneurial efforts of retail chains in Switzerland are primarily directed towards better fulfilment of consumers' aspirations towards healthy, natural and enjoyable foods, but also towards trend products produced to organic quality.

In line with the increasing demand for organic products, the Swiss organic market is undergoing dynamic development. Turnover of certified organic products was estimated at CHF 656 million in 1999 (approx. 2% of the entire Swiss food market). Around two thirds of organic products sold in Switzerland can be produced domestically. The remainder is largely constituted of products which are not grown in Switzerland, such as coffee or citrus fruits. Further products are imported to compensate for seasonal fluctuations in supply (for example, vegetables).

In the past, the range of imported organic products was fairly wide, but restricted for a long time in terms of the quantities available, to the occasional frustration of producers, import/exporters and retailers. This can be explained by the following main factors:

- BIO SUISSE dominates the greater part of the Swiss organic market. In the year 1999, 75% of all Swiss organic products were certified according to standards set by BIO SUISSE. BIO SUISSE sets tough requirements for imported products, for example insisting on whole farm organic management, refusing to award the label to competing products, and prohibiting air transport.
- High quality requirements imposed by traders for organic produce.
- Logistical problems affecting imported produce (too small quantities, inadequate distribution network).
- Many consumers of organic foods associate organic farming with regional and seasonal production. With the entry of supermarket chains to the market, the significance of this aspect is now declining.

Despite these factors constraining cross-border trade in organic products, imports of organically produced foods and beverages into Switzerland are constantly rising due to the strong surge in demand, especially for durum wheat, bread and fodder cereals, soya, rice, citrus fruits and dried fruits. The trend for rising imports is expected to continue in the coming years. Swiss imports of organic soft wheat from abroad have increased almost six-fold from 1997 to 1999. The increased demand for organic meat and organic eggs has also enhanced demand for fodder cereals. Currently only around 40% of Switzerland's total requirement for organic cereal is produced in Switzerland. Even for dairy products, it is debatable whether domestic supply can meet the expected growth in demand.

In general, it is recommendable to use the services of an importer to introduce organic products into Switzerland rather than selling them directly to the food industry or trade. Importers can provide the exporter with information on market conditions, quality standards, market access restrictions and import formalities. Just as importantly, they can provide the logistical service needed in order to reach the customer quickly. In addition, many industrial buyers prefer to obtain goods from familiar intermediary organizations which take on the upfront workload and costs of importation on their behalf.

2.7 Future market development

There is great potential for further growth. Retail sales of BIO SUISSE labelled Knospe products alone have increased by around CHF 80 million from 1998 to 1999. That represents growth of around 14%. BIO SUISSE considers a 5% market share of the total Swiss food market as realistic in the medium term (COOP is achieving this figure internally already). This indicates a potential market for organic foods of CHF 1.8 billion over the next few years.

Experts are expecting the Swiss market for organic foods to grow by 20% per year in the next five years. In this development, the most important factors are:

- Consumers have a positive attitude to healthy, ecological and ethical food production.
- Increasing price pressure in the market for conventional farming produce, government support for farm conversion to organic agriculture and market demand will all boost domestic supply.
- To gain the edge over their competitors, the major retail chains need to profile themselves as socially and ecologically aware in the eyes of critical Swiss consumers. These retail chains will benefit from the positive image of organic products.
- The availability and choice of organic products is increasing across all channels, but especially in the supermarket chains.

Web information corner for the food and organic market in Switzerland

<http://naturaplan.coop.ch/index.htm>

Information on the 'NATURApplan' range by COOP and webcams at various organic production sites (German site)

<http://www.migros.ch/>

Overview of the Migros supermarket chain (German & French)

<http://www.miosphere.ch/>

Overview of the Migros-Bio products (German, French & Italian)

<http://www.bionetz.ch>

Directories of organic food stores, restaurants, wholesalers, food processing in Switzerland, recipes and free small-ads (German)

<http://www.biofood.net>

Business-to-Business sector information and news platform for international and local trade in organic products (English & Dutch)

http://www.bio-suisse.ch/html/e_handel_1.html

Firms licensed by BIO SUISSE to manufacture products of Knospe quality. Searchable database of firms supplying organic products, including addresses (English; for French replace e_handel with f_handel; for German with g_handel)

http://www.bio-suisse.ch/html/e_konsumenten_2.html

Restaurants in Switzerland offering organic products (English; for French replace e_konsumenten with f_konsumenten; for German with g_konsumenten)

<http://www.volg.ch>

<http://www.spar.ch>

<http://www.manor.ch>

Overview of different retail chains.



3. Development and potential of the Swiss organic market by product group

Development of the organic market in Switzerland is currently very dynamic and there is excellent growth potential in a wide range of product groups. This chapter provides companies wishing to import organic products into Switzerland with detailed first-hand information on this development and the potential for organic products on the Swiss market. The data is based on a recent survey conducted by the Swiss Research Institute of Organic Agriculture (FiBL) among experts from major trading companies and specialists in the Swiss organic market.

Market data are not currently available for all products. The figures on national and international supply cannot claim to be exhaustive (Table 2). The graph below presents estimated figures, and is intended to give an overview of the product groups.

3.1 Significance of imports in the Swiss organic market

Natural factors limit the options for Swiss production and restrict domestic supply. Ever more imports are reaching Switzerland due to the high level of demand. The import share differs in size depending on the product group (Table 2 and Figure 6). Organic products 'under conversion' tend to have difficulties in the market. Producers must sit out the two-year conversion period before they can export to Switzerland.

By international comparison, Switzerland imports a lower percentage than, for example, Germany or England, the most important import countries. Historically, there have been relatively few exports either. Specialities such as organic chocolate are the exception.

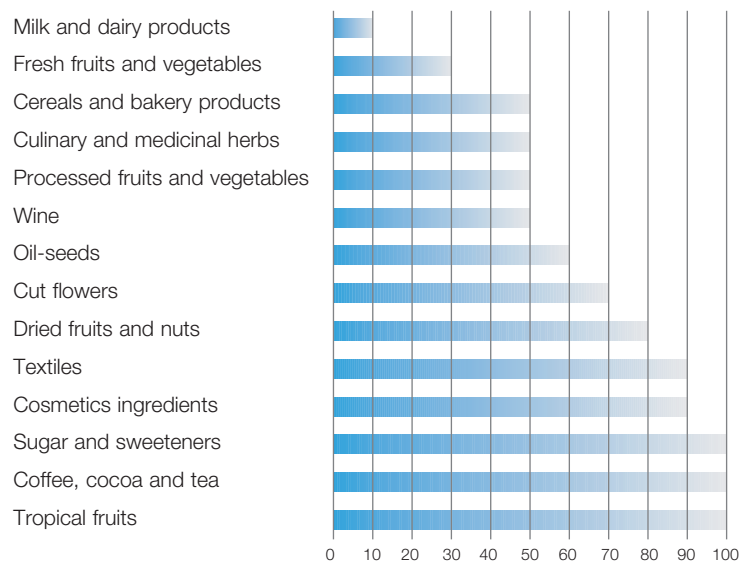
Table 2: Domestic supply and imports in Switzerland, 1999

Product group	Domestic produce (t)	Imports (t)
Fresh vegetables	7,479	2,760
Fresh fruits	6,490	2,250
Dried fruits and nuts	*	485
Processed vegetables	1,125	310
Fruit juices	*	260
Culinary and medicinal herbs	*	75
Bread cereals, rice	8,320	21,130
Fodder cereals	6,420	4,700
Sugar, sweeteners	0	1,000
Oil-seeds	32	2,287
Protein crops	250	2,480
Coffee	0	520
Cocoa	0	215
Tea	*	4
Milk, dairy products (cheese, butter)	266,900	500
Wine	*	200
Cut flowers	*	4 million

* No data available

Source: FiBL based on figures from FiBL, BIO SUISSE, bio.inspecta, Swiss Federal Statistical Office, 2000

Figure 6: Estimated import shares of organic products in Switzerland



Source: FiBL (estimates), 2000

3.2 Current demand and potential by product group

3.2.1 Fresh and stored vegetables

Market situation and potential

Fresh vegetables were among the earliest organic products. Over the years this product group has gained a position of great importance in the market. Depending on the type of outlet and the region, over 25% of vegetables sold are of organ-



ic quality. This is true not only of the specialist retail trade but also of supermarkets, which now account for over 50% of organic vegetable sales. In the last few years, annual growth in turnover of 10% has been registered. This growth rate should climb to 20% in the next few years. Experts rate the future market situation for fresh vegetables as very good, and assess that the outlook for stored vegetables will also remain good.

Market and growth prospects: fresh vegetables

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Market and growth prospects: stored vegetables

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Swiss traders and retailers prefer home-produced goods whenever possible. Nevertheless imports take up an important place to supplement domestic supplies out of season and to bridge bottlenecks in supply. This calls for quick reactions to the market situation on the part of exporters

and importers: since import quotas are determined weekly, they can change quite rapidly. Measured by quantity, imports of fresh vegetables are constantly increasing. The primary countries of origin for imported organic vegetables are Italy and France. Smaller quantities are imported from Spain, Germany, the Netherlands, Austria, Israel and Canada. In future, it is expected that more vegetables will be purchased from the Mediterranean countries, especially in winter, and from Israel and Egypt in particular. Germany and Austria can also be expected to supply more organic vegetables.

Policy and trade environment

The supply of organic vegetables from the Mediterranean region will continue to grow. This will lead to pressure on prices. At the same time, however, demand from the major retail chains is increasing. The current WTO-compliant customs legislation practically prevents the import of stored cabbage, celery, carrots and beetroot. The bilateral treaties between the EU and Switzerland should have a stimulating effect on trade in organic vegetables. Swiss import restrictions are a constraining factor: domestic production is protected by high trade duties during phases of good domestic provision. However it is enshrined in law that phases of high duties must be interspersed with phases of low duties. These periods of low trade duties mostly coincide with periods of insufficient domestic supply (between November and April).

Problems and wishes of market operators

- Most Swiss buyers prefer vegetables from neighbouring countries. Vegetables from overseas have little prospect of market access, since various organic labels prohibit import by air.
- Swiss importers want producers to offer more dependable delivery, less logistical workload and very high quality.
- Foreign producers and Swiss importers want more rapid processing of import applications by the Swiss Federal Office for Agriculture and by the organic label organizations (e.g. BIO SUISSE).
- Importers want less administrative workload imposed by the Swiss Federal Office for Agriculture and more transparency in relation to import quotas. For example, they should have the option of submitting the accumulated documentation for a complete month rather than for each individual consignment.

- Foreign producers want BIO SUISSE to harmonize its agricultural standards with EU regulations.

3.2.2 Processed vegetables

Market situation and potential

The trend in favour of convenience food and ready-to-serve meals has heightened the demand for processed vegetables. The greatest demand is for organic products of Knospe (BIO SUISSE's 'bud' label) quality. Some firms have already specialized in this area. For example there is a long-standing tradition of Swiss organic vegetable juices and these are exported worldwide. The newer firms are also interested in exporting processed vegetables. As with fresh vegetables, over half of these products are sold in the COOP and Migros supermarket chains. The trend for processed vegetables will continue to rise. In particular, demand from the restaurant sector is expected to grow. Experts rate the market situation as good to very good, now and in the future.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Most produce of this type is produced domestically. Imported produce is supplementary in character. The primary source of processed vegetables is Italy (tomatoes, artichokes). Smaller quantities are bought from France, Hungary, Germany and the Netherlands. There is some limited scope on the Swiss market for processed vegetables from overseas, provided that they are transported by ship. Given a similar product range, neighbouring countries have better market prospects since transporting goods long-distance from overseas is opposed on ecological grounds.

Policy and trade environment

The situation is similar to that of fresh vegetables (see 3.3.1). The market is not yet as well developed, however. Accordingly there is a lack of information. Some products are in short supply. For example, there are too few suppliers of mushrooms.

Problems and wishes of market operators

- Swiss importers want more suppliers of processed vegetables, specifically mushrooms.
- Otherwise the problems and expectations coincide with those applying to fresh vegetables.

3.2.3 Fresh fruits

Market situation and potential

Organic cultivation of pome and stone fruit underwent a radical improvement in quality during the 1990s. Thanks to newly developed methods, organic agriculture has successfully liberated itself from the image of the wrinkled apple. In parallel with this, demand and domestic supply have both surged strongly. On the other hand, the



cultivation of organic cherries has not progressed beyond an early stage because of persistent technical cultivation problems. Mass-market retail chains are nonetheless extremely keen to complete their organic ranges. Thus the potential for development is quite attractive, promising good future sales opportunities for pome fruit and stone fruit. This is particularly true of fruits which are still under-represented on the market. The market volume for citrus fruits is currently rising by 20–30% per year.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Apricots and peaches are not widely grown in Switzerland due to the climate and are thus mainly imported from Medi-



terreanean countries. Citrus fruits and exotic fruits are exclusively imported. Lemons and oranges originate from Italy and Spain. Bananas come primarily from the Dominican Republic and in smaller quantities from Mexico and Uganda. Mangoes and grapefruits come from Ghana, pineapples and passion fruits from Uganda. Other fruits come from Israel, Germany, Austria, Argentina and Chile.

Policy and trade environment

The market for tropical fruits is still very new and has a strong potential in both the delicatessen sector and normal mainstream retail outlets. The level of supply is currently rising worldwide, which will have a positive effect on availability and prices. As with fresh vegetables, high duties are imposed on local fruit varieties at times of good domestic provision. During periods when there are shortfalls in Swiss supply, lower duties and high import quotas are set for these same fruit species.

Problems and wishes of market operators

- Importers and dealers want fruit to have a better visual appearance and better storage capabilities.
- Producers of tropical fruits repeatedly complain of problems in adhering to the strict BIO SUISSE standards. Particular obstacles are the requirement for whole-farm organic management (for example affecting citrus holdings) and the ban on imports by air (increasing the need for post-harvest treatment).

- Many consumers make no distinction between organic and fair trade bananas. Furthermore the use of ethylene to accelerate the ripening process of bananas is a matter of controversy.
- Swiss importers want greater concentration of supply, a general increase in supply and an improvement in quality.

3.2.4 Fruit juices

Market situation and potential

Apple juice, pear juice and grape juice have been produced in Switzerland for many years, along with juices and syrups from various other fruits (blackcurrants, strawberries, etc.). They have become well established, not only in natural food stores but also in supermarket chain outlets. Towards the end of the 1990s, sales of these fruit juices were increasing by 80% per year. Citrus juices and exotic fruit on the other hand can only be obtained in specialist stores and rarely at supermarkets, although there is considerable interest in these juices. Demand is set to rise sharply in the next few years, for organic orange juice in particular. Manufacturers of foods for children feature prominently among the buyers of tropical and exotic fruit juices. Experts take a positive view of future development: they expect annual growth in sales of organic juices to reach 40%, and more in the short term for orange and grapefruit juices.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

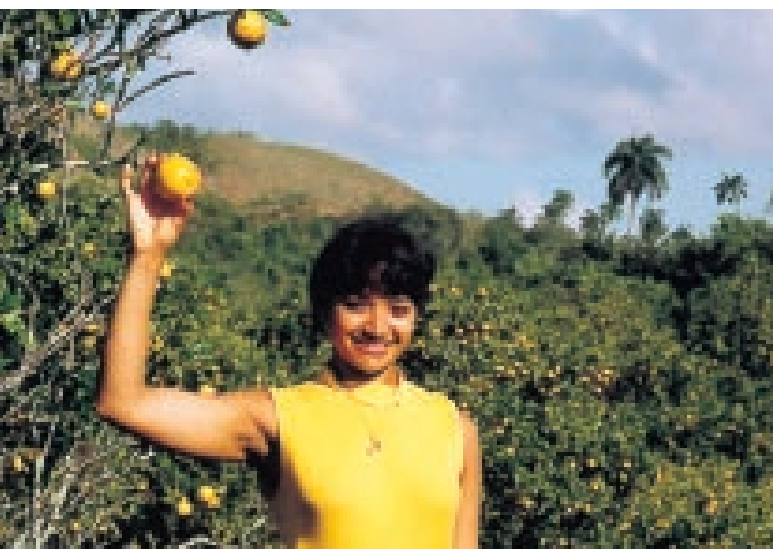
Apple, pear and grape juices originate mainly from Switzerland. It is possible to import small volumes from surrounding European countries. Orange juices are currently imported from Italy and Israel and from Brazil for use in baby food. Other countries of provenance are Mexico, Uruguay and the Honduras. The supply of citrus juices from tropical and sub-tropical countries (Latin America) increases year on year. It is quite likely that citrus juices from the new countries of origin will pose serious competition to European juices on the strength of their quality.

Policy and trade environment

The well-established market for traditional Swiss juices (apple, pear etc.) is supplemented by organic citrus juices and exotic fruit juices, a market which was not so well catered for in the past. Switzerland offers an advantageous environment for these juices. Few restrictions are likely.

Problems and wishes of market operators

- For orange juice products, the greatest problems faced by traders are scarce supplies and restricted availability together with high prices at every stage. Swiss importers want the quantity of



supply to increase.

- Foreign producers, for their part, hope for more efficient distribution of juices within Switzerland. Large manufacturers and distributors should get involved in the market.
- Otherwise producers of tropical fruits are subject to technical cultivation problems similar to those mentioned in Chapter 3.2.3, although these are less acute since the fruits are processed into juice in the country of production, alleviating the problems of post-harvest treatment. Neither is transportation by ship a problem in the case of juices, since they can be stored for longer periods.

3.2.5 Dried fruits and nuts

Market situation and potential

Dried fruits and nuts from organic production are relatively straightforward from the logistical management point of view and play a key role in composite products like muesli and baked goods. Rising demand can be expected, particularly from bakers. Nuts are the most important product and offer the greatest potential for growth. Dried fruits are already well established and available both in natural food stores and in supermarkets. The future market prospects are good. In the medium term, annual growth of 5–10% can be expected.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Products in this group are easy to import into Switzerland: domestic production is far from sufficient to meet existing demand, and the BIO SUISSE ban on importation of organic products by air is not a barrier since the products ship easily and keep well. Nuts are bought primarily from Turkey, almonds from California and Turkey, figs from Turkey and dates from Tunisia. Other dried fruits and nuts come from Morocco, Tunisia, Costa Rica and Italy.

Policy and trade environment

Countries in Asia and South America are currently expanding their production and this is likely to boost the supply of competitively priced produce of high quality. Switzerland provides an advantageous environment for the import of dried fruits and nuts.

Problems and wishes of market operators

- Swiss importers expect dried fruits to be of better quality (the quality of nuts has improved dramatically in recent years).
- Foreign producers are critical of Swiss import quotas and want market access to be more liberal.
- The BIO SUISSE standards also pose problems to foreign producers because they are stricter than the EU Regulation. Producers are hoping for international harmonization of these standards.

Market situation and potential

Organic culinary and medicinal herbs have long held a place in the Swiss market. Firms such as Weleda and Bioforce have developed top quality products and export organic medicinal products and cosmetics throughout the world. There is a good level of demand in Switzerland but the market has been uneven in its development. Organic medicinal herbs are widely distributed through natural food outlets and drugstores and market potential remains consistently good. Of the imported culinary and tea herbs, around one third go to organic food stores, one third to processing companies and one quarter to mass-market retail chains. The remainder are sold by mail order. The introduction of herbal teas to supermarkets has been quite recent but, again, there is great potential. The same is true for culinary herbs. Annual growth in turnover over the last three years was around 15%. With annual mar-



ket growth realistically estimated at 10%, the market outlook is good.

A proportion of imported herbs, teas and tea ingredients such as thick-skinned fruit is picked in the wild. The requirements imposed on these projects are considerable: adherence to organic standards, clear delineation of the picking area and the matter to be picked, an organization chart for the project, a confirmation of ecological safety and an official picking permit. The proportion of organic herbs and teas collected in the wild is estimated to be less than 5% (no survey data available).

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Domestic production is not sufficient to meet the Swiss demand for herbs. Nonetheless, it is clearly given preference for quality reasons (fresh processing), especially in the case of medicinal herbs. Imported medicinal herbs are predominantly drawn from surrounding European countries. Spices come from many countries of origin: Sri Lanka, Indonesia, India, Morocco, Egypt, Turkey, Argentina, Nicaragua, Croatia, France, Hungary and Madagascar. Domestic tea production is able to meet around 20% of demand. Herbal teas are imported from Argentina, Hungary, the Czech Republic, Croatia, and Turkey and in small quantities from France, Tanzania, Sri Lanka and India. Black and green tea comes from Sri Lanka, India, China and Nepal.

Policy and trade environment

Countries of export, both in Europe (Germany, Italy, Austria, England) and overseas (China, Sri Lanka etc.), are strongly expanding production. Furthermore, new suppliers from Eastern Europe and South America (Chile) are forcing their way into the market. Heightened competition in terms of quality and price must now be expected. The quality requirements will rise in future, particularly with regard to the issue of residue-free products.

Problems and wishes of market operators

- Swiss importers repeatedly find fault with the quality of herbs from small farmers' projects and call for better advice and training for producers as well as professional quality management.
- Foreign producers must take care to prevent residues of synthetic crop protection agents (resulting from spray drift from neighbouring fields under conventional cultivation). This could become an increasing problem for tea since more processing is taking place in non-organic processing plants.
- The problem of availability varies according to product group. Swiss importers want continuity of delivery. Problems in cultivation and storage should be reported in good time so that bottlenecks in supply can be rectified more easily.

- The herb and spice trade often consists of small cargoes and therefore suffers disproportionately from administrative obstacles and the high costs of certification.

3.2.7 Cereals and cereal products

Market situation and potential

Cereals and cereal products play a key role in the organic market. Today they are among the top-selling organic products in Switzerland. The main buyers of organic cereals are flour mills, muesli manufacturers and fodder manufacturers. From there, cereal is moved to bakeries or directly to the retail trade. In the last few years, the market for cereal products has shown steady growth of 10–20%. The most important product is organic bread. Even in



supermarkets a good and varied selection is now available. Both wholesalers and retailers assess the future growth potential as good and expect continued annual sales growth of 10–20%. In the fodder cereals sector, the rising demand for organically produced pork and poultry meat will increase the need for imported fodder cereals.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

In past years, Switzerland has imported between 50–70% of its organic cereals. Cereals are sourced above all from the USA and Canada. Other countries of origin are Hungary, Austria, Argentina, Australia, France, Italy, Spain, Israel and Mo-

rocco. Fodder cereals come from Hungary and Germany.

Policy and trade environment

In the future, attractively priced offerings are likely to be forthcoming from Eastern Europe. This will raise the level of competition for Swiss producers and for imports from other countries. The Swiss cereal market is tightly regulated. Importers are obliged to take a proportion of domestically produced cereal together with imported bread cereals ('domestic contribution'). Moreover the quantity of imports is subject to quotas. The import of fodder is not restricted, however.

Problems and wishes of market operators

- Swiss importers want cereals of better quality and better continuity of supply.
- Foreign cereal producers report a certain amount of difficulty with the high standards of the Swiss Organic Farming Ordinance (whole-farm organic management).
- Traders and producers are critical of the major barriers imposed by BIO SUISSE to the attestation of equivalence of products. Traders want harmonization of Swiss standards with European standards.

3.2.8 Oil-seeds and oil products

Market situation and potential

The organic oil and oil-seed market has seen major development in the past few years and has now become broadly established. Culinary oils produced to organic standards are imported by medium-sized and large trading companies, mass-market retail chains (Migros, Coop, Jumbo), by the processing industry, flour mills, natural food stores and restaurant and catering businesses. Organic olive oil in particular has gained ground in recent years; growth in turnover at mass-market retailer level has been almost 70% per year. The other oils have also achieved sales growth of up to 35% in recent years. Swiss buyers are gradually reporting a saturation of demand for sunflower, thistle, linseed, hemp, and olive and soya oil produced to organic quality. In the next few years, growth in this sector will slow to 10–15% per year.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

A large proportion of organic oil and oil-seed is imported. The most important countries of supply for oil are Argentina, Peru, Guatemala, Mexico, South Africa, Australia, the USA, Canada, Hungary, Italy, Austria and Romania.

Policy and trade environment

The saturation of the Swiss market is dampening the optimism of various Swiss importers. High duties on pre-processed oils and oil-seeds are impeding access to the Swiss market and adding to the cost



of imports. In future, increasing supply and growing competition can be expected on the international stage.

Problems and wishes of market operators

- Oils awarded the BIO SUISSE Knospe ('bud') label are substantially more expensive than products without Knospe certification. Importers and wholesalers aim to be more cost-conscious when purchasing, and want a homogenization of price levels. This would facilitate access to the market and give it fresh impetus for growth.
- Importers hope for further liberalization for international trade (reduction of tariffs and fiscal duties) to ease import restrictions.

- More distant countries of production have recurring difficulties with continuity of supply and with certification. Availability and continuity can be addressed by selecting suppliers with different harvest times.

Organic oil-seeds can become contaminated through inappropriate cleaning of transport vehicles. For this reason, imported produce must undergo costly laboratory testing to check its GMO-free status. However there are often discrepancies between the test results of different laboratories on the same produce.

3.2.9 Protein crops

Market situation and potential

Beans, peas, lentils, soya beans and other protein crops are subsidiary elements in the Swiss organic selection in terms of value and quantity. Accordingly the momentum of this segment is fairly modest. Its significance in completing the range should not be underestimated, however. The principal purchaser of protein crops is the processing industry. The market situation for protein crops is currently good, with modest annual sales growth (maximum 10%). The opportunities for development are limited since annual sales growth is unlikely to rise above 10% and is thus below the general growth rate of the organic market in Switzerland.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

The import share is very high in this product group. Lupins and peas are primarily imported from Hungary, the USA, Canada and Argentina. Soya comes from the USA, Canada, Argentina, Italy, Hungary, Austria, Romania, Peru, Guatemala, Mexico, South Africa and Australia.

Policy and trade environment

International supply is increasing but Swiss demand remains modest. This means that despite good general conditions (no duties or special regulations) Switzerland as a national market is not of great interest for protein crops.

Problems and wishes of market operators

The overriding problem is the low consumption of protein crops in Switzerland.

3.2.10 Wine

Market situation and potential

Switzerland is one of the most attractive wine markets. Consumption per head is one of the highest in the world (comparable with southern Europe). The most im-



portant buyers are the COOP supermarket chain and two companies selling organic wine by mail order. A significant proportion of organic wine is marketed through the restaurant trade. Organic wine occupies an important position in the organic product selection. Annual growth in turnover is currently 20% and this will drop back only slightly to 14–15% over the next few years. Overall the organic wine market will continue to develop well.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

The domestic supply of white wine is relatively high. Organic red wine is imported for the most part, mainly from the wine-growing countries of southern Europe: Italy, Spain, France and Portugal. Small quantities also come from Austria and Germany.

Policy and trade environment

For organic wine from Europe, the conditions in Switzerland are advantageous. There is no fear of competitors from outside Europe (at least for the time being) since the most important wine importers steer clear of organic wine from overseas for quality reasons (personal contact with producers) and for ecological motives (transport).

Problems and wishes of market operators

The availability and quality of wine are currently the two greatest problems. These issues are likely to persist in future.

3.2.11 Sugar

Market situation and potential

Organic sugar is sent to the processing industry, for the most part. There is also great demand from the retail trade. In this sector, organic sugar can still only be obtained from natural food stores, mainly as full cane sugar and at a price several times higher than that of conventional sugar. As availability has improved in the last few years, the market has begun to show positive development. COOP has since launched one full cane sugar product. Traders report growth in turnover of 10–15% in the 1997–2000 period. There is very great potential in the retail sector and the processing industry. Annual growth of 5–10% is expected for the next three years. Future rises in demand will be fuelled by an amendment of the regulations, stipulating the use of organic sugar in future as a sweetener in organic food processing.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Organic sugar is exclusively an imported product at present. However, domestic production is due to expand significantly over the next few years, in line with plans of BIO SUISSE and Swiss sugar factories. Swiss importers obtain their organic cane sugar mainly from Paraguay, Costa Rica and Brazil. Smaller quantities also come from the Philippines. Agave syrup is imported from Mexico.

Policy and trade environment

Additional importers (including importers of conventional products) are likely to enter the sugar business due to the attractive market prognosis. Since conventional importers can obtain a higher quota allocation due to the greater quantities they can trade overall, a significant increase in competition can be expected between large conventional importers and the smaller importers of natural foods.

The import of sugar is subject to quotas (regardless of whether it is from organic or conventional production). Furthermore, relatively high import duties are charged since imported organic sugar is competing with conventionally produced Swiss sugar.

Problems and wishes of market operators

- Now as in the past, the market suffers from deficiencies in quality, shortages and fluctuations in availability. Swiss importers want greater continuity of supply and an improvement in quality. For the next few years it has been suggested that European advisors should help to coordinate production and marketing in the countries of supply.
- Foreign producers are critical of the high costs arising from multiple certification and hope for a simplification of the certification process.

3.2.12 Honey

Market situation and potential

Greater amounts of organic honey are in demand from the processing industry, and smaller amounts from natural food outlets. For the supermarket chains, organic honey is still a relatively new concept but their entry is as good as certain and will clearly stimulate the market. Rising demand is also reported by the processing industry. Accordingly potential is good for the next few years. An annual increase of 15–20% is expected.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

In Switzerland it is not possible to certify organic honey since the habitats of organic bees are not adequately isolated from regions where conventional agriculture is practised. As a general principle, BIO SUISSE does not certify organic honey production, but foreign honey can gain BIO SUISSE certification for processing. Organic honey is thus 100% imported and comes mainly from France and Argentina.

Policy and trade environment

Various countries in Latin America have begun producing organic honey very recently or will commence production soon.

Problems and wishes of market operators

- Domestic and foreign producers want BIO SUISSE to begin awarding the Knospe label to honey in future.

3.2.13 Coffee

Market situation and potential

Organic coffee has been on the market in Switzerland for many years and enjoys very healthy demand (the Swiss are among the world's most dedicated coffee drinkers). As things stand, a substantial share of organic coffee is sold through natural food outlets. For some years,



supermarket chains have also sold organic coffee and the selection is due for expansion in the near future. The restaurant trade is also significant. 20% of organic coffee is now moved through this channel. Various smaller coffee-roasting businesses import their coffee directly and occupy an important position in the market. Fair trade coffee is also significant in the Swiss market, e.g. Max Havelaar, often sold suc-

cessfully in combination with the BIO SUISSE Knospe label. The organic coffee market has undergone very positive development in the 1990s with annual market growth of 10–25% per year. The market will remain very attractive in future but growth at current levels will not be maintained, and will drop back to 5–15% per year.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

For climatic reasons, 100% of organic coffee is imported into Switzerland. The main country of supply is Mexico. Smaller amounts come from Guatemala, Venezuela, Brazil, Peru, Bolivia, Nicaragua and Colombia.

Policy and trade environment

Mexico is the undisputed leader in organic coffee and very well established in Switzerland. But the positive image of organic coffee in Switzerland also facilitates the access of other countries to the Swiss market. This may heighten competition.

Problems and wishes of market operators

- Swiss importers are critical of the low number of organic varieties available on the market, and want more diversification in order to be able to respond to the flavour of the preferred conventional blends. This calls for close contacts and agreements between buyers and producer groups.
- Importers hope that the various export countries will simplify administrative procedures for issuing sanitary certificates.
- Currently only half of imported organic coffee can actually be sold as organic in Switzerland, because the Fair Trade label is sufficient for most supermarket chains, and an organic label is not (yet) considered to be necessary.
- Latin American producers want better management of projects by the local trade.
- Foreign producers repeatedly criticize the high inspection costs for small farmers' projects, and the strict certification conditions of BIO SUISSE.

3.2.14 Cocoa

Market situation and potential

Cocoa plays an important role in the processing industry. The bulk of imported cocoa goes from processing firms via wholesalers to the organic food trade and Third World shops. Although supermarkets have sold little organic chocolate so far, there is considerable interest. The market for organic cocoa has developed very well to date. Annual market growth in the last three years reached 10–15%. Since Swiss organic chocolate can be exported, and interest from the large supermarkets in organic chocolate is also set to increase, significant sales growth is also likely in future (by 5–10% annually).

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

100% of Switzerland's organic cocoa is imported. The main source countries are the Dominican Republic and Bolivia. Madagascar has recently become another new source of organic cocoa for Switzerland.

Policy and trade environment

The prospects for export make Switzerland an interesting country for organic chocolate. The quality and reputation of Swiss chocolate have a positive effect on the national and international demand for organic chocolate.

Problems and wishes of market operators

- From the Swiss importers' point of view, availability is the main problem. They want the supply to expand. This would also help to even out fluctuations in harvest, such as those resulting from natural disasters as seen recently in the Dominican Republic.
- Some importers also call for improvements in quality.

- Foreign producers, traders and Swiss importers want a reduction in the workload for certification and label schemes as well as harmonization of standards. The situation can arise that the same chocolate that is sold in the EU as a completely organic product can only be certified as produce under conversion in Switzerland. Therefore Swiss importers often bring in the goods via another EU country. By means of this rather senseless diversion, it is possible to circumvent the problem and import the produce into Switzerland as fully organic.
- Government bodies in the countries of export want to see administrative procedures simplified.

3.2.15 Seedlings and ornamental plants

Market situation and potential

For some years the agricultural standards have stipulated that even the seedlings used in agriculture must be produced to organic standards. This requirement has brought an interesting market into being and stimulated domestic cultivation. The market for imported seedlings has developed dynamically in recent years (annual sales growth of 10–15%). The main buyers are organic vegetable producers. In future the two most important wholesale distributors will also offer seedlings from abroad. As the market matures, the boom may well begin to tail off. For the next few years, slightly reduced growth of 5–10% per year is expected. The market for ornamental plants is developing on a similar scale.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

While ornamental plants are almost exclusively produced in Switzerland and, apart from a few trial promotions, no market for foreign plants has developed, imports of seedlings take place, mainly from the Netherlands. The countries supplying organic ornamental plants are the Netherlands, Italy and Germany. Domestic production is constantly rising. In the medium term the demand for imports will focus on specialities.

Policy and trade environment

Rising domestic production will force out the imports step by step. There will always be demand for specialities such as grafted tomatoes from abroad.

Problems and wishes of market operators

- The main problems from the trade's point of view are the regulations on seedlings – under both national legislation and BIO SUISSE standards. The obligation to use organic seedlings despite the shortage of supply has driven prices to excessive levels.
- The trade wants the Swiss authorities to make the authorization process easier (certificate for the entire production series and not for every delivery).
- The trade wants BIO SUISSE to issue clear directions on which requirements are essential and which are optional.

3.2.16 Textiles

Market situation and potential

Textiles made from organic cotton are very much in demand in Switzerland thanks to a major project of COOP Switzerland. The aim is to manufacture all cotton products exclusively from organically produced cotton. In the past few years, annual sales growth of 45% has been achieved. The potential is excellent. Growth should only weaken slightly to around 30% per year in the next few years.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

100% of organic cotton is imported and comes primarily from India. Processing takes place in Switzerland, in India, Germany, Greece, Portugal, Lithuania, Croatia and other countries.

Policy and trade environment

BIO SUISSE does not award the Knospelabel to textiles. The environment for the import of organic cotton into Switzerland is very good however and is virtually unaffected by administrative barriers.

Problems and wishes of market operators

The stipulations regarding processing are still somewhat varied. The international association of the natural textile industry (Internationaler Verband der Naturtextilwirtschaft e.V, IVN) has attempted to harmonize standards by uniting manufacturers, traders and exporters in a two-level label system and an associated quality control process consisting of factory and product inspections.

3.2.17 Milk and dairy products, meat and meat products

Market situation and potential

Milk and dairy products are among the most important organic products in Switzerland. The market is already extensively developed and demand is largely met by domestic produce. For meat and meat products demand for imported produce is minimal. However this market is newer than the dairy market, and organic meat is by no means as easy to obtain as organic milk.

Market and growth prospects

Year 2000	Very good	Good	Average	Poor
Year 2003	Very good	Good	Average	Poor

Significance and sources of imports

Imported products have only been found in natural food stores until now. Import opportunities exist for specialities in the sausage and cheese sectors, for instance for well known cheeses with controlled labels of origin such as 'Parmesan'. Organic cheese is mainly imported from France and to some extent from Italy. Until now, little has been imported but there is good potential over the next few years although it depends upon the extent to which supermarket chains get involved in marketing these organic products.

Policy and trade environment

French and Italian cheeses are very popular in Switzerland. This demand in the conventional sector should soon have an impact on the organic sector. For meat however the barriers are high and the environment in Switzerland is difficult.



Problems and wishes of market operators

Foreign producers and traders want BIO SUISSE to award the Knospe label to more products including cheese and other dairy products in future.

4. Requirements and conditions relating to access for organic imports

4.1 Customs regulations and value-added tax

For organic products the **general customs tariffs** and regulations apply. High customs duties are levied on a range of agricultural products such as sugar, cereals, vegetable oils and dairy products. For some products special import licences are also necessary which are only granted to Swiss importers. Higher customs duties are levied on processed products than on raw materials. For the import of meat and fish products, sanitary certificates are also required. Further details are contained in the Swiss Ordinance on agricultural imports (*Schweizerische Agrareinfuhrverordnung*).

As in the EU, **preferential customs duties** may be applied to imports of certain agricultural products from emerging markets and markets in transition in accordance with the Swiss tariff preferences system (Generalized System of Preferences), and these are lower than the tariffs generally applicable (SR 946.39). Imports from Least Developed Countries are exempted from customs duties for the majority of headings in the customs tariffs. A complete and up-to-date list of customs tariffs may be obtained on request from the Swiss Federal Customs Administration (*Eidgenössische Zollverwaltung*) (see www.admin.ch/ch/d/sr/94.html).

Importers pay a **value-added tax** of 2.4% (from 2001) on foodstuffs that they bring into Switzerland. The VAT rate is the same for both imported goods and those produced in Switzerland.

4.2 Requirements laid down in the legislation on food

Both organically and conventionally-produced foods, irrespective of whether or not they are imported, are subject to Swiss laws and ordinances relating to foodstuffs (see web information corner at the end of this chapter):

- The **Food Act** (*Lebensmittelgesetz* SR 817.0) and the **Ordinance on food** (*Lebensmittelverordnung* SR 817.02): these form the cornerstone of food legislation in Switzerland.
- **Ordinance on foreign substances and constituents in foods** (*Verordnung über Fremd- und Inhaltstoffe in Lebensmitteln*, short name: *Fremd- und Inhaltstoffverordnung* SR 817.021.23): lays down the maximum permissible concentrations of plant protection products and growth regulators, heavy metals, pharmacological substances, microbial toxins, radionuclides, nitrates and nitrites.
- **Ordinance on additives permissible in foodstuffs** (*Verordnung über die in Lebensmitteln zulässigen Zusatzstoffe*, short name: *Zusatzstoffverordnung* SR 817.021.22): contains a list of substances and preparations that are positively permitted and a list of the applications of different additives together with their maximum permissible amounts; it also regulates the declaration of additives.
- **Ordinance on hygiene and microbiological requirements relating to foodstuffs, objects in contact with foodstuffs, workrooms and staff** (*Verordnung über die hygienisch-mikrobiologischen Anforderungen an Lebensmittel, Gebrauchsgegenstände, Räume und Personal*, short name: *Hygieneverordnung* SR 817.051): lays down tolerance levels for micro-organisms in foodstuffs and drinking water.
- **Ordinance on nutritional value** (*Nährwertverordnung* SR 817.021.55): regulates labelling relating to food nutrition (indications of energy values and nutritional content).
- **Ordinance on indication of country of origin of foodstuffs, ingredients and raw materials used in foodstuffs** (*Verordnung über die Angabe des Produktionslandes von Lebensmitteln, Lebensmittelzutaten und Rohstoffen*, short name: *Rohstoffdeklarationsverordnung* SR 817.021.51): stipulates that the country of origin of individual raw materials in a food product must be indicated as well as that of the food product itself.
- **Ordinance on the measurement and declaration of quantities relating to goods for trade and transportation purposes** (*Verordnung über das Abmessen und die Mengendeklaration von Waren in Handel und Verkehr*, short name: *Deklarationsverordnung* SR 941.281): regulates indications of quantity (weight, volume, etc.) relating to foodstuffs and the corresponding declarations both for foodstuffs that are sold loose and those sold in pre-packaged form.

These ordinances relate mainly to foodstuffs packaged for the consumer and are not directly relevant to bulk imports. Exporters should nevertheless take these requirements into consideration since the final products processed from imported raw materials must comply with them.

4.3 The Swiss Organic Farming Ordinance

Swiss organic products must comply with the requirements set out in the Swiss Organic Farming Ordinance. This also includes compliance with:

- Documentation of ecological services (*Ökologischer Leistungsnachweis*, SR 910.13) (a prerequisite for direct payments)
- Ordinance on animal protection (*Tierschutzverordnung* SR 455, 455.1)
- Ordinance on protection of water resources and the aquatic environment (*Gewässerschutzverordnung* SR 814.2, 814.201)
- Ordinance on outdoor access for livestock (*Verordnung über den Auslauf von Nutztieren* SR 910.132.5)

Imported organic products must conform to equivalent conditions.

In addition, the Ordinance on direct payments in agriculture (*Verordnung über die Direktzahlungen in der Landwirtschaft* SR 910.13) also contains provisions relating to organic farming. It forms the basis for the disbursement of ecologically motivated direct payments in Switzerland and is an expression of the Swiss agricultural policy objective to promote organic farming. It is not relevant, however, for foreign producers and trading companies.

4.3.1 Objectives of the Organic Farming Ordinance

The Swiss Ordinance on organic agriculture and on appropriate labelling of plant products and foodstuffs (termed in the following Organic Farming Ordinance; *Verordnung über die biologische Landwirtschaft und die entsprechende Kennzeichnung der pflanzlichen Erzeugnisse und Lebensmittel*, short name: Bio-Verordnung SR 910.18 and 910.181) came into force on January 1 1998 and is based on Article 18 of the Agriculture Act (*Landwirtschaftsgesetz* SR 910.1). It lays down the basic requirements that a product must fulfil in order to be designated 'organic'. This is

intended to protect organic products from abuses and improve market transparency. Organic products must comply with strict requirements concerning production and processing and be subject to inspection by a competent and independent inspection body. The state acts in a supervisory capacity as regards inspection.

4.3.2 Scope and labelling

The Swiss Organic Farming Ordinance is applicable to the same products as EU Regulation No. 2092/91 on Organic Production:

- Unprocessed agricultural crop and animal products
- Foodstuffs composed essentially of ingredients of plant or animal origin
- Animals and animal products intended for use in the aforementioned foodstuffs

When the Swiss Ordinance on animal husbandry in organic farming (*Verordnung zur Tierhaltung im biologischen Landbau*) comes into force in 2001, the Ordinance on Organic Farming will also make comprehensive provision with regard to products of animal origin (with the exception of aquaculture).

Agricultural products may only be labelled as organic products if they comply with the provisions of the Organic Farming Ordinance. The following terms are protected under Swiss law (for other languages see the EU Regulation, which stipulates 'organic' for English, for example):

- German: 'biologisch', 'ökologisch'
- French: 'biologique'
- Italian: 'biologico'

Labelling remains voluntary. Where products are labelled as organic, however, they must conform to the relevant provisions of the Organic Farming Ordinance. In Switzerland at present there is no government label for organic products, but there are various private labelling schemes.

4.3.3 How the Swiss Ordinance compares to the BIO SUISSE Standards (BIO SUISSE Richtlinien)

Most of the private labelling schemes both in Switzerland and in the EU go further than the minimum requirements of the Swiss Organic Farming Ordinance and the EU Regulation on Organic Production. Before the Swiss Organic Farming Ordinance

Table 3: Organic farming regulations: EU, Swiss and BIO SUISSE standards compared

Criteria	EU Regulation No. 2092/91	Swiss Organic Farming Ordinance (BV)	BIO SUISSE
Whole-farm conversion to organic management	not obligatory	obligatory; however, vineyards and orchards are partly exempted	obligatory
Step by step conversion	Step by step conversion	up to max. 5 years possible in the case of special crops	up to max. 5 years possible in the case of special crops
In-conversion label	from 2nd year on	from 1st year on	from 1st year on
Documentation of ecological services	no regulation	required for direct payments	obligatory
Compensatory habitat areas	no regulation	required for direct payments; 7% of land farmed	as Swiss Organic Farming Ordinance, with additional 5% min. extensive grassland
Nutrient level	max. 170 kg/ha (for animal husbandry)	max. 2.5 LU equiv. ⁽¹⁾ /ha in valleys; balanced nutrient input/output	max. 2.5 LU equiv. ⁽¹⁾ /ha in valleys; balanced nutrient input/output
Limits on copper use	no regulation, permitted until 2002	max. 4 kg/ha	variable, max. 1.5–4 kg/ha
Slug pellets and pyrethroid insecticides	permitted in traps till 2002	prohibited	prohibited
Animal husbandry	detailed regulation from January 2001	detailed regulation from January 2001	Detailed regulations on animal keeping, feeding and health from January 2001
Processing	no irradiation	no irradiation	no irradiation or microwave treatment; only quality-preserving methods permitted
Genetically modified organisms and products derived from them	prohibited	prohibited	prohibited
Packaging	no regulation	no regulation	some restrictions (aluminium cans, PVC, etc.)

⁽¹⁾ LU equiv.: Livestock unit equivalent (DGVE: Düngergrossvieheinheit)

came into force, the standards that were applied to the production and marketing of organic products were primarily those set out by BIO SUISSE. Producers and traders that have been certified as conforming to the BIO SUISSE Standards may identify their products using the *Knospe* ('bud') label after signing a contract with BIO SUISSE.

4.3.4 How the Swiss Ordinance compares to the EU Regulation on Organic Production

The Swiss Organic Farming Ordinance was modelled on EU Regulation No. 2092/91 on Organic Production. In addition, various amendments have been made to the Swiss Ordinance to bring it into line with EU Regulation No. 2092/9. From January 2001 it will be extended to include detailed regulations with regard to animal husbandry in organic farming, based on EU Regulation No. 1804/1999 (see Part B, Chapter 2).

The Swiss Organic Farming Ordinance is stricter than the EU Regulation on Organic Production in requiring conversion of the whole farm to organic management (see Table 3 and, for more detail, Annex III). Its requirements relating to the conversion process, on the other hand, are less strict than the EU Regulation: in Switzerland there is no 'year zero' (conversion-label applies only after 12 months). As a result, conversion normally takes two years rather than three as in the EU.

4.3.5 Reciprocal recognition of organic imports, Switzerland-EU

If a product has been approved in accordance with EU Regulation No. 2092/91 on Organic Production, then it can be approved automatically as organic in Switzerland too, and vice versa. The reason for this is that Switzerland is included in the EU list of third countries, and the EU is on the Swiss list of third countries (see details on import regulations). Furthermore, the terms of the WTO/GATT treaties and the bilateral treaties between Switzerland and the EU stipulate that barriers to trade must not be allowed to come into being. The additional conditions imposed by the Swiss Ordinance compared to the EU Regulation are therefore not applicable to imports into Switzerland from the EU. In order to comply with the requirements of private labelling schemes, however, conditions such as whole-farm conversion and other additional conditions may be imposed on imports from abroad, i.e. also on those from the EU.

Elements of reciprocal recognition:

- EU organic products are also considered organic products in Switzerland. The same applies also to organic goods that have been certified in Switzerland as conforming to the Swiss Organic Farming Ordinance. Such products may be exported to the EU without any problem if they have an import certificate and the appropriate labelling (code number or name of inspection body, and the indication 'bio' (organic), or a private organic label).
- The list of countries in Annex 4 of the Swiss Organic Farming Ordinance 910.18 (termed in the following the 'Country List') is analogous to the EU third countries list in the annex to the EU Regulation.

- With regard to the accredited certification bodies, the Swiss Organic Farming Ordinance refers to the EU Regulation on Organic Production, thereby acknowledging all the inspection bodies or authorities published in the Official Journal of the EU.
- The time limit for recognition by EU Member States conforms to that accorded to Switzerland under EU Regulation 94/92.

Points for importers to note concerning Switzerland:

- The exporter in the EU must apply for an import certificate from his inspection body and ensure that the product bears the code number and name of the inspection body and that it is labelled 'bio' (organic).
- Organic imports into the EU that are later exported again to Switzerland must have all duty paid before they leave the EU and must be certified as organic products conforming to the EU Regulation on Organic Production.
- An exception is made to the principle of reciprocal recognition in the case of products from farms in the process of conversion. When a conversion product from the EU, or another country, is imported into Switzerland, this must be specifically declared. They must also bear a conversion label, stating "product under conversion to organic farming". Such products must not give the impression that they originate from completely converted farms.
- Due to the differing requirements pertaining to conversion labelling, conversion products exported from Switzerland into the EU must be sold in the EU as conventional products. In Switzerland only 4 months must have elapsed from the start of conversion (after which conversion products may use the conversion label) rather than 12 months as in the EU. Furthermore, the EU does not permit conversion products composed of several agricultural ingredients to use the conversion label.

4.3.6 Import requirements

Organic products from the EU that are labelled as such in accordance with EU Regulation No. 2092/91 on Organic Production may be recognized as organic products in Switzerland (see 4.3.5). Imports of products from countries outside the EU into Switzerland (and also into the EU) are regulated by means of equiv-

alence requirements: production, inspection and certification, and labelling of organic products in emerging markets and markets in transition must conform to conditions that are equivalent to those contained in the Swiss Organic Farming Ordinance.

Inspection and certification

In order for an imported product to be marketed as 'organic' ('*biologisch*' or '*ökologisch*') in Switzerland the producers, processors and exporters in the country of origin and the importers in Switzerland must be certified by an accredited inspection body at least once per year. For this they must enter into a contract with an accredited inspection and certification body. In Switzerland the following inspection and certification bodies are accredited at Federal level (addresses are at the end of this chapter and in Annex IV):

- Bio.inspecta
- Institut für Marktökologie (IMO)
- Schweizerische Vereinigung für Qualitäts- und Management Systeme (SQS – Swiss Association for Quality and Management Systems).

Inspection and certification bodies must conform to EN-45011 or ISO-65 standards and obtain accreditation from the Swiss Federal Office of Metrology (*Eidgenössisches Amt für Messwesen*). A list of Swiss and foreign certification bodies in third countries with Swiss federal accreditation is to be found in Annex 4 of the Swiss Organic Farming Ordinance (see also the web information corner at the end of this chapter).

Exports from countries on the Country List
Countries where the government imposes conditions on organic products that are equivalent to those applied in Switzerland, and adherence to these conditions is guaranteed, may be included on a **Country List** by the Federal Department of Economic Affairs (*Eidgenössische Volkswirtschaftsdepartement, EVD*) (Annex 4 of the Organic Farming Ordinance). Countries wishing to be included on this list must submit an application to the Swiss Federal Office for Agriculture (FOAG; *Bundesamt für Landwirtschaft, BLW*) giving details showing that their production regulations and inspection systems are equivalent. At the present time, all the EU countries plus Hungary, Israel, Argentina and Australia are included on the Swiss Country List. The updated Country List can be obtained by the Swiss Federal Office for Agriculture or downloaded at the following website:

www.admin.ch/ch/d/sr/910_181/app4.html. Organic imports from these countries are subject to simpler procedures for approval. For such imports the exporter must obtain an import certificate (*Einfuhrbescheinigung*) from his certification body in the country of origin (see Annex V). This certificate is presented to the importer in Switzerland. It is required by the certification body when the annual inspection of the business is carried out. Moreover, this document confirms that the imported product is an organic product.

Up until the end of 2000, the Swiss Country List relates only to organic products of plant origin. From January 1, 2001, it will include organic products of animal origin.

Exports from non-approved countries outside the EU

Analogously to the EU, Switzerland also operates a system of '**individual authorization**'. For direct imports from countries that are not included on the list of third countries, the importer in Switzerland must submit an application for individual authorization to the Federal Office for Agriculture (FOAG) together with an **attestation of equivalence** for the relevant product and its producer (for forms see Annex V).

On the basis of these the FOAG can confirm the equivalence of individual products and issue 'individual authorization'. Individual authorizations are listed annually in the Swiss official trade gazette (*Schweizerische Handelsamtsblatt*). Only when the individual authorization has been granted may the product be imported into Switzerland as an organic product. In these cases too, every delivery must be accompanied by an import certificate.

Requirements relating to the attestation of equivalence

- A separate application for individual authorization is required for each exporter in the country of origin. The application may be completed for multiple exporters, however, if they all have their business headquarters in the same country (country of origin) and come under the same certification/inspection body.
- The attestation of equivalence, which must accompany the application for individual authorization, must be completed by the certification/inspection body of the exporter and is the key prerequisite for approval of the application.

- Checklist for assessing equivalence from the Federal Office for Agriculture (see Annex V): the use of genetic engineering and irradiation is prohibited. Equivalence of procedures used is subject to detailed assessment.
- The more thoroughly the accompanying documentation has been prepared, the quicker and less complicated it will be to process the application. In the case of applications that place especially great demands on the time and effort of the FOAG, a fee is charged to reflect this. It is advisable to prepare the documents as thoroughly as possible in German, French, Italian or English and, where necessary, draw on the services of a certification body in order to keep the administrative effort, and the corresponding costs, to a minimum.
- Inspection to ascertain whether the importer in Switzerland has the required authorization for all imports is carried out by the Swiss inspection and certification bodies.

Conditions pertaining to import certificates
Every consignment must be accompanied by an import certificate. The certificate serves as confirmation that production requirements have been adhered to and that inspection has taken place. Import certificates are issued by certification/inspection bodies that are accredited at Federal level (and not by the Federal Office for Agriculture):

- In the case of imports into Switzerland from countries on the Country List, the import certificate must be completed by one of the certification bodies for the relevant country stipulated on the Country List. In the case of imports of non-EU products from the EU that already have an import certificate for the EU, this will be accepted as long as the information contained in it is valid at the time of import into Switzerland.
- In the case of imports into Switzerland from countries not included on the Country List (where individual authorization is required), the body named in the application for individual authorization (normally the exporter's certification/inspection body) is responsible for issuing the certificate.

Care should be taken to ensure that the properly completed document, which must have been stamped and signed by the inspection body, is forwarded to the importer in Switzerland without delay. If an importer is unable to produce an import certificate he will be sanctioned accordingly.

Knospe ('bud') label for organic products of swiss origin



The BIO SUISSE Bud: more than 90 % of the raw materials come from Switzerland.

4.4 Private organic labelling schemes

4.4.1 The BIO SUISSE *Knospe* ('bud') label

The Association of the Swiss Organic Agriculture Organizations (*Vereinigung Schweizer Biolandbau-Organisationen*, BIO SUISSE) was founded in 1981; it comprises more than 30 member organizations and the Research Institute of Organic Agriculture (*Forschungsinstitut für biologischen Landbau, FiBL*). In 1981 BIO SUISSE set out the first joint standards for organic cultivation and established the *Knospe* (bud) trademark for products from certified organic production. Nowadays the *Knospe* is the most widely known organic label amongst consumers in Switzerland.

For imported products to be awarded the *Knospe* label, all of the foreign operators (producers, processors and traders) must fulfil not only the requirements set out in the Swiss Organic Farming Ordinance, but also comply with BIO SUISSE Standards. Verification of compliance is undertaken by BIO SUISSE. Corresponding applications for inspection must be made by a BIO SUISSE licensee before goods are imported.

It is not only in the field of agriculture that the BIO SUISSE Standards are tougher than the minimum requirements stipulated by Switzerland and the EU (see 4.3.4). In processing, too, certain processes and additives such as synthetic ascorbic acid and alginates are not permitted. For processed products, each constituent product must be approved by BIO SUISSE. Applications may be submitted in writing by BIO SUISSE license holders.

Based on marketing considerations, the BIO SUISSE Standards list the following restrictions applicable to imported goods:

- Transportation by air is not permitted.
- Fresh products from overseas are only approved if, for climatic reasons, these products cannot be grown in Europe (this includes frozen goods).
- In the case of products processed abroad in their entirety and products of animal origin, the management board of BIO SUISSE decides on a case-by-case basis whether the product may be approved.

Documentation required for application for BIO SUISSE approval

In the case of **farms** BIO SUISSE requires:

- a current inspection report and report for the previous year from the farm's inspection body
- a BIO SUISSE checklist (see www.bio-suisse.ch) completed by an accredited inspection body
- certificates confirming how long the farm has been under organic production
- crop rotation plans, field histories.

In the case of **producer cooperatives and small farm projects** BIO SUISSE requires:

- a comprehensive report on the whole project from the inspection body
- a description of internal inspection mechanisms
- a producer register (including home address, certified and non-certified fields and crops, field history, estimated crop yield; any measures taken, items bought in, pesticides and fertilizer used)
- new businesses, conversion status and leavers (including reason, e.g. infringement of standards)

Knospe ('bud') label for imported organic products



The Bio-Bud: more than 10 % of raw materials are imported. They are liable to equivalent standards.

- documentation relating to inspection visits
- quantities bought up from each producer (day-book, delivery notes).

Trade and export firms must be able to provide evidence that they guarantee separate handling of BIO SUISSE-approved goods. BIO SUISSE requires the following documents in order to check this:

- current inspection report from the inspection body
- certificate for the business
- description of separate handling and quality assurance system.

In the case of **processing firms** BIO SUISSE requires:

- Only BIO SUISSE-approved raw materials may be used in the production of BIO SUISSE-approved products. For this reason, in addition to the details regarding processing, documentation relating to all producers supplying raw materials must also be submitted.
- current inspection reports on all locations involved in processing
- processing description and process specifications (time, temperature, pressure)
- list of substances used as processing aids and, where relevant, GMO-free certification
- complete processing recipes (expressed in percentages of the whole)
- precise details of packaging materials
- designs for planned labels.

The more complete this documentation is, the more quickly and cheaply the application for approval can be processed. Not all inspection bodies provide sufficiently detailed inspection reports. BIO SUISSE frequently has to turn down applications on the grounds that the information supplied was inadequate.

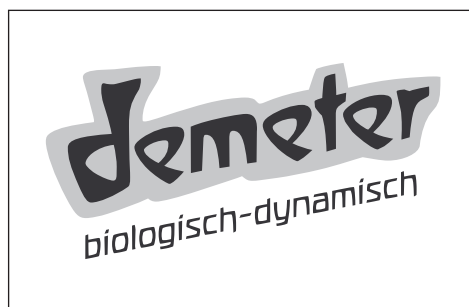
Approval procedure

When BIO SUISSE has considered the application, the importer receives written notification while the firm in question (producer, processing firm, exporter) receives a certificate stating the decision and, where relevant, details of requirements for renewing approval. The BIO SUISSE certificate does not give the firm the right to market the product using the *Knospe* ('bud') label or name. This right is reserved exclusively for firms that have entered into a special contract with BIO SUISSE. The approval procedure must be repeated every year.

The application for BIO SUISSE approval must be made by an importer operating in Switzerland. The importer must be, or must become, a BIO SUISSE licence holder and pay the approval fees and *Knospe* licence fees. For a product to be labelled with the *Knospe* trademark, it must be imported via a BIO SUISSE licence holder.

4.4.2 DEMETER

For a product to carry the biodynamic DEMETER label, it must conform to the production and processing standards laid down by the Swiss DEMETER Association. This also applies to DEMETER imported goods.



DEMETER standards cover all of the requirements laid down by BIO SUISSE. In some respects, however, they go further than these (see DEMETER standards):

- Use of biodynamic preparations produced by the farmer him/herself. These preparations are aimed at stimulating soil fertility by revitalizing the soil and stimulating activity in plants.
- No copper products to be used in the cultivation of vegetables and potatoes.
- Landscaping of the farm. Every farm provides good living conditions for beneficial organisms by establishing biotopes.
- Absolutely no conventionally-produced soy and maize products to be used in feedstuffs. Ready-mixed animal feedstuffs may not contain any conventional ingredients.
- Special requirements apply with regard to processing.

For DEMETER imported goods, the following rules must be observed:

- Air transport of goods is not permitted, except in the case of highly perishable tropical fruits. It is advisable to submit an application to the DEMETER Association. Decisions are made by the DEMETER commission for protection

of proprietary rights (*DEMETER Markenschutzkommission*).

- DEMETER products from farms under conversion may only be imported into Switzerland if the farm has been 100% certified by the EU. Such products may then be brought onto the Swiss market with the declaration 'under conversion to DEMETER'.
- The imported product is recognized as a DEMETER product in Switzerland if it has been certified by DEMETER abroad. Around the world there are 19 countries that have their own DEMETER organization with its own certification body (see Annex IV). Other countries must arrange for certification to be carried out by the international DEMETER certification body in Darmstadt (Germany).

4.4.3 Migros organic programme (Migros-Bio Programm)

The Migros Bio Label is an organic label with growing importance in Switzerland. Under this label programme, Migros commits itself to the quality of organic products sold in its outlets. For Migros products produced in Switzerland, the following applies:

- In production, the requirements are the same as under the BIO SUISSE standards.
- In processing, some standards for permitted processes are less, but some also more restrictive than those under BIO SUISSE standards.

For imported produce carrying the Migros Bio Label, the "Standards concerning the processing of and trade in Migros organic products" ("Richtlinien betreffend Verarbeitung und Handel von Migros-Bio Produkten") apply. This means specifically:



- Shipments by air are permissible in exceptional cases.
- Whole-farm conversion is not required.
- Chlorine-containing packaging is not permitted.
- No organic products from farms in conversion are imported.

Before a candidate farm or company can cooperate with Migros, it must sign a Migros-Bio agreement. It will receive an M-Bio Label listing all product data (origin, certification bodies of components, chain-of-custody, packaging, type of transport, ...). The precise data requirements are stated in the "Standards concerning the processing of and trade in Migros organic products".

4.4.4 Requirements under other labelling schemes for exports to Europe

BIO SUISSE works closely with other labelling organizations that set equivalent standards. These include the German organizations Naturland, Bioland and Demeter Deutschland and the Austrian Ernte-Verband. All of these organizations include whole-farm conversion as a requirement.

Naturland and BIO SUISSE cooperate in a special way: BIO SUISSE operates a special approval procedure for projects outside Germany that have been certified by Naturland. In addition to Naturland certification, Naturland can also verify compliance with the BIO SUISSE Standards if so requested. Definitive approval, however, can only be granted by BIO SUISSE, since general Swiss federal legal provisions relating to organic products must also be complied with. BIO SUISSE, on the other hand, does not verify whether projects or businesses comply with the standards set by Naturland.

In recent years BIO SUISSE has begun to collaborate more closely with the following inspection and certification bodies abroad: Ecocert (France), AIAB (Italy), SKAL (Netherlands), KRAV (Sweden) and FVO (USA). These can, on request, include the specific requirements laid down by BIO SUISSE when carrying out their inspection. This takes place either by completing a special BIO SUISSE checklist or by integrating the relevant points into their own standards (for addresses see Annex IV).

4.4.5 Relationship to Fair Trade

Many producer associations in the South conform to the requirements of the Fair Trade organizations (e.g. FLO (Fairtrade Labelling Organizations International), Transfair, Max Havelaar, World Shops (*Weltläden*)). Having a Fair Trade label does not necessarily mean, however, that the products can also be sold as 'organic'. In order to be designated organic, the project must be subject to accredited organic inspection procedures.

BIO SUISSE maintains close contacts with Max Havelaar Switzerland, since some projects conform to the standards of both organizations. The combination of 'organic' and 'fair trade' labelling can enhance a product's market prospects.

Web information corner on requirements and conditions relating to access for organic imports into Switzerland

<http://www.blw.admin.ch/>

The website of the Swiss Federal Office for Agriculture provides detailed information on:

- The Swiss Organic Farming Ordinance
- Forms for attestation of equivalence and individual authorization to import
- Direct payments for organic farms
- Cultivation of organic products.

<http://www.blw.admin.ch/nuetzlich/links/d/zertifstellen.htm>

A list of European certification bodies can be downloaded from this page maintained by the Swiss Federal Office for Agriculture (Bundesamt für Landwirtschaft).

<http://www.admin.ch/>

Original texts of:

- Swiss legislation
- The Swiss Ordinance on agricultural imports.

<http://www.zoll.admin.ch>

Customs tariffs of the Federal Customs Administration.

<http://www.iso.ch/>

The homepage of the International Organization for Standardization (ISO) in Geneva provides a link to ISO-65, the standard pertaining to certification bodies.

<http://www.cenorm.be/>

The homepage of the European Committee for Standardization (CEN) provides a link to the text of the EN-45011 standard.

<http://www.bio-inspecta.ch/>

Services provided by the inspection and certification company bio.inspecta.

<http://www.imo.ch>

Services provided by the inspection and certification company 'Institut für Marktökologie' (IMO).

<http://www.sgs.ch>

Services provided by the inspection and certification company SGS (Société Générale de Surveillance).

<http://www.sqs.ch>

Services provided by the inspection and certification company Swiss Association for Quality and Management Systems (SQS).

<http://www.sas.admin.ch>

The Swiss Federal Office of Metrology is the accreditation body for inspection and certification bodies in Switzerland.

<http://www.bio-suisse.ch>

The website of BIO SUISSE (Association of Swiss Organic Agriculture Organizations, Vereinigung Schweizer Biolandbau-Organisationen) provides detailed information on:

- Standards relating to farming and processing
- Approval procedures for the Knospe ('bud') label
- Markets and prices
- Addresses of licence holders

<http://www.maxhavelaar.ch/>

The website of Max Havelaar Switzerland, one of the most important Fair Trade organizations.

<http://www.miosphere.ch/d/produkte/labels.php3>

Overview of the different Labels from Migros and the Standards concerning the processing of and trade in Migros organic products.

5. Services for organic agriculture

5.1 International cooperation by FiBL

In the international market for organic products, new production and processing businesses are constantly coming into being and establishing national and international markets for themselves. As opportunities for developing trade relations and marketing these goods increase, so too do the requirements that organic products must fulfil in terms of credibility and quality assurance. This makes it especially impor-



tant to ensure competent monitoring of projects, from production through to consumption. In this context, the Research Institute of Organic Agriculture (*Forschungsinstitut für biologischen Landbau, FiBL*) provides specialized advisory services for a variety of target groups.

Development projects

FiBL designs and implements comprehensive projects with ecological, socio-economic and cultural objectives on behalf of development cooperation agencies. Its goal is to promote sustainable agriculture as a means of alleviating poverty and ensuring food security and healthy social development. These projects include development and implementation of:

- Systems for sustainable and productive use of land
- Strategies for conservation of natural resources and habitats
- Strategies for promoting income and food security and for enhancing the attractiveness of rural areas (including opening up new markets and increasing productivity)

- Strategies for preserving and utilizing local knowledge and local values (establishing and developing training and advisory structures).

Specific services

FiBL provides the following services to farmers, processing and trade companies, institutions and public agencies:

- Feasibility studies
- Support during conversion and preparation for initial inspection
- Operational analysis and planning at firm or branch level
- Operational audits and technical post-conversion support
- Market studies, marketing strategies and sourcing organic products
- Verification of compliance with labelling requirements and preparation of documents relating to application for label certification
- Customized training and education programmes for producers, processors, salespeople and other target groups
- Demonstration trials
- Quality assurance for organic projects and establishing systems for internal control.

Who are the international team at FiBL?

Since it was founded, FiBL has made an important contribution to the international organic farming movement. Its intensive cooperation with BIO SUISSE, IFOAM and other international institutions, along with many years of experience in research, training, consultancy and certification both in Switzerland and abroad, put FiBL in a position to work with a very broad range of partners. FiBL's international team – the specialized 'International Cooperation' group – are intimately acquainted with organic agriculture and the institutional and commercial environment relating to it, and they have wide-ranging experience of international cooperation. FiBL operates using a targeted mix of measures that take into account local experience and living conditions. Development policy objectives and fair trade considerations are integrated into its project work alongside agricultural and commercial objectives. FiBL also has a large pool of experts who are available for concrete projects and advisory services.

5.2 Research

In Switzerland there are six state-run agricultural research stations. Some of their research projects deal with issues relating to organic farming, in particular those of the Swiss Federal Research Station for Agroecology and Agriculture (*Eidgenössische Forschungsanstalt für Agrarökologie und Landbau, FAL*) in Zürich-Reckenholz.

FiBL was established as a foundation in 1974 by organic farmers, scientists and politicians. Since 1997 the institute's headquarters have been in Frick in the Aargau Canton of Switzerland. Research at FiBL focuses on the following key areas: environmentally friendly crop production, organic plant protection, landscape ecology, business management in organic farming, species-appropriate livestock management and breeding, complementary veterinary treatments and food quality. FiBL also has an experimental site in Therwil (Basel), a 30-hectare agricultural enterprise in Frick (Aargau), a network of 60 pilot farms and other opportunities for conducting experiments on numerous working farms throughout Switzerland. The institute has gained international renown above all for its DOC experiment comparing conventional and organic methods of farming, which has been running for 22 years, and also through its continuing work on organic farming standards within



IFOAM, the International Federation of Organic Agriculture Movements. FiBL is currently strengthening its work abroad: FiBL projects are underway at present in France, Germany, Bulgaria, Cuba, Mexico, Ghana and the Philippines.

Using a holistic approach to research (imaging methods), the Vital Quality Research Institute (*Forschungsinstitut für Vitalqualität, FIV*) in Frick examines food and soil quality. The oldest establishment for biodynamic research is the Goetheanum in Dornach. Its Research Working Group (*Arbeitsgruppe Forschung, AGF*) coordinates



all research on biodynamic agriculture in Switzerland. Every year the Goetheanum organizes an international conference on agriculture.

5.3 Advisory services, training and documentation

One of FiBL's most important tasks is to bring expertise and new research findings to producers. Spread across Switzerland, FiBL has four regional advisory bureaux. FiBL's consultants cover a wide range of specialized areas, such as animal health, poultry management, vegetable production, viticulture and fruit-growing. The official advisory services run by the Cantons also offer specialist advice on organic farming, focussing particularly on advice relating to conversion. In Switzerland there are more than 30 agricultural colleges offering a wide range of courses and study programmes relating to organic farming. All the Swiss Cantons run obligatory introductory courses in accordance with BIO SUISSE requirements, which stipulate a minimum attendance of two days at such courses in order to obtain initial certification. To complement the advisory services offered by the Cantons, FiBL runs numerous courses, seminars and field inspections for interested farmers in conjunction with the regional organic agriculture organizations.

A group of practitioners, teachers of agriculture and experts from FiBL have developed a curriculum for basic training in organic farming. Various agricultural colleges and farmers' enterprises now offer training courses and traineeships based on this curriculum. Some colleges already offer an officially recognized qualification with the title 'Farmer specialized in organic agriculture' (*Landwirt mit Spezialrichtung Biolandbau*). In the case of biodynamic agriculture, a four-year training course has been in existence for many years. The courses and practical placements that are part of this training programme take place at agricultural enterprises. An overview of all the courses and training opportunities relating to organic farming and traineeships on organic farms is available on FiBL's homepage.

The Department of Agriculture at the Swiss Federal Institute of Technology (*Eidgenössische Technische Hochschule, ETH*) in Zürich offers a degree course in agroecology which covers organic farming methods. A similar programme is also offered by the Swiss College of Agriculture (*Schweizerische Hochschule für Landwirtschaft, SHL*) in Zollikofen.

'bio aktuell', the information bulletin for organic farmers, is published jointly by FiBL and BIO SUISSE. 'bio aktuell' provides monthly information on current issues relating to farming methods, on developments concerning markets, standards and certification, as well as on courses and events. FiBL also publishes an 'Organic Farming Dossier' (*Dokumentationspaket Biolandbau*), in which the very latest information on production techniques, business management, training, consultancy and standards in organic agriculture are made available. The dossier contains a collection of information leaflets, a series of transparencies, aids for economic planning, collections of standards and much more besides. With this dossier FiBL provides an ideal tool for advisors on organic farming, teachers of agriculture, agricultural experts and managers.

Web information corner relating to services for organic agriculture

<http://www.fibl.ch/>

The FiBL website provides:

- Information on FiBL's research programme
- A facility for ordering information and documents
- An overview of courses and training opportunities in organic farming
- Exchange for traineeships at organic enterprises
- Downloadable texts and data on organic agriculture
- Information on events
- Contacts and links to both Swiss and international institutions and organizations involved in organic agriculture.

<http://www.fiv.ch/>

Information on the research programme of the Forschungsinstitut für Vitalqualität (FIV) in Frick.

<http://www.goetheanum.ch>

Information on the research programme of the Goetheanum in Dornach.

<http://www.admin.ch/sar/en/research/index.htm>

The six state-run agricultural research stations with the Overview of agricultural research projects in Switzerland.

<http://www.abtvii.ethz.ch>

Information on degree courses in Agroecology at the Department of Agriculture and Food Sciences (*Departement Agrar- und Lebensmittelwissenschaften*) at the Swiss Federal Institute of Technology (ETH) in Zürich.

<http://www.fh-agro.ch>

Information on degree courses in Agroecology and Regional Planning (*Agrarökologie und Raumplanung*) at the Swiss College of Agriculture (SHL) in Zollikofen.

<http://www.ifoam.org>

International Federation of organic agriculture movements; useful informations and links.