

**Environment-conscious Foods/Organic Foods****December 8, 2015****THE GREAT POTENTIAL OF ORGANIC IN JAPAN AND IN THE US**

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**Monique Marez****Associate Director, International Trade  
Organic Trade Association (OTA)****Q: Please introduce yourself briefly and your role at OTA.**

I am from Colorado, and I was raised in the kitchen. After I graduated from Yale University, I spent five years in the technology sector working for Google and VMware. It was a successful run for me in the tech space. Then I moved on to New York University to complete a Master's in Food Systems there. I served on the board of the Wagner Food Policy Alliance, interned at the James Beard Foundation, and worked as Strategic Project Manager for Great Performances, New York City's largest food service and event company. My chief academic interests have been the impact of globalization on agriculture and trade, and the role of trade on harmonization of food safety standards. I currently manage OTA's global trade program helping grow organic for US producers and our trade partners around the world.

**Q: Can you explain a little bit more about OTA?**

OTA is the largest network of organic businesses in USA. We represent 8,500 organic operations in the US. We have 3 areas to focus: public policy change, consumer advocacy and education, and creating market opportunities for US organic producers. As many of you know, USA is the largest organic market in the world. I'm here in Japan this time to share with Japanese people some information, latest trends about what's happening in the US including what's organic, trade update of USA and Japan, market size etc.

## Q: What is organic and its recent movements?

We know that organic is better for you, better for the farmer, and better for the environment. In January 2014, USA and Japan entered into organic equivalency arrangement. MAFF and USDA came to the conclusion that our organic standards are equivalent, therefore may trade easy across two countries. This means that Japanese farmers can more easily export their products to USA and vice versa. Organic agriculture is a way to a sustainable food future. Growing organic in the US and in Japan benefits the entire world. We are not competitors with each other. We are partners. Only 5% of food supply in US is Organic and less than 1% here in Japan. Our number one competitor is not each other, it's non-organic. Since entering the equivalency arrangements, exports for the first half of 2015 from US to Japan are up 7%, exports from Japan to US are up 70%. This policy solution and growing relationship between the two countries is creating opportunity for both US and Japanese farmers.

## Q. What is the trend in the US?

In the US, we have about 6 million acres dedicated to organic agriculture. We have 19,500 certified operations, and over 3,000 farmers in transition from conventional to organic. Consumer sales for organic products have increased by double digits over the last several years. Our market reached 39.1 billion dollars in 2014. Organic fruits and vegetables are still the number 1 category. Fresh fruits and vegetables count for 36% of all organic food sales. Dairy experienced the largest growth in last 6 years. In 2014 was the first year that organic textiles reached 1 billion dollars in sales. Latest and greatest category trend is organic juice, growing by over 33% in 2014. If you stick around for yoga, you will get to try cold press juice from US!



**Q: Tell us about consumer habits and consumer purchase.**

Eight in ten families in USA are now buying organic products. Household penetration has been increasing year after year. The number one reason consumers look at organic products is health. Consumers want better-for-you products. In the last 12 months, organic consumers purchased more than they originally started to, 1 year ago. This shows that the organic consumer is a loyal customer and wants more organic products. The organic shoppers spend more in the stores and kids' foods are on the top of the list. Do not underestimate the power of your female shoppers.

In terms of consumer purchase, there are four major trends happening in US. Change of venue, fruits and vegetables leading the way, connected shopper, and the convenience factor.

Firstly, people are buying the most organic at conventional grocery stores. That is a recent development and more and more conventional grocery stores start to recognize the value of having organic in their stores. Secondly, fresh produce is the gateway for a first time organic purchaser. In USA, organic grapes and organic avocados grew the most in 2014. For vegetables, it was potatoes and cooking greens. Right now in US, 21% of all salad is sold organic. 23% of all carrots are all organic.

Thirdly, in the USA, more and more people are interacting with social media and online technology for food. They are demanding more information and traceability. Keep in mind that organic agriculture has been for the last several years the most traceable food system in the world. As customers began to question, "Where does my food come from?" organic commerce has an answer. Also in US, 51% of cellphone owners have shopping application on their phone and purchases of organic food online doubled in 2014.

The fourth trend is the convenience factor. Number one category is the prepared vegetables for snacks and side dishes grew by 52% in 2014. We have organic burger and fry chain, and Chipotle now serves only organic tofu. I just want to point out how significant that is. Chipotle was initiated in Denver, and supported through McDonald's network. In 2014, they had an average stock of 300\$ a share. These are major shifts in the way that we are starting to produce and sell food. McDonald's in Germany debuted its first organic hamburger last month. When we have major players entering into organic space, which means no longer it's a trend, it's a category that people would pay attention to.

The organic industry has always been led by farmers, consumers, and activists. In USA, we have a long history of fighting for what we wanted, getting regulations, and watching

the market grow from the ground-up. Japan is in a very similar place to the US and there are so much that your industry can learn from USA and vice versa.

**Q: Some people think that if Whole Foods is coming to Japan, Japanese organic market is becoming sharply activated and energized? What do you think?**

Tokyo may not need the Whole Foods. There are already several very dedicated retailers offering wider choices and information to the Japanese consumers. One is Natural House. One special thing about them is their integrated training to their employees. They show the concept of organic not only with the products but with the staff there. It is very important to promote the knowledge, and let people know and understand the significance of being organic. The other one is National Azabu Supermarket. They do have a wide range of organic products, and people in Japan already know that they can find organic there. Japanese consumers are very attentive to presentation of the finished products. Of course, this is important in a way, but the real food comes from the dirt. So everyone must pay more attention to how the food was made and organic is the safest most ecological system for that.

**Q. Do you see any possibility of government coming in and state a sort of numerical target for organic ratio within the food supply?**

No, organic is more consumer-driven and supported by farmers. Expected roles for the government can be something like they did in the 2014 equivalency arrangement, and to support more research projects targeting the possibility of organic farming.

**Q. What is your personal opinion of organic products ratio?**

In the long end, I believe that the current ratio of 95 conventional vs. 5% organic can be shifted. The more consumers understand organic the more they want to buy it and incorporate organic into their daily lives.

**Q: Do you have any additional comment? And please share your future goal with us last of all.**

Lastly, let me say again that organic is better for you, better for the environment, and better for the farmers. It becomes an easier choice to make once you understand all the benefits. My future goal is to help farmers and producers make a good living by producing

healthy sustainable products. And help consumers understand what the organic promise means. I want to see the organic movement continue to grow and hope that will positively impact generations and food systems in the future.

Thank you for your time.