

Organic Armenia
Rapid Market Appraisal of priority crops for Organic Production



Armenia boasts an extremely rich variety of both biodiversity and landscapes, reflecting the variety in geology and altitudes found within the country. Altitudes vary between 1000-2500 m above sea level, and it is located on the same geographical latitude as countries such as Spain, Italy and Greece.

Its flora is so diverse and for centuries, its inhabitants have been able to fight against illnesses, wounds and even again thanks to its variety of healing plants. 307 days of sunlight combined with alpine pastures and crystal-clear spring water from its mountains make Armenia a natural birthplace for organic products.

The agriculture sector contributes to Armenian's economy with about 20% of the country's GDP and employs around 45% of its population. The growing market for organic produces and an internationally accredited certification body make organic production more profitable and accessible.

The best available regions convenient for organic agriculture include arable land and wild areas. Developing organic agriculture is also a priority for the Government and tax incentives ensure high return for investment. With minimal custom fees Armenia can be the gate to the EAEU market of more than 180 million consumers.

Currently, the organic production of vegetables, fruits, cereals, berries, alfalfa that includes priority crops of the project sea buckthorn, lentil, apricot, grape, collection of wild species as well as beekeeping are established in Armenia. The processing companies produce organic juices, nectars, concentrates, purees, quick frozen products, herbal teas, dried fruits and bread for the local and international market.

The number of certified organic farms and processing companies is increasing. If there was an area of certified organic agriculture of 1500 hectares, including wild collection areas (8 certified organic farms and 6 certified organic processing and import enterprises) in 2009, in 2012, the area under organic management was 19 000 ha including wild collection and in conversion areas. The number of organic beehives was about 530 in 2013 with the total production up to 16 000 tons of honey. Currently there are 46 certified organic agricultural

operators in Armenia. The list includes 8 wild collection/processed food (reminding that sea buckthorn is growing only wild in Armenia), 18 plant products, 10 processed food, 2 honey producing operators, as well as 7 beekeepers and one organic fertilizer importer.

There are also increasing export opportunities for Armenian organic produce. Armenia started exporting organic products in 2008. The main exported organic products are fruits (fresh apricots and dried) and berry products from organic agriculture and wild collection, such as juices, beverages, compotes and honey. The supply volume does not meet the demand of the international market. The main export markets are Russia and the European Union. It is expected that the markets will expand to the USA, Canada and Asia.

The sector policy is developed by several agencies involved in policy-making, the Ministry of Agriculture, the State Forest Monitoring Agency, the Ministry of Nature Protection with its Bioresources Management Agency, as well as the Ministry of Economic Development and Investments. The MoA oversees developing police and legislation on organic agriculture as for its enforcement. All other agencies are participating in review and they comment on the possible impacts of proposed policy measures.

Since 2002 the local certification body ECOGLOBE has been supporting the sector development, it offers organic certification under the 'Green Caucasus' private standard for national, EU, and other export markets. Ecoglobe is also accredited by DAkkS for EU, FOAG for Switzerland, USDA National Organic Program for USA and Canada markets.

Organic agriculture is highly prioritized in the national agricultural and industrial policies. However, the government neither envisaged support for the organic sector development, nor provided any subsidies to the farmers to initiate conversion to organic production. Thus, the development of sustainable organic agriculture in Armenia is still challenging. As in the case with any new concept, it is important to motivate farmers to produce value added, healthy and environment safe organic produce, as well as increase awareness among the consumers about the benefits of those products and build trust towards organic producers. The retail market also needs to be educated and trained since its experience of selling organic produce is limited.

To summarize, Armenia has the potential for developing agriculture, and there are perspectives for market development as well, but the local producers have to make continuous and strong efforts to become sustainable and competitive in the European organic markets. The government and foreign support are still needed to develop the sector.

Today, the concern about healthy and quality food products has been increasing in Armenia. In addition, awareness of health and environment safety together with increase of disposable income creates good base for organic market development. This report serves as a

manual that is intended to introduce awareness on organic in Armenia, estimate organic foods' current demand as in general and as for project priority crops. This report provides basic information concerning organic food markets in Yerevan, since significant proportion of Armenian purchase power is concentrated there. This makes education and reaching large number of consumers easier and allows marketing campaigns to be more effective. It is on assessment of organic food market and defines the future design of the organic farming and processing development project. The growth of supermarket chains with their centralized purchasing system also makes market entry easier.

Main supermarkets and shops where you can find more than 40 certified partners' local organic products are Carrefour Armenia, Green Day (Organic Store), Haleb, Nor Zovq, Go Green Armenia stores and AgroLog Organic food store.



The research was targeted on average and above-average income consumers. The survey sample included more than 100 interviews, conducted in high value food retail stores and supermarkets in selected Yerevan communities. Selected Yerevan communities included Central, Arabkir, Kanaker-Zeytun, Nor-Nork, Erebuni, Achapnyak and Malatia-Sebastia.

Age and gender distribution

| Gender | Age of surveyed person | | |
|--------|------------------------|-------|--------------|
| | 19-34 | 35-54 | 55 and older |
| Male | 19 | 12 | 10 |
| Female | 29 | 16 | 14 |
| Total | 48 | 28 | 24 |

It was found out that survey respondents like to buy food that has high quality, good for health and tasty. Majority of people read labels and pay most attention on expiration date and content of preservatives, they prefer to buy processed products from supermarkets and fresh fruits and vegetables from farmer markets. Finally, while shopping they look for a convenient place with good service.

Other matters to study preferences on purchasing domestic food and main factors affecting on buying domestic versus imported products. Almost 98.7% of surveyed people prefer to buy domestic fruits and vegetables, 98.3% - dairy products, and 72.1% - domestic canned products of fruits and vegetables. This information provides us with feedback that people trust the quality and prefer to buy domestic food products. Based on the buyer's preference for local produce, we can say that organic products made from apricot, sea buckthorn, grape and lentil will also be demanded by consumers.

Consumer preferences on purchasing domestic and imported products

| | local products (%) | Imported products (%) |
|--|--------------------|-----------------------|
| fruits and vegetables | 98.7% | 1.3% |
| dairy products | 98.3% | 1.7% |
| canned products of fruits and vegetables | 72.1% | 27.9% |

Here are the most known companies that produce organic certificated products (certificated body Ecoglobe LLC) and has varieties of products made from apricot, grapes, sea buckthorn and lentil.

TRINITY LLC



Organic grapes

Organic wines

Trinity LLLC has been growing in its Trinity Canyon Vineyards of Armenian's Vayots Dzor region since 2009. The story of Trinity Canyon Vineyards started with three enthusiastic and determined wine aficionados who decided to step into the mysterious world of wine crafting. Starting from 2013 the company has been producing wine from its organic endogenous Armenian grape varieties Areni Noir and Voskehat, and from international varieties Chardonnay, Syrah, Cabernet Sauvignon and Merlot. Trinity wines are filled with faith, traditions and legends of Armenia.

SAM_HAR LLC



Organic compotes

Organic Apricot compotes and juice

SAM_HAT LLC was established in 2002 under the brand SIPAN. As one of the leading exporters in Armenia the company offers to local and foreign consumers its diverse, ecologically clean products, which comply with the highest requirements and international standards (water, lemonade, compotes, preserves, jams, canned vegetables, etc). During the production, the company uses only natural Organic products grown in Armenia. The company produce organic apricot compotes, juice.

SIS NATURAL CJSC



Organic juices, natural nectars, drinks, jams, preserves from apricot and sea buckthorn

SIS Natural CJSC is an industry leader in production of juices and fruit and vegetable preserves in Armenia. The innovative approach of the product development and promotion is the key to success of Sis Natural.

Sis Natural CJSC is the producer of high quality Yan, Yan Organic and SIS brands producing juices, nectars, drinks, jams, preserves made from apricot and sea buckthorn, which are very popular among the consumers. Each brand is focused on specific target groups to satisfy consumer needs.

SUN GOODS LLC



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Organic fruits and dried fruits (apricot)

The company was found in 2014 by Ashot Aslikyan, who has a great experience in the field of agriculture, especially the production of dried fruits. The company is engaged in dried fruits and vegetables, in particular: apricot, peach, pear, apple, cherry and tomato. Since 2016, the company has received an organic certification and offers organic dried fruits to the consumer. The product is consumed not only in Armenia, but also in Russia, Georgia and France.

TAMARA FRUIT CJSC



Organic nectars and compotes, frozen apricot

Tamara fruit CJSC was established in 2002. It is the first enterprise in Armenia producing Deep Frozen fruits and organic fruit juices. The company sells its product in the local market, as well as exports to different countries such as Hungary, Czech Republic, France, USA and UAE, as during a short time period the high quality and reasonable price made their products competitive in the local and foreign markets, so it enjoys stable and high consumer demand.

TSIRANI AYGI LLC



Organic fresh apricot, grapes, plum, peach, apple

Tsirani Aygi LLC is one of the first Organic orchards in Armenia. There are two orchards in the communities of Argina and Shenik in the Armavir region, with a total area of 120 hectares. Orchards of Tsirani Aygi LLC were established in 2002 with the support of SHEN and number of international donors. 'Tsirani Aygi' LLC is one of the leaders in the field of organic fruit production in Armenia today.

The current total volume of 'Tsirani Aygi' LLC is 400 tons of organic fruit. Orchards are certified since 2005, and the product is certified in accordance with EU and NOP standards.

BIZON-1 LLC



Organic berry extracts from wild harvest of sea buckthorn, raspberry, rosehip

Organic cold pressed oils of sea buckthorn, grapes, apricot, pomegranate, rosehip, pumpkin seed

Bizon-1 LLC was founded in 1994 and has some long years of expertise in the production of sea buckthorn and rosehip oils and mix of different berries dried extracts. The company has team of wild collectors, who continuously receives trainings on methods of

organic wild collection and processing by our internal and certification body qualified specialists. The products sell in Armenia as well as export to the EU countries and USA.

AGROLOG CJSC



Organic dried fruits (apricots)

Organic fruits (apricots, grapes,), vegetables (lentil), herbs and herbal teas (sea buckthorn)



Since 2011, Agrolog CJSC, based in Ashtarak, has been operating in the agricultural production market. Since 2015, the company started the production of dried fruits. Product is sold in Armenia as well as export to Georgia, Russia, Kazakhstan. In 2017 the company has been granted with Organic certificate for processed food, specifically, for dried apricots, peaches and plums.

Organic Artik

Agriclytural cooperative



Organic legumes – lentils, chickpeas

Organic grains

Back in 2016, a group of farmers from more than 10 households formed the 1st cooperative in Armenia for producing organic crops. They started mainly with the wheat and seeds.

The cooperative has started the organic certification process for the 10ha land and have a new sorting and packaging equipment for the wheat products. The crops under organic certified land include high value crops such as lentil, peas, flax, beans.

The survey shows that Armenian consumer trust local producer and wants to buy products as much as possible. The main factors that affects their decision are the consumer believes that local products are natural, tastier, and fresh. If all these steps are carefully planned, there are perspectives that organic food market will be growing, demand will create new organic food producers and processors, and larger volumes, and finally, certification will enable entering new markets.