



Cultivating Global Partnerships for Organic Products

2-SP28-36-020

This problem situation was written by Lorena Andrea Palacios Chacón (lapalaciosch@tec.mx) and Patricia Alejandra Moreno Aceves (pmoreno@tec.mx), with the purpose of serving as discussion material in classrooms, it is not intended to illustrate good or bad management practices. The story on this document is based on different people's experiences; some data has been modified at the request of the people and institutions involved.

All Rights Reserved © Instituto Tecnológico y de Estudios Superiores de Monterrey; Av. General Ramón Corona No. 2514 Col. Nuevo México, Zapopan, Jalisco 45138, México. ITESM forbids any type of reproduction, storage, or transmission in whole or in part of this work, without written consent.

Centro Internacional de Casos
Tecnológico de Monterrey

Publication Date: August 25, 2025.
Last Review: August 25, 2025.



Tecnológico de Monterrey
Escuela de Negocios

Relationship between Ethiopia and Germany

The diplomatic relations between Germany and Ethiopia, established in 1905, have traditionally been stable and are maintained through reciprocal high-level visits (German Federal Foreign Office, 2025). The same source highlights that Germany has been working both bilaterally and within the EU to intensify its relations with Ethiopia, providing support to the peace process and economic recovery.

Ethiopia is a key partner for German development cooperation, with a focus on vocational training, private sector development, social security, as well as food security and agricultural development (German Federal Foreign Office, 2025).

In terms of international trade, the Observatory of Economic Complexity indicates that Ethiopia's main exports to Germany in 2023 were Vegetable Products (\$116 million), Textiles (\$30.7 million), and Mineral products (\$3.53 million). At the same time, the imports included Machines (\$85.6 million), Chemical Products (\$28.3 million), and Transportation (\$24.6 million) (OEC, n.d).

Image. Ethiopia is a strategic partner for Germany's development cooperation.



Source. OpenAI, 2025.

Partial Scope Agreement

Within the context of the World Trade Organization (WTO), a partial scope agreement is a trade agreement that covers a limited number of products. The participating countries reduce or eliminate tariffs and other trade barriers on specific products. Commonly, developed economies grant these benefits to developing ones based on particular programs, such as fighting drug trafficking or the presence of ex-colonialism.

There is an Economic Partnership Agreement (hereinafter referred to as the 'Interim EPA') between the Eastern and Southern African States on the one part and the European Community and its Member States on the other: Comoros, Djibouti, Eritrea, Ethiopia, European Union, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia, Zimbabwe. (*Market Access Map*, n.d.). The objectives of this Economic Partnership Agreement are:

- 
- (a) Contributing to the reduction and eventual eradication of poverty through the establishment of a strengthened and strategic trade and development partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement.
 - (b) Promoting regional integration, economic cooperation and good governance in the ESA region.
 - (c) Promoting the gradual integration of the ESA region into the world economy, in conformity with its political choices and development priorities.
 - (d) Fostering the structural adjustment of the ESA economies and diversification including value addition.
 - (e) Improving the ESA region's capacity in trade policy and trade related issues.
 - (f) Establishing and implementing an effective, predictable, and transparent regional regulatory framework for trade and investment in the ESA region, thus supporting the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness, and economic growth; and
 - (g) Strengthening the existing relations between the Parties on the basis of solidarity and mutual interest. To this end, consistent with WTO obligations, the Agreement shall enhance commercial and economic relations, support a new trading dynamic between the Parties by means of the progressive, asymmetrical liberalization of trade between them and reinforce, broaden and deepen cooperation in all areas relevant to trade and investment (*Rules of Origin Facilitator*, n.d.).

Organic products are highly relevant to fulfilling these objectives, as they align with the goals of sustainable development and poverty reduction. The global demand for organic products presents an opportunity for ESA countries to engage in high-value agricultural exports that support environmental conservation and promote inclusive rural development.

By fostering value addition and sustainable production practices, the organic sector contributes to structural economic adjustment, diversification, and increased competitiveness. Furthermore, the development of organic value chains encourages regional cooperation, capacity building in trade policy, and the establishment of transparent regulatory frameworks that meet international standards, thereby facilitating deeper integration into global markets. In this way, organic trade strengthens commercial ties between the Parties and enhances ESA countries' ability to participate meaningfully in the global economy while respecting their development priorities.

Organic Products Trends

Sustainability is being increasingly recognized as a significant issue for most industries, but especially in the agribusiness and food industry, where it has become an important marketing topic (Grunert, 2011; Verain et al., 2012; Vermeir & Verbeke, 2006).

Image. Globally, the organic food industry continues to expand.



Source. OpenAI, 2025.

Sustainable food consumption considers not only individual needs and desires, but also the environmental and social responsibility of each consumer (Reisch, 2011). By 2025, sustainable food products are in demand because environmentally conscious consumption, as well as social responsibility, plays an increasing role for many consumers. This is also reflected in the growing number of labels certifying the positive ecological or social attributes of food products (Potter et al., 2022).

The organic food industry is continuously growing worldwide, with Germany as the largest organic market in Europe (BMEL, n.d.; Sahota, 2009). The country has shown continued growth despite inflationary pressures in 2022. The rebound in 2023 (16.08 billion euros) and further expansion in 2024 (17 billion euros) reflect rising consumer demand and the strong presence of both specialty and discount retail channels. This growth underscores Germany's significance as a leading market for sustainable and certified organic products (Thünen-Institut, 2024).

Altruistic aspects, such as environmental awareness, animal welfare, and fair trade, are the most important reasons determining organic food consumption (Durham & Andrade, 2005). For others, individual aspects, such as health concerns, nutrition, food safety, food taste, and product freshness, are major determinants (Zanoli & Naspetti, 2002). In addition, empirical evidence suggests that neither altruistic considerations nor egoistic aspects determine organic purchasing behavior. Instead, search costs, dietary patterns, and awareness of organic food labelling are reported to be strong predictors of organic food purchases (Li, Zepeda, & Gould, 2007).

Appendix 1. Shows additional details regarding international trends and perspectives.

The negotiation

Within the previously described context, an Ethiopian agricultural company, Green Fields Ltd., is negotiating with the German food processing firm NaturPro GmbH for a long-term supply contract of organic produce. Green Fields seeks to establish a stable market for its products, while NaturPro aims to secure a dependable source to meet the rising demand for organic goods in Europe.

To support its growth and expansion plans, Green Fields is pursuing a contract that provides predictable revenue and sustained market access. On the other hand, NaturPro is looking to secure favorable pricing along with assurances of quality and timely delivery. Both parties see the potential for a mutually beneficial partnership that aligns their strategic priorities and strengthens their positions in the global organic supply chain.

Negotiation Objectives:

- Green Fields Ltd. aims to secure a contract that ensures a steady revenue stream and supports its expansion plans.
- NaturPro GmbH seeks to lock in a competitive price and guarantee the quality and timely delivery of organic produce.

Instructions for Both Parties:

1. Preparation:

- Understand the cultural and business etiquette differences between Ethiopia and Germany.
- Research the market conditions and price trends for organic produce.
- Identify the Best Alternative to a Negotiated Agreement (BATNA) and the reservation point (the minimum acceptable outcome).

2. Negotiation Strategy:

- Approach the negotiation with a collaborative mindset, aiming for a win-win outcome.
- Be prepared to make concessions but also know your limits and priorities.
- Communicate clearly and listen actively to understand the other party's needs and constraints.

3. Key Issues to Address:

- Pricing and payment terms: Determine a fair price that reflects market conditions and the quality of the produce.
- Quality standards: Agree on the quality specifications and inspection protocols.
- Delivery schedule: Establish a reliable and flexible delivery timetable.
- Contract duration and renewal terms: Decide on the length of the contract and the conditions for renewal or termination.

Appendix 2. Market Conditions and Price Trends for Organic Produce.

1. **Global Demand for Organic Produce:** Consumer awareness and demand for organic produce have risen significantly, driven by health concerns and environmental awareness. This trend is particularly pronounced in Europe, where consumers are willing to pay a premium for organic products (OTA, s/f; European Commission, 2023). Additionally, increased attention to sustainability from both consumers and retailers has fueled the growth of organically grown produce, which avoids synthetic chemicals and supports environmental health (OTA, s/f).
2. **Supply Chain Disruptions:** The COVID-19 pandemic has disrupted global supply chains, affecting both the availability and cost of organic produce and contributing to greater price volatility (FAO, 2022). Furthermore, adverse weather conditions and the broader effects of climate change—such as droughts, floods, and shifting seasons—have impacted crop yields, placing upward pressure on organic produce prices (Intergovernmental Panel on Climate Change, 2021).
3. **Production Costs:** Organic farming generally involves higher production costs due to the use of organic fertilizers, natural pest control methods, and the expenses associated with certification processes (United States Department of Agriculture, 2021; Rodale Institute, s/f). Moreover, organic agriculture tends to be more labor-intensive, which contributes to increased labor costs and, consequently, higher retail prices (Rodale Institute, s/f).
4. **Price Trends:** Organic produce typically commands premium prices, often ranging between 20% to 50% higher than conventional counterparts (OTA, s/f). However, these prices are subject to fluctuations influenced by seasonal availability, weather-related crop yields, and changes in market demand. For instance, during peak harvest periods, prices may decrease due to surplus supply, while during off-seasons, prices tend to increase (Eurostat, 2023).
5. **Regional Market Insights:** In Europe, demand for organic produce is particularly robust in Germany, France, and the UK. German consumers exhibit a high willingness to pay for certified organic goods, helping to maintain price stability and growth in the market (European Commission, 2023). In contrast, Ethiopia has strong export potential due to favorable agroecological conditions. However, limited infrastructure and market access remain obstacles to the international competitiveness of Ethiopian organic products (International Trade Centre, 2022).
6. **Competitive Landscape:** The organic produce market has become increasingly competitive as more farmers and suppliers enter the space. This growing competition exerts downward price pressure and pushes producers to differentiate themselves through quality, branding, and certification compliance (FiBL & IFOAM, 2022). Products that meet internationally recognized organic standards are more likely to gain access to premium markets and achieve higher prices (Innova Market Insights, 2024).

References

- BMEL. (n.d.). *Organic farming*. https://www.bmleh.de/EN/topics/farming/organic-farming/organic-farming_node.html
- Durham, C. A., & Andrade, D. (2005, July). *Health vs. environmental motivation in organic preferences and purchases*. Paper presented at the Annual Meeting of the American Agricultural Economics Association, Providence, RI: <https://ageconsearch.umn.edu/record/19221/?v=pdf>
- European Commission. (2023). *Organic farming in the EU: a decade of growth*: https://agriculture.ec.europa.eu/media/news/organic-farming-eu-decade-growth-2023-01-18_en
- Eurostat. (2023). European Unión Database: <https://ec.europa.eu/eurostat/web/main/data/database>
- FAO. (2022). *COVID-19 and the global food supply chain*: <https://www.fao.org/family-farming/detail/en/c/1268820/>
- FiBL & IFOAM. (2022). *The world of organic agriculture: Statistics and emerging trends 2022*: <https://www.organic-world.net/fileadmin/documents/yearbook/2022/willer-etal-2022-world-of-organic-fibl-global-stats.pdf>
- German Federal Foreign Office. (2025). *Germany and Ethiopia: Bilateral relations*. <https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/aethiopien-node/ethiopia/209410>
- Grunert, K. G. (2011). Sustainability in the food sector: A consumer behaviour perspective. *International Journal on Food System Dynamics in Research Gate*, 2(3), 207–218: https://www.researchgate.net/publication/227366514_Sustainability_in_the_Food_Sector_A_Consumer_Behaviour_Perspective
- Innova Market Insights. (December 5, 2024). *Organic Food Trends: Global Market Overview*: <https://www.innovamarketinsights.com/trends/organic-food-trends-global/>
- Intergovernmental Panel on Climate Change (IPCC). (2021). *Climate Change 2021: The Physical Science Basis*: <https://www.ipcc.ch/report/ar6/wg1/>
- International Trade Centre. (2022). *Ethiopia: Organic agriculture market access*: <https://intracen.org>
- Li, J., Zepeda, L., & Gould, B. W. (2007). The demand for organic food in the U.S.: An empirical assessment. *Journal of Food Distribution Research in AGEcon Search*, 38(3), 54–69. <https://ageconsearch.umn.edu/record/46587?v=pdf>
- Market Access Map. (n.d.): <https://www.macmap.org/>
- OECD. (n.d.). *Ethiopia (ETH) and Germany (DEU) trade*: <https://oec.world/en/profile/bilateral-country/eth/partner/deu>
- OTA. (s/f). *The state of organic: Market trends and growth projections and Organic price report*: <https://ota.com/resources/market-analysis>

Potter, C., Bastounis, A., Hartmann-Boyce, J., Stewart, C., Frie, K., Tudor, K., Bianchi, F., Cartwright, E., Cook, B., Rayner, M., & Jebb, S. A. (2022). The effects of environmental sustainability labels on selection, purchase, and consumption of food and drink products: A systematic review. *Environment and Behavior in Sage Journals*, 54(6), 744–767. <https://doi.org/10.1177/0013916521995473>

Reisch, L. A. (2011). Time and wealth: The role of consumer behavior in environmental and ethical consumption. *Time & Society in Sage Journals*, 20(2), 237–253. <https://journals.sagepub.com/doi/10.1177/0961463x01010002012>

Rodale Institute. (s/f). *Farming Systems Trial*: <https://rodaleinstitute.org/science/farming-systems-trial/>

Rules of Origin facilitator. (n.d.). <https://findrulesoforigin.org/>

Sahota, A. (2009). *The global market for organic food and drink*. In H. Willer & L. Kilcher (Eds.), *The World of Organic Agriculture: Statistics and Emerging Trends 2009* (pp. 59–63). International Federation of Organic Agriculture Movements (IFOAM) & Research Institute of Organic Agriculture (FiBL): <https://orgprints.org/id/eprint/18380/16/willer-kilcher-2009.pdf>

Thünen-Institut. (July 24, 2024). *Current trends in the German organic sector*. Thünen-Institute, Institute of Farm Economics: <https://www.thuenen.de/en/thuenen-topics/organic-farming/aktuelle-trends-der-deutschen-oekobranche>

United States Department of Agriculture (USDA). (2021). *Organic agriculture*: <https://www.ers.usda.gov/topics/natural-resources-environment/organic-agriculture>

Verain, M. C. D., Bartels, J., Dagevos, H., Sijtsema, S. J., Onwezen, M. C., & Antonides, G. (2012). Segments of sustainable food consumers: A literature review. *International Journal of Consumer Studies in Wiley Online Library*, 36(2), 123–132. <https://onlinelibrary.wiley.com/doi/10.1111/j.1470-6431.2011.01082.x>

Vermeir, I., & Verbeke, W. (2006). Sustainable food consumption: Exploring the consumer “attitude–behavioral intention” gap. *Journal of Agricultural and Environmental Ethics in Springer Nature Link*, 19, 169–194: <https://link.springer.com/article/10.1007/s10806-005-5485-3>

Zanoli, R., & Naspetti, S. (2002). Consumer motivations in the purchase of organic food: A means-end approach. *British Food Journal in Emerald Insight*, 104(8), 643–653. <https://www.emerald.com/bfj/article-abstract/104/8/643/64464/Consumer-motivations-in-the-purchase-of-organic?redirectedFrom=fulltext>