Organic Agriculture in Europe What does the future bring?

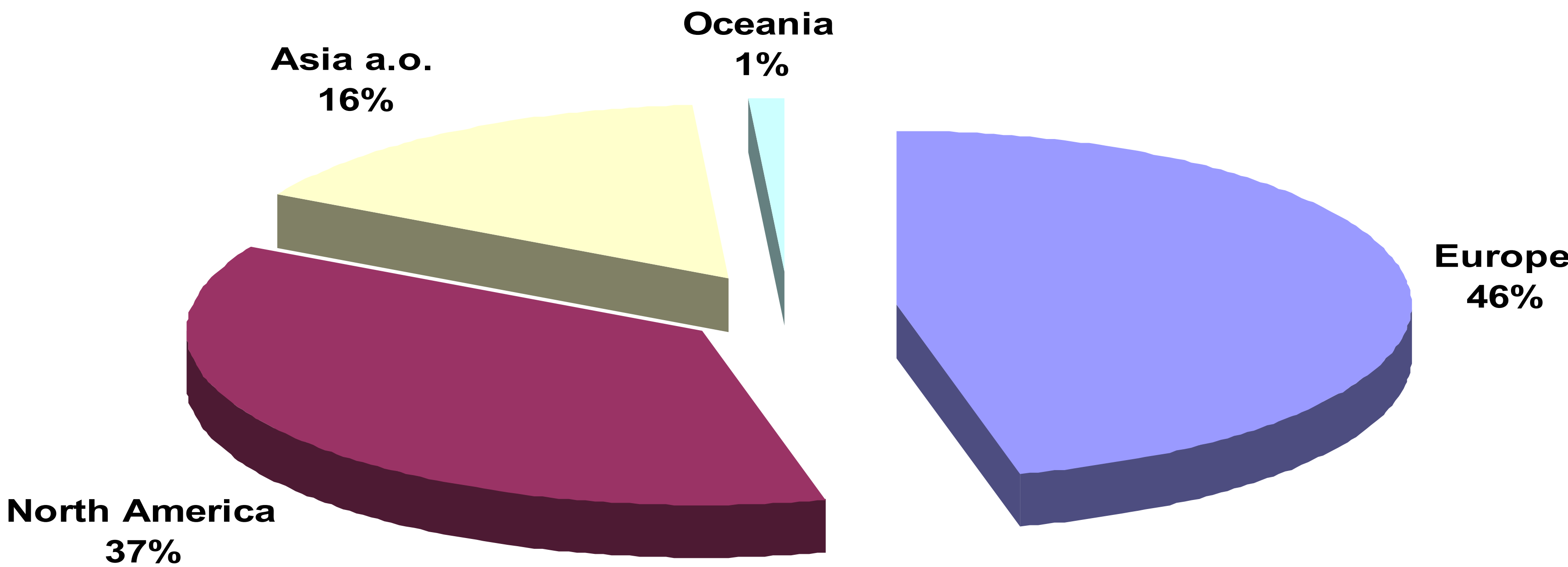
The organic market in Europe

Status quo, perspectives and challenges

Contents

- Current situation
- Perspectives until 2005
- Challenges for the organic sector

Distribution of turnover with organic products world-wide (2001)



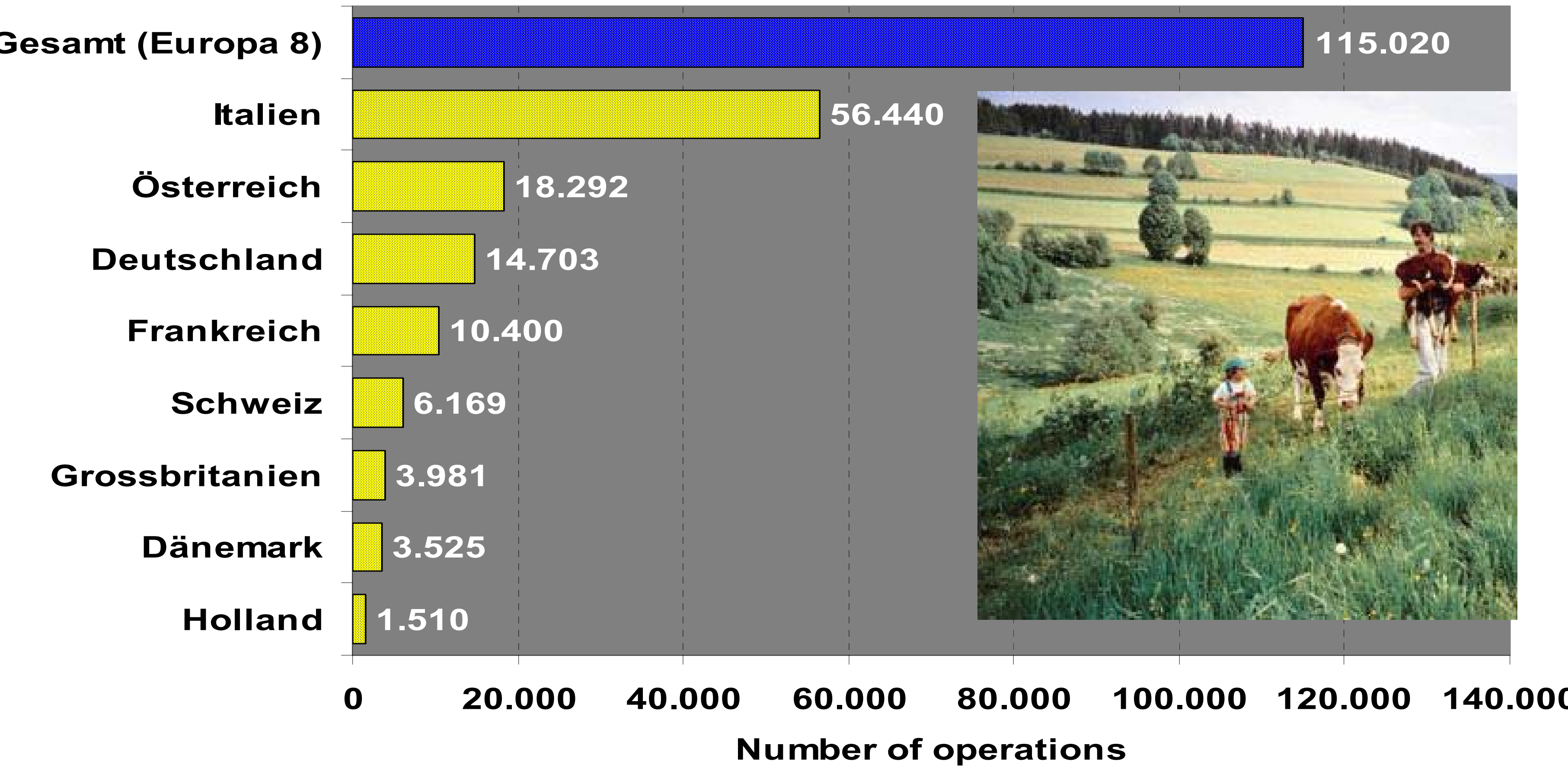
Quelle Organic Monitor

⇨ **Organic grows world wide**

- ⇨ **Products with highest turn-over:**
  dairy products and vegetables
- ⇨ **Strong growth in countries with committed trade**
- ⇨ **15 – 20% yearly growth in North America, Europe and Japan**
- ⇨ **Increase of intercontinental trade**

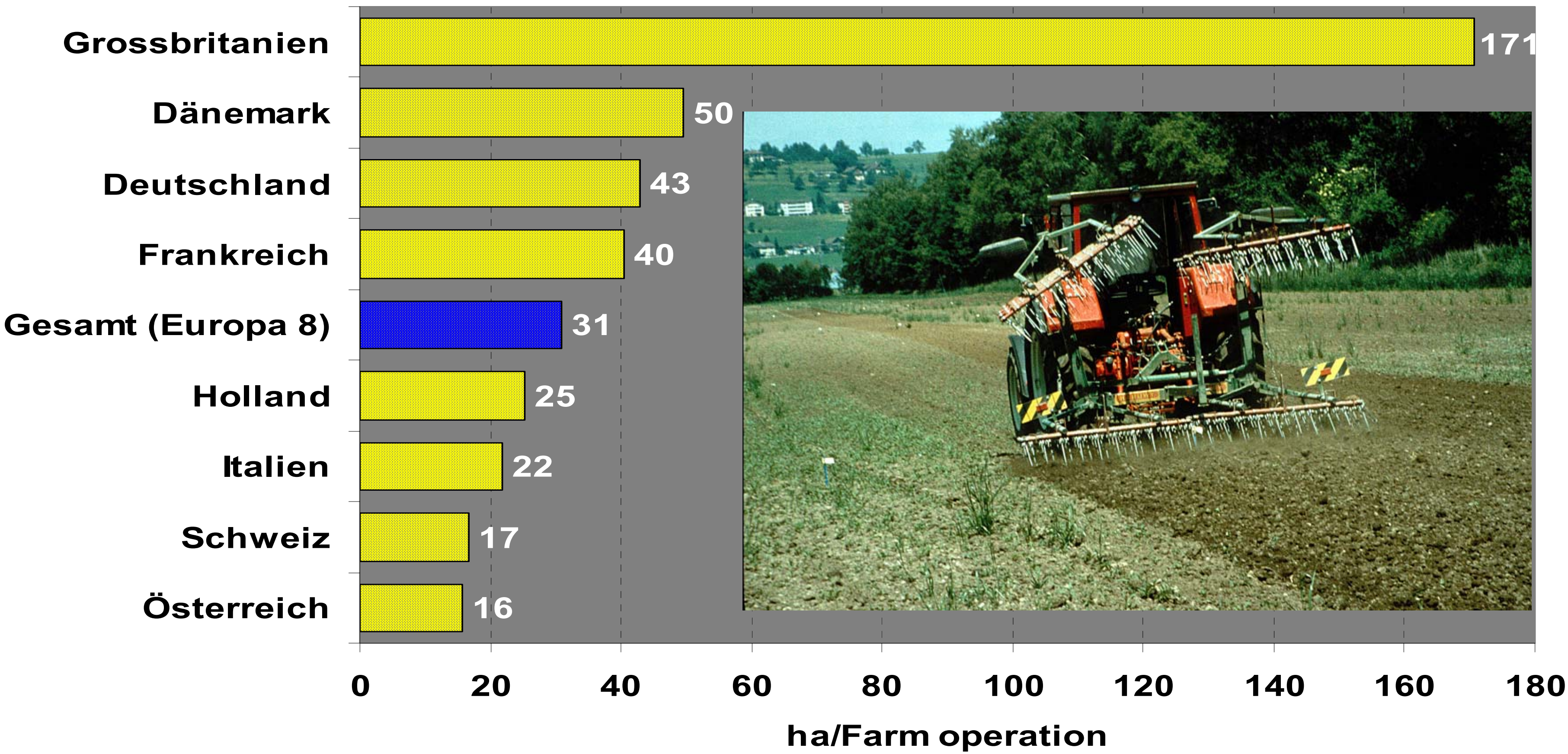
Organic Market in Europe – Current Situation

Number of organic operations in Europe (2001)



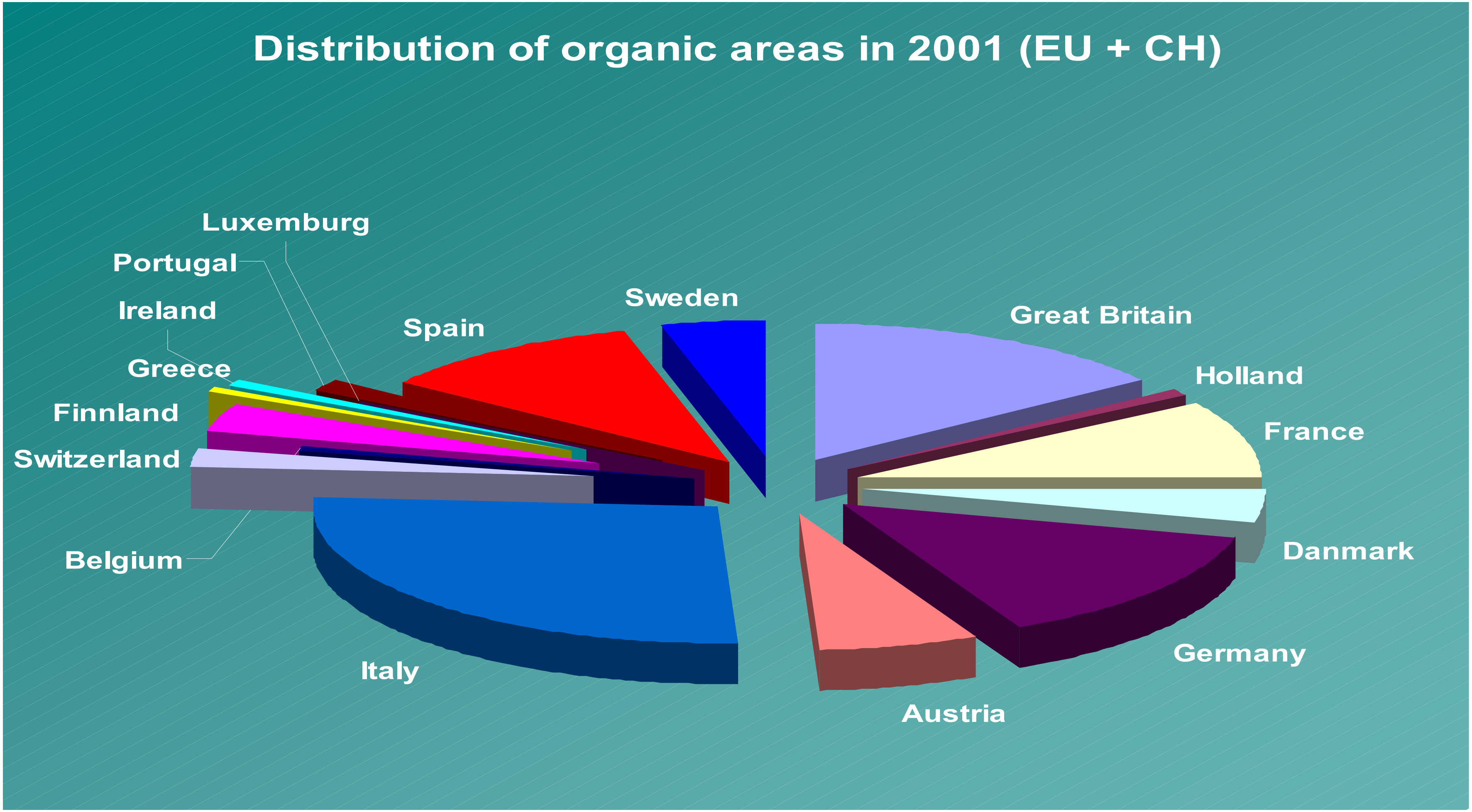
Quellen: SÖL/FiBL

Size of organic farm operations in Europe in ha (2001)



Quellen: SÖL/FiBL

Organic Market in Europe – Current Situation



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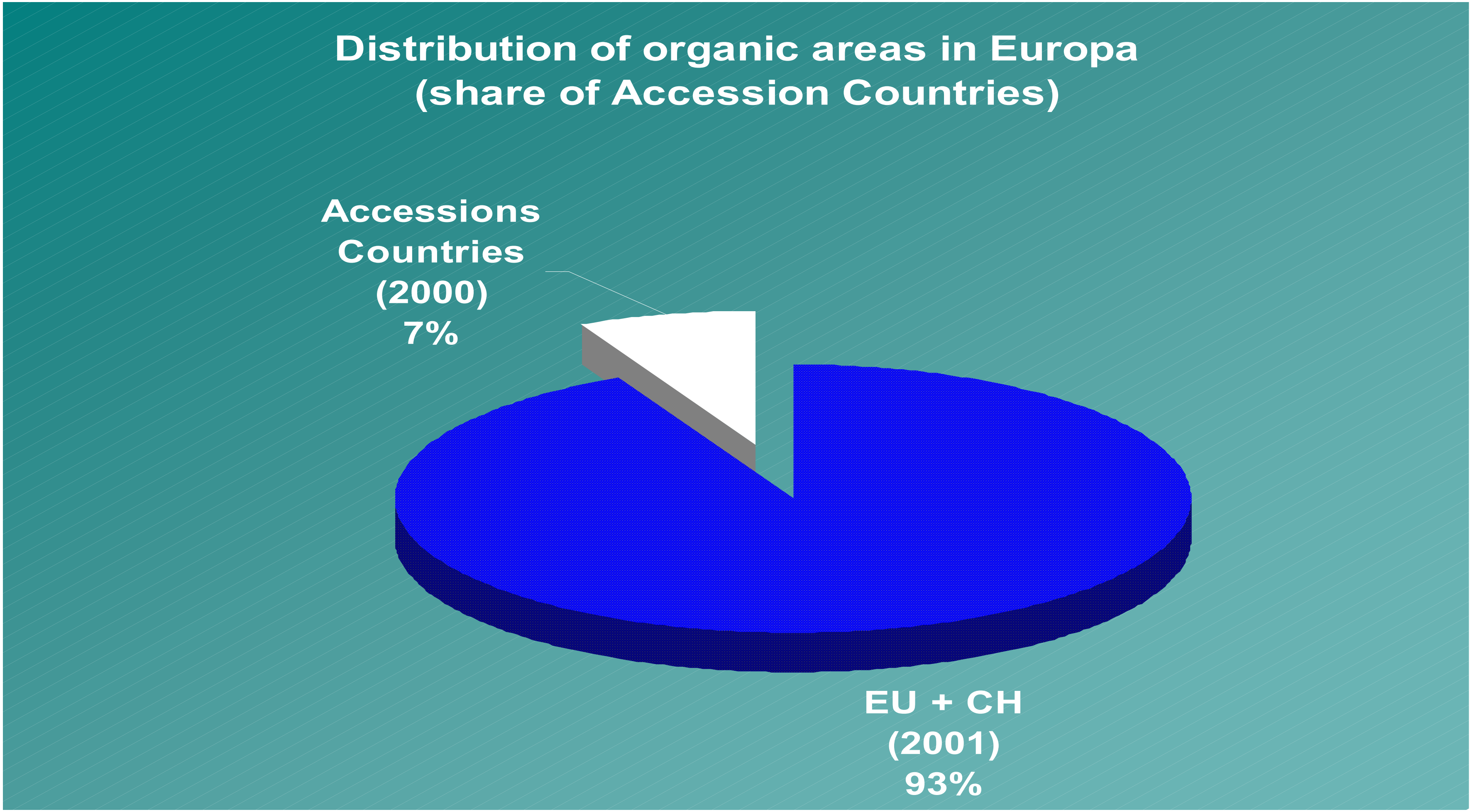


Quellen: SÖL/FiBL

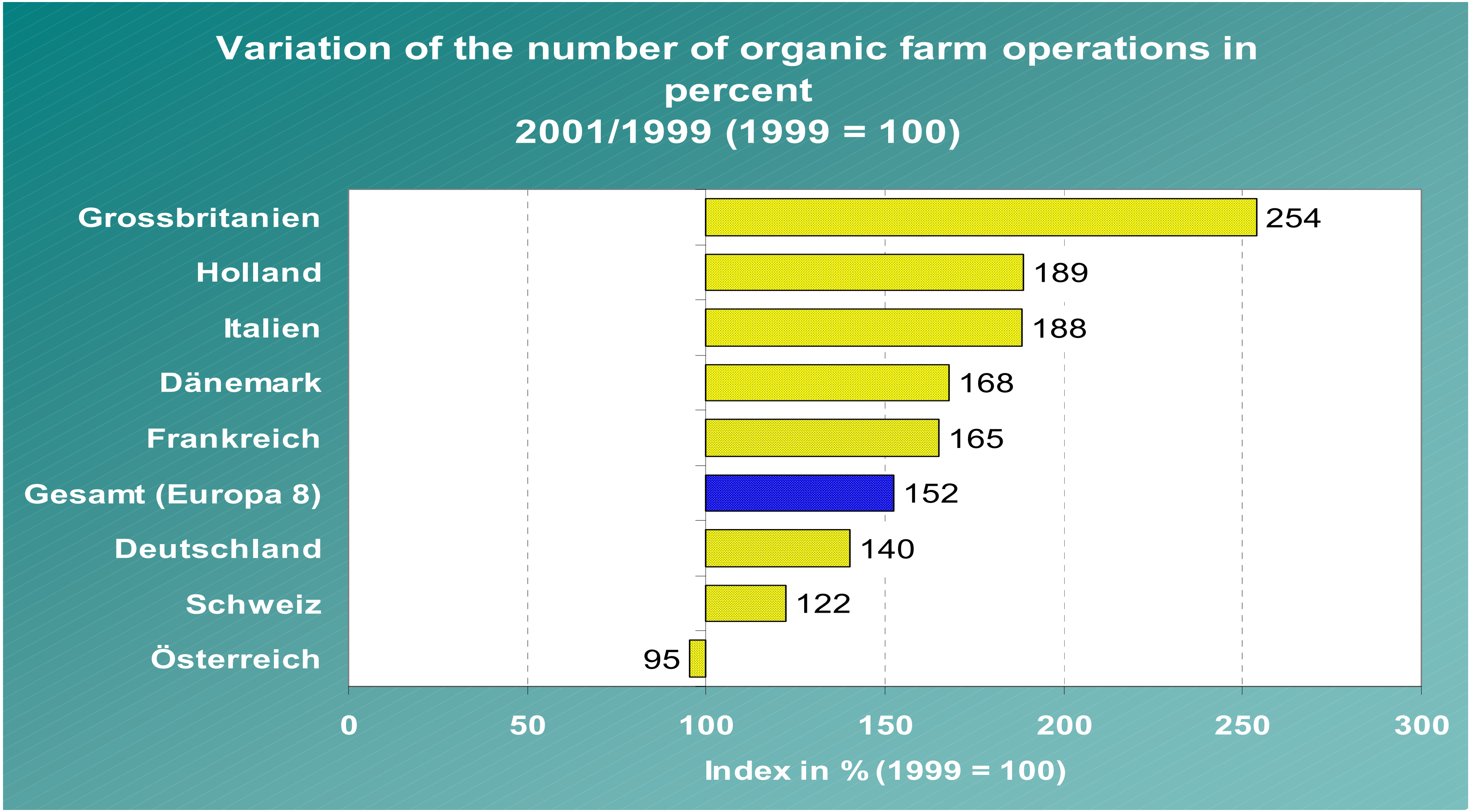
- **Countries in Mid- and Eastern Europe – vigorous supply combined with limited demand on the home market -**

Country/ Country group	quota of total income spent for food and beverages by private households	Increase of organic area 1999/2000	quota of organic area of total agricultural area (%)
Estland	39,9%	+ 149%	0.7%
Polen	36,0%	+ 83%	0.1%
Tschech. Republik	31,0%	+ 175%	3.8%
Slowenien	22,5%	+ 200%	0,7%
Ungarn	24,0%	+ 45%	0,8%

Quellen: SÖL/FiBL

FiBL

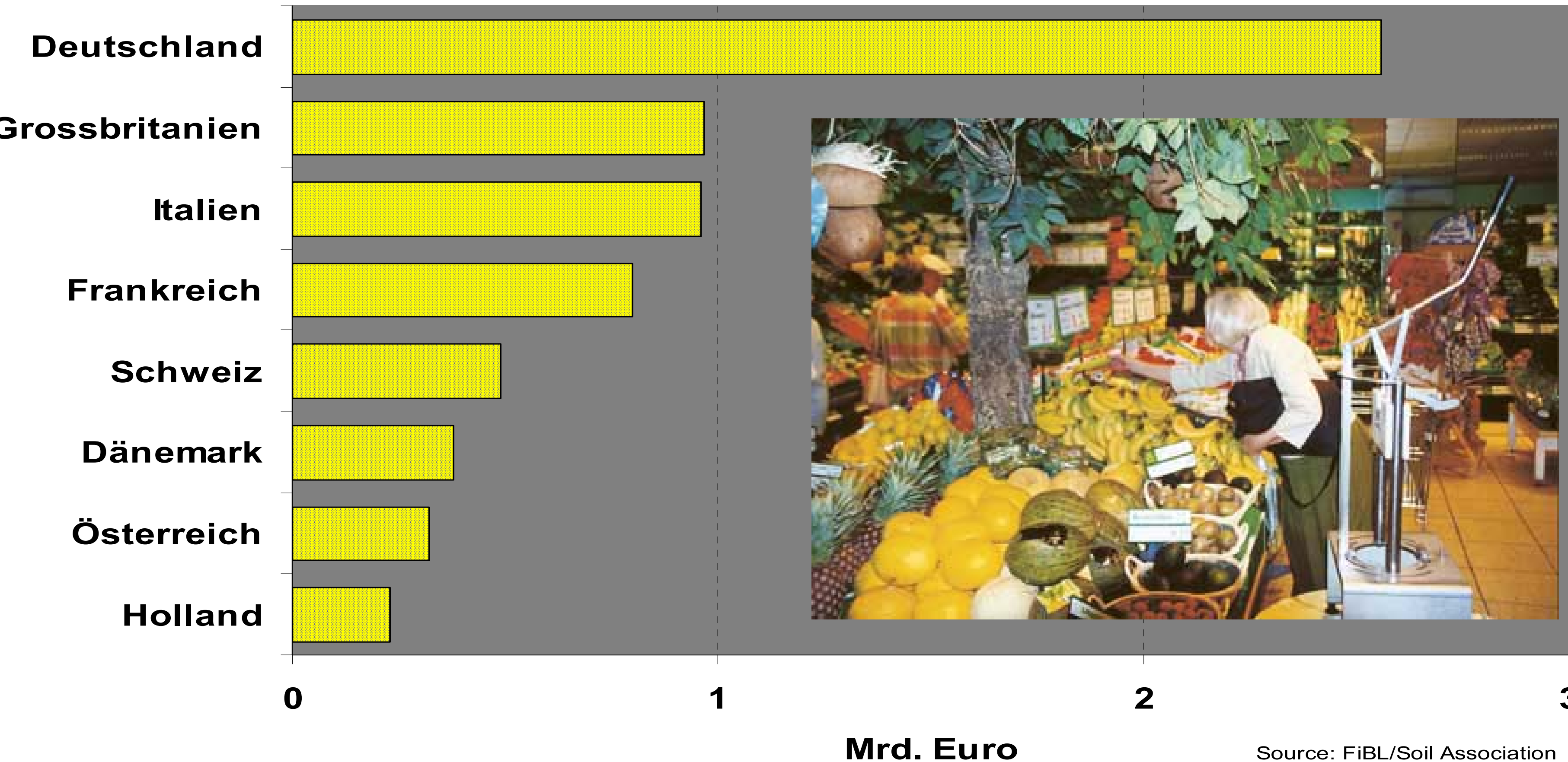
Organic Market in Europe – Current Situation



Quellen: SÖL/FiBL

Organic Market in Europe – Current Situation

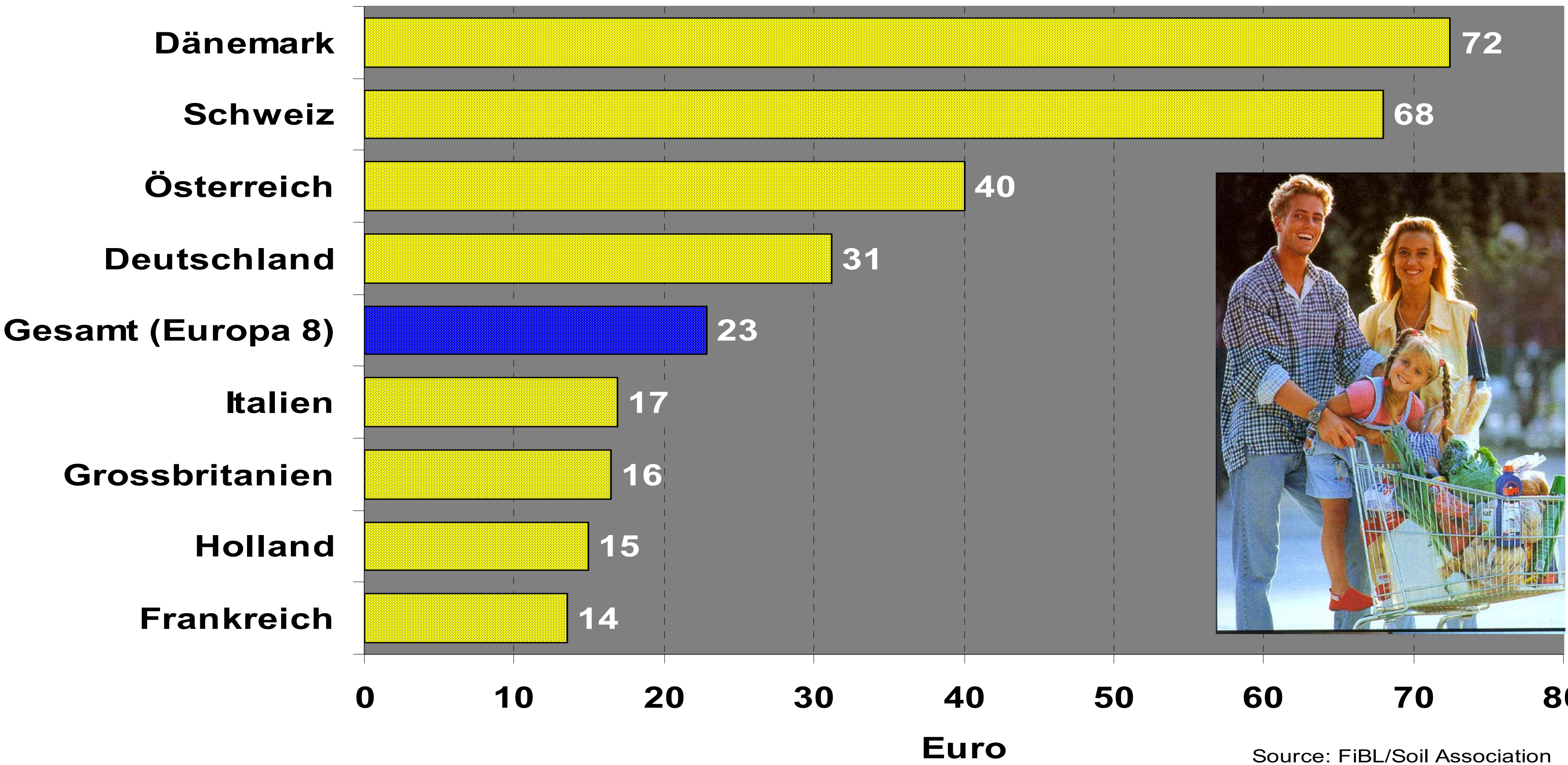
Turnover of organic produce in Europe (2000)



Source: FiBL/Soil Association

Organic Market in Europe – Current Situation

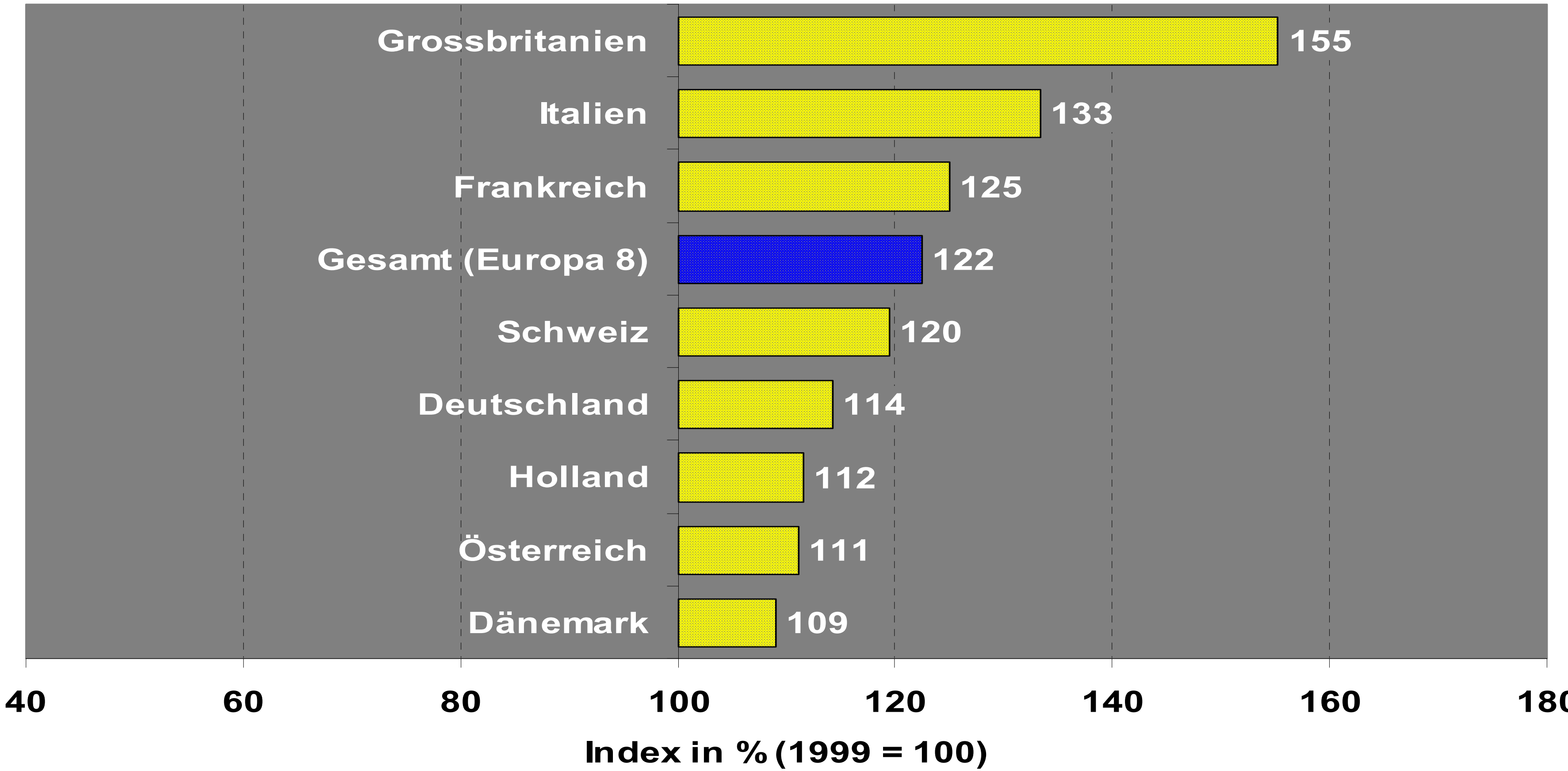
Turnover pro capita of organic produce in Europe (2000)



Source: FiBL/Soil Association

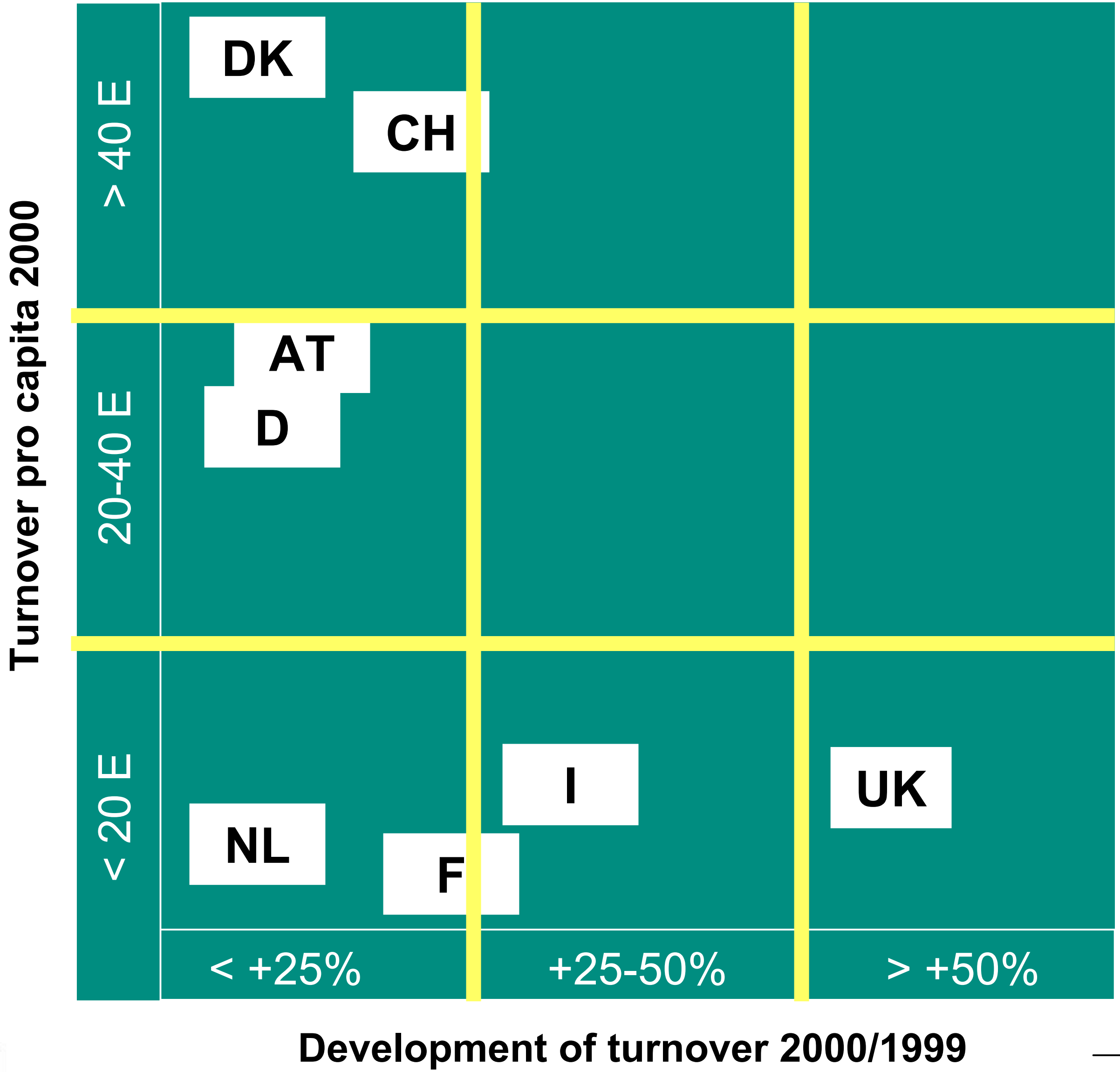
Organic Market in Europe – Current Situation

Variation index of turnover with organic produce (2000/1999)



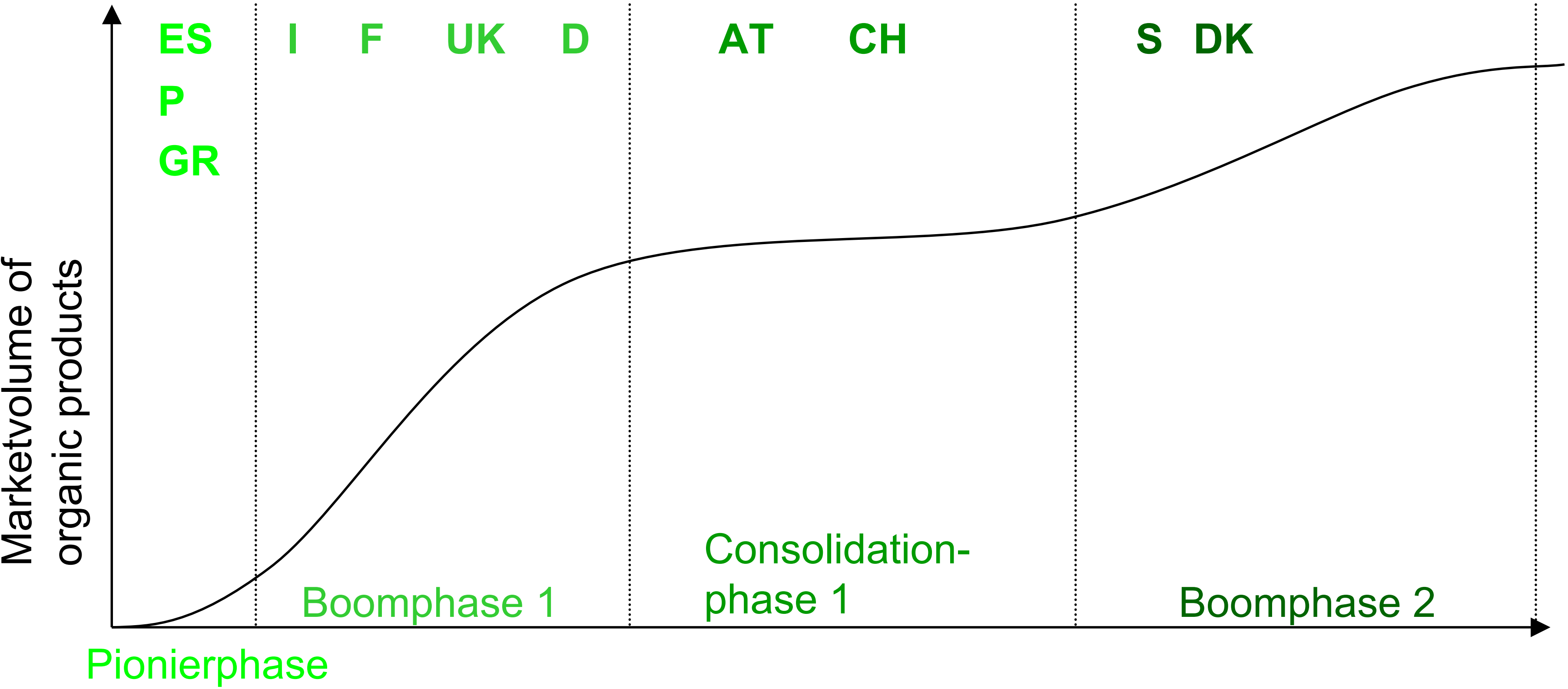
Quelle: FiBL

Organic Market in Europe – Current Situation



Quelle: FiBL

A common european market? Not for organic products!



Quelle: FiBL

Typical indicators in each phases

Pionierphase

Boomphase 1

Consolidation Phase

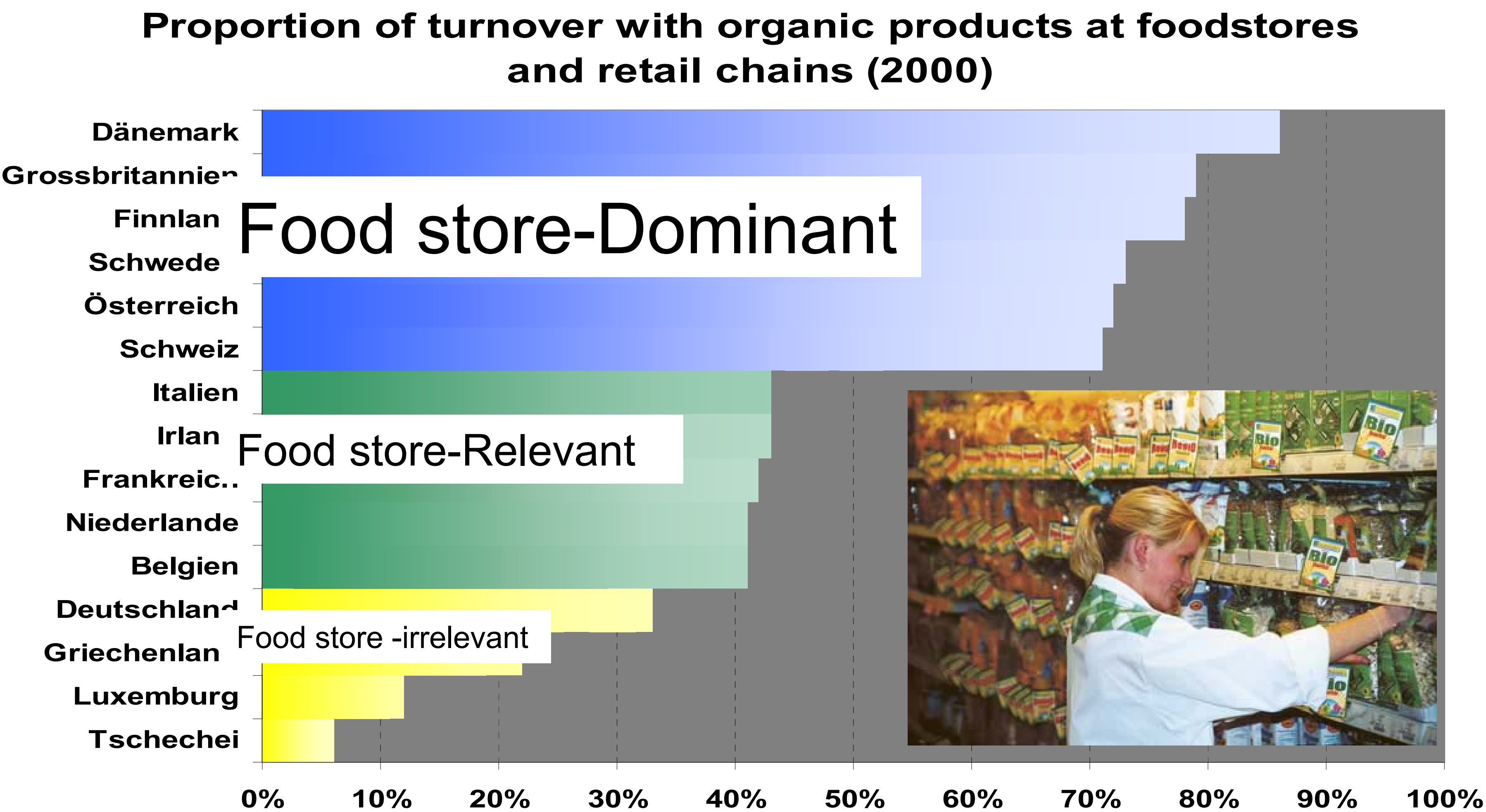
Boomphase 2

- Supermarkets start with marketing of organic products

- Organic products are in almost all supermarkets available
- Broad range of organic products in supermarkets
- Integrated production looses importance
- Organic products convince also with their quality
- High share of non-regular buyers

- All-including range of organic products
- Distance between organic and conventional price drops
- Marketing very professional and efficient
- High share of regular buyers

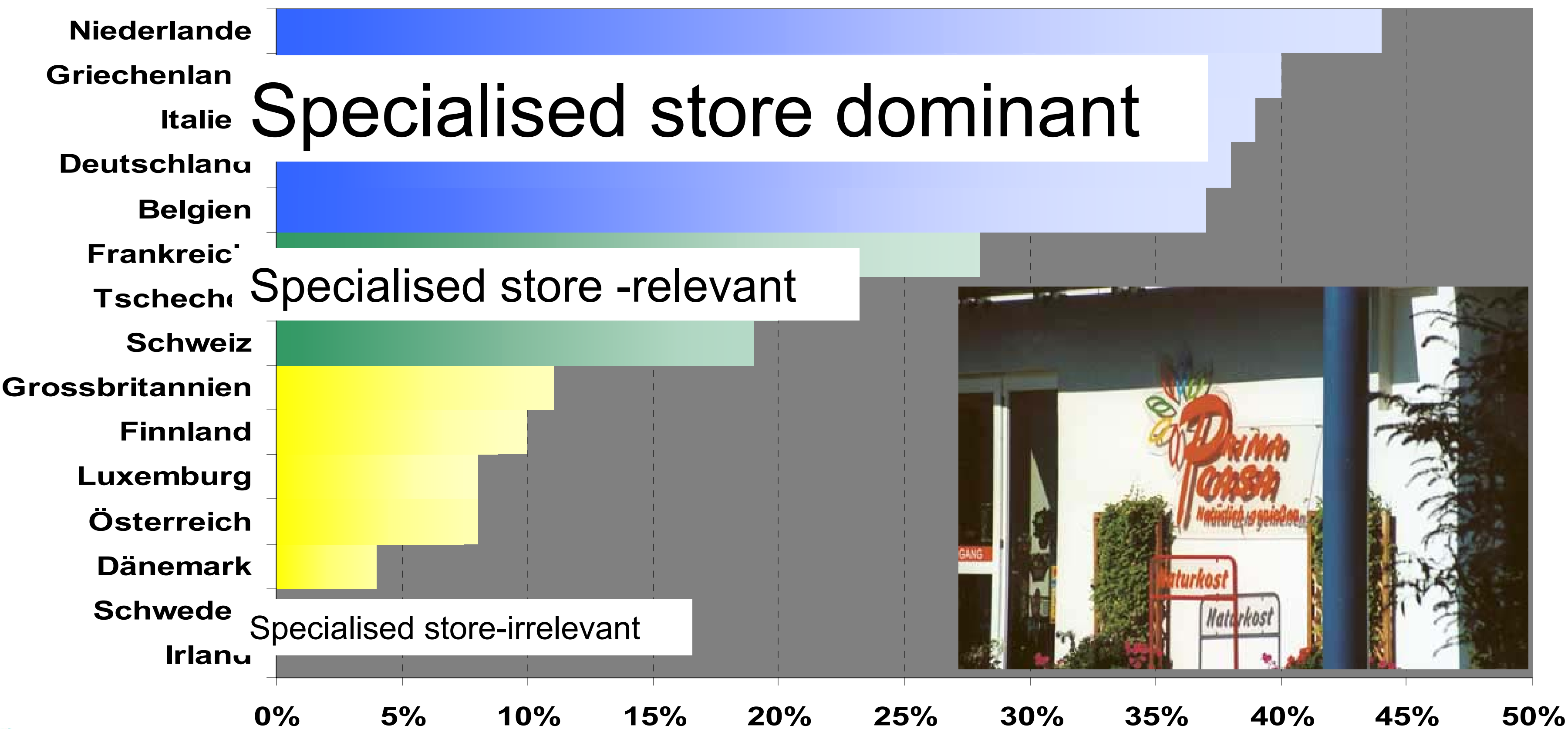
Organic Market in Europe – Current Situation



Quellen: HAMM et al., 2002

Organic Market in Europe – Current Situation

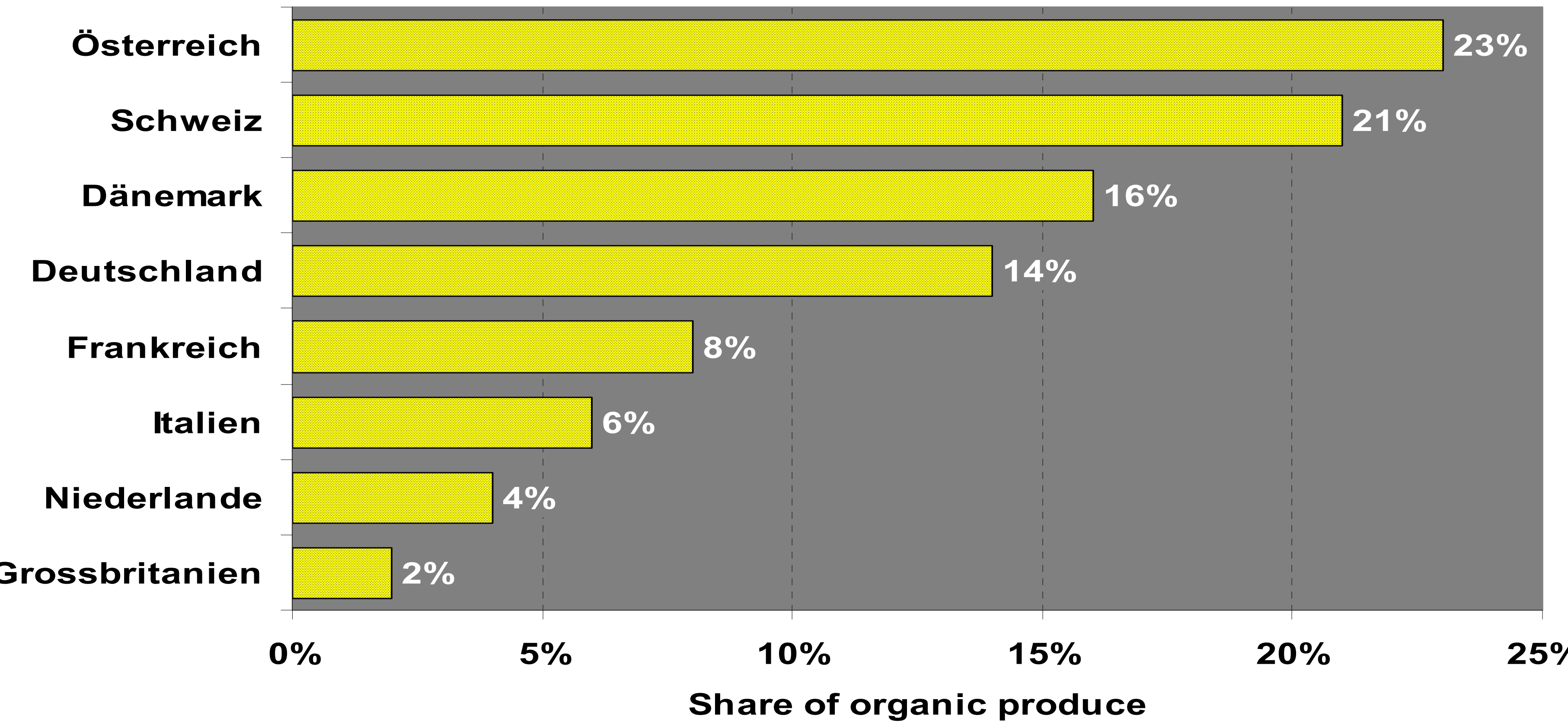
Proportion of turnover with organic products in specialised stores (2000)



Quellen: HAMM et al., 2002

Organic Market in Europe – Current Situation

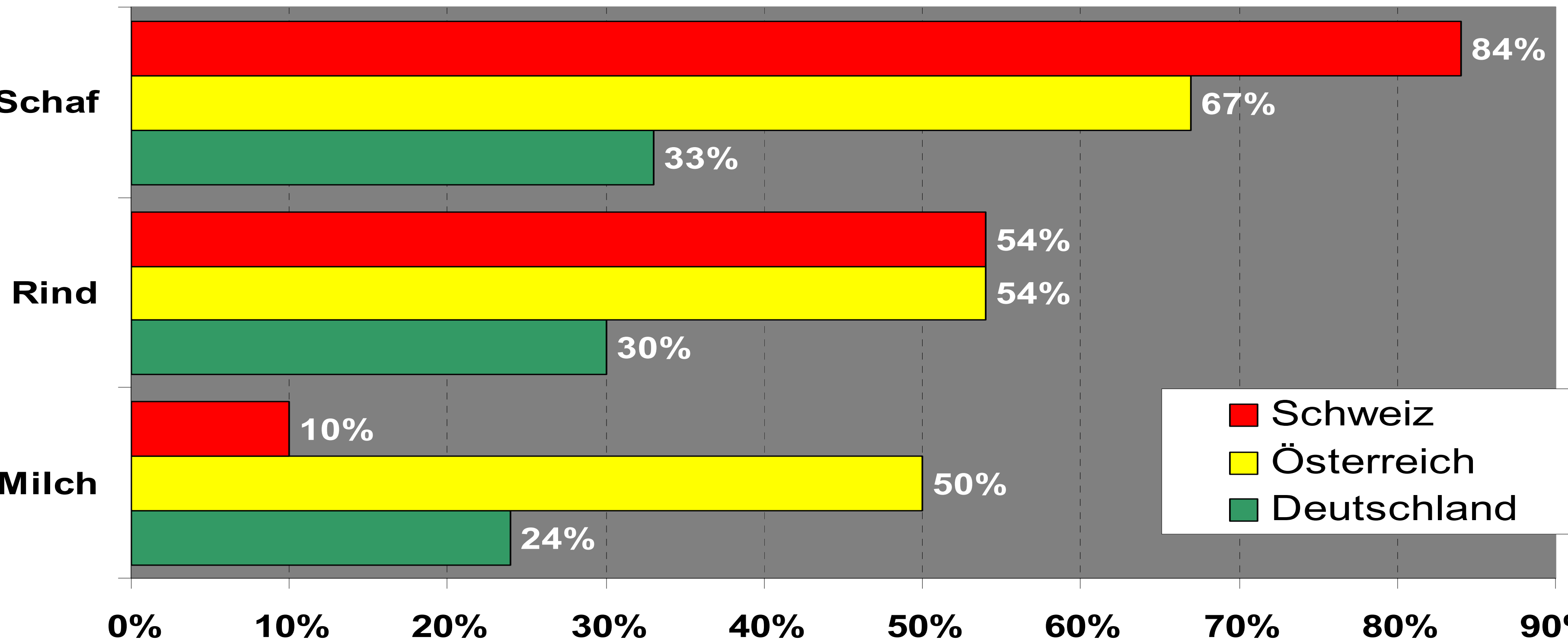
Average proportion of organic produce that could not be sold as organic produce (2000)



Quellen: HAMM et al., 2002

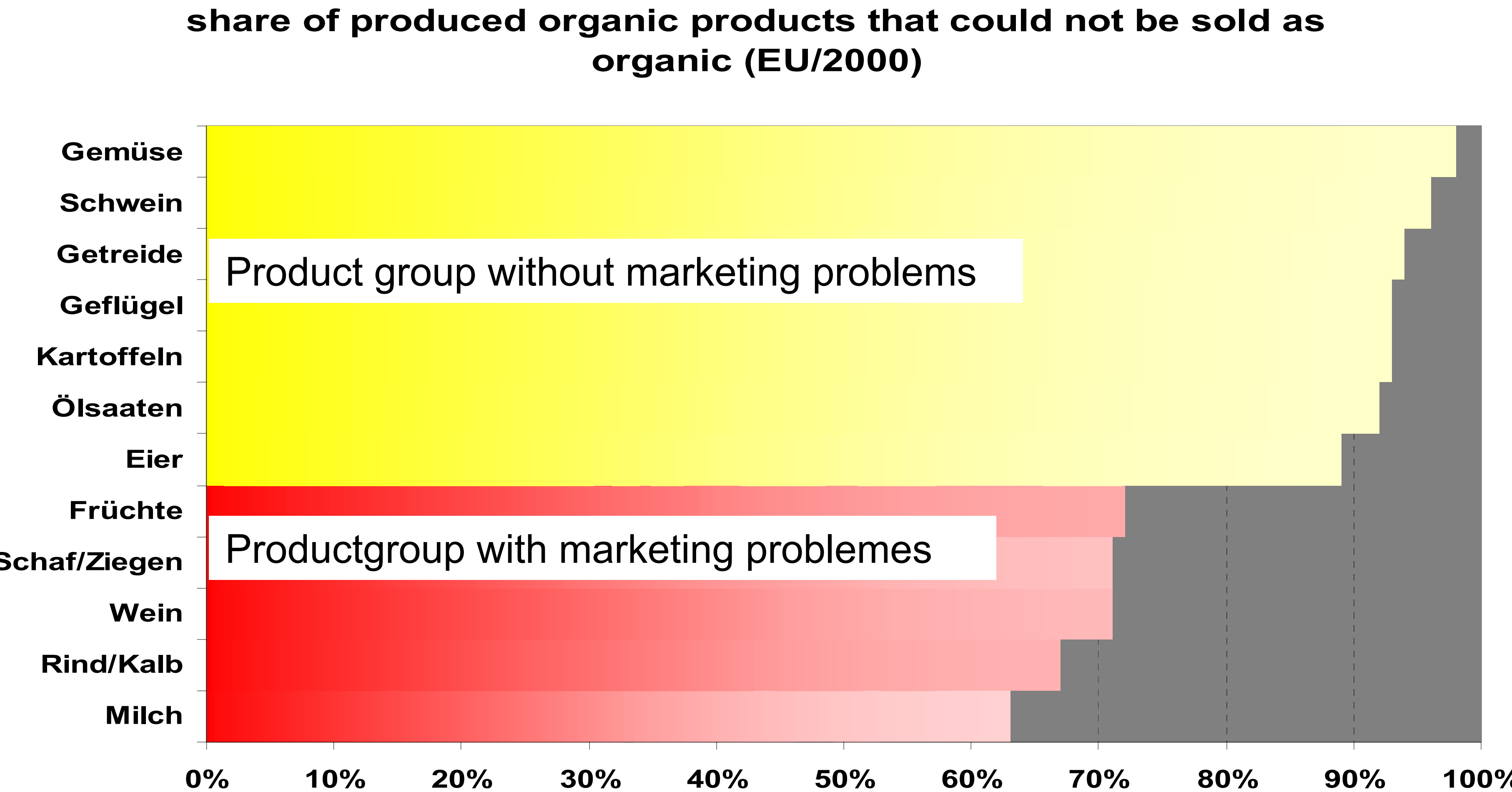
Organic Market in Europe – Current Situation

Proportion of organic products from ruminants, that could not be sold as organic (2000)



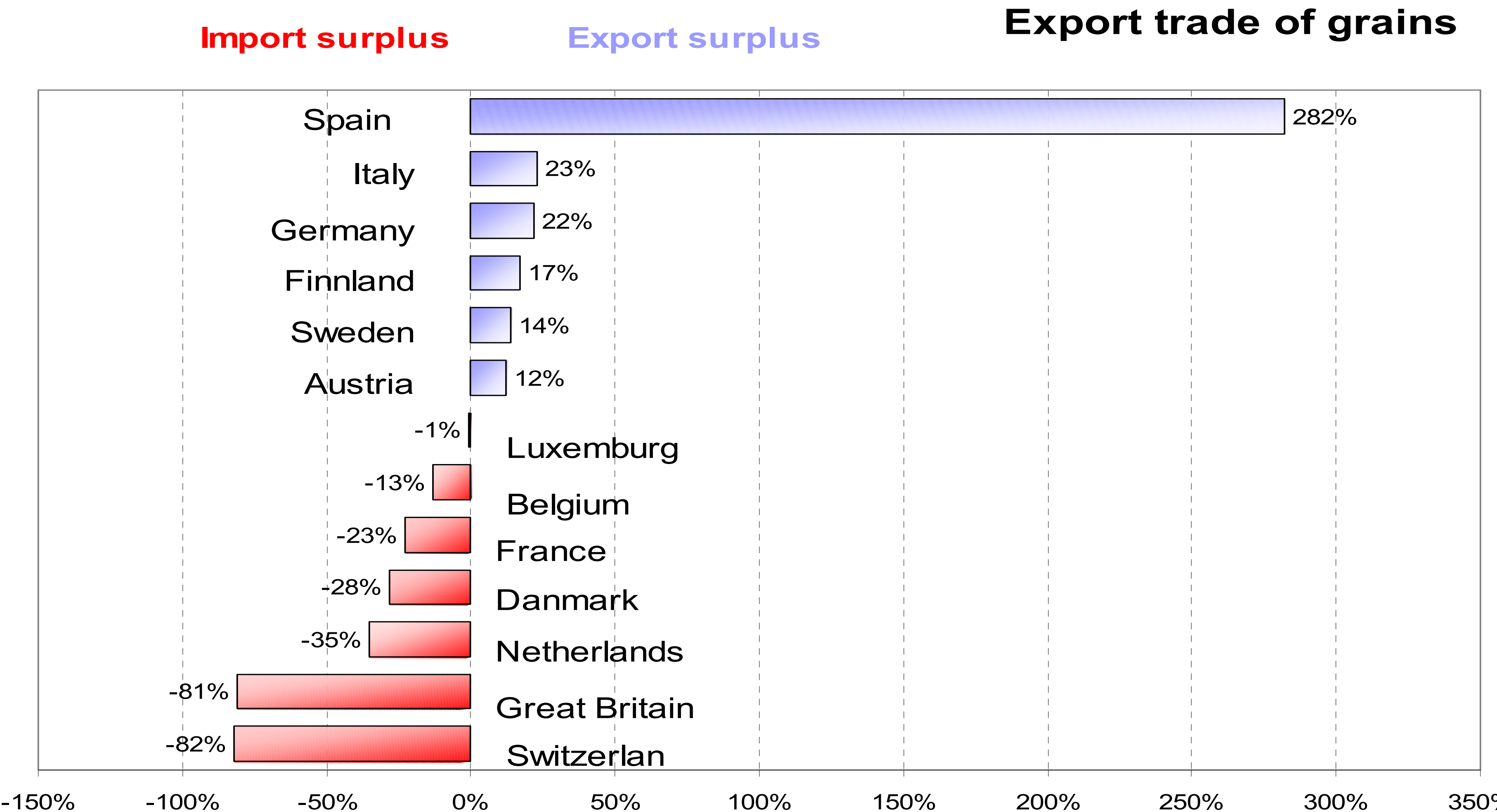
Quellen: HAMM et al., 2002

Organic Market in Europe – Current Situation



Quellen: HAMM et al., 2002

Organic Market in Europe – Current Situation



Quellen: HAMM et al., 2002

Consusmer prices for organic products

average of willingness to pay more for organic products by consumers

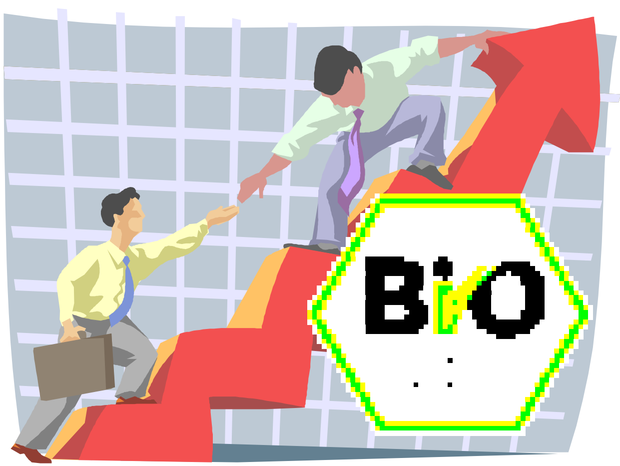
< = 30%

Higher prices in % in Europe

< 30 %:	no country
30-50 %:	SE, UK, FR
50-70 %:	DK, AT, CH, FI, DE, I
> 70 %:	NL, BE, LX, PT, GR

source: HAMM et al., 2002

- **Perspectives**



⇨ markets for organic products are maturing

⇨ Increase of imports from eastern Europe and overseas

⇨ Market share in Europe ca. 5%

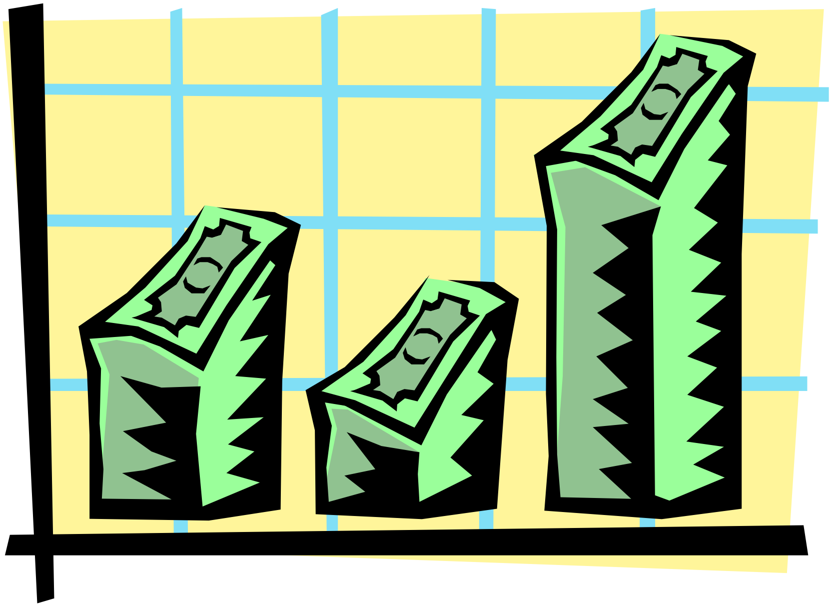
⇨ Retail chains dominate organic market

⇨ price difference between organic and conventional diminishes

⇨ broader product range

⇨ health / reservations towards conventional produce are the most important motives to by organic produce

■ Challenges for agricultural politics



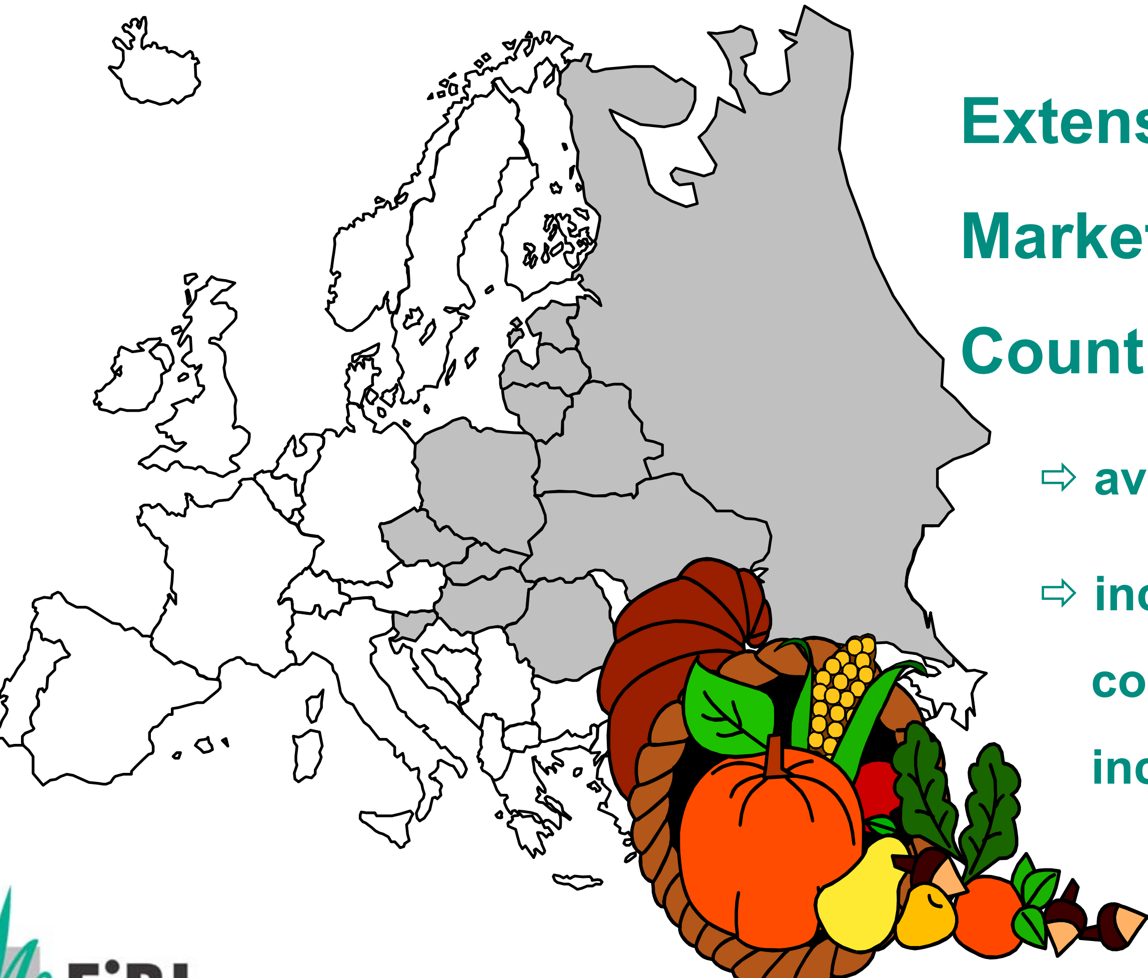
improve support policies

⇨ adapt to demand and supply situation of grains, vegetables, dairy products and meat

⇨ create incentives for marketing

⇨ differentiate value added tax organic and conventional products

- Challenges for agricultural policies

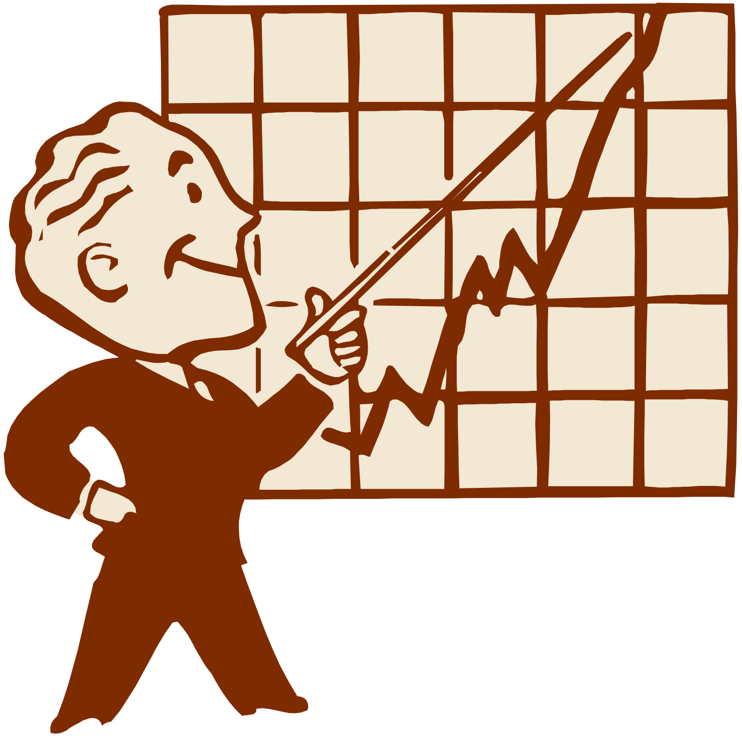


Extension of the Common Market with Eastern Europe Countries

⇨ avoid surplus production

⇨ increase demand in MOE-countries through targeted incentives

- Challenges for governmental policies



Improve Access to Market Information and Statistics

⇨ regular standardised collection o the market situation

⇨ incentives for the building up of prognose systems of the market situation

Challenge for Market Stakeholders – Product policy

- ⇨ improve quality standards for organic produce (meat, grain, fruit and vegetables)
- ⇨ optimise quality assurance and traceability systems
- ⇨ Differentiated national standards for organic agriculture
- ⇨ Focus on inspection and certification at mixed operations (scandals ⇘)
- ⇨ Focus on inspection and certification in Asia, Africa, Eastern Europe (scandals ⇘)

Challenge for Market Stakeholders - Communication

⇨ improve transparency of specific added value of organic produce

⇨ improve consumers trust in organic produce

⇨ reduce food miles and make them transparent

Challenge for Market Stakeholders – Distribution/Organisation

- ⇨ define and communicate binding marketing targets
- ⇨ improved infrastructure-network between supply and demand
- ⇨ more professionalism in trade
- ⇨ build up vertical market partnerships

Challenges for Market Stakeholders – Price

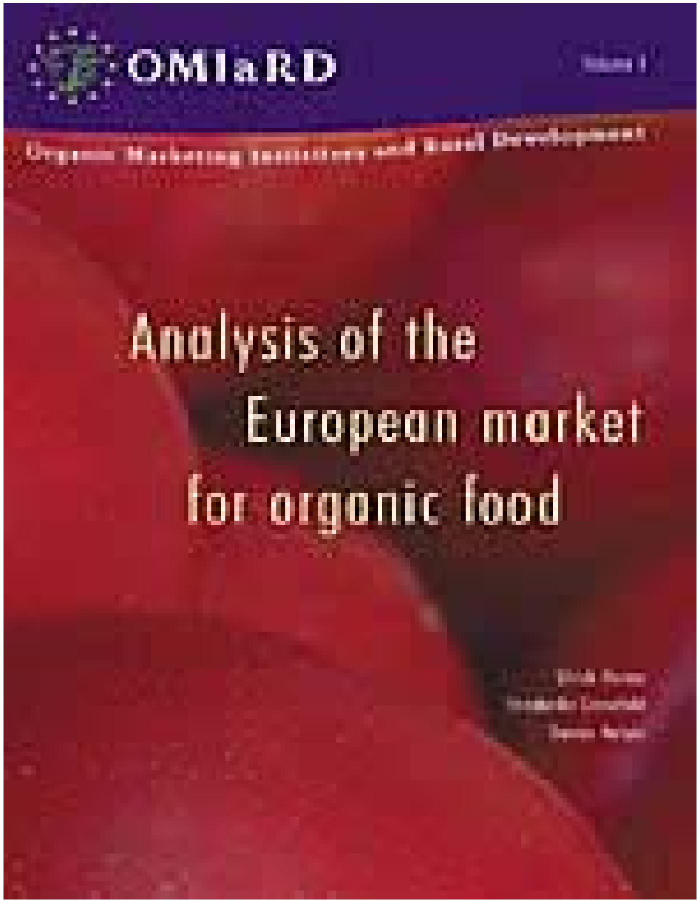
⇨ exhaust rationalisation reserves (Price ⇘)
(production, data collection, processing, distribution, shelf-life and storage, management of product range)

⇨ differentiate price margins according to customer benefit

⇨ intensify "special offer" actions

Organic Market in Europe – Literature

Suggestion



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