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 worldwide (2001)

- Europe: 46%
- North America: 37%
- Asia a.o.: 16%
- Oceania: 1%

Quelle: Organic Monitor
Organic Market in Europe – Current Situation

- 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)

- **Gesamt (Europa 8)**: 115,020
- **Italien**: 56,440
- **Österreich**: 18,292
- **Deutschland**: 14,703
- **Frankreich**: 10,400
- **Schweiz**: 6,169
- **Grossbritanien**: 3,981
- **Dänemark**: 3,525
- **Holland**: 1,510

Quellen: SÖL/FiBL

FiBL Frick 2002
Size of organic farm operations in Europe in ha (2001)

- Grossbritanien: 171 ha
- Dänemark: 50 ha
- Deutschland: 43 ha
- Frankreich: 40 ha
- Österreich: 16 ha
- Schweiz: 17 ha
- Italien: 22 ha
- Holland: 25 ha
- Gesamt (Europa 8): 31 ha

Quellen: SÖL/FiBL 2002
Organic Market in Europe – Current Situation

Distribution of organic areas in 2001 (EU + CH)

Quellen: SÖL/FiBL

FiBL Frick
2002
Distribution of organic areas in Europa (share of Accession Countries)

EU + CH (2001) 93%

Accessions Countries (2000) 7%

Quellen: SÖL/FiBL
Organic Market in Europe – Current Situation

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

<table>
<thead>
<tr>
<th>Country/ Country group</th>
<th>quota of total income spent for food and beverages by private households</th>
<th>Increase of organic area 1999/2000</th>
<th>quota of organic area of total agricultural area (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estland</td>
<td>39,9%</td>
<td>+ 149%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Polen</td>
<td>36,0%</td>
<td>+ 83%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Tschech. Republik</td>
<td>31,0%</td>
<td>+ 175%</td>
<td>3.8%</td>
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<tr>
<td>Slowenien</td>
<td>22,5%</td>
<td>+ 200%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Ungarn</td>
<td>24,0%</td>
<td>+ 45%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Quellen: SÖL/FiBL
Variation of the number of organic farm operations in percent
2001/1999 (1999 = 100)

- Grossbritanien: 254
- Holland: 189
- Italien: 188
- Dänemark: 168
- Frankreich: 165
- Gesamt (Europa 8): 152
- Deutschland: 140
- Schweiz: 122
- Österreich: 95

Quellen: SÖL/FiBL

FiBL Frick 2002
Turnover of organic produce in Europe (2000)

Source: FiBL/Soil Association

- Deutschland
- Grossbritannien
- Italien
- Frankreich
- Schweiz
- Dänemark
- Österreich
- Holland

Mrd. Euro

Grossbritannien
Italien
Frankreich
Schweiz
Dänemark
Österreich
Holland
Deutschland

FiBL Frick 2002
**Organic Market in Europe – Current Situation**


- **Dänemark**: 72 Euro
- **Schweiz**: 68 Euro
- **Österreich**: 40 Euro
- **Deutschland**: 31 Euro
- **Gesamt (Europa 8)**: 23 Euro
- **Italien**: 17 Euro
- **Grossbritanien**: 16 Euro
- **Holland**: 15 Euro
- **Frankreich**: 14 Euro

*Source: FiBL/Soil Association*
Organic Market in Europe – Current Situation

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

Index in % (1999 = 100)

- Grossbritanien: 155
- Italien: 133
- Frankreich: 125
- Gesamt (Europa 8): 122
- Schweiz: 120
- Deutschland: 114
- Holland: 112
- Österreich: 111
- Dänemark: 109

Quelle: FiBL
Organic Market in Europe – Current Situation

Development of turnover 2000/1999

<table>
<thead>
<tr>
<th>Turnover pro capita 2000</th>
<th>20-40 E</th>
<th>&gt; 40 E</th>
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<tr>
<td>&lt; 20 E</td>
<td>NL</td>
<td>D</td>
</tr>
<tr>
<td>20-40 E</td>
<td>AT</td>
<td>CH</td>
</tr>
<tr>
<td>&gt; 40 E</td>
<td>DK</td>
<td></td>
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</tbody>
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<table>
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<tr>
<th>Development of turnover 2000/1999</th>
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<tr>
<td>&lt; +25%</td>
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<tr>
<td>+25-50%</td>
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<tr>
<td>&gt; +50%</td>
</tr>
</tbody>
</table>

Quelle: FiBL
A common european market? Not for organic products!

Quelle: FiBL

FiBL Frick 2002
Organic Market in Europe – Current Situation

**Typical indicators in each phases**

**Pionierphase**
- Supermarkets start with marketing of organic products

**Boomphase 1**
- Organic products are in almost all supermarkets available
- Broad range of organic products in supermarkets
- Integrated production loses importance
- Organic products convince also with their quality
- High share of non-regular buyers

**Consolidation Phase**
- All-including range of organic products
- Distance between organic and conventional price drops

**Boomphase 2**
- Marketing very professional and efficient
- High share of regular buyers
Proportion of turnover with organic products at foodstores and retail chains (2000)

Food store-Dominant

Food store-Relevant

Food store -irrelevant

Quellen: HAMM et al., 2002
Proportion of turnover with organic products in specialised stores (2000)

- Specialised store dominant
- Specialised store -relevant
- Specialised store-irrelevant

Quellen: HAMM et al., 2002
Average proportion of organic produce that could not be sold as organic produce (2000)

- Österreich: 23%
- Schweiz: 21%
- Dänemark: 16%
- Deutschland: 14%
- Frankreich: 8%
- Italien: 6%
- Niederlande: 4%
- Grossbritanien: 2%

Quellen: HAMM et al., 2002
Proportion of organic products from ruminants, that could not be sold as organic (2000)

- Schaf
  - Schweiz: 84%
  - Österreich: 67%
  - Deutschland: 33%
- Rind
  - Schweiz: 54%
  - Österreich: 54%
  - Deutschland: 30%
- Milch
  - Schweiz: 24%
  - Österreich: 50%
  - Deutschland: 10%

Quellen: HAMM et al., 2002
share of produced organic products that could not be sold as organic (EU/2000)

Product group without marketing problems

Product group with marketing problems

Quellen: HAMM et al., 2002
Export trade of grains

Spain: 282%
Italy: 23%
Germany: 22%
Finland: 17%
Sweden: 14%
Austria: 12%
Luxembourg: -1%
Belgium: -13%
France: -23%
Danmark: -28%
Netherlands: -35%
Great Britain: -81%
Switzerland: -82%

Quellen: HAMM et al., 2002
Organic Market in Europe – Current Situation

- Consumer 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
Organic Market in Europe – Perspectives until 2005

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 buy organic produce
Organic Market in Europe – Challenges

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 of 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
Organic Market in Europe – Challenges

- 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
Organic Market in Europe – Challenges

Challenges for Market Stakeholders – Price

- exhaust rationalisation reserves (Price \(\downarrow\))
  (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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