



Market Status of Organic Products in the Countries of the European Union

Zhivka Tananeva

Biological agriculture as a way of thinking and practice, originates from the first years of the twentieth century with applying of various alternative methods of agriculture production, mostly in Austria, Switzerland and Germany. Organic agriculture is practiced in more than a hundred countries all over the world. According to data of mutual research of the German "Foundation for ecology and agriculture" (SOEL), International Federation of the movements for organic agriculture (IFOAM) and Switzerland Research Institute for organic agriculture (FiBL), up to February 2004 all over the world there are 24 millions hectares of land that are biologically managed. Ten million hectares land and 2 000 farms in Australia are occupied by organic production, in North America respectively - 1,5 million hectares and 10 500 farms, in Europe - 5,5 million hectares and 170 000 farms, in Asia (Japan) 880 000 hectares and 150 000 farms, in Africa (Egypt) 320 000 hectares and 71 000 farms and in Latin America - 100 000 hectares and 150 000 farms. During February 2009 at the World Exposition of organic products in Nurnberg, IFOAM and FiBL presented topical statistic data, according to which certified lands all over the world make 32,2 million hectares.

The biggest increase of the certified lands is observed in Latin America and Africa. Among of the continental leaders of the top list they are Australia and Oceania - they are on the top of the list as leaders among the continents because 37,6% of certified lands are located there, followed by Europe with 24,1% and South America with 19,9%. The state with the largest surface of biologically managed land is Australia with 12 million hectares, followed by Argentina with 2,8 million hectares and Brazil with 1.8 million hectares.

The states with highest percentage certified land comparison with the total agriculture land are Austria (13,4%) and Switzerland (11%). During 2007 within the frames of the European Union the countries with the largest surfaces certified agriculture lands are Italy with 1 150 thousand hectares, Spain with 988 thousand hectares and Germany with 865 thousand hectares.

The market of organic products is one of the fastest developing markets in the world. Annually, it increases with 10-15%. As an absolute value that makes about 5 billion dollars. During 2003 the world market value of this is 5 billion dollars.

Abstract: Organic production of foods is strictly regulated industry, which is different from the private market-gardening. The organic foods make up 1-2% of global food selling. The European Union and Bulgarian government nowadays encourage the transition to the organic farming and they grant resources to the farmers and food producers, which turn to it. Presently, 90 % of the organic food produced in Bulgaria is exported to richer European states. Bulgarian organic food is basically fruits: nuts, herbs and spices, as organic plant oils, tobacco, vegetables. There is lamb and veal on the market, as organic jam and honey.

Keywords: organic products, production, distribution, markets, consumers.

During 2003 the world market value of organic products reached 24 billion dollars. According to an estimation of International Consulting Company Organic Monitor, during 2006, it was already about 40 billion dollars and during 2007 – more than 46 billion dollars.

Fresh products are the leading organic product category, contributing about 1/3 of market earnings.

The biggest consumers of organic products are North America and Europe. It is characteristic for these two markets, that the supply is behind the demand and there is a need of import, mostly of meat and milk products, from South America, Asia and Australia.

The growth of the market in Europe during 2008 compared with 2007 has been above 7%. But after opinion of experts, the present economic crisis has already influenced negatively the trend of growth in this sector.

The data for developing organic market in USA is impressive. In an interview for “Dnevnik” newspaper Mark Manis, adviser on food safety in Agriculture Department of USA points out that if the selling of organic product in 1990 amounted to 1 billion dollars, during 2008 they have already reached 25 billion dollars. According to him, there is a clear relation between introducing of national legislation and the increased consuming of organic products. During 1990 the congress of USA adopted a law as a basis to develop organic food program. The regulation of organic agriculture excludes small farmers, which realized up to 5 000 dollars annually. While at the beginning small farms predominated, during the last years more and more large producers turned to organic agriculture.

The reason is a growing demand and inclination of the buyers to pay higher price, only to have healthy food. The government does not support the organic production directly. The organic production is supported indirectly “as they vote funds to introduce bio technologies, which are to ease this way of production. The funds are granted for promotions and marketing of organic products. In spite of the fact that the USA are on the fourth position in the world with the import of this production “we encourage also the export.” – says Mark Manis.

According to Eurostat data at the end of 2007, the total surface of the land in the European Union that are treated with organic method amounts nearly to 6,7 million hectares, whereas the lands of Denmark, Romania and Poland are not included because of a lack of data. If we include the data of these three states, the total surface would exceed 7 million hectares. The

largest organic agriculture areas are in Italy, Spain, Germany and Great Britain – about 2/3 of the lands of the European Union. The number of organic farms in EU exceeds 160 000. The largest number of producers one can observe in Italy, Greece, Austria, Germany and Spain. The rapid growth of the number of producers in Greece is impressive – from 9282 farms during 2004 their number increases in 2005 to 15 669, while during 2006 they are already 23 880. In the sphere of organic stock-breeding, Greece shows exceptionally high growth – the number of organically grown pigs during 2006 has increased 4 times in comparison with 2004 and once more it has an increase of 78% during 2007 comparing with 2006. During 2007 Greece is the largest producer of pigs (196 000) followed by Austria, Holland (which also has increased twice for a year the number of grown pigs), Great Britain and Italy. As per number of cattle raised, a stable leader is Austria (342 000 during 2007), followed by Great Britain, Italy, Check Republic and Sweden. Most organically reared sheep during 2007 are in Great Britain (863 000), followed by Italy, Greece, Spain and Slovakia. It is to be noticed the rapid growth in Greece, Italy and Slovakia during 2005 and 2006, whereas there is a growth of 66 % during 2007 in Greece comparing with the previous year. The highest is the number of organically grown birds in Great Britain – 4,4 million during 2007. Then follow Italy and Holland (with about 1,3 million birds), Austria and Belgium (with a little above 1 million birds) (Web source: Organic Europe).

Organic agriculture in Bulgaria is still slightly developed – as a percentage of total agricultural land the areas for organic agriculture in our country are of lowest share among all countries presented here.

The report of the European Commission of November 2005 points out, the selling of organic products in the countries of the Community amounts to about 11 billions euro. They are formed basically by several countries – Germany, Great Britain, Italy and France. The selling of organic products forms between 4 and 5% of the total market of food in the community. As large importers of organic production among the countries of European Union are indicated Germany, Sweden and Italy. In almost all of the member countries, however, more than a half of the organic products are sold in the local markets. In this regard the Bulgarian market is rather an exception, as the larger part of the products produced in our country are exported to other countries members of the European Union or outside. (see below). After data for 2007 cited by the German Foundation for Ecology and organic agriculture (SÖL), the European market of or-

organic products amounts to 16,2 billions Euro. Especially high is the growth for 2007 in Denmark – 33%, Sweden – 26%, Norway – 24%. During 2008 there is still high growth to be noticed in many countries. In many countries it is due not only to increase of the turnover, but to increase of price levels for these products. The largest European market of organic products during 2007 is German with 5,3 billions Euro or 1/3 of European market. After it come Great Britain (2,6 billions Euro), France (1,9 billion Euro) and Italy (1,87 billions Euro).

Though organic products are getting more and more popular in Europe, their share in the national market of food products is still not particularly high. On the leading positions are Denmark, with 6% and Austria with 5,3%. But in Italy the share of one serious producer of organic products is 3,8%, in Germany – 3,1 %, Great Britain – 1,6%, France – 1,2%, Spain – 0,7%. The share of organic products supplied to our market compared with the share of conventional products is also not high. The data for annual sums which the citizens of various European countries spent during 2007 for organic products are interesting. The largest sum is allotted by Danes – 106 Euros, after come Swiss with 105 Euros and Austrians with 89 Euros. In Germany 64 Euros fall per a person annually. During 2008 the households in Germany allotted 10 % more for organic products in comparison to 2007, whereas the increase of processed foods and drinks is considerably higher on behalf of the fresh products. There is a growth also in Denmark and Holland. In Scotland, the market remains stable; in Great Britain, however, nearly the half of the buyers reduced their organic food purchases during 2008. In Austria, also a decrease could be notices. So for the first 7 months of 2008 Austrian households allotted sums with 6,5% higher than the previous year, but against that they bought 1,7 % less products. According to data of a research conducted during 2008 by Organic Retailers Research, presenting the market of organic products in the 27 member countries the Poles allot least resources for organic foods annually in Europe – less than 25 Euros annually per person, followed by Cyprus, Hungary and Slovenia, and the most – Swiss, average about 120 Euros per person, followed by Austria, Luxemburg and Denmark. On a whole, the users from East Europe allot nearly 3 times less money for organic products, in comparison with West European countries. The consumption of organic products usually is bound with “green” way of life. According to research of Flash Eurobarometer namely Denmark and

Austria fall among “greenest countries” (European Commission).

Nevertheless, the prognostic data for 2010 show a trend of considerable increase in the allocations for organic food. Nearly twice higher sum is expected to be allocated by Swedes and Danes, while the most drastic increase is expected to come for Checks – less of 25 Euros for the period 2006/7 and expectation of 150 Euros per person for 2010.

Despite of relatively low amount of funds allotted per person for organic food, there are most specialized stores for selling organic product in Europe namely in Spain and Poland – there they form nearly $\frac{3}{4}$ of all distribution channels. 20% of the production of organic origin is realized through conventional shops, and still 5% through other channels. Nearly half of the market of organic products is realized through specialized stores in Portugal, Holland, Slovakia, Luxemburg and France (between 40 and 55% of all distributive channels).

Bulgaria occupies seventh place for number of specialized retails of selling products of organic origin, before Finland, Denmark and Romania (National plan for development of organic agriculture in Bulgaria for the period 2007-2013, p. 23). For the period 2006/2007 80% of the products of organic origin in Bulgaria, Romania, Croatia and Slovenia are distributed through conventional supermarkets. The rest part of the production is supplied through specialized stores for organic products or stores for healthy food. Bulgaria is an exception where for the same reporting period there still aren't retails, specialized in selling of organic products. For the period 2006/2007 in the Bulgarian market there are about 300 articles offered, which include mainly half prepared packed foods, milk products and fresh vegetables. For comparison the richest gamut of products is supplied to consumers of Check Republic, Poland and Slovakia – between 1000 and 2500 articles, whereas these cover basic foods and drinks bakery and confectionery, cereal etc.

According to a research conducted among the consumers of organic products in Europe, the basic motives for the consumption through specialized stores are richer gamut of articles, regular supply, competence of the staff, as supply of non-food products. Typical customers of the stores that are specialized in selling organic products during 2006 were mostly young people or middle age people, who are residents of cities, who are motivated for healthy way of life, some of them with health problems. They are well informed about the origin of the food and they are concerned about the environment. Prognostic profile

of the main group of consumers with health problems during 2010 shows decreasing of the share of consumers of health problems on behalf of those with “environmental consciousness”, as increase of the number of families with small children, which prefer to do the shopping at specialized organic stores. In Central and East Europe prognoses for development of non specialized stores for organic products is decreasing on behalf of supermarkets. Though there is an expectation for the organic stores to extend the turnover from selling. The trend is to growth and extending of product gamut – expectations for increase both of the import and local production, as augmentation of the assortment of fresh foods and local production. As a whole the growth of the organic market in Europe during 2008 comparing with 2007 has been above 7%. According expert assessments, the present economic crisis will influence negatively the sector of organic production, which always has shown stabile annual growth and this will reflect in the data for 2009.

Development of sector “Organic agriculture” in the European Union is fully compatible with the initiative announced of EU – “Action Plan” for environmental technologies described in communiqué COM (2004) 3511. The general purpose of this plan is to stimulate usage of environmentally friendly technologies in Economy as a whole. In this sense the development of organic agriculture as environmentally friendly production is appropriate for realization of this document of European Union.

The European Commission developed a document named “Analysis of options for creating of European Action Plan for organic food and agriculture”. It was used as a basis for preparing European Action plan

for organic food and agriculture adopted during 2004 (COM (2004) 415 closing).

Legislation of EU concerning organic agriculture is a part of the policy of quality of EU, which protects authenticity and the high quality of the products, produced under special way and in this manner to respond to increased demand of European consumer for quality and sustainable food. This is related with substantial economic benefits for the producers and increased legal protection against abuse, improper usage of marks and unfair competition. In support of its policy for safety and quality the European Union created a special scheme to support producers of quality agriculture products and food, including those which are produced organically.

CONCLUSION

Organic agriculture and other integrated agricultural environmental actions are specific practices, which contribute directly for sustainable development of rural areas of Bulgaria and the country as a whole. They can lead to stabilizing of eco systems, preserving and restoring of natural resources, development of rural areas and preventing of process of abandonment of land. Conclusions of European plan for organic food and agriculture shows that organic agriculture leads to stabilizing of the earnings of agricultural farmers through entering of new, developing markets of quality and healthy food products, which means also reducing of unemployment and preserving of health of consumers.

References:

1. European Comission, http://ec.europa.eu/public_opinion/archives/flash_arch_en.htm
2. MZH (2007) National plan for development of organic agriculture in Bulgaria for the period 2007-2013, Sofia, 2007 (Национален план за развитие на биологичното земеделие в България за периода 2007-2013 година, МЗХ, София, 2007, с. 23)
3. Organic Europe, http://www.organic-europe.net/europe_eu/statistics-europe.htm
4. SÖL, http://www.soel.de/fachthemen/oekolandbau_eu.html

Rezime

Tržišni status organskih proizvoda u zemljama Evropske Unije

Zhivka Tananeva

Organska proizvodnja hrane je strogo regulisana oblast, koja se razlikuje od proizvodnje za sopstvene potrebe. Organski proizvedena hrana čini 1-2% ukupno prodane hrane. Evropska Unija, kao i Vlada Bugarske, danas podržavaju prelazak na organsku poljoprivredu, obezbeđujući sredstva za poljoprivrednike i proizvođače hrane koji se ka njoj orijentišu. Trenutno, 90% organski proizvedene hrane u Bugarskoj se izvozi u bogatije evropske zemlje. Organsku

hranu proizvedenu u Bugarskoj uglavnom čine: voće (orasi), biljke i začini, kao i organski uzgajane uljarice, duvan i povrće. Na tržištu se može naći i jagnjetina, teletina, kao i džem i med organskog porekla.

Ključne reči: organski proizvodi, proizvodnja, distribucija, tržište, potrošači

Contact:

Zhivka Tananeva

Tsenov Academy of Economics, Svishtov, Bulgaria,
e-mail: goranova@uni-svishtov.bg