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DEVELOPMENTS IN THE EUROPEAN MARKET OF ORGANIC AGRICULTURAL PRODUCTS

ALECU IOAN-NICULAE¹, ANGELESCU ANDA-IRINA², MĂRCUȚĂ ALINA³, ANGELESCU CARMEN⁴

Summary: *This paper represents an analysis of the development of the European organic agricultural product market, taking into account especially the consumption of organic agricultural products and some aspects regarding the consumers' behaviour. The period between 2000 and 2012 was analysed, with particular attention to the situation existent in 2012 and with references to the global situation. The tendencies that are foreseen for the future of this market segment are also considered. The conclusions of this analysis emphasize the idea that, in an era when the population is increasingly more informed and interested in its health and of the environment it is living in, the organic food market, which is still a niche market, has real opportunities of development. The only condition is that all of those involved in this sector of organic farming (producers, processors and retailers) join forces in order to develop concepts and strategies for the organic farming of the future.*

Key words: *Consumption, organic product market, distribution channels.*

INTRODUCTION

In recent years, the demand of organic goods and services has registered an upward trend resulting in changes of the consumers' behaviour, on the one hand, and of the policy of the manufacturing industries, on the other hand.

Therefore, it is fair to speak about an increasingly higher interest for quality agricultural and food products created by a special type of agriculture, named "organic farming". Because the population is increasingly better informed and interested in health issues and of the excessive chemicalization of the agricultural output with the aim of increasing the production and streamlining the activity, the market shows a higher demand for the "clean" products of the organic farming.

It has to be emphasized that the organic farming may represent a possible solution for problems such as: meeting the demand for natural products, obtained with methods that do not imply the use of chemical substances, and the agricultural sector diversification, in the general context of environmental protection.

MATERIAL AND METHOD

In the developed countries, with a higher standard of living of the population, the organic farming has had a quicker pace than in the less economically developed countries, fact that is visible in Europe also. Together with the development of this sector, the market for these organic products has also developed, and its development is analysed in this article. Aspects regarding this market, for the period 2000-2001, based on the statistical data from the European Commission and IFOAM are analysed in this paper. The conclusions at the end of this article are also based on the interpretation of the statistical data provided by these sources.

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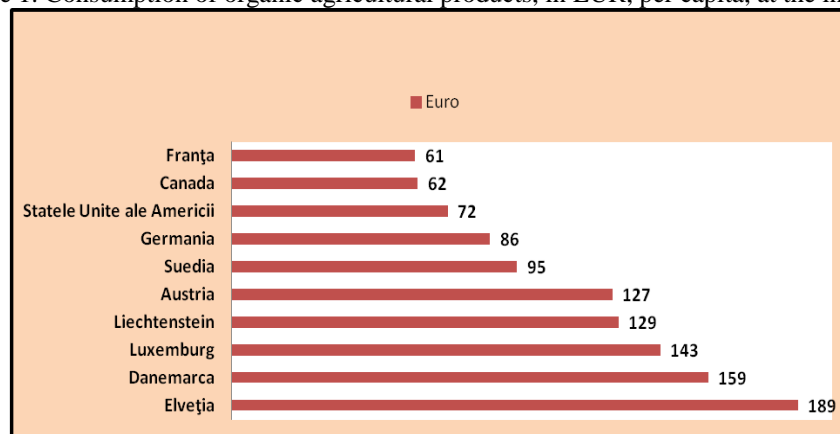
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RESULTS AND DISCUSSIONS

In 2012, the consumption of organic products at the international level was assessed to be, in average, of US \$ 9.08. As regards the situation at the European level, it can be stated that there is a well formed market, as long as in Switzerland, the consumption raised to a value of € 189.1, in Denmark of €158.6 and in Luxembourg of € 143. Also, the market trend is upward year after year and 7 European countries are included in the top of the countries with the highest consumption of organic products.

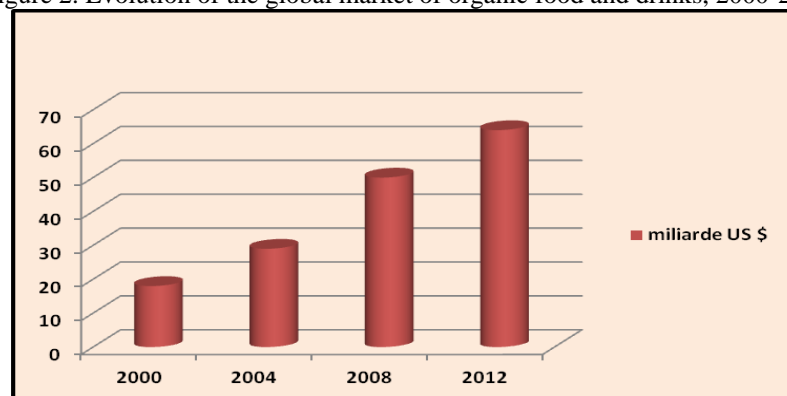
Figure 1. Consumption of organic agricultural products, in EUR, per capita, at the international level



But the situation is different among the EU member states. Thus, within the period 2006-2007, the expenses for organic food of the retail sector of EU-15 have reached EUR 14.4 billion, with more than 80 % in four member states: Germany, Great Britain, France and Italy. The organic food market is significant in Austria (almost 5 % of the food market), in Germany, Denmark and Luxembourg (the weight here is of 3.7-3.8 %).

In 2012, the organic food market has reached a value of 29 billion dollars.

Figure 2. Evolution of the global market of organic food and drinks, 2000-2012



In the EU-12 member states, the weight of the organic sector in the total consumption of food products is much lower, of 0.2 % for most of them and reaches a maximum of 0.5 % in the Czech Republic. In these member states, the main restriction for the market growth is the purchasing power of the consumers, because the organic food products are more expensive. In fact, the Czech Republic represents a particular case because, even it is one of the former communist countries, and its agriculture has adapted on the fly to the requirements of the European Union, it developed quite rapidly the organic production sector. Thus, the organic food products have reached a weight of 0.75 % of the total sales in 2010, increasing gradually during time. Actually, the main objective of the Ministry of Agriculture of the Czech Republic was that those sales to reach 3 %, until the year of 2015. The main distribution channels for organic products are the supermarkets (21

%), specialized organic product stores (13 %), direct sales from the farm (13 %) and agri-food markets (5 %). The effective value of the organic products consumed in the Czech Republic is of approximately EUR 83 million, 3.5 times the value registered in 2005.

A survey performed in 2010 by the Czech Ministry of Agriculture emphasized that the most demanded organic food products the consumers have purchased were: milk and dairy products, vegetables, fruits, meat and meat products, bread and pastry products, drinks (juices), confectionery, flour, and other grain mill products, pasta products.

During this survey, the portrait of the typical consumer of organic food was also made, respectively: women, educated, with high incomes. The most frequent purchased organic food products are: milk and dairy products (24 %), vegetables (23 %), fruits (19 %), meat and meat products (12 %). Only 1/3 of those who buy organic food do this regularly, in general once per week. The amount per month spent for these products is of EUR 20.6, representing approximately 17 % of the total expenses for food of a household.

It also has to be noted that approximately 60 % of the organic products existent on the Czech market are imported, the main suppliers being the Western European countries, Germany and Austria respectively. Bringing up an extremely important issue, especially in countries with a lower purchasing power, such as the Czech Republic, it has to be emphasized that the organic products have higher prices on the domestic market due to the higher costs of production. Compared to the traditional products, the organic products have prices higher, in average, with 40 %.

A study performed in Spain, in Carrefour type hypermarkets, indicated that for a shopping cart with 17 food products, the total price difference between the organic products and the regular ones is of approximately € 14.4, meaning, in average, € 0.84 per product, showing that here, the costs of production are lower and that Spain imports less, but produces more in this sector.

In countries like the Netherlands, Denmark, Germany, Austria, the effects of the organic food consumption on human health is increasingly emphasized. Therefore, in the Netherlands, there are studies showing that the advocates and consumers of organic products are healthier than the other consumers, and the consequences are seen in the savings made by the national health system.

The research indicates that the clients of EkoPlaza type supermarkets have a healthier life style than the rest of the Dutch population: less obesity, fewer diseases related to smoking, the result being approximately 30 % less hospital care and 25 % less medicines. They have a significantly lower body mass index than the rest of the Dutch population (23.3 compared to 25.5). The clients of EkoPlaza suffer less frequently from overweight and obesity. The clients of EkoPlaza have a lower likelihood to experience several medical symptoms, such as heart diseases, difficulty to breathe, high blood pressure and high level of cholesterol and they also have fewer nuisances caused by obesity, such as headache and cold symptoms.

It is estimated that the clients of these food stores could probably save EUR 50 million/year for the Dutch society. Apparently, an informed, healthy life style also brings financial advantages.

In general, a dynamical increase of the consumption of organic food products may be noticed in EU. In four large EU markets (France, Germany, Great Britain and Italy), the increases are impressive: the average increase rate has been of 18.1 % for France during the period 2005-2009, 14.0 % for Germany during the period 2000-2008, 8.7% in Italy, during the period 2001-2009 and 11.9 % for the United Kingdom, during the period 2000-2008. In 2009, the economic recession has affected the organic food consumption in Great Britain (decreasing from 13.6 %), but the market was more stable in Germany and still increasing in France and Italy.

Table 1. The importance of the organic sector in population's consumption, during the period 2006-2007

Country	Expenses for organic food cons. (mil. €)	% of total food expenses	Expenses for organic food per capita (€)
Belgium	283	1.3	26.6
Bulgaria	1	0.0	0.1
Czech Republic	52	0.5	5.0

Denmark	434	3.8	79.8
Germany	5300	3.7	64.4
Greece	60	0.2	5.4
Spain	200	0.2	4.5
France	2069	1.4	32.4
Italy	1387	1.0	21.4
Cyprus	2	0.1	1.9
Luxembourg	41	3.7	86.4
Hungary	20	0.2	2.0
the Netherlands	519	1.8	31.7
Austria	739	4.8	89.0
Poland	50	0.1	1.3
Portugal	70	0.4	6.6
Romania	2	0.0	0.1
Slovenia	4	0.2	2.0
Finland	65	0.6	12.3
Sweden	379	2.2	41.7
Great Britain	2835	2.7	41.9
EU-15	14,381	1.9	35.9

The analysed data indicate that there is a higher increase of the demand for organic products than of the supply. Also, some goods cannot be made in somewhere else due to climate or geographical reasons. That is why it is not in the least surprising that the trade between the member states and imports from third countries have increased with such a rapid pace. Intra-EU trade and imports from third countries represent an important part of the domestic consumption of organic products in the majority of the member states.

Fruits and vegetables represent the most important category of food products that are purchased by consumers, with weights in the total sales of organic products of 15-36 % in the four large EU markets.

Dairy products represent the second most important category, with 16-24 %. Meat products represent approximately 10 % of the consumption expenses. Because the birds (poultry) for meat production have a quite limited weight, they represent only 3 % of the organic market in France and Great Britain, and eggs represent a top product, with 4-8 % on the four large EU markets.

It must not be overlooked that EU is also an exporter on other markets. Thus, EU produces a wide range of foods, especially high quality products, in order to meet the demands of other countries. These products are increasingly organic and include cheese, wine, alcoholic beverages and baby food. The export markets, such as USA, Japan, Switzerland and Canada are already recognizing the organic standards of the EU. Recognition on other markets except EU represents a priority for the future.

Developments of the European organic farming

At the international level, food that is produced by strictly observing the rules of organic farming covers approximately 1-2 % of the total food sales. The trend is the increase of the sale of organic food globally. In fact, the global organic food market has constantly increased since 1990 with approximately 20 % annually.

European Union supports the organic farming, that is why in Austria, for example, the farmers within this sector receive aids, and the experts estimate that 10 % of all food products will be produced locally. In Germany, almost all baby food products are organically produced, and, in some regions, up to one third of all breads are made using organic ingredients. In 2005, the Italian Government, in order to be sure that young people eat organic food, passed a law stipulating that the entire food for pupils' lunch is to be organic.

In the United Kingdom, more than 600.000 ha have been planted by observing the organic standards, and the sales of organic food have increased from approximately 100 million pounds to more than 1.2 billion in only 10 years.

The last decades witnessed the evolution of the organic sector of agriculture in what it is today. In fact, organic certifications exist in 164 countries. The progress made in the scientific research and in the management of farmers' knowledge has led to significant developments in the agricultural methods of this sector.

It must not be forgotten that organic farming still represents a niche sector, with less than 1 % of the agricultural lands in the entire world, but successes are registered in a series of countries, such as: 20 % of the agricultural lands of Austria are organically farmed, the majority of cocoa exported from the Dominican Republic is organic and 20 % of the eggs and fresh bread on the Swiss market are organic. In some countries, more than 80 % of baby food products are organic. These examples indicate that the market of organic products has not reached its limits yet. However, its increase and development continue to be necessary, the organic farming being a viable alternative to the environmental and social challenges.

The organic producers, retailers and processors must join forces and develop concepts and strategies for the organic farming of the future. These concepts have to support growth without endangering the quality and environment, to promote sustainability and, at the same time, to increase the credibility of organic systems among the consumers.

CONCLUSIONS

- Because the importance of organic farming has gradually increased in the eyes of the consumers and the organically farmed areas have had a constant growth, in the last years, the organic agricultural product market also had an upward trend;
- The higher the development level and the standard of living of the population are, the more developed the organic product market is in the European Union countries, and not only;
- The organic food market is significant in Austria (almost 5 % of the food market) and in Germany, Denmark and Luxembourg (the weight here is of 3.7-3.8 %);
- As regards the organic food consumption, seven European countries are included in the top of global consumption, certifying the strong development of the sector in the last years, and also the acknowledgement by the consumers of the benefits of consuming this type of products;
- In the newer EU member states, the main restriction to the market growth is the purchasing power of consumers, considering that these products are more expensive than the regular ones;
- The most demanded products on the organic food market are: milk and dairy products, vegetables, fruits, meat and meat products, bread and pastry products, drinks (juices), confectionery, flour, and other grain mill products, pasta products etc.;
- Taking into account the fact that organic food market has constantly increased in the last 20 years, the outlook for the next years is the increase of organic food sales, globally. This is a result of the information era in which we are living, and of the popularization, especially in the developed countries, of using this type of agriculture with all the effects it has on the environment and population health.

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