

Training 4 - Organic food products and markets
Split, February 1, 2010

History and Development

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Objectives

- Understand the development and the objectives of organic farming
- Get an overview of the production and markets of organic products - worldwide and within the EU
- Comprehend the different factors that influence the organic market

Agenda

- History and development of organic farming
- Organic production and markets
- Market development

Introduction

- What is organic farming?
- How did organic farming get started?
- Who started it?
- What is the role of organic farming?
- What is the organic market?
- How and why did it grow?
- Who are the most important actors?

Founders and pioneers

Rudolf STEINER (Germany, 1924)

Anthroposophic “Lectures on Agriculture“
- Biodynamic Agriculture

→ DEMETER

Hans MUELLER

(Switzerland, Germany 1930-50)

Organic Agriculture (closed circuit,
nutrient cycling)

→ Bioland, Nature & Progrès

Raoul LEMAIRE (France 1930-70)

Organic Agriculture

→ method Lemaire-Boucher

Eve BALFOUR, Albert HOWARD

(United Kingdom, India 1930-40)

Organic Agriculture (compost, permaculture)

→ British Soil Association

Masanobu FUKUOKA (Japan, 1938)

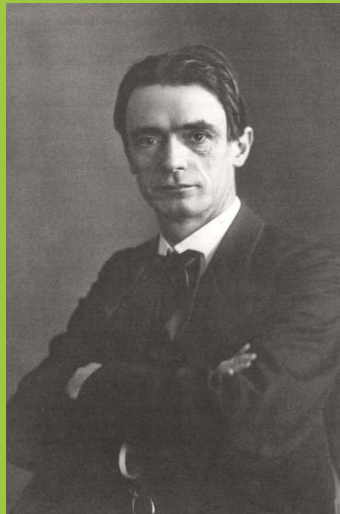
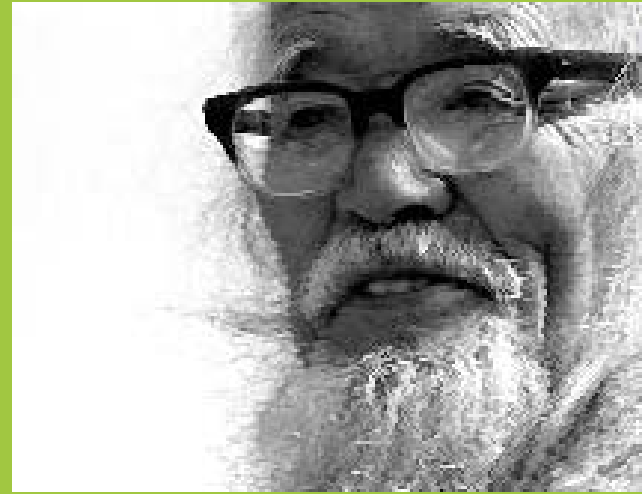
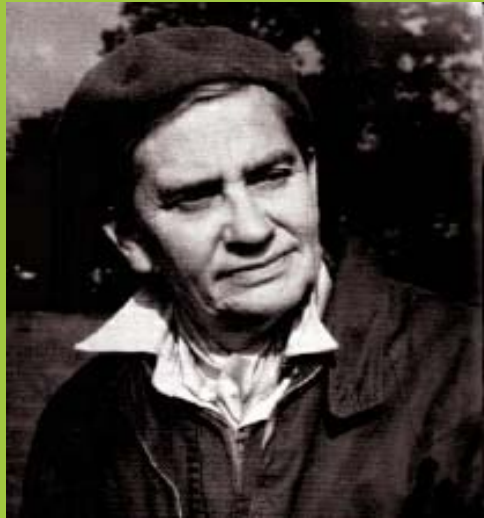
natural “do-nothing-agriculture”, religious aspects

Source: SÖL, 2000

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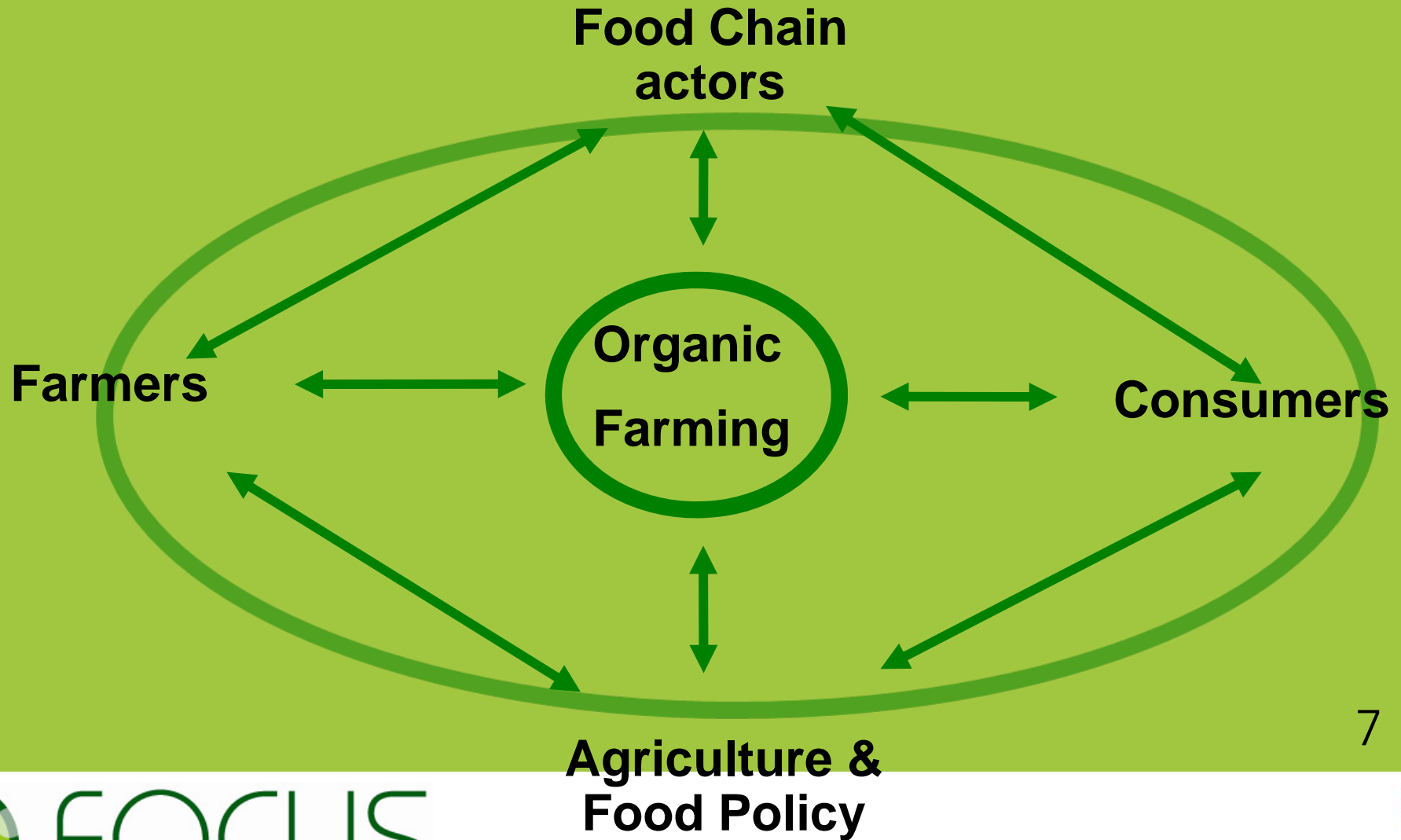


Founders and pioneers



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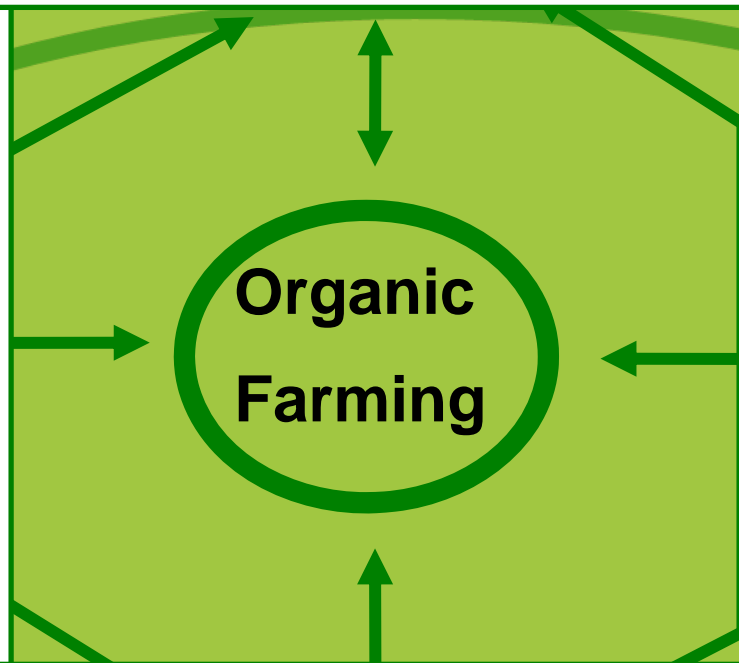
The objectives of organic farming



The objectives of organic farming

Food Chain Actors:
New markets, new competition and communication cues, new / alternative ways of producing & trading

- Farmers:**
- Closed circuits
 - Nutrient cycling
 - Subsistence
 - Farm incomes
 - Independence from agricultural policy
 - Working conditions
 - Independence from industrial supply
 - Societal acceptance



- Consumers:**
- Safer, healthier food
 - Better respect for the environment
 - Animal welfare
 - Farm incomes
 - Traditional family farms

Agriculture & Food Policy:
Extensification, surplus-reduction, farm incomes, rural development, new markets, environmental objectives, innovation

Characteristics of the offer of organic products

- The agricultural production is less flexible;
- Species and varieties adapted to extensive production are preferred in agriculture as well as in breeding;
- The yield attains only about 70 % of the conventional level;
- The risks connected with the production and the marketing the products are higher;
- The offer is scattered
 - the supply chains are more complex;
 - the products are more expensive.

Sources: Hamm, Michelsen, 2000, ITC, 1999, Schaer 2001

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A short history of organic farming & markets

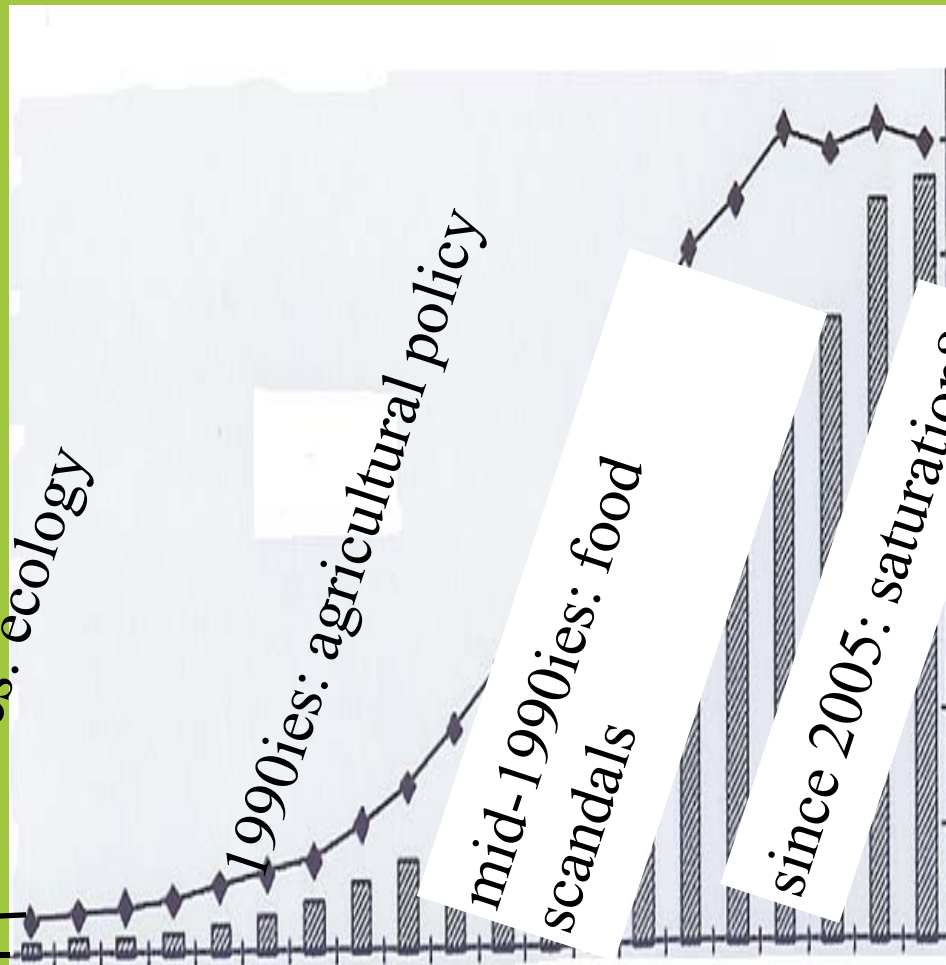
Pioneer phase: 1920 - 1960
1960ies: alternative economic ideas
1970ies: health, nature

1980ies: ecology

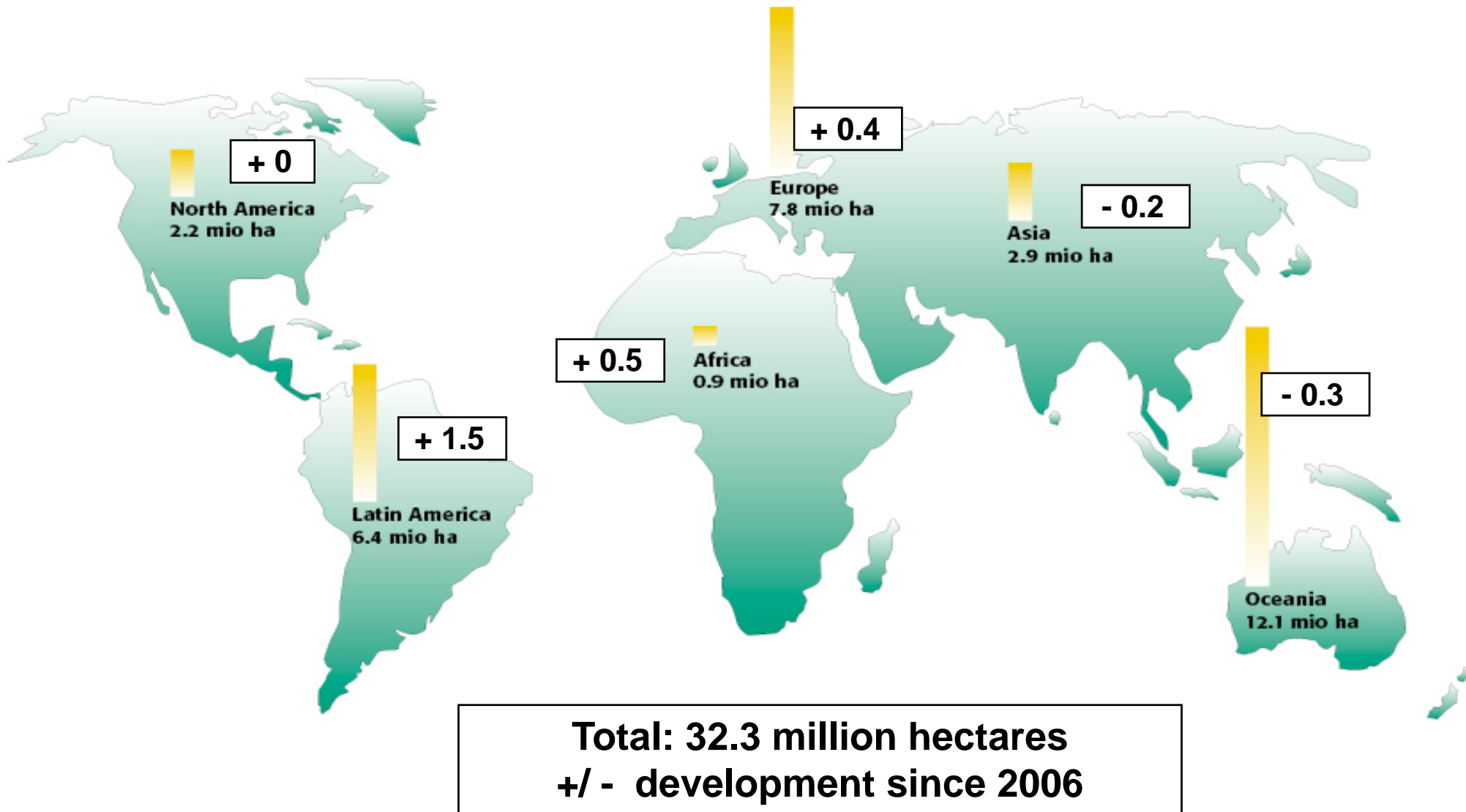
1990ies: agricultural policy

mid-1990ies: food scandals

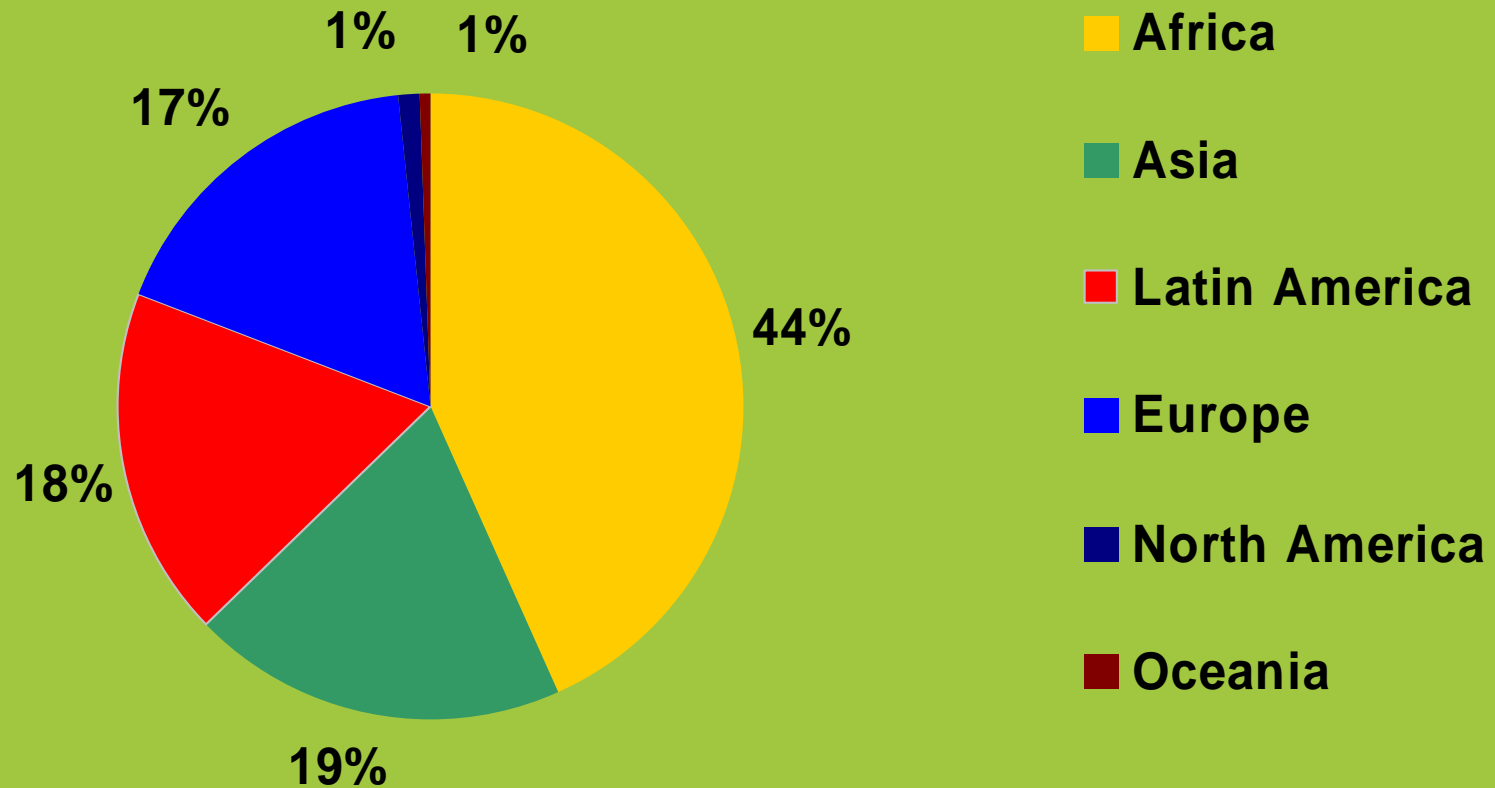
since 2005: saturation??



Organic farming worldwide (2007)



Organic producers by geographical region (2007)

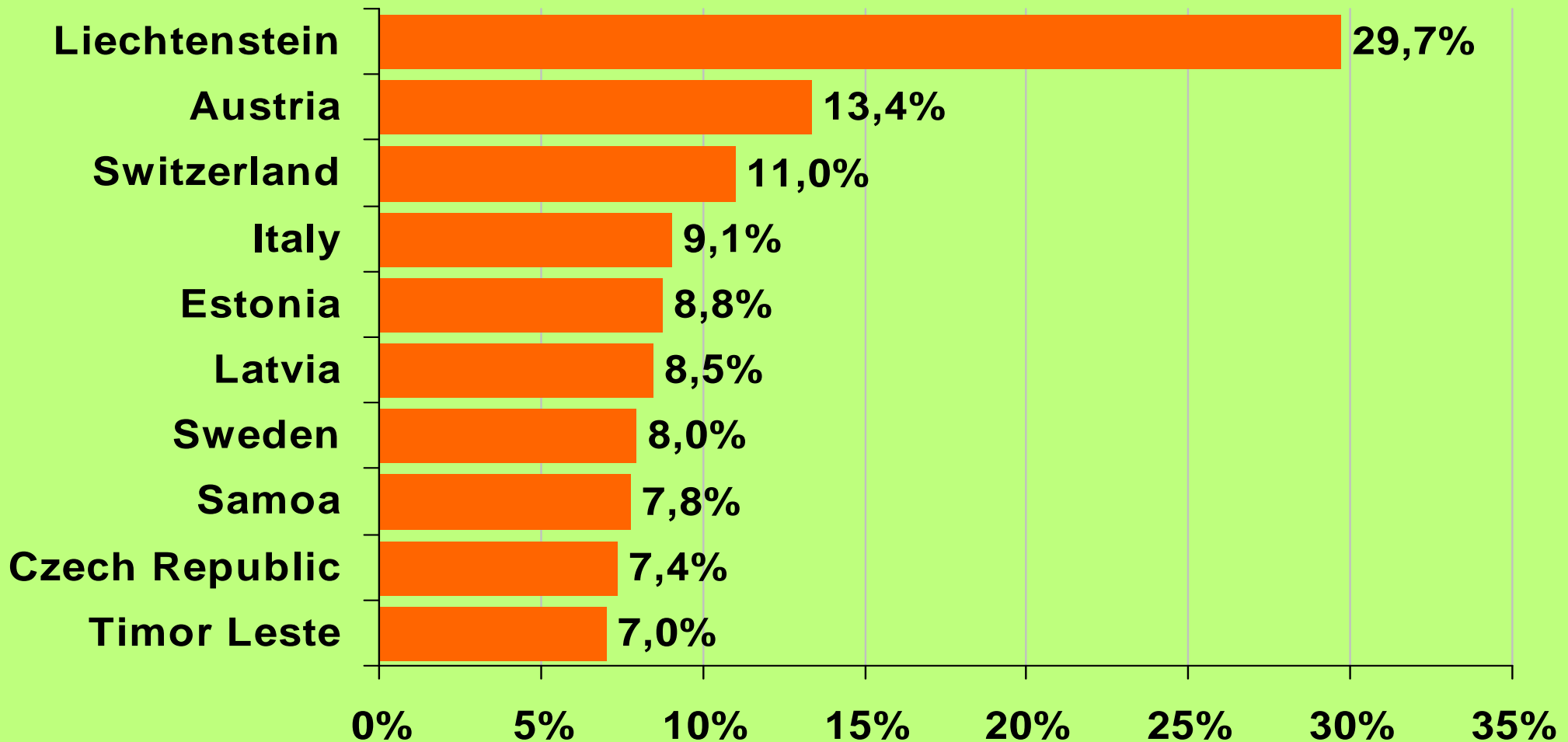


Source: FIBL & IFOAM 2009

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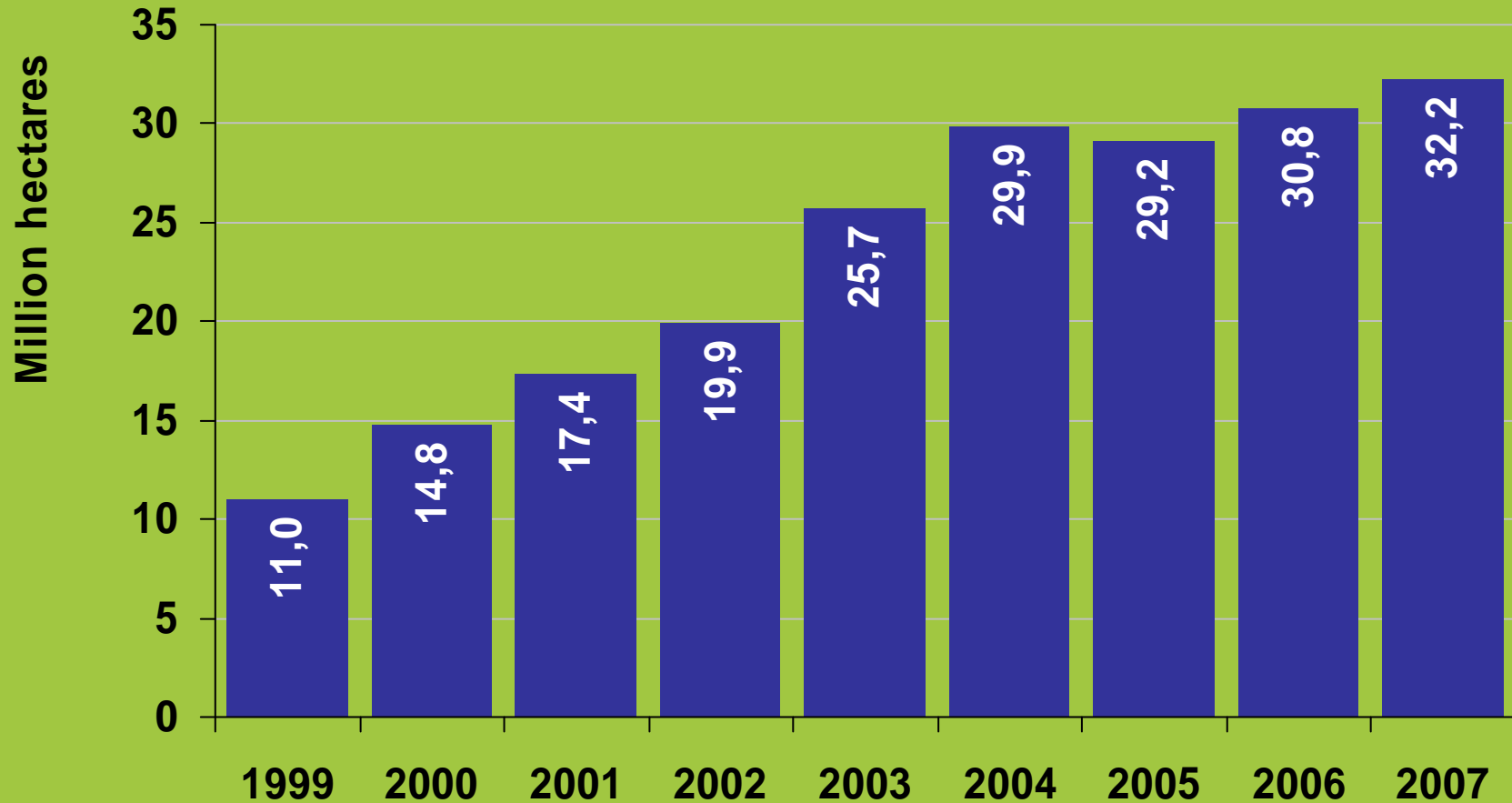


Share of agricultural land (2007)



Source: FIBL & IFOAM 2009

Development of global organic farm land

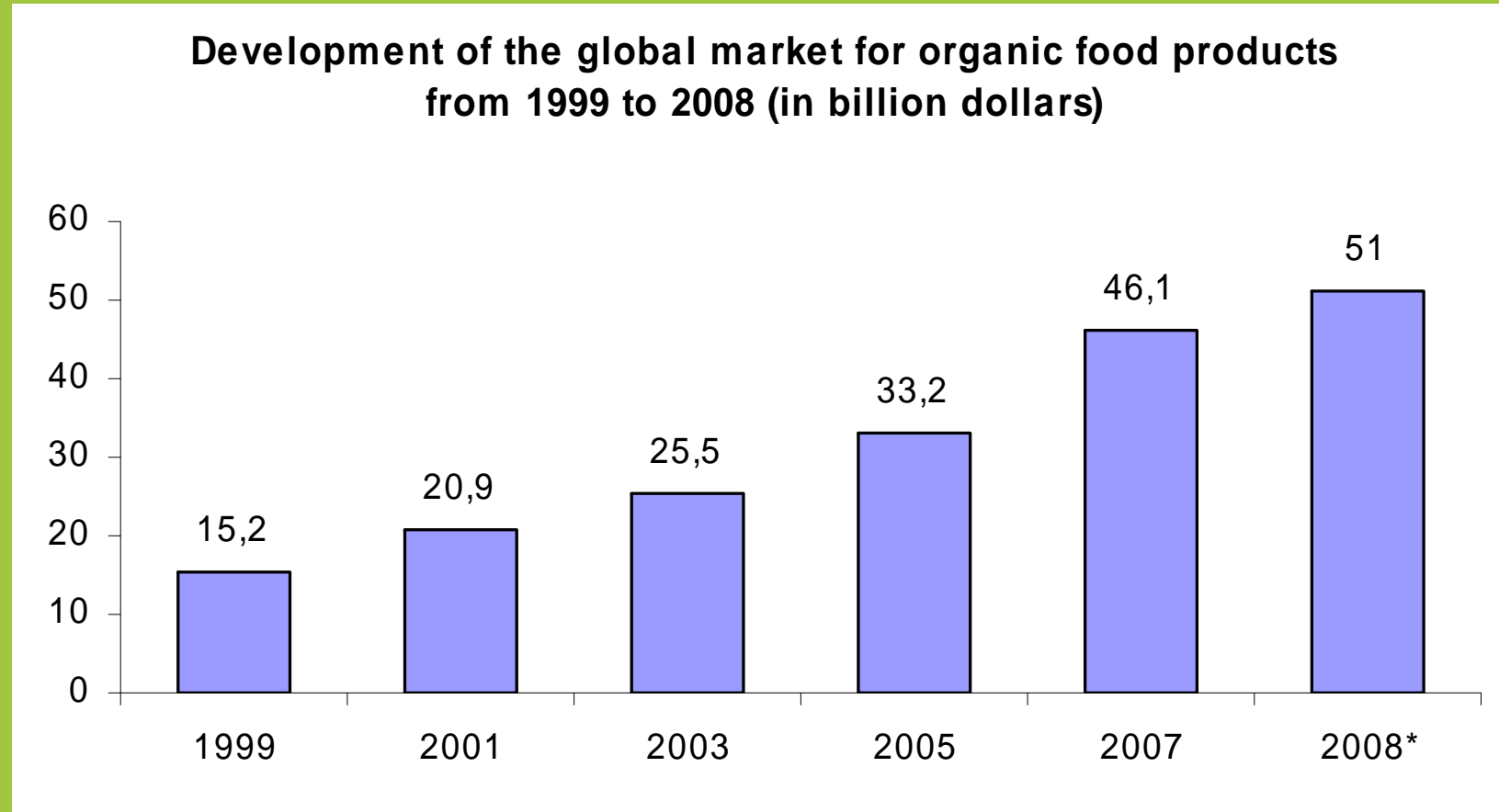


Source: FIBL & IFOAM 2009

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Development of the global organic food market

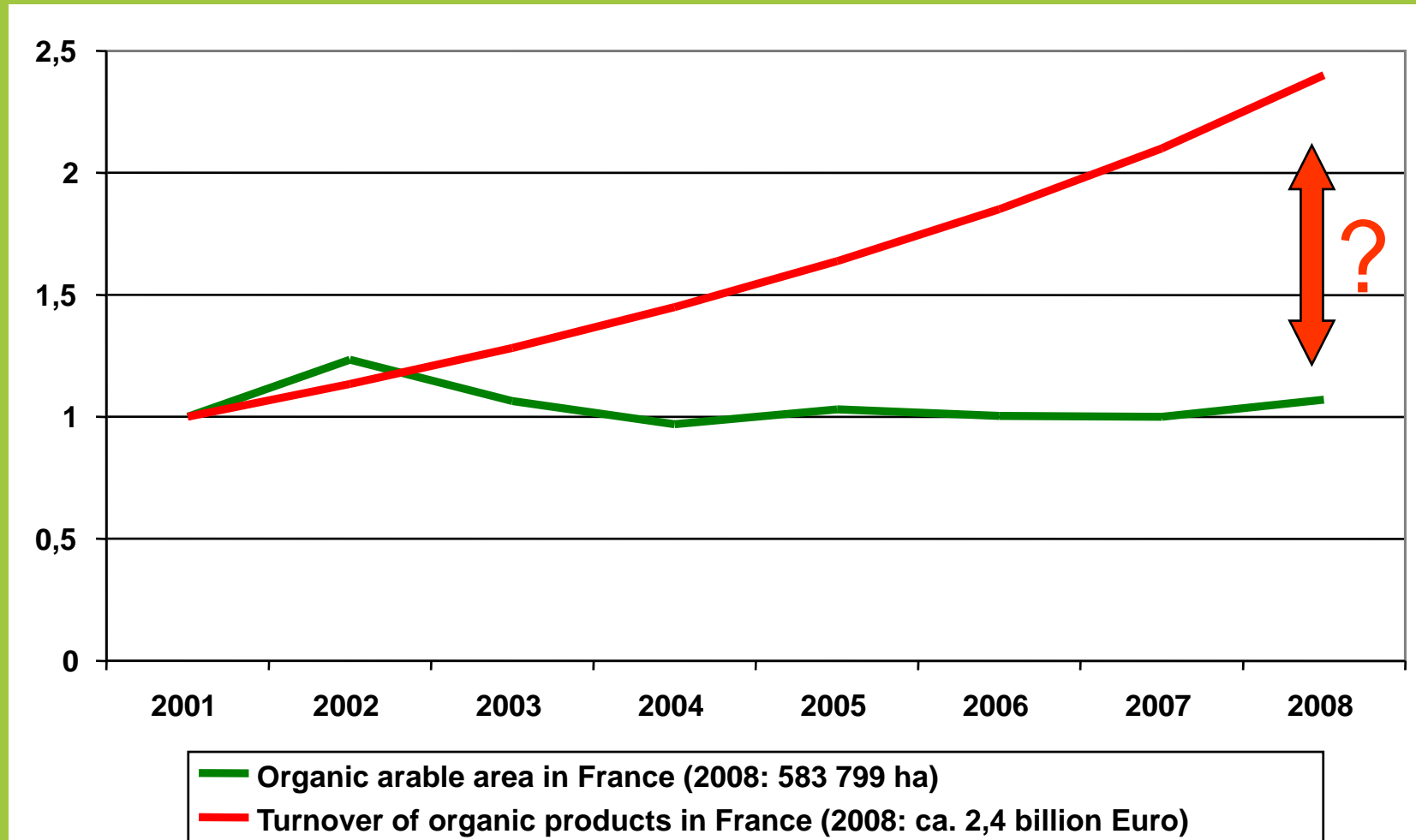


Source: Agence Bio, Ökonews

*Estimation 15



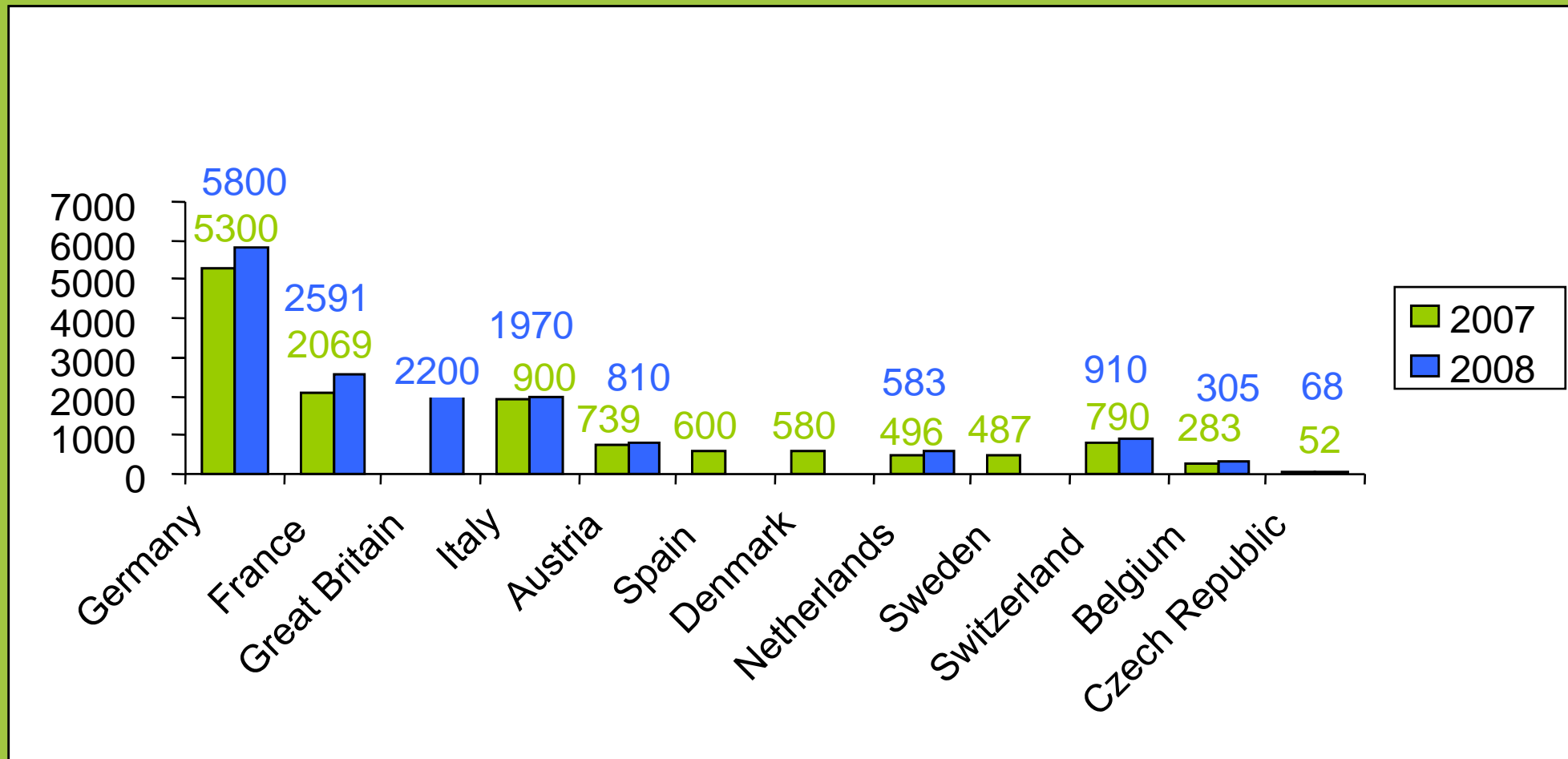
Challenge: the organic offer



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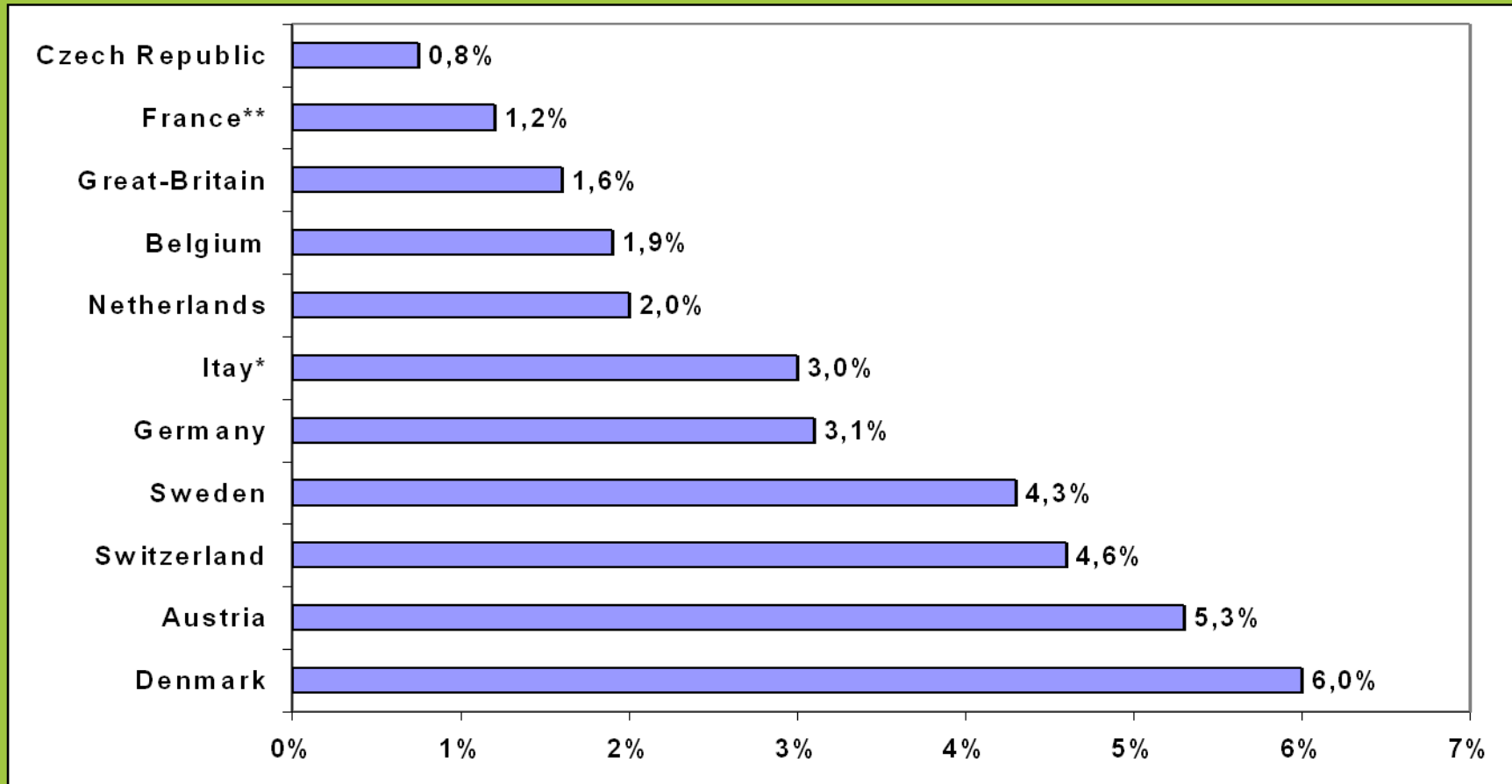
Consumption of organic products in European countries (in millions €)



Source: The world of organic agriculture 2009, Agence Bio



Market share of organic products



Source: Organic Market Report 2009

*Estimation for 2008

** Estimation for 2008 1,7%

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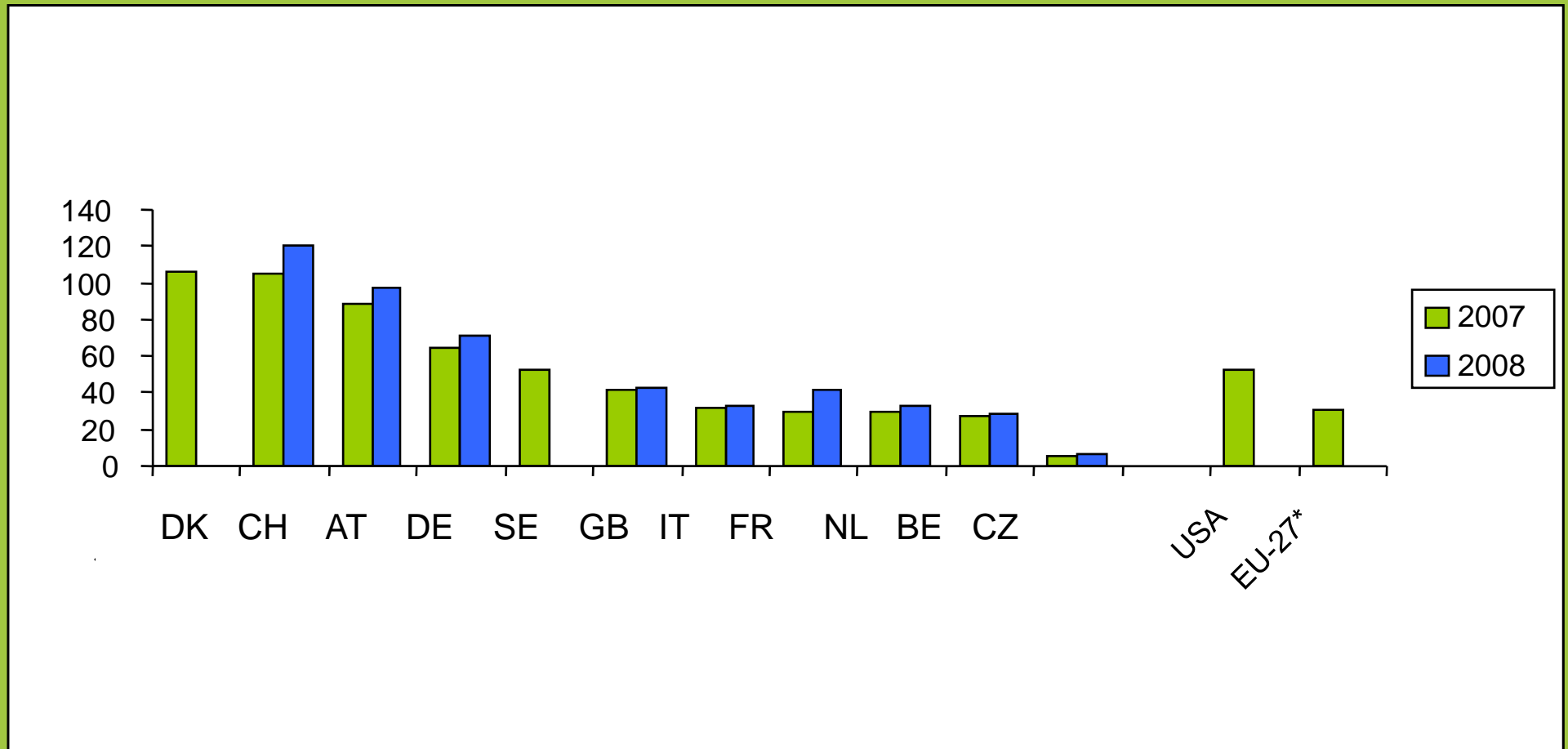


FOCUS
FOOD CONSUMER SCIENCE IN THE BALKANS



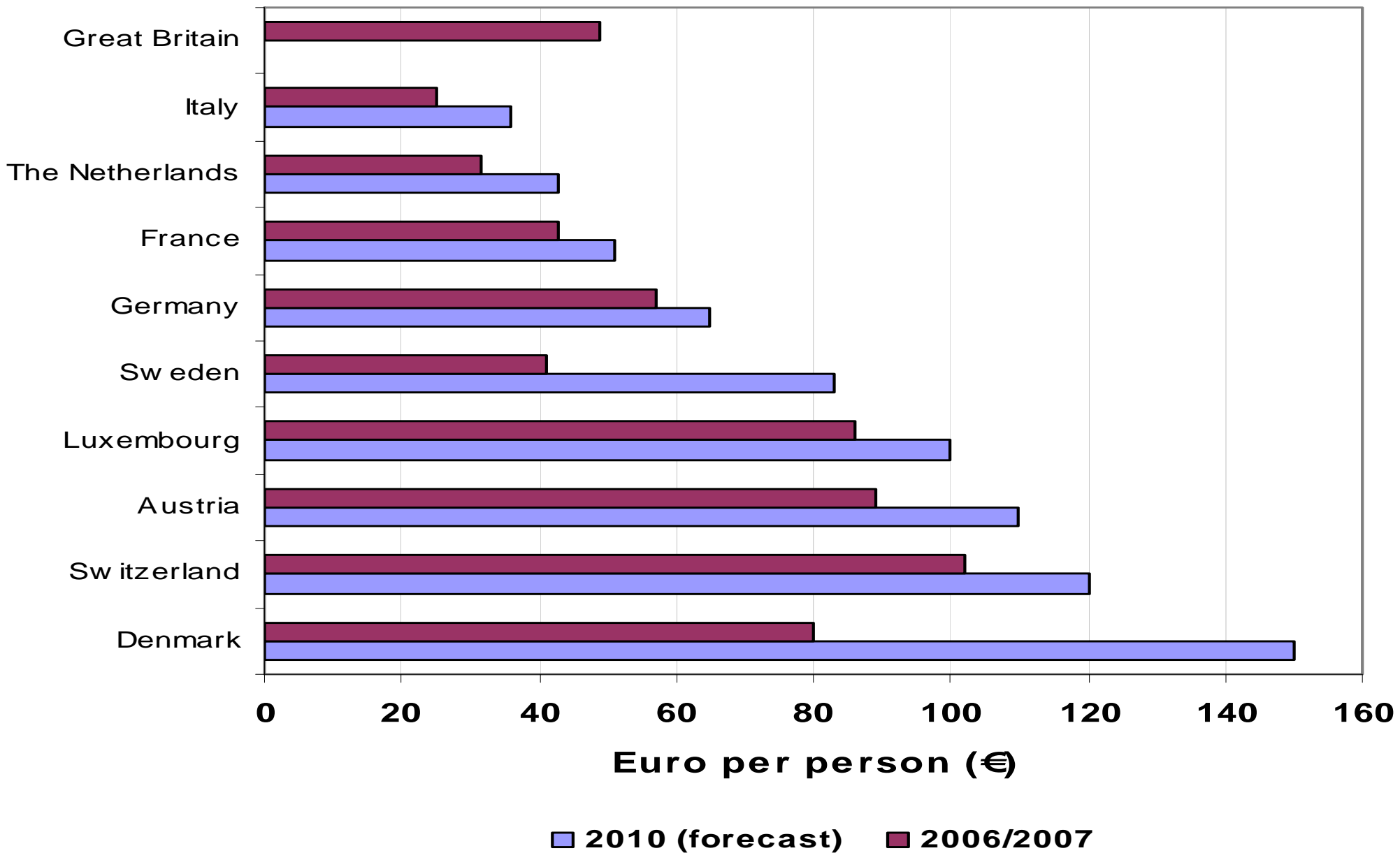
SEVENTH FRAMEWORK
PROGRAMME

Money spent on organic food

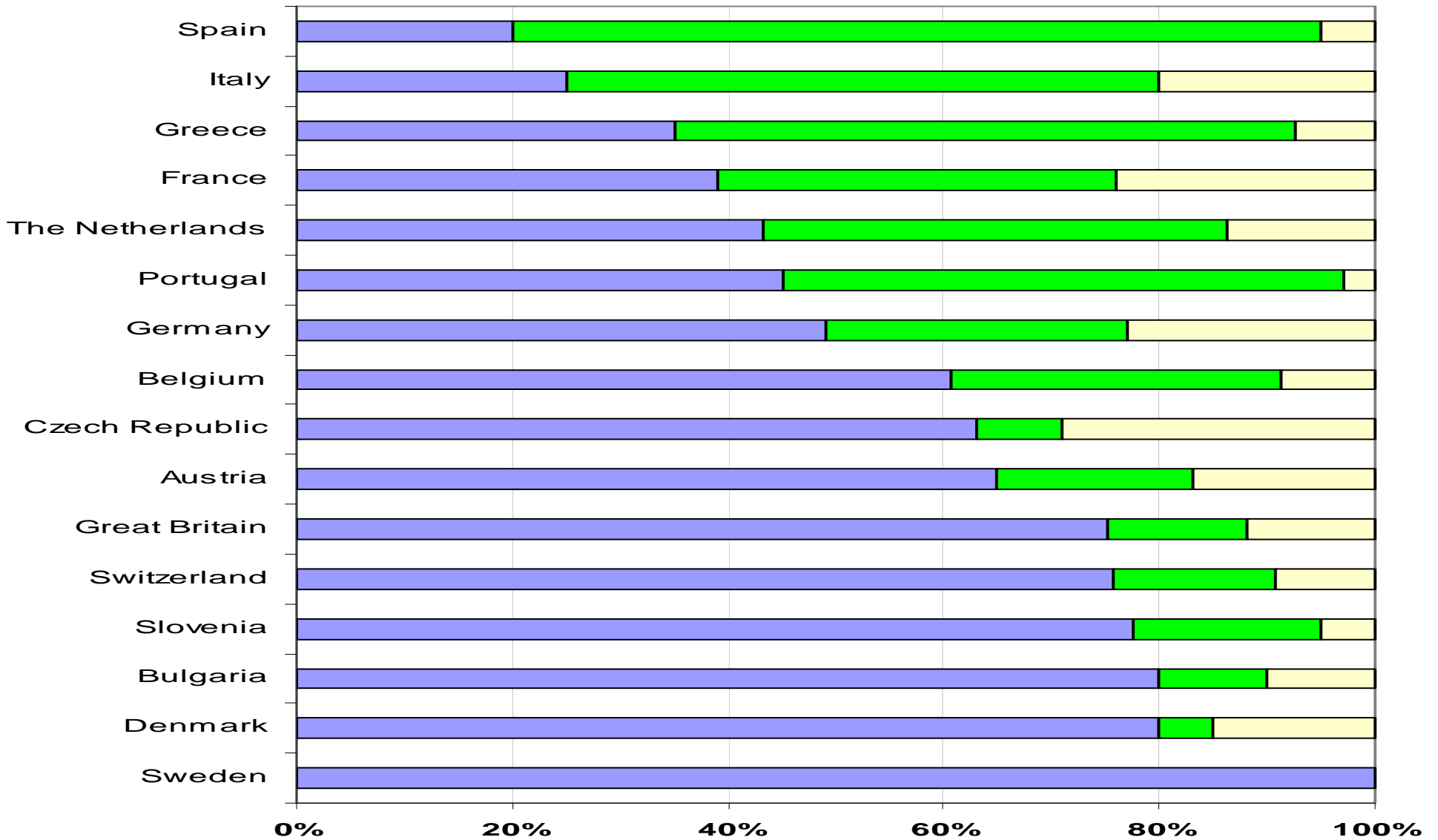


Source: The world of organic agriculture 2009, Agence Bio

Annual amount per person spent on organic food 2006 and forecast for 2010 (countries with more than 25€/person)



Market share within the organic market (%)

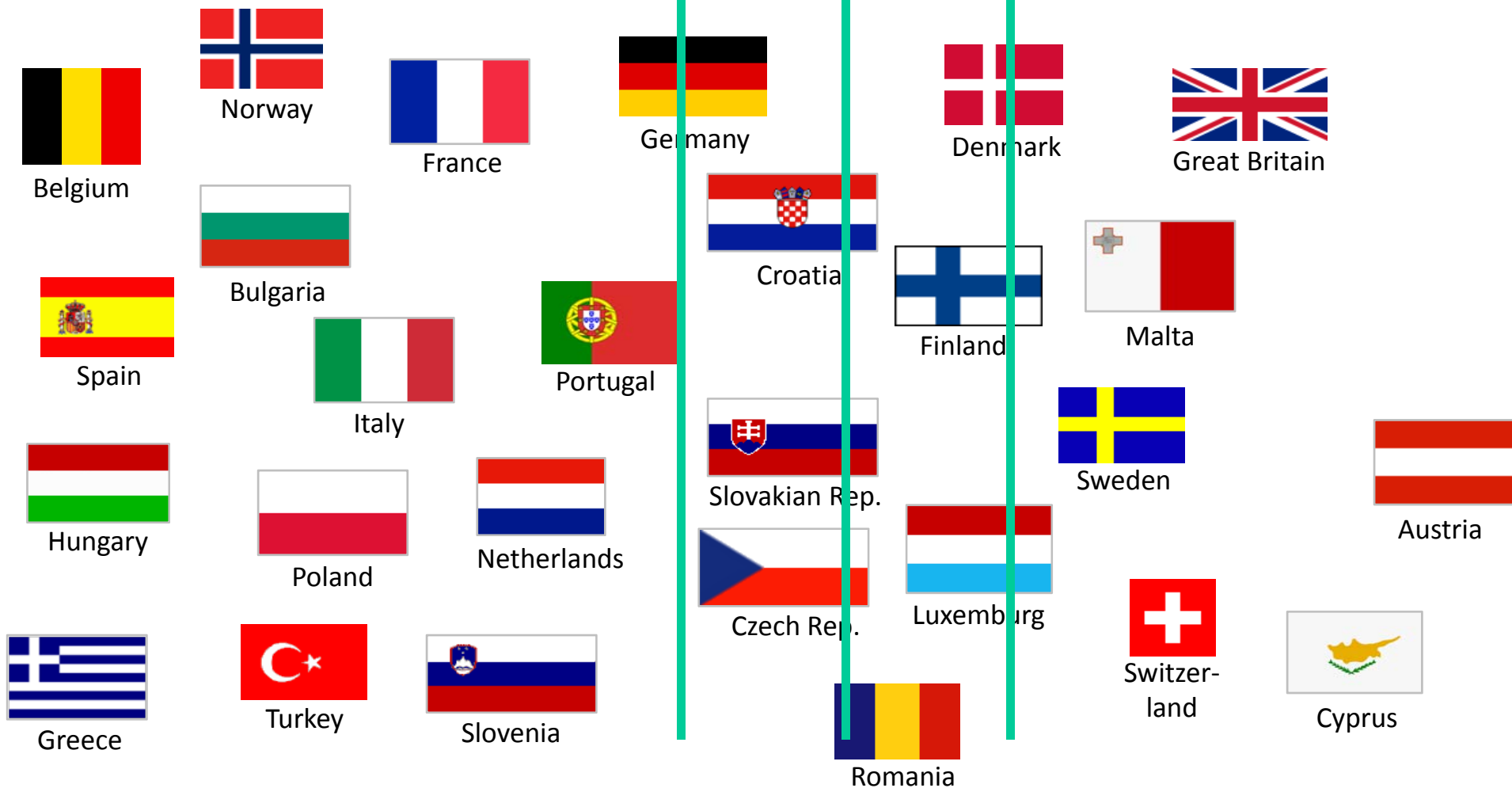


■ market share of conventional retailers (%) ■ Specialised organic shops (%)
■ other sales channels (%)

Organic market development, caused by ...

organic retailers

conventional retailers

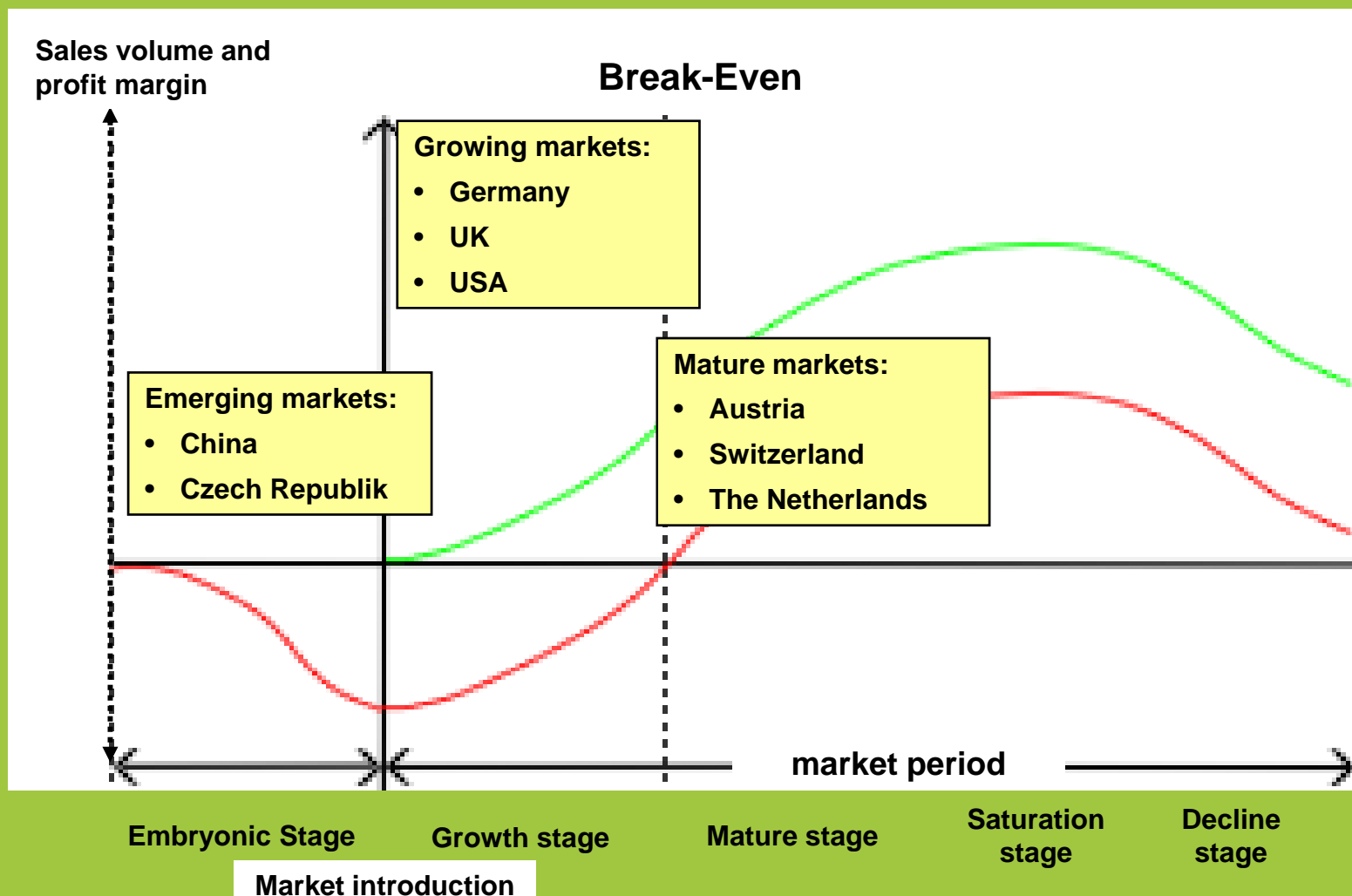


A model of organic market development?

Emerging market	Growing market	Mature market
China Czech Republik	Germany UK USA	Austria Switzerland The Netherlands
<ul style="list-style-type: none">▪ rapid market growth starting from a low level	<ul style="list-style-type: none">▪ growing rates 5 – 15%▪ steady growth	<ul style="list-style-type: none">▪ growing rates of up to 5%▪ partly decreasing sales development

Source: Richter, T. (2005): Organic in the supermarkets – global trends

A model of organic market development?



Actors in the construction of an organic supply chain

- **Organic farming associations**
- **Processors**
- **Traders / retailers**
- **Agricultural policy**

Roles & goals of organic farming associations

- **Consulting /extension service in conversion and production**
- **Concentration /organisation of the agricultural offer**
- **Market activities, « branding »**
- **Political work, “lobbying”**
- **Construction of pioneer and “model” supply chains**

Roles & goals of processors

- **Extend the offer of organic products**
- **Initiate organic production**
- **Stimulate demand**
- **Create / reaffirm USP**
- **Get access to new markets and consumers**

Example



Roles & goals of traders and retailers

- **Facilitate the purchase of organic products**
- **Respond to consumer demand**
- **Benefit from a “green & trendy” image**
- **Enhance competitive strength**
- **Open new markets / segments**
- **Develop new cues for innovation**

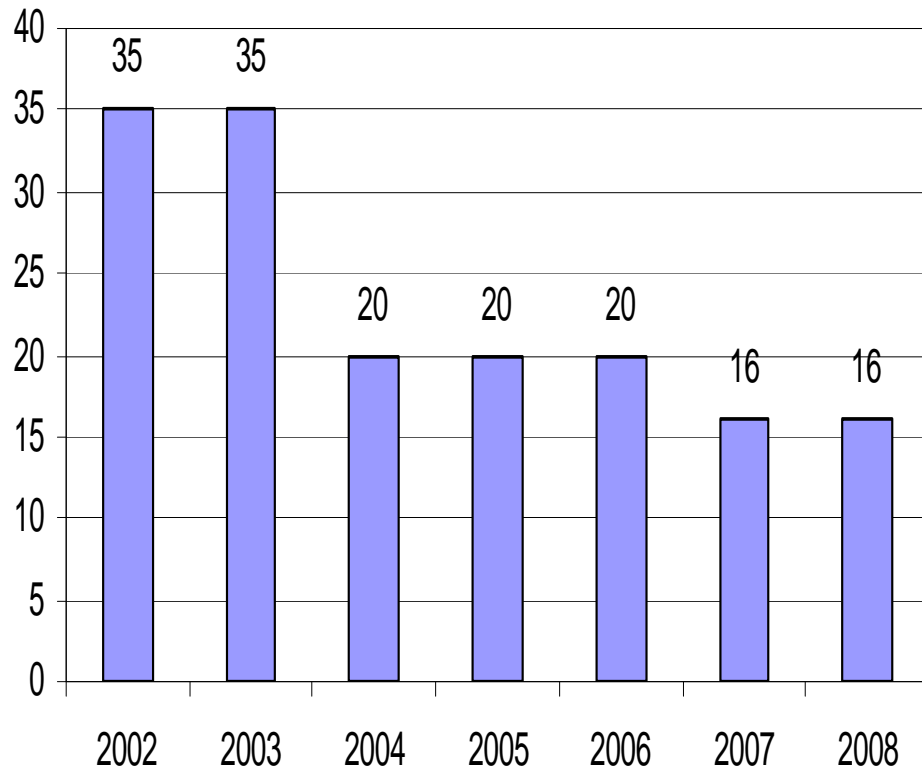
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Roles & goals of agricultural policy

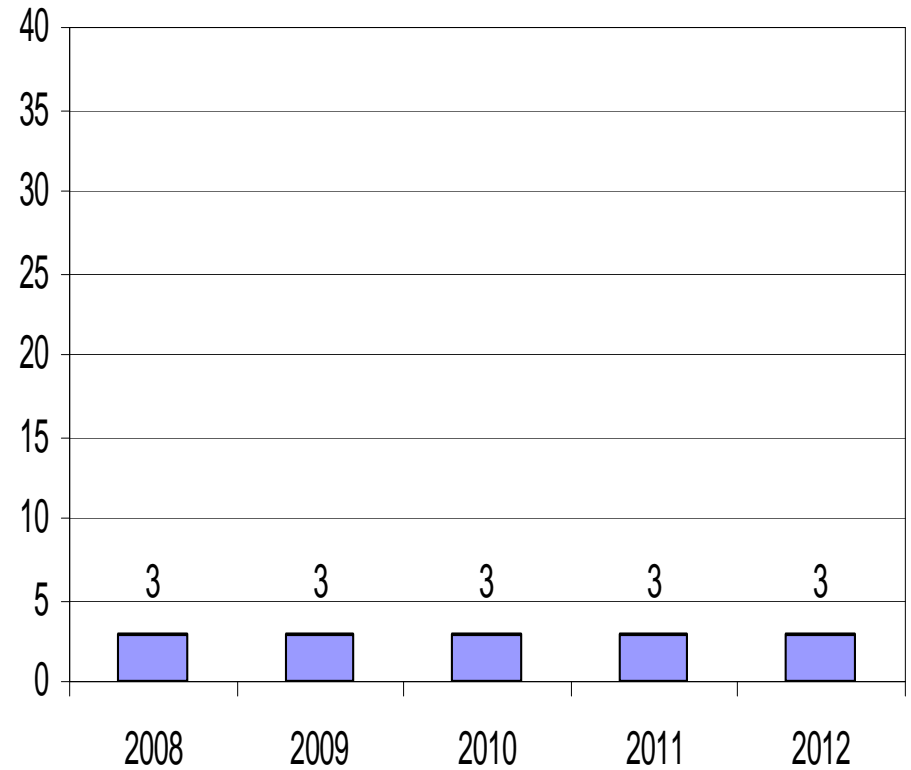
- **Respond to societal trends**
- **Reinforce country image or position on export markets**
- **Reduce overproduction**
- **Enhance environmental quality of farming**
- **Calm down the financial support of farmers' lobbies**

The role of policy

"Plan Kühnast"



"Plan Barrier"



Literature

- SOEL: www.soel.de
- ECOZEPT, Biovista, FiBL (Eds.): European Specialised Organic Retail Report 2008, Freising 2008.
- FiBL and IFOAM (2009): The World of Organic Agriculture. Statistics and Emerging Trends 2009
- Soil Association: Organic Market Report 2009
- ZMP: Ökomarkt Jahrbuch 2009