# WP7: REPORT ON ORGANIC SECTOR in CROATIA

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# COUNTRY OVERVIEW

| Country data | 2007 | 2008 | 2009 |
|---|---|---|---|
| No. of inhabitants: | 4 436 000 | 4 434 000 | n/a |
| No. of households: | 1 470 000 | 1 470 000 | n/a |
| Average household size: | 3 | 3 | n/a |
| Gross domestic product per capita (€) | 11.543 | 10.678 | n/a |
| **The food market** | **2007** | **2008** | **2009** |
| Annual amount spent on food per person (includes non-alcoholic beverages as well as food): € | 7 982kn or 1098€ | 8 158 kn or 1123€ | n/a |
| Food Expenditures as % of Gross Domestic Product/capita: | 10,5% | 9,5% | n/a |
| Food Expenditures as % of all consumption expenditures | 33,21% | 32,09% | n/a |
| Volume of the food market (€) | 4, 87 billion | 4, 98 billion | n/a |

Source: Republic of Croatia –Central Bureau of Statistics, www. dzs.hr

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- There is about 4,5 mil. of inhabitants with slight decrease.
- 1,5 mil. households with three members (in average).
- GDP per capita  is about 11.000 € (annual average) with slight decrease.
- Annual amount spent on food is about 1.000 €.
- About one third of whole consumption expenditures are food expenditures.

# ORGANIC PRODUCTION

| Organic Agriculture | 2007 | 2008 | 2009 |
|---|---|---|---|
| Total agricultural area (ha) | 2,800.000 | 2,956,000 | 3,150,000 |
| Organic agriculture land use (converted area controlled according to EU regulation in ha)* | 7,577 | 10,000 | 14,193 |
| Percentage of land use for organic agriculture (%) | 0,05 | 0,1 | 1,29 |
| Number of organic farms (converted and controlled according to country regulation) | 477 | 630 | 885 |
| Number of organic farms (in-conversion and controlled according to country regulation) | n/a | n/a | n/a |
| Number of all farms (organic + conventional) | n/a | n/a | n/a |

**Source:** http://www.hr/hrvatska/gospodarstvo/poljoprivreda; http://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=41673, http://www.poslovni.hr/142346.aspx; www.mps.hr; www.focus-balcans.org

- **Organic agriculture land almost doubled in two years (2007-2009) from 7.500 to14.200 ha.**

- **The share of organic culture regarding the whole agricultural land almost tripled in the same period, from 0.05 to 1.29 %.**

- **The number of organic farms almost doubled, from 477 in 2007 to 885 in 2009.**

# IMPORTS AND EXPORTS

| Imported product items | Country of Origin | Comments /Sources/ Tendencies |
|---|---|---|
| Baby food | Austria | http://moan.iamb.it/FCKeditor/UserFiles/File/MOAN%201st%20meeting/MOANPosters/15croatia.pdf |
| Cereals | | |
| Legumes | | |
| Fruits and vegetables | EU | |
| Processed vegetables | BiH | |
| Olive oil | Italy and Germany | |
| Sweet | | |
| Marmalade | | |
| Fruit juice | | |
| **Exported product items** | | |
| Pumpkin seed | Holland | http://moan.iamb.it/FCKeditor/UserFiles/File/MOAN%201st%20meeting/MOANPosters/15croatia.pdf |
| Fresh vegetables | | |

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# ORGANIC MARKET DEVELOPMENT

| The organic food market | 2007 | 2008 | 2009 | Source |
|---|---|---|---|---|
| Number of wholesalers and importers for the organic retail market | 35 | 51 | 64 | Republic of Croatia - Off gazette<br>http://narodne-novine.nn.hr/ |
| Number of processors of organic products | 506 | 691 | 885 | Republic of Croatia - Official gazette<br>http://narodne-novine.nn.hr/ |
| Total turnover of Organic Food market on consumer level (€) | 2,3 | 4,5 | n/a | Experts estimation |
| Annual amount of money spent for organic food per capita (€) | 0,5 | 1 | 1 | Experts estimation |
| Market share of organic compared to entire food market (%) | 0,05 | 0,1 | 1,29 | Experts estimation |

# REGULATIONS AND LAW IN CROATIA

- In 2005 the Strategy for organic production is developed. The main objective is that **10% of agricultural land will be certified as organic within 10 years.**

- **The Ministry of Agriculture adopted the Law on Organic Agriculture in 2001**
- this law provides a legal framework for the development of organic agriculture in Croatia according to EU Regulation 2092/91 (now 834/2007).
- in line with the law, several (19)sub-acts, regulating different aspects of organic agriculture were also developed, including requirements among others on: organic plant production and the collection of forest fruit and medicinal herbs; Organic livestock production; Processing, transport and storing of organic agricultural products; Conditions that need to be met by persons that control organic agriculture;

**Manufacturers get the right to use the label “Ekoproizvod” if their production is certified by a certification body with the certain document. The main certification body in Croatia are:**

| Certification Body | Address | Website |
|---|---|---|
| BIOINSPEKT d.o.o. | ĐakovŠtina 2<br>31000 | Partner of ProCert () |
| AGRIBIOCERT d.o.o. | Veli dvor 11,<br>51513 Omišalj | http://agribiocert.awardspace.com/hr/index.php?id=clients |
| PRVA EKOLOŠKA STANICA I BIOTECHNICON d.o.o | Hrvatskih iseljenika 30,<br>21 000 Split | http://prvaekoloska.hr/ |

# ORGANIC LOGO FOR CROATIA

National label „Hrvatski Eko Proizvod“

# MARKET CHANNELS IN ORGANIC SECTOR

| Market channel | Qualitative assessment |
|---|---|
| On Farm selling | This is the most ancient form of marketing organic products, directly to the consumers. It started in the 1980ies and early 1990ies. Sometimes they developed into farm based organic food stores with a broader assortment. |
| Farmers' markets | Mostly the same actors then in direct selling: Farmers who sell at the farm gate later develop a marketing activity on weekly markets in nearby towns. Narrow assortment of fresh and farm-processed items.<br>Green markets is still functioning. |
| Specialised shops | Started in the mid-1990ies. Today, there are organic food stores in most of the bigger cities. Broad assortment of 2000 or 3000 items. |
| Supermarkets | The Croation branches international retail chains, like DM or Mercator, started in 2002 to market organic products. Small assortment of normally less then 200 items. Today Konzum (700 shops) and the other supermarkets started with organic products with more thousands of organic items. |

- Conventional retail – supermarkets, hypermarkets and small stores – - DM, Mercator, **Konzum**, Billa, Kaufland
- Organic wholesale

**Biovega**
**Total turnover:**
n/a
**Share organic food turnover of total food turnover**
2500 products
**Most important organic product groups:**
1. bio&bio homebrand for grains and beans
2. Integral food supplement, e.g.Green magma
3. Cosmetics (holistic face & baby care), e.g. Rose facial cream- from Dr. Hauschka

**Start organic sales:**
1996
**Main challenges:**
Recertification of imported products; supply with domestic products; rising demand for organic products

# The specialized organic retail market:

- Organic food shops (100% organic) Bio&Bio; Garden and Gea
- Direct-selling (on-farm, farm gate, farmers markets) -Zrno
- Delivery-box-system (Sever)


BIOVEGA



bio&bio
(Zagreb, Split, Rijeka,
Dubrovnik)

www.biobio.com.hr/webshop

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# ORGANIC FOOD PROCESSING

| | Sever - organic farm | Zrno - organic farm |
|---|---|---|
| Total turnover: | n/a | n/a |
| Share organic food turnover of total food turnover: | 100% | 100% |
| Range width (no. of organic food products): | n/a | n/a |
| 3 most important organic product groups: | 1. fresh fruit and vegetables<br>2. pickled and processed vegetables<br>3. cereals and flours<br>- organic meat | 1. fresh fruit and vegetables<br>2. homemade long-lasting bread<br>3. spices and marmalades |
| When did the company start selling organics: | 2000 | 1988. |
| Main challenges: | Meet the growing demand for organic products; price setting | Expand more in tourism; open more shops all over Croatia |


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# FINAL COMMENTS

- **Comparing to other countries- undergoing transformation in the Balkans- the Croatian organic market is well developed.**

- **The demand for organics is rising due to the development of organic shops and supermarkets.**

- **The future challenge lies in increasing supply from local producers.**

- **The ambitious objective is to get 10% of agricultural land to be certified as organic within 10 years (** according to the Strategy for organic production developed in 2005) .

- **One of the main goals is to decrease the imports and simultaneously to increase the offer of domestic products in particular of fresh organic products.**

- **The process of certification has to be simplified.**

# CONCLUSIONS FOR WB COUNTRIES

1. Compared to developed European market and the rest of the world, the WBC markets are relatively young, very small and undeveloped market.

2. When the first official certification started the more serious production of organics began.

3. Slovenia first established the Law about organic agriculture still in 1998. According to the data Slovenia has about 29 000 ha of the land available for the organic production(4.5 % out of whole agricultural land) and 1789 organic farmers what is position it to the first place amongst the other WBC. The distribution channels are as well the most developed part of organic food system in WBC.

4. Croatia is second best developed country in WBC. Although the organic production started in 90ties only after adoption of the Law on organic production in 2001 the real, official and serious production started. Today is 1,29 % out of whole agricultural land covered with organic food production with about 885 farmers. What is most important the channels of distribution are also very much developed, with wholesalers, retailers, specialized supermarkets for organic products, specialized retail shops and even on-line selling.

5. In Serbia the production of organic food and interest from the consumers existed more before the Law on organic was established in 2006.

6. In 2004 was established the Law on organic production and selling in B&H and Montenegro.
These two countries have excellent potentials regarding the unpolluted land because of low consumption of fertilizers and pesticides, but the organic market is still not developed. B&H has about ten farmers of organic product and 201 ha of land for organic production. Montenegro, as a young country is at the beginning of organic development although the governmental intention is to develop the country as an "organic country".

7. The Law on organic in Macedonia begin to functioning still in 2010. There are 204 ha intended for organic production. The very important factor of organic development in Macedonian market is „Biosan"association.

8. **On the organic market of the WBC there is the interest and wants from the consumers to buy organic food products and to follow the new healthy life trends. But the main problems that influence the consumption are:**

   **- lack of information about organic products,**
   **- existence of consumers who are willing to pay 10–30% higher prices for organic products,**
   **- lack of the availability of the organic products,**
   **- the distrust to the information on the label and**
   **- lack of promotion to inform consumers about organic food.**