ROMANIAN REVIEW OF INTERNATIONAL STUDIES, IV, 2, 2012

THE EVOLUTION OF THE ORGANIC FOOD MARKET IN ROMANIA - TRENDS, OPPORTUNITIES AND THREATS IN THE CURRENT INTERNATIONAL ECONOMIC CONTEXT

Monica Burcă-Voicu*

Abstract:
The "organic" term has became so popular nowadays that its entire definition must take into account the redefinition of the "quality" concept in the agro-food sector, in close relationship with the basic principles of the organic agriculture. The aim of this paper is to reveal, based on analyses and statistic data, the present main directions of development in this sector and also the main opportunities and threats existing in the organic Romanian food market. This research will also give a brief analysis of the main perspectives for the Romanian organic food market, placing it in the current changing international economic context.
Keywords*:* organic food market, organic agriculture, quality, bio products, agro-food sector

Introduction

In recent years, the organic market has followed an upward trend although many national markets worldwide have registered negative growth rates. Therefore, both supply and demand of organic products continued to grow including in this category not only the organic food market but also other specialized markets such as: the cosmetics (for children, soaps, creams, perfumes, etc.) or organic clothing items (clothing and footwear), detergents (laundry or dishes), pharmaceutical products, including also categories of commodities such as toys, accessories, candles, etc.. We can even expand the list upon some services such as tourism – bio hotels, bio spas or bio restaurants, etc. All these categories of products and services listed above are carriers of specific characteristics that have turned them into the current changing economic context in real points of interest with a high growth potential in consumer demand. Today, as we are going to show on the following pages, the consumer behavior regarding the

* PhD candidate, teaching assistant at the Faculty of European Studies, Babes-Bolyai University, Cluj-Napoca, Romania. Contact: mvoicu@euro.ubbcluj.ro

purchase of food products has shown that consumers are increasingly channeled and more focused on acquiring "healthy" products and having an "eco-friendly" way of life, while investing more in information and in maintaining their health through food and a "healthy" lifestyle.

On this brief analysis of the organic food market we must still take into account an important feature, namely that the demand for this category of goods has increased even though the price for organic products is higher than for the conventional similar ones, which contrasts also with the recession period that we go through today, and during which there is usually a fall in consumer spendings and in the overall consumption levels or even there are important changes in consumer trends reflected in a shift from premium products to those bearing low prices.

The most interesting aspect that is also outlining this idea, would be the fact that the growth of the organic food markets is remarkable not only in the well developed economies which are recording a higher level of purchasing power but also in the economies from Central and Eastern European economies recognized as having limited absorption capacity (due to a lower purchasing power) for this category of goods generally framed in the „premium” category.

It remains for us to try and give arguments to support the attractiveness criteria of the organic food market with emphasis on the European Single Market and having as the central focuse the domestic Romanian organic food market.

A brief review of data on the international organic market

Trying to ilustrate what we have mentioned above we can say that for instance, in 2010, analyzing the U.S. market (one of the major global players), according to data provided by the Organic Trade Association, the market for organic products (food and non-food) reached 28,682 billion US dollars with an increase of 9 percent over the previous year. From these examples we can also extract the two distinctive components: namely the non-food products also in an upward trend with increasing sales volumes with 9.7% in 2010, and reaching 1.97 billion US dollars and also the sales levels for the organic food and beverages that represented approximately 4 percent of overall food and beverage sales in 2010.[1]

The data presented in February at the BioFach 2012 fair[2], helps us in giving again a few examples underlining the global trend on the organic sector (the worldwide organic sales – food and non-food, amounted to 59 billion US dollars in 2010 after IFOAM data) but this time focusing on the area of Europe, as a preamble to what will be analyzed later in the pages that will follow. Therefore we can recall some examples of increasing sales volumes for organic products reported especially in the countries of Eastern Europe. The situation that emerges from this view is presented in sales volumes as follows: Czech Republic grew by 20 % in 2011 to a figure of about 130 million euro, Poland about 25% and Croatia has achieved a growth of 70% to approximately 60 million in 2010.

Continuing this approach, we can say that in general, the consumers on this niche market are looking for quality products for which they are prepared to pay higher amounts of money then for the similar conventional ones. They are also entering in the category of those concerned with concepts such as health (avoidance of preservatives and chemical dyes, additives, contaminants, growth hormones, etc..), environmental protection, biodiversity conservation and social responsibility.

Based on the data collected from researches conducted internationally, we will present in the following pages the specific characteristics, trends, and practical issues related to organic food market concentrating these information arround the EU and Romanian organic sector.

As a general trend, following the evolution in time of this market and taking as reference significant moments in the global economic development, we can name the following issues listed below. The 2008-2009 is the global recession starting point with major implications over the structure of the economic activities at global level. The organic food market has reduced its growth rate in 2009 compared to the previous years (when

---

[1]Organic Trade Association, *Industry Statistics and Projected Growth,* 2011, [http://www.ota.com/organic/mt/business.html], 15 April 2012;

[2]*BioFach 2012, East European organic markets booming,* press release, February 2012, [http://www.biofach.de/en/press/press_releases/?focus=en&focus2=nxps%3A%2F%2Fnueme%2Fpressnews%2F73a47f48-6ee6-4c04-8952-38d3e2039edc%2F%3Ffair%3Dbiofach%26language%3Den], 10 November 2012;

it maintained at two digits), but still remained positive at a rate of 5 %, while the majority of the economic activities entered into recession.[3]

The most representative profile markets nowadays are the USA, Germany and UK, but in order to be accurate the highest consumption per capita was not recorded on the same markets but in countries like Sweden, Switzerland and Denmark or Luxemburg. In Japan, for example, the market for organic products is still low compared to its market economic growth potential and absorption capacity. Also a brief underscore registered a global trend, with records in growth in countries such as Mexico, Brazil, South Africa and United Arab Emirates.[4]

According to the latest survey conducted and published by FiBL in July 2010 - February 2011, in 2010 the datas collected from a total of 160 countries reported 1.6 million organic producers (given that not all certification bodies reported the number of producers). In 2009 there were 1.8 million organic producers, a figure growing by about 0.4 million since the previous year - 2008. In India for example, the number of producers almost doubled in 2009. In 2010, more than three quarters of these manufacturers are located in Africa (34%), Asia (28%) and Europe (18 %). The first European country in 2009 in this rankig was Italy (43,029 organic producers) ranked 7 (after India the first place, Uganda the second or Mexic the third, etc.), followed by Turkey (35,565 organic producers) in 8th place and Spain (25,291 organic producers) in 10th place after Burkina Faso. As we have allready mentioned before, the largest marketplace for the organic food products is the United States of America, followed by Germany (6 billion euros), France (3.4 billion euros), UK and Italy.[5]

---

[3] Organic Monitor, *The Global Market for Organic Food & Drink: Business opportunities & Future Outlook (3rd edition),* dec. 2010, [www.organicmonitor.com/700340.htm], 20 March 2012;

[4] Freek Jan Koekoek, Marg Leijdens, Gerbert Rieks, *Entering the Organic Export Market. A Practical Guide for Farmers'Organisations,* Agrodok-series No.48, Agromisa Foundation, Wageningen, Olanda, 2010, p. 14, [http://teca.fao.org/sites/default/files/resources/Agromisa%20%20AD%2048%20-Entering%20the%20organic%20export%20market.pdf], 15 May 2012;

[5] Helga Willer, The World of Organic Agriculture 2012: Summary , data published in Helga Willer, Lukas Kilcher (Eds.), *The World of Organic Agriculture - Statistics and Emerging Trends 2012,* IFOAM and FiBL, Bonn, 2012: [http://www.organic-world.net/fileadmin/documents/yearbook/2012/fibl-ifoam-2012-summary.pdf], 10 November 2012;

The latest global market researches are showing for 2010 a level of consumption reaching 40 billion euros. On the same time, at the European level were spent 18 billion euros, which represent 45% of the global total amount. The leading position was designated as we have already mentioned above to Germany holding 14.5% of the worldwide consumption or 32.2 % of the total expenditures at European level.[6]

The highest consumption per capita in 2010 (of organic food products) was registered in Switzerland (153 euros/ year), followed by Denmark (142 euro/ year), Luxembourg (127 euro/year), and Austria (118 euro/year). On the same investigated period of time, the global average consumption represented by the expenditure/capita made for this category of goods reached 6.5 euros.[7]

In 2009, at global level, the EU organic market was the most affected due to a decrease in the purchasing power of consumers in the various national markets.

Thus in 2009, the UK data shows that the market shrank in its case, and in Germany it has no longer increased as it did in the previous years. In contrast to these examples there are a number of markets such as those from France or Sweden which saw significant double-digit growth percentages reaching over 15%.[8]

As we have argued earlier, offering a series of examples from the European market, we can summarize (using the same statistical sources) and say that the most well developed market for organic products is the European one:

- reaching about 50% of the total global organic consumption,
- reaching an increase in the production in 2008 by 50% over the previous year
- and reaching an increase with 40% in consumption compared to the same period of reference

[6] Bio România, *Afacerile bio sfidează criza*, 3feb.2012, [www.bio-romania.org/afacerile-bio-sfideaza-criza-cresc-anual-cu-20-30/], 15 March 2012;

[7] EcoMagazin, *Vânzările de produse organice au urcat la 59 de miliarde de dolari în 2010, 16* February 2012, [http://www.ecomagazin.ro/vanzarile-de-produse-organice-au-urcat-la-59-de-miliarde-de-dolari-in-2010/], 15 March 2012;

[8] Organic Monitor, *The Global Market for Organic Food & Drink: Business opportunities & Future Outlook (3rd edition), D*ecember 2010, [www.organicmonitor.com/700340.htm], 15 March 2012;

- and having an annual growth rate for this sector arround 15% exceeding 4 times the growth rate of the traditional conventional food markets.

Trends, opportunities and threats for the Romanian organic food market

Next we intend to present a brief analysis on the evolution, characteristics and trends of the organic food market in Romania focusing on the current situation and highlighting the opportunities that can be generated by the development in the organic agro-food sector.

We begin by specifying that the total sales of organic products in Romania in 2011 reached 10 million euros, which represents less than 1% of the entire Romanian food retail market and consumption[9], recording in 2011 - 80 million euro,[10] a very low rate if we try to compare it with the European average of 5-6%.

Also the number of registered operators in organic farming in Romania recorded a spectacular growth, their number raising by three times from 3 155 in 2010 to 9 703 in 2011 .[11]

The internal market for organic products has seen a steady annual growth of 20% in 2011[12]. The exports of these products increased constantly, the estimated figure for 2011 reaching 200 million euro, a volume twice higher than in 2010. On the same year, the domestic market reached only 80 million euros. [13]

---

[9] Piața Agricolî, *România invitată să devină partenerul Germaniei la Biofac Nuremberg 2013,* 14 February 2012, [www.piataagricola.eu/index.php?option=com_content&view=article&id=582:romania-invitata-sa-devina-partenerul-germaniei-la-biofach-nuremberg-2013&catid=42:mozaic&Itemid=61], 15 March 2012;

[10] Bio România, *Vânzările de produse organice au urcat la 59 de miliarde de dolari în 2010, un plus de 5 miliarde față de 2009,* 23 February 2012, [http://www.bio-romania.org/vanzarile-de-produse-organice-au-urcat-la-59-de-miliarde-de-dolari-in-2010-un-plus-de-5-miliarde-fata-de-2009/], 15 March 2012;

[11] Ministerul Agriculturii şi Dezvoltării Rurale, 2012, [http://www.madr.ro/pages/page.php?self=01&sub=0107&tz=010710], 10 November 2012;

[12] Bio România, *Afacerile bio sfidează criza şi cresc anual cu 20-30%*, February 2012, [www.bio-romania.org/afacerile-bio-sfideaza-criza-cresc-anual-cu-20-30/], 10 November 2012;

[13] Financiarul, *Bio-România: Exporturile de produse ecologice: 200 de milioane de euro în 2011; piața internă nu depăşeşte 80 de milioane de euro,* 28 December 2011, [http://www.financiarul.ro/2011/12/28/bio-romania-exporturile-de-produse-ecologice-200-de-milioane-de-euro-in-2011-piata-interna-nu-depaseste-80-de-milioane-de-euro/], 10 November 2012;

Less favorable aspects related to the Romanian exports is reflected by the fact that our organic products leave the borders of our country as unprocessed products/raw materials with no added value and we can also stipulate that occasionally we are getting in the unfortunate situation of importing the same products now processed (with added value incorporated), packaged and wearing international brands, losing this way important financial resources.

An important lesson for Romania to follow, would be to try and become an exporter of added value rather than an exporter of raw materials, and lead this way positive effects on the domestic market potential, expressed through the posibility to lower this way the prices for the domestic processed goods as in comparison to the similar imported ones, and also to gain value by using the undeveloped potential of processing the raw materials derived from our own organic agriculture.

Therefore, we reaffirm that Romania exports most of its organic products - more than 90%, from honey to oil, fruits and vegetables mainly to the European countries. The main export destinations are the European markets such as Germany, Italy, Spain, UK and the Nordic countries. Our exports were in a constant upward trend. In 2009, exports totalised 136,000 tones, the equivalent of 103 million euro, in 2010 the figures exceeded 150,000 tones, totaling 150 million euros. [14] MARD (Ministry of Agriculture and Rural Development) estimates are supporting the idea that Romania could reach in the next five years exports up to 1.5 billion euros. [15] One of the main motivations for Romanian farmers in choosing to export the products obtained is related to the price. Thus, they can obtaine usually prices up to 2-3 times higher than on the domestic market.

In Romania, the analyzed market, consumers of organic products are not yet consciously educated in choosing these category of products, but however we can identify a growing trend which can be also exploited in the direction of developing nutritional "healthy and safe" diets.

---

[14] EcoMagazin, *Agricultura ecologică din Romania şi-a triplat ,în 2011, numărul operatorilor activi din sistem, până la 10.000, 13 February.2012*, [http://www.ecomagazin.ro/agricultura-ecologica-din-romania-si-a-triplat-in-2011-numarul-operatorilor-activi-din-sistem-pana-la-10-000/], 10 November 2012;

[15] EcoMagazin, *România ar putea ajunge la exporturi de produse ecologice de peste 1,5 miliarde de euro, în următorii 5 ani,* 21 February 2012, [http://www.ecomagazin.ro/romania-ar-putea-ajunge-la-exporturi-de-produse-ecologice-de-peste-15-miliarde-de-euro-in-urmatorii-cinci-ani/], 15 March 2012;

We should also mention an important barrier to the organic market development in Romania, an obstacle that refers to the perception of some of the potential consumers who still consider that the organic food products does not differ from the conventional ones than by price and promotion strategies, and the differeces have no real relevance in quality added value.

Often it was observed that a large number of consumers tend to make confusions between the natural products and organic ones, not beeing able to recognize the differences between them, considering also that these commodities are purchased usually regardless of their specific attributes which are really setting them apart

To support this idea we can mention a study made in 2011 by ISRA Center Marketing Research[16], a stydy that has identified that one in ten Romanians does not know what the organic products are or that they even never heard of them. Most of them (60%) are associating this category of goods with healthy or natural products in general obtained from small producers at the local market, from their own household, or from the producer's households, not even considering the certification process. Only 19% of the respondents provided a specific definition of the organic food products. From the total of 1108 respondents (selected from cities with over 50,000 inhabitants and having the age between 20-60 years), 5% have bought this category of goods from specialized stores, 53% from traditional markets (small producers, local market, street vendors, etc.), and 19% from the modern retail (supermarkets, hypermarkets, discount stores) having a frequency in aquisition of at least once per month.[17]

This reality has led Romania to export most of its organic production represented mostly by fresh products preferred by the European and U.S. consumers (fruits and vegetables), in return for which Romanian shops sell imported processed goods such as: biscuits, pasta, dairy, frozen fruits and vegetables, etc.

---

[16] ISRA Center, *What Does Eco Food Mean to Romanians*, 2011, [http://www.isracenter.com/content/news-review#section-0], 10 November 2012;

[17] Wall-Street, *Alimentația ecologică la români: 1 din 10 consumatori nu ştiu ce sunt produsele eco,* 14 July 2011, [http://www.wall-street.ro/articol/Companii/106418/Alimentatia-ecologica-la-romani-1-din-10-consumatori-nu-stiu-ce-sunt-produsele-eco.html], 10 November 2012;

According to a recent market survey, in the near future the organic food products are going to be commercialised in Romania, through multiple distribution channels such as: at a rate of 60% through specialized shops, 30% through organic supermarkets and hypermarkets and 10% in other shops. [18] The most common channels used on this market are: sales at the farm gate, traditional markets, specialized stores, modern retail (supermarkets, hypermarkets, cash & carry - Auchan, Carrefour, Real, etc) online stores, network marketing, sales through online commodity exchange.

Conclusions

The optimistic prognosis for the organic Romanian food market is closed related to our organic agriculture and agro-food sector and those prospects must be analyze based on the following facts and realities, strengths and also opportunities. That being said we can enumerate:

- strengths like: increased consumer demand for organic products in the domestic market and also at international level, fertile agricultural land, mostly rested, with a more reduced use of chemical fertilizers than the average quantities used in the EU, in many regions relatively clean, gaining this way a competitive advantage, the increasing demand for training in the rural areas, the increased interest for entering this market for the conventional producers
- opportunities such as: the access to EU funds, the openness to trade, most of the production is designated for export where the prices are even higher then in Romania, etc.

We must underline also the fact that, in practice, our agriculture an our organic food market is facing a lot of challenges. This are represented by facts like: the lack of physical and social infrastructure, the high fragmentation of the land[19], the lack of technological, modern support, the preponderance of subsistence agriculture and own consumption

[18] Revista Piața, *Bio, Eco sau organic, undă verde în retail!,* 14 April 2009, [http://www.revista-piata.ro/Alte_produse_alimentare-ctg110-p4.html], 10 November 2012;

[19]Eurostat, *Agricultural Statistics. Main results: 2008-2009,* Luxembourg: Publications Office of the European Union, 2010, p.23, [http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-ED-10-001/EN/KS-ED-10-001-EN.PDF], 10 November 2012;

production. We have to face here high costs and long lasting procedures of accreditation, legal problems in what concerns the marketing of the organic products or even the Romanian consumer mistrust and incorrect perception in relation with the organic term.

Based on the facts presented on this paper, we can state that the organic agriculture and the organic food market can, and should develop into a competitive advantage for the Romanian agriculture in the next coming years.

Bibliography:

1. BioFach 2012, (february 2012), *East European organic markets booming*, [http://www.biofach.de/en/press/press_releases/?focus=en&focus2=nxps%3A%2F%2Fnueme%2Fpressnews%2F73a47f48-6ee6-4c04-8952-38d3e2039edc%2F%3Ffair%3Dbiofach%26language%3Den],10 November 2012;
2. Bio România, (February 2012), *Afacerile bio sfidează criza şi cresc anual cu 20-30%*, [www.bio-romania.org/afacerile-bio-sfideaza-criza-cresc-anual-cu-20-30/], 15 March 2012;
3. Bio România, (February 2012), *Vânzările de produse organice au urcat la 59 de miliarde de dolari în 2010, un plus de 5 miliarde față de 2009,* [http://www.bio-romania.org/vanzarile-de-produse-organice-au-urcat-la-59-de-miliarde-de-dolari-in-2010-un-plus-de-5-miliarde-fata-de-2009/], 15 March 2012;
4. EcoMagazin, (February 2012), *Agricultura ecologica din Romania si-a triplat, in 2011, numarul operatorilor activi din sistem, pana la 10.000,* [http://www.ecomagazin.ro/agricultura-ecologica-din-romania-si-a-triplat-in-2011-numarul-operatorilor-activi-din-sistem-pana-la-10-000/], 10 November 2012;
5. EcoMagazin, (February 2012), *România ar putea ajunge la exporturi de produse ecologice de peste 1,5 miliarde de euro, in urmatorii 5 ani,* [http://www.ecomagazin.ro/romania-ar-putea-ajunge-la-exporturi-de-produse-ecologice-de-peste-15-miliarde-de-euro-in-urmatorii-cinci-ani/], 15 March 2012;
6. EcoMagazin, (February 2012), *Vânzările de produse organice au urcat la 59 de miliarde de dolari in 2010,* [http://www.ecomagazin.ro/vanzarile-de-produse-organice-au-urcat-la-59-de-miliarde-de-dolari-in-2010/], 15 March 2012;

7. Eurostat, (2010), *Agricultural Statistics. Main results: 2008-2009*, Luxembourg: Publications Office of the European Union, p.23, [http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-ED-10-001/EN/KS-ED-10-001-EN.PDF], 10 November 2012;
8. Financiarul, (December 2010), *Bio-România: Exporturile de produse ecologice: 200 de milioane de euro în 2011; piața internă nu depăşeşte 80 de milioane de euro*, [http://www.financiarul.ro/2011/12/28/bio-romania-exporturile-de-produse-ecologice-200-de-milioane-de-euro-in-2011-piata-interna-nu-depaseste-80-de-milioane-de-euro/], 10 November 2012;
9. ISRA Center, (2011), *What Does Eco Food Mean to Romanians, [http://www.isracenter.com/content/news-review#section-0], 10 November 2012;*
10. Koekoek, Freek, Jan; Leijdens, Marg; Rieks ,Gerbert, (2010), *Entering the Organic Export Market. A Practical Guide for Farmers'Organisations,* Agrodok-series No.48, Agromisa Foundation, Wageningen, Olanda, p14, [http://teca.fao.org/sites/default/files/resources/Agromisa%20%20AD%2048%20-Entering%20the%20organic%20export%20market.pdf], 15 May 2012;
11. Ministerul Agriculturii şi Dezvoltării Rurale, (2012), [http://www.madr.ro/pages/page.php?self=01&sub=0107&tz=010710], 10 November 2012;
12. Organic Monitor, (December 2010), *The Global Market for Organic Food & Drink: Business opportunities & Future Outlook (3rd edition),* [www.organicmonitor.com/700340.htm], 20 March 2012;
13. Organic Trade Association, (2011), *Industry Statistics and Projected Growth,* [http://www.ota.com/organic/mt/business.html], 15 April 2012;
14. Piața Agricolă, (February 2012), *România invitată să devină partenerul Germaniei la Biofac Nuremberg 2013,* [www.piataagricola.eu/index.php?option=com_content&view=article&id=582:romania-invitata-sa-devina-partenerul-germaniei-la-biofach-nuremberg-2013&catid=42:mozaic&Itemid=61] 15 March 2012;

15. Revista Piața, (April 2009), *Bio, Eco sau organic, undă verde în retail!,* [http://www.revista-piata.ro/Alte_produse_alimentare-ctg110-p4.html], 10 November 2012;
16. Wall-Street, (July 2011), *Alimentația ecologică la români: 1 din 10 consumatori nu ştiu ce sunt produsele eco,* [http://www.wall-street.ro/articol/Companii/106418/Alimentatia-ecologica-la-romani-1-din-10-consumatori-nu-stiu-ce-sunt-produsele-eco.html], 10 November 2012;
17. Willer, Helga, (2012), The World of Organic Agriculture 2012: Summary, data published in Willer, Helga; Kilcher, Lukas (Eds.), *The World of Organic Agriculture - Statistics and Emerging Trends 2012,* Bonn, IFOAM & FiBL, [http://www.organic-world.net/fileadmin/documents/yearbook/2012/fibl-ifoam-2012-summary.pdf], 10 November 2012;