

# RESEARCH OF THE EUROPEAN UNION MARKET IN THE FIELD OF ORGANIC AGRICULTURE

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## Tomić G. R., Đorđević M. R. Research of the European Union Market in the Field of Organic Agriculture

The growing importance of the organic sector in the EU has contributed to the creation of an action plan for organic agriculture, which was published by the European Commission in June 2004. The organic sector experts, various interest groups and commissions, the European Parliament, as well as the representatives of the EU countries have collaborated in the creation of the action plan (this process lasted for three years). The Action Plan objective is stimulating the development of organic food in the EU market, in order to meet the growing consumer demand for organic products and support efficient management of organic land for the sake of environmental benefits. In order for organic agriculture to have a significant role towards the creation of sustainable agriculture it is necessary to achieve the policy objectives such as reducing negative impacts on the environment, stimulating rural development, supplying markets with quality food, strengthening the competitiveness of EU agriculture and reducing agricultural costs in the long run. The creation of multifunctional organic agriculture is a major challenge for policy makers who need to find a compromise so that different objectives can be met. This means that government policies and market mechanisms must cooperate in order to implement principles of organic agriculture.

**Key words:** organic agriculture, the European Union market, an action plan, consumers of organic products

**Fig.:** 3. **Tabl.:** 1. **Bibl.:** 6.

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### Томич Г. Р., Джорджевич М. Р. Дослідження ринку Європейського Союзу в галузі органічного сільського господарства

Зростаюче значення органічного с/х сектора в ЄС вплинуло на створення плану дій для органічного землеробства, який був опублікований Європейською комісією в червні 2004 року. У створенні плану дій (на три роки) співпрацювали фахівці з органічного сектора, різні зацікавлені групи і комісії, Європейський Парламент, а також представники країн ЄС. Метою плану дій було стимулювання розвитку екологічно чистих продуктів на ринку ЄС для задоволення зростаючого споживчого попиту на органічні продукти і підтримки ефективного управління органічно чистого ґрунту задля отримання екологічних бенефітів. Для того, щоб органічне землеробство відіграло важливу роль на шляху до створення сталого розвитку сільського господарства, необхідним є досягнення політичних цілей, таких як зниження негативного впливу на навколишнє середовище, стимулювання розвитку сільських районів, забезпечення ринку якісними продуктами харчування, підвищення конкурентоспроможності сільського господарства ЄС і, у довгостроковій перспективі, – зниження витрат у сільському господарстві. Створення багатофункціонального органічного сільського господарства є основним завданням для політиків, які повинні знайти компроміс, щоб різні цілі були досягнуті, тобто державна політика і ринкові механізми повинні співпрацювати для того, щоб були реалізовані принципи органічного сільського господарства.

**Ключові слова:** органічне сільське господарство, ринок Європейського Союзу, план дій, споживачі органічних продуктів.

**Рис.:** 3. **Табл.:** 1. **Бібл.:** 6.

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### Томич Г. Р., Джорджевич М. Р. Исследование рынка Европейского Союза в области органического сельского хозяйства

Рост значения органического с/х сектора в ЕС повлиял на разработку плана действий в области органического с/х производства, который Европейская комиссия объявила в июне 2004 года. В разработке акционного плана (продолжительностью 3 года) участвовали специалисты из органического с/х сектора, разные группы и комиссии по данному вопросу, Европейский Парламент, а также представители стран ЕС. Целью акционного плана являлась стимуляция развития органического с/х производства продуктов питания на рынке ЕС для удовлетворения возрастающего спроса потребителей в органических экологически чистых продуктах и поддержки эффективного управления органической чистой почвой – с целью получения экологических льгот для производителей. Для того, чтобы органическое с/х производство играло значительную роль в создании поддерживаемого сельскохозяйственного производства, необходимо достижение таких задач политики, как уменьшение отрицательного влияния на окружающую среду, стимулирование рурального развития, обеспечение рынка качественными с/х продуктами, усиление конкурентоспособности сельского хозяйства ЕС и, в долгосрочном периоде, – снижение сельскохозяйственных расходов. Создание multifunctional organic agriculture является главным вызовом для политиков, которые должны найти компромисс для удовлетворения различных целей, причем политика, правительство и рыночные механизмы должны взаимно сотрудничать в целях реализации основных принципов органического сельскохозяйственного производства.

**Ключевые слова:** органическое сельскохозяйственное производство, рынок Европейского Союза, акционный план, потребители органических экологически чистых продуктов.

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Organic farming provides a good quality of products, the development of sustainable agriculture, environmental protection and economic efficiency. Agricultural producers should focus themselves to the concept of organic agriculture because with such the production they can achieve greater profits that will be the biggest motivation for transition from conventional to organic production.

The European Union Commission defines organic agriculture as follows: «Organic agriculture differs from other farming systems in several ways. It pleads for the recovery of resources and recycling while restoring soil nutrients from waste products. As for livestock, meat and poultry production, it is regulated with particular concern for the welfare of animals and the use of natural ingredients. When it comes to the control of pests and diseases in crops and livestock, organic agriculture respects the environment and avoids the use of synthetic pesticides, herbicides, chemical fertilizers, growth hormones, antibiotics and gene manipulation. Instead, organic farmers use a range of techniques that help sustain ecosystems and reduce pollution».

Demand for organic products in the world is very big, because consumers want healthy and safe food, and most of them are aware that organic farming preserves the environment. Consumers should be constantly informed about the benefits they get by eating organic produce, and that high prices of such products are, compared to a value that is obtained, are the «cheapest» buy. It must be borne in mind that the «worst» decision is the choice of consumers to purchase «wrong» products due to the fact that consumption of unsafe food threatens the health and consequently they must allocate a lot of money for the treatment of illnesses caused by this kind of food.

According to data presented at the fair Biofach 2010 (Agricultural Market Information Service, D. Schaack) in 2008 Europe has 8.17 million hectares of land under organic farming, and the EU possesses 7.54 million hectares. Sales of organic products in Europe in 2008 amounted to 17.9 billion euro, which is 10% higher than the previous year, while consumption per capita is 25.8 euros. In Europe, the organic sector is growing year by year, which means that the European Commission has laid the foundation for development of this sector by its action plan.

**State of the EU market in organic sector and main features of the EU market.** The Action Plan of the European Commission laid the foundations for the development of organic agriculture in Europe, and the plan includes four key areas and twenty one point, such as <sup>1</sup>:

1. Consumer information and promotional campaigns:
  - ✦ the necessity to inform consumers, conduct promotional campaigns, as well as present the logo to the EU.

<sup>1</sup> Schmid O., Dabbert S., Eichert C., González V., Lampkin N., Michelsen, J., Slabe, A., Stokkers, R., Stolze, M., Stopes, C., Wollmuthová, P., Vairo, D., Zanolli, R. (2008), Organic Action Plans: Development, implementation and evaluation. A resource manual for the organic food and farming sector, Edited by Schmid, O., Stopes, C., Lampkin, N., González, V. Research Institute of Organic Agriculture FiBL, Switzerland and IFOAM-EU Group, Belgium, pg. 22 – 23.

2. Improving research, market transparency, and the collection of statistical data:

- ✦ EUROSTAT for organic production and market statistics;
- ✦ investigations should be thorough;
- ✦ for monitoring it is necessary to investigate the potential for identification of land parcels;
- ✦ development of analytical methods and samples that can be used in organic farming and
- ✦ technical support must be independent.

3. To take maximum advantage of the program for rural development and other options to support organic farming:

- ✦ the production of organic fruits and vegetables require additional support;
- ✦ to present EU policy measures related to the production, marketing and information within the list based on the network;
- ✦ to provide a program of rural development with the help of instruments (for food quality program, investment assistance, counseling and training support, agro-environmental measures, LEADER projects).

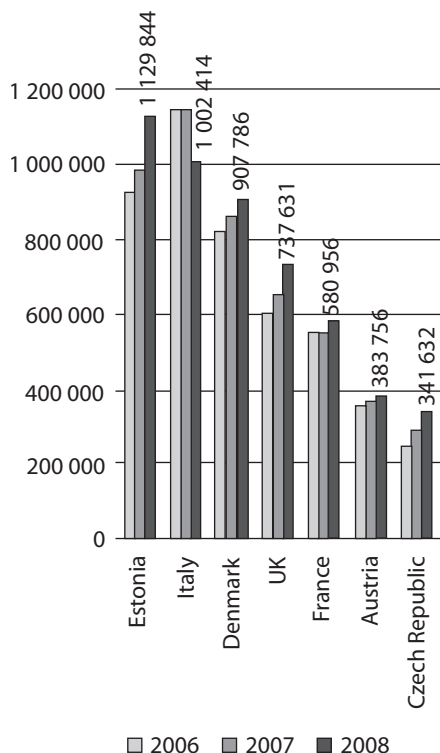
4. Improving transparency, scope and application of regulations on organic agriculture:

- ✦ a new policy in order to improve the control of the application of rules;
- ✦ all private and public standards should be put in the database which will be presented on the Internet;
- ✦ more transparent regulations;
- ✦ the integrity of organic agriculture must be ensured;
- ✦ organic standards should be amended and harmonized (aquaculture, seaweed, wine, yeast);
- ✦ explain the issue of GMOs;
- ✦ rules on import and rules on third world countries should be rationalized;
- ✦ improvement of performance of accreditation bodies;
- ✦ inspection bodies must be better coordinated;
- ✦ a special system of accreditation should be developed for inspection bodies;
- ✦ inspection bodies shall present annual reports that include statistics and cases of non-compliance with the rules;
- ✦ Codex Alimentarius guidelines and IFOAM standards must constantly compare the standards of organic farming communities and
- ✦ EU standards for organic agriculture must be identified so to improve the inspection system in the third world countries.

The European action plan does not contain quantitative targets in organic agriculture or the certain budget. Many actions have already been applied and a lot has already been done by the European Commission.

Agricultural producers should be directed to the concept of organic farming, because with such production they can realize greater profits that will be the biggest motivation for transition from conventional to organic production. The last few years, the percentage of land under organic farming has been growing in the world. Compared to the previous

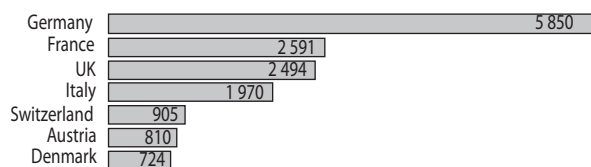
years, this increase is visible in all countries (except Italy). Estonia is a country with the largest area under organic farming, which is 1.129.844 acres, followed by Denmark with 907.786 acres and the UK with 737.631 hectares (Figure 1).



**Figure 1. Land under organic farming in Europe**

**Source:** According to Schaack, D. (2010), Organic area and sales in Europe 2008., Agricultural Market Information Service, BioFach Nuremberg.

Sales of organic products in Europe has increased by 10% in 2008 compared to 2007. Germany is a country that has achieved the highest sales of 5,850 euros, followed by France with 2,591 million and the UK with 2,494 million (Figure 2).



**Figure 2. The sales of organic products in Europe in 2008**

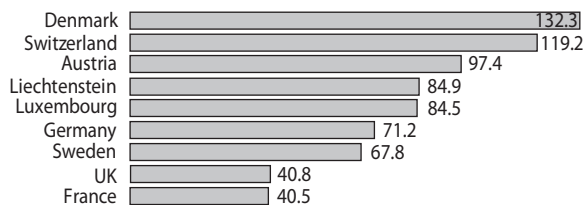
**Source:** According to Schaack D. (2010), Organic area and sales in Europe 2008., Agricultural Market Information Service, BioFach Nuremberg.

The country with the highest consumption of organic products per capita is Denmark with 132,3 euros, followed by Switzerland with 119,2 euros and Austria with 97,4 euros (Figure 3).

**Preconditions for the successful development of the organic sector in EU.** In European countries, the organic industry is the fastest growing sector compared to other sectors of the food industry. Preconditions for the successful development of the organic sector in Europe are represented

in the objectives of the action plan, as well as with a combination of specific measures <sup>2</sup>:

- ✦ to support the program for rural development;
- ✦ to support the production and marketing;
- ✦ inform producers;
- ✦ to support the initiative for the procurement;
- ✦ to educate and inform consumers and
- ✦ develop infrastructure and support research in the field of organic agriculture.



**Figure 3. Consumption of organic products per capita in Europe in 2008**

**Source:** According to Schaack, D. (2010), Organic area and sales in Europe 2008., Agricultural Market Information Service, BioFach Nuremberg.

It should be noted that similar measures of the action plan will act differently because of differences in the socio-cultural environment of the EU member states, and what works in the new member states maybe does not work with the old member states.

Because of all that, it is necessary to consider the social and institutional preconditions that will affect successful implementation of the action plan. It means: understanding the specifics of the organization of the food market, then farmers and food processing companies, identifying policy priorities in agriculture (food, environment, health, industrial development and consumer expectations). *Table 1* is intended to show how different areas which are important for the development of the organic sector can be translated into the desired results:

EU soil is very suitable for the development of organic agriculture. EU member states have realized that a good action plan is a tool that directs toward a positive course of development of the organic sector. Given that consumer awareness is at a high level in terms of eating organic foods (they are the ones that are crucial in some way), farmers should be motivated to turn more to organic sector because they will make satisfactory profit with that. Informing consumers through good promotional campaigns, training of farmers, subsidies to the member states, organized distribution chain help to improve the organic sector in the EU.

**Conclusions.** Organic sector in the EU is in expansion. This incited all relevant representatives of these coun-

<sup>2</sup> Schmid O., Dabbert S., Eichert C., González V., Lampkin N., Michelsen, J., Slabe, A., Stokkers, R., Stolze, M., Stopes, C., Wollmuthová, P., Vairo, D., Zanolli, R. (2008), Organic Action Plans: Development, implementation and evaluation. A resource manual for the organic food and farming sector, Edited by Schmid, O., Stopes, C., Lampkin, N., González, V. Research Institute of Organic Agriculture FiBL, Switzerland and IFOAM-EU Group, Belgium, pp. 22 – 23.

**Table 1**

**Organic action plan and desired outcomes**

<b>Development priorities</b>	<b>Desired outcomes</b>
Within the sector of food production in agriculture organic food production and organic farming are developing	<ul style="list-style-type: none"> <li>• Encourage consumer demand for organic food;</li> <li>• supply local and export markets;</li> <li>• improve living standards within the organic sector</li> </ul>
The positive impact of government policy	<ul style="list-style-type: none"> <li>• Greater production is encouraged by financial support for the conversion and maintenance of organic farming;</li> <li>• increase in production coincides with consumer demand</li> </ul>
Effective and efficient «delivery» of public goods	<ul style="list-style-type: none"> <li>• Prevention of pollution caused by agricultural chemicals;</li> <li>• biological diversity is better while biological diversity is in decline in case of the traditional farming:</li> <li>• to meet the social needs it is necessary to do our best for the animal welfare;</li> <li>• protection of funds for farm maintenance – rural development policy should be supported</li> </ul>
Increased consumer demand organic food production	<ul style="list-style-type: none"> <li>• The share of the organic food in the market is increased;</li> <li>• to meet the consumer expectations;</li> <li>• meet the requirements for good quality of food products;</li> <li>• food has good quality and at the same time good taste;</li> <li>• to pay farmers fair price that fits production costs</li> </ul>

**Source:** Schmid O., Dabbert S., Eichert C., González V., Lampkin N., Michelsen, J., Slabe, A., Stokkers, R., Stolze, M., Stopes, C., Wollmuthová, P., Vairo, D., Zanolli, R. (2008), *Organic Action Plans: Development, implementation and evaluation. A resource manual for the organic food and farming sector*, Edited by Schmid, O., Stopes, C., Lampkin, N., González, V. Research Institute of Organic Agriculture FiBL, Switzerland and IFOAM-EU Group, Belgium, pg. 34.

tries to create an action plan. The fact is that organic production affects the health of the population and the sustainable use of resources so that all stakeholders are satisfied, that is, the state, consumers as well as producers who earn higher profits. EU consumers are well informed about the benefits of organic products, thanks to strong institutions that are working to promote this sector. Use of the action plan made it possible to implement the strategic objectives that have contributed positively towards the development of the organic sector in the EU. ■

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**5. Schaack, D.** Organic area and sales in Europe 2008., Agricultural Market Information Service, BioFach Nuremberg, 2010.

**6.** <http://www.fibl.org>