

Study on the organic production potential in South East Europe

(Albania, Bosnia and
Herzegovina, Croatia, FYR Macedonia
Kosovo, Montenegro and Serbia)

giz

Legend:

- Inter-Entity Boundary Line (IEBL) (Dayton agreement line)
- Scale 1:3,600,000
- Lambert Conformal Conic Projection standard parallels 40°45' N and 45°15' N
- 0 50 Kilometers 0 50 Miles

Names and boundary representation are not necessarily authoritative.





Organic products
are certified organic products.

We consider also „organic in conversion“ but nothing
else.

No natural food,
no healthy food,
no pure food,
no unpolluted food,
no ...



The upcoming Study on the organic production potential in South East Europe will provide the following information:

Certified organic production

(including conversion products) in SEE

Hectares and production volumes

Farm gate prices if available

Overview of the demand for organic products

of retailers and wholesale as well as of processing industries in the region



Analysis of the market potential
in the region and the EU

Findings and strategies
to increase production and (export-) trade



	Albania	Bosnia and Herzegovina	Croatia	FYR Macedonia	Kosovo	Montenegro	Serbia
Country area	2,875,000	5,121,000	5,659,000	2,571,000	1,091,000	1,381,000	8,836,000
Land area	2,740,000	5,100,000	5,596,000	2,522,000	349,000	1,345,000	8,746,000
Agricultural area	1,204,000	2,128,000	1,300,000	1,013,000	243,000	514,000	5,055,000



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Agricultural area	1,204,000	2,128,000	1,300,000	1,013,000	243,000	514,000	5,055,000
<i>Agricultural area organic, total (certified and in conversion)</i>	<i>284</i>	<i>580</i>	<i>23,352</i>	<i>35,164</i>	<i>5</i>	<i>3,561</i>	<i>8,635</i>
<i>Percentage of total organic are from agricultural area</i>	<i>0.02</i>	<i>0.03</i>	<i>1.80</i>	<i>3.47</i>	<i>0.00</i>	<i>0.69</i>	<i>0.17</i>



Actually there is very limited production as shown in the total area. But also yield per hectare is low.

We have so far collected a lot of detailed data but they have to be made comparable countrywide; therefore you will find them in the final report.

I also kindly ask all participants to provide all relevant data to make this study a success as it will help the organic sector.



How to make use of the potential?

To join forces.

What does the local industry need?

What does the local industry need for export?

What do the retailers want to sell in the country?

Is there room to substitute part of the imports?

What do the traders want to export?



The local market potential

The local market in all countries is marginal; most likely less than 1% of all foodstuffs is of organic origin.

Why?

- Depending on purchasing power

Everybody who could afford a better car could also afford organic food.

In 1800 people spend 80% of their cash income for food and 80% of the purchased food was bread; i.e. 64% of cash income for bread! In 2010 we spend in Austria around 12% of household income for food; tendency is slightly rising as world food market prices are going up.



- Depending on stage in life cycle

Especially young parents are very open for organic food

- Depending on education and intelligence

Academics eat better and healthier food, do more sports etcetera

- And other reasons



The market potential in the European Union

The same criteria as above.

New trend which is coming is about

⇒ REGIONAL CYCLES ○

You should eat what is grown in the region and when it is grown in the region and it must be organic too.



Country	Domestic sales of organic products in mio Euro (2010)	2011 - estimations
Germany	6,020	
France	3,385	
United Kingdom	2,000	
Italy	1,550	plus
Switzerland	1,180	
Austria	986	plus
Spain	905	
Sweden	804	plus
Denmark	791	
Netherlands	657	plus
Belgium		plus
Total organic market in EU	20,000	



Per capita consumption of orgainc products in € (2010)	
Switzerland	152.5
Denmark	142.2
Luxembourg	127.5
Austria	117.8
Germany	73.6
France	52.3
Belgium	38.8



GLATZ J. KIRCHSCHLAG 0-AT-1080741
VERKURF BIS 28.10. HINDESTEINS HALTBAR BIS 04.11.
CH. NR. 12741285 EPP-1040753

10 FREILAND-EIER
aus kontrolliert biologischer Landwirtschaft

BIO
das weiter
geht.

NACHHALTIG BESSER



68 g
106 kcal
5 %
Eiweiß





Austria

Supermarkets which control more than 70% of the food market developed their own organic private label and push the market as they are benefiting in two ways.

- a) Organic is more expensive than conventional products and therefore has higher margins.
- b) Private labels are more profitable than trademarks and therefore enable again higher margins



Biologische Fütterung gibt Ihnen Sicherheit!



aus biologischer
Landwirtschaft

6 Bio Eier

aus Freilandhaltung

Güteklasse A

Fam. Sauerschnig
9112 Griffen
AT-BIO-401

Mindestens 24.10
haltbar bis:
Verkauf bis 17.10 1281 8180

Gewichtsklasse:

Groß

Biologische Fütterung gibt Ihnen Sicherheit!



Landwirtschaftliche Produktionsgemeinschaft, 4000 Wien, Österreich
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In Austria 7% of all food sales are organic; but 18%
for milk and eggs!

Austrian producers and retailers have been very
surprised as consumers started demanding
“unhealthy” food products like sausages and wine
as organic products.

Organic does not mean vegetarian, “alternative” or
very health conscious...

ja!
Natürlich

Tortelloni



ja!
Natürlich.
aus biologischer
Landwirtschaft

Frische Tortelloni

mit Spinat aus dem Marchfeld
und Ricotta verfeinert




Mikrowellengeeignet



ja!
Natürlich.

Bio-Qualität

aus biologischer
Landwirtschaft



How could farmers, processors and traders in Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Kosovo, Montenegro and Serbia benefit from the growing market that has actually sales of 20 billion Euros?

The case of Czech Republic

Billa Austria, part of the German REWE company, is in charge of the Czech market. In the Czech Republic less than 1% of all food items are organic and Billa wants to push this organic market segment.



As costumers prefer local products, especially if it comes to organic, Billa started to cooperate with the local chamber of agriculture to introduce contract farming. As subsidies are available for organic farming in the Czech Republic farmer can make 2.5 x more with organic than with conventional products. And around 10% of the arable land is organic certified.

**Novi
izdelki!**



 **Mercator**

Bio



Rižev napitek
bio, 1 liter

EUR

~~2,05~~

1,84

POPUST 10 %

 Mercator

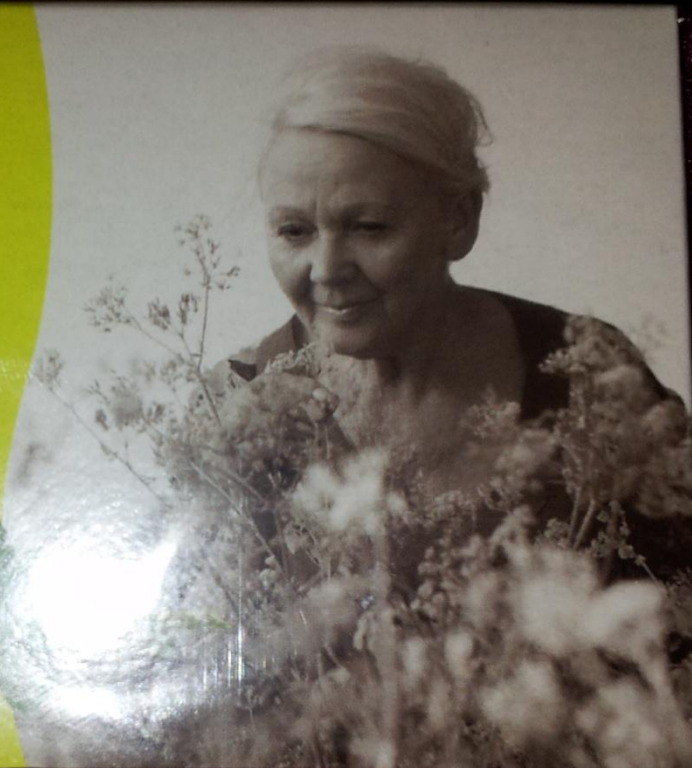
Bio

METIN ČAJ Z DODATKOM LIMONSKE TRAVE

čaj metvica s dodatkom limunske trave
čaj od nane sa dodatkom limunske trave
mint tea with lemon grass



IZ EKOLOŠKE PRIDELAVE





Preliminary conclusions

to use the potential and increase trade

- There is sufficient arable land for more organic farming.
- There is still sufficient labour force at cheap prices available.
- There are some local customers.
- There is export potential for plant products for raw material (berries and more in 50 kg drums).
- There will be export potential for plant products as final consumer goods (berries in 250 gram packaging).
- There are chances to grow – based on contract farming – with big international retailers like Billa, Mercator, Metro, Carrefour ... on the local market and then to expand further to neighbouring markets with these retailers.





Comment

In many countries, also in Austria, we have the problem that farmers do not know their production costs.

Without detailed calculations and accounting farmers cannot act as entrepreneurs.

If farming is done on a non entrepreneurial approach then we are talking about subsistence farming and subsistence farming will have no chance on the market, regardless if on conventional markets or organic markets.



How to convince the best farmers to become organic farmers?

What are the bottlenecks?

Land market $\Rightarrow$ land titles are often questionable and therefore purchase of land risky

Farm structure $\Rightarrow$ too small farms, too many parcels

Extension service $\Rightarrow$ generally weak in technical terms and for organic farming often non existent

Financing $\Rightarrow$ difficult, partly due to missing collaterals

Business support services (marketing, accounting ...)

$\Rightarrow$ not available or not affordable

Farmers are individual fighters and often do not want to join forces (for input and output marketing)

...



Thank you and please ask questions
or simply provide some comments and remarks – and
data.

Dr.Martin Mautner Markhof

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Moka Natura
bio, pirina, 800 g
Žito

EUR

~~5,80~~

4,64

POPUST 19 %

Uporabno najmanj do konca/
Upotrebljivo do/Upotrebljivo
najmanje do:

12. 2013
5235011

Neto količina:
30 g
(25 x 1,2 g)



SI/O Bio zeliščni čaj iz mete z dodatkom limunske trave. Ekološki izdelek.
Hraniti v suhem prostoru, pri sobni temperaturi.

HR/BIH Bio biljni čaj metvica s dodatkom limunske trave. Ekološki proizvod.
Čuvati na suhom mestu, na sobnoj temperaturi.

SRB/MNE Bio biljni čaj od lista nane sa dodatkom limunske trave. Organski proizvod.
Čuvati na suvom mestu na sobnoj temperaturi.

Za Mercator, d.d., Dunajske 107, Ljubljana, proizvajalca/proizvodi: Herba medica, proizvodnja
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d.o.o., Novi Sad, Temeriški put 50, Novi Sad/Uvoznik za Crnu Goru: Mercator-CG d.o.o.,
Put Radomira Ivanovića 2, Podgorica, Država porekla/Zemlja podrijetla/porekla/Država
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