Organic markets for fruit and vegetables in Europe

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Outline of presentation

- organic sales & markets shares
- growth rates Organic Fruit & Vegetables sales
- prices
- distribution channels
- organic production & Government support
- imports (quantities and prices)
- opportunities for developing countries to export to Europe

Organic sales (total)

Germany	US$ 2 100 million
United Kingdom	US$ 1 000 million
Italy	US$ 1 000 million
France	US$ 850 million
Switzerland	US$ 450 million

Much smaller: Austria, Belgium, Denmark, Netherlands, Sweden

Market shares organic sales

	(% total food sales)
Denmark	2.5 - 3
Switzerland	2
Austria	1.8
Germany	1.5

Much lower (about 1%): Belgium, Denmark, Italy, Netherlands, Sweden, UK.

Market shares organic F&V

Difficult to get data for all countries

Market share organic F&V sales is higher than market share total organic sales

Top three: between 5 and 10 % in UK, Switzerland and Denmark

Annual growth rates

Generally: 20 - 30 percent

Highest growths in UK and especially Italy

Italy 85 percent (1998-2000; annual)

High growth rates but from small basis

Prices (1)

- General lack of reliable, verifiable data
- Prices vary strongly among place, time and product
- Observed price premia range between 20 and 40 percent
- Cautious interpretation of data

Prices (2)

- Most consumers responding to surveys appear to be willing to pay price premium up to 20 %
- However, are statements converted into action in the F&V counter?
- Likely that price differences with conventional products decrease over time

Distribution channels (1)

Strong differences between different countries

In all countries role of supermarket is increasing

Also important specialized (organic) shops

Relative high number of farm sales and subscription schemes in F&V

Distribution channels (2)

High supermarket sales (about 70 %) in UK, Switzerland and Denmark

But low (20-30 percent) in Germany, Netherlands, Austria and France

NOT one European organic market

Distribution channels (3)

Other channels:

- **farm sales**
- **subscription bags**

Organic production (1)

Organic production is increasing

Top 3 certified organic area:

Italy	**1 000 000 ha.**
Germany	**546 000 ha.**
UK	**472 000 ha.**

Organic production (2)

Conversion is stimulated through government support in most European countries

Some countries have specific targets, e.g. 10 percent organic area in 2010

Organic production (3)

Despite increase in production, demand continues to outgrow supply

therefore, imports continue to be needed to meet demand

this is where opportunity lies

Trends

- Organic supermarkets
- Biodegradable packaging
- Organic convenience food
- Internet Sales
- Public canteens
- Organic catering

Imports (1)

Imports are faced with certain problems:

- **distrust by many consumers of reliability of certification abroad**
- **nearby countries are favoured as supply source**
- **main Swiss organic logo prohibits air transport**
- **Italian case shows bureaucratic difficulties**
- **consumers are more comfortable with domestic organic products**

Imports (2)

Exceptions to these problems:

UK and Belgium,

where consumers distrust is relatively minor.

Opportunities for dev’g countries

Demand continues to outgrowth domestic supply

Counter-seasonal fresh products

Non-temperate zone products

Strategies to follow

- National organic legislation
- Know-how on organic farming
- Post-harvest handling, infrastructure and logistics
- Partnership with importer abroad