

## **Bio agricultural product market in Romania and Europe**

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**Abstract:** *The general objectives of this paper are to obtain an overview of the present market for organic agricultural products in Europe in general, and in Romania in particular. Organic agricultural production represents a small part of Romanian agricultural production and the development potential of organic agricultural production Romania is infinitely greater than what is done today. European consumers know little about the Romanian bio agriculture and even less about the huge potential of this sector. Organic food market is growing both in Europe and in Romania due to the increased interest of consumers to live healthier and improve the quality of life.*

**Key-words:** *organic product, sustainable consumption, organic farming, organic food market*

### **1. Introduction**

Food consumption has been identified as an area of key importance if the world wants to progress towards more sustainable consumption (Carlsson-Kanyama and Gonzalez, 2009). In the past, several marketing studies have been conducted to identify consumer segments where market share can be increased (Aertsens et al., 2009).

The term “organic” was first used in relation to farming by Northbourne (1940) in his book *Look to the Land*. According to him, “the farm itself should have a biological completeness; it must be a living entity; it must be a unit which has within itself a balanced organic life (Chopra, 2013).

Organic food consumption is part of a more sustainable diet that benefits social and environmental systems as well as human health (Lang and Heasman, 2004). Organic farming is defined as a holistic production management, which promotes and enhances agro-ecosystem health and avoids the use of synthetic materials to fulfil any specific function within the system (Madar and Neacşu, 2013).

Organic farming claims to have the potential to provide benefits in terms of environmental protection, conservation of non-renewable resources, improved food quality, reduction in output of surplus products, and the reorientation of agriculture

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toward areas of market demand (Rigby and Caceres, 2001). Growing awareness regarding health benefits as well as the adverse effects of pesticide residues have been the key factors behind this growth of the market as well as an awareness raising of food safety and animal welfare issues and an increasing use of natural products.

Organic products are often bought not only for environmental motives, but also for personal reasons, such as health or taste. The organic consumer is turning to these products because of the confidence that organic food production emphasises the conservation of water and soil and well as meeting environment concerns, using reusable resources and limiting the use of harmful pesticides and chemicals in food. A key theoretical concept in our understanding of the individual is the personal “food philosophy” which refers to a cluster of practices, values and beliefs that evolves over a long period of time within a particular cultural context and is shared on a collective level.

## **2. Bio agricultural products market in Romania**

If back in 2007 Romania cultivated only 130,000 ha of certified organic farmland, this has increased to about 450,000 ha at present. This is up by about 100,000 ha compared to 2012, according to data previously released by Bio Romania.

After Romanian farmers started receiving financial support to convert from conventional to organic farming in 2010, their number has gone up significantly, from fewer than 3,000 in 2010, to about 15,000 at present and is estimated to reach 20,000 by the end of this year, said the minister.

If back in 2010 local organic farmers received total subsidies worth EUR 2 million, this has increased to EUR 7 million for 2012-2013. Organic farming will continue to receive support under the 2014-2020 Common Agricultural Policy and that in addition to 30 percent of the surface subsidies received by all farmers will be conditioned by greening measures.

As there is no official data related to the size of the Romanian organic market, Romanians are estimated to have spent between EUR 50 million and EUR 80 million on organic products last year, with demand continuing to rise, according to data previously made public by Bio Romania. However, most of the local consumption is covered by imports. Romania remains a net exporter of organic raw materials such as cereals and fruit, only to later import processed organic goods ([www.business-review.eu](http://www.business-review.eu)).

Romania exports organic products that are furtherly used as raw materials rather than processed products. Romania has a significant agricultural potential, the soil and climatic conditions favorable to agriculture and around 14.8 million hectares of agricultural land, being ranked in Europe on 7th place, after France, Spain, Poland, Germany, Italy and United Kingdom. Romania holds a share of 8%

of total agricultural area used by EU Member States. However, this agricultural potential is still untapped at its best, and regarding the organic products only 2% of the agricultural area is reserved for this type of products. As a comparison, other developed countries allot larger surface areas: Austria 11%, Sweden 9.9%, Latvia 9.8%, Italy 9%, Estonia 8.8% and the Czech Republic 8.3%. Worldwide, the sales of organic products are 1-2% of total food sales.

By entering the 2010-2011 program of “Financial Support for Organic Agriculture” the number of organic farmers registered with the Ministry of Agriculture and Rural Development has increased by eight times (from 3150 in 2010 to over 24.000 in 2012) and so we became the first country in the world from the point of view of increasing number of farmers.

The Association of Organic Agriculture Operators Bio Romania campaigning for sustainable development of agriculture and the countryside Romanian, education, information and awareness of consumers on the benefits of organic farming for both human health and natural health by promoting excellence in organic agriculture. Since 2009, the Association of Bio Romania organizes the participation of operators in organic farming in national fairs (INDAGRA and Romanian Organic Forum in the center Romexpo, various events at the Village Museum etc.) and in international events (BioFach Nuremberg Germany, BioFach Baltimore USA, Grüne Woche Berlin Germany).

Romanian Organic Forum Care aims to bring together operators in organic farming with renowned experts from home and abroad, to make known the latest technology used in organic farming systems, marketing strategies, relevant legislation and its vision of the future Common Agricultural Policy in Organic Agriculture and Rural Development.

Romania was “the country of the year” at BioFach, global fair dedicated to the organic market, that opened its gates on 13th of February 2013, in Nürnberg, Germany. At the event there were 55 exhibitors from Romania. BioFach ensures the cooperation between the countries that strive to create an organic agricultural sector, that is powerful and competitive, ready for the future (<http://www.biofach.de/>).

On the Romanian market, organic product range is quite restricted. In Romania there are produced about 280 organic food products. First organic product in Romania was obtained in 2000 and was an assortment of wheat pasta (<http://www.clicksanatate.ro>)

Most food is brought from abroad (eg vegetables, fruit). Total sales of organic products in Romania represent less than 1% of the retail market and very little compared to 5-6%, which is the European average, according to representatives of the industry.

BIO product selling channels in Romania are:

- farmgate selling
- in seasonal markets
- traditional -retail

- specialized-store
- modern -retail-
- hypermarkets, supermarkets, cash & carry
- online-store ([www.rangali.ro](http://www.rangali.ro); [www.organikshop.ro](http://www.organikshop.ro), [www.biomania.ro](http://www.biomania.ro))
- network marketing (Life Care)
- on the international market for organic products line  
([www.agriculturaecologica.ro](http://www.agriculturaecologica.ro))

(<http://www.infomina.ro/pdf/Despre%20piata%20BIO%20din%20Ro.pdf>)

Currently, organic products are sold in Romania under national organic logo and under the banner of the ecological community. Label organic products are required the two logos in accordance with Regulation (EC) No. 967/2008 amending Council Regulation (EC) no. 834/2007 on organic production and labeling of organic products. The brand "Green Product" guarantees that the agricultural product comes from a mode of production which exclude the use of synthetic chemicals and protects the environment

(<http://madr.ro/docs/dezvoltare-rurala/rndr/buletine-tematice/PT4.pdf>)



Figure1. National organic logo (Romania)



Figure 2. UE organic logo

In future, experts estimate that organic products marketed in Romania will be sold in stores 60% organic, 30% in supermarkets and 10% in other stores. Major retail chains that have introduced organic products in assortment and have arranged special areas for them (Carrefour, Cora, Gima, La Fourmi, Mega Image).

Similar to the previous years, Romania continues to export mainly cereals, honey, berries and very little processed foods. European countries are the main export markets for organic products Romania, Germany, Austria and Belgium are among the countries that import raw material obtained from solid local ecological systems and the main supplier of processed organic products for the Romanian market.

### **3. Bio agricultural products market in Europe**

In all EU countries there is a real desire to develop organic farming, which will cover over 10% of the cultivated area. Usable agricultural area "bio" in some countries is as follows: Italy - over 1.1 million ha, Germany, United Kingdom - 600,000 ha, France - 400,000 ha, Spain - 380,000 ha, Austria - 250,000 ha.

Bio products market is constantly expanding in Western Europe. In Germany, for example, the demand for organic food has grown to exceed supply, so that more and more retailers are based on imports. In Germany there are not enough organic farms because producers are still guided by the priorities of "traditional" and put quantity before quality. Another problem is farmland, which is insufficient. The German producers are looking for solutions, but until they find them, healthy food imports will rise, experts say. The European organic food market is an attractive and growing segment of the overall food market. Its growth potential is significant, driven by increasing appreciation by consumers and the current - still low - per capita consumption varying from just €20 in Spain to €150 in Switzerland (<http://www.wessanen.com/>).

Europe is a large consumer and producer of organic foods. Organic farming accounts for 2.2% of European farmland, and 5.4% of farmland within the EU. European organic food sales increased by 9% to €21.5 billion in 2011. Germany accounts for 30% of sales, with France, the UK and Italy responsible for a further third. The highest per capita consumption is in Scandinavian and Alpine countries, and Denmark is the country with the highest organic market share worldwide: organic products comprise 7.8% of its food and drink sales. Organic catering and restaurant sales rose by 1.6% in 2012, despite a general tendency to eat out less in tough economic times (Organic Market Report, 2014).

Developing the organic value chain, success in product innovation, focusing especially on product quality and packaging, as well as increasing earning capacity and concerns for overall health and development in the retail sector are helping the organic market to grow significantly in the developed regions (Bălășescu, 2005).

Within a dynamic and strongly competitive marketing environment, the most important requirement for the success of a service company is competitiveness (Madar and Neacşu, 2013).

According to a study conducted by researchers from the Institute for Ecological Agriculture in Bonn, Germany ranks first in Europe for imports of organic products and organic products sales volume exceeds 7 billion annually..

For almost 25 years, the early days of modern organic farming, Denmark was among the first four or five leading countries in Europe in this field. Organic farming in Denmark knows since the early 90's a steady growth. Ecology was seated on the Danish market and achieved an increase of 15 percent. Danish consumers spend an average of € 80 per year for organic products, which makes them the leaders in the European Union. On 2nd and 3rd places, at a great distance, are situated Austria and Germany, with an average of € 56 per capita.

As from 2015, EU Member States must use 30% of direct payments to farmers for the purpose of the financing of sustainable agricultural practices, farmers in the area of organic production will receive support for their business development.

They can consult the "Organic Agriculture" -Guidelines on opportunities to support producers of organic products in Europe, published by the European Commission in 2014. ([http://ec.europa.eu/agriculture/organic/documents/eu-policy/european-action-plan/support-opportunities-guide\\_ro.pdf](http://ec.europa.eu/agriculture/organic/documents/eu-policy/european-action-plan/support-opportunities-guide_ro.pdf)).

Besides, the new framework for rural development proposes a new specific measure to support organic farming, both for conversion to organic farming practices and for maintaining them. In their rural development programs, Member States may also consider implementing and using adequate to ample measures that are relevant for organic farmers or operators. These include cooperation between different actors in the food chain regarding, among other things, developing new products, processes, practices and technologies, support for investment in tangible assets, including investments unproductive made only for purposes environmental support systems quality of agricultural products or agro-environment measures for climate and organic farms, but that does not overlap with the requirements of organic farming.

#### **4. Conclusions and proposals**

Organic agriculture is gaining increasingly higher importance and is in continuous expansion. This development is supported by the growing demand of consumers for organic products, since they are becoming increasingly conscious and interested in ensuring health by eating the products, plus and societal demands for sustainable agricultural development and the many favorable effects on-farm agricultural and environment

Organic agriculture is a sector of great perspective for Romania, our country benefiting from the appropriate conditions for the development of this system of agriculture, fertile soil and low pollution of the countryside, as compared to the ones in economically developed countries where they use on a large scale superintensive agricultural technologies, based largely on synthetic chemical fertilizers and pesticides.

Some proposals on the development of bio product market in Romania:

- Supporting the sustainable development of small and medium producers of organic agricultural products by creating effective promotional tools and specific distribution models.
- Creating new business models along with the production chain bio-distribution of food in Romania.
- Romanian organic product promotion to increase the confidence of European consumers in the quality of these products and their benefits to the health of the individual
- Creating new business opportunities in the agricultural bio farming (attracting young people to the sector) and to support people who wish to develop such activities.

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