FOCUS-BALKANS 2nd OPEN SEMINAR

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Key-findings about the market and consumption trends for organic food in WBC

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SEVENTH FRAMEWORK PROGRAMME

CONTENT

- Objectives
- Results of literature review
- Results of Delphi survey
- Results of quantitative survey
- Policy recommendations
- Conclusion

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OBJECTIVES

to give an overview of the current situation as well as the trends and perspectives of organic production and organic market in Western Balkan Countries.

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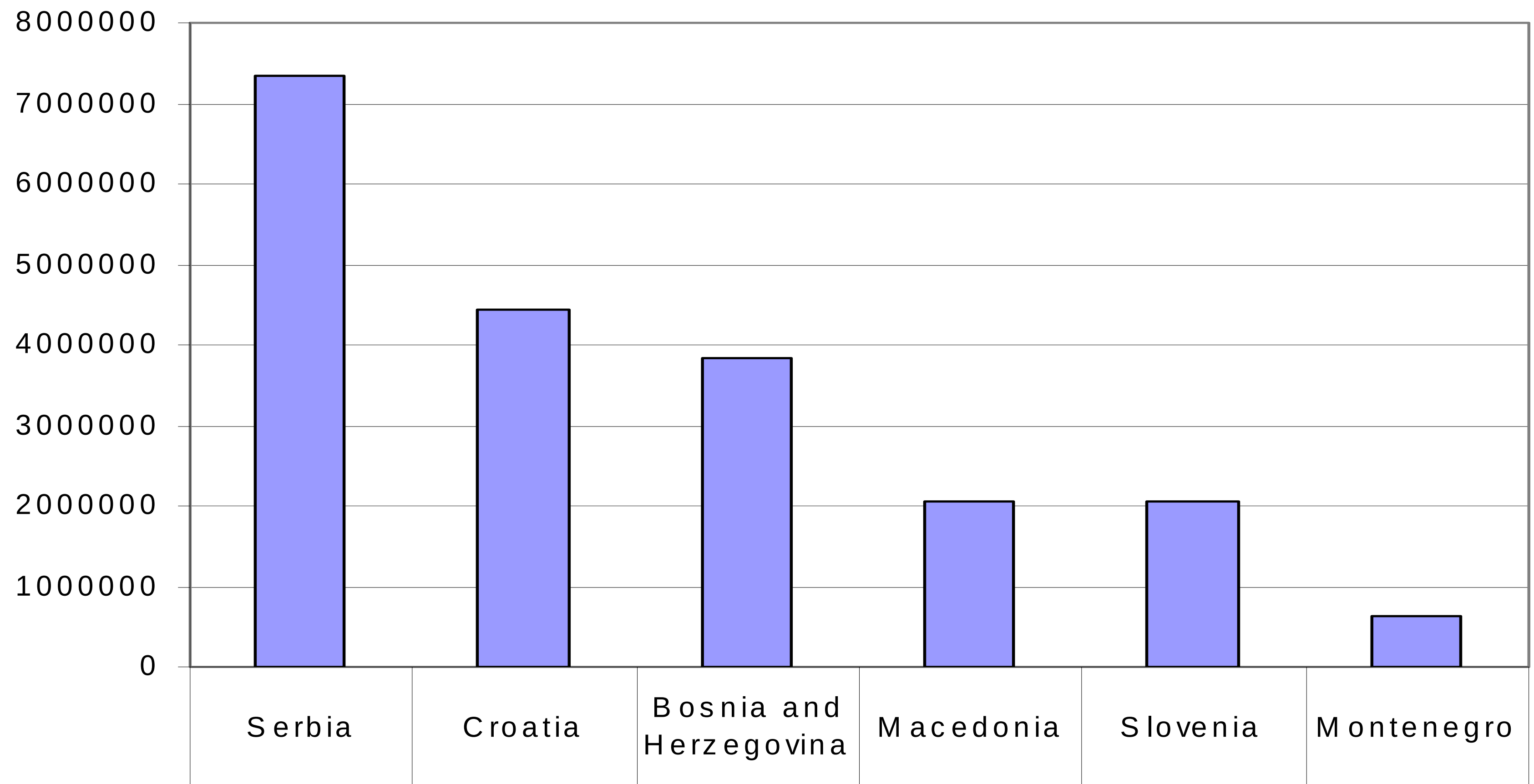
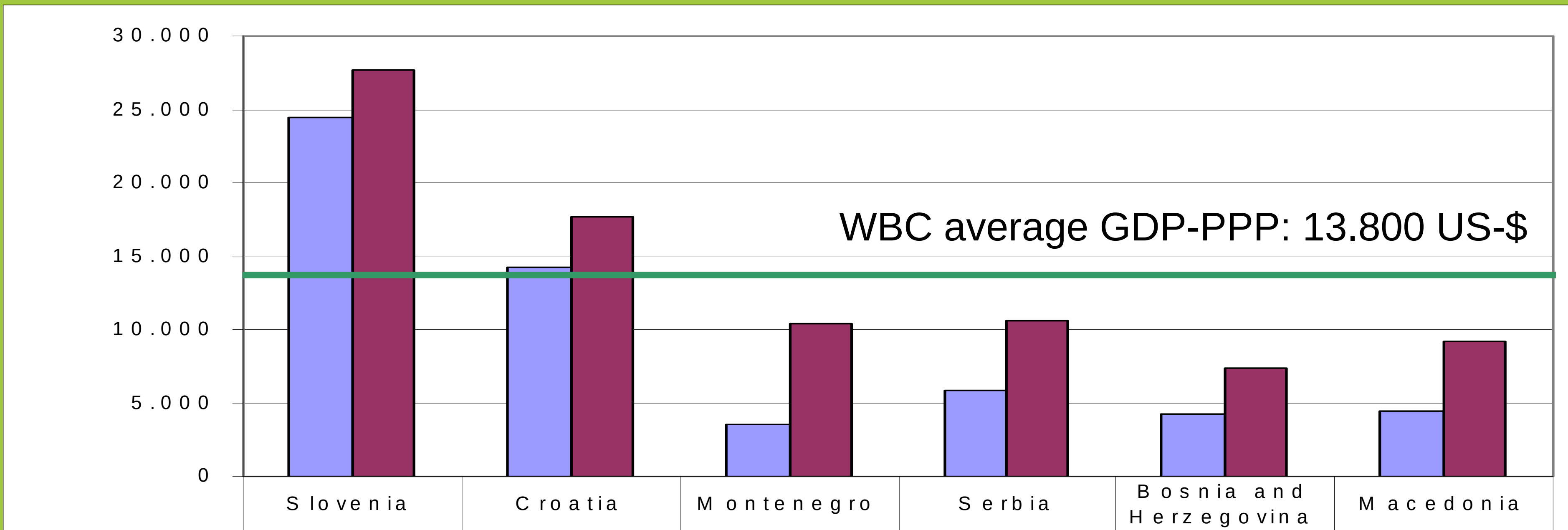
General Country Data - No. of Inhabitants



	Serbia	Croatia	Bosnia and Herzegovina	Macedonia	Slovenia	Montenegro
No. of inhabitants	7334935	4434000	3842265	2048619	2042335	620145

General Country Data – GDP-PPP per capita in US $ (2009)



	Slovenia	Croatia	Montenegro	Serbia	Bosnia and Herzegovina	Macedonia
GDP	24.417	14.243	3.489	5.809	4.279	4.482
GDP-PPP	27.654	17.703	10.393	10.635	7.361	9.171

For comparison	EU 27	Denmark	Spain	France
GDP-PPP 2009	23.600	35.757	29.689	33.679

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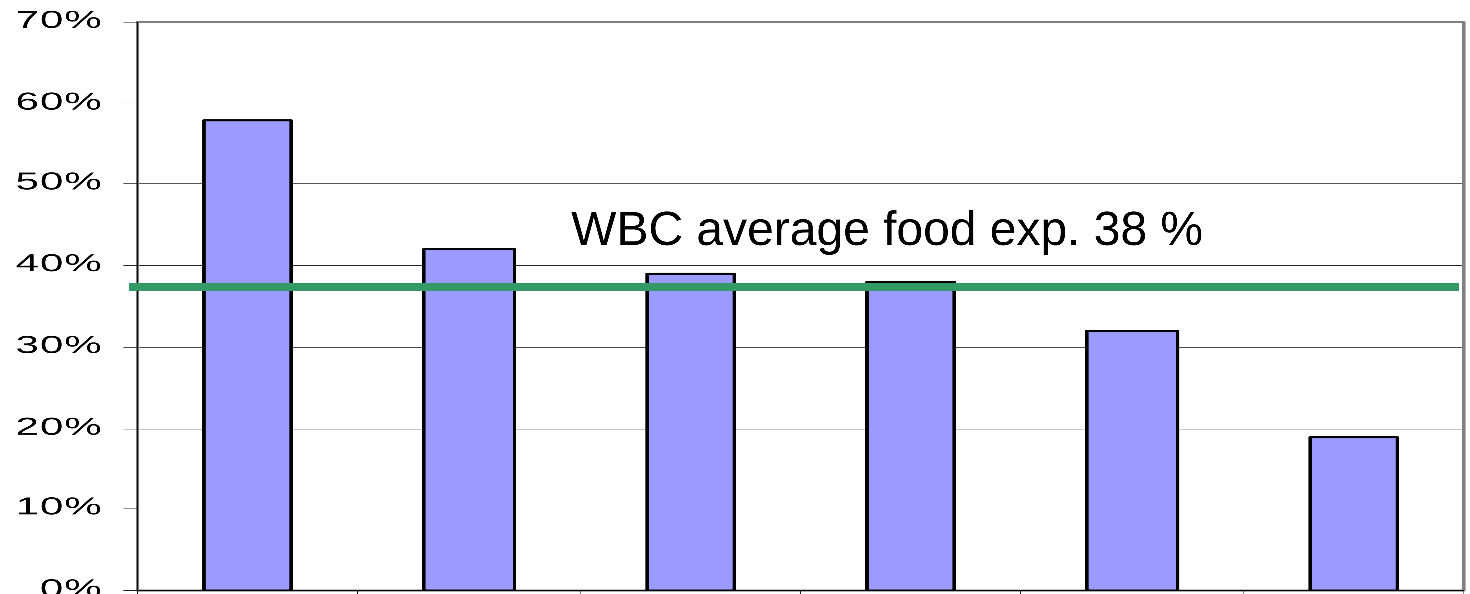
General Country Data - Food Expenditures as % of all Consumption Expenditures



	Macedonia	Serbia	Montenegro	BIH	Croatia	Slovenia
Food Expenditures as % of all consumption expenditures	58%	42%	39%	38%	32%	19%

For comparison	EU 27	Denmark	Spain	France
Food exp. in %	19.4	15.2	20.3	15.7

Legal and institutional framework

Country	National regulation since	National Label for organic products	Certification bodies
Serbia	2006	YES	YES
Croatia	2001	YES	YES
Slovenia	2001	YES	YES
Montenegro	2004	YES	YES
Macedonia	2004	NO	YES
Bosnia and Herzegovina	(only Republika Srpska, since 2004)	NO	YES

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The Organic Market: Data

	BIH	Croatia	Macedonia	Montenegro	Serbia	Slovenia
Organic market share		0.1%			0.01%	< 1%
Annual amount spent		1 €			-	6 €

For comparison	**EU 27**	**Denmark**	**Spain**	**France**
Market share	2	6.8	0.5	1.8
Annual amount spent	-	140 €	8 €	45 €

The Organic Market: distribution channels

	Bosnia and Herzegovina	Croatia	Macedonia	Montenegro	Serbia	Slovenia
Direct selling	Few farms – green markets	Since the 1990ies	On-farm and on green market	Most important marketing channel	On-farm and on green market	On-farm and on green market
Health food stores	No	Yes, since the 1990ies, pioneer role and still very active.	Health shops but no specialised organic shops	Health shops but no specialised organic shops	Yes, about a dozen shops in bigger cities.	1.shop in 1989 in Lubljana. 10 shops in Slovenia.
Organic in Supermarket	Yes, but scarcely, and with imported products	Yes, in almost every supermarket	Yes, but rarely and with small assortments	A few	Yes, but rarely and with small assortments	Start in mid 90's. Similar development as in health shops.

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EXPERTS' OPINION ABOUT GOVERNMENT & POLICY IMPACT

1. **National development strategy** for organic farming is very important.
2. **Regional and local government support** is very important for the development of the organic agriculture.
3. B&H and Croatia feel great lack of **political support and adequate state incentives** for organic sector. They do not expect any better in the future.
4. The government should put special emphasis on the **control system** and certification of organic food in the present as well as in the future situation**.**

Results of three-round Delphi survey

EXPERTS' OPINION ABOUT ORGANIC PRODUCTION

1. **Motivation of the producers** is important for development of organic sector.

2. **Teaching and training** for organic farming is necessary.

3. **Financial consolidation** of organic farms is necessary.

4. **Horizontal cooperation** between organic farmers and pooling of organic production is not much required in all countries except Macedonia.

EXPERTS' OPINION ABOUT ORGANIC MARKET

1. **Clear labelling** of organic products is necessary to enhance market development.
2. **Distributors have higher bargaining power then producers.**
3. **The organic market is increasing in all WBC.**
4. Practically none of experts consider **meat as a current market for organic products. Similar situation is with milk, fruit, vegetables and baby** food (there are significant differences among countries).
5. **The market in touristic areas is not developed enough.**

EXPERTS' OPINION ABOUT TRENDS

1. **Marketing** for organic products has to be improved.

2. Organic market development depends on **general level of wealth.**

3. Organic sector brings new possibilities for **income and labour.**

4. **Vertical cooperation and definition of strategy** are importantt for development of organic sector.

5. **Eco tourism is important for development.**

6. Organic farming is not factor of too much success for **agricultural sector in all WB countries.**

EXPERTS' OPINION ABOUT ORGANIC SUPPLY CHAINS

1. **Quality management and traceability** are important for a better organisation of supply chain of organic products.

2. **Practically none of experts in investigated countries agree that distribution channels for organic products are numerous and diversified. Expectations for the future go in strongly opposite direction.**

EXPERTS' OPINION ABOUT CONSUMER BEHAVIOUR

1. **Health concerns are very strong motives** for buying organic food.
2. **Key promotional activities are education and information to consumers.**
3. The main characteristic of organic consumer **is high level of formal education. It is expected to be less important in the future.**

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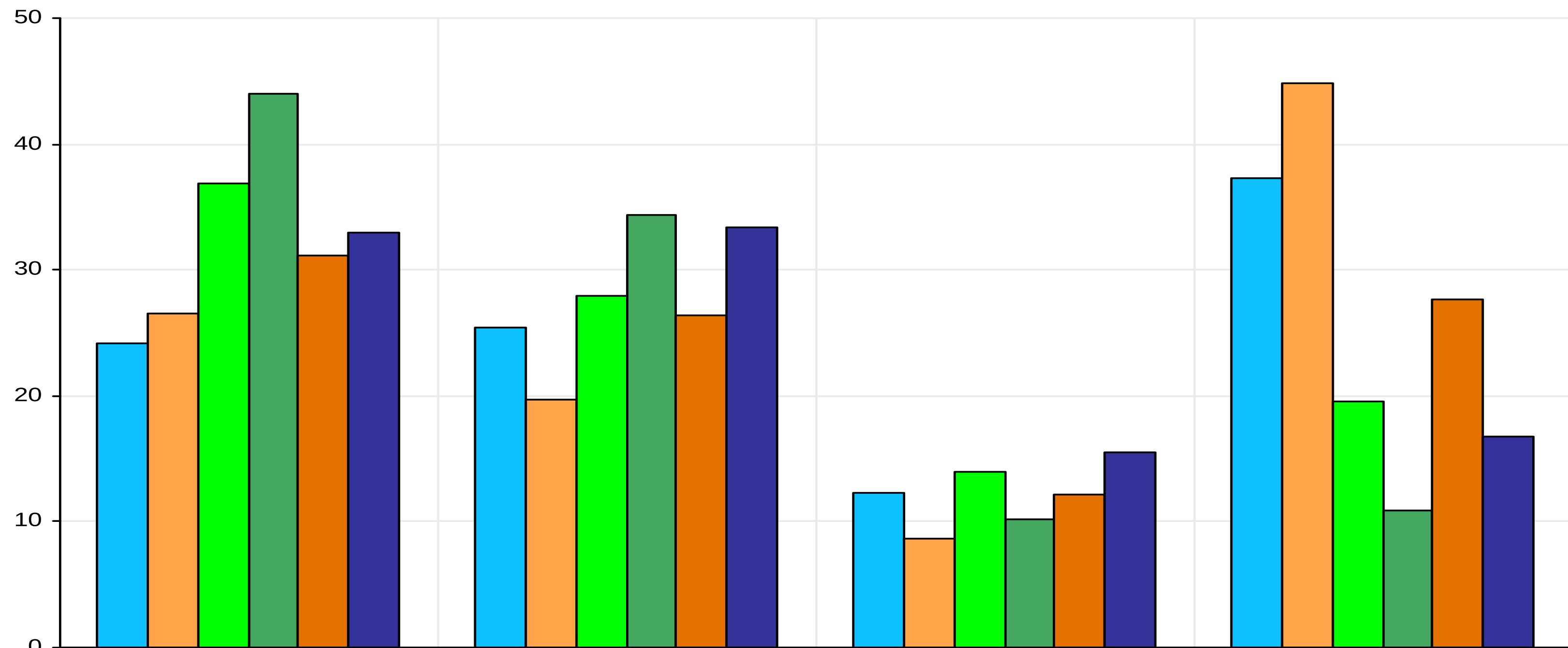
Consumer survey: frequency of purchase



	Once a day	Once a week	Once a month	Rarely or never
Serbia	24,1	25,4	12,3	37,3
Macedonia	26,5	19,7	8,7	44,8
Montenegro	36,9	28	14	19,5
BIH	44	34,3	10,2	10,9
Croatia	31,1	26,4	12,2	27,7
Slovenia	32,9	33,4	15,5	16,7

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Policy recommendations

Policy recommendations:

Agriculture – Farm level

Processing level (raw material trading / first processing, further processing levels

Retail (wholesale and detail level)

Consumer level

Policy recommendations

On farm level: *"Consolidate the growth"*

Subsidies

Teaching / training / extension service for farmers

Know-how networks

Availability of input and technology

Transparency and accessibility of labelling schemes

Market access

Policy recommendations

On processing level :

"Encourage horizontal cooperation and vertical integration…
… and the constitution of production basins"

Market research

Investment programs (on farm and off-farm processing sites)

Knowledge transfer

Policy recommendations

On retail level: ***"Encourage the gatekeeper to link up to the domestic supply chain"***

Information

Professionalization

Integrated vertical training and communication programs

Policy recommendations

On consumer level: "Consolidate trust and willingness to pay"

Communication campaigns (close to the product)

Public events

Provide a labeling "baseline"

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General conclusion

The organic sector in WBC …

… has excellent agro-environmental preconditions

… has a sound and autonomous socio-economic basis

… has a huge variety of high quality products

… needs further growth to reach critical volumes

… needs further structuring of supply chains

... needs a stabilizing political framework.

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