

ASPECTS REGARDING THE EVOLUTION THE ORGANIC FOOD MARKET IN THE WORLD

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Abstract: Organic production systems are based on specific and precise standards of production, agro pursuing the best, easy to sustain in terms of social, environmental and economic. "Organic" is a labeling term that denotes products produced under organic production standards and certified by a legally constituted body or authority in this regard. The main purpose of organic agriculture is to optimize the health and productivity of interdependent communities of soil, plants, animals and humans. In 2010, the continent with the largest cultivated area of organic Australia / Oceania, over 12.1 million ha up to 299,884 hectares in 2005, followed by Europe with 10.0 million hectares to 3.08 hectares in growth compared to 2005, Latin America - 8.39 million ha to 2.58 million hectares up to 2005, Asia - decreasing by 2.7 million hectares to 115,281 hectares in 2005, North America - 2.6 million ha up to 453,399 hectares in 2005 and Africa - about 1.07 million ha up 185,325 hectares compared to 2005. Global sales of organic food and beverages grow in an accelerated rhythm, reaching 63 billion USD in 2011. The market expanded more three-fold between 2000 and 2011, from 17.9 billion USD to 63 billion USD reaching. The organic demand is concentrated in North America and Europe, these two regions comprising 96% of the global revenues. The European organic food and beverage market is the largest and most complex in the world, evaluated at 28 billion USD in 2010. Sales of organic products and beverages in North America continues to grow, retail sales were estimated at 17.3 billion USD in 2006, 23 billion USD in 2008, 26.3 billion USD in 2009, and in 2010 reached to 28.6 billion USD. Asian market in 2006, retail sales were around 780 million USD, and in 2009 reached about 1 billion USD. Latin America is a major producer and exporter of organic products, however internal markets are beginning to slowly develop. Almost all organic food production in Africa is for the export market. As organic food production continues to rise across the globe, some sectors are expected to experience overproduction.

Key words: market, demand, consumers, food products, increase

INTRODUCTION

Organic farming is part of a broad spectrum of methodologies that support the environment, based on the minimization of external inputs, avoiding the use of synthetic fertilizers and pesticides. Organic production systems are based on specific and precise standards of production, agro pursuing the best, easy to sustain in terms of social, environmental and economic.

"Organic" is a labeling term that denotes products produced under organic production standards and certified by a legally constituted body or authority in this regard. The main purpose of organic agriculture is to optimize the health and productivity of interdependent communities of soil, plants, animals and humans.

Organic farming involves production management systems that promote and enhance agroecosystem health, including biodiversity, biological cycles and soil biological activity.

Organic farming is an alternative to traditional agriculture as a result of improper operation thereof and the causes which led to decreased resistance of plants, animal and soil quality and thus human health. Organic farming is based in principle on increasing soil organic

matter content by using natural organic fertilizers.

In 1991, EU Regulation appears on organic farming, marking the official interest to this type of farming in Europe. Since 1999, Global FAO Codex Alimentarius includes agriculture. The information in the Codex are intended to guide and promote organic farming, organic food labeling requirements, contribute to their uniform and thereby protect consumers and facilitate international trade.

Materials statistics show that organic farming is practiced in many countries in the world and is still growing and the countries for which we found no statistical material can be assumed that practice organic farming methods, even if statistics have not been included only countries that are member organizations of the International Federation for Organic Agriculture Movements. In many countries in Europe, U.S. and Japan practice organic farming because of the high demand for organic products.

In 2010, the world is grown organically over 37.0 million hectares from 1.57 million farms, representing 0.9% of total agricultural area compared to 2005 when 30.5 million acres were planted in 633,891 farms, representing 0.74% of the total agricultural area. [1, 6]

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Table 1

Organic cultivated area and the number of organic producers by continent

Continent	Organic agricultural land (ha)		Share of total agricultural land (%)		Producers (numbers)	
	2005	2010	2005	2010	2005	2010
Africa	890,504	1,075,829	0.11	0.1	124,805	542,839
Asia	2,893,572	2,778,291	0.21	0.2	129,927	460,762
Europe	6,920,462	10,002,087	1.38	2.1	187,697	277,362
Latin America	5,809,320	8,389,459	0.93	1.4	176,710	272,232
Northern America	2,199,225	2,652,624	0.56	0.7	12,063	16,870
Australia/Oceania	11,845,100	12,144,984	2.59	2.9	2,689	8,483
TOTAL	30,558,183	37,041,004	0.74	0.9	633,891	1,578,407

Source: Willer Helga, Yussefi M., *The World of Organic Agriculture. Statistics and Emerging Trends 2007*; Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*

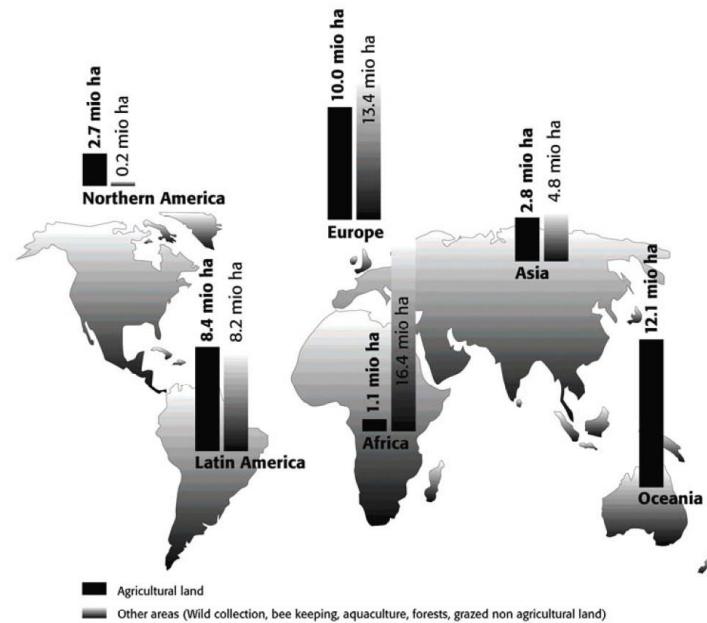


Figure 1: Organic farming in the world (2010)

Source: Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*

MATERIAL AND METHODS

Organic food market is no longer a niche market. On the larger markets, substantial turnover rates are accomplished from organic sales. Although organic farming is practiced now in most regions of the world, on every continent, organic food demand remains concentrated in Europe and North America demand that comprises 96% of overall revenue. On most markets, the organic sector is part of the total trade, as the organic goods are sold to the consumers via the main market and store networks and specialised stores, like organic or natural stores, weekly markets or farm shops. This paper is based on a content analysis of statistical material from the period 2007-2013.

RESULTS AND DISCUSSIONS

This progress has come as a result of a series of factors and events on the market: food scandals that made consumers turn to natural alternatives, leading supermarkets that sell organic products, uniform certification standards implemented in Europe and governmental support for the producers who convert to organic production. These factors, besides aspects like industry development and industrial associations trademarks, are the main stimuli for development of organic products market.

Organic market development involves establishing the type of organic product information that needs to be provided to the consumer, what these organic products represent and what organic method was applied for their production. Improving the knowledge on organic agriculture means providing better information not only to the consumer, but also to other interested factors in the production chain.

Global sales of organic food and drinks amounted to 23 billion USD in 2002, 28 billion USD in 2004, about 38.6 billion USD in 2006, 50.9 billion USD in 2008, 54.9 billion USD in 2009, and over 59 billion USD in 2010 (figure 2). [1,2,3,4,5,6,7] Organic Monitor

estimates that sales of organic products reached almost 63 billion USD in 2011, the market grew by 170 percent from 2002. [7]

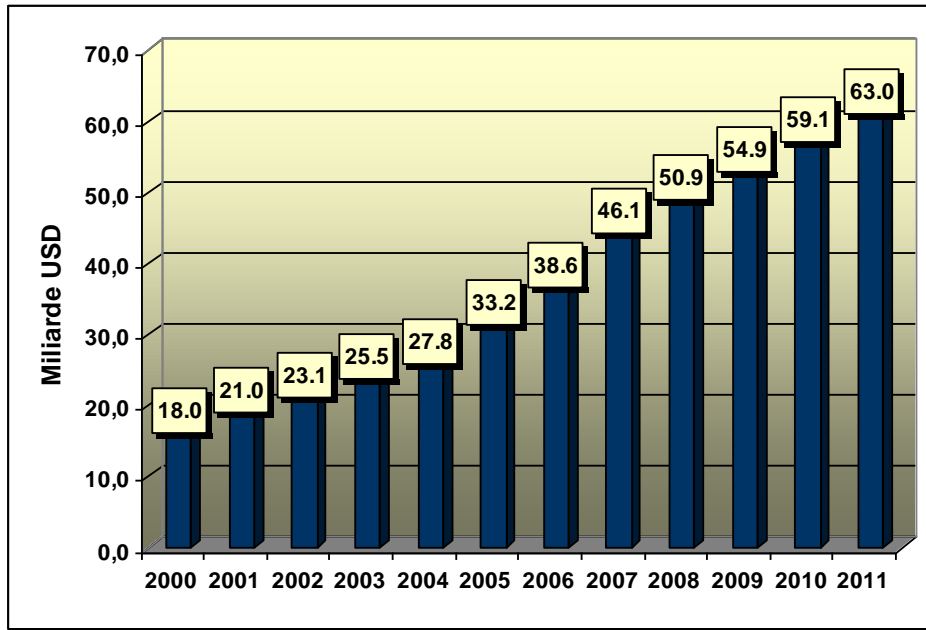


Figure 2: Global sales of organic food

Although organic farming is practiced now in most regions of the world, on every continent, organic food demand remains concentrated in Europe and North America claim that comprises 96% of overall revenue. The high degree of concentration of sales highlights the gap between production and consumption of organic products.

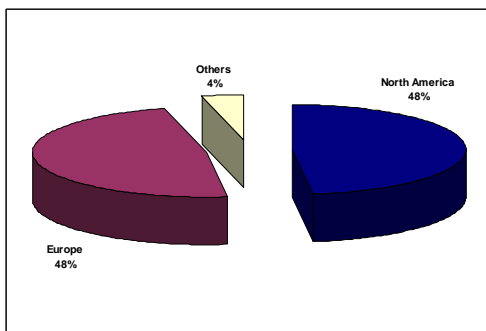


Figure 3: The global market for organic food and drink (2009)

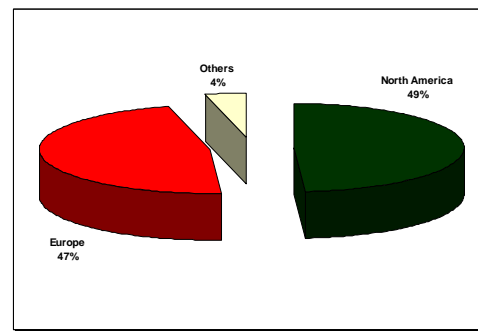


Figure 4: The global market for organic food and drink (2010)

Source: Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2010*; Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*

Global production of organic crops has not kept pace with demand, supply deficiency reporting many sectors. The North American market is facing the shortage of a few years, Europe and Asia are also affected. For example, the supply deficit in the organic dairy sector has made a British supermarket selling organic milk transition and an American manufacturer of yogurt to import from New Zealand. Other sectors are tender deficient organic fruit and vegetables, meat products, beverages and ingredients.

In 2010, the countries with the largest global market for organic food products are the United States (45% and 20.15 million Euro), followed by Germany (14%, or 6.02 million Euro) and France (8%, respectively 3.385 million Euro). (Figure 5) And in 2011, the trend continues, the countries with the largest global market for organic food is increasing in the United States (44% and 21.038 million Euro), Germany (14% or 6.59 million Euro) and France (8%, or 3.75 million Euro). (Figure 6)

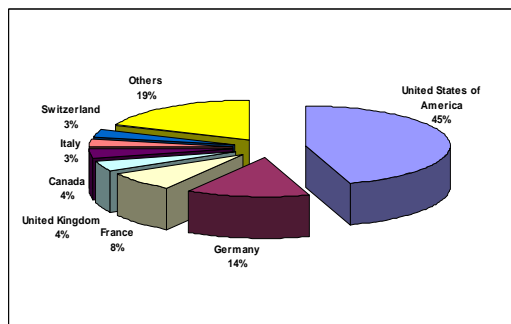


Figure 5: The global market of organic food, distribution by country (2010)

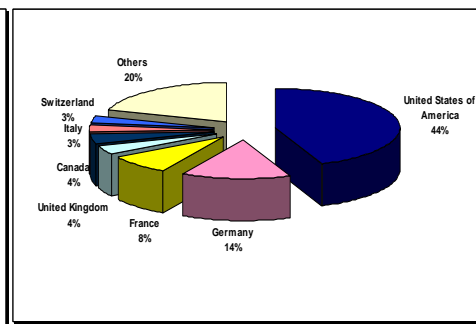


Figure 6: The global market of organic food, distribution by country (2011)

Source: Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*; Willer Helga, Lernoud Julia, Home R., *The World of Organic Agriculture 2013: Summary*

Figure 7, 8 shows the value of the organic product market in several countries.

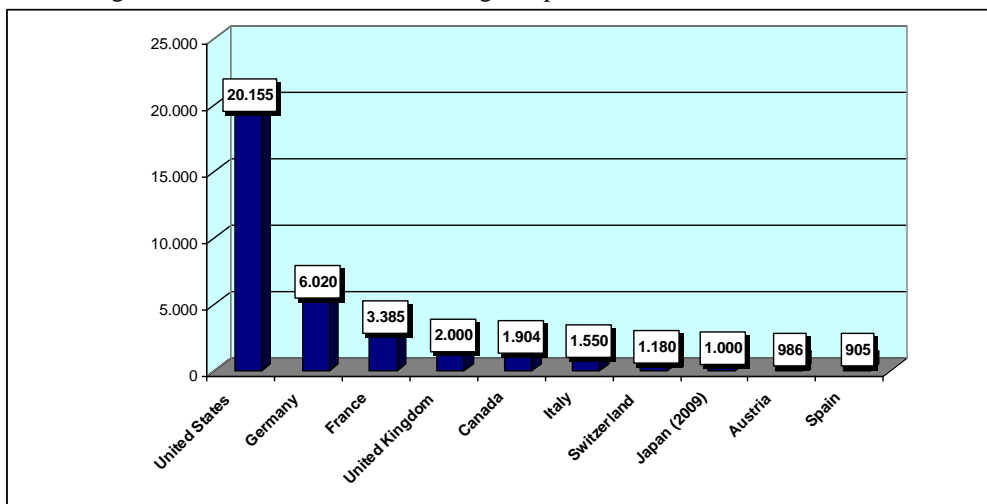


Figure 7: The ten countries with the highest sales for organic food (Milioane Euro, 2010)
Source: Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*

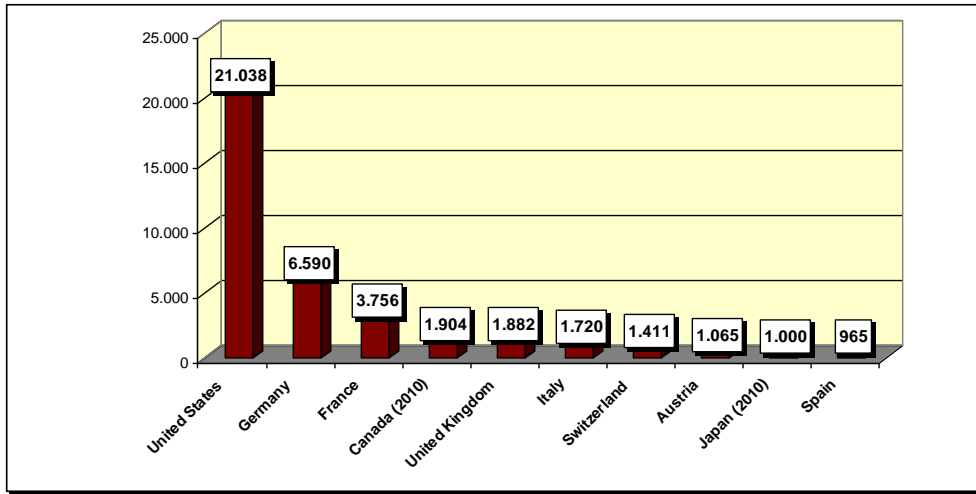


Figure 8: The ten countries with the highest sales for organic food (Milioane Euro, 2011)
 Source: Willer Helga, Lernoud Julia, Home R., *The World of Organic Agriculture 2013: Summary*

In 2009, the highest consumption per capita was in Denmark (138.6 Euro), followed by Switzerland (131.5 Euro) and Austria (103.8 Euro). (Figure 9) [5] In 2010, the highest consumption per capita was in Switzerland (153 Euro), followed by Denmark (142 Euro) and Luxembourg (127 Euro), up to 2009. (Figure 10) [6]

Europe has the largest number of organic food companies in the world. Heterogeneity region prevents the few companies to have a strong presence outside their home markets. Private labels are most evident in Europe; organic products are sold under private labels of organic food retailers, supermarkets, drugstores and pharmacies. [6]

Europe is the largest market for organic products and beverages and most sophisticated in the world, its value reaching 20 billion USD in 2006, 26 billion USD in 2008, 28 billion USD in 2010. Europe is the continent with the largest market for organic products for North America, also accommodates eight of the top 10 countries with largest markets in the world.

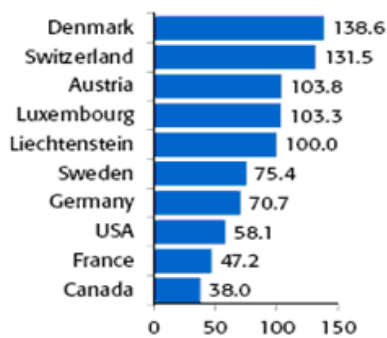


Figure 9: The countries with the highest per capita consumption (Euro) (2009)

Source: Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2011*; Willer Helga, Kilcher L. (Eds.), *The World of Organic Agriculture. Statistics and Emerging Trends 2012*



Figure 10: The countries with the highest per capita consumption (Euro) (2010)

Sales of the organic products are concentrated in Western Europe; the German market is the largest market for organic products. Countries like France, the UK and Italy comprise over 70% of regional income, and Denmark has the highest market share of organic products contain more than 7 percent of total sales of food and beverages. However, the biggest consumers of organic products found in the Nordic and Alpine countries.

In 2011, sales of organic products were approximately 21.5 billion Euro, an increase of 9 percent compared to 2010. European country with the largest market for organic products in 2011 was Germany with a turnover of 6.6 billion Euro, followed by France (3.8 billion Euro) and the UK (1.9 billion Euro). [7]

The financial crisis had a negative impact on sales of organic products. Consumers spending on organic food have been affected with a decrease in consumer disposable income. Organic food market was most affected in the UK, suffered a 14% decrease. The German market has stagnated, largely due to falling prices of organic products, however, the organic food market in France and Sweden, had a double-digit growth in 2009. [5]

Central and Eastern Europe market has a small but growing organic products. Similar to southern Europe, organically grown crops are mainly for export. The lack of food processing centers Organic lead to more imports of processed products in Western Europe. Czech Republic, Poland and Hungary were the most important markets for organic food. [6]

North America's largest organic food market in the world. Sales of organic products and beverages in North America continues to grow, retail sales were estimated at 17.3 billion USD in 2006, 23 billion USD in 2008, 26.3 billion USD in 2009, and in 2010 reached to 28.6 billion USD. The United States has the largest market for organic products in the world, worth 16 billion USD.

The U.S. market is the largest market in the world; it comprises over 90 percent of regional income. The U.S. is a leading producer and exporter of organic agricultural products, however many areas are still dependent on import. Domestic supply of organic products is falling short, significant volumes of organic products (fruits, vegetables, meat, beans, seeds, herbs, spices and ingredients) come from several continents, being imported into North America. Latin America is the main source of organic products, even if imports from Africa, Europe and Australia are increasing.

Expanding distribution channels in conventional grocery stores is the main driver of market growth of these products. Organic products are becoming available more widely in supermarkets, discount stores and retailers. All retailers have introduced private labels for organic foods. "O Organics" brand deprivation of Safeway supermarkets, organic food becomes leader of the United States. Private labels are well established in North America, all retailers selling imported food under their brands organic food. [7] In Canada private label "PC Organics" is already the main brand of organic food. A series of mergers, acquisitions and investments led big companies to control the production, distribution and retailing of organic products. [7] The catering and food services has become a major channel for organic products. A growing number of outlets serving organic food and agriculture, while catering increasingly using organic ingredients. [7]

Asian market continues to grow both in terms of organic food production and sales, in 2006, retail sales were around USD 780 million, and in 2009 reached about USD 1 billion. The largest markets for organic foods are the richest countries, especially Japan, South Korea, Taiwan, Singapore and Hong Kong.

The Asian consumers are demanding with organic foods, they become increasingly aware of food safety and environmental issues. Food scandals, particularly those involving

Chinese products, make consumers be interested in food safety. Asian market has numerous impediments to market growth. The lack of standards in the region restricts trade in organic products. Some Asian countries have introduced mandatory standards for organic farming and food, most countries either do not have national standards or voluntary standards. [5]

There is a significant difference between the production and consumption of organic products in Asia. There are large countries producing organic: China, India, Thailand, Indonesia, Philippines and Vietnam. These countries mainly grown organic products for export products include fruits, vegetables, herbs, spices, rice, tea and ingredients. Demand for organic products is concentrated in the richest countries. The countries with the highest consumption of organic products include Japan, South Korea, Taiwan, Hong Kong and Singapore. Although demand for organic products is high, quite a few organic products are grown here. [6]

Australia is a major producer of organic foods and beverages Australian market organic product contains less than 1% of global sales, valued at approximately USD 340 million, reaching 0.8 billion USD in 2009. As in other regions, market growth has slowed due to the economic downturn. Healthy growth rates are expected to strengthen consumer demand for healthy and nutritious food. Increasing distribution is a major growth market, organic products make inroads in supermarkets, convenience stores, shops and catering and foodservice outlets. [5]

Almost all organic food sales are from Australia and New Zealand. Both countries have distinct major producers, consumers and exporters of organic products. These countries export significant volumes of organic beef, lamb, wool, kiwi, wine, apples, pears and vegetables. Asia is a major, however, is exported also in Europe and North America. [6]

Consumer demands for organic products are also increased in other regions. Latin America is a major manufacturer and exporter of organic products, however, domestic markets have started to develop slowly. Brazil is determined to have the largest market for organic food in the region, with increasing production and raising consumer awareness expands and organic food market. A major problem in Latin America is the lack of processing centers organic food because most of the crops are grown mayor. [6]

In Africa, almost all organic food production is for export. South Africa has the largest market in this continent. Domestic markets are also emerging in Egypt, Saudi Arabia, UAE and Kuwait. Israel has the largest market in the Middle East. [6]

CONCLUSIONS

Global sales of organic food and beverages grow apace, reaching 63 billion USD in 2011. Between 2000 and 2011, the market expanded by nearly four times, however, growth in the next decade is expected to be at a slower pace. European and North American economies afflicted by the financial crisis, a major question mark hangs over the growth rates in these two regions. If the European debt crisis worsens and / or euro continues to weaken, then the demand will be severely affected in 2012 and beyond.

North America surpassed Europe to have the largest market for organic products. Although continued healthy growth in 2008, the state of the U.S. economy remains a major concern. Rates to slow market growth are predicted that consumer confidence remains weak.

The production of organic food continues to grow around the world, some sectors are expected to experience an overproduction. Slowing demand in Europe and North America possibly be expected to cause overproduction. Most producers in Africa, Asia and Latin America are likely to be affected. If many of these producers convert back to conventional

farming, organic food industry will face another phase when insufficient growth rates will recover after the financial crises.

In conclusion, the global organic food industry has shown tremendous growth. As the demand is concentrated in two regions facing financial crisis, is expected in the next years growth to have a slower pace. Currently, organic food production occurs on every continent, the application must spread and outside North America and Europe, only when organic food can be considered truly become global.

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