



Global organic market growth

The global organic market has grown from a niche (€10 billion in 1999) to a respected market sector (€50 billion in 2012), remaining robust during various European and global economic crises. It grew while keeping strict standards, regulations, and certification systems. As a consequence, retail chains integrated organic product lines into their portfolios and introduced their own brands.

The biggest single organic market

In 2012, the USA had the biggest national organic food market of around €23 billion (Figure). All market parameters point toward continued growth rates (above 10%) over the next decade. Consumer surveys reflect high confidence in organic products and show that descriptions like “non-GMO,” “pesticide free,” “regional,” “good for the environment,” and “healthy for you and your family” are drivers of market growth. The infusion of investments by large corporations and private equity is fueling this development. While the Canadian (€2.3 billion in 2013) and Mexican (€500 million in 2012) organic markets are much smaller, the North American Free Trade Zone is thriving. As consumption is much higher than domestic production, imports are supporting structures and supply around the globe, thus also developing domestic markets in source countries.

The biggest regional market

Data compiled by Organic Services based on long-term regular market surveillance, national statistics, sector publications, and other sources show that the European market reached about €22.8 billion in 2012 (EU €20.9 billion), with Germany having the biggest market volume of more than €7.5 billion (2013), France about €4.2 billion (2012 with strong growth rates), the UK €1.95 billion (2012), and Italy about €1.89 billion (2012). In Europe, the only market that shrank in the past years was the UK, for country-specific reasons like consumers’ preference for regional provenance. Since 2013, the market in the UK has shown modest growth again. More important are per capita expenditures, with the highest in Denmark (€160) and Switzerland (€190), medium spending in Sweden (€95) and Germany (€85), and lower expenditures in Italy (€31). There is obviously huge growth potential. Despite high import rates of raw and half-processed materials, both the USA and EU have become exporters of organic products with increasing market development elsewhere.

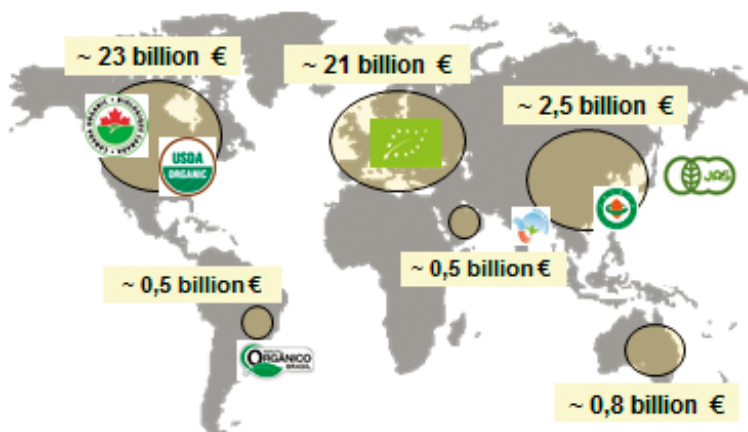
Other emerging organic markets around the world

Organic food production is increasing in Central and Eastern Europe. As in southern Europe, most production is export oriented, although domestic markets are slowly developing.



Figure. The global organic market today.

Organic market sales 2013: ~ 49 billion € (statistics and estimation)



Source: Organic Monitor, World of Organic Agriculture 2014 (IFOAM, FiBL) and own completion

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4

Important markets for organic food are the Czech Republic, Poland, and Hungary. The Russian Federation and Ukraine are emerging organic markets. For example, domestic organic sales in Ukraine were worth €0.6 million in 2008, €1.2 million in 2009, and €5.1 million in 2011. The majority of certified organic products available (baby food, tea, coffee, sugar, spices, fruit, vegetables, pasta, chocolate, oils, cosmetics, wines, and beer) are imported, mainly from EU countries, but some are from Armenia, Georgia, and Moldova.

Exporting countries with large areas of organic land include India (0.5 million ha), PR China (1.9 million ha), and Brazil (0.7 million ha). Although these countries produce for export, their domestic organic markets are growing. Organic produce is increasingly demanded by the rapidly growing urban middle class in these countries. Similar developments are seen in many other countries in Latin America and Asia. In Brazil, the organic market accounted for about €550 million in 2012. A distinctive feature of the sector in Brazil is that besides third-party certification, participatory guarantee systems (PGS) are part of organic regulations.

India's organic sector, which was highly export oriented in the past, became nearly balanced between domestic retail sales (about €130 million) and exports (€160 million) in 2012. The National Programme for Organic Production regulates exports only, while there is no mandatory certification in the domestic market, which, like in Brazil, places emphasis on PGS. In PR China, organic retail sales amounted to about €1.8 billion in 2012 and €300 million in exports in 2011. PR China is one of the few emerging markets where domestic sales have surpassed export turnover.

Organic sales in Asia (including India and PR China) are growing steadily, reaching a current total of about €1.5 billion. The main importing countries that are not big organic producers themselves are Japan (€1 billion), the ROK (€0.3 billion, 2008), the ROC, and Singapore. Food scandals, especially those involving Chinese nonorganic products, alarmed consumers, and demand for organic food is increasing as they become more aware of food safety and environmental issues. An increasing number of conventional retailers are introducing organic products, some under their private labels.

Of all countries, Australia has the largest organic area, although its organic domestic market is small due to its low population. A lot of pastureland in Australia and New Zealand is organic. In Australia, domestic organic retail sales increased over 30% in three years, from €709 million in 2009 to €927 million in 2012. In 2009, 67% of all organic sales were in supermarkets. With the permanent positioning of

organic products on the shelves of major chains, demand for organic products has accelerated.

The Gulf's domestic organic market is estimated at around €300 million, with the Kingdom of Saudi Arabia, the largest food consumer, representing almost 90%. There are over 3,000 outlets dedicated to organic and natural products across the Gulf. This figure is expected to increase as the regional prioritization of health and food safety boosts demand. In the UAE, the organic market is evolving as consumers become health-conscious. Items especially for children, as well as fruit, vegetables, breakfast cereals, and dairy products are the most popular items. Most organic food in the Gulf region is imported, leading to prices three to four times higher than for conventional products.

Turkey has long exported organic products, which were worth €19.8 million in 2009 (versus domestic retail sales of €3.6 million). The acreage of organic farmland (0.5 million ha plus 0.5 million ha of certified organic wild collection area) grew by 18.3% between 2010 and 2011, and domestic retail sales grew considerably too. Much of Egypt's organic produce is exported, although it has strong domestic demand for organic items. Specialized shops and supermarket chains in major cities feature organic sections.

Will market growth continue?

A comparison of past and current market development suggests that further growth of the organic market can be expected. The above examples of per capita spending are one justification. Another reason is that citizens' concerns about the negative global as well as local environmental situation will prevail, and environmental and other ethical concerns like inhumane labor conditions are likely to remain unchanged due to inaction by governments and the conventional farming sector. ☺



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