Trends on the European organic market

IFOAM Organics Europe Meets Business
30 November 2022

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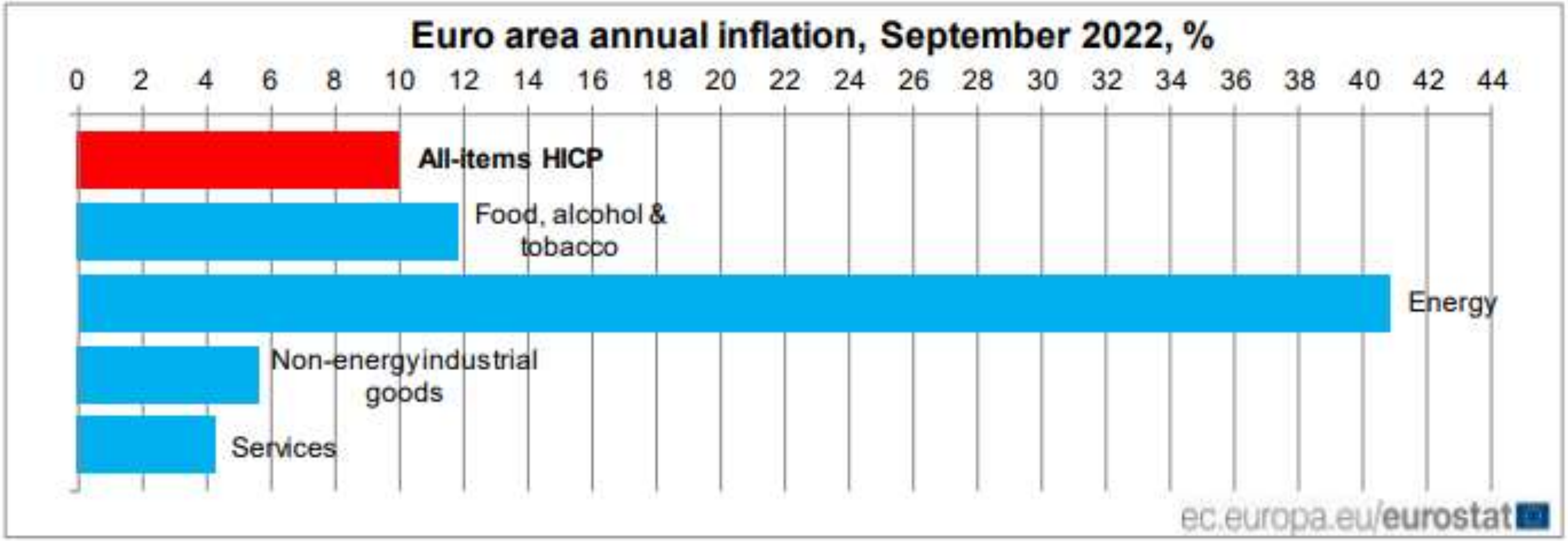
A year of inflation

Euro area annual inflation is expected to be 10.0% in September 2022, up from 9.1% in August according to a flash estimate from **Eurostat, the statistical office of the European Union**.

Looking at the main components of euro area inflation, energy is expected to have the highest annual rate in September (40.8%, compared with 38.6% in August), followed by food, alcohol & tobacco (11.8%, compared with 10.6% in August), non-energy industrial goods (5.6%, compared with 5.1% in August) and services (4.3%, compared with 3.8% in August).



inflation rates per country

Inflation rates (%) measured by the HICP

	Annual rate							Monthly rate
	Sep 21	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Sep 22
Belgium	3.8	9.3	9.9	10.5	10.4	10.5	**12.0e**	1.3e
Germany	4.1	7.8	8.7	8.2	8.5	8.8	**10.9e**	2.2e
Estonia	6.4	19.1	20.1	22.0	23.2	25.2	**24.2e**	0.4e
Ireland	3.8	7.3	8.3	9.6	9.6	9.0	**8.6e**	0.0e
Greece	1.9	9.1	10.5	11.6	11.3	11.2	**12.1e**	3.0e
Spain	4.0	8.3	8.5	10.0	10.7	10.5	**9.3e**	0.0e
France	2.7	5.4	5.8	6.5	6.8	6.6	**6.2e**	-0.5e
Italy	2.9	6.3	7.3	8.5	8.4	9.1	**9.5e**	1.7e
Cyprus	3.6	8.6	8.8	9.0	10.6	9.6	**9.0e**	-1.1e
Latvia	4.7	13.1	16.8	19.2	21.3	21.4	**22.4e**	1.8e
Lithuania	6.4	16.6	18.5	20.5	20.9	21.1	**22.5e**	2.8e
Luxembourg	4.0	9.0	9.1	10.3	9.3	8.6	**8.8e**	0.5e
Malta	0.7	5.4	5.8	6.1	6.8	7.0	**7.3e**	-0.7e
Netherlands	3.0	11.2	10.2	9.9	11.6	13.7	**17.1e**	2.9e
Austria	3.3	7.1	7.7	8.7	9.4	9.2	**11.0e**	2.5e
Portugal	1.3	7.4	8.1	9.0	9.4	9.3	**9.8e**	1.3e
Slovenia	2.7	7.4	8.7	10.8	11.7	11.5	**10.6e**	-0.3e
Slovakia	4.0	10.9	11.8	12.6	12.8	13.4	**13.6e**	1.0e
Finland	2.1	5.8	7.1	8.1	8.0	7.9	**8.4e**	0.7e

e estimate Source dataset: prc_hicp_manr

Data from Allianz Trade (May 2022)« « European food inflation: and the loser is the consumer »

- Agriculture food prices rose by **31 %** in 2021 will rise further by **23 %** in 2022.
- Eurozone food and beverage producers already increased their prices by an average of **+14%** since beginning of 2021.
  - Highest increases: +53% for oils; +28% for flours ; +19% for pasta.
- Food retail prices have only adjusted by **+6%: not a full repercussion yet of increases of commodities.**

Average food inflation expected for consumers (UE27) : +243€ for the same basket 2022 vs 2021.

Reduction of the price difference between organic and conventional

Positive impact on demand …?

Observation in **Austria** : in the first five months of 2022, organic prices increased less than conventional prices: **+2,5 % vs +6,5 %**

Note de conjoncture sur l'agriculture biologique septembre 2022 (p60)

Similar tendency **Germany**: "Organic retailer prices are perceived as more stable. Leading to a decrease in the price gap between organic and conventional products due to more regional and smallholder structures which are less affected by global trends." *voice from a German member*

In **France:**

… with sometimes detrimental consequences on production

En France, le marché de la viande bio souffre de cette mise à niveau des tarifs de la viande conventionnelle et bio

Des éleveurs sont prêts à **quitter le mode de production biologique**

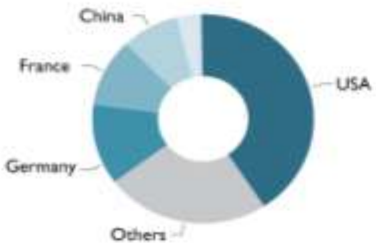
Article des Echos du 5 octobre 2022, Prix élevés, bio déclassé : le marché de la viande déraille

EUROPE – MARKET 2020 a untypical year

Europe almost 52bn €

EU almost 45bn€

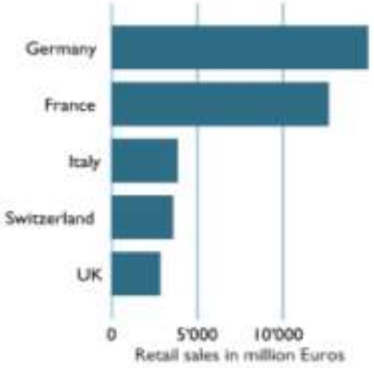
The European Union (44.8 billion €) is the second largest single market after the US (49.5 billion €) and China (10.2 billion €). By region, North America has the lead (53.7 billion €), followed by Europe (52.0 billion €) and Asia (12.5 billion €).



Distribution of retail sales by country 2020.

Germany 15bn €

The European countries with the largest markets for organic food are Germany (15 billion €), France (12.7 billion €), Italy (3.9 billion €) and Switzerland (3.6 billion €).



The five countries with the largest markets for organic food in 2020.

418 € is spent per person in Switzerland

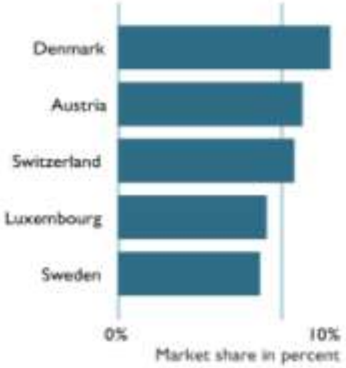
Switzerland has the highest per capita consumption worldwide, followed by Denmark, Luxembourg, Austria and Sweden.

The five countries with the highest per capita consumption 2020.

13.0% of the food market in Denmark is organic

4.7% of the EU market

The highest organic share of the total market is in Denmark, followed by Austria, Switzerland, Luxembourg and Sweden.



The five countries with the highest organic shares of the total market in 2020.

FiBL www.fibl.org

Source: FiBL 2022 www.organic-world.net - statistics.fibl.org

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Evolution of the organic market

Source: Note de conjoncture et d'actualités sur le secteur biologique, May 2022, Agence Bio; Organic farming EU 2019 Agence bio, Organic farming EU 2021; BÖLW Branchen Rapport 2022

GERMANY	
+22% in 2020	**+5,8 % in** 2021
	Retailers: **+9,1%** Specialised retailers: **-3,3%**
AUSTRIA	
+15,4% in 2020	GMS: **+11,2%** in 2021
DENMARK	
+5,3% en 2020 (of which retailers: **+14%)**	
BELGIUM	
+4,6% in 2021 (of which +8% pour GMS)	
Organic shops : -**20%** en **2022**	
SWEDEN	
	-0,5% in 2021 (of which **-5.4%** for

GERMANY		
First semester 2022: fresh organic products		
Hard discount **+11,5%**	Organic shops **-22,1%**	Retailers **-1,5%**

"Les ventes de produits biologiques ont baissé ; les clients fidèles restent mais achètent moins."

Competition from local and vegetarian/vegan

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Evolution of the organic market

ITALY		
+6,5% in 2020	**-0,2%** in 2021	**-1,9%** first sem 2022

UNITED KINGDOM	
+12.6% in 2020	**+4,1%** in 2021

D'après la Soil Association, les ventes de produits bio ralentissent dans les supermarchés cette année (2022). Cependant**, les ventes de produits bio baissent moins que celles des produits conventionnels.**

Source: Note de conjoncture et d'actualités sur le secteur biologique, Mai 2022,

From our members:

SPAIN : *loss of organic consumption both conventional and specialized retail **-specialized shops being more affected**.*

SWITZERLAND : *Compared to 2021, according to the two biggest retailers: Zero growth, in some products a slight decrease. But nothing tragic, as both retailers still predict growth in the future, especially for Swiss organic products (local is picking up!).*

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The organic market in France in 2022

- **Evolution du marché bio français**
- Dans la grande distribution (hypermarchés, supermarchés, hard discount, proximité et drive), les ventes de produits bio à poids fixe ont globalement reculé de 8,3 % en valeur au premier semestre 2022 par rapport au premier semestre 2021.
- Au cours du premier semestre 2022, le chiffre d’affaires des magasins spécialisé a reculé de 15 % par rapport au premier semestre 2021.
- - 8,4% pour le lait (en volume)
- - 12,1% pour la viande hachée
- - 7,2% pour les œufs
- - 11,3% pour 15 fruits et légumes
- - 10,1% pour les vins tranquilles

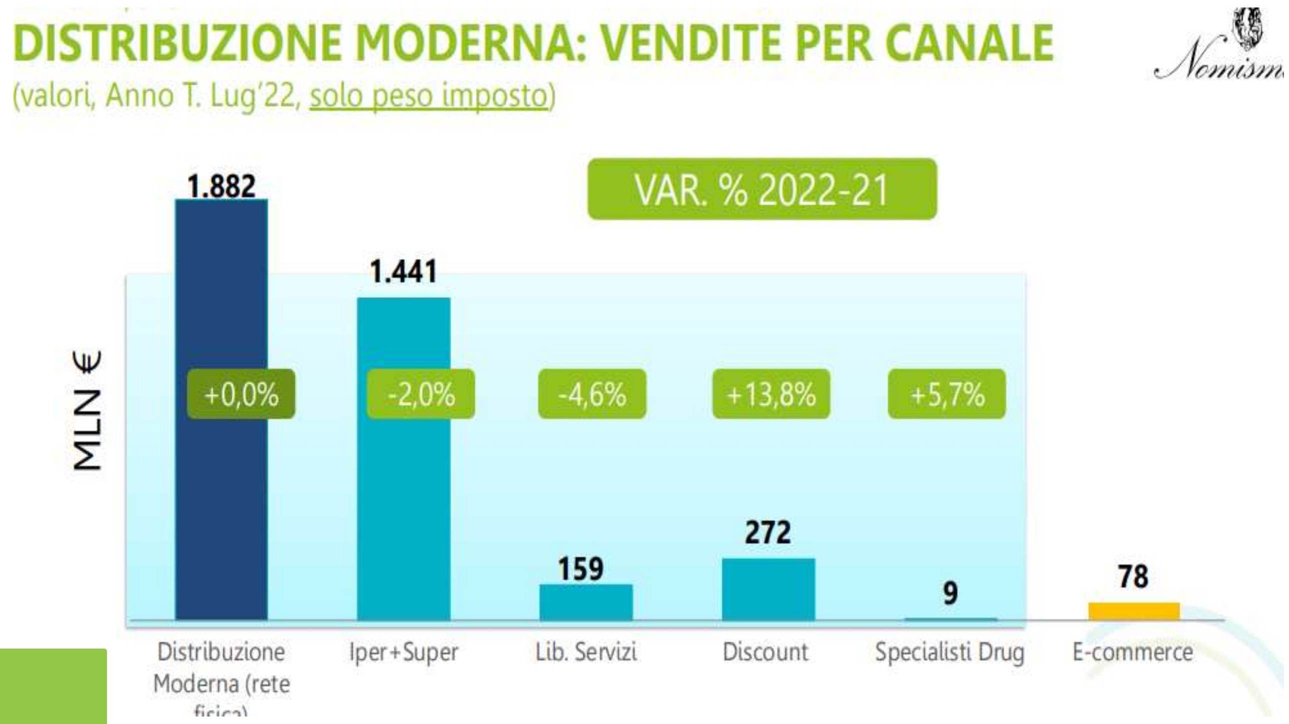
Sales by distribution channels: hard discount benefits from price increases

GERMANY		
Premier semester 2022: produits frais bio (1)		
Hard discount **+11,5%**	Organic shops -22,1%	Retailers -1,5%

Source: Note de conjoncture et d'actualités sur le secteur biologique, Septembre 2022

PAYS-BAS : les ventes bio en hard discount représentent moins de 1 % du marché bio néerlandais mais leur croissance **s'est accélérée depuis quelques années**. Les gammes d'Aldi et de Lidl comptaient près de 60 produits bio chacune en 2018.

L'Agence bio L'Agriculture bio dans l'UE 2021



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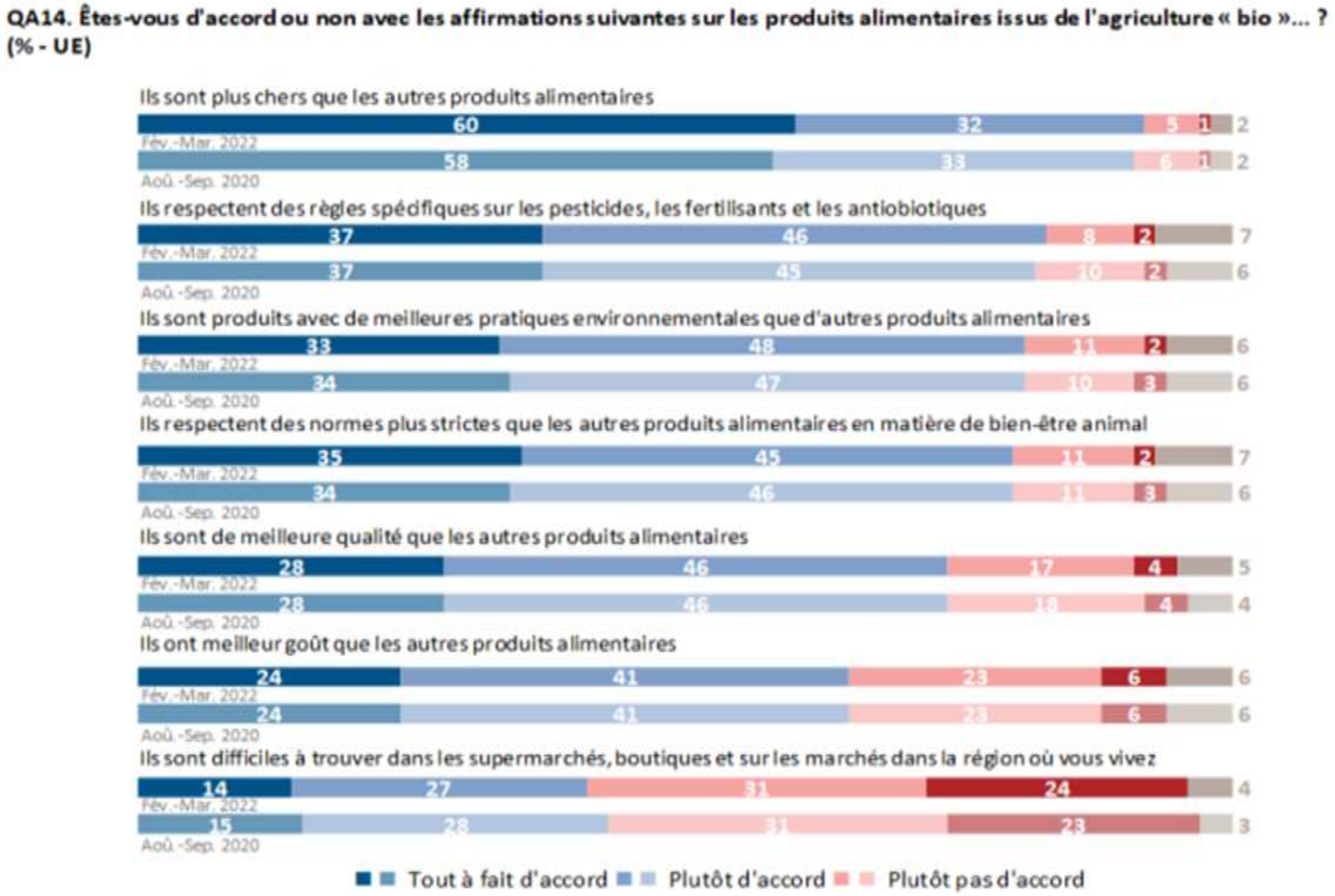
Le bio reste gage de qualité

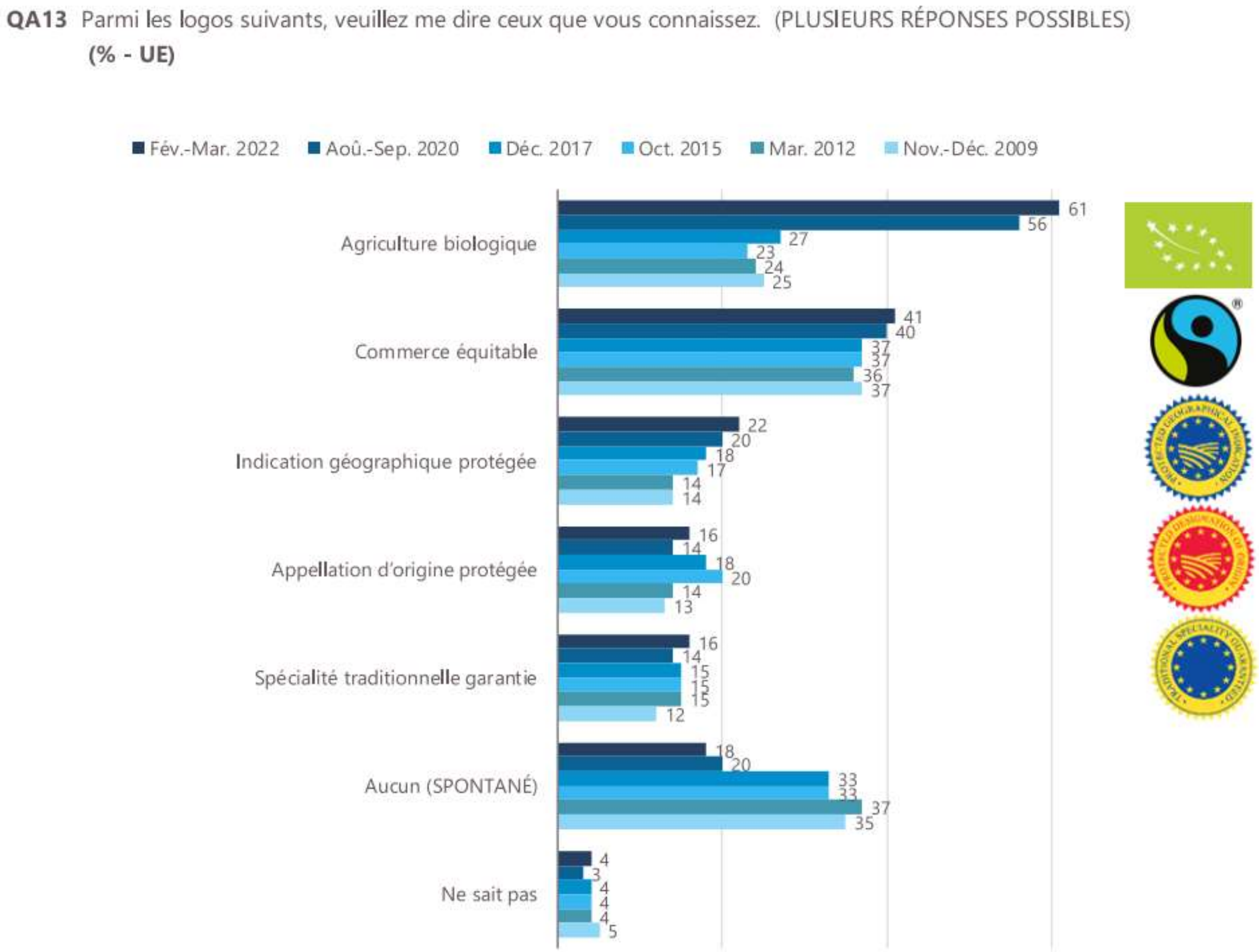
- Près de ¾ des Européens estiment que les produits bio sont de meilleure qualité que les autres produits alimentaires (74%)

- 81% d'entre eux pensent que les produits bio sont produits avec de meilleures pratiques environnementales que d'autres produits alimentaires.



[Eurobaromètre Les Européens, l'agriculture et la PAC, juin 2022]

Le bio reste le label le plus connu en Europe



What about national and less ambitious labels?

[Eurobaromètre Les Européens, l'agriculture et la PAC, juin 2022]()

Trends affecting the organic market

- European consumers spend less on food overall, and organic consumers tend to choose a cheaper version of the same product (e.g. retailer brand, discounter)
- Competition from “local” products: 87% of European consumers state that short supply chains are an important factor in their motivation to buy. In France the turnover of local brands progressed by 6.1% since 2020.
- Competition from less ambitious and cheaper national labels

Eurobaromètre Les Européens, l'agriculture et la PAC, juin 2022

Farm to Fork (F2F) strategy

The F2F is meant to lead a global transition towards competitive sustainability from farm to fork.

It consist out of 27 actions including the publication of a ***European Organic Action Plan***

4 aspirational targets in F2F by 2030:

- Reaching 25% of agricultural land under organic farming by 2030
- A reduction by 50% of the use and risk of chemical pesticides and the use of more hazardous pesticides by 50% by 2030
- A reduction of nutrient losses by at least 50% while ensuring that there is no deterioration in soil fertility. This will reduce the use of fertilisers by at least 20% by 2030.
- A reduction by 50% of the sales of antimicrobials for farmed animals and in aquaculture by 2030

Stratégie européenne sur la biodiversité

25% ORGANIC LAND IN EU BY 2030

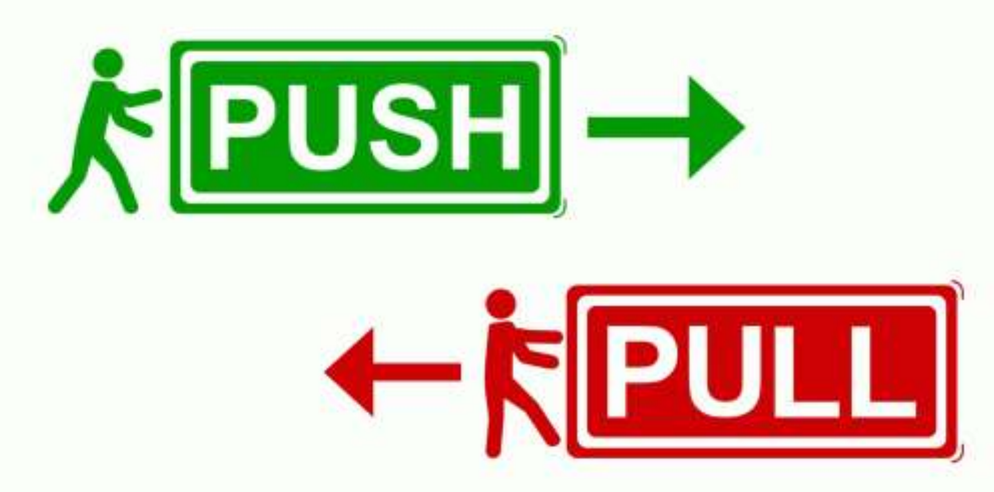
…thanks to a new European Organic Action Plan (March 2021)

25% Organic land in EU by 2030, ambitious but achievable with the right push-pull strategies in place:

- stimulate overall demand,
- increase production and
- enhance research, innovation, development and capacity building

3 axes, 23 actions in addition to...

- Each Member State to develop a national strategy with related actions, clear deadlines and national objectives.
- Dedicate at least **30% of the EU budget for R&I actions** in the field of agriculture, forestry and rural areas to topics specific to or relevant for the organic sector.
- Yearly **EU-wide 'Organic Day'** on 23 September (starting in 2022) and EU organic awards



Cour des comptes — Chambres régionales & territoriales des comptes

Over the last decade, organic farming has undergone a change of scale, with the share of organic farming in the agricultural area increasing from 3% to 10% between 2010 and 2021and organic consumption increasing 3.5 times over this period. Now 19% of farmers are organic. In the report published today, the Court of Accounts, after a detailed review of the scientific literature, recalls the benefits of organic farming, particularly in terms of health and the environment, and observes that the development of organic farming is the best way to make the agri-environmental transition successful and lead so-called conventional farms towards more environmentally friendly practices. However, the policy of support for organic farming remains insufficient: since 2010, successive action programmes have failed to achieve the objectives of 15% of agricultural land in organic farming and 20% of organic food in public canteens by 2022. To help achieve the new objectives set by France and the European Union, the Court of Accounts makes 12 recommendations.

la Cour des comptes, après une revue détaillée de la littérature scientifique, rappelle les bénéfices de l'agriculture bio notamment en termes de santé et d'environnement, et observe que le développement de l'agriculture biologique est le meilleur moyen de réussir la transition agro-environnementale et d'entrainer les exploitations agricoles dites conventionnelles vers des pratiques plus respectueuses de l'environnement. Cependant, la politique de soutien à l'agriculture biologique reste insuffisante : depuis 2010, les programmes d'action successifs

Based on a review of scientific litterature, the Court concludes:

- Benefits for **health** are now established (less cancers and diabetes among regular consumers of organic products according to BioNutriNet study by INSERM)
- Benefits for **water quality** (less nitrates, phosphorus and synthetic pesticides; costs of depollution range from 540 to 970 million euros/year, whereas only 35 million/year are for conversion; water agencies are the largest contributors to OF support in France)
- Benefits for **soil fertility** (higher organic matter content, better water retention capacity, increased soil carbon sequestration)
- Benefits for **air quality** (less ammonia due no use of nitrogen fertilisers used in conventional farming)
- Benefits for **biodiversity**: 30% more fauna and flora species, which are 50% more abundant (whereas farmland birds and pollinators have declined by 30% since 1990)
- Less **GHG emissions** per hectare
- Improved **animal welfare** (ban on cages, limits on stocking densities, natural animal feed, access to open air)
- More **jobs** per hectare
- Better **captation of value by farmers**

Key recommendations

- Interr… f organ…
- Ensur… certif… envir…
- In the… of envir… throu… es
- Ensur… the e… bene…
- Increa… comm…

Récapitulatif des recommandations

<u>Orientation n°1 : éclairer les citoyens et les consommateurs sur l'impact environnemental et sanitaire de la filière issue de l'agriculture biologique</u>

1. Rehausser fortement le niveau d'exigence du cahier des charges applicable à la certification environnementale, notamment pour la mention Haute valeur environnementale (HVE) et proportionner le niveau des aides en fonction des bénéfices environnementaux des divers labels et certifications *(2022, MAA)*.
2. Établir un plan interministériel de communication grand public sur les bénéfices de l'agriculture biologique, en s'appuyant sur des évaluations scientifiques de son impact sanitaire et environnemental *(2023, MAA, MTE, MSS, MEN, MESRI)*.
3. Valoriser tous les bénéfices de l'agriculture biologique dans la méthode de calcul du futur affichage environnemental sur les produits alimentaires *(2023, MAA, MTE)*.
4. Corriger et enrichir l'appareil statistique public, de manière à mesurer l'atteinte des objectifs fixés en matière d'agriculture biologique et comparer les différents modes de production agricole *(2023, MAA, MEFR, FranceAgriMer, ASP)*.

EU promotion policies

- In 2021 the Commission ringfenced a budget for organic farming (**49M€ out of 182,8M€)**
- **En 2022 50M € out of 185,9M€**
- Calls for projects will be published in January 2023

- https://agriculture.ec.europa.eu/common-agricultural-policy/market-measures/promotion-eu-farm-products_en

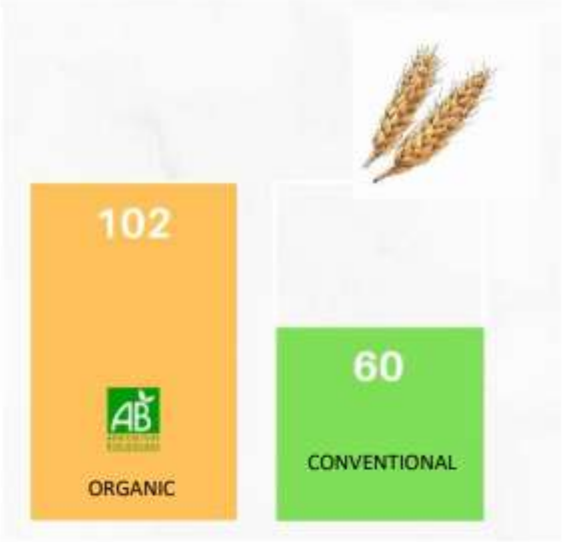
Sustainable Food Systems and Sustainability labelling

Farm to Fork strategy: "The Commission will also examine ways to **harmonise voluntary green claims** and to create a **sustainable labelling framework** that covers, in synergy with other relevant initiatives, the nutritional, climate, environmental and social aspects of food products".

- **Sustainable Food Systems Law (2023)** will set up general principles of sustainability labelling (nutrition, social, environmental)
- General principles of **sustainable public procurement**
- 30 November: Regulation on substantiating green claims based on **Product Environmental Footprint (PEF)**

What is the PEF? Read our Position Paper (March 2021)

- Analyses the environmental performance of an individual product throughout its life cycle
- Aims at reducing the environmental impacts of goods taking into account supply chain activities
- 16 EF impact categories, e.g. water use, human toxicity, ozone depletion
- 17 consumer products involved (about half are food / drink): meat, coffee and marine fish discontinued.



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Methodological issues with LCA/PEF

- LCA do not properly take into account impacts on biodiversity and the use of pesticides
- Need for complementary indicators for:
  - Terrestrial and marine biodiversity
  - Impacts of pesticides on ecosystems and on human health
  - To update the climate metrics (e.g. carbon soil sequestration)
  - Ammonia, land use, imported deforestation…
  - Antiobiotics, GMOs, processing, plastics
  - Planetary boundaries

For a coherent and truthful consumer information, you need a scoring and sustainability labelling system that :

- Incentivizes consumers to choose least impactful products
- incentivizes "ecodesign" and improvements in the production process
- Allows to compare products intra et inter categories
- Is co-constructed with civil society

PEF concerns

- IFOAM OE position on PEF and substantiating claims
- EEB:
  - “PEF is essentially an EU harmonized LCA toolbox that still has some serious methodological shortcomings”.
  - “We should not consider a PEF profile as a stand-alone communication vehicle, neither for B2B nor for B2C. It is in the first place an internal tool for companies”
- BEUC:
  - “The Product Environmental Footprint (PEF) method promoted by the European Commission, in its current form, appears ill-suited to assess the environmental performance of agri-food products.”.
  - We note with concern that the methodological choices which will be made in the context of the proposal on substantiating ‘green claims’ could pre-empt the political discussions which must take place in relation to the forthcoming policy initiatives on a Sustainable Food System Framework and on sustainable food labelling.”
- EuroCommerce:
  - “While PEF could be useful as a voluntary communication tool in B2B relationships and supply chain cooperation, it is not suited for B2C communication.”
  - “key to look at further developing and updating the PEF methodology”

NGO concerns over PEF

- March 2022: NGO open letter to the Commission:

While we welcome and support the objective of fighting greenwashing in the food sector, it is clear that **the PEF as it currently stands is not suited for measuring the environmental performance of bio-based products** such as food products.

- Concerns were also raised by many companies and retailers over the PEF (Carrefour, Danone, Terrena...)

Construction Etiquettes

2.1 Structure de l'étiquette scoring

Le système se décline avec 3 paramètres :

La Notation

La Graduation

Evaluation multicritère
dont la synthèse est la **Notation.**
Le curseur rond ○ est toujours
centré dans l'un des 5 segments colorés.

Les Animaux

En option dans l'étiquette élargie.

Classé de vert, orange à rouge.

0% VAT for organic products?

COMMERCE & CONSOMMATION
LSA

N° 2725
jeudi 24 novembre 2022
Édition(s) : Hors-Série
Page 28
646 mots - ⏱ 3 min

Mais d'autres pistes sont en cours de réflexion au sein de la profession, notamment sur la fiscalité. « *Pourquoi ne pas envisager de supprimer la TVA à 5,5 %? Cette solution permettrait de réduire l'écart prix avec le conventionnel* », avance Laurent Huynh, directeur général de Bjorg & Cie. Un avis partagé par Pierrick De Ronne, président de Biocoop. « *Nous pourrions profiter d'une baisse de la TVA ou récupérer les taxes des produits qui polluent.* »

BACKGROUND ABOUT US

1.2 MILLION EU CITIZENS AGAINST PESTICIDES! THANK YOU FOR YOUR SUPPORT.

SAVE BEES AND FARMERS !

We are 1,2 million European citizens, demanding an end to pesticides. On October 10, 2022 our citizens initiative was formally approved, with 1,05 million valid votes by registred citizens.

We want the EU to make sure agriculture is environmentally-friendly and free of synthetic pesticides. We aks for support for farmers to work with nature. The proposed new EU regulation to reduce pesticides use is not ambitious enough. We can do much better.