

Break-through

ORGANIC FOOD – FOR A LONG TIME VIEWED AS A PRODUCT FOR DROPOUTS AND DO-GOODERS, HAS FINALLY MADE IT ONTO THE WORLDWIDE STAGE



Nürnbergmesse

+ In December 2007, the supermarket chain “Veritas” opened its 13th organic supermarket “Ecoveritas” in Barcelona, Spain. The first one was opened in 2002. The company is anticipating a 20% growth in turnover in 2007, after generating a sales volume of 11m Euros in 2006.

“Five or six years ago you couldn’t buy decent bread, either organic or conventional, and that’s why we installed an organic bakery.” Marketing manager Ignacio Pons de Dalmasés explains. “Our core activity is to provide fresh food, and customers in particular come to buy our fresh bread.” Every morning between 6 and 8am, freshly baked bread, rolls and bakery products are delivered to the stores all over Barcelona. The company produces about 20 types of bread loaves in various sizes and also baguettes, croissants, rolls, cakes and confectionery.

In France, food retailers were forced by the government to sign an agreement whereby the number of organically labeled products would increase annually by 15% in the stores. Biofinesse, a company founded in 2000, in Toulouse, is very successful with a specific concept for supplying public utilities with organic food. Biofinesse offers more than 1,200 products from 150 European suppliers. People can buy just one product from the list or choose more from the menus. The company only sells to communal facilities and represents more than 60,000 collective restaurants in France.

Approximately two years ago, the government in Italy issued a decree according to which all food sold or distributed to Italian schools should be of organic quality.

In Germany, in 2007, organic food sales rose by 18.4% and for organic bread, this figure increased to 28%. According to ZPM, the German Central Market and Price Bureau for agricultural and nutritional products, located in Bonn, the total sales for organic food without out-of-home consumption now amounts to 5.45 bn Euros. However, a large part of this increase is attributed to rising prices. Based on calculations provided by GfK, Germany’s largest market research institute, the price increase for organic food was 7.3%. The growth in volume was only 10.4% which is below the growth figures for 2006. Due to the fact that most of the households in Germany (94%) buy organic food – often only sporadically – hardly any new customers were convinced.

The food retail trade is still the driving force for the organic food growth in Germany. However, contrary to the past year, the increases in sales are no longer limited to the discount sector. The full-line suppliers realized even higher increases, in particular, the large supermarkets. The main reason for the subdued growth in volume is the raw material shortage in the most important product groups (grains, potatoes, some types of vegetables), mainly as a result of low crop yields.

The out-of-home market has also discovered the organic range. In the past, only a few vegetarian restaurants offered organic food. This has now changed. Organic food is stylish and “Nat” is the first organic fast food establishment in Hamburg, Germany, targeting business people, young women and Lohas consumers (LOHAS is an acronym for Life-styles of Health and Sustainability).

This trend has prevailed in the US for a long time. Organic To Go, a retailer of organic and natural meals to go, has signed a lease to occupy a 425-square-foot space in the Bank of America tower in downtown Seattle. Its store offers a grab-and-go format with prepared sandwiches and salads. The company's new downtown location is a move to capitalize on the business community's proximity and where it can more readily serve those seeking healthier lunch-to-go alternatives.

The organic food market in Northern America is already booming. Experts predict growth rates between 20 and 45% for the next few years.

The research company Mintel recently reported that organic food sales in the US have grown by 132 % since 2002 and that more than half of Americans have purchased organic food in the last year.

In Eastern Europe, the organic trend has already reached the agricultural sector but not yet the palates of the consumers. The most important reason for this is the lack of trade channels and the low income situation. People already have to pay 20-30% of their income for conventional food, compared to 8-15% in Western Europe. The additional costs for organic food can only be borne by small parts of the population, namely the ones benefiting from the political change in terms of better living conditions and higher incomes.



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A similar situation is found in most of the emerging and developing countries. Organic food markets are small and limited to the rich. The price difference between conventional and organic food is very high. A recent study in India reported that only 1 out of 30 inhabitants in larger cities buys organic food as on average it is 35-40% more expensive than comparable conventional food products.

Asia and Australia, on the other hand, are booming markets for organic food. Australia has close to 2,000 certified organic producers, processors and retailers of organic food and fiber products. They operate in diverse industries, including grains and pulses, horticulture, viticulture, beef and pork, ▶

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dairy and honey. Collectively these enterprises account annually for products estimated to be valued at \$180 million.

Japan is the second, large market in Asia. In 2000, Japan formulated a law on organic agricultural products, and implemented the Japanese Agricultural Standards of Organic Agricultural Products (JAS) in April, 2001. Originally the law only applied to fruit, grain and vegetable products, but in October 2005 new provisions were added to cover livestock products. Since the introduction of the official organic label JAS in 2001, the market volume has almost doubled from 229m Euros to approximately 500m Euros, which does not include eating out and animal products. The rising demand for organic products throughout the trade, catering trade and amongst consumers is clearly noticeable. Current consumer studies show that organic food, natural cosmetics and other environmentally friendly goods are still very popular. Organic products are amongst the top ten articles on which Japanese consumers spend money. Particularly popular are innovative products, foreign specialties, convenience, age-based portions and packaging. The market for eating out is growing extremely rapidly: The three largest restaurant chains alone have some 30,000 outlets, which are increasingly interested in organic food.

In China, organic farming is currently enjoying a lot of political attention. The Chinese Minister of Agriculture, Sun Zhengcai has been quoted by the press as saying "China is promoting organic farming". The 5th International Agricultural Products Trade Fair in Jinan, in autumn 2007, also covered the issue of organic farming and organic products. The first organic food fair, in China, was ceremoniously opened in Shanghai at the end of May 2007, with beating drums and lucky dragon dances. The premiere with 216 exhibitors and 7,290 trade visitors exceeded all expectations. Organic farming creates higher incomes for farmers and stimulates the export of agricultural products, reports a spokesman from the Ministry of Agriculture. Production and processing in the organic segment are to be increased rapidly in order to enable the domestic and international



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Per-capita consumption of organic food in Europe 2006	
Country	in Euro/person
Austria	64
Belgium	23
Croatia	5
Czech Republic	3
Denmark	80
Finland	11
France	27
Germany	56
Greece	5 (2005)
Hungary	1
Ireland	16 (2005)
Italy	32
Liechtenstein	86
Netherlands	28
Norway	14
Poland	1
Portugal	5 (2005)
Romania	0.1
Slovakia	1
Spain	2
Sweden	42
Switzerland	102
UK	47

Source: FiBL, Forschungsinstitut für biologischen Landbau, www.fibl.org

demand for healthy and safe agricultural products to be satisfied. This is a key strategy for the development of modern agriculture in China. The first organic products in China came onto the market in 1990. In 2006, the People's Congress decided to avidly expand organic production. Meanwhile, over 70 million tons of organic farming products are produced annually and over 5,000 companies offer some 14,000 articles. The government's declared goal is to develop China into a country with a stable ecological environment by 2020, explained Zhu Lieke, Deputy Director of the State Forestry Office, as reported by China International Radio, in Peking, at the beginning of December 2007. The restoration and protection of the environment presents great challenges for China: organic farming rates highly as a promising solution. This is also shown by the setting up of CFOAM as part of IFOAM, the International Federation of Organic Agriculture Movements. The President of the Chinese association, Prof. Xiangge Du, is also the Director of the Organic Agriculture Research Centre at Peking University. The members of the association come from all branches of the Chinese organic sector. The representatives from research, production, processing and trade promised their support for the rapid development of the industry at the founding meeting. +++