

Main Directions of Evolution Regarding the Production and Merchandising of Organic Food in Romania

© Maria-Alexandra TOMA

The Bucharest University of Economic Studies, Department of
Business, Commodity Science and Quality Management

toma.maria.a@gmail.com

This paper aims to identify Romania's positioning on the European Union market as a producer and merchandiser of organic food. In this respect, Romania's organic potential is highlighted by identifying and analysing key aspects such as: main resources in the ecological sector, Romania's experience in the organic farming field, Romania's organic food market and the market's dominant actors. Statistical data regarding the growth of organic agriculture in Romania (the evolution of the area cultivated with organic crops, the main producing regions in this sector, the main organic food assortments) is analysed in comparison with other European countries, which represent main market performers at a global scale. These benchmarks permitted to identify Romania's main directions of evolution regarding the organic sector, including its strengths and weak points. In addition, Romania's evolution as a producer of organic food needs to be permanently reported to the level of imports and exports. Therefore, the paper presents both aspects in order to explain the continuous development and harmonization in the field of old and new legislation approach regarding the control of production, processing and merchandising of organic food. One of the main objectives of this research is focused on an exploratory study regarding the producer's perception and acceptance of organic food products as a main food assortment. In other words, the paper identifies the producer's knowledge about organic agriculture, methods of production and products, his perception about new technologies applied to food, his attitude toward ecology and environmental – safe products, advantages of organic products, organic food guarantees and certifications, labelling, visual elements and market opportunities. The overall research identified a series of issues that Romania's organic market is facing, from the producers point of view. Also, pertinent assumptions were acknowledged regarding the main directions that Romania, as a developing country, should follow related to the organic agricultural field, in order to increase the level of organic food production and processing.

Keywords: organic agriculture, production, merchandising, consumption, market, food quality, innovation.

In the last decades, organic agriculture and its main markets have registered a rapid global spread, having a significant impact on the world's both economic and social side. This worldwide phenomenon was determined by a series of more and more pronounced demands of Western Europe and USA, demands that involved two main directions: high availability of high quality food in terms of an increasingly cleaner environment. Therefore, according to the European Union, the only sustainable solution against the intensive development current of agriculture is organic farming and food production in organic processing systems.

Despite of its significant contribution to a sustainable environment, organic agriculture had caused many cross-cultural differences, regarding the acceptance of both producers and consumers regards: the acceptance of more rigid standards of production and higher prices in contrast with faster methods of production and cheaper food products.

In this context, the leading objective of this paper is to identify the main position of a developing country regarding its organic production and merchandising and also the way in which organic food benefits and constrains are perceived and acknowledged by producers. Based on its organic potential and experience, the research was focused on Romania, a European developing country, with more than 14 years of organic production.

As a secondary objective, in this context, the present study tries to clarify main directions of Romanian legislation system regarding organic based products. Organic farming has been regulated at European Union's level since 1991 and Romania, as a member state of the Union has adopted the main guidelines and principles proposed by Europe. Thus, organic in the agricultural filed means "*obtaining food products without the use of synthetic chemicals, in accordance with organic production rules laid down in this emergency ordinance, which meets the national standards, guidelines and specifications and are certified by a national inspection and certification body established for that main purpose*" (Emergency Ordinance 34/2000, regarding organic food products).

The current research is structured into two significant parts, as follows: (1) an insight regarding the key points of Romania's production and merchandising experience in the organic agriculture filed, in a global context; (2) building a hypothetical scenario for Romania's organic sector based on statistic data issued by scientific institutions and, also, analyzing the main determinants of the relations identified.

Having as a starting point the substantial potential that Romania can operate in the organic agricultural field, the paper presents Romania under two aspects: current economic situation, documented by statistic data provided by the National Ministry of Agriculture and Rural Development in contrast with the assumptions outlined by converting into numbers Romania's organic potential highlighted by important scientific institutions.

Despite of these positive perspectives, Romania is not a dominant actor on the organic food market, neither from a consumption point of view, nor production.

On the other hand, the production level in Romania is one of the lowest in Europe, reporting to the country's size, thus an analysis in terms of

determinants is imperative in order to identify some of the key aspects and evolution trends.

The current research revealed an unusual acceptance attitude, but in the same time, a rejection behavior of the producers regarding the organic market. However, most producers accept organic agriculture and products as new, innovative and environmental friendly production sources, although they are not willing to play a higher price of production for these characteristics. Interestingly, there is a wide range of producers that overlook a lack of trust regarding the organic market, both national and European. These aspects highlight on the one hand an inefficient national promoting system regarding organic agriculture and food and on the other poor knowledge and lack of interest from the producer's side. Also a lack of awareness regarding organic agriculture and its benefits that need to be taken into consideration.

Organic Food – General implications regarding Romania's production and merchandising experience in a global context

Romania's accession to the European Union in 2007 highlighted a significant number of new rules and regulations; in a short time, their compliance becoming essential. The EU transformation process covered numerous sectors of Romania's economy, emerging important needs like: legislative harmonization, both for a faster internal developing and standardization process and better external communication and exchanges and also the need for implementation of new less polluting production systems. Among the many legislative provisions imposed by the European Union, Romania had to adopt regulations in scope of building a more efficient agricultural system, based on organic methods.

Therefore, Romania's new EU member status represented the launching point of a new strategy for agriculture, more exactly the process of reshaping the organic food market, sector that has today a national and even international scale.

Due to the extremely important status that organic agriculture occupies at a global and European level, as well as the numerous restrictions involved, the outlining of a clear legislative framework, harmonized, but strict in the same time, became a necessity. The most important elements needed to be covered, in addition to the basic principles of organic agriculture referred to the certification conditions and labeling aspects. Today, Romania's legislation system regarding organic agriculture operates closely with European main rules and regulations, situation that allows maintaining efficient operation of the ecological system.

Table 1. Basic Legislation regarding organic agriculture in EU and Romania

EU Regulations	Romanian Legislation
EC Regulation no 834/2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91	Government Emergency Ordinance no 34/2000 on organic foods Emergency Ordinance no. 62/2006 on amending and supplementing Government Emergency Ordinance no. 34/2000
EC Regulation No 567/2013 laying down detailed rules for implementation of EC Regulation No 834/2007 as regards the arrangements for imports of organic products from third countries	Order 51 of 1 March 2010 approving national rules on authorizing imports of organic products from third countries
EC Regulation No 392/2013 amending EC Regulation No 889/2008 as regards the control system for organic production	Order 383/2013 on approving the rules on the organization of inspection and certification systems in organic agriculture sector.
EC Regulation no 537/2009 as regards the list of third countries from which certain agricultural products obtained by organic production must originate to be marketed within the Community	Decision no 131/2013 on establishing measures and sanctions necessary to comply with the provisions of EC Regulation no 834/2007 on organic production and labeling of organic products
EC Regulation No 889/2008 laying down detailed rules for the implementation of Council Regulation EC No 834/2007 on labelling of organic products with	Order no 317/190/2006 amending and supplementing Annex to the Minister of Agriculture, Food and Forestry and the National Authority for Consumer Protection no. 417/110/2002 for approval of specific rules on labeling of organic products

Source: original, based on data from the European Commission and Romanian Government

Having a the European Union as model and well-built legislation system as a basis, in just a few years, organic farming became a dynamic sector in Romania, with an average annual growth rate of approximately 20% (according to the latest communication from Ministry of Agriculture and Rural Development - MARD). Moreover, this growth was recorded both in the plant sector and livestock production sector. Another important aspect for Romania is that the year of 2012 was characterized by the emergence of a new sub-branch in the organic area: organic aquaculture (today there is a total number of 40 operators activating in this sector).

From an evolutionary perspective, in the last decade, Romania's organic sector registered an upward trend, in terms of main indicators, more exactly: total organic land and number of registered operators. As seen from Table 2, the only exception is highlighted by the years 2009 – 2010, this exception from the trend being explained by Romania's general economic situation caused by the global financial crisis combined with adverse weather conditions. What is important to mention, is that the highest shares in total value (1.082.138 ha -

more than 50 percent in 2012) represents the land for harvesting wild flora (berries, medicinal plants, mushrooms etc.), land that doesn't involve the same complex treatment as the arable crop area.

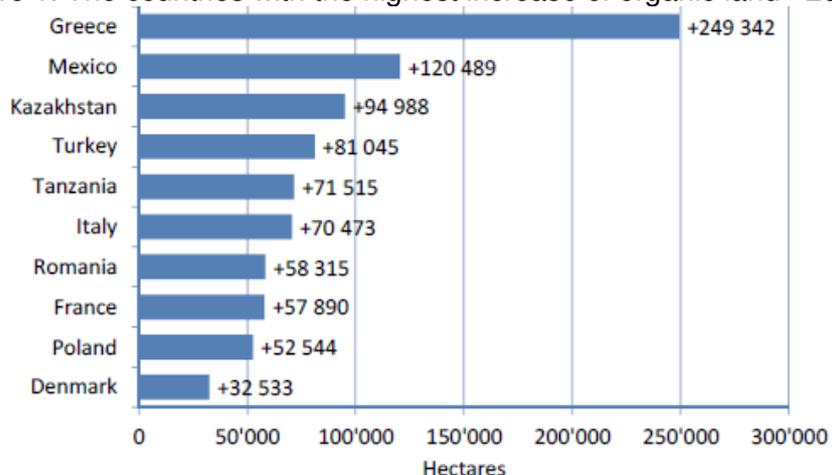
Table 2. Total Operators and Total Land dynamics in organic farming sector Period: 2006-2012

Indicator	2006	2007	2008	2009	2010	2011	2012
Total Organic Operators from which:							
Processors	3.409	3.834	4.191	3.228	3.155	9.703	15.544
Tota organic land (ha):							
- Arable crops	135.799	182.394	215.257,5	240.000	260.000	567.996,7	1.370.400
- Grassland	45.605	6.5112	86.454	110.014,4	129.336	147.581,6	174.644
- Permananet crop, orchards and vineyards	51.200	57600	46.006,5	39.232,8	46.000	78.197,51	105.836
- Spontaneous flora	294	954	1.518	1.869,4	3.600	4.166,62	7.782
Organic Area - % of total agricultural area	38.700	58728	81.279	88.883,4	81.064	338.051	1.082.138
	1	1	1,5	1,7	1,86	2,41	3,38

Source: MARD – internal data

This growth registered in Romania's organic agricultural sector is also highlighted at an international level by the Research Institute of Organic Agriculture (FiBL). In the latest publication (*World of Organic Agriculture, 2014*), Romania is one of the top ten countries with the highest increase of organic land for the year of 2012 (Figure 1). This information is significantly relevant for Romania's fast developing organic sector as, at a global scale, for the year of 2012 a number of 45 countries reported a decrease of organic land and another 32 didn't report any change.

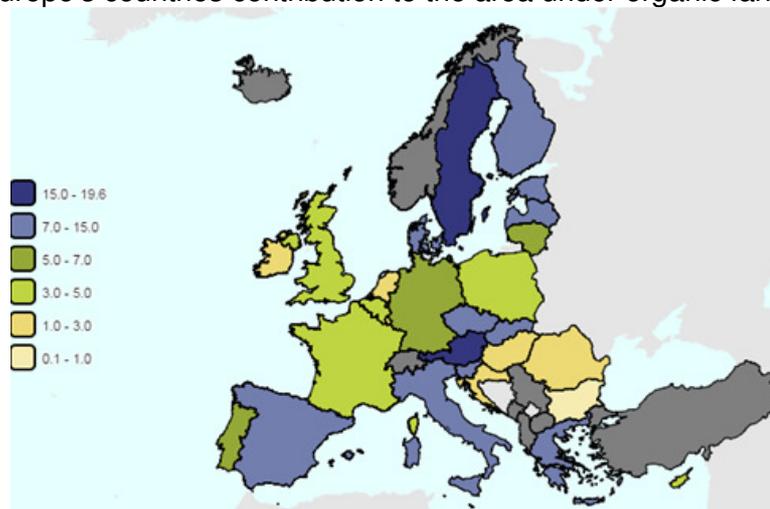
Figure 1. The countries with the highest increase of organic land - 2012



Source: FIBL, *The World of Organic Agriculture: 2014*

Moving from a global scale to the European Union, we can say that this dynamic growth has a minimum contribution (of 2.1%) to the total European organic agricultural land of 11.2 mil ha (Figure 2). The smallest contribution in EU is from Bulgaria, but next to Romania we can find countries like Hungary, Croatia, Netherlands, Luxembourg and Ireland, countries that do not benefit of a wide agricultural land as Romania, but still manage to bring a substantial contribution to this sector.

Figure 2. Europe's countries contribution to the area under organic farming (%)



Source: Eurostat Database, *Organic Farming: 2012*

But Romania's organic sector is currently in a massive development process. This can also be seen from the assortment of organic products manufactured in Romania. From cereals and honey, Romania produces today processed fruit products (syrops, jams etc.), honey and bee products, processed soy products (vegetable pate, tofu etc.), nuts and seeds, herbal teas, cow and sheep milk and processed products (cheese, curd, butter, etc.), meat, products, muesli, wine, rice, flour, pasta and bread, oil, meat, snail products, fish products, hemp and processed products.

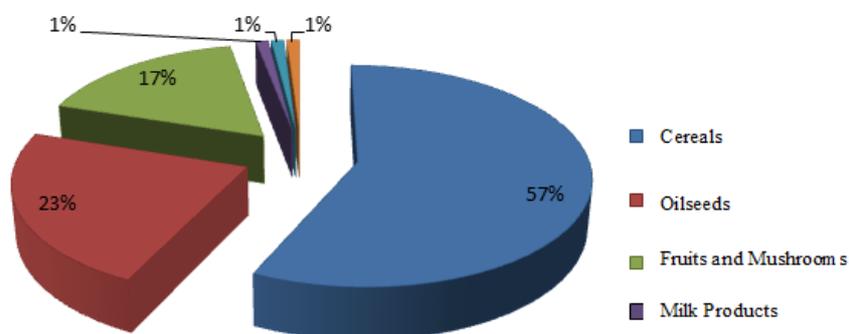
Regarding the producers and processor of organic food, they differ primarily in terms of size as an economic entity, MARD having in record from freelancers and small family businesses to large manufacturing and processing companies (for example Dorna or Olympus cow, sheep and goat milk farms).

The national statistics show a number of 15.544 operators registered under MARD (2012), operators that cover the entire production structure presented above. They are divided into the following categories: agricultural production (crop and livestock), processors (103 processors in 2012), beekeepers (336 beekeepers registered in 2012), retailers (120 retailers in 2012), importers (24 businesses in 2011), exporters (13 operators registered in 2012) and aquaculture units (a total of 40 units in 2012).

The consumption level of organic food in Romania is low comparing to other European countries, standing at 1%, while the average in Europe is 3-5%. Because of this cause, a big part of the domestic production is sent to export to countries such as Germany, Switzerland, Holland, Denmark, Italy, and Austria.

The last year when MARD officially presented an explicit structure of the level of exports was 2009, when approximately 136,600 tons (103 million euros) of organic food products (90% of the total production) were sent across borders (20% more than in 2007). From the total exported quantity, the largest shares were held by cereals (57%), oilseeds (23%), fruits and mushrooms (17%) (Figure 3).

Figure 3. Romanian exports of organic food products in the EU (2009)



Source: MARD – internal data

Another important characteristic of Romania's organic food market is the low level of food processors. Reporting to a high number of producers, the number of food processor must have been approximately the same. Thus, 90% of retailer's organic processed food comes from other countries that also represent main export destinations for Romania. Thus, we can deduce that domestic production is exported in these countries, where it is packaged and / or processed, and afterwards it is imported back as a finished products, but at much higher prices.

As a 2007 accession country to the EU, Romania's positive experience over the last eight years with organic agriculture has an important policy implications regarding the global and EU ecological strategy of developing countries. Romania represents today a role model regarding the dynamic evolution of this

sector and being awarded the title “country of the year 2013” at the most important worldwide trade fair for organic food products, Biofach – Germany.

Scenario planning: Romania’s real potential regarding the organic agricultural sector

Although we speak of a highly positive evolution of this specific indicators of organic agriculture (in 2012, these values recorded an increase of more than 50%, compared to 2011), Romania’s country specific values should be quite different.

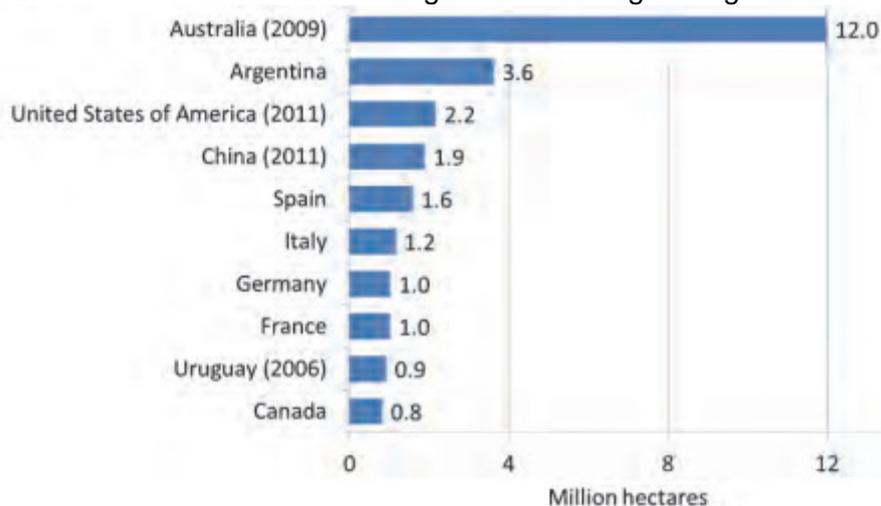
In other words, we can say that Romania has a production potential far beyond what it is operated today. This assumption is based on a very important study, developed by the National Institute of Research and Development for Food Bioresources in 2008 - Organic Agriculture in Romania. News. Perspectives. Certification of compliance. The results of this study points out that the total area which could be used for organic agriculture represents 15-20% of the Romania’s total agricultural area.

According to the mentioned study, the largest potential can be found in the hill – mountain areas, where grassland maintenance and working technologies were based on traditional - ecological methods (usage of manure, the practice of grazing and / or mowing, usage of clover as forage and soil fertilizer, usage of mixed vegetable and zoo-technical systems) and arable area’s importance cannot be neglected also.

Despite the positive perspectives year over year, for the year of 2012, the total organic land indicator materialized in only 3.38% of Romania’s total agricultural area. Comparing 2012 values with the results of the Institute for Food Bioresources we highlight a major difference of about 16%, difference that states a weak and also inefficient exploitation of the country’s national resources.

In a hypothetical scenario, if we report the minimum 15% of land, favorable for organic farming, to Romania’s total agricultural area of 14.5 mil ha, the result will be a total of 2 mil ha organic land. Correlating this numbers with the latest statistical information (Figure 2), Romania can be one of the top 10 countries with the largest areas of organic agricultural land.

Figure 2. The ten countries with the largest areas of organic agricultural land - 2012



Source: FIBL, *The World of Organic Agriculture: 2014*

Furthermore, if this potential would be used at its maximum rate, Romania would become the leading country in Europe in the organic agricultural sector.

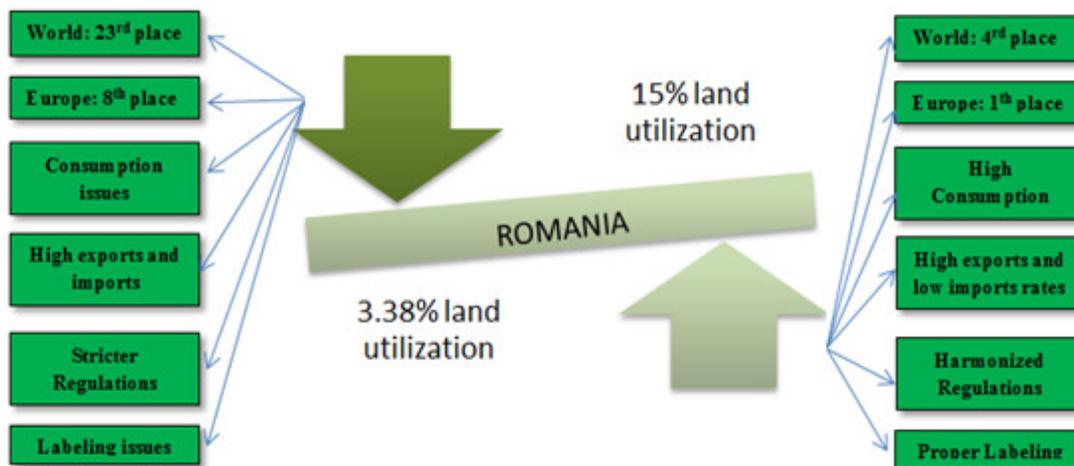
Despite of the massive potential, Romania has also extremely important advantages for performing organic agriculture at a higher scale. For example, Romania has, unlike other European countries, highly favorable soils in terms of ecological farming. This fact is because of the agricultural system practiced before the year 1989 that did not use chemical fertilizers in an intensive manner. One of the main advantages of this approach involves reducing ecological conversion period by 30% over the period covered in national and international provisions (regeneration time caused by the action of chemical agents is almost eliminated).

Also, in the general report of MARD on the overall situation of agriculture and its impact on the economy it is stated that in the last years Romania recorded a decrease of total usage of chemical fertilizers, allowing an easier conversion of the land to organic farming. Moreover, Romania soils are characterized as very fertile, unlike other countries where intensive agriculture and the use of synthetic compounds have led to a continuous and rapid degradation of the agricultural land.

Here, it should also be noted that conventional farming system practiced until 1990, in the hill-mountain areas, was characterized by natural practice of the fattening animals and the use of synthetic products was nonexistent due to their high cost. Thus, while the rest of the Western states set up first development strategies for building up the organic sector, Romania produced in this system for a long time, but without being officially recognized in this respect.

Despite all of these advantages and the quite rapid evolution of this industry in the recent years, many farmers are still reluctant to make the transition from conventional to organic agriculture, therefore Romania has to develop more agricultural plans and strategies in order to reach the ideal hypothetical scenario that was built (Figure 5).

Figure 5. Romania's current situation against the hypothetical scenario –
Main market aspects



Source: own research

From this point of view can identify a number of significant determinants. On the one hand, we can talk about a difficult access to European funds, but on the other hand, we can refer to small subventions from the Romanian Government.

Another determinant that needs to be taken to consideration is the situation of the national market, which, although it has become a stand-alone one, with an individual status, in the last years, national demand was extremely low compared to the European average consumption per capita, a very big part of the domestic production being exported as raw material to other European countries. The immediate consequence of this phenomenon is that the raw materials exported to Western countries is packaged and / or processed, returning to Romania under the form of finish products, but at very high prices.

Also, social causes were identified as a main cause for this situation. The lack of nutritional and ecological education is experienced both by producers and consumers. A questionnaire based research, developed during 15.10.2011 – 15.11.2011 among 30 representatives from the agricultural field revealed that most producers accept organic agriculture and products as new, innovative and environmental friendly production food sources. But on the other hand they are not determined to convert they production to organic, because they expect a decrease of profit and economical barriers. Moreover, they are not willing to play a higher price of production for obtaining products under an organic label. Also, they are more open to genetically modified crops than to organic processes.

Interestingly, there is a wide range of producers that overlook a lack of trust regarding the organic market, both national and European. These aspects highlight on the one hand an inefficient national system regarding the promotion of organic agriculture and food sector and on the other hand a poor knowledge and lack of interest from the producer's side.

Conclusions

Several important conclusions have resulted from the present research. This paper aimed and managed to identify Romania's positioning on the EU market as a producer and merchandiser of organic food products.

After the accession to the European Union in 2007, Romania started implemented a well built and documented law system regarding the organic field, which permitted a dynamic extension of the organic agricultural sector. In the past 4 years this sector registered a spectacular evolution, as exposed in the first part of the paper, the national market reached unique values and future trends confirm a much greater potential for Romania. But, Romania can be today one of the biggest organic food producers in Europe, if the national potential would be used at a maximum level.

The producer's and consumer's distrust regarding the usage of ecological systems in the food production sector has led to the proposal of new directives and laws to ensure better food labeling and traceability of organic food products. But despite all efforts, Romania still has to develop more plans and strategies in order to reach the ideal hypothetical scenario.

At a European level, Romania is one of the first 10 actors of the market, next to countries like Italy, Spain, Germany and France, but according to our model, Romania can represent the biggest European producer.

Despite the current situation, the number of producers is constantly increasing and areas under organic agriculture are continuously expanding. Thus, we can state that Romania is a highly productive country from an agricultural point of view, but knowing and understanding the country's high potential, we can conclude that there are many valuable resources that remain unused at their maximum level.

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