

The potential impact of group certification for organic agriculture in Romania

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SEA, Braşov

Author: PhD(c) Adina-Roxana Munteanu
munteanu.adina@gmail.com



The Bucharest University of
Economic Studies
Romania




Brief overview of organic markets

- ▶ Worldwide, the organic market value registered upward trends in the last years, with **\$ 63 billion** in 2011 [1]
- ▶ The **USA** organic market surpasses **\$ 31 billion** in 2011, growing by 9.5% since 2010 [2]
- ▶ The organic market in **Europe** reached **€ 21.5 billion** in 2011, increasing 9% compared to 2010 [3]
- ▶ EU-27: **9.6 million ha** cultivated organically in 2011, out of which 86% of which in EU-15 [3]
 - ▶ Increasing on average by 500.000 ha/year [3]

The organic market is expected to continue to grow!

Group certification (GC) is expected to play a role within the estimated growth of the organic market

- ▶ The organic market is still expected to develop in the following years
- ▶ There is a growth potential for the organic supply via the smallholdings
- ▶ Certification of smallholding is expensive, while group certification comes with a smaller price tag



What is the potential impact of group certification in Romania?

The aim of the research is estimate the potential impact of G.C.

Literature review



Original research



- ▶ AROR
- ▶ COR
- ▶ EAOS
- ▶ EU
- ▶ IFOAM
- ▶ KOR
- ▶ NOP
- ▶ NPOP
- ▶ COR
- ▶ EAOS
- ▶ IFOAM
- ▶ KOR
- ▶ NPOP

Multiple definitions of organic agriculture

Organic agriculture is the production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.” [4]

Organic production is an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and production method in line with the preference of certain consumers for products produced using natural substances and processes. [8]

Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony [5]

Organic production is a holistic system designed to optimize the productivity and fitness of diverse communities within the agro-ecosystem, including soil organisms, plants, livestock and people.[6]

Organic food "Yuki Shokuhin" means a food product that contains low or no chemicals added in the growing and production process and is divided in 5 categories. [7]



Differences in the certification process for individual and group certification

Individual certification

- ▶ Request from the individual farmer / processor/ trader
- ▶ Certification body issues the certificate after inspection
- ▶ Annual inspections take place to renew the certification
- ▶ Re-inspection is done base on a risk plan made by each certification body
- ▶ Additional inspection possible by the accreditation body

Group certification

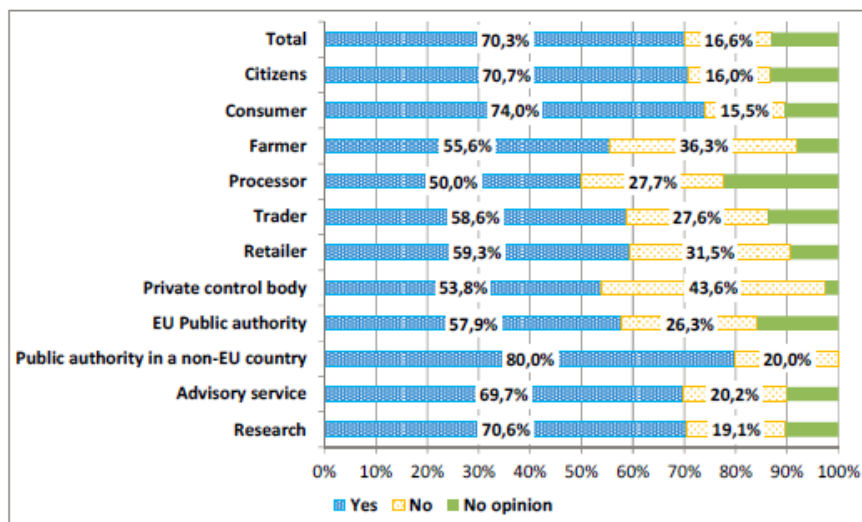
- ▶ Not all organic standards allow group certification
- ▶ Requirement for certification [4]:
 - ▶ Geographic proximity
 - ▶ Similar production system
 - ▶ A viable internal control system to assure compliance of individual members with production standards to be implemented
 - ▶ Coordinated marketing
- ▶ The third party certification bodies only have to inspect the well-functioning of the system [4]

Current debate in EU on GC (1/2)

- ▶ In 2013, the European Commission - Directorate General for Agriculture and Rural Development - organised a wide a public consultation on the review of the EU policy on organic agriculture
 - ▶ An on-line questionnaire launched during the first quarter of 2013 which generated more than 46.000 replies and consultations in Brussels [9]
 - ▶ Participants were asked whether group certification for organic agriculture should be allowed in the EU. Most of the respondents (70%) agreed.

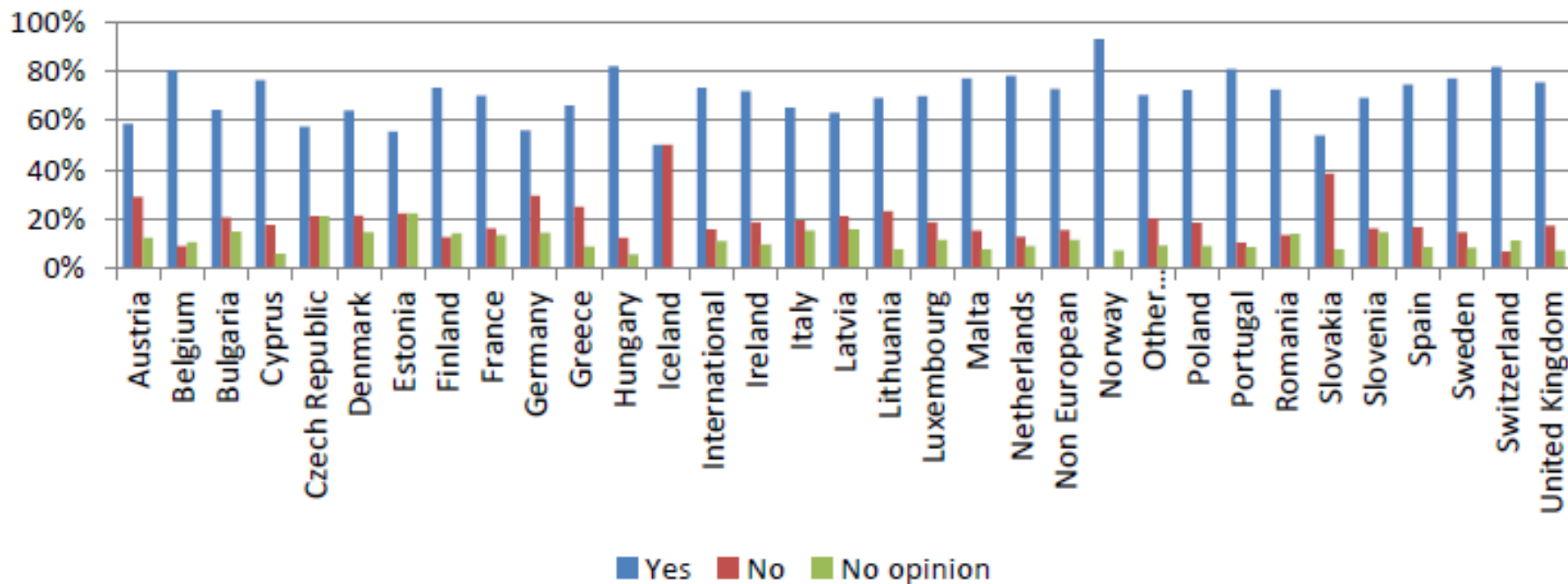
Percentage share of replies on acceptance for allowance of group certification in the EU by category of stakeholders [9]

Online questionnaire: do you think that group certification should be allowed in the EU?



Current debate in EU on GC (2/2)

Percentage share of replies on acceptance for allowance of group certification in the EU by country [9]

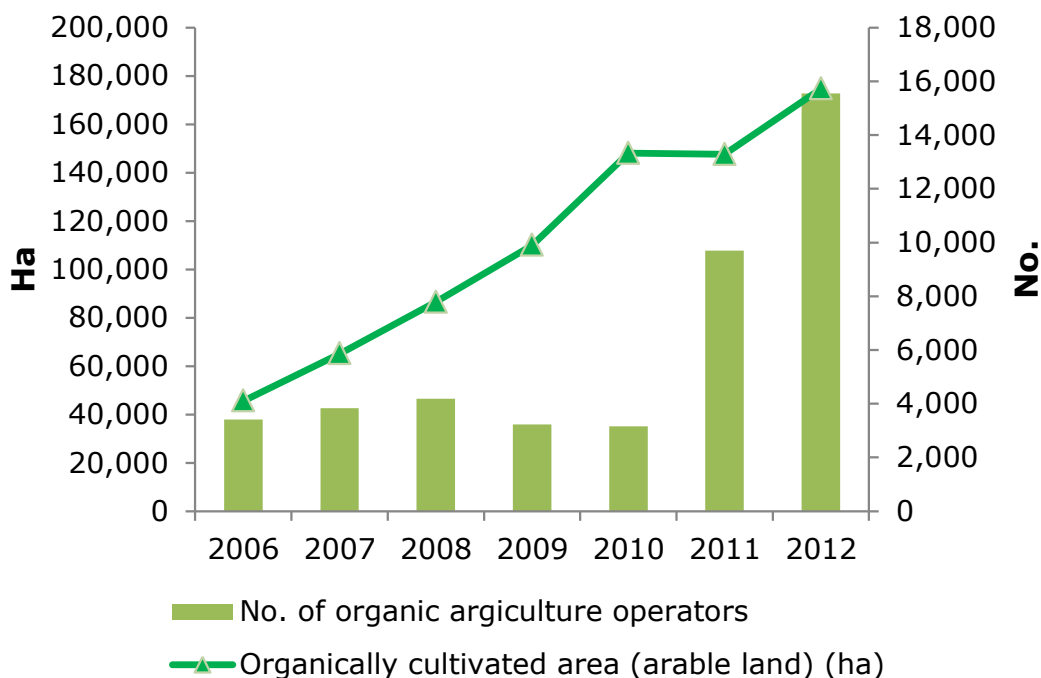


Arguments in support for GC

- ▶ GC is design to facilitate the access of smallholders to organic certification
 - ▶ The individual cost in group certification is smaller [9, 10, 11]
 - ▶ The cost for certification are disproportionate if large farms and smallholdings are compared, clearly on the disadvantage of the latter [9]
- ▶ GC is observed in both developing and developed countries
 - ▶ In developing countries local third party organic certification bodies are not always available [11]
- ▶ GC should mitigate the burden of administrative requirements implied by organic certification process, thus reducing obstacles to conversion to organic for small farmers [9,11]
- ▶ The proposed target segment for group certification in EU is the one of the small farms but the specific threshold for farms size is still under debate[9].
- ▶ The territorial dimension of the GC is also very relevant as organic certification could benefit entire regions [9]

Snapshot of the organic sector in Romania

The evolution of the no. of organic agriculture operators and organically cultivated area in Romania between 2006-2012

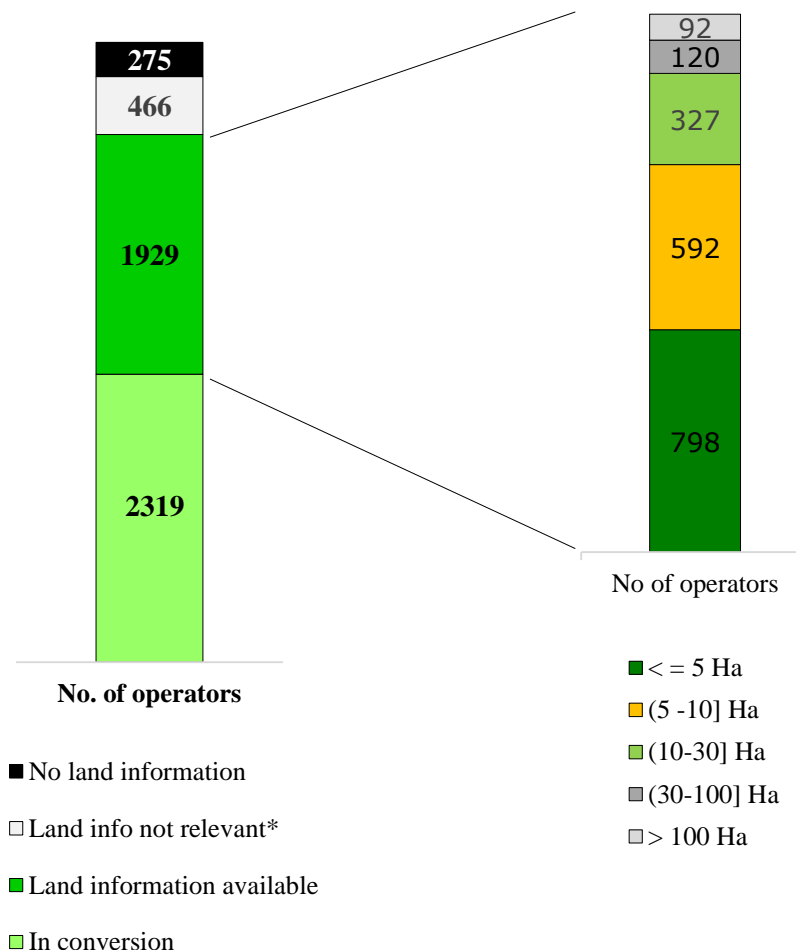


Source: MARD [12]

- ▶ Rather scarce information on the Romanian organic market
- ▶ A general trend of exporting raw materials (grains, honey) and importing processed goods
- ▶ Value of the organic market in Romania in 2010 is less than 1% ([13],[14])
- ▶ There is a lot of **growth potential** but a **good reputation** of the organic producers is imperative

The target segment of GC in Romania

- ▶ An analysis regarding the area certified as organic in Romania was conducted to investigate the potential target group for the group certification.
- ▶ A sample of 4.989 of organic certificates was analysed, representing 33% the 14.873 valid organic certificates recognised by the Ministry of Agriculture and Rural Development for the year of 2013.



* Apiculture, aquaculture, collection from the wild, traders, processors

The potential impact of the GC in Romania

- ▶ GC is relevant for the Romania and at least a significant number of already certified operators could benefit
 - ▶ Relevant also for Bulgaria, Hungary, Poland, Portugal, Greece, Italy and the Baltic States [9].
- ▶ Most probably the major concern when it comes to implementation of GC in Romania: the difficulty that is observed at the moment in the market in forming any kind of association or cooperative
- ▶ Subsidizing the cost of certification (either individual or group certification) might lead to an increasing no. of certified organic operators in the Romanian market => different subsidies scheme means more or less impact

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Thank you!

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