

Organic Agriculture Market Development 'Working towards a robust and independent sector'



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Fact sheet from the portfolio of the Department of Trade and Industry version January 2008

Status

The programme is a success; organic product sales have exhibited significant growth. The agreement partners are eager to continue in a third agreement for progressive development and independence of the chain.

Facts and figures

- Agreements were reached in the national government for more sustainable catering by 2010, at least 40% of which should be organic.
- Research showed that lowering the price is not a deciding factor to buy more organic products.
- In 2006, the total organic market share was 2%. The growth per organic product group is about 10% per year. Due to growth of the total market, the market share for organic products remains limited.
- Compared to the surrounding countries, the Netherlands achieves average results. Germany (3.0%) and Switzerland (4.5%) have a higher market share, while the United Kingdom (1.3%), France (1.1%) and Italy (1.6%) score lower.
(Source: Biomonitor, Biologica)

Period

2008-2011

Parties involved

Within the Ministry of Agriculture, Nature and Food Quality (LNV), the Departments of Trade and Industry, Agriculture, Knowledge, Regional Affairs, and Food Quality and Animal Health; parties to the agreement which include: Biologica, Veneca, Rabobank, Triodos Bank, CBL, LTO, and the Federation of the Dutch Food Industry (FNLI).

More information

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Organic agriculture achieves high scores on sustainability, association and expansion, making it highly compatible with the government ambitions for sustainable agriculture. In view of the results achieved in the organic sector and the market developments, two ambitions have been formulated for 2008-2011. The first ambition is to associate organic agriculture with pioneers in the field of sustainability, thus promoting the exchange of knowledge. In addition, the government challenges the sector to reinforce the ties to society. This ambition is also linked to the target for 10 innovations from the organic sector to be applied in general agriculture. The second ambition is to develop organic agriculture into an independent and robust sector that has such tangible targets as an annual growth of 10% in consumer spending on organic products and 5% related growth.

Context

The organic sector is doing well. The demand for organic products is currently increasing so rapidly that the supply can hardly keep up. The organic sector has become professional in recent years. Cooperation in the chain is off to an excellent start: organic products are more visible in stores. The challenge is to maintain the growth in the coming years so organic agriculture can develop into a robust sector that can continue market development independently in future. To that end, the government, entrepreneurs, banks and civil society organisations are signing one final agreement to work together on fine-tuning the positioning of the organic sector.

Effects

The third Agreement on Organic Agriculture Market Development is an important step towards increasing the progressive independence of the sector. Government support will be cut back in the coming years. A media campaign, approach by chain managers, attendance at international fairs and incentives to formulate plans in the various sectors are all part of the approach.

Particular aspects

As per 2009, it will be permissible within the EU to include certified organic ingredients in composite products. This extends the options for innovation and creates new sales opportunities for organic production. The Ministry also wants to count foods used by entrepreneurs converting to 100% organic production towards the percentage of organic catering, to enhance the value of these products as well.

Challenges

The balanced growth of all the links in the organic chain are important to creating a robust and independent sector. Advances can still be made in improving logistic processes, developing composite products that contain organic ingredients, and ensuring that products in transition can be identified. Special attention goes to the continued development of the sales channels in the catering and healthcare institution sectors.

Compatibility with Ministry policy

Agriculture is under pressure in the Netherlands. There is limited space and prices are low. Differentiation based on alternatives and exchanges with other countries serves to strengthen the trading position and also contributes to increased sustainability.

Benefits

The price of organic products will come down and organic products will be promoted. This will stimulate consumer demand and increase sales.