SOIL ASSOCIATION TRADE SUPPORT | *EXPORT SUPPORT PROGRAMME*

TERRITORY GUIDE | *WESTERN EUROPE*

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INTRODUCTION

It's close to home, the regulations are the same and its organic market grew by an average of 6% in 2012. The western European market, dominated by the Alpine nations remains the most significant volume and value export market for UK organic businesses. You may already be familiar with the opportunities presented by our neighbours, but you might also be surprised by what they are doing differently.

This guide provides regulatory, market information and insights relating to the key organic market of France, Germany and Holland.

SOIL ASSOCIATION SUPPORTED EVENTS

BIOFACH | GERMANY, FEBRUARY 11 – 14, 2015

Europe's longest establish and certainly the world's largest organic trade show, BIOFACH celebrated its 25th anniversary in 2014 by welcoming 42,000 visitors and more than 2000 exhibitors from 140 countries (68% from the EU). According to the UK Pavilion organisers PS8, BIOFACH has one of the highest lead conversion rates of any major global food show. With the EU organic market averaging 6% growth rates, this remains a very important show for UK organic businesses.

The Soil Association have long had a presence at this important event, in both a trade and policy/standards capacity. In 2014 we became a supporter of the UK pavilion, ensuring we are on hand to support all our licensees exhibiting at this event. If you would like to know more about exhibiting, please contact Karen Beeston at PS8 direct - karenbeston@ps-8.com

OTHER TERRITORY EVENTS

ANUGA | GERMANY, OCTOBER 10 -14, 2015

Not specifically natural , or organic, but Anuga is the world's largest and most important food and beverage fair — for new markets and target groups, for all the trends and themes. With 6,777 exhibitors, this fair fills the world fifth largest expo centre. Anuga takes place biennially, alternating with SIAL.

SIAL | FRANCE, OCTOBER 19 -23, 2014

Another important EU food shows attracting 5,890 exhibitors from 100 countries SIAL boast the world's largest observatory in the sector. SIAL takes place biennially, alternating with Anuga

Growing from €2Bn to €4.1Bn, the organic sector has doubled in the period 2007 to 2012, with 7% in 2013 alone. Processor and retailer numbers have also nearly doubled, growing from 6,400 – 12,300. Organic land has increased by 85% and the number of organic farms has doubled 12,000 – 24,500. The French have a very positive image of organic; 86% think that it contributes to saving the environment, and 83% think that the products are produced more naturally without chemicals or synthetics. 75% parents want their children to eat organic products at school and 59% would like organic in their workplace canteens. Currently (2013) 56% restaurants overall serve some organic within their menus.

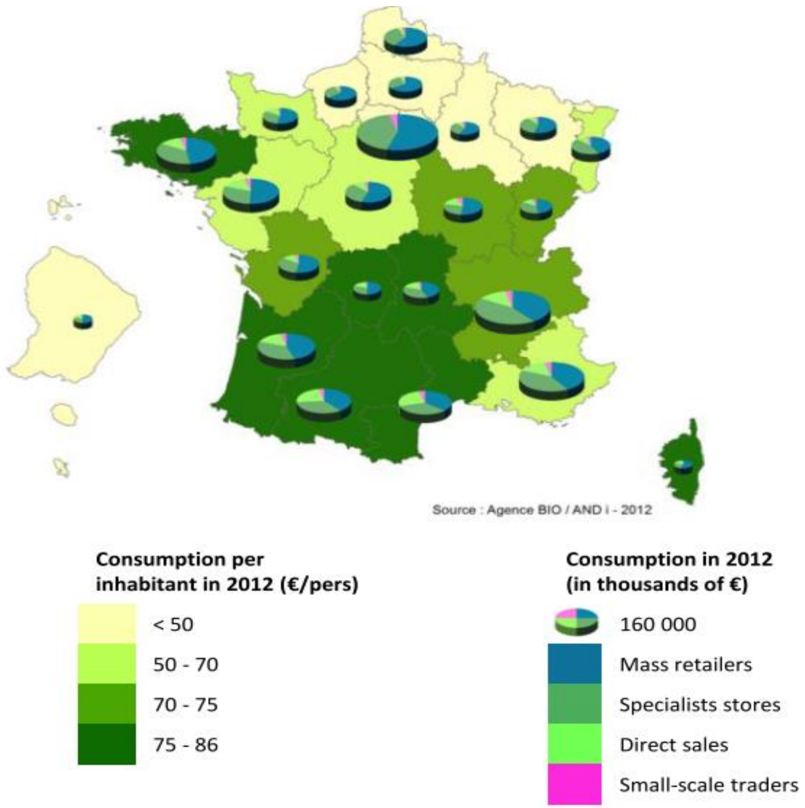
Organic represents 2.4% of the overall food market in France, 15% of eggs and 9% of milk, 6% of produce, Catering +7% in 2012. Market is made up of supermarkets 47%, specialist chains 27%, indies 9%, artisans 5% and direct sales 12%.

Biggest product areas are: milk, eggs, wine, and sweet products. Sales of the key areas happen in different channels and is dependent on the product:

- MFP, 61% is bought in supermarkets where as only 46% of Grocery and 31% of Produce
- Grocery and Produces tend to be bought in the specialist organic retailers
- Wine is purchased through the specialist retailers and directly
- Milk is mainly bought in the supermarkets

Regarding imports, different sources conflict. Agence Bio claim 75% of all organic products are sourced in France, whereas Sutralis suggest imports account for more than 60% of organic food. Wine is the biggest export accounting for 58% of all organic export. There are big regional differences in buying organic; the highest levels of consumption are in South West and in Normandy.

Organic value per capita by geographic distribution and retail channel – France 2012:



The French organic market has been significantly boosted by Agencie Bio's – 'Ambition Bio 2017' plan. The plan benefits from significant agricultural subsidy for organic (€ 160 p/a initially) together with further specific funding for market development, consumer information and research.

Breakdown by Sector:

Produce	16% (+10.7)	**Grocery**	25.6%(+7%)
Bread/flour	8.5(+1.4%)	**Dairy**	20.5%(+1.8)
Drinks	15.6(+13.6)	**MFP**	13.2(+4.9)

MARKET STRUCTURE | FRANCE

The structure of the sales channels in the French organic market is very different to the UK. Large supermarket groups only have approx. 55% sales versus approx. 75% in UK. Organic is very accessible through well-established independent retail chains, which a have a presence across the whole country and are familiar 'household brand names'

Online is not really important for organic yet and only accounts for 1% of current sales. The national action plan is well supported and influenced by the majority of processors/producers through SYNABIO (a type of trade union for organic, influencing government to 'push ahead' and keep developing the market and the supply base).

Organic food goes into school menus as part of the national action plan. There is a target of 20% of the food to be organic within 5 years. Children are seen to be important future users and buyers of organic

Retailers - Carrefour & Auchan are the key large supermarkets for organic. Both have created a 'shop in shop' approach and stock on average 1500-2000 lines. Most everyday products are available as organic options.

There a number of independent retail chains, as follows:

- Biocoop is the largest with 336 stores nationally, yet concentrated in North West and South East where consumers tend to be more focused on local purchasing and supporting local co-operatives. Set up in 1987
- La Vie Claire – 220 stores, set up in 1948 by Henry Charles Geffroy: approx. 6000 lines
- Bio C' Bon – 36 stores
- Nature- Bio – 12 supermarket type organic stores
- Naturalia – concentrating on Non Food as well as food, with a health focus. Approx. 50 stores with an online shop
- Agence Bio also have a number of independent shops accredited by them, and identified by their license number

Other key import/export wholesalers include:

- Legros Bio - www.legrosbio.com
- Euronat - www.euro-nat.com
- Rapunzel - www.rapunzel.fr

THE CONSUMER | FRANCE

Key Statistics 2012/13:

- 64% of French consumer bought organic
- 3% of all French food spend is on organic
- 15% consumers are dedicated to organic
- 30-40% buy half their basket as organic
- 50% are infrequent purchasers and the retailers do not know them very well
- Older, 50+, good salary, know a lot about food
- Younger < 30 new interest in food sourcing and health
- 30-50 year olds want to spend money on holidays, houses and material things and less on food, they are difficult to reach
- 68% believe it is 'natural' to pay more for organic
- 30% buy from large multiple retailers and around 30% buy from specialist independent

Main Motivators:

- Health and family health remain the number one motivator
- Provenance and sourcing and supporting local, French producers
- Wanting to know the truth about their food
- Environmental concerns e.g. paper bags in shops, less packaging on fruit & veg
- Less mention of 'lack of pesticides or animal welfare'

REGULATION & CERTIFICATION | FRANCE

Western European countries come under the control of EU regulation. Any food product sold as 'organic' falls under the EU regulations 834/2007 and 889/2008. This means that the product must have been produced to these regulations and inspected and certified by a registered EU certification body. Currently non-foods (e.g. textiles and health & beauty products) are not covered by the scope of this regulation.

Importing: Products may be imported into the EU and sold in the EU as organic if they meet EU regulations. Certifiers in the member state that controls the port of entry must certify the importer of the product and determine if the existing non-EU certification is acceptable. The EU has specific codes for both EU and non-EU certifiers. Codes are specific to the country (EU or non-EU - where the certifier inspected the final packing of the product), the certifier in that country (EU or non-EU) and may only cover certain product categories.

If the certifier of the exported non-EU product is not approved by the EU, then there will not be a code for the product to carry. In such instances the importer and their EU certifier must seek specific approval from their relevant gov. control body. Also note that although there may be a certifier/country code issued, it may not cover all product categories.

French Certification is covered through Agence Bio, a government body; the European logo is now prominent on all products. ‘Agriculture Biologique’ is still used widespread and sits on pack alongside the European logo.

How to Obtain:

If you would like further information about attaining certification please contact our Trade Support team on: 0117 914 2406 or email goorganic@soilassociation.org.

EU Organic Logo

Agence Bio Logo

THE MARKET | GERMANY

Germany is the second largest organic market in the world and presents good prospects for UK exporters. The German organic market is heavenly dependent on imports to meet consumer demand. Sales of organic foods have increased in recent years, peaking in 2012 at over €7 billion. That’s nearly a third of the total organic food sales in the European Union and about 4% of the total food sales in Germany.

Since 2000, sales of organic food in Germany have more than tripled but domestic production has failed to keep pace. Increasing demand has largely been covered through Increased imports. The growing share of imports is supported by a number of factors, including price increases for conventional products, high sale and rental prices for agricultural land, and uncertainty about the financial support for organic farming.

MARKET STRUCTURE | GERMANY

Retail Channels - Organic food sales in Germany are split between traditional food retail companies and specialty organic food stores. Traditional food retailers accounts for one half of the organic food sales in Germany, and about half goes to specialty independents. It is estimated that there are over 2,400 organic food retail shops in Germany. Only "Denn's", the biggest organic food retailer, is nationwide. Other big organic food chains are regional or limited to a few cities.

Profiles of Top 5 Organic Retail Companies

Company	Sales (€Mil/2012)	Number of Outlets	Locations
Denn's	535	114	nationwide
Alnatura	516	80	Mainly in Southern and Western Germany but also in Berlin, Bremen, Hannover, and Hamburg.
Basic	111	25	Berlin, Rhine-Ruhr Area, Munich, Stuttgart, Frankfurt.
BioCompany	81	33	Strong in Berlin, and Potsdam but also in Dresden and Hamburg.
SuperBioMarkt	36	18	North-Rhine Westphalia and Osnabrück

Source: FAS Berlin

Other key import/export wholesalers include:

- Naturalis UG www.naturias-biotanicals.de
- Naturkost Ernst weber www.naturkostweber.de
- Biova www.Biova.de
- BIONIS www.bionis.de
- Gruener Punkt Natrkost info@gruener-punkt-naturkost.de
- Rapunzel www.rapunzel.de

THE CONSUMER | GERMANY

The frequency of Organic consumption among German consumers remains constant from 2012 – 2013. 22% say they frequently or exclusively buy organic food and 52% said they occasionally purchase organic products, 26% say they never purchase organic products.

As with the UK, the rising popularity of organic among young people continues. 23% of all BOLN consumer survey respondents less than 30 years old frequently buy organic, a 9 percent increase on previous surveys. In contrast, only 26% of all respondents between 50 and 59 years, only or frequently purchase organic foods. The proportion of the non-organic consumer has increased significantly within the 50 – 59 age group, up 9 percent. 19% of respondents say they never want to buy organic foods in the future, an increase of 4%.

Sharing information with other consumers of organic products is increasingly the most important factor to motivate interest for organic products or to strengthen existing purchasing habits (60%). The second most important is curiosity around new ranges and new products in supermarkets (52% - up 5% compared to 2012). Unchanged in importance is the role of traditional print media as an information source. Only 39% of all surveyed consumers specify newspapers or specialty media as their preferred source of information about organic food. Interestingly the Internet is losing acceptance with only 16% of respondents indicating they use it as a source of information, down 5% on 2012.

The key reasons for buying organic food in 2013, with movement since 2012:

1. Regional origin and supporting regional farms - 87%.*
2. Animal welfare is a top 85% (-9%)
3. Environmental pollution mitigation - 83%
4. Protection against food scandals - 59% (-5%)
5. Avoidance of pesticide residues - 52%
6. Quality – 50% (-11%)
7. Climate Change – 41% (+ 2%)

**The regional origin with increasing age becomes more important and has tended to have a greater role in East Germany than West Germany.*

REGULATION & CERTIFICATION | GERMANY

Western European countries come under the control of EU regulation. Please see p.8 of this guide for further details.

Germany & Austria – Numerous domestic certifiers in alpine states, in Germany brands may apply to carry the national 'Bio-Siegel' logo, which cross-certifier and commonly used alongside specific certifier logos (e.g Bioland, Naturland, IMO) and the EU logo.

How to Obtain:

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Bioland Logo

THE MARKET | HOLLAND

Turnover generated from organic food in the Netherlands increased to €1.07bn in 2013 and is estimated to represent 6-8 % in the organic sector as a whole and 9% just in natural food specialist stores.

Sales grew especially in the segments eggs, bread and fresh produce and were the result of large supermarkets expanding their product range of organic products. The Dutch organic industry has more than 1,500 certified organic farmers and 1,700 manufacturing companies are currently active in the sector, which employs around 100,000 people. Total spending on organic food products doubled in past 5 years. It includes sales at food retailers, HRI outlets and organic specialty stores but also at farmers markets and on farm.

With a market share of 2 to 2.5 percent, the organic sector remains a niche market, focusing on the most prosperous and progressive 15 percent of Dutch population.

MARKET STRUCTURE | HOLLAND

The leading sales channels, food retailers, HRI outlets and organic specialty stores, account together for 85 to 90 per cent of total sales of organic food products. Growth figures generated in supermarkets are most impressive (15%), while the lowest growth (still 8%) was achieved. Natural food specialist stores are the second most important after food retailers when it comes to the sale of organic products. In 2012, for example, conventional supermarket chains achieved 55% of the turnover, while specialist stores enjoyed a share of 30%. The restaurant industry accounted for 8% and other sales channels, such as weekly markets, farm-gate sales and Internet stores accounted for 7%.

Retailers and Wholesalers - Udea, Natudis and Odin are the largest three suppliers, and each has their own natural food specialist stores or a franchise system. Udea saw an increase of nearly 22% last year, from 74 million to 90 million EUR. Independently of its part owned retailers - EkoPlaza, Udea delivered to 500 other smaller independents and small chains of retailers and foodservice outlets in 2013. The 67 EkoPlaza stores generate a total turnover of 100 million EUR and about half of these belong to Udea. Natuurwinkel has its own franchise system. Odin is creating a chain of its own too, called Estafette.

115 of the 365 natural food specialist stores and health shops in the Netherlands are currently provided by Udea, Natudis or Odin, making the proportion just under one third. Natudis, which now belongs to Dutch group Wessanen, supplies approximately 9,000 items to 500 natural food specialist stores in the Netherlands and Belgium. 30 Natuurwinkel stores are tied to the Harderwijk based wholesaler by its franchise system. There were about 60 of these stores a few years ago, but most of the other 30 have now switched to EkoPlaza. Odin, which is a natural food wholesaler headquartered in Geldermalsen, prioritises Demeter goods. Representing one-third of the three wholesalers mentioned, Odin has started to build up its own trade channel to increase sales and there are currently 18 stores under the name Estafette.

In 2012 the turnover in cheese making category rose by 11% to a total of €218m, which equates to almost 5% of the organic market. This is very good compared to meat and sausages, whose market share is just 2.7%. The market share occupied by organic products in the Dutch food sector is growing. However, at 3.2% it was still a little behind Germany (3.9%) and leader Switzerland (6.9%). Holland has a long tradition of trade, and this includes the organic sector.

Other key import/export wholesalers include:

- DO-IT (Dutch Organic International Trade) www.organic.nl
- OTC - www.otcholland.com/organic/wholesale-organic-food-distributors.html
- DOENS (food Ingredients) - www.doensfood.com
- EOSTA www.eosta.com
- De Grone Weg www.degroeneweg.nl

REGULATION & CERTIFICATION | HOLLAND

Western European countries come under the control of EU regulation. Please see p.8 of this guide for further details.

The Key domestic certifier is SKAL who are part subsidised by the Dutch government to perform domestic certification of producers and processors to the EU regulation. SKAL International separated some years ago to become Control Union Certifications and now deal exclusively with non-food and international certification.

How to Obtain:

If you would like further information about attaining certification please contact our Trade Support team on: 0117 914 2406 or email goorganic@soilassociation.org.

SKAL Logo

SOURCES AND LINKS

www.sutralis.com

www.fibl.org/en/homepage.html

www.agencebio.org

www.organic-market.info

http://gain.fas.usda.gov

www.bmel.de

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http://www.soilassociation.org/trade