

MARKET OF ORGANIC PRODUCTS IN THE CZECH REPUBLIC AFTER ENTRANCE TO EU

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Abstract. The organic farming is an important part of agrarian policy of the Czech Ministry of Agriculture. It is perspective way of farming with new market with organic products (it is same expression as bio products). The organic agriculture develops new labor opportunities and country-side as well as it saves an environment. Development of organic farming offers chances for the Czech organic products on the European market. There is demand rising. Since the Czech Republic is a member of the EU the export divides into export to the EU and out of the EU more and more. The Czech market is not as developed and as well supplied with wide range of products as those in western countries, but its recent development shows it is changing and improving.

Key words: organic product, market, food, farming, Czech Republic

INTRODUCTION

Organic farming is a way of agriculture with specific requirements. In the plant production soil fertility is made by soil microbes and organic fertilizers to improve soil structure etc. A contour tillage is substituted by soil loosening. A soil cover is common by under sowing and mulch. Good rotation of crops reduces the incidence of weeds, diseases and pests.

Livestock is a part of nature cycle in the organic farming. Feeds are from own production of ecological farm. The livestock is kept in accordance with natural needs.

Organic (or “bio”) product is a product of organic farming that has been grown/bred under very carefully controlled conditions. The conditions are described in the Czech law about organic farming number 242/2000 coll. and its later modifications and controlled by accredited control organizations.

In the Czech Republic the organic farming started at the second half of eighty years of last century. Systematically it was developed from the ninety years due to state support. The second wave of the development came at 1998–2000 [Moudrý, Prugar 2002]. Nowadays the third wave of the organic farming development is coming.

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same expression as bio products). The organic agriculture develops new labor opportunities and country-side as well as it saves an environment. Development of organic farming offers chances for the Czech organic products on the European market. There is demand rising [Czech Ministry of Agriculture 2004].

ORGANIC AGRICULTURE IN THE CZECH REPUBLIC

The organic farming is framed by the Czech legal system as well as the EU law. The Czech law may be equal or stricter than in the EU. In the Czech Republic it is Act No 242/2000 coll. on Organic Farming as amended in Act No 30/2006 coll. The Act has been revised, reduced and simplified in order to eliminate duplicities with the EU legislation. Production of BIO Products and BIO Food is also determined by the Act No 110/1997 coll. on Foodstuffs and Tobacco as amended. The EU legal frame is specified in Council Regulation (EEC) No 2092/91 and Council Regulation (EEC) No 1991/2006. The EU has introduced European Action Plan for Organic Food and Farming that was modified according to local conditions and presented through Action Plan for Development of Organic Farming till 2010 in the Czech Republic (further only Action Plan).

Nowadays in the Czech Republic there are 963 ecological farms and 152 producers of organic foods. The organic farming is almost 7% from the Czech soil found in 2006.

MARKET WITH ORGANIC PRODUCTS

Market with organic products has own differences. Food demand is influenced by a range of factors – incomes, buying power, food prices, participation of expenses for food to family budget, alimentation practices, level of education and information. Demand about bio products has some specific factors. They are guaranteed origin, product quality, proceeding process control and so on. Consumption of organic products is a question of life style. It is effort to combine a city life style with a good nutrition and comeback to nature as well. The key for the rising of organic product demand is propagation and time, because the trend comes toward to the higher life level.

The Czech market is not as developed and as well supplied with wide range of products as those in western countries, but its recent development shows it is changing and improving. The sales increase along with increase of consumers' interest. The total retail turnover of organic food market increased 16.6% to approximately 180 millions CZK in 2003. In 2004 it was already 270 millions CZK which presents stunning 50% growths since 2003. In 2005 the turnover in organic food reached up to 480 millions CZE. It was astonishing 78% increase in comparison with the previous year 2004. In 2006 the increase was comparable to year 2004 (58%) [Václavík 2007].

The share of organic food on total consumption grew from 0.06 (in 2002) to 0.073% in 2003, in 2004 it was already 0.12%, in 2005 it rose to 0.25%, and in 2006 it reached up to 0.35.

As Václavík [2006] researched most organic products are sold through hypermarkets and supermarkets. Their share is 57% of all sold organic products in the Czech Republic during the year 2005. About 37% of these products are sold through specialized shops and

shops with healthy products. Customers mostly know the seller, but only rarely producer or farmer. The share of specialized healthy nutrition shops is increasing on the contrary to sales through super and hypermarkets.

In the study presented by Synergy marketing and GFK Prague [2006], the sellers (about 76%) explain the reason why they do not sell organic products is that there is no demand, 18% of them say no distributors offered them such goods, and 2% of them say that there is not sufficient promotion, 2% of the sellers have lack of space and at 2% of them cases there is a specialized shop nearby. 70% of retailers also mentioned that customers do not ask about organic products, 24% said only few customers ask and 6% noted that from time to time somebody asks. 78% of sellers were never offered organic products for sale and 42% of them would not like to examine to sell them. The main reason for denial is low demand of customers and high price as well as lack of sale space. 40% of the retailers believe that high price is the reason for low demand. Another 30% believe that the reason is lack of information, promotion, and low awareness of the customers.

IMPORT AND EXPORT

There is a big share of import in the Czech organic market. The processing industry in the Czech Republic is insufficient and therefore the space in the market is taken by foreign producers. The situation is slowly improving, but there is still a lot to be done. Part of the difficulties is also caused by bad marketing tactics of farmers/producers who are professionals in production however do not master marketing and management, but this problem is already recessive.

Since the Czech Republic entered the EU the import increased. The increase was caused by dissolution of tariff barriers as well as due to the fact that the EU organic products do not need to be recertified. Foreign organic producers are very interested in the Czech market. The import of organic products has more than tripled since May 2004 till September 2005.

A big share of organic farming exports are raw products from farms. Further processing is performed in foreign countries as the processing industry in the Czech Republic is insufficient therefore a part of Czech organic production is exported abroad to be processed and some of it returns back in import. The main commodity for export is wheat and about 75% of produced herbs. One of the greatest Czech exporters is organization named Sluneční brána s.r.o. (Sun Gate) that processes and exports teas and spices.

Export to the EU is hardly measurable as the data is no more accessible. It is also not possible to find out what the Czech export numbers out of the EU are as the goods may be exported through one or more other countries.

CONCLUSION

More than 100 thousand of farms manage by organic way in the European Union. Their land area is about 5 millions hectares. In the Czech Republic the organic farming have a good prediction. The prognoses about organic food market are very good. It is

supposed the sales rising about 30%. A question of finances affects the organic market mostly. Prices of organic product are higher than the process of common products. The reason is a costingness of organic food production.

Admission of the Czech Republic to the European Union brings some changes in the organic food market. Since the Czech Republic is a member of the EU the export divides into export to the EU and out of the EU more and more. Information about organic products is increasing now, but consumers are less informed about organic food and farming. There is a need for active communication.

Some national organic market leader is important. This leader is able to push total national market; he is able to influence development of total market as well. In the Czech Republic is not enough domestic organic food available in supermarkets: fresh produce, milk, meat – poultry and pork, eggs – there is a need to closer co-operation between retailers and suppliers. The need is also attract more consumers with organic by telling stories about farmers and specifics/benefits of the organic production process.

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RYNEK PRODUKTÓW ORGANICZNYCH W REPUBLICIE CZESKIEJ PO WEJŚCIU DO UE

Streszczenie. Rolnictwo organiczne stanowi ważną część polityki rolnej czeskiego ministerstwa rolnictwa. Rolnictwo organiczne rozwija nowe szanse zatrudnienia na obszarach wiejskich jak również chroni środowisko naturalne. Rozwój rolnictwa organicznego stanowi szansę dla czeskich produktów organicznych na rynku europejskim z uwagi na rosnący na nie popyt. Od czasu wstąpienia Republiki Czeskiej do UE, znacznie pogłębiła się dysproporcja między eksportem do UE i eksportem do innych krajów. Czeski rynek nie jest tak dobrze rozwinięty i zaopatrzone w szeroką gamę produktów jak inne zachodnie rynki, ale ostatnio jego rozwój wskazuje na zmiany i poprawę sytuacji.

Słowa kluczowe: produkt organiczny, rynek, żywność, rolnictwo, Republika Czeska