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Report Name: Organic Sales Continue to Rise - Despite Difficult Economic Situation

Country: Austria

Post: Vienna

Report Category: Agricultural Situation, Special Certification - Organic/Kosher/Halal

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Report Highlights:

In 2022, Austrian organic sales reached $2.94 billion, a new high, and remain at a high level in 2023. Despite a difficult market environment with high inflation and a significantly increased cost of living, organic sales increased by over five percent compared to 2021. Austria is still one of the leading countries in organic production and consumption within the EU and the world. There are good market prospects for U.S. organic products which are not locally produced.

Summary

Austria is a leading country in organic production and consumption. It has the highest percentage of agricultural land under organic management within the European Union (EU) and one of the highest per capita expenditures for organic products. The RollAma[1] survey for 2022 reports Austrian organic sales at $2.94 (€2.69 billion), which is a new high. Despite a difficult market environment caused by high inflation and a significantly increased cost of living, organic sales increased by over five percent, or $177 million (€162 million), compared to 2021. Organic purchases of food retail remained stable at 11.5 percent during the first half of 2023. The most important organic outlets are conventional supermarket chains. There are good market prospects for U.S. organic products.

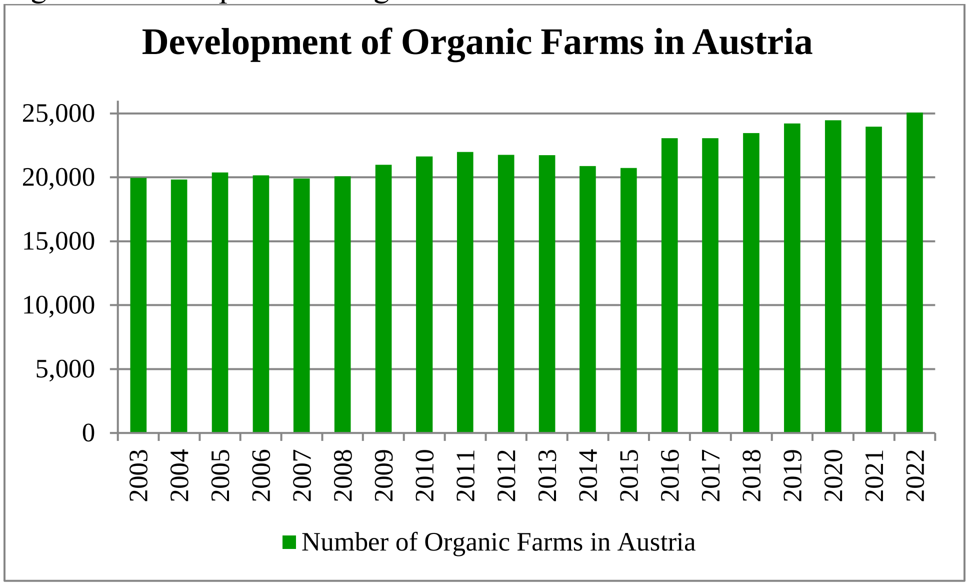
Organic Production

Austria has the highest percentage of agricultural land under organic management within the European Union. The government first recognized “organic” as a production method in 1927. Due to changing government support measures in the 1990s, a large number of farms shifted to organic production. Austrian organic production and consumption is on a steadily rising trend. Within the last twenty years, the number of certified organic farms increased by 35 percent. During the same period, organic acreage increased by 44 percent. In 2022, 28 percent of Austrian agricultural area and 23 percent of all Austrian farms were managed organically. This amounts to 705,800 ha organic farmland (includes area used for row crop, horticultural, and livestock production) and 25,081 farms.

In 2022, about 25 percent of all arable land (area in crop production) was dedicated to organic production (almost 291,000 hectares). The most important organic crops are winter soft wheat, soybean, corn, spelt wheat, rye, oil pumpkin, and winter triticale. Fodder production is also an important sector in organic farming. Almost 40 percent of fruit orchards, about one third of pastures, and 22 percent of vineyards were organic in 2022. About 23 percent of cattle, including dairy cattle, were raised using organic production methods. Organic pig production only accounted for about 3 percent of all pig production, whereas 53 percent of goats, 30 percent of sheep, and 28 percent of poultry operations were organic.

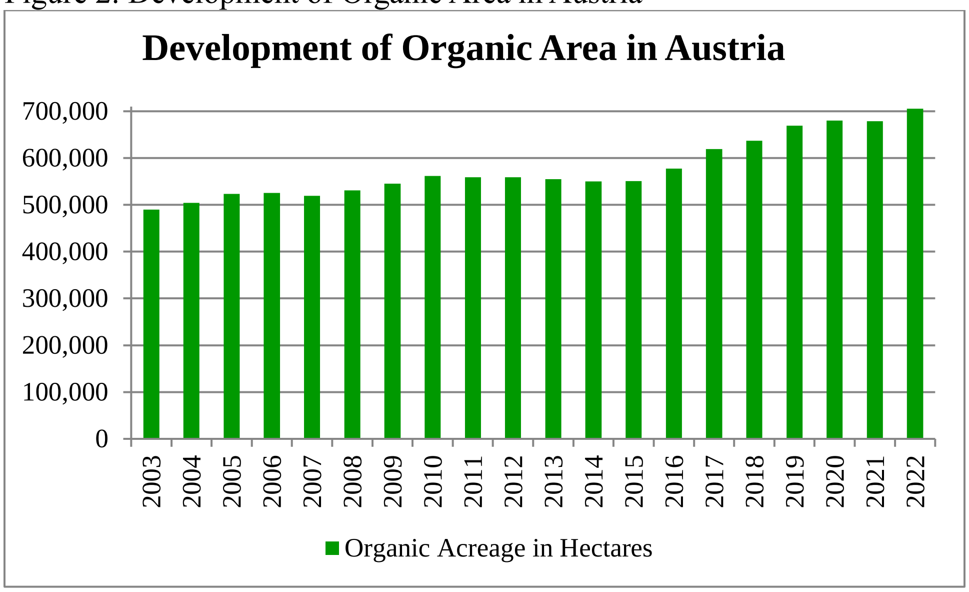
[1] RollAMA is a quarterly agricultural and food marketing study conducted by keyQuest by order of Agrarmarkt Austria Marketing – “AMA” Marketing.

Figure 1: Development of Organic Farms in Austria



Source: Federal Ministry of Agriculture, Forestry, Regions, and Water Management (BML)

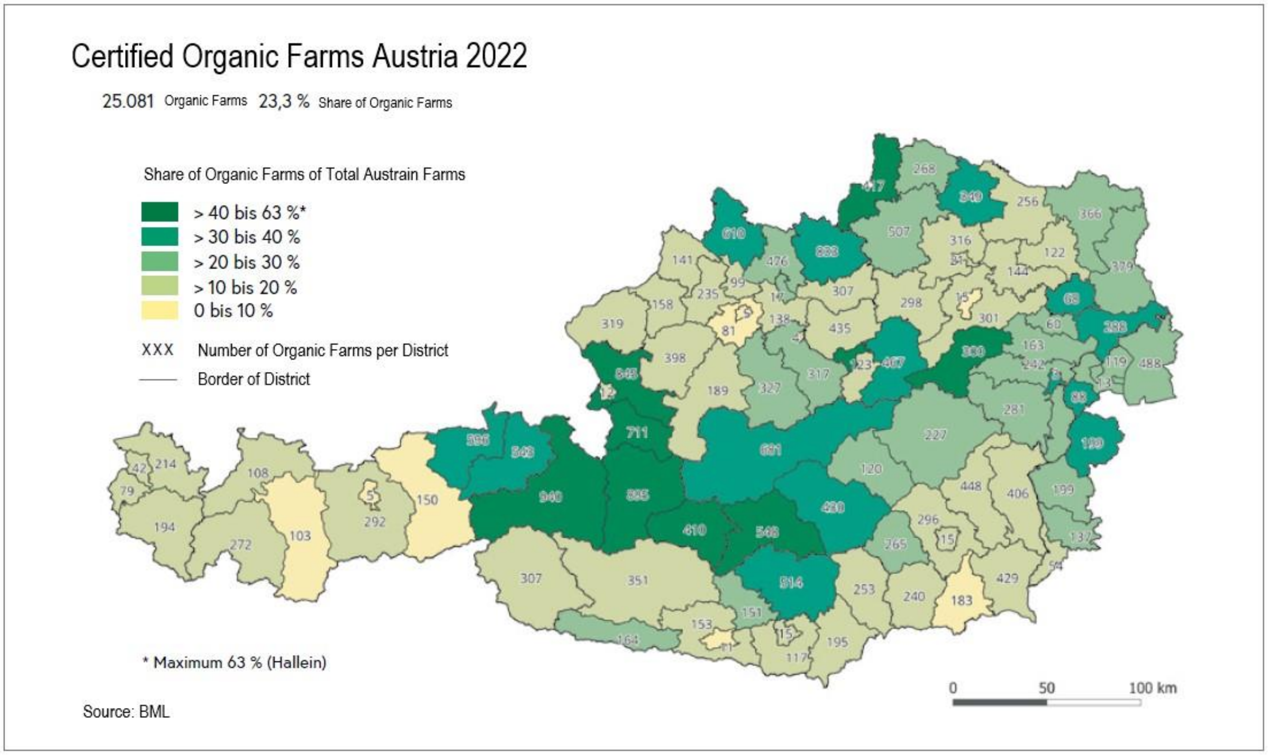
Figure 2: Development of Organic Area in Austria



Source: Federal Ministry of Agriculture, Forestry, Regions, and Water Management

At 50 percent, Salzburg is the federal state in Austria with the highest share of organic farms, followed by Vienna (33 percent), and Burgenland (29 percent).

Figure 3: Distribution of Certified Organic Farms within the Austrian Territory (by Political Districts)



Source: Federal Ministry of Agriculture, Forestry, Regions, and Water Management

Organic Consumption

Austrian organic production strives to meet high demand (i.e., consumption). Per capita expenditures of organic sales in Austria are one of the highest in the world. Organic food products have developed from a niche market to having a significant market share.

According to RollAMA analysis, almost all Austrian households purchase organic products at least occasionally. Frequency of organic purchases and quantity of organic purchases per Austrian household are on a rising trend. The RollAma survey shows sales (food retail, direct sales and organic specialist retailers, catering) of $2.94 billion (€2.69 billion) for the overall organic market in 2022, a new high. Despite the difficult market environment due to high inflation, organic sales increased by over five percent or $177 million (€162 million) compared to 2021. That is a half billion increase compared to 2019 sales.

With a share of 11.5 percent, organic purchases in food retail remained stable in the first half of 2023 compared to the whole of 2022. In light of the massive increase in cost of living, this is rather surprising. The dynamic growth of organic food products has weakened somewhat, but the share remains largely stable. Especially when it comes to fruit and vegetables, the course is clearly going in the direction of organic. Dairy products from organic production are stagnating at a high level. Organic meat is also being consumed more often than two years ago. Additionally, the price differences between organic and conventional goods have become smaller, which has also impacted sales organic shares positively.

Policy

Austria's farm policy favors small-scale and sustainable agriculture. Organic farming has received financial support since the 1990s. Austria supports EU policies that limit subsidies for large farms, are linked to environmental programs, and promote lifestyle concepts such as "sustainable," "organic," "range fed," "alpine," and regional farming. In Austria, there is high potential for environmental ("green") interests and issues to dominate the agricultural agenda. Organic farm management is in line with these aforementioned, highly promoted concepts.

The coalition currently leading the Austrian Federal Government has anchored the strengthening and further development of organic agriculture in its coalition agreement. Agriculture Minister Norbert Totschnig emphasized in a press release that Austria already has over 25 percent of its agricultural lands in organic production, meaning that it already met the EU target for 2030. As a result, he has expanded this goal for Austria by aiming to have 30 percent of agricultural land under organic management by 2027. The increase of organic land should be supported by the so-called "Action Program Organic Agriculture 2023." The action program includes supporting the EU Green Deal goals for Agriculture, considering the measures of the EU organic action plan, implementing the organic regulation 2018/848, and increasing demand for organic products.

The "Organic Farming" measure remains the most significant measure of the Austrian agricultural environmental program (ÖPUL). Slightly over a quarter of ÖPUL payments go towards organic farming.

Market Outlets

Conventional supermarket chains and discounters dominate the Austrian organic market. About 80 percent of organic sales originate from this category. All big food retail chains have their own organic label. In 1994, the food retailer REWE group Austria started with the organic brand name "ja! Natürlich" in its "BILLA" supermarket outlets https://www.billa.at/Startseite/Startseite/dd_bi_mainpage.aspx. Several supermarket chains followed this example. The second largest food retailer in Austria, "Spar," launched the brand name "Natur*pur" and the third largest food retail player in Austria, the discounter "Hofer," introduced its brand "Zurück zum Ursprung".

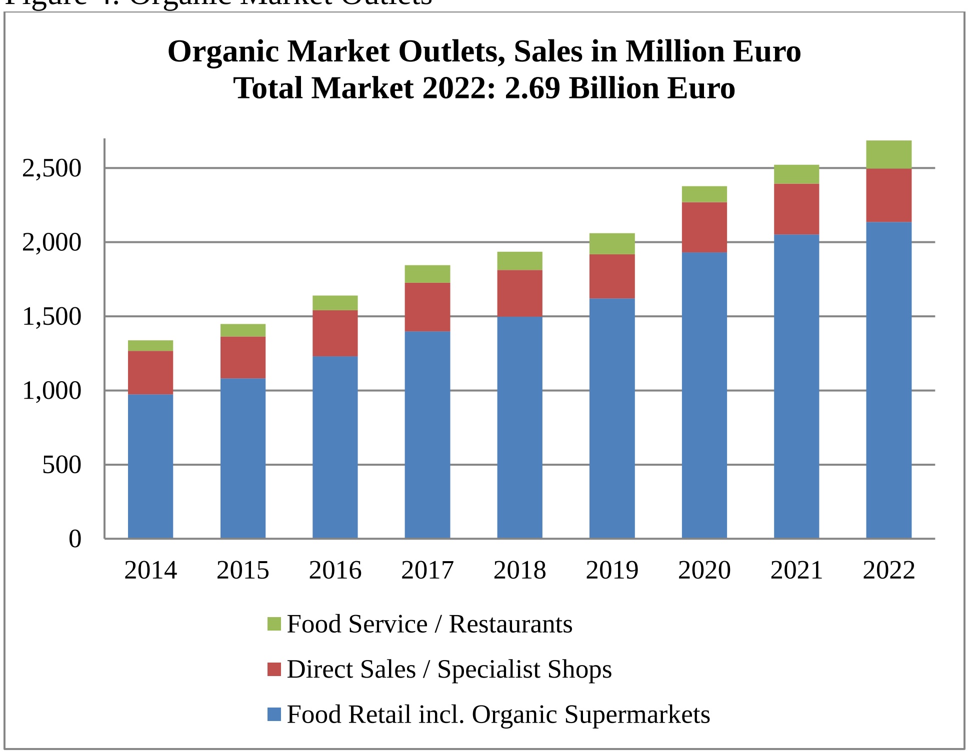
Image 1: Most Important Organic Brands

Organic brands of the three biggest food retailers in Austria

Specialized organic shops also play an important role. Food catering in the public and private sector are an additional growing marketing channel for organics. Organic sales in the catering industry in particular are showing a positive development. The share of total sales increased from five to seven percent from 2021 to 2022, this corresponds with an increase in sales of $67.8 million (€62 million).

In 2022, the total Austrian organic market is estimated at $2.94 billion (€2.69 billion - latest available data).

Figure 4: Organic Market Outlets



Source: AMA Marketing

Organic Seals

AMA Marketing, among other things, licenses the AMA organic logo which is the official Austrian organic seal. The AMA organic logo exists in two versions: one is colored red, white and black and indicates that the majority of its ingredients are of Austrian origin. The other is black and white and indicates that the ingredients originate mainly from foreign countries. On packaged organic products, it is mandatory to also include the European Union's (EU) Organic Logo on the label. The EU logo may voluntarily be used on non-packaged organic products.

Image 2: Official Austrian and EU Organic Seals

The official Austrian organic seal

EU official organic seal

Trade

Data regarding Austria's organic trade volume is severely lacking. The tariff codes of the European Union do not distinguish between organic and conventional products. There are also difficulties tracking transshipments. Austria's most important trading partners on organics are its neighboring European countries. Exports mainly go to Germany, Italy, United Kingdom, and The Netherlands. Imports are increasingly coming from Eastern European countries.

The main marketing channels for importing organic products are direct imports by supermarkets, imports by a wholesaler under a contract with a supermarket, and specialized importers for organic products.

Import Regulations

In 2012, the United States and the European Union signed and implemented an organic equivalence arrangement. The arrangement broke down most of the trade barriers for organic foods created by two different certification schemes for the U.S. and the EU market. With the mutual recognition of the EU and the U.S. schemes market access for both the European Union and the United States has been simplified to the benefit of both partners. The arrangement has proved to be a good example of how the United States and the EU can recognize each other's systems and work together across borders.

All organic products traded under the partnership must be shipped with an organic import certificate. This document lists the production location, identifies the organization that certified the product as organic, verifies that prohibited substances and methods were not used, certifies that the terms of the partnership were met, and allows traded products to be tracked.

Both parties are committed to ensuring that all traded organic products meet the terms of the partnership, retaining their organic integrity from farm to market. The European Commission's Directorate General for Agriculture and Rural Development and the USDA National Organic Program—which oversees all U.S. organic products—both have key oversight roles. This arrangement only covers products exported from and certified in the United States or the EU.

Please use the following link for more information on the arrangement including requirements, certifying agents and the import certificate: https://www.ams.usda.gov/services/organic-certification/international-trade/european-union

U.S. Market Opportunities

For many in-demand organic commodities, Austria and the European Union are largely self-sufficient. There are even some areas where organic foods are in surplus and sometimes must be disposed of through conventional marketing channels. However, for some commodities which are not locally produced, there are good market prospects. For instance, demand for organically produced dried fruits and nuts, mostly as an ingredient for cereals, bakeries, and snacks, is on the rise. U.S. producers already dominate the market for conventionally produced dried fruits and nuts (almonds, prunes, raisins); there is a parallel opportunity for organic exports. Other organic products with good prospects include, but are not limited to, organic soybeans, popcorn, snack foods, tropical fruits, and chocolate.

The Organic Trade Association (OTA) has a wealth of information and experience in helping U.S. companies in their endeavors expanding business overseas. Information about the OTA and how they can help the U.S. organic industry can be found on https://ota.com/.

Trade shows are excellent venues for U.S. exporters to make contact with potential business partners, to conduct product introductions, and to gauge buyers' interest. Since Austrian buyers go to the big European food trade shows, it is recommended that U.S. exporters attend those shows.

BIOFACH (https://www.biofach.de/en) is the largest international trade show for organic products in the world. BIOFACH is USDA-endorsed.

Fruit Logistica (www.fruitlogistica.com/) is a regional (European) trade show with a global audience that attracts buyers of organic fresh produce, nuts, and dried fruits. This show is USDA-endorsed.

U.S. exporters of organic food ingredients should consider exhibiting or visiting **Food Ingredients Europe** (https://www.figlobal.com/fieurope/en/home.html; USDA endorsed), or **Vitafoods** (https://www.vitafoodsglobal.com/en/home.html) trade shows. These shows attract many in the food processing industry.

Finally, trade shows like **ANUGA** (https://www.anuga.com/**)** or **SIAL (**https://www.sialparis.com/**)** attract buyers of specialty and retail-ready products and are therefore best suited for exporters of U.S. organic processed products like confectionary products, snacks, and baby food.

More detailed information about the USDA-endorsed shows in Europe can be found at: https://www.fas.usda.gov/topics/trade-shows.

Post Contact and Further Information

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

FAS Homepage: https://www.fas.usda.gov/
FAS Europe www.fas-europe.org
U.S. Mission to the European Union https://www.usda-eu.org/

If you have questions or comments regarding this report, please contact the U.S. Agricultural Affairs Office in Vienna at the following address:

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Attachments:

No Attachments.