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Romania

Organic Products

Organic Agriculture in Romania

2008

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Report Highlights:

The value of organic agricultural production in Romania expanded by over 40% in 2007, reaching USD102 million. Retail products are becoming more widely available, and local consumption has increased. In 2007, over 200,000 ha of farmland were cultivated organically. Exports continue to account for 90 percent of the value of Romania's organic production. The first organic specialty shop opened in Romania in 2007, and is being expanded in 2008. During the period 2007-2013, Romanian farmers will have access to USD 390 million in EU funds.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1]
[RO]

Regulatory Framework

Romania's organic agricultural law is based on a collection of ministerial orders, parliamentary decisions and emergency ordinances. The resulting regulatory body requires independent organizations, approved by the Organic ("Ecological") Agriculture Department of the Ministry of Agriculture, to conduct initial certifications and regular inspections to guarantee that all principles laid out in applicable ordinances are being followed at farms and processing facilities. Currently there are 14 certification agencies operating in Romania. Producers have commented that the resulting competition has driven certification and inspection prices to very low levels.

If a producer has been properly certified, his/her products may carry the national organic label approved by the Ministry of Agriculture (Figure 1).

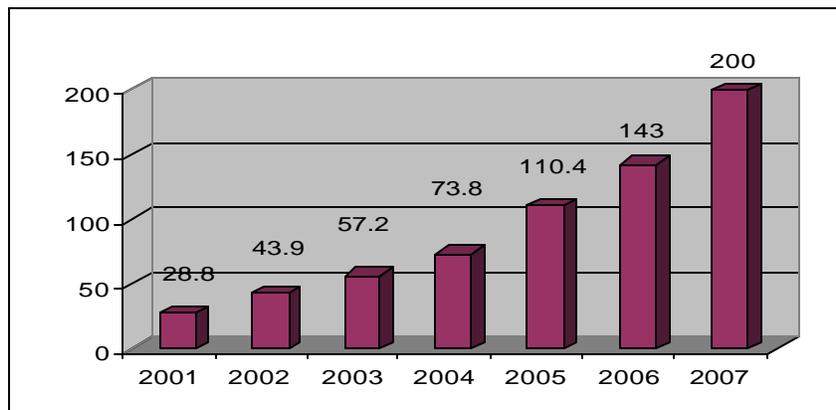


fig.1

Before certification, farms must undergo a conversion period during which organic principles are implemented to reduce non-approved input residues in the fields. Due to minimal use of fertilizers and pesticides on Romanian farmland over the past fifteen years, reduced transition periods are frequently offered to potential producers. While farmers in EU countries can face transition periods of five or six years, a typical conversion period in Romania is as low as one or two years. As a result, the potential for rapid growth in the sector is significant.

Production

Graph 1. Hectares of Registered Organic Farm Land ('000)



Source: Ministry of Agriculture and Rural Development

In 2007, close to 4000 organic farmers cultivated 200,000 hectares. However, due to the Romanian government's slow release of agricultural subsidies for organic production, growth is likely to slow over the next 2-3 years. According to the Ministry of Agriculture, 1.8-2.2 million hectares can easily be converted to organic production if the effort is made.

The value of organic production has grown in proportion with the land under cultivation. According to the Ministry of Agriculture and Rural development the market value of organic products in Romania reached USD102 million in 2007, up from USD72.9 million in 2006. Production is primarily organic hay and other feed crops, cereals, honey, sunflower oil and organic milk.

Organic milk production in particular has been a success. LaDorna, one of the largest milk producers in Romania, began producing organic dairy products in 2004. They have succeeded in exporting their products to Greece, Germany, Austria, and the Netherlands.

LaDorna will produce 6000 tons of organic cheese in 2008 according to its CEO, Jean Valvis. This is remarkable considering the entire Romanian production of organic cheese was 1738 tons in 2006. Mr. Valvis, the Swiss born founder of LaDorna, continues to urge more farmers to convert to organic production.

Romania has traditionally been a producer of organic commodities, exporting basic products to be converted into finished products for consumption in Germany or Austria. In addition to milk products, Romanian producers have begun to produce organic breakfast cereal, fruit and vegetable preserves, and desserts made with locally produced organic honey. According to Radu Panait, owner of the largest Romanian distributor of organic products, 30 percent of Romanian organic commodities are now processed for retail packaging and distribution in Romania.

Distributors estimate that 10% of final products produced in Romania are consumed domestically. EU accession is likely to assist in the expansion of these products.

2007 also saw the first major investment in Romania for organic production. French Businessman Gilles Caillaud, in partnership with Groupe Arrive, is investing USD 20.5 million in Calarasi (south-eastern Romania). The investment includes a farm for raising fowl (chicken turkey, etc) as well as farm land for producing bird feed.

Table 1. Production of Major Organic Products

		2005	2006
1) Quantity of organic plant products:	M.U.	131,898	166,574
Cereal	t	55,000	48,441
Export of Cereal	t	11,100	16,500
Vegetables	t	7,200	8,708
Fruits	t	1,000	340
Medicinal Flora	t	16,748	24,962
Export of Medicinal Flora	t	14,200	15,400
Other	t	51,950	84,123
2) Production of Organic Animal Products:			
Cow's Milk	hl	100,000	112,000
Export of Cow's Milk	hl		7,492
Goat and Sheep's Milk	hl	13,500	15,500
Eggs		1,820,000	1,075,000

3) Principal Processed Products:			
Telemea Cheese	t	480	520
Export of Telemea Cheese	t	180	141
Schweitzer Cheese	t	268	576
Export of Schweitzer	t	160	22
Cascaval Cheese	t	330	642
Export of Cascaval	t	210	43
Fruit and Vegetable preserves	t	50	42
Honey	t	610	1,242
Export of Honey	t	509	755

Source: MARD and Bioterra

Consumption

With less than 0.01% of the products consumed in Romania being organic, compared with 3-4% within Europe, growth is inevitable. However, with average disposable income of less the USD 750 per month most Romanians are unwilling to pay the additional 30-40% premium for organic products.

According to Natura Land the demographics of the organic product consumers is 25-39 years old, urban, and educated (and 70% female). The net income level of organic product consumers starts at 3000 RON (1215 USD). As the Romanian middle class expands more consumers will enter this economic-demographic segment.

Natura Land, the largest distributor of organic products, currently has a line of over 40 products. The turnover of the company in 2007, which supplies 20% of the domestic organic market, is USD 1.47 million. The domestic market for organic products expanded from USD 4.4 million in 2006 to 7.35 million in 2007, a growth of 67%.

Natura Land has successfully placed its product lines in many of the major super/hypermarkets in Romania, including Metro, Carrefour, Mega-Image, Auchan and Cora. Sales of organic products in these stores have grown from USD 350,000 to 1.47 Million in two years. This success has convinced the management of Natura Land that it is time to open a specialty store in Bucharest, selling only organic products.

Natura Land was not the only company with this idea. The opening of the first organic specialty store in Timisoara (70 M²) on December 6th of 2007 shows that domestic demand is rising. Bio-Markt has plans to open another 150 M² shop in Bucharest in 2008.

The Bio-Markt business plan is to capture the niche market with a product line of approximately 1000 items, generally not of Romanian origin. Their supply is from Austrian wholesalers and a few German processors.

Expanding consumer purchasing power and awareness of organic products has convinced many that this niche market is worth investing in. U.S. products are well regarded among the distributors and wholesalers. They desire to import maple syrup, peanuts, peanut butter and organic soy products when the market expands enough to justify transportation costs.

Exports

Exports continue to represent over 90% of the market for Romanian-produced organic products. Between 60 and 70% of these exports continue to be bulk commodities. Demand for organic honey, cereals, milk and nut cores continues to grow. However, Romanian firms have also begun to find markets for their packaged retail products.

LaDorna, the most successful dairy producer in Romania, began exporting small amounts of organic milk to Greece in 2004. By 2007, they had 65% of the Greek market for organic milk. In 2007, the company sold USD 6.62 million of organic products in Greece. The CEO, Jean Valvis, expects rapid growth of exports. In his opinion, the increase in demand cannot be met in the short to medium term due to production constraints. His plans for 2008 are to quadruple exports to Europe. Over 6,000 tons of organic dairy products will be exported to Germany and Greece, with plans to expand to the U.S. and UK by the end of the year.

Beyond LaDorna's success with milk products, Romanian producers have found success exporting organic Musli breakfast cereals and deserts.

Organic meat continues to suffer from restrictive EU inspection policies and virtually non-existent domestic consumption. This is unlikely to change until the Government policy on subsidies is finalized and fully funded.

Government Policy

The Ministry of Agriculture and Rural Development has a stated goal of 400,000 ha under organic cultivation and production by 2010. This is a doubling of the current level of 200,000 ha. The Ministry continues to stress its dedication to promoting organic agriculture in Romania, and have publicly stated that they would like to assist investment in larger organic operations.

The law under which subsidies are distributed, Regulamentul Comisiei (CE) 1071/2005, dictates that 50% of the funds must come from the EU, 20% from professional organizations, and the remaining 30% from the Romanian budget. For reasons that the government did not explain, the funds were not issued in 2007, and as of early 2008 the funds still had not been distributed. This oversight and delay of USD 390 million of EU funding puts Romanian farmers at something of a competitive disadvantage.

With EU accession, SAPARD funds are no longer available. If small scale organic operations are to develop, the government subsidy scheme must be worked out.

Conclusion

Access to the entire EU market, with its rapidly increasing demand for organic products, combined with Romania's low-cost and fairly skilled workforce and easily converted agricultural land makes Romania a great location for organic production.

Romania's domestic market is likely to continue to be a small niche market. Therefore, in Post's view, best products for U.S. companies are organic fertilizers, bio-control inputs and other organic-compliant technology.

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You can also visit the FAS website to read previous GAIN reports produced by the FAS/Bucharest office and the US EU Mission <http://useu.usmission.gov/agri/wineCMO.html>

Appendix 1

List of Organic product producers

Name	Address	Sector of Interest		
		Fruits & Vegetables	Animal Products	Apiculture
SC TRANS VEGA SRL	Reghin, Str. Raului 5/A jud. MURES, tel. 0744- 505-134 fax: 0265-511-048	X		
SC ROMBIO SRL	Str. Valcele nr. 24, Cluj- Napoca, CLUJ, tel. 0264-222-474 fax: 0264-215-503	X		
A.F TIVADAR PETRU	Sighetul Maramatiei, Maramures tel. 0745-311-249, fax: 0262- 330-137	X		
SC AGROEUROSERV SRL	Slobozia, Str. M. Basarab, bl. MB 18, IALOMITA, tel. 0243-231- 160 fax: 0243-231-160	X		
SC NERA SRL	Loc. Voluntari, jud. ILFOV, tel. 021/350.51.33, fax: 021/350.51.35	X		
SC APIPRODEX SRL	Oras. Targu-Mures, Str. Lucernei nr. 2, jud. MURES, tel. 0265/311.045 fax: 0265/311.045			X
HIPROMA SA	Otopeni, Str. T. Vladimirescu nr. 2, ILFOV tel. 021-316-7611 fax: 021-316-7617	X	X	
PFA MAFTEI TIBERIU	Comuna Francesti, Sat Francesti, tel. 0741-123- 032	X		X

Appendix 2

List of Organic certifiers

RO-ECO-001**BCS OKO-GARANTIE ROMANIA S.R.L**

Strada Belsugului, nr. 24, ap.1
540037, Târgu Mures, Mures
Telefon: +40 265250846
Fax: +40 265250928
E-mail: bc_s_oko@zappmobile.ro

RO-ECO-002**QC&I S.R.L**

Strada Franz Listz nr.1, ap.1
300081, Timisoara, Timis
Telefon: +40 723 748499
Fax: +40 256241562
E-mail: victor_scorodeti@yahoo.com

RO-ECO-003**SUOLO e SALUTE ROMANIA S.R.L**

Strada Nicolae Balcescu nr. 5, sc. G, ap. 9
600052, Bacau
Bacau Telefon: +40 234206165
Fax: +40 234206166
E-mail: danielciubotaru@yahoo.com

RO-ECO-005**ICEA ROMANIA S.R.L**

Strada Dacia nr.16
620165, Valu lui Traian Focsani
Constanta Vrancea
Telefon: +40 241230015
E-mail: icearomania@yahoo.com

RO-ECO-006**S.C Bio HELLAS S.R.L**

Strada Calea Mosilor, nr. 284, bl. 22A, , sc. B, ap.32,
sector 2, 020894, Bucuresti
Telefon /Fax: +40 216104020
E-mail: dragomir_damian@yahoo.com

RO-ECO-007**S.C ECOCERT ESE S.R.L**

Strada Viitorului, nr. 112, ap. 1, sector 2
020616, Bucuresti
Telefon /Fax: +40 2106835
E-mail: office.romania@ecocert.com

RO-ECO-008**S.C Ecoinspect S.R.L Romania**

Strada Horia, nr. 75, ap.5
400202, Cluj Napoca
Cluj
Telefon/Fax: +40 264432088
E-mail: ecoinspect@from.ro
www.ecoinspect.ro

RO-ECO-009**BIOS S.r.l Italia SUCURSALA ROMANIA**

Strada Dionisie Lupu, nr.50, ap. 2, sector 1
010458, Bucuresti
Telefon: +40 212106620
Fax: +40 212106660
E-mail: bios.romania@certbios.it

RO-ECO-010**LACON s.r.l Germania SUCURSALA ROMANIA**

Strada Baia de Aries, nr. 3, bl. 5B, sc. 1, et. 4,
ap.18, sector 6
060801, Bucuresti,
Telefon: +40 214115446
E-mail: marianaexpert@yahoo.com

RO-ECO-011**SC BIO-CERT SRL**

Strada Calea Mosilor, nr. 284, bl. 22A, sc. B, ap. 32,
sect. 2
020894, Bucuresti
Telefon /Fax: +40 216104020
E-mail: biocert_romania@yahoo.com

RO-ECO-012**BIOINSPECTA ROMANIA S.R.L**

Strada Gurghiu, nr. 2, ap. 9
400647, Cluj-Napoca
Cluj
Telefon /Fax: +40 264573546
E-mail: monika.zimmermeier@bio-inspecta.ch

RO-ECO-013**IMO CONTROL SRL Romania**

Strada Crizantemelor, nr. 7, ap. 51
545400, Sighisoara
Mures
Telefon/Fax: 0269543609
E-mail: tartler@gmx.de

RO-ECO-014**CERES HAPPURG GmbH Sucursala Iernut Romania**

Strada 1 dec.1918, bl. 3, sc. A, ap. 5
545100, Iernut
Mures
Telefon: +40 740591529
E-mail: ameliarachita@yahoo.com
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