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## Croatia

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### Organic Market in Croatia

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Product Brief

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**Report Highlights:**

Croatia's organic food market is emerging with imported organic products dominating the market. The organic arrangement between the United States and the EU, in combination with growing demand for organic products in Croatia, create opportunities for U.S. companies. Export opportunities are to be found in fresh produce, dried fruits and nuts, specialty grains and processed products. Affordability, availability and choice of organic products will be the key factors motivating purchases by the price-sensitive Croatian consumer.

## **Executive Summary:**

Beginning June 1, 2012, organic products certified in the United States or the European Union (EU) can be sold as organic in either market, streamlining trade between the two largest organic markets in the world. All products traded under the partnership must be shipped with an organic import certificate. Croatia, as an EU Member State, is a member of the U.S.-EU Organic Equivalence Agreement. Croatia's organic food market, while small, is emerging with imported organic products dominating the market. Export opportunities are to be found in fresh produce, dried fruits and nuts, specialty grains and processed products. Affordability, availability and choice of organic products will be the key factors motivating purchases by the price-sensitive Croatian consumer.

**Disclaimer:** Official data about the organic food market is scarce and not publicly available. The information in this report is based on a wide range of sources such as industry and trade interviews, industry/NGO/research publications, specialized and daily media. FAS Zagreb made an effort to use reliable and verifiable information; however, in the absence of official statistics, most of the data is based on trade estimates.

## **General Information:**

### **Market Size and Consumption:**

The total Croatian market for organic food is estimated at over EUR 100 million (\$117 million) with most of the products being imports. Currently, organic products are being sold in major supermarket chains (Spar, Konzum, Billa, etc), drug store chains (DM, Müller, etc), and organic franchises (<https://www.biobio.hr/>). Small private organic stores, farmers markets, and direct purchases from organic producers are also means of purchase. Furthermore, some sellers are using on-line sales to market their products (e.g. <https://www.biobio.hr/> ; <http://www.terra-organica.hr/prirodno-lijecenje.html> ; etc).

According to Euromonitor International research on “the Consumer Lifestyle in Croatia in 2017”, Croatian consumers are showing greater interest in organic foods (produce and packaged foods), which can be seen in the sales value of organic packaged food which increased by 33.3 percent between 2011 and 2016. The range of organic products in local supermarkets continues to grow every year despite higher prices. According to recent survey data from the Ministry of Agriculture, consumers generally prefer products that do not contain artificial colors, preservatives and additives. In addition, Croatian millennials tend to exhibit many of the same attitudes and attributes of millennials in other E.U. countries. They are more environmentally conscious, preferring organic food products and brands and companies that promote a ‘green’ philosophy.

Croatian consumers of organic products can be categorized as either “regular buyers” or double-income-no-kids households and new- trend seekers. Regular buyers are a very small group that has been buying organic products for some time now. This group includes environmentalists/nature lovers and socially conscious individuals. Price is not an important factor for this group in their purchasing decision. They tend to buy at organic specialty shops or farmers’ markets. Double-income-no-kids households and trend seekers are quite different. They buy organic products for

various reasons such as part of a healthy lifestyle, because of concerns about food safety, animal welfare, sustainability, or due to a perceived benefit in terms of quality, taste, or innovative packaging. This group buys organic products at supermarket chains and in organic shops.

Opportunities for U.S. organic products can be found in fresh produce, dried fruits and nuts, specialty grains and processed products. These are also sectors with a growth potential for non-organic U.S. origin products.

- Imports of fresh fruits and vegetables together with processed fruits and vegetables were approximately \$401 million in 2017. However, U.S. exports of these products to Croatia were valued at only approximately \$0.5 million. This sector has high prospects as Croatia is not self-sufficient in these products and will always import exotic fruits.

- Another interesting sector is tree nuts. In 2017, Croatia imported approximately \$33.9 million in tree nuts, of which more than \$5 million came from the U.S. Croatia imports all of its pistachios and peanuts while Croatia's almond production satisfies about half of domestic demand, thus there is also good market potential for U.S. almond producers and exporters.

- Health oriented Croatian consumers are more and more interested in healthy snacks (cereal/nut bars), organic confectionary products, agave sweeteners, maple sugar and syrup and organic beverages.

However, it should be noted that affordability, availability and choice of organic products will be the key factors motivating purchases by price-sensitive Croatian consumers.

### **Local Production and Area:**

Local organic production is centered on vegetables and fruits, meat, dairy and honey. Value added organic products are mostly imported. From 2003 to 2013, thanks to a growing demand for organic products, the number of organic producers increased more than 10 fold (from 130 to 1,609).

Acreage nearly doubled from 23,282 ha or approximately 1.8 percent of total agricultural acreage in 2003 to 40,640 ha, or approximately 3.12 percent of total agricultural acreage in 2013.

Croatian organic production and labeling are regulated with the Agricultural Act and the Regulation on Organic Production, which incorporate all the relevant EU legislation on organics that can be found at [http://ec.europa.eu/agriculture/organic/eu-policy/eu-rules-on-production/legal-frame/index\\_en.htm](http://ec.europa.eu/agriculture/organic/eu-policy/eu-rules-on-production/legal-frame/index_en.htm) .

### **Trade:**

With the signing of the U.S.-EU Organic Equivalence Cooperation Arrangement in 2012, organic products certified in the U.S. or EU can now be sold in either market without having to obtain recertification. This partnership streamlines trade between the two largest organic producers in the world. Although there are small differences between U.S. and EU organic standards, both parties individually determined that their programs were substantially equivalent.

All products traded under the partnership must be shipped with an organic import certificate.

For details on the U.S.-EU Organic Equivalence Cooperation Arrangement and its impact, please check out the Foreign Agricultural Service Office to the European Union webpage at <https://www.usda-eu.org/trade-with-the-eu/eu-import-rules/organic-production/> .

Croatia is mainly an importer of organic products and value added organic products, but the value of that trade cannot be easily traced due to a lack of HS codes for organics. However, in January 2011, for the first time, the United States introduced specific HS (Harmonized Commodity Description and Coding System) tariff codes for a select group of fresh or processed agricultural products certified under the United States Department of Agriculture's National Organic Program (NOP).

The new HS codes do not fully capture existing organic trade with the EU, but they are a useful tool for tracking many of the covered products and for obtaining a general idea about changes in trade as a result of the new U.S.-EU agreement.

U.S. export and import statistics on the above mentioned organic products can be obtained through USDA's Global Agricultural Trade System Online (GATS):

<http://www.fas.usda.gov/gats/default.aspx> by running a standard query and selecting "Organics-Selected" under "Product Groups". According to USDA's GATS system based on the selected HS organic codes, the United States is currently importing several organic products from Croatia (\$ 135,000 in 2017), but there are no substantial direct U.S. exports to Croatia. However, U.S. organic products are entering Croatia from the Netherlands and Germany as these two countries are important destinations for U.S. organic products and have well-established food trade patterns with Croatia.

### **Market Development:**

Trade shows remain an excellent way for U.S. exporters to make contact with potential Croatian business partners, to conduct product introductions and to gauge buyers' interest.

BioFach (<https://www.biofach.de/en/exhibition-info> ) is the largest international trade show in Europe for specialty organic products and Croatian importers enjoy visiting this show. BioFach is a USDA endorsed event, where FAS organizes a U.S. pavilion featuring U.S. products.

Fruit Logistica (<https://www.fruitlogistica.de/en/> ) is a European trade show that attracts buyers of organic fresh produce, nuts and dried fruits from all over Europe and Croatia. This show is also USDA endorsed and has an excellent US pavilion.

Fairs like SIAL (<http://www.sialparis.com/> ) and Anuga (<http://www.anuga.com/anuga/index-2.php> ) attract buyers of specialty and retail-ready products and therefore are very suitable for exporters of U.S. organic processed products.

### **Other Sources of Information:**

Croatian Ministry of Agriculture, information: <http://www.mps.hr/>

European Commission, information on organic agricultural production:  
[http://ec.europa.eu/agriculture/organic/index\\_en.htm](http://ec.europa.eu/agriculture/organic/index_en.htm)

Croatian company doing business with organics: <http://www.biovega.hr/>

Croatian web-portal with information and education for businesses and farms that deal with organics: <http://www.ekopoduzetnik.com/>