Market Analysis 2024

The European Market for organic Medical & Aromatic Plants and Non-Wood Forest Porducts from Kosovo

Toralf Richter (FiBL), Faton Nagavci, Zana Lika (Organika)

September 2024

Research Institute of Organic Agriculture FiBL | Ackerstrasse 113 | Postfach 219
5070 Frick | Switzerland | Tel +41 62 865 72 72 | info.suisse@fibl.org | www.fibl.org

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1. Executive Summary

The study examines the development and prospects of the Kosovar sector for organically certified Medicinal and Aromatic Plants (MAPs) and Non Wood Forest Products (NWFP) in relation to Europe as main target market.

Kosovo has a rich natural environment that favors the wild collection and cultivation of various MAPs. Moreover, Kosovo is among the countries with the biggest areas for organic wild collection worldwide. The certified organic areas in the country have increased until 2022, but the number of organic operators has decreased in the same period. Also, the production and export volume of organic MAPs has shrinked over the recent years. There are many reasons why the number of certified organic operators has decreased (admininstrative burden, certification requirements, lack of necessary communication between producers and customers, lack of impact of certification on sales prices, numerous decertification cases, more attractive options in conventional agriculture, lack of seasonal labor forces). The certified farms are connected to collection centers for MAPs, which cover the whole territory of Kosovo.

The study analyzes the supply side in Kosovo, the international market conditions, the competitive landscape, and the trends in the main target markets for Kosovar organic products. According to European import statistics, Germany, Switzerland, Italy, France, and few other countries are identified as key target markets for export of organic MAPs and NWFP. The report also indicates that Albania, Georgia, Bosnia and Herzegovina, and Serbia appear as direct competitors in the European market for these products.

Various challenges for Kosovar exporters are identified, including quality issues, high costs of organic certification, lack of investments, migration from rural areas, and a decline in wild collection. To successfully export, Kosovar producers must meet strict quality and safety standards and be free from all kind residues, which are harmful for human health or prohibited as substance to use in organic agriculture.

Despite of consolidation tenedencies on the European market for organic products, there is still a not fully explored and covered potential for export growth based on a high demand for sustainable, healthy, and well-being foods and natural care and cosmetic products, particularly due to trends such as value based sustainable sourcing, health-conscious consumer behavior, and demand for products with clean labels (e.g. natural cosmetics). Hence, there would be a potential for an increase in exports of MAPs and NWFP from Kosovo, as long as the quality and price parameters compete with international standards and meet the expectations of importers.

2. Introduction

Kosovo, situated in the heart of the West Balkan countries, possesses a rich natural environment conducive for wild collection activities of Non Wood Forest Products (NWFP) but also for the cultivation of diverse Medicinal and Aromatic Plants (MAPs).

The country looks back to more than 20 years of organic sector development with an sector that has many opportunities for export and domestic markets to grow. In fact, the certified organic area has significantly grown. While in 2009, there were only very few hectares certified with organic medicinal and aromatic plants (MAPs), by 2022 the organic certified area had increased up to a total of 518 hectares with 43 organic operators plus areas of organic wild collection. However, while the organic certified area increased, the number of organic operators dropped in the same period and the dynamic has slowed down on different reasons (see chapter 4).

Though the market for organic products in Europe indicated tendencies of consolidation in the previous years, the global demand for organic products continues to rise, particularly in the realm of sustainability, health and wellness as driving forces. Against this background, the potential of Kosovo's organic agricultural sector becomes increasingly pertinent.

This market study seeks to present facts of the development of the supply and the demand side of the Organic MAP supply chain. It also reflects the political, economic and service provider framework condition for a conducive setcor development. Moreover, it describe the dynamics on the European market, and competitive forces shaping the organic MAP sector in Kosovo. By examining various dimensions of the market, from production to consumer preferences, the study endeavors to provide stakeholders with tangible insights to navigate and capitalize on the opportunities.

The study starts with the description of the development of the supply side in Kosovo, followed by the presentation of organic export data and an analysis of main competing countries for Kosovo in exportig organic MAPs and NWFP to the EU market. Finally, the market in EU countries is described, including trends and prospects and buyer expectations.

3. Methodology

The study bases mainly on the following used methods and sources:

- Desctop research (diverse sources),
- Data analysis production side (Sources: FiBL/"The World of Organic Agriculture"; Basri Hyseni/"Study of the Non-Wood Forest Products and Medical Aromatic Plants Sector"),
- Country snap shots of main European importing markets /duffrent sources),
- Data analysis of organic MAP and NWFP imports to EU and Switzerland (Sorce: EU TRACES, Bio Suisse),
- Interviews with selected importers of Organic MAPs in Kosovo).

4. Situation on the supply side in Kosovo

The collection of NWFP in Kosovo has a long tradition. The collected products are exported as certified organic products mainly to the EU and Switzerland. As the requets from importing countries couldn't be covered by wild collection only, processors and wild collection centers also started to contract farms to cultivate MAPs. Over the last years also the supply of processed or even finished products such as teas and spices has gradually increased.

According to the MAFRD (2024), in Kosovo 544 ha have been certified organically in 2023 from altogether three in Kosovo acting certification bodies. This represents 0.1% of the total agricultural land. In that year 39 organic operators have been certified (see Figure 1 and Table 1). The fast majority of the land is cultivated with MAPs.

Table 1: Key figures of organic production in Kosovo in 2023

Country	Organic Area (ha)	Organic Share (%)	Organic operators
Kosovo	544	0.1	39

Source: MAFRD (2024)

Table 2: Key figures of organic cultivation in Kosovo in 2023 by product groups (without wild collection)

Product group	Organic Area (ha)	Production Volume (mt)	Number Organic Operators
MAPs	298.19	1339.33	27
Wheat	169.54	416.16	4
Walnut	22.80	4.00	2
Aronia	8.10	30.25	3
Raspberries	3.51	65.15	1
Pumpkin seeds	2.96	73.00	1
Cherries	0.15	0.05	1
Lucerne	39	-	1
Mushrooms	-	12.95	2
	544.25	**1940.89**	

Source: MAFRD (2024)

Table 2 is indicated the production area and volumes of the products, cultivated organically in Kosovo in 2023. According to the statistics of MAFRD, MAPs had the leading role in terms of the certified area, followed by wheat and walnut. In regard to the produced volumes, MAPs are leading, followed by wheat, pumkin seeds and raspberries.

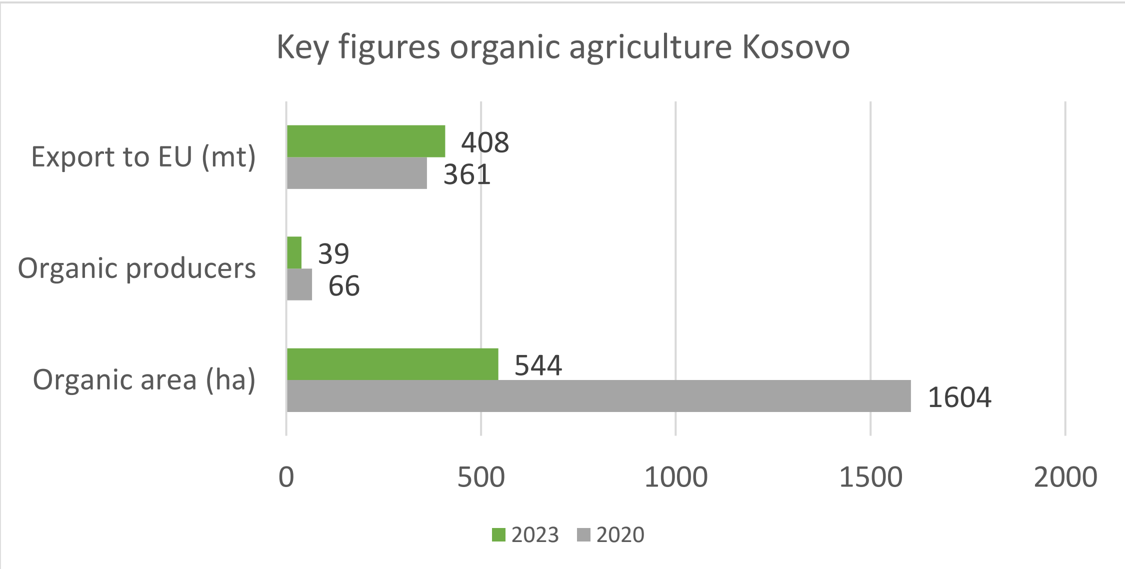

Figure 1: Development of the organic key indicators in Kosovo between 2020 and 2022.
Source: The World of Organic Agriculture (2024) and MAFRD (2024)

The number of organic producers and the organic area decreased between 2020 and 2023, a tendency which is still not stopped, though the exports of organic products to the EU have slightly increased in the same period (mainly because of wild collected NWFP).

The report *ORGANIKA - NWFP MAP sector 2023* conducted by the association Organika with support from the consultant Basrim Hyseni and funded by Swiss Contact in Kosovo, provides an in-depth insight of the production of Non-Wood Forest Products (NWFP) and Medicinal Aromatic Plants (MAP) and its business environment.

According to the study, the framework conditions for the organic MAP and NWFP sector can be described as follow:

Employment

There is a slight decrease in employment with 298 full-time and 769 seasonal workers, indicating a shift towards more mature age groups among employees.

Certification

The number of certified operators in organic production has decreased compared to the previous years. However also other certificates such as GLOBAL G.A.P., HACCP or UTZ are partly used to satisfy the importing markets.

Processing Capacities

Although processing capacities have remained stable, there is a decrease in their functional utilization.

Production and Sales

A total of 2,621 tons of NWFP and 118 tons of MAPs were collected and sold in 2023, generating a total revenue of EUR 16.5 million.

Investment

Limited investments were observed, influenced by the lack of a grant schemes in Kosovo for 2023 and the reliance of sector actors on grants. However the operators try to focus on increasing productivity, developing new products, penetrating new markets, adding value to products through processing, and promoting products internationally.

Emigration out of rural areas

The mass emigration of young people to urban areas or abroad poses a significant challenge for the sector's development.

Contracted production

There is a 14% increase in contracted production, indicating a move towards more formalized sales arrangements. The contracted production and the production in organised group of organic operators (e.g. as cooperatives) will gain more importance in the nearby future to make investments in the organic production and certification affordable for smallscale farmers.

Based on own observations and discussions with stakeholders in the previous years in Kosovo, additional issues have to be adressed to describe the framework conditions of the organic sector development.

Lack of Knowledge and Expertise

There are a lot of quality paramenter, which have to be met in regard to the sensorial, physical, microbiological, chemical quality of the products, legal and certification asepcts or in regard to the applies post-harvest practices and the packaging materials used. Not fullfilling the requirements can led to a rejection of exported products or down-pricing and in the consequence it can reduce the motivation of farmers to continue with organic MAP production.

Today, in few of the harvested products residues of *Tropan Alcaloids* or *Pyrrolizidine Alkaloids or Nicotine* are found, which may harm the human health when consuming it.

High costs and economic barriers

Organic certification can be expensive, involving costs for inspection, certification fees, and compliance with organic standards. These costs can deter small-scale farmers from transitioning to organic farming, when no trader or public funds would cover these costs. In the recent past those expenditures have been covered by international donor projects. Without external financial support either by donors or buyers it is uncertain, how many of the organic farmers will continue with certified organic production.

Besides, organic farming often involves higher initial costs due to the need for organic seeds/seedlings, organic fertilizers, and other inputs. Additionally, organic farming usually requires more labor, which can increase overall production costs. And labor resources are not only a cost factor, they are as described before also lacking in many of the rural places where MAP cultivation and wild collection traditionally take place.

According to exporters from Kosovo also the financial liquidity is a severe problem as customers abroad pay very late and the access to finance on a local basis is limited.

General decline in wild collection

Deforestation, land degradation, and climate change can reduce the availability and quantity per collection perimeter of wild collected NWFP such as mushroom, MAPs or wild berries. The decline in traditional knowledge about wild collection and the lack of human resource in rural areas can result in fewer people engaging in sustainable harvesting. Besides, younger generations might be less interested in or knowledgeable about traditional practices of wild collection or are even not interested at all to practice wild collection.

Social and demographic factors

An aging farming population in Kosovo may be less willing or able to adopt new organic farming techniques or invest in new types of crops. For younger farmers the economic perspectives of small scale MAP production might be not attractive enough. Besides, migration to urban areas or other countries for better economic opportunities result in a shortage of labor, making it difficult to maintain labor-intensive organic farming practices or wild collection.

Prospects and outlook for the sector

In conclusion, the NWFP and MAP sector in Kosovo shows potential for growth and export expansion, but in this moment it also faces significant challenges on the structural, technical, labor and financial side that need to be addressed.

5. International market analysis

Products from organic MAP cultication and wild collection are exported mainly to Europe. The report therefore will focus the export and trade development to this region and trends in the organic market and among consumers in Europe.

5.1 Key organic production figures Europe

Over the last three decades organic food and farming has been growing year by year across the EU and continues doing so. The EU's organic market was very dynamic in the past with growth rates varying between countries.

In Europe, 18.5 million hectares were managed organically in 2022, with the EU accounting for 16.9 million hectares. France has the leading position in terms of farmland under organic management, with almost 2.9 million hectares, followed by Spain (2.7 million hectares), Italy (2.3 million hectares), and Germany (1.9 million hectares). These four countries collectively account for more than half of the European organic farmland.

Organic farmland in the European Union increases steadily by around 1% annually. However, to achieve the EU's own goal of having 25 percent organic farmland by 2030, an annual growth rate of 10 percent would be required. It remains uncertain, whether the domestic production in the EU and by this also the self sufficiency will increase significantly over the next years to achieve the goal or not.

In 2022, organic farmland in Europe accounted for 3.7 percent of the total agricultural land, while in the European Union, it constituted 10.4 percent, i.e. especially in Eastern European accesson countries to the EU the organic farmland represents a significant lower percentage.

In Europe, almost half of the organic farmland is used for arable crops. However, MAPs as cultivated mainly in Kosovo, have no statistic relevance on the production side in the European Union yet. Hence, there is a need to import MAPs from regions out of the EU and countries such as Kosovo.

In terms of organic farms, there are more than 480,000 organic producers in Europe, with almost 420,000 in the EU, with the largest numbers in Italy (82,593). The number of producers is increasing similar to the certified organic farmland.

There are around 92´000 organic processors in Europein 2023 with growing tendencies too. The country with the largest number of processors was Italy (23,602).

The organic sector development in Europe is flanked by a significant and ambitious policy support. In May 2020, the European Commission’s Farm to Fork Strategy mentions organic as a key sector to achieve the European Green Deal’s food ambitions. The strategy states that “The market for organic food is set to continue growing and organic farming needs to be further promoted”. As part of this strategy, the Commission published the 2021-2027 Organic Action Plan, which aims at boosting both organic demand and supply.

5.2 Key organic market figures Europe

The EU’s organic market is dynamic with growth rates varying between different countries. Its general continuous positive development is caused by a combination of different factors. Besides the innovative character of organic food and farming, growing policy support and European citizens increasing demand for high-quality, sustainable food production, despite the geopolitical situation and the ongoing war in Ukraine.

Organic retail sales in Europe were valued in 2022 at EUR 53.1 billion, with EUR 45.1 billion in the EU, making the EU the second-largest single market for organic products in the world, following the United States. Germany led the European market with EUR 15.3 billion in retail sales of organic products, making it the second-largest market globally.

Globally, European countries lead in organic food sales shares as percentages of their respective food markets. Denmark has the highest global organic market share at 12.0 percent, followed by Austria at 11.5 percent, and Switzerland at 11.2 percent.

In 2022, European consumers spent an average of EUR 64 on organic food per person (EU: EUR 102). The per capita consumer spending on organic food has doubled over the past decade. Swiss and Danish consumers topped the list, spending the most on organic food per person and year at EUR 437 and 365, respectively.

On Figure 2 an overview is provided about the key figures of the organic sector and market in Europe.

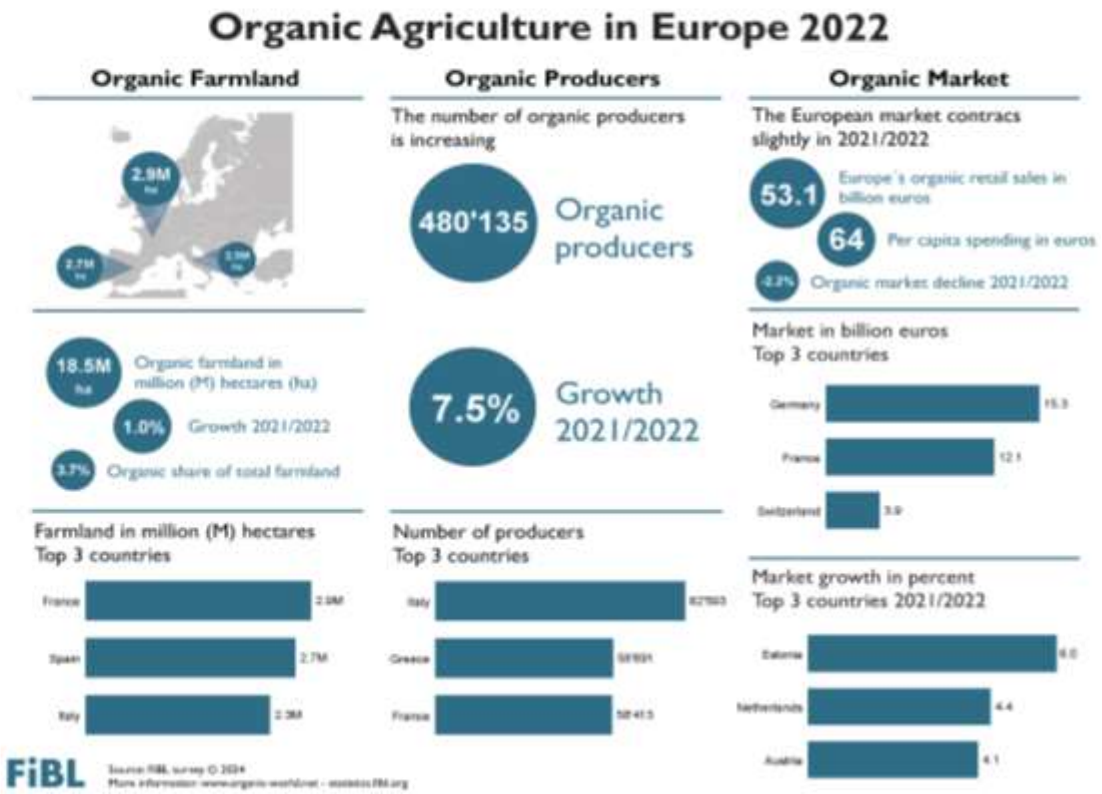

Figure 2: Overview about the key figures of the organic sector and market in Europe. Source: FiBL

5.3 Europe as target region for organic exports from Kosovo

Due to the size of the market and its proximity, Europe is the biggest export market for organic products from Kosovo (EU and Switzerland), especially the German-speaking countries. The reason for this is not only the size of the organic markets in German-speaking countries. It is also due to the personal ties of many people from Kosovo. During the war, many people fled to

German-speaking countries and built up a network of private and business relationships there that still exists today. In addition, the diaspora in these countries is particularly large.

Kosovo was on rank 78 of all export countries to the EU in 2023 in terms of traded volumes. As the majority of exported produts are mostly dried and relatively light semi-processed MAPs and NWFP, the international rank would be higher in terms of export value (there are no value figures available on European level).

Table 3 illustrates the development of exported volumes between 2018 and 2023 to the EU. The main export countries for Kosovo were in 2023 Germany, Austria, The Netherlands and Croatia.

Table 3: Exported organic product volumes from Kosovo to the EU in mt by countries

Import country	2018	2019	2020	2021	2022	2023
Germany	139	268	258	335	243	225
Austria	86	79	72	61	43	78
Netherlands	1	0	20	0	13	66
Croatia	0	0	0	37	50	30
Czech Republic	159	140	0	0	0	4
Poland	0	0	0	0	3	2
Italy	0	0	3	9	0	2
Slovenia	0	0	0	40	18	0
Latvia	0	0	0	40	0	0
Belgium	99	0	0	0	0	0
Hungary	60	0	0	0	0	0
France	0	3	8	0	0	0
Total	**544**	**489**	**361**	**522**	**370**	**408**

Source: EU TRACES, 2024

Analysing the period between 2018 and 2023, in total the exported volumes from Kosovo to the EU dropped from 544 mt to 408 mt. The main exported product category from Kosovo are MAPs with 217 mt in 2023. Other relevant product groups were blueberries, raspberries, fruit stones and dried fruits (see Table 4). Although the export volume to the EU dropped between 2018 to 2023, the exported volumes increased for the most product groups between 2020 and 2023, but is varying from year to year.

Table 4: Overview of the exported product groups from Kosovo to the EU between 2020 to 2023

Product groups	2020	2021	2022	2023
MAPs	208	328	222	217
Blueberries (vaccinium myrtillus)	20	40	13	66
Fruit stones, kernels and vegetable products	19	24	28	37
Raspberries	0	0	0	37
Dried fruits	34	16	40	25
Dried apples	2	25	22	12
Dried vegetables	61	12	11	6
Spices, crushed	0	0	0	4
Wild Thyme	0	0	0	2
Green tea in immediate packings of > 3 kg	0	0	0	2
Juniper berries and seeds of anise, badian, caraway or fennel	7	74	34	0
Oil seeds and oleaginous fruits	11	3	0	0
	361	**522**	**370**	**408**

Source: EU TRACES, 2024

Apart from the EU, Switzerland is an important final target market for organic products from Kosovo with 9.6 metric tons in 2023. The main organic certified products exported to Switzerland are mint, oregano, lime blossom and juniper berries (see Table 5). Altogether the exported volumes to Switzerland decreased between 2020 and 2023 significantly by minus 45 percent as the main importer decided only to continue the export relation with one company in Kosovo.

Table 5: Overview of the exported product groups from Kosovo to the EU between 2020 to 2023

Products	2020	2021	2022	2023
Mint	2.4	0.1	1.2	2.4
Oregano	8.7	2.3	3.1	2.0
Lime blossom	0.0	0.0	1.0	1.5
Juniper berries	0.0	0.0	0.0	1.0
Lovage	0.0	0.3	1.2	0.7
Camomile	0.0	0.0	0.0	0.6
Peppermint	0.0	3.3	3.4	0.6
Melissa	2.6	0.2	1.0	0.5
Lavendula	0.0	0.0	0.0	0.2
Blueberries / Wild collection	0.1	0.0	0.0	0.0
Elderflowers	0.0	0.8	2.0	0.0
Cornflowers	0.0	0.0	0.0	0.0
Leek flakes	2.6	0.0	0.0	0.0
Mallow leaves	0.0	0.1	0.0	0.0
Mallow blossoms	0.1	0.0	0.1	0.0
Calendula Flowers	0.9	0.0	0.0	0.0
Total	**17.4**	**7.1**	**13.1**	**9.6**

Source: Bio Suisse, 2024

5.4 Competitive landscape for organic products from Kosovo

In an organic importer survey about the image of organic exports from Kosovo in 2020, main comparative weaknesses and strengths have been identified compared to other sourcing countries. Above all the identified weak points should be addressed in measures of capacity development for producers and exporters.

Comparative strengths	**Comparative weakness**
• Sourcing country with favorable product prices • Favorable climate and natural conditions for MAP cultivation and wild collection	• Lower quality of products (incl. issues with residues), • Lower reliability and flexibility of exporters • Lower range of supplied organic products from Kosovo

Main export and import countries of organic MAPs

In the subsequent pages we mainly focus the export of organic MAPs to the EU.

According to *EU Traces*, Kosovo is exporting mainly MAPs to Germany and Austria (see Table 6).

Table 6: Main EU import countries of organic MAPs from Kosovo between 2018 – 2023 with export volume in mt

Import country	**2020**	**2021**	**2022**	**2023**
Germany	145	254	181	172
Austria	59	49	38	32
Croatia	0	16	0	5
Czechia	0	0	0	4
Poland	0	0	3	2
Italy	3	9	0	2
Bulgaria	0	0	0	0
Netherlands	0	0	0	0
Total	**207**	**328**	**222**	**217**

Source: EU TRACES

In order to conduct a competitor analysis with MAP exporters of other countries, in a next step, the main exporters of organic MAPs to the EU are listed in Table 7. In the analysis later we will focus on other West Balkan countries only, as they are directly comparable in production and logistic conditions.

Table 7: Main export countries of organic MAPs to the EU between 2018 – 2022 with export volume in mt

Export country	2018	2019	2020	2021	2022
Albania	684	883	877	1'106	943
Georgia	112	114	181	190	268
Bosnia and Herzegovina	299	233	360	301	254
Kosovo	**200**	**266**	**207**	**328**	**222**
Ukraine	23	21	43	96	171
Serbia	63	83	57	47	62
Moldova, Republic Of	0	1	8	42	41
The Republic of North Macedonia	5	22	0	2	4

Source: EU Traces

In terms of exported volumes, Albania is the main exporter to the EU, followed by Georgia and Bosnia and Herzegovina. Kosovo is following on rank 4. While in Eastern European countries such as Georgia, Ukraine and Republic of Moldova the export volumes have increased over the past years, in the West Balkan countries including Kosovo the export volumes are stagnating of even dropping.

In the following paragraphs it will be illustrated to which countries Albania, Bosnia and Herzegovina and Serbia are exporting MAPs. This analysis gives an indication of still unexplored or underused target countries for exports from Kosovo.

Competitor analysis - Where does Albania export its organic MAPs?

As Albania is the biggest exporter of organic MAPs to the EU and the neigbour country to Kosovo it is also partly a partner but also a main competitor to Kosovo in exporting organic MAPs to the European market. Table 8 indicates to what EU countries Albania is supplying MAPs.

Table 8: Main EU import countries of organic MAPs from Albania between 2018 – 2022 with export volume in mt

Import country	2018	2019	2020	2021	2022
Germany	400	510	485	570	501
France	126	169	75	110	120
Austria	78	116	124	150	112
Greece	2	11	6	35	41
Poland	3	17	39	41	39
Croatia	18	30	24	76	38
Netherlands	22	12	86	31	37
Italy	20	7	18	79	33
Czech Republic	0	10	11	8	21
Spain	14	0	9	6	0
Belgium	0	0	0	0	2
Total	**684**	**883**	**877**	**1'106**	**943**

Source: EU TRACES

Organic certified MAPs from Albania are mainly exported to Germany, France and Austria. Hence, apart from Germany and Austria, for Kosovo also France could become potentially an important uptaker of organic MAPs. Further countries, which also import from Albania organic products are e.g. Greece, Poland, The Netherlands, Italy and Czech Republic.

Competitor analysis - Where does Bosnia and Herzegovina export its organic MAPs?

Table 9 indicates to what EU countries Bosnia and Herzegovina is supplying MAPs.

Table 9: Main EU import countries of organic MAPs from Bosnia and Herzegovina between 2018 – 2022 with export volume in mt

Import country	2018	2019	2020	2021	2022
Germany	236	160	269	204	183
Slovenia	0	0	0	0	20
France	20	29	41	52	19
Austria	0	0	18	14	12
Croatia	17	30	25	30	11
Spain	0	0	0	0	5
Sweden	8	0	0	0	0
Poland	10	0	3	0	0
Italy	8	13	3	0	3
total	**299**	**233**	**360**	**301**	**254**

Source: EU TRACES

Organic certified MAPs from Bosnia and Herzegovina are mainly exported to Germany, Slovenia, France, Austria and Croatia.

Competitor analysis - Where does Serbia export its organic MAPs?

Table 10 indicates to what EU countries Serbia is supplying MAPs.

Table 10: Main EU import countries of organic MAPs from Serbia between 2018 – 2022 with export volume in mt

Import country	2018	2019	2020	2021	2022
Germany	49	68	27	33	40
Denmark	0	0	27	13	13
France	0	0	2	0	5
Italy	0	0	0	0	3
Slovenia	0	7	0	0	0
Austria	2	8	1	0	0
Belgium	0	0	0	1	0
Czech Republic	12	0	0	0	0
total	**63**	**83**	**57**	**47**	**62**

Source: EU TRACES

Organic certified MAPs from Serbia are mainly exported to Germany, Denmark, France and Austria.

The analysis of three main competing countries for Kosovo suggests that additional to the presently focussed target markets, countries like France or Denmark but also neigbour countries in the Balkan region could be future markets for MAPs and NWFP from Kosovo.

6. Trends and figures of main target markets for organic products from Kosovo

The following sub-chapters describe the size, dynamic, characteristics and trends of the main target countries.

6.1 Germany

Over the recent years, the inflation and the increasing costs of living limited the purchase power of German consumers. In 2022 in the consequence the organic product sales decreased slightly. But, after a year of market consolidation and slight decrease of the organic retail sales, in 2023 the German organic market started to grow again. The organic turnover increased to a value of EUR 16 billion (see Figure 3). This corresponds to an organic market share of 6.3%. This makes Germany the largest organic market in Europe and the second largest organic market globally.

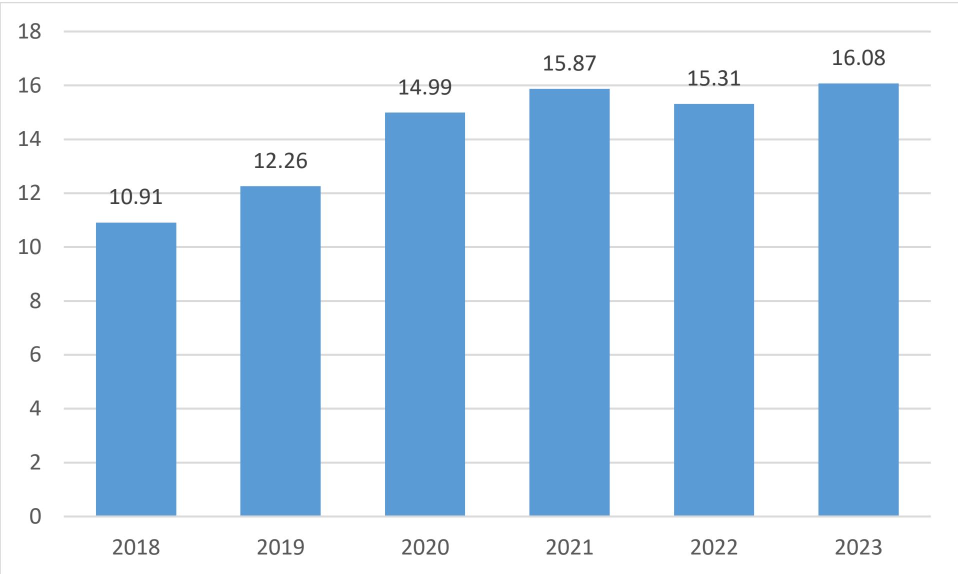

Figure 3: Development of organic retail sales between 2018 - 2023 in Germany (in billion EUR). Source: AMI 2024

Thought the German market indicated growing tendiencies again in 2023, the most organic consumers remain price conscious and tend to purchase organic products on places where they are offered to relativ low prices (e.g. discounters such as Aldi and Lidl and drugstores or show a stronger preference for organic products of cheaper organic retailer trademarks instead of more expensive organic manufacturer brands – see Figure 4). In the consequence, it also keeps the price pressure high on suppliers.

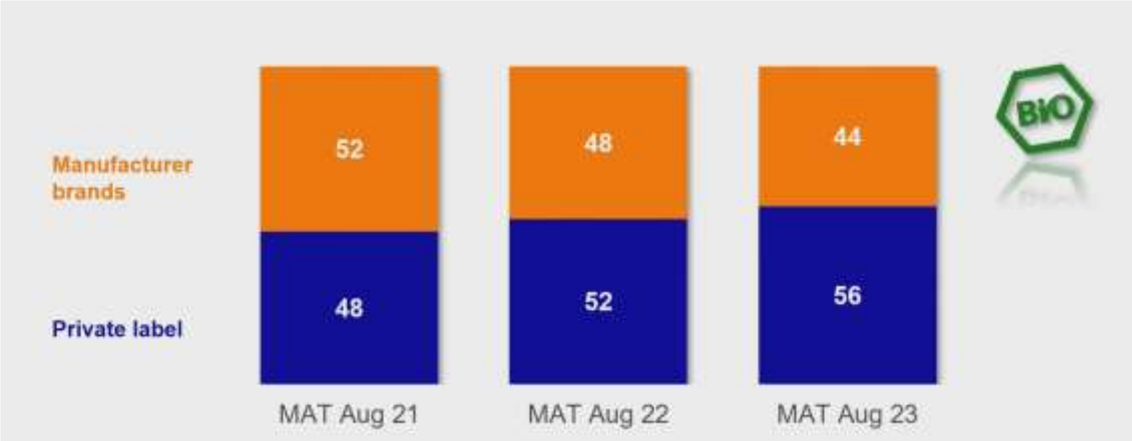

Figure 4: Development of market shares between manufacturer/producer organic brands and organic retailer trademarks (private brands). Source: AMI 2024

Figure 5 illustrates the market channels of organic product purchase in Germany. Mainly supermarkets/discounters gained market shares, while other disctribution channels also grew, but just on a minimal level.

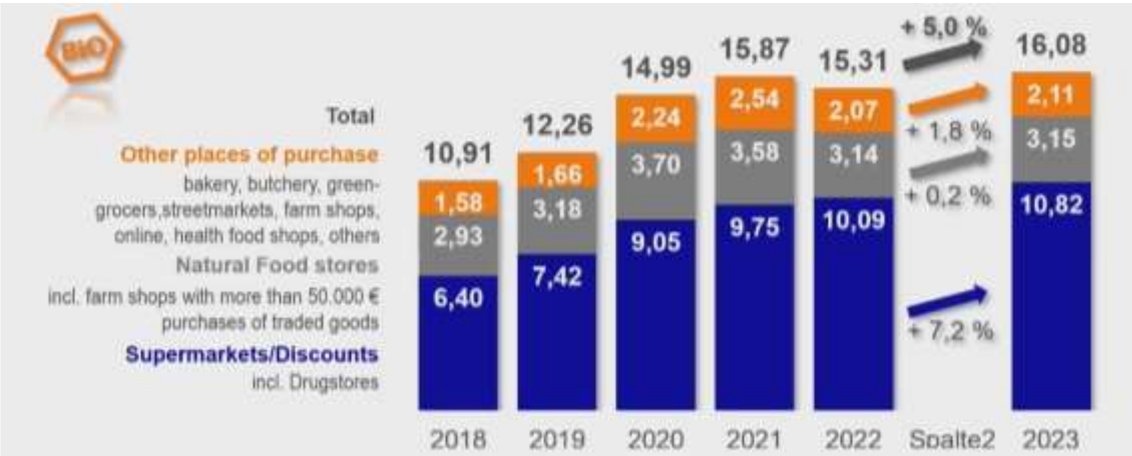

Figure 5: Overviews about organic consumer expenditures by market channel, Source: AMI, 2024

The organic market share dropped in Germany between 2020 and 2023 from 6.8% to 6.2%, though the the organic cumsumer expenditures increased from EUR 14.99 billion to EUR 16.08 billion in the same period. The reason for the discrepancy between both indicators can be explained by the different price development of conventional and organic products. Conventional product prices incrased in this period more than the organic food prices, which let to lower market shares of organic products, though consumer expenditures for organic food were higher.

Recent development

- Inflation and high costs of living keep purchasing power down. According to a recent study the households which could afford almost anything are 38% of the total population, which is lower than on the period before Covid and the inflation started (see Figure 6).
- Change in distribution channels – more discounters and drug stores as preferred places to buy organic products. Specialised organic shops further lose market share.
- In regard to the product groups, plant-based dairy and meat products are growing mostly.
- Clearly higher sales of private label products, such as Bioland and Naturland, because discounters Aldi and Lidl promote these labels in their own assortments.
- Organic and conventional consumer prices converge because of stronger price increase for conventional products.
- Conversion rate on organic farming keeps on a low level.
- Many uncertainties for the organic sector about the development of costs, legal regulations and subsidies.
- Organic producer prices have remained stable (e.g. pork, dairy products, eggs) or have even dropped down (e.g. cereals).

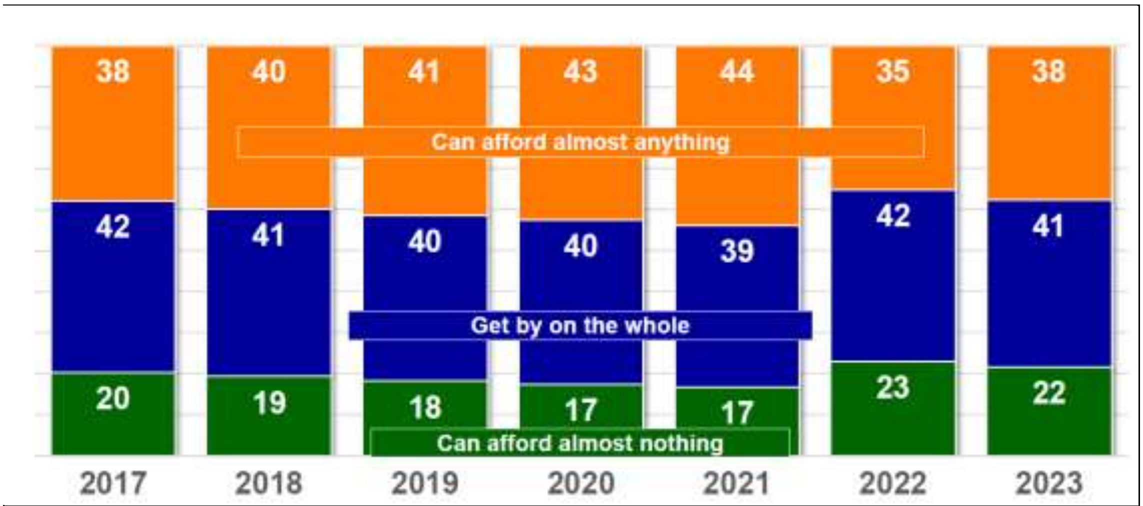

Figure 6: Self-assessment of financial situation between 2017-2023, Share of all households in Germany in %. Source: AMI based on GfK

The current figures make obvious: despite a slight growth, the organic sector in Germany is still far away from the ambitious goals of the German government: by 2030 to cover 30 percent organc land of the agriculturally used area.

A list of German importers of organic MAPs and NWFP can be found in the Annex.

6.2 Switzerland

In 2023, Swiss consumers continued to reach for organic products despite a dampened consumer mood (inflation, rising prices). The market share in the retail trade increased and now stands at 11.6% (2022: 11.2%). Total organic sales including specialist retailers, direct marketing and other sales channels amounted to around EUR 4.1 billion in 2023, compared to EUR 3.9 billion in 2022. Hence, we see the long-term trend towards more organic sales in the food market in Switzerland as unbroken.

The dominant two distribution channels for organic products in Switzeland are the retail chains Coop (42.5% market share) and Migros (32.8% market share) already for decades. All other channels, including disounters and organic shops have just a marginal role on the Swiss market (see Figure 7).

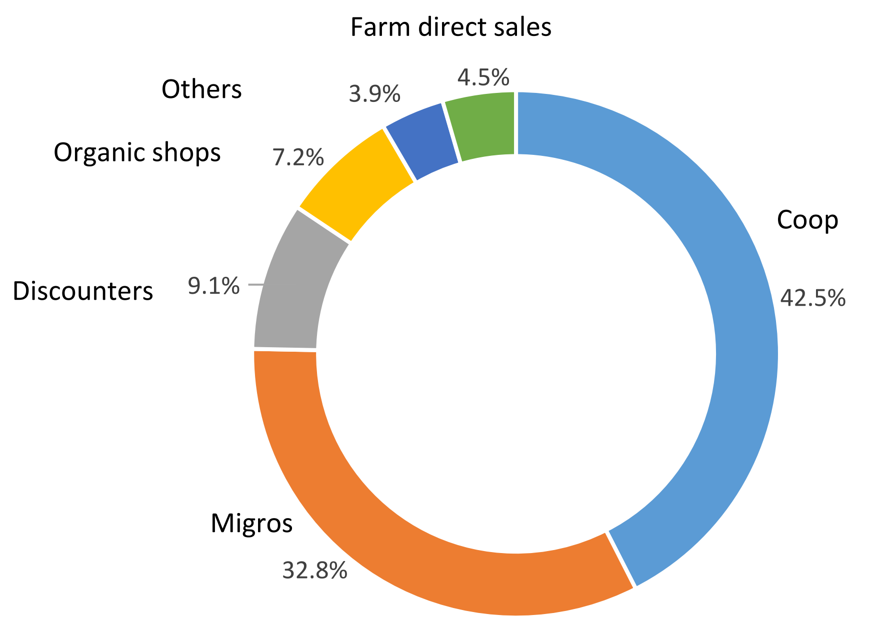

Figure 7: Overview of distribution channels for organic products in Switzerland in 2023. Source: Bio Suisse

There are numerous registered importers for organic products in Switzerland, including MAPs and NWFP, which are processors or source products on behalf of organic wholesalers or retail chains.

A list of Swiss importers of organic MAPs and NWFP can be found in the Annex.

6.3 Italy

In Italy the market for organic food amounted in 2023 EUR 5.5 billion and compared to other countries indicated a growth of more than 5% (see Figure 8). The most organic products have been sold via supermarkets and discounters with 45% market share. Supermarkets and discounter also indicated the highest dynamic with a growth of around 8%.

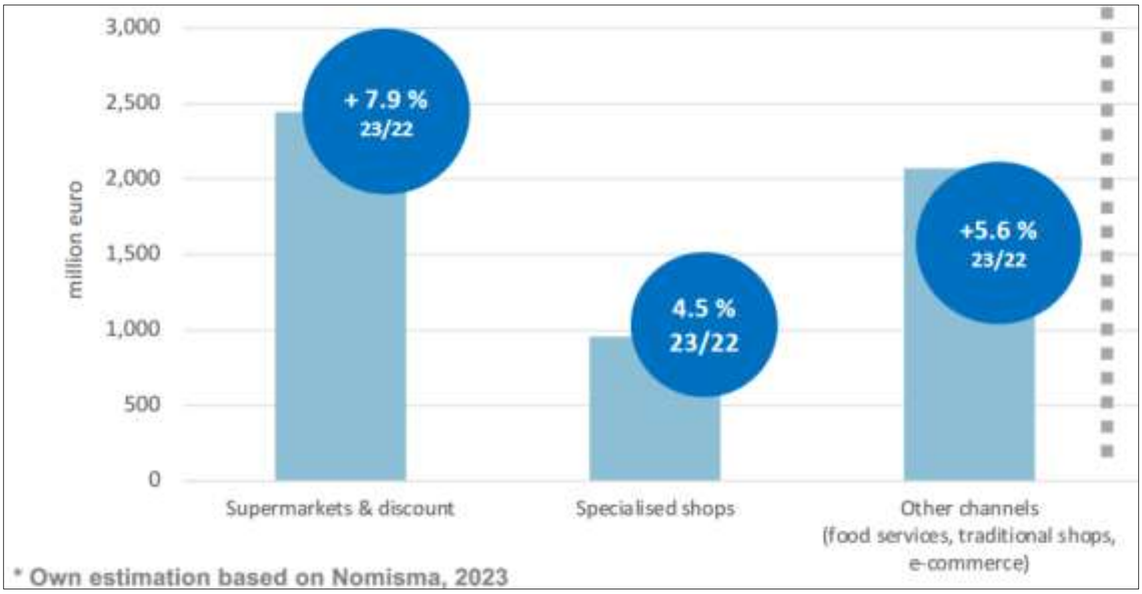

Figure 8: Organic food sales in Italy in 2023. Source: Universita Politecnica Delle Marche

The organic market share reached in 2023 a percentage of 3.3% (see Figure 9).

Signals of market recovery come from both supermarkets and specialized shops. However, most of the value growth in 2023 was due to the inflation / increased prices for organic food and the organic market growth was lower than total food market growth in terms of value. It was also observed by local market experts that in 2023 for the first time the assortment of organic products in supermarket has decreased.

A list of Italian importers of organic MAPs and NWFP can be found in the Annex.

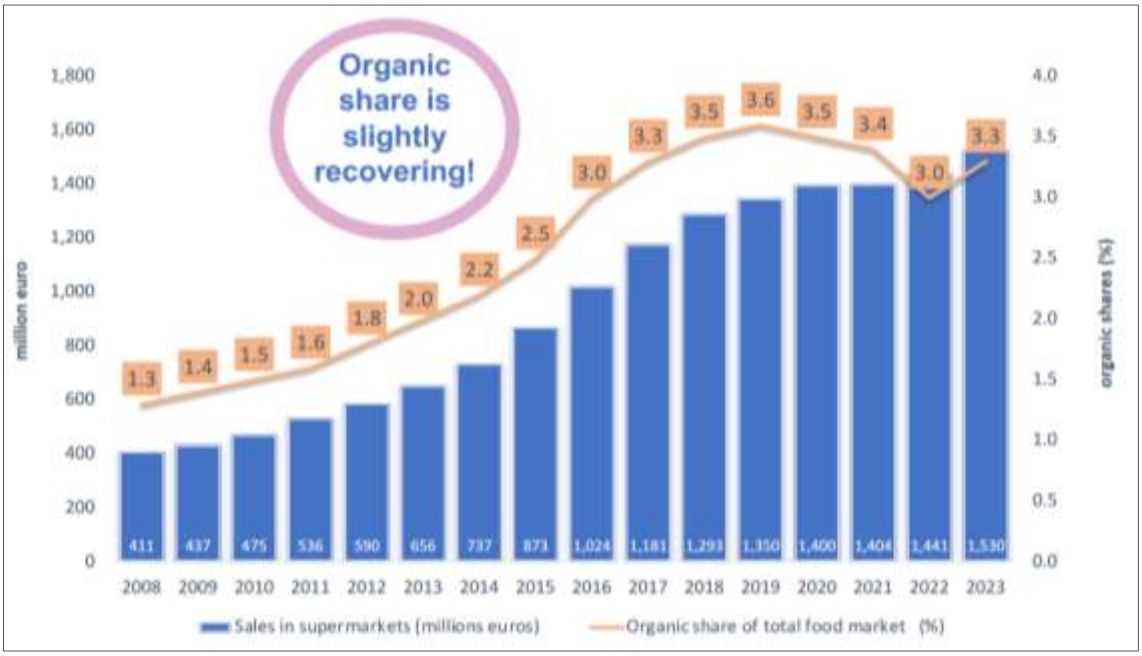

Figure 9: Development of sales values and market shares in supermarkets in Italy between 2008 and 2023. Source: Universita Politecnica Delle Marche, based on data of AC Nielsen

6.4 France

After a long period of market growth in 2022 the organic sales dropped in France for the first time by almost 5%. Nevertheless, France remains the 2nd biggest European organic market and reached EUR 12.08 billion (see Figure 10). Further EUR 715 million are dedicated to the sales via canteens and restaurants. This way of distribution is strongly growing despite of the consolidation tendencies in other market channels in France.

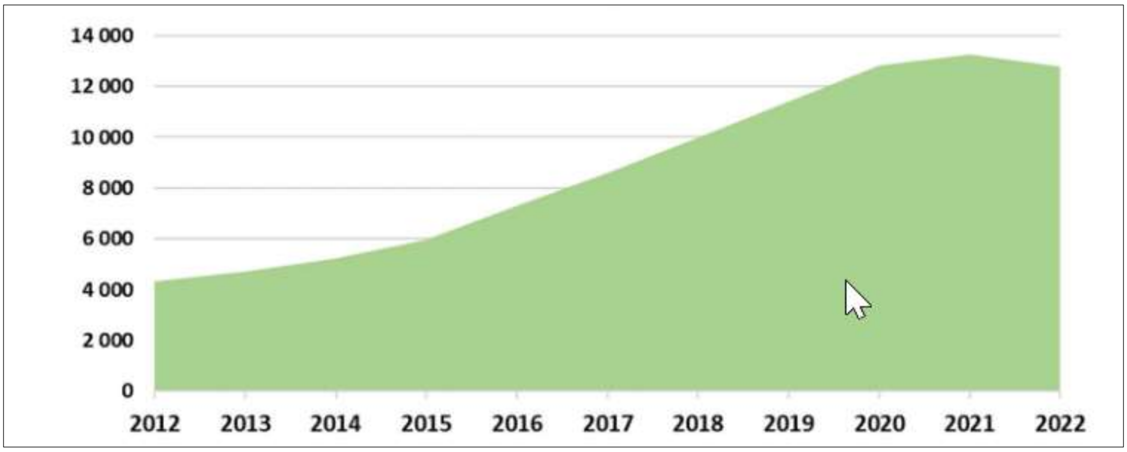

Figure 10: Development of the organic retail sales in France between 2012 and 2022. Source: Agence Bio

The main distrubution channels for organic products are supermakets and organic shops, which amount around 80% of the total retail sales (see Figure 11). The market share for organic products in 2022 was 6.1%

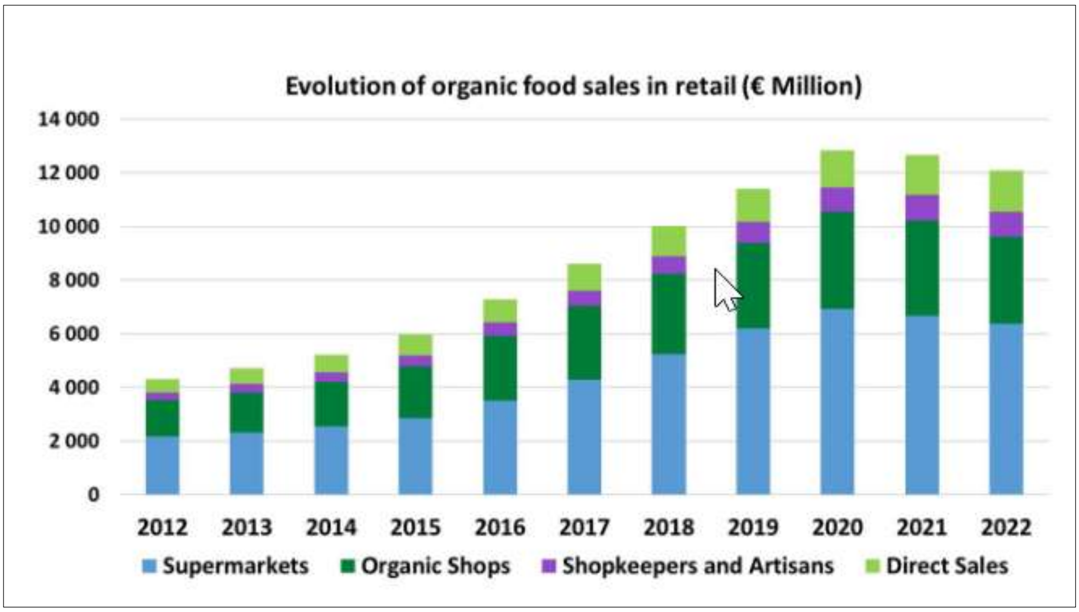

Figure 11: Development of organic food sales in France between 2012 and 2022 by distribution channels. Source: Agence Bio

Also in 2023 the trend continued of a consolidated or even lightly declined organic market (-2.3%). But local market experts forecast a raising demand again after that period of consolidation.

A list of French importers of organic MAPs and NWFP can be found in the Annex.

6.5 Response from interviewed importers from European target countries

As a part of the study, interviews have been conducted with different importers of organic MAPs and NWFP from Kosovo.

The following facts have been compiled as response from European buyers.

Importers who have built up market relations over many years to suppliers in Kosovo, have identified few exporters, with whom they collaborate closely on a relative high level of satisfaction. It was also mentioned that relations other exporters from Kosovo in the past had to be terminated because of permanent quality issues.

The importers report about growing purchase volumes of MAPs or NWFP from Kosovo from 20-30% in the period between 2020 and 2023 and expext a continious growth of 10-30% until

2025. But it also has stated, that even bigger purchase volumes would be possible for exporters from Kosovo and new suppliers could be contracted in case of adapted price expectations and quality improvements on the side of the suppliers.

When importers are asked about the biggest challences in importing MAPs from Kosovo, they state, that residues of nicotin, pesticides as well as PA are the main quality limiting factors. Compared to other supplying countries of MAPs and NWFP, it is stated that Western European countries such as Germany, Austria are benchmarks in regard to the product quality. However, also a comparison in the West-Balkan countries seems useful, especially with regard to wild harvesting: Bosnia and Herzegovina has been doing relatively well recently in terms of organic conformity and integrity (e.g. it is mentioned that Albania and Bulgaria are more critical countries). Kosovo is considered to be among the TOP 3 in the West-Balkan countries ranking. However, it is also stated that only few exporters fulfill the importer requirements in regard to quality, price or logistic in this moment.

One potential importer also reported, why trade relations with exporters from Kosovo failed yet. In one case, the requested volume was too high for the specifically demanded product. Another reason was, that the importer doesn't accept the offered air-cargo delivery on environmental reasons. In some cases, the price expectations were very different and finally also a lack of response and general communication problems have been reported as reason of failure.

Finally, the importers also have been asked about topics for trainings to MAP / NWFP operators to increase the success in their export affairs. The following topics have been mentioned most frequently:

- Effective weed control
- Post-Harvest Management
- HACCP (to avoid any kind of contamination with TA/PA, nicotine, pesticides)
- Communication / negotiation skills.

It can be concluded that there is a potential and growing demand in Europe for certified organic MAPs and NWFP from Kosovo under the pre-condition of adapted business, quality and price schemes.

7. Trends on the market for MAPs and NWFP

The market demand for natural and organic products is continuing to grow. However, the growth will be slower than in previous years and also the general needed organic import volume in Europe will reduce slightly for different reasons.

Nevertheless, the following trends indicate a robust and evolving market for organic MAPs, with opportunities for growth, especially for producers and brands that can align with consumer values around health, sustainability, and ethical sourcing.

The market for organic MAPs and NWFP in Europe is influenced by several key trends that reflect a growing consumer interest in health, wellness, and sustainability.

Sustainable and ethical sourcing

Sustainability is a major concern for European consumers. There is a growing demand for organic MAPs and NWFPs that are harvested sustainably, without damaging forests or biodiversity.

Health consciousness

European consumers are increasingly seeking natural and organic products due to rising awareness of health and wellness. This drives demand for organic MAPs and NWFP in various industries, including food and beverages, cosmetics, and pharmaceuticals.

Clean label products

There's a strong preference for products with clean or natural labels, meaning fewer additives and chemicals, which supports the demand for organic MAPs and NWFP as ingredients.

Herbal medicines

The popularity of herbal medicines and supplements is on the rise, driven by a preference for natural remedies over synthetic substances. Organic MAPs are key ingredients in these products.

Functional foods and nutraceuticals

The functional food market, which includes foods with added health benefits, is expanding in Europe. Organic MAPs and NWFP are often used in these products for their health-promoting properties. MAPs are increasingly being used as ingredients in functional foods (e.g., foods with added health benefits) and beverages. Popular examples include herbal teas, energy bars, and beverages infused with plant extracts like turmeric, peppermint, and chamomile.

Also nutraceuticals gaining more and more relevance on the market. MAPs are essential components in the growing nutraceuticals market. Many plants and herbs are promoted for their health benefits, such as boosting digestion, reducing stress, or enhancing cognitive functions.

Essential oils market growth

There is a growing interest in aromatherapy and the use of essential oils, where organic sourcing is a priority. Essential oils derived from herbs like thyme, oregano, and mint are popular for both personal care and wellness applications.

Natural cosmetics market growth

European consumers are increasingly favoring natural cosmetics, where MAPs such as lavender, rosemary, and aloe vera play a significant role. The cosmetics industry in Europe is following this consumer trend and more and more shift towards natural and organic ingredients. These ingredients are perceived as safer and more sustainable compared to synthetic chemicals.

Environmental concerns

European consumers are very conscious of the environmental impact of their purchases. There is a strong demand for organically grown MAPs that are sustainably and ethically sourced, supporting biodiversity and fair trade practices.

Product diversification

Companies are innovating by developing new MAP-based products, including novel dietary supplements, beverages, and skincare products, to cater to specific health needs and preferences.

Local sourcing and short supply chains

Due to different reasons, there is a growing movement toward sourcing MAPs and NWFPs locally in Europe. This trend is driven by a desire to reduce the carbon footprint and ensure product traceability. Furthermore, European consumers increasingly prefer products that support small-scale local farmers and traditional harvesting techniques, particularly in Mediterranean and Alpine regions.

Immune-boosting products

The COVID-19 pandemic has led to an increased interest in products that are believed to support immune health, such as certain MAPs like echinacea and elderberry.

These trends indicate a robust and evolving market for organic MAPs and NWFP in Europe, with significant opportunities for growth, especially for producers and brands that can align with consumer values around health, sustainability, and ethical sourcing.

Strict Regulatory and Safety Standards

The European Union is implementing stricter regulatory frameworks for the organic production and certification of MAPs and NWFPs under EU 2018/848. Compliance with these regulations is key for market entry. Besides importers request high quality and safety standards. Products must meet stringent quality standards, including quality and sustainability certifications (GLOBAL G.A.P. HACCP, UTZ), to gain better access to the European market. Also, products must be free of any TA/PA and other harmful residues.

Impact of Climate Change and Biodiversity Loss

Climate change is impacting the availability of NWFPs and MAPs, especially in vulnerable ecosystems like forests. Sustainable management practices are crucial to prevent over-harvesting and maintain biodiversity. There is growing awareness about the role of NWFPs and MAPs in biodiversity conservation. Europe is seeing initiatives to preserve native species and promote the sustainable use of forest resources.

8. Outlook and business perspective

As the study concludes, the sector for Non-Wood Forest Products (NWFP) and Medicinal Aromatic Plants (MAP) in Kosovo presents a promising outlook for growth and expansion of exports, particularly to the European market. The potential for increased demand for certified organic MAPs and NWFP from Kosovo is contingent upon the adaptation of quality and price schemes that meet the expectations of European importers.

The European market continues to show a growing interest in organic products, driven by consumer trends towards sustainable sourcing, health-conscious consumption, and the demand for products with clean labels. This presents a significant opportunity for Kosovar producers.

However, the sector also faces considerable challenges, particularly on the labor and financial fronts. The aging farming population in Kosovo may be less inclined to adopt new organic farming techniques, and younger generations may not find the economic prospects of small-scale MAP production attractive enough. Additionally, migration to urban areas or other countries for better economic opportunities is leading to a shortage of labor, which is crucial for maintaining labor-intensive organic farming practices or wild collection.

To address these challenges and exploit the market opportunities, the report suggests a focus on several key areas:

Quality and Safety Standards

Kosovar producers must ensure that their products meet the strict quality and safety standards required by the EU market. This includes effective weed control, implementation of HACCP systems to avoid contamination, and adherence to legal and certification aspects.

Investment in Production and Certification

The move towards more formalized sales arrangements, such as contracted production and organized groups of organic operators, is expected to gain importance. This will help make investments in organic production and certification more affordable for small-scale farmers.

Training and Capacity Building

There is a need for training in areas such as effective weed control, HACCP, and communication/negotiation skills to enhance the success of export affairs. This will help operators to better understand and meet the requirements of the European market.

Market Diversification and Product Development

Companies in the sector plan to focus on increasing productivity, developing new products, penetrating new markets, adding value through processing, and promoting products internationally. This diversification can help mitigate risks and increase market share.

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Annex

List of importers / processors / tarders of MAPs and/or NWFP

Germany

Alfred Galke GmbH

Allos GmbH

Dennree GmbH

AcanChia UG&Co.KG

Bionorica

Diafood GmbH

Dr. Willmar Schwabe Pharmaceuticals

Grüner Punkt Naturkost GmbH

Hamburger Gewürz-Mühle Hermann Schulz GmbH

HerbaPack GmbH

Henry Lamotte Oils GmbH

HERBARIA Kräuterparadies GmbH

Heinrich Klenk GmbH

InProPlant

Kräuter Mix GmbH

Lebensbaum (Ulrich Walther GmbH)

Lienig Wildfruchtverarbeitung GmbH

Martin Bauer Group

Marktgesellschaft der Naturland Betriebe mbH Öko Service GmbH

Pilze Wohlrab

Rapunzel

Rolker Ökofrucht GmbH

Tagtraum Tee Versand & Großhandels GmbH

Tee Gschwendner

Tegut

Völpel GmbH & Co. KG

Weiling GmbH

Worlée NaturProdukte GmbH

Austria

BioBalkan

Sonnentor

Waldland

Switzerland

A.Vogel

Biodina

Delica AG (Migros)

Dixa AG

Erboristi Lendi

Kennel AG

Morga

TRAWOSA AG

Varistor

The Netherlands

Berrico FoodCompany B.V.

Biocore

Doens Food Ingredients B.V.

France

Herbier-du-diois

Italy

Bioorganic Srl

Sweetbio srl

UK

Heath & Heather Tea

Croatia

Terra-magnifica