

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Estonia

**Post:** Warsaw

### Estonian Organic Food Market

**Report Categories:**

Special Certification - Organic/Kosher/Halal

Agriculture in the Economy

Grain and Feed

Promotion Opportunities

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**Report Highlights:**

Estonia's organic area accounts for 18 percent of its total agricultural area, the third highest in the European Union (EU). Although consumer demand for organic food has increased significantly in recent years, the Estonian organics industry remains challenged by low processing capacity. Demand for imported consumer-ready organic foods, as well as for citrus fruits, and fresh vegetables, including organic sweet potatoes is expected to remain robust.

## **General Information:**

### **Organic Market Regulations in Estonia**

Organic production is growing rapidly in Estonia. About 200,000 hectares are currently under organic production, which accounts for roughly 18 percent of Estonia's total agricultural area. The Government of Estonia (GOE) seeks to establish Estonia as a center for organic agriculture and global supplier of organic agricultural, food, and forest products.

As an EU Member State, Estonia has harmonized its national laws and follows all relevant EU regulations and obligations vis-à-vis organic production, labeling, and trade, including:

- Basic COUNCIL REGULATION (EC) No 834/2007 of 28 June 2007 on organic production and labeling of organic products and repealing Regulation (EEC) No 2092/91;
- COMMISSION REGULATION (EC) No 889/2008 of 5 September 2008 establishing regulations to implement Council Regulation (EC) No 834/2007 on organic production and labeling with regard to organic production, labeling and control; and
- Commission Regulation (EC) No 1235/2008 of 8 December 2008 establishing regulations to implement of Council Regulation (EC) No 834/2007 regarding importing organic products from third countries.

On June 14, 2018, the [New EU Organic Regulation](#) was gazetted in the Official Journal, OJ L 2018\_150 and is scheduled to enter into force on January 1, 2021. This regulation is an outcome of EU organic farming reforms and will require harmonization between EU and non-EU organic systems. According to the Regulation, non-EU exporters to the EU will be granted five years to comply with provisions, which will be applicable for them from 2026.

At the national level, Estonian organic agriculture is regulated under the [Estonian Organic Farming Act](#) and associated regulations. The Act establishes detailed requirements, which are not generally defined under EU law, as well as detailed provisions of supervision over entities operating in organic food chain, and for the liability for violation of the requirements established by this legislation. The Act entered into force on January 1, 2007, and was subsequently amended several times. Relevant Estonian legislation is available on the websites of the [MRA](#), the [Agricultural Board](#) (AB), and the [Veterinary and Food Board](#) (VFB).

### **Control System of Organic Agriculture and Certification**

State certification bodies are tasked with oversight, including:

- The AB is responsible for the overall regulation of organic farming;
- The VFB is responsible for organic food and feed processing, catering, marketing, and trade (including imports).

Farmers or other stakeholders seeking organic certification apply to the AB or VFB, depending on specific needs. A public approved entities list can be found [here](#). Organic farmers are audited annually by state inspectors and must also pay annual certification and inspection fees.

## Labeling of Organic Products

Certified farmers and processors are eligible to label their products with an EU organic logo (Picture 1). The logo is compulsory on packaged products. The Estonian organic logo (Picture 2) can also be used. Other organic logos (e.g. used in catering industry) are also allowed.

Labels for organic products must indicate of the country of origin for ingredients and typically include the terms “Estonian Agriculture”, “EU Agriculture”, “Non-EU Agriculture”, “EU / Non-EU Agriculture”. To be labeled as organic, processed products must contain at least 95 percent (by weight) of certified organic ingredients. Up to five percent of non-organic ingredients can be used, provided they are listed under regulation (EC) no. 889/2008, annex IX.

### Picture 1: EU Organic Product Label



Estonian terms used for organic products are “*ökoloogiline*”, “*öko-*”, or “*mahe*”. All are legally acceptable terms in Estonia.

### Picture 2: Estonia’s National Organic Label



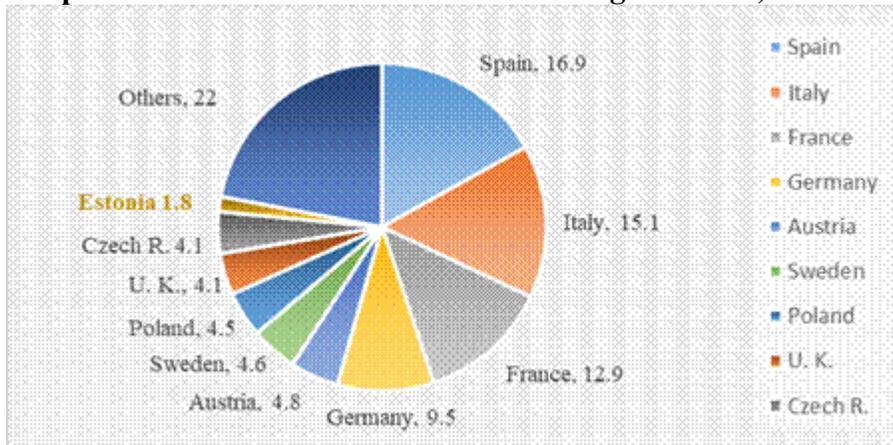
According to Estonian law, all organic products must include the code for one of the following inspection authorities:

- Agricultural Board: EE-ÖKO-01,
- Veterinary and Food Board: EE-ÖKO-02.

## Estonian Organic Agricultural Production

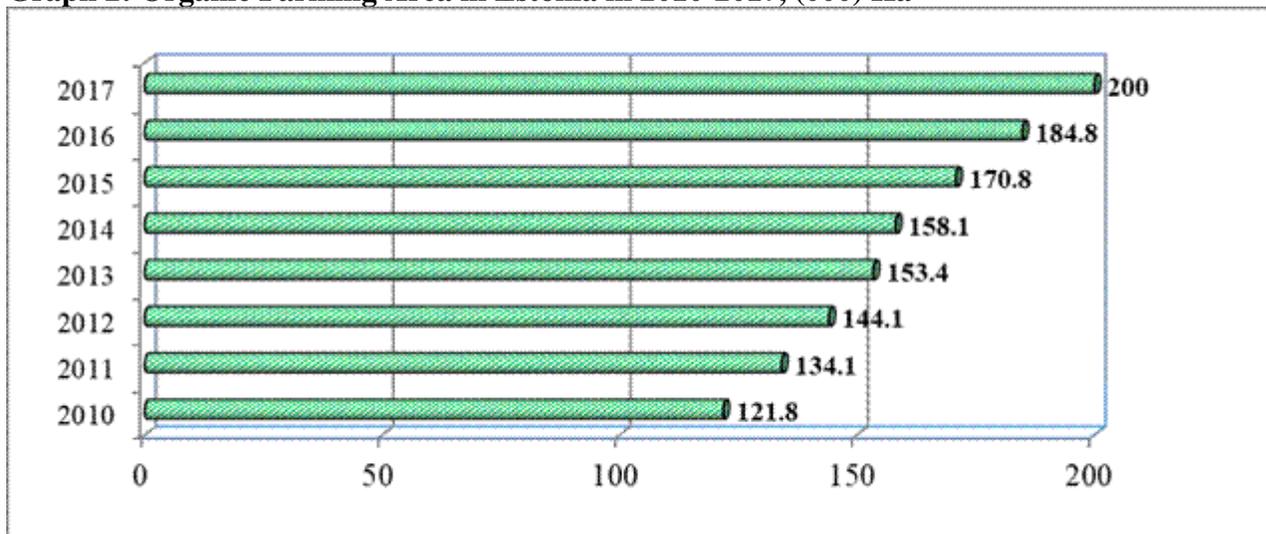
18 percent of Estonia’s farmland is now under organic control, the third-highest percentage in the EU after Austria and Sweden. Estonia’s organic area accounted for 1.8 percent of the EU-28’s total area under organic production in 2016. Estonia’s 200,000 Ha organic area includes land still under conversion, as well as land that is fully converted and certified. However, for land to be considered ‘organic’, it must be certified. Fully converted organic land accounts for 78 percent of the total organic area.

**Graph 1: Estonia's Share in Total EU-28 Organic Area, in 2016**



Source: Eurostat

**Graph 2: Organic Farming Area in Estonia in 2010-2017, (000) Ha**



Source: Organic Farming Register, Estonia

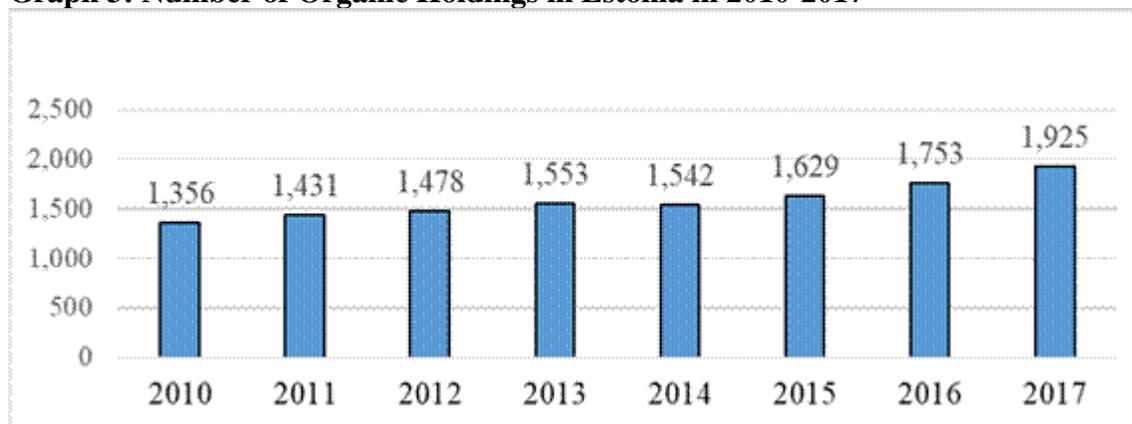
Permanent grassland and pastureland comprised the largest share of the organic area in Estonia in 2017. Cereals accounted for almost 20 percent of Estonian organic crop area. Organic vegetables, pulses, oilseeds, except for potatoes increased their shares of total organic area in the last few years. The most popular organic grain crop was oats, at 51 percent of the total grain area (20,078 Ha), followed by wheat.

The number of organic producers increased between 2010 and 2017 from 1,356 to 1,925. While growth in the number of farmers has moderated in recent years, the organic area continues to grow. In 2006, the average organic farm area was 67 Ha. In 2017, that figure is almost double. Most organic production is located in the western and southern regions of Estonia.

**Table 1: Organic Plant Area in Estonia in 2016-2017**

| Crop type                                  | Organic Area in Ha |                |                  |
|--|--------------------|----------------|------------------|
|  | 2016               | 2017           | % Change 2016-17 |
| Permanent grassland                        | 83,209             | 88,026         | 5.8              |
| Semi-natural habitats                      | 11,612             | 5,219          | -55.1            |
| Arable land, of which:                     | 84,022             | 100,811        | 20               |
| Grain                                      | 34,318             | 39,112         | 14               |
| Pulses                                     | 7,206              | 9,058          | 25.7             |
| Oilseeds                                   | 5,792              | 11,282         | 94.8             |
| Herbs                                      | 250                | 571            | 128.4            |
| Potatoes                                   | 203                | 153            | -24.6            |
| Grasslands, up to 5 years                  | 35,102             | 39,518         | 12.6             |
| Permanent crops (fruits, berries, nursery) | 2,010              | 2,385          | 18.7             |
| <b>Total</b>                               | <b>184,754</b>     | <b>199,947</b> | <b>8.2</b>       |

Source: Organic Farming Register, Estonia

**Graph 3: Number of Organic Holdings in Estonia in 2010-2017**

Source: Organic Farming Register, Estonia

**Table 2: Organic Grain Area in Estonia in 2017, Ha**

| Grain Varieties       | Area in Ha | % Share |
|-----------------------|------------|---------|
| Total                 | 39,112     | 100.0   |
| Oats                  | 20,078     | 51.3    |
| Wheat                 | 7,178      | 18.4    |
| Rye                   | 4,035      | 10.3    |
| Buckwheat             | 3,812      | 9.7     |
| Barley                | 3,045      | 7.8     |
| Triticale, and others | 964        | 2.5     |

Source: Ministry of Rural Affairs, Estonia

**Table 3: Production of Selected Organic Crops in Estonia (MT)**

| <b>Product</b>                    | <b>2015</b> | <b>2016</b> | <b>2017</b> |
|-----------------------------------|-------------|-------------|-------------|
| Grain (including seed)            | 47,858      | 45,867      | 60,148      |
| • Wheat and Spelt                 | 11,180      | 8,969       | 9,354       |
| • Rye and winter cereal mixtures  | 10,013      | 7,366       | 7,391       |
| • Barley                          | 4,892       | 3,290       | 3,820       |
| • Oats and spring cereal mixtures | 20,294      | 24,316      | 37,795      |
| Dry pulses and protein crops      | 6,228       | 7,589       | 6,714       |
| Root crops                        | 2,197       | 1,468       | 1,483       |
| Oilseeds                          | 2,654       | 2,414       | 2,869       |
| Forage crops                      | 574,655     | 621,838     | 334,383     |
| Fresh vegetables                  | 953         | 1,188       | 2,736       |
| Strawberries                      | 28          | 37          | 32          |

Source: Eurostat, <http://ec.europa.eu/eurostat>

In 2017, forage crops took the biggest share in total agricultural production of organic crops, and amounted to 334,383 MT. Organic grain production and area allocated are increasing, especially organic oats and wheat, which are used mostly for organic feed.

Over two-thirds of organic farms in Estonia raise organic livestock, with sheep and cattle predominating. At the end of 2017, 47 percent of all Estonian sheep and 53 percent of all beef cattle were organic. Over the last five years, organic beef production has grown significantly. According to the MRA, 667 farmers raised organic beef cattle in 2017. 167 of those farms had herds with at least 30 heads, the largest of which had a herd of 218 beef cattle.

**Table 4: Organic Livestock, and Other Animals in Estonia**

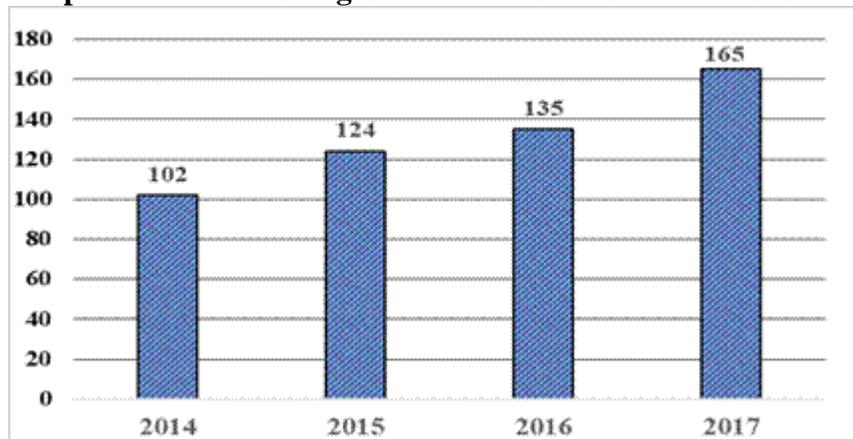
| <b>Number of Heads</b> | <b>2011</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>% Change<br/>2011-17</b> |
|------------------------|-------------|-------------|-------------|-------------|-----------------------------|
| Cattle                 | 28,701      | 41,744      | 44,675      | 48,303      | 68.3                        |
| of which dairy cows    | 3,255       | 1,966       | 1,881       | 1,869       | -42.6                       |
| of which beef cows     | 7,734       | 14,271      | 16,045      | 17,971      | 132.4                       |
| Sheep                  | 46,496      | 54,470      | 51,999      | 48,931      | 5.2                         |
| Goats                  | 940         | 1,566       | 1,629       | 1,675       | 78.2                        |
| Horses                 | 1,987       | 2,021       | 1,952       | 1,859       | -6.4                        |
| Pigs                   | 1,327       | 818         | 681         | 525         | -60.4                       |
| Poultry                | 12,864      | 33,799      | 33,992      | 33,530      | 160.6                       |
| of which laying hens   | 7,759       | 23,036      | 19,008      | 22,540      | 190.5                       |
| Rabbits                | 1,208       | 2,639       | 2,639       | 512         | -57.6                       |
| Bee hives              | 632         | 1,996       | 2,717       | 2,775       | 339.1                       |

Source: Organic Farming Register, Estonia

Local organic processed products are mostly grains, fruits, vegetables, milk and dairy products, and eggs. In 2006 there were only 13 organic food processors, significantly then the 165 certified food processing plants operating in 2017. Despite this growth, the Estonian organic food processing sector still lacks number of facilities and production capacity to adequately meet the output from local

farmers. Moreover, Estonia’s domestic industry cannot consistently meet wholesale and retail demands for supplies of organic products. High logistical costs further diminish distributors’ interest in local organic products.

**Graph 4: Number of Organic Processors in Estonia in 2014-17**



Source: Ministry of Rural Affairs, Estonia

**Table 5: Production of Some Selected Organic Groups of Products**

| Organic Product                   |              | 2014 | 2015  | 2016  | 2017  |
|-----------------------------------|--------------|------|-------|-------|-------|
| Grain processed products          | MT           | 919  | 470   | 586   | 633   |
| Bakery, pasta                     |              | 156  | 154   | 92    | 49    |
| Dairy products                    | MT           | 203  | 419   | 569   | 639   |
| Meat products                     | MT           | 555  | 537   | 494   | 636   |
| Vegetables, fruits, and mushrooms | MT           | 487  | 1,206 | 1,942 | 1,253 |
| Oils                              | MT           | 342  | 4,465 | 551   | 548   |
| Fish products                     | MT           | 260  | 477   | 272   | -     |
| Beverages                         | (000) Liters | 281  | 697   | 601   | 736   |

Source: Organic Farming Register, Estonia

### Organic Market Size and Organization

Fresh, processed, and retail organic products are widely available in modern retail outlets. Currently organic foods often share shelf space with conventional foods and not typically in special organic areas in stores. According to some market studies, some Estonian consumers feel that hypermarkets do not properly display organic products, which creates confusion in terms of distinguishing organic products from conventional products. Some organic products cost twice as much as comparable conventional products (e.g. some vegetables, eggs, flour). That price gap narrows for other product segments (e.g. beef, natural yoghurt, some herbal teas). Despite the rising demand for organic products, price sensitivity is still the major driver among Estonian consumers. Direct sales from farmers and processors for a small scale on local markets have also important share in organic foods distribution. Dedicated organic stores and/or health-food stores in Tallinn offer local organic products as well as imported organic fruits and vegetables, and organic retail products, mostly from other EU member states. In addition to organic products, many of these shops also offer products labeled as ‘healthy’ or ‘natural’.

### Local Trends and Consumer Perception of Organic Foods

As Estonia's economy and purchasing power improves, the popularity of 'lifestyle' products is increasing. More and more Estonians perceive that organic food is more healthful than conventional foods and that belief spurs demand, particularly in urban areas. The people are increasingly interested in so-called "green food", marketed as healthy food, although it is not certified organic. Such products come from well-known sources, with strong belief in their inherent quality, and are cheaper than certified organic food. This creates competition between uncertified and certified producers who bear much higher costs. Some consumers confuse the concept of organic certified food and conventional food marketed as "ecological, or "natural", locally obtained food.

### **Imports and Exports of Organic Products and Market Access**

Imported products labeled as organic from outside the EU must meet EU production requirements and rules, or be from countries with organic equivalence recognition. Once organic products are imported into one member state, they can be freely placed in the markets of all Member States. The main driver for Estonian organic production are exports. The major buyers are Scandinavian countries, mainly Sweden, and Finland.

### **Picture 3: Logo of EU-U.S. Organic Equivalence**



Source: <http://www.usda-eu.org>

Information on US-EU Organic Equivalency Arrangement can be found on the USDA [website](#). The Arrangement is limited to organic products of U.S. origin, either produced within the United States or where the final processing or packaging occurs within the United States. The United States allows European products produced and handled under the EU Organic Program to be marketed as "organic" in the United States using the USDA organic logo under specified conditions.

### **Prospects for Organic Foods in Estonia**

The Estonian organic food market is still at emerging stage but fast developing. This concerns new product types, value and volume of sales of products existing in the market, and development of new brands. Product prices remain the most crucial sales factor. According to Euromonitor's forecast for general packaged food, sales of packaged food should increase by 27 percent in the period 2015-2020. In recent years, price competition has increased due to development of private labels and new entrepreneurs. Discounters are expected to focus more on offering lower-priced organic packaged food.

Products with the biggest prospects for U.S. organic products are dry fruits, peanuts, fresh citrus fruits, organic grains (mostly rice), seafood and fish, sweet potatoes, and baby food.

### **Advantages for U.S. exporters to Estonia's market:**

- Higher purchasing power and more disposable income among Estonian consumers drive

- organic food sales, especially among urban and higher-incomes demographics;
- Increasing ecological awareness of Estonian society and an increasing interest in organic products, as a consequence demand for organic local and imported food is growing;
  - Presence of some selected groups of imported organic products on the shelves of Estonian shops, like processed organic foods or fresh citrus fruits, and vegetables;
  - Low level of domestic organic processing industry development, what creates supply opportunities for foreign organic exporters;
  - Developing distribution channels, expanding sales possibilities and service quality;
  - No formal barriers for EU-U.S. trade in organic food due to harmonization of both partners legislation (US-EU Organic Equivalency Arrangement);
  - Unknown future of EU budget financial support for organic farming and unstable policy for this sector may diminish local supply due to reduced organic farming. Such a scenario would open the EU-Estonian organic market for imported products much wider.

**Challenges which can be met by U.S. exporters in market access to Estonia:**

- Strong competition from the EU suppliers, particularly Spain, Italy, and Germany;
- Price sensitivity remains the main factor in food purchases for most Estonians;
- Lack of specialized organic distribution channels;
- High share of so called “green food”, competing by much lower prices with certified organic food on the market;
- Consumers’ education and information on certified organic products should be included into market access strategy for Estonia. Local consumers usually do not see a difference between certified organic products, and food marketed as so called healthy “green Food”;
- Market demand capacity is limited to big cities, mainly Tallinn;
- Organic products market is still in the initial phase of growth, which increases the level of market uncertainty.

**Financial Support for Organic Agriculture**

Estonian organic farmers have been subsidized the EU since the accession to the Common Market in 2004. In 2017, 1,840 farmers applied for €17 million in organic subsidies. Detailed information on specific subsidies for plants or animals is available on the MRA [website](#).

**Appendix**

Government Authorities for organic market:

Ministry of Rural Affairs,  
Plant Health Department  
phone: +372 625 6537, +372 625 6533  
e-mail: mahe@agri.ee;  
[www.agri.ee](http://www.agri.ee)

Agricultural Board,  
Organic Farming and Seed Department  
phone: +372 671 2660  
e-mail: [pma@pma.agri.ee](mailto:pma@pma.agri.ee);  
[www.pma.agri.ee](http://www.pma.agri.ee)

Veterinary and Food Board, Office for  
Retail Sales, Organic Farming and Food of  
Non-Animal Origin  
phone: +372 605 4757  
e-mail: [vet@vet.agri.ee](mailto:vet@vet.agri.ee);  
[www.vet.agri.ee](http://www.vet.agri.ee)

Estonian Agricultural Registers and  
Information Board  
phone: +372 737 1200  
e-mail: [pria@pria.ee](mailto:pria@pria.ee);  
[www.pria.ee](http://www.pria.ee)