



Opening Statement

Mr Chairman, Members of the Committee

I would like to thank the Committee for the invitation to discuss developments in the organic sector.

Organic Market Overview

Retail sales of organic food products in Ireland stood at €189 million in 2020, which represented year on year growth of 16.2%. The organic category performed strongly during the year, outpacing the growth in total grocery by 6%. Drivers of growth came from a range of sources including:

- Increased frequency of purchase by consumers, especially of meat and ambient products
- New shoppers to the meat and dairy sectors.

Seafood was the only category that saw a loss as a result of less shoppers buying fresh fish from open fish counters during the Covid-19 pandemic.

Two of the largest export markets in Europe are the UK and Germany. The UK retail market for organic food was valued at £1.2 billion in 2020, which represented an increase of 13% on 2019 levels. The sector grew 4 percentage points more than the total grocery market. There was a strong category performance across all categories with organic poultry and vegetables the strongest performers at 30.5% and 26.7% respectively driven primarily by new shoppers entering the category.

Germany, the leading organic market in Europe, had a market value of €12 billion in 2020 with the market growing by 6% - 10% annually over the last three years. The

organic share of total grocery retail turnover is now approaching 7% with the retail channel driving growth over recent years.

Bord Bia Supports and Activities

Bord Bia provides a wide range of supports and activities for Irish food, drink and horticulture producers. All organic producers have the opportunity to avail of these supports and activities. We work with Irish organic companies across all sectors including dairy, meat, alcohol, prepared consumer foods, meat and seafood.

In addition, Bord Bia also delivers a series of tailored initiatives to support the organic sector in line with the Government Strategy for the Development of Ireland's Organic Sector, 2019 – 2025. These bespoke organic supports include:

Business Development Activities

Each year Bord Bia's participates at BioFach, Europe's leading organic trade fair, enabling organic client companies to build new business and generate new leads. The event takes place in Germany however Covid-19 restrictions meant that the physical version of Biofach didn't take place in 2021.

In an effort to replace the business development potential offered by Biofach, Bord Bia is undertaking a cross sectoral lead generation project in 2021 to identify opportunities for our organic companies in the German market across both retail and foodservice. This project will involve 15 organic companies. This project is being informed by a recent Bord Bia research study on the German market to provide an up to date overview of the market and a retail directory to highlight potential new business opportunities.

Bord Bia is planning to take part in Biofach 2022, which will help build on the momentum created by the cross sectoral lead generation project this year.

Sectoral Initiatives

Bord Bia focuses on a sector by sector basis to identify potential opportunities for organic products. For example, in 2019, Bord Bia supported the launch of a range of organic Quality Assured Irish Angus Beef in Dutch supermarket chain Vomar. In 2020 Bord Bia worked closely with Vomar to create promotional adverts for organic beef from Ireland, with further promotional adverts planned for 2021.

Bord Bia has also been working proactively with a lamb supplier and a major retailer in the Irish market to grow the profile of organic lamb by actively promoting seasonal Organic Lamb, focusing on peak lamb supplies in June and November. In 2020 Bord Bia supported the creation of a visual identify for an organic lamb range in retail stores with further promotional support planned for 2021. In addition Bord Bia is exploring potential market opportunities for organic and hill lamb in key export markets such as France, Germany and Italy.

Meanwhile, Bord Bia's organic seafood promotions overseas continue to focus on key export markets. Currently there is an Irish organic salmon marketing campaign focusing on the German and French market, as they account for the biggest exports in value terms in the EU. A targeted marketing campaign in these markets seeks to drive preference among likely organic seafood consumers for Irish organic salmon through digital media and in-store promotional activity. A campaign in the French market has also seen Bord Bia partner with retailers to promote Irish organic mussels.

For horticulture an organic grower market tour to Germany 2021 to conduct market research and gain understanding of building scale of operations is currently planned for Q4 2021, Covid-19 restrictions dependent. This tour will be open to all organic horticulture growers.

Consumer Promotional Activities

In relation to the Ireland market Bord Bia has been utilising social media as a key vehicle to reach target consumers. Some of the consumer promotional activity carried out over the last 12 months includes:

- A social media campaign to promote organic recipes took place in April across Facebook, Twitter and Instagram. The sponsored campaign achieved high impression delivery of 1.56 million impressions and reached 719k Irish consumers.
- Bord Bia's biennial National Organic Awards took place in October 2020 with over 100 entries across seven award categories. The format of the 2020 event was a social media campaign which was very successful with over 5,000 views generated on Twitter on the day of the awards alone. Positive interaction and engagement between producers and consumers was delivered in tandem with the awards.

In the second half of 2021 Bord Bia will roll out an organic school gardening DVD and worksheets for teachers and educators sharing knowledge and information on planning, building and maintaining a school garden. This resource will be available for primary school teachers across the country to download from the Bord Bia website.

Market Understanding

Ensuring a strong understanding of the marketplace and trends among trade customers and consumers in Ireland is critical to help guide the future growth of the organic sector. Bord Bia remains committed to providing regular market data to industry stakeholders. The most recent dataset capturing retail trends was purchased in late 2020 and provided an overview of the Irish and UK market and was shared with industry and stakeholders.

In order to help guide the future direction of the sector and Bord Bia supports we have recently commenced a Market Insights study to identify opportunities and barriers for

Irish organic produce in the domestic market and key markets across Europe in particular. This research will also capture case studies from more developed markets to gain a full understanding of how the sector has developed and key levers that have helped this growth.

The results of this research, which will be completed by October 2021, will be shared with the sector and will help guide the approach to supporting the market development of Irish organic food in Ireland and key potential export markets over the next three years.

Industry Capability

An organic plant raiser research project is currently underway to explore opportunities for Irish organic vegetable producers to develop expertise in the raising of young organic plants and grow the scale of their operations. To support this initiative, Bord Bia is collaborating with the two main organic certification bodies (for horticulture), the Irish Organic Association and Organic Trust, to canvass a select number of organic veg growers. The project involves four demo farm sites/locations, which are currently being used for demonstrations to other growers while adhering to Covid-19 guidelines.

Seasonality in the supply of finished organic lambs continues to be a key issue in the sector. In addition the largest majority of lambs born on organic farms continue to be diverted into the conventional channel. The distance of many producers from organic approved processing facilities, the smaller flock size and the fact that many may be just store lamb producers all feed into this trend. With the growing interest in organic lamb and the recent increase in processing capacity for organic sheep within Ireland, Bord Bia has been working with the organic bodies to undertake an overview of the current supply base and the potential for this to increase. This involves a survey of producers, which Bord Bia has commissioned with the outputs expected in July 2021.

Opportunities and Challenges

There are a number of future opportunities and challenges facing the organic sector, including the following

Opportunities

- Organic is well positioned to meet consumer needs for purposeful solutions that address the key trends around sustainable food solutions such as healthier, natural, better for you, better for the planet amongst others. This is highlighted by the recent growth in market size in Ireland, the UK and across key European markets. This provides opportunities for Irish producers as more supply comes on stream.
- The growing prevalence of plant based foods drives a natural demand within the organic sector for organic ingredients such as vegetables, fruit and herbs.
- With a prevalence of imports in fresh produce (approximately 7 out of 10 product lines) and cereals in particular on the Irish market, there are potential opportunities for Irish alternatives if they can be competitively produced.

Challenges

- A fragmented supply base is still evident across the Irish organic sector, which impacts on the scale of supply across a number of product categories. This is exacerbated in sectors such as sheepmeat by significant leakage where approximately 3 in 4 lambs can be lost to the conventional sector.
- Raw material availability across certain sectors pose challenges to create a consistent market for Irish organic produce. As an example the current supply of Irish organic oats only meets circa 50% of existing breakfast cereal demand. This leads to a reliance on imported raw materials and products to meet demand levels.
- The seasonal nature of output across many sectors can make it challenging to secure retail business as most customers look for products that can be supplied as close to year round as possible.

- Labour availability remains a challenge. This is impacting on the ability of growing to expand their output to meet consumer demand.

Given the challenges and opportunities outlined above and the ambition to increase the land area dedicated to organic farming to 7.5% by 2030, Bord Bia is currently undertaking a review of how we can best support the sector while recognising the unique constraints being faced by the organic sector in terms of scale of supply and capability.

The output of this, which will be informed by the Market Insights study currently underway, will bring a clear market led approach to our support and drive Bord Bia's investment in organic over the next three years. As part of this process Bord Bia will consult with our Irish organic clients and key stakeholders across the supply chain to identify the resources and activities required to help them grow their business.