

Sustainable development of the Russian market of organic agro-industrial complex

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Abstract. Organic agriculture is a dynamically developing area of the global agro-industrial complex. Global climate problems and the depletion of natural resources across the planet dictate the need to review the food production technologies used. Excessive intensification of agricultural production through soil mineralization and fertilization, hormonal stimulation of animal and plant growth has led to the deterioration of water, soil, air quality and overall health. Therefore, the problem of reducing the anthropogenic impact on the environment is the main trend of implementing the principles of organic production. The paper developed recommendations for the strategic development of the Russian market of organic production within the framework of the current EAEU agreement. Conclusions were made on the expansion of instruments of state incentives for the development of organic agricultural production in a changing world economic relations and integration.

1 Introduction

The Russian market of organic products at the beginning of 2023 is still in its formative stage. The starting point of its development can be considered the entry into force on January 1, 2020 of the Federal Law "On Organic Products and on Amendments to Certain Legislative Acts of the Russian Federation" N 280-FL, which defines the basic concepts, terms, requirements for the production of organic agricultural products in Russia [1]. At the same time the legislator does not disclose mechanisms to support producers of organic products, making reference to the Federal Law "On the development of agriculture" N 264-FL, which provides general support measures for all agricultural producers [2]. In fact, today there are no specialized mechanisms to support organic production, as in N 264-FL certain changes will be made, but which will come into force only from January 1, 2025. It may be noted that

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today the market for organic agricultural products is developing on a general basis, but shows steady growth.

The Russian market is influenced by the global market of organic products, the growing popularity of healthy lifestyles among the population, increasing demands for good nutrition, the growing concern of the world community about the deteriorating ecology [3, 4]. The dynamics of sales on the world market for organic products has been growing over the past 20 years, the growth rate varies between periods (5 years) from 42.4% to 83.3%. According to statistics provided by the International Federation of Organic Agricultural Movements (IFOAM) market volume in 2020 reached a total of \$ 129 billion in 190 countries. (Figure 1).

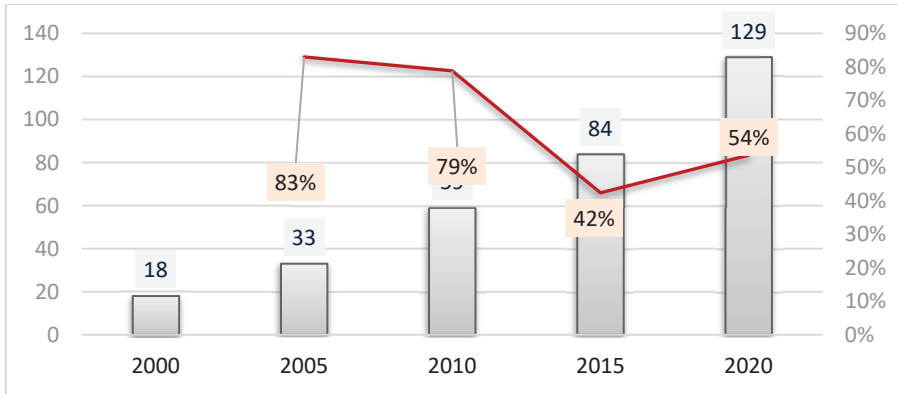


Fig. 1. The dynamics of the global market for organic products for the period 2000-2020, \$ billion.

During the period 2000-2020 the total growth of the global market for organic products reached 111 billion dollars or 86.05%. The main growth came from North America and Europe, which consumed up to 80% of all organic products produced in the world. The share of Asia accounted for no more than 12.6% of the total market. Russia accounted for about 0.15% of the total market. Thus, the market for organic products will continue to expand through the development of this trend in countries with large agricultural areas. Russia has great potential for the development of organic production in its territory. The entry into force of the specialized law N 280-FL opens up opportunities for domestic farmers to reach a new quality level of agricultural production as part of the implementation of sustainable development [5].

2 Main part

At the end of 2022 proved that the Russian market for organic products is growing at a rate of 10-12% per year. Preliminary reporting data for 2022 showed that the market volume was about 14 billion rubles. Today, at the initiative of the Ministry of Agriculture compiled a single state register of producers of organic products, which at the beginning of 2023 included 146 agricultural producers in Russia. The register will be expanded in 2023 through the voluntary certification of producers and obtaining the status of "organic production". The mechanisms for obtaining certification and requirements for producers are clearly defined by law.

Let us consider the basic criteria for certification (Figure 2) [6, 7].

Presented in Figure 2, the mechanism of transition from industrial to organic production is quite transparent. Law № 280-FL clearly defines the criteria of organic production, the fulfillment of which must be observed in the production of products. If these criteria are met,

the manufacturer has the right to send their application for organic certification to a certification center or certification companies [8].

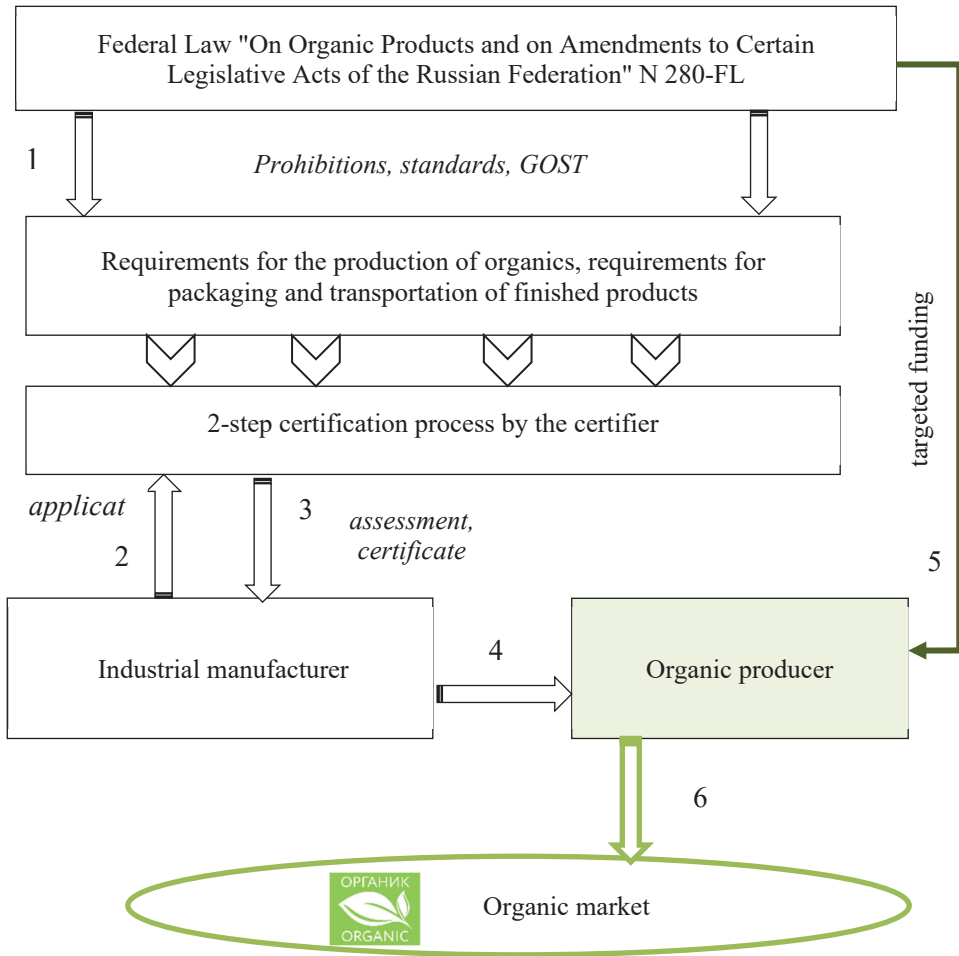


Fig. 2. Mechanism of transition from industrial to organic production.

There are 2 standards GOST 33980-2016, GOST R 57022-2016 on the territory of Russian Federation, and documents for certification are prepared in accordance with them. Certification is 2-stage: 1 stage - preliminary off-site assessment of the documents, 2 stage - visit of a specialist to the production site. For a company, which has applied for certification for the first time, the transitional period is set, during which monitoring on the part of the certifier is carried out. With a positive assessment of production, an organic producer certificate is issued, and it is entered in the state register of the Ministry of Agriculture of the Russian Federation. After receiving the status of organic production, the company has the right to put a special mark on their products and use the measures of state support for organic producers. The duration of the certificate depends on the specifics of production.

At the beginning of 2023 the law defines only basic measures of state support, including preferential cost of certification. But the regions set additional measures to support organic producers. For example, the Tomsk region - allocates 1000 rubles per 1 hectare of organic farming, Voronezh region - 100% reimbursement of the cost of certification, 50% reimbursement of the cost of biological protective equipment, medicines, additives for

animals allowed in organic production. Among other things, on the basis of Rosselkhozbank there is a fund "Organic" in 2021, which provides concessional financing for projects in this area, the search for investors, promotes the movement for organic production [9, 10]. But it is obvious that these point solutions are not enough to expand the Russian organic market. Therefore, it is necessary to refer to the experience of state support for the most advanced countries in the field of organic production. To this end, let us consider what regions have the most extensive areas of organic agricultural land. So, at the beginning of 2021 the total share of registered organic agricultural land was 74.9 million hectares. Consider what regions of the world these areas are concentrated. (Figure 3).

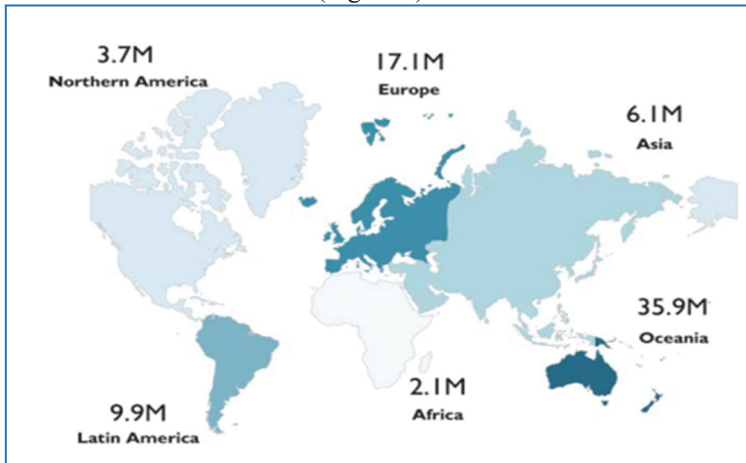


Fig. 3. Distribution of the world's areas of organic agricultural land.

According to the map, we see that the largest share of organic land is concentrated in Oceania - 47.9%, in second place is Europe - 23%, in third place is Latin America - 13.3%. It should be noted that not all countries provide information on areas of organic land, so the total area is more than 74.9 million hectares. Consider what countries have the most extensive areas of organic land (Figure 4).



Fig. 4. Countries with the largest areas of organic land, area growth rate for the period 2010-2020, %.

The dynamics of growth of organic agricultural land for the 10-year period shows the hidden potential of this direction of development of agriculture and its popularity around the world. Today the leader in the area of organic land is the EU - 19.6%, followed by Australia - 9.9%, in third place Canada - 2.5%, Israel - 1%. The leader in terms of growth of organic areas is Russia - 385%. Israel demonstrates a decrease in acreage - by 11.4%. Therefore, it is necessary to study the implementation and support of agricultural policies in the leading countries of organic production and evaluate the possibility of applying these mechanisms in Russia more specifically [11].

Overview of the most successful practices of implementation and support of the leading countries for the production of organic agricultural products, we note that the states subsidize certification of producers, provide them with consulting, information and educational support. Features of the additional mechanisms used to stimulate organic depends on the natural and climatic conditions of the countries, local culture and customs of business turnover [12].

The events of 2022 have sharply changed the world economic ties between countries, leading to a reorientation of Russian producers to the markets of Asia and Latin America. In this regard, it is necessary to take into account the existing supply chains and directions of import-export of products, including organic products, from Russia for planning work in 2023 and subsequent years.

It is obvious that the national market for organic products will continue its development, but within the existing EAEU space, which consists of partner countries of Russia [13]. In 2021 at a meeting of the Eurasian Intergovernmental Council the Roadmap for the formation of a common market for organic agricultural products was approved. EEU member countries in this document collected the successful practice of implementation of the movement in support of organic production in their national jurisdictions and transferred this experience to the interstate level.

3 Conclusion

The main directions of development of the Russian market of organic products are closely linked with the development of the EAEU market, which formed a roadmap for the integration and globalization of national markets of the member countries of the agreement. Therefore, in the next few years, the development of the national market of organic products will be aimed at expanding measures of state support for organic agricultural producers; work for export to Asia, the Middle East, Latin America, Africa; integration of national certification systems in the single market of EEU member countries.

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