

Developing the organic sector Best practices from the EU

AUC and EC Workshop on Organic Farming
Brussels, 12 July 2011

Policy support for organic farming in Europe

1980s	Single conversion payments in DK, DE, FR, LU → <i>Reduction of oversupply</i>
1994	Single conversion and maintenance payments → <i>Environmental performance</i>
Since late 1990s	Policy mix → <i>Expansion of organic farming</i>

Barriers for the development of the organic sector

Supply side

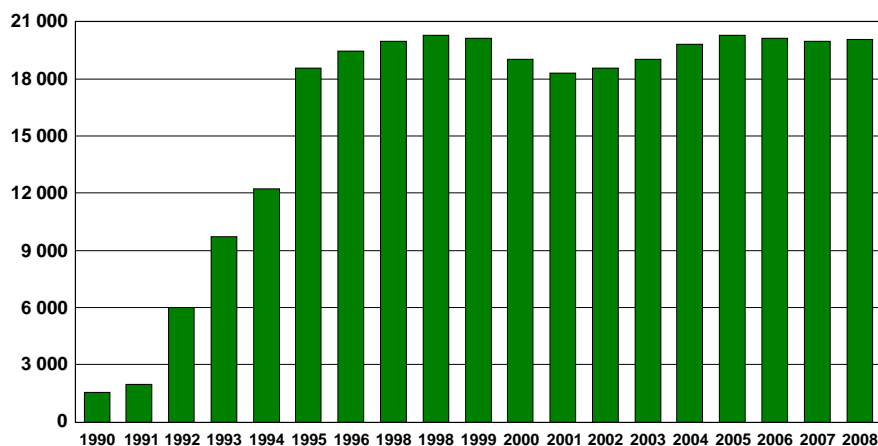
- Agronomic problems
- Financial viability
- Lack of information and training
- Bad image / Non-supportive institutional framework
- Uncertainty about the framework conditions

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Number of organic farms in Austria



Barriers for the development of the organic sector

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Problems / barriers for the development of organic farms

	very big / big problem (% of farmers)
Uncertainty with respect to support policies for organic farming	52
Uncertainty with respect to changes of the CAP in general	51
GMO	49
Lacking possibilities to increase the farm size	44
Low farm-gate prices	44
Uncertainty with respect to agri-environmental programmes	41
High rental prices / land prices	39
Uncertainty with respect to the development of the organic market	35

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Demand side

- Availability
- Requirements of consumers: quality, price
- Requirements of processors and retailers
- Lack of information and training

Organic farming policy instruments used in Europe

Policy instrument	Supply side	Demand side
Legal instruments regulation	<ul style="list-style-type: none"> • Council Regulation (EC) No. 834/2007 on organic production 	<ul style="list-style-type: none"> • Council Regulation (EC) No. 834/2007 on organic production
Financial instruments	<ul style="list-style-type: none"> • Area payments: conversion and / or maintenance • Inspection cost support • Investment grants • Animal welfare improvement programme 	<ul style="list-style-type: none"> • Support for marketing initiatives • Public procurements projects • Investment grants for processing and distribution • Support for marketing of quality food products • Support for new sales structure • Feasibility studies • Market analyses and inventories • Investment grants for consumer cooperatives
Communicative instruments	<ul style="list-style-type: none"> • Advice and technical assistance • Vocational training and education programmes • Research • Investment grants for demonstration projects • Support for capacity building and institutional structures • Financial reporting 	<ul style="list-style-type: none"> • Information and promotion campaign • Public education • EU / state logo • Research • Support for fairs, exhibitions and organic events • Production and market statistics

Sanders

Source: Stolze and Lampkin (2009).

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Legal instruments

Sanders

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Legal instruments

EU Regulation on organic farming

Content

- Objectives and principals
- Production rules
- Labelling
- Controls
- Trade with third countries

Implications

- Legally enforceable basis
 - ▶ protection against fraud
- Definition of a minimum level
 - ▶ consumer trust
 - ▶ basis for communication

Financial instruments

Financial instruments

Organic support payments

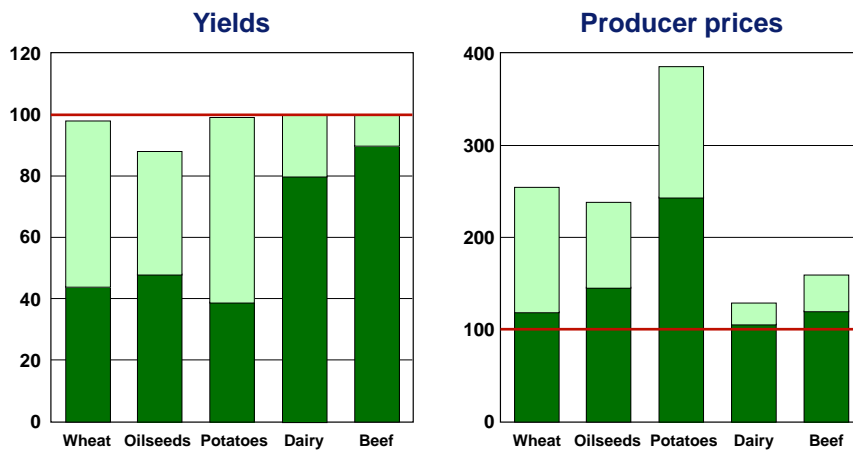
Organic management provides public goods

Lower yields and higher risks

Conversion is a business strategy among other options

- Payments shall be granted to farmers who make on a voluntary basis agri-environmental commitments
- Payments shall be granted annually and shall cover additional costs and income foregone resulting from the commitment made

Relative yields and producer prices in organic farming in Europe



Conventional yields and prices = 100%

Financial instruments

Collection and processing aid

- Aid for tangible and/or intangible investments that concern
 - processing and/or marketing of products
 - development of new products, processes technologies

Communicative instruments

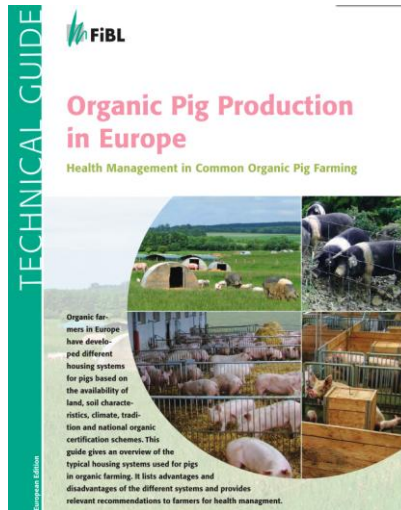
Communicative instruments Demonstration farm network in Germany



Communicative instruments Web information of the Organic Centre Wales



Communicative instruments Technical guides and manuals



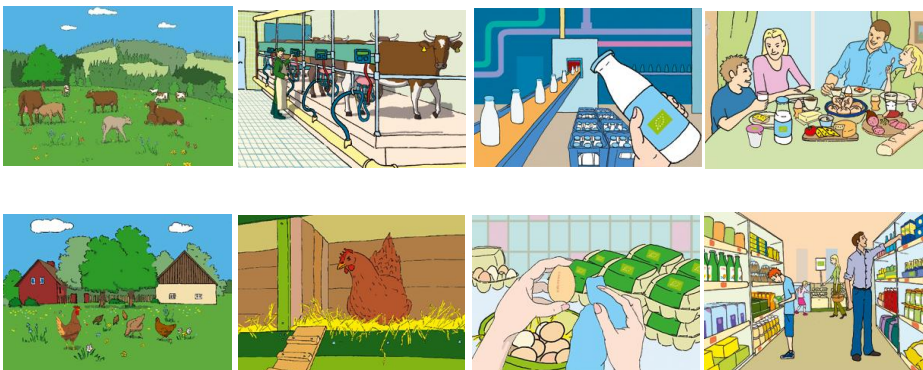
Communicative instruments EU / state logo



Communicative instruments Public promotion campaign “Bio Erleben”



Communicative instruments Organic for kids



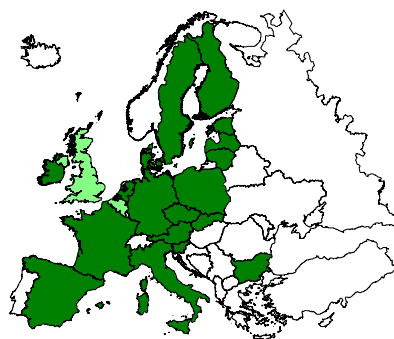
Communicative instruments Institutional support

Role of the government and conventional farming stakeholders



National or regional organic action plan in Europe

- Concerted action related to strength / weaknesses along the whole supply chain
- Participation of all relevant stakeholders
- Bundle of policy instruments
→ well-balanced policy mix
- Policy target related to a certain area or market share



Ref. July 2008

To sum up

- **Broad well-balanced policy mix (legal, financial and communicative instruments) supports the development of organic farming**
- **Targeting the whole supply-chain**
- **Coherent support strategy based on strength and weakness**
- **Participation of all relevant stakeholders**
- **Developing the organic sector is a long-term process**

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