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Organic Farming

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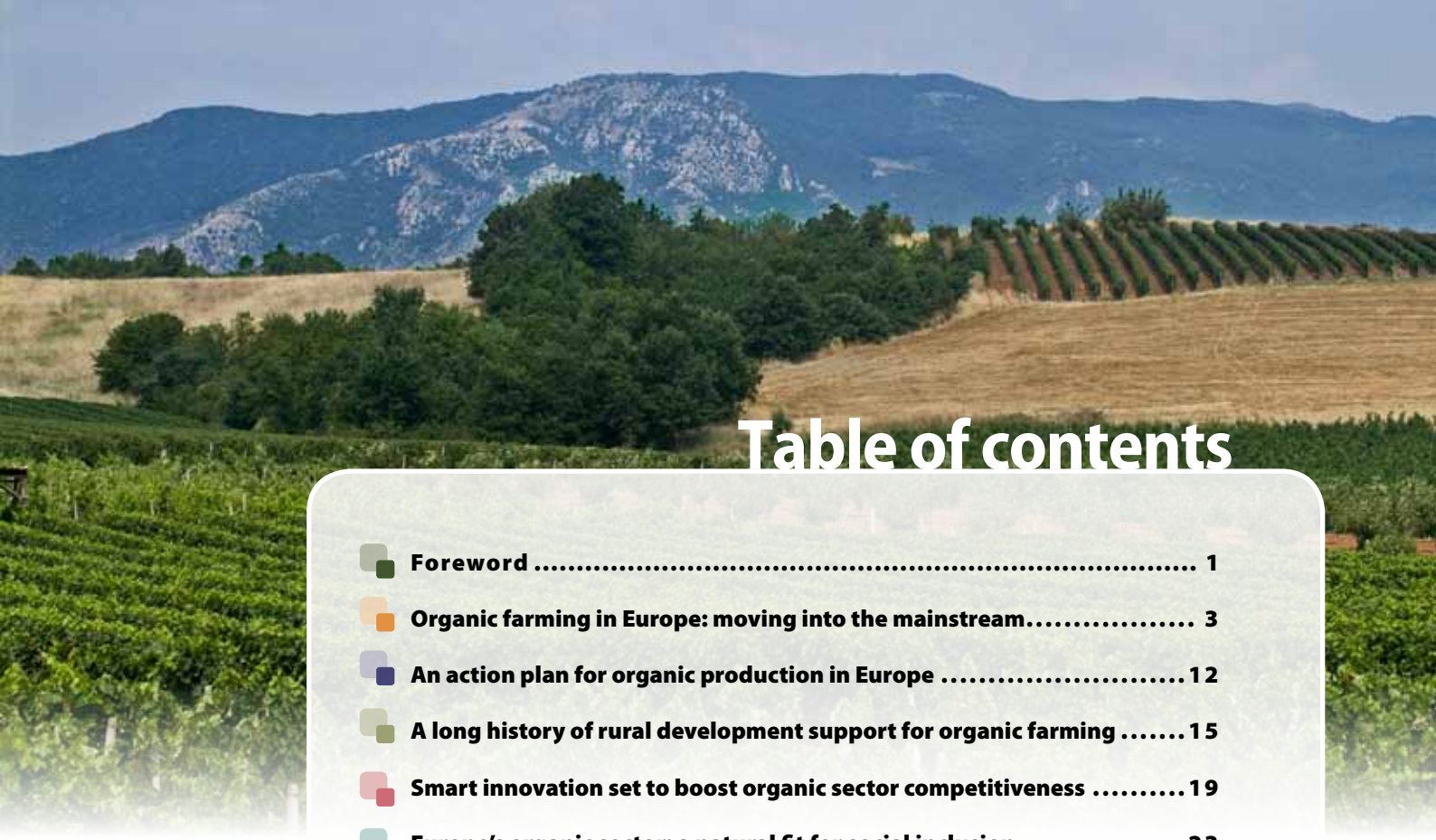

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Foreword

At its core, the organic sector is based on a humble idea: the production of fresh, tasty and authentic food that respects natural life-cycle systems. How such a simple idea has taken root and grown…

The European Union's organic market has quadrupled over the last 10 years, over 500 000 hectares of land converts to organic cultivation per annum and the potential for further growth in the sector - from organic farmers to processors to retailers - remains strong.

As demand has increased, the consumer offering has been substantially enlarged and distribution channels are today as likely to include major supermarket chains and online vendors as smaller specialised organic shops and sales from the farm gate. The EU effort in terms of policy implementation, standards, and monitoring has likewise matched growth in the sector.

Organic farming relies on principles that are designed to minimise the human impact on the environment, while ensuring the agricultural system operates as naturally as possible. Typical organic farming practices include: multi-annual crop rotation; efficient use of on-site resources; strict limits on the use of synthetic pesticides and fertilisers, livestock antibiotics, food additives and processing aids and other inputs; use of plant and animal species that are resistant to disease and adapted to local conditions; and an absolute prohibition of the use of genetically modified organisms.

In spite of such limitations, or perhaps because of them, organic production is thriving. With an average annual growth in turnover of 8% since 2008, the organic sector is successfully realising its potential despite the economic crisis[1]. However, such progress also creates its own challenges. Specifically, production, control, supervision and trade rules need to be adapted to meet the new reality of a maturing sector. The competitiveness of European organic farmers should also be further considered in relation to the EU and international markets.

Further to the recent public consultation on the future shape of the European organic policy framework, the EU is now in the process of agreeing an ambitious new regulation on organic production and the labelling of organic products. The new rules will support the long-term stability and competitiveness of the organic sector. In addition to the EU regulation, the recent CAP Reform provides an enhanced emphasis on organic farming with a dedicated measure now included in the rural development regulation.

To help the organic sector adjust to the proposed policy changes and meet future challenges, in March 2014 the Commission approved an Action Plan on the future of Organic Production in Europe[2]. The plan sets out a series of initiatives to develop the organic market by increasing efficacy, transparency and consumer confidence.

Hence, what better time for the EU Rural Review to provide an overview of organic farming as it is practised in Europe today? In addition to highlighting the value of the organic approach to agriculture, the rural economy and its wider societal and environmental benefits, this edition also provides insight into the evolving European policy landscape and the course it is setting for the future of the sector.

Beginning with an introduction explaining how organic farming is moving into the mainstream, the new action plan for organic production in Europe is then profiled, as are the steps being taken to safeguard consumer confidence as supply expands. The long history of rural development support for organic farming is analysed with a special focus on the implications of the greening of the CAP for organic agriculture. Key characteristics of organic farming are also looked at in-depth - including initiatives to boost innovation, the sector's role in supporting social inclusion and the environmental added value of the organic sector. Finally, competitiveness and in particular the future prospects for global trade in organic products is considered.

With the organic market and production base continuing to expand, the EU rules help to ensure that 'organic' means the same for consumers and producers everywhere. It is worth noting that Europe's 186 000 organic farms still only represent 5.4% of the total utilised agricultural area, so the potential for further growth in this sector remains very strong.

1 http://ec.europa.eu/agriculture/documents/organic_farming_review_en.pdf
2 Action Plan for the future of Organic Production in the European Union, http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm

Organic farming in Europe: moving into the mainstream

Organic farming no longer serves a niche market in the European Union (EU). In spite of the global economic crisis, the mainstreaming of organic products has maintained its impressive trajectory: since 2008 there has been an average annual growth rate of 8%; annual turnover has risen to €20 billion; and more than 500 000 hectares have been converted to organic cultivation each year for the past decade. Added to that, the potential for further growth remains strong. Land converted to organic cultivation by Europe's 186 000 organic farms represents just 5.4% of the EU's total utilised agricultural area.

With about 4.5 million hectares, permanent grassland accounts for the largest share of organic land use, followed by 3.6 million hectares dedicated to arable crops, such as cereals, pulses, and open field vegetables, which represent the EU's main organic crop group in economic terms[3].

Benefiting from longer-term support via national and European legislative initiatives, the organic sector is more established in countries that were EU Member States prior to 2004. The EU-15 thus accounts for 78% of all organic land and 83% of all organic farms. However, additional EU funding is helping the organic sector in Member States that joined since then to catch up. Between 2002 and 2011, growth in this second group of countries reached 13% per annum and the number of holdings increased tenfold within this period[4].

3 Source: Discussion paper of the EIP-AGRI Focus Group on Organic Farming.
4 Source: Eurostat data cited in "Facts and figures on organic agriculture in the European Union", European Commission, DG Agriculture and Rural Development.

What is organic production?

Organic production is an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources and the application of high animal welfare standards.

A common policy framework

In launching the continent's first organic farming scheme in 1987, Denmark was a pioneer among European countries. The 1992 reform of the Common Agricultural Policy (CAP) subsequently provided EU Member States with the first common basis to support farmers converting to or maintaining organic production with EU funding.

As rising consumer demand for organic produce triggered a boom on the supply side it became necessary to put a targeted policy framework in place, one that ensures competitiveness and which meets the challenges associated with the growth and success of the sector. European consumers have come to expect high standards for their organic produce. Consequently, the EU has set about establishing a new framework for policy implementation, standards and monitoring. The rationale behind this framework is to safeguard the integrity of organic production, while fostering greater competitiveness[5].

The new framework focuses on clear and transparent production rules to ensure that the response to increasing demand does not compromise consumers' confidence in the principles of organic farming and in the quality of organic products. Exceptions to the rules, some of which have become obsolete in the context of changed market conditions, will be removed to promote the integrity of organic farming. At the same time, organic farmers shall be rewarded for their respect of the environment, and access to the organic scheme for small operators is being facilitated.

To safeguard the reputation of the organic sector and ensure compliance with the principles of organic production, the general production rules and the organic certification system are being revised to tackle the risk of fraudulent behaviour or other intentional violations. Likewise, import rules shall promote the development of trade without allowing organic principles to be watered down or for the control system to be weakened. The Commission has put in place a dedicated Action Plan to support the implementation of the new framework up to the year 2020.

Objectives and principles of organic farming

As a matter of fact, Council regulation (EC) 834/2007[6] defines EU-wide objectives, principles and general rules for organic production. Organic farming thus generates high quality products using sustainable cultivation systems. A greater emphasis on environmental protection, biodiversity and high standards for animal protection are also seen as elements crucial to building public confidence and to protecting the interests of consumers.

Organic production is based on four overall principles, which are laid down in article 4 of the abovementioned regulation: i) the appropriate design and management of biological processes based on ecological systems using natural resources; ii) the restriction of the use of external inputs – the use of the internal resources and inputs is strongly preferred over open cycles using external resources; iii) a strict limitation of the use of chemically-synthesised inputs to exceptional cases; and iv) the adaptation, where necessary, of the rules of organic production taking account of sanitary status, regional differences in climate and local conditions, stages of development and specific husbandry practices. In addition, articles 5, 6 and 7 stipulate specific principles for farming, processing of organic food and processing of organic feed.

5 Legislative proposal for a reviewed legislation on organic farming - http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm
6 Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products, and repealing Regulation (EEC) No 2092/91.

Organic farming practices

The principles are based on established organic farming practices that minimise the human impact on the environment by ensuring that the agricultural system operates as naturally as possible.

Thus the EU approach specifically seeks to reinforce organic farming and production practices such as the efficient use of on-site resources through multi-annual crop rotation; strictly limited use of synthetic pesticides and fertilisers, livestock antibiotics, food additives and processing aids and other inputs; and it imposes a total ban on the use of genetically modified organisms.

Other good practices promoted by the European approach include: the maximising of on-site resources, such as livestock manure for fertiliser or feed produced on the farm; the selection of plant and animal species that are resistant to disease and adapted to local conditions; the raising of livestock in free-range, open-air systems and providing them with organic feed; and the use of animal husbandry practices appropriate to different livestock species.

In step with the EU's strategic growth objectives and attuned to widespread societal concerns regarding the responsible exploitation of natural resources, organic farmers are characterised by a shared respect for local flora and fauna. Consequently, organic producers not only make responsible use of energy and natural resources, but seek to maintain both biodiversity and regional ecological balance. Organic farmers target soil fertility enhancement and the maintenance of water quality. In addition, animal health and welfare concerns are addressed, for example through stockbreeding practices that meet the specific behavioural needs of animals[7].

Processing, distribution, and retail

The success of the organic farming sector coupled with the expectations of consumers, have led to the evolution of a highly-specialised food supply chain, involving processing, distribution and retail. The strict rules applicable to organic farming apply equally to the processing part of the supply chain: these include restrictions concerning additives, processing aids and synthetic inputs - as well as the exclusion of the use of GMOs. The upshot is that customers can be certain that they are consuming the fresh and authentic (that is organically processed) food products they want. Only food products comprising a minimum of 95% organic ingredients may be labelled as organic. Other food products may indicate which contents were produced in accordance with the organic legislation in their list of ingredients.

Organic production objectives:

1. To establish a sustainable management system for agriculture.

2. To produce high quality products.

3. To meet consumer demand for goods produced using processes that do not harm the environment, human health, plant health or animal health and welfare.

7 Source: http://ec.europa.eu/agriculture/organic/organic-farming/what-is-organic-farming/index_en.htm

With farmers discovering crop and animal species with greater resistance to pests and disease and better adapted to local and seasonal conditions, organic plant and livestock varieties are on the increase. The journey from 'farm to fork' is often linked to the type of agricultural produce. Many customers visit local and specialised organic markets, as well as organic shops in rural or metropolitan areas. Others shop at rural roadside stalls, or from the farm where the food was produced, thus making use of the opportunity to purchase directly. The sector's innovative use of distribution channels includes popular web-based box schemes combined with optional home delivery services or collection point arrangements.

Consumer awareness and confidence

Consumers know that products carrying the EU organic logo or national equivalents are produced in compliance with EU rules.

The set up and functioning of control systems in the EU Member States, providing for checks on organic farmers and other organic operators (such as processors or traders), are based on the general provisions of regulation (EC) No 882/2004 on official food and feed controls[8], and the specific control provisions provided for by regulation (EC) No 834/2007 on organic production and labelling of organic products and its implementing rules (regulation (EC) No 889/2008[9]).

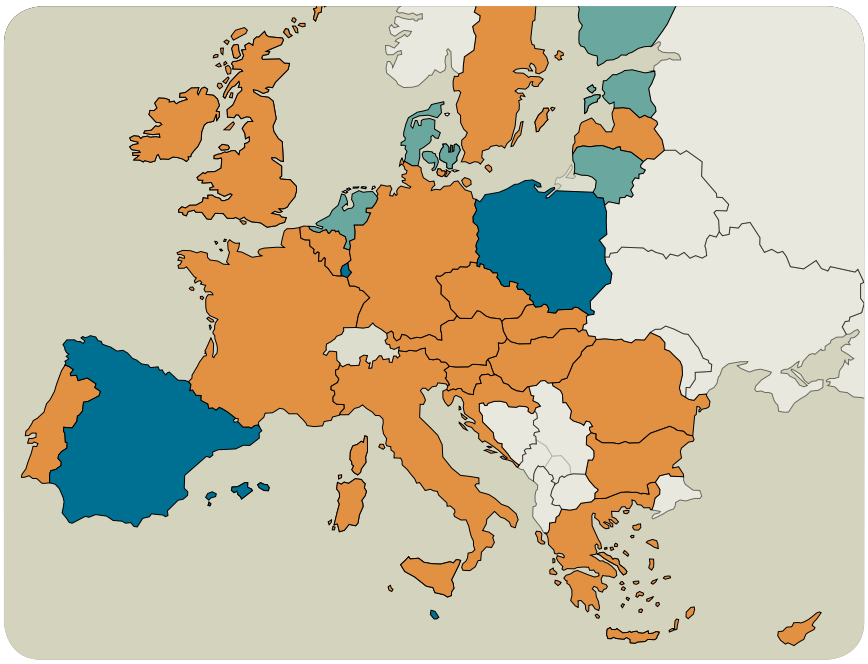
In the Member States the government designates the authorities with overall responsibility for controls. Member States' authorities may delegate operational tasks partly or in full to private or public control bodies.

As Figure 1 indicates a large majority of Member States (19) have opted to delegate the control tasks to private bodies, while mixed control systems have been established in five Member States. In four Member States checks are conducted by public authorities[10].

Farmers, processors or traders cannot label their products as organic prior to being checked by a control authority or control body. Following notification by the applicant, the control authority or control body inspects compliance with the EU's legal requirements. If there is a positive assessment, a certificate of compliance is issued[11].

To ensure that the Member States fulfil their responsibilities, the checks made on organic operators and the measures taken in case of non-compliance are the subject of annual reports submitted to the European Commission, which also conducts its own audits.

Figure 1: Set-up of the organic control system per Member State



Private control bodies | Public control authorities | Mixed systems

8 Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.
9 Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 (and subsequent amendments) on organic production and labelling of organic products with regard to organic production, labelling and control.
10 Source: http://ec.europa.eu/agriculture/organic/consumer-trust/certification-and-confidence/controls-and-inspections/control-system/index_en.htm
11 See article 28-29 of regulation EC No 834/2007.

Case Study: A young organic farmer's success story[12]

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Arnoldas Bagdonaviiai from Lithuania grew up in a town but was interested in a farming career as he was convinced that there would always be a market for healthy food products, even in austere times. His idea was to set up an organic business in Vilnius county to produce arable crops for local suppliers. An appreciation for the natural environment inspired him to develop his business as an ecological enterprise in 2010. EAFRD funding under RDP measure 112 (setting up of young farmers) helped him to offset 75% of the more than €36 000 investment needed to acquire essential equipment such as a tractor, seed-machine and harrow. Today he runs a viable business that provides him with both gainful employment and job satisfaction. He remains committed to building his business in a profitable and environmentally sustainable way, by exploring new ideas and options for his own personal approach to crop production. Organic principles lie at the heart of his farm operation and he grows niche crops such as ecological cumin that is used in traditional Lithuanian bread.

Labelling and the EU logo

Clear visual identification helps consumers to find their preferred foods more easily, and it also supports fair competition and consumer protection. Organic compliance checks cover the entire process from production to supply to ensure full transparency. Farmers, food processors, as well as those involved in import, export or trade must undergo controls at least once a year.

Use of the EU organic logo as part of a product's labelling implies compliance with organic production rules. In addition consumers must be provided with the name of the producer, processor or distributor who last handled the item and a standardised list of ingredients and nutritional value figures is used. The code number of the control body must also to be displayed[13].

International trade aspects

For climatic, geographic and seasonal reasons, organic products may need to be imported from third countries into the European Union. Typical examples of such organic products include bananas, cocoa, coffee, pineapples and rice. However, import and distribution within the EU requires that the production is subject to the same or equivalent conditions as applicable to organic producers based in the EU[14].

Third countries whose rules on organic production and control are recognised as equivalent to the EU's can export organic products to the EU on the basis of their own rules[15]. Organic food and drink produced in any other third country must undergo certification by control authorities or control bodies recognised by the European Commission.

As far as the export of organic products from the EU is concerned, not all of the EU's trade partners with equivalent conditions for production and control have currently formally recognised the EU's organic rules[16].

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12 Source: ENRD, RDP Projects Database, http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=11001

13 See article 24 of regulation EC No 834/2007. In accordance with article 25, Commission regulation (EU) No 271/2010 of 24 March 2010 (amending regulation (EC) No 889/2008) lays down detailed rules for the implementation of Council Regulation (EC) No 834/2007. For more information see also the questions and answers on the use of the EU's organic logo: http://ec.europa.eu/agriculture/organic/documents/logo/organic_logo-faq_en.pdf

14 In accordance with Commission regulation (EC) No 1235/2008 of 8 December 2008 laying down detailed rules for implementation of Council regulation (EC) No 834/2007 as regards the arrangements for imports of organic products from third countries.

15 The EU recognises equivalent production rules and control measures in Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, Tunisia, Switzerland, the USA, New Zealand and the EEA countries (Norway and Iceland).

16 For further information about the export to specific third countries see http://ec.europa.eu/agriculture/organic/eu-policy/eu-rules-on-trade/import-export/index_en.htm

Organic trade boost

At the BioFach World Organic Fair in Nuremberg (Germany) in February 2012 the EU and the USA, the world's most important organic producers, exchanged formal letters permitting the sale of their certified organic products in either of their territories.

Welcoming the, 'double added value,' of the deal, European Commissioner for Agriculture and Rural Development, Dacian Cioloş noted that, 'on the one hand, organic farmers and food producers will benefit from easier access, with less bureaucracy and less costs, to both the US and EU markets, strengthening the competitiveness of this sector. In addition, it improves transparency on organic standards, and enhances consumer confidence and recognition of our organic food and products[17].'

Innovation in organic farming

With the European Innovation Partnership on Agricultural Productivity and Sustainability (EIP-AGRI) the EU is taking a new approach to boosting innovation in farming and forestry. The EIP is all about linking farmers, advisors, researchers, businesses, NGOs and other actors in innovation projects, focus groups and other activities in order to share information and develop ideas and solutions together. The EIP-AGRI focus group on organic farming[18] was launched in September 2013 to generate new insights and facilitate swifter transfer of ideas and knowledge about how to optimise arable yields. The specific objective of the group is to collect and share knowledge and experience about how the yield gap between different organic farmers can be reduced and to identify best practices in improving the performance of less productive organic farms. The recommendations of the Focus Group could thereby give ideas and inspiration for concrete innovation projects on the ground, the so-called Operational Groups, which could receive support under the Rural Development Programmes.

Case Study: Innovative Organic Dairy - Transparency from Farmer to Fridge[19]

In early 2010 an innovative dairy opened its doors to the public in Münchehofe in the German federal state of Brandenburg. Known as the Glass Dairy, the facility gives visitors real insight into the manufacturing and production process and uses milk from neighbouring organic farmers.

A walk made of glass leads visitors through the facility and enables them to observe the different stages of production. A range of regional dairy products are made from the raw milk supplied by organic farmers to the dairy, which can be purchased in the facility's shop. The dairy's educational programme promotes the appreciation of locally produced organic food and thus aims to strengthen the regional identity of local products with younger generations.

The innovative project greatly contributes to sustainable and regional food production and consumption. Created with an investment of almost €11 million, the EAFRD (under RDP measure 123 - adding value to agricultural and forestry products) contributed 18.75% of the funding. The site has increased production capacity and almost doubled its staff to employ 45 people.

17 Source: http://ec.europa.eu/commission_2010-2014/ciolos/headlines/news/2012/02/20120215_en.htm
18 For more information see http://ec.europa.eu/agriculture/eip/focus-groups/organic-farming/index_en.htm
19 Source: ENRD, RDP Project Database, http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=7220

Public consultation and changes to the EU policy framework

In May 2012 the European Commission launched an impact assessment exercise as part of its review of the political and legislative framework for organic farming. The exercise included a public consultation process, which involved the input of several organic sector stakeholders (representing experts, researchers, consumers, producers, retailers, processors and traders) through expert hearings, contributions from public authorities and individual citizens, as well as an online survey. The latter, which took place between January and April 2013, received an unprecedented response from the general public.

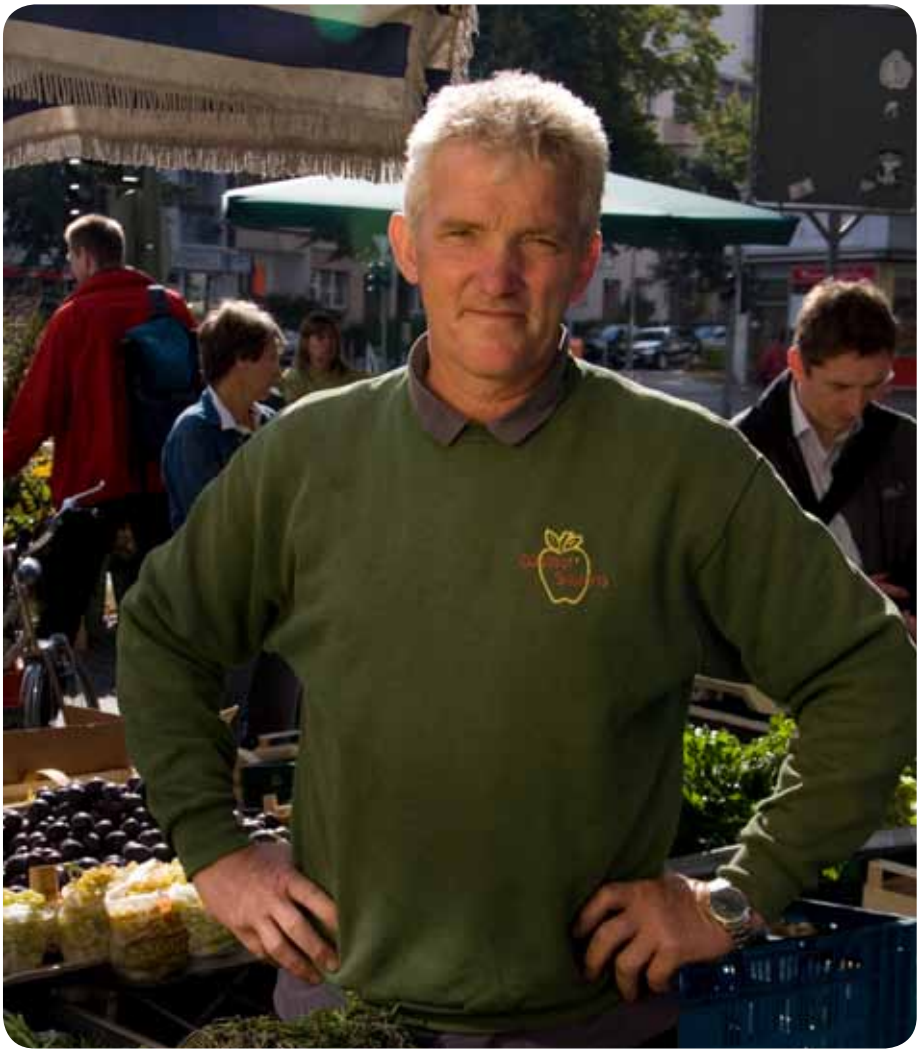
Some 45 000 replies - 96% of which were received from ordinary EU citizens - were received to the online consultation. According to the results, the vast majority - some 83% of respondents - preferred organic over conventional farming products because of their concern for the environment. Some 81% valued the integrity of organic products with regard to GMOs and non-authorised substances' residues. In terms of competitiveness, the majority (78%) indicated that they were prepared to pay more for organic goods, as long as the price premium remains within a range of 10%-to-25%[20].

Zooming out, the CAP Reform which defines the agricultural and rural development policy landscape for 2014-2020 reflects the general public expectation that European farming practices should aspire to be more environmentally friendly.

The so-called greening of the CAP takes the review of the political and legislative framework for organic farming fully into account. During the 2014-2020 period EU support is intended to help farmers meet the challenges of soil and water quality and biodiversity in rural areas, thus promoting sustainability and combating climate change.

Under the first pillar of the CAP, organic holdings will therefore obtain direct payments, without fulfilling any further obligations. In other words, organic farmers will be rewarded for their environmentally friendly practices, which constitute an important overall contribution to the CAP's environmental objectives. In addition, under the second pillar, there is a new dedicated organic farming measure under the European Agricultural Fund for Rural Development (EAFRD)[21], for which, together with agri-environmental measures, and projects associated with environmentally-friendly investment or innovation measures, each Member State's Rural Development Programme (RDP) will have to reserve a minimum of 30% of its budget.

The increased focus on organic production acknowledges the important contribution the sector makes to the objectives underpinning the new policy: organic farming adds value by helping to improve the competitiveness of agriculture and, as a farm management system, it safeguards the rural environment.



20 Source: Report on the results of the public consultation on the review of the EU policy on organic agriculture, conducted by the Directorate General for Agriculture and Rural Development (15 January - 10 April 2013).

21 Article 29 of regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (new EAFRD regulation) grants support per hectare of agricultural area, to farmers or groups of farmers who convert to or maintain organic farming practices and methods.

"We must encourage production without… compromising the value of the sector. Demand is high because the standards are high."

Dacian Cioloş, European Commissioner for Agriculture and Rural Development (April 2013)[22]

Alignment with Europe 2020

The new CAP framework is clearly aligned with Europe's overarching growth strategy known as Europe 2020[23], which aims to transform the EU into a smart, sustainable and inclusive economy. For this purpose the Member States have set national targets in the areas of employment, innovation, education, social inclusion and climate/energy. The CAP also directly addresses the Europe 2020 strategy's three mutually reinforcing priorities of smart, sustainable and inclusive growth[24].

In relation to the *smart growth objective*, the new CAP, and more specifically the promotion of organic farming, can improve the capacity of farmers to add value to their production, improve the competitiveness of the food supply chain, promote sustainable consumption, enhance the competitiveness of agricultural holdings (through innovation, modernisation, resource efficiency, addressing production difficulties in areas with natural constraints and so on) and thus help farmers to deal with income volatility and increase the productivity of the sector.

As far as the sustainable growth objective is concerned, which targets the creation of a low-carbon economy, an expanding bio-economy and protection of the environment, support for organic farming can help to improve the management of natural resources, such as water and soil, and the provision of environmental public goods such as preservation of biodiversity. It can also foster green growth through innovation and reduce environmental damage by the agricultural sector.

In terms of the inclusive growth objective, which addresses the relatively lower level of development of rural areas and the aim of social and territorial cohesion within and also between Member States, the new policy framework can contribute to balanced territorial development and thriving rural areas throughout the EU, by responding to the structural diversity in farming systems and assuring positive spill-over effects between agriculture and other sectors of the rural economy, thus improving their attractiveness and economic diversification. This approach can build on experience gained during the 2007-2013 period. Examples of good practice include the pioneering efforts of young farmers, who with the support of the EAFRD, introduced viable organic businesses that also include social farming services.[25]

The EAFRD's promotion of organic farming over the next seven years will be reflected through the prism of the six rural development priorities identified in the new regulation[26].

22 Source: speech held in Brussels on first conclusions drawn from the public consultation, when meeting the members of the advisory group on organic farming in Brussels.
23 For more information on the Europe 2020 strategy, see http://ec.europa.eu/europe2020/index_en.htm
24 Source: Commission staff working paper SEC(2011) 1153 final/2, Common Agricultural Policy towards 2020, impact assessment.
25 The ENRD's RDP project database offers practical examples, e.g. from Cyprus and Italy: http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=8020 and http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=2701
26 For the full description of the six rural development priorities see article 5 of regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (new EAFRD regulation).

1. ***'Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas':*** the development and expansion of organic farming will be stimulated via, for example, the EIP-AGRI[27] (article 53) and the provision of dedicated organic farming advisory services (article 15).

2. ***'Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests':*** the EAFRD encourages the participation of farmers in quality schemes (article 16); in addition the EIP-AGRI's interactive innovation model, which connects farmers, advisors, researchers, businesses, NGOs and other actors in so-called operational groups (article 56), continues to work towards improved productivity of organic farms.

3. ***'Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture':*** in line with the objectives and principles of organic farming, relevant EAFRD measures could include those promoting the setting up of producer groups, for example, to support the development of business and marketing skills and the organisation and facilitation of innovation processes, (article 27) and those ensuring animal welfare (article 33).

4. ***'Restoring, preserving and enhancing ecosystems related to agriculture and forestry':*** the EAFRD grants support, per hectare of agricultural area, to farmers or groups of farmers who voluntarily convert to or maintain organic farming practices and methods (article 29). Support will be granted for a period of five to seven years, for commitments going beyond the relevant mandatory standards only[28].

5. ***'Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors':*** the support granted for the conversion to or maintenance of organic farming practices similarly addresses this rural development priority.

6. ***'Promoting social inclusion, poverty reduction and economic development in rural areas':*** conversion to organic farming can generate employment and promote local economic growth. Examples delivered during the 2007-2013 period have demonstrated the important role that organic farming can play[29]. Actions could include basic services, for example tourism, natural and cultural heritage (article 20), agri-environment measures (article 28), or the development of new products, practices, processes and technologies under the cooperation (article 35) or the LEADER measures (article 42-44).

27 For more about the EIP-AGRI:- http://ec.europa.eu/agriculture/eip/service-point/index_en.htm
28 For conversion to organic farming Member States may determine a shorter initial period. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made.
29 For more information on the positive effects of organic farming achieved over the past, see EU Rural Review No. 6, Employment and Social Inclusion, http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=09AED062-D99D-0744-062C-2B6F6E4785FB

An action plan for organic production in Europe

Driven by steadily increasing demand, the number of organic producers has grown rapidly over the past decade. The new challenge for organic producers, suppliers, manufacturers and distributors is to maintain growth without compromising consumer confidence in the sector. A new European Union Action Plan on the future of Organic Production in Europe[30] identifies 18 action points that will be key to mobilising support and delivering medium and long-term solutions to the pressures of supply and demand.

Following a review of the EU's organic farming legislation, on 24 March 2014 the European Commission adopted the legislative proposals for a new Regulation on organic production and labelling of organic products[31]. Supporting this process, the Action Plan on the future of Organic Production in Europe addresses problems identified during the impact assessment analysis conducted for the review of the EU organic policy[32].

The ambition of this plan, which is the second of its kind[33], is to support continued growth of the organic sector. It also intends to contribute to the smooth shift to the new legal framework and to further engage those involved in its implementation in the Member States.

Action plan priorities

The Action Plan establishes three main priorities, which aim to: i) increase the competitiveness of the organic sector; ii) consolidate and increase consumer confidence; and iii) reinforce organic sector trade beyond the EU. The plan identifies 18 specific action points under these three priorities that focus on possible synergies between EU policies and instruments, innovative ideas arising from consultations, links with research initiatives and the need to improve consumer confidence, awareness and trade with third countries.

30 Action Plan for the future of Organic Production in the European Union (COM (2014) 179 final) http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm
31 The proposal is published here: http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm
32 The impact assessment report is available from: http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm
33 The Commission adopted its first European Action Plan for Organic Food and Farming to promote and strengthen the organic sector in 2004 (COM (2004) 415 final).

Competitiveness: synergising support

The plan prioritises rapidly informing organic operators about the full range of newly introduced or improved support measures for organic producers under the new CAP, such as the entitlement of organic farmers to so-called green direct payments, and the introduction of a dedicated organic farming measure under the new rural development regulation[34], which supports both the conversion to and maintenance of organic farming practices. The aim is to achieve the most efficient use of support measures available under Member States' Rural Development Programmes (RDPs). In that sense, the European Commission (EC) calls on Member States to use the opportunities and tools to support organic farming under rural development.

Action 1: The EC will publish a guide for organic farmers, processors and retailers that present the rules applicable to organic production, processing and trade, including the rules applying to organic conversion, as well as the support measures available under the CAP.

Action 2: The EC will include organic farming as a specific theme in the forthcoming call for proposals for support for information measures intended for farmers and producers relating to the CAP[35].

Competitiveness: increasing awareness

The Action Plan supports organic sector promotion. The aim is to increase market opportunities for organic operators - including funding for campaigns that aim to increase consumer awareness. It will also monitor consumer awareness and trust in organic products both inside and outside the EU, and targeted promotion among public sector procurers in the Member States is envisaged, in particular via organic production criteria in procurement rules.

Action 3: The EC is to increase awareness of the regulation's support for information and promotion activities - in the EU internal market and in third countries - by engaging with the public, Member States and stakeholders, such as at specialised events like BioFach[36].

Action 4: The EC will conduct regular surveys on consumer awareness of the EU organic logo and a specific survey on consumer awareness, understanding and confidence in the EU organic scheme.

Action 5: The EC will revise its Green Public Procurement criteria for food and catering services by the end of 2015 and to develop information material that exemplifies the use of organic farming requirements in public procurement.

Competitiveness: research and innovation

Organic farming has become a highly specialised agricultural system, which requires specific professional education, knowledge and technologies. There are a number of challenges with regard to production of plant and animal products within organically managed systems, for instance because of the limited availability of some inputs in their organic form.

These include, for example protein and micronutrients supply for animal feed and organic seeds. In relation to organic seeds, the EC Action Plan recommends that stakeholders set up a database at European level regarding the availability of organic seeds.

The EC also identified other sector-specific areas where technical constraints are a concern. Boosting research can drive further improvement to overcome these kinds of difficulties.

Consequently, to encourage well-targeted identification of research needs, the EC plans to stimulate interaction. Participation of the organic farming sector in the EIP-AGRI[37] is essential to boosting innovation and improving cooperation between science and practice at regional, national and European levels. Likewise, the plan will promote the coordinated use of the EU research funding options at Member States disposal, such as via Horizon 2020[38] (for networks of national funding bodies interested in launching joint calls[39]).

Action 6: The EC will organise a conference in 2015 to identify research and innovation priorities for producers in relation to the challenges that may result from the future organic production rules.

Action 7: The EC will, in the relevant Horizon 2020 actions, strengthen exchange and uptake of research results through specific measures, such as research and innovation actions, thematic networks and other actions that encourage synergies between research outputs of other production sectors and between conventional and organic research. The EC will support ERA-Net or other types of instruments to improve coordination of research among research funding bodies in the EU, in view of presenting joint research calls.

34 Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (new EAFRD regulation).
35 This includes a support programme for seminars and other awareness raising events about the CAP. Organics will be flagged as a specific theme in the calls for 2015.
36 BioFach is an annual organic world trade fair, which in 2014 will be held in Nuremberg (Germany), Baltimore (USA), Bangalore (India), Sao Paulo (Brazil), Shanghai (China), and Tokyo (Japan). For more information see http://www.biofach.de/en/
37 For more about the EIP-AGRI: http://ec.europa.eu/agriculture/eip/service-point/index_en.htm
38 Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020) – in addition to the private investment that this money will attract. For more information see http://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020.
39 Joint programming supports national programmes in difficulty of tackling research challenges alone. For more info see http://ec.europa.eu/research/era/joint-programming_en.html. The ERA-NET instrument under Horizon 2020 is designed to support public-public partnerships in their preparation, establishment of networking structures, design, implementation and coordination of joint activities as well as topping up of single joint calls and of actions of a transnational nature. For more information see http://ec.europa.eu/research/era/era-net-in-horizon-2020_en.html.

Competitiveness: monitoring and evaluation

The organic data network[40] is an EC-funded research project aiming to increase transparency through better availability of market intelligence about the organic sector. In evaluating the efficiency and effectiveness of the implementation of the EU legislation, the EC will also seek to improve knowledge of how the added value is distributed along the organic food supply chain and the extent to which it benefits agricultural producers.

Action 8: The EC will publish regular reports on organic production in the EU, containing in particular information on holdings involved in organic production, as well as main production sectors.

Action 9: The Commission will analyse the distribution of added value along the food chain and obstacles to joining the organic sector through a survey on the attractiveness of the organic scheme, in particular for small farms, and small and medium sized enterprises in the food manufacturing sector.

Consumer confidence

Consumer confidence in the application of EU rules for organic produce forms the bedrock of trust in the sector. The related Action Plan initiatives thus seek to reduce any possible risks to consumer confidence.

Noting the need to enhance collaboration between the competent authorities for organic production and national accreditation bodies, the plan focuses on delivering more effective and efficient supervision of control bodies. The EC will establish further guidance in 2016. Regarding imports from third countries, the EC will liaise more closely with the relevant accreditation bodies as appropriate.

Other targeted actions for this priority area include increasing traceability of organic goods through an electronic certification system and liaising with Member States to prevent fraudulent practices that can harm consumer confidence.

Action 10: The EC is to encourage Member States to explore synergies and simplifications between activities by Accreditation Bodies and Competent Authorities.

Action 11: The EC will propose that the TARIC Committee integrates the organic farming legislation requirements in the TARIC[41] database.

Action 12: The EC will develop a system of electronic certification for imports and an approach for electronic certification within the EU's internal market.

Action 13: The EC will assist Member States in developing and implementing an organic fraud prevention policy, through targeted workshops to share lessons learned and good practices, and the development of a compendia/casebook of cases.

Reinforce EU organic trade

Europe is world's foremost trader in agricultural products. With a net trade balance of €6.7 billion, the EU's export strength lies in final products that are ready for consumers. Products such as wines, cheeses and processed meats produce significant added value.

The European Commission is keen to ensure that the Europe's organic producers realise their full potential added value. Together with increased trade, the Action Plan is focused on ensuring that imported products comply with the strict EU definition of organic food and farming. Where possible, regulatory and standards convergence will also be encouraged. Steps will be taken to reassure consumers about the integrity of the EU organic logo and to avoid its potential misuse in third countries. Developing countries are an important source of the EU's imported organic products. Special attention shall be given to the implementation of new control and production rules to ensure smooth continuity of trade with developing countries.

Action 14: The EC will continue support and cooperation with trade partners in developing countries in the framework of the EU development policy.

Action 15: The EC will consider increased convergence of standards among leading organic partners and explore the possibility of a plurilateral agreement.

Action 16: The EC will analyse trade with third countries, in order to improve knowledge of potential new markets for the EU organic sector. Particular attention shall be given to developing countries as suppliers to the EU markets.

Action 17: Regarding the Codex Alimentarius[42] the EC will develop common EU positions in relation to the new or modified rules on organic production. The EC will support development of rules on aquaculture, and will explore starting work inter alia on organic wine rules.

Action 18: The EC will increase protection of the EU organic logo in third countries by registration as a collective trade mark and/or through bilateral agreements.

Action Plan for the future of Organic Production in the European Union
http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm

40 For more information about the Organic Data Network see http://www.organicdatanetwork.net
41 http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en
42 The Codex Alimentarius (established by FAO and WHO) is the international/multilateral reference body for trade in organic products. Noting the development of worldwide trade it seems necessary to continue work on the existing Codex standard.

A long history of rural development support for organic farming

Rural Development Programmes have long-supported organic farming and production. This article examines the diverse ways Member States have used CAP funds to support organic farming to date, considers the effect of the recent CAP Reform and highlights the new opportunities for Member States to support organic production in the 2014-2020 period.

Since 1992 EU Member States have had the option of allocating funds to specifically support organic farming. During this time the CAP policy towards organic farming has shifted slightly and broadened in scope. Initially the EU level rationale for supporting farmers to adopt or continue organic production was that a less-intensive system of farming would help reduce the surpluses of some agricultural products and the risks of pollution by fertilisers and pesticides. The 1999 legislation introducing rural development programming across the EU noted both the rising consumer demand for organic produce and the wider role of organic farming in sustainable agriculture. Ten years later the so-called CAP Health Check identified agri-environment support for organic farming as making a specific contribution to Community priorities for water management and biodiversity.

The latest advance is that in the 2014-2020 programming period organic farming has its own specific measure within Pillar 2, and from 2015 organic farmers will be able to claim the new Pillar 1 greening payment automatically, in contrast to many other farmers who will have to comply with specific greening requirements.

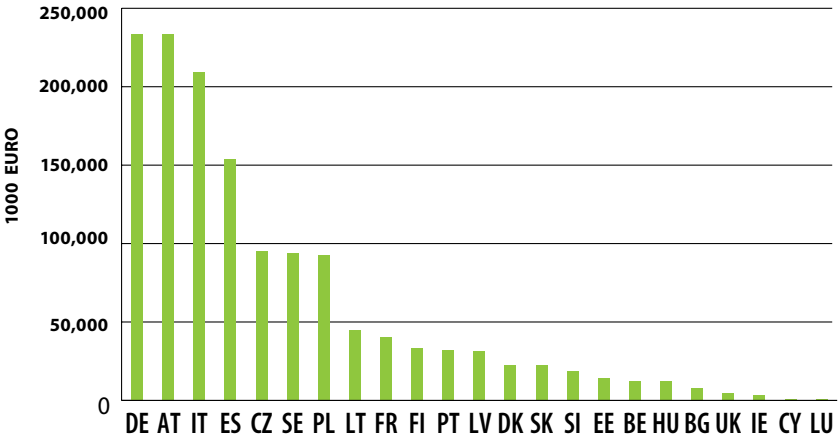
How have Member States used CAP funds to support organic farming?

Member States have been free to choose whether or not to offer support for organic farming during the 2007-2013 period. Whereas most of them have done so, their choices reflect considerable differences in approach across the EU, both in the relative priority that has been given to organic production and the stage of development of their respective organic sectors. Member States have thus supported organic farming in many different ways, using CAP funding from all three axes of Pillar 2, targeted Pillar 1 support and national and regional funding. There are 17 Member States that have national organic action plans providing strategic guidance and coherence for their efforts to support the organic production sector.

The most common Rural Development Programme (RDP) organic support is agri-environment annual

payments per hectare for conversion to and maintenance of organic farming practices. From 2007-2011 this accounted for at least €1 414 million of EAFRD expenditure under the agri-environment measure in 22 Member States, as shown in Figure 2. Other RDP measures have been used to address the needs of organic sector in some Member States, including providing support for the setting up young farmers, modernisation of agricultural holdings, adding value to agricultural products, participation in food quality schemes, the setting-up of producer groups and information and promotion activities.

Figure 2: EAFRD payments to organic farming within measure 214 (Agri-environmental payments), 2007-2011, per Member State[43]



Many different types of organic farming are supported including arable crops, grassland and livestock, vegetables and herbs, perennial crops and orchard, vineyards, and olive trees. Scheme requirements vary considerably, as do payment rates. For example, organic maintenance payments for grassland range from €39-to-€450 per hectare, per year. It is a clear indicator of the diversity of approach taken to supporting such organic farming systems, as well as differences in income and cost which constitute the basis for calculating the support. In England (United Kingdom) there is no specific organic scheme but the entry-level agri-environment scheme has an 'organic top-up' element in which there are higher payment rates for organic farmland in the lengthy menu of options available to all farmers. Catalonia (Spain) supports organic livestock farmers through both agri-environment payments and RDP area payments for animal welfare.

Some Member States have used the inherent flexibility of rural development programming to support organic farming using other RDP measures, notably from Axis 1. The Czech Republic RDP scheme for young farmers prioritises organic farmers by awarding them extra points in the selection process, while in parts of Italy and Spain young organic farmers qualify for higher payments under this measure. Many countries support investment in organic production, processing and marketing, under the measure for adding value to agricultural products. In Bavaria (Germany) and Slovenia this is done by giving organic projects higher support rates, and in Cyprus, the Czech Republic, Latvia and Slovakia by giving higher priority to organic investments. Organic certification costs are supported through the measure for participation in food quality schemes in 15 Member States and may be combined with support for information and promotion activities. Many Member States also use Axis 1 funding to provide specific organic farming training and information advisory services. Wales (United Kingdom) has used the measure to support co-operation in the agricultural and food sectors to fund a supply chain project which will help the organic sector to develop.

Although agri-environment and other RDP payments are the main source of CAP support for organic farming in most Member States, several use Pillar 1 payments too. Denmark, France and Romania have fully or partially transferred their organic support from the RDP to the Pillar 1 Article 68 payments[44], while another four Member States use this type of funding for both organic farmers and farmers participating in food quality schemes (Greece, Italy, Spain and Sweden). Romania has used Article 68 to finance organic conversion while supporting organic maintenance through agri-environment payments.

43 Source: EC (2013) Facts and figures on organic agriculture in the EU (page 43).
44 Payments for specific production systems undergoing difficulties, where these are particularly important for economic, social or environmental reasons (Article 68 of Regulation 73/2009).

Case Study: RDP agri-environment payments support well-established organic orchards in Italy[45]

In the Basilicata region of southern Italy the Pitrelli family started converting 55 hectares of their family farm to organic production some twenty years ago, with the aim of adding value to the farm's produce and improving access to markets for quality food.

Organic conversion was completed in 2004 and today RDP agri-environment payments of around €330 per hectare per year help them to maintain organic production from 45 hectares of orchards (with plum, apricot, pear, cherry and peach trees), 6 hectares of cereals, 2.5 hectares of olive groves and 2 hectares of vegetable plots.

The high quality of their organic extra virgin olive oil encouraged the family to start bottling and selling their own label olive oil, and they sold their organic produce in a farm shop and directly to groups of consumers. Now they plan to expand their direct-selling activities through a farmers' market. Well-established short supply chains like this help the farm to maintain close contact with the consumers of their high quality products, and the Pitrelli farm has also branched out into educational activities for the next generation of consumers.

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CAP Reform and support for organic farming

The latest CAP reform heralds a new phase for organic farming policy support. For the first time the environmental contribution of organic farming has been recognised across both pillars of the CAP, not just under rural development. From 2015 all Member States will have to use 30 per cent of their Pillar 1 direct payments to finance new payments to farmers for agricultural practices that are beneficial for the climate and the environment. Certified organic farmers are entitled *ipso facto* to this green payment, but other farmers (with a few exceptions defined in the legal framework) may have to make changes or demonstrate how they are already complying with requirements for crop diversification, permanent grassland and ecological focus areas.

Over the lifetime of the CAP progress has been slow in recognising the potential for using Pillar 1 funding to support farmers who adopt environmentally friendly management practices, but the 2013 CAP Reform does mark a significant shift in purpose. The fact that certified organic farmers now qualify automatically for the new green payment, clearly illustrates how the concept of a new structural architecture has been established. Noting the momentum behind the greening initiative, any subsequent future reform may well be informed by this policy trend.

New opportunities to support organic production

The new EAFRD Regulation[46] introduces a separate measure for conversion to and maintenance of organic farming in the 2014-2020 RDPs. This will make organic support more visible than it was as part of the agri-environment measure and will also simplify monitoring and analysis of EAFRD expenditure on organic farming. The payments rates per hectare remain at a maximum of €600 for annual crops, €900 for specialised perennial crops and €450 for other land uses (although in special cases payments can be higher if the need is justified in the RDP).

It has long been a principle of the CAP to avoid double funding, which means that farmers should not be paid twice for complying with the same management conditions on a specific area of land. From 2015, when Member States calculate payment rates for RDP agri-environment climate or organic schemes they must check if the land management requirements overlap with those of the new greening direct payment in Pillar 1. Where there is overlap, the RDP scheme payment calculation will not take into account the costs of complying with the relevant greening requirements. The effect on organic payment rates is expected to be quite limited, in most cases applying only to the costs of crop diversification or in some cases of permanent grassland maintenance as specified in the greening requirements.

45 Source: ENRD, RDP Project Database, http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=10724

46 CAP Reform basic regulations: http://ec.europa.eu/agriculture/newsroom/155_en.htm

Case Study: RDP investment supports the expansion of an organic horticultural business in Spain[47]

In Andalucia in south-eastern Spain, a group of organic horticultural producers formed the Bio Sol Portocarrero company, which is committed to marketing healthy and high quality organic fruit and vegetables, underpinned by a rigorous quality control system.

To expand the company's production capacity they needed to invest in better processing and packing facilities, to automate some processes and to make loading and shipping easier. They also wanted to extend their range of products to include organic tomatoes and watermelon. This required a substantial investment of almost €349 000 and the company sought help from the Andalucia RDP, which provided half of the funding, under the measure for adding value to agricultural and forestry products.

The company established a sophisticated system for loading and unloading field boxes of organic produce, created two new processing lines for field tomatoes and watermelons, installed a product transfer belt and a label dispenser, and bought equipment to automate the handling of produce during transport and storage. Using these more efficient and environmentally friendly processes has led to improvements in both product quality and working conditions, and the company has been able to create new rural jobs near the coastal Natural Park of Cabo de Gata-Nijar.

A higher profile for organic farming is just one of the new features in the revised EAFRD Regulation. The structure of the RDPs will change too, because the familiar four-axis EAFRD structure has been replaced by six EU priorities. All six priorities are relevant to achieving wider use of organic production methods, for example through EAFRD support for: improving knowledge transfer and innovation, farm viability and competitiveness, food chain organisation and animal welfare; and enhancing agricultural ecosystems and promoting resource efficient agriculture which is also climate resilient. Member States or regions can now choose to create, within their RDPs, separate thematic sub-programmes (with higher rates of support depending on the theme they cover) to address specific needs, for example those of young farmers, small farms, mountain areas, short supply chains, climate change mitigation and adaptation, and biodiversity.

This new, more flexible RDP structure makes it easier for Member States to 'mix and match' different types of rural development measures in integrated packages of RDP support, which in the past could only be done through the LEADER approach. Targeted packages of RDP support for organic farming could be particularly useful for low-intensity farming systems that would benefit economically from organic conversion without the need to make major changes to their farm management. For example, in parts of southern and eastern Europe there are rural areas where many small, traditionally managed family farms are clustered together, managing their land in a way that is similar to organic farming. RDP funds could be used to assist these farmers to submit group applications for the new organic payment (as a group they would qualify for the higher 30% top-up rate to cover their transaction costs). They could also benefit from targeted advisory services, support for co-operation between producers and in the supply chain, and support for the development of local processing facilities, all from the RDP.

A recent study of Member States' support for organic farming[48] noted that area-based payments and organic action plans made a strong contribution to the development of organic production and organic markets. The authors concluded that different organic support measures are interdependent, and that policy packages seem to be more effective if they are embedded in the wider policy context, have strategic goals and address the specific needs of the sector.

47 Source: ENRD, RDP Project Database, http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=8280

48 Sanders J, Stolze M, Padel S (Eds.) (2011): Use and *efficiency of public support measures addressing organicfarming*, Braunschweig: Thünen-Institute of Farm Economics.

Smart innovation set to boost organic sector competitiveness

Nature is a great innovator and so too are farmers at the cutting-edge of organic production. However, the future success of the European organic sector requires that certain challenges linked to the delivery of plant and animal products within organically managed systems are tackled promptly. In response, numerous European and national level innovation initiatives are targeting the limited availability of some organic inputs.

Innovation in organic agriculture is about finding the right balance. Although organic farmers want to boost their output - yields from organic farms are typically 75%-80% of that from conventional modern farming[49] - they do not want to do it at any cost. The challenge is to produce more without compromising on the practices that define organic farming, such as actively supporting local biodiversity, limited use of pesticides and avoidance of artificial chemical fertilisers.

Innovation is not limited to yield improvement. Product quality and process improvements can also strengthen the organic sector, such as through the development of new methods to improve nutritional and environmental quality.

According to European Commission figures, 5.4% of total utilised agricultural area in Europe is organic. Despite continued growth over the past ten years, the sector still suffers from the perception that organic produce is more expensive than non-organic, even though this is not always the case. If organic farmers can boost their productivity and become more cost efficient, they could dispel the high-price perception, thereby boosting demand and encouraging more farmers to go organic. Innovation is seen as one way to speed up the spread of organic agriculture and it is one of the six priorities that define European rural development policy in the 2014-2020 period.

Unfortunately, says Tom MacMillan, Director of Innovation with the Soil Association[50] – a UK body campaigning for organic food and farming - organic farmers have typically not been good at organising their innovation activities. There has been, 'historic underinvestment, indeed even a market failure, in organic research and development.' One example is crop varieties. Compared to non-organic farming, there has been much less investment in developing crop varieties that will work in organic systems.

This comparative innovation lag means that Europe is not reaping the full benefits of resource-efficient organic farming. Central among these are greater environmental sustainability and more resilience to wildly varying input prices in the face of climate change risk.

49 http://ec.europa.eu/agriculture/eip/focus-groups/organic-farming/201309_en.pdf
50 For more on the Soil Association and innovation: http://www.soilassociation.org/innovativefarming

Focus on cost efficiency of organic wheat in the UK[51]

- Organic yields are currently around 4.5 tonnes per hectare.
- Non-organic yields are 7.6 tonnes per hectare.
- However, input costs to non-organic farming are rising rapidly:
- Fertiliser costs increased 39% in 2012.
- Fungicide costs increased 40% in 2012 and 26% per year average increase since 2007.

It is estimated that a 70% increase in the price of synthetic nitrogen fertilisers would mean that at current yields, it could cost as much to produce one tonne of non-organic wheat as one tonne of organic wheat.

Tom MacMillan, Soil Association

In a scenario of high price volatility for key inputs such as nitrogen, more effective coordination of organic agriculture research and innovation that fosters greater organic productivity and potentially makes organic farming even more cost efficient, could convince even more farmers to take up organic practices. 'Innovation in the organic sector benefits all agriculture,' notes Tom MacMillan, adding that, 'it is a test bed for approaches that are increasingly relevant as resources get scarcer.'

A helping hand

Fortunately, help is at hand for organic agriculture innovators. Schemes and projects are being established that will enable farmers to exchange good practices and benefit more from the experience and knowledge of their peers.

A number of initiatives are already under way involving farming networks in European Union Member States, such as the Duchy Originals Future Farming Programme in the UK, which is funded by the Prince of Wales's Charitable Foundation and delivered by the Soil Association.

The Future Farming Programme's goal is to involve as many farmers as possible in so-called field labs, which are led by farmers and seek to sow the seeds of innovative organic techniques that improve yields and nutritional performance. The programme started in April 2012 and in its first 18 months involved more than 1500 organic and non-organic farmers. The field labs cover a wealth of subjects from soil microbes to improve yield, to reducing antibiotic use in dairy farming, to foam weeding – the use of high-temperature biodegradable starch foam to kill weeds without disturbing the soil.

Other similar bottom-up networks include the *Réseau Semences Paysannes* in France and the *Rete Semi Rurali* in Italy. Such initiatives are about empowering the farmers as innovators. More than half of Future Farming Programme attendees said they want to be involved in more research, which indicates that there are huge areas where existing best practice needs to be taken up more widely.

The role of EIP-AGRI

The innovation network approach is now being boosted at European level through the European Innovation Partnership on Agricultural Productivity and Sustainability (EIP-AGRI[52]). This is one of a number of European Innovation Partnerships set up to help the EU meet the Europe 2020[53] growth strategy, the objective of which is to become a smart, sustainable and inclusive economy. The EIP aims to build bridges between the research and farming communities and to ensure a more rapid roll-out of research results in practice.

But the EIP-AGRI goes beyond speeding up the transfer from laboratory to practice and focuses on forming partnerships - using bottom-up approaches and linking farmers, advisors, researchers, businesses, and other actors in practical innovation projects. The main way of supporting this is through the Member States' Rural Development Programmes where Member States can support innovation projects on the ground, which are set up by the so-called EIP Operational Groups.

Operational Groups can also build on the work of initiatives such as TP

51 Sources: Tom MacMillan, Soil Association; Sentry Farms; Farmers Weekly.
52 For more about the EIP-AGRI organic farming focus group: http://ec.europa.eu/agriculture/eip/focus-groups/organic-farming/index_en.htm
53 Europe 2020: http://ec.europa.eu/europe2020/index_en.htm

Organics[54], the European Technology Platform for organic food and farming research. This is a business-led initiative, set up in 2007 with EU-level backing, to coordinate and encourage collaboration on organic agriculture R&D. Its secretariat is provided by IFOAM EU, the EU branch of the International Federation of Organic Agriculture Movements.

The EIP-AGRI work on organic farming is being aided by a focus group[55] The temporary group of selected experts explores practical innovative solutions to optimising arable yields, and draws on experience derived from related useful projects.

The focus group has been mapping the innovation challenges facing organic arable farmers. In drafting its recommendations to the EIP-AGRI, it found five major areas in which there are barriers to productivity for organic arable producers: inadequate supply of nutrients; poor management of soil fertility; insufficient weed management; insufficient management of pests and diseases; and choice of seed varieties.

Cristina Micheloni, a member of the scientific board of the Italian Association for Organic Agriculture (Associazione Italiana Agricoltura Biologica, AIAB), and a member of the EIP-AGRI focus group, says that the basic aim of the focus group has been to understand, 'how we can make the less productive organic farmers as productive as the good ones.' Differences in productivity levels, 'depend very much on the skills the farmers have and how much innovation has been able to get to the farm,' she notes, adding that, in this context, the EIP-AGRI objective is to, 'make all the knowledge available to everybody, to allow everyone to decide how they want to use it.'

Crop varieties

One of the issues highlighted by the EIP-AGRI focus group on organic farming - and widely recognised as an innovation challenge for organic producers everywhere - is the need to boost the availability of organic seeds. The lack of wide availability reflects the small size of the market and can be addressed in the long-term by building an organic seed market.

Stakeholders like Tom MacMillan would like to see a situation develop whereby organic farmers will be able to buy a greater variety of seeds and will be able to test which work best for their farms. This would mark a shift away from the current situation in which seed companies research new varieties to sell to farmers without taking local circumstances into account. On-farm trial and error could turn organic farmers into innovators in this area, enabling them to identify the most productive mixes of seed, and thus improve their yields. Because seed varieties identified in this way will be more suitable for local circumstances, farmers will also benefit from greater crop resilience.

Cristina Micheloni says that such innovation could ultimately persuade seed companies to modify their business models should market demand for more localised varieties and mixtures of varieties grow, 'if they are ready to react I think it could be a good future for them.' She also notes that seed companies, 'can be part of the Operational Groups too.'

Some such initiatives are already under way. For example, an FP7 project, SOLIBAM (Strategies for Organic and Low-input Integrated Breeding and Management[56]) is working on crop diversity as a basis for more productive organic agriculture. In its statement of objectives, the project notes that, 'developing diversity at all levels is the best strategy for improving the capacity for crops to adapt to fluctuating environmental conditions, and for increasing yields and yield stability in organic and low-input systems.'

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Cristina Micheloni, AIAB

SOLIBAM, which runs until August 2014, has a big budget - a total investment of over €7.8 million with €5.9 million provided by EU funds - and a large roster of 23 partners, including seed companies such as Saatzucht Donau (Austria) and Gautier Semences (France). Further such projects could potentially be funded under the Horizon 2020 research programme, which, as part of its remit, will tackle a series of societal challenges. Promoters of projects involving organic production could potentially find opportunities under two of the related headings: food security, sustainable agriculture, marine and maritime research, and the bio-economy; and climate action, resource efficiency and raw materials.

Animal nutrition

Another prime innovation challenge for organic agriculture is finding sufficient sources of protein for animal nutrition. The difficulties regarding the availability of organic animal feed needed to raise organic livestock are also linked to the underlying issue of crop varieties. Cristina Micheloni explains that, 'the choice of the appropriate seeds is the key solving at least partially, the other problems,' that organic farmers face.

Organic animal nutrition is something that EIP-AGRI Operational Groups could work on. In doing so, they could build on some creative approaches already being trialled. The Soil Association's Tom MacMillan says that affordable protein for animal diets, 'comes up as a priority all the time.' An innovative idea being tested in poultry farming is the use

54 TP Organics: http://www.tporganics.eu/
55 EIP-AGRI focus group on organic farming (optimising arable yields) - http://ec.europa.eu/agriculture/eip/focus-groups/organic-farming/index_en.htm
56 SOLIBAM: http://www.solibam.eu

of certain crops to attract insects – which can then be eaten by the livestock to increase protein intake[57].

Consideration of animal feed also raises the issue of the source of feed and the use of genetically modified organisms (GMOs). According to the Danube Soya Association[58], based in Vienna, Austria is the EU's third biggest soya producer, but only 13% of the soya used in Austria for feed is grown in the country. Most is imported from Argentina, Brazil and the United States, and 74% of that is genetically modified, thus placing a severe limitation on organic farmers, for whom use of GMOs is prohibited.

The Danube Soya Association's membership includes feed and food companies, farming organisations and food retailers. Its aim is to promote Austrian self-sufficiency in soya, which would guarantee GMO-free feed. The association has established a Danube Soya label that provides certification of local production and the absence of GMOs. The association notes that not only is Europe dependent on soya imports but that such imports are not resource efficient. It calculates that if Austrian pigs were fed on local soya, the carbon dioxide emissions of the Austrian pork industry could be halved, which is food for thought in terms of the Europe 2020 objectives.

As initiatives such as the push for Danube soya, and existing research projects and networks demonstrate, the organic sector is a highly specialised agricultural system, which thrives on specific education, knowledge and technology. The progress made so far will no doubt provide fertile ground for further innovation in organic agriculture as the EIP-AGRI Operational Groups start their work. And the groups provide a welcome impetus for farmers to articulate their research needs, which will then feed into the EU research agenda via the EIP-AGRI.

Case Study: Using industrial by-products to increase organic matter in soil

Arable soils often become exhausted as a result of agricultural monocultures (use of single crops) and chemical fertilizers. As concentrations of soil organic matter (SOM) decrease crop failures and emissions tend to increase.

Four years ago, Juuso Joona, a farmer and agronomist from Joutseno, Finland - whose Tyynelä Farm is located in the middle of forestry industry - was finding that low SOM concentrations were behind his low yields. Knowing the potential of soil improving fibres to improve yields – they have been used in Finland for a few decades - he saw how his challenge could be turned into an opportunity: Juuso Joona's idea was to use wood fibres to counteract low levels of SOM.

By using the soil improving fibres present in paper mill sludge, SOM concentration can be raised considerably faster than with green manure leys or farmyard manure. The forestry by-product contains a great amount of slowly decomposable organic matter. The advantages of this innovative product for the soil include added water and nutrient-holding capacity and enhanced microbiological activity. The soil improving fibres vary depending on

© Juuso Joona

industrial processes and the wood types used and research into optimal use is on-going. Today, Juuso Joona's business benefits both the local forestry industry by exploiting its by-products and the local farming community by delivering added-value and environmentally-sound products.

For more information: www.tyynelanmaanparannus.fi / juuso.joona@tyynelantila.fi

57 See report of the Duchy Originals Future Farming Programme, an initiative that focuses on low-input and low-cost solutions to improving productivity: https://www.soilassociation.org/LinkClick.aspx?fileticket=4HY9wr9M39g%3d&tabid=2142

58 Danube Soya Association: http://www.donausoja.org

Europe's organic sector: a natural fit for social inclusion

As organic production grows in Europe, the sector's focus is on competitiveness and sustainability. Another compelling characteristic of organic farming is its natural tendency towards social inclusion. This facet is to be supported and enhanced by the renewed European Union policy mix and social inclusion has been made one of the six rural development priorities for the 2014-2020 programming period.

Organic farming in Europe continues to be a real success story. More and more citizens recognise the EU organic leaf logo on organic products and the underlying values associated with this kind of resource efficient agriculture, such as safeguarding environmental resources and biodiversity, local and healthy food, more attention to animal welfare. This popular interest in organic farming was confirmed by a recent public consultation on the review of the EU policy framework for the organic production sector, held between January and April 2013, which received a massive 45 000 replies, 96% of which were from ordinary citizens[59].

Below the radar of popular opinion, the organic sector delivers less visible benefits of a social nature. The sector has potential to be a significant driver of rural vitality. From encouraging a new generation to enter the agricultural industry, to promoting new roles for women working in agriculture or by giving a chance to disadvantaged local people, organic farming supports and overarching priority of rural development policy in the 2014-2020 programming period, namely the need to promote social inclusion, poverty reduction and economic development in rural areas.

59 http://ec.europa.eu/agriculture/organic/organic-farming/news/2013/20131218_en.htm

Encouraging the next generation

The abandonment of rural areas by young people is a serious and worrying phenomenon in many regions of the EU, especially in the most remote[60]. Thanks to a growing interest in organic farming methods, however, a new generation of entrepreneurs that respect the values inherent to the management of rural assets and resources, are creating opportunities for employment and income and bringing new life to the rural economy[61].

The percentage of farm managers under 55 years old is significantly higher for organic farms than for conventional farming: younger farmers account for around 61% of the total compared to 44% for conventional farming[62].

Organic farming is also more likely to encourage more people to remain in rural areas. Detailed comparisons of organic and conventional farms operating in the same sector and of similar size in the European Farm Accountancy Data Network (FADN) indicate that organic farming is more labour intensive for certain types of production, due to limitations on input use for most agricultural practices[63].

Indeed, other relevant data signals that, from 2003 to 2010, the sector has demonstrated a rather different trend compared to conventional farming: while the latter has seen a decrease both in the number of holdings and of working units, the organic sector has grown consistently, although it still accounts for a small percentage of overall holdings/operators in the EU[64].

At its cutting edge, the organic sector has become a highly specialised agricultural system. Young entrepreneurs are often more qualified than older ones and benefit from specific education, knowledge and technology.

When considering that organic farming often acts as a catalyst for the development of activities that add value to raw materials at source, to the development of short supply chains, or to improved branding and marketing and development of new products, one can imagine how the organic approach can help tackle overall economic problems in the farming sector. Good examples of this can be found in the EU Rural Review #6 on Agriculture and Social Inclusion[65] and in the ENRD's RDP Project Database[66].

60 EU Rural Review #6 on Agriculture and Social Inclusion, http://enrd.ec.europa.eu/publications-and-media/eu-rural-review/en/page-03_en.cfm
61 An analysis of the EU organic sector, European Commission, DG AGRI, June 2010, http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic_2010_en.pdf.
62 Facts and Figures on organic agriculture, European Commission, 2013, http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf
63 Ibidem (page 22)
64 Ibidem (page17/19).
65 See examples from Poland (page 19), Italy (page 27) and Romania (page56), http://enrd.ec.europa.eu/publications-and-media/eu-rural-review/en/page-03_en.cfm
66 http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm

Case Study: New generation organic farming in Greece

Christos Panagiotidis, who lives near Thessaloniki, in Greece, first got involved in farming at the age of 15. With the support of his family, he complemented his agricultural studies and he fully replaced his father in the farm management role in 2008.

At that time the family business was a ranching operation. In 2010 he received EAFRD funding under Measure 112 (setting up of young farmers) of €17 500.

© Christos Panagiotidis

Today the farm's livestock includes indigenous breeds of pigs and water buffalos raised with organically produced fodder that is grown on the farm. In addition, there is a flock of dairy sheep and goats, also exclusively fed with organically-farmed plants. The farm's high quality organic dairy products (including mizithra cheese and yogurt) are sold directly to market without any intermediary, and have won awards for their great taste and quality.

© Christos Panagiotidis

In May 2013, the farm received funding under Measure 121 (for the modernisation of agricultural holdings) of €183 150. The organic farm also now offers excellent multifunctional features, including training and seminar facilities and it provides a positive contribution to the local community.

Christos Panagiotidis was the winner of the Best Young Farmer competition organised by the National Union of Young Farmers in December 2013 and nominated as the Greek entrant to the 2014 Best Young Farmer of Europe competition[67].

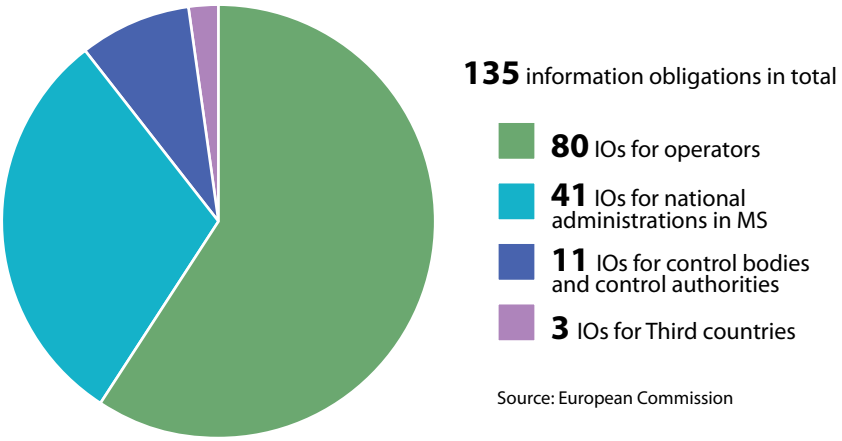
Targeting the potential of small farms

The vast majority of holdings in the EU are very small: 69% of all farms have less than five hectares of utilised agricultural area and on average there is less than one full-time job per farm[68]. An important issue to be considered is the percentage of small farms involved in the organic sector, which is lower than in conventional farms. For example, in the EU about 48% of total holdings have a size lower than 2 ha, while only 6.2% of organic farms fall within this category[69].

This can be mostly explained by two reasons. On the one hand many organic farms, such as livestock farms, require a larger size in order to respect specific organic requirements, such as the maximum amount of animals per hectare. On the other hand, mandatory information requirements and their related costs tend to be quite demanding for organic operators.

As Figure 3 indicates, a list of 135 IOs (Information Obligations) imposed by the EU organic legislation on national administrations, operators and control bodies that could potentially involve administrative costs was compiled. Of these, 80 obligations were identified for operators. That is why reducing barriers to entry for small farmers to the organic production sector represents a clear policy priority at European level.

Figure 3: Number of administrative information obligations



Source: European Commission

67 See http://eu.greekreporter.com/2014/01/28/greek-from-thessaloniki-candidate-for-european-farmer-of-the-year/
68 Eurostat Farm Structure Survey 2010 & the Agricultural Economics Brief No. 9 'Structure and dynamics of EU farms: changes, trends and policy relevance'.
69 Facts and Figures on organic agriculture, European Commission, 2013, http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf

The European Commission intends to allow European organic producers to be certified according to a group certification system. This approach would rely on an internal control system and of external spot checks of individual group members, in a manner similar to that practiced for small-scale farmers in developing countries.

Andrea Ferrante, member of the European Coordination Committee of Via Campesina[70], welcomes this new certification option as proposed in the new EU regulation on organic farming[71] emphasising that, 'average costs for achieving the certification could drop by 70%-to-80%, and farmers would be greatly encouraged to share and channel their local knowledge and expertise towards a common, quality goal. Moreover, this would facilitate other economies of scale, especially in countries where land ownership is typically very scattered.'

This opinion was also widely shared in the online public consultation by the European Commission: 70% of the respondents favoured the idea of permitting group certification for organic producers in the EU.

Encouraging a better gender balance

The gender balance in organic farming compared to conventional farming has not been analysed to a large extent so far. However, the evidence from the few studies carried out on this issue[72] supports the hypothesis that organic farming has the potential to alter the traditional gender balance in agriculture, both by creating a working context in which women can more readily participate in farm production and management, and by promoting ways of thinking that are more consistent with gender equality.

As a matter of fact, most recent data indicate that in 2010 there was no significant difference between organic and non-organic farms regarding the share of male and female farm managers in the EU[73]. However, the same data source found that women working in organic farming tended to acquire more vocational training than those working in conventional farms; this indirectly confirms that the organic approach is associated with education for women farmers, also noting that the sector requires diverse working skills and specific knowledge.

Recognising innovative women farmers

Several women managing organic farms have been recognised by COPA who have selected and awarded inspiring examples of innovative practices around Europe in 2011[74].

These included: Ann Moore, an Irish farmer that helped introduce the 'once-a-day' milking system in her area; Ann-Britt Edberg, a Finnish woman who produces and dries organic cereals on her farm; Samanta Rovera, an Italian farmer working in Piedmont using biodynamic agriculture; and Dolores Diaz Gomez, a Spanish woman from the region of Murcia who carries out organic production of almonds and wine grapes

(COPA, Innovation prize for women farmers, 2011).

70 The European Coordination Via Campesina gathers farmers' and agricultural workers' organisations of Denmark, Switzerland, Italy, the Netherlands, Spain, Greece, and Turkey. http://www.eurovia.org/
71 http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm
72 Organic Farming, Gender, and the Labor Process, By Hall & Mogyorody, 2007, http://www.redorbit.com/news/science/975520/organic_farming_gender_and_the_labor_process/
73 Facts and Figures on organic agriculture, European Commission, 2013, http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf
74 COPA, Innovation prize for women farmers, 2011, http://www.copa-cogeca.be/img/user/file/Prixfemin/prix_2011_2009_E.pdf

Social inclusion in rural setting

Social farming can benefit disadvantaged people of all ages. Social farming or green care represents a relatively new type of on-farm diversification and it is one that allows farmers to broaden both the scope of their activities and the perception of their role in society.

Although there is no detailed analysis of this type of farming in the EU, the interface between agricultural and social functions clearly provides farmers with new sources of income. By way of example, Italy hosts more than 1 000 such farms[75], providing a wide array of services: from animal therapy to vocational training, from recreational activities to social services for elderly and disabled people and from farm tourism to cultural courses. The majority have chosen to adopt organic farming methods, because they perfectly match with the expectations held by the people that visit and use such farms.

'The added value of social farming is the possibility for disadvantaged people to integrate in a living context, where their personal capabilities are valued and enhanced,' states Professor Francesco Di Iacovo, of Pisa University and manager of the SOFAR - Social services in multifunctional farms - project that ran between May 2006 and May 2009[76].

Italy has followed some interesting paths when developing social farming centred on organic methods. In some southern regions (for example in Sicily and Apulia) they have represented the preferred option to re-use properties seized from mafia bosses: the consortium Libera Terra (or Free Land) is probably the best known example of this approach. In many other areas of the country organic farming is used to rehabilitate people who have been jailed, again with very positive and productive social outcomes.

Another example from Italy that received a prize[77] from a national farmers' organisation in 2009 for its innovation achievements is the Baugiano farm near Quarrata in Tuscany. This fully multifunctional and social farm converted to organic farming in 2007 while also becoming an agri-tourism business and an educational farm. What makes it special is the way it managed to involve kids and teenagers (from 8-to-16 years old): each month its Young People's Dairy provides fresh yogurts to nearby schools and at the week-ends, the farm's dairy products are available for sale to locals and tourists.

Planning for an organic future

According to the International Federation of Organic Agriculture Movements – the European umbrella organisation for organic farming – the sector has the potential to double, in terms of land use, number of operators and market share by 2020. The higher levels of employment and income generation that the sector can support may have a knock-on effect on rural social inclusion, creating a wealthier society with a better quality of rural infrastructure and a better quality of life for its citizens[78].

Organic farming offers market diversification potential, attractive new jobs for youth, wider societal benefits and improved quality of life for those living in the countryside and for those who visit it. Demand for organic produce expected to outstrip supply, unlike many other agricultural sectors[79].

The provision of education and vocational training is often linked to the development of organic agriculture. The value of education in this area should not be under-estimated as higher education levels tend to be correlated with higher employment rates.

At the European level, the updating of the organic policy framework, coupled with the recent CAP Reform highlight the importance of the organic sector to the agricultural policy mix. And the European Commission's action plan on organic production[80] provides a clear roadmap to strengthen the sector in a number of areas.

Organic methods offer a low-risk and resource efficient option for food chains with the additional benefit of delivering high-value public goods. In the 2014-2020 programming period the status of organic farming will be enhanced - under the new CAP the sector automatically qualifies for greening payments, it has been identified as a priority activity for various market measures, and it is the subject of a specific rural development measure. As the market for organic produce grows, so more farmers should be encouraged to convert to organic farming. The future is bright for the organic sector. Ably supported by the CAP and the Member States, it can be a real force for long-term inclusive development in rural areas.

75 B.Croce-S.Angiolini, 'La Terra che vogliamo-Il futuro delle Campagne Italiane', Edizioni Ambiente, Milano, 2013.
76 Supporting policies for Social Farming in Europe, http://ec.europa.eu/research/agriculture/pdf/sofar_book.pdf
77 http://www.coldiretti.it/News/Pagine/939---12-Dicembre-2012.aspx
78 See EU Rural Review #6, http://enrd.ec.europa.eu/publications-and-media/eu-rural-review/en/page-03_en.cfm
79 IFOAM input on the consultation document on the 'EU Action Plan on Organic Food and Farming', presented at the Advisory Group on Organic Farming of 21/11/2013 & European Commission analysis of the EU organic sector, June 2010, http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic_2010_en.pdf.
80 Action Plan for the future of Organic Production in the European Union, http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm

The environmental added value of the organic sector

Organic farming systems are increasingly recognised for their environmental practices that help to conserve biodiversity, protect natural resources and make wise use of energy, whilst also respecting animal welfare. Understanding of the environmental value of the sector is likely to grow as European and national research projects shed more light on the environmental services the sector provides.

Environmental pressures continue to prevent EU Member States from achieving strategic goals for sustainable growth and development. Biodiversity loss, for example, remains an on-going concern with only 17% of EU habitats and 11% of ecosystems estimated to be in a favourable state[81]. Furthermore, nutrient surpluses persist in some water bodies (despite progress in others) and around 45% of EU soils suffer from problems of quality. These challenges need to be remedied and organic farming can be part of the solution by providing a positive environmental contribution.

'Organically-managed soils have a high potential to counter soil degradation as they are more resilient both to water stress and to nutrient loss.'

Food and Agriculture Organisation of the United Nations[82]

Many different types of environmental benefits can be gained from organic agriculture and these linkages are now well established. Consumer demand for organic products has been a major driver in the growth of the sector and, as the European Commissioner for Agriculture and Rural Development, Dacian Cioloş notes, 'citizens support organic farming in order to protect the environment.' His statement is backed up by EU data confirming that the main reason why consumers choose to buy organic products is their concern about the environment[83].

81 Commission Communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions "Our life insurance, our natural capital: an EU biodiversity strategy to 2020". COM(2011) 244 final.
82 http://www.fao.org/docrep/005/y4137e/y4137e02b.htm
83 Figure 9: http://ec.europa.eu/agriculture/organic/documents/eu-policy/of-public-consultation-final-report_en.pdf

Organic environmental services

Organic agriculture's green credentials reflect the ability of organic production systems to deliver a broad spectrum of environmental services. Soil, water and air quality, as well as biodiversity and landscape conservation benefits are all recognised and promoted by a host of high-level EU policies. These include the 7th Environment Action Programme the 2020 Biodiversity Strategy, the Green Infrastructure Communication, and the Soil Thematic Strategy, as well as environmental legislation such as the Birds and Habitats Directives, the Nitrates Directive, the Water Framework Directive, and the National Emission Ceiling Directive.

Strategic EU support has helped to improve the delivery of environmental services from organic approaches and the following sections summarise some of these vital services.

We believe that organic farming offers a real alternative to intensive farming. It reduces soil exhaustion and enhances biodiversity. The flowers, wild herbs, wildlife and insects around here all benefit from our healthy management approach and our dedication to using appropriate products.

Guido Barigelli and Raymonde Buysschaert – Organic vineyard and orchard farmers (Marche, Italy)[84]

Soil

Soil is sometimes referred to as the factory of life due to its essential ecological functions[85]. Sustainable soil management practices form a key component of organic production systems. Techniques such as crop rotation, cover crops and reduced tillage, alongside the use of organic fertilisers are all widely applied by Europe's organic farmers to foster high levels of soil productivity. Results can support the long-term health of soil flora and fauna, counter erosion problems, promote soil structure and formation, while also assisting the soils' overall capacity to retain and cycle nutrients.

For example: EU funds are being used in Spain by the 'crops for soil improvement' LIFE project[86] to convert 400 hectares of semi-arid land in four different Spanish regions (Castilla la Mancha, Castilla y Leon, Aragon, and Catalonia) into productive farmland. Organic techniques feature prominently in the project which expects to achieve a 20% increase in the organic content of topsoil and yields through organic farming methods.

Water

Organic agriculture's focus on using more natural production methods, recycling waste, rejecting artificial agri-chemicals and limiting the

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84 http://awsassets.panda.org/downloads/web_voices_farm.pdf
85 http://ec.europa.eu/environment/soil/factory_life.htm
86 http://traditional-crops.com

amount of organic nitrogen that can be applied helps to reduce potential causes of water pollution. Wise water use is another guiding principle of organic production systems. For these reasons, territorial approaches to organic agriculture are often encouraged in areas that suffer from degraded ground and/or surface water quality.

A good example of this is a German initiative to protect drinking water quality in Munich, where public authorities have been encouraging farms around the Mangfall river catchment area to convert to organic systems[87]. Operational since 1992, the scheme has helped farmers to make 18-year commitments to organic production. Public funding for advisory services, participation in organic producer associations, annual certification and investment in infrastructure have all been used by farmers within the scheme to improve water quality.

Air quality and climate action

Organic systems tend to involve lower emission levels, which benefit air quality and help to tackle climate challenges. For instance, life cycle assessments of Danish dairy products[88] have shown that organic systems are associated with around 10% less greenhouse gas emissions per kilo of milk than conventional production. Similar findings occur for field crops like cereals and oilseed rape.

In fact, organic farming methods can help to both mitigate and adapt to changing climate patterns. Carbon sequestration, renewable energy use, and less dependence on fossil fuels are all integral to the organic farming ethos, and reduce the amount of air pollutants associated with climate change.

Biodiversity

Organic farming characteristics favour biodiversity for numerous reasons. From a genetic perspective, organic systems often use traditional or adapted seeds and breeds with greater resistance to diseases and more resilience to climatic stress. This creates a healthier gene pool and protects the long-term integrity of EU biodiversity.

At the species level, organic farming has been shown to boost species richness by an average of 30% compared to non-organic land use systems[89]. At the ecosystem level, the availability of natural areas in or around organic fields combines with the use of crop rotation and absence of chemical inputs to support well-functioning wildlife habitats.

In Spain, for example, the coastal wetlands in the Delta del Ebro are an important biodiversity habitat for rare birds, fish, and amphibians. Scientific monitoring studies have confirmed that organic rice production methods in the surrounding areas have a positive impact on conserving the habitats for these endangered species[90].

'For me, organic farming means high quality food and avoiding the use of chemicals. This choice has many consequences on the running of the farm. For example, I only use compost, effective microorganisms (EM) and earthworms for farm manure aeration and processing.'

Lidia Ordysińska – Organic goat milk dairy (Wolezkowo, Poland)[91]

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87 http://www.farmpath.eu/Groundwaterprotection
88 http://www.icrofs.org/Pages/Publications/synthesis_08.pdf
89 Land-use intensity and the effects of organic farming on biodiversity: a hierarchical meta-analysis (2014), http://onlinelibrary.wiley.com/doi/10.1111/1365-2664.12219/abstract
90 http://www.fao.org/docrep/007/y5558e/y5558e05.htm
91 http://awsassets.panda.org/downloads/web_voices_farm.pdf

Supporting environmental services

Support for environmental services from organic agriculture continues to strengthen throughout the EU. As noted above, this trend is being driven by consumer demand for organic products. In addition, on-going developments in national and EU agricultural policies are also helping to facilitate the growth of Europe's organic sector - and its associated environmental benefits.

Pillar 1 of the Common Agricultural Policy (CAP) for instance now automatically considers certified organic farms as eligible for so-called green direct payments. Organic farms can also make valuable environmental contributions to the EU's new rural development policy aims associated with 'restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.'

This is a common priority for the Member States' Rural Development Programmes (RDPs) in the 2014-2020 period, which will provide organic farms with a wider range of environmental support opportunities than before. A new and dedicated RDP measure for organic farms has been introduced that adds value to other RDP measures fostering environmental services from organic farms, such as the agri-environment climate payment schemes.

Agri-environment support has a strong track record in expanding the range of environmental benefits from organic farms. Organic approaches to grassland management, livestock husbandry, and fruit production have all been widely supported through agri-environment schemes that target sustainable conservation of landscape, genetic and natural resources.

Case Study: Collective approach boosts environmental services provision[92]

Organic dairy farmer Jaco de Groot from Kamerik is a typical beneficiary of the Dutch RDP's agri-environment scheme. Describing his farmland he notes that, 'this area is rich in grassland birds and the many ditches offer good opportunities for interesting plants and animals. The agri-environment funds make it possible for me to use part of my land less intensively, which is good for nature and for the public image of the farm. The agri-environment actions are designed by the regional farmers' cooperative on farmland conservation, which I am an active member of.'

© Jaco de Groot

The Dutch approach to supporting organic farms involved in collective agri-environment action is set to expand because the government sees the positive environmental synergies that result from what can be termed as producer groups of environmental services. Many members of the regional farmers' cooperative apply organic practices and all members share a common interest in working together as a coordinated group. The overall environmental results are better than that which would result from uncoordinated individual actions.

Collective organic approaches create incentives to make sure that actions on one farm complement the work on other farms in the group. Environmental benefits are particularly useful for species that rely on habitats covering more than one farm. Such territorial approaches to supporting organic land use are also very useful for managing areas suffering from environmental stress (such as nitrate sensitive zones) or those with high nature value (such as Natura 2000 sites).

92 Source: ENRD, RDP Projects Database, http://enrd.ec.europa.eu/policy-in-action/rdp_view/en/view_projects_en.cfm?action=detail&backfuse=jsview&postcard_id=10660

Other organic support

In addition to CAP support for organic farming, other forms of EU funding promote the delivery of environmental services through organic methods. Environmental synergies can therefore be gained by programming coordinated approaches to using support from the CAP with other European Structural and Investment (ESI) Funds. Policy areas such as fisheries, regional development, and employment all provide opportunities for such synergies.

European Social Fund (ESF)

A Slovenian example illustrating how ESF support can be used to help improve organic production and associated environmental services, has been implemented by the Pan-nutri Agricultural and Food Technology Centre[93]. The project centres on developing social entrepreneurship via organic farming and food processing training. Outcomes are linked to the growth of short supply-chains of local food, which are expected to lead to further environmental benefits from reduced transport impacts.

European Maritime and Fisheries Fund (EMFF)

The EMFF promotes sustainable fisheries practices. It provides dedicated support to help aquaculture businesses convert to eco-management and audit schemes, as well as through organic aquaculture. A great deal of scope exists for synergies between the EMFF and other ESI funds in the area of improving environmental services through organic methods, such as through coordinated approaches between LEADER Local Action Groups, Community-Led Local Development partnerships, and Fisheries Local Action Groups.

We now actively protect soil organisms, water, air, bees (with the help of white clover) and other insects by tolerating positive weeds and through crop rotation. Looking ahead, we want to do less ploughing on the farm and to improve our manure processing so that it is more effective for the soil. We also want 100% of the fodder to come from our holding.

Kai Bischoff – Organic livestock farmer (Angeln, Germany)[95]

European Regional Development Fund (ERDF)

ERDF support has been used to increase the range of environmental services from organic agriculture by, among other things, encouraging knowledge transfers on this topic through transnational cooperation. An interesting case study here can be found in the Mediterranean region where ERDF co-finance was used by the Biolmed[94] project to boost the activity and environmental effectiveness of organic olive oil producers. The project paid special attention to networking knowhow about environmental protection between different organic olive growing regions. Water pollution, greenhouse gas reduction and soil erosion were all covered by the project, which aimed to further help tackle environmental degradation problems resulting from land abandonment pressures.

Future research capacity

In addition, EU funds have also been used to support applied research work involved in a variety of areas linked to the environmental services that organic agriculture provides.

LIFE[96] programme support has also been used, for instance, via the AgriClimateChange[97] project, which developed a new toolkit for quantifying an individual farm's ability to improve carbon storage and reduce emissions. Some 120 different farms from France, Spain, Germany, and Italy were involved in validating the toolkit and organic farms were shown to be more effective at tackling climate change challenges than their conventional counterparts.

Organic farms were also more efficient in their use of energy and had lower energy consumption[98]. The results were significant: organic farms' average total of gross emissions was less than half that of conventional farms. Similar observations concern carbon sequestration, with systematic use of cover crops helping organic farms achieve carbon storage levels per hectare that were twice as high as conventional farms.

More applied research work like that carried out by AgriClimateChange can help further improve Member States' understanding of the extent to which organic production systems can deliver environmental services.

Opportunities exist within the EU's Horizon 2020 programme for new research in this area, such as those identified by the TP Organics' Action Plan[99]. The European Commission's new action plan for organic production[100] also identifies a set of related research priorities covering soil fertility, ecological pest control methods (including alternatives to copper-based products), and energy efficiency.

93 http://www.pan-nutri.si/en/news
94 http://www.biolmednet.eu/
95 http://awsassets.panda.org/downloads/web_voices_farm.pdf
96 http://ec.europa.eu/environment/life/
97 http://www.agriclimatechange.eu
98 1.31 tCO2e/ha for organic farms compared to 3.7 tCO2e/ha for conventional farms.
99 http://www.tporganics.eu/upload/TPOrganics_ImplementationActionPlan.pdf
100 Action Plan for the future of Organic Production in the European Union, http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm

Safeguarding consumer confidence

European organic products have enjoyed a significant upsurge in popularity over recent decades. A pro-active approach to safeguarding consumer trust is essential to maintaining long-term growth and prosperity in the sector.

A golden rule for any successful business is to protect ones investment and this tenet remains highly relevant for all stakeholders in the EU organic sector. That is why a core objective of the European Commission's Action Plan for the Future of Organic Production in the European Union[101] is to consolidate and increase consumer confidence in organic food and farming.

European public opinion on organic farming[102]

Consumer confidence
- 71% trust organic products
- 78% are prepared to pay more for organic goods

Consumer motivation
- 83% buy organic due to concerns about the environment
- 81% buy organic because they are free from GMOs and pesticide residues

Consumer expectation
- 74% wish to see European organic standards strengthened
- 60% favour an improvement of the control system

101 Action Plan for the future of Organic Production in the European Union, http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm
102 Public consultation on the future of organic farming, http://ec.europa.eu/agriculture/organic/organic-farming/latest-news/archives/20131218_en.htm

A variety of opportunities exist to help protect the positive image of organic businesses, opportunities that can also promote on-going demand for their organic products. These include harmonising and simplifying regulatory frameworks and enhancing the control system for EU products as well as for imported organic goods. Considerable benefits can also be gained through an expansion of communications activity.

Spreading the message

Actions involved in promoting organic products play vital roles in both protecting and developing market share. Most organic businesses develop their own branding to help attract new customers and safeguard consumer loyalty. The effectiveness of this approach is highlighted by a consumer market study[103] from January 2014 on the functioning of voluntary food labelling schemes for consumers in the EU, which found that 69% of EU consumers were aware of organic logos or statements indicating the organic nature of specific products.

Getting the message right is a fundamental success factor for information and advertising campaigns promoting organic products. Messages range from raising awareness about the many environmental benefits associated with organic methods, to sound bites explaining the economic relevance of organic farms. For instance, the World Wildlife Fund's (WWF) European office communicated findings from a study they commissioned which indicated that, '€1 billion invested annually in organic farming creates 7800 jobs (net) – 73% more than conventional farming[104].'

Co-finance from the Member States' Rural Development Programmes, and other funding sources, can be used to help individual businesses and/or producer groups to cover some of the costs of a communications campaign.

At EU level, a series of tactical measures are also aimed at increasing consumer awareness about organic products. A case in point is the European Commission's recently revamped and very accessible online information resource – **www.organic-farming.eu** – all about organic products. A comprehensive library of information and publicity tools is available through these pages.

A key target group for the Commission's organic webpages are younger people, since they represent the future generation of organic consumers. Adopting long-term horizons is therefore another important success factor in protecting the EU organic sector, and schools are a particular focus of the website's multi-lingual material which promotes education about organic food to school pupils.

Public procurement tenders, such as those intended for catering service contracts, are also considered as a target area and the aforementioned new Action Plan intends to result in a revised set of 'Green Public Procurement criteria for Food and Catering Services' by the end of 2015. In addition, the European Commission will develop specific information material that exemplifies the use of organic products in public procurement.

EU organic logo

The use of the EU organic logo[105] and the related labelling rules is obligatory for all organic pre-packaged food produced within the European Union. This has helped the logo to enjoy a relatively rapid rise in consumer awareness, and by November 2013 (three years after its launch), on average some 25% of respondents in the 28 Member States signalled awareness of the EU organic logo in a special Euro Barometer poll[106].

The main objective of this successful branding initiative is to provide a quick and simple way for consumers to recognise organic produce. It is the visible part of the process that ensures that organic produce is always of the same high standard. By giving a strong visual identity to the organic farming sector the logo supports overall coherence and a proper functioning of the internal market.

Other forms of tactical EU support for organic product promotion includes the European Commission's policy on information and promotion activities of agricultural products on the internal market and in third countries[107]. Funding is available through this initiative in acknowledgement of the fact that the EU food sector must build on its reputation for high quality in order to remain competitive and profitable.

The Action Plan aims to increase market opportunities for organic operators - including funding for consumer awareness campaigns – whilst seeking to reduce any possible risks to consumer confidence. It will also carefully monitor the effectiveness of such promotion and trust in organic products both inside and outside the EU.

103 Consumer market study on the functioning of voluntary food labelling schemes for consumers in the European Union EAHC/FWC/2012 86 04, http://ec.europa.eu/consumers/consumer_research/market_studies/food_labelling/docs/201312_report_food-labelling-scheme_summary_en.pdf
104 WWF, Agri-Myths: Facts behind Europe's Common Agricultural Policy, page 21, http://awsassets.panda.org/downloads/wwf_agri_myths.pdf
105 http://ec.europa.eu/agriculture/organic/downloads/logo/index_en.htm
106 Special Eurobarometer 410 – Wave EB80.2 - TNS Opinion & Social.
107 http://ec.europa.eu/agriculture/promotion/index_en.htm

Engaging organic communications campaigns

The CAP Communications Awards[108] are a good source of best practices in organic product promotion. Recent example include the following:

- Poland's 'ORGANIC FOOD guarantee of good taste' campaign was launched to increase awareness of the EU organic logo and to inform Polish consumers about the advantages of organic food. Celebrities including chefs, actresses, and sports stars appeared in dedicated television shows and a portfolio of other media tools was also used (newspapers, magazines, websites, blogs, social media, reports, press releases, presentations and events). Notable best practice elements of this campaign included the very strong engagement of producers and processors who played key roles in supporting the promotional activities which was appreciated by the main target groups (consumers, journalists and school teachers). **www.gwarancja-dobrego-smaku.blogspot.com/p/o-kampanii.html**

- Spain's Organic Value Association communications campaign is focused on developing the value chain in the organic livestock sector. Co-financed by the European Social Fund, the campaign contains a coordinated collection of information, publicity, and networking tools for organic producers, as well an online training course for new organic businesses establishing themselves. The scheme's evaluation is based on a number of clear targets: conversion of 100 farms to organic; creation of new business lines related to organic farming in 50 companies; a 10%-to-40% reduction in the use of fertilisers and pesticides; and the reduction of CO2 emissions (through carbon sequestration) by up to 1.98t/ha/year. **http://pastorea.ecovalia.org/**

- From France a series of short 'organic minute' television programmes were noted as a best practice approach by the CAP communication awards. Each film was produced as a pedagogical tool that presents organic farming in an objective, positive and rational manner. A common theme running through the campaign was the promotion of the logo and labelling scheme's rigorous set of control measures that provide guarantees for product quality and environmental care. Over a three year period, the awareness-raising campaign successfully reached large numbers of 25-34 year olds and public procurement officers. **www.agencebio.org/videos**

108 http://ec.europa.eu/agriculture/cap-communication-network/awards/index_en.htm

Control system

The consumer insight gained by the European Commission's consultation on organic farming confirmed the importance of maintaining robust and credible control systems for the organic sector. They are seen as vital to underscoring consumer confidence in the authenticity of organic products and their perceived quality benefits.

Checks are carried out on organic operators at all stages of the supply chain. Every certified organic operator (farmer, processor and trader) is inspected at least once a year, or more often based on a risk assessment.

The EU regulatory framework has been reformed to address shortcomings identified in implementation and increase efficiency.

It is designed to help the sector expand and respond to demand without putting at risk consumers' confidence in the principles of organic farming.

Identification and prevention of fraud remains a priority area. Fraudulent organic goods can pose a significant threat to consumer confidence, damaging the sector's reputation. The European Commission will assist Member States in developing and implementing an organic fraud prevention policy.

Trade tools

Imported products form a valuable component of the overall EU organic market. They extend the range of organic products on offer to consumers and enlarging the market has positive knock-on benefits for EU suppliers of organic products. At the same time, imported organic goods also need to be able to demonstrate their quality to maintain consumer trust in the integrity of EU organic standards.

Organic checks in practice

Farmers, processors and traders must first notify their activity to the competent authority responsible for organic production in their Member State. Before they can label as organic and put their products on the market, their site must first be checked by a control body or authority. Once they have been checked and found compliant, they receive a certificate confirming that they meet the EU requirements.

Accordingly, the Action Plan confirms that the EU needs rules that support the development of trade in organic products while preventing the watering down of organic principles or the weakening of the control system.

Measures are in place to facilitate the transmission of organic import certificates from outside the EU whilst placing safeguards on the quality of non-EU control systems in relation to the use of organic labelling.

All importers of organic products must register with a national control body. Each and every consignment of organic products imported from countries outside the EU, the European Economic Area or Switzerland must be accompanied by a certificate of inspection. This certificate must have been issued by an EU-approved control system in the country of origin.

Conversely, and because having EU organic products recognised in non-EU markets is a key priority for future growth, the European Commission has secured recognition of EU rules in several important organic export markets. These include Australia, Japan, Switzerland, Canada and the USA.

A sustainable future

Consumer confidence and product quality are expected to be strengthened as the new organic policy framework driven forward by the Action Plan is rolled out. These developments offer real potential to strengthen the position of EU organic producers in national and global market places.

By combining economic growth with a combination of consumer confidence measures, the EU is looking to reinforce the foundations that protect organic sector assets, whilst also fostering a more successful, stable, and sustainable long-term future for the sector.

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Global trade in organic products: new frontiers and challenges

With the EU organic market and production base continuing to expand, new opportunities are opening up for export to markets around the world where consumers seem eager to enjoy the high quality and distinctive organic food and drink products that Europe's farmers and food processors can offer.

Import and export – a part of Europe's organic market

The EU is an important trader in the global food market and is one of the largest food and beverage exporters and importers in the world, with an annual combined value of almost €200 billion[109]. A key export strength of EU producers is in consumer-ready, high quality, processed and unprocessed products for which the average net European trade balance between 2010 and 2012 was almost €7 billion per year. Clearly there is an opportunity for the organic sector to play a part in this export trend and exploit the widely recognised quality and provenance of the diverse range of European organic wines, cheeses, processed meats and other products. Facilitating the sector's capacity to export added value organic products will benefit producers and processors whilst offering some of the best of Europe's food to the world.

109 The average for 2010-2012.

The EU is also a key destination for organic products from around the world. Imports of organic products into Europe that can't be grown here, such as tropical fruits, tea, coffee, cocoa and spices, as well as many other crops, ensure a diverse and year-round supply of organic products and ingredients, allowing consumers to opt for eating and drinking organic in all categories. Trade in these crops from developing countries can also play an important role in supporting livelihoods and enabling economic development.

Cooperating with trade partners to achieve these benefits fits well within the framework of EU policy for international development and is highlighted in the European Commission's Organic Action Plan[110]. It is also in line with the views expressed in the 2013 public consultation on organic food and farming, where 72% of the almost 45 000 respondents believed that trade arrangements for organic products with countries outside the EU should help develop more sustainable agricultural practices, whilst 52% considered that the objective should be to help organic farmers and other operators in developing countries expand their production and export of organic products[111].

Within Europe, the €22.7 billion per year market for organic food is concentrated in a few countries, with four: Germany; France; the UK; and Italy accounting for about two-thirds of total sales[112]. Consequently, exports and imports of organic food within Europe are of considerable importance to many producers. For example 90% of the organic fruits, vegetables, olives, herbs and ingredients produced in Greece, Spain and Portugal is exported to the principle organic markets in northern Europe, whilst central and eastern EU countries supply an important share of cereal crops to these countries[113]. A recent study showed that in 2009-2010, Germany was importing significant percentages of organic products that could have been produced in the country, including half of the apples and carrots on the market[114].

Integrity and trust in global organic trade

Although organic production practices vary throughout Europe and around the world, reflecting the diverse range of climates, soils and farming systems, they all work to the same basic principles and similar standards. Maintaining the integrity of organic products is clearly a vital component in maintaining consumer trust in the quality of organic produce. The EU organic logo, increasingly recognised in Europe, is one way that organic products exported from Europe can be recognised in third countries. The Action Plan foresees, if necessary, the development of communication in third countries to improve recognition of the logo as a sign of the integrity of European organic products in these markets.

The control system in the organic sector ensures that all the steps involved, from the production of the organic food on the farm, its transport, processing, packing and labelling, right through to the shop or market where the final consumer buys the food, conform to the organic rules.

This means that wherever an organic product comes from, whether meat from Europe, a pineapple from Ghana, organic coffee from Guatemala, or organic tea from India, the consumer knows that they are getting an organic product.

In practice, all operators - whether they are farmers, processors or traders - are checked by competent control bodies

110 Action Plan for the future of Organic Production in the European Union, http://ec.europa.eu/agriculture/organic/eu-policy/european-action-plan/index_en.htm

111 Report on the results of the public consultation on the review of the EU policy on organic agriculture conducted by DG Agri. 19th September, Brussels, http://ec.europa.eu/agriculture/organic/documents/eu-policy/of-public-consultation-final-report_en.pdf

112 IFOAM EU Group (2014) Organic in Europe: Prospects and Developments. Edited by S. Meredity and H. Willer. IFOAM EU Group, Brussels, http://shop.ifoam.org/bookstore/product_info.php?products_id=569

113 IFOAM World of organic 2013, Bonn. Data from www.organicmonitor.com

114 Schaak, D, C Rampold, H Willer, M Rippin, H von Koerber (2011) An analysis of imports of organic products with relevance for the German organic market. Bonn: Agrarmarkt Informations-Gessellschaft (AMI). Available from www.orgprints/19899/

or authorities, to ensure that they are complying with the organic rules.

In almost all cases, checks are carried out by private organisations (control bodies) and sometimes by government agencies (control authorities). The technical competence of the private control bodies that do this vital job of inspection and verification of operators is confirmed through accreditation by an independent organisation, based on international standards and EU rules.

Import and export rules for European organic products

With the EU representing such an important market for organic food, EU legislation has been developed to define the rules and procedures that must be followed when importing organic products into Europe, and these are set out in Implementing Regulation (EC) No 1235/2008.

The regulation requires that organic products imported from countries outside the EU are accompanied by a certificate of inspection issued either by: a control body recognised by the EU; control bodies authorised by a country recognised by the EU; or control bodies authorised by the Member State competent authority ('import authorisation').

In the case of the first and second conditions, the regulation provides lists of both control bodies and countries recognised by the EU as operating to equivalent standards and control procedures. The countries recognised by the EU are Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, New Zealand, Switzerland, Tunisia and the United States.

In the case of Switzerland, the equivalence recognition is reciprocal and part of the Agreement between the European Community and the Swiss Confederation on trade in agricultural products.

With Australia, Canada, Japan, the USA and New Zealand, the EU has signed reciprocal equivalence arrangements. They provide recognition that the EU and the aforementioned third countries operate equivalent organic standards and control systems. The agreements between the EU and Canada in 2011, and the EU and USA in 2012 (with some specific exceptions relating to practices that were deemed to be non-equivalent in the USA and the EU), has opened up organic trade between Europe and North America. Organic producers and processors on both sides of the Atlantic are set to benefit from these agreements. Together, these two regions make up over 95% of the global demand for organic products[115].

Exporting organic products from the EU to third countries requires that the exporter complies with the countries' import regime – except where reciprocal equivalence arrangements are in force as explained above. In the case of other countries - whether they are on the list of third countries recognised by the EU or not - this can involve the complex checks to ensure that European organic exporters meet the local requirements. For example, export of organic products to China currently requires that an approved certification body in China completes the inspection and verification of the operator's compliance

115 The World of Organic Agriculture – Statistics & Emerging Trends 2012, FIBL.

with the Chinese organic standard and issues the certificate to accompany the products exported to China.

In view of this complexity, which is limiting the scope for global organic trade, the Action Plan highlights the opportunity to extend the approach of reciprocal equivalence recognition between the EU and other leading organic markets, based on working towards convergence of standards and the potential for plurilateral agreements.

Values and volumes of EU trade in organic products

International trade in organic products is important in Europe for two main reasons. Firstly it means that consumers can enjoy tropical organic produce that is not produced in the EU, and produce that is not cultivated throughout the year; and secondly to enable organic producers in developing countries to benefit from organic production. However, little detailed or reliable information is collected on the volume and value of trade in organic products. Where data is reported it is collected in different ways, meaning that they are not necessarily directly comparable.

The available export data[116] reveals that exports from nine EU Member States amounts to €1.7 billion, and this equates to around one-third of the total sales value of organic food in these countries. There is a huge range in the value of exports as a proportion of total country sales. Austria, for example – a country with a strong domestic market – exports just 7.5% of the total sales value of organic products, whilst Romania exports organic products worth 2.5 times the value of sales on the domestic market and Italy around 60%. A similar variation is seen in third countries. Canada, for example, is recorded as exporting organic products with a value of 15% of the domestic market, whilst India exports over 2.5 times the value of sales on the domestic market.

Where export data is reported for EU Member States, it is not possible to estimate the proportion that is exported to other EU countries or to third countries. Similarly, the destination of exports from third countries cannot be determined.

In view of the scarcity of reliable data on global trade in organic products, the Action Plan proposes that different possibilities are explored to gather and analyse data on the volume and value of trade with third countries. This will help improve the knowledge of potential export markets for the EU organic sector and will, with a planned focus on developing countries, also provide better knowledge of the EU market potential for these suppliers to the EU.

Exploiting the EU organic sector's opportunities

As noted, the EU is one of the key organic markets in the world; consequently it is an important destination market for third country organic producers and this increases the range and availability of organic products to European consumers. This makes it easy to shop, eat and drink organic across a comprehensive range of product categories in Europe.

The EU is also a major producer of distinctive and high quality organic products that are eagerly sought after in North America, Japan and elsewhere. The opportunity to increase the export value of such products and thus contribute to the net positive balance of trade in European quality food and drink is clear. The European Commission is preparing to introduce some clear initiatives to enhance the control systems, the ease of access to markets and the collection of data to help the organic sector in Europe capture and exploit these markets and thereby offer organic products with real integrity and provenance to the world.

116 IFOAM World of Organic 2014 op. cit.

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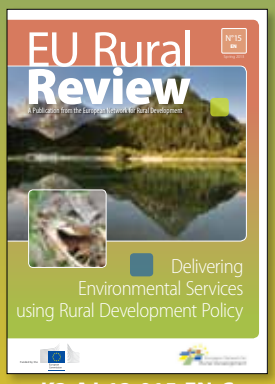

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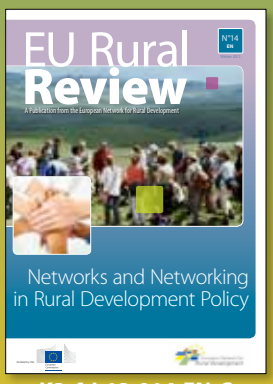

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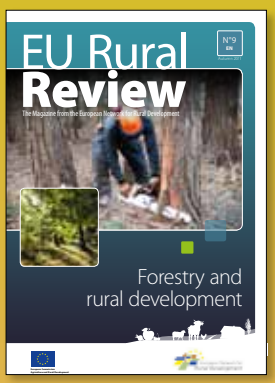

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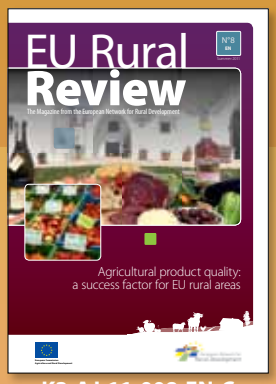

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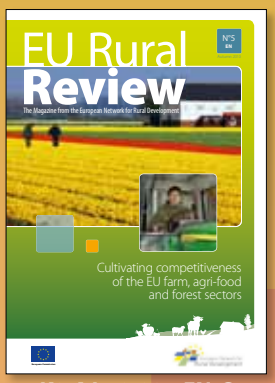

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THE EU ORGANIC FARMING (R)EVOLUTION

The EU organic logo. Look out for it!

European Commission

ORGANIC PRODUCTION IS ON THE INCREASE

Total area cultivated as organic

2002 5.6 MILLION HECTARES

2011 9.6 MILLION HECTARES

+ 500 000 hectares/year
Expansion of the organic area every year over the last decade

5.4 %
Area of organic farmland as a percentage of utilised agricultural area in Europe

TOP 5 COUNTRIES FOR ORGANIC FARMING

EU countries with the highest proportions of organically farmed land:

AUSTRIA 19%
SWEDEN 15.7%
ESTONIA 14%
CZECH REPUBLIC 13%
LATVIA 10%

DID YOU KNOW
There were 2.6 million heads of certified organic cattle in the EU in 2011.

TOP 5 COUNTRIES WITH THE LARGEST AREA FOR ORGANIC FARMING

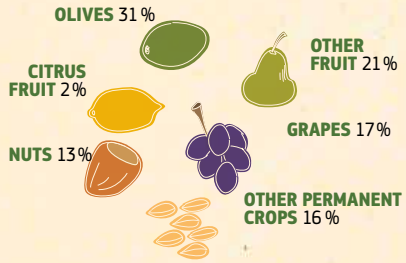
In absolute terms, in 2011 the largest areas of organic farming land were in:

TOGETHER these countries account for 57 % of the total organic area of the European Union.

SPAIN 1.8 MILLION HECTARES
ITALY 1.1 MILLION HECTARES
GERMANY 1 MILLION HECTARES
FRANCE 0.97 MILLION HECTARES
UNITED KINGDOM 0.63 MILLION HECTARES

TOP ORGANIC CROPS

Which permanent crops are organic farmers growing? % of EU total area:



OLIVES 31 %
OTHER FRUIT 21 %
CITRUS FRUIT 2 %
GRAPES 17 %
NUTS 13 %
OTHER PERMANENT CROPS 16 %

THE SOCIO-ECONOMICS OF ORGANIC FARMING

More than **225 000** organic producers were registered in the European Union in 2011.

CONSUMER VALUE
of EU market for organic food products 19.7 billion euro in 2011

GROWTH RATE
9% from 2010 to 2011

GENDER WOMEN MAKE UP 24% OF ORGANIC FARM MANAGERS.
In some countries this is higher:
Latvia **41 %** Croatia **32 %** Italy **30 %**

AGE FARMERS UNDER 55
Working in the organic farming sector **61.3 %**
Working in the conventional farming sector **44.2 %**

Facts and figures on organic agriculture in the European Union, Organic Monitor, September 2013.

http://ec.europa.eu/agriculture/organic

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