

## **Thematic Group on Strengthening the position of farmers in the Organic Food Supply Chain**

# **Organic policies in Luxembourg**

## **Case study**

23 March 2023



## Introduction

Luxembourg has experienced immense population growth since 1970, almost doubling to some 650,000 today. This population growth has been largely due to immigration. Luxembourg also experiences significant daily cross border movement of workers with some 220,000 arriving and leaving every day. These consumers are very much tied to their own food culture, not necessarily the local one. Luxembourg therefore, has a very mixed menu on its table, not completely bought from local farmers. It could be said that Luxembourg's status as a small country makes it unique within the EU given the high degree of integration with the economies of the surrounding countries (Grande region), with many components of the supply chain such as processing being undertaken outside the country in the Greater Luxembourg region.



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In Luxembourg, as in other EU member states, the number of farms is reducing (halving every 25 years). The land area available to food production in Luxembourg is also going down, however Luxembourg farmers have been able to increase their land area for production by utilising land in the Greater Luxembourg region. This clearly shows that there is some competition between land uses and how the Luxembourg agriculture is tightly embedded in the Greater Region.

In Luxembourg, more than 50% of agricultural land is grassland, with the dairy sector dominating (more than one third of farms using more than 70% of the land). Milk production has continued to increase in recent years (and certainly since milk quotas were abolished in 2014). Half of the farmers in Luxembourg are more than 54 years old, and half of those farmers over 54 don't have succession plans for their business.



There is a recognition that farms will need to specialize even more soon if they are to pass viable businesses to future generations. There are significant opportunities for Luxembourg farmers to capitalize on their assets and develop new markets for their milk supplies, for example by strengthening the supply chain through co-operation.

## Policies to promote organic

Some years ago Jeremy Rifkin prepared an outlook for the whole of the Luxembourg economy (2050 plan)<sup>1</sup>. Rifkin is an American economist who writes about the impact of innovation in science and technology on the economy, the ecosystem and the social organization of labour. This was a highly participatory process and present policies reflect this outlook. It was envisaged in the Rifkin outlook that Luxembourg would have 100% organic farming by 2050, with fewer livestock, more orchards and increased vegetable production. The year 2050 plan is a useful vision to align different stakeholders, it should not be understood as a detailed prediction of what should happen.

In 2018 the Luxembourg Government coalition agreement stated a goal of 20% organic land area by 2025 (similar to EU ambitions in the Farm to Fork Strategy). In October 2018 the share of organic land was only 4,2% and in 2022 6,3%. Achieving 20% is extremely ambitious, hence the introduction of a national organic action plan (PANBio2025).

## National Organic Action Plan (PANBio2025)

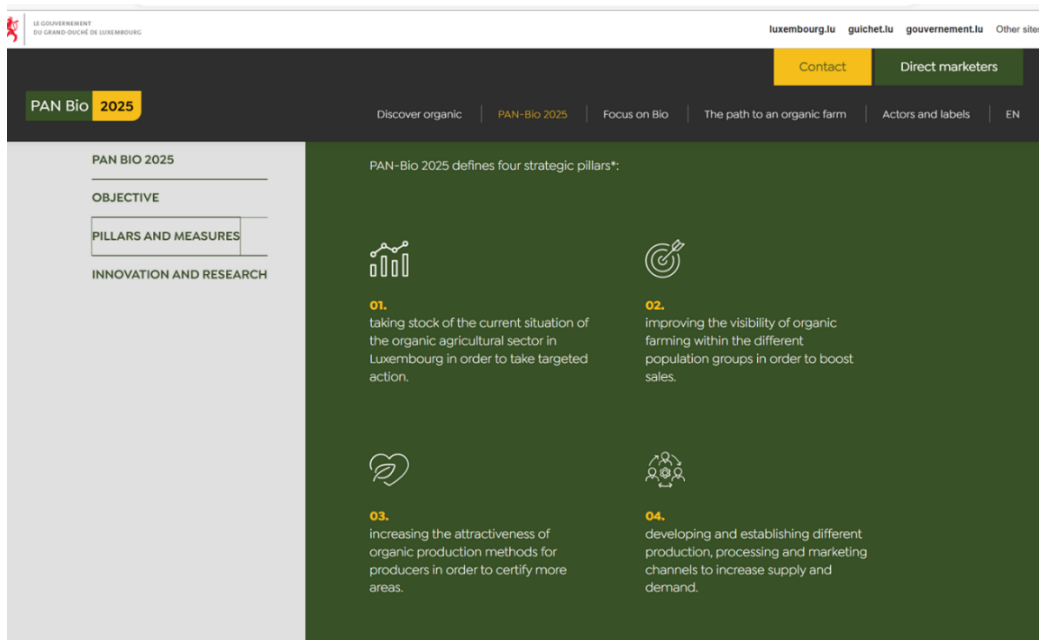
PANBio2025 is a 5 year plan to implement the above strategy step by step. With the PANBio2025 action plan, Luxembourg is sending a strong signal for more organic in agriculture, suppliers and trade. Its aims are to assess the current situation; improve visibility with different target groups; increase attractiveness of conversion, and build organic supply chains in order to increase supply and demand<sup>2</sup>.

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<sup>1</sup> [https://imslux.lu/eng/nos-activites/pole-de-specialites/8\\_the-third-industrial-revolution-in-luxembourg#presentation](https://imslux.lu/eng/nos-activites/pole-de-specialites/8_the-third-industrial-revolution-in-luxembourg#presentation).

<sup>2</sup> <https://bio2025.lu/en/pan-bio-2025-3/>





PANBio2025 comprises 29 different actions (short, middle and long term). It is a collection of non-statutory policy instruments with budget allocated to facilitate implementation. Axis 4 is particularly important with measures therein focused on strengthening the development of value chains in the organic farming sector and creating the conditions for developing and maintaining the marketing and promotion of organic products to stimulate increased demand in Luxembourg.

The idea is to increase the consumption of organic products and increase the confidence of farmers to convert. The budget for these actions derive from EU (CAP) and national sources. The CAP in Luxembourg supports conversion from conventional to organic and funding to maintain organic agriculture. Luxembourg also employs national funds, such as those attached to the organic action plan PANBio2025.

For example, support was given to set up a supply chain for organic brewing barley; the Braugeescht – vom kär-zum Béier<sup>3</sup> project. At the request of ASTA (Administration des services techniques de l'agriculture), Avalon organic summer malting barley was grown on four organic farms in 2019 with the aim helping Brasserie Nationale S.A. to understand that the organic beer Funck-Bricher can also be brewed with malt from Luxembourgish organic brewing barley. The farmers were supported and accompanied by advisors on cultivation management, harvesting and storage. For quality assurance, the harvested grain was examined by the association for the usual

<sup>3</sup> <https://ibla.lu/ibla/projekte/abgeschlossene-projekte/>



quality characteristics of malting barley and by the Laboratoire National de la Santé for possible contamination with pesticides and mycotoxins. Samples of malting barley were then taken at Malthouse Mouterij Dingemans N.V.<sup>4</sup> and examined for important quality characteristics to determine its suitability for further processing in malt.

Overall, the Luxembourgish organic brewing barley for the Funck-Bricher organic beer was deemed to be of good quality, resulting in the barley being delivered to Mouterij Dingemans N.V. for malting and thereafter being used by Brasserie Nationale in their Funck-Bricher beer.

One other initiative of note is the Community Canteen, a project funded by the EU Recovery Fund<sup>5 6</sup>. This project started with pilots in three school canteens (schools for students aged 13 to 18, 6 to 12 and kindergarten and for children aged 2 to 5). First, there were discussions about general prejudices around organic food, such as its availability and price. The school canteens then collected data, for example what is needed in terms of variety, what is already organic, what is conventional, etc. The next step was to establish goals, with all parties free to set a goal that suited their circumstances. Later on these, organic goals were reviewed. One canteen managed to increase its proportion of organic produce to 85%, another to 45%. A special feature of the pilot project was that if the canteens incurred additional costs as a result of procuring organic products, these were repaid by the project. The three-pilot school canteen had different results. In one the prices went up 10%, from 2 Euros per plate of food to 2,21 Euros, i.e., around 10%. In another canteen prices went up around 60 cents per plate, i.e., approximately one third. The final canteen managed to increase the volume of organic product and stay within existing budgets as they bought directly from the farmer, rather than through a third party. Another reason for staying on budget was thanks to a reduction in expensive items on the menu such as dairy and meat. Thus, the proportion of organic products on the plate went up to 85% without any increase in budget.

The project leads considered what lessons could be learned and applied across more than 1 300 canteens across Luxembourg. After this assessment, many more canteens were contacted and offered training about how to increase organic food on the menu and avoid food waste. The project also offered to pay for the training to all interested

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<sup>4</sup> [Mouterij Dingemans | Dingemans \(dingemansmout.be\)](https://mouterijdingemans.be)

<sup>5</sup> [https://luxembourg.representation.ec.europa.eu/strategie-et-priorites/le-plan-de-relevance-pour-leurope-luxembourg-commission-europeenne\\_fr](https://luxembourg.representation.ec.europa.eu/strategie-et-priorites/le-plan-de-relevance-pour-leurope-luxembourg-commission-europeenne_fr)

<sup>6</sup> <https://agriculture.public.lu/de/actualites/2021/maerz-2021/plan-PAN-bio-2025-bilan-agriculture-biologique-positif-surfaces-augmentation-7.html>



parties, namely: cooks and staff in canteens, policy makers, council members, people in charge of budget and payments. Of the 102 canteens contacted, 30% reacted positively to the invitation to receive training<sup>7</sup>.

The development of the training program for the community canteen projects was tendered and three companies specialising in product quality and supply chain management responded. They are now developing and implementing the training program. After four months and then a year, progress will be reviewed through audit.

Every public canteen has a book of specifications. The Luxembourg government has introduced a subsection with additional criteria regarding food waste, and proportion of organic produce (public canteens are obliged to report trends in the organic share every four months).

## Considerations for policy and practice (based on Luxembourg's experience)

### 1. Create a common vision

Policy development in Luxembourg started with the development of a common vision for the Luxembourg economy in 2050, resulting from a participatory process engaging many stakeholders, not only those involved in agriculture and food. Part of that common vision is that Luxembourg as a small country is, and should be, highly integrated with the agriculture and food economy of the greater Luxembourg region. In this way a wider range of products can be sourced organically, with processing capacity in the wider region dedicated to the organic sector.

### 2. Create a common agenda

Among other things, PANBio2025 builds on the results of a first action plan from 2009. In particular, the promotion of the organic beef sector with targeted actions and studies, including the successful marketing of products. Other actions in PANBio2025 include the creation of a network of demonstration farms with different orientations, various publications, information events on organic farming and conversion, support for research projects, demonstration fields and variety trials. These actions are updated and supplemented by new instruments within the framework of PANBio2025.

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<sup>7</sup> <https://bio2025.lu/news/mehr-bio-weniger-verschwendung/>



Continuous evaluations of all measures and instruments are planned over the entire period to implement any necessary adjustments in a timely manner. In the network of seven demonstration farms, farmers learn from other farmers, with an agricultural advisor updating the information flows and moderating the exchange of experiences.

### 3. Make it market driven

Within the context of government planning, developing new food supply chains are projects based on a 3-year plan. This planning is generally very straight forward with factual KPIs, e.g. the number of farmers participating in a scheme or the acreage involved. Every year a progress report evaluates the progress of each project. Projects may be adapted or even stopped. For example, a project was approved to grow organic soybeans as feed for laying hens. However, the costs of organic soybeans increased dramatically (from 55 to 60 euro to 80 to 100 euro). It was therefore decided to change the focus from inputs to human consumption to enable the retail market to directly absorb the higher costs of production. Thus, projects have been able to successfully respond to external changes thanks to an informed and pragmatic approach by government officials. This Luxembourg example shows that implementation of policies, plans, programs and projects need to be adapted to practical needs, as these evolve over time.

Success will also depend on the development of market demand for organic produce. Currently purchasing power is restricted and organic demand is under pressure. However, this situation is unlikely to continue indefinitely.

### 4. Be pragmatic about the role of organic

Pilot projects were set up to test commonly held prejudices against organic agriculture in public procurement such as that 'organic supply is not available', or 'it is too expensive'. These pilots were rigorously evaluated, in most cases assumptions needed to be adapted, and learning units were developed to help spread best practices and scale up results.

Public procurement must be pragmatic, one reason being that Luxembourg will never be able to be 100% organic self-sufficient. Under prevailing procurement criteria about 50% of the produce should be of Luxembourg origin, 20% should be of organic origin (the term organic origin may also encompass land in conversion and regional origin in the criteria).



Luxembourg exports a significant majority of its dairy products to the wider Luxembourg region. Up to now this specialisation in the dairy supply chain has been very successful, but environmental factors are now being considered more and so may change the picture for the future. If all dairy production were to turn organic, then sourcing organic fodder will become a more important issue. In Luxembourg policy makers and others are increasingly looking at the interdependencies between regional, seasonal, and organic. This holistic view of food production is perhaps rather new for the organic sector.

Pragmatic collaboration also applies to research and development. Organic and conventional knowledge parties are stimulated to collaborate. The idea is that proposals for funding may be more innovative once parties from both sides cooperate. An example of this is a recent call for proposals on humus, and this is a relevant topic for organic farmers and conventional farmers alike. To reach the goals on rebuilding soils, reducing emissions and improving biodiversity, Luxembourg needs the participation of organic farmers as well as conventional farmers.

## 5. Look beyond organic

In Luxembourg, as in many other EU member states, policy tries to link organic agriculture and short supply chains<sup>8 9</sup>. Organics are being positioned as part of a bigger movement "combining food production with sustainability" (including biodiversity). Thus, the narrative is going beyond organic. Marketing initiatives include regional as criteria, as well as organic objectives.

## Disclaimer

This paper has been developed with the involvement of members of the EU CAP Network Thematic Group on Strengthening the position of farmers in the Organic Food Supply Chain from several EU Member states as part of the work carried out by the CAP Implementation Contact Point during the 2 thematic group meetings. Particular thanks go to Gerber Van Vliet from the Luxembourg Ministère de l'Agriculture, de la Viticulture et du Développement Rural for contributing to the development of this case study. The information and views set out in this document do not necessarily reflect the opinion of the European Commission.

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<sup>8</sup> <https://agriculture.public.lu/de/lebensmittelsicherheit-qualitatszeichen/lokal-saisonal.html>).

<sup>9</sup> <https://www.sou-schmaacht-letzebuerg.lu/de>

