European Organic Farming Policy and CAP Reform

Dr. Susanne Padel and Prof. Nic Lampkin

Organic Research Centre - Elm Farm (UK)
European organic area 1985-2009 (million ha)

Source: FiBL, Aberystwyth University, AMI/ZMP
Currently, in Europe ...

- 9.3 M ha organic area (2009)
- Consumers spend near 20 billion Euros annually
- Market is still growing in many countries
- Up to 1 billion Euros annually in organic farming support
- Up to 200,000 businesses
- We estimate that more than 500,000 people are earning a living from organic food and farming

Source: FiBL, AMI & ORC 2006-2011
Factors influencing growth

• Legislative basis for organic farming since 1991 (EEC Reg. 2092/91) with major revision in 2007/08 (Regulations (EC) 834/2009 and 889/2008)

• Increasing **consumer demand** and market growth

• Insecurity in the conventional sector (food scandals, prices)

• **Policy support** for organic farming
More than 20 years experience with policy support for organic

1987 Denmark introduced national support
1988 EU extensification regulation in DE, FR
1989 schemes outside EU framework (SE, AT, NO, CH from 1993)

1992 **EU Agri-environment regulation**
   (2078/92): Direct payment for organic farmers (implemented in EU 15 by 1996)

Late 90s - Several CEE states (SAPARD)

2000 Organic support part of EU Rural Development Regulations
Share of organic area in the total utilised agricultural area (Dec 2009)

in % of total UAA

- < 2
- 2 - < 5
- 5 - < 8
- 8 - < 12
- > 12

Min. 0,12 %
Max. 18,50 %
Ø 4,7 %

Current EU support framework (CAP) with 2 main pillars

- Pillar I: Direct Payments to producers
- Pillar II: Rural Development Regulation with three main aims (co-funded EU & MS)
  - Improve competitiveness (skills, investment, market infrastructure)
  - Protect the environment (land management schemes (open to all and for specific habitats/protected areas, includes organic))
  - Improve quality of life in rural areas
  - Member state programmes with specific focus
Maintenance payments in EU Member States (2009, grassland and arable land)

Grassland

€ per ha

Arable land

€ per ha

Source: Schwarz et al., 2010

= regional or crop-specific variation within one country
Maintenance payments in EU Member States (2009, annual vegetables/herbs and perennials, orchards, fruits)

Source: Schwarz et al., 2010
Support for organic producers within CAP

Pillar I: Single Farm Payment

cross compliance

National support programmes & Action Plans

Pillar II organic land management

Market & consumers

Advice Certification
Agri-environment schemes

• Reasons for support are
  ◆ Environmental protection (biodiversity, pollution)
  ◆ Resource conservation (soil, water)
  ◆ Greenhouse gas mitigation

• Payments in member states have to be justified by income forgone
  ◆ differences in yield
  ◆ production costs
  ◆ prices and transaction costs.
Other reasons for organic farming support are

- Public goods
  - Environmental protection
  - Animal welfare
  - Social goals (rural development)
- Infant industry
  - Expanding consumer choice
  - Developing markets
- Both reflect market failure issues
Other support options that have been used in EU

- Setting common standards and regulations (now at EU level)
- Capital investment (for example Austria related to animal welfare investment, Ireland)
- Market development (for example Denmark)
- Information (research, training, advice)
- Consumer awareness (EU co-funded and national measures)
Nachrichten

Auftakt zum Internationalen Bio-Weinpreis MUNDUS VINI BioFach 2012
21.09.2011

Ab sofort läuft die Anmeldefrist für den Internationalen Bio-Weinpreis MUNDUS VINI BioFach 2012. Der Weinwettbewerb für Weine aus ökologischem Anbau prämiert seit 2010 jährlich die besten Bioweine aus aller Welt. »Mehr lesen...“

Bioland Partnerkongress 2011 - Im Dialog mit Bioland Partnern
20.09.2011


Aufruf zur Nominierung "one World Award" 2012
19.09.2011

I love organic because it feels right for my family

“...about animals

I like to see myself as the brains of this outfit, even if my son doesn’t agree! But when he told me about organic, well, I never looked back. Organic means fewer drugs or antibiotics. It also means better conditions for animals so they get to thrive and grow more naturally. Surely that’s good for them and good for our peace of mind! We’re happy to pay a little extra for organic, because we believe that animals deserve a better life (this poor cow certainly does!).”

There are lots of reasons to love organic, discover yours at www.whyiloveorganic.co.uk
Interaction with markets

- Organic support schemes unique because of market interaction
- Certification systems can help verification (also for policy support) but also a transaction cost
- Policies led to strong increase in supply in some countries
- But direct payments alone may not be sufficient to stimulate growth
The policy challenge

- Multi-functional, farming systems approach
- Which addresses multiple goals
  - Various public goods, infant industry
- Interacting with the market
  - Balancing supply/push and demand pull measures
- Serving a wide range of interest groups with differing priorities
Conclusions

• Government intervention very important for development of organic farming in Europe
• Initial focus on conversion support
  ◆ imbalances in supply and market
  ◆ but also provided impetus for market growth
• Focus now on integrated policies (action plans) integrating pull and push measures
• Need to be clear about why organic farming is worth supporting
CAP reform from 2014 – an opportunity for renewal?

• Additional payment (30% of annual national ceiling) for farmers following agricultural practices beneficial for climate/environment: crop diversification, maintenance of permanent pastures and ecological focus areas (7%).

• Organic farmers are likely to automatically benefit from this additional payment.

• New specific rural development measure for organic farming (Article 43) – max. payment rates as for other agri-environment (€/ha: 600 annual, 900 perennial, 450 other).