

## Growing under the Common Agricultural Policy – The institutional development of organic farming in Central and Eastern European countries from 2004-2013

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### Abstract

*The goal of this paper is to analyse the mid- to long-term impacts of the EU accession as external trigger for organic farming development. We focus on the institutional development in the Czech Republic, Hungary and Estonia that accessed the EU in 2004; comparing the situation in these countries at the time of their accession with the current situation (2013). Data was collected by desk-top analysis of relevant literature, policy document analysis, and expert interviews with key informants. We conclude that European level policy remains an important external driver for national organic sector development in the countries studied. The financial support, available since the start of the accession process, led to organic farming growth and increased visibility; there is a rising domestic demand for organic produce. After having achieved a certain level of political and societal recognition, the organic farming organisations now are searching new ways to maintain integration and unity of the organic farming community.*

### Introduction

The EU accession process has triggered the development of organic food and farming in countries accessing the EU. EU organic farming legislation needed to be transposed in these countries, and with that the regulations on organic farming support. Yet, such support has to find its way from the state to the single farmer, and farmers need markets and customers to sell their produce. Institutions need to be put in place that can act as channels for flows of knowledge and resources.

The goal of this paper is to analyse the mid- to long-term impacts of the EU accession as external trigger for organic farming development. We will focus on the institutional development in selected countries that accessed the EU in 2004: Czech Republic, Hungary and Estonia, comparing the situation in these countries at the time of their accession with the current situation (2013).

The relevance of institutions for organic farming development was comprehensively investigated by Michelsen et al. (2001) who identified a path of six steps facilitating organic farming growth: i) the establishment of an organic farming sector with a formal framework for organic farming, ii) the political recognition of organic farming through organic standards, iii) the introduction of financial support to organic farmers, iv) the development of non-competitive interrelationships between organic farming and the general farming community, v) the development of functioning organic food markets governed by market mechanisms, and vi) the establishment of a cross-cutting institutional setting committed to promoting organic farming.

In 2004, Moschitz et al. investigated the institutional development of the organic sector in eleven European countries: Austria, Switzerland, Czech Republic, Germany, Denmark, Estonia, Hungary, Italy, Poland, Slovenia, and United Kingdom (Moschitz et al., 2004; Moschitz and Stolze 2007). For the countries that are of interest in this paper, they concluded that the first three steps of organic farming growth had been completed in 2004: an organic farming community was established, there was a certain level of political recognition (as an organic regulation had been implemented), and financial support was granted for organic farming (with varying levels of payment). Political recognition was reported highest in the Czech Republic, where an institutional setting started to develop (in the framework of the development of an Organic Action Plan). In all three countries, the organic farming community showed a high level of integration and unity, while contacts between the organic and the mainstream farming sector were rare or missing at all. A proper domestic organic food market had not been established by then, and the general society did not recognise organic farming as a realistic option for the future of agriculture.

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Since 2004, the European organic sector and its institutions have developed lively. In June 2004 the European Commission published the European Action Plan for Organic Food and Farming setting out a range of policy measure to support the development of the organic sector (EC-COM 2004). In the following, more and more countries introduced national organic action plans. Furthermore, Council Regulation (EC) 834/2007 has come into force on January 1 2009, replacing the old EU organic regulation. The European market for organic products has been constantly rising from about 14 billion US dollars in 2004 to 28 billion US dollars in 2010 (Sahota 2006; 2012). The institutional environment for organic agriculture in the EU has thus changed since the last thorough study has been carried out (Moschitz et al. 2004).

This contribution analyses the effects that these changes at EU level had on the institutional development of the organic sector in the Czech Republic, Estonia and Hungary.

## **Material and methods**

Data collection on the institutional development of the organic sectors in Estonia, Czech Republic and Hungary was done by applying a triangulation approach: desk-top analysis of relevant literature to update previous own work done on institutional development (Moschitz et al. 2004); policy document analysis for selected countries, based on the evaluation study done for the EU (Sanders et al., 2011), and expert interviews with key informants on organic farming development to complement the written documentation.

We analysed the data collected by applying Michelsen's approach (2001) and structured the analysis according to the three societal domains (i) the farming community, (ii) the agricultural policy, and (iii) the food market plus the cross-cutting institutional setting (iv). This structure helps the comparison with earlier studies on the topic.

## **Results**

The research is on-going at the time of submission of this paper, but will be finalised until summer 2014 so that final results will be presented at the ISOFAR conference. The results presented below are therefore preliminary.

### Institutional development within the farming community

In all three countries, an organic farming community had been established already by the time of the previous study in 2004. The new data suggest that this community currently faces the challenge of integration: the position of organic farming organisations as unifying "face" of organic farmers and consumers has become more difficult as the basic structure (institutions) for market and control and certification is already established. It is reported that farmers do not seem to feel the need to become a member of an organisation for reaching their goals, which is largely about selling products and receiving advice. It seems to be difficult to find unifying new or additional objectives that would assemble organic farmers in an organisation (e.g. for political activities). The details of and reactions to this situation differ. In Hungary, internal conflicts within the organic farming community hamper a strong representation in politics, while in the Czech Republic and Estonia, platforms have been developed to assemble a number of organisations and thus join forces of the organic farming community.

### Institutional development within the agricultural policy

In all three countries studied, there is an overall recognition of organic farming as one possible alternative to mainstream agriculture, but concrete policy support measures are rare in Estonia and Hungary. The implementation of the new Rural Development Program (RDP) 2014-2020 triggers discussions about the level of support for organic farming in Estonia. In the Czech Republic and Estonia, an Action Plan for Organic Food and Farming has been put in place and is important for the sector's recognition and further development. However, also here, there are no concrete implementation measures (including a budget). In Hungary, an Action Plan is currently in the discussion process. Overall, it was reported that motivated individuals in state departments helped political recognition of the sector, even though concrete measures are lacking.

### Institutional development within the food market

In many Central and Eastern European countries, the development of the organic sector has been driven by export, but domestic markets are developing. In particular in the Czech Republic, supermarkets have started to include organic produce in their offers, and this domestic market increase contributes to organic farming development. Also in Estonia single supermarket chains have become interested in organic products more

recently. By contrast, in Hungary the domestic market for organic food develops only slowly, with some direct marketing initiatives that lack coordination. Still, most of the organic produce is exported from this country.

#### Development of the institutional setting

The 'institutional setting' describes the domain where interrelationships between the three domains of farming community, policy, and market take place and thus, organic farming can be discussed in the broader picture. Action Plans can constitute such an institutional setting. As mentioned before, in all studied countries an Organic Action Plan is considered important for organic sector development. In Estonia and the Czech Republic it has been the arena for exchanges between organic farming and mainstream organisations and the state. In Hungary, the non-state organisations are still waiting for their involvement. While in Hungary the institutional setting is not as developed as in Estonia and the Czech Republic, there is a growing interest in organic farming from mainstream organisations and state authorities, such as the agricultural ministry. In Estonia and the Czech Republic the awareness about organic farming and cooperation between the ministry and the organic farming community is reported to have increased in the past ten years.

### **Conclusion**

European level policy remains an important external driver for national organic sector development in the Czech Republic, Estonia and Hungary. The financial support, available since the accession process, led to organic farming growth and increased visibility in the countries. This visibility concerns the policy domain, with a growing political recognition of organic farming, but also society as a whole. There is a rising domestic demand for organic produce, which are increasingly sold in supermarkets and thus made accessible (and visible) to a large number of consumers.

After having achieved a certain level of political and societal recognition, the organic farming organisations now are searching new ways to maintain integration and unity of the organic farming community. The (common) objectives have become less clear-cut compared to early times of organic farming development, in which achieving recognition was the overarching goal. Yet, a unified organic community is needed to enter constructive exchange and debate with mainstream agriculture.

The presented cases can act as examples for other countries that have recently accessed or are in the process of accessing the EU. They can learn about the relevant steps and challenges to consider in the development of the organic sector in their country.

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