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| <b>Subject:</b>   | <b>ORGAPET Section C1 Annex 2:<br/>Organic farming contribution to EU<br/>strategic guidelines for rural<br/>development<br/>(Version 4)</b> |       |
| <b>Author(s):</b> | <b>Nic Lampkin</b><br>University of Wales, Aberystwyth, UK   | Specific Support Action project:<br>European Action Plan<br>for organic food and farming |
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## **CONTRIBUTION OF ORGANIC FARMING TO COMMUNITY STRATEGIC GUIDELINES FOR RURAL DEVELOPMENT – PROGRAMMING PERIOD 2007-2013**

(Council Decision 2006/144/EC OJ.(25.02.06) L55:20-29 – see ORGAPET Annex C1-1)

| <i><b>Strategic goal</b></i>   | <i><b>Contribution of organic farming</b></i>  |
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| 2.1 Overall aim: Strong economic performance must go hand-in-hand with the sustainable use of natural resources  | Organic farming combines strong standards for sustainable resource use and a good record of actual achievement with a focus on quality food production and specialist marketing to meet consumer demand and maintain/enhance financial viability   |
| <b>3.1: Axis 1: Improving the competitiveness of the agricultural and forestry sectors</b>   |  |
| Guideline: Axis 1 should contribute to a strong and dynamic European agrifood sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain and on priority sectors for investment in physical and human capital<br>– to be achieved by: | Organic farming represents a knowledge and skill intensive approach to agriculture, where external inputs are replaced by system management. Successful organic management demands and inspires skills development. In addition, organic farming's reliance on local, specialist premium markets stimulates innovation and investment in the food chain  |
| i) restructuring and modernisation of the agricultural sector  | Organic farming does not specifically address this issue. Fragmentation issues in parts of Europe are related to inheritance laws and cannot be addressed directly by management system. However, a key concern might be farm amalgamation and loss of family farms due to economic pressures. In this context, organic farming and organic food marketing can help sustain the financial viability of smaller family farms and reduce pressures for amalgamation. |
| ii) improving integration in the agri-food chain   | Organic farming's focus on specialist markets has required the development of specialist organic food chains, including producer groups, packers, processor and retailers to ensure the traceability and the maintenance of standards. The common commitment to organic standards encourages integration within the food chain, although there is scope for further improvement.   |
| iii) facilitating innovation and access to R&D   | Organic farming places renewed emphasis on traditional farming skills, management and applied biology/ecology, with organic producers needing to innovate to meet the specific challenges of organic standards while producing high quality, safe food. Increasing national and EU-funded R&D activity specifically targeted at organic  |

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|   | farming is also relevant to non-organic producers  |
| iv) encouraging the take-up and diffusion of information and communications technologies (ICT)  | Organic farming can not be said to make a specific contribution in this area, although the management of box schemes and other direct marketing activities can require specialist ICT software and skills - many organic businesses are also engaged with internet marketing. There is significant scope to enhance the organic inspection and certification process, including traceability monitoring, through the application of ICT.   |
| v) foster dynamic entrepreneurship (with the development of strategic and organisational skills and encouraging entry of young farmers)           | Organic producers as well as specialist processing and marketing companies have demonstrated a high degree of entrepreneurship, because of the need to exploit specialist markets. This may reflect the pioneering nature of some of the individuals concerned, but there is evidence that a high proportion of young farmers and business people are engaged with organic food.   |
| vi) developing new outlets for agricultural and forestry products (with emphasis on higher value added, non-food production and renewable energy) | Organic producers have made significant progress in developing high value-added food markets. There is less of an emphasis on non-food products, although medicinal and cosmetic herbs, fibres (wool, cotton, linen etc.) and ornamental plants are also produced organically. Organic forestry products are increasingly marketed as part of recognised sustainable forestry schemes. There is significant potential, as yet under-tapped, to develop organic renewable energy products – this would be compatible with organic farming sustainability objectives but also could make biofuel production less dependent on fossil energy inputs in the manufacture of pesticides and fertilisers. |
| vii) improving the environmental performance of farms and forestry  | Organic farming has been shown to make a significant contribution to improving the environmental impact of agriculture, with respect to reducing pollution, including greenhouse gas emissions, promoting biodiversity and sustaining agricultural landscapes.   |
| Supporting generational renewal through targeting combinations of Axis 1 measures at young farmers  | In many countries, organic farming is proving a popular option for young farmers taking over parental holdings, as well as for new entrants in agriculture.  |

| <b>3.2 Axis 2: Improving the environment and the countryside</b>  |   |
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| <i>Strategic goal</i>   | <i>Contribution of organic farming</i>  |
| <p>Guideline: resources should contribute to three priority areas:</p> <p>1. biodiversity and preservation of high nature value farming and forestry systems and traditional agricultural landscapes;</p> | <p>Organic farming has been shown to make a significant contribution to <b>biodiversity</b> in lowland areas, and is believed to be able to contribute to the preservation of high nature value farming and forestry systems, particularly through the financial advantage to be derived from specialist markets. In hill and upland systems there is still scope for debate due to the comparative lack of research in these contexts.</p> <p>With respect to <b>water</b>, organic farming practices are encouraged by many water companies/authorities as a means of reducing pollution of water by pesticides and fertilisers and there is clear evidence that organic farming can contribute to improved water quality. The issue of reducing water consumption, particularly in low rainfall areas, is more complex, as some organic practices such as mulching can reduce water requirements, but the growing of high value crops such as vegetables tends to increase water use, which is not specifically addressed by organic standards. At the same time, organic practices encourage deeper rooting crops and reduced susceptibility to drought conditions, and</p> |

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| <p>2.water;<br/>3.climate change;</p> <p>- to be achieved by:</p>  | <p>arguably a reduced requirement for irrigation.</p> <p>With respect to <b>climate change</b>, organic farming practice can make a positive contribution in three ways:</p> <ol style="list-style-type: none"> <li>1. by encouraging return of organic matter to soils and building soil organic matters levels, representing carbon sequestration;</li> <li>2. by reducing stocking rates and encouraging grass based diets leading to reduced methane and carbon dioxide emissions by livestock;</li> <li>3. by using fossil energy resources more efficiently, reducing the greenhouse gas emissions associated with their use.</li> </ol>     |
| i) promoting environmental services and animal friendly farming practices  | Organic farming standards require and deliver environmental protection (see above). The contribution to animal welfare is also potentially significant, as organic standards require free-range production and have specific standards for housing to encourage natural behaviour patterns. However, the full benefits for animals require a good understanding of issues, particularly with respect to health, and the effective development and implementation of animal health and welfare plans  |
| ii) preserving the farmed landscapes and forests   | Organic farming contributes to the preservation of the farmed landscape by maintaining the financial viability of small/family farms and be encouraging mixed systems, including mixed crops and livestock and mixed utilisation of grassland by cattle and sheep.   |
| iii) combating climate change  | Organic farming can contribute to combating climate change for the reasons outlined above.   |
| iv) consolidating the contribution of organic farming, including reinforcing environmental and animal welfare contribution | This priority specifically addresses organic farming, recognising its potential contribution to the wider goals of rural development, but also recognises the need to continue developing (including through research) and reinforcing (through advice, training and standards) its potential contribution to environmental, animal welfare and other public good issues.  |
| v) encouraging environmental/ economic win-win initiatives   | By combining a high level of environmental performance with specialist markets for organic food, organic farming can act as a role model for such win-win initiatives.   |
| vi) promoting territorial balance  | This is a more complex priority to interpret and assess. Territorial balance can imply an appropriate mixture of economic activities as well as an appropriate balance of agricultural activities. Organic farming, by encouraging local processing and marketing activities, can contribute to a mixed economy, but this is not always the case if multinational food businesses dominate. Organic farming can also contribute to a more mixed agricultural sector, reducing the specialisation into arable in some regions and livestock in others, and re-establishing horticulture in areas which are no longer seen as viable conventionally. |

| <b>3.3 Axis 3 Improving the quality of life in rural areas and encouraging diversification</b>                         |  |
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| Guideline:<br>Resources should contribute to the overarching priority of the creation of employment opportunities, by: | Organic farming has the potential to contribute to employment creation. Its potential at the farm level may have been overstated, but there is evidence that labour requirements are 10-20% higher on average on organic farms due to the presence of high value enterprises and that labour incomes are similar or higher than on conventional holdings. However, in some sectors, such as beef and sheep, this may not be the case. The employment potential associated with local processing and marketing initiatives, may be much more significant  |
| i) raising economic activity and employment rates in the wider rural economy   | See above.<br>EU Farm Structure Survey data show a higher level of non-farming activities (processing, retailing, tourism) on organic farms than on farms in general.  |
| ii) encouraging the entry of women into the labour market  | Women have a notably higher profile in organic farming than in other agricultural sectors, as developers of the concept, farmers and leaders of food chain businesses, although whether this can be sustained as the sector becomes more mainstream is open to question. There is an argument that the nature-friendly approach of organic farming is more in tune with the feminine, but organic standards do not specifically address gender issues and cannot prevent gender discrimination problems arising.   |
| iii) putting the heart back into villages  | There are experiences in parts of Europe of the majority of farms in a village converting to organic production – the development of production, marketing and agri-tourism initiatives may contribute to revitalisation and common purpose.   |
| iv) developing micro-business and crafts building on traditional skills  | Many organic farming businesses, whether production, processing or marketing, are micro-businesses with a strong emphasis on craft and traditional skills. This has been an important route to enable new entrants into agriculture. Some of these businesses have subsequently developed into significant small and medium sized businesses, acting as a motor for developing the rural economy.  |
| v) training young people in skills for diversification   | Many organic producers have demonstrated a high commitment to training of young people, but it is unclear that this will be sustained as more farmers convert as it is not a direct requirement of organic standards. However, organic producers' reliance on traditional and craft skills to achieve their production, processing and marketing objectives means that they represent a significant resource for the maintenance of such skills, and could be utilised more effectively for training purposes.   |
| vi) encouraging the take-up and diffusion of ICT, in particular at village level                                       | Organic farming can utilise these developments, but is not a direct influence on their development.  |
| vii) developing the provision and innovative use of renewable energy sources   | Energy conservation is implicit if not explicit in organic standards, and the use of renewable energy resources is an important part of the organic farming concept. There is still scope to increase the uptake of renewable energy technologies on organic farms. Perhaps more important but under-researched is the potential for organic management to enhance the reduced fossil energy use and greenhouse gas emissions potential of biofuels such as oilseed rape and short rotation coppice - the use of fossil energy to produce fertilisers and pesticide to grow biofuel crops conventionally currently reduces the overall benefits that could be obtained from these crops. |

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| viii) encouraging the development of tourism including use of ICT     | Organic producers have been very active in the development of agri-tourism and in particular organic/eco agri-tourism with a focus on environmental as well as food issues. There have been a number of ICT initiatives to link organic agri-tourism businesses.   |
| ix) upgrading local infrastructure, particularly in new member states | Initiatives to upgrade local infrastructure are more likely to be successful if there is a positive perception in the community that concerning the economic potential of the region. To the extent that organic farm may provide this positive outlook, there is potential for synergy between organic farming initiative and the upgrading of local infrastructures. |

| <b>3.4 Axis 4 (Leader) Building Local Capacity for Employment and Diversification</b>   |  |
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| <i><b>Strategic goal</b></i>  | <i><b>Contribution of organic farming</b></i>  |
| Guideline:<br>Contribute to other Axes, in particular Axis 3, and improve governance and mobilise the endogenous development potential of rural areas | Organic farming, processing, marketing and tourism initiatives have been an important part of many Leader projects in the past. With the emphasis on local consumption and production, and an increased interest in the potential of public procurement to support local economic activity, organic farming still has a key role to play in local endogenous development of rural areas. |
| i) building local partnership capacity  | Local organic producer groups, whether based around technical or marketing issues, can form an important catalyst for new initiatives and an opportunity to engage in building local partnership capacity. The sense of partnership can be strengthened by the need for organic producers to find solutions to common problems that are specific to the sector.                          |
| ii) promoting private-public partnership  | Particularly in the area of public procurement (of fibres and timber as well as food) organic producers are helping to meet public policy goals and therefore can provide a strong input into private-public partnerships.   |
| iii) promoting co-operation and innovation  | Due to common interests in marketing and input procurement, there is a strong incentive for organic producers to engage in co-operation and a partnership approach to innovation, and there are many examples of this working in practice, although, as elsewhere, not all such initiatives are successful long-term.  |
| iv) improving local governance  | Organic farmers' commitment to public good issues can also mean that they are actively engaged in issues of local governance, including campaigns for improved school food, education and environmental amenities.   |

| <b>3.5 Translating priorities into programmes</b>   |   |
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| Guideline: Ensure synergies between and within the axes are maximised and potential contradictions avoided. Take account of other EU strategies such as organic action plan, renewable energy, climate change and forestry strategies | As the above analysis demonstrates, and the Commission's guidelines recognise, organic farming has significant potential to exploit synergies between the axes, and it would be a mistake to confine organic farming initiatives to one specific axis or another. The Commission's reference to the European Action Plan for Organic Food and Farming is significant in this context, highlighting the Commission's (albeit more implicit than explicit) understanding that organic farming policies could be implemented as cross-axis measures. As has also been argued above, organic farming as a positive contribution to make to the renewable energy and climate change strategies, and also, perhaps arguably to the forestry strategy. |
| <b>3.6 Complementarity between Community instruments</b>  |   |
| Guideline: Encourage synergy between structural, employment and rural development policies  | The overlap with organic food processing and retailing on a larger scale means that the synergy between structural, employment and rural development policies is relevant in this context. Many organic farming projects have been supported by structural funds in recent years.   |