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REPORT

on the European Action Plan for Organic Food and Farming
(2004/2202(INI))

Committee on Agriculture

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Action Plan for Organic Food and Farming 2004/2202(INI))

The European Parliament,

- having regard to the European Commission Communication ‘European Action Plan for Organic Food and Farming’ (COM(2004)0415) and its annex (SEC(2004)0739),
 - having regard to the conclusions of the Gothenburg European Council of 15 and 16 June 2001,
 - having regard to the conclusions of the European Conference on Rural Development held in Salzburg on 12 November 2003,
 - having regard to Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs,¹
 - having regard to its resolution of 18 December 2003 on coexistence of genetically modified crops and conventional and organic crops,²
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture (A6-0039/2005),
- A. whereas organic farming has become a growth industry and production method in the European Union as a result of consumer demand and the ever-increasing supply offered by producers,
- B. whereas this production method makes a major contribution to the multifunctionality of European agriculture, providing as it does healthy, high-quality products while at the same time bringing about a reduction in environmental pollution, encouraging the preservation and sustainable use of biodiversity, providing protection for cultivated land and preserving, or even creating, jobs,
- C. whereas in the EU of 15 the agricultural area devoted to organic farming increased from 0.1 to 3.3% between 1985 and 2002, and whereas organic food represents an estimated turnover of 11 billion euros at European level and 23 billion euros worldwide,
- D. whereas before 1992 – the year when the European Union gave its support to organic farming in the framework of its agri-environmental policy – organic farming was developed solely at the private initiative of certain farmers, with the support of interested members of the public,

¹ OJ L 198, 22.7.1991, p. 1.

² Adopted texts of that date, P5_TA(2003)0600.

- E. whereas Regulation (EEC) No 2092/91 is based on the promotion and production- and marketing-control criteria already developed by the relevant organic farming associations,
- F. whereas under the latest reform of the CAP support for organic farming depends on the overall volume of resources within the second pillar of the CAP and on the portion thereof compulsorily set aside for this farming method,
- G. whereas the special characteristics of organic farming, not only with regard to the environmental conditions required for it to operate, but also with regard to:
 - a) the clear need to market the products through short distribution channels,
 - b) the still high prices of the final products,
 - c) conformity with environmental and health regulations that must also be complied with by smallholders and SMEs involved in processing,
 - d) extending organic production to other specific sectors such as stockbreeding and viticulture,are all aspects which require special handling at a regulatory and financial level, on a different basis from traditional production,
- H. whereas there is great variation in the support given by Member States to the development of organic farming, and whereas the disparities between them must be reduced in the framework of a European action programme to promote organic farming,
- I. whereas possible contamination by GM crops is of particular importance in the context of organic farming, particularly as regards the measures to be taken to regulate the coexistence of transgenic and organic crops,

**Development of the organic food market and development of standards
(Actions 1-3)**

- 1. Welcomes the fact that the Commission recognises that organic farming plays an important part in the objectives of the new CAP, as defined in the Luxembourg Agreement of June 2003; notes that it does not consider it necessary to provide human or financial resources in the context of the European Union budget; welcomes the demand-based approach chosen by the Commission to stimulate organic farming;
- 2. Takes the view that:
 - (a) the measures to support information and promotion campaigns are useful if they take account of the experience of the industry's professional associations and the Member States' legislation and programmes. Producer groups and cooperatives should play a particular role in the rational management of the production and marketing of organic products and food. They can also contribute towards achieving quality production and to processing and marketing through direct distribution or commercial chains, thereby securing added value for the producers themselves;
 - (b) the Commission should base its promotion measures on an analysis of the markets and of the consequences of the process of concentrating trade in organic products, paying particular attention to retailing and distribution;
 - (c) consumer information campaigns, particularly for children and young people, should

be intensified and combined with awareness programmes concerning the environmental and nutritional value of organic products. Promotion campaigns should focus on public canteens, with particular reference to school canteens. The promotion of organic products should be strengthened under the relevant Community programmes within and outside the European Union;

- (d) in all promotion activities mentioned in Action 1, the Commission should specify and promote to the same level the environmental advantages of organic agriculture and the advantages that this type of product offers for human health,
 - (e) small producers and SMEs working in the food industry should be the main beneficiaries of these measures, particularly as they are part of regional, multi-partner structures;
 - (f) the development of an internal market in organic food and non-food products will lead to the standardisation of their production methods, whilst naturally taking account of their particular features and traditional regional methods of production, will establish uniform controls and national bodies for the certification of organic products, and will help to remove obstacles to trade and provide fuller information to European consumers; also takes the view that the Community logo should be supplemented with information about the local and regional origin of the products;
- 3. Welcomes the Commission's intention to further harmonise European standards for organic products and production, thus enabling proper functioning of the internal market, ending distortion of competition, and guaranteeing completely free trade in organic products throughout the European Union; considers that Member States' higher national standards should not prevent organic products from other Member States being traded freely as certified organic products in such Member States;
 - 4. Acknowledges the major role of the Internet as a tool for the dissemination and promotion of organic farming and believes that it is extremely important that the information be circulated among the agents involved; suggests, for this reason, that a serious effort be made to transfer the technology already available; and requests that the Commission establish training measures with Community funding (over and above the provisions of Action 6 addressed to the Member States) for those farmers and producers who wish to opt for the conversion of their traditional operations into organic operations;
 - 5. Takes the view that there should be better harmonisation of specifications, including in the livestock rearing sector;
 - 6. Believes that the Commission should include, in its proposal for preparing plans at national, regional or local level in the Member States, promotion of seed production for organic farming and the encouragement of nurseries dedicated to the production of suitable plants for organic farming;
 - 7. Recalls that in the context of the 2005 budgetary procedure, Parliament specifically included the Action Plan under the budget item relating to promotional campaigns (05 08 05 01), and takes the view that an increase in this budget line could be envisaged for 2006 after an analysis of the needs of the Member States;

8. Takes the view that the Action Plan should include a recommendation that development aid and fair trade should promote the production of and trade in organic products so that the Organic Action Plan also acquires a global perspective;

Public aid for organic farming (Actions 4-6)

9. Considers it essential for the actions and aid for which provision is made under the Regulation on rural development to be more clearly defined as regards organic production, with a view to promoting this production method in all the Member States; considers in this connection that the dynamic of applying the new FEADER programme for rural development in the Member States should be carefully observed;
10. Stresses the need to encourage public aid for organic farming and for industries connected to organic farming, and to promote the introduction of quality systems;
11. Takes the view that care should be taken to ensure that the assisted introduction of organic farming, particularly in sensitive zones, does not cause an imbalance in the supply of organic products. Conversions to organic farming should therefore be supported on the basis of identified outlets;
12. Takes the view that the health and hygiene standards applicable to SMEs in the processing sector, particularly in the dairy and meat industries, must be defined in the framework of the existing special arrangements for processing plants;
13. Believes that the Action Plan should point out clearly the contribution of organic farming in areas such as the Nitrates Directive, the Natura 2000 Directive, water policy and promotion of biodiversity, as well as its contribution to employment;
14. Takes the view that the Commission should pay particular attention to the situation of organic farming in the new Member States, inter alia in the contexts of employment and the rural economy;

Research (Action 7)

15. Suggests that in the European research framework programme, organic farming as a production method should be recognised as a priority, as should the coexistence of organic with conventional and genetically modified crops and assessment of the impact of the technologies that pose a threat to this production method, including environmentally directed research on selection, with regard to both crop species and farm animals;
16. Regrets that the European Action Plan presented contains no specific measure to promote research beyond the general declaration of 'strengthening research on organic farming'; in this respect, urges the Commission to give more detailed definition to such measures by:
 - a) promoting more studies, analyses and specific statistics on the various aspects of organic farming,
 - b) carrying out more in-depth studies into the production of feed for organic stockbreeding,
 - c) incorporating new technologies for the development of organic farming,

d) compiling and publishing on a Europe-wide basis the studies and research undertaken in the various Member States on the subject of organic farming, etc.;

calls for this research to take account of the (global or holistic) systemic approach taken by organic farming, particularly by including in situ research measures;

Standards and inspection (Actions 8-21)

17. Welcomes the implementation of more advanced standards of animal well-being, but stresses that this should be accompanied by support for investment, since they can often require costly conversions or building of new structures; in parallel, economical methods (e.g. straw filters, overflow settling tanks, etc.) should be foregrounded;
18. Supports the Commission proposal in Action 9 to endeavour to guarantee the integrity of organic production by enforcing the regulations and adhering to the limit dates planned for the transitional periods; but requests that special cases that arise be examined, for example, in stockbreeding, in cases in which non-extension of the date for the introduction of animals not organically bred would mean a curb on the recovery and maintenance of certain indigenous breeds which are already endangered in certain Member States;
19. Considers it regrettable that the Commission has still not proposed an approach to seed in connection with the exchange of traditional local varieties and of varieties no longer included in the register which offers farmers freedom of action and allows seed health requirements and criteria of varietal purity and germination rates to be met, in accordance with existing legislation;
20. Considers that, in order to ensure the credibility of organic products, the Commission should check that the Member States carry out their supervisory duties by means of private and national supervisory bodies and, where necessary, impose penalties for infringements; considers, furthermore, that the Commission should draw up an annual survey of the Member States' reports and inform Parliament;
21. Urges the Commission to develop further the fifth facet of Action 10 and specify the way in which it intends to achieve the objective of improving environmental legislation with regard to organic farming;
22. Approves the establishment of an independent expert panel for technical advice, proposed under Action 11, to issue technical opinions, provided that the interested parties – farmers, processing companies and consumers – are appropriately involved;
23. Takes the view that in the Action Plan the issue of GMOs cannot be addressed solely by means of thresholds, but that the Commission must state what it intends to do as regards coexistence of transgenic and organic crops. Whatever happens, it must be made clear that, in the event of contamination, even if accidental, the financial responsibility is to be borne exclusively by the people illegally marketing GMOs, and not by the farming industry as a whole; insists that with regard to GMOs the same rules should be applicable to Community products as to imported products;
24. Questions the appropriateness of Action 17 in the Community Action Plan, which aims to transfer to an independent international organisation the system of accreditation for

control bodies, and calls for this important step in the process, which lends legitimacy to European organic farming in the eyes of European citizens, to remain under the control of the Commission and the Member States;

25. Suggests that any judgement regarding fraud pertaining to the organic nature of a product or production process be available throughout the European Union in order to avoid any recurrence of situations such as a person already convicted of fraud being able to find a new certifying body and having their certification reissued, or moving from one Member State to another in order to continue their fraudulent dealings, or operators in the industry having no knowledge of their fraudulent past;
26. Stresses that the definition of organic farming must relate not only to the production method but also to a set of agricultural practices which guarantee respect for the environment and biodiversity, and enable healthy, high-quality foodstuffs to be produced. Acceptance must be gained for this definition of organic farming in international fora in order to safeguard the specificity of the organic farming industry in the context of international trade;
27. Considers it regrettable that the Commission presents no concrete financial measures relating to the organisation of distribution channels, and calls for support, including financial support, to be given in the framework of the structuring of production, processing and marketing;
28. Stresses to the Commission the fact that European organic farming needs firm support for the marketing and distribution of its products; calls on the Commission to put forward more concrete proposals on the subject, bearing in mind that:
 - a) there is a need to tackle the current problem of high prices for organic products,
 - b) there is a need to promote the focussing of supply on organic products,
 - c) groupment into associations and the creation of organic producer organisations can play a fundamental role in facilitating marketing through common distribution channels,
 - d) the formation of a large market favouring long distribution channels, with the resulting additional costs to the environment (of processing, preserving and transport), is not the most suitable approach given the inherent characteristics of organic production; it would therefore be advisable to promote shorter distribution channels, which would be certain to result in better distribution and more affordable prices and make it easier to trace and inspect the foods;
29. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Introduction: Growing, but precarious, success

Organic farming now plays a fully developed role in the European agricultural landscape. In 1985 the area devoted to organic crops was no more than 100 000 hectares, belonging to some 6 000 farms, whereas 15 years later these figures had risen to 4.4 million hectares and 150 000 farms. Having taken off in this remarkable way, organic farming can no longer be looked upon as a nice little niche market of interest only to a few eccentric consumers. Although there is still wide variation, organic products now have a major place in some regions and sectors; this is true, notably, of Germany, where 80% of baby foods are organic. The benefits of organic farming are thus recognised at all levels, including the institutional one, and this is an excellent thing. However, while these facts are encouraging, they must not give rise to any illusions. There are still many obstacles in the path of organic farming, as is demonstrated by the perceptible slow-down in its growth registered over the past two years. These difficulties, which are due to the special nature of organic farming, are encountered throughout the whole industry, from production through to distribution. The first objective of a European action plan for organic farming should be the elimination of these obstacles.

Removing the difficulties that beset organic farming

- Problems at the production stage

Lower yields, the greater challenge of technical mastery, greater sensitivity to climate changes, more space needed, more costly input etc. are some of the specific problems of organic farming which explain its high costs.

- Problems at the processing stage

Regulatory requirements and the need for separate production lines for organic and conventional products also generate higher costs.

- Problems at the distribution stage

Direct sales, once the sole distribution channel for organic products, is not an adequate, sustainable means of marketing these products. Although specialist shops are developing more or less everywhere in Europe, they are essentially concentrated in towns and cities and are targeted mainly at a fairly privileged clientele which has agreed tacitly to pay more for products which have a positive impact on the environment. Wider distribution will reach a broader public, but marketing of organic products still has a number of obstacles to contend with: higher prices, traceability, guaranteeing supplies, the commercial power of large groups in comparison with the organisational weakness of organic products, etc.

An Action Plan whose aims are praiseworthy but not ambitious enough

The Plan includes 21 actions, which focus on three priorities:

- information-led development of the organic food market by increasing consumer

- awareness. As the Commission says, 'more focus on consumer expectations is needed';
- making public support for organic farming more effective;
 - improving and reinforcing of the Community's organic farming standards, import and inspection requirements; the Commission notes that trade in organic products is hampered by widely differing standards.

While some Member States, such as Luxembourg, Sweden and Germany, set targets to be achieved in terms of percentage share of the market or utilised agricultural area (UAA), the Commission does not, unfortunately, adopt a similarly proactive attitude, but instead opts for the approach of raising market confidence in the development of organic farming. One wonders, however, whether it is realistic to believe that it will be possible to raise the market share for organic products simply by highlighting their environmental advantages.

Information and awareness-raising campaigns are necessary, among other things to help consumers find their way around the huge variety of labels, organic and conventional. But, however good they may be, will these campaigns single-handedly bring about profound changes in consumers' purchasing habits? Price and availability are in fact the two variables that will have the greatest influence on consumers' shopping habits. According to a study carried out by Agence Bio on perception and consumption of organic products in France, 56% of the French people who do not buy organic products cite high prices as their reason for not doing so. However, another important factor could have an effect on consumption: 87% of regular consumers said they would use more organic products if they were more readily available in their usual shops.

Although it is tending to grow narrower, the price gap between organic and conventional products is still great. As the Commission itself recognises, organic farming not only produces food, but also plays a broader environmental and social role. Therefore, although consumers who wish to use organic products are willing to pay more for the quality of these products, it is up to the community as a whole to pay for the environmental and social role played by organic farming. One wonders, therefore, about the appropriateness of the way some of the premiums paid to producers are distributed. The Action Plan, for example, stresses the need to grant farmers practising organic farming the same possibilities as those offered to conventional farmers in terms of investment aid. However, is it fair just to give similar treatment when we know that investment in organic production can often be more expensive? In addition, the reform of the Common Agricultural Policy adopted in 2003 did not put an end either to the flagrant injustices or to the concentration and industrialisation of agricultural production. While advocating eco-conditionality, it continues to opt for an ultra-liberal approach whose aim is constant lowering of prices. The organisation of the first pillar of the CAP will therefore have to be readdressed, in such a way that it no longer runs counter to the objectives of the second pillar, under which the development of organic farming falls.

So it is the Member States who are encouraged to place the emphasis on organic farming in their rural development programmes. But in the absence of a clear budgetary framework or precise standards to support organic production, will such urging be translated into reality? Is there not a risk that we shall see a two-speed policy appear, with only the rich countries being able to afford the 'luxury' of supporting their organic agriculture, if they so desire, while the others opt for other sectors? This could be the case, for example, in the new Member States, where organic farming is much less developed than in the Fifteen, except in the Czech

Republic and Hungary. And yet the development of organic farming, which creates jobs, and spares land and natural resources, is of some interest as a way of maintaining family-run farms in these countries at a time when entry into the great European market, which one imagines will probably be hard, holds many dangers for extremely vulnerable rural areas.

Availability was the other factor cited by consumers. While it is true that better distribution is needed to meet this need, this presupposes an increase in the supply. This could be achieved by increasing the area used for organic farming and/or by improving yields. In order to overcome the obstacles inherent in this type of farming, specific research programmes must be set up. However, one is forced to conclude that organic farming is something of a poor relation in European research terms, particularly if one compares the work being done in this area with that being done on biotechnology. So, simply to 'strengthen research', as stated in the Action Plan, is not enough. Research in the area of organic farming, at the levels of both production and processing, must become a European research priority.

One other fundamental priority for the development of organic farming lies in the adoption of clear European legislation on GMOs. This is particularly true in relation to the thorny question of coexistence. In this particular case the cost of, and responsibility for, clarification must lie with the GMO producers. It is quite out of the question that this burden should be borne by the farming world as a whole, and still less by organic farmers.

Conclusion: Making organic farming the spearhead of sustainable agriculture, instead of a sectoral niche with limited aims

This European Action Plan has been long awaited, and the least one can say about it is that the disappointment is commensurate with the wait. The plan is notable for a distinct absence of practical measures, and still more of binding ones, and, above all, a total lack of ambition.

It illustrates quite well the European Commission's mixed message on the subject of organic farming. On the one hand, it never stops praising the virtues of this type of farming, but on the other it takes no concrete steps to promote its development, while the organisation of the first pillar of the CAP also continues to be somewhat at odds with the organic approach.

So – in spite of some interesting ideas such as promoting the use of organic food in public canteens and the need to harmonise specifications – in the absence of adequate financial and human resources and of any kind of timetable, what will be the real impact of most of these 21 actions? To take just one example, since the prices of organic food are particularly attractive, the risk of fraud is very real. Without adequate resources, the controls are likely to be ineffective, which could undermine consumer confidence, although the latter is a key element in the process of selling organic products.

Furthermore, this Plan should have been seen as an opportunity to reduce the disparities between support for organic farming and for conventional agriculture. To leave it entirely up to the Member States whether or not they promote the development of organic farming in the framework of their rural development programmes is to run the risk of seeing the emergence of a two-speed organic farming sector and of exacerbating the already damaging distortions of competition. Organic farming deserves more than incentives to encourage a sectoral niche with limited aims. Instead, it should become the spearhead of a truly sustainable agricultural

industry at European level, and this is the aim which the European Parliament must continue resolutely to support.

PROCEDURE

Title	European Action Plan for Organic Food and Farming		
Procedure number	2004/2202(INI)		
Basis in Rules of Procedure	Rule 45		
Committee responsible Date authorisation announced in plenary	AGRI 18.11.2004		
Committee asked for opinion Date announced in plenary	ENVI 18.11.2004		
Not delivering opinion Date of decision	ENVI 30.11.2004		
Enhanced cooperation Date announced in plenary	-		
Motion(s) for resolution(s) included in report	-		
Rapporteur Date appointed	Marie-Hélène Aubert 21.9.2004		
Previous rapporteur(s)			
Discussed in committee	22.11.2004	10.1.2005	3.2.2005
Date adopted	3.2.2005		
Result of final vote	for:	33	
	against:	0	
	abstentions:	1	
Members present for the final vote	Filip Adwent, Marie-Hélène Aubert , Katerina Batzeli, Sergio Berlato, Thijs Berman, Giuseppe Castiglione, Joseph Daul, Albert Deß, Gintaras Didžiokas, Michl Ebner, Carmen Fraga Estévez, Duarte Freitas, Jean-Claude Fruteau, María Esther Herranz García, María Isabel Salinas García, Ioannis Gklavakis, Lutz Goepel, Friedrich-Wilhelm Graefe zu Baringdorf, Elisabeth Jeggle, Heinz Kindermann, Stéphane Le Foll, Albert Jan Maat, Diamanto Manolakou, Mairead McGuinness, Neil Parish, Rosa Miguélez Ramos, Agnes Schierhuber, Czesław Adam Siekierski, Csaba Sándor Tabajdi, Marc Tarabella, Witold Tomczak, Kyösti Tapio Virrankoski, Janusz Wojciechowski.		
Substitutes present for the final vote	Herbert Bösch, Gábor Harangozó, Wiesław Stefan Kuc, Jan Mulder, Karin Resetarits.		
Substitutes under Rule 178(2) present for the final vote			
Date tabled – A 6	11.2.2005	A6-0039/2005	
Comments	...		