

Further Development of Organic Farming Policy in Europe with Particular Emphasis on EU Enlargement QLK5-2002-00917

D18: Report Final Report for EC outlining scenarios and dimensions of 'future' European OFP

edited by

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Executive summary

The objective of this report is to describe parameters for the future development of organic farming policies in Europe and to draw conclusions from the research done in the course of the EU-project 'Further Development of Organic Farming Policy in Europe with Particular Emphasis on EU Enlargement (EU CEE OFP)'. This will be done considering two different dimensions of policy development: the dimension of policies, analysing the portfolio of instruments to support organic farming, and the dimension of politics, providing insights into the aspect of stakeholder involvement in policy development and into the factors influencing organic farming policy networks in Europe.

By the end of 2006, organic farming in the enlarged European Union accounted for 6,5 million hectares on 173,771 holdings. Most EU27/EEA states have implemented area payments to support conversion to and (in most cases) continued organic production. However, payment rates, eligibility conditions and requirements vary considerably between countries.

Organic farming has expanded rapidly in the Central and Eastern European new member states of European Union due to policy support in form of area payments. The report shows that the CEE new member states are lagging behind in developing policy instruments to tackle imbalance between supply and demand oriented measures.

Direct payments play an important role in the financial viability of organic farms in both Western and Eastern European countries. The level of specific support for organic farming is put into perspective, as other support payments and market returns contribute larger shares to total farm revenue in all the countries analysed. Modelling analyses show that support payments will continue to play an important role in the profitability of organic farms in Western Europe after implementation of the 2003 reform of Common Agricultural Policy in the EU. For organic farmers in Eastern European countries, the importance of support payments increases strongly with EU accession, as first pillar payments are introduced and environmental payments are expanded significantly.

Multi-stakeholder involvement can make a worthwhile contribution to the development of agricultural policy in the enlarged EU, using the example of organic farming. The benefits and value of multi-stakeholder involvement in implementing policy are:

1. Through partnership, stakeholder's voices were brought into the policy arena, even in such cases where no strong lobbying groups exists;
2. Stakeholders were confronted with some of the research results of the project and thus had the opportunity to comment, contradict and enhance the output by adding knowledge from their direct experience;
3. Dissemination of research results: The research reported here did not end with the scientific documentation, but went on to include an assimilation of at least some of the research results into practice.

Despite most having developed under the umbrella of the Common Agricultural Policy (CAP), national-level organic farming policy networks in Europe vary. Quantitative network analyses were carried out in five 'old' and five 'new' EU member states and in Switzerland. To examine the patterns of influence on these eleven policy networks, the cases are compared in two stages. First, we examine the factors co-varying with the size and density of the networks and then we apply a most similar

system – most different outcome research design. We identify the political environment as the main factor affecting size and density of organic farming policy networks in Europe. The distribution of power between organic farming organizations and agricultural ministries is influenced by state involvement and by the resources available to organic farming policy actors.

Future support for organic farms is likely to be different from today, although the direction of change is far from certain. On the one hand, continuing CAP reform, intended to strengthen sustainability and the second pillar of the CAP, will offer a wider range of opportunities to support organic farming. On the other hand, three years on from CAP reform, it has become apparent that budget constraints will severely constrain the likelihood of maintaining current agri-environmental support levels in many countries. In addition, in view of the changes to first pillar support under CAP reform, there is already intensive discussion as to whether the level of second pillar measures needs to be lowered in order to account for the changes in relative profitability, especially in countries which have implemented payments on a regional basis – which often benefits organic farms due to the redistribution of direct payments. The respective consequences for the profitability of organic farming in different countries could be substantial and should be monitored closely.

Organic action plans at EU, member state and regional level provide a mechanism for an integrated and balanced policy with strong link to the new Rural Development Plans with their potential for exploiting cross-axis synergies. While the EU Action Plan for Organic Food and Farming focussed on the reform of the EU Reg. 2092/91 in the first place, there is the need for a new focus on mainstreaming the contribution of organic farming in the EC. In the longer term, a new EU action plan for organic food and farming might be needed to deliver the key environmental and sustainability goals.

Since 2001, the European Commission has followed principles of good governance. This includes the mechanisms, processes and institutions through which citizens and groups articulate their interest, exercise their legal rights, meet their obligations and mediate their differences. From our research, we can conclude following parameters effecting the organic farming policy networks: the strategies and resources of the organic farming policy actors, the strengths of the organic farming community, the degree of reaching a common organic farming identity and the dominance of state regimes. The development of the organic sector calls for dynamic institutions. To maintain organic farming identity and in order to sharpen the political profile of the organic sector debate with state and mainstream agriculture institutions is necessary. As a consequence of the ongoing engagement in the policy making process, organic farming ideas are increasingly recognised in politics and this, in turn, strengthens the central position of organic farming policy actors. Thus, the initial acceptance of organic ideas leads to a policy outcome which feeds back on the actors promoting this idea and raises their political recognition. As long as the organic farming actors remain active in the policy making process they will be able to build on this recognition and profit from the reinforcing ‘dialectic’ relationship between networks and policy outcomes.

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List of abbreviations

AWU	Agricultural Working Units
BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
CEE	Central and Eastern European
DG AGRI	Directorate-General Agriculture and Rural Development
DEVRA	Department of Environment and Rural Affairs
EC	European Commission
FADN	Farm Accountancy Data Networks
FFI	family farm income
FFI+W	family farm income plus wages
FIBL	Research Institute of Organic Agriculture, Switzerland
GATT	General Agreement on Tariffs and Trade
GMO	Genetically modified organisms
IFOAM	International Federation of Organic Agriculture Movements
LEADER	
LFA	Less Favoured Area
MSS-MDO	most similar system – most different outcome
RDP	Rural Development Programme
RSV	Retail sales value
SAPS	Simplified Area Payment Scheme
SFP	Single Farm Payment
SWOT	strengths, weaknesses, opportunities and threats
UAA	Utilised Agricultural Area

Country abbreviations

AT	Austria
BG	Bulgaria
CH	Switzerland
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ENG	England
ES	Spain
EU	European Union
HU	Hungary
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
PL	Poland
RO	Romania
SI	Slovenia
SK	SK Slovakia
UK	United Kingdom

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1 Introduction

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Organic farming is an approach to agriculture that emphasises environmental protection, animal welfare, food quality and health, sustainable resource use and social justice objectives, and which utilises the market to help support these objectives and compensate for the internalisation of externalities (Lampkin, 2003). As such, organic farming is neither a return to agriculture of 100 years ago, nor farming by neglect without inputs, but a developed approach to agriculture, based on science, with the selective use of modern technologies (e.g. machinery, varieties, breeds) that are consistent with these broader goals.

Although organic farming as a concept has existed for over 80 years, only since the mid 1980s has it become the focus of significant attention from policy-makers, consumers, environmentalists and farmers in Europe. This turning point coincided with the increasing concerns about the negative environmental and other impacts of post-war agricultural development and the introduction of policies to support agri-environmental initiatives, including organic farming. This was reinforced by the implementation in 1993 of EC Reg. 2092/91, which provided an important basis for many of the market and policy initiatives that have followed, with the result that more than 90% of the growth in organic farming Europe has taken place in the last decade.

A unique feature of organic farming among other approaches to agricultural sustainability is the reliance on specialist markets to help maintain financial viability. From the 1960s to the 1980s, organic farming received little official recognition and no direct financial support from government, which meant that producers had to rely on consumers' willingness to pay for the perceived benefits of organic food in order to compensate for restricting the technologies used and the lower yields and higher costs that resulted. The development of specialist markets requires that organic products can be reliably identified, in order to protect consumers and genuine producers, and to prevent fraudulent claims. Because the outputs of organic farming cannot be distinguished by specific characteristics of the end product, it is the production process that is used to distinguish organic products in the market place. This requires detailed production standards, inspection procedures and control systems to ensure traceability in the supply chain.

Voluntary national standards supported internationally by the International Federation of Organic Agriculture Movements have increasingly been supplemented or replaced by national and international governmental agreements and regulations (Lampkin et al., 1999; Scialabba and Hattam, 2002), including the EU Regulation 2092/91, FAO's Codex Alimentarius Commission and similar initiatives in the USA and elsewhere.

Historically, in the absence of other support, organic producers turned to the consumer to support their principles and practices. Originally the organic food market developed as a means to an end, in effect providing compensation to producers for the internalisation of externalities (e.g. environment, animal welfare), but the market has now become an end in itself, or at least is often seen as such. Today, consumers typically see organic food as healthy, safe and of high quality and for this they are willing to pay the price premiums for organic products. However many, if not most, are less strongly motivated by altruistic concerns such as the environment, animal welfare and social justice.

Government support for organic farming in recognition of its wider benefits began in the late 1980s, with national initiatives in countries like Denmark, Austria and Switzerland, as well as programmes in a few EU member states under the framework of the EU Extensification Programme (EU Reg. 4115/88). Since then, organic farming development has become more and more an instrument of state agricultural policy. With the legal definition of organic farming (EU Reg. 2092/91) in the early 1990s, it became possible to specifically include organic farming as a policy measure in the Agri-environment Regulation (2078/92), with the result that by 1996 almost all EU member states had introduced area-based support to encourage conversion to and (in most cases) also continued organic production. This support has carried on under the current Rural Development Regulation (1257/1999).

Governmental support, however, is not limited to area payments under agri-environmental and rural development programmes, moreover, the state started to regulate step by step areas which were originally a domain of the private organic sector (Stolze, 2003). Indeed, with EU Reg. 2092/91 the EU provides the legally binding framework for organic production, processing, labelling, inspection and certification and thus defines what organic farming is (Dabbert 2001). Government support now also extends into areas such as research, market development and consumer promotion.

A further challenge for policy-making is that the concept of organic farming does not belong to government to modify and adapt at will. The concept has been developed by producers and interested individuals since the 1920s and sustained by consumers through specialist markets, particularly since the 1970s. Although it may now be increasingly owned or controlled by commercial and public institutions (regulators, policy-makers, research institutes, food industry), the need to involve stakeholders and respect their contribution / ownership in order to maintain the integrity of the concept is critical.

Therefore the policy challenge is how can society support a multi-functional, farming systems approach, which addresses multiple goals, serving a wide range of interest groups with differing priorities, using several policy instruments as well as the market mechanism?

The objective of this report is to describe parameters for the future development of organic farming policies in Europe and to draw conclusions from the research done in the course of the EU-project 'Further Development of Organic Farming Policy in Europe with Particular Emphasis on EU Enlargement (EU CEE OFP). This will be done considering two different dimensions of policy development:

1. The dimension of policies, analysing the portfolio of instruments to support organic farming, and
2. the dimension of politics, providing insights into the aspect of stakeholder involvement in policy development and into the factors influencing organic farming policy networks in Europe.

The report will therefore first of all outline the policy framework for organic farming in Europe making a particular reference to the perspective of organic farming in the new CEE member states. Subsequently, the dependency of organic farms on direct payments will be explored. Chapter four and five address the politics dimension i) discussing how stakeholder involvement can make a contribution to organic farming policy development (chapter four) and ii) exploring why organic farming policy networks developed differently in EU member states. The report will conclude in parameters relevant for future development of organic farming policies in Europe.

2 The Organic Policy Framework

2.1 Organic Farming Policy Development in the EU and Switzerland

M. Stolze and N. Lampkin

Historically, the first policy support for organic farming within the framework of EU regulations, was developed using an instrument to address surplus production (EU Reg. 4115/88) and thus to correct previous state intervention on markets. Indeed in the context of serious over-production in Europe, it can be understood that some policy-makers saw the lower productivity of organic farming as a positive advantage even though this is not necessarily a perspective that would have been shared by stakeholders. However, subsequent policies have placed much more emphasis on market failure issues.

Based on Henrichsmeyer and Witzke (1994), Dabbert et al. (2004) argue that state intervention might be economically justified in cases where:

- Market failures arise due to the nature of the goods involved (e.g. public goods and externalities)
- Markets lead to an income distribution within a society which is considered unacceptable
- A lack of information severely impedes market functions
- The negative effects of earlier government interventions in markets needs to be corrected and eased by new interventions
- The nurturing of small/new industries in a pre-competitive phase so that they can grow sufficiently to overcome barriers to entry into an industry that might otherwise become anti-competitive or path-dependent because of the lack of new competitors.

Currently, there are two areas of market failure of particular relevance to organic farming policies in Europe: market failure in the context of the provision of public goods (environment, public health, animal welfare, social justice) and market failures due to lack of information and transparency in the immature organic market.

The first issue presents the challenge of how society's expectations can be met. Society is not homogeneous. Agriculture is expected to meet the differing goals of consumers, producers, the food industry, environmental and other special interest groups as well as policy-makers. These groups have different, sometimes conflicting, expectations and priorities and it can be difficult to meet these in the context of individual policy measures.

There is clearly overlap between these issues - both market and policy support are important to achieve consumer, producer and public goals, but the balance is difficult to identify as the debate is often polarised or confused. To resolve this, it may help to separate the issues:

1. Organic land management, generating public benefits, should be supported from public funds (as, for example, other agri-environment schemes), to the extent that resources permit (and in proportion to the expected public benefits), but not limited by market demand. This model, which does not require participating holdings to be certified as organic, was originally applied in Sweden and is now being adopted in other Nordic countries.

2. Organic food marketing, responding more directly to consumer concerns relating to food quality, safety and health, should be supported through the market, underpinned by relevant quality, rural development and structural policy measures, but with market supply and demand being the key constraint. In this context, the premium price obtained in the marketing of organic food is more a direct reward to the marketing and entrepreneurial activities of the producer and other food chain actors, rather than compensation for internalising external costs or generating positive externalities on behalf of society.

2.1.1 Brief Overview on Organic Farming Statistics in Europe

By the end of 2006, organic farming in the enlarged European Union accounted for 6,5 million hectares on 173,771 holdings (FiBL, 2007). This contrasts with 700,000 ha a decade earlier, and only 105,000 ha on 6,700 holdings in 1985. Most of this land, just over 5.9 million ha, is in the old European Union, while the new member states account for almost 0.7 million ha (Table 2-1).

At national level, certified organic farming accounts for 7-10% of all agricultural land in Austria, the Czech Republic, Greece, Italy, Sweden and Switzerland, 3-6% in the Denmark, Estonia, Germany, Slovenia, Spain, Finland, Lithuania, Latvia, Portugal, Slovenia, Slovakia and the United Kingdom, and 2% or less in other European countries. In Sweden, a further 7% of UAA is managed organically with agri-environmental policy support, but is not certified as such and therefore the products cannot be marketed as organic. Organic farming is particularly strongly represented in extensive grassland-production regions, especially alpine areas, with Liechtenstein at 26%, and Tirol and Salzburg in Austria and individual cantons in Switzerland well over 30%. The predominance of extensive holdings accounts for the fact that average holding size for organic farms is typically twice that for conventional farms (35 compared with 18 ha in the enlarged EU; 179 compared with 68 ha in the UK), despite the popular image of organic farming as an activity better suited to small farms. By contrast, even in countries with an overall high share of land under organic management, the share of arable land under organic management remains very low, typically 1-2% or less. Given that crops still represent the main part of the organic market, the contrast is note-worthy.

Alongside the increase in the supply base, the market for organic produce has also grown significantly, but statistics on the overall size of the market for organic produce in Europe are still very limited (ITC, 2003; Scialabba and Hattam, 2002; Hamm and Gronefeld, 2004; Kilcher et al., 2004; Willer and Youssefi, 2004). It is estimated by the International Trade Centre (ITC), Geneva, and Kilcher et al. (2004) that the retail sales value of the European market for organic food reached 10-11 billion EUR (40% of the global organic market) in 2003 (Table 2-2). This represents very rapid growth of up to 25% per annum in recent years, but the ITC has revised its mid-term growth forecasts downward, from its 2002 estimate of 10-20% annually to just 5-10% in many EU countries.

Table 2-1: Organic farming share of total agricultural area and number of organic farms, 2006

	Total certified organic area		Total number of certified organic farms	
	Thousand hectares	Share of total UUA	Number	Share of total farms
AT	361.8	13.0	20,162	11.8
BE	23.0	1.7	693	1.3
BG	3.1	0.06	150	0.03
CH	117.8	11.1	6,300	9.9
CZ	281.5	7.9	963	1.1
DE	825.5	4.9	17,557	5.6
DK	141.0	5.5	2,662	5.5
EE	72.9	4.4	1,170	4.2
ES	926.4	3.7	17,214	1.6
FI	144.6	6.4	3,966	5.6
FR	552.8	2.0	11,640	2.1
GR	302.3	7.6	23,618	2.8
IE	40.0	0.9	1,104	0.8
IT	1148.2	9.0	45,115	2.6
HU	122.8	2.9	1,553	0.2
LT	96.7	3.5	2,350	0.9
LU	3.2	2.5	72	2.9
LV	118.6	4.8	4,095	3.2
NL	48.8	2.5	1,377	1.7
PL	167.7	1.0	7,183	0.3
PT	233.5	6.3	1,577	0.5
RO	104.5	0.7	2,920	0.07
SE	(462.4)	14.8	2,951	3.9
SI	26.8	5.5	1,953	2.5
SK	90.2	4.8	196	0.3
UK	619.8	3.9	4285	1.5
Total EU	6572.0	4.2	173,771	1.8

Source: FiBL, 2007

Table 2-2: Retail sales value (RSV) estimates for organic products, 2003

	Billion Euro RSV	% of total market	Medium term growth rate %	
			(2002 forecast)	(2003 forecast)
Germany	2.8-3.1	1.7-2.2	10-15	5-10
United Kingdom	1.6-1.8	1.5-2.0	15-20	10-15
Italy	1.3-1.4	1.0-1.5	10-20	5-15
France	1.2-1.3	1.0-1.5	10-15	5-10
Switzerland	0.7-0.8	3.2-3.7	10-15	5-10
Denmark	0.3-0.4	2.2-2.7	10-15	0-5
Austria	0.3-0.4	2.0-2.5	10-15	5-10
Netherlands	0.4-0.5	1.0-1.5	10-20	5-10
Sweden	0.4-0.6	1.5-2.0	15-20	10-15
Belgium	0.2-0.3	1.0-1.5	10-15	5-10
Other Europe	0.8-0.9			
Europe total	10.0-11.0			
USA	11.0-13.0	2.0-2.5	20	15-20
Global total	23.0-25.0			

Source: International Trade Centre, Geneva ITC (2003)

2.1.2 Organic Farming support in the enlarged EU

Most EU27/EEA states have implemented area payments to support conversion to and (in most cases) continued organic production, with BG and RO due to introduce support. However, payment rates (Table 2-3), eligibility conditions and requirements vary considerably between countries (Tuson and Lampkin, 2006).

In 2003, the average organic farming area payment was highest (€404/ha) in GR, reflecting the then focus on high value crops, and lowest in the UK (€36/ha) reflecting low per ha payments on high areas of grassland. The EU15 average was €185/ha. In the new CEE member states, the highest level of average area payment in 2004 was provided by LT (274 €/ha), followed by SI with 243 €/ha. Compared with the initial year of organic farming support, the highest level of average area payment was noticed in SI (226 €/ha) and the lowest level in LV (21 €/ha), followed by EE (28 €/ha), LT and PL (both 29 €/ha).

Organic farming support through Reg. 1257/1999 accounted for ca. 5% of all agri-environmental contracts, 7% of supported area and 14% of expenditure (Table 2-4). In absolute terms, expenditure on organic farming area support was highest in AT and IT (86 & 201 mill. € respectively), or 45% of the total EU27 & CH expenditure of €635 million, and lowest in IE and most new member states. (This includes €132 million paid under the old Reg. 2078/92 schemes, but not other agri-environment payments received by organic farmers, e.g. for the REPS scheme in IE.

Table 2-3: Organic farming area payments (€/ha), 2003/4.

	In conversion		Continuing OF		Average payment
	Arable	Grass	Arable	Grass	
AT	327	251	327	251	291
BE	500-600	425-450	240-350	55-275	248
BG	na	Na	na	na	na
CH	526	131	526	131	nd
CZ	110	34	110	34	41
DE	200-300	200-300	150-190	150-190	182
DK	271	271	117	117	(78)
EE	97	74	97	74	85
ES	92	117	92	117	162
FI	147	103	147	103	119
FR	366	160	(183)	(80)	203
GR	335	(100)	335	(100)	404
HU	127	59	127	59	111
IE	181	181	91	91	97
IT	150-200	100-200	100-200	100-200	337
LT	416	118	416	118	274
LU	200	200	150	150	172
LV	139	139	82	82	118
NL	(148)	(136)	(-)	(-)	227
PL	149	72	131	57	104
PT	228	210	190	175	141
RO	na	na	na	na	na
SE	151	58	151	58	135
SI	460	230	460	230	243
SK	149	99	75	50	84
(UK)	261	203	44	33	36

na = not applicable; nd = no data; NMS 2004 data used

Sources: Hrabalova et al., 2005, Tuson and Lampkin, 2006.

Table 2-4: Total organic farming support in agri-environment (AE) expenditure, 2003/4

	Area kha	Total OF support (1257/99) % of cert. OF	Million Euro	Share % AE
AT	295.2	90	85.9	13.9
BE	18.9	78	4.7	16.9
(BG)	na	na	na	na
CH	109.1	100	19.3	5.4
CZ	214.2	84	7.3	20.3
DE	536.8	73	97.7	16.0
DK	110.5	67	8.7	45.5
EE	37.5	82	3.2	15.5
ES	158.2	22	25.7	19.1
FI	142.5	89	16.9	5.9
FR	207.8	38	42.2	7.7
GR	19.0	8	7.7	30.1
IE	17.7	62	1.7	1.0
IT	297.9	28	100.3	33.5
HU	58.0	51	4.2	25.2
LT	22.1	95	0.9	na
LU	2.3	75	0.4	3.3
LV	nd	nd	0.7	na
NL	11.0	26	2.5	16.3
PL	31.0	62	1.3	na
PT	27.9	23	3.9	5.7
(RO)	na	na	na	na
SE	407	180	54.8	23.4
SI	18.9	95	2.9	29.3
SK	37.8	69	0.5	nd
UK	249.9	36	9.0	5.0
Total	3041	49	502.4	13.5

na = not applicable; nd = no data; new member states 2004 data used

Sources: Hrabalova et al., 2005, Tuson and Lampkin, 2006.

The wide variability of uptake (share of supported area in certified organic area) indicates the influence that low support levels or strict requirements can have. The uptake of organic farming support was high (>70%) in most new and some central EU old member states, but low (<40%) in Mediterranean countries as well as in FR, NL and the UK partly due to the absence or low levels of support for converted land. In GR, the very low uptake of 8% is due to a rapid increase in the organic area in 2003 not yet reflected in the agri-environment scheme data.

Since the late 1990s, organic farming policy has developed from a one-dimensional area support instrument to more integrated approaches considering demand-oriented measures as well as cross-cutting instruments of information, training,

research, education and capacity building. In many cases these policies are integrated in EU, national or regional action plans comprising comprehensive and target oriented approaches to organic farming policy (Table 2-5). All EU27/EEA states have implemented legal definitions of organic farming consistent with Reg. EEC 2092/91 providing a basis for market development and policy support. Most states have also implemented area payments to support conversion to and (in most cases) continued organic production, with BG and RO due to introduce support.

Table 2-5: Organic farming policy instruments used, 2003/4.

	Action plan	Conversion payments	Maintenance payments	Advice, training, educ.	Research	Marketing & processing	Consumer promotion	State logo
AT	✓	✓	✓	✓	✓	✓	✓	✓
BE	✓	✓	✓	✓	✓	✓	-	-
BG	-	na	na	-	-	-	-	✓
CH	-	✓	✓	✓	✓	✓	✓	-
CZ	✓	✓	✓	✓	✓	-	-	✓
DE	(✓)	✓	✓	✓	✓	✓	✓	✓
DK	✓	✓	(✓)	✓	✓	✓	✓	✓
EE	-	✓	✓	✓	✓	-	-	✓
ES	(✓)	✓	✓	(✓)	✓	✓	(✓)	✓
FI	✓	✓	✓	✓	✓	✓	✓	-
FR	✓	✓	(✓)	✓	✓	✓	✓	✓
GR	-	✓	✓	✓	✓	✓	-	-
HU	-	✓	✓	✓	✓	-	-	-
IE	-	✓	✓	✓	✓	✓	-	-
IT	✓	✓	✓	✓	✓	✓	(✓)	(✓)
LT	✓	✓	✓	✓	✓	✓	✓	✓
LU	-	✓	✓	✓	-	-	-	-
LV	-	✓	✓	✓	✓	✓	✓	-
NL	✓	✓	(✓)	✓	✓	✓	✓	-
PL	-	✓	✓	✓	✓	✓	✓	-
PT	✓	✓	✓	✓	✓	✓	-	-
RO	✓	na	na	✓	-	-	-	-
SE	✓	✓	✓	✓	✓	✓	✓	-
SI	✓	✓	✓	✓	✓	-	-	✓
SK	✓	✓	✓	-	-	-	-	✓
UK	✓	✓	(✓)	✓	✓	✓	-	-

(x) qualifications apply, see original references for details.

na = not applicable

Sources: Hrabalova et al., 2005, Tuson and Lampkin, 2006.

The introduction of organic farming area support and legal definitions created the conditions for rapid growth of the organic sector in most countries, and research, training and advisory programmes have been implemented. In many cases, the resulting supply increases led to marketing problems. Processing and marketing of organic products are of crucial importance to sustainable development of the organic sector with its dual market and public good focus, requiring other approaches.

The policy focus has thus shifted to a more balanced mix of supply-push and demand-pull policies, often integrated in action plans. This broad mix of policies provides significant opportunities for rural development (Haering et al., 2005b). With the implementation of new rural development programmes for 2007-13, encompassing the full range of policy measures used to support organic farming, which contributing to many of the EU's strategic goals, there is a strong case for further supporting the development of organic sector.

2.2 The New Member States: New Perspectives for Organic Farming

S. Żakowska-Biemans and A. Hrabalova

Central and Eastern European countries acceding to the EU in the years 2004 and 2007 experienced major structural and institutional changes in agriculture during the 1990s and at the beginning of the new millennium when the EU enlargement became a fact. Organic farming development in these countries dates back to the late 1980s when the first organizations dedicated to environmentally friendly farming appeared. Nevertheless, the roots of organic farming can be traced to the biodynamic agriculture movement founded in the 1920s based on the philosophy of Rudolf Steiner.

In CEE countries, unlike Western European countries, up to the 1990s citizens had no freedom to express their concerns about the negative consequences of agricultural practices. The political and social changes that CEE countries underwent in the 1980s made it possible to reinvent organic farming but the pace of development was low. The process of organic farming development accelerated when CEE countries became EU accession countries and started to design agrarian policies that reflected the environmental goals of the Common Agricultural Policy (CAP).

As a result of policy implementations organic farming in CEE new member states has experienced high growth rates in the last decade, but many barriers remain to ensure comparable growth of the organic sector in the CEE new member states and the former EU-15 countries.

2.2.1 The organic farming development in the CEE new member states: 1997 – 2004

The total organic area in eight CEE new member states, both in-conversion and fully converted, increased from 71,881 ha in 1997 to 688,025 ha in 2004, what corresponds to an annual average growth rate of 38% and represents nearly 2% of Utilised Agricultural Area (UAA) in 2004 (Table 2-6).

There are substantial differences between the individual CEE new member states regarding the importance of organic farming. In 2004, in absolute value, the Czech Republic (CZ) had the largest total organic area with more than 263,000 ha (nearly 40% of CEE new member states), followed by Hungary (HU) and Poland (PL).

Compared with the year 2000, all CEE new member states except Slovakia (SK) increased the area under organic farming. Among CEE new member states the highest relative annual growth rate of total organic area over the 2000 – 2004 period

was recorded in the Baltic states: Latvia (LV) (77.73%), Lithuania (LT) (73.78%) and Estonia (EE) (46.93%). However, only three countries (PL, LT and LV) realized higher annual growth rate comparing with the period 2000-2003 due to the significant increase of total organic area in 2004.

Comparing the shares of total organic area in UAA, CZ had the highest share equal to 6.17% in 2004, followed by EE with 5.98% and Slovenia (SI) with 4.69%. These countries experienced the highest growth rate of organic area in UAA since 2000.

Table 2-6: Total organic area, annual growth rate and share UAA in CEE new member states

Country	Total organic area (ha)				Annual growth rate (%)		Share of total organic area in UAA (%)
	1997	2000	2003	2004	2000-2003	2000-2004	2004
CZ	20,239	165,699	254,995	263,299	15.45	12.27	6.17
EE	3,000	9,872	42,573	46,016	62.77	46.93	5.98
HU	19,265	47,221	116,535	133,009	35.13	29.54	2.27
PL	nd	25,000	49,928	82,730	25.93	34.87	0.51
SI	na	5,440	20,018	23,023	54.38	43.43	4.69
LT	1,568	4,709	23,289	42,955	70.37	73.78	1.23
LV	nd	4,400	24,480	43,902	77.19	77.73	1.78
SK	27,809	58,458	54,479	53,091	-0.02	-0.02	2.74
ALL 8	71,881	320,799	586,297	688,025	22.26	21.02	1.93

Source: own data from control bodies, MoA (2003 and 2004 survey)

The growth of area under organic production in CEE new member states is reflected in the increase of the number of organic farms. In the studied CEE new member states, the number of certified organic holdings increased to over 11,000 in 2004 and accounted for about 0.5% of total agricultural holdings (Table 2-7). In contrast, in EU-15, more than 140,000 holdings operated in organic farming in 2003, whereas the highest number at 143,000 was reached in 2001 and since then the number was slightly decreasing over the following years. This represents slightly more than 2% of total agricultural holdings (EC 2005).

Poland had the largest number of organic holdings (3,760, i.e. 34% of all CEE new member states) followed by HU (1,842 holdings) and SI (1,568 holdings). In all countries except SK, there was a steady growth trend in the number of organic holdings over the period 1997-2004, whereas the increase was very high in PL and LT in recent years. In terms of relative annual growth rates, the highest growth in the number of organic holdings over the 2000-2004 period occurred in the Baltic states, contrary the lowest growth was noticed in SK (7.37%) and CZ (10.38%). In five CEE new member states the share of organic holdings in total agricultural holdings was above 2% in 2004, i.e. LT 2.80%, HU 2.76%, CZ 2.36%, EE 2.25% and SI with 2.03%.

Table 2-7: Total number of organic holdings, annual growth rate and share in agricultural holdings in CEE new member states (n, %)

Country	Total number of organic holdings (n)				Annual growth rate (%)		Share of organic holdings in agricultural holdings (%)
	1997	2000	2003	2004	2000-2003	2000-2004	2004
CZ	211	563	810	836	12.89	10.38	2.36
EE	70	231	764	810	48.99	36.84	2.25
HU	161	571	1,255	1,583	30.00	29.03	2.76
PL	nd	1,311	2,286	3,760	20.36	30.13	0.20
SI	na	620	1,415	1,568	31.66	26.10	2.03
LT	106	230	700	1,178	44.91	50.43	2.80
LV	nd	80	550	1,043	90.14	90.01	0.79
SK	46	88	88	117	0.00	7.37	1.36
ALL 8	594	3,694	7,868	10,895	28.66	31.04	0.49

Source: own data from control bodies (2003 and 2004 survey)

In all CEE new member states, except HU, the average size of organic holdings was larger than its conventional counterpart. The average size of organically cultivated area per holding reached slightly over 63 ha and was significantly higher than the average area of agricultural holding at nearly 14 ha of UAA in 2004. The highest average size difference between organic and non organic farm was noticed in LT, where average organic holding was 4.4 times larger than conventional. Organic holdings larger than the CEE new member states average were in SK (454 ha), CZ (315 ha) and HU (84 ha) in 2004. These countries are characterized by the largest size of agricultural holdings as well. In Poland, where the highest number of organic farms was recorded, the average size of an organic farm was 23 ha in the year 2005 and there is an decrease of the average organic holding size expected because the share of farms below 10 ha steadily increases (Stan i tendencje rolnictwa ekologicznego w Polsce, 2005).

2.2.2 The structure of organic production

The total organic land use structure in CEE new member states does not differ significantly from that observed in EU-15 (EC 2005). In 2004, the total organic area in CEE new member states accounted 688,025 ha, arable land covered 27.3%, grassland 65.3%, permanent crops 1.5% and the rest 5.9% was occupied by other uses and unclassified land (Table 2-8).

Table 2-8: Total organic land use structure in CEE new member states in 2004 (ha)

Country	Arable land	Of which: Fodder ¹	Pastures, meadows	Permanent crops	Other	Total	Share of arable land in total organic area (%)
CZ	19,694	4,074	235,379	1,170	7,056	263,299	7.5
EE	16,707	9,006	28,200	619	490	46,016	36.3
HU	65,748	20,426	60,267	2,554	4,440	133,009	49.4
PL	34,188	nd	38,861	3,204	6,477	82,730	41.3
SI	1,716	643	20,918	389	0	23,023	7.5
LT	22,717	3,391	14,772	1,453	4,013	42,955	52.9
LV	10,202	3,370	15,230	665	17,805	43,902	39.0
SK	17,141	4,589	35,646	304	0	53,091	32.3
ALL 8	188,113	45,499	449,273	10,358	40,281	688,025	27.3

¹ The category “Fodder” covers temporary grass, green maize, other green fodder and fodder roots and brassicas.

*LV: Within the category “Other”, there was 17,764 ha registered in the first year of conversion without possibility to determine their land use structure.

Source: own data from control bodies (2004 survey)

Pastures and meadows have the highest share in total organic crop area in most of CEE new member states and even more significant in SI (90.9%), CZ (89.4%), SK (67.1%) and EE (61.3%) in 2004. In contrast, among CEE new member states with larger share of organic arable land and thereby higher potential of organic production belonged HU (49.4%, resp. 34.1% after deduction of fodder), PL (41.3%) and LT (52.9%, resp. 45.0% without fodder) in 2004, as can be seen in table 3.

Within organic arable land in CEE new member states, cereals appeared to be the most important organic crop and represented 42.7% of organic arable land, followed by fodder crops (24.2%) and industrial crops (7.2%) in 2004. All main arable crops have increased their acreage since 2001 excepting vegetable, whose decrease by 2,541 ha was caused mainly by reducing of growing area in HU. In PL the area under organic vegetable growing also tend to decrease. Häring et al. (2004) argue that in organic farming extensive land use options prevail and there is a lower share of intensive land uses. In CEE new member states there were many barriers identified to develop more intensive horticulture production.

On the contrary, the area of fodder crops noticed the highest increase (by 250%, i.e. 32,520 ha), mainly due to extension in HU and EE.

The distribution of main arable crops varies between countries; cereals and protein crops dominate on organic arable land in LT (61% and 7%), root crops in LV (7%), industrial crops in HU (17%), vegetable in SI (5%) and fodder in EE (54%).

The largest acreages of above mentioned arable crops are situated mainly in HU: 35% of cereals, 81% of industrial crops, 38% of vegetables, 45% of fodder crops and 26% of protein crops. Only in production of root crops, covered mainly areas of potatoes, dominated PL with 31%.

Out of the six main groups of crops (i.e. cereals, protein crops, root crops, industrial crops, vegetables and fodder), only organic protein crops exceeded 5% of their total agricultural area in 2004. This confirms the very low share of organic production in arable land in all CEE new member states.

There is no data available in CEE new member states on production structure and yields of organic certified plant products. As a result it is impossible to estimate what

is produced and offered as organic within each of the crop categories presented above. Cereals dominate in current organic certified plant production structure in CEE new member states. HU and PL turned to be the largest producers of organic cereals in 2003.

Among cereals, wheat, rye and oat have, according to the information provided by national key informants, the largest share. Also, cultivation of old varieties of wheat, e.g. spelt (CZ, HU, PL), as well as buckwheat and millet is popular. In this regard, as the national key informants state, the production of cereals on organic farms differs from that observed on conventional farms.

Vegetable production is concentrated in HU and PL which results from a large area used for cultivation of vegetables in comparison to other CEE new member states (Hrabalova et al. 2005). Among cultivated species, carrots, brassica crops, beetroot and onions have the highest share in the current production structure. In the case of specialised vegetable production, low interest in converting to organic farming is visible among producers (EE, LT, LV, PL, SI). The share of outdoor protected area production compared to total acreage devoted to vegetable production is very low. The reasons for the low interest in vegetable production should be attributed, among other things, to the lack of technical support, extension and potential for vegetable processing.

Poland also belongs in a group of countries with the highest organic fruit production and soft fruit in particular. Nearly 1/3 of the total organic vegetable and fruit crops in CEE new member states are grown in PL. It should be emphasized, however, that both in PL and in other CEE new member states there is, as the national key informants stress, a high share of extensive, low production orchards and low interest in conversion to organic production among intensive fruit producers. As a result, the yield of fruit trees per ha is very low and the total production remains at a low level despite the reported significant area of fruit orchards.

In relation to animal production in CEE new member states, total organic livestock amounted to nearly 157,000 LU in 2004, what represents 0.9% of the total CEE new member states livestock. In comparison, EU-15 certified total livestock amounted to more than 2.8 mio LU and around 2.5% of the total EU-15 livestock in 2003 (EC 2005).

The most important organic livestock category in CEE new member states is beef production (68% of total LU or 148 369 heads), followed by dairy production (14% or 22,699 heads) and sheep production (9% or 135,995 heads). The Czech Republic has steady the highest share in total number of organic cattle (58% of CEE new member states total organic cattle herd). In the case of dairy production, the highest share was noticed in PL (30% of heads) in 2004. CZ, in addition, held 23% of the total organic sheep herd, followed by HU (22%) and SK (20%) in 2004.

According to Hamm and Gronefeld (2004), the countries with a high share of organic beef production also have high production of organic sheep and goat meat because of dependence on organic grassland. In the case of CEE new member states it is difficult to prove such a relationship as there is no data on organic sheep and goat production. Estimates concerning organic sheep and goat meat production in CEE new member states indicate that the highest potential production is in CZ, EE, and SI.

Certified pig and poultry production is less developed in all CEE new member states and the share of organic in total pig and poultry production was under 0.5% in all countries in 2004. Currently, laying hens dominate poultry production. A large proportion of poultry meat production is intended for semi-subsistence. Hungary is

the only country among CEE new member states that has large scale organic poultry production.

Problems with obtaining good-quality feed, as well as insufficient means for investment in buildings that comply with the Council Regulation (EEC) No. 2092/91. (with later amendments) stand in the way of poultry production development.

2.2.3 CEE organic market development

The different European markets for organic food are presently at different stages of development (emerging, growing, maturing). While the majority of Western European countries are currently in the growing or maturing phase, in many Central, Eastern and Southern European countries organic markets are now emerging (Richter, 2006).

The increase in organic production observed in all CEE new member states should result in increased supplies of organic products in domestic markets in these countries. Nevertheless, national market experts do not share this premise, emphasizing that the supply of organic products is low and there are occasional market deficits of basic commodities.

There are many interrelated factors that impact the supply of organic products in CEE new member states. The results of market research show that there is a kind of dichotomy in farm structure observable in CEE new member states that has implications for development of the organic food supply. Large, commodity farms are becoming partners for companies, they carry out production designated for export. Smaller farms are in a different situation, spatially dispersed, they frequently remain outside organizations that facilitate access to markets, such as producer groups. As a result there is low market orientation among organic producers and a high share of organic produce is designated for international trade. Moreover, semi-subsistence plays an important role in utilization of organic produce in countries where there is high share of small organic holding. Additionally, in the opinion of national key experts, the proportion of grassland not associated with animal production is increasing. Lower organic production and supply is also an effect of increased share of organic farming in disadvantaged rural areas.

Hamm and Gronefeld (2004) suggest, there is a tendency to see production itself as an indicator of market strength. Given the fact that the primary motives to convert into organic farming are non-market, the question arises as to the impact of the market on conversion to organic farming. In the opinion of the referenced researchers, a healthy market is important in promoting further conversion and by the same the balanced development of organic farming.

In order to evaluate how effectively the market functions, it is worth looking at the ratios such as the share of organic sold as organic, which more accurately depicts the existing relations between supply and demand.

The expert estimates on share of organic sold as organic in CEE new member states indicate large differences between specific countries in the potential to sell organic food as certified organic food. The highest share of organic food sold as organic was noted in SI. Nevertheless, this does not mean that the organic market in SI can be acknowledged as efficiently functioning.

In other CEE new member states the share of organic food sold as organic varies considerably in relation to the surveyed categories and it is difficult to find any absolutes.

In the opinion of the national key informants the biggest difficulties occur in the case of products that cannot be offered as fresh products and require proper storage and preparation for sale, this applies especially to meat, which ends up in the market without information on organic farm origin due to the weak development of processing. The case for vegetables and fruits is the opposite, which, in the opinion of national key informants, are characterized by the highest share of sold as organic due to high demand on as well domestic as international market.

The low percentage of organic food sold as organic is clearly associated with the immature nature of organic markets in CEE new member states and as national key informants pointed out, there is high potential to increase the share of organic sold as organic due to observed demand for organic food if other barriers to market development can be overcome.

According Michelsen et al (1999) and Hamm and Gronefeld (2004) the share of organic food sales in general food shops is acknowledged as a factor that significantly conditions development of the organic food market. This remains at a low level in CEE new member states except for CZ (Table 2-9).

Table 2-9: Estimated share of total organic food sales by sales channels in 2003

Country	General food shops	Bakers and butchers	Organic food shops	Direct sales of farmers	Restaurants, canteens, others
% of total organic sales					
CZ	65	nd	25	8	2
EE	2	-*	5	83	10
HU	20	0-5	40	40	0-3
LT	nd	nd	nd	nd	nd
LV	30	-	10	55	5
PL	5	1	27	65	2
SI	8	-	5	87	-
SK	nd	nd	nd	nd	nd

* - not existing, nd = no data

Source: own calculation based on expert assessments

It can be argued, however, that the size and structure of organic production is a factor limiting the development and diversification of distribution channels for organic food. The inability to ensure consistent supply as well as the lack of interest on this type of sale channel in selling organic foods are given as access barriers to large retail chains. Among the surveyed countries, only Polish experts acknowledged that the reason for the failure in selling organic food in supermarkets is, among other reasons, the lack of cooperation among organic producers. Processed food assortment dominates in general food shops, including a large share of foreign products. The sale of fresh products is marginal in significance except for beef meat and milk in CZ and HU.

Further sales development of organic products in general food shops in CEE new member states requires commitments on the side of general food shops in communication strategies and raising the competence of personnel, not only responsible for sales but also for organisation and distribution. Forecasting further sales development of organic food in this type of store is difficult since at present there are more factors hindering sales than encouraging its growth.

In many CEE new member states direct sale plays a prominent role in organic food sales because of the absence of other sales channels for organic products. This does not mean that the high share of direct sales can be deemed unequivocally as an indicator of a weakly developing organic food market. The large share of direct sales may also be associated with consumer expectations, trust that consumers bestow on this type of sales channel for organic food or result from the economic situation of consumers.

It can be also claimed that increasing organic plant and animal production in CZ, HU, PL and SK should stimulate both development of processing as well as organic food sales in large retail chains. This is not happening in the opinion of national key informants, since low interest in selling this type of food in large retail chains is given as a factor hindering development of this sale channel. Furthermore, even though there is a large group of certified processors in most CEE new member states (CZ, HU, PL) only some of them conduct processing designated for the domestic market.

As a result the assortment of organic products on domestic markets is poor and do not meet the expectations of contemporary consumers. Compared with the situation in the EU-15 countries, information from CEE new member states about of the organic consumers, their attitudes and preferences is very limited. Only in HU and PL, consumer studies were conducted based on representative samples. For this reason, knowledge on the subject of consumers and consumption of organic foods is very fragmented. Despite lack of research on consumer preferences in CEE new member states one can assume that unsatisfactory supply of organic products and the lack of efforts to promote organic farming and organic foods results among others in low consumption of organic food. Even though most CEE new member states have nation-wide logos for organic food, which is a prerequisite for the organic food market to develop, these logos are not recognized by consumers due to lack of well targeted promotion. These factors accompanied with high consumer prices, are deemed as the essential barriers to development of demand for organic food in CEE new member states.

2.2.4 Organic farming policy development in CEE new member states

Organic agriculture developed in CEE new member states as a bottom up movement involving farmers, scientists and consumers. The institutionalization of organic agriculture started in the early 1990s when the first organic standards were published and support was launched for farms applying organic agriculture methods. All relevant organisational structures concerned with organic farming were established in CEE new member states in the late 1990s.

Among CEE new member states, the Czech Republic has the longest history of policy support for organic farming. The first funds for subsidising Czech organic farms were established as early as at the end of 1990. This state support stopped during the years 1993-1997 but was renewed in 1998 under a government regulation concerning the support of non-productive functions of agriculture. In the first three years the organic farming support was based on a system of points. Since the year 2001, a fixed amount of money per hectare of organic area started to be provided and the payment rates remained the same till 2003. In other CEE new member states financial support for organic farming in form of area payments started in the late 1990s.

Estonia introduced the financial support to organic farmers for the first time in 2000. The area payments for organic farming were launched in the form of general direct state support for all organic farmers. In 2001, the support for organic farming was also given under the agri-environmental programme in two pilot areas and since

2002 the organic farming support has been applied within agri-environmental programme nationwide.

In Hungary, organic farming has been supported since 2002 and from the beginning the support was designed as the Organic Farming Scheme within agri-environmental programme.

In Poland and Slovenia, programmes of organic farming payments started in 1999. However, in the case of Poland, a financial support covering part of certification costs had been already established one year earlier. In Slovenia, organic farming has been supported within the Slovene Agri-Environment Programme, designed for 2001-2006 period, since 2001.

In Lithuania, the first financial support for organic farming was implemented as a pilot programme of conversion to organic farming in the Karst region within the "Tatula" Fund in 1993. Since 1997, the project in the Karst region has been spread throughout Lithuania and state support for organic farming has been introduced state-wide.

Latvian and Slovakian organic farmers have received support from the national government's subsidy programme since 2001, resp. since 1998.

The EU accession process resulted in incorporating organic farming support schemes into the Rural Development Plan. All CEE new member states included area payment support schemes within agri-environmental programmes that are a key instrument for the successful integration of environmental objectives into the CAP of the EU. The agri-environmental measures were recognised as the most relevant for organic production because they provided the most significant support for organic farming. In quantitative terms, the overall level of support to organic farming is generally beneficial for organic farms compared to the conventional ones, with a positive relative advantage of most organic crops (Häring et al, 2004).

The existing level of support could be considered as favourable for organic and in conversion farms. The area payments for organic farming were the main reason for rapid growth of the organic farming sector in all new member states and additional significant growth of organic area is expected as a consequence of adjustments in organic farming payments after the accession into the EU in 2004.

Apart from the organic area payments, support for organic animal breeding paid per head implemented in HU (2003) and LV (2001 to 2003) and financial support for inspection and certification costs represent important measures supporting organic farming. The latter support was provided in six CEE new member states, whereas support provided directly to farmers was realized in PL, SI and LT and to inspection and certification bodies in CZ, SI, LT and EE in 2004. In addition some CEE new member states (EE, HU and LV) have started to incorporate a part of certification costs into organic farming area payments within the Rural Development Plan s since 2004.

2.2.5 Area payments under agri-environmental programmes in CEE new member states

In all CEE new member states, except CZ, the average area payment per hectare had increased significantly after EU accession (Figure 2-1). The most rapid increase of average area payment, between 2003 and 2004, was noticed in LT (by 600%), SK (by 581 %) and LV (by 274 %). The lowest increase was realized in CZ (by 20%), mainly due to the minimal increase of payment for grassland and its high share, around 90%, in total organic area. CZ is also the country with the lowest level of average area payment (41 €/ha) in 2004 and at the same time only one country where the average area payment in the initial year of organic farming support is higher than in 2004.

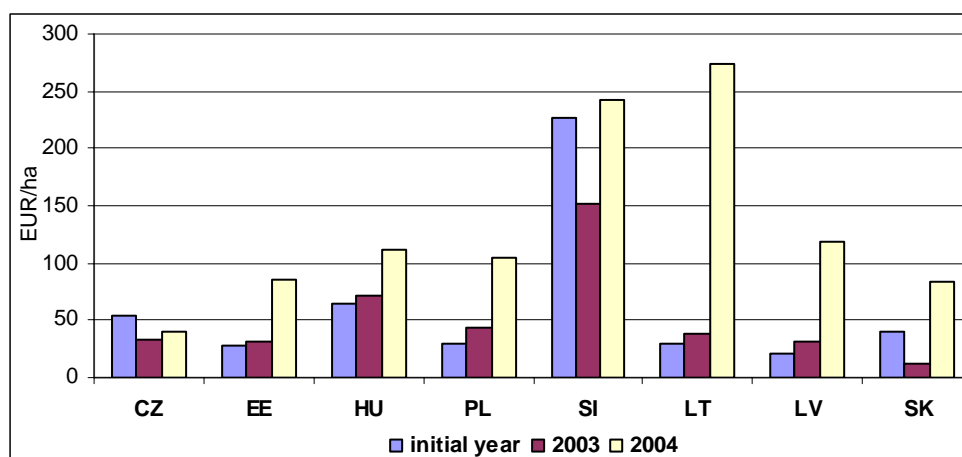


Figure 2-1: Comparison of average area payments per supported hectare in initial year of OF support scheme and in 2003 and 2004:

Source: data from MoA and national agricultural administrations

The highest level of average area payment in 2004, at 274 €/ha, was provided by LT, followed by SI with 243 €/ha (Table 2-10). Compared to the initial year of organic farming support, the highest level of average area payment was noticed in SI (226 €/ha) and the lowest level in LV (21 €/ha), followed by EE (28 €/ha), LT and PL (both 29 €/ha).

Table 2-10: Area payments for fully converted organic area in CEE new member states in 2004 (€/ha)

Category of crops	CZ	EE	HU	PL	SI	LT	LV	SK
Arable crops	110	97	127	131	460	416	82	75
Meadows/pastures	34	74	59	57	230	118	82	50
Permanent crops	381	241	281	337	795	742	82	99
Vegetables	344	241	202	206	544	551	82	124
Herbs /spices	344	241	127	206	544	456	82	124
Average area payment	41	85	111	104	243	274	118	84

Source: data from MoA and national agricultural administrations

Supporting area payments for organic production are differentiated mostly into three to five crop groups (i.e. arable crops, permanent grassland, permanent crops, vegetables and herbs/spices). The lowest area payments are provided to organic grassland in all CEE new member states (88 €/ha on average), with the exception of LV where one general payment rate has been applied for all categories since 2004. On the contrary, the highest levels of support (370 €/ha on average) is provided for permanent crops (i.e. vineyards, orchards and hops) in most of CEE new member states followed by vegetables and herbs. Despite much higher payments for special crops, the share of permanent crops in total organic area of each CEE new member states was below 4% in 2004, by the highest share at 3.9 % in PL. Similarly, the share of vegetables was around 1% and herbs, less than 0.5% of total organic area.

2.2.6 Policy needs to strengthen organic farming development

The question arises, what are the specific policy needs of CEE new member states to ensure comparable growth and development of organic sectors in the enlarged European Union?

In all CEE new member states the current support policy for organic farming is based mainly on area payments, representing a “supply-push” strategy. Given the fact that area payments for organic farms is acknowledged as one of the most crucial factors in stimulating conversion into organic farming, a significant increase in the acreage of organically managed land in new member states of the European Union can be expected over the next few years.

Despite the identified barriers to supply growth, this increase should result in better availability of organic raw materials. However, the identified lack of extension services for organic farming, investment funds and low processing capacity can hinder the creation of added value and diversification of organic supplies.

There is a disproportion in existing organic support measures between resources allocated to area payment schemes and the financial support for advice and extension services that are key elements for the further successful development of organic farming in CEE new member states.

Organic extension work has the aim to provide farmers with information about organic farming, particularly during the period of conversion. This is achieved through various measures, such as direct advice, as well as demonstration farm networks and other information services. All these measures are poorly adopted in CEE new member states. As Lampkin et al. (1999) stressed training in organic farming is important because of the increased managerial demand of organic systems and the need for farmers to learn new skills. Courses according cited authors should reflect the underlying vision of agriculture and follow a broad multi-disciplinary curriculum. Such approach is almost non existent in CEE new member states and they are lagging behind in providing appropriate training in organic farming. The research confirmed the assumption that information tools aimed at improving knowledge transfer are lacking in emerging organic sectors like CEE new member states.

Another issue that needs particular attention is the willingness to cooperate among organic producers and other actors in the food chain. The current state of development for organic food supply does not favour modern forms of distribution. Trends towards vertical integration in organic distribution are not observable. A serious problem repeatedly pointed out by national key informants involved issues associated with cooperation between producers of organic food. The reason for this can be discerned in historical problems, although it also seems that the community of organic farmers in CEE new member states is not striving to integrate. As a result, they are unable to benefit from access to various distribution channels derived from cooperation between producers.

Supply related barriers to organic farming development impact the demand for organic products. Despite unsatisfactory assortment the price issue appears to be one of the crucial factors to ensure further development of demand for organic food in CEE new member states. The price premia for organic food in CEE new member states are high due to low supply, high distribution costs and relatively high gross margins. However, lowering the prices of organic food will not enlarge the market if there is no coherent long term strategy to communicate various aspects associated with organic food and organic farming.

To develop effective communication strategies it is crucial to learn more about organic consumers' emotions, cognition and behaviour. Experiences in Western European countries and studies in new EU member states indicate that in emerging organic markets limited access to organic food and a lack of consumer awareness are the major barriers to market development (Richter, 2006).

Another factor that can be acknowledged as a market development barrier is the low market transparency and lack of data on both supply and demand in CEE new member states. According to Hamm and Gronefeld (2004) an efficiently functioning market implies market transparency, especially price transparency, at all levels of the market chain. This information is very scarce in CEE new member states.

The research involving national key informants reflects the opinions of stakeholders participating in the first national workshops conducted in 11 EU countries on the assessment of existing policy instruments and future options in the year 2004 (Häring et al, 2005a). The stakeholders from CEE new member states countries (CZ, EE, HU, PL, SI) found it crucial to improve measures related to market development and particularly, communication with consumers. However, one of the most important weaknesses observed in the national workshops mentioned above was the lacking coherence of the existing policy framework with regard to organic farming. Policies relevant to organic farming are not always coordinated effectively because different elements of organic farming policy are operated independently without any recognition that, in practice, all are interrelated. The ideal would be to have a systematic plan that addresses and integrates various policy areas such as action plan. Action plans usually include targets for adoption and a combination of specific measures including: direct support through the agri-environment/rural development programmes; marketing and processing support; producer information initiatives; consumer education and infrastructure support. The more detailed plans contain evaluations of the current situation and specific recommendations to address issues identified, including measures to ameliorate conflicts between different policy measures (Lampkin, 2003). It is worth emphasizing that Action Plan can not be considered as a final goal but as a guideline for further work on organic farming development.

All CEE new member states recognized the need to develop such plans as a result of European Action Plan for Organic Food and Farming but just five of them (CZ, SI, LT, LV and SK) had designed and agreed their action plans for organic farming by 2005. However, the design and implementation of organic action plans is not systematically supported by the state in any of the CEE new member states, even though the action plan is considered as the main national strategic document for organic farming development.

2.2.7 Organic farming policy in the Rural Development Programmes 2007-2013

According to Häring et al. (2005b), the EU regulation on support for rural development for the period 2007-2013 provides a framework for a variety of measures to assist the development of organic farming. Many problem issues identified in the research can be addressed by appropriate measures in the four Axes of the Rural Development Regulation.

All the measures in Axis 1 aimed at restructuring and developing physical potential and promoting innovation in agriculture are relevant to address the problems of supply with organic products. Priority could be given to organic products with good marketing potential, in most cases plant products. These include development of new products, processes and technologies, and adding value to primary agricultural products.

The measures aimed at improving the quality of agricultural production/products could be used to improve features of organic market. These measures can be used to support marketing initiatives in organic farming, stimulate co-operation between organic producers, but also to improve consumers' awareness about organic products.

The measures for small- and medium-sized enterprises can be used to stimulate development of organic food processing. They can address the increasing demand and the scale of organic production that can still provide a limited offer, but is on the other hand growing, so that the enhancement of offer can stimulate consumer interest in organic products.

Measures in Axis 3 can be used to improve the marketing features of organic farming and realise its regional development potential. Measures aimed at diversification of the rural economy may support co-operation between organic producers and local/regional processors, tourism, local shops etc., as well as support other forms of marketing initiatives.

While the area payments for organic farming were found to be the most important and almost the only support for organic farming in the CEE new member states, the workshops in several countries pointed out their faults. In some states (PL, LV, LT, SK) they were considered too low and in CZ, EE, PL and HU a too bureaucratic system. Further, the competition with other support schemes within the agri-environment programmes has been mentioned as a problem (Hrabalova et al., 2005).

Häring et al. (2005b) also highlight the need to ensure a sufficient difference between area payments for organic and integrated production.

The issue of the organic farming schemes and payments can and should be addressed within Axis 2; an increased attention to the height of payments and differences between the payments, based on the higher costs of more labour and input intensive organic crops, can also enable a more market led development of the organic sector, for example by favouring arable, vegetable and permanent crops.

As Häring et al. (2005b) also suggest, organic farming could provide a role model for farming in Natura 2000 areas, and in environmentally sensitive areas in general.

A general lack of training, information and advisory schemes for organic farming in the CEE new member states has been identified. In most of these countries, there are only few advisors specialised in organic farming and most of them also work for conventional farmers (Hrabalova et al. 2005). These findings were strongly supported by the results of the workshops (Häring et al., 2005a).

These needs may be addressed by the measures in RDP Axis 1 and Axis 3 (marketing/trade). In Axis 1, vocational training in organic farming can be supported as well as dissemination of scientific knowledge and innovative practices. The use of advisory services may enhance the development of specialised organic advisory services. RDP Axis 3 provides for training and information measures through which knowledge of organic marketing/trade and processing may be improved.

LEADER approach as a major new rural development policy objective is especially relevant for the CEE new member states, where the percentage of the population living in rural areas is high and where differences between living standards in urban and rural areas are very marked. Stakeholders in the national workshops expressed their opinion that the organic sector has the potential to develop effective co-operation between grassroots partners from different sectors, consistent with the LEADER approach.

2.2.8 Recommendation and conclusions

There is still great potential for the implementation of several policy tools in all CEE new member states because some policy measures are missing and other have not been adequately implemented. Policy development for organic farming in CEE new member states needs to tackle the imbalance between supply and demand oriented measures. Any profound changes that have accompanied the recent rapid expansion of the organic sectors and particularly organic food market in EU-15 are still to come in the CEE new member states and there is an urgent need to design policy instruments to support the organic domestic markets. The issues that need particular attention can be categorized in the following four areas:

1. Market transparency:

- To increase organic market transparency, technical and financial support to develop the data collection system for organic food markets are required. The lack of data about organic food market in CEE new member states prevents working out of effective marketing strategies and delineating policy goals in order to ensure balanced development of organic farming and organic food market in CEE new member states in relation to the EU-15.

2. Diversification of organic production:

- Development of policy instruments to encourage diversification of organic production and to stimulate market oriented production. The support system for organic farming should, despite its role in delivering public goods, stimulate conversion of various types of farms to organic and as a result, support the building of a diverse range of organic foods according to consumer demand.

3. Marketing and processing:

- Strengthening the development of producer groups in organic farming as historical realities, i.e. reluctance of farmers to cooperate, prevent CEE new member states producers to compete effectively; they have limited potential for differentiating sale channels for organic food and cooperating with large scale processors;
- encouraging development of small scale processing, particularly with reference to the agrarian structure in some CEE new member states; large fragmentation and dispersal of farms may be conducive to creation of added value in creating jobs in rural areas;
- supporting research on organic production methods and organic markets; there is an urgent need to stimulate involvement of CEE new member states in EU research programs and projects on organic farming to enable knowledge transfer in terms of organic farming and organic food.

4. Extension and research:

- strengthening extension services and education for organic farming; lack of technical support is perceived as an obstacle to differentiation of organic production structure and improving various aspects of organic food quality;
- researching consumer behaviour; knowledge on the emotions, cognition and behaviour of consumers in CEE new member states is insufficient to work out effective, well targeted marketing strategies and create policy instruments that would support development of domestic markets;
- developing strategies to communicate and build trust in organic food and organic farming in general.

3 Dependency of organic farms on direct payments in selected EU member states: today and tomorrow

F. Offermann , H. Nieberg and K. Zander

Organic farming has been a growth sector in Europe for many years. From its beginnings in the early 20th century, organic farming developed largely independently from policy intervention and the Common Agricultural Policy of the EU (CAP), based on private activities and personal engagement and concerns about environmental issues (Bauer, 1993). The situation changed around 1990.

Environmental concerns became increasingly important in agricultural policy, and the demand for organic products increased, so that the term “organic product” needed to be protected against free riders using “organic” or “bio” for promotional purposes only. In 1991, the market orientation of organic farming was encouraged by the EU Commission via the Council Regulation 2092/91, which formally protected the label “organic” farming. Following the McSharry reform of the CAP in 1992, policy discovered organic farming to comply with many of the objectives of the CAP, particularly with respect to environmental aims, and since 1994, conversion and maintenance of organic farming is financially supported throughout the EU. In addition to specific support for organic farming, also the introduction of direct payments as a key element of the general CAP had a considerable impact on the economic situation of organic farms in the EU (Häring et al., 2004).

The regulation of organic markets and the introduction of support measures for organic farming lead to a noticeable growth in organic area all over Europe. This development had far reaching impacts on the small, but from an economist’s point of view, rather innovative organic market. On this market, producers partly succeeded in internalising external benefits of organic production, e.g., protection of the environment, as consumers were willing to pay for these positive external effects. With policy intervention, supply increased significantly and in some cases, where market development lagged behind, resulted in decreasing prices (Bauer, 1993; Hamm, 1997). In the meantime, organic market opportunities improved in most of the countries and prices went up again and organic farming found its way out of the niche.

From the beginning financial support to organic farms was largely discussed and questioned. While economists stressed the unfavourable impact on markets and prices (Bauer, 1993; Hamm, 1997), pioneers feared increasing dependency on policy in a system which initially was a grassroot movement free from any specific policy intervention (Thomas and Groß, 2005). The relation of government support and resulting dependency of farms has been critically discussed with respect to general agricultural policy, too. The longer the support programs are in place and the higher the levels of support are, the higher the farms’ dependency, as payments become embedded in the cost structure of farms (Harvey, 2003). Direct payments, which are a major scheme of the CAP, have been found to have a negative impact on the efficiency of resource use (O’Neill et al., 2002). Thus, higher reliance on direct payments also implies lower flexibility in reacting to changes.

The risk of changes of organic farming payment schemes has been high from the start, as these payments are granted with schemes which are designed, implemented and partly financed on national or even regional level, where agricultural policy and the influence of changing governments tend to be much more variable over time than

the CAP, which is defined on EU level and has in the past been comparatively immune to electoral changes. Against the background of fundamental reform of the Common Agricultural Policy (CAP) of the EU and the adoption of the CAP in the new member states, the question emerges as to the extent of dependency of organic farms on CAP payments in general and on organic farming area payments in particular, and likely consequences for a sustainable development of organic farming.

The chapter starts with a brief overview of the agricultural policy framework in Europe as the basis for an understanding of the issues and results of the analysis. Following a description of the methodological approach adopted, this chapter first provides a short overview of the income situation of organic farms in selected European countries and their support dependency before the Eastern enlargement of the EU in 2004. Farm models are then used to assess the impact of CAP reform and EU accession on the income and significance of direct payments for organic farms. The chapter ends with some concluding remarks and an outlook on the future challenges for organic support programmes in the EU.

3.1 The agricultural policy framework for organic farms in Europe

The CAP comprises a complex system of policy measures and regulations. There are two main areas (so-called ‘pillars’) of agricultural expenditure, which totalled 47 billion € in 2003 (EU-DG-AGRI, 2005). The first pillar, which in 2003 accounted for almost 90% of the EU agricultural budget, provides market and income support, and related direct payments have, in the past, been linked (‘coupled’) mostly to cropping areas and livestock numbers. The second pillar finances rural development measures, and aims at, e.g., encouraging environmental services, providing assistance to difficult farming areas and promoting food quality, higher standards and animal welfare. Within the agri-environmental programmes, organic farming has been supported EU-wide since 1994, at a total budget of 520 million € in 2001 (Häring et al., 2004). Due to the diverse natural, socio-economic and political conditions across Europe, both the design of the organic measures and the level of payments vary widely between countries (see Table 3-1). Although in the meantime a large bouquet of measures has been offered targeting the promotion of the organic food sector, payments for organic farming continue to be an emphasis of the policy supporting organic farming in Europe, when measured against the level of finances expended (Nieberg and Kuhnert, 2007).

Table 3-1: Organic farming area payments (for maintenance) in selected European countries in €/ha, 2003

	Austria	Germany ^a	Denmark	Italy ^b	UK ^c	Czech Republic	Estonia	Hungary	Poland	Slovenia
Arable land	327	102-255	81	111-600	0-51	63	45	79	57	345
Grassland/Pasture	96-251	102-255	81	85-525	0-51	31	19/22	40	18	86/171
Permanent crops	799	358-924	81	298-900	0-44	110	128	83	114	517
Vegetables	509-654	128-410	81	295-600	0-51	63/110	128	79/83	92	443

^{a)} Payments in Germany vary according to "Bundesland".

^{b)} Payments in Italy vary according to region. In some cases there exist other (additional) classifications, so that these figures can only serve as an approximation.

^{c)} Payments in UK vary according to region (England, Scotland, Wales, Northern Ireland).

Source: Own compilation following Hrabalova et al., 2005; Tuson and Lampkin, 2006.

On 26 June 2003, EU farm ministers adopted a fundamental reform of the CAP. Key elements include the decoupling of direct payments via a 'Single Farm Payment' (SFP), the linkage of this payment to agricultural and environmental standards ('cross compliance'), and revisions to the market policy of the CAP. The reform provides a variety of options for national implementation, especially with respect to the design of the SFP and the degree of decoupling. This has led to the coexistence of various decoupling schemes all over the EU which may differ in their impact on organic farming in the respective countries. For example, in the final stage, decoupled payments will be based on individual farm historical reference premiums in Austria, Scotland and Wales, and on regional references in Germany and England, while Denmark and Northern Ireland have opted for a hybrid of these approaches. Payments will be fully decoupled in Germany and the UK, while Denmark and Austria have chosen to keep some premiums in the beef sector partially coupled to production (Gay et al., 2005).

In 2004, eight Central and Eastern European countries (Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovak Republic, Slovenia and Hungary) plus Cyprus and Malta joined the EU. For farmers in these countries, EU accession meant adoption of the CAP and farmers had access to CAP market measures from the first year of EU membership. All accession countries except Slovenia and Malta opted for the 'Simplified Area Payment Scheme' (SAPS) which is a system of flat rate payments. Under SAPS, direct payments are phased in over a ten-year period starting with 25% of the full EU payment rate in 2004 and reaching 100% in 2013. New member states may top-up these EU payments with national funds. While direct payments from the EU are divided equally across all eligible hectares of utilised agricultural area (UAA), national top-ups in most of the new member states are sector-specific for products covered by the CAP support schemes (Popp, 2005).

3.2 Material and methods

The availability and quality of data is an issue especially with respect to organic farming in the accession countries, and currently often prevents the use of one single approach for cross-national comparisons. Therefore, different data sources and methodologies were combined for the purposes of this study. Farm accountancy and typical farm data were used to examine the past and current situations, and also served as the basis for setting up farm models to assess potential future developments under changing policy conditions. Additional information on farmers' opinion and reactions was obtained by an extensive survey among farmers.

Farm survey

In the winter and spring of 2004, a survey of 50 organic farms was carried out in each of ten European countries: Austria (AT), the Czech Republic (CZ), Denmark (DK), Estonia (EE), Germany (DE), the United Kingdom (UK), Hungary (HU), Italy (IT), Poland (PL) and Slovenia (SL). In view of the multitude of questions and the complexity of the topics, face-to-face interviews were conducted based on a questionnaire which was developed in several steps incorporating country-specific experiences.

The farms were chosen at random on the basis of lists of all organic farms (Czech Republic, Denmark, Estonia, Poland) or datasets from certification bodies, ministries and farmers' associations, in most cases covering more than 90% of organic farms (Germany, Hungary, Slovenia). Due to time constraints, as well as difficulties of gaining access to the necessary address details in some countries (Italy, Austria, United Kingdom), regional emphases had to be set. All of the farms visited by country

experts had completed their conversion periods. The surveyed farms represent the diverse structures of organic farming. Even if the country survey samples diverge from the national averages in some variables (for example, in most countries, the surveyed farms are larger than the country average), the survey still provides a good basis to gain a deeper insight into organic farming structures as well as organic farmer's policy assessments.

Farm accountancy data

Farm accounts provide extensive information on economic indicators, including very detailed information about revenues and direct payments, and reflect the influence of individual farm factors on eligibility for support and payment levels. In the EU, Farm Accountancy Data Networks (FADNs) exist at both EU and national levels. National FADNs, providing information from significantly more than 100 farms for five to eight consecutive years, were accessible for this study for Austria, Denmark, Germany and Italy. To put the support dependency of organic farms into perspective, conventional farms, comparable to the organic farms with respect to their production possibilities, i.e. location and factor endowment, were also selected (see e.g. Nieberg et al., 2007; Lampkin, 1994 for a detailed discussion of the concept of comparable conventional farms).

Assessment of the impact of the 2003 CAP reform and other policy scenarios on organic farms in selected EU-15 countries was undertaken using the EU-FARMIS model, a well-established model for assessing policy impacts at the farm level (Osterburg et al., 2001; Offermann et al., 2005). EU-FARMIS is a comparative-static, process-analytical programming model based on FADNs, with individual farm data being aggregated into farm groups. A code that enables the identification of organic farms in the EU FADN was not added until the year 2000, and the number of organic farms in the EU FADN is lower than in national FADNs, in some cases. However, the EU harmonised data set makes it ideal for cross-national modelling analyses and, for this study, organic farm groups were generated on the basis of data for the year 2002 for more than 400 organic farms from the EU FADN. The 2003 CAP reform scenario was modelled for the year 2013, when the reform will be fully implemented in all EU member states. Model-exogenous variables (e.g., technical progress, product and factor prices including land rental prices) were projected on the basis of other model results or time trends. Survey results on farmers' planned adjustments to policy reform contributed to the formulation of the model.

Typical farm data

In the new member states, data from national databases like FADN remain scarce for organic farms. This is why the typical farm approach was chosen for the analysis of organic farms in these countries (Häring, 2003; AgriBenchmark, 2007). According to this methodology, a small number of farms is selected, each of them representing a group of similarly structured farms. Data collection takes place on real farms together with local experts, so that farm specific data can be levelled out in such a way as to show the likely situation for a group of farms. Typical farms and thus the results of typical farm modelling are not representative in a statistical sense. Rather, the concept of typical farms shows the results of farm groups which all together aim at giving a view at a large part of farms in their country.

Depending on the structure of organic farming in the countries studied (Czech Republic, Estonia, Hungary, Poland and Slovenia), two to five typical organic farms were identified, based on statistical data and expert knowledge. In the Czech Republic, organic farming is mainly grassland-based, so that the majority of typical Czech farms are cow-calf farms. In Estonia, the typical farms are of a mixed type,

with income from arable farming plus sheep, and a dairy farm. In Hungary, organic farming is mostly cropping, dominated by cereal, oilseed and vegetable production. However, milk production is of relevance too, so that both arable and dairy farm models were set up. A large share of organic farming in Poland is based on arable land. This also relates to milk production which is the most important livestock activity in Poland, as feed production (including hay) largely takes place on arable land. Thus, the typical organic farms in Poland are two arable farms and three dairy farms. The structure of organic farming in Slovenia is similar to that of the Czech Republic: grazing livestock production on grassland prevails, although the majority of organic farms also have some (if only minor) crop production. Consequently, a cow-calf, a dairy and a vegetable-producing farm were selected as typical in Slovenia.

Data collection took place on organic farms with production structures similar to those of the typical farms. Farm models were set up using the simulation model TIPI-CAL, which allows the simulation of farms for up to ten years (Agribenchmark, 2007).

In modelling the impacts of policy changes on organic farms in 2013, exogenous variables like yields and input prices were adjusted. Yields were assumed to rise by half of the increase anticipated for conventional farming (FAPRI, 2005); wages would follow the historical trend (EUROSTAT, 2005); prices for other inputs were taken as observed in 2004 and 2005, and were extrapolated until 2013 using the general inflation rate for 2005. Land prices increased largely in the years 2004 and 2005 as a consequence of increasing direct payments. This increase in land costs was included in the model.

In order to identify likely adjustment reactions to the adoption of the CAP, workshops with farmers and advisors were implemented in all of the study countries. At each stage of the iterative farm modelling, beginning with initial data collection and ending with final validation after inclusion of adjustment strategies, farmers and local experts assisted with specific knowledge and via repeated communication.

Indicators for policy dependency

No generally accepted definition of the term 'policy dependency' exists, even though the influence of policy has been discussed for a long time in the context of agriculture. Indicators which try to measure the significance of policy differ across the spectrum of policy measures covered, and according to the basis used for comparisons between farms/countries: e.g. support per farm or per ha; as a percentage of income etc. (see e.g., Portugal, 2002). For the purpose of this chapter, the focus will be on the importance of direct payments for farms, acknowledging that for organic farming, price support accounts for a lower share of total transfers to producers than direct payments (Gay and Offermann, 2006). Such payments were related to the value of gross output, which was calculated as the value of agricultural production including all subsidies received. This relationship provides an impression of the contribution of payments compared to other revenues, e.g., from sales. The relationship between organic farming payments and gross output can thus be seen as an indication of the level of 'organic farming policy' dependency as compared to 'market' and 'other policy' dependency.

In order to evaluate the relevance of organic farming payments for the economic success of organic farms, these payments were, in addition, related to profits. In the EU, one of the measures of farm profits most widely used is family farm income (FFI) which provides information on the returns to land, labour and capital resources owned by the farm family. It is calculated as the difference between all farm returns and all incurred costs, including depreciation, and excludes any notional charges. On

family farms, most of the labour is supplied by the farmer and unpaid family members and thus has to be remunerated by profit. On farms organised as limited companies or cooperatives, which are of particular relevance in some of the new member states, employed labour dominates and related wage expenses are part of costs. It would be misleading to compare FFI between farms of different legal structures so, consequently, family farm income plus wages per agricultural work unit (FFI+W/AWU) was chosen for comparison. The ratio of organic farming payments relative to profits can be seen as an indicator of farm vulnerability to changes in specific support policies.

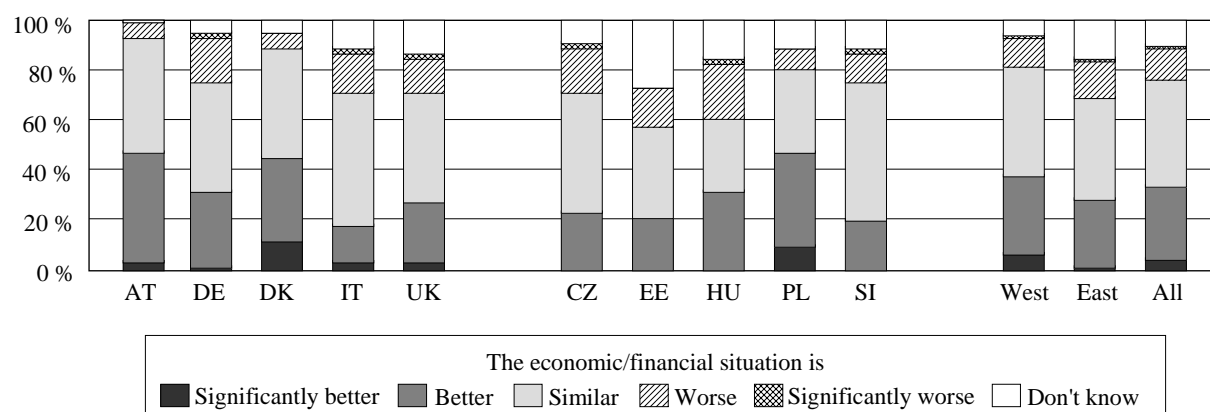
However, when evaluating the importance of organic support payments, it must be noted that abolition of maintenance payments for organic farming does not automatically imply that the income of organic farms will be correspondingly reduced. Rather, organic farms are likely to be eligible – and apply – for other agri-environmental payments. In this study, as an approximation, it is assumed that organic farms would be eligible to receive at least the same amount of agri-environmental payments as comparable conventional farms, if no specific support for organic farming existed. Thus, the benefit of specific support to farms for organic farming, dubbed ‘extra payments for organic farming’ in the following analysis, is given by the difference between agri-environmental payments to organic and comparable conventional farms. This approach actually provides an upper estimate of the importance of extra payments for organic farming, as it seems likely that organic farms may often be eligible for more agri-environmental funds than comparable conventional farms, without needing to change their production system. Due to limited data availability in Central and Eastern Europe, this concept for the assessment of extra organic payments was restricted to the analysis of Western European countries.

3.3 Importance of support payments before EU Eastern enlargement

As a basis for the subsequent assessment of the importance of direct payments and the impact of future policy changes, first the pre-enlargement financial situation of organic farms is briefly illustrated. Analysis of accountancy and typical farm data reveals a clear difference between Eastern and Western countries with respect to absolute income levels. Average FFI+W/AWU ranged from 15000-25000 €/AWU in Western countries. The family farm income of organic and comparable conventional farming has developed along similar lines over the past few years, and was, on average, higher in organic farm samples than in the conventional reference samples. The typical Eastern European organic farms analysed realised an income level from 1000-13000 €/AWU. Only the larger, organic grazing livestock farms in the Czech Republic outperformed many of the Western farms, even before accession to the EU.

The general picture emerging from the analysis of farm financial data is reflected in the survey results. While the majority of farmers assessed the economic situation to be positive, those in Eastern Europe gave a positive assessment less often than their Western European colleagues. When asked for an assessment of the economic performance of their own farm, relative to comparable conventional farms in the same region, responses were predominantly positive again (Figure 3-1).

Figure 3-1: Farmers' assessment of the economic situation on their farms in comparison with comparable conventional farms in the same region



Question asked: How do you estimate your own economic / financial situation in comparison with comparable conventional farms in this region?

Source: Own calculations based on survey of 500 farmers during winter/spring 2004.

The different agricultural policy environment facing organic farms in Eastern and Western European countries is reflected in the level and composition of support payments received. Average per hectare payments are, generally, significantly higher in the EU-15 countries due to the comparatively high level of support from the first pillar. Within the group of new member states, there were large differences in the level of total payments before EU accession: while Polish farmers received only organic farming payments, Slovenian and some of the Czech farmers were eligible for a variety of different pre-accession payments.

The per hectare level of extra payments for organic farming actually received is often lower than the nominal rates specified in the regulations. This is due, firstly, to our approach in determining the extent of specific support for organic farming, which takes into account the possibility that organic farms could apply for other agri-environmental measures if no specific support for organic farming existed. Secondly, not all farm land receives organic area payments (e.g., in Germany, set-aside land is excluded from organic support schemes). However, in general, the per hectare level of extra payments for organic farming actually received still reflects quite closely the differences in nominal rates.

During the survey of farmers, the majority indicated that organic support payments were 'important' or 'very important' to the economic situation on their farms. Organic farming payments were considered to be important for farm viability more frequently in the new member states than in the West. A similar assessment emerged with respect to the importance of the availability of organic farming payments in the decision to convert: at least 56% of the Western European farmers felt that organic farming payments had been important or very important, compared with 76% of their East European counterparts.

Generally, the indicators for support dependency, calculated from accountancy and typical farm data, show a great deal of variation between farms, depending not only on the payments received but also on the levels of gross output and profits which, in turn, vary with farm type and size. With respect to the share of total payments in gross output before EU enlargement, Poland and Hungary stand out, with comparably low values (Table 3-2). In all other countries, the importance of direct payments appears to be substantial, reaching levels of up to 75%. This was due to

high levels of agri-environmental and LFA payments (especially in Austria and on the typical, large Czech cow-calf farms) and, in the case of Western European countries, due to the high level of support from the first pillar.

No systematic difference can be detected between Western and Eastern European countries with respect to the importance of organic farming support before enlargement. On average, the share of extra support payments for organic farming in gross output was remarkably similar across Western countries, with differences between farms of different types being larger than differences between countries. This indicates that, even though the absolute level of specific support to organic farms is high in some countries, the relative preference for organic agriculture is not pronounced, as there are other agri-environmental programmes with high payment levels for which the organic farms would be eligible, if the specific organic support measures did not exist. When measured as a percentage of FFI, the importance of specific support for organic farming is shown to be high in Germany, and very high in the UK and Denmark. The income situation on organic farms in Denmark and the UK would deteriorate dramatically without specific organic support, highlighting the vulnerability of the organic farms in these samples to changes in organic support policies. On typical organic farms in the new member states, organic farming payments accounted for 4-19% of gross output before accession (Table 3-2). Looking at the share of such payments in farm profit (FFI+W), it is clear that many typical organic farms were highly vulnerable to changes in organic farming policy before accession. This holds true particularly for organic farms in the Czech Republic, Estonia and Slovenia.

3.4 Policy dependency under changed political and economic environment

The impact of the 2003 CAP reform

The model results highlight that impacts on the relative competitiveness of organic farms will depend strongly on the national implementation of the 2003 CAP reform and will often differ by farm type. In general, the impact will be more beneficial to organic farms in countries that have opted for full rather than partial decoupling, and in countries which have implemented the Single Farm Payment on the basis of regional payment rates rather than on the basis of historical, individual farm references. Particularly, organic farms in Denmark and dairy farms in southern Germany are projected to benefit from the reform.

With the implementation of CAP reform, the level of total payments received is shown to rise in all the Western organic farm groups analysed due to the development of first pillar payments which increase despite modulation. This is partly due to the introduction of additional direct payments as compensation for reduced milk price support. In addition, in countries which implemented the regional model for the Single Farm Payment, many organic farms benefit from the redistribution of first pillar direct payments. This is evident particularly on the dairy farms in Germany and Denmark, as well as on the arable farms in Denmark. Consequently, the share of direct payments in gross output is constant or increasing in all organic farms groups, with the exception of the arable farm group in Austria (Table 3-2). As the design of agri-environmental schemes is assumed to remain unaffected by CAP reform, the share of specific organic payments in gross output remains constant or is even decreasing slightly. The importance of specific organic support in profits depends on the development of FFI+W. Significant changes compared with the pre-enlargement situation are only predicted for the organic arable farms in Denmark, whose profits are projected to increase significantly due to

the redistribution of first pillar payments; and for the arable farms in southern Germany where, as CAP reform exempts organic farms from set-aside, land formerly subject to obligatory set-aside in the base year will become eligible for organic support payments in the future.

The enlargement of the EU and the adoption of the CAP may lead to a significant increase of organic production in the accession countries, possibly resulting in lower farm gate prices for organic products in the old EU member states. To assess the sensitivity of projected farm income and support dependency to market changes, different market scenarios with reduced prices were modelled. The results show that for most of the organic farm groups analysed, the degree of (in-) dependency, in terms of the extra support payments for organic farming, is not greatly influenced by the market scenarios, as often a significant share of the products is sold at conventional prices anyway. Exceptions are the arable farms in Denmark and Germany, and more especially, the group of arable farms in Southern Germany, for which the amount of extra payments could exceed FFI+W in the scenario with strong price reductions (-35 %) for organic products .

The adoption of the CAP in the new member states

Adoption of EU agricultural policy leads to significant changes for organic farmers in new member states. The increase in direct payments is almost always accompanied by an increase in European standard compliance requirements, primarily relating to hygiene and agri-environmental issues, and by increasing costs. The outcome of the workshops in the study countries revealed that an important share of the typical farms would invest in new production technology to comply with increased production standards. Many farmers plan to use the additional financial resources to expand their farm size.

Most organic farmers in the Eastern European countries will benefit largely from the adoption of the CAP, even though factor prices, in particular land prices, are projected to rise. Farm incomes (FFI+W/AWU) will increase by about 300% in most typical organic farms in the Czech republic by 2013. The corresponding results for Hungary are increases by about 50-240% depending on farm type, 140 to 220% in Estonia, about 50% in Poland, and zero to 150% in Slovenia. Some typical organic farms in the new member states will catch up with their Western counterparts with respect to farm income. Typical medium and large organic farms in the Czech Republic and in Hungary in particular, achieve incomes that are on par with, or even higher than, those of organic farms in the West.

On many typical organic farms in the new member states in 2013, the share of total payments in gross output will be as high or even higher (Czech Republic) than that of the organic farm groups analysed in the EU-15 countries (Table 3-2). The share of organic farming payments in gross output will also increase for most typical organic farms in Eastern European countries, and will in many cases exceed those of Western European countries in 2013. The reasons for this are, on the one hand, low prices which lead to relatively small revenues (Czech dairy farm, Estonian farms) and on the other, a comparatively high level of organic farming payments (Slovenian farms). On cow-calf farms in the Czech Republic, the importance of organic farming payments to total farm returns decreases over the time period under consideration, due to a marked increase in direct payments other than organic payments during the course of the adoption of the CAP. The declining relevance of organic payments is thus a relative, rather than an absolute, phenomenon.

Table 3-2: Share of payments in gross output and in FFI+W on organic farms in selected European countries, 2002/2003 (actual) and 2013 (projected)

	Total payments		of which extra payments for organic farming			
	% of gross output		% of gross output		% of FFI+wages	
	2002	2013	2002	2013	2002	2013
Austria						
Arable farms, valley+hills	35	32	12	10	23	21
Dairy farms, hills	25	30	8	8	18	18
Dairy farms, mountains	29	33	5	5	10	9
Other grazing livestock, mountains	47	47	10	10	24	21
Denmark						
Arable farms	37	40	9	7	60	37
Dairy farms, < 100 cows	12	22	3	3	15	16
Dairy farms, > 100 cows	12	22	3	3	16	16
Germany						
Arable farms, North	38	39	11	10	32	31
Arable farms, South	29	29	9	9	34	45
Dairy farms, South	19	29	7	7	24	25
UK						
Dairy and grazing livestock farms	29	34	5	5	14	16
	2003	2013	2003	2013	2003	2013
Czech Republic						
Arable (large, 200 ha)	17	53	17	19	63	43
Dairy (small, 64 ha, 58 t milk)	13	49	12	14	76	37
Cow-calf (small, 100 ha, 11 cows)	49	60	11	4	37	7
Cow-calf (medium, 140 ha, 70 cows)	44	76	8	6	11	8
Cow-calf (large, 551 ha, 145 cows)	75	88	12	6	32	10
Estonia						
Arable (large, 89 ha)	23	36	9	16	36	34
Dairy (large, 230 ha, 194 t milk)	23	36	9	16	36	34
Hungary						
Arable (small, 9 ha)	5	23	4	8	9	17
Arable (medium, 374 ha)	10	33	9	11	21	21
Dairy (medium, 290 ha, 335 t milk)	20	25	6	4	14	6
Dairy (large, 1 850 ha, 3 360 t milk)	13	28	5	6	15	11
Poland						
Arable (small, 17 ha)	4	18	4	8	6	12
Arable (large, 100 ha)	9	33	9	14	17	27
Dairy (small, 17 ha, 34 t milk)	9	37	9	12	20	29
Dairy (medium, 18 ha, 88 t milk)	5	21	5	9	11	22
Dairy (medium, 48 ha, 100 t milk)	4	22	4	7	9	14
Slovenia						
Arable (small, 13 ha)	23	31	14	20	27	37
Dairy (small, 13 ha, 28 t milk)	27	43	19	19	72	67
Cow-calf (small, 9 ha, 9 cows)	25	38	12	14	132	201

Source: Own calculations based on EU-FARMIS 2005; FADN-EU-DG-AGRI/G3 and typical farm modelling.

Following EU accession and higher payment rates, the vulnerability to policy changes (measured as the share of organic farming payments in FFI+W) is projected to increase on farms in Estonia, Hungary and Poland. In the Czech Republic and Slovenia, changes in the extent of vulnerability arising from organic policy support will depend on farm type.

The developments of prices for organic products is subject to considerable uncertainty. While the ongoing growth of organic production in the new member states may exert a downward pressure on prices, demand is also projected to grow in the course of the general rise of incomes, and the EU enlargement in addition facilitates the export of organic products to the large markets for organic products in

the old EU member states. Therefore, market scenarios with different price projections were analysed, with the results showing that especially for the typical organic arable farms, income and support dependency is highly dependent on the future development of organic markets (Nieberg et al., 2007).

3.5 Conclusions and outlook

Direct payments play an important role in the financial viability of many organic farms in both Western and Eastern European countries, and this importance will further increase by 2013. Specific support for organic farming made within the agri-environmental programmes is particularly visible and, therefore, often the focus of debate. These results, however, put the level of specific support for organic farming into perspective, as other support payments and market returns contribute larger shares to total farm revenue in all the countries analysed. In addition, there are often non-organic, agri-environmental measures for which the organic farms would be eligible for if no specific support for organic farming existed.

Future support for organic farms is likely to be different from today, although the direction of change is far from certain. On the one hand, continuing CAP reform, intended to strengthen sustainability and the second pillar of the CAP, will offer a wider range of opportunities to support organic farming. On the other hand, three years on from CAP reform, it has become apparent that budget constraints will severely constrain the likelihood of maintaining current agri-environmental support levels in many countries. In addition, in view of the changes to first pillar support under CAP reform, there is already intensive discussion as to whether the level of second pillar measures needs to be lowered in order to account for the changes in relative profitability, especially in countries which have implemented payments on a regional basis – which often benefits organic farms due to the redistribution of direct payments. The respective consequences for the profitability of organic farming in different countries could be substantial and should be monitored closely.

With respect to possible changes to the measures currently in place, organic farmers themselves have clear, though diverse, ideas about what the future of organic farming payments should look like. Assuming they have the power to decide, when asked for their suggestions only 2 out of 547 farmers said that no changes were necessary. The majority of farmers would like to see an increase in organic payment levels, although there is clear differentiation between Western and Eastern farmers. Conversely, some farmers suggested a reduction of payments, with 12% of those in Austria and Denmark opting for the complete abolition of support, indicating a preference for stronger market orientation in the organic farm sector. While some farmers pleaded for unification of payments, especially between conversion and maintenance levels, or within a particular country (Germany and Denmark), many farmers made suggestions for stronger differentiation of payment levels. Proposed criteria included land use, soil quality or other measures of natural disadvantage, region and farm size. Rather than increasing area payments, many farmers also stressed the need for strengthening other forms of support, e.g., support for marketing, processing and inspection. A large number of farmers would like to see bureaucratic barriers for receiving support payments reduced and the long-term orientation of support policies increased. Although these wishes were not detailed, they point to scope for improvement, and considerable challenges ahead for both administrators and policy makers.

4 Organic Farming Policy Development in the EU: What can Multi-Stakeholder Processes Contribute?

A. M. Haering, D. Vairo, S. Dabbert and R. Zanolì

Multi-stakeholder processes bring together major stakeholders of a particular area to participate in a new form of communication, decision finding (and decision-making) on a particular issue (Hemmati, 2002). Several authors have attempted to define different types of participation in multi-stakeholder processes (Biggs, 1989; Lilja and Ashby, 1999; Pretty, 1995; White, 1996). Probst and Hagmann (2003) described linkages between different social actors, according to varying degrees of involvement in and control over decision-making in the relationship. From this point of view, their definition of “collaborative participation” seems appropriate to describe participation in multi-stakeholder processes: “Different actors collaborate and are put on an equal footing, emphasising linkage through an exchange of knowledge, different contributions and a sharing of decision-making power during the innovation process” (Probst and Hagmann, 2003: p. 6).

The benefits of multi-stakeholder processes include:

- **Quality:** Stakeholders add specific experiences and knowledge of issue areas that are not easily accessible to others.
- **Credibility:** Multi-stakeholder processes include groups that do not represent the same interests.
- **Likelihood of impact and implementation:** Being part of a multi-stakeholder process, and thus partly responsible for its outcomes, can increase people’s commitment to the outcome and enhance their efforts to communicate and implement them.
- **Societal gains:** Democratic participation, equitable involvement and transparent mechanisms of influence create successful communication across interest groups and competitors. Consensus building and joint decision-making can increase mutual respect and tolerance and lead societies out of deadlock and conflict on contentious issues.

The expected outcomes from such multi-stakeholder processes are diverse; the way knowledge is generated and shared depends on differences between the main actors, including perspectives, interests and expectations. Researchers can gain practical experience through working together and being involved in analysis and decision-making. In this context, “stakeholders are those who have an interest in a particular decision, either as individuals or representatives of a group” (Hemmati, 2002). This includes people who influence a decision or can influence it, as well as those affected by it. The appropriate group composition will always include those with authority, resources, information, expertise and need. Thus, a broad range of stakeholders from different societal groups (government, companies, public interest groups and knowledge bodies) must be included, not only in defining the problem, but also in searching for solutions and developing shared visions. Combining researchers’ technical and methodological expertise with participants’ real work-life experience can help to make research more dynamic and accurate (Stavrou, 2002).

The objective of this chapter is to discuss if and how multi-stakeholder involvement can make a worthwhile contribution to the development of agricultural policy in the enlarged EU, using the example of organic farming.

4.1 Organic farming policy development in the EU and stakeholder involvement

Organic farming has become an inherent part of agriculture in the European Union. The first major policy measure concerning organic farming was the EU-wide harmonisation of the definition of organic farming by Council Regulation (EC) 2092/91, in order to ensure market transparency and consumer protection. Governmental support through agri-environmental and rural development programmes, largely made under Council Regulations (EC) 2078/92 and 1257/99, based on the organic farming definition of Council Regulations (EC) 2092/91 and 1804/99, has played a significant role in stimulating an increase in organically managed farms and land area.

These policies were developed by agricultural policy makers legitimated by democratic processes or institutional background, e.g. national “consultative groups” for the implementation of the agri-environmental measures within the Accompanying Measures and the Rural Development Programmes (Council Regulations (EC) 2078/92, 1257/1999). Representatives of organic farming associations or informal groups were involved – if at all – through informal communication with members of these consultative groups. In part, this was due to the origin and development of the organic farming sector as a private sector connected to a social movement. Until recently, most organic farming organisations were more concerned with the principles of organic farming and their justification, rather than with lobbying for policy support. In addition, due to its relatively small size in terms of profits or persons involved, the organic farming sector did not represent very strong lobbying power; this resulted in very limited lobbying by organic farming organisations in most Member States (Dabbert et al., 2004), in spite of support by environmental organisations. At the EU level, the umbrella organisation of organic farming associations, IFOAM, did not establish a permanent office for lobbying activities close to the European Commission until October 2003.

An important step towards broader European involvement of stakeholders was a conference on organic farming in Baden (Austria) in 1999 (reference), organised jointly by the Austrian government and the European Commission. Probably for the first time, stakeholders were consulted on organic farming issues. This consultation was continued and extended in a similar conference at Copenhagen, Denmark in 2001. Although both conferences were not formal policy consultation processes, they were organised to provide input into policy development at the EU level. However, these consultations followed a top-down approach. Goals and topics to be addressed, as well as the stakeholders invited, were defined by the organisers.

Since 2001, the European Commission has followed principles of good governance (EC, 2001). This includes the mechanisms, processes and institutions through which citizens and groups articulate their interest, exercise their legal rights, meet their obligations and mediate their differences. The objective of the European Commission is to achieve greater involvement of citizens in legislative processes and to speed up the adoption of a common policy framework in all European Member States. One of the five principles of good governance is stakeholder participation in the formulation of policies and their implementation.

An EU-wide effort of stakeholder participation in the development of policies concerning organic farming was the 'European Hearing on Organic Food and

Farming - Towards a European Action Plan' in Brussels in 2004 (EC, 2004), followed by an online consultation. The main purpose of this hearing was to listen to the views of the widest possible range of stake-holders in the agricultural, environmental and consumer field. Over 100 stakeholder organisations, Agricultural Ministers from Member States, Accession and Candidate Countries participated in this conference. As a result, the Commission prepared an Action Plan in the form of a Communication to the European Council and Parliament, including a list of possible actions to boost organic farming. Again, this hearing was organised top-down, only allowing participation of certain invited stakeholders.

The resulting European Action Plan for Organic Food and Farming did not originally include any specific policy measures, or a budget for specific policy goals. It resulted however, in the much-discussed revision of Council Regulation (EC) 2092/91. The revision process itself has been criticised with regard to insufficient stakeholder involvement (Eichert et al., 2006). Key policy actions within the European Action Plan for Organic Food and Farming, such as addressing organic farming within Rural Development Programmes, were left to the Member States. Nevertheless, the Action Plan Document provided justification for a range of measures and a list of ideas for national implementation. Currently, all Member States have opted to address organic farming through specific support measures. Only in some Member States has formalised involvement of stakeholders in organic farming policy development been initiated by legitimated bodies of governance (e.g. Germany, Denmark).

4.2 Why involve stakeholders in policy development?

The creation, management and transfer of knowledge are crucial to policy development. There is no single 'best way' of facilitating policy innovation and learning; however, a broad political debate among stakeholders may contribute to policy development capacities. This debate should help to facilitate the sharing of information, the spatial integration of policy and planning and the creation of multi-stakeholder groups. Finally, it can contribute towards improving the capacities for policy development (Shannon, 2003).

Interactive social research may be regarded a pragmatic, utilitarian or user-oriented approach (Bee Tin, 1999). Such a user-oriented approach to research incorporates a value-base that is committed to promoting change through research. Various names for such research are used: community-based research, participatory research, or collaborative research. It rests on two main principles: democratization of the knowledge process and social change.

Action research forms part of this genre. Interactive social research or action research approaches, based on the interaction between social subjects (Todhunter, 2001) and collaborative policy learning procedures (Dolowitz and Marsh, 2000; Rose 1991; Stone, 2003), are generally favourable for stimulating stakeholders to cooperate in knowledge gathering. These approaches involve 'ordinary' people in the development and implementation of research, and thus help to develop a common knowledge and critical awareness (Todhunter, 2001). In inter-active social research, researchers identify the user group, work in close collaboration with the users and involve users in identifying research questions, analysing research results and interpretation. In action research, participants co-produce knowledge through their mutual collaboration. Different experiences and competences of participants represent an enrichment opportunity. There is a dual focus in action research: one is the theoretical study, analysis, observation and knowledge of an actual situation, while

the second is the practical action and change within the situation, following an integrated and dynamic process. Accomplishing these goals requires active collaboration between researcher and stakeholder, and stresses the importance of co-learning as a primary aspect of the research process (O'Brien, 1998).

The range of stakeholder participation actually realised in research or policy development processes is wide. Research can be performed by stakeholders in collective action, where stakeholders set their own research agenda and carry it out without the involvement of outsiders such as initiators or facilitators. In other cases, research may be conducted with stakeholders merely as the subjects. In this case, complete power remains with the outside observer who analyses the situation; stakeholders' representatives are chosen solely as a token and have no influence on the research process (Pretty, 1995; Martin, 1997).

4.3 How to facilitate participation and co-learning in an international context?

A transdisciplinary approach requires the collaborative teams to share roles and systematically cross discipline boundaries. The main purpose is to integrate the expertise of team participants for a more efficient and comprehensive assessment (Bruder, 1994). Research should be used to inform policy and improve practice: if policy and practice are to be successful, they must reflect the needs of those for whom they are designed (Stavrou, 2002). At the same time, it is essential that researchers stay within their role and do not become stakeholders or proponents of specific interests themselves; they must achieve a delicate balance.

Collaboration within a group is considered an effective learning tool, as collaboration implies synergy, a common effort to the realization of a particular objective. Collaborative working favours the development of critical thought; it improves and develops both problem solving and cognitive abilities (De Kerckhove, 2004).

In interactive social or action research, the importance of group discussion, in contrast to individual interviews, is clear: group discussion allows exchange of information and ideas, and provides the experience of working in a team. In group discussions, ideas are generated, shared, "tried out" and responded to by others. Apart from gaining insight into the understanding of everyday life by others, group discussion allows observation of group interaction with regard to a given topic. This interaction produces opinions, insights and data that could not evolve from outside stimulus alone (Morgan, 1988); it enables participants to ask each other questions, as well as re-evaluate and reconsider their own understanding of their specific experiences. Group discussions are particularly suited to obtaining several perspectives on the same topic and the underlying reasoning.

4.4 Case study: Stakeholder involvement in the development of policies for organic food and farming in Europe

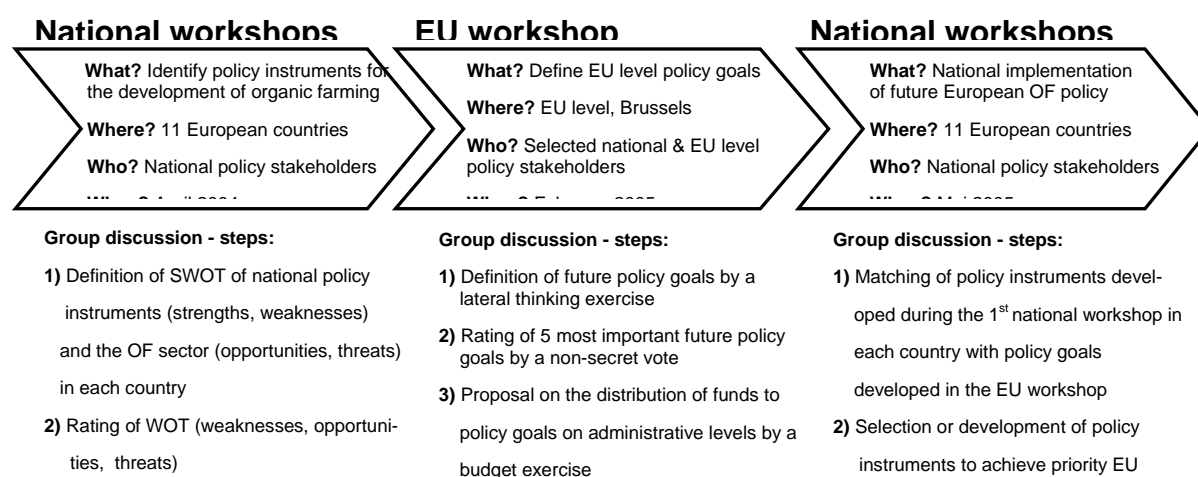
The approach

In 2004, the European food and farming sector faced several challenges: the accession of ten new Member States to the European Union, the implementation of the first pillar measures of the CAP Reform 2003 beginning January 2005, and the development of the 2007-2013 Rural Development Programme at EU and Member State levels.

To contribute to a scientifically based formulation of policy recommendations to support organic food and farming in Europe at the national and EU level, a bottom-

up methodological approach of stakeholder involvement was designed (Häring and Vairo, 2004; Vairo et al., 2005a, b) and implemented in 11 European countries (AT, DE, DK, CH, CZ, EE, HU, IT, PL, SI, UK). Existing agricultural policies and their impact on the organic food and farming sector were assessed in cooperation with the most important stakeholders of the organic farming sector in the European Union. On the one hand, the objective was to identify and assess existing policies in all Member States that could be transferred through emulation, adaptation or more or less coercive acquisition. On the other hand, innovative policies should be developed for implementation in Member States, where considered appropriate by stakeholders. One objective was to account for the national differences in development of the organic farming sector, as well as institutional frameworks and social capital in each country. Thus, in order to produce appropriate innovations in policy at national and EU level, stakeholders from old and new European Member States were involved through a structured process: Two national and one EU level workshop were performed to facilitate policy learning among stakeholders within and across countries (Figure 4-1).

Figure 4-1: The workshop series



- At the national level, there was an opportunity to facilitate policy learning among stake-holders within a country, to create a national network, and to create a common basis for future actions.
- At the trans-national level, there was an opportunity for Member States to learn from each other (e.g. new and old Member States), to create trans-national networks, and to reduce differences in national policies and policy innovation.
- It was possible to create a link between national and transnational stakeholder networks and the EU Commission, as these workshops were an EU-wide 'experiment' in developing organic farming policy recommendations.

The participants

Different approaches to the selection of participants in multi-stakeholder workshops have been discussed; in many studies, a trilateral or trisectorial approach is favoured, which include governments, the private sector and "civil society". For Hemmati (2002), the definition of stakeholder groups has more successfully been based on

Careful analysis of an issue area and on thinking “outside the box” of established “lists” of stakeholder groups. Careful selection of stakeholders according to the problem area and desired outcomes of the policy development process is recommended.

The guiding principle for the selection of stakeholders in this case study is to achieve a good representation of perspectives, representing the diversity of stakeholders in the organic farming sector. Representatives from four groups were chosen: policy makers; organic sector representatives; other non-organic sector representatives; third parties.

‘Policy makers’ had to have at least some active involvement in national policy development or implementation; to depict the diversity of the various sectors of government, representatives of agricultural, environmental, economic and regional development had to be involved.

‘Organic sector representatives’ were those familiar with the national conditions of organic farming. In this case, expertise has an operational, practical meaning. For diversity, this group of organic sector representatives should represent the variety of the organic farming: farmers, certification bodies, and agri-business representatives (processors, marketing, and distributors).

‘Non organic sector representatives’ primarily had a non-organic perspective, e.g. representing general farmer unions, environmental protection agencies and consumer organisations. Participants belonging to the ‘third parties’ should contribute to a pluralistic constitution of the group: advisors, academics and other experts such as journalists and consultants).

In each national workshop between 8 and 14 participants were present. For the EU level workshop, one to two representatives from all national workshops participated and a range of representatives of EU level governmental and non-governmental organisations with a stake in organic farming policy were defined.

4.4.1 Group discussion tools

Multi-stakeholder processes can fail to deliver positive results if they are not properly planned, structured, managed, led and supported, and if there is insufficient common vision. Therefore, common workshop procedures were developed, outlined in detailed manuals and distributed to all group facilitators for each of the workshops (Häring and Vairo, 2004; Vairo et al., 2005a, b). In each workshop, different tools were applied according to the specific objectives.

Our approach was a modification of the Focus Group technique, a widely-used group interview method used by social scientists (Morgan, 1988; Greenbaum, 1998; Cardano, 2003). The discussion was highly focused and structured with free-flow discussion reduced to a minimum in order to achieve high standardisation of results among countries.

The objective of the first national workshop was to identify the status quo of the organic farming sector and policy. Group discussion was structured in 3 phases:

1. Definition of strengths, weaknesses, opportunities and threats (SWOT): The analysis of organic farming policy was based on the methodological approach of SWOT analysis. First, participants analyzed the strengths and weaknesses of their country’s specific policy instruments. Then, looking at the external (uncontrollable) environment of the organic farming sector, participants identified those areas that pose opportunities for organic farming in their own

country, and those that pose threats or obstacles to its performance and development.

2. WOT (weaknesses, opportunities and threats) rating: Participants assessed
 - what weaknesses were most relevant in the organic farming policies of their country (criteria: high impact and high importance),
 - what opportunities could be exploited for organic farming in their country (criteria: high attractiveness and high probability) and
 - what threats exist, against which the sector needs to defend itself (criteria: high seriousness and high probability).

Strengths were not rated, in order to keep the task simple and not too demanding for participants, as well as to focus on what could be tackled (weaknesses/threats) or exploited (opportunities).

3. Identification of policy instruments: Participants were asked to elaborate possible policy instruments to address weaknesses, opportunities and threats through a brainstorming exercise. This led to a list of recommendations for national policy makers and provided the basis for the discussion of an EU policy framework for organic farming during an EU level workshop in February 2005.

The EU workshop was designed to develop suggestions for policy approach during country-specific policy implementation for national stakeholders, rather than defining specific policy instruments for the development of the organic farming sector itself (Vairo et al., 2005a). Following the policy design process outlined before, the EU workshop covered a) the development of policy recommendations at the EU level through identification of five major policy goals and b) the prioritisation of those policy goals.

The development of policy recommendations was conducted using a lateral thinking exercise (De Bono, 2003; Manktelow, 2004; Richardson et al., 2003). Prioritisation of these policy goals was performed in two steps, first by a non-secret voting system and then through a budget exercise.

The objective of the second national workshop was to define policy instruments for implementation at the national level by matching policy instruments from the first national work-shop with EU policy goals and identifying responsibilities. The workshop was structured in two phases:

1. Policy instruments developed during the first national workshop were matched to national circumstances; this procedure followed the recommendation on policy goals developed during the EU-level workshop. Where national stakeholders considered policy instruments to be missing, these were developed.
2. Development of detailed policy actions to address policy instruments, according to selected goals and following the SMART methodological approach .

In order to assure usability and comparability of results from the different countries, all three workshops followed a rather rigid methodological framework, with ambitious objectives in terms of the results to be obtained. In the common workshop procedure, particular attention was given to the single steps of the methodology applied and the time and resources needed to make a worthwhile contribution. This left very little time for free discussion or for participants to present their opinions or

position of their organisation. Although this caused some unease during discussion, by the end of the day participants appreciated these constraints. The given structure had forced them to leave their “usual” paths of argument and provided new viewpoints (Häring et al., 2005a).

4.4.2 The analysis

A large number of perspectives resulted from the different methodological steps related to the organic food market and organic farming policy. Results of the different steps were analyzed using iterative coding. Careful coding allowed a cross-national analysis of the assessments by stakeholders of very different professional backgrounds and cultural settings (Häring et al. 2005a; Zerger et al. 2005a, b). At the same time, the study was designed to achieve the highest level of accuracy in analysing and synthesising the results. More specifically, the following operating standards were adopted in collecting and analysing data:

- Common data collection procedures (detailed manual on workshop procedure for group discussion and reporting system) were used consistently in all countries investigated. For the EU workshop, a detailed workshop manual was developed as well.
- The workshop results from group discussion were analysed on a country-by-country basis to allow specific linguistic issues to be taken into consideration. However, a common reporting system was used. The EU workshop was analysed directly in English.
- Two independent judges performed the coding of data, in order to achieve and assess inter-coder reliability (Perrault and Leigh, 1989).
- A central meta-analysis of all country reports made it possible to resolve inconsistencies in inter-subjective coding (Johnson and Christensens, 2004).
- Group facilitators, organisers and coders involved in the research received specific training to assure that both the group discussions and the coding of data conformed to the standards required.

4.4.3 The results – an example

An example of the results derived is presented in the following. The stakeholders identified a large number of policy instruments for the development of the organic farming sector in 11 national workshops (Häring et al., 2005a). Iterative coding resulted in groups of codes summarised under 8 topics corresponding to the 8 policy goals developed during the EU-Workshop (Zerger, 2005a, b). Although the objective was to define 5 priority policy goals, participants found it necessary to include a total of 8 policy goals, in order to address organic farming policy development in the EU at the time. The following policy goals were defined:

- Tax policy for organic farming
- Promote consumer awareness: communication with consumers
- Inspection and certification system: risk-based, effective, harmonised, EU oversight
- Capacity building and networking
- Research and Development targeted on organic priorities

- Protection of organic sector from negative effects of GMOs (In the original list issues surrounding genetically modified organisms appeared in 3 separate policy goals, none of which was voted into the top five policy goals; Thus stakeholder felt that a policy on genetically modified organisms that allows the organic sector to develop without negative influences from these organisms would be a very important goal.)
- Organic farming as a role model for sustainability - this policy goal considers changes in general policy design issues
- Organic market development

This last was seen as an additional goal because of the relevance of the market for the organic farming sector and because market issues had been discussed very intensively.

The policy instruments defined during the first national workshop were matched to this list of policy goals. In the second round of national workshops, national experts defined the most important policy instruments to address each of the outlined policy goals in their country and developed additional policy instruments, where appropriate. Finally, for a large part of the identified policy instruments, detailed policy actions identified by stakeholders were developed.

In the following, an example of the most important policy instruments and the related policy actions developed is presented for the policy goal “Promote consumers awareness: communication with consumers” (Figure 4-2).

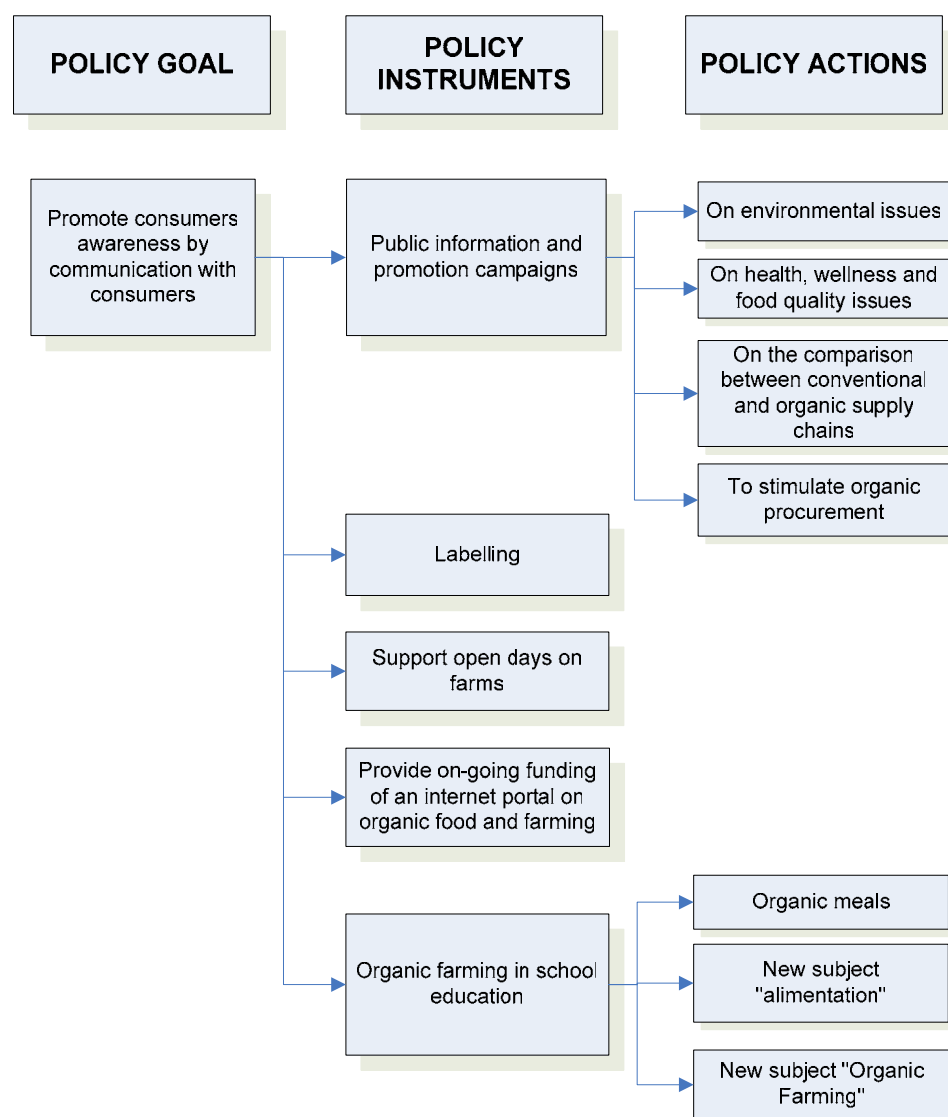
To develop the organic market, participants believed that not only “push” measures (dealing with increasing supply) were important, but also particularly “pull” measures (dealing with an increase of market demand). The promotion of consumer awareness is considered an important issue in market development. However, only when organic products are available and accessible can increased awareness result in changes in habit.

Participants stated that marketing and information campaigns should be included into the relevant portfolio of organic farming policies. Nevertheless, information campaigns creating awareness and marketing campaigns must be differentiated.

Two policy instruments were mainly discussed: “Organic farming in school education” and “Public information and promotion campaigns”.

In many countries, workshop participants suggested to initiate a national promotion campaign for organic products. Such effective, wide-scale, promotion campaigns should include media information (TV, newspapers, radio, internet), booklets, consumer training etc. According to the workshop participants, the aim of the campaign should be to inform consumers, schools and other key actors in the food chain about the merits of organic farming. The campaign should focus on organic farming’s environmental benefits, organic product prices and organic product quality.

Figure 4-2: *Policy instruments and policy action concerning the “Promote consumer awareness” policy goal*



Public information and promotion campaigns were the only policy instruments chosen and proposals developed for all countries. Concrete proposals were to inform consumers on environmental issues; on health, wellness and food quality issues; to clearly define organic farming and to compare conventional and organic agriculture. Another suggestion for increasing consumer awareness was to stimulate public availability of organic products. The use of 100% organic products in public canteens should be compulsory and combined with food educational programmes. An example of a result from one of the workshops (in Italy,) with respect to the concrete policy actions to be taken in the field of “Stimulating public procurement”, is described in Table 4-1.

Table 4-1: Policy actions to stimulate public procurement

Step	Consumer education could be achieved by stimulating public availability of organic food products
1) How actions will be implemented	<ul style="list-style-type: none"> • Compulsory use of 100% organic products in public canteens • Action should be taken for those public canteens not respecting the regulation (this is already possible according to Italian law) • Food education programmes in school canteens and organic agri-tourism • Periodical visits from experts (ex. nutritionist, agronomist) in school canteens, for education and taste testing (between conventional and organic products) • Training of cooks • TV series (organic food & cuisine)
2) Who will take responsibility for implementation	<ul style="list-style-type: none"> • Local authorities • Schools • Regional government (Ministry offices)
3) Which resources will be used both in financial and human terms	<ul style="list-style-type: none"> • 25 Million €/year • EU funds (promotion and training) • Ministry of Health and Agriculture (for communication) • Regional level – Ministry of Agriculture (Rural Development Programmes for information activities) • Catering enterprises • Local authorities (increase boarding charge)
4) Who will specifically be the addressees or recipients of the action	<ul style="list-style-type: none"> • Consumers • Whole sector
5) Which will be the expected times for starting implementation and finalising the action	<ul style="list-style-type: none"> • 2007

Source: Vario and Zanoli (2005)

4.5 Conclusions

The case study presented here demonstrates a bottom-up approach to stakeholder involvement in agricultural policy design and can be regarded as a first step towards a more active stakeholder integration to policy learning, innovation and transfer for the organic farming sector in the EU. A range of policy instruments for the long-term development of organic farming were developed and have spread widely. For example, a series of discussion papers outlining policy recommendations on the consideration of organic farming in the design of national rural development plans (e.g. Häring et al., 2005b; Slabe et al., 2006) was disseminated to all participants of all three workshops, as well as the most common dissemination channels for the organic farming sector in Europe. In several countries, results have fed into the development of national rural development plans and national strategic documents on organic farming policy, i.e. national action plans for organic farming.

A sustainable impact on European Union organic farming policy was supported by stakeholder involvement and careful selection of participants. This included the spread of information, knowledge and policy transfer; national and trans-national networks were created or enhanced. In future, these networks will facilitate the building of alliances between participants, development of a common language and will influence decision makers in policy implementation. The ideas that emerged were spread among countries and common visions were developed; in some instances

they were also implemented. Participant evaluations indicated that proposals for effective and coherent policies for the development of the organic farming sector in the EU were made. Furthermore, the evaluation showed that, particularly in countries where policy networks are not yet well developed and mainly centred on a few stakeholders and organisations (Moschitz and Stolze, 2007), such approaches to policy development, learning and transfer were effective and transfer networks were developed.

The benefits and value of an alliance between researchers, policy makers and stakeholders in implementing policy are various:

1. Through partnership, stakeholder's voices were brought into the policy arena, even in such cases where no strong lobbying groups exist;
2. Stakeholders were confronted with some of the research results of the project and thus had the opportunity to comment, contradict and enhance the output by adding knowledge from their direct experience;
3. Dissemination of research results: The research reported here did not end with the scientific documentation, but went on to include an assimilation of at least some of the research results into practice.

There are also potential disadvantages associated with this type of research. Obviously, the research and infrastructure requirements are quite substantial. In addition, an important output of the process is a practical one in terms of substantial policy learning, with the research being only part of the total product. While the process is probably quite useful in terms of the output for society, it may be less so for the scientist, in terms of publication output per unit of time and effort. It is quite important to have a clear view on the position of the scientist; while the social scientist becomes part of a political process in initiating, structuring and moderating, it is very important to have a person who can take a step back when analysing the results, from an independent scientific position. However, there is certainly a danger of sympathizing with stakeholders, which could jeopardize scientific integrity.

In this regard, the issue of 'subjectivity' in policy research has been discussed, among others, by Midmore (1998) and Patton (1990). The latter tackles the issue of what he calls "empathetic neutrality", as follows: "Complete objectivity is impossible; pure subjectivity undermines credibility; the researcher's passion is understanding the world in all its complexity – not proving something, not advocating, not advancing personal agendas, but understanding. The researcher includes personal experience and empathetic insight as part of the relevant data, while taking a neutral, non-judgemental stance towards whatever content may emerge". Indeed, focus groups and participant observation are common qualitative research tools used by social scientists and have long been recognised as valid – albeit qualitative – methods (Cardano, 2003). Aside from these, "discourse analysis" and discourse theory, which apply the method of literary criticism to analysis, are emerging post-modern approaches to empirical policy analysis (Howarth et al., 2000). Our approach here puts the emphasis on participation as a means of promoting better understanding and better policy making. This – as noted by Midmore (1998) quoting Habermas – allows the creation of common understanding between researchers, stakeholders and policy-makers through the three forms of rationality: scientific, aesthetic and moral. Politics has come to be scientised, and popular involvement has been substituted by expert assessment (Habermas, 1981; Galimberti, 2003); while a participatory action research in policy design – through the ability to freely discuss, challenge and potentially change social norms – allows, in our view, for higher equity and efficiency in policy making.

Normative approaches to policy design would have most likely obtained very different results. However, in view of the principles of good governance, multi-stakeholder approaches are a highly effective application of the principle of participation. In addition to what we have reported here, it may also be possible to bring the results of normative research into these processes and thus create new stimuli for discussion.

In practice, the success of multi-stakeholder processes also depends very much on the willingness of different actors to participate and to give their time and effort to the process without any compensation. When the multi-stakeholder process reported here took place, the actors felt a need to be involved in such a process; this was very likely triggered by the belief that actual policy might be influenced. In the situation considered, with the accession of 10 new states to the European Union and the need to restructure Rural Development Programmes, the need to emphasise the role of organic farming within this context provided the necessary motivation for the actors' successful involvement and interest.

5 Organic farming policy networks in Europe: context, actors and variation

H. Moschitz and M. Stolze

In comparison with the general CAP, which was established in Europe at the end of World War II, organic farming is a relatively new policy field in the European Union (EU). Particular to this policy field is the fact that organic farming emerged as a social movement in opposition to mainstream farming including not only the producers of organic food but also consumers and environmentalists (Tovey, 1997). This resulted in policy networks that looked quite different from those found in general agricultural policy, where fairly closed systems of policy making had developed, based around general farming organizations and agricultural ministries (Greer, 2002). However, organic farming policy networks are far from similar across Europe. The number of actors engaged in these networks varies between 13 (Czech Republic) and 26 (Austria), and the density of the networks ranges from 7.9% in Estonia to 45.6% in Denmark. Besides, in a few countries organic farming organizations dominate the networks, whereas in others this role is played by the agricultural ministry (Moschitz and Stolze, 2007).

Networks in agricultural policy have been analysed in a number of ways (Thatcher, 1998). Henning, Pappi and Wald used network analysis as a heuristic tool to develop a typology of interest intermediation systems, using the example of the CAP (Pappi and Henning, 1999; Henning and Wald, 2000). Sciarini (1996) examined how the Swiss agricultural network reacted to pressure exerted by the Uruguay round of negotiations over the General Agreement on Tariffs and Trade (GATT). In a comparative analysis of the implementation of nitrate policy in Denmark and Sweden, Daugbjerg (1998) used network structures to explain the differences in policy outcome. However, while agricultural policy has been the focus of a number of network analyses (see e.g. Smith, 1992; Jordan *et al.*, 1994; Adshead, 1996), this analytical tool has rarely been used in organic farming policy analysis. For example, Greer (2002) examines policy change in the Irish and the British organic sector through a network analytical perspective.

The aim of this chapter is to explore why organic farming policy networks have developed differently across Europe, despite the fact that organic farming in all countries is affected directly or indirectly by the CAP. The EU states covered are Austria, Denmark, England (while acknowledging different network structures in the UK as a whole), Germany, Italy, the Czech Republic, Estonia, Hungary, Poland and Slovenia; Switzerland provides a non-EU perspective. We are looking for factors that influence the structure of organic policy networks. In doing so, we apply the concept of *network* in two ways: first, as a heuristic device to describe linkages and interactions among the actors involved in policy making; and, second, as a variable that depends on different factors, such as the institutional environment and the ideas and strategies of the actors involved. Actors in this paper are conceived not as individuals but as collective entities, i.e. private or public organizations.

In the following, we present the theoretical background of network analysis as well as the concepts used to describe influencing factors. We then outline our comparative research design, before presenting and discussing the results. Finally, we critically review the utility of the chosen approach and outline some conclusions about variations in organic farming policy networks across Europe.

5.1 Theoretical background of network analysis and factors influencing network characteristics

In this section we provide a brief overview of the concept of policy networks and network analysis, present the quantitative network measures used in our analysis, and outline the factors which potentially impact on such networks.

5.1.1 Networks and Network analysis

The concept of *policy networks* took off in the social sciences in the 1970s and 1980s as a response to contemporary developments in the public policy-making process, which was being influenced by a growing number of actors (Kenis and Schneider, 1991). Since it would exceed the scope of this paper to present the lively debate that evolved around this concept (see Dowding, 1994; Marsh and Smith, 2000; Dowding, 2001; Marsh and Smith, 2001), we restrict ourselves to summarizing two main meanings of policy networks (Schneider, 1992). First, the term is used as a metaphor to characterize an action system lacking a clear hierarchy of decision making. Second, a policy network formally describes any pattern of interrelationship among actors. In our study we employ the latter, more neutral, application and use Van Waarden's notion of policy networks as a generic term to characterize public-private relations (Van Waarden, 1992).

Network analysis lays the foundation for a structural analysis of public and private actor configurations (Schneider, 1992) and provides a powerful means of answering standard social science questions. Wasserman and Faust (1999) stress that the policy network perspective developed as an integral part of advances in social theory, empirical research and formal mathematics and statistics, so that the method is well grounded in both theory and application. It goes beyond formal institutional decision making by combining different explanatory approaches from the different theoretical backgrounds of rational choice theory, new political institutionalism, symbolic interaction theory and public policy analysis (Windhoff-Héritier, 1993).

The unit of analysis is not the individual (or individual organization) but an entity consisting of a set of actors and the set of links established between them. The underlying principles of the network approach are as follows (Wassermann and Faust, 1999):

- i) actors and actions in a network are interdependent rather than independent of each other,
- ii) linkages between actors are channels for the transfer of material or immaterial resources (e.g. money, personnel, information, political support),
- iii) network structures may either enable or constrain the actors involved, and
- iv) structure (social, economic or political) is a lasting pattern of relations among actors

5.1.2 An overview of quantitative network analysis measures and their significance

Quantitative network analysis provides the researcher with measures for describing networks as a basis for further investigation into patterns of relationship (Windhoff-Héritier, 1993). First, *network size and participants* are useful for a descriptive overview of a network, even if they do not involve a relational perspective. In small networks, it is more likely that two actors will know each other and establish a

relationship. Furthermore, actors have different priorities and interests which influence their network activity.

The *density* of a network is defined as the proportion of actually established links (Kephart, 1950). The network density varies between zero and one, usually presented as a percentage value; a density value of 0% indicates no links between the actors and a value of 100% the maximum possible links between the actors. The density of a network illustrates the level of interaction between actors and thus indicates the importance of a policy. If a policy is of little interest there will not be much activity in the network, because all the actors will be focusing more on other policy issues than on that particular one.

Finding the actors that are most powerful in a network is one of the primary objectives of network analysis. We concentrate on two concepts of power based on positively related networks of influence (Jansen, 2003): *reputation* and *prominence*. *Reputation* is defined as the expression of the power of an actor, i.e. the perceived power of an actor to have influence in the network. We define it as the proportion of interviewees who named an actor as influential in relation to a particular policy (Kriesi, 1980; Sciarini, 1996). The *prominence* concept considers as powerful those actors who exert an influence on many others. There are two types of prominence: prestige and centrality (Knoke and Burt, 1983). An actor is prestigious when it receives a large number of links from other actors in the network. An actor is central when involved (directly or indirectly) in many relations. In our analysis we limit 'prominence' to applying the *betweenness centrality* measure. An actor is central if it lies on the shortest link between other actors (the so-called geodesic), i.e. they have to pass via this actor if they want to interact with each other. A large betweenness centrality signifies that this actor is located between many pairs of actors on their geodesics (Wassermann and Faust, 1999). For purposes of comparison between networks of different sizes, this measure is standardized by dividing the value reached by the maximum possible value of betweenness centrality. Actors with a high betweenness centrality have the potential to control communication within a network and coordinate group processes (Freeman, 1978/79). Hence, this measure describes the potential of a network actor to act as information broker and provides information about its overall activity level in the network.

5.2 Factors influencing policy networks

Jansen (2003) argues that network analysis operates as an integrative tool, bringing together the macro and micro level perspectives of social science. Actors (representing the micro-level) are embedded in a (macro-level) social context (Granovetter, 1985). Accordingly, factors from both these levels will influence the characteristics of networks.

The *level of socio-economic development* provides the general context for any activity undertaken by interest groups. Thomas (1993), Windhoff-Héritier (1993) and Casey (2004) have shown that a rise in standard of living leads to an increase in the number of interest groups. Furthermore, the policy network is affected by the *political environment* in which it operates. A particular policy will attract more attention if it is part (of the solution or the problem) of a political debate at national or global level (Windhoff-Héritier, 1993; Casey, 2004).

The *strength of the state and the interests of state actors* shape the framework for network activity of interest groups. First, the degree of centralization in a state (unitary or federal state; the role of the parliament) determines the access points for interest groups (Thomas, 1993; Windhoff-Héritier, 1993; Daugbjerg and Marsh,

1998). Second, the level of integration or fragmentation of the policy in question influences the strength of the state (Thomas, 1993; Daugbjerg and Marsh, 1998). If a policy area is fragmented, the authority within a state is likely to be spread over (possibly competing) decision-making centres at the national and/or regional level, among state actors at the same administrative level or between the legislative and the executive. In consequence, interest groups can choose among a number of access points if they are seeking to influence policy. Third, in a parliamentary system the role of political parties influences networks. Not only can political parties participate in networks, but interest groups may be affiliated with them and thus have a direct influence within the parliaments (Thomas, 1993). Equally, however, strong political parties can constrain the influence of interest groups (Casey, 2004). Finally, if existing political institutions change or new institutions emerge, the framework for interest group activity changes, and this may affect policy networks (Thomas, 1993; Thatcher, 1998). In addition to its strength, the dominant regime and strategy of the state with regard to the policy in question influences the networks developing in this particular policy sector (Greer, 2002).

Both the political environment and the involvement of the state can vary over the different *phases of the policy cycle* (Greer, 2005), and, accordingly, the relative importance of actors (Windhoff-Héritier, 1993; Casey, 2004). Policy actors that are important in the agenda-setting phase may not be relevant when it comes to implementing a policy. Global processes can be important for setting the agenda of a national policy, but the policy process may subsequently come to be influenced much more by national interests.

The *preferences for particular policies* and the actions of network actors also influence the network structure (Marsh and Smith, 2000). Actors depend on the *interest and attention* given to them and the policy in question by other actors in the network (Simon, 1982). Furthermore, their *resources* available determine the political action of actors. Networking activities are often limited by financial or time constraints (Casey, 2004). Moreover, network actors – especially non-governmental organizations – have different cultures and ideologies regarding political action. This shapes the way in which they participate in policy networks (Thomas, 1993; Casey, 2004). Another resource of interest groups is the support they enjoy within wider society. The higher the group's membership density and the greater the group sector concentration, the more interest groups can participate in governance of the society (Thomas, 1993).

To sum up, at the level of context it is the degree of socio-economic development, the political environment of the policy area in question, the strength and dominant regime of the state, as well as the phase in the policy cycle that all combine to influence policy networks. At the actor level, it is the strategies and resources of policy actors that affect policy networks.

5.3 Methodology and research design

To explore which factors influence organic farming policy networks we have applied the *potentially influential parameters* developed in the previous section. Within the EU, the level of socio-economic development is comparable, offering similar opportunities for interest group engagement in the policy process. However, the varying socio-economic importance of organic farming, as described in the overview article of this issue, could influence organic farming policy networks. The broader context of organic farming policy networks is framed by overriding policy processes, such as the EU accession of the new member countries, food crises such as Bovine

Spongiform Encephalopathy (BSE) and Foot and Mouth Disease, and the importance of the debate on the introduction of genetically modified organisms (GMO) into agriculture. State involvement is assessed by the degree of centralization and integration of national organic farming policy, the engagement of political parties in the organic farming policy process, the emergence of state institutions in charge of organic farming, the political recognition of and the general interest of the agricultural ministries in organic farming policy.

At the actor level, the strategy of policy actors was explored by assessing the level of conflict between organic and general farming policy actors (Michelsen *et al.*, 2001; Moschitz *et al.*, 2004) and by considering whether opinion blocks exist with regard to organic farming policy. These opinion blocks were created using a blockmodelling procedure (Burt, 1976; Henning, 2000) based on the question: “*With which policy actors do you share opinions towards organic farming and with whom do you have diverging opinions on this issue?*”. Actors with a similar relational profile were grouped into one block and the relations between these blocks were analysed using the software STRUCTURE (Burt, 1991) which bases blockmodelling on hierarchical clustering (based on the Ward algorithm) of the actors and leaves it to the scientist to test the assignments of actors to blocks. With regard to resources we focused on the size of organic farming organizations, the type of internal relationship within the organic farming community, the political culture of organic farming organizations, as well as the proportion of organic farmers organized in interest groups and the number of organic farming organizations active in the policy field.

Overall we applied a *comparative approach* that focused on five ‘old’ EU member states (Austria, Denmark, ‘England’, Germany and Italy), five ‘new’ member states (Czech Republic, Estonia, Hungary, Poland and Slovenia), and one non-EU country - Switzerland. For all of these countries a quantitative network analysis was carried out, focusing on the question: “*With whom are you working together or with whom do you stay in regular contact in order to exchange your views on organic farming policy?*” As the main information source for the factors influencing these networks, we used results from an analysis of organic farming development in the same European countries, covering institutional changes from 1997 to 2003 within the farming community, the food market, agricultural policy and the institutional setting (Moschitz *et al.*, 2004). National researchers conducted the network survey in their countries in late 2003 / early 2004 following common guidelines and a common questionnaire that had been translated into their native language. In order to identify the boundaries of the networks and thus the actors to be interviewed, the widespread combination of the reputational and positional approach was applied (Kriesi, 1980; Sciarini, 1996). The interviews started with the core policy actors who were asked to name further actors relevant to organic farming policy. This snowballing procedure resulted in 13 to 26 network actors covering organic sector organizations, environmental and consumer groups, farmers’ unions, agricultural and environmental ministries, and administrative bodies. Face-to-face interviews lasted approximately one hour. The results were submitted to the network analyst who analysed all eleven data sets using UCINET software.

5.4 Results

As a remarkable first result, the varying importance of organic farming in the countries is not seen to affect the organic farming policy networks. To explore the influences on policy networks we compare the eleven case study countries in two stages. The first step identifies those factors that co-vary with the size and the density of the networks. The second step applies a most similar system – most different

outcome (MSS-MDO) research design to analyse the influences on the power distribution between organic farming organizations and the agricultural ministries.

5.4.1 Factors co-varying with size and density of networks

Taking size and density as characteristics of organic farming policy networks, it is possible to distinguish two groups of countries (see Table 5-1). Relatively large (i.e. above the average of 17 members) and simultaneously dense networks are found in Denmark (45.6%), England (31.1%), Austria (24.9%), and Germany (23.9%). In the Czech Republic, Estonia, Hungary, Poland and Slovenia the networks are average to small, and relatively loose, with densities as low as, for example, 7.9% in Estonia.

Table 5-1: Size and density of European organic farming policy networks

	size	density
Austria	26	24.9%
Germany	23	23.9%
Switzerland	22	11.7%
England	20	31.1%
Denmark	19	45.6%
Hungary	17	15.8%
Poland	17	17.7%
Slovenia	17	9.6%
Estonia	16	7.9%
Italy	16	21.7%
Czech Republic	13	17.3%
median	17	17.7%

Source: Moschitz and Stolze, 2007 own data (national actor interviews, winter 2003/04) based on results of network analysis with UCINET

Examination of the factors that potentially influence policy networks, as described in the theory section above, reveals that it is primarily the political environment that influences the size and density of such networks. All countries with a small and / or loose network are countries that were about to join the EU when the survey was carried out in 2003/04. They had to take over the *acquis communautaire*, including the CAP with its organic farming regulations. Up to that point, no organic farming policy existed in these countries and the socialist system did not allow for political participation by independent interest groups. It was only the financial EU support for organic farmers starting with the accession process (e.g. through the SAPARD instrument), that triggered the development of organic farming (Hrabalova *et al.*, 2005).

By contrast, in countries with a dense and / or large network, organic farming policy has a longer history. The first state policy on organic farming can be traced back to 1987, when Denmark decided to support organic farming through law no. 363, 10.06.1987 (Lampkin *et al.*, 1999).

Discussions about agricultural policy at the time of the research were characterized by public concerns over food safety, still influenced by the BSE crisis of the late 1990s. In addition, there was a broad debate about the introduction of GMO into agriculture. In a number of countries organic farming was recognized as a possible solution to food safety problems, and as a way of resisting GMOs. More actors became interested in organic farming policy and interaction between actors increased (Lynggaard, 2006). Moreover, general agricultural policy networks opened up to organic farming policy actors. For instance, in Germany, in response to the BSE crisis, a member of the Green party who had not been connected to the general agricultural policy network before was appointed Minister of Agriculture and opened up this network to organic farming and environmental interest groups. In the United Kingdom, the newly formed Department of Environment and Rural Affairs (DEFRA) integrated sustainable development issues, thereby reinforcing the justification for greater support for organic farming. In Austria, the government became increasingly interested in organic farming as part of the discussions on national sustainability strategies and the Kyoto Protocol implementation.

To sum up, the strongest influence on size and density of organic farming policy networks in Europe came from policy processes that changed the political environment of organic farming.

5.4.2 Factors influencing the distribution of power between organic farming organizations and agricultural ministries

Taking the importance of overarching political processes as read, we identified two sets of ‘most similar systems’: the new and the old EU member states (including Switzerland). The ‘most different outcome’ relates to the different roles played by organic farming organizations and agricultural ministries in the organic farming policy network, using betweenness centrality and reputation to describe their power. Figures 5-1 and 5-2 below illustrate these different power distributions. In one ‘most similar’ group of countries we contrast the Czech Republic with Poland, Estonia, Hungary and Slovenia; in a second ‘most similar’ group Switzerland and Denmark are contrasted with Austria and England.

Figure 5-1 *Betweenness centrality of agricultural ministries and organic farming organizations in European Organic farming policy networks*

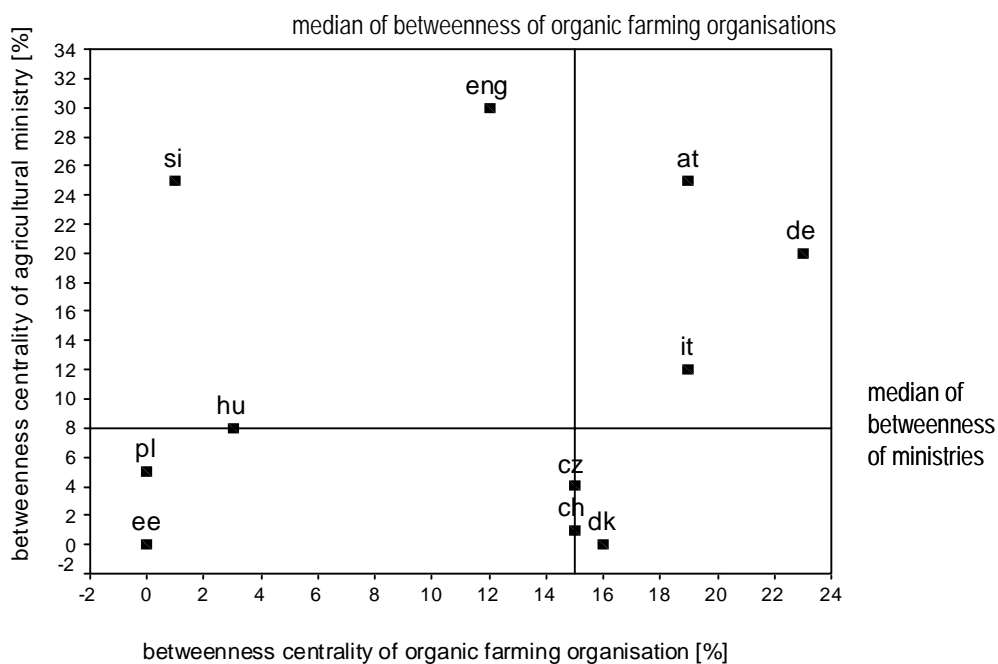
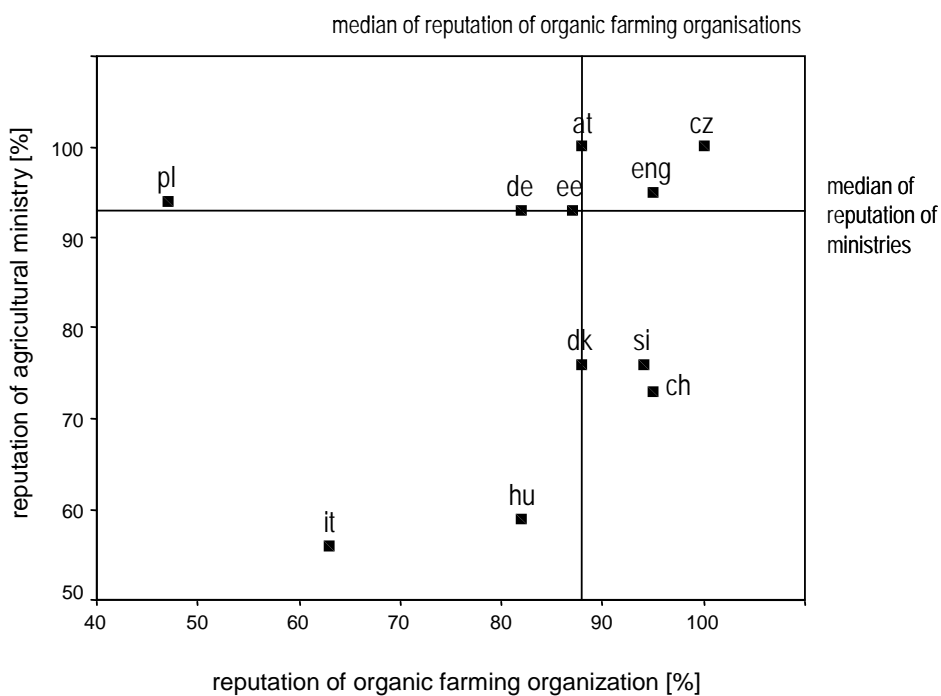


Figure 5-2: *Reputation of agricultural ministries and organic farming organizations in European Organic farming policy networks*



Czech Republic versus Poland, Estonia, Hungary, Slovenia

In this group of new EU member states, only in the Czech Republic the organic farming organization is powerful both with respect to influence (betweenness centrality 15%) and perceived power (reputation 100%). In none of the other new EU member states is the organic farming organization particularly active, having little influence on organic farming policy. Betweenness centrality scores range from 0% in Estonia and Poland to 3% in Hungary, and reputational power is considerable only in Estonia (87%) and Slovenia (94%).

In Estonia, the Czech Republic and Poland the influential power of the agricultural ministry is low (betweenness centrality ranges from 0% to 5%), whereas its reputation for organic farming policy is relatively high, with scores from 93% to 100%. By contrast, the agricultural ministry in Slovenia is influential, with a betweenness centrality of 25%, but it has a relatively low reputation score (76%) in terms of its impact on organic farming policy. In Hungary, the agricultural ministry is neither influential nor perceived as powerful.

As shown in the previous section, the political environment for organic farming is similar within the group of new EU member states. Accordingly, the different power distributions between the organic farming organization and the agricultural ministry must be explained by reference to differences in the regime of the state or to different strategies and actions of policy actors. In Estonia, Hungary, Poland and Slovenia, experts described the agricultural ministry as not especially interested in organic farming policy. In the Czech Republic organic farming organizations had managed to approach the agricultural minister and to lobby for their cause at the time of the breakdown of the socialist system in 1990. Although the ministry has shown less interest and openness recently, organic farming enjoys greater political recognition in the Czech Republic than in the other new EU member states (Moschitz *et al.*, 2004).

Both the strategies of policy actors and the resources of organic actors influence the policy networks in the new EU member states. In the Czech Republic, policy actors showed a higher interest in organic farming policy. Blockmodelling resulted in the distillation of different opinion blocks, and a debate about organic farming policy actually took place there, though not in the other new member countries.

Furthermore, the Czech organic farming organization engaged in the policy making process very early and developed a political tradition with several outstanding individuals lobbying for their case (Moschitz *et al.*, 2004; Hrabalova *et al.*, 2005). At the same time, Czech organic farmers developed a common vision of organic farming policy. In the other countries, the lack of resources hampers the organic farming organizations' engagement in policy making. They are not experienced in policy making, and, with the exception of Slovenia, only a small proportion of organic farmers (about 10-20%) are members of an organic farming organization. Hence, the basis as an interest group is fairly weak. In Poland the organic farming community is split into several organizations that are spread over the country and do not collaborate. In Hungary, organic farming is strongly oriented towards the (export) market and state policies therefore seem to be of no importance to most organic farmers.

Switzerland and Denmark versus Austria and England

In the second group of 'most similar' countries the strongest difference in outcome, i.e. the relative power of organic farming organizations and agricultural ministries, occurs between Switzerland and Denmark on the one hand and Austria and England on the other. In both Switzerland and Denmark the organic farming organizations are powerful in terms of influence (betweenness centrality: 15% and 16%, respectively)

and in terms of their perceived power, i.e. reputation (95% and 88%). At the same time, the agricultural ministries are not very active and therefore have only little influential power, and also their reputation in to influence organic farming policy is relatively low. By contrast, organic farming organizations and agricultural ministries in Austria and England are equally powerful in both types of power and are thus located in the upper right quadrant in the charts shown in Figures 5-1 and 5-2.

As in the previous group, these differences in power distribution between the agricultural ministry and the organic farming organization are explained by the different regimes of the state, variations in the strategies of policy actors and by the different resources of organic farming policy actors. In all four countries organic farming is recognized as an alternative to mainstream farming (Michelsen *et al.*, 2001). However, the agricultural ministries are not equally involved in organic farming policy making. In Switzerland organic farming policy had been debated extensively in the 1990s and at the time of the survey only technical issues were under discussion. Similarly, in Denmark organic farming policy was discussed mainly from an implementation perspective with no politicized debate. Furthermore, with a change in the Danish government the state interest in organic farming policy decreased. By contrast, in both Austria and England organic farming was an issue of policy debate in 2003/04. In Austria the agricultural ministry initiated the restructuring of the organic farming network which culminated in the creation of a new umbrella organization, Bio Austria. In England, an Organic Action Plan group was set up in 2002 by the Department for Environment, Food and Rural Affairs (DEFRA), the responsible administrative body for organic farming, and work was still going on in 2003/04 (DEFRA, 2002). In consequence, we find a more active state in Austria and England, explaining its higher betweenness centrality. In Switzerland and Denmark the state has taken a more background role in the policy process, leaving it to organic farming organizations. These interest groups have succeeded in retaining their powerful role in the policy network even though there is currently little political debate about organic farming.

General agricultural policy actors in Switzerland and Denmark were more open to a constructive political debate on organic farming policy than in Austria and England (Moschitz *et al.*, 2004). The relationship between organic farming institutions and general agricultural policy actors was characterized by “creative conflict” (Michelsen *et al.*, 2001) in Switzerland and Denmark, it was “co-operation” in Austria and England, given the limited power of organic farming organizations. Although facing the same limitations in terms of finances and size, organic farming organizations in Switzerland and Denmark are better resourced for engaging in policy making. Their constituency is stronger than in Austria and England; in Austria in particular, the internal discussions about restructuring the organic sector (see above), took up much of the community’s resources (Moschitz *et al.*, 2004). Additionally, organic farming organizations enjoy a greater reputational power in general agricultural policy in Switzerland and Denmark than in Austria and England. This indicates that they enjoy greater recognition in politics generally in the former countries and may thus have easier access to the policy making process.

Comparison

Both comparisons of the two ‘most similar’ sets of countries yielded the result that similar factors influence the role of organic farming organizations and agricultural ministries in the organic farming policy networks. The dominant regime of the state, the strategies of network actors and the resources of organic farming organizations influence the distribution of power between actors in the networks. A current debate about organic farming policy involving the agricultural ministry enhances the

reputational power of the ministry. However, an ongoing debate does not automatically lead to the ministry having greater influential power (measured by its betweenness centrality). Such a high level of influential power on the part of the agricultural ministry can be observed only in countries with a longer history of organic farming (Austria and England), but not in the country where this sector is emerging strongly (Czech Republic). It thus seems that in this country the policy debate on organic farming is strongly influenced by the organic farming organization.

At the same time, whether or not organic farming is currently an issue of public debate has no impact on the influential or reputational power of organic farming organizations. The betweenness centrality of these organizations is considerably high in Denmark and Switzerland, even though organic farming policy is not of great importance in current agricultural policy debates. A general interest on the part of the state is necessary in order to allow organic farming organizations to participate in the policy network, but the cases of Switzerland and Denmark show that, once a member of the network, organic farming organizations can remain influential even if the agricultural ministry becomes less active in organic farming policy.

In summary, a prerequisite for exerting influential power in organic farming policy networks over the longer term is the availability of resources, and in particular a strong organic farming community that supports the networking activity of organic farming organizations. In those countries where the community is unified and not affected by internal conflicts, the organic farming organization occupies a monopoly position in the network of influence. Furthermore, an established culture and ideology regarding political action is a precondition for organic farming organizations to influence policy networks.

5.5 Conclusions

The method of network analysis applied in this study was a valuable tool for the focus of our research. First, as a reductionist approach, the quantitative network analysis helped to master the complexity of eleven networks. While it lacks detailed insight into each national network, it represents a basis for a general comparison across countries. Second, the network analysis led to counter-intuitive results (Sciarini, 1996). In the introduction we suggested that organic farming policy networks look different to those of general agricultural policy, and in fact they are composed of different policy actors (Moschitz and Stolze, 2007). However, power within both types of networks is distributed between the state and the respective organization representing farmers, be it organic or mainstream. This observation is supported by an analysis at EU level, in which Moschitz and Stolze (2007) have demonstrated that environmental and consumer groups are members of organic farming policy networks, but do not usually occupy a powerful position. Furthermore, against the background of the accession of Central and Eastern European Countries to the EU, one might expect large differences in the policy networks between these countries and the 'old' EU member states. Indeed, the organic farming policy networks in these two country groups vary in size and density, but not with regard to the distribution of power between the organic farming organization and the agricultural ministry. Thus, organic farming policy networks cannot be classified by simply distinguishing between old and new EU member states.

Hence, merely taking into consideration overarching policy processes, such as the accession process to the EU, is not sufficient to explain variation across organic farming policy networks. Greer (2005) has already stressed the importance of national processes for explaining differences between countries in transposing EU

agricultural policy. On the basis of our comparative network analysis we conclude that the political environment, the dominant regime of the state, and the strategies and resources of network actors influence policy networks and thus the policy making process of organic farming in European countries.

6 Parameters for future organic farming policy development

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Met-analyses of scenarios and future pathways for the shaping of the Common Agricultural Policy (CAP) show a two-axis construction with globalisation versus regionalisation on the one axis and economic orientation versus environmental orientation on the other (Meyer, 2007). The transition pathway for organic farming development will need to recognise that international trade of organic products is already reality while at the same time, organic agriculture could add an important economically, culturally, ecologically and value based plus to the trend of European agriculture's role in empowered local economies.

To describe parameters for the future development of organic farming policies in the light of upcoming policy challenges in Europe, in the following, we will consider two different dimensions:

1. the dimension of *policies*, addressing the portfolio of instruments to support organic farming, and
2. the dimension of *politics*, providing insights into the aspect of stakeholder involvement in policy development and into the factors influencing organic farming policy networks in Europe.

As to the *policy* dimension, organic farming in Europe is now supported by a wide range of EU policy programmes, reflecting its potential contribution to meeting agricultural, environmental and rural development policy goals. This is a reflection of the convergence of policy goals and the underlying objectives and principles of organic farming, with the organic sector providing a win-win combination of linked environmental and economic development. However, this 'duality' of organic farming – generating public benefits such as environmental protection through organic land management while simultaneously having a strong market focus delivering consumers' expectations – also leads to potential policy confusion. The question is how this policy confusion could be solved in the face of the future challenges of globalisation and ongoing policy reforms?

Future support for organic farms is likely to be different from today, although the direction of change is far from certain. On the one hand, continuing CAP reform, intended to strengthen sustainability and the second pillar of the CAP, will offer a wider range of opportunities to support organic farming. On the other hand, three years on from CAP reform, it has become apparent that budget constraints will severely constrain the likelihood of maintaining current agri-environmental support levels in many countries. In addition, in view of the changes to first pillar support under CAP reform, there is already intensive discussion as to whether the level of second pillar measures needs to be lowered in order to account for the changes in relative profitability, especially in countries which have implemented payments on a regional basis – which often benefits organic farms due to the redistribution of direct payments. The respective consequences for the profitability of organic farming in different countries could be substantial and should be monitored closely.

Organic action plans at EU, member state and regional level provide a mechanism for an integrated and balanced policy with strong link to the new Rural Development Plans with their potential for exploiting cross-axis synergies. However, the explicit recognition of this is limited. The CAP health check now underway provides an

opportunity to reflect on progress, but also to look at mainstreaming organic farming policy as a core element the future Common Agricultural Policy. This is particularly relevant in the context of the Gothenburg and Lisbon summit commitments to competitiveness and sustainability, and the recognition that agriculture has a key role to play in protecting biodiversity, mitigating climate change and improving water management (Lampkin, 2007).

Having focussed on the reform of the EU Reg. 2092/91 in the first place, the EU Action Plan for Organic Food and Farming (EC, 2004a), appeared to be only limited supported from the rest of the Commission, with little practical emphasis on public good issues, no clear link to themes in national plans, no targets or substantive vision, no clear framework setting, in particular in the context of mitigating climate change, protecting biodiversity, reducing pollution. Work is needed now to be clearer about the benefits in these areas that would be delivered by, and the economic implications of, an expanded organic sector (10% of EU agriculture by 2013 and 20% by 2020?)ng for organic farming development in the EU, no significant allocation of new resources and no clear integration of stakeholders (Lampkin and Stolze, 2006). There is the need for a new focus on mainstreaming the contribution of organic farming in the C. In the longer term, a new EU action plan for organic food and farming might well be needed to deliver the key environmental and sustainability goals (Lampkin, 2007). Furthermore, the design of action plans is not an means to an end in itself, but requires the willingness and the resources for proper implementation.

The research done in the course of the EU CEE OFP project highlighted the European dichotomy in i) the organic production structure and ii) the level of organic farming development. In deed, while, i.e. in the new CEE member states consumer information, domestic market development, environmental / organic capacity building and educational programmes for farmers on environmental issues are priority issues to be addressed through organic farming policies, in countries like Denmark and Germany, the challenges of a post-productionist agriculture and global trade are gaining importance.

In general, we think that the axes of the new Rural Development Programme (EC, 2004b) are broad enough to support a large menu of measures that could help addressing this organic farming dichotomy. However, the axes are not sufficiently interlinked and lack a common framework aimed at strengthening the contribution of local institutions to rural livelihoods and assisting vulnerable/marginal rural populations. In addition, we see two particular limitations of this new rural development programme (Haering et al., 2005):

1. The new programme has not improved the agri-environmental measures considerably in terms of environmental quality to be provided. Measures ensuring sustainable rural development are only found under Axis 2. Thus in Axis 1 and 3, measures do not require any environmental or sustainability eligibility criteria, apart from compliance with Community statutory standards
2. Reference to organic farming is insufficient as organic farming is only mentioned in the proposal's recital in the context of investment aid while organic farming is not explicitly mentioned in the four Axes of the new RDP.

In order to link strategic intention of the new Rural Development Programme stronger to the European Action Plan for Organic Food and Farming we recommend (Haering et al., 2005) that

- organic farming should be a specific priority of each of these four axes, in order to avoid fragmentation of the measure over a large number of targets;

- each subsection should highlight organic farming's importance in order to "remind" implementers to offer organic farming measures;
- organic farmers should aim at building networks of excellence with other non-organic actors, aiming at capturing the public interest in regional and local, slow-food trails, where organic is the final attribute of excellence, the unifying, obvious element of a value-chain strategy that cannot be overlooked;
- where the bottom-up approach is feasible, the LEADER approach should be preferred, allowing specific public-private partnerships where organic farmers could play the role of "leading actors";
- in extremely fragile rural environments, where land abandonment has already taken place or is a pending threat, a top-down approach should target these areas by means of promoting bottom-up organic rural initiatives (e.g. in the form of organic districts);
- organic farming area payments implemented within the agri-environmental measures should be included as a mandatory measure for all Member States.

With the ongoing growth of the organic sector, the spread of organic production across the EU and the growing relevance of international trade with organic products, the field of organic certification has become a maze of competing labels, different private and public standards, in addition to European law. This diversity reflects the specific conditions for organic operators in countries or regions but can also lead to confusion for both producers and consumers, may create a variety of costs and could increase the risk for fraud. The basis of the current certification model was developed decades ago with organic farming being in its early stage and the level of international trade being low. The revision process of Reg. (EEC) 2092/91 intends a review of the revised regulation by the year 2011. This revision will need to address these issues without making cuts in certification quality.

Policy instruments and strategies can be evaluated at two levels. Level one is the level we discussed in the previous section assessing the extend to which an instrument can contribute to solve a policy problem. We will now address the second level which is on the dimension of organic farming *politics*:

Since 2001, the European Commission has followed principles of good governance (EC, 2001). This includes the mechanisms, processes and institutions through which citizens and groups articulate their interest, exercise their legal rights, meet their obligations and mediate their differences. The objective of the European Commission is to achieve greater involvement of citizens in legislative processes and to speed up the adoption of a common policy framework in all European Member States. One of the five principles of good governance is stakeholder participation in the formulation of policies and their implementation.

From our research, we can conclude following parameters effecting the organic farming policy networks:

- the strategies and resources of the organic farming policy actors
- the strengths of the organic farming community
- the degree of reaching a common organic farming identity
- the dominance of state regimes

Based on the framework for political influence developed by Casey (2004) we can draw some conclusions for the influence of organic sector organisations on the policy process. The political situation of organic farming differs from country to country.

Obviously, overall political and socio-economic frame conditions are different in new and old EU member states. Transformation processes in the new member states are ongoing and still influence the environment in which policy is made (Prazan et al., 2004). Organic farming has found its way into agricultural policy to varying extents, and thus the possibilities for organic farming organisations to lobby for their issue are different. Furthermore, the organic farming sector is established to different levels in each country, not only in terms of its size, but also in terms of unity of the farming community. Against this background the organic farming sector has built up different networks to influence policy processes. These networks, in turn, have an impact on the role that organic farming organisations can play in (organic) farming increasing its political influence.

The development of the organic sector calls for dynamic institutions. To maintain organic farming identity and in order to sharpen the political profile of the organic sector debate with state and mainstream agriculture institutions is necessary. As soon as the organic sector is settled to a certain extent it is important that its organisations prevent creative conflict with other sectors from changing to “pure cooperation”. Such a change would jeopardize its distinctness from the conventional agricultural sector. In order to effectively influence policy, the organic farming network should approach the existing network structures of mainstream agriculture policy. A cooperative relation with state agencies appears to be indispensable given their rather central position in the (organic) farming policy network. Cooperation within the organic sector is necessary to maintain a strong position in a constructive debate with the state and mainstream agriculture institutions. On the EU level, the potential of the organic farming sector to establish a network should be used. Ways have to be found to gain new allies and establish a permanent lobby for organic farming. As a consequence of the ongoing engagement in the policy making process, organic farming ideas are increasingly recognised in politics and this, in turn, strengthens the central position of organic farming policy actors. Thus, the initial acceptance of organic ideas leads to a policy outcome which feeds back on the actors promoting this idea and raises their political recognition. As long as the organic farming actors remain active in the policy making process they will be able to build on this recognition and profit from the reinforcing ‘dialectic’ relationship between networks and policy outcomes.

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