Use and efficiency of EU public policy measures for organic farming

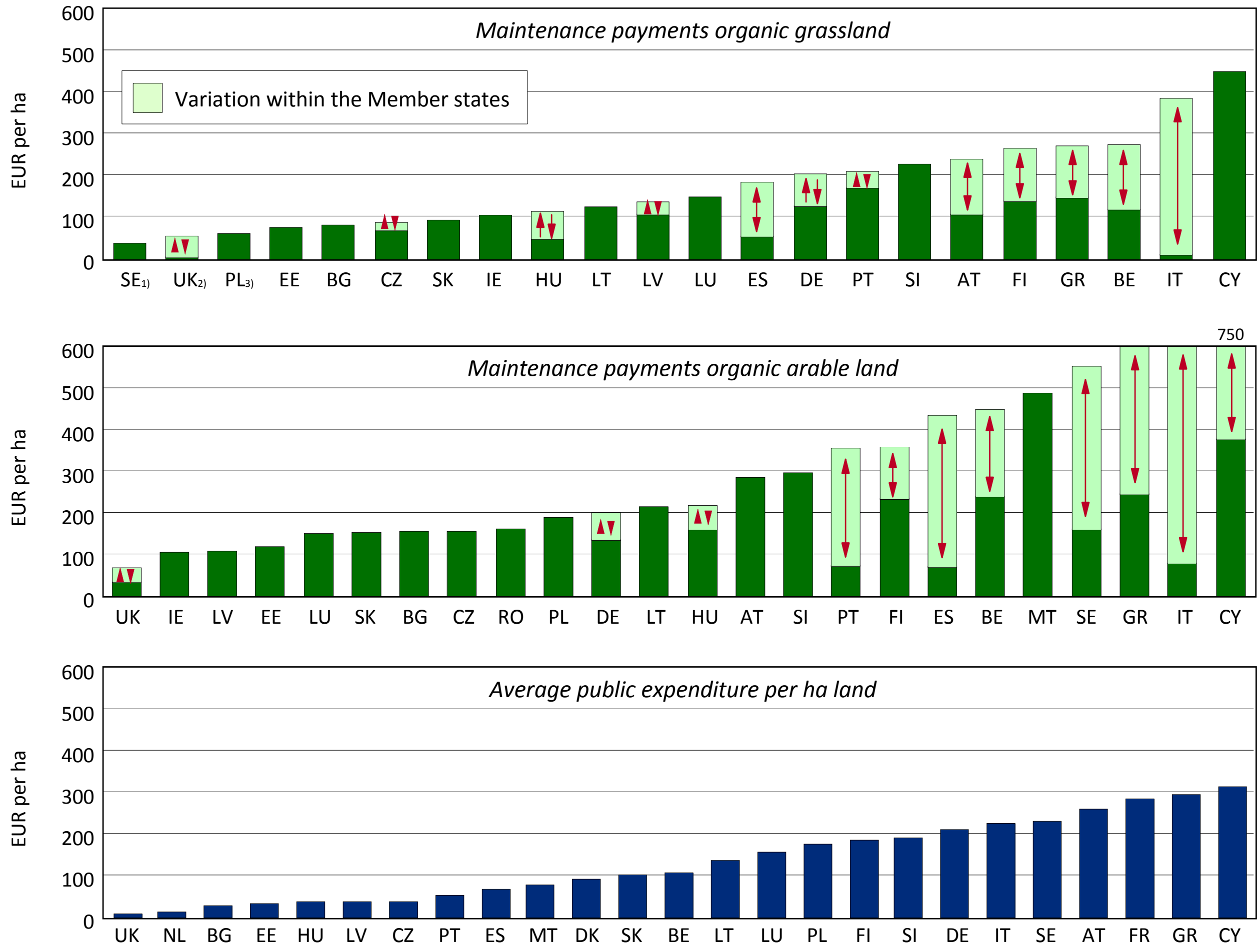
The development of the organic sector in Europe varies between countries, ranging from Austria, the Czech Republic, Estonia and Sweden where more than 10% of land area is now farmed organically to Bulgaria and Ireland with less than 2%. These differences are partly due to significant variations in the policy environment in EU member states. ***Susanne Padel*** *from ORC,* ***Jürn Sanders*** *from the German von Thünen Institute and* ***Matthias Stolze*** *from the Swiss Research Institute of Organic Agriculture (FIBL) report on the results of a study they conducted for the European Commission.*

The study had two main aims: firstly, providing a comprehensive overview of public support measures for organic farming in all 27 Member States and, secondly, to explore the relationship between policy measures, policy strategies and the development of the organic farming sector (both in terms of production and market development) in six case study countries (Austria, Czech Republic, Denmark, Germany, Italy and the United Kingdom).

Significant variation in policy support across EU

It is clear from the results of the study that wide variations in support rates and policies exist between member states and that these have the potential to influence significantly the competitive position of producers within the European organic market. Organic area payments (as part of agri-environment programmes) are the most important support measure for organic farming. They are used in all EU countries apart from France, where organic farmers are supported under CAP Pillar 1 (Article 68), and the Netherlands, where the focus is on market support.

As can be seen from the Figure below, there are wide variations in organic support payments under agri-environmental measures, both between and within countries (the latter either due to regional differences or due to different payment rates for variants of the same crop type, such as temporary, permanent and rough grazing in the case of grassland). Average public expenditure per hectare of certified organic area (across all payment types and land categories) varied between 7€/ha in the UK and 314 €/ha in Cyprus for the period 2008 to 2009. (It should be noted that the UK data are incomplete- they are based on values submitted to and published by the European Commission, which exclude England, as the data were not available from this source at the time of going to press.)



AT = Austria, BE = Belgium, BG = Bulgaria, CY = Cyprus, CZ = Czech Republic, DE = Germany, DK = Denmark, EE= Estonia, ES = Spain, FI = Finland, GR = Greece, HU = Hungary, IE = Ireland, IT = Italy, LT = Lithuania, LU = Luxembourg, LV = Latvia, PL = Poland, PT = Portugal, RO = Romania, SE = Sweden, SI = Slovenia, SK = Slovakia, UK = United Kingdom

Exchange rate (average 2011): 1) EUR 1 = SEK 9.0359 2) EUR 1 = GBP 0.8668 3) EUR 1 = PLZ 4.1551

Source: Own illustration, based on data from national contributors.

Additionally, considerable variation exists in the types of land supported, other scheme requirements and eligibility conditions as countries/regions struggle to sustain current levels of Rural Development Programme (RDP) support in the face of a lack of resources in times of austerity.

Some RDPs address organic farming under farm investment schemes, marketing and processing aids or the participation in food quality schemes. For example, under the measure *Modernisation of agricultural holdings* (Measure 121), organic farmers in Flanders (Belgium), Madeira (Portugal) and North Rhine-Westphalia (Germany) are given higher grant aid for investing in agricultural holdings to improve the overall performance of the farm; in Austria this is limited to organic livestock farmers investing in farm buildings.

Under the measure *Adding value to agricultural and forestry products* (Measure 123), projects related to organic food production, processing or marketing receive higher support rates in Bavaria (Germany) and Slovenia. In Estonia, a sub-scheme specifically targets organic farming and conventional dairy farmers.

As an alternative to providing higher grants, Cyprus, the Czech Republic, Latvia and Slovakia place organic farming projects in a higher priority selection category. Several countries/regions use *Participation of farmers in food quality schemes* (Measure 132) to cover parts of the certification and inspection cost incurred by farmers (Austria, Belgium, Cyprus, Estonia, Greece, Malta, the Netherlands, Poland, Portugal, Slovenia, most regions of Italy and Spain, as well as Scotland and Wales).

Policies need more strategic thinking

It is clear that the development of the organic sector is influenced by external factors and by the effective combination of a range of support policies. The study confirms that public support is a major driver for development, with area support payments and organic action plans identified as the two strong measures in several countries. 19 member states have some form of Organic Action Plans, but they have considerable variation in what they cover and how well they are embedded in the wider agricultural and rural development policy framework.

The growth of organic farming can be boosted by developing an overall coherent development strategy combining different instruments. For example, a significant expansion of organic fruit production in the German region Altes Land in Lower Saxony is the result of a successful interplay of area support, organic research, support for advisory services, and facilitation.

Another example is Denmark, which has a clearly stated strategy, *Organic Vision,* that sees organic farming as a key measure to promote the sustainability of agriculture, to improve food quality and consequently, the competitiveness of agriculture. Links between organic farming and wider policy goals have been successfully established and the whole framework of the RDP has been used, considering both demand-side and supply-side measures. Policy strategies also exist in Austria and the Czech Republic.

In other cases, policy makers appear to struggle in balancing the environmental and market aspects of organic farming and the extent to which organic stakeholders have been consulted in policy development also varies. Of the case study regions both England and Lower Saxony in Germany appear to have no on-going strategic vision.

The study recommends that the Commission should further encourage strategic thinking about the potential of organic farming at Member State level by integrating common policy development principles for the organic sector (see Box) into the Rural Development Framework for 2014 to 2020.

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The full report can be downloaded from http://ec.europa.eu/agriculture/external-studies/organic-farming-support_en.htm

Organic policy principles

The report recommends that Member States, in implementing future organic policies, could improve results by:

1. Specifying a strategic vision for the development of organic farming
2. Recognising the dual role of organic farming in delivering environmental benefits and products for the market place
3. Contributing to fair competition between producers in different Member States
4. Acknowledging that premium prices and the market benefits of certification reflect the entrepreneurial activities of farmers
5. Ensuring continuity of organic land management schemes
6. Acknowledging the role of innovation, knowledge exchange and advisory programmes
7. Exploiting synergies between policy measures
8. Engaging stakeholders from various organic sector businesses and the general public.

CAP Reform update

The CAP reform debate continues to rumble on with slow progress being made on resolving key issues. One major topic for discussion has been the direct payment greening proposals, which introduced the idea that part of the payments to producers should require crop diversification, protection of permanent grassland and ecological focus areas, and that organic producers would qualify automatically. While the inclusion of organic farming appears to still be accepted, some Member States are arguing for a wider 'green by definition' category, to include agri-environment scheme participants and other 'green' certification schemes not defined by legislation in the way that organic farming is. There is also a debate about a menu-driven approach to ecological focus areas. For further details, see the CAP reform page on our website.