



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.12.2002
SEC(2002)1368

COMMISSION STAFF WORKING PAPER

Analysis of the possibility of a European Action plan for organic food and farming

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INTRODUCTION (CHRONOLOGICAL ACCOUNT)

In May 2001 the conference “Organic Food and Farming – Towards Partnership and Action in Europe” was held in Denmark. The conference was organised by the Danish Ministry for Food, Agriculture and Fisheries and was a practical follow up of a previous conference held in Austria in 1999. The main objective of the conference was to initiate the process towards an Action Plan for further development of organic food and farming in Europe.

The issue was brought up in the agenda of the Agricultural Council by the Swedish Presidency.

During the Swedish Presidency, the Agriculture Council at its meeting on 19 June 2001 came to the following conclusions

The Council

- (1) RECOGNISES organic farming as one way to achieve a sustainable development.
- (2) NOTES the importance of Council Regulation 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs.
- (3) NOTES that the Member States, within the framework of their Rural Development Programmes, in accordance with Council Regulation 1257/1999 of 17 May 1999, have the possibility to promote organic farming.
- (4) RECOGNISES the importance of the ongoing work regarding *inter alia* labelling of organic fodder, control of the organic production and implementing the rules on organic livestock.
- (5) NOTES that the consumer interest in organic products increases in Europe.
- (6) INVITES the Member States, the Commission and stakeholders to share ideas on what further action at European level could facilitate production, processing, trade and consumption of organic products in Europe and in the light of these ideas
- (7) INVITES the Commission to analyse the possibility of a European Union Action Plan to promote organic food and farming and present appropriate proposals.

In order to investigate possible options, the Commission sent a questionnaire to Member States and stakeholders in October 2001. Questions raised included:

- the need for a European Action Plan;
- the objectives and results expected;
- the timing;
- the potential link to the mid-term review of the common agricultural policy (CAP);
- the structure envisaged and appropriate contributions to be made at regional, Member State and Community level and the possible extension to candidate countries.

The replies received indicated that both Member States and stakeholders welcomed the Commission's initiative to study the feasibility of a European Action Plan.

The current document results from a series of meetings during 2002 of firstly, an Commission inter-service working group and secondly, a stakeholder group. Both groups were established for this purpose, the stakeholder group represented a large number of private and public stakeholders.

In September 2002 the Commission reported¹ the state of play to the informal Special Committee of Agriculture (SCA) indicating some of the key points in the analyses from the expert group and requesting the Member states to provide it with some information.

The document aims to describe the factual development of organic farming in the EU, analyse bottlenecks and bring forward possible elements for a future action plan. Some of the elements for reflection are based on existing instruments, other would need the creation of new instruments.

The document does not include any analyses of the impact of the Common Agricultural Policy (CAP) on organic farming.

An in-depth Member State and stakeholder consultation will take place on the working document.

Based on the reactions received, the Commission will propose further appropriate steps before the end of 2003. The Council will be informed on the development of the work by mid-2003.

¹ Two non-papers were distributed: « European Action Plan for organically produced food and organic farming. State of play - Report on consultations with stakeholders. Main questions » and « Organic farming a challenge for the future ».

PART I. ORGANIC FARMING IN EUROPE STATUS QUO

1.1 Definition of organic farming

Organic agriculture is a production management system, which favours renewable resources and recycling and returning to the soil the nutrients found in waste products. With regard to livestock, organic farming places particular emphasis on animal welfare and the use of natural foodstuffs. Organic farming uses the environment's own systems for controlling pests and diseases in growing crops and rearing livestock and avoids the use of synthetic pesticides, herbicides, synthetic fertilisers, growth promoters and gene manipulation, as well as the prophylactic use of antibiotics and the zootechnical use of hormones. It should be recalled that the use of hormones for growth promotion is banned in all types of production in the EU. In turn, organic farmers use a range of techniques that help sustain ecosystems and reduce pollution.

In 1991 the Council adopted Regulation (EEC) No 2092/91². In adopting this regulation, the Council created a Community framework defining in detail the requirements for agricultural products and foodstuffs bearing a reference to the organic farming and foodstuffs production method.

1.2. Grounds for supporting the development of organic farming

Since its implementation, forty years ago, the Common Agricultural Policy (CAP) has been confronted by a succession of changes to face new challenges. Thus, over the years the CAP has developed and also new objectives have appeared. The current objectives of the CAP aim at promoting *inter alia*:

- Production methods which are environmental friendly and able to supply quality products.
- Diversity in the forms of agriculture, product variety and the provision of public goods linked to rural development.
- Support the provision of non-food (e.g. environmental and animal welfare related) services that the public expects from farmers.

In the recent Communication from the Commission to the Council and the European Parliament: Mid-Term Review of the Common Agricultural Policy of the Commission on CAP³, the Commission proposed to introduce a new chapter on food quality (see also under point 2.2).

² Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs. OJ L 198 , 22/07/1991 P. 0001 – 0015.

³ Communication from the Commission to the Council and the European Parliament: Mid-Term Review of the Common Agricultural Policy - COM(2002) 394 final of 10.7.02

In the Council Regulation EC/1257/1999⁴ on support for rural development it is recognised that organic agriculture improves the sustainability of farming activities and thus contributes to the general aims of that Regulation.

The main documents on Community policy on agriculture have highlighted the importance of organic farming as environmentally benign farming system and called for actions to further support it are listed below

In the Council strategy on environmental integration and sustainable development in the Common Agricultural Policy, the Council recognised in 1999 that certain methods of agricultural production, *inter alia* organic farming, provide a combination of positive environmental, social and economic effects.

The Council strategy on the environmental integration and sustainable development in the Common Agricultural Policy in 1999 includes the following objective:

- *“Integration of the environment into the CAP starts by recognising that a reference level good agricultural practices which is dependent on local conditions should be respected in all agricultural areas of the EU. The general principle is that where farmers provide services to the environment beyond the reference level of good agricultural practices, these should be adequately remunerated. Certain methods of agricultural production, for example organic farming, integrated production and traditional low-input farming and typical local production, provide a combination of positive environmental, social and economic effects.”*

In June 2001, the Commission presented the European Union Strategy for Sustainable Development⁵ to the Göteborg European Council. One of the actions identified is that the Common Agricultural Policy should reward quality rather than quantity.

The Commission Communication included the following statement:

- *“The mid-term review of the Common Agricultural Policy in 2002 should reward quality rather than quantity by, for example, encouraging the organic sector and other environmentally-friendly farming methods and a further shift of resources from market support to rural development.”*

The respective Presidency conclusions of the European Council in Göteborg endorsed the Commission’s pledge to carry out a “Sustainability Impact Assessment” for “major” policy initiatives and legal proposals. Moreover, it formulated specific requirements concerning the CAP.

The respective Presidency conclusions of the European Council in Göteborg included the following:

- *“That the Common Agricultural Policy and its future development should, among its objectives, contribute to achieving sustainable development by increasing its emphasis on encouraging healthy, high-quality products, environmentally sustainable production methods, including organic production, renewable raw materials and the protection of biodiversity.”*

⁴ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain regulations. OJ L 160 , 26/06/1999 P0080 - P0102.

⁵ Communication from the Commission A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development (Commission's proposal to the Gothenburg European Council), COM/2001/0264.

In the decision of the European Parliament and the Council, laying down the sixth Community Environment Action Programme in 2001⁶, one of the actions proposed to achieve the objectives of the programme is to encourage more environmental friendly farming.

The sixth Community Environment Action Programme includes the following article:

- *“Encouraging more environmentally responsible farming, including, where appropriate, extensive production methods, integrated farming practices, organic farming and agro-biodiversity, in future reviews of the Common Agricultural Policy, taking account of the need for a balanced approach to the multifunctional role of rural communities.”*

At the World Summit on Sustainable Development held in Johannesburg in September 2002, concern for the environment and the ongoing loss of biodiversity were major issues. A proposal was put forward to support voluntary WTO-compatible market-based initiatives for the creation and expansion of domestic and international markets for environmentally friendly goods and services, including organic products, which maximise environmental and developmental benefits through, *inter alia*, capacity-building and providing technical assistance to developing countries.

Key elements from the Johannesburg Summit include the following:

- *“Support voluntary WTO compatible market-based initiatives for the creation and expansion of domestic and international markets for environmental friendly goods and services, including organic products.”*

The impact⁷ of organic farming on the environment can be summarised as follows:

- **Pesticides:** Research indicates⁸ that organic farming has on average a greater effect on efforts to improve the landscape, wildlife conservation and faunal and floral diversity than non-organic farming systems. Restricting the use of pesticides, as done by organic farming, also improves water quality.
- **Nutrients:** Organic farming results usually in lower nitrate-leaching rates than those achieved on average in integrated or non-organic agriculture, as revealed by low autumn nitrogen residues in the soil of almost all relevant crops⁹.
- **Soil Protection:** Management practices broadly used by organic farmers, such as growing catch crops to reduce nitrate leaching, wider and more varied crop rotations, and mixed grazing to reduce mono specific overgrazing, all help to protect the soil. Although the organic matter content of soil is highly site-specific, it is usually higher on organic compared to non-organic farms¹⁰.

⁶ Decision No 1600/2002/EC of The European Parliament and of The Council of 22 July 2002 laying down the Sixth Community Environment Action Programme, OJ L 242, 10.09.2002 P. 0001-0015

⁷ Theoretically, some farming systems could have even fewer detrimental effects on certain indicators than organic farming. However, the advantage of organic farming in this respect is the broad positive impact that it can bring simultaneously to a wide array of environmental and other indicators.

⁸ References listed in Annex IV.

⁹ References listed in Annex IV.

¹⁰ References listed in Annex IV.

- Biodiversity and nature protection: Organic farming contributes to the preservation of species and natural habitats by means of its reduced inputs, its high share of grassland within holdings, its greater use of indigenous breeds and plant varieties¹¹.
- Energy use and emissions: The total CO₂ emissions on organic farms are lower than the amount used on average in non-organic farming systems¹².

The impact of organic farming on rural development can be described as follows:

- Rural development is a key issue of European agricultural policy and an array of policies have been implemented to enhance economic development in rural areas, the main objective being to promote a viable rural economy. Organic production can contribute to meeting this objective by providing for increased economic activities with a higher value added and higher labour intensity¹³.
- Furthermore, it is possible that organic farming as an essential part of a strong commitment to improving the environment might contribute to increase attractiveness of rural areas. This may enhance tourism or, as an important soft side effect, favourably influence location decisions of companies or the private housing demand for such areas.

The impact of organic farming on animal welfare can be summarised as follows:

- Organic farming has a positive impact on animal welfare since the standards for organic farming include several requirements in this area that go further than the mandatory provisions.

The importance of the influence of organic farming on the environment, animal welfare, food quality, food safety, surplus reduction and government expenditure is emphasised in Annex I.

1.3. Organic farming up to 2002

Organic farming was developed in the first part of the 20th century in Germany, the United Kingdom and Switzerland. It was in the 1980s, however, that organic farming really took off, when the production method continued to develop, along with consumer interest in its products. There was a major increase in the number of producers, and new initiatives got under way for processing and marketing organic products. This situation conducive to the development of organic farming was very largely due to consumers' keen concern to be supplied with wholesome, environment-friendly products. At the same time, the Member States gradually recognised organic farming, including it among their research topics and adopting specific legislation. Some Member States also granted national or regional subsidies to organic farmers.

However, despite these efforts, a lack of clarity hampered further development of the market for organic produce. The consumers were not always sure about what was really covered by the organic farming system and the restrictions it implied.

¹¹ References listed in Annex IV.

¹² References listed in Annex IV.

¹³ References listed in Annex IV.

In adopting Regulation (EEC) No 2092/91 in 1991, the Council created a Community framework defining in detail the requirements for agricultural products or foodstuffs bearing a reference to organic production methods.

The regulation has since been amended several times. The most important changes were in 1995, when the requirements for labelling organic products were adjusted and requirements for seeds were introduced, and in 1999 when the regulation was extended to cover animal production. In addition, several amendments have been introduced each year in order to ensure that standards are kept in line with this rapidly developing sector whilst, at the same time, taking the cultural diversity of Member States into account.

In 1992 the Council adopted Regulation (EEC) No 2078/92¹⁴ (now replaced by Regulation (EC) No 1257/99). This regulation made it possible for the EU to support the development of organic farming together with the Member States. The most prominent measures in this context are agri-environmental schemes, compensating farmers for costs incurred in adopting farming methods with a lower environmental impact and for the consequent loss of revenues. Other measures are i.a. regarding training, processing and marketing of organic produce, and investments into agricultural holdings.

The regulations on organic farming were introduced as part of the reform of the Common Agricultural Policy which, by the late 1980s, had broadly achieved its original aim of generating agricultural productivity gains so as to make the EU largely self-sufficient for its food supply. The policy therefore shifted towards other aims, such as the promotion of quality products and the integration of environmental conservation into agriculture.

The 1990s witnessed very rapid growth in the sector. In 1985, certified organic production accounted for just 100.000 ha on 6.300 holdings in the EU, or less than 0.1 % of the total utilisable agricultural area (UAA). By the end of 2001, this had increased to more than 4,5 million ha on an estimated 150.000 holdings, or 3.3 % of total agricultural area and 2,3 % of holdings¹⁵.

As well as the increase in the supply base, the market for organic produce has also grown, but statistics on the overall size of the market for organic produce in Europe are still very limited and there are currently no price figures. Estimations¹⁶ indicate that the market share for organic products varies from less than 0,5% (Spain, Portugal, Ireland and Greece) to 5% (Denmark).

All Member States have implemented programmes aimed at promoting organic production.

¹⁴ Council Regulation (EEC) No 2078/92 of 30 June 1992 on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside. OJ L 215, 30/07/1992 P. 0085 – 0090.

¹⁵ References listed in Annex IV.

¹⁶ References listed in Annex IV.

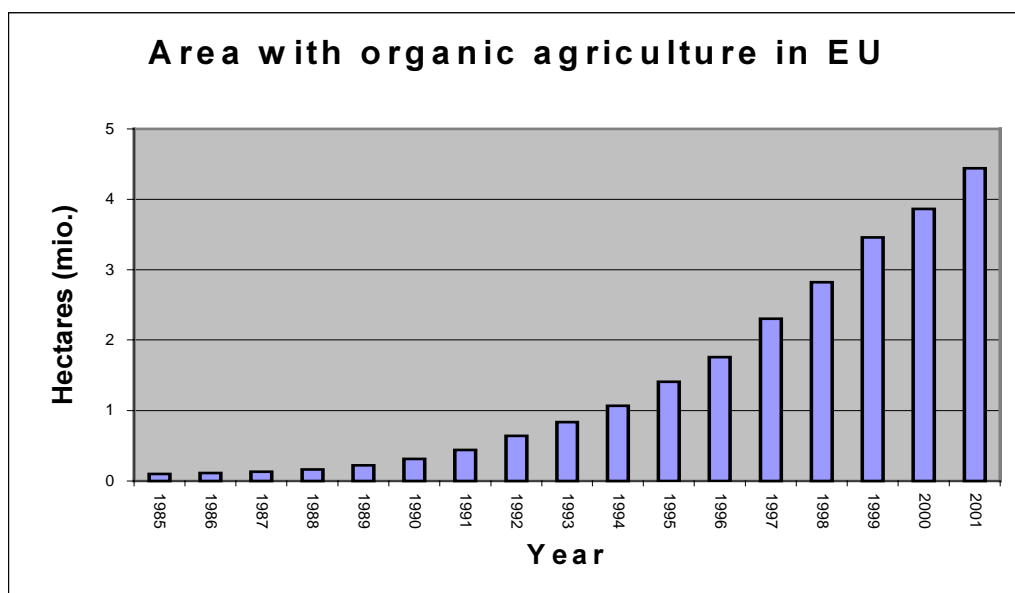


Figure 1 shows the development of farmland under the organic production method from 1985 to 2001.

Several Member States¹⁷ have developed national or regional action plans in order to determine the best methods of promoting organic farming. These action plans have contributed to the development of the sector in the Member States concerned.

Although Member States' authorities and the EU have become increasingly involved in the development of organic farming, the private sector has also continued to play a very important role in its development. This includes individual farmers and operators, specific organisations of organic farmers and producers and more general bodies such as consumers' and farmers' organisations. Recognising the importance of involving stakeholders, the Commission has established an advisory committee on organic farming with the aim of exchanging of information and ideas on all aspects of organic farming.

The International Federation of Organic Agriculture Movements (IFOAM) in particular has continued to play a very important role in developing and coordinating organic farming throughout the world.

Organic farming is, with some exceptions, less developed in the candidate countries than in the EU. Most candidate countries have some organic farming and systems of certification. Only the Czech Republic and Hungary have had their standards and inspection systems for organic farming approved by the EU as being equivalent with the EU regulation. For the other candidate countries¹⁸ authorisation for imports to the EU are dealt with on a case-by-case basis.

It is important that organic farming in the candidate and other European countries develops in a constructive manner. Accordingly, all will be able to benefit from the favourable effects that organic farming can produce and bureaucratic problems associated with import regulations in this area will be eased. This is currently supported

¹⁷ Austria, Denmark, Finland, Germany, France, Spain (at regional level), Sweden and the United Kingdom at regional level).

¹⁸ Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Turkey.

by the SAPARD programme under Regulation (EC) No 1268/1999¹⁹, where candidate countries can set up pilot agri-environmental measures, which include already now support for organic farming in some countries. For the future, the Rural Development Programmes and Structural Funds programmes of these countries can continue and even enhance this support after accession.

All 10 Laeken countries²⁰ have agreed to meet EU requirements in relation to organic farming before 1 January 2004.

1.4. Objectives for the development of organic farming in the EU

Some Member States have set specific objectives for the development of organic farming. In Germany and Sweden the objective is set at 20 % of agricultural land under organic farming. Other Member States have set lower goals. Most Member States have not set a specific target, but have implemented different schemes for supporting organic farming, within which they aim to allow organic farming to develop as far as possible.

Despite the fact that organic farming has experienced strong growth, it is uncertain whether this growth can be maintained without further concerted efforts on the part of all stakeholders including the Commission, Member States, consumers, farmers and industry.

¹⁹ Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period. OJ L 161 26/06/1999 P0087 – P0093.

²⁰ Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

PART II. ANALYSIS OF THE DEVELOPMENT OF ORGANIC FARMING

An analysis of all potentially inhibiting or enhancing factors acting on organic farming with a view to ensure its continued development has been carried out. Part II describes the different problems and analyses possible actions to be explored further. Some of them are based on existing instruments.

2.1 Production, processing and innovation

2.1.1 Production on farms

Although organic farming has been in existence for many years there is still room for improvement. It is sometimes assumed that organic farming can be compared with conventional farming of 50 years ago, before synthetic pesticides and fertilisers became commonly used. This is, however, not a correct assumption. Organic farmers also use advanced and modern techniques such as better-adapted varieties of seeds and animal breeds, innovative methods for mechanical treatment of weeds and take account of new scientific evidence on disease control. Research is therefore of crucial importance for promoting innovative ideas and tools for farmers to increase organic farming performance.

2.1.2. Processing

Organic food products have traditionally been sold with a minimum of processing. Nowadays it is apparent that consumers would also like organic products to be available in processed form and, in principle, all or at least almost all food products should indeed be available as organic. This can however raise problems for processors as only a few additives are allowed in organic products. Processors will therefore have to develop new processing methods in order to preserve the recognised texture, colour, preservation qualities, etc. of particular products.

This information on processing and preservation techniques is owned by the industry and rarely shared between different companies. This creates considerable obstacles for new companies planning to process and distribute organic products. More publicly funded research, information and education in this area would help to develop new organic food products.

In contrast with organic farmers, processing companies often deal with non-organic and organic products in both the processing and distribution areas. The effect of this is that processors are faced with considerable expense in order to separate the two areas. Following recent pesticide contamination the conditions for storing organic food are proposed to be reinforced further adding to the costs. Furthermore, they often find their organic products in competition with their own non-organic products, which naturally makes the marketing of organic products less attractive to distributors. This is therefore one area where more research is needed in order that processors can exchange expertise and improve their methods of distribution.

2.1.3. Developing standards

The relevance of including new parameters in production standards, for example, the use of energy, standards for fish, etc. has been considered in the development of this working document. It has however been maintained that the action plan itself is not the right place

to make specific proposals about standards. The development of standards in implementing rules is part of the routine legal work of the Commission services, the action plan should focus on more general issues and analyse where policy initiatives are needed. It is also considered desirable that such new parameters should first be developed at private or national level taking scientific advice into account and involving the different stakeholders in the decision-making process. EU adoption of harmonised standards can then take place where the need has become clear. The development of EU standards shall reflect the existing policy objectives of the Community in the different areas concerned (as the protection of animal welfare).

Co-ordinated policy at national level has proven very useful in those Member States that have national committees dealing with standards, research and other matters related to organic farming.

At present, the EU regulation can be amended by the Council or the Commission under the procedure foreseen under Article 14 of the regulation (Standing Committee composed of experts from Member States' authorities).

Complete consumer confidence is of the utmost importance to the future of organic farming. It is therefore essential that all aspects relating to production standards, and inspection in particular, are developed according to consumers' expectations, and with consumers themselves being involved in the process.

2.1.4. Genetically modified organisms (GMOs)

According to Article 6 of Council Regulation (EEC) No 2092/91, genetically modified organisms and/or any product derived from such organisms must not be used, with the exception of veterinary medicinal products.

The ban on the use of GMOs was introduced by Council Regulation (EC) No 1804/1999²¹, amending Regulation EEC No 2092/91, on the following grounds: *'genetically modified organisms (GMOs) and products derived therefrom are not compatible with the organic production method; in order to maintain consumer confidence in organic production, genetically modified organisms, parts thereof and products derived therefrom should not be used in products labelled as from organic production'*²²

The risk of the presence of GM crops in non-GM farming systems cannot be completely excluded during cultivation, harvest, transport, storage and processing. The main sources of "ad mixtures" are seed impurities, cross-pollination, volunteers and harvesting-storage practices. This issue becomes more pressing when GM crops are cultivated on a larger scale in the EU. Information on the risk of ad mixture of non-GM crops with GM crops under field conditions is limited and in some cases contradictory.

²¹ Council Regulation (EC) No 1804/1999 of 19 July 1999 supplementing Regulation (EEC) No 2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs to include livestock production. OJ L 222 , 24/08/1999 P. 0001 – 0028.

²² Recital 10.

A realistic balance has to be found between the ban on the use of GMO's in organic production and the practicalities of management measures to avoid contamination of organic produce by GMO's. The Commission is currently together with Member States investigating the possibilities for co-existence of different agricultural production systems in the future and it is the intention of the Commission to tackle the question of coexistence (between genetically modified agriculture, conventional agriculture and the organic farming) and to make proposals for various options and actions.

In Action 17 of the Communication from the Commission on "Life Sciences and Biotechnology - A Strategy for Europe", the Commission committed itself to:

"...take the initiative to develop, in partnership with Member States, farmers and other private operators, research and pilot projects to clarify the need, and possible options, for agronomic and other measures to ensure the viability of conventional and organic farming and their sustainable co-existence with genetically modified crops".

DG JRC-IPTS has carried out a first co-existence study²³ based on computer simulations and expert panels. The results indicate that a very low threshold for adventitious presence of GM content in organic crops would not be technically feasible. The study is not validated by field trials.

2.2. Organic farming within the Common Agricultural Policy

Organic farmers are currently eligible to receive support from the first pillar (direct payments, price measures) under the same conditions as non-organic farmers.

In addition to this, the rural development policy as laid down in Regulation (EC) No 1257/1999²⁴ allows for payments through the second pillar²⁵ via various measures, such as investments into agricultural holdings (e.g. for improvements regarding the environmental and animal welfare aspects on their farms), training, processing and marketing measures, compensatory payments in less favoured areas, and most important for organic farming, agri-environmental measures. The latter are meant to give support to farmers who are making extra efforts (above good farming practices) to protect the environment. As a farming system beneficial to the environment, support for organic farming is currently part of agri-environmental measures covered by this regulation.

Organic farming has been regarded as a farming practice that, in theory, cover the majority of the objectives of the agri-environmental measures contained within Regulation (EC) No 1257/99 (such as extensification, genetic diversity and protection of the environment). All Member States have set up programmes that can be used by organic farmers. However, calculations on costs incurred and income foregone result in different premia. Some Member States support only the conversion of the land where other Member States also support the maintenance of the land in the organic production system.

²³ References listed in Annex IV.

²⁴ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain regulations. OJ L 160 , 26/06/1999 P0080 - P0102

²⁵ In some cases it is also possible for [producers committing themselves for environmental or quality goals](#) to receive also money through the first pillar for these purposes.

Agri-environment programmes are not the only factor that motivates farmers to convert to organic farming. This decision depends on a number of factors, the most prominent being the prospect of market development and price premiums received for organic products in particular. Empirical evidence²⁶ suggests, however, that a strong commitment to organic farming on the part of regional and national governments by way of the agri-environment programmes generally contributes to a higher level of organic farming.

In the Commission's Communication on the mid-term review of the CAP²⁷ several measures are expected to influence the participation of farmers in organic farming programmes including:

- Increased funding for Rural Development
- Linking de-coupled direct payments in the framework of the first pillar notably to the respect of environmental and animal welfare legal obligations.
- More emphasis on quality measures.
- Encouraging market orientated agricultural schemes.

This document does not discuss the interaction between organic farming and the development of the CAP in general. However, the Commission has launched a study on the interaction between environmentally friendly farming systems and the Common Agricultural Policy to get a more complete picture on the influence of the CAP on environmentally friendly farming systems including organic farming.

2.3. Developing the market

2.3.1. Consumers' perception of organic products

The organic farming sector has succeeded in establishing a market for its products. This has only been possible by developing a clearly defined production method guaranteed by control and certification systems. In order to maintain a separate market for organic products, it is important that consumers perceive the quality of organic products to be higher than of non-organic products. Quality is a very subjective concept. It can relate to the product's attributes, such as the perception that a product is healthier, tastes better, or is simply more popular or fashionable. But it can also relate to the consumer's wish to support a good cause, which does not necessarily benefit him directly, e.g. a better environment such as less pollution or more locally produced products.

Although no uniform analyses of the whole European market based on an assessment of consumers' motives for purchasing organic products yet exist, most studies indicate that the most important motive for consumers to buy organic products is linked to health, while aspects such as taste, the environment and animal welfare often are secondary motives with varying importance in different Member States²⁸.

²⁶ References listed in Annex IV.

²⁷ Communication from the Commission to the Council and the European Parliament: Mid-Term Review of the Common Agricultural Policy - COM(2002) 394 final of 10.7.02

²⁸ References listed in Annex IV.

2.3.2. The cost of organic products

The studies mentioned in the previous section have also shown that the main reasons why other consumers do not buy organic products are that they find the prices too high, do not find the products in the shops, do not believe that there is any difference in quality, do not have information about the nature of organic products or have doubts as to whether the products are truly organic.

It is clear that the price premia consumers pay for organic food compared to other food products are very important. Part of the price premia goes to the farmers. In most cases a big part of the extra price which the consumers do have to pay do not go to the farmers but to the processing and distribution chain. The costs of distributing organic products are normally higher than for non-organic products because the amounts sold in most shops are usually smaller than for non-organic products. It is generally recognised²⁹ that supermarkets play a crucial role in enlarging the food market.

It is important to look for distribution systems which can reduce the costs. One way of doing this is direct delivery from the farmer to the consumer. Such a system can also strengthen the link between farmers and consumers, which falls within the basic ideas of organic farming.

The Institute for Prospective Technological Studies of the Joint Research Centre of the European Commission has initiated a study to examine the value adding process along the supply chain for organic product. The aim of the study is to identify and analyse the underlying factors explaining differences in cost structure between conventional and organic products at the consumer level. The results should facilitate the forecasting of future demand and price premia for organic products.

2.3.3. Improved information on the added value of organic products

In order to broaden the information available about organic farming, it is important that objective and reliable information is made available by the public authorities in Member States and the EU. As a starting point the Commission has collected relevant information about the principles and potential benefits of organic farming in the Annex to this working document. However, this can only be a first step and it is essential that a more permanent means of informing consumers about organic farming be put into place.

A great deal of the food consumed in the EU is prepared in large-scale kitchens , i.e., in hospitals, schools and staff cafeterias. The operators of such kitchens could perhaps be encouraged to provide the opportunity of organically produced food together with non-organic food.

Experience has shown however that when a large kitchen decides to use organically produced raw material, it will encounter various problems.

- Firstly, organic products are generally more expensive and in order therefore to keep within budgetary limits, changes to recipes and menus have to be carried out.

²⁹

References listed in Annex IV.

- Secondly, it can be difficult to obtain the same kind of organically produced pre-processed foodstuffs as used generally by these kitchens. Furthermore, it can also be difficult to obtain these products in the appropriate large packs.
- Thirdly, it might be deemed necessary to change a regular supplier and to consider using different local suppliers.

It is therefore most important that staff in these areas receive the appropriate education and training.

2.3.4. Lack of statistical information

The Commission currently collects statistical information from the Member States on acreage and numbers of animals. The Commission has also launched a study by DG JRC-IPTS on price transmission from the farmer to the consumer.

There is however a lack of readily available statistical information about the market which is a crucial issue for the supply chain. Information about the total market share of organic products is not only important for policy-makers. The industry needs more information in order to plan its marketing strategies. No government or EU statistics are available on the sales of organic products.

Some statistical information about production size can be collected from inspection bodies but a lot of important information about trade etc. does not exist. Such data are normally only available from national statistical offices, but in most Member States no differentiation is made between organic and non-organic products.

It is therefore important to pursue the collection of the relevant information and economic data with the existing means, but also to prepare methods for collecting official statistics on organic farming, food and its markets.

2.4. Intra-Community trade/trade/logos

2.4.1. Variations between the private standards and the EU regulation

Even though the EU introduced harmonised rules for organic plant production and inspection in 1992 and for animal production in 1999, there are still some variations between the standards adhered to by producers in the various Member States. Before the EU regulation was implemented, the private certification organisations were the only independent organisations providing guarantees to the buyers of organic products. Standards often varied widely, meeting local preferences that reflected consumer choice, production conditions, producer preferences and the market response.

It is often difficult for producers, consumers and other interested parties to know exactly to what extent private and/or national official standards differentiate from the standards laid down by the EU regulation. It is therefore very important to improve transparency and to make this information more easily accessible. At the same time, variations between standards should be minimised. Such variations hinder trade even if no official restriction on trading the concerned products as organic exist. The EU regulation currently allows for more stringent rules imposed by private or national inspection bodies, and in some cases for more relaxed rules where authorities apply derogations provided for on a transitional basis. However, the inspection bodies do not always

recognise each other's standards and by consequence refuse marketing the products in question under their own private logos. It is therefore important that an agreement is reached on mutual recognition between the different inspection systems.

Private labels and logos have been developed for many years. In principle, all products that are produced according to the minimal requirements set out in the EU regulation can be marketed in all EU countries as 'organic'. In many Member States, however, it is not possible³⁰ in practice to sell the products as organic if they do not bear the logo of the national/local inspection body.

In addition, producers normally have to pay for the right to use the private logo. This also includes producers in other Member States who have already paid the local inspection body for inspection. This payment is often a key source of income for the private inspection bodies.

2.4.2. Use of the EU logo

The EU logo for organic products was introduced in 1999, but is still not commonly used on organic products.

Intra-Community trade (and imports) of organic products inside the EU is currently not a totally trouble-free area (see section 2.4.1). As explained in the previous paragraph, variation in standards, lack of mutual recognition and poor co-operation between private and/or national standards hampers the development of the market.

To improve this situation, it would therefore seem appropriate to promote and facilitate a wider use of the EU logo. The presence of this logo namely, indicates that the product complies with the norms that have been agreed between the organic farming representatives and governments of all Member States. The challenge will be to persuade European consumers to associate the EU logo with the confidence they already feel with regard to the safety and quality of organic produce. This may not always tie in with the interests of many of the individual actors within this sector, as a stronger European logo in the market place might compromise the market share of some long established and renowned existing logos. However, intra-Community trade (and imports) of organic products might create synergies in realising the potential demand for organic products. The availability of a wider product range is expected to also benefit established products produced in the EU and carrying well-known private logos. Moreover, studies³¹ have shown that a uniform logo increases consumer recognition of organic products. This demonstrates that a common logo for organic products is a very important factor in increasing the sales of organic products. Nevertheless, a need is identified for the continued use of private logos alongside the EU logo, as they provide initiated consumers with the choice of products that comply with the requirements of inspection systems for which they have a preference (see section 2.3.1). The above analysis suggests rendering the application of the EU logo mandatory.

³⁰ Supermarkets will not sell the products, or consumers do not recognise them as organic and therefore do not buy them.

³¹ References listed in Annex IV.

2.5. Imports from third countries and in particular from developing countries

Imports of organic products have increased considerably, a significant proportion of which comes from developing countries. Despite the lack of exact data it is clear that imports from developing countries in particular have increased. Some of the imported products are also produced inside the EU, but many of the organic products from developing countries are tropical products, which complement the organic products produced by European farmers. Generally speaking increased trade in organic products will enhance the development of the domestic market, and will therefore also benefit EU-producers (see also section 2.4.2. Use of the EU logo).

At the 4th WTO Ministerial in Doha in November 2001, the Community signed the Doha Declaration which commits members to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade.

The Doha Declaration includes the following statement:

“...we shall continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development. In this context, enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play”.

In line with this commitment, the Commission took an initiative called “Everything But Arms” which fully liberalises imports from least developed countries.

The Commission has also supported the conclusion from the World Summit on Sustainable Development held in Johannesburg in September 2002 (see section 1.2) which includes a commitment to facilitate the possibilities for producers in developing countries to get access to the markets in the industrialised countries.

Although currently only a niche market, organic products could be one possibility for developing countries to diversify their economic activities. Developing countries should thus be given the opportunity to develop their market shares for such products in Europe whether exported fresh or processed.

At present, exporting organic products from producers in non-EU countries can be quite difficult. Apart from the complications involved in obtaining the right to use the different national and private logos as described in section 5.2., these producers have firstly to get access to the EU market by obtaining approval from the Commission or a Member State. Producers and authorities in developing countries in particular have maintained that meeting the various requirements laid down by the EU is a complicated process.

Imports into the EU are currently approved according to two different systems:

- (1) the EU accepts the requirements in the export country as equivalent to the EU system (Article 11(1) in the EU regulation);
- (2) Member States can until 31 December 2005 authorise imports on a case-by-case basis (Article 11(6) in the EU regulation).

When the EU has approved a country's system, exports to the EU from that country become much easier. At the same time, European consumers can be reassured of the quality and safety of the organic produce entering the EU, since the evaluations undertaken by the Commission, together with the Member States, according to Article 11(1) are more comprehensive than the case-by-case approvals given by individual Member States according to Article 11(6).

So far, the EU has only approved seven³² countries according to Article 11(1). As imports are being carried out from more than 90 different countries, this means that Member States deal with the bulk of the import authorisations on a case-by-case basis according to Article 11(6) and that basically all developing country exports of organic products currently go through this system. This requires the substantial use of Member States' and third country exporters' resources and it is therefore considered necessary that this system be improved, not only to reduce costs but also to ensure that the imported products have been produced under standards equivalent to the EU regulation. At the same time, continued access to the EU market for particular producers in developing countries should be facilitated. It is therefore desirable that a permanent and more standardised system is developed in order to replace the current system (when article 11 (6) expires). In order not to disrupt current trade flows from third countries which currently benefit from the provision of Article 11 (6) it is important that the transition to a new system takes place smoothly and that due consideration is given to the situation of developing countries. This new system should be designed in such a way as to respect our commitment towards developing countries (as outlined above) while maintaining the robustness of the standards demanded by consumers.

Only two candidate countries have been approved according to Article 11(1). Before acceding to the EU, candidate countries must develop national or private inspection systems according to the EU system. Some have already developed such systems but most of them have not yet completed this work.

2.6. Exports

The consumer interest for organic products has increased substantially in many countries outside the EU, in particular in developed countries. EU exporters should be able to build on traditional strengths, especially in value-added food products, to share in this expanding global market. In order to ensure access to those markets, it is important that the EU production standards and controls are recognised worldwide.

2.7. Inspections (including inspections relating to imports)

2.7.1. Evaluation of inspection systems

Since the implementation of the EU regulation (EEC) No 2092/91, the Commission's Food and Veterinary Office has carried out an initial evaluation of the inspection systems operating in seven Member States only. A similar on the spot evaluation has been carried out so far in seven third countries included or requesting to be included in the list of third countries accepted as equivalent according to article 11.1. The evaluation covers both the supervision of private inspection bodies as well as the implementation of control

³² Argentina, Australia, Czech Republic, Hungary, Israel, New Zealand, Switzerland.

measures by assessing some of the private inspection bodies or inspection authorities. The reports of the evaluation are made public on the Commission's Internet homepage³³. These evaluations have resulted in recommendations for improving the inspection and supervision system both in the Member States concerned as well as at Community level. These recommendations are published together with the reports mentioned before.

2.7.2. Supervision and accreditation of inspection bodies

With the growth of the organic sector the need for accreditation and supervision of the inspection bodies on the basis of common criteria follows suit. The EU regulation for organic farming requires that the authorities in the Member States approve the inspection bodies, which fulfil the criteria in the regulation. There are however no detailed requirements for Member States' supervision of the inspection bodies.

The EU regulation also requires that approved private inspection bodies satisfy the requirements laid down in the EN 45011 standard³⁴. There is however no requirement for an official accreditation, and many Member States have chosen to let the authorities check if the inspection bodies fulfil the requirements in the accreditation standard. There also exists a private accreditation programme specifically targeted towards inspection bodies for organic farming (IFOAM accreditation) and some inspection bodies are accredited according to this.

Even though most inspection bodies operate very efficiently, it is still possible to improve the system and render it more coherent. An effective way to improve the system would be to require an official accreditation for all inspection bodies including inspection authorities.

The EN 45011 standard is not exclusive to organic inspection bodies and does not cover some relevant areas for that specific type of inspection. At present, when inspection bodies obtain official accreditation or the Member State authorities recognise that they fulfil the EN 45011, this is done on the basis of the inspection bodies' own standard.

2.7.3. Inspection of producers

The EU regulation on organic farming includes the requirements relating to the inspection of the different types of producers (farmers, processors, etc.). The regulation does not distinguish between large- and small-scale producers, requiring an identical inspection effort regardless of size. The inspection bodies are free to increase the level of inspection of large-scale operators but they cannot go below a certain level, even with very small-scale operators. A voluntarily increase of the inspection level of large-scale operators can be quite expensive and can result in a situation where the operator chooses another, cheaper inspection body.

As the level of inspection is set to correspond with an average sized producer, this may result in unnecessary inspections of small producers, or worse, spending of resources on low-risk rather than on high-risk producers. It would therefore seem more reasonable if the inspection requirements could be rationalised and follow a risk-based approach.

³³ http://europa.eu.int/comm/food/fs/inspections/fnaoi/reports/organic_farming/index_en.html.

³⁴ Accreditation standards for inspection bodies.

Such a system should also take into account that many very small-scale producers in developing countries work closely together in co-operatives where inspection might focus on the co-operative rather than on the individual farmers. This would in many cases reduce the cost of certification, which can be quite a considerable burden for such small-scale producers.

Previous cases of fraud have also shown that cross-inspection between producers and traders dealing with the same product is a very useful instrument, and that such systems should be further integrated into the normal inspection procedures.

The taking and testing of samples is a valid tool for inspection bodies, in particular when negligence or fraud is suspected or to assess the adequacy of established safeguards. It is therefore important that validated analytical and sampling methods are developed and prescribed. Initiatives in this area are being carried out by DG JRC.

2.7.4 Co-operation between inspection bodies

The current system based on private inspection bodies as well as public authorities, works very efficiently in most cases. However, an increase in production, processing and distribution of organic products can result in different inspection bodies being involved at different stages of its production, processing and marketing of the same product.

In 2001 there have been various cases of fraud where non-organic products were sold as organic. In some, the fact that the products were traded between companies subject to different inspection bodies made it more difficult to immediately expose³⁵ the fraud.

This again illustrates the need to improve co-operation and co-ordination between the inspection bodies.

2.8. Research and training

2.8.1. Research

In order to promote the expansion of organic farming, new information and, above all, new technologies are required. Providing farmers with easy access to information about organic farming methods is therefore an important part of any policy aimed at developing the organic sector.

Information, training and research are relevant at all levels of the organic sector, from the practical training of farmers to research programmes in universities or other research bodies.

Due to the relatively short history of organic farming and the current low market share for organic products, there are few market driven incentives for research and technological development. Consequently, there is a justification for government

³⁵ Also the fact that the EU regulation does not currently require wholesalers to be subject to the inspection system made it more difficult to expose the fraud. A solution to this problem is expected following adoption of a new proposal from the Commission presented to the Council in November 2002. The proposal will also make it easier for inspection bodies to exchange information about producers.

intervention, and a requirement to steer research organisations more into the area of organic farming.

The development of production methods in organic agriculture has, to a large extent, been carried out by pioneer organic farmers and producers. This development has shown that the participation of farmers in research and extension services should not be limited to providing information and verifying the suitability of scientists' technologies or development projects. It is important that research is carried out in close co-operation with farmers, advisers and other stakeholders.

The transfer of research results into agricultural practice with close co-operation between research, advisory services and farmers is already being carried out in some Member States. There is however a need for improved co-operation in this area in other Member States. This can be achieved by establishing working groups at national level or, where relevant, also at local level, entailing the establishment of priorities and the formulation of research projects.

It is also important to give stakeholders the opportunity to inform the Commission about which subject they find should have priority.

In many Member States research budgets do not always include a specific amount reserved for organic farming. Nor is its share appropriate to the development of organic farming.

Organic farming is already included in the thematic priority areas of the 6th Framework Programme (FP6³⁶) of the European Community for research, technological development and demonstration activities. It is also included in the work programme of the JRC, but the funds for that purpose will be fixed in the implementation stage.

It is important to emphasise that organic food production does not only involve farming, but that many products are processed. Furthermore, organic processing differs from the processing of non-organic products. Research dedicated to organic food processing is therefore essential.

Organic farming is included in the FP6 from the point of view of food quality and safety. In addition, there are opportunities in the FP6 for important policy related research to be defined, and topics are included in the (draft) work programme on replacements for copper sulphate fungicides and on research to help develop the organic farming action plan. In addition, there is interest in the organic farming sector for co-ordinating national research support, and this may form the basis of a proposal to the programme.

2.8.2. Advisory services

The advisory services have played an important role in the transfer of scientific results into agricultural practice and should ideally be the link between practice and research. Private and public organic advisory services are more developed in Germany, Austria and the Nordic countries than in most other regions in the EU, where advisory services

³⁶ The Sixth Framework Programme (2002-2006). The EU's Framework Programme for Research and Technological Development is a major tool to support the creation of the European Research Area.

for organic farmers are partially integrated into the normal advisory services. In southern Europe there are only a few advisers available and they are mainly employed by private consulting firms. In other cases, advice is given at seminars of producers' organisations or by individual farmers exchanging knowledge with each other.

Organic farmers themselves might play a crucial role in this respect, by pooling their resources or participating in advisory or extension services, opening their own farms and sharing their experiences with non-organic farmers who might be interested in converting to organic farming. Organic farmers might also consider becoming part time advisers visiting neighbouring farms.

The issue of improved advisory services is crucial to the development of organic farming. It is already possible for Member States to support the setting up of advisory structures and advisory activities geared towards farmers, for which the EU currently offers co-financing. This is an area where Member States need to consider giving priority within their current systems to training and education for environmentally friendly systems such as organic farming. Training and advisory services for producer groups aimed at the development of local supply chains and areas with special promotion of organic production could also be considered.

2.9. Key elements of the analyses

The problems relating to the production, processing and marketing of organically produced goods in Europe have been carefully analysed. In order to develop organic farming in Europe, consideration must be given to each of these various problems and appropriate measures should be developed to confront them.

Developing the market also means considering what sort of information needs to be available about organic products, what they represent and to what, as far as the consumer is concerned, the organic production method refers. Improving knowledge about organic farming means providing better information not only to the consumer but also to the various stakeholders throughout the production chain. Before delivering information, it is necessary to develop and collate the relevant statistics and the way they are put together. Information about organic produce needs to take into account the information received from inspection bodies in terms of differing standards and claims about what should be considered as organic. Comparison of standards is important for transparency reasons, particularly in relation to intra-Community trade.

Identification of the products is also an important aspect. Means to increase the use of the EU- logo shall therefore be considered and reinforced.

As an increasing number of organic products come from third countries, special attention needs to be paid to the procedures used, in particular to facilitate the market access of products from developing countries, while ensuring full compliance with EU rules. These procedures should be designed in such a way as to respect our commitment towards developing countries while maintaining the robustness of the standards demanded by the consumers. This would result in fair competition. At the same time it is important to increase consumers' confidence in the authenticity, quality and safety of these products.

Organic products can only be claimed to have originated from a specific production system if the appropriate controls are put in place. The quality of the controls and

confidence in the control bodies and authorities can only be achieved if inspection systems are sound and in possession of valid accreditation³⁷. Carrying out the correct inspection procedures throughout the production chain can be achieved by ensuring appropriate working procedures between the inspection bodies and authorities.

Finally, research and training aimed at getting the very best out of the organic sector should also be included in the action plan³⁸.

2.10. Possible elements for a future action plan for organic food and farming

Without wanting to pre-empt the outcome of the further consultations, all of the above mentioned elements have to be taken into account in the identification of possible actions. New elements or changes to identified actions are expected to result from those future consultations.

The sixth Community Environment Action Programme, the Sustainable Development Strategy with the respective Presidency conclusions of the Göteborg Council, and the Environment Integration Strategy of the Agricultural Council all emphasise the importance of organic farming, its positive contribution to the environment, and the need to be supported by i.a. the Common Agricultural Policy. In the view of an action plan further reflection could be carried out on the following issues:

- developing and facilitating various systems for organic produce sales,
- targeting organic farming to environmentally sensitive areas,
- encouraging the exchange of technical information between farmers,
- ensuring that the Common Agricultural Policy supports the development of organic farming,
- ensuring traceability and organic food authenticity.

Some actions can already be based on existing instruments such as information and promotion campaigns and rural development schemes. For these actions legal bases exist^{39, 40, 41}. The major purpose of these actions would be the development of the market for organic produce. Another element acting upon enhancing consumer demand, but for which no legal instruments are required, could be to collect existing information and

³⁷ The Commission is preparing a proposal for a Regulation regarding Food and Feed Controls which will cover controls on organic farming.

³⁸ The issues mentioned above need a multi-disciplinary approach. This could for example take the establishment of a network to co-ordinate the tasks and to design agreed protocols for research in order to develop new methods that could be used as tools by inspectors and food chains. The network should be able to produce reliable information on eventual effects of agricultural systems on food safety and quality.

³⁹ Council Regulation (EC) No 2826/2000 on information and promotion actions for agricultural products on the internal market. OJ L 328 , 23/12/2000 P. 0002 – 0006.

⁴⁰ Council Regulation (EC) No 814/2000 on information measures relating to the Common Agricultural Policy. OJ L 100, 20.04.00, p. 7.

⁴¹ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations. OJ L 160 , 26/06/1999 P. 0080 – 0102.

statistical data in order to carry out an agro-economic analysis of the organic market. The collected information and results of the analysis should be communicated to the various actors in the supply chain.

Other identified possible elements deserve further reflection, of which advantages and disadvantages should be raised in the discussion process to elaborate the European Action Plan.

They relate mainly to the following subjects:

- the means to reinforce the use of the EU logo,
- the access to information on additional inspection requirements where they exist,
- the harmonisation of testing methods, control procedures, supervision and accreditation together with efficient co-operation between all actors involved in the inspection system, including Community inspections,
- the implementation of appropriate standardised procedures to ensure that imported products respect both fair competition with EU products and EU commitments regarding developing countries,
- the establishment of a body for delivering independent, excellent and transparent advice on which production methods, substances etc. can be accepted in order to assure conformity with the principles of organic farming,
- the collection and communication of official statistical data on production, consumption, and trade (EU imports and exports) on a more permanent basis,
- the effective funding of research in organic farming from the point of view of food safety and quality, including expanding research into the development of new products and processing methods and the environmental sustainability of organic farming, and into comparison studies between organic and conventional food.

ANNEX I

The predicted impact of organic agriculture

Organic farming is predicted to have an impact on the environment, animal welfare, food quality, etc. This chapter supplements the information given in section 1.2.

The most commonly used claim in support of organic farming is that it brings about positive effects on the environment.

Theoretically, some farming systems could have even fewer detrimental effects on certain environmental indicators than organic farming. However, the advantage of organic farming in this respect is the broad positive impact that it can bring simultaneously to a wide array of environmental and other indicators.

Pesticides: The restricted use of pesticides plays an essential role in the effort to halt the loss of biodiversity in the environment. Restricting the use of pesticides improves water quality, resulting in healthier drinking water and the restoration of fish populations which, in turn, has a positive effect on fisheries⁴² and results in less pesticide contamination of soils.

The report “Environmental integration and the CAP⁴³” stated that “Water pollution from agriculture activities currently a significant concern for most Member States as they begin to address the implementation requirements of the Water Framework Directive⁴⁴”

Eutrophication applies particularly in areas of intensive livestock husbandry, while pesticide residues and soil sediment in water supplies are more a phenomenon of some arable and horticultural areas.

Some pesticides are however permitted under Regulation EEC/2092/91⁴⁵. Applications of these pesticides are usually reduced to very limited quantities and methods of application (e.g. usage may only be permitted in traps to combat one or two specific organisms).

Nutrients: The ban on artificial fertilisers and the limits on livestock stocking densities restrict the potential for nutrient pollution. As in organic farming legume growing is a routine procedure to bring nitrogen into the soil, this may give rise to environmental concerns. However, awareness of the problem and its handling has improved and alternative measures have been developed and introduced into organic farming practices. Farm comparisons show that actual leaching rates per hectare are up to 57 % lower on organic than on non-organic fields.

Soil protection: Specific practices in organic farming may affect the soil more directly than those used in non-organic farming, e.g. mechanical weeding, which eventually leads to erosion. However, organic farming has to be seen as a holistic approach to farming. Overall

⁴² References listed in Annex IV.

⁴³ A report to the European Commission, DG agriculture by Institute for European Environmental Policy, May 2002.

⁴⁴ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy. OJ L 327 22/12/2000 P0001-P0071.

⁴⁵ Azadirachtin, beeswax, gelatine, extracts from *nicotiana tabacum*, pyrethrin and quassia, lecithin, plant oils, and rotenone, *Bacillus thuringensis*, granulosis virus, diammonium phosphate, metaldehyde, pheromones, pyrethroides, copper salts, ethylene, fatty acids, potassium allum, lime sulphur, mineral oils, potassium permanganate, quartz sand and sulphur.

impacts on the soil have been demonstrated to be positive, as they are compensated by other effects of organic farming, e.g. the higher organic matter content of the soil, growing catch crops, and improved water infiltration due to mechanical weeding which prevents erosion.

Biodiversity: Organic farming contributes to the preservation of species and natural habitats by means of its reduced inputs, its high share of grassland within holdings, its greater use of indigenous breeds and plant varieties¹¹.

Energy use and emissions: Although organic farmers may use more diesel oil than non-organic farmers (due to mechanical cleaning of weed and spreading of animal manure), the total energy use on organic farms is still significantly lower than the amount used on average in other farming systems⁴⁶. The main reason for this is that synthetic nitrogen fertilisers, the production of which requires vast amounts of energy, are not used in organic farming.

Organic farming also contributes, by a lower animal density, to reduction of ammonia and nitrogen oxides in air in the frame of the implementation of the UNECE protocol on air pollution. Emission of CO₂ from organic farms is 40 – 60 % lower than from conventional farms, due to lower use of energy (refer to above). Organic farming also bears a lower NH₃ emission potential than conventional production.

Animal welfare: The standards laid down for organic farming include several requirements relating to animal welfare. Among the most important are those related specifically to access to grassland or outdoor runs, living space for livestock, and the application of more natural and less intensive diets. As the EU standard for animal husbandry was only implemented in the year 2000, relatively few comprehensive scientific results on animal welfare in relation to organic farming practices are currently available.

Food safety

It is not possible to claim that organic food is safer than non-organic food, since all food products sold in the EU must fulfil the same strict criteria on food safety.

The risk of contamination of food with pesticides and nitrates has however been found to be lower in food produced organically.

Both organic and non-organic food products are sometimes (but not always) analysed for residues of pesticides. However, organic food is tested more often since the food authorities and organic inspection bodies both carry out tests on it. Depending on the type of product, pesticide residue is sometimes also found in food labelled as organic. It should however be noted that, even if all the regulations have been adhered to, it is still possible for an organic product to be contaminated with pesticides, for instance by the drifting of pesticides from a neighbouring field. It is however unusual to find residues in organic food and when they are, they are found to be at lower levels.

The risk of discovering antibiotic residues is assumed to be lower in organically produced meat since the preventive application of antibiotics is strictly forbidden, and therapeutic use avoided as far as possible

⁴⁶ References listed in Annex IV.

The use of manure as a potential source of fertilisation should not pose particular problems in organic farming. It is also commonly used in non-organic farming and should not pose any particular problems with microbial contamination⁴⁷ if carried out according to good practices.

In this context the Animal By-Products Regulation (CE) n. 1774/2002, (articles 5(2) (c) (ii) and 6 (2) (d) allows the use of animal by-products for the production of "technical products" intended for purposes other than human or animal consumption, including organic fertilisers and soil improvers. Pending the adoption of community implementing measures, art. 35 (3) establishes that MS may adopt or maintain national rules restricting the use of organic fertilisers and soil improvers. Art 22 (1) (c) prohibits the application to pastureland of organic fertilisers and soil improvers, other than manure.

A pilot project on food quality⁴⁸ has been launched by Directorate-General for Health and Consumer Protection. This project aims at assessing the overall quality of organic and non-organic food currently available on the European market. The preliminary results mainly confirm the abovementioned findings. Only a small percentage of organic produce analysed contained pesticide residues and the detected residues levels mostly ranged below the legal limits (MRL). The study showed as well a lower number of different pesticides found in organic food. It is sometimes claimed that the risk of contamination with mycotoxins is higher in organic food. The study could not confirm this. Differences in vitamins and minerals contents were observed with, in most cases, the organic produce representing the higher levels. However, these differences were not significant. Moreover, the organic food showed lower concentrations of nitrate.

Food quality

Taste and appearance are matters of personal judgement and this, of course, is something that has to be left to the individual consumer, often according to cultural or other factors. Recognising that there are already many flavour variations between different fruits and vegetables depending on the variety, the degree of ripeness, freshness or for how long they have been stored, objective judgements are often difficult.

Some studies⁴⁹ have found a higher content of dry matter, minerals, vitamins and flavour-providing 'phytonutrients' in organic products, especially in green vegetables, and a lower concentration of potentially harmful nitrate. Other studies⁵⁰ have however not been able to confirm this.

⁴⁷ References listed in Annex IV.

⁴⁸ Call for tender No DG XXIV/98/FVO 3/012

⁴⁹ References listed in Annex IV.

⁵⁰ References listed in Annex IV.

ANNEX II

State of play in the candidate countries

Bulgaria

Bulgaria has not yet developed national legislation for organic farming or programmes for the support of organic farmers but the Ministry of Agriculture has been working on this. The production of organic products is very small.

Cyprus

National legislation is being developed.

Czech Republic

The Czech Republic has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. An inspection team from the EU visited Czech Republic in 1999 and found that the system of inspection was equivalent with EU requirements. The EU has already accepted their production standards (for vegetable production) and the inspection system in the Czech Republic as equivalent to those laid down in the EU regulation. There is substantial export trade to the EU.

Estonia

Estonia has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. National legislation and an administration and inspection system have been developed in connection with a TAIEX project. An inspection team from the EU visited Estonia in 2001 and found that the system of inspection was equivalent with EU requirements. There are some exports to the EU.

Hungary

Hungary has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. The EU has already accepted their production standards (for vegetable production) and inspection system in Hungary, as equivalent to those laid down in the EU regulation and exports to the EU are quite substantial.

Latvia

Latvia has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. Latvia does have some organic production but there are relatively few exports to the EU.

Lithuania

Lithuania has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. Organic production is small and there are relatively few exports.

Malta

Malta has not developed national legislation for organic farming or programmes aimed at supporting organic farmers.

Poland

Poland has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. An ongoing Twinning project in Poland covers both the development of national legislation, the administration, inspection and advisory systems for farmers. Poland does export some organic products to the EU.

Romania

Romania has developed national legislation for organic farming. Organic production is very small.

Slovakia

Slovakia has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. The domestic market is very small but there are substantial exports to the EU.

Slovenia

Slovenia has developed national legislation for organic farming as well as programmes aimed at supporting organic farmers. Slovenia has developed a domestic market for organic products and there are relatively few exports to the EU.

Turkey

Turkey has developed national legislation for organic farming, but there are no programmes aimed at supporting organic farmers. There are substantial exports to the EU.

ANNEX III

Composition of the expert group

It should be noted that the proposals contained in the working document do not necessarily reflect the views of the expert group.

Organisation/expert
International Federation of Organic Agriculture Movements, IFOAM
European Environmental Bureau, EEB
European Community of Consumer Cooperatives, Euro Coop
European Organic Certifiers' Council, EOCC
Committee of Agricultural Organisations in the European Union, COPA
General committee for Agricultural Cooperation in the European Union, COGECA
<i>La Coordination Paysanne Européenne</i> /European Farmer Co-ordination, CPE
<i>Bureau Europeen des Unions de Consommateurs</i> /The European Consumers' Organisation, BEUC
<i>Confédération des Industries Agro-alimentaires de l'UE</i> /Confederation of the Food and Drink Industries of the EU, CIAA
<i>Comité Européen de Liaison des Commerces Agro-Alimentaires</i> , CELCAA
<i>Promoting Sustainable Rural Development in Central and Eastern Europe</i> , Avalon
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ANNEX IV

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