Market Review of the Welsh Organic Horticulture Sector, 2007

Roger Hitchings, Organic Research Centre

with contributions from Phil Sumption, HDRA,
and Pauline van Diepen & David Frost, ADAS Wales

Organic Centre Wales

Aberystwyth

June 2007

Noddir gan Lywodraeth Cynulliad Cymru
Sponsored by Welsh Assembly Government

Agri-Food Development Fund

Acknowledgements

I am grateful to Phil Sumption of HDRA for carrying out the detailed telephone survey of growers, David Frost and Pauline van Diepen of ADAS Wales for general background information and interviews with organic traders, Amarjit Sohar of Organic Monitor for current market information, Dave Rimmer of Defra Statistics for details of producer numbers and land areas, and colleagues at the Organic Research Centre, Elm Farm for general support, proof-reading, etc.

The growers and traders who responded to the various surveys and telephone interviews deserve a special vote of thanks for giving up what is extremely precious time to provide this report with invaluable insights on the situation ‘out there’. I hope they will not feel that their effort was not wasted.

The provision of financial support by the Welsh Assembly Government from the Agri-Food Development Fund is gratefully acknowledged.

Published by Organic Centre Wales
P: Institute of Rural Sciences, University of Wales Aberystwyth, Ceredigion, SY23 3AL.
T: 01970 622248.
E: organic@aber.ac.uk.
W: www.organic.aber.ac.uk

Executive summary

The supply situation for Welsh organic horticultural products

Organic production in Wales has been developing steadily in the last five years, with particular emphasis on organic cattle and sheep production. This was despite over-supply conditions in some sectors, notably dairy, following the very rapid growth in 1999/2000. Looking further back there was a time when horticultural production represented a considerable proportion of Welsh organic output and played a significant role in the development of the organic market as a whole.

Between the end of 2002 and end of 2005, the **number of holdings** increased by 12% to 688, and the **certified land area** increased by 29% to 71 thousand hectares, of which more than 90% is grassland. Growth in Wales has exceeded other parts of the UK, reaching 5% of agricultural land by end 2005. More rapid growth is projected for 2006 and possibly 2007. There is however little evidence that this is mirrored in the horticulture sector – if anything there has been a reduction in the horticultural production area. The latest Defra statistics show that there has been a decline in organically managed horticultural land in Wales from 722 hectares in 2003 to 649 hectares in 2005.

Actual **output of Welsh fruit and vegetables** is more difficult to quantify reflecting a continuing need for improved statistical data to support market development and the delivery of public policy. Better data is available for the UK as a whole but a significant effort will be needed to dis-aggregate the output data for Wales. The UK data show the overall organic market increasing to £1.6bn in 2005 and the organic vegetable market increasing at a faster rate despite falling back in absolute terms. UK organic horticultural land is increasing but not at the same rate as the market. It is predicted that UK self sufficiency (which has increased to 62% over the last four to five years will fall away as imports increase to fill the widening gap between UK production and UK consumption.

Organic **farm gate prices** for fruit and vegetables have been under continuing downward pressure over the last five years and this fact has been cited as one of the contributory facts behind the relative lack of horticultural land coming into conversion. These pressures do not necessarily bear directly on the localised marketing that is common among Welsh organic producers but supermarket prices do provide something of a benchmark for such operations. There is evidence of significant price increases in the conventional sector following last summer’s heat wave but it remains to be seen if these are reflected in the organic sector.

The original **market intelligence report** published in 2004 provided a useful starting point for this review. The majority of producers who has seen it found it useful but they were a relatively small number of those that were asked. A number of extremely useful and pertinent recommendations were made and these will be reviewed in the conclusions to this report i.e. to what extent were they taken up?

A **grower survey** was undertaken using a detailed telephone questionnaire and a 56% response achieved from a list of 110 producers. Highlights included the fact that the 62 respondents represented some 83 hectares of horticultural output, a figure that is at odds with the Defra statistics even when allowances are made for non-respondents. 75% of respondents were marketing locally in one form or another while labour issues were seen as the most common restraint. Growers felt that the market was expanding and many were confident abut the future though a significant number had given up or were giving up for reasons of age, health, etc. In terms of market information there was a strong response for price information and also market trends.

This was followed by a **trade survey** that included box schemes, small retail outlets and wholesalers. All those questioned were unanimous that demand for organic produce in general and Welsh organic produce in particular is running at unprecedented levels. Traders are finding it extremely difficult to source the produce they need from Wales and are therefore importing it from countries such as France and Holland. A significant proportion (up to 60%) of this produce could be grown in Wales. Difficulties cited included lack of support payments, low profitability, certification fees, a reluctance on the part of growers to expand, and the increasing age of the present grower base.

It is possible to use these responses and set them alongside the wider data to generate a **market assessment** for organic fruit and vegetables in Wales. Using the assumptions of the earlier market intelligence report we can arrive at an estimate of the potential market for organic fruit and vegetables in Wales of £32.3m across all outlets. Organic Monitor reports a sharp increase in demand for fruit and vegetables in 2006. Set against this is the progressive reduction in both real and relative terms of the Welsh production base for organic horticultural produce. It is difficult to produce an estimate but it is unlikely to exceed the estimate in the earlier report of £1.3m. What is clear is that the gap between production and demand is widening at a rapid rate. It is possible to generate profits through the growing of organic horticultural crops but a rigorous financial analysis is essential before embarking on such a course.

SWOT analyses from earlier reports are discussed and placed in the present day context. Familiar issues of unsuitable infrastructure, topography, isolation, lack of cooperation, availability of labour and poor returns feature both then and now. There are a number of opportunities arising from the developing, public procurement and consumer support for Welsh produce. The major issue is however the threat to the existing grower base and an inability to address the many opportunities because of a lack of new entrants.

Recommendations

Despite the generally positive outlook from a demand perspective, there is a need to address some of the factors that might discourage producers from converting, including disruption to the Organic Farming Scheme, price levels that do not always reflect the costs of production, access to markets and a distinct lack of support for the sector.

To address this, there is a need for:

- better **statistical data** on current and future production levels and market shares;
- consideration should be given to the development of an **organic price exchange** service possibly in conjunction with other agencies and organisations
- continued efforts to **support producer groups** in developing markets for organic fruit and vegetables and in seeking to achieve realistic prices;
- wider publicity of the potential demand and market opportunities for organic horticultural produce through a series of **events, articles and other media coverage;**

- the re-vamping of and wider publicity for the present **Organic Market Wales** as a contribution to the wider publicity effort;
- enhanced payments through the **OFS**;
- a distinct arm of the **Farming Connect** service that addresses the needs of horticultural producers;
- more linked **planning of events** with other development centres, companies, organisations, etc.
- an increasing focus on **education** in order to signpost opportunities for young people;
- a **linking mechanism** for putting new entrants to the sector in touch with land owners interested in renting land, share-farming and share-cropping;
- improved **production systems**, supported by effective research and development and knowledge transfer;
- a key area for development is the encouragement of **protected cropping systems** along with a sympathetic approach from planning authorities
- a clear identification of **suitable areas** for both conventional and organic horticultural production along with guidance on how to deal with the particular soil types and prevailing climate
- improved **integration of effort** between organic sector businesses and the agencies that support the development of the Welsh horticultural and organic sectors;
- **joint working arrangements** with Organic Centre Wales, Horticulture Network Wales, Centre for Alternative Land Use, Welsh College of Horticulture, machinery rings and others – this could lead to a virtual centre where growers could access:
    - market intelligence information
    - land availability
    - machinery and machinery ring contacts
    - information on labour and available skills
    - technical information and advice
- better **linkage** with the dairy, arable and red meat sectors to benefit from complementarity relationships between the sectors at production, market development and promotional levels.

Contents

1 Introduction

This review intends to present as comprehensive a picture as time and funding will allow of the present situation with respect to the supply and demand of organic fruit and vegetables in Wales. The review draws on a range of information sources and takes as its starting point the earlier Horticulture Market Intelligence report produced by the Soil Association for OCW and published in February 2004. Insofar as it is possible the review not only tracks developments over recent years but also attempts to project these developments into the future. Much of the work focuses on telephone interviews with horticultural producers in Wales and interviews with key players in the supply and processing sectors. The present and future assessments are supported by a SWOT analysis. A number of recommendations are made that focus on aspects such as market and conversion support.

1.1 A brief history

The seeds of Welsh organic production were to a great extent sown in the 1970s when a number of people moved to south west Wales with the intention of producing and selling organic produce. Horticultural production featured strongly though not exclusively on these pioneer holdings. The market for organic produce was very much in its infancy and these early practitioners struggled for some years to sell their produce. Early outlets were local wholefood shops and there was also some local direct selling. Van runs were set up to move surplus produce into England, particularly the Midlands and the North-west.

Efforts were made by those with entrepreneurial flair to gain the interest of the supermarkets and in 1985 the first organic product to feature in a major supermarket was Welsh organic carrots. In a sense the rest is history for from that small beginning the market for organic produce has grown substantially though not without some ups and downs. It is not unreasonable to claim that the buoyant market today owes much to those early pioneers based in Wales.

1985 was a key date for other developments that were linked to the breakthrough in supermarket selling. Organic Farm Foods (OFF) was established to supply the supermarket customers using a dedicated packing and grading facility based in Lampeter. At the same time the first organic growers co-operative (Organic Growers West Wales - OGWW) was set up to supply produce to OFF in a planned and co-ordinated programme. Of the two organisations only OFF survives today though it has undergone a number of changes and is now based in England.

Changes have taken place more generally with the entry into the marketplace of growers from the more established vegetable production areas in England. This was in response to the expansion of the market from the mid 1990s onward and also as a result of pressure from their supermarket customers. Increasing pressure on both price and quality specifications has meant that the original Welsh growers found it more difficult to compete in the pre-pack market. The development of a strong Welsh market for organic fresh produce has been a relatively recent phenomenon and not all growers have been able to adapt their production to suit. The reasons for this were exposed in the earlier market intelligence report and are reviewed below.

Horticultural produce has historically led the way in establishing the market and it continues to dominate customer choices today. Recent developments in relation to public procurement and a renewed focus on the quality of school meals have led to additional demand for locally produced food in addition to that being increasingly shown by consumers generally. The danger is that the organic horticultural sector in Wales may not now have the capacity to address these new demands.

1.2 A review of the earlier market intelligence report

"Improving market intelligence for organic horticulture in Wales" was written by Rob Haward and Michael Green of Soil Association Producer Services (now Food & Farming Department). In producing the report these two authors had the dual benefits of being responsible for the Soil Association Food and Farming Report and access to some specific consumer information from a Taylor Nelson Sofres (TNS) survey carried out in Wales and South-west England and part funded by the WDA. The result was a well-written and detailed report covering the production, marketing, consumer trends, policy support, and a range of other topics.

This was a very comprehensive and detailed report. In the course of the various producer and trader surveys an attempt will be made to assess the effectiveness of dissemination of the earlier report and whether it has been read by those on whom it was targeted. The validity of the recommendations from this earlier will be examined in a later section.

The most interesting aspects of this report from a personal point of view were the estimates of areas of individual crops grown in Wales and the estimated wholesale value of organic fruit and vegetables produced in Wales. As noted these were estimates based on the outcomes of interviews with roughly a third of growers and a range of processors. A rather more important question is whether the report was of use to the wider spectrum of stakeholders. It certainly proved of use in providing data for use in the delivery of a college course (Robertshaw, personal comm., 2007) but the responses from the growers who have been surveyed will be more relevant. As part of the questionnaire they have been asked whether they have seen the 2004 report, if they have read it, and did they find it useful. As part of the same section they were also asked similar questions about the OCW Organic Market e-bulletin.

Out of 62 responses to the grower questionnaire 18 respondents said that they had seen the report and 7 noted that they had not. Of those that had seen it 14 had read it while 4 had not. Only 8 respondents found the report useful, 4 did not find it useful and the rest gave no answer to the question. 8 out of 62 means that the percentage of growers that found the previous report useful is approximately 13% but this of course ignores the fact that a significant proportion did not see it in the first place.

The grower survey had a number of issues to address so there was little opportunity to explore the reasons why respondents considered it useful or not useful. Only a small number indicated that they had not found it useful and this should be seen as positive. What is perhaps of more concern is that 61% of respondents either said they had not seen the report or did not reply. The implication is that the dissemination process was not sufficiently effective and more effort will be needed that this review reaches as many people as possible.

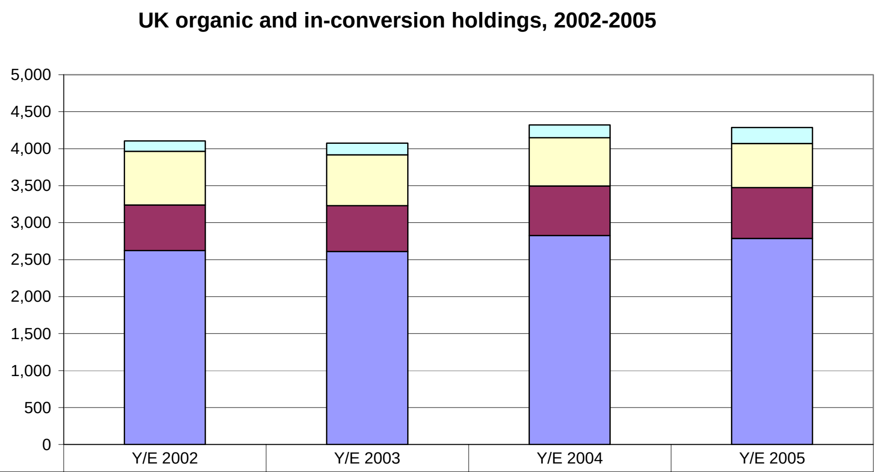
Among the conclusions of the earlier report was an estimate that the market for organic fruit and vegetables in Wales was valued at £20.5m for the financial year 2002/03, a figure which reduced to approximately £7 million after allowing for imports. A more up to date estimate will be provided later in this review using the same assumptions and it will show an increase more in less in line with the increase in the total organic market. It was noted that there were 102 producers involved in the organic horticultural sector producing crops on 512 hectares of fully organic land. The value of Welsh organic fruit and vegetables was estimated at £1.8m, close to 5% of the UK total. A number of recommendations were made and these will be examined in detail alongside the conclusions and recommendations of this review. An assessment will be made of the extent to which the earlier recommendations have been implemented and the effects of such implementation.

2 The production situation for Welsh organic horticulture

2.1 Number and type of organic holdings in Wales and the UK

The period since 2002 has been one of slow growth and consolidation for the organic sector, following the very rapid expansion phase in 1999/2000. In Wales, the number of organic holdings has increased steadily, in contrast to Scotland and to some extent England where the number of holdings declined in 2005. Although 2006 data are not yet available, a significant increase to 750+ holdings in Wales is anticipated, on the basis of information available from Organic Conversion Information Service and Organic Farming Scheme returns.

Figure 2.1 UK organic and in-conversion holdings, 2002-2005



	Y/E 2002	Y/E 2003	Y/E 2004	Y/E 2005
Northern Ireland	139	153	174	217
Scotland	725	689	653	595
Wales	618	623	667	688
England	2,622	2,607	2,827	2,785

Y/E=year ending - values published typically as January following year
Source: Defra (2006)

The classification of the Welsh organic and in-conversion holdings in 2005 shows the dominance of hill/upland (LFA) livestock types:

Table 2.1 Distribution of Welsh organic holdings by farm type/share of all holdings, 2005

Farm type	***Organic holdings***	***All Welsh holdings***	***Organic share***
Cereals	0	232	0.0%
General cropping	11	132	8.3%
Horticulture	28	497	5.6%
Specialist pigs	0	48	0.0%
Specialist poultry	7	336	2.1%
LFA dairy	64	2871	3.8%
Lowland dairy	44		
LFA cattle and sheep	317	11203	2.8%
Lowland cattle and sheep	66	2730	2.4%
Mixed (cropping, cattle and sheep)	26	646	4.0%
Other	85	2484	4.7%
Unclassified	32	-	-
Total	688	24330	2.8%

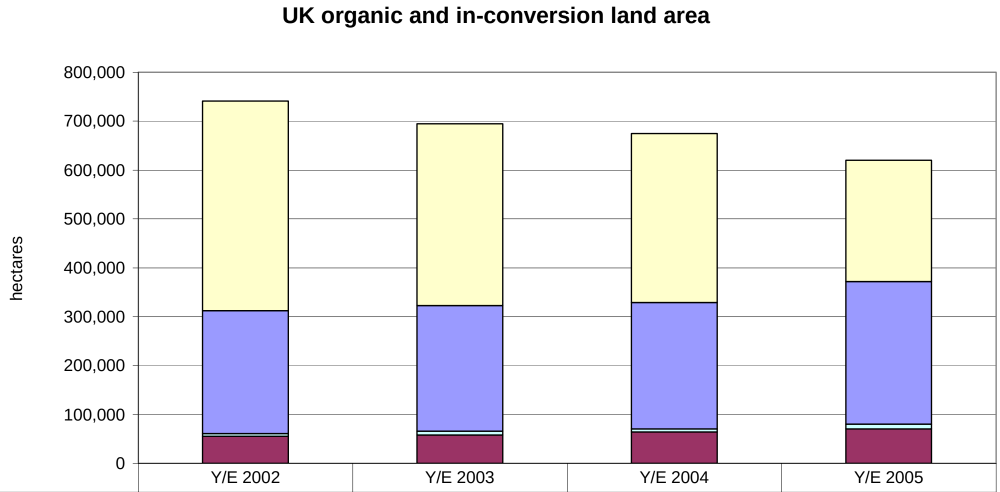
LFA=less favoured area; SDA = LFA severely disadvantaged area; DA = LFA disadvantaged area
Source: WAG/Defra (2006)

Horticulture will feature in several of the above categories as it is estimated that there are over 100 holdings with some form of horticulture – in some case this can be significant bearing in mind that 4 hectares of organic vegetables can generate an output in the order of £40,000 depending on crops grown.

2.2 Organic land area and land use in Wales and the UK

Following the very large expansion of UK organic production in 1999/2000, with subsequent over supply problems in some sectors, growth in the land area under organic management slowed. In Scotland, where large areas of moorland had been converted prior to the introduction of a requirement for organic livestock management, much of this extensive land was subsequently withdrawn, leading to a substantial decline in the Scottish organic land area and consequently the UK total. All other parts of the UK experienced continued, if slow, growth, with growth in Wales faster than elsewhere.

Figure 2.2 UK organic and in-conversion land area, 2002-2005



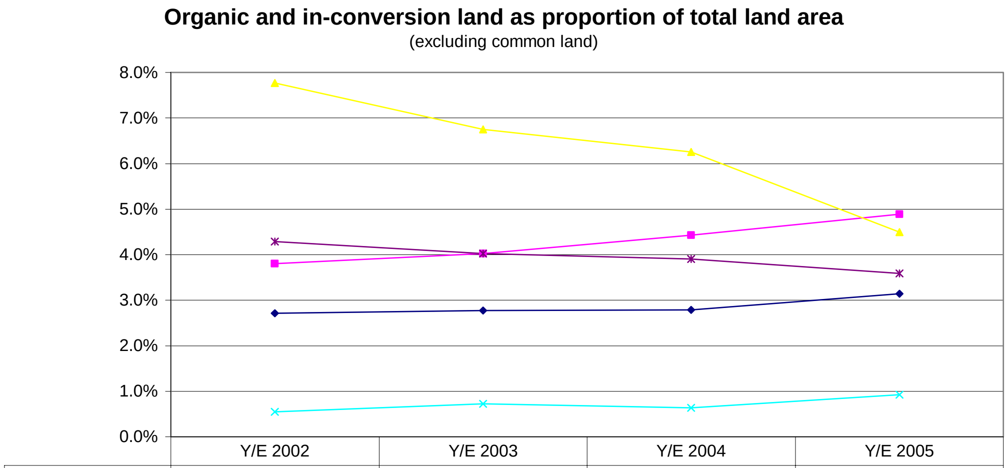
	Y/E 2002	Y/E 2003	Y/E 2004	Y/E 2005
Scotland	428,608	372,263	345,266	247,930
England	251,836	256,984	258,458	291,578
Northern Ireland	5,629	7,452	6,574	9,513
Wales	55,101	58,280	64,208	70,832

Y/E=year ending - values published typically as January following year
Source: Defra (2006)

In terms of proportion of the total agricultural area, Wales has overtaken the other parts of the UK, reaching 5% by the end of 2005. While significantly short of the original action plan target of 10% by 2005, this is a significant increase on the 0.3% in 1998 (120 holdings, 5331 ha) and well ahead of the English average of 3.1%.

The slow down in conversion rates in Wales can be seen with respect to the years ending 2003 and 2004. There were signs of renewed interest in conversion in 2005, as a result of improving market conditions and the final implementation of the single farm payment. Although statistical data is not yet available for the year ending 2006, evidence from the Organic Conversion Information Service and reports from the organic certification bodies indicate a significant expansion in 2006, due to strong market demand, though this may have slowed in 2007 due to the temporary suspension of the organic farming scheme in Wales.

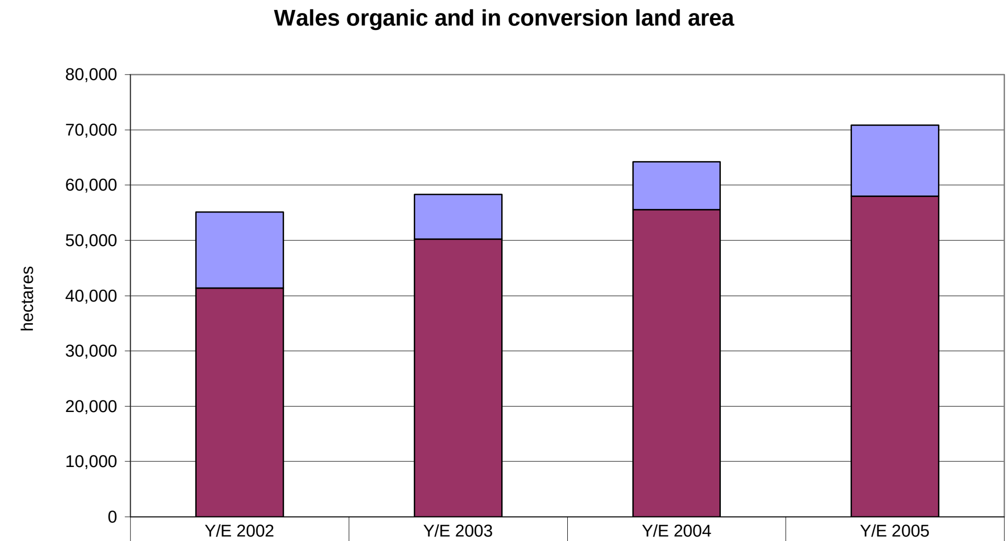
Figure 2.3 Organic and in-conversion land area as proportion of total land area, 2002-2005



	Y/E 2002	Y/E 2003	Y/E 2004	Y/E 2005
England	2.7%	2.8%	2.8%	3.1%
Wales	3.8%	4.0%	4.4%	4.9%
Scotland	7.8%	6.7%	6.3%	4.5%
Northern Ireland	0.5%	0.7%	0.6%	0.9%
United Kingdom	4.3%	4.0%	3.9%	3.6%

Y/E=year ending - values published typically as January following year
Source: Defra (2006)

Figure 2.4 Wales organic and in-conversion land area, 2002-2005



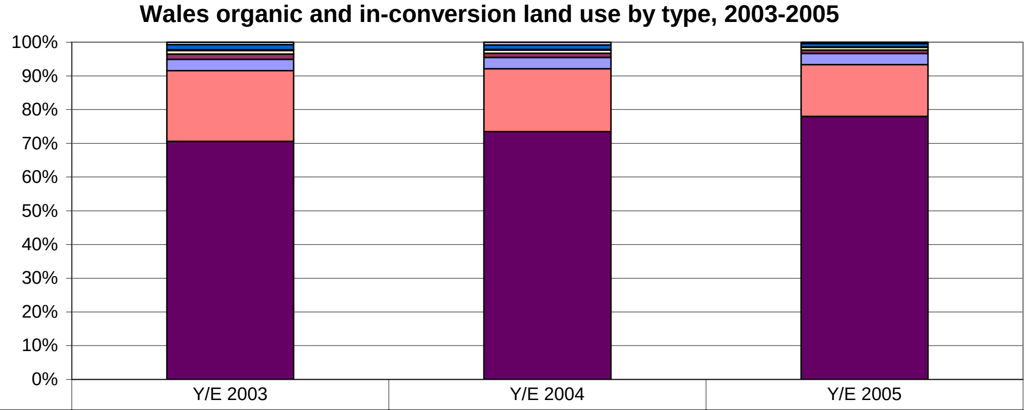
	Y/E 2002	Y/E 2003	Y/E 2004	Y/E 2005
In-conversion	13,720	8,040	8,643	12,808
Organic	41,381	50,240	55,564	58,024

Y/E=year ending - values published typically as January following year
Source: Defra (2006)

The Welsh organic and in-conversion land area is dominated (more than 90%) by temporary and permanent grassland, with arable and horticultural cropping accounting for around 5%. The main types of land use have shown continued growth, although there has been a slight decline in horticulture, woodland and other crops.

The slight decline in the horticulture area and more significant drops in the area of potatoes and other crops are cause for concern because of the continuing expansion of the overall organic market and the increasing interest in local sourcing for a wide range of outlets. This problem is not exclusive to Wales as it appears that the horticultural area under organic management in Scotland fell by 14% between 2004 and 2005. It is difficult to draw any significant conclusions about Northern Ireland as there was in 2005 only 62 hectares of organic horticultural production out of a total of 9,549 hectares. In contrast England has shown a steady increase in organic horticultural area over the four years to the end of 2005 of 16% to a grand total of all types of 13,671 hectares. The reasons for this and the consequent implications are discussed later in the report.

Figure 2.5 Wales organic and in-conversion land use, 2002-2005



	Y/E 2003	Y/E 2004	Y/E 2005
Other	450	510	272
Woodland	875	879	760
Potatoes	109	119	72
Horticulture	612	581	577
Other crops	926	802	676
Cereals	1958	2178	2358
Temp.grass	12206	11976	10897
Perm.grass	41144	47163	55219

Y/E=year ending - values published typically as January following year
Source: Defra (2006)

Compared with overall Welsh agricultural land use, cereals, temporary grass and especially horticulture are over-represented on organic holdings, although the horticulture data should be treated with caution due to the possible inclusion of crops not intended for human consumption. The Welsh organic share is significantly higher than the UK organic share of total agriculture in most cases.

Table 2.1 Organic share of total agricultural areas by main crop, Wales and UK, 2005

	Welsh organic (ha)	*All Wales (thousand ha)*	*Organic share*		*UK organic (ha)*	*All UK (million ha)*	*Organic share*
Cereals	2358	41.5	5.7%		47694	2.9	1.6%
Other arable	676	20.9	3.2%		14531	1.2	1.2%
Potatoes	72	2.2	3.3%		2025	0.1	1.5%
Horticulture	577	1.2	48.7%		14196	0.2	8.4%
Total tillage	3683	65.7	5.6%		78446	4.6	1.7%
Temp grass	10897	115.1	9.5%		97907	1.2	8.2%
Arable land	14580	180.8	8.1%		158414	5.8	3.1%
Perm. grass	55219	1203.1	4.6%		428330	10.1	4.3%
Wood/other	1032	64.7	1.6%		15169	1.4	1.1%
Total	70832	1448.7	4.9%		619852	17.3	3.6%

Excluding common land
Source: Defra (2007); Welsh and UK agricultural statistics

3 The current market position

3.1 The UK position

"The organic fruit and vegetable market reported exceptionally high growth in 2006, with sales increasing by almost a third to £672. The organic fruit market reported the highest growth with sales volume overtaking organic vegetable volume for the first time. Total organic fresh produce volumes reached almost 400,000 tonnes in 2006 and are poised to approach the half million (tonne) mark this year. The market is showing high growth because of the following factors (Organic Monitor, 2007):

- Strengthening consumer demand for organic products
- Supermarkets expanding their organic fresh produce ranges
- The rising number of organic fresh produce box schemes"

Table 3.1 Volume and retail sales values of organic fruit/vegetables, 2006

	Volume (000t)	*Revenues (£m)*	*% growth*
Organic Fruit	210.2	420.4	40%
Organic Vegetables	188.4	251.2	20%
TOTAL	398.6	671.6	32%

Note: all figures are rounded
Source: Organic Monitor (2007)

The above paragraph and table are taken from a market summary supplied by Organic Monitor. This clearly shows a buoyant picture of an expanding market that reflects a trend picked up by the Henry Doubleday Research Association led UK Organic Vegetable Market Study. This work spanned four growing seasons from 2001/02 to 2004/05 and the results for the volume and value of the UK organic vegetable market are summarised below along with the Organic Monitor data:

Table 3.2 Growth in UK organic vegetable sales, 2001-2006

Organic vegetable growing season	*Volume(t)*	*Revenue (£ million)*
2001-02 (HDRA)	98,500	143
2002-03 (HDRA)	120,000	169
2003-04 (HDRA)	123,500	197
2004-05 (HDRA)	152,100	223
2005-06 (OM)	188,400	251

Before moving on to consider the position in Wales it is worth noting that concerns raised by the HDRA work, the Organic Monitor summary and an as yet unpublished report on import supply chains, that the UK supply base will be unable to satisfy this expansion in demand, are already being borne out by developments in the market place. An article in the Observer of 1st July notes that "…the growth in sales of organic food in the past year has dramatically slowed. Experts have no hesitation in identifying the problem as an increasing shortage in local supply." Asda have apparently placed an advertisement in Farmers Weekly, "begging organic fruit and vegetable producers to get in touch." There is general agreement that that a relative lack of farms converting to organic production is a major factor in holding back the development of the UK organic sector.

3.2 The Welsh position

The Defra figures quoted earlier in the report showed that the area of organic horticultural production in Wales including potatoes has decreased over the three years to the end of 2005. This drop represents a 10% decrease based on the 2003 figures. In contrast the UK figures for the same period show a 15% increase so Wales is going against the trend in the horticulture sector. The 'crisis' that seems to be developing in respect of UK supply failing to keep up with demand is doing so against a background of continuing increases in organic horticultural production area. This begs the question of how can Wales keep up with demand if the area numbers are going backwards.

The earlier market intelligence report has been reviewed in an earlier section but its material on markets is now used to extrapolate a current position. The authors were able to draw on Taylor Nelson Sofres data to show that sales of organic food in Wales and the West of England accounted for 6.3% of the organic retail market value. For the period April 2002 to April 2003 this gave an estimated £64 million of which it was estimated that that fruit and vegetables accounted for 32% of this figure or £20 million (based on UK percentages). At the time imports accounted for 66% and if this is assumed to be the same for the Welsh market then a retail sales value of around £7 million could potentially be satisfied by Welsh grown organic fruit and vegetables.

These figures have to be treated with some caution because of a number of assumptions and estimates, and the fact that the TNS regional data is based on a category that incorporates both Wales and some West of England counties. The report also estimated the farm-gate value of Welsh produced organic fruit and vegetables over the same period to be around £1.8 million. The HDRA Vegetable Market Studies found that on average the market retail value of organic vegetables was close to four times the farm gate value. On this basis the £1.8 million of farm gate sales represents approximately £7.2 million, a figure that is close to the potential identified by the earlier report. The need for caution must be re-iterated but it is reasonable to assume that these figures are broadly in the same ball park.

If a similar exercise is conducted on the basis of 2005 figures we see the following. Taking the figure of 6.5% for 'Wales' and the value of the organic retail market as £1.6 billion the potential organic retail market for the area would have been around £104 million. The fruit and vegetable component of this would come to £33.3 million on a retail value basis. The potential farm gate value of organic fruit and vegetables produced could be said to have reduced by 10% in line with the land area reduction that has been identified – this would bring the £1.8 million of 2003 down to £1.62 million in 2005.

It might be thought that there would be an increase in basic prices in line with inflation but the fresh produce market place is subject to other pressures. An examination of organic vegetable prices in the 2004 and 2007 editions of the Organic Farm Management Handbook shows that with the exception of onions the prices paid for all other types either fell or stayed steady. It is therefore difficult to argue an overall increase in value although some producers will have been able to increase prices in their particular market places.

The percentage of imported vegetables fell over the period under review but that for fruit was little changed so the overall import proportion is estimated to be around 62% (compare this with a figure of 35% across all produce types). This would leave a fresh produce retail potential of £12.6 million for home-grown produce. The estimated retail value of what was produced is £6.5 million, a significant widening of the gap compared to 2003.

As the earlier review states, the actual situation is much more complex than this simplified treatment as we have not yet reached a point where all produce grown in Wales stays in Wales. This would not necessarily be a wholly desirable objective but every effort should be made to ensure that the Welsh market for organic fruit and vegetables is satisfied by as much Welsh produce as possible.

3.3 Producer survey

A detailed telephone was undertaken by colleagues at HDRA using a complex questionnaire set out on an Excel spreadsheet. In general terms the answers to the questions were designed to be numerical quantities, or yes/no. This was intended to help producers and also allow for reasonably robust comparisons – there were also opportunities for general comments to be recorded. The full results of the survey will be available as a separate annex to the main report.

The producer list used was supplied by OCW as opposed to lists obtained from certification bodies as it was already known from the arable review that this can be problematic with some CBs, and time did not allow for extended negotiations. The actual return of 62 detailed responses from around 96 reachable contacts represents an extremely good response (64.5%). All 96 were phoned and those who did not respond were phoned several times. The response for the entire list was 56.5%

<u>Areas of production</u>

The total area of the producers contacted was:	2174.3 hectares
The total organic area was:	1781.2 hectares
The total organic horticulture area was:	82.7 hectares

A simple extrapolation would suggest that the total area of organic horticulture in Wales was in the order of 150-160 hectares. This would be a significant reduction on the area suggested in the 2004 report of 376 hectares. It is known that a number of growers with significant areas of production were unable to be contacted but the area of organic horticultural production represented by the OCW list is unlikely to be more than 200 hectares. It is not possible to be certain of this because access to detailed certification body data was not permitted.

It is fair to note that there is some conflict between different versions of land area figures based on grower survey responses and Defra statistics drawn from certification bodies presented in section 2, and there is an argument to suggest that horticultural land area in Wales at least remained steady over the period and may be higher than the grower survey results presented here. However, there are valid concerns that the Defra horticulture data may contain areas not used for producing crops for human consumption. It should also be noted that land that is worked by a Wales based grower but actually lies across the border in Herefordshire was not counted in the producer survey results.

<u>Other enterprises</u>

As might be deduced most of the producers were engaged in other enterprises and in several cases there was more than one other enterprise. Only 3 of the producers contacted were exclusively engaged in horticulture. Holdings involved in other enterprises were as follows:

Sheep	20	Beef	18
Poultry	10	Arable	5
Dairy	4	Pigs	2
Grass only	1	Alpacas	1

Crop types

In determining the horticultural crops grown it was decided to use the general classifications used by the 2004 report so that comparisons could be drawn. This involves some merging of crop types but this was felt to be better than working crop by crop (the later stages of the questionnaire did go into more crop specific details).

Crop class	Area in hectares	percentage of total
Root vegetables/Alliums	14.80 (49)	17.2% (13.3)
Potatoes	49.35 (145)	57.4% (39.4)
Green vegetables	12.40 (129)	14.5% (35.0)
Salads/protected crops	3.67 (15)	4.3% (4.1)
Fruit (all types)	5.70 (30)	6.6% (8.2)
	85.92 (368)	100.0%

(2004 figures in brackets)

Other enterprises included pot herbs, non organic pot herbs, plant raising, gourmet mushrooms, garden plants & Christmas trees. Each answer represents 1 response.

Marketing outlets

Growers were asked about their marketing outlets and asked to estimate the proportions of their output that was marketed through a range of options. The answers (31 out of 62) were averaged to give the following figures. These roughly represent the proportion of the total produce from these 31 growers that is marketed in each of the directions shown.

Local outlets (includes farmgate/farmshop)	48.5%
Box schemes	26.2%
Wholesale	9.2%
Packer (prepack)	4.8%
Public procurement or similar	0.0%
Processing (includes wine production)	8.6%

Market bulletin

In terms of market information the responses to the 2004 Market Intelligence Report were set out earlier in the report and as noted respondents were also asked if they received the OCW ‘Organic Market Wales’ monthly e-bulletin. Of the 62 respondents 11 said that they do receive the bulletin and 12 said that they did not. Of the 11 that said ‘yes’ 9 found it useful.

Market information

Respondents were asked what market information they would value most. There was a range of replies but price information was important to 14 of the respondents. Other topics of potential interest included future trends, alternative outlets, supply and demand information, and market requirements. Interestingly 4 of those that replied suggested that there was no information that they would value. A selection of replies is reproduced below.

What market information would you value most?

“alternative outlets”
“future trends, land areas in-conversion etc”
“prices - absolutely imperative, wholesale and retail, have to be current (last week)”
“supply and demand, quantities being grown, what market looking for, new outlets, people looking for specific crops.”
“Market requirements; volume and prices, supply chain developments and opportunities for cooperation”
“supermarket selling prices”
“Prices at both wholesale and retail level.”
“Info specific to Wales on market trends”

Price movements.

9 respondents felt that prices were rising generally, 15 thought they were remaining stable and 2 thought that they were stable or decreasing.

Demand

23 respondents saw demand as rising, 1 thought it was falling, and 3 thought it was more or less stable.

Future plans

14 respondents were planning to expand, 9 intended to remain as they were while 1 intended to reduce and 1 was stopping horticultural production.

The future of the business

23 respondents were confident about the future of their businesses and 4 were not confident. These comments and those relating to future plans should be read in conjunction with the general comments from growers at the end of this section. – a number of growers either do not produce horticultural crops or have already ceased production for a range of reasons.

Competition

17 said that they were not aware of significant competition while 14 said that they were experiencing competition though as can be seen from the following comments not all thought that this was necessarily a problem – some seemed to relish the prospect.

Are you experiencing competition? If YES give brief details.

“lots of part time small growers”
“supermarkets, but good”
“from abroad, competing with Israeli product”
“some but not serious”

“good thing”
“yes but not an issue as market buoyant”
“but not organic”
“not an issue”
“someone locally took their idea….”
“4 supermarkets in the area”

Constraints

The responses to the specific areas were as follows:

Labour	23
Finance	9
Infrastructure	5
Transport	4
Input costs	1

A number of other constraints were cited and these are shown as comments below:

“soil”
“rules and regs”
“personal time”
“lack of market, passing trade stopped”
“age and small size (holding not farmer!) Can get labour but not economic to employ people. Over-regulation. Part of a group supplying box, will probably stop if one other in group stops.”
“seed quality and available varieties”
“equipment, also age of farmer”
“age”
“finding enough time in the day is a problem, don’t want to pay for labour”
“nutrients, getting hold of fym”
“working part-time”
“lack cold storage”
“organic seed”
“getting part-time labour”

As a final summary in this section growers were invited to make general comments about their situations and these are reproduced in full below as they are very illustrative of the feelings of the growers contacted:

“Starting small joint box scheme, long term - retirement”
“David Milliband’s comments don't help the market…”
“No horticulture”
“Only growing for own use”
“Not growing veg any more, was growing 20-30ac of cabbage, sweetcorn, swedes, potatoes. Treated diabolically by buyers (packers) - lack of commitment, grew 5ac of sweetcorn and 1 week before ready

was put on offer in supermarket (bogof) and he had to pay for it. Would grow again e.g. school procurement if contract.”

“Decertified”

“Retired now, land let for grazing, did grow veg but not rewarding for effort put in, age and health issues also.”

“Trying to sell local, OFF last resort as let down before (grew 5ac cabbage for them - didn't want them). Joined Pembrokeshire Produce Mark) Diversified tourism quad biking main business. Needs technical expertise for growing. Gives discount for box collection.”

“Used to grow soft fruit but not anymore”

“No veg”

“Only grows hay”

“System works well for them, their size of farm, at the moment. No problems”

“Growing for self-sufficiency not sale”

“Growing on own land and renting land for potatoes. Stopped growing caulis as time issue (personally), also land availability as org dairy market improving and rents rising.”

“Used to grow veg but stopped due to weather (too wet for carrots), personal (son illness) and labour constraints. Would like someone to grow veg on his land.”

“Not growing veg at present due to health. Labour also major reason why stopped. Said regular price information vital.”

“Not growing/farming. Lets farm out grazing etc.”

“Not growing veg as no market (after loss of OFF) for bulk produce”

“Supplying mushrooms into supermarkets, could be dropped at any time 120 x 60' shed”

“No veg only beef cattle”

“Not growing veg, used to grow potatoes but stopped due to labour and lack of market.”

“Remaining land in-conversion. Specialist mushroom producer in woodland for medicinal use (cancer treatments). All processed.”

“Market is fast moving and exciting with meet producer events, etc, starting some processing. Transport initiatives to pick-up from producers with chilled transport. Uses all organic seed apart from courgettes.”

“Self-sufficiency - sold £11 of produce last year”

“If produce a good quality product, have no problems marketing it.”

“Not producing anything”

“Have grown potatoes in the past and may again in future.”

“Don't grow any veg”

“Small scale, great life for pensioners. Labour an issue as refuse to employ anyone due to paperwork.”

“Not commercial”

“Not selling off farm, growing for own guesthouse use.”

“Not growing veg, stopped due to husbands back problems. Would like someone to make use of the land for growing veg (currently let out for grazing)”

“Sourcing biodegradable packaging- more customer comments on amount of plastic used than anything else.”

“Not organic any more”

“PYO strawbs, expanding into veg and herbs this year (1ac) for farm gate and farmers market sales.”

“If expanded would need to invest in machinery and also to employ people, big leap.”

“Not growing veg commercially any more, not viable once employing people and family reasons”

“No horticulture”

“Training centre for special needs adults”
“Grows potted herbs in tunnels”
“Vineyard - started planting 5 years ago, about 200 fruiting now, own winery selling through farm shop, farmers markets etc. would like help with info on how to get signs etc to get more people to vineyard.”
“Stopping growing and box scheme, taking year off to re-evaluate business, concentrate on family and house, other activities. Took too much time and energy for return, delivering very time-consuming due to location and population. Stopped being fun. Felt couldn't increase prices much due to customer type (not wealthy middle class).Not much support on business - how to be a marketeer when you're not.”
“Was growing veg on 2ha but stopped as returns didn't reflect effort involved, also an age issue”
“Business has been good, but up for sale as changing direction.”
“Not growing commercially, land let out for grazing horses etc.”
“Grows walnut trees for sale, also young orchard”
“Not growing commercially, sells meat at farmers markets and occasionally veg if surplus from garden.”
“Constraint is does all work himself and reluctant to employ anyone.”
“Decertified - started box scheme which was successful but returns not justified work so now only grow for family and friends. Became members of Wholesome Food Association due to costs of certification on small scale and assured local loyal customers.”
“gave up potatoes about 4 yrs ago”
“Not planning any horticulture, extensive beef.”

These were views from 51 of the 62 growers who responded to the survey. As can be seen there is a generally negative feel to the responses.

The crop specific areas covered the following:

- Potatoes
- Carrots
- Onions
- Leeks
- Swedes and turnips
- Cabbage
- Cauliflower
- Broccoli
- Protected crops
- Salads
- Top fruit
- Soft fruit
- Herbs

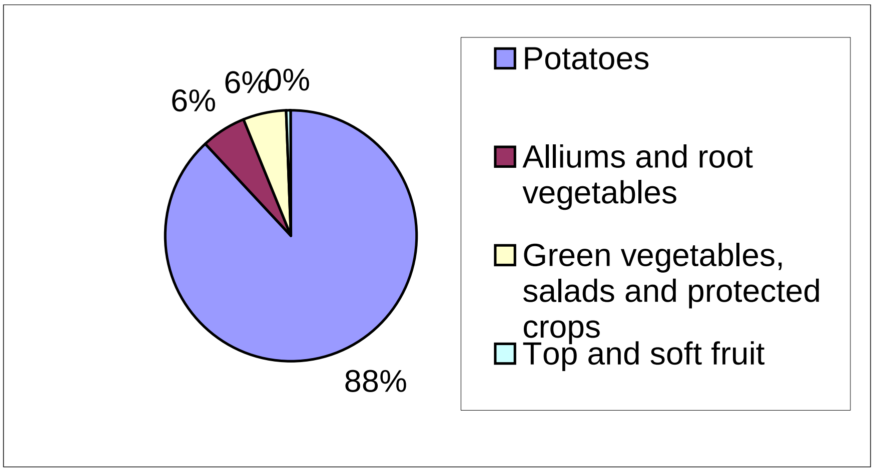
Not all growers responded to the detailed sections but in general the most significant information recorded related to problems and the great majority of these related to pests and diseases such as potato blight and carrot root fly. The full results can be seen in the separate appendix.

3.3.1 Previous survey results

In order to provide some further contrast the following is a summary of producer feedback undertaken in connection with work examining inward investment opportunities (OCW, 2007 forthcoming).

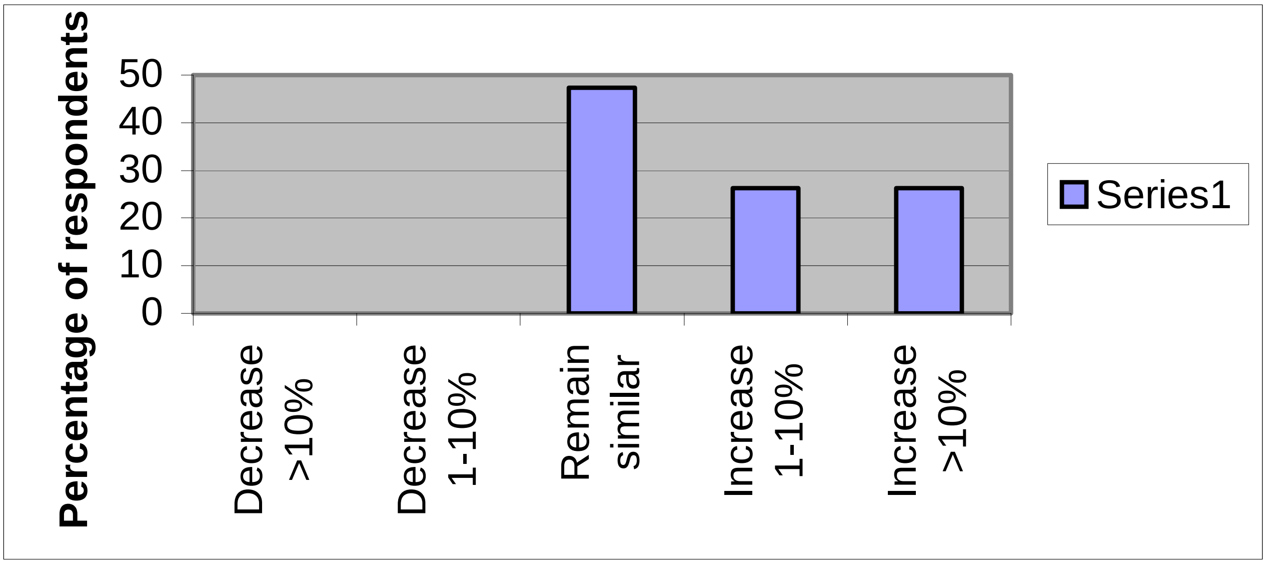
It was estimated that 5,494 tonnes of organic fruit and vegetables were produced in 2005 on 145 farms. Of this, there were 4,835 tonnes of potatoes, 330 tonnes of alliums and root vegetables, 330 tonnes of green vegetables and salads and 0.5 tonnes of soft and top fruit produced.

Figure 3.1 Percentage of organic fruit and vegetables produced, 2005



Source: OCW (2007, forthcoming)

Figure 3.2 Change in production of organic fruit and vegetables, 2007-2009



Source: OCW (2007, forthcoming)

47% of respondents expected production of organic fruit and vegetables to remain the same between 2007 and 2009 and the remaining 52% expected to increase production over the same period.

This contrasts with the latest responses that suggest that a number of growers have stopped production in the intervening years. Set against this it should be noted that a significant number of growers in the latest survey reported that they had plans to expand and had confidence in the future. Over half the numbers reporting their intention to expand were currently working on areas that are 2 hectares or less.

3.4 Trade survey

A number of interviews were undertaken by colleagues in ADAS and involved interviews with companies that are trading in organic horticultural produce. These included wholesalers, retail outlets, box schemes and other delivery schemes. The aim was to identify potential demand from the trade and to evaluate the relative ease or difficulty involved in identifying sources of Welsh organic produce. An attempt will be made in this section to evaluate the potential demand from the public procurement sector.

Summaries of the interviews from five key players are presented in the following overview of the market for organic fruit and vegetables in Wales. The contributors include a retail outlet based in a town, a growers who is developing local marketing activities that includes a farm shop, two box and delivery schemes, and an organic produce wholesaler. This is a relatively small number of trade representatives but it is comprehensive – these are the main organic traders in Wales, a fact that tells its own story.

Developments in the last five years

- Public procurement
- Local market opportunities
- A substantial increase in sales – demand is up by 50% in last 4 months
- Sales of organic fruit and vegetables via the multiples have become very important
- Organic has gone very mainstream
- There has been a swing away from supermarket sales to box scheme sales
- The success of the supermarkets in promoting organic produce and informing consumers is helping to drive this change
- Processing is becoming more and more important
- The sector has not developed. The number of growers has been static.

There is a stark contrast between the optimistic references to the sales opportunities and the view of one box scheme operator that nothing has happened on the supply side.

Level of demand

- There is a huge demand – we could easily triple our production.
- We need more research about exactly how big the demand is.
- The demand has gone up by 50% in Wales, especially from the retail and hospitality sector
- Sales are up 50% in the last 4 months
- 60% of our imports could be grown in Wales (equivalent to £3,000 per week)
- There is a massive potential for increasing the quantity of produce grown in Wales

All those contacted were unanimous in their assessment of demand as running at unprecedented levels for Wales and the absolute increase in demand translates into a very strong demand for produce grown in Wales.

Constraints/barriers to market development

- Lack of production/supply (5)
- There is not enough will to change/increase production (2)
- Lack of confidence in the market – growers are not convinced that there is a market and that the prices are acceptable
- Lack of distribution and transport (3)
- Growers not cooperating
- Lack of profitability; there is no money in organic horticulture
- Competing wholesalers in south Wales
- A reducing skill base among producers – the majority are relatively old
- High land prices
- Trading standards (the need to package all produce)
- Certification fees – these have to be paid by all in the supply chain

There was total unanimity about lack of supply acting as a significant constraint or barrier to market development and several references to an unwillingness to change on the part of existing organic growers. The pithy comment about lack of money in organic horticulture goes some way to explaining this though reference to the earlier grower survey will show that the reasons can be more complex. Another perceptive comment refers to the reducing skill base – it is certainly true that many of the experienced 'pioneers' are now no longer producing. A number of responses from the grower survey referred to age as a factor in not expanding or giving up commercial production.

Priorities for the future

- Increase the number of organic growers and therefore supply (3)
- Continuity and quality of supply
- Reduce energy use; produce sustainably; maintain integrity; reduce air-freighted imports (2)
- Take on apprentices
- Further develop the infrastructure; this could be helped by more grant aid to growers; more organised transport and the development of 'hubs' (3)
- Convince people to market organic fruit and vegetables – it has so far impossible to find someone to market our produce in other parts of Wales
- Greater cooperation between growers
- Sensible pricing

There was general agreement that supply needs to increase but the second bullet point is just as important – the fresh produce market depends on continuity of supply of highly perishable product in many cases so crops like lettuce and broccoli must be harvested and delivered on a week in, week out basis. The quality aspect is also critically important – this does not mean cosmetically perfect and identical in size and shape but it does mean that the produce in question is sound, preferably unblemished and within a reasonable size range. Transport infrastructure is another crucial element in the equation of providing affordable quality organic produce to consumers in the towns and other population centres of Wales. One company is prepared to use chiller vans to collect from other parts of the country but only if the quantities make the journeys viable.

Raising the profile of the sector

- School visits and promotion through farm tourism
- Public procurement in the longer term
- Experienced horticultural producers should be involved in knowledge transfer and be paid for sharing their knowledge
- More money should be provided to organic horticultural producers
- Attract more newspapers and other media to get the stories out to consumers and increase their engagement

There are two strands to these replies – one focuses on public promotion of the sector while the other is focused on the sector itself.

Opportunities

- The Organic Growers Alliance is developing an apprentice scheme that will allow young people to gain skill directly on-farm. This is a similar approach to that operating in a number of other countries. (The scheme is being developed in association with the Soil Association and the Organic Advisory Service).
- Organic ‘e-bay’ would be an opportunity
- A willingness on the part of one trader to take produce from growers interested in conversion to help them in the process
- The same trader has offered tours to Holland for growers interested to learn but has so far gone.

These were noted in addition to the self evident opportunities for growers and other traders or franchisees.

Key Issues

Respondents were asked to grade a range of key issues for the stable development of the organic fruit and vegetable sector in Wales on a scale of 1 to 5. Only those which received a 4 or 5 are listed here:

- Public understanding of organic production in particular and farming in general (5)
- Distribution (5)
- Demand and supply – encouraging increased production in balance with demand (4)
- Quality issues – this must be right (4)
- Market intelligence – the need for information on consumer trends (4)
- Understand the public procurement and catering supply chain (4)
- Identify best Welsh organic horticultural products for further promotion

Many of these key issues are about creating linkages and improving information supply, themes that are repeated in the final section.

What can Organic Centre Wales do to help, if anything?

- Conduct a market review to assess more exactly the potential size of the organic vegetable market in Wales
- Inform growers about market developments and grants
- Improve/build networks between growers within Wales
- We would be very happy if OCW could set up “hubs” as this would certainly allow us to buy in more organic produce (even from smaller growers).
- “They could put all the pieces together” – there are a lot of organisations doing the same work. OCW could collect the data from all the organisations and amalgamate it. The market changes very rapidly making it difficult to summarise the market development at any one time. We do however benefit from the market intelligence reports produced by OCW as they form a reference when negotiating with buyers.

There is clearly much to consider in this last section alone and there is potentially a clear role for OCW. It is unlikely that present funding arrangements would allow much to be done but this feedback provides an excellent basis for the seeking of additional funds to progress some of these matters.

4 Welsh market assessment

The earlier calculations suggested that the latent (i.e. unsatisfied) demand for organic fruit and vegetable grown in Wales is in the order of £6 million after allowing for exotic fruit and out of season imports. The responses from the non-supermarket trade can help to illustrate this disparity. One trading company and box scheme with an annual turnover of £1 million has noted that demand has expanded by 50% in recent months with virtually none of this increase being satisfied from Welsh growers.

Another similar company notes that they import £5000 of produce from Holland every week and they estimate that £3000 of that could be grown in Wales. On the basis of these reports it is estimated that the wholesale/box scheme sector in Wales could take an additional £0.5 million on the basis of increased demand and import substitution. There is also considerable scope for individual producers to expand both sales and production, in the one case reported the grower estimated that production could be tripled on the basis of demand though of course there would be issues of available land, labour and machinery to address in such a situation.

The grower survey noted that while a number of smaller growers were content to maintain their present size roughly 25% of respondents were planning to expand their businesses. This was despite the generally negative tone of many of the responses. These were small growers in the main and so as a body they would be unlikely to make a major difference in global terms though of course it could be very significant in their local communities.

No attempt was made to examine the potential of the supermarkets in developing the market for Welsh organic produce in Wales. There has some significant progress with branding conventional Welsh cauliflower and leeks for sale in at least one major chain. Fenmarc are developing contacts with growers in North Wales, an initiative that is being assisted by Horticulture Network Wales. Some minor successes had been achieved with Welsh organic produce in the past but there are very few Welsh producers that are in the business of supplying the multiples, and that number has reduced further in a week when a well known organic farmer based in Wales has had his carrots de-listed by Sainsbury's. There is clear potential here but it will be difficult to achieve in the absence of a suitable pack house in Wales.

<u>Public procurement</u>

This is often quoted as the next phase of the development of the organic market but there is some considerable way to go before it becomes reality. There is no doubt that there is a significant market to access, a 2005 WDA Public Sector Food Purchasing Survey found that <u>identified</u> public sector food purchases in Wales totalled £66 million in 2005. The overall percentage of Welsh food purchased within this total was 24% and the value was £14.6 million. These had increased from 18% and £9.99 million as determined by a similar survey carried out in 2003. The total spend on fruit and vegetables was £5.5 million in 2005 of which 25% was 'Welsh' purchased. The institutions and organisation covered by this survey included Local Authorities, NHS Trusts, Military and Police establishments, Further Education and Higher Education institutions.

There has so far been very little penetration of this market by organic producers and suppliers – the only reference was to Ceredigion purchasing £7,800 worth of organic milk. FE institutions did note any requirement for organic products, the military and the police tend to use outside caterers, the NHS in Wales typically aims to buy fresh rather than frozen but not organic and there were no comments in this area from HE institutions. Local Authorities are somewhat more pro-active in this area as can be seen by the Ceredigion milk purchase.

Ceredigion has also worked with a group of individual organic farmers who consolidated to tender for the fruit and vegetable contract of 2006/7 though no mention is made of whether they were successful. Carmarthenshire has a Local Sustainable Food Strategy in place – this has a very specific purpose of supporting local producers and suppliers. Pembrokeshire has instigated a ‘Sustainable School Foods Procurement Project’ whose initial recommendations have led to ongoing liaison between the Procurement Section and local suppliers. Other initiatives are in place in Denbighshire, Flintshire, Monmouthshire and Swansea amongst others.

These initiatives are clearly to be welcomed though they do not specifically mention organic produce – there is no reason why organic producers and traders should not be involved. Local Authorities have discovered, however, that there are a number of potential barriers to local and regional purchasing:

- Price – often seen as more expensive than national suppliers
- Availability – suppliers are not always able to maintain adequate supply
- Consistency in quality and quantity – potatoes and carrots are particular examples
- Distribution networks - these are often inadequate and is a long-standing problem
- Attracting the right companies to tender can be difficult – small companies are not pro-active in establishing links with local Authorities
- EU procurement legislation can be off-putting
- Suppliers do not always understand the specific requirements of a contract e.g. what sort of fruit and vegetables might be suitable for a school menu
- Buyers can see local producers as lifestyle or niche businesses producing products that are too expensive or unsuitable for the public sector

A number of ideas were put forward as a means of overcoming some of the barriers. These included collaboration between authorities, changing the tendering process to make it less intimidating and more tailored to small businesses, working with suppliers to raise awareness of the quality requirements, persuading central government to spend more on school meals, and developing a large central processing and freezing plant for use by vegetable growers.

RAFAEL

The Renaissance of Atlantic Food Authenticity and Economic Links Project is funded through the EU Interreg IIIB programme and is represented in Wales by Organic Centre Wales. Among other objectives the work of the project has involved the active promotion of local and organic produce in the public procurement arena. OCW has engaged in a number of activities to take this objective forward such as taste testing of blight resistant potatoes by schoolchildren, Growing the Future conferences in Northop and Cardiff, demonstration school meals in Anglesey and Wrexham and the development of a public procurement supply chain in Carmarthenshire County Council.

There is absolutely no doubt that awareness has been significantly increased across the range of stakeholders especially by the two conferences. The RAFAEL agenda is not exclusively organic but it is an important part of its work – the school meals featured local produce, some of it organic, which had been selected by pupils in the local farmers' market. The work continues and there is generally a willingness of people to engage with the process. Carmarthenshire County Council has had a number of meetings with local organic producers and traders though no agreement has yet been drawn up.

Unfortunately these initiatives are suffering from some of the problems identified in the earlier surveys and the main problem is the lack of supply. It proved difficult to find local organic fruit and vegetables for the school meals in North Wales. A school meal initiative in Powys has effectively abandoned fruit and vegetables (organic and conventional) because of the lack of volume of supply. A carrot project in Pembrokeshire proved less than wholly successful partly because there was a lack of engagement by some in the supply chain. Value Wales carried out a number of *Food for Thought* pilot projects and found that all vegetable supplies from Wales suffered problems – lack of wide range, lack of volume and poor quality.

The Future

On the basis of what has been discussed and what is known about organic market trends generally it is reasonable to predict that demand for organic fruit and vegetables will continue to grow for all outlets – supermarkets, box schemes, local outlets, hospitality, catering, etc. It is also reasonable to assume that the potential for expansion into supplying the public procurement will remain real for the foreseeable future thanks in part to the work of RAFAEL, Value Wales and other initiatives. This is also an area that continues to be highlighted by policy makers and politicians – everyone is interested in reducing food miles, increasing the nutritional benefits of school meals and providing increased opportunities for small businesses in the rural economy.

There is clearly plenty of market opportunity but it will go unfulfilled unless there is a significant increase in land suitable for horticulture coming into registered organic management. It was noted earlier in the report that the devolved regions are all falling behind England in that the organic horticultural area is either decreasing or remaining static at a very low level. One of the reasons for this is that England has a considerable amount of Grade 1 land suitable for vegetable production and there are certain area where there is a concentration of vegetable producers such as Lincolnshire, the Cambridgeshire fens, Kent, Cornwall, Lancashire, etc. The amount of Grade 1 land in Wales is a very small percentage of the Utilisable Agricultural Area (UAA) and it is easy to get the impression that Wales that there is little in the way of decent land for horticultural production.

A non organic grower said as much to ADAS colleagues when responding to a survey on vegetable storage. It is of course entirely natural to focus on livestock production in a country that is blessed with so much grassland but the potential for horticultural production is real and significant. The earlier Alternative Sectors Review included an estimate of land that could be used based on the various GIS maps analysed for that report. It was calculated that there could be up to 50,000 hectares essentially concentrated in the coastal and border regions away from the upland backbone of the country. The calculations included Grade 3 land because that was where most organic growers were based at the time (1999).

The best 10% of this land would give 5,000 hectares, an area that would be more than enough to satisfy all the latent demand from box schemes and other local outlets, supermarkets, and the significant potential represented by public procurement. It is worth noting that the non organic horticultural area including potatoes as presented in the June 2006 Survey for Wales lies in the region of 3,000 hectares. It is also worth noting that considerable areas of land on Anglesey, in the

Vale of Clwyd, on the Lleyn Peninsula, in Ceredigion and Pembrokeshire, across the Vale of Glamorgan and elsewhere have been used for horticultural production in the past.

The other key question that is rightly asked is whether organic horticultural production is profitable. The continued existence and increasing prosperity of many horticultural holdings across the UK is testament that it can be. It is far from being a foregone conclusion and there is no way that it can be assumed. Any potential business change or new business must be rigorously examined for financial soundness. There are a number of essential components involved in the setting up of an organic horticultural business:

- **Soil**: It is not necessary to have the finest Grade 1 land in order to establish a successful horticultural business but the soil must be well drained, reasonably fertile and in good structural heart. In practice this can mean that some Grade 3 soils can support a successful business.
- **Position**: This is the physical position of the holding and its topography. To take topography first, the slope and aspect (the direction of slope) of a block of land are the most important features along with the soil type. It is not always easy to find perfectly flat fields in most parts of Wales but it is not absolutely necessary. Sloping fields are acceptable providing the aspect is towards the south (SW to SE) and the slope is even and gentle. Cultivating a steeply sloping field for vegetables will end in tears eventually. The second part of this element is the geographical position of the holding in relation to transport infrastructure and the available markets. There must be reasonable road communication and the distance to market should not be excessive – transport to market can really eat into the margins.
- **Equipment and infrastructure**: The requirements here are always going to depend on the scale of the business. There will always need to be a clean area for the handling and packing of the produce, and a small cold store can be a very worthwhile investment. The equipment required for cultivation, crop establishment, weed control and harvesting must be matched to the scale and market aspirations of the business. It can require significant investment but appropriate machinery is essential. If working a series of polythene tunnels a range of hand tools and pedestrian controlled machines may well suffice.
- **Labour:** This is the area that came top of the list for constraints in managing and developing a business, and it is a problematic area. On the one hand some small growers are unwilling to move into employing workers because of the additional paperwork and costs while on the other larger producers find it very difficult to find suitable labour when they need it. Large businesses can take advantage of temporary workers coming into the country under SAWS (Seasonal Agricultural Workers Scheme) but this scheme is itself experiencing problems this year. Labour assessment is an essential part of business planning.
- **Skills**: It is absolutely vital that growers and their workers have the right skills for the job. If the aspiration is to grow a relatively small amount of produce for local sales without the need for commercial viability (because of other income, say) then building on gardening experience may well be appropriate. If it is essential that the business generate an income then a wider range of skills will be required – these will include not only the technical aspects of

larger scale crop production and all that goes with it but also marketing and business management skills.

- **Market**: It should be a given that the strongest possible market position is identified before planting or sowing the first crop – the days of people beating a path to the door to buy produce just because it is organic have long gone. It can be difficult to get an absolute commitment from potential customers but a number of the traders contacted as part of this review would be willing to provide assistance and guidance. Having identified a market there must be an absolute commitment to producing vegetables, salads, fruit, etc. of the highest quality and a willingness to grade out the unacceptable.

It is beyond the scope of this review to go into the details of crop finances but several of the publications mentioned in the reference list will be very helpful as will fact sheets and technical publictions from OCW, HDRA, and the Soil Association

4.1 SWOT Analysis

This section will be different to a standard SWOT analysis in that it will involve a composite of analyses carried out over the last nine years. The reasons for doing this are to examine whether relevant aspects of earlier analyses have been acted on or whether the same problems are still cropping up. The first version is taken from the 1998 WDA report 'Organic Food Supply Chains in Wales' by Jo Banks. The second is taken from the 'Alternative Sectors Review' commissioned by the National Assembly of Wales.

One reason for including these earlier analyses is to show the changes in the 'strengths' of the sector – many have been lost in the intervening period and arguably have not been replaced.

In the following review the entries in *italics* represent the entries from the 1998 report, plain type indicates additional comments and new points from the 1999 review while **bold** type entries represent current points and comments on the earlier points.

4.1.1 Strengths

- *Producer co-operative with strong links to a* major *marketing company* **(the co-operative no longer exists and the particular company has moved to England – it is a less significant player in the modern organic marketplace than it once was)**
- *UK's largest organic food pre-packer for major retail multiples (with own distribution system)* **(see above – the company has down-sized, moved across the border and is primarily focused on fruit)**
- *Commitment of Welsh based (*or linked) *packers to sourcing Welsh production where possible* subject to quality requirements and continuity of supply **(there is no Wales based packer for the supermarket sector)**
- Interest from a major chain of independent greengrocers **(this has not materialised in any significant way)**
- *Range of box schemes and home delivery operations around Wales which are potential markets for producers* **(this aspect of the market has increased significantly and represents the main option for growers entering the market)**

- Increasing interest in farmers' markets – probably into double figures at the present rate of increase **(there are 11 farmers' markets accredited by FARMA [National Farmers' Retail & Markets Association] and 17 farm shops – there are other non-accredited outlets)**
- Prices are still generally high and are likely to remain at their present level in the short to medium term **(downward price pressure has been considerable in recent years – this has been most strongly felt in the pre-pack sector and this has had a knock-on effect into other areas; it is still possible to get a sensible price but growers need to be fully aware of their costs so they can judge the fairness of their pricing policy)**
- *Strong demand for organic fruit and vegetables from a range of customers* **(as discussed at some length this is arguably higher than ever and from a wider range of potential customers)**
- *High level of expertise and experience in Wales* -this applies to the established growers far more than the new entrants **(this has become less true as established growers leave the sector)**
- A number of projects and initiatives to support and encourage organic producers **(OCW continues to run events and projects)**
- The Organic Conversion Information Scheme (OCIS) and Organic Farming Scheme for Wales (OFSW) – first may be more important than the second though growers contemplating conversion might see it as the other way round; there is not the pressure on the OCIS system that there was two years ago and applicants are not having to wait nearly as long as in the past. **(OCIS is still available and it is hoped that the revised OFSW will include specific payments for organic horticultural production)**
- Opportunities for early cropping in Pembrokeshire and Gower, and to a lesser extent on Anglesey and the Lleyn **(still true)**
- A positive natural image – for example seen as GMO free **(still true)**
- A generally supportive and pro-active approach by NAWAD and the WDA. Existing Welsh organic farming strategy. **(all still true though there have been institutional and name changes)**
- **An increased level of public support and interest arising out of concerns relating to climate change, food miles, local production, etc.**

4.1.2 Weaknesses

- *Lack of cold storage facilities to store production* **(still true)**
- *Critical mass to support shared facilities for storage, grading, packing is a problem where there are lots of small producers.* **(still true)**
- *Quality of production from many growers is below supermarket standards. Need for professionalism.* **(not absolutely essential to achieve supermarket standards – this is less of an issue although professionalism still essential)**
- *Image* – this is changing as more conventional producers take a harder look at organic production and realise the challenges involved ***(*completely changed)**

- *Lack of incentives to convert to organic status* (except the intermittently available OFSW) **(the OFSW has been running continuously in recent years but there have been no specific incentives)**
- *Many growers do not wish to expand production for quality of life reasons* – these include not expanding so as to avoid the bureaucracy of employing paid workers **(this is still true for a significant number of existing growers)**
- Poor transport infrastructure once away from the M4/A40 and A55 – this goes hand in hand with distance from markets **(still true)**
- Producers reluctance to co-operate, with one or two notable exceptions
- The bureaucracy inherent in the organic system especially if running a processing operation alongside a production enterprise; box scheme operators are classed as processors under the definitions of the standards **(possible less of an issue but there is still a considerable amount of paperwork and record-keeping involved)**
- No history or tradition of horticultural production in many areas and hence no specialist contractors, machinery syndicates, plant raisers, etc. **(still true though there is potential for change through the existence of the machinery rings)**
- *Topography and climate not ideally suited to vegetable production in many areas* (but see comments on land capability elsewhere in the report)
- Often difficult to maintain consistent supply **(still true – requires cooperation)**
- *Confusion caused by complicated certification system and range of different bodies with different standards* **(not a significant issue in organic horticulture today)**
- **There is a lack of structure and communication within the sector**

4.1.3 Opportunities

- *Organic vegetable production on livestock units* **(still a viable option though some ventures have not been wholly successful)**
- *Organic processing sector e.g. baby food manufacturers* **(opportunities still exist though the potential probably lies in prepared salads, ready meals, etc.)**
- *Improve links with Welsh catering and tourist industry* **(needs to continue)**
- *Increase field scale production to improve efficiencies* **(the original comment was aimed at supplying the pre-pack market – this is less important for Welsh producers today but the demands of the market place still require field scale quantities of vegetables such as carrots and potatoes)**
- *Machinery sharing*
- Careful choice of crops – tailor to customer expectations and own ability to produce; all crops are technically possible but only those where quantity and quality can be maintained will stand any chance e.g. carrots, swedes, leeks, brassicas, beetroot, salads, cauliflower.
- Expand organic protected cropping – this will enable the production of clean winter crops, early and late crops, specialist salad crops, commercial plant

raising, etc. **(this is as true today as it was then – protected cropping allows the generation of significant income levels on a relatively small area of land)**

- Organic soft fruit, especially in North East Wales. Organic fruit market is massively undersupplied **(still a critical issue – one box scheme company said that they cannot find any organic soft fruit in Wales)**
- Farmers' markets but only if they are within easy reach – can be a problem spending time selling when there are jobs to be done on the holding **(turnover on the day needs to be £500 or above to make it worthwhile)**
- A generally greater interest in locally grown, fresh food leading to more opportunities for local selling in a variety of forms **(this is how the market has developed in recent years)**
- Take advantage of advisory schemes whether government sponsored (OCIS) or provided by private company **(the record of Farming Connect in providing services to growers has been patchy)**
- The fact that there are very few organic horticultural producers in the most heavily populated areas of Wales suggests there are localised opportunities **(there have been some changes here but the opportunities still exist)**
- **Public procurement is a real opportunity but it requires engagement on the part of the growers and increased levels of understanding on the part of buyers**

4.1.4 Threats

- *Large volumes of imports from other temperate countries* **(these have been reducing as UK levels of self sufficiency have improved but the expectation is that imports will increase over the coming years as UK production fails to keep up with demand)**
- Pressure on prices/premiums from multiple retailers **(this has been significant over the last 5 years – it still exists but there is little to cut)**
- Increased organic production in traditional vegetable growing areas in England e.g. Lincolnshire, East Anglia, Kent, etc. **(this has been a major development and has been responsible for a reduction of Welsh growers that supply the supermarkets)**
- Fungal plant diseases e.g. blight, mildew, etc.; copper products are due to be withdrawn in two years time **(these are still problems though copper products have been given a stay of execution and they are still available to growers albeit at reduced levels)**
- The need to have a critical mass of between 20-50 Ha of vegetables before having any chance of supporting the facilities, quality control and volumes required by regional or national multiples. Requires a lot of co-operation amongst a lot of new entrants to organic vegetable production if they are to create new marketing enterprises within Wales. **(still true if the objective is to establish a significant business supplying traders and box schemes in Wales and beyond the borders)**
- *Conservatism of Welsh producers and indifference of farming unions* – the NFU has recently started to take a more positive attitude though this is more in respect

of organic beef and sheep production **(there has been a significant change in this area and this need not be considered a threat going forward)**

- *Lack of skills base and relevant college courses* **(there are college courses available but growers and their workers favour work-based training hence the interest in the apprentice scheme referred to earlier in the report)**
- **An attitude of mind that says it cannot be done and that Wales cannot produce sufficient quality fruit and vegetables.**

It can be seen that some of the above issues have been overtaken by events while others still remain surprisingly current.

5 Conclusions

The market for organic fruit and vegetables continues to grow at a faster rate than the general rate of expansion of the organic market (very recent information suggests that there could be a slowing down in the current year)

The net area of organic horticultural production in Wales is falling – this is not a dramatic decrease but it should be viewed in the context of the above conclusion i.e. falling production at a time of significant demand increase.

A rather generalised calculation based on the 2004 Market Intelligence report suggested that Welsh organic horticultural production was broadly in balance with demand after allowing for exotic produce and out of season imports

A more recent calculation that looked at the same aspects showed a significant imbalance between supply and demand.

The overall conclusion for the above is that the gap between supply and demand is significant and it is continuing to widen.

Drawing on earlier reports such as the SAC Alternative Sector Review it is possible to say that horticultural production in Wales can be increased significantly and it can and should include an expansion of fruit production. The existence of a mind set that says it is not possible needs to be strongly addressed.

The overall tone of an extensive telephone survey aimed at existing organic horticultural producers was neutral on the whole – several growers had given up growing, some of the remainder were content to produce at a low level and significant proportion were planning to expand. There were a number of positive responses and there are a number of success stories that were picked up by colleagues in ADAS. A selection is reproduced in Appendix A.

It should be recognised that there are broadly 2 types of organic growers: small scale specialists focusing almost entirely on horticulture and medium scale field vegetable systems in mixed farming rotations.

The survey of traders revealed that the number of key players in Wales is very small but they are successful. The over-riding conclusion from the interviews is that demand is increasing dramatically but that it is very difficult to find enough product from Wales. All those contacted were keen to hear from new entrants or from organic farmers who are contemplating some vegetable production.

There is interest from all levels of the market and one area that has considerable potential is the area of public procurement. This is supported by policy statements from officials and politicians, and by a number of projects and initiatives including the Interreg funded RAFAEL project. The lack of availability of sufficient quantities of local and organic fruit and vegetables in different parts of Wales has made it difficult to progress the various initiatives that have been introduced. There are opportunities here for growers but they will need to be convinced that it can be profitable.

A review of previous SWOT analyses showed that many of the issues and problems still need to be addressed while some of the strengths identified 8 years ago have effectively disappeared.

The opportunities for the whole range of local marketing techniques have increased significantly but there is presently not enough production to address these needs. Many of the earlier infrastructure developments came about because more was grown in Wales than could be sold hence the development of the grower cooperative and the then very successful Lampeter based pack house that was focused on effectively exporting a high percentage of output to England. The situation has now reversed with the flow of organic fruit and vegetables in the opposite direction i.e. imported from other areas of the UK as well as further afield.

The situation is retrievable but it will take the combined effort of the existing grower base, the traders, Organic Centre Wales and the Welsh Assembly Government to turn production decrease into increase and to develop a more integrated pan-Wales approach to the problem. There is also a case for linking up with colleagues in the non organic horticultural sector such as the Horticultural Strategy Group and Horticulture Network Wales as many of the problems and issues are shared.

6 Recommendations

These are based on the conclusions set out in the previous section and will be based on the assumption that it is seen as desirable (or even essential) that there should be a thriving organic horticulture sector in Wales that is providing a significant proportion of the organic fresh produce consumed in Wales. This assumption is not set in stone as it may not be wholly realistic given the constraints that affect small-scale organic horticultural production in Wales.

Despite the generally positive outlook from a demand perspective, there is a need to address some of the factors that might discourage producers from converting, including disruption to the Organic Farming Scheme, price levels that do not always reflect the costs of production, access to markets and a distinct lack of support for the sector.

To address this, there is a need for:

- better **statistical data** on current and future production levels and market shares;
- consideration should be given to the development of an **organic price exchange** service possibly in conjunction with other agencies and organisations
- continued efforts to **support producer groups** in developing markets for organic fruit and vegetables and in seeking to achieve realistic prices;
- wider publicity of the potential demand and market opportunities for organic horticultural produce through a series of **events, articles and other media coverage;**
- the re-vamping of and wider publicity for the present **Organic Market Wales** as a contribution to the wider publicity effort;
- enhanced payments through the **OFS**;
- a distinct arm of the **Farming Connect** service that addresses the needs of horticultural producers;
- more linked **planning of events** with other development centres, companies, organisations, etc.
- an increasing focus on **education** in order to signpost opportunities for young people;
- a **linking mechanism** for putting new entrants to the sector in touch with land owners interested in renting land, share-farming and share-cropping;
- improved **production systems**, supported by effective research and development and knowledge transfer;
- a key area for development is the encouragement of **protected cropping systems** along with a sympathetic approach from planning authorities
- a clear identification of **suitable areas** for both conventional and organic horticultural production along with guidance on how to deal with the particular soil types and prevailing climate
- improved **integration of effort** between organic sector businesses and the agencies that support the development of the Welsh horticultural and organic sectors;
- **joint working arrangements** with Organic Centre Wales, Horticulture Network Wales, Centre for Alternative Land Use, Welsh College of

Horticulture, machinery rings and others – this could lead to a virtual centre where growers could access:

  - market intelligence information
  - land availability
  - machinery and machinery ring contacts
  - information on labour and available skills
  - technical information and advice

- better **linkage** with the dairy, arable and red meat sectors to benefit from complementarity relationships between the sectors at production, market development and promotional levels.

7 References

Banks, J., Organic Food Supply Chains in Wales: Assessing the impact and potential, Cardiff Food Group, Cardiff (1998)

Cook, P., et al, A Comparative Assessment of the Potential Contribution of Alternative Sectors to a Sustainable Agricultural Industry and Rural Economy in Wales, SAC Agro Industrial Services, Inverurie (2000)

Defra (2006) *Organic farming statistics.* Defra Statistics Division, York. http://statistics.defra.gov.uk/esg/index/list.asp?i_id=130

Defra (2007) *Welsh organic farming statistics*. Defra Statistics Divison, York, personal communication.

Firth, C., Geen, N., & Hitchings, R., The Organic Vegetable Market 2003-04, Henry Doubleday Research Association, Coventry

Geen, N., & Firth, C., The Organic Vegetable Market 2004-05, Henry Doubleday Research Association, Coventry

Haward, R., & Green, M., Improving Market Intelligence for Organic Horticulture in Wales, Organic Centre Wales, Aberystwyth (2004)

Lampkin, N., Measures, M., & Padel, S., (eds), 2004 Organic Farm Management Handbook, University of Wales, Aberystwyth/Organic Advisory Service, Newbury

Lampkin, N., Measures, M., & Padel, S., (eds), 2007 Organic Farm Management Handbook, University of Wales, Aberystwyth/Organic Advisory Service, Newbury

National Assembly for Wales, Survey of Agriculture and Horticulture, 1 June 2006, Final Results for Wales, Statistical Directorate, NAW, Cardiff

OCW (2007, forthcoming) *Welsh organic sector development and investment opportunities.* Organic Centre Wales, Aberystwyth.

Sahota, A., The UK Market for Organic Fruit & Vegetables, Organic Monitor, London

Soil Association, Organic Market Report 2006, Soil Association, Bristol

Appendix A: Opportunities/success stories for marketing organic fruits and vegetable

1. Treehouse

Now run by Adam Willams, the current Treehouse business represents almost thirty years of continuous trading in locally produced organic fruit and vegetables in Aberystwyth.

The original business was established in 1978 as a retail outlet for the Frost Fresh organic market garden in Llanrhystud[1]. The business expanded rapidly in the 1980s with a 40% growth rate per annum. To meet this demand additional supplies were bought in from such organic pioneers as Peter Segger at Blaencamel, Cilcennin; Charles and Carolyn Wacher of Aeron Parc Llangeitho and Patrick Holden of Bwlch Wernen Fawr at Llwyn Yr Groes.

In 1994, the Frost Fresh Salad Shop was sold to Jane Burnham who re-launched the business as the Treehouse and opened a restaurant above the retail premises. Jane had been market gardening since 1988, when three hectares of the *Rachel's Dairy* farm at Brynllys, near Borth were cultivated on a share-farming agreement. Produce was sold via a market stall at Machynlleth, to Frost Fresh and other local greengrocers in Aberystwyth, and via a wholesaler in Nottingham. In the new Treehouse, Jane's declared aim was to sell good produce at fair prices and to cook food that people could enjoy in the restaurant.

By 1996, demand outgrew supply and the shop premises became too small so the retail business was moved to new larger premises nearer the centre of the town. With increasing sales, it was also decided that space in the shop would be better used without prepared salads, which had been a key feature of the original business.

As demand for organic produce increased, the Treehouse set up the Treehouse Producer Group in 2001 to provide the shop with quality local produce. Ten producers supplied the shop, with additional out of season and imported produce from Organic Farm Foods (now The Organic Fresh Food Company).

In 2006, Jane Burnham sold the Treehouse business to Adam Williams. In Adam's view Organics has gone very mainstream with sales of fruit and vegetables via the multiple retailers becoming very important. For the Treehouse, Adam says that a wide range of crops are still lacking, although he says, "We do receive too many cabbages and we are aware that some crops are hard to grow in Wales". He feels that there is a massive potential for increasing the quantity of produce from Wales. His priorities for the future in developing the market are to:

- Maintain the integrity of what organic means
- Increase the supply
- Reinforce the quality; "some of the vegetables we get via the wholesaler are airfreighted. This means that foodmiles and as a result their carbon footprint is increased. Everybody should address this issue. We've got to keep ahead of the supermarkets."

The main opportunities lie in creating awareness of why organic produce is better, but the main barrier to development is the lack of availability of local produce.

Adam says, "We need to keep on growing in Wales and to educate the consumers".

---

[1] See, Lampkin (1991) Chapter 12; Frost (1998)

2. *Supplying supermarkets*

There is increasing demand from Welsh based supermarkets for local produce, including organic fruit and vegetables. Julie Davis started to supply Waitrose with organic shitaki mushrooms and is now also supplying Tesco under the Really Welsh brand. Julie and Keri Davies won a Bronze award for their Crai Organic Shitake mushrooms in the 2006/07 True Taste Wales Food and Drink awards. Julie was also named NFU Cymru/NatWest Wales Woman Farmer of the Year.

Really Welsh have also approached Evan Price (see success story below) and might in future approach more organic growers.

(http://www.reallywelsh.com/what_we_do_mushrooms.htm

3. *Public procurement*

There is a demand for locally produced fruit and vegetables, including organic fruit and vegetables, in the public sector. Organic Centre Wales have arranged organic demonstration meals at schools in Wrexham and on Anglesey and at the National Botanic Garden of Wales as well as staging three annual *Growing the Future* conferences.

Following an initiative by Organic Centre Wales as part of the RAFAEL Interreg project, The Organic Fresh Food Company is currently in discussion with Carmarthenshire County Council on supplying organic fruit and vegetables into schools.

According to Alan Aitken of Carmarthen County Council, food into public procurement was worth £66 m in 2006 of which 60% currently is Welsh

Fruit and vegetables accounted for £5.5 m in 2006 and 27% is Welsh. Carmarthen County council, which is just one of the many counties, said to need yearly £221,000 of fruit and vegetables. A large part of this could be produced within Wales and it could include organic fruit and vegetables.

3. *Powys Growers' group*

The Powys Growers' Group was created recently. Both private companies and the public sector have already approached them to supply fruit and vegetables. Not all growers within the group are certified organic, especailly smaller growers. The group has developed from the *Glasu* LEADER Plus Community Supported Agriculture project, which also provided a year long Veg Doctor programme to support growers in Powys.

4. *Evan Price of Wild Carrot*

Evan Price of the Wild Carrot business started to diversify his organic beef and sheep business to include organic horticulture 4 years ago. His farm, Allt Goch Farm has 500 acres of which 30 acres are suitable for cultivation.

Evan started with the support of GLASU, the Powys' LEADER+ project, to produce selected vegetables crops on an acre of land, as an experiment. Currently, he grows a wide range of vegetables on 7-8 acres of land. "There is a huge demand for organic vegetables", he says.

He has tried selling his produce via farmers' markets and box schemes, and he also had his own retail shop. During the past two years he has supplied wholesalers with organic vegetables. The remainder is sold via a farm shop. He has recently signed a contract to supply Waitrose with organic Brussel Sprouts.

Evan is full of ideas and hopes to convince more organic beef and sheep farmers in his region to diversify into vegetable growing. He says: “We farmers should not depend on subsidies as they will not last! Act now and change your farming system to one which is less dependent on subsidies”. He adds: “Growing organic vegetables is one way of doing this. You do however need to research the market first and decide which market you want to supply. Then you start to produce!”.

5. Organics to Go

Roger Hallam, set up Organics to Go in 1999 aiming to:

- Provide a market for growers so that they can avoid selling to supermarkets
- Be a source of direct supply for consumers
- Show that there is a sustainable alternative - growing quality organic vegetables on small and medium sized farms and delivering direct to the customer's doorstep within 24 hours of them being cropped
- Compete on freshness and taste and from the knowledge that the produce comes direct from the farm

In the beginning, vegetables were grown on 2 acres of land. Now 20-25 acres of land are used and in addition organic vegetables are sourced from other growers; mainly from South West Wales. Currently Organics to Go supplies to 2,000 customers and has a turnover of £1mln.

The range of produce they grow themselves has reduced. “ We grow what we are good at; about 15 different products (lines), the rest we buy in” Roger Hallam says. Every season Roger Hallam discusses with all producers what to grow to co-ordinate the supply. He says that more growers should grow vegetables, as there is a good market.

According to Roger, there is lack of local organic vegetables as there are a limited number of people with experience. Also people that are interested find that land is very expensive to buy. There have been no new entrants for the last 5 years. At the moment there is one new grower in Carmarthenshire. Organics to go is giving him all the support they can and have agreed to sell his produce. Roger Hallam urges any grower interested to sell their produce to contact Organics to Go. See details below. He sees good opportunities in marketing and hopes that the good market situation will convince growers.

Organics to go has developed a strong relationship with a number of growers in Wales and the UK. They also exchange some produce with growers in France. He ensures that there is no middleman or wholesalers involved. Organic vegetables are currently sold to the North and South of Wales, London and Bristol. Supplying to the public sector might be an opportunity in the future.

“The amount of organic vegetables grown and sold in Wales should increase”, Roger Hallam says. Organics to Go invites all growers which are interested in supplying to them, to contact them. Furthermore, people interested to franchise, further develop the business in different regions, are also welcome. A few people have already shown interest to develop ideas but there cannot be enough. Involvement of more people can help the local vegetables market grow.

For more details, contact Roger Hallam on 0800-4582524 or look at www.organicstogo.info.

6. *The Organic Fresh Food Company in Lampeter.*

In the autumn of 2006, The Organic Fresh Food Company to announced it had agreed to take over the wholesale and retail businesses in Wales from Organic Farm Foods Ltd. OFF Wales had closed its Lampeter packhouse and relocated all its organic vegetable packing to its operations in England.

The new Lampeter-based company is owned by a group of leading organic growers and Catherine Cranmer who had been managing the OFF wholesale business in Lampeter for a number of years. The Organic Fresh Food Company is committed to increasing the market in for fresh organic produce and encouraging more Welsh growers to convert to meet the ever growing demand.

The new company, with the growing volumes of local vegetables from its grower members, will also seek to expand its distribution to box schemes, markets, processors and a range of public institutions. Retail expansion is part of the new company's business plan as is sponsorship of many local events aimed at helping improve the awareness of the high quality of local produce. Anyone interested in supplying the The Organic Fresh Food Company or wishing to seek supplies should contact Catherine – 01570 424 406 or Suzanne – 01570 424 420 or Suzanne@organicfreshfoodcompany.com

References and links

N. Lampkin (1990) *Organic Farming* Ipswich, The Farming Press

D. Frost (1998) *Welsh Salad Days*, Talybont, Y Lolfa Press

http://www.treehousewales.co.uk./index.php

http://www.organicstogo.info/

http://www.reallywelsh.com/what_we_do_mushrooms.htm

Annex B: Organic horticulture trade directory

Blaencamel Cilcennin, Lampeter Ceredigion, SA48 8DB 01570 470529 anne@blaencamel.fsnet.co.uk www.blaencamel.com	Organic grower of fruit and vegetables Main supply market: Farm shop, Wholesaler/ producers' group
Calon Wen Organic Foods Unit 4 Whitland Industrial Estate Whitland Carmarthenshire, SA34 0HR Tel: 01994 241368/334 orderline@calonwen-cymru.co.uk www.calonwen-cymru.com	Distributor of boxes throughout Wales and the Borders; produce includes organic fruit and vegetables. Main supply market: Box schemes, Caterers, Retailers, Farm shop, Mail-order, Supermarkets, and Wholesalers
Cefn Goleu Pont Robert, Meifod Powys, SY22 6JN Tel: 01938 500128 Fax: 01938 500389 cefngoleuorganics@yahoo.co.uk	Producers of top and soft fruit and seasonal root vegetables Main supply market :box scheme, gate sale and wholesale
Ceri Organic Llwyn-yr-Eos Rhydlewis, Llandysul Ceredigion, SA44 5QU Tel: 01239 851850 http://www.ceri-organic.co.uk/index.html	Organic grower delivering fruit and vegetables locally, as well as distributing local meat, eggs and dairy. Main supply market: Direct sales, Wholesalers, Farmers' markets, Box schemes
Crai Organics Glwydcaenewydd Farm Crai, Brecon, Powys LD3 8YP Tel: 01874 638973 http://www.craiorganics.com/	Mushroom producers Main supply market: Wholesalers, Multiple retailers
Crewmint 3-6 Parc Amanwy New Road, Ammanford Carmarthenshire, SA18 3EZ Tel: 01269 597522 info@crewmint.co.uk www.crewmint.co.uk	Specialist fruit and vegetable processor, produce includes vegetables, salads, fresh herbs, and citrus shreds. Main supply market: Processors, Wholesalers
Drefach organic nursery Aberaeron Ceredigion, SA46 0JR Tel: 01545 571344 andyb@ceredigion.gov.uk	Specialist cherry tomato grower selling to wholesale market and locally. Main supply market: Direct from Farm Gates, most local Organic Shops, Wholesale, Farmers' Market, Local Restaurants, Supply to Local Box Schemes

D.W. & C.M. Evans (Caerfai organic) Caerfai Farm St David's, Haverfordwest Pembrokeshire, SA62 6QT Tel: 01437 720548 http://www.cawscaerfai.co.uk/	Producer of early Pembrokeshire organic potatoes. Main Supply Market: Box schemes, Caterers, Retailers, Farm shop, Wholesalers,
Little pencoed farm ltd. Maendy Farm, Peterston-Super-Ely Cardiff SA68 0PL Tel: 01646 651010	Producers of packed and washed potatoes Main supply market: wholesale and Greenvale
Nantclyd Organics Rhos Y Garth Llanilar, Aberystwyth Ceredigion, SY23 4SL Tel: 01974 241543 liz.findlay@clara.co.uk	Small farm specialising in local sales of soft fruit and vegetables. Main supply market: Farm gate sales, Wholesalers, Retailers
Organic Fresh Food company Unit 25 Llambed Industrial Estate, Tregaron Rd Lampeter, SA48 8LT 01570 424450 Fax: 01570 423280 Catherine@organicfreshfoodcompany.co.uk www.organicfreshfoodcompany.co.uk	Company owned by a group of organic growers inWest Wales Main supply market: wolesale, retailer, own shop, caterers,
Organics to go (West) Ltd. Werndolau Farm, Golden Grove Carmarthen, SA32 8NE Tel: 01558 668088 / 01557 668088 enquiries@organicstogo.info **http://www.organicstogo.info/index.html**	Deliver directly to 2000 households each week, 40 lines of organic fruit and vegetables. Main supply market: Box scheme, Wholesale, Caterers

Crynfryn organic produce Minwear Martletwy, Narberth Pembrokeshire, SY25 6RE **Tel: 01974 821206** Suzanne@crynfryn.demon.co.uk	Fruit and vegetable producer Main supply market: direct sales, large veg box scheme (abel and cole; riverford)
Rhydlewis Organic Produce Hen Ysgubor, Troed yr Aur Brongest Newcastle Emlyn Ceredigion, SA38 9ET Tel: 07973 368594 Ian@tremygorwl.greenisp.org	Fruit and vegetable producers Main supply market: Box scheme, Retailers, Farmers markets, Producer group
Ty Mawr Organic Vegetables **Great House Farm** Penpergwm, Abergavenny Monmouthshire, NP7 9UY Tel: 01873 840247 www.ty-mawr-organic-veg.co.uk	Produce a range of vegetables, including oriental vegetables, chicory and endives. Main supply market: Farmers' Markets, Caterers, Restaurants
Ty-Rhos Organic Farm Upper Aberarth, Aberarth Ceredigion, SA46 0LA Tel: 01545 571430 walsh@ty-rhos.freeserve.co.uk	Producers and packers of organic salad crops, produce includes herbs and Pak Choi. Main supply market: Wholesalers, Retailers
The Wild Carrot Allt Goch Farm, St. Harmon, Rayadar Powys, LD6 5LG Tel: 01597 870233 dorienne@headweb.co.uk	Vegetable and meat producer Main supply market: Farmshop, Wholesalers, Retailers