7.4 Europe

Helga Willer and Toralf Richter[1]

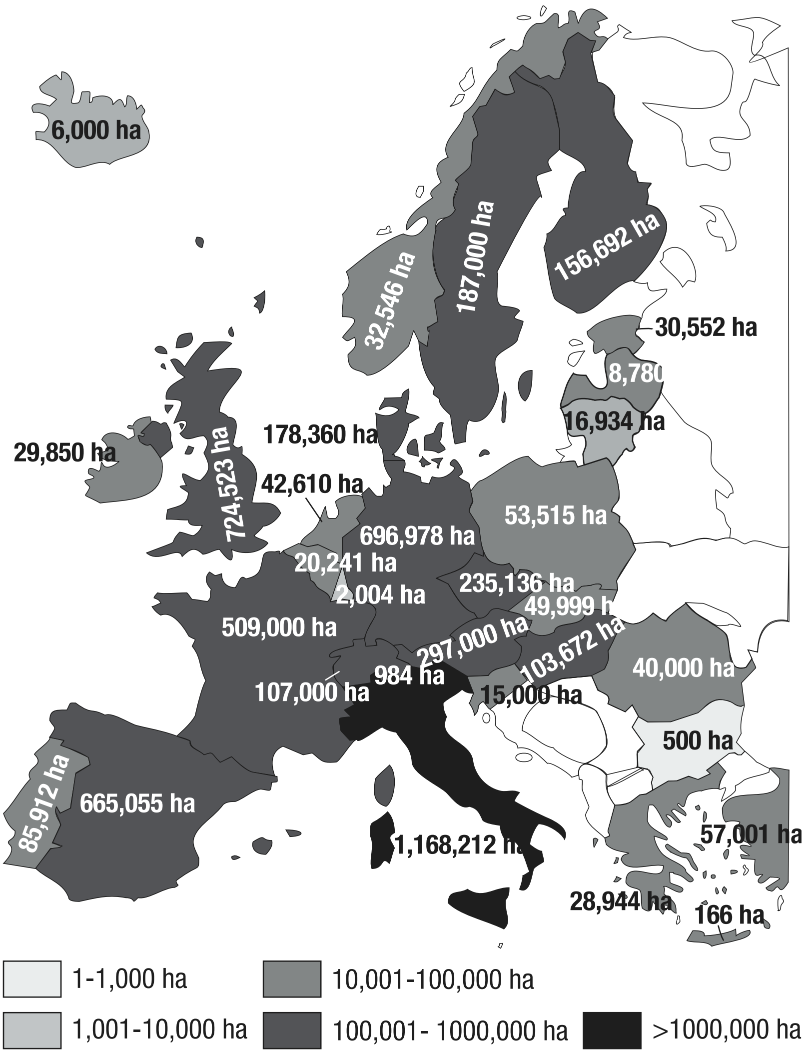

Figure 9: Organic agriculture in Europe: more than 5.5 million hectares and almost 175,000 farms are under organic management. (Source: FiBL/SOEL-Survey, February 2004; Graph: Minou Yussefi, SOEL)

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7.4.1 Statistical Development: Continued Growth

Since the beginning of the 1990s, organic farming has rapidly developed in almost all European countries. Growth has, however, slowed down recently.

According to the Swiss Research Institute of Organic Agriculture FiBL, by the 31.12.2002 in the 15 countries of the European Union (EU), around 4.8 million hectares were managed organically by almost 140,000 farms. This constituted 3.5 percent of the agricultural area and 2 percent of the farms in the EU.

According to the SOEL-statistics in the whole of Europe currently 5.6 million hectares are managed organically by approximately 175,000 farmers.

Compared to the previous year, this is an increase of 9 percent in the organic land area in the EU, mainly due to a strong growth in France, Spain and the UK. The number of farms went down, however, mainly due to a decrease in organic farms in Italy.

There are also substantial differences between individual countries regarding the importance of organic farming. More than 11 percent of agricultural land is organic in Austria, and 10 percent in Switzerland. Some countries have yet to reach one percent. The country with the highest number of farms and the greatest number of hectares is Italy. One quarter of the European Union's organic land and more than one third of its organic farms are located here.

A complete overview of the statistical development of the organic sector since the 1990s is available at the homepage of the Organic Centre Wales at www.organic.aber.ac.uk/stats.shtml.

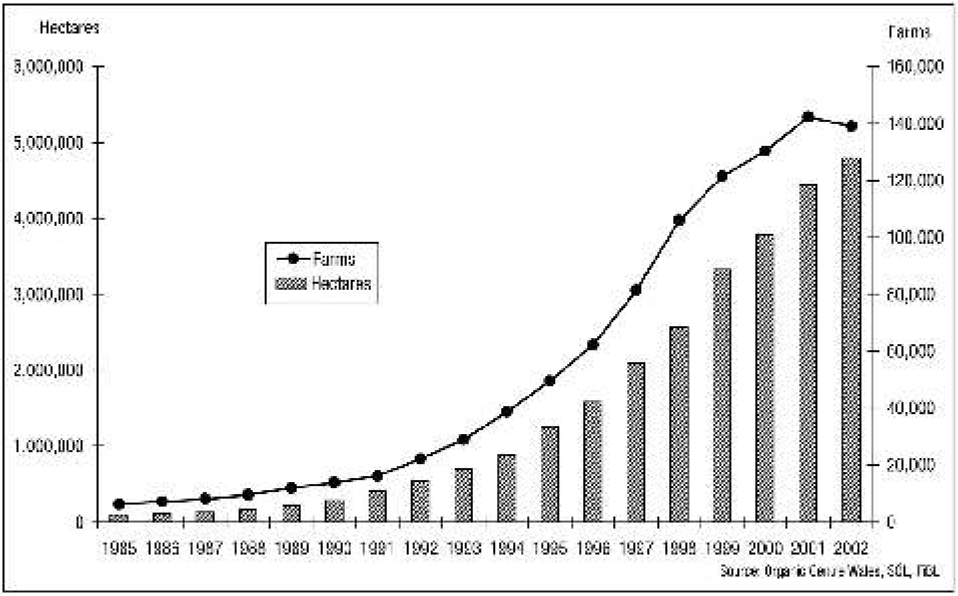

Figure 10: Development of land under organic management and of organic farms in the European Union 1985 to 2002

(Source: Organic Centre Wales, SOEL, FiBL)

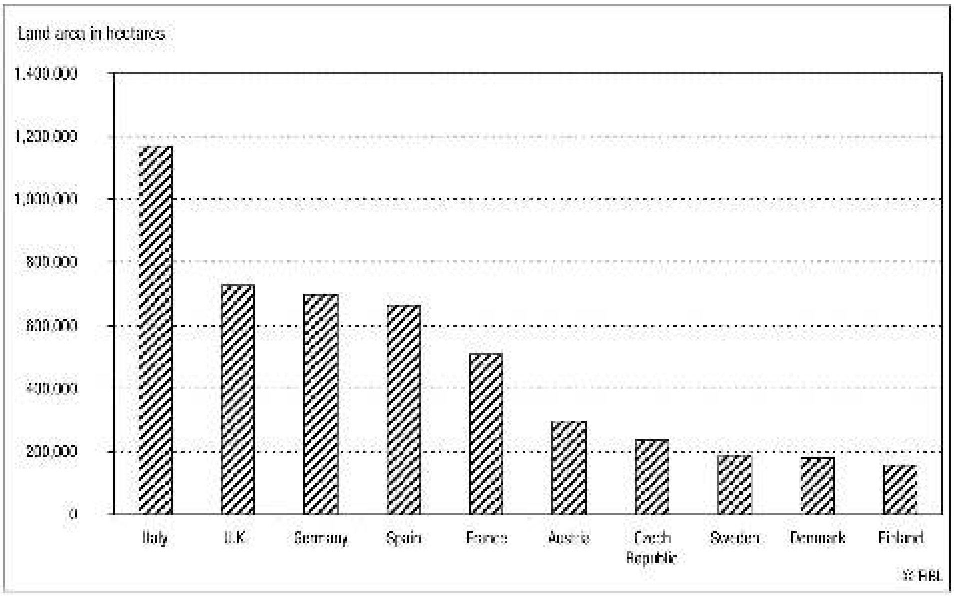

Figure 11: Organically managed area in Europe: the 10 countries with the highest area of organic Land (European Union, Accession countries, EFTA countries) per 31.12.2002

(Source: FiBL)

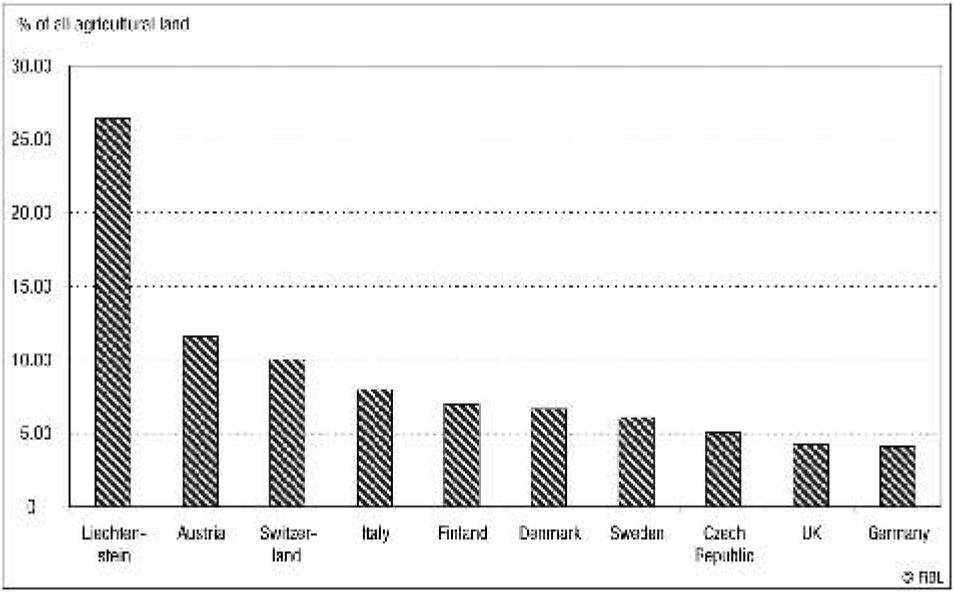

Figure 12: Organically managed area in Europe: the 10 countries with the highest share (%) of organic land (European Union, EU-Accession countries, EFTA countries) per 31.12.2002

(Source: FiBL)

7.4.2 Milestones in the History of Organic Agriculture in Europe

1924 Beginnings of organic agriculture in Germany with Rudolf Steiner's course on bio-dynamic farming; in the 1930s and 1940s the first bio-dynamic associations are founded in Europe („Demeter“)

1930s/40s Dr. Hans Mueller active in Switzerland (organic-biological farming, which is now the most common organic farming practice in the German speaking countries; represented by „Bioland“, „BioSuisse“)

1946 Soil Association founded in the U.K. by Lady Eve Balfour (organic farming)

1972 International Federation of Organic Agriculture Movements IFOAM founded

1973 Research Institute of Organic Agriculture FiBL founded in Switzerland, now the largest organic research institute worldwide

1975 Foundation Ecology & Agriculture SOEL founded in Germany

1980s Most of the organic associations and organizations founded

1990 First BioFach Fair takes place in Germany, now the biggest fair for organic products worldwide

1991 IFOAM European Union Regional Group founded

1991 EU Regulation 2092/91 on organic agriculture published in the official Journal of the European Commission; the regulation became law in 1993

1992 EU regulation 2078/92 published in the official Journal of the European Union, area based support for organic farming under this regulation granted in almost all European Union countries since 1994 (now continued under EU Regulation 1257/1999)

1992 IFOAM Accreditation Program established

1995 First action plan for organic farming launched in Denmark

1999 Global Codex Alimentarius standards on organic agriculture published

2000 Agenda 2000 implemented including continuation of the area-based payments as well as other support measures for organic farming (Rural Development regulation No. 1257/1999)

2001 January, BSE crisis in Europe, resulting in a major shift in attitude in favor of organic farming

2001 May, Copenhagen: First steps taken towards a European action plan for organic farming

2003 European consultation on the action plan for organic farming

2003 Numerous organic farming related research projects accepted under the first call of the sixth framework program

7.4.3 The IFOAM European Union Regional Group[2]

The IFOAM Regional Group European Union (IFOAM EU group) was founded in 1991. It unites the interests of the European organic sector. Each European country has a representative and a substitute on the board of the group. The group meets three times a year, and one meeting takes places in Brussels for information exchange with the European Commission. A major step in the year 2003 was the establishment of a Brussels office, funded by the organic sector or public monies of the member states.

The IFOAM EU group has several working groups. One is dealing with the EU regulation on organic farming, one with policy questions one with research.

The main issues in 2003 regarding EU regulation on organic farming were related to bought-in animals, seeds, revision of the annexes on inputs and on processing, organic wine, equivalence of EU regulation and the IFOAM basic standards, aquaculture and guidelines for inspection bodies.

The policy subgroup released a paper on the co-existence of GMO and organic faming. This group is also involved in the discussions on the European action plan on organic farming.

The research subgroup is involved in a new European research project, which will support the revision of EU regulation on organic farming; this project will start in 2004. The IFOAM EU group is also invited by the European Commission to present suggestions on research activities. Suggestions include: research on the benefits of organic farming, organic viticulture and wine processing, processing and aquaculture.

7.4.4 The European Market for Organic Foods

The main information and figures presented here were compiled as part of a FiBL survey among experts of the organic sector in November 2003. Many of these figures are estimates, and the methods of research behind these figures might vary from country to country, as no uniform data collection system for market data is yet available. The figures should therefore be treated with utmost caution.

[2] The information in the sub-chapter on the IFOAM European Union Regional Group is based on an internal paper by Otto Schmid of FIBL, who is the Swiss representative in this group.

Additional information is available from Organic Monitor (The Global Market for Organic Food & Drink, 2003; see also chapter 4 in this book) and from a survey which was conducted within the European research project OMIaRD (Padel et al. 2003).

An update of the study of the European market of Hamm et al. (2002) with reliable figures on the European market with organic products should be published in spring 2004.

According to Organic Monitor (2003) in 2002 nearly half of the organic food sales worldwide were generated in Europe. The European sales of organic products were estimated to have expanded by about 8 percent in 2002 (Organic Monitor 2003) to reach approximately ten to eleven billion Euro (FiBL, survey 2003). After years of tremendous organic sales growth, in many European countries the market is now maturing. Reasons can be found in the broad market penetration, which comes to a final stage in countries like Denmark, Austria or Germany and the advanced development of organic assortments in the big retail companies. Furthermore the number of organic consumer remained stable and did not increase as a result of new conventional food scares.

Comparing European countries, Germany is still the biggest national market in Europe with nearly 30 percent of the total European market volume. National markets with organic sales volumes of more than one billion Euro of can be found in France, the United Kingdom and Italy (see figure 13).

However there is no single common and homogenous market for organic food all over Europe. The individual national organic markets are at different stages of development. In countries such as Greece or Portugal, the organic market is still in the pioneer phase. In Italy, France and the United Kingdom, a first boom phase in the marketing of organic produce was apparent in recent years. Within a third group with countries like Austria, Switzerland, Denmark or Sweden the organic markets are quite mature now, supported by national government activities as well as by active market development measures by the leading national retail chains.

This leads to clear differences in terms of per capita consumption of organic produce all over Europe. Switzerland can be considered as the clear organic market leader in Europe, or even the world. Even when different national food price levels are taken into account and Switzerland is the country with the highest food price level in Europe, nearly double the organic product volume per capita is consumed in relation to Denmark or Sweden as countries with the second and third highest consumption (see figure 14). Significantly, the difference between Switzerland and Denmark grew tremendously over the last two years. While in Switzerland an already quite matured market was further pushed by the leading Swiss retail chains COOP Switzerland and

Korrigendum

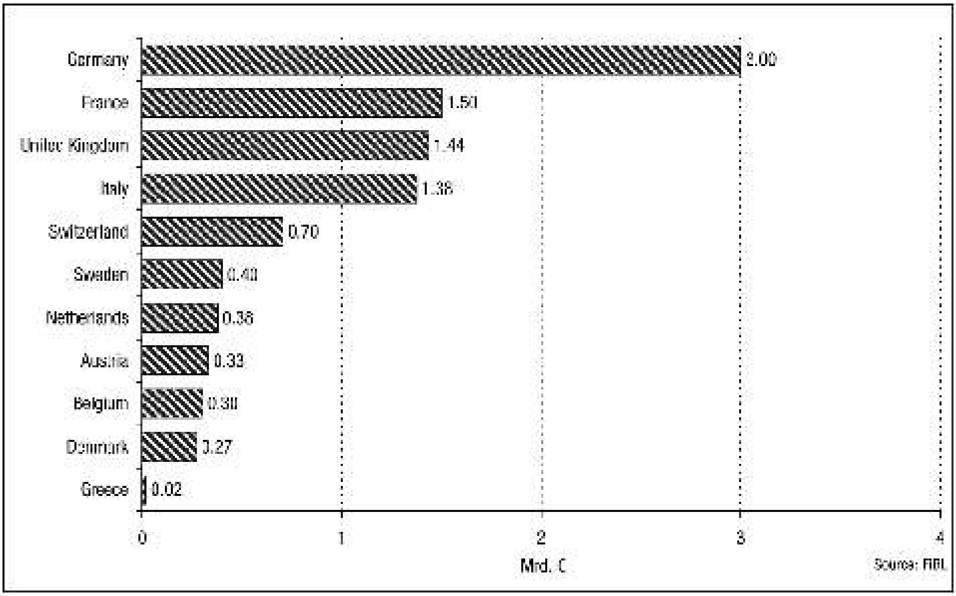

Figure 13: Organic product sales in selected European countries in 2002
(FiBL survey 2003)

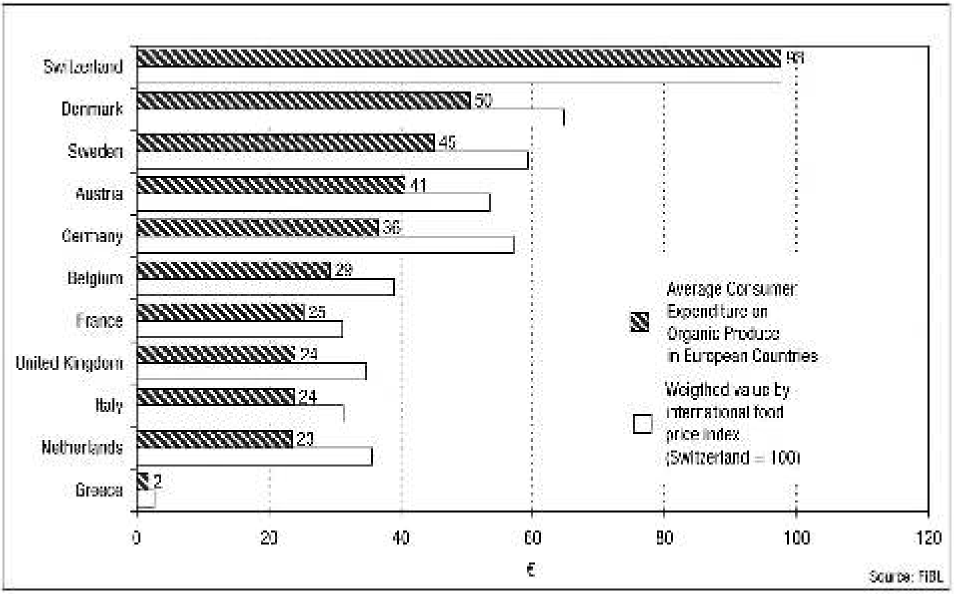

Figure 14: Average consumer expenditure on organic produce in European countries 2002
(Source: FiBL)

Migros, this development was widely missed in Denmark by the leading retail chains COOP Denmark and Dansk Supermarket.

In Switzerland the organic market share altogether amounts 4 percent, however some relevant sub-markets actually have much higher market relevance (eggs 12 percent, milk 11 percent, vegetables 11 percent, bread 8 percent, fruit 7 percent).

Generally it is noticeable that those countries where the market leading supermarket chains have broad assortments with more than 500 organic items the highest market shares can be observed. In most countries already at least 75 percent of organic products are sold through multiple retail chains. When, however, like in Germany, discounters dominate the food market and broad organic assortments are offered only by smaller and regional oriented retailers there is a technical barrier for a maximal market penetration of organic products.

There has been considerable growth in the market for organic products in Europe in recent years. However, competition between the countries of Europe is growing and the annual growth rates between 1999 and 2002 differs clearly by country (see figure 15).

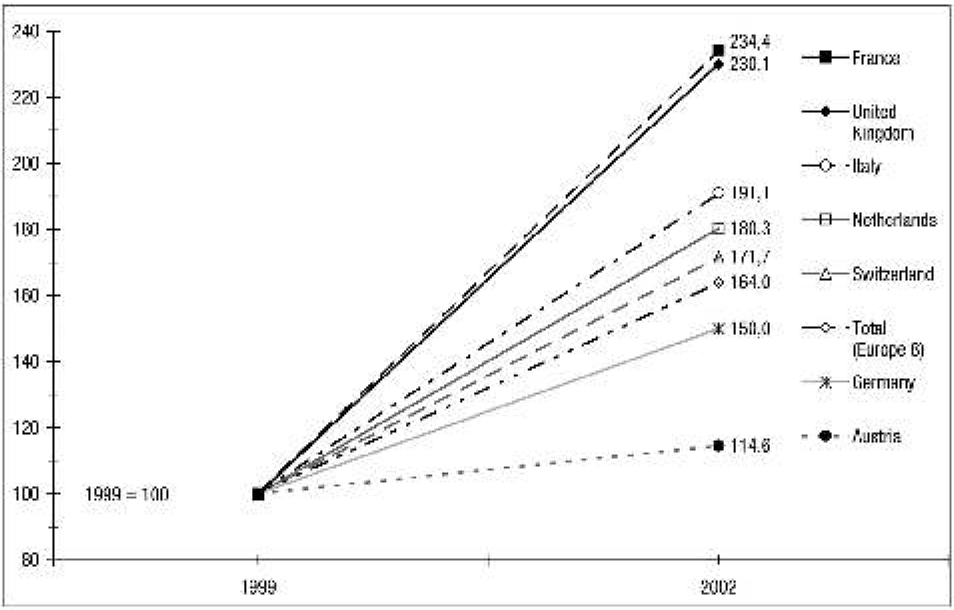

Figure 15: Index for the development of organic food sales between 1999 and 2002 for selected European countries.

The highest growth rate in the last years could be observed in France and the United Kingdom (see figure 15). In both countries the organic market grew annually by more than 40 percent in the last three years on average. In a group with Italy, the Netherlands and Switzerland, the average market growth varied between 20 to 30 percent per year. In Austria and Denmark where the market is positioned at a matured stage nearly no market growth of the organic sales occurred.

Between 1999 and 2002, organic sales and organic land areas developed with a different dynamic in many European countries. Moreover, two countries developed in different directions. While the organic demand decreased in the last three years in Denmark, the organic land area conversely increased. The opposite development took place in Austria. The most well balanced development between demand and supply could be observed in France and Germany over the last years.

What does the future for the European organic market look like? What are the market prospects in terms of growth, what are the main influencing factors? To answer these questions, 129 experts from all over Europe were interviewed within of the project OMIaRD (Organic Market Initiatives and Rural Development, see Padel et al. 2003). The following paragraphs summarize the main results of the market expert survey.

„Fragmented and underdeveloped market“ and „lack of marketing know-how“ received high scores from a list of possible constraints for the development of supply. More than 70 of 129 experts also considered „poor co-operation and communication“ and „low levels of farm gate premiums“ to be important constraints, whereas ‘"lack of supermarket involvement" and „competition from non-organic alternatives“ were not seen as important.

„High consumer price“, „poor availability of organic products“, „lack of consumer information and awareness“ and „poor product presentation“ were considered important by more than two thirds of the respondents in the area of demand, whereas „competition from near organic alternatives“ and „lack of credibility of the certification systems“ were not considered important.

Altogether it has to be stated that in none of the established European organic markets between 2002 and 2007 growth rates will reach more than 10 percent per year. Regarding the expected market development within the next five years overall rates varied between countries, with lowest rates anticipated in Denmark (approximately 1.5 percent per year) and highest rates in the United Kingdom (11 percent per year). Product groups with the lowest market growth are cereals. Highest growth is expected for meat and convenience products. The majority of experts anticipated higher demand than supply for fruit and vegetables, but no clear trends emerged for other product categories.

Experts agreed that organic marketing structures need to improve with expected increases and that increased product range can help stimulate demand and that new consumer groups should be targeted. They do not think that promotion should be based on risks associated with conventional food.

Table 12: Expected Market Growth Rates Between 2002 and 2007 for the Total Organic Market and for Specific Product Categories in Selected European Countries (%)

	DK	AT	CH	UK	DE	FR
Total Organic Market	1.5	4.6	4.5	11.0	4.8	6.1
Convenience products	3.3	8.4	7.0	8.8	7.3	10.0
Meat products	1.7	3.2	8.0	12.3	3.1	10.0
Dairy products	1.0	3.4	1.5	8.8	6.7	6.5
Fruit & vegetables	4.0	5.7	5.0	8.3	7.1	5.0
Cereals products	2.5	5.3	2.0	6.0	4.6	5.3

Source: Padel et al. 2003

7.4.5 EU Regulation on Organic Farming

With EU regulation on organic production 2092/91, considerable protection for both consumers and producers has been achieved. This regulation has been implemented in all countries of the European Union since 1993. In December 1999, the European Commission decided on a logo for organic products. This can be used for all produce whose production is regulated by EU regulation 2092/91.

The brochure „Organic farming – Guide to Community Rules“, published by the European Commission in 2001 provides extensive information about EU regulation 2092/91.

Also, in countries outside the European Union, organic products are either legally protected, or the development of organic regulations is in progress (e. g. Norway, Switzerland, Hungary, Slovenia, Czech Republic). Several EU countries have developed their own national regulations as well as national logos for organic products; in some cases this occurred long before the EU regulation on organic production came into force. EU regulation 2092/91 has undoubtedly brought considerable security for consumers, but consumer confidence clearly needs to be increased by extra measures at national level.

Work on the EU regulation on organic farming is constantly in progress, and the regulation is adapted to new developments and findings.

A major development related to the EU regulation on organic farming is the implementation of EU regulation 1452/2003 which requires all EU countries to establish databases for organic seed from 1 January 2004 in order to make the supply situation more transparent. Organic seeds and vegetative propagating material must be used if an official database shows that the relevant variety or a comparable variety is available. It is only when the market supply for suitable seeds or vegetative propagating material has been exhausted that a farmer can be given approval to use conventional seeds or propagating material. From January 2004 the organicXseeds internet database set up by the Swiss Research Institute of Organic Agriculture FiBL will be the official database for organic seeds and vegetative propagating material in Germany.

7.4.6 Organic Farming Research in Europe

Organic farming research is organized differently in the European countries. Until the 1980s it was mainly carried out by private research institutes, which have been the driving force for the development of organic farming research since the 1920s. In the 1980s the first universities took organic farming on their curricula, in the 1990s the first EU-funded projects on organic farming contributed to a better collaboration of researchers on organic farming on a European level, and the first state research institutes became active.

Today's high political and societal acceptance and interest in organic farming research is reflected in the fact that a European action plan is under work and that national action plans exist already, including special programs for organic farming research (e. g. Germany: Federal Organic Farming Scheme BOEL; Denmark: Danish Research Center for Organic Farming DARCOF). At the state research institutions organic farming is getting increasing attention in many countries: In France the National Agricultural Research Institute INRA now has an organic farming coordination group (Comité Interne Agriculture Biologique CIAB), and the German Federal Agricultural Research Institute FAL has one research institute dedicated to organic farming research, and it is also increasing coordination activities.

Figure 16 shows the proportion between land under organic management and the monies for support of organic farming research. Especially in Germany since the launch of the Federal Organic Farming Scheme, the situation is quite satisfactory. Italy,

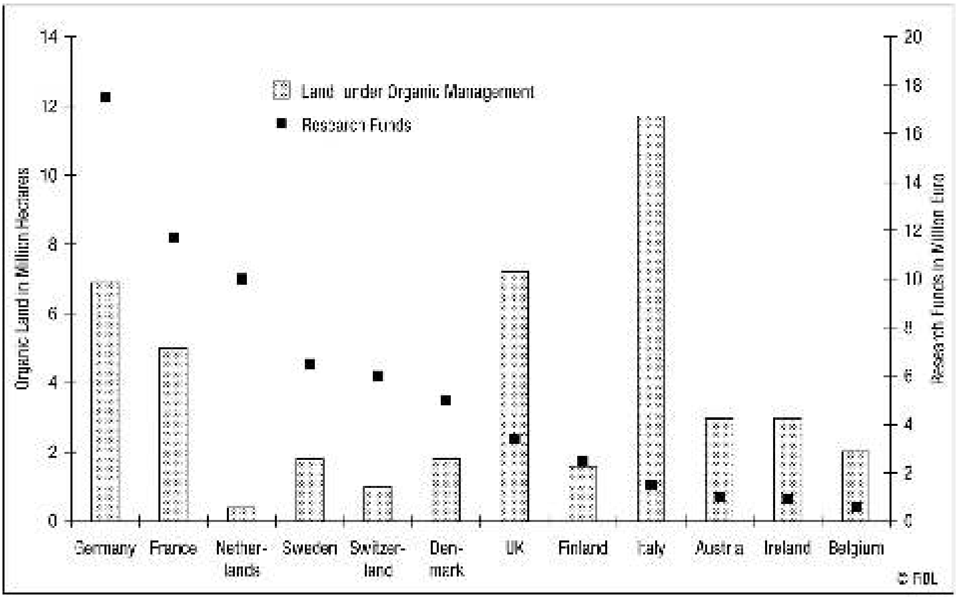

Figure 16: Funding for organic farming research in European countries 2002 and land under organic management

on the contrary, has a very low support for organic farming research. In spite of the fact that Italy has the biggest land area under organic management in Europe, it has one of the lowest budgets for organic farming research. The figures for research funding are based on European Commission report as well as on information of the Italian Ministry of Agriculture.

Under the European Union's research framework programs, several organic farming projects have been funded. In the calls under the Sixth Framework Program, which was launched in December 2002, organic farming plays a more prominent role than in earlier programs, and several organic farming projects are funded under it.

The following projects with relevance to the development of the organic sector in Europe started in 2003 or will start in 2004 (selection).

- Food from low input and organic production systems: Ensuring the safety and improving quality along the whole chain (QLif)
  Coordination: University of Newcastle and FiBL
  to start early 2004

- Scientific Support of the Revision of Regulation 2092/91
  Coordination: DARCOF
  to start early 2004

- Organic Inputs Evaluation
  Scientific Co-ordination: FiBL Switzerland
  Internet: http://www.organicinputs.org

- Further Development of Organic Farming Policy in Europe, with Particular Emphasis on EU Enlargement EU (CEEPOF)
  Co-ordination: Research Institute of Organic Agriculture FiBL, Switzerland and University of Wales, Institute of Rural Studies, UK
  Internet http://www.irs.aber.ac.uk/EUCEEOFP

- European Information System for Organic Markets (EISfOM)
  Co-ordination: University of Wales, Institute of Rural Studies, UK
  Internet http://www.eisfom.org

- Organic Marketing Initiatives and Rural Development (OMIaRD)
  Co-ordination: University of Wales, Institute of Rural Studies, UK;
  Internet http://www.irs.aber.ac.uk/omiard/index.html

A major initiative to improve information exchange among those interested in organic farming research is the international database Organic Eprints. Organic Eprints is an international open access archive for papers related to research in organic agriculture. The archive contains full-text papers in electronic form together with bibliographic information, abstracts and other metadata. The database with currently more than 1200 entries is available at www.orgprints.org. The database was set up by DARCOF, and it is now further developed as part of a project under the German Federal Organic Farming Scheme.

7.4.7 State Support for Organic Agriculture

Several EU regulations under Agenda 2000 constitute the reform of the Common Agricultural Policy of the European Union (CAP) for the period 2000 to 2006. With the Rural Development Regulation (No. 1257/99) it is possible to support organic farming with subsidies in various ways: agro-environment programs, investment aid, marketing aid, and regional development and demonstration farms. It may be expected that with the implementation of the Agenda 2000's mid-term review of 2003 more support will be given to organic farming.

7.4.8 Enlargement and Organic Farming

In the countries of Central and Eastern Europe organic farming is also gaining importance. The area under organic management is in most cases, however, not as high as in the countries of the European Union. The Czech Republic, though, has converted more than 5 percent of its agricultural land, which is a higher percentage than Germany has.

The countries wishing to become part of the European Union currently adapt their legislation to EU legislation. The countries Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Slovakia, and Slovenia already have regulations for supporting and protecting organic farming. Both the Czech Republic and Hungary are on the third country list of EU regulation 2092/91, which means they can export their organic products without further controls into the European Union.

Many farmers in Central and Eastern European countries are using far more extensive farming methods. This means that conversion to organic farming is a lot easier for them. Producers from CEE countries can offer organic products at comparably low prices. Already now an increasing amount of organic products including cereals is imported into Western Europe. In order to avoid competition and price dumping it is very important to promote the domestic market in the accession countries.

7.4.9 Action Plans

At the Conference „Organic Food and Farming – Towards Partnership and action“, which took place in Denmark in 2001, agriculture ministers from twelve European countries called for a European action plan for the development of organic farming and food (Ministry of Food, Agriculture and Fisheries 2002).

Currently, the action plan is being developed further by members of the European Commission, assisted by the IFOAM European Union group as well as by scientists who have already developed concepts for action plans under the European Union's research programs. In the spring of 2003 a consultation on the European action plan was carried out among European citizens who were asked to comment the action plan. According to the European Commission, there had never been a consultation with so much feedback as this one.

The current version of the European action plan covers eleven areas where organic farming should be supported: marketing, international trade, standards and inspection, research, training and the measures to support organic farming under the Common Agricultural Policy.

7.4.10 Future

The land area under organic management has increased continually since the mid 1980s throughout the European Union. Almost all European governments now provide strong political support, and this was demonstrated at the European Conference on organic farming held in Denmark in May 2001. In order to achieve the targets which many governments have set themselves further efforts will, however, be needed.

Current challenges include good cooperation by the private organic sector with governments to forge action plans and further measures to support organic farming as well as regulation related issues. Another challenge is the 6th research framework program, which offers vast possibilities for funding organic farming research. In order to tap these funding sources good project proposals, good collaboration with the actors of the organic sector, and excellent collaboration between colleagues both within as well as outside the organic farming research community are needed. And finally, EU enlargement, due from 2004 onwards, needs to be prepared in order to guarantee a balanced development of the organic market within Europe.

7.4.11 References

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7.4.12 Appendix: Development of Organic Agriculture in the Countries of the European Union

The figures on the development of organic farming in the countries of Europe are based on statistics compiled by Nicolas Lampkin, University of Wales, which were collected as part of the EU-project „Effects of the CAP-reform and possible further developments on organic farming in the EU"; the more recent figures were contributed by the Research Institute of Organic Agriculture FiBL, Switzerland. The graphs were made by Zentrale Markt- und Preisberichtstelle fuer Erzeugnisse der Land-, Forst- und Ernaehrungswirtschaft GmbH (ZMP), whose contribution to this publication is gratefully acknowledged. The year always refers to December 31st.

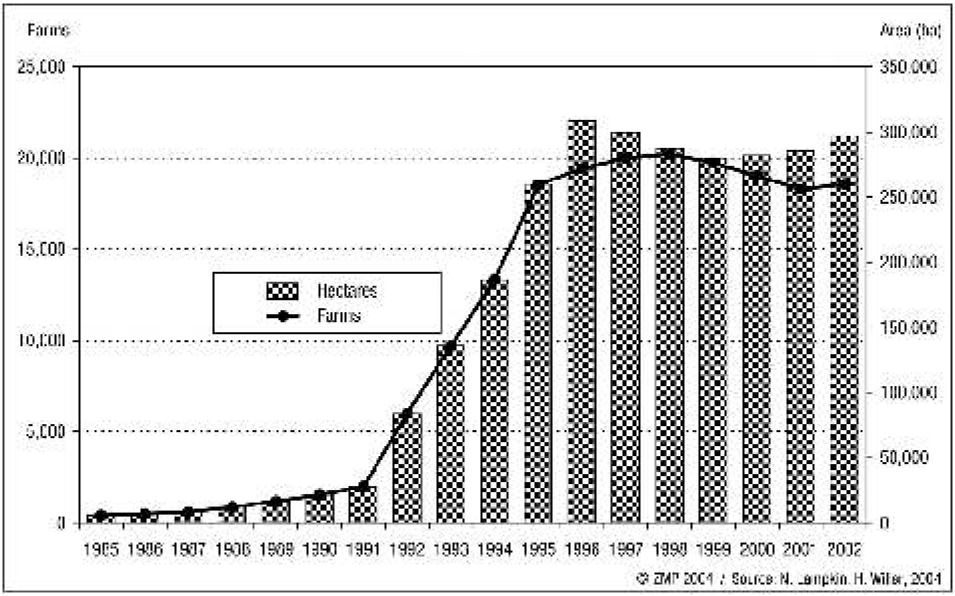

Figure 17: Development of organic agriculture in Austria

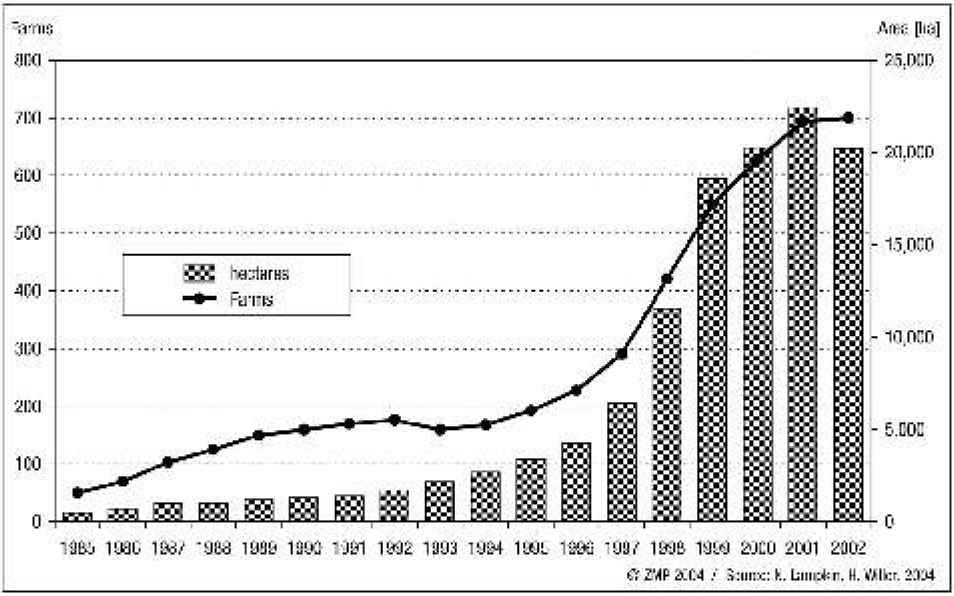

Figure 18: Development of organic agriculture in Belgium

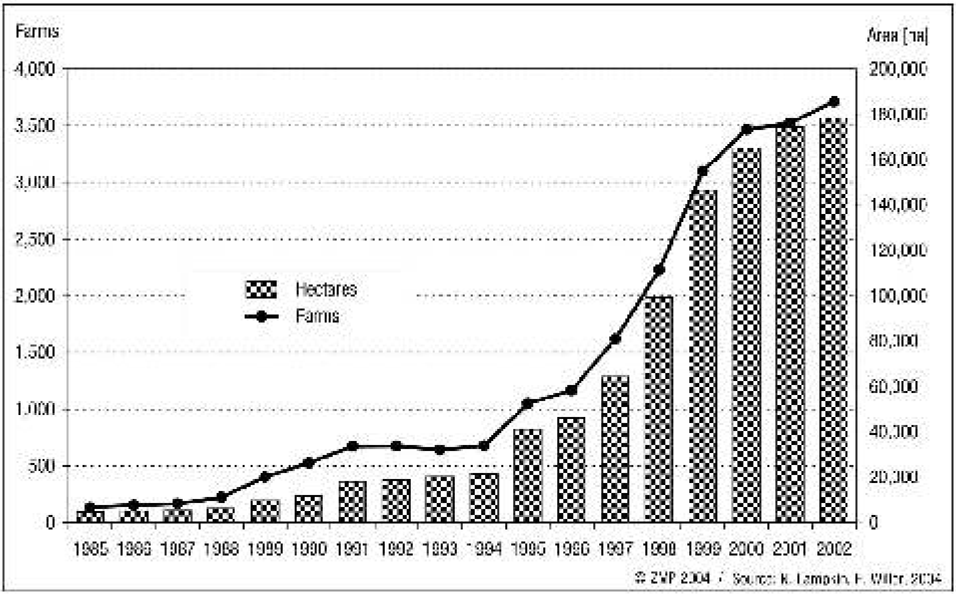

Figure 19: Development of organic agriculture in Denmark

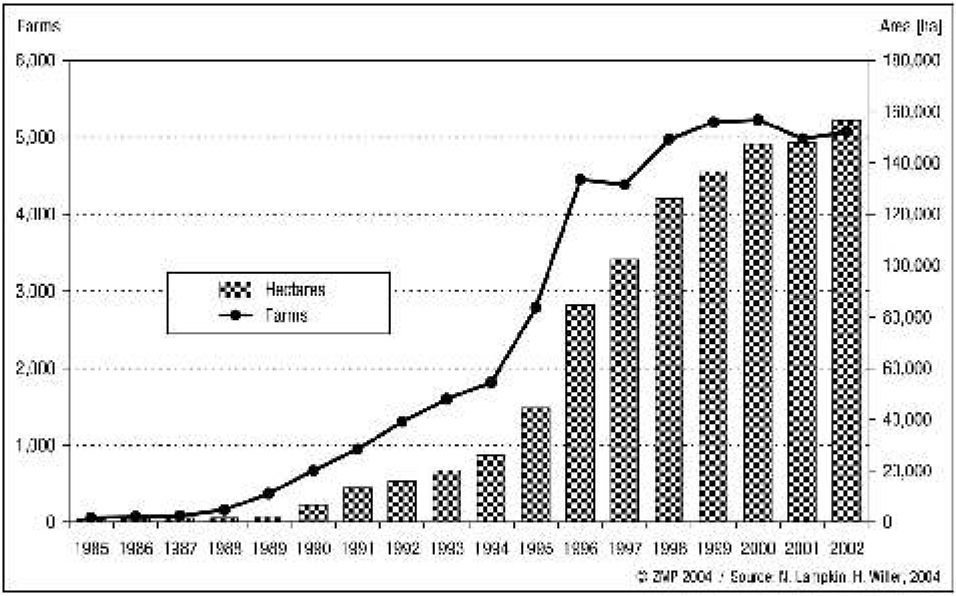

Figure 20: Development of organic agriculture in Finland

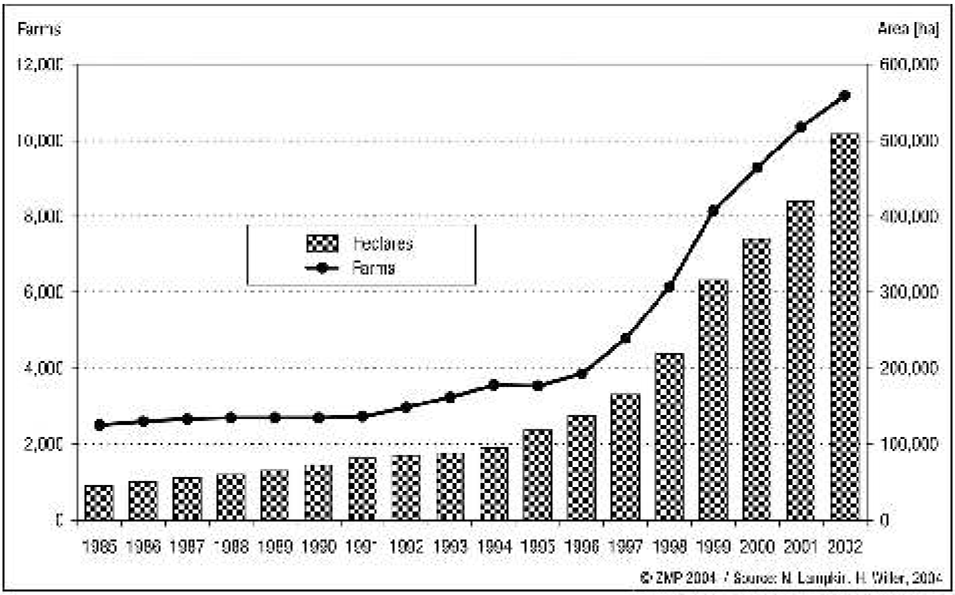

Figure 21: Development of organic agriculture in France

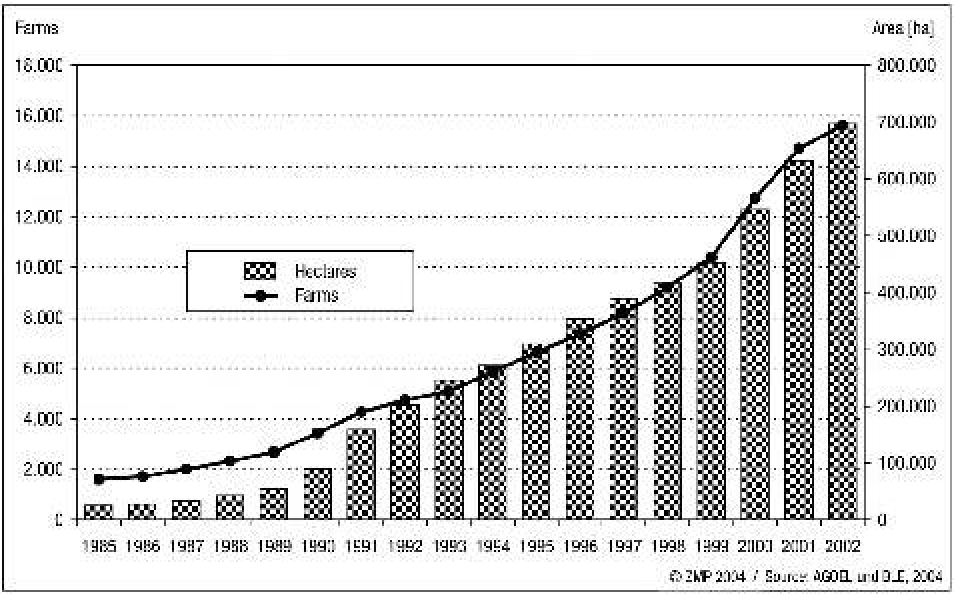

Figure 22: Development of organic agriculture in Germany

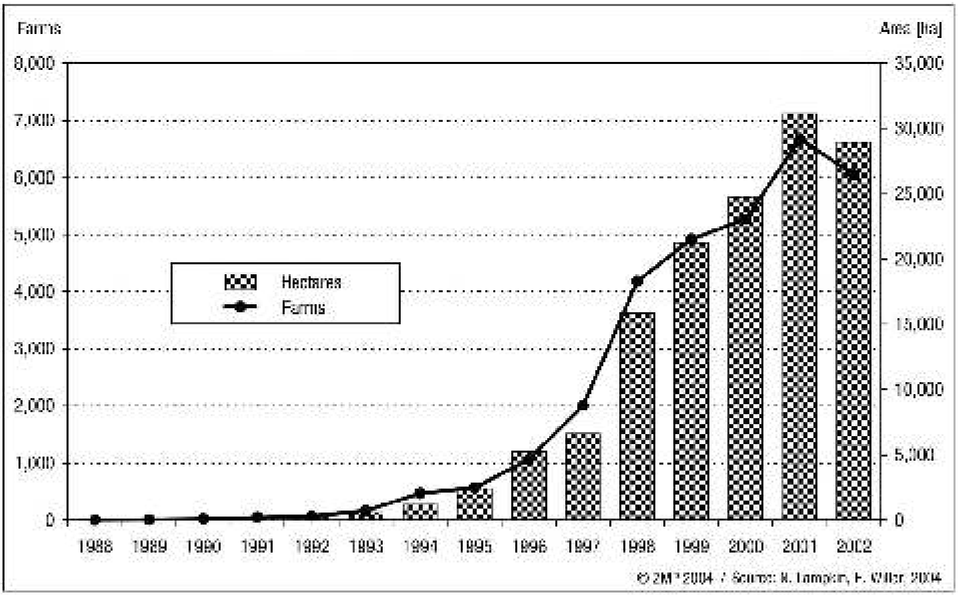

Figure 23: Development of organic agriculture in Greece

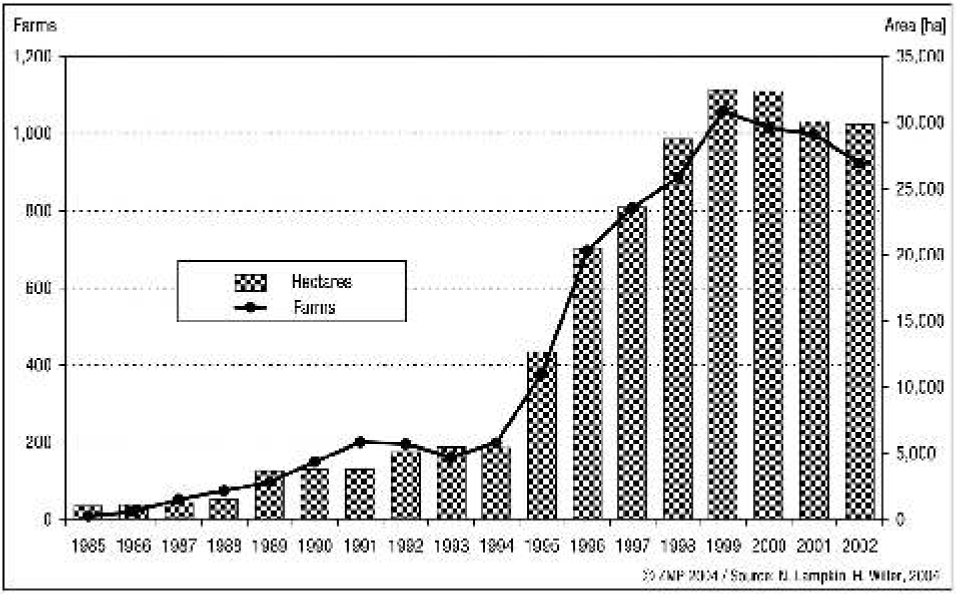

Figure 24: Development of organic agriculture in Ireland

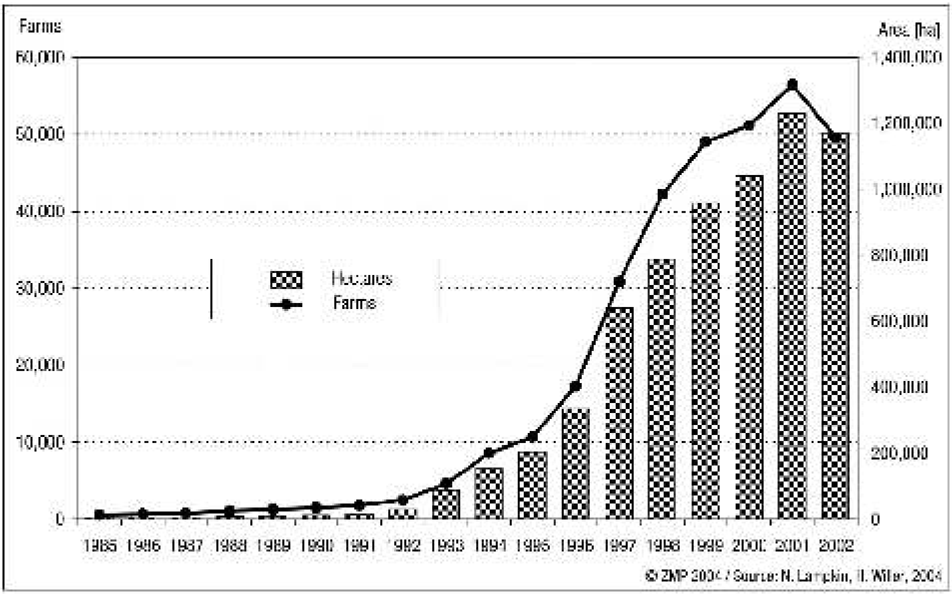

Figure 25: Development of organic agriculture in Italy

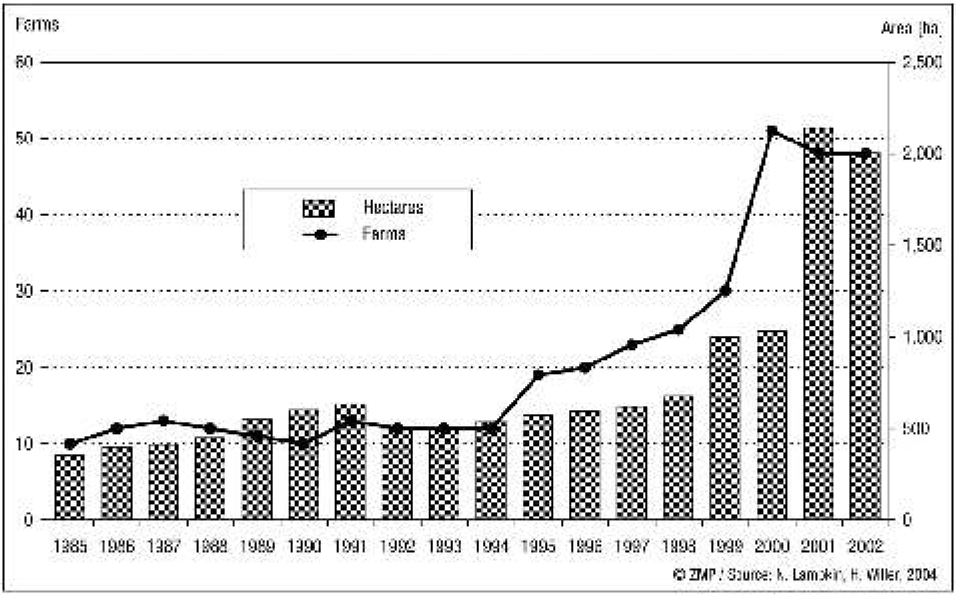

Figure 26: Development of organic agriculture in Luxembourg

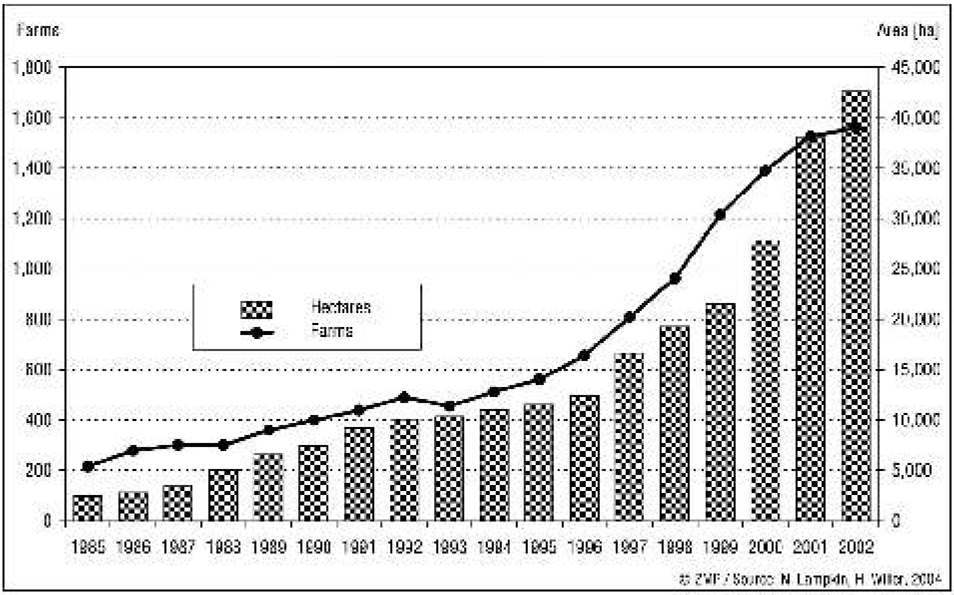

Figure 27: Development of organic agriculture in the Netherlands

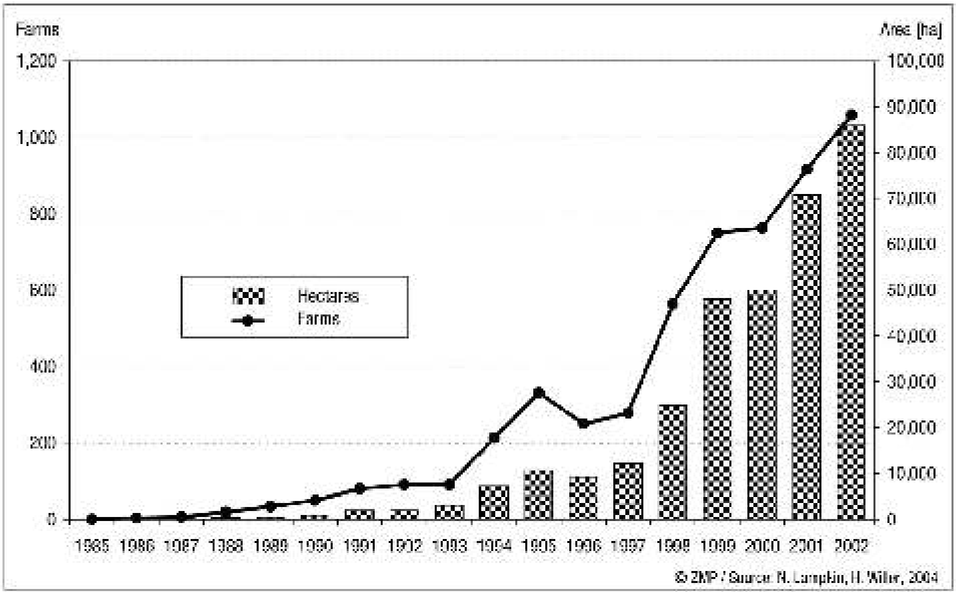

Figure 28: Development of organic agriculture in Portugal

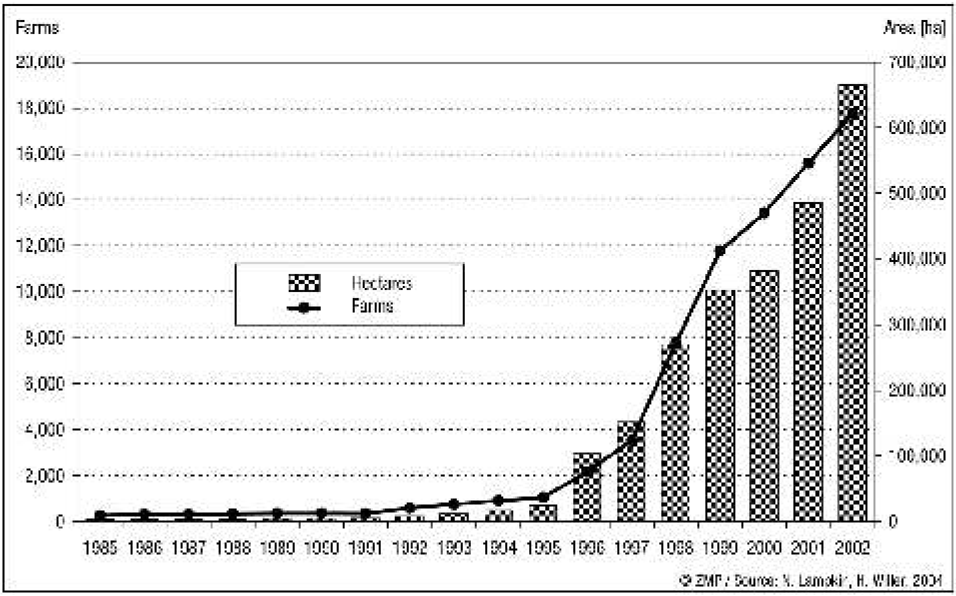

Figure 29: Development of organic agriculture in Spain

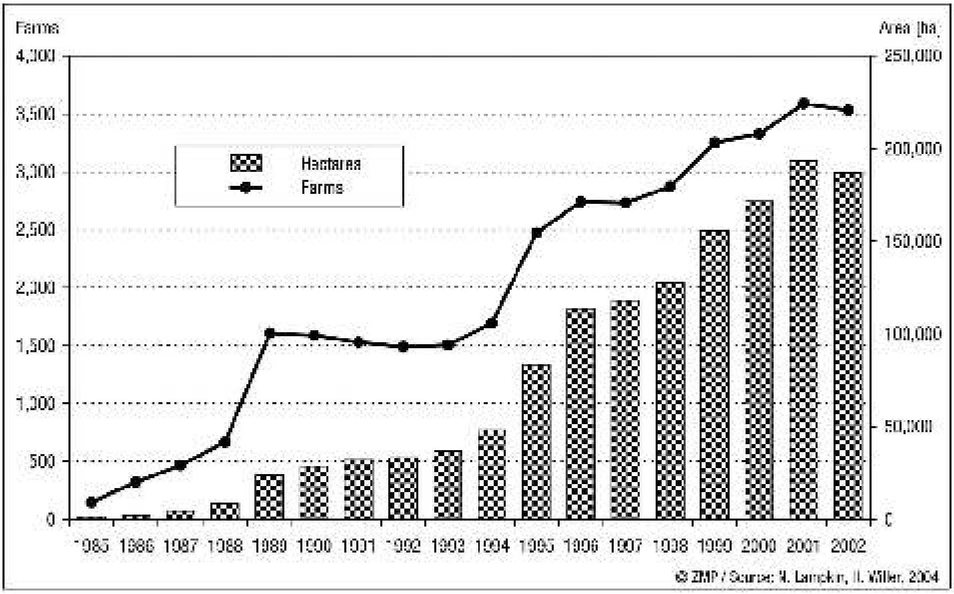

Figure 30: Development of organic agriculture in Sweden

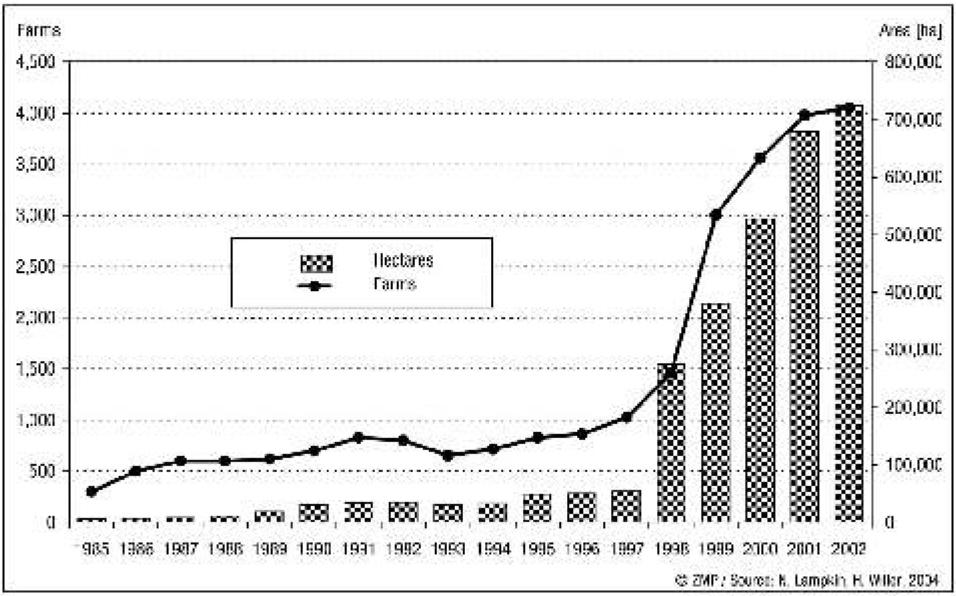

Figure 31: Development of organic agriculture in the U.K.