EU-CEE-OFP European Organic Farming Policy

Assessment of policies and development of policy recommendations for organic farming:

A cross-country synthesis of national policy workshops in 11 European countries

Report

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Executive Summary

Organic Farming has become an inherent part of European agriculture in the Old and New EU Member States (MS) and specific policy support for organic farming has been developed in all MS. Policy support has played a significant role in stimulating organic farming growth, however, the conditions for the development of organic farming differ widely between Member States.

The CAP Reform 2003 continued the Rural Development Regulation and MS have the chance to revise their Rural Development Programmes by the end of 2005. Once again, this poses the question of how to develop a policy framework that ensures the further development of organic farming.

There is no single 'best way' of policy development for organic farming. However, to innovate policies or to assess the transferability of "good practices" from one country to another it is essential to understand the specific national environments policy practices and their impact on the development of the organic farming sector. This requires a broad debate among stakeholders. Thus, a structured form of participation of and consultation with policy stakeholders was developed to contribute to a scientifically based formulation of policy recommendations at the national and EU level. Stakeholder involvement is achieved through a series of workshops (one national , one EU level and a second national workshop). These workshops were designed as to facilitate policy learning among stakeholders of a country and across countries in the involved European countries.

The objective of this report is to present the results of the first series of national workshops, highlighting the current situation of organic farming policy in Europe and providing policy recommendations for the development of organic farming.

Methodology

In April 2004 the first series of workshops was conducted in 11 European countries (AT, DE, DK, CH, CZ, EE, HU, IT, PL, SI, UK) according to common guidelines (Häring and Vairo 2004a). The objective of these workshops was to assess the effectiveness of different policy instruments in each country, and to develop suggestions for 'future' policy instruments to positively influence the development of the organic farming sector in the respective country (Vairo & Häring 2004a, 2004b). The workshop group discussions were structured in 3 phases:

1) SWOT analysis: On the one hand, participants analyzed their country's specific policy instruments' **S**trengths and **W**eaknesses. On the other hand, looking at the external (uncontrollable) environment of the organic farming sector, participants identified those areas that pose **O**pportunities for organic farming in their own country, and those that pose **T**hreats or obstacles to its performance.
2) WOT rating: Participants assessed which weaknesses were most relevant in the organic farming policies of their country, which opportunities could be exploited for Organic Farming in their country and which were the threats from which the sector needs to defend itself.
3) Identification of policy instruments: A list of recommendations for national policy makers was derived to address each weakness, opportunity and threats.

Such a qualitative approach aims at reaching a profound understanding of a subject area by concentrating on discovering and reconstructing complex interrelations of meanings. The approach used is based on interaction among social actors (interactive social research or action research) and on a collaborative policy learning process. A content analysis was performed with the aim to achieve a central meta-analysis of results from all 11 countries' workshop groups as to provide a cross national analysis by of all country reports.

The external environment of the organic farming sector

Organic farming at the dawn of the new century is facing a range of different elements in it's external environment. On the one hand the general **natural conditions** are considered favourable for the development of organic farming, and existing agricultural production systems, e.g. extensive systems, seem to have the potential to be successfully converted to organic production method. However, the existing farming structure, efficiency and organisation of farms was also considered an inhibiting factor for the development of the organic farming sector in some countries. On the other hand, **current societal trends** also seem to potentially favour the development of organic farming. As wealth and the level of education in the enlarged EU rises, people become more and more concerned about environment, health, wellness and food quality, creating demand for organic products.

General policy design issues for the development of the organic farming sector

In several countries an opportunity for the development of the organic farming sector is seen in an increasingly **favourable political climate** in the future. For example, the **CAP Reform 2003** is expected to favour organic faming in the EU making organic farming to become more competitive compared to conventional agriculture. Specifically, new development opportunities for organic farming also seem to arise from modulation, regionalisation and financial resource transfer from the 1st to the 2nd pillar. However, currently the expressed general sympathy of policy makers for organic farming has not lead to the implementation of many concrete actions pro organic farming. In times where public budgets are increasingly tight, **decreasing financial support for the agricultural sector** also endangers the organic farming sector. Thus, stakeholders demand more political commitment towards the support of organic farming and, consequently, a coherent design of policy measures with clear quantitative targets and concrete actions for their achievement.

An observed obstacle to the efficient implementation of policies and the development of organic farming seems to be the **lacking coherence of the existing policy framework with regard to organic farming** and a **lacking integration of organic farming policy with other policy areas (e.g.** rural development, environmental, health and food policy).

With regard to policy **design**, especially the poor balance of support measures to different policy goals was criticized. In some countries, only the agri-environmental measures provide options to support the development of the organic farming sector and other measures implemented within the Rural

Development Programmes focus too little on the potential integration of the organic sector in other policy areas. Additionally, an inappropriate difference between organic and conventional agri-environmental area payments on the other hand was mentioned.

Stakeholders also proposed to **improve the financial framework** of organic farming by prioritizing environmentally friendly farming systems in the CAP and by prioritising organic farming in the second pillar of the CAP and nature protection legislation. According to stakeholders, financial funds to finance these efforts could come from non-agricultural sources or from funds for conventional agriculture.

An option to integrate organic farming policy with all agricultural and other policy areas (e.g. nature protection, health policy or tourism) in an efficient way is seen in the development of an **Organic Action Plan** (OAP). This OAP is to be implemented by a national organic farming committee at the ministry in charge of planning and policy design, supported by an alliance of organic associations which cooperate closely with institutions of other policy areas. National Organic Action Plans should include links to an EU Action Plan and regional Action Plans. This could include options to develop regional projects and the formation of regional organic clusters.

Measures relating to **general agricultural legislation** but with a potentially positive impact for organic farming proposed by stakeholders were a) stricter nitrogen levels in agriculture, and b) an improved food legislation.

Specific policy areas to be developed as to support the organic food and farming sector

Financial support to organic farming is still paid mainly as **area payments** within the agri-environmental measures and a range of improvements regarding this trend were proposed. On the one hand area payments should be reduced or abolished as to strengthen other measures (e.g. market support). On the other hand the design of area payments could be improved in several aspects (difference to conventional or between different uses, land types and regions).

The current **certification system** is considered too rigid and the required documentation for control authorities too complicated. This may hamper the structural development of organic farming and influence conversion negatively. Thus, a **simplification and harmonization of standards** was demanded by reducing required data collection, coordinating farm inspections of different control systems, establishing special regulations for small scale production and introducing IT technology management in the inspection system. All stakeholders should be included in these revisions, linking regional, national and EU level efforts to simplify and harmonize standards.

On the one hand, these revisions must focus on conserving the quality differential between organic and conventional farming. On the other hand, the definition of high standards and a robust organic certification system, is considered necessary to **conserve consumers confidence and avoid scandals** in organic farming. A range of measures on how to achieve this were proposed. These constant efforts of improving standards should be communicated to consumers to strengthen the credibility of organic farming.

Consumer confidence in organic food quality is considered a very important factor for the future development of organic farming. In the conventional sector scandals and food quality is considered to discredit conventionally produced food, by stakeholders. Consumers believe in the credibility of organic producers and organic product quality due to its certification and control. **Consumers accept organic farming** and are highly aware of organic products. Particularly a rising consumers' awareness of healthy nutrition, food quality and the benefits of organic farming seems to be a promising trend.

In contrast, a **weak interest and willingness to pay of consumers** is still observed on some countries. In times of declining economic growth and a high percentage of unemployment, the price sensibility of consumers is high. Thus, consumer interest in organic products is weakening and in general support among consumers and politicians is stagnating in these countries.

Thus, a great opportunity is seen in a **better communication with consumers** on organic product quality. A better engagement of consumers either directly or indirectly through education and local authorities is expected to increase the demand for organic food by raising consumers' awareness, eradicating negative attitudes and developing special market segments. For a better communication with consumers a range of elements for public information and promotion campaigns and educational programmes were proposed. These efforts should focus on consumers expectations and on creating new target groups. As **labels** are an important element of communicating with consumers a range of elements to improve the transparency of labelling to demonstrate the added value of organic food were developed by workshop groups. These efforts on consumer communication should be financed at the EU level but managed by an alliance of organic associations.

The **contamination with GMO** is considered the most relevant threat for the organic farming sector. If GMO are registered and certified for conventional production they will contaminate production. Coexistence between GMO and organic is difficult. If GMO residues are found in organic products, trust in organic farming is undermined. Nevertheless, consumers are becoming more interested in organic products as they are afraid of GMO contaminated products. Measures to avoid the contamination of organic farming range from a total ban of GMO to a strict set of rules on GMO which makes GMO production unattractive.

A **high competition on markets** due to the increased EU, emerging countries, globalisation, and the power of large food retailers is perceived a severe threat for the organic sector. To face this situation, stakeholders propose **the development of new markets and marketing channels,** especially the development of distribution technologies and trade possibilities outside the usual retailers. However, stakeholders have identified a **lack of support measures for marketing initiatives**, especially in New Member States. To improve the market situation stakeholders proposed to: a) increase the cost of conventional production by applying a tax on pesticides, fertilisers and nutrient outputs (internalise external costs); b) reduce the cost of organic products; c) equilibrate the comparative costs and quality of organic products from different countries. Furthermore, stakeholders proposed around 20 different options to support the development of the organic marketing structures.

Capacity building offers in organic farming are considered insufficient as financial resources are insufficient to match the current needs in organic farming.

Similarly, educational offerings on organic farming in agricultural universities and schools are scarce. Around 10 different policy strategies and measures were proposed to tackle the observed deficits in capacity building. The beneficiaries of these measures should be, apart from farmers, all public sector employees, particularly policy implementers. To encourage participation among farmers, training courses should be free of charge and linked to organic farming support.

Scientific research and development on organic farming seems to be supported weakly by policy. Neither does a core research strategy exist nor does financial support for research on organic farming meet the current needs. Research activities tackling organic farming could be improved by creating a research institute specialized in organic farming, e.g. a governmental research institution, or by emphasising organic farming in national research funding. A list of topics to be tackled urgently by research was compiled and ranged from research on the comparative advantage of organic farming to scientifically based policy analyses.

Workshop participants evaluated the internal **organisation of the organic sector** in two different ways. Some countries considered the networking of organic actors as productive, while other countries still consider their organic sector networking as insufficient, particularly with regard to lobbying.

The **dialogue of policy makers with organic stakeholders** is considered insufficient, especially in two New Member States. Despite the sustained efforts on behalf of non-governmental initiatives to enter in a dialogue with policy-makers, no common institutions have been established to make such joined efforts work and participation in more informal efforts lack participants from the ministries. An improved institutional setting for organic farming was proposed to support the communication of policy makers and organic stakeholders. A productive **organic actors network** (EU and national) helps building the sectors capacity to communicate with policy makers. Measures to improve networking at different levels are proposed.

Outlook

Policy recommendations developed in the presented first series of workshops have the potential to spread widely within the organic farming sector. Results have fed into and provided the base for a discussion at the EU level in a second workshop with EU level stakeholders and representatives from national workshop groups in February 2005. The objective of this EU workshop was to define 5 major EU policy goals for the future implementation of organic farming policy at the national level and to make proposals on the weight which should be given to each policy goal at different administrative levels.

Results will also provide the base for the second series of national workshops which will be conducted in all participating countries in Mai/June 2005. In this series of workshops details of the implementation of specific national policy instruments addressing the developed EU policy goals will be discussed all countries.

Preface

The European Commission agreed on the “European Action Plan on Organic Food and Farming” in October 2004. Therein the Commission proposes detailed measures for a Common Policy for the Organic Farming and Food sector, with the aim to support the development of the sector. This Action Plan provides Member States, for the first time, with a common framework for the further development of policies for organic farming. For Member States this provides an opportunity to stronger emphasise organic farming in their revised Rural Development Plans and develop national Action Plans for Organic Farming. The revised Rural Development Programmes will be finalised by the end of 2005 by the Member States.

One effort to contribute to the further development of Organic Farming Policy in Europe is the project "Further development of Organic Farming Policy in Europe, with Particular Emphasis on EU Enlargement" (EU-CEEOFP).

In Mai 2004 a group of 8-14 national stakeholders of the organic farming and general agricultural policy sector in eleven countries (AT; CH; CZ; DE; DK; EE; GB; HU; IT; PL; SI) met for a one day-workshop to identify the status quo of the organic farming sector with regard to policy aspects. The main objective was to develop policy recommendations for the development of organic farming in each country with regard to weaknesses of organic farming policy and opportunities and threats for the organic farming sector. Details of the results from all countries (Häring and Vairo 2004b) were made available to all participants in October 2004 and can be found at >http://www.uni-hohenheim.de/i410a/EUCEEOFP/<.

The objective of this report is to provide a cross-country analysis of this first series of national workshops for all participants and other stakeholders of the organic farming sector in the European Union.

Given its timing results have the potential to feed into the development of the new Rural Development Plans in the Member States. Thus the workshop provides the chance to identify issues that could be addressed in the negotiation of the new Rural Development regulation in order to specifically address organic farming. Furthermore, this process is intended to facilitate policy learning among stakeholders of a country.

The report is structured in 5 main chapters. Chapter 1 provides an introduction to the process of stakeholder involvement envisaged in this effort of which the 1st series of national workshop is part.

Chapter 2 outlines the approach to stakeholder involvement taken, information on methodological procedures followed and tools used. Summary results are presented and discussed in the following chapters 3 and 4, while detailed results are provided in Annex B and C. A final summary and recommendation is presented in chapter 5, while information on the composition of workshop groups is given in Annex A.

The results presented in this report are based on stakeholders assessment.

Table of Contents

Executive Summary		ii
Preface		vii
Table of Contents		viii
List of Contributors		x
Acknowledgements		xv
List of Figures		xvi
List of Tables		1
1	Background and objectives: Why a series of policy workshops?	2
1.1	Background	2
1.2	Objectives	4
2	A methodological approach to policy innovation	5
2.1	Concepts	5
2.1.1	Qualitative research	5
2.1.2	Action research	5
2.1.3	Collaborative working in group discussions	6
2.1.4	Multi stakeholder processes, policy learning, policy transfer and network creation	7
2.1.5	Application of the concept in the series of workshops	8
2.2	The workshops – first series	9
2.2.1	Process	9
2.2.2	Participants	11
2.2.3	Tools	11
2.3	Analysis	15
2.3.1	Content analysis	15
2.3.2	Coding for content analysis	16
2.3.3	Validity and reliability	16
2.3.4	Analysis of SWOT concepts and policy instruments	17
2.3.5	Analysis of WOT ratings	17
2.4	Conclusion	18
3	Strengths and weaknesses of organic farming policy Europe and opportunities and threats for the organic farming sector in Europe	19
3.1	Strengths	19
3.2	Weaknesses	21

3.3	Opportunities	26
3.4	Threats	31
4	Policy instruments for the further development of the organic farming sector in Europe	37
4.1	Policy instruments to address the most relevant weaknesses of organic farming policy	38
4.2	Policy instruments to take advantage of the most relevant opportunities for the organic farming sector	45
4.3	Policy instruments to mitigate the most relevant threats for the organic farming sector	51
5	Summary and recommendations for the further development of the organic farming sector in Europe	58
5.1	External environment of the organic farming sector	58
5.2	General policy design issues	59
5.3	Specific policy areas	60
5.3.1	Area payments (agri-environmental measures)	60
5.3.2	Standards and legislation	60
5.3.3	Communication with consumers	62
5.3.4	GMO	64
5.3.5	Market and Processing	65
5.3.6	Knowledge and R&D	66
5.3.7	Networking of actors	68
5.4	Final remarks	68
A	Participants	70
B	Interreliability of SWOT concept and policy instrument coding	73
C	SWOT Analysis: Detailed descriptions of concepts	74
C.1	Strengths	74
C.2	Weaknesses	78
C.3	Opportunities	83
C.4	Threats	88
D	Policy instruments: Detailed descriptions	95
D.1	Policy instruments to address weaknesses of organic farming policy	95
D.2	Policy instruments to take advantage of opportunities for the organic farming sector	115
D.3	Policy instruments to mitigate threats for the organic farming sector	138
E	References	160

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List of Figures

Figure 1-1: The series of workshops *2*
Figure 2-1: Dimensions of weaknesses *13*
Figure 2-2: Dimensions of opportunities *14*
Figure 2-3: Dimensions of threats *14*
Figure 3-1: Strengths of organic farming policy *20*
Figure 3-2: Weaknesses of organic farming policy *22*
Figure 3-3: Weaknesses – summary ratings *23*
Figure 3-4: Opportunities of the organic farming sector *27*
Figure 3-5: Opportunities - summary ratings *28*
Figure 3-6: Threats to the organic farming sector *32*
Figure 3-7: Threats - summary ratings *33*
Figure 4-1: Policy instruments to address weaknesses of organic farming policy: summary visualisation *38*
Figure 4-2: Policy instruments to take advantage of opportunities: summary visualisation *45*
Figure 4-3: Policy instruments to mitigate threats: summary visualisation *51*
Figure A-1: Participants for each national workshop on the basis of the recruitment criteria *72*
Figure D-1: Policy instruments to address weaknesses of organic farming policy regarding organic standards and regulations *97*
Figure D-2: Policy instruments to address weaknesses of organic farming policy regarding organic farming support *99*
Figure D-3: Policy instruments to address weaknesses of organic farming policy regarding co-operation development *103*
Figure D-4: Policy instruments to address weaknesses of organic farming policy regarding capacity building *105*
Figure D-5: Policy instruments to address weaknesses of organic farming policy regarding organic market development *107*
Figure D-6: Policy instruments to address weaknesses of organic farming policy regarding communication with consumers *108*
Figure D-7: Policy instruments to address weaknesses of organic farming policy regarding the organic certification system *110*
Figure D-8: Policy instruments to address weaknesses of organic farming policy regarding research and development *112*
Figure D-9: Policy instruments to address weaknesses of organic farming policy regarding taxes charges and insurances *114*
Figure D-10: Policy instruments to take advantage of opportunities: summary visualisation *115*
Figure D-11: Policy instruments to take advantage of opportunities for the organic sector regarding CAP reform *116*

Figure D-12: Policy instruments to take advantage of opportunities for the organic sector regarding organic farming support *119*

Figure D-13: Policy instruments to take advantage of opportunities for the organic sector regarding co-operation development *122*

Figure D-14: Policy instruments to take advantage of opportunities for the organic sector regarding capacity building *124*

Figure D-15: Policy instruments to take advantage of opportunities for the organic sector regarding organic market development *126*

Figure D-16: Policy instruments to take advantage of opportunities for the organic sector regarding communication with consumers *130*

Figure D-17: Policy instruments to take advantage of opportunities for the organic sector regarding labelling *132*

Figure D-18: Policy instruments to take advantage of opportunities for the organic sector regarding R&D *134*

Figure D-19: Policy instruments regarding CAP Reform to mitigate threats *138*

Figure D-20: Policy instruments regarding organic standards and regulations to mitigate threats *141*

Figure D-21: Policy instruments regarding organic farming support to mitigate threats *142*

Figure D-22: Policy instruments regarding GMO to mitigate threats *144*

Figure D-23: Policy instruments regarding co-operation development to mitigate threats *147*

Figure D-24: Policy instruments regarding capacity building to mitigate threats *148*

Figure D-25: Policy instruments regarding organic market development support to mitigate threats *150*

Figure D-26: Policy instruments regarding communication with consumers to mitigate threats *152*

Figure D-27: Policy instruments regarding labelling to mitigate threats *155*

Figure D-28: Policy instruments regarding R&D to mitigate threats *156*

Figure D-29: Policy instruments regarding charges, taxes, insurance to mitigate threats *158*

List of Tables

Table A-1: Number of participants during the 1st national workshop in each country 70

Table B-1: The interreliability index of two independent “coders” the coding of SWOT concepts 73

Table B-2: The interreliability index of two independent “coders” the coding of policy instruments 73

1 Background and objectives: Why a series of policy workshops?

1.1 Background

Organic Farming has become an inherent part of European agriculture in the EU as well as in many New Member States. Accordingly, agricultural policy has addressed organic farming in all EU countries and most Central and Eastern European countries (Prazan et al. 2004). The conditions for the development of organic farming differ widely between EU and New Member States (Dabbert et al. 2004). Very different patterns of organic farming development have been combined under a new and unique market and policy framework.

To ensure a sustainable development of organic farming it is necessary to develop policy recommendations on how a complementary and sustainable development of organic farming can be fostered in Old and New Member States in view of the CAP Reform 2003 policy framework and the European Action Plan on Organic Food and Farming.

To account for the national differences in development stage of the organic farming sector, institutional framework and social capital in each country and to produce applicable policy innovation, bottom-up approaches to policy design are necessary. When addressing organic farming policy in the EU the main objective must be to involve all national stakeholders and policy makers of the European Commission in identifying the parameters that could guide the further development of European organic farming policy post EU-expansion.

Based on this consideration, a structured form of participation of and consultation with these policy stakeholders was developed to contribute to a scientifically based formulation of policy recommendations at the national and EU level. Stakeholder involvement is achieved through two national and one EU level workshop (Figure 1-1), which are managed as to facilitate policy learning among stakeholders of a country and across countries.

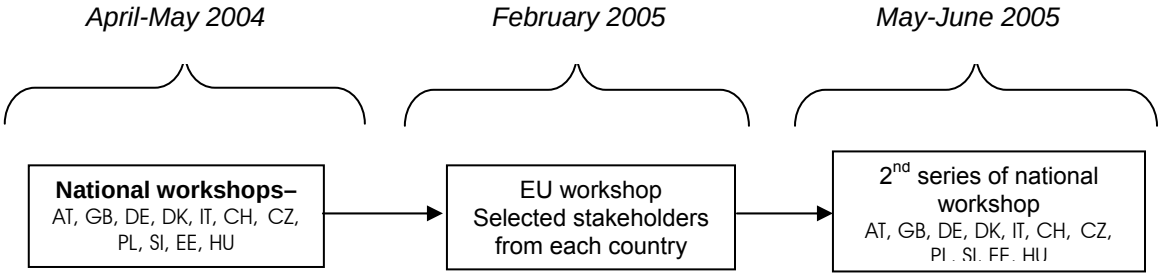

Figure 1-1: The series of workshops

In April/Mai 2004 a series of **national workshops** has taken place in 11 European countries (AT, GB, DE, DK, IT, CH, CZ, PL, SI, EE, HU) to assess the effectiveness of different policy instruments in each country, and to develop suggestions for 'future' policy instruments and strategies to positively influence the development of the organic farming sector in the respective country. Strengths and weaknesses of organic farming policy, and opportunities and threats to the organic

farming sector in each country were addressed and potential policy instruments were developed. One of the intentions of this workshop was to facilitate policy learning among organic sector representatives within each country and to provide a first input to an EU-wide policy discussion (Häring and Vairo 2004b).

In February 2005, an **EU-wide workshop** with selected stakeholders from each country will offer a platform to exchange ideas on the future of organic farming policy in the EU. The most important objective of this workshop is the definition of 5 major policy objectives for the future implementation of organic farming policy at national level, including options for a possible future distribution of budgets for policy implementation at different administrative levels. Close personal contact of participants in this workshop shall facilitate policy learning between countries and provide a platform to form alliances and decide on further action (Vairo et al. 2005).

In a **second series of national workshops** in all countries the design and implementation of specific national policy instruments addressing the developed EU policy objectives will be discussed in detail. Furthermore, policy makers and organic and general agricultural sector representatives may discuss the distribution of responsibilities in the implementation of organic farming policy at the national level. Finally, approaches to the monitoring of their impact may be discussed.

This series of three workshops follows a general concept of policy design and implementation:

- *Identification* of strengths, weaknesses, opportunities and threats (SWOT) of the organic farming sector and policy
- *Definition* of policy instruments to address weaknesses, opportunities and threats (only for WOT)
- *Recommendations* of policy goals at the EU level
- *Adaptation* of policy instruments to national circumstances
- *Implementation* of policy instruments at the national level through the identification of responsibilities (monitoring)

Approaching policy innovation by such a series of workshops intents to integrate the different administrative levels of policy design and implementation and provides a platform for policy markers, sector representatives and other stakeholders to exchange ideas. Furthermore, such a process can generate a linkage between the creation of a national stakeholders network and the EU commission for future discussions.

Thus, the objectives of the described process were to assess existing agricultural policies and their impact on organic farming together with actors in the organic farming sector. Thereby relevant organic policies might be identified which may be transferred (*policy transfer*) through emulation, adaptation or simply more or less coercive acquisition (as it has happened in the case of the New Member States) (Evans and Davies 1999).

In summary, this series of workshops is an effort in bringing together stakeholders of the organic farming sector in a structured way. It is part of a larger project with the objective to develop recommendations for improving the prospects for Organic Farming growth in EU states in view of the CAP Reform 2003 policy framework:

"Identification of the dimensions of a new European Organic Farming Policy post EU-expansion" (EU-CEEOFP).

1.2 Objectives

The objective of this report is to present a cross-country analysis of results from the first series of national workshops. Focus lies on the definition of policy recommendations for the development of organic farming at the national level with regard to weaknesses of organic farming policy in each country and opportunities and threats for the organic farming sector which could be influenced (boosted for opportunities; mitigated for threats) by future specific organic farming policies.

Thus, this report is the first EU-wide summary of organic farming policy recommendations developed by actors of the organic farming sector and relevant policy stakeholders of each of the involved European countries in view of the CAP Reform 2003 and the national implementation of the European Action Plan for Organic Food and Farming.

The dissemination of these results among the participants and other interested actors of the organic farming sector shall facilitate policy learning among stakeholders of a country and provide the base for coalitions able to generate future actions. Furthermore, the purpose of this report is to exchange information among people working on different sectors and to help policy makers, organic and non-organic producers, processors, distributors, advisors and academics to change their ideas and improve their cooperation

2 A methodological approach to policy innovation

There is no single 'best way' of facilitating policy innovation in Europe. To compare innovation performances, and even more, to assess the transferability of "good practices", it is essential to understand the specific national environments behind these performances and policy practices. As said by Liikanen ‘the challenge [for EU countries] is not to copy the best performers, but to define their own original innovation policy, taking into account specific strengths, weaknesses, priorities and cultural and institutional traditions. This supposes a broad political debate among stakeholders (Cordis News Interview 2001), which is the objective of the realized and the forthcoming workshops.

The general research approach used in the presented effort is based on the interaction between social subjects (*interactive social research* or *action research*: Todhunder 2001) and on a collaborative policy learning procedure (Dolowitz and Marsh 1996, 2000; Roses 1991, 1993; Stone 2003). Interactive social research allows to involve “ordinary” people in the development and implementation of research. through the development of common knowledge and critical awareness” (Todhunder 2001). This process involves the researcher identifying the user group, working in close collaboration with the users and getting them involved in identifying research questions, in analysing research results and in their interpretation.

2.1 Concepts

2.1.1 Qualitative research

Unlike quantitative research, which is orientated towards natural sciences, qualitative market and social research tends to focus on humanities. Testing hypotheses is not central, which means that researchers do not search for regularities and standardisation but rather concentrate on the need for communicability and subjectivity. The qualitative approach aims at reaching a profound understanding of a subject area, by concentrating on discovering and reconstructing complex interrelations of meanings (Zanoli 2004).

Qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena (examples of qualitative methods are action research, case study research and ethnography). Qualitative data sources, in this specific case, include participant observation, group discussion, and the researcher’s impressions and reactions.

The motivation for doing qualitative research, as opposed to quantitative research, comes from the observation that, if there is one thing which distinguishes humans from the natural world, it is our ability to talk! Qualitative research methods are designed to help researchers understand people and the social, cultural and political contexts within which they live (Myers 1997).

2.1.2 Action research

„Action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to further the goals of social science simultaneously. Thus, there is a dual commitment in action research:

- the theoretical moment of study, analysis, observation and knowledge of an actual situation, and
- the practical one of action, change of the situation following an integrated and dynamic process.

Accomplishing this twin goal requires the active collaboration of researcher and client, and thus it stresses the importance of co-learning as a primary aspect of the research process" (O'Brien 1998).

Action research generally works through three basic phases:

1. Look: building a picture and gathering information. In this situation the problem to be investigated is defined and described and the context in which it is set.
2. Think: interpreting and explaining. Here the situation is analysed and interpreted. From this point of view, this is an approach to research that is problem-solving oriented.
3. Act: resolving issues and problems. According to Lewin (1948), founder of this scientific approach, three are the most important aspects of the action research: its participative nature, its democratic impulse, its simultaneous usefulness both in the field of social sciences and the field of social changes. In fact, according to Lewin "a way to study a problem is that to observe it in its change" (Lewin 1948). In this context the use of the group was seen as a fundamental tool to obtain a change, the starting point of each action that leads to a change. The concept of learning has a critical meaning. A change produces new learning which generates itself a change, following a cyclical and dynamic process.

In the action research field, participants co-produce knowledge through their mutual collaboration and different experiences and competences of participants represent an enrichment opportunity for the survey process. In this context, the importance of realizing group discussion instead of individual interviews is clear: group discussion allows you to exchange information and ideas and gives you the experience of working in a team. In group discussion ideas can be generated, shared, "tried out" and responded to by others. Apart from the benefit of gaining insight into people's shared understanding of everyday life, group discussion research permits observation of the interaction of a group on a given topic (Atteslander 2000). The interaction offers the potential that opinions are manifested and insights and data are produced which would not evolve from outside stimulus only (Morgan 1988). It enables participants to ask each other questions, as well as to re-evaluate and reconsider their own understanding of their specific experiences. Group discussions are particularly suited to obtaining several perspectives on the same topic and the underlying reasoning (Häring 2003).

2.1.3 Collaborative working in group discussions

The collaboration inside a group is considered as one of the more favourable moments of learning, since collaboration implies synergy, a common effort to the realization of a particular objective. In the field of learning/working theory, a new approach has emerged in the last years: "collaborative working/learning" (De Kerchove 2004). One of the central aspects of this new approach is the concept of

"sociality", which means more relevance to the co-operation and interaction processes. Cooperation favours the development of a critical thought, it increases the abilities to problem solving and contributes to the development of cognitive abilities. To make learning/working processes successful, the group facilitator has to be able to guarantee certain conditions:

- the interdependence between the group members,
- the sharing of the tasks and the management of the group process,
- the purpose to construct something of new.

2.1.4 Multi stakeholder processes, policy learning, policy transfer and network creation

Multi stakeholders processes (MSPs) can be defined as "processes which aim to bring together all major stakeholders in a new form of communication, decision-finding (and possibly decision-making) on a particular issue" (Hemmati 2002).

The benefits include:

- Quality: stakeholders add specific experiences and knowledge of issue areas that are not as easily accessible to others.
- Credibility: MSPs include groups that do not represent the same interests.
- Likelihood of impact and implementation: being part of an MSP and thus partly responsible for its outcomes can increase people's commitment to the outcomes and enhance their efforts to communicate and implement them.
- Societal gains: democratic participation, equitable involvement and transparent mechanisms of influence create successful communication across interest groups and competitors. Consensus-building and joint decision-making can increase mutual respect and tolerance and lead societies out of deadlock and conflict on contentious issues.

"Stakeholders are those who have an interest in a particular decision, either as individuals or representatives of a group. This includes people who influence a decision, or can influence it, as well as those affected by it." (Hemmati 2002).

Different approaches, concerning the selection of participants, are present in the literature. In many studies it is argued to use a trilateral or tri-sectorial approach, which include governments, the private sector and "civil society". For Hemmati (2002), definition of stakeholder groups has more successfully been based on careful analysis of an issue area and on thinking "outside the box" of established "lists" of stakeholder groups.

Knowledge and spread of information are central to 'policy transfer' (for a deeper investigation on the concepts of 'policy transfer', 'lesson-drawing' and 'policy learning' see Dolowitz and Marsh 1996, 2000; Rose 1991, 1993; Stone 2003). Policy transfer can take place across time, within countries and across countries and concern both voluntary and coercive transfers. We can distinguish two main types of transfers:

- soft transfers (emulation), and
- hard transfers (copying) (Evans and Davies 1999).

Accession of EU Eastern countries is obviously a very coercive type of policy transfer. At the same time, the New Member States cannot (yet) influence the adoption of EU policies, and adaptation of the acquisition generally has not been negotiable. On the other side, much of the acquisition is very general, and it comes in the form of a "soft" (non-binding) law that leaves national governments room for manoeuvre. Also, in many cases the New Member States are very impatient to learn from the EU countries in order to use Western experience to get the transformation process for the developing, in this specific case, of organic farming sector (Schüttpelz 2004). Nevertheless, 'transfer could lead to implementation failure' (Dolowitz and Marsh 2000, p. 21). Three factors could contribute to police failure: in the case of 'uninformed transfer', in the case of 'incomplete transfer' and in the case of 'inappropriate transfer' (James and Lodge 2003). From this point of view, even if 'trans-national policy learning' is encouraged there is a need for the countries involved in the process to analyse which initiatives in the developed countries have been successful for the growth of organic farming and to verify if there are in the 'borrowing' country all conditions to transfer the crucial elements of what made the policy or institutional structure a success in the originating countries.

2.1.5 Application of the concept in the series of workshops

The presented multi-stakeholder process is based on stakeholders of the organic farming sector and policy makers in Europe. To address it's overall objectives a detailed procedure was developed as it was outlined in Chapter 1.1.

The process of multi-stakeholders involvement, policy learning, and the creation of networks (among actors in a same country and among actors of different countries) started during the 1st series of national workshops and developed in the further process is explored in the following. The results achieved in these workshops (Häring and Vairo 2004b) are an example of results of an international effort to spread of innovative ideas concerning the development of policy instruments for the organic farming sector.

The first workshop should have emphasized the importance of information and knowledge sharing for the organic farming policy sector in the involved European countries, EU New Member States and Switzerland from 3 point of views:

- At the national level, there is an opportunity to facilitate policy learning among stakeholders of a country and to create agreement able to produce future actions. One purpose of these workshops was to help actors involved to change their ideas, to improve better cooperation and to exchange information among people working on different sectors. In addition, for Member States the agreement on the European Action Plan in October 2004 provides an opportunity to stronger emphasise organic farming in their revised Rural Development Plans and develop national Action Plans for Organic Farming.
- At the trans-national level, there is an opportunity for the EU New Member States to learn from the developed countries (learning by doing) about the process of further alignment with EU standards and to adopt the EU body of legislation (Dabbert et al. 2004). In addition, for the developing countries the chance consists to reduce the differences in national innovation

performances. This is the enormous potential for the exchange of good practice and learning within the Union (Cordis News Interview 2001).

- Since the results of this first series of workshop is the first EU-wide summary of organic policy recommendations completed by the relevant policy stakeholders of each of the involved European countries, EU New Member States and Switzerland in view of the CAP Reform 2003 and the Organic Action Plan, the aim was to generate a linkage between the creation of a national stakeholders network and the EU commission for future discussions.

Knowledge and information generated and transferred by these workshops favour the establishment of national networks. The creation, management and transfer of knowledge become crucial for international cooperation on development. Through national and trans-national networks, participants can build alliances and develop a common language. With the active participation and involvement of stakeholders, these networks have the potential to influence decision-makers in policy implementation.

In the first step of this procedure, the first series of workshops, qualitative group methods (group discussion based on a SWOT analysis and brainstorming) were used to analyse the external factors (opportunities and threats of the organic farming sector) which are brought together with the internal factors (strengths and weaknesses of organic farming policy). The interpretation of the results allows the development of policy recommendations for the development of organic farming in the EU.

2.2 The workshops – first series

Multi-stakeholder processes can fail to deliver positive results if they are not properly planned, structured, managed, led and supported, and if there is insufficient common vision. A methodological approach was developed (Häring and Vairo 2004a) that relies on national stakeholders of the organic farming and general agricultural policy sector.

To define the framework of the analysis, the key questions to be analysed had to be defined (Organic Farming Policy and Organic Farming sector) and the general objectives in terms of temporal (year 2004) and spatial (each EU country) frames. Once the framework of the workshop was defined, the next step was to establish the panel of experts/stakeholders who were to take part in the workshop.

2.2.1 Process

For the first series of workshops a a detailed workshop manual (Häring and Vairo 2004a) was developed and distributed to all national workshop organisers. Workshops were held in 11 countries (AT, GB, DE, DK, IT, CH, CZ, PL, SI, EE, HU). In addition to instructions for the organisers and facilitators, information explaining the background and the aim of each step was provided in the workshop procedure (Häring and Vairo 2004a). Particular attention was given to the time and resources needed to make a worthwhile contribution.

All partners were asked to appoint facilitators to conduct the workshop in their countries and to attend a training workshop organised in Hohenheim.

The aims of the training workshop were:

- to discuss the workshop procedure and any problems which had occurred during pre-tests, which were carried out in several countries before the training workshop, in order to finalise the procedures;
- to standardise the workshop moderation and data collection for a better common analysis of workshop results.

In some countries pre-test were carried out after the training workshop. This had not been planned but was necessary for national organisers and facilitators perform ideally in the final workshop with stakeholders.

The developed **workshop procedure** outlined in the workshop manual contained an introductory section which was designed as to create a pleasant, workable atmosphere among workshop participants. The rules for participating in the discussion were laid down, to ensure that everyone had the opportunity to contribute to the discussion without any individuals dominating. A short presentation of the background of project and the overall objectives of the workshop and the presentation of the workshop procedure were also included this introductory section.

The workshop procedure was structured in 3 main phases:

1. Definition of Strengths and Weaknesses of organic farming policy and Opportunity and Threats of organic farming sector (SWOT analysis)
2. WOT rating
3. Policy instrument identification

During the 1st phase (**Definition of SWOT**), participants were asked to come to the national workshop with a personal assessment and some ideas about the effectiveness of organic farming policy instruments and the organic farming sector. The analysis of organic farming policy was based on the methodological approach of SWOT analysis. On the one hand, participants analysed their country's specific policy instruments' strengths and weaknesses. On the other hand, looking at the external (uncontrollable) environment of the organic farming sector, participants identified those areas that pose opportunities for Organic Farming (OF) in their own country, and those that pose threats or obstacles to its performance. An initial list of concept was reduced through discussion and grouping of similar concepts.

The objective of the second phase (**WOT rating**) was to compile an assessment of the importance and impact of the different weaknesses, and the attractiveness/seriousness and probability of the obtained opportunities and threats. In this way participants assess weaknesses, opportunities and threats in order to determine which weaknesses are the most relevant Organic Farming policies of their country (high impact and high importance), which opportunities should be exploited for Organic Farming in their country (high attractiveness and high probability) and which are the threats from which the sectors needs to defend itself (high seriousness and high probability).

During the 3rd phase (**Policy instrument identification**) participants were asked to elaborate possible policy instruments (any public policy instruments: legal, institutional, financial, etc.) to address each weaknesses, opportunities and threats. This list of policy instruments was to lead to a list of recommendations for national policy makers and feed directly into the discussion of a EU policy

framework for organic farming during the EU level workshop in February 2005. The brainstorming technique was used for this step.

Facilitators were asked to hold a debriefing session immediately after the workshop in order to note central topics, problems (with moderation, equipment, participants' activity and no shows). National organisers were to report all results of their country's workshop following a given report structure (Häring and Vairo 2004a). These documents provided the initial material for analysis and are presented in Häring and Vairo (2004b).

National workshop groups were conducted in the respective native language. Participants, facilitators and organisers shared the same cultural background. This should allow organisers to not overlook points that required a deep understanding of the language and culture. The results from each country were translated to English and an English summary report of all country reports was distributed to all participants in all countries (Häring and Vairo 2004b).

During the first series of workshops some problems arose. On the one hand, the workshop programme was criticised as being not flexible enough to manage the complexity of organic farming. On the other hand, it was underlined that some of the results and collected ideas were not new (see Häring and Vairo 2004b). In some countries, especially in those with a very small organic sector or those with recent efforts to design an Organic Action Plan, the same people have met several times and know each other well. This might be the reason for a lack of innovative ideas.

A detailed evaluation of the workshop procedure is provided in the summary of report to participants (Häring and Vairo 2004b) which can be found at >http://www.uni-hohenheim.de/i410a/EUCEEOFP/<.

2.2.2 Participants

Following the multi stakeholder process, and both creative and trilateral or tri-sectoral approaches, between 8 and 14 participants were invited to each national workshop. The workshop groups were supposed to represent the diversity of stakeholders in the organic farming sector. Four groups were to be represented: policy makers, organic sector representatives, other non organic sector representatives, third parties (see Appendix A). Although this small number of people participating gives only limited ability to generalise findings to a whole population, the likelihood that the participants were a representative sample was assured by a careful selection of participants (Friedrichs 1990; Häring 2003). Participants were selected according a recruitment questionnaire (Häring and Vairo 2004a) based on their expertise and experience in group discussions.

2.2.3 Tools

Starting point for the national workshop was the participants' vision of the status quo of attitudes towards organic farming policies in each country, specifically

- the effectiveness of different policy instruments (1st stage), and
- suggestions for future policy instruments and strategies (2nd stage).

For what concerns the 1st stage, the methodological approach used is the **SWOT analysis**. For what concerns the 2nd stage, the **brainstorming** tool was used.

SWOT analysis

SWOT is a tool for identifying and analysing the **S**trengths and **W**eaknesses of Organic Farming policy in each country, as well the **O**pportunities and **T**hreats for the organic sector which could be influenced (boosted for Opportunities; mitigated for Threats) by future specific organic policies.

Information necessary to assess the effectiveness of different Organic Farming policy instruments in each country are available from different sources: statistical data, results of previous analysis and ad-hoc surveys. However, most of this information is not available in real time. The acceleration of reforms of the Common Agricultural Policy in the last years has produced so many reforms that policy makers and actors do not have a clear and complete assessment of the effects of previous policies anymore. In this context, policy instruments are defined without having a concrete idea of the impact on the sector. In particular, the evanescence of the available information makes crucial the adoption of a methodological approach which involves also the weaker (ordinary) actors of the chain (action research). Thus, the stakeholders take part in policy decision making processes while usually stakeholders "suffer" policy decisions.

The application of the SWOT analysis, as a tool for a structured analysis of available information, gives the opportunity to include and make valuable expert assessments and, at the same time, to make specific conclusions useful for defining, in the second stage, an adequate strategy to develop the Organic Farming sector in each country.

In this context, SWOT analysis is an adequate tool because it takes into consideration internal and external factors and allows developing strategies to maximise the potential of the strengths and opportunities while minimising the impact of weaknesses and threats. The two levels of analysis are:

- **Internal Analysis:** Examine the capabilities of Organic Farming (OF) policies in each country. This is done by analysing country specific policy instruments' **strengths** and **weaknesses**.
- **External Analysis:** Look at the external (uncontrollable) environment and identify those areas that pose **opportunities** for Organic Farming (OF) in each country , and those that pose **threats** or obstacles to its performance. Opportunities and Threats deal with uncontrollable factors and have a future focus. Factors which are external, uncontrollable, are:
    - Demography
    - Natural environment events
    - National and EU-level policies
    - Technology
    - Macro Economic cycles and trends
    - Socio-cultural aspects

WOT rating

In order to better understand the concepts of weaknesses, opportunities and threats it is helpful to identify the different dimensions of these concepts. These dimensions are also used for the evaluation of relevance of concepts within each category.

Weaknesses can be classified according to their importance and impact. Looking at Figure 2-1 the weaknesses at the upper-left cell are major weaknesses, since the importance of policy in the OF sector is very high and these weaknesses have a high impact. The weaknesses in the lower-right cell are very minor and can be ignored. The weaknesses in the upper-right and lower-left cells do not require contingency planning but need to be carefully monitored in the event they grow more critical.

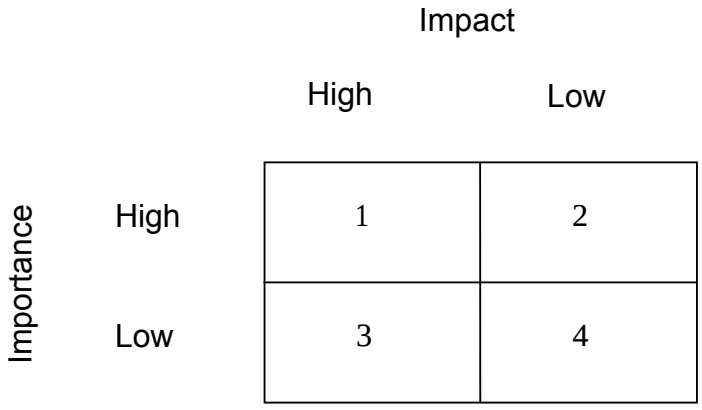

Figure 2-1: Dimensions of weaknesses

Opportunities can be classified according to their attractiveness and the probability of success. Looking at Figure 2-2, the best opportunities would be listed in the upper-left cell; and policy makers should prepare plans to pursue these opportunities. The opportunities in the lower-right cell are too minor to consider. The opportunities in the upper-right cell and lower-left cell should be monitored in the event that any of them improve in their attractiveness and success probability.

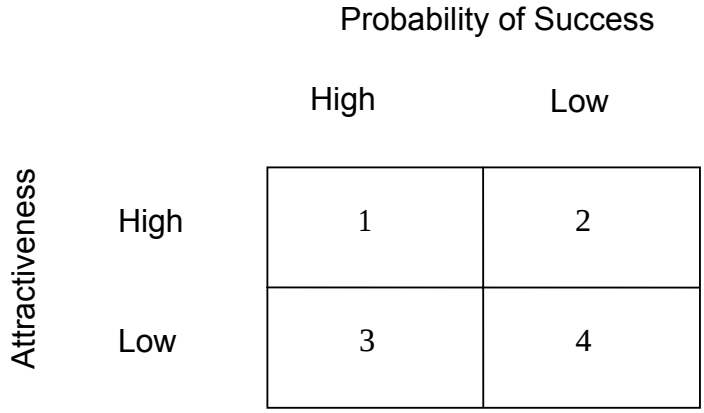

Figure 2-2: Dimensions of opportunities

Threats should be classified according to their seriousness and probability of occurrence. Looking at Figure 2-3, the threats at the upper-left cell are major threats, since they can seriously hurt the OF sector and have a high probability of occurrence. For these threats, policy makers need to prepare contingency plans that spell out which changes the OF sector can make before or during the threat's occurrence. The threats in the lower-right cell are very minor and can be ignored. The threats in the upper-right and lower-left cells do not require contingency planning but need to be carefully monitored in the event they grow more critical.

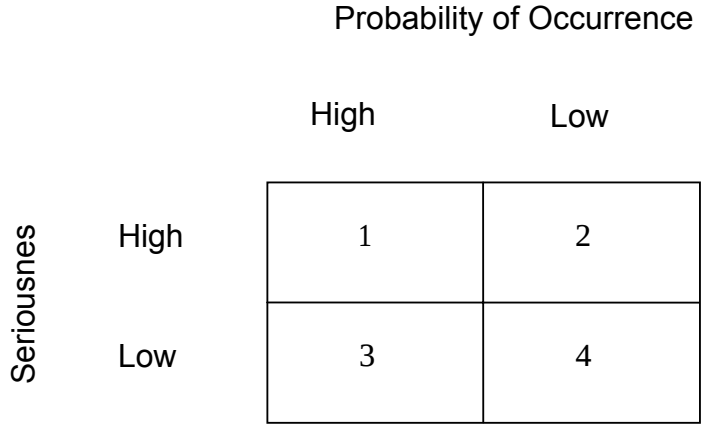

Figure 2-3: Dimensions of threats

Brainstorming for policy instruments

In the second part of the workshop, the brainstorming tool was used in order to identify the higher number of potential policy instruments (not only agriculture ones) for the organic farming sector development. Clearly, the spatial frame was the specific country, were the workshop was conducted.

Brainstorming is a lively technique that helps a group to generate as many ideas as possible in a short time period. This technique is used to identify problems, analyse causes, select alternative solutions, plan strategically, generate ideas for e.g. marketing change, and handle many other situations. Brainstorming involves creating an atmosphere in which people feel uninhibited and free to propose the sort of wild and improbable solutions to problems that often point to the best course of action (Osborn 1991).

Recently, an extension of this probing technique, called "Ecological Communication", was developed by Liss (1992). Liss points out that the respect for the individual and the context are the basis for any collaborative discussions and decisions. In other words, group participants are stimulated to participate in the discussion through a communication facilitation/moderation which helps to avoid dogmatism, monopolisation of discussion of some participants, to maintain the discussion focused on the subject of the workshop. Liss (2001) called the participants attitude, to encourage during brainstorming sessions, "deep and active listening".

Brainstorming is a double funnel–shaped process. At the beginning, this technique encourages diverging thinking and the generation as many ideas as possible in a short time period.

In this phase, some basic rules need to be followed (Chae 1997):

- Criticism is ruled out: negative judgments of ideas must be withheld until later.
- Free-wheeling is welcomed: the wilder the idea, the better it is easier to tame down than to think up.
- Quantity is wanted: the greater the number of ideas, the more the likelihood of winners.
- Combination and improvement are sought.
- In addition to contributing ideas of their own, participants should suggest how ideas of others can be turned into better ideas; or how two or more ideas can be joined into still another idea.

Perception has a relevant role in the creative thinking process; in fact, in the perceptive phase we use mental schemes/systems to understand the actual situation. If these schemes are too rigid, the risk/threat is to observe the actual situation just from one point of view while the creative thinking originates from the combination of more possible actual situations.

During this first phase, called "storms of ideas", follows the "rational" phase, where the ideas produced are assessed on the basis of specific feasible criteria. This is the converging phase: ideas are selected, assessed and the most interesting are chosen.

2.3 Analysis

2.3.1 Content analysis

Content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. Researchers quantify and analyse the presence, meanings and relationships of such words and concepts and make

inferences about the messages within the texts, the writer(s), the audience, and even the culture and time of which these are a part. Texts can be defined broadly as books, book chapters, essays, interviews, discussions, speeches, conversations, or really any occurrence of communicative language. To conduct a content analysis of any such text, the text is broken down into manageable categories on a variety of levels - word, word sense, phrase, sentence, or theme - and then examined using content analysis (Palmquist 2001).

Systematic coding, data analysis and theoretical sampling procedures enable the researcher to make sense of much of the diverse patterning in data. This allows to develop theoretical ideas at a higher level of abstraction than the initial data description (Zanoli 2004).

2.3.2 Coding for content analysis

Data analysis tends to be an iterative (non linear) process in qualitative research. The term used by Johnson and Christensen (2003) to describe this process is interim analysis.

The major stage of qualitative data analysis is when researchers develop codes. The researcher reads transcribed data and divides the data into meaningful analytical units (segmenting the data or coding). Data analysis often follows three steps:

- Open coding (reading transcripts line-by-line and identifying and coding the concepts found in the data).
- Axial coding (organizing the concepts and making them more abstract).
- Selective coding (focusing on the main ideas, developing the story, and finalizing the grounded theory).

The coding process is "complete" when no new concepts are emerging from the data and the theory is well validated.

Given that coding represents a system for sorting participants' statements, there are many ways to code statements; no single coding system is absolutely right.

When coding the researcher needs to be led partly by the original list of themes and project objectives and partly by what is known about policy in their country and partly by the insight that gradually surfaces during the qualitative research process.

2.3.3 Validity and reliability

Whereas quantitative methods use generally accepted criteria to assess the objectivity and validity of a measurement, in qualitative research such criteria are replaced by those relating to the reliability of subjective assessments. If research results are to be valid, the data on which they are based, the individuals involved in their analysis and the processes that yield the results must all be reliable.

Reliability assesses the extent to which any given research design is free from the biases of the procedure followed or the latent idiosyncrasies of the individual analysts, often called random errors (Kinnear and Taylor 1996). Reliability is a necessary, but not a sufficient, condition for validity (Krippendorff 1980). For example, two judges with the same prejudices may agree on their analysis, but be totally wrong by all other standards. A computer program can be reliable in

repeatedly carrying out a certain procedure, but, if the procedure is wrong, the results, albeit reliable, will be invalid.

Validity has to do with the absence of so-called systematic errors in measurement and analysis. In qualitative analysis, reliability can be assessed in terms of the stability of results (or minimisation of inconsistencies in coding by the same coder – the weakest form of realiability), reproducibility of results (or inter-subjective/coder reliability: minimisation of inter-observer disagreements), and accuracy (or minimisation of systematic deviations from a norm). Accuracy is the strongest form of reliability (Krippendorff 1980).

2.3.4 Analysis of SWOT concepts and policy instruments

In the given research process, a form a conceptual analysis framework is used. Each SWOT concept and policy instrument was examined focussing on identifying terms present in the text. These terms may be implicit as well as explicit.

Specifically, each country had developed a list of SWOT concepts and their respective definitions, as well as the list of policy instruments for each WOT with their respective definitions. During the coding process, researchers read the concepts and the definitions in order to better define the appropriate code.

Generally, a priori codes (codes that are developed before examining the current data) or inductive codes (codes that are developed by the researcher by directly examining the data) may be used (Johnson and Christensen 2003). In this specific context inductive codes were used.

A list of codes was developed by two researchers on the basis of the results from two countries (Germany and Italy). Cases of disagreement were discussed and – if appropriate – recoded. This first coding list was checked a number of times for reliability. The comparison between these two countries allowed to create a master list for the coding process of the other 9 countries. Based on this initial list of codes all concepts and policy instruments were coded in all countries.

During the coding process of the information of all other countries, the list was checked repeatedly for reliability. Again, cases of disagreement were discussed and recoded. The codes are applied to new SWOT concepts and policy instruments and their definitions. At the end of the process, the final coding lists were completed for all countries. The degree of agreement provides an indicator of the reliability of the final coding see interreliability indices in Annex B).

The final list of codes incorporates both standard theory based elements as well as elements that are generated based on “grounded” theory. With this in mind, a final meta-codebook was accomplished at European level with codes at a low levels of abstraction (e.g. concrete policy instruments described by participants during workshops) and codes with a high level of abstraction (e.g. strategies and theory deriving from empirical data).

2.3.5 Analysis of WOT ratings

In order to achieve a rating of relevance of the different summary (coded) weaknesses, opportunities and threats within Europe, all ratings of concepts from the different countries which had fallen within one code were summarised as follows.

For each weakness, opportunity and threat the ratings of importance and impact, attractiveness and probability and seriousness and probability were first multiplied and summarised across all countries for each code.

Example:

Weaknesses	(importance* impact)	Code
A	(3*2)	D
B	(4*5)	D
C	(5*5)	F

Result a (3*2) is then added to result b (4*5) = 26.

Then these results were divided by the number of all countries.

In other words, if weaknesses a and b have the same code (D) then:
[(group average (e.g. from DE) for impact of weakness 1 + group average (e.g. from IT) for impact of weakness 2) : (Total number of weaknesses under the same code A)] * [(group average (e.g. from DE) for importance of weakness 1 + group average (e.g. from IT) for importance of weakness 2) : (Total number of weaknesses under the same code A)] : number of participating countries (11).

2.4 Conclusion

This study was designed to achieve the highest level of accuracy in analysing and synthesising the results. The following operating standards in collecting and analysing SWOT and policy instruments data were adopted:

- Common data collection procedures (Detailed manual on workshop procedure for groups discussion and reporting system) were agreed and used consistently in all countries investigated.
- The workshop group discussion results (SWOT concepts and policy instruments and definitions) were performed on a country by country basis (to allow specific linguistic issues to be taken into consideration) but using a common reporting system.
- A central meta-analysis of all country reports made it possible to resolve inconsistencies in inter-subjective coding.
- The coding of SWOT and policy instruments concepts/data was performed by two independent judges in order to achieve and assess inter-coder reliability. For the first coding lists derived from the comparison between the Italian and German results, an index of inter coder reliability (Perrault and Leigh 1989) was calculated and any disagreements were resolved through discussion. The same process was applied for the final coding lists defined for all countries. The reliability indices are provided in Annex B.
- Group facilitators and organisers and coders involved in the research received specific training in order to assure that both the group discussions and the coding of data conformed to the standards required.

3 Strengths and weaknesses of organic farming policy Europe and opportunities and threats for the organic farming sector in Europe

A large number of strengths and weaknesses of organic farming policy and opportunities and threats for the organic farming sector where identified in the 11 national workshop groups. Strengths and weaknesses of organic farming policy and opportunities and threats for the organic farming sector were grouped by a coding process. To structure these codes further, groups of codes were summarised under headings which are used to present the information in the following. For weaknesses, opportunities and threats the "relevance" of concepts was rated by participants and a summary rating was calculated for each code as explained in section 2.3.5.

For each S, W, O and T all identified groups are visualised at the beginning of the respective chapters. The aim of this step of the analysis was to identify the most important weaknesses, opportunities and threats which could be addressed by adequate policy instruments. Strengths were not rated as were weaknesses, opportunities and threats because a problem solving approach was followed, which focussed on the development of policy instruments. Thus policy instruments to take advantage of strengths were not developed. Nevertheless, strengths were discussed in workshop groups as to assure a balanced spirit and progress of the discussion and analysis.

In this chapter narratives of concepts (printed bold) are given only for the most relevant W, O and T concepts (those with a rating 14 and higher and mentioned in more than one country), while a detailed description of all concept is provided in Appendix B.

3.1 Strengths

A number of strengths of the existing organic farming policy framework were expressed by stakeholders in the involved countries. A grouping (coding) of all expressed strengths lead to the following topics:

- Political climate
- CAP Reform 2003
- Organic farming support
- Legal framework
- R&D and capacity building
- Standards and certification
- Organic farming actors
- Market and consumers

These are summarised in Figure 3-1. A detailed description is given in Chapter C.1.

Figure 3-1: Strengths of organic farming policy

3.2 Weaknesses

A number of weaknesses of organic farming policy relevant in 2004 were expressed by stakeholders. Coded concepts were grouped under the following headings:

- Political climate
- Organic farming area support
- Other organic farming support
- Legal framework
- Standards and certification
- Organic farming actors
- Market
- Taxes
- Lack of statistical data and information on organic farming

These are summarised in Figure 3-2. Full descriptions of all weaknesses are provided in Chapter C.2. In the following only the most relevant weaknesses are summarised and narratives given.

The assessment of relevance was based on a summarised rating calculated from the ratings of importance and impact of each single weakness from each country as described in section 2.3.5. The resulting aggregate assessments are presented in Figure 3-3. Most relevant weaknesses were considered those with a rating in the upper 25% of relevance (75% percentile of relevance). These narratives will not follow the order of relevance but will be presented as seemed best for understanding.

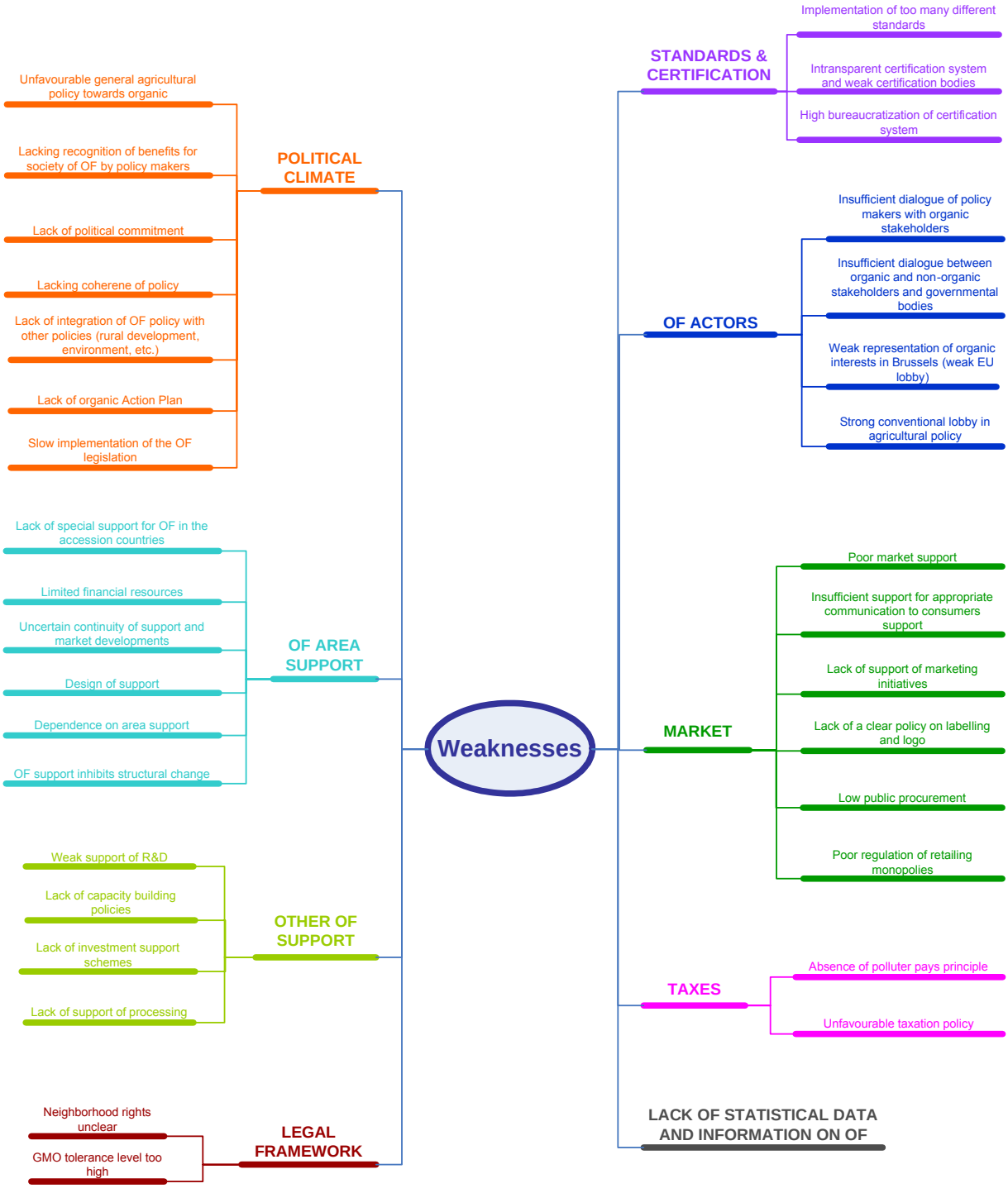

Figure 3-2: Weaknesses of organic farming policy

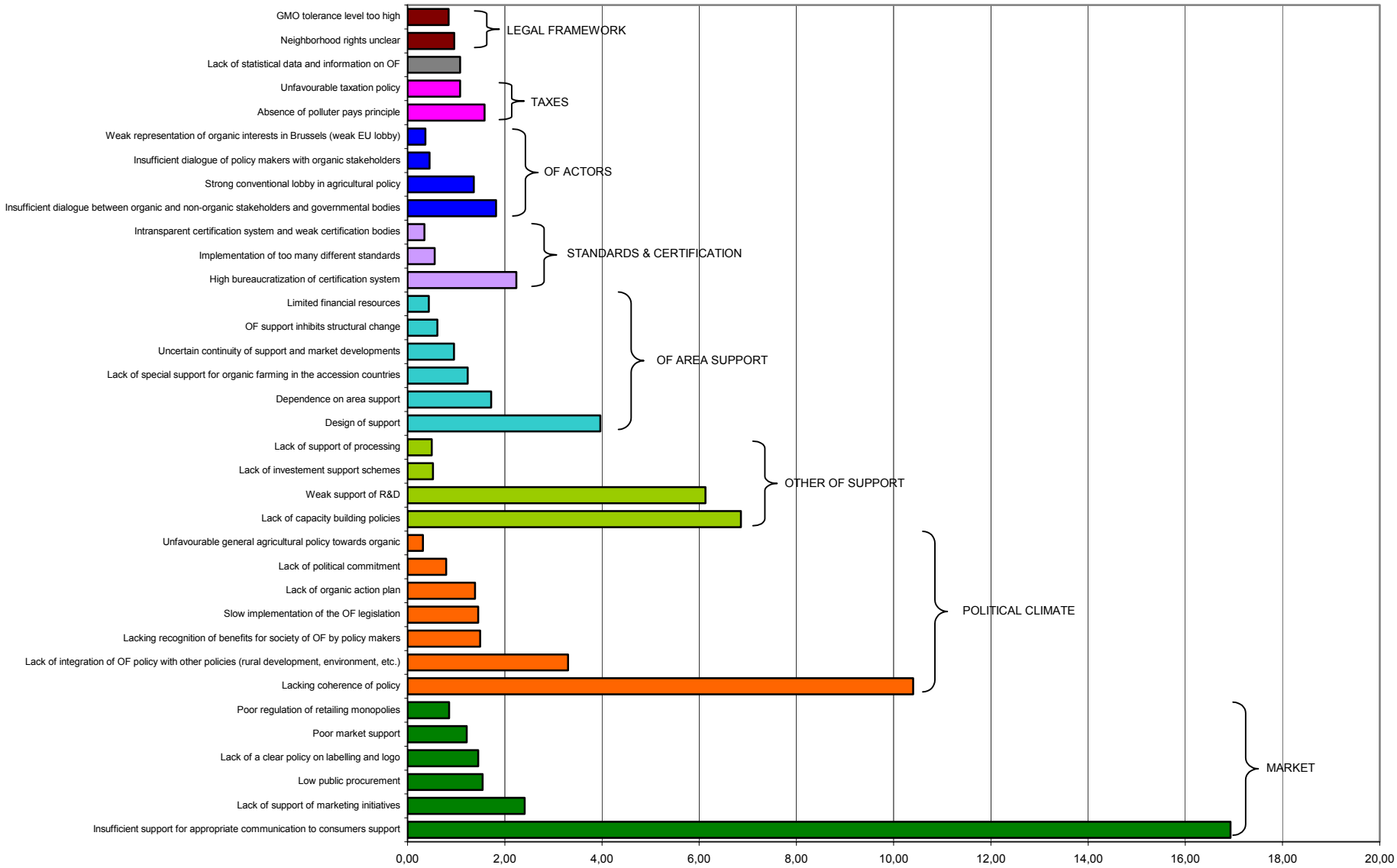

Figure 3-3: Weaknesses – summary ratings

The most important weakness of organic farming policy seems to be **insufficient support of measures for an appropriate communication with consumers** (SI, EE, HU, UK, DK, CZ, PL, DE, CH, PL). According to stakeholders little common publicity on and promotion of organic farming exists, resulting in a low public awareness of organic farming. Specifically, consumers are neither aware of the organic philosophy and principles, nor of the differences in organic and non-organic production or the agricultural and nutritional value of organic food. The terms eco- and bio- are unclear.

Furthermore, organic farming and a healthy lifestyle are neither adequately present in the public nor promoted in the education system. As a result of these factors consumers are not interested in buying organic food.

For example, in Switzerland, the focus of support still lies on producers and the Ministry of Agriculture does not promote organic farming by promoting a healthy life-style etc.. However, in the UK agencies such as the Food Standards Agency and the House of Commons Health Select Committee report on food quality, diet and obesity address organic farming to a certain degree.

The second most important weakness of organic farming policy in the analysed countries seems to be the **lacking coherence of** the existing **policy framework with regard to organic farming** (EE, PL, CH, DE, CZ, IT, SI, HU, UK). The Ministries of Agriculture do not seem to follow a coherent organic farming policy with clear objectives or a strategy concerning organic farming. In contrast verbal political support seems to prevail.

One of the aspects considered detrimental to an adequate policy development by stakeholders was that agricultural policy uses the same approach for both organic and conventional agriculture. However, participants think that organic farming is different and has a high impact on regional development. According to stakeholders, this aspect has not been understood by policy makers and, thus, agricultural policy still approaches organic farming in a sectorial view, not taking into account its' multifunctionality.

Furthermore, the national co-ordination and administration of organic farming policy is considered insufficient by stakeholders. Although there may be a central motivation to support organic farming, this motivation is frequently not reflected by the actions of regional offices and local officials, such as an action plan encompassing a whole organic food chain. For example, direct payments but no structural support policies exist to develop the sector in a sustainable way.

The relevance of the lacking coherence of the policy framework is underlined by the sixth and fifth most relevant weaknesses, the **lacking integration of organic farming policy with other policies**, such as rural development policy, environmental policy, health and food policy, etc. (SI, DK, PL, IT) and the **poor design of support measures**. According to participants, apart from the agri-environmental measures no policy measure supports the development of the organic farming sector. Specifically, rural development programmes do not refer to organic farming and too little focus is put on the potential integration of the organic sector in other policy areas. An expressed general sympathy has not lead to the implementation of concrete actions pro organic farming. Organic farming remains "invisible" and it is therefore difficult to target action in support of organic farming. In this context, the influence of organic associations in the policy design process seems to be limited. Additionally, coordination problems occur in the Ministry of Agriculture because too many people are involved. This lead to

structural insufficiencies in public policy, such as a lack of technical and commercial assistance policies, a lack of research policy, and a lack policies supporting promotional activities.

Support measures are considered to be **poorly designed** (CH, AT, DE, CZ), mainly due to the poor balance of support measures to different policy goals. Measures still mainly aim at production area and external effects are rarely being included. Specifically, the difference between organic and conventional payments and payments for organic grassland are considered too low. In Germany, it is considered a weakness that the agri-environmental measure on organic farming is being implemented differently in the Member States.

The **lack of measures supporting capacity building efforts** (SI, EE, HU, PL, CH, AT, PL, DE) was considered the third most important weakness of organic farming policy. For example, the number of agricultural advisors for organic farming does not correspond to the present and constantly growing needs (trainings for staff of advisory centres, information for farmers, etc.). Financial resources supporting advisory services, e.g. for advisory centres for organic farming, are insufficient. Not enough organic farming training programmes exist. Furthermore, educational offerings on organic farming in agricultural universities and schools are scarce.

Similarly, stakeholders considered that scientific **research and development on organic farming is supported too weakly** and rated this the fourth most relevant weakness of organic farming policy (SI, EE, HU, UK, CZ, PL, CH, AT). A core research strategy or focused research programmes do not exist and not enough financial support for research on organic farming is available. Thus, research activities tackling organic farming are insufficient.

A **lack of support of marketing initiatives** was considered a weakness of policy in New Member States (EE, HU, CZ, PL). Although this weakness was mentioned only in four countries it received the 7th rating in terms of relevance as the rating in these few countries was very high. In these countries the domestic market seems to be severely underdeveloped but marketing initiatives (incl. training) are not supported and there are no specialized, targeted bio-marketing, consumption research and institutional marketing support.

With regard to the regulatory framework, the **high bureaucratisation of the certification system** is considered a weakness (8th in relevance) of organic farming policy (EE, HU, DK, IT, DE). Current regulatory bodies are considered rigid and regulations too complicated. Documentation for control authorities and over-regulation by a jungle of regulations is considered too complicated. Particularly for small and medium farms and part-time farmers this causes high expenses. Generally speaking, restrictive standards might hamper the structural development of organic farming and influence conversion negatively.

An **insufficient dialogue of policy makers with organic stakeholders** is also considered an important weakness of organic farming policy, although this weakness was only mentioned by stakeholders in two New Member States**,** however, with a very high rating (CZ, PL). In spite of the sustained efforts on behalf of non-governmental initiatives to enter a dialogue with policy-makers, no common institution (i.e. annual conferences, joint committees, regular consultations) was established to make such joined efforts work and participation in more informal efforts lack participants from the ministries.

3.3 Opportunities

A number of opportunities for the organic farming sector were seen by stakeholders. Opportunities were grouped (coded) as follows:

- Agriculture in general
- Political climate
- Society and consumers
- Organic farming actors
- Market
- Marketing and logo
- Knowledge
- Development of tourist activities

These are summarised in Figure 3-4. Full descriptions of all identified opportunities are provided in Chapter C.3. In the following only the most relevant opportunities are summarised.

The assessment of relevance was based on a summarised rating calculated from the ratings of attractiveness and probability of success of each single opportunity from each country as described in section 2.3.5. The resulting aggregate assessments are presented in Figure 3-5.

Most relevant opportunities were considered those with a rating in the upper 25% of relevance (75% percentile of relevance). These narratives will not follow the order of relevance but will be presented as seemed best for understanding.

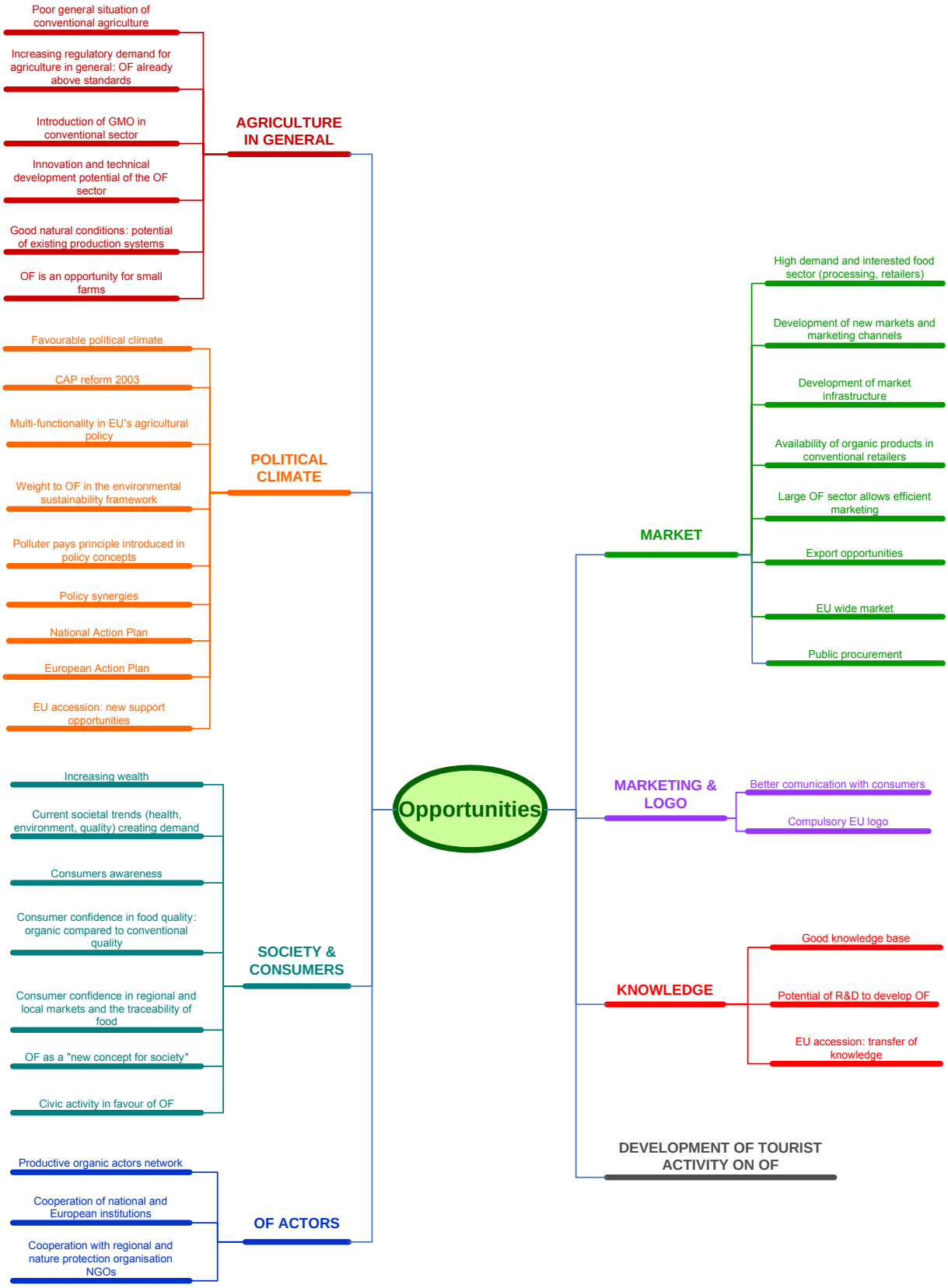

Figure 3-4: Opportunities of the organic farming sector

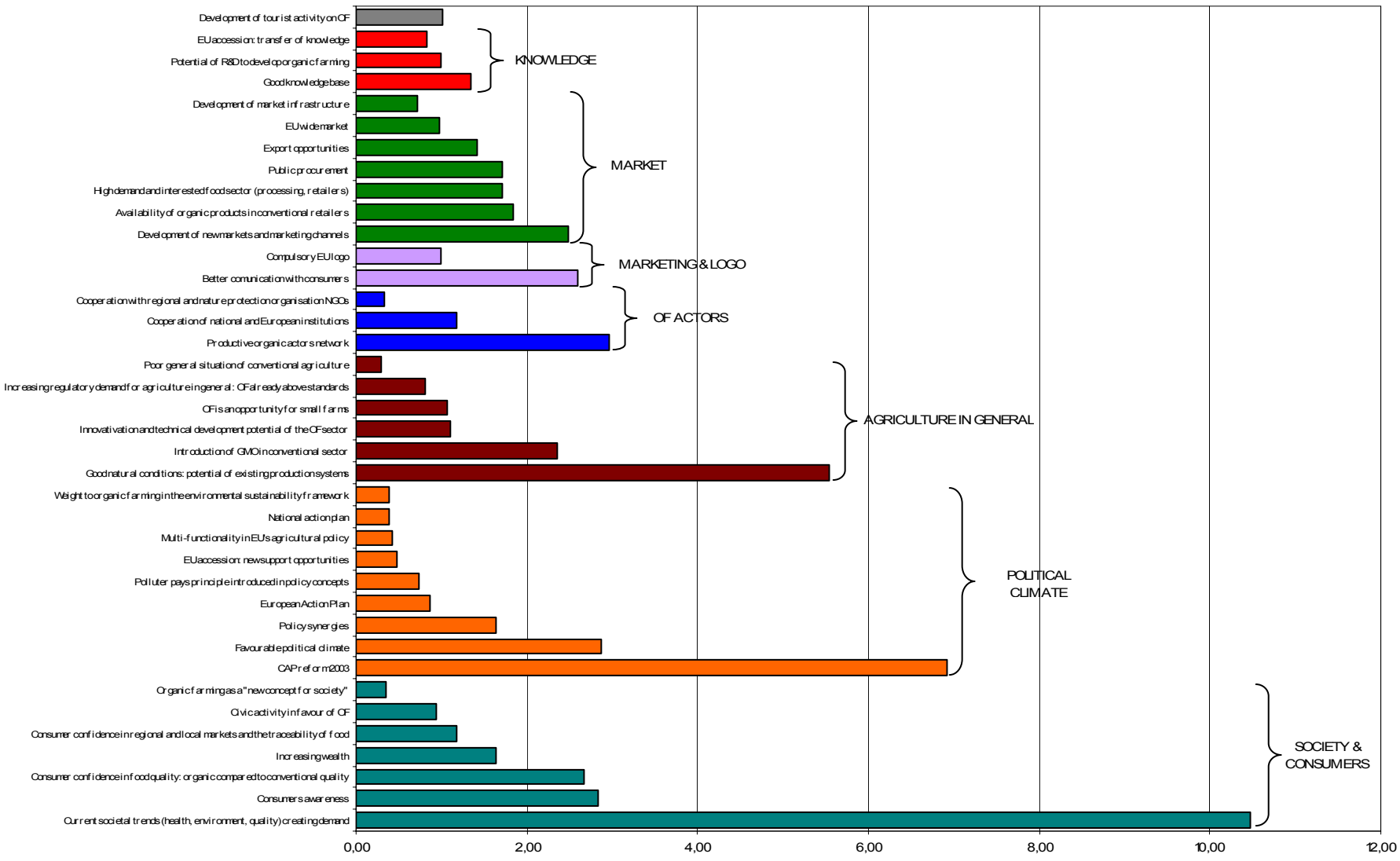

Figure 3-5: Opportunities - summary ratings

According to stakeholders, the most relevant opportunities for the development of the organic farming sector result from **current societal trends such as health, environment and quality which create demand** (EE, HU, DK, CZ, PL, AT, IT, DE). A new consumer class seems to be arising: As wealth and the level of education in the EU rises, people become more and more concerned about environment, health, wellness and food quality. Emerging different life styles and new consumption models could support the organic market. A wider public will change their preferences and become interested in organic farming, niche products and more conscious of what they eat. There is a growing awareness of the long-term beneficial effects of consuming organic products. Food education is developed in schools. Also, there is an increasing fear of diseases and allergies, which leads to a development of non-conventional medicine. Organic farming can make use of these trends. As consumers are more willing to buy organic products, the demand will increase.

Stakeholders expect the **CAP Reform 2003 to** favour organic faming in the EU (SI, EE, HU, UK, CZ, PL, AT, IT) and expect organic farming to become more competitive compared to conventional agriculture (2nd most relevant opportunity). Single farm payments will make farming more flexible and able to respond to market needs. New development opportunities also arise from Council Regulation (EEC) 1782/03 in terms of modulation, regionalisation, Article 69 and financial resource moving from the 1st to the 2nd pillar. It is expected that the adoption of high levels of modulation will potentially lead to organic farming support appearing more attractive than conventional farming support. In the New Member States, the EU agri-environmental measures are increasing the circle of beneficiaries and the amounts of support.

Natural conditions and the potential of existing agricultural production systems (PL, SI, EE, HU, CH) are good and are considered the third most relevant opportunity of organic farming. The natural and ecological conditions (climate, soil, well preserved environment/biodiversity, etc.) are good for a diversified organic production. For example, in Estonia agriculture is not as intensive as in western countries and less polluted with agrochemicals. In Switzerland, conditions for organic farming are good due to a high percentage of grassland. Polish agriculture is predominantly extensive and characterised by a low level of chemicals used in agriculture. The majority of farms are small and family owned, thus there is a natural predisposition towards going organic in Poland.

Promising opportunities seem to also arise from organic farming actors. A **productive organic actors network** (HU, AT, CH, DE, SI, HU) is considered the 4th most relevant opportunity for the organic farming sector. Improved networking could improve lobbying by speaking with one voice. Organic producers provide the potential to serve as multiplicators in lobbying, their authenticity being the basis of good public relations. Existing credible producer well as bio-trader and bio-shop networks could build the base of these networks.

In a few countries (EE, CZ, CH) the opportunity of a more **favourable political climate** is seen (5th in relevance). In these countries policy makers have developed a positive political attitude towards organic farming.

In addition to the most relevant opportunity "**current societal trends creating demand"** several other consumer-related opportunities were considered highly relevant:

A high consumer awareness and acceptance of organic farming is considered the 6th most relevant opportunity for the organic farming sector (CH, SI, EE, DK, PL). Especially a rising consumers' awareness in relation to healthy nutrition, food quality and the benefits of organic farming seems to be a promising trend. For example, environmental pollution was acknowledged as a major problem to be tackled and ecological awareness as well as the knowledge about the differences between organic and conventional farming increases. Consumers are more aware of and willing to buy organic products, which could be due to the transport of simpler messages from the sector to the consumer.

Similarly, **consumer confidence in food quality (organic compared to conventional quality)** was rated a highly relevant opportunity (7th) (PL, HU, UK, CZ, CH, IT). The spread of information about diseases (BSE, the bird flu, etc) together with the decrease in the quality of conventional agricultural products discredit conventionally produced food. In contrast, consumers believe in the credibility of organic stakeholders and producers. Organic is considered to be a quality attribute. Citizens, consumers and producers add a high value to organic production as organic quality is controlled. However, the entrance of products from foreign countries could mitigate the qualitative standards of organic products and consumers could have problems in recognizing the product quality.

In the current climate of developing standards for the conventional sector, the organic sector which already relies on tested standards has an advantage. Furthermore, the meaning of "organic" is much clearer than the numerous food quality labels arising in the conventional sector.

In contrast, another great opportunity (8th rating) is seen in a **better communication with consumers** (DE, EE, HU, UK). Better engagement of consumers either directly or indirectly through education and local authorities is expected to increase market shares of organic food. Integrated educational measures, e.g. providing information about the distinctive profile of organic farming to young people through field days and summer working possibilities on farms, organic meals in schools etc., provide an opportunity to engage consumers. A targeted bio-marketing and a good communication could raise consumers' awareness, eradicate negative attitudes, and develop special market segments.

Stakeholders see another opportunity for the development of the organic sector as a whole **in the development of new markets and marketing channels** (EE, DE, IT, AT, UK, DK). Specifically, new possibilities for trading, such as distribution technologies (internet etc.) and trade possibilities outside the usual retailers (public kitchens, business canteens, direct sales etc.) were mentioned. Visible, purely organic retailing chains could also provide an opportunity.

For example, in the UK the English Action Plan specified an action point to increase the amount of food sourced nationally. This is expected to offer a huge opportunity for the national organic sector development, as currently the majority of food for the large market for organic products is imported from outside the UK. In Estonia more diverse marketing strategies (and publicity) are considered the basis for a successful development of the sector. Ddirect marketing, regional marketing and supermarkets provide an opportunity in this context.

The introduction of GMO in the conventional sector (SI, HU, DK, IT, UK) is also seen as a considerable opportunity for the organic farming sector in a range of countries. GMO free food will become a quality attribute and consumers buying organic products have a higher chance of consuming GMO free food. One specific

opportunity was seen in the labelling of products resulting from animals fed with GMO. In addition, scandals related to conventional products may strengthen the political success of organic farming. In "GMO-free countries", the conditions for organic seed production are good.

3.4 Threats

Threats for the organic farming sector as seen by stakeholders of the organic farming sector can be summarised in the following groups:

- Political climate
- Societal trends
- Lobby
- Presentation of organic farming in public
- Environment and legal framework
- Market
- Consumers and organic products
- Poor standards and bureaucratic and false certification system
- Education and research
- Low profitability during conversion

These are summarised in Figure 3-6. Full descriptions of all threats are provided in Chapter C.4. In the following only the most relevant threats are summarised.

The assessment of relevance was based on a summarised rating calculated from the ratings of seriousness and probability of occurrence of each single threat from each country as described in section 2.3.5. The resulting aggregate assessments are presented in Figure 3-7.

Most relevant threats were considered those with a rating in the upper 25% of relevance (75% percentile of relevance). These narratives will not follow the order of relevance but will be presented as seemed best for understanding.

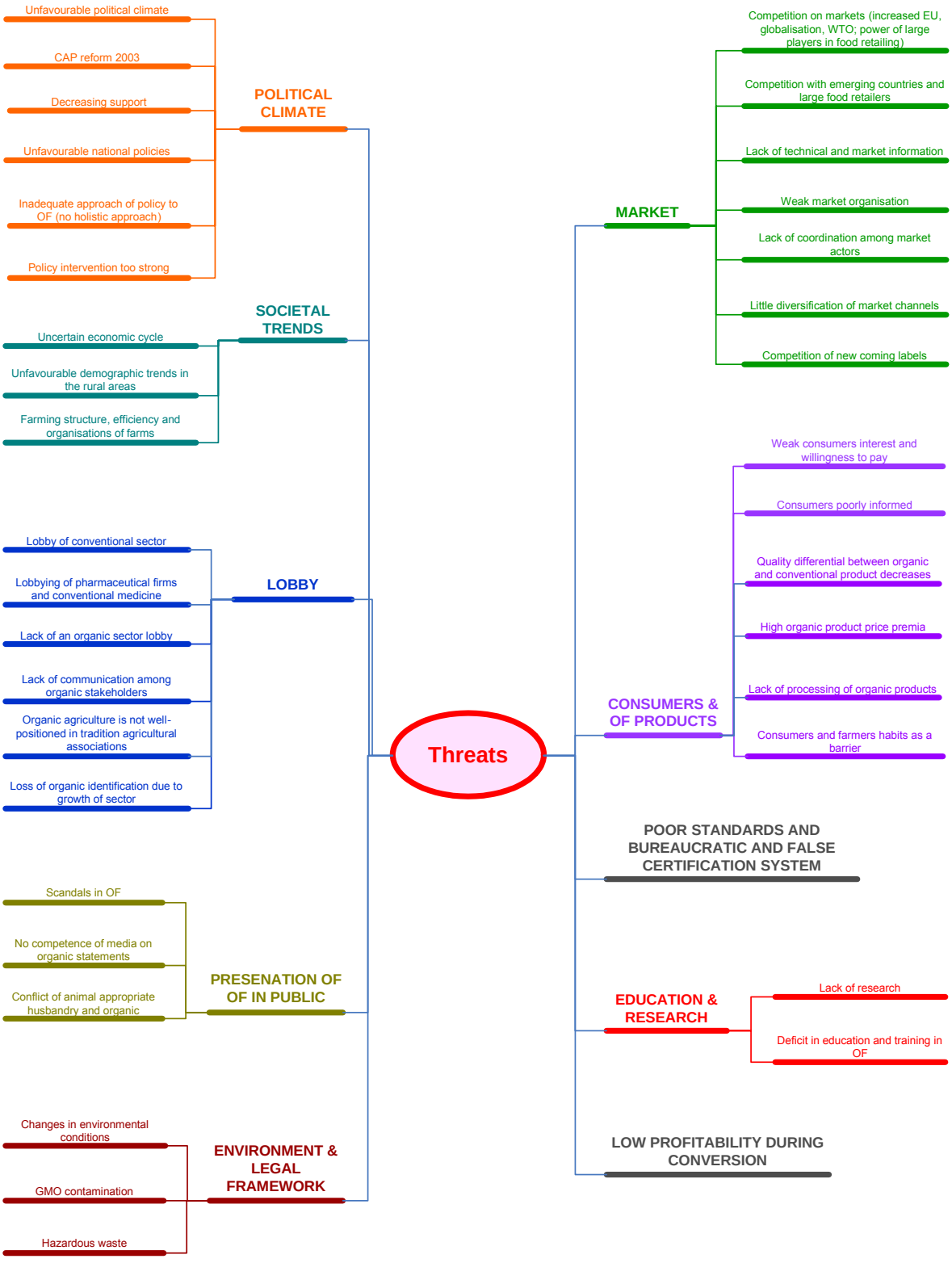

Figure 3-6: Threats to the organic farming sector

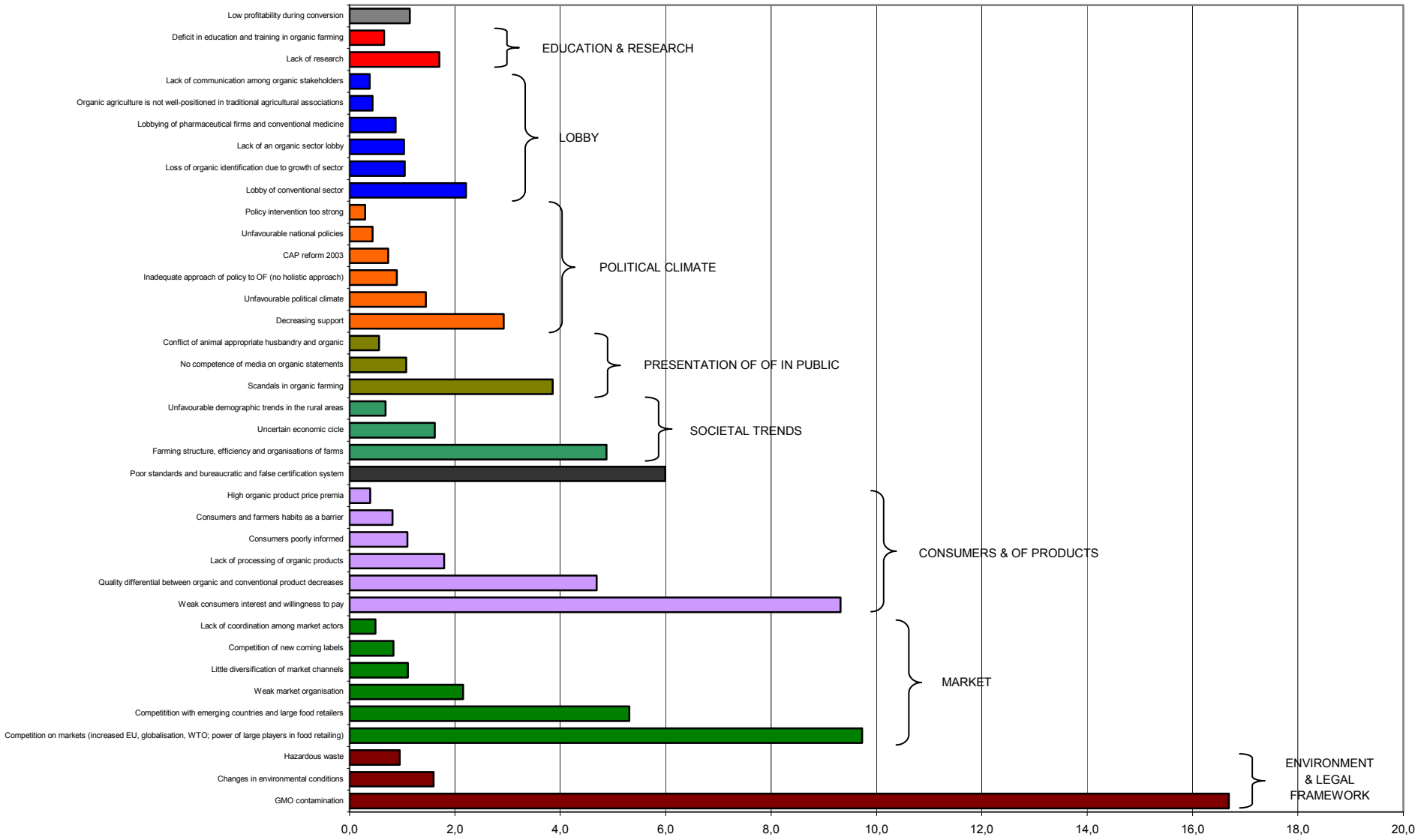

Figure 3-7: Threats - summary ratings

The **contamination with GMO** is considered the most relevant threat for the organic farming sector (SI, EE, HU, UK, DK, PL, CH, AT, IT, DE). If GMO are registered and certified they will contaminate public production. Specifically, if the use of GMO and GMO-polluted seed in agriculture is allowed there is a danger of a general contamination with GMO. Coexistence between GMO and organic is difficult. For example, dissected crop areas bear a high risk of contamination or the intersection of conventional and organic farming by seeds and young animals poses a risk. A contamination of organic farming would make organic faming impossible. If GMO residues are found in organic products trust in organic farming is undermined.

The high **competition on markets (increased EU, globalisation, WTO, power of large food retailers)** is considered the second most severe threat (SI, CZ, CH, AT, DE, PL) for the organic sector. This encompasses the following aspects:

- Free trade and WTO agreements and concentration of capital and production may negatively affect organic farming as environmental concerns are not integrated on global level.
- Competition and economic pressure in the retail sector increases. Market power in the food industry and food retailing is concentrated. Organic farming is increasingly pressured by prices of the food market. The ongoing structural change also seizes organic farming.

In addition the 5th most important threat to the organic farming sector is seen in **the competition with emerging countries and large food retailers (EE, HU, UK, IT).** The import of competitive, cheaper organic farming products from the EU or international markets as national products can not compete. The export capacity of some countries is low. For example, Polish and Czech producers experience difficulties when entering the organic food market of the EU caused by the high requirements set by the EU and the lack of perceived reliability within the EU.

The third most relevant threat for the organic farming sector seems to be the **weak interest and willingness to pay of consumers** (DK, CZ, PL, CH, DE, EE). Society seems to be changing and "green consciousness" in general is decreasing. The commercialisation of life, the seeming availability of choice of products and the increased pace of everyday life are making people less careful about the quality of food they buy and eat. Thus, consumer interest in organic products is weakening and in general support among consumers and politicians is stagnating. Furthermore, consumers have budget constraints and tend to focus on price rather than on quality. In times of economic recession or declining economic growth, a high percentage of unemployment, the pauperisation of society, the price sensibility of consumers is high. As the price difference between organic and conventional products is high consumers' demand is not meeting the expectations of organic producers, processors and traders. In addition, prices for imported organic products are low and a discount wave in the food market is observed which poses a threat to the organic market.

Low consumers interest is supported by **a decreasing quality differential between organic and conventional products** (UK, DK, PL, AT, IT, DE). Organic farming is becoming more similar to conventional farming: As conventional farming is catching-up on organic on environmental issues (reduced application of pesticides and herbicides, increasing sustainability) the gap between

organic and conventional is reduced. In addition, as conventional farming stops causing scandals organic farming looses profile. Furthermore, the criteria applied to organic farming are continuously being diversified, which makes the existence of strict, binding criteria virtually impossible. As a result, the criteria applied to organic farming are sometimes degraded to such an extent that they threaten the obliteration of differences between organic and conventional or integrated farming practices. Product origin brands (trade brands) are anonymous and the renewable product origin is globalized.

Growth of the organic market and the standardisation of products have allowed the distribution of non-seasonal products. This may add to consumers' perception that the qualitative standards organic and conventional farming are the same.

Poor standards and a bureaucratic and false certification system are considered a severe threat (4th in relevance) (SI, EE, HU, UK, PL, DE). One issue is that organic inspection and certification schemes and the operation of control and inspection bodies across the EU are not harmonised. This bears the threat of scandals particularly concerning third country products. A similar situation was criticised in Germany were the interpretation of the organic regulation seems to vary considerably depending on the Federal State.

Another issue mentioned in this respect is that the organic control system is considered overloaded and bureaucratised, discouraging potentially interested farmers by the inevitable control efforts. For example, regulations are very strict and inflexible, not giving exceptions to small production units, especially in processing. This may drive small processing enterprises into closing down and may inhibit the establishment of new ones. However, small scale processing is considered the most suitable option for organic food. [In some New Member States (e.g. HU) product certification is done by foreign organisations.]

The existing **farming structure, efficiency and organisations of farms** (CH, PL, SI, AT, HU, CZ, EE) was also rated among the most important threats for the organic farming sector. Family-owned farms, although still being the predominant model, are declining. This results in an increasing number of larger commodity farms (which are less likely to go organic) on the one hand. On the other hand a trend to part-time agriculture is observed. A threat to the organic farming sector also results from the low effectiveness of organic farms mainly due to the used technologies and poor management due to poor knowledge of producers about organic farming.

In addition, **scandals in organic farming** (EE, UK, DK, CZ, AT, DE) pose a severe threat to the sector (8th). Its reputation can be damaged by negative public references, e.g. caused by cases of fraud in production, processing and marketing. The market reacts highly sensitive to scandals as organic farming strongly depends on consumers´ trust and the demands of consumers with regard to organic process quality are high. Scandals occur if certification and control fails to detect problems but publishes results. Politics often deal inadequately with scandals. Inadequate transparency in food production poses the threat of organic fraud. A special danger is seen by stakeholders in those organic producers that farm organically only for support (farmers who are "smart" enough) and think they do not need additional information.

Decreasing financial support for the organic sector (CH, IT, HU, CZ) as public agencies lack resources also put the organic farming sector in danger. As national and regional budget are decreasing, support of organic farming through

environmental measures decreases. On the European level, funds for organic farming are scarce due to budget constraints and structural deficiencies of the Public Administration. Thus it is not convenient for farmers to maintain organic. In addition, increasing costs (more work, certification costs and less product variety) drive farmers out of the organic market. For example, the cost incurring for certification are higher than it's benefits.

4 Policy instruments for the further development of the organic farming sector in Europe

A number of policy instruments to address the weaknesses of organic farming policy and the opportunities and threats of organic farming sector, described in the previous chapter, were expressed by stakeholders in the involved countries.

Policy instruments were grouped according to topics (codes) as visualised in the Figures of this chapter. Please note that in these summary figures some topics are written in capital letters. For these codes too many sub-codes (sub-groups of policy instruments) came out of the workshop groups to be visualised in the summary figure. For each of these co des a separate Figure provides the sub-codes.

Furthermore, most of the expressed policy instruments could be considered more as general policy objectives or strategies for the development of the organic farming sector than specific policy instruments to further the development of the organic farming sector. Finally, the descriptions of the specific policy instruments are based on what was expressed by stakeholders in each of the involved countries.

In this chapter only a selection of policy instruments proposed by stakeholders to address the most relevant weaknesses, opportunities and threats will be presented.

As the most significant policy instruments were considered those which have had a strong consensus among all stakeholders in the involved countries. This does not mean that those policy instruments can be considered the only most relevant. Sometimes these policy instruments are too general and reflect more a common vision on which direction policy should operate, but do not give a specific indication on how operate. In contrast significant policy instruments could have originated from the voice of just one stakeholder of a country which has linked a specific policy instruments to the weakness, opportunity or threat considered the most relevant one.

Thus, it is important to clarify the meaning of innovative policy instruments. An innovative policy instrument is not a policy instrument which no one has thought about it earlier. According to the framework of this study, even an existing policy instrument can be considered innovative if it is original or unusual within the current policy context.

Therefore, only those policy instruments were presented which address weaknesses, opportunities and threats with a rating higher than the 75° percentile (see Chapter 3). As already explained, the rating system was applied considering two dimensions: relevance of WOT-concepts and number of countries who mentioned the concept.

Policy instruments are presented linked to the individual weaknesses, opportunities and threats they are supposed to address.

At the beginning of each section (4.1, 4.2, 4.3) a summary mind map of all developed policy instruments without the link to individual weaknesses, opportunities or threats is given as an overview. A full description of all proposed policy instruments independent of the weakness, opportunity of threat they shall address is provided in Appendix D. Please note that in the summary figures some policy instruments are written in capital letters. These are groups of policy instruments for which insufficient room was available in the figure and an individual figure is given with the detailed descriptions in Appendix D.

Please not that policy issues from CH were included in the groups “CAP reform”.

4.1 Policy instruments to address the most relevant weaknesses of organic farming policy

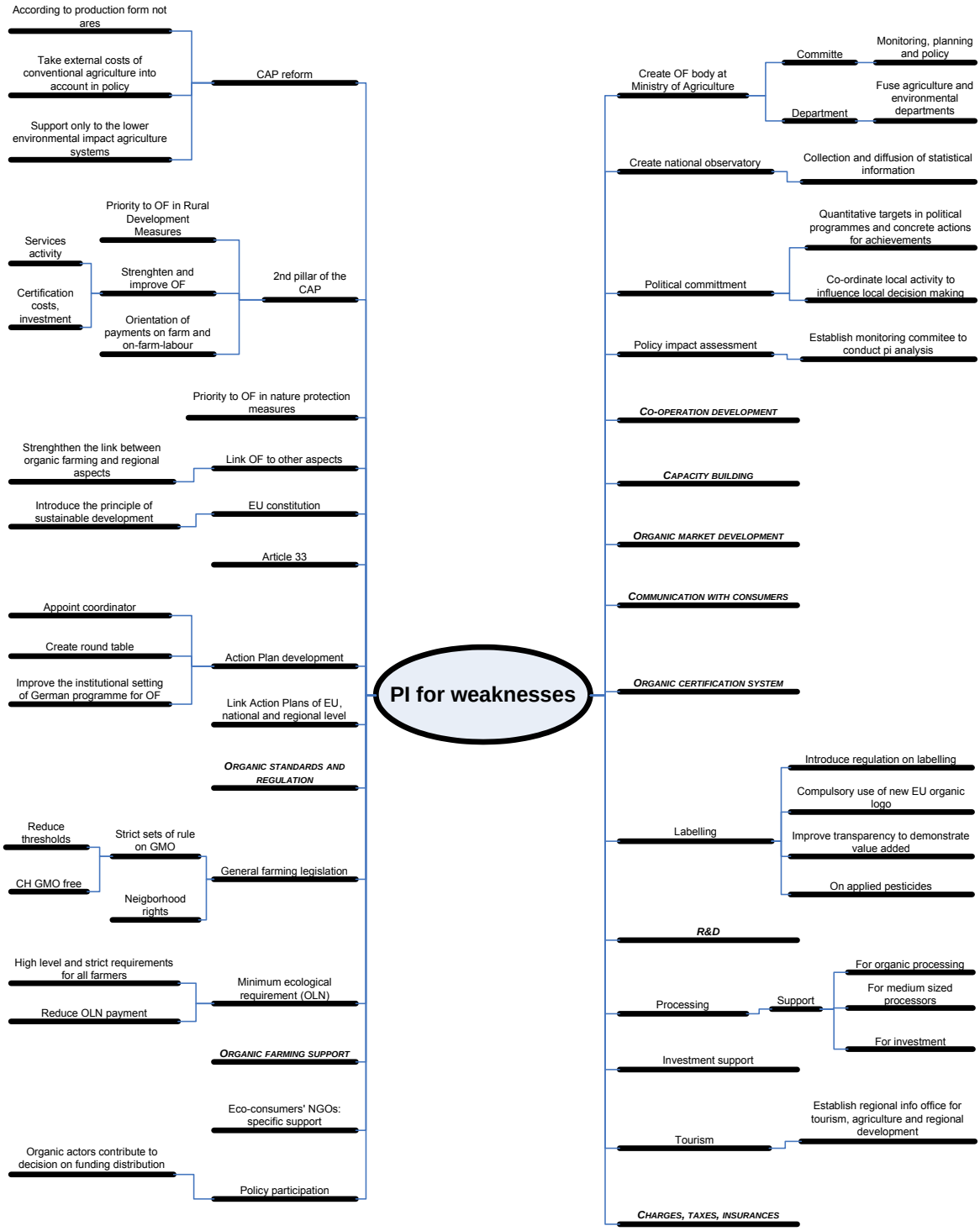

Figure 4-1: Policy instruments to address weaknesses of organic farming policy: summary visualisation

Figure 4-1 provides a summary of all developed policy instruments without a link individual weaknesses. A full description of all these proposed policy instruments is provided in Appendix D.1.

In the following only those policy instruments regarding the most relevant weaknesses (rating higher than the 75° percentile (1,74)) presented in Chapter 4 are provided.

The most relevant weakness is "**Insufficient support for appropriate communication with consumers**" was mentioned by 9 countries: CH, CZ, DE, DK, EE, HU, PL, SI, UK. The related policy instruments are:

- Develop an organic Action plan
- Increase opportunities for education and training in organic farming
- Capacity building to train policy implementers
- Improve communication with consumers by
  - educational measures
  - developing agricultural topics in education
  - pilot projects in education
  - educational farm days open to the public
  - support to schools' budgets
  - communicating organic quality to consumers
  - advertising farms in local press
  - increasing consumer information and institutions
  - informing on organic standards
  - promoting whole food
  - public information and promotion campaigns
  - public information on health issues, e.g. on diet and food quality
- Create a national observatory to collect and disseminate statistical information
- Create an organic farming body / department at ministry of Agriculture
- Provide specific support for eco-consumers' NGOs
- Make the use of a new EU organic logo compulsory
- Improve transparency to demonstrate value added by labelling
- Strengthen the link between organic farming and regional aspects
- Revise organic certification system
- Abolish organic area support subsidies
- Develop the organic market by
  - establishing consumers clubs
  - by food vouchers for organic farmers markets to be used by low income groups
  - convenience food
  - promoting small shops
  - stimulating public procurement
- Introduce nature protection objectives in organic standards and regulations

- Simplify, harmonise and improve import standards and requirements in organic standards and regulations
- R&D

Nine countries consider "**Lacking coherence of policy**" a weakness of the OF policy context. The related policy instruments are the following:

- Give priority to organic farming in Rural Development Measures
- Strengthen and improve the 2nd pillar of the CAP for organic farming: certification costs, investments
- Action plan development
- Create a round table to develop an Organic Action plan
- Capacity building efforts to train policy implementers
- Public information and promotion campaigns to improve communication with consumers
- Increase ministry staff involved in OF to develop co-operation
- Create OF body/committee/department at ministry of Agriculture for monitoring, planning and policy design
- Create OF body at ministry of Agriculture
- Introduce the principle of sustainable development in the EU constitution
- Link action plans of EU, national and regional level
- Organic farming support
- Harmonise organic farming support within a country, e.g. DE
- Increase organic farming support on arable land
- Reduce organic farming support in LFA
- Stimulate regional concentration of OF (clusters) by specific measures
- Simplify, harmonise and improve import standards and requirements in organic standards and regulations
- Political commitment
- Political commitment: co-ordinate local activity to influence local decision making
- Political commitment: set quantitative targets in political programmes and concrete actions for achievement
- Priority to organic farming in nature protection measures
- Increase support for organic processing
- Support processing
- Establish regional info office for tourism, agriculture and regional development

"**Lack of capacity building policies**", mentioned by AT, DE, CH, EE, HU, PL, SI, has the following related policy instruments:

- Develop the capacity building policies by

- establishing advisory system
- increasing number of organic advisors
- increasing opportunities for education and training in organic farming
- monitoring the work of advisory system
- OF in curricula of food processing enterprises
- supporting existing private advisory system

- Develop agriculture topics to improve communication with consumers by education
- Public information and promotion campaigns through periodical magazine to improve communication with consumers
- Support organic farming
- Support obligatory training
- Develop the organic market
- Raise funds for organic farming

This weakness is followed by "**weak support of R&D**" which is considered by AT, CH, CZ, EE, HU, PL, SI, UK a relevant weakness in the organic farming policy context. The related policy instruments concern:

- Develop an organic Action plan
- Develop organic topics to improve communication with consumers by education
- Pay certification bodies to provide information that can guide policy analysis and development
- Develop R&D
  - on the comparative advantage of OF concerning animal welfare, food quality, food safety and resource protection
  - on consumers expectation
  - on dissemination

  by
  - creating an academic research institute specialized in OF
  - creating organic governmental research institutions
  - raising funds for organic farming
  - supporting through pesticide tax
  - emphasising OF in national research funding
  - income tax relief for enterprises supporting organic research
  - national co-financing of international projects

AT, CH, CZ and DE consider the "**design of support**" a possible weakness of the OF policy context. The following policy instruments have been developed:

- Orientation of payments on farm and on-farm-labour in the 2nd pillar of the CAP
- Give priority to organic farming in Rural Development Measures
- Develop capacity building policies
- Increase opportunities for education and training in organic farming
- Communication with consumers by education
- Communication with consumers on organic quality

- Improve transparency of labelling to demonstrate value added
- High level and strict requirements of ÖLN for all farmers
- Reduce ÖLN payment
- Improve organic certification system
- Support organic farming by:
  - harmonisation of support
  - build up base support for higher administration
  - focusing on positive examples
  - increasing support for fodder, for fruit and wine
  - increasing arable payments
  - reducing organic area support and redistribute funds to other measures
- Develop organic market through a private food sector
- Stimulate public procurement
- Develop organic standards and regulation: ban copper and stricter rules
- Increase policy participation: organic actors should contribute to decision on funding distribution
- Improve support for medium sized processors
- Develop R&D by focusing on production issues

"**Lack of integration of OF policy with other policies** (rural development, environment, etc.)", mentioned by DK, IT, PL, SI, has the following related policy instruments:

- Strengthen and improve organic farming in the 2nd pillar of the CAP, e.g. by services activity.
- Develop an Organic Action plan
- Support only to the lower environmental impact agriculture systems in the CAP reform
- Create an internet portal for capacity building.
- Reduce VAT for inputs and services to organic farming, as well as for organic products.
- Communication with consumers by education based on regional specificity
- Regional efforts to imrpove communication with consumers.
- Establish new organisations to make organic visible in policy to develop cooperation.
- Create an OF body (committee/department) at ministry of Agriculture for monitoring, planning and policy design.
- Introduce the principle of sustainable development in the EU constitution.
- Stimulate regional projects by specific support measures.
- Promote vertical integration of the supply chain to develop the organic market
- Stimulate public procurement to develop the organic market

- Simplify, harmonise and improve import standards and requirements in organic standards and regulations.
- Political commitment: set quantitative targets in political programmes and concrete actions for achievement.
- Prioritise organic farming in nature protection measures.
- Provide Integrated and increased funding of R&D between EU, national and regional bodies on OF.
- Research on regional conditions in organic farming

"**Lack of support of marketing initiatives**" was mentioned by CZ, EE, PL and HU and the related policy instruments are:

- Develop an Organic Action plan
- Capacity building: policy implementers training
- Acquisition of new projects from EU for an info campaign to improve communication with consumers.
- Public information and promotion campaigns to improve communication with consumers.
- Form alliances among organic associations (lobby in OF) on marketing to develop co-operation.
- Form alliances among organic associations and other policy areas to develop co-operation.
- Create a national organic farming observatory to collect and disseminate statistical information on organic farming.
- Create an organic farming body or department at the ministry of Agriculture
- Provide specific support for Eco-consumers' NGOs.
- Revise the organic certification system
- Organic market development
- Provide information on marketing options to develop the organic market
- Stimulate public procurement to develop the organic market

"**High bureaucratization of certification system**" was considered a relevant threat by DE, DK, EE, HU and IT stakeholders. The related policy instruments are:

- Improve transparency of labelling to demonstrate value added
- Link action plans of EU, national and regional level
- Strengthen the link between organic farming and regional aspects
- Introduce IT technology management in the inspection system
- Introduce risk-based approach in the organic certification system
- Private control integrated in public control
- Improve the organic certification system by reducing data collection
- Introduce risk-based certification system: self certification for small farms with random periodical controls

- Simplify and harmonise the organic certification system
- Increase support for extra control of new areas
- Improve organic standards and regulation by:
  - including all stakeholders in revision
  - introducing partial conversion
  - establishing special regulation for small scale production

CZ, DE, EE and SI consider "**insufficient dialogue between organic and non-organic stakeholders and governmental bodies**" a relevant weakness for the organic farming policy context. One policy instrument was developed:

- Improve the institutional setting of German programme for organic farming

4.2 Policy instruments to take advantage of the most relevant opportunities for the organic farming sector

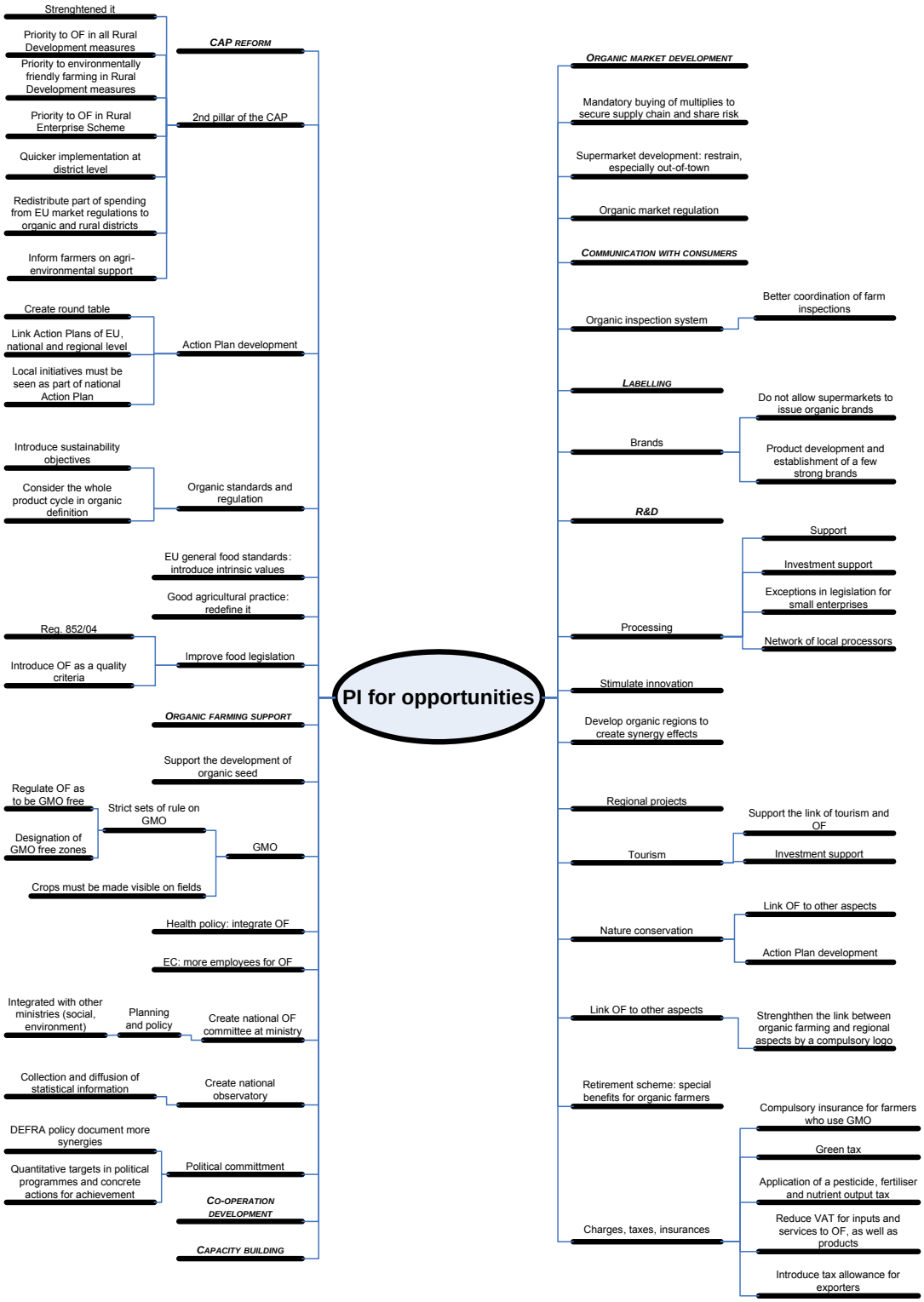

Figure 4-2: Policy instruments to take advantage of opportunities: summary visualisation

Figure 4-2 provides a summary of all developed policy instruments without a link individual opportunities. A full description of all these proposed policy

instruments is provided in Appendix D.2. In this chapter only those policy instruments corresponding to the most relevant opportunities (rating higher than the 75° percentile (2,22)) presented in Chapter 4 are listed.

To the opportunity "**current societal trends (health, environment, quality) creating demand**" different policy instruments have been developed by AT, CZ, DE, DK, EE, HU, IT and PL:

- Improve agricultural legislation by introducing stricter nitrogen levels
- Product development and establishment of a few strong brands
- Application of a pesticide, fertiliser and nutrient output tax
- Application of a green tax
- Communication with consumers by education
- Communication with consumers on organic quality
- Public information and promotion campaigns to improve communication with consumers
- Include organics in new types of co-operations
- Create national OF observatory for the collection and diffusion of statistical information
- Integrate OF in health policy
- Improve food legislation: Reg. 852/04
- Nature conservation: action plan development
- Develop the organic market by:
  - increasing international trade
  - stimulating public procurement
  - stimulating co-operation with retailers
- R&D on
  - health aspects
  - on food and processing
  - on consumer expectations

"**CAP reform 2003**" is the next opportunity in order of relevance mentioned by AT, CZ, EE, HU, IT, PL, SI and UK. The related policy instruments are:

- Strengthen and improve organic farming in the 2nd pillar of the CAP,
- Strengthen and improve organic farming in the 2nd pillar of the CAP e.g. by informing farmers on agri-environmental support
- Give priority to environmentally friendly farming in Rural Development Measures
- Give priority to organic farming in Rural Development Measures
- Create a round table to develop an Organic Action plan
- Application of a pesticide, fertiliser and nutrient output tax
- Form alliances among organic associations (lobby in OF) to develop co-operation
- Create EU lobby to develop co-operation

- Support organic farming by focusing on animal welfare
- Define single farm payment to support organic farming
- Redistribute part of spending on agriculture to organic farming
- Increase support for processing

"**Good natural conditions: potential of existing production systems**" is the next opportunity in order of relevance mentioned by CH, EE, HU, PL and SI. The related policy instruments are:

- Assign direct payment to mountain areas with the condition to farm organically
- Introduce cow direct payment on roughage basis
- Liberalisation of organic cereals imports
- Reduce direct payments for organic grassland in favour of arable land
- Capacity building on production techniques
- Provide producers with know-how on biodiversity
- Develop co-operation among farms
- Define strict sets of rules on GMO, designation of GMO free zones
- Adapt support to regional conditions
- Support biodiversity in animal husbandry
- Better coordination of farm inspections
- Improve structure and organization of direct marketing by promoting local efforts/markets
- R&D on plant research
- Support the link of tourism and OF

The next opportunity "**Productive organic actors network**", mentioned by AT, DE, CH, HU and SI, has the following related policy instruments:

- Capacity building: farmers as multiplicators
- Form alliances among organic associations (lobby in OF) to develop co-operation
- Form alliances among organic associations and other policy areas
- Develop organic regions to create synergy effects
- Improve organic farming support by little policy intervention

"**Favourable political climate**" is the next opportunity in order of relevance mentioned by CH, CZ and EE. The related policy instruments are:

- Develop an Organic Action plan
- Capacity building by education
- Reduce VAT for inputs and services to organic farming, as well as products
- Public information and promotion campaigns to improve communication with consumers

- Form alliances among organic associations (lobby in OF) to develop co-operation
- Form alliances among organic associations and other policy areas
- Form alliances among different policy areas
- Create national OF committee at ministry with planning and policy role
- Improve organic farming support
- Support export for the development of the organic market
- Improve structure and organization of direct marketing by promoting local efforts/markets
- Emphasise OF in national research funding
- Develop regional projects
- Support the link of tourism and OF

"**Consumers awareness**" is the next opportunities in order of relevance. 5 countries (CH, DK, EE, PL and SI) have mentioned this concept, and the related policy instruments are:

- Develop and establish of a few strong brands
- Reduce VAT for inputs and services to organic farming, as well as products
- Communication with consumers by education
- Develop communication with consumers by
  - increasing dialogue between policy makers and retailers
  - improving labelling to communicate difference
  - increasing support
  - information on organic quality
  - public information and promotion campaigns
  - public information on health issues
- Link OF to the nature conservation
- Develop the organic market by:
  - finding new non-food products
  - promoting organic mountain milk products
  - supporting sales promotion projects
- R&D on the comparative advantage of OF

"**Consumer confidence in food quality: organic compared to conventional quality**" was considered by the CH, CZ, HU, IT, PL and UK stakeholders a relevant opportunities for the developing of OF sector. The related policy instruments are:

- Give priority to organic farming in Rural Development Measures
- Develop and establish of a few strong brands
- Capacity building by education e.g. provide scholarships
- Capacity building for all public sector employees
- Include OF in veterinary and medical colleges

- Communication with consumers by education
- Public information and promotion campaigns to improve communication with consumers
- Create national network to develop co-operation
- Introduce intrinsic values in the EU general food standards
- Stimulate public procurement
- Support processing
- R&D on the benefits of organic farming
- Integrated and increased funding of research between EU, national and regional bodies on OF
- Raise funds for organic farming

The next opportunity in order of relevance, expressed by DE, EE, HU and UK stakeholders, is "**better communication with consumers**". The related policy instruments are:

- Improve capacity building on nature protection
- Communication with consumers by education
- Communication with consumers
  - on organic quality (continue revision of standards by "Leader")
  - on appropriate animal husbandry
  - by public information and promotion campaigns
- Declare all used pesticides on labelling
- Strengthen the link between organic farming and regional aspects by a compulsory logo
- Support OF by paying farmers for farm visits and open days
- Develop the organic market
- Enlarge cosmetic industry to develop organic market
- Stimulate public procurement
- Improve organic standards and regulation
- Introduce sustainability objectives in the organic standards and regulation

This opportunities is followed by "**development of new markets and marketing channels**", which is considered an opportunity for the organic farming sector in AT, DE, DK, EE, IT and UK. The related policy instruments developed are:

- Create links between stakeholders
- Capacity building on cooperation with multiples
- Communication with consumers by education
- Public information and promotion campaigns to improve communication with consumers
- Mandatory buying of multiples to secure supply chain and share risk
- Develop organic market by

- co-operation with retailers
- creating marketing organisation
- developing alternative sales channels
- improving structure and organization of direct marketing
- promoting local efforts/markets
- increasing variety of products
- intensive use of rural development programme
- rising awareness among producers and labelling
- stimulating public procurement

- R&D: emphasis on consumer expectations

4.3 Policy instruments to mitigate the most relevant threats for the organic farming sector

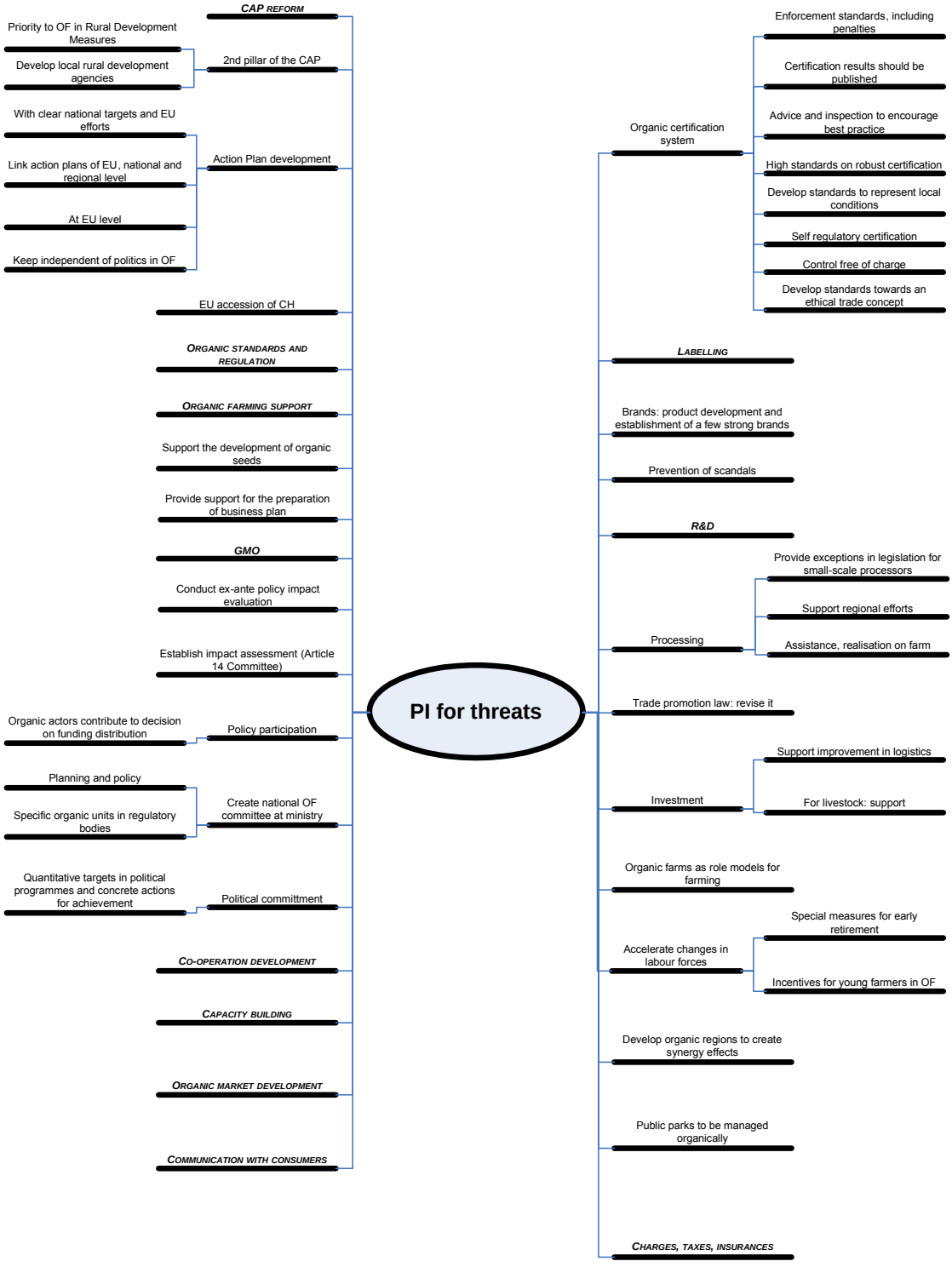

Figure 4-3: Policy instruments to mitigate threats: summary visualisation

Figure 4-2 provides a summary of all developed policy instruments without a link to individual threats. A full description of all these proposed policy instruments is given in Appendix D.2. Policy instruments regarding the most relevant threats (rating higher than the 75° percentile (2,21)) are given in the following.

"**GMO contamination**" was mentioned by ten countries, with the exception of CZ, as a possible threat for the development of the OF sector in their country. The related policy instruments are:

- Support the development of organic seeds
- Introduce organic breeding criteria in organic standards and regulation
- Control GMO by monitoring and labelling
- Decrease support on GMO research
- Focus resources on alternative non-GM supply chain
- Introduce a strict sets of rules on GMO which makes GMO production unattractive.
- Moratorium against GMO
- National prohibition of GMO release
- Designation of GMO free zones
- A regulation that assures organic farming to remain GMO free
- The generation of GMO safety data by independent laboratories.
- Constant monitoring of GMO presence
- Environmental impact evaluation for GMO farmers.
- Limit of 0,1% of GMO in seed stuffs.
- GMO must be labelled.
- Form alliances among organic associations to develop co-operation for a lobby for organic farming.
- Form alliances with environmental organisations to develop co-operations
- Public information and promotion campaigns to improve communication with consumers.
- Information campaigns on GMO.
- Information campaigns on GMO explaining that GMO are not dangerous.
- Communication with consumers on higher costs of organic
- Communication with consumers on organic quality
- Integrated and increased funding of research between EU, national and regional bodies on OF
- Integrated and increased funding of research between EU, national and regional bodies on organic livestock
- Compulsory insurance for farmers who use GMO
- Taxation of GMO-products

The next threats, mentioned by AT, CH, CZ, DE, PL and SI, is "**Competition on markets** (increased EU, globalisation, WTO; power of large players in food retailing)". The related policy instruments are the following:

- CAP reform 2003: provide equal subsidies for all EU Member States
- Focus on environmental friendly farming systems and food quality in the CAP reform
- Increase opportunities for education and training in organic farming
- Application of a pesticide, fertiliser and nutrient output tax
- Reduce VAT for inputs and services to organic farming, as well as for organic products
- Tax on transport
- Communication with consumers on regional food issues
- Develop co-operation with conventional processors
- Develop co-operation in view of an EU lobby
- EU accession of CH
- Investment support for livestock
- Organic market development
- Co-operation to develop the organic market
- Develop local producer co-operatives to develop the market
- Organic market development: export scheme
- Improve structure and organization of local direct marketing initiatives
- Improve structure and organization of local direct marketing initiatives to promote local organic products.
- Stimulate public procurement
- Support domestic market
- Improve organic standards and regulation by:
  - defining high standards and robust certification
  - introducing partial conversion
  - separation between organic and non-organic products in imports
  - using of conventional farm manure
- Improving processing
- Improving processing by supporting regional efforts
- Protectionism should be avoided

"**Weak consumers interest and willingness to pay**" is, in order of relevance, the next threat mentioned by CH, CZ, DE, DK, EE and PL. The related policy instruments are:

- Give priority to organic farming in Rural Development Measures
- Develop and establish of a few strong brands
- Internalise external costs of agricultural and food system in policy

- Improve capacity building
- Application of a pesticide, fertiliser and nutrient output tax
- Compulsory insurance for farmers who pollute
- Reduce VAT for inputs and services to organic farming, as well as products
- Communication with consumers by education
- Communication with consumers on
  - higher costs of organic
  - organic quality

  by
  - establishing of consumers organisation
  - creating new target groups/new issues
  - information campaigns on GMO and animal welfare
  - public information and promotion campaigns
- Increase products that are labelled
- Reduce production costs to support organic farming
- Develop organic market by
  - co-operation on prices
  - stimulating dialogue with retailers to strengthen organics
  - stimulating fair trade
  - marketing support not related to compulsory partnership (DK)
  - reducing prices for organic products
- Organic standards and regulation: fair trade
- R&D: develop cheap technologies
- Increase funds for health topics related to OF

The threat **"poor standards and bureaucratic and false certification system**" was mentioned by DE, EE, HU, PL, SI and UK and could be addressed by the following policy instruments:

- Relate regulatory requirements of organic standards to production base rather than to market expediency.
- Simplify, harmonise and improve import standards and requirements in laid down in organic standards and regulations.
- Include all stakeholders in the revision of organic standards and regulation.
- Apply different criteria for different countries in organic standards and regulations.
- Introduce a centralised monitoring of organic standards and regulation.
- Federal competence on organic standards and regulation in federal countries.
- Support the development of a domestic market.
- Establish an impact assessment mechanism (Article 14 committee).
- Increase opportunities for education and training in organic farming.
- Train decision-makers.

- Capacity building by education
- Organic certification system
- Develop organic standards towards an ethical trade concept.
- Develop standards to represent local conditions.
- Conserve national organic labelling of organic produce.
- Provide exceptions in legislation for small-scale processors.

EE, HU, IT and UK stakeholders consider the "**competition with emerging countries and large food retailers**" a possible threat for the development of the organic farming sector. Interesting policy instruments were developed:

- Control imports
- CAP reform 2003 should focus on environmental friendly farming systems and food quality
- Improve capacity building
- Increase opportunities for education and training in organic farming
- Training on export
- Application of a pesticide, fertiliser and nutrient output tax
- Application of an output tax on conventional products
- Charges, taxes, insurances on supermarkets to level price differential
- Reduce VAT for inputs and services to organic farming, as well as products
- Introduce tax on transport
- Communication with consumers on benefits of local retailers
- Public information and promotion campaigns to promote local products
- Develop co-operation for export
- Develop organic regions to create synergy effects
- Develop national logo
- Introduce in the organic certification system control free of charge
- Develop, in the organic certification system, standards towards an ethical trade concept
- Enforcement standards, incl. Penalties in the organic certification system
- Develop and support new routes to market
- Improve export scheme
- Impose transparent pricing structures for supermarkets
- Improve structure and organization of direct marketing by promoting local efforts/market
- Increase availability of national products
- Promote vertical supply chain integration
- Support domestic market

- Develop producer co-operatives on marketing
- Improve organic standards and regulation by favouring local production
- Simplify, harmonise and improve import standards and requirements in layed down in organic standards and regulations
- R&D: improve OF performance, focus on weaknesses

"**Farming structure, efficiency and organisations**" was considered a relevant threat for the development of the organic farming sector by 7 countries (AT, CH, CZ, EE, HU, PL, SI). The related policy instruments are:

- Support of area payments only to farms do not which exceed 100 ha
- Increase opportunities for education and training in organic farming
- Create an information centre to improve the communication with consumers:
- Create national OF committee at ministry: specific organic units in regulatory bodies
- Give incentives for young farmers in OF
- Define special measures for early retirement
- Develop specific measures to small and medium sized enterprises
- Stimulate farm enlargement

AT, DE, DK, IT, PL and UK have mentioned "**quality differential between organic and conventional product decreases**" as a possible relevant threats of the organic farming sector. The related policy instruments are:

- Define deregulation in CAP reform 2003
- Give priority to organic farming in CAP reform 2003
- Capacity building: marketing aspects included in conversion workshops
- OF should adapt conventional improvements on quality standards
- Communication with consumers on organic quality
- Public information and promotion campaigns to improve communication with consumers
- Develop TV series about impact/practices of conventional vs. Organic
- Ensure green marketing chains (trading standards)
- Promote vertical supply chain integration
- Stimulate monitoring in organic market
- Organic standards and regulation: consider the whole product cycle in organic definition
- Define different criteria in different countries concerning the organic standards and regulation
- Introduce nature protection objectives in organic standards and regulation
- Define quantitative targets in political programmes and concrete actions for achievement

- R&D: improve OF performance, focus on weaknesses

The next threat in order of relevance is "**scandals in organic farming**" mentioned by AT, CZ, DE, DK, EE and UK. The related policy instruments are:

- Capacity building should be free for all organic farmers
- Increase opportunities for education and training in organic farming
- Reduce VAT for inputs and services to organic farming, as well as products
- Stimulate farms visit to develop the communication with consumers
- Public information and promotion campaigns to improve communication with consumers
- Publication of fraud cases
- Support network with the aim to be alert concerning food scandals
- Improve the organic certification system
- Improve advice and inspection to encourage best practice
- Enforcement standards, incl. Penalties in the organic certification system
- Define high standards and robust certification in the organic certification system
- Organic farming support should be linked to training requirements
- Political commitment
- Prevention of scandals

Finally, CH, CZ, IT and HU have mentioned "**decreasing support**" as a possible relevant threats of the organic farming sector. The related policy instruments are:

- Give priority to organic farming in Rural Development Measures
- Give priority to organic farming in the CAP reform 2003
- Transfer funds from first to second Pillar of the CAP
- Capacity building
- Increase opportunities for education and training in organic farming
- Application of a tax on energy
- Change tax system
- Reduce VAT for inputs and services to organic farming, as well as on organic products
- Inform consumers on environmental issues
- Provide organic control free of charge
- Redistribute part of spending from non-agricultural funds to organic farming
- Stimulate public procurement to develop the organic market
- Policy participation
- Political commitment
- Provide assistance for realising processing on farm

5 Summary and recommendations for the further development of the organic farming sector in Europe

This section attempts to integrate all results and tries to condense them to policy recommendations, neglecting the separation in strengths, weaknesses, opportunities and threats but trying to structure issues according to thematic groups (policy areas). This, however, does not imply that the methodological approach of SWOT analysis and brainstorming for policy instrument development – in retrospective – was considered dispensable. This methodological tool were necessary to structure the discussion process in a way that allowed synthesising results of qualitative discussions in 11 European countries.

In the following only those concepts and according policy instruments or policy strategies are taken into consideration, which were rated as highly relevant by participants (see Chapter 3 and 4). Furthermore, to avoid repetition, policy strategies were mentioned only once - in those groups considered most appropriate by authors.

5.1 External environment of the organic farming sector

Organic farming at the dawn of the new century is facing a range of different elements in it's external environment.

The general **natural conditions** are considered favourable for the development of organic farming, and existing agricultural production systems seem to have the potential to be successfully converted to organic production methods. The natural conditions (climate, soil, well preserved environment, etc.) are beneficial for a diversified organic production. For example, in some New Member states existing farming systems are still fairly extensive, and small family farms with a high predisposition for conversion predominate. However, the existing farming structure, efficiency and organisation of farms was also considered an inhibiting factor for the development of the organic farming sector in some countries. In these countries, the low efficiency of existing organic farms is related to the poor knowledge of producers about organic farming. Furthermore, a decreasing number of family-owned farms and a trend to part-time farming on the one hand, and an increasing number of larger commodity farms on the other is also considered an impediment to the expansion of OF.

Current societal trends also seem to potentially favour the development of organic farming. As wealth and the level of education in the enlarged EU rises, people become more and more concerned about environment, health, wellness and food quality, creating demand for organic products. In addition, an increasing fear of diseases and allergies and a growing awareness of the long-term beneficial effects of consuming organic products represent a great opportunity for the development of the organic farming sector.

5.2 General policy design issues

In several countries a chance for the enlargement and improvement of the OF sector is seen in an increasingly **favourable political climate** in the future. In these countries policy makers are expected to develop a positive political attitude towards organic farming, which may be reflected in the development of a national Organic Action Plan.

For example, the **CAP Reform 2003** is expected to favour organic faming in the EU making organic farming to become more competitive compared to conventional agriculture. Specifically, new development opportunities for organic farming also seem to arise from modulation, regionalisation and financial resource transfer from the 1st to the 2nd pillar. However, currently the expressed general sympathy of policy makers for organic farming has not lead to the implementation of many concrete actions pro organic farming.

In times where public budgets are increasingly tight, **decreasing financial support for the agricultural sector** endangers the organic farming sector. Thus, stakeholders demand more political commitment towards the support of organic farming and, consequently, a coherent design of policy measures. This includes the setting of quantitative targets in political programmes and concrete actions for their achievement.

An observed obstacle to the efficient implementation of policies and the development of organic farming seems to be the **lacking coherence of the existing policy framework with regard to organic farming**. One of the aspects considered detrimental to an adequate policy development by stakeholders was that agricultural policy the same, sectorial approach for both organic and conventional agriculture, not taking into account organic farming's multifunctionality.

Furthermore, the lacking coherence of the policy framework and a **lacking integration of organic farming policy with other policies**, such as rural development policy, environmental policy, health and food policy, etc. as well as the **poor design of support measures** was criticised by stakeholders.

With regard to policy **design**, especially the poor balance of support measures to different policy goals was criticised. In some countries, only the agri-environmental measures provide options to support the development of the organic farming sector and other measures implemented within the Rural Development Programmes do not refer to organic farming and too little focus is put on the potential integration of the organic sector in other policy areas. Additionally, an inappropriate difference between organic and conventional agri-environmental area payments on the other hand was mentioned.

Stakeholders also proposed to improve the financial framework of organic farming by

- transferring more funds from the first to second Pillar of the CAP;
- reorienting the CAP Reform as to benefit organic farming, e.g. by orienting payments at farm and on-farm labour;
- making intensive use of the Rural Development Programme to support environmentally friendly farming systems such as organic farming;
- prioritising organic farming in nature protection measures.

Financial funds to finance these efforts could come from non-agricultural sources or from funds for conventional agriculture. In the decisions on the use of financial resources and design of policy measures participation of stakeholders was demanded.

An increased integration of organic farming policy is envisaged by developing an Organic Action Plan. Such a plan would focus on integrating all agricultural and other policy areas (e.g. nature protection, health policy or tourism) in an efficient way for the further development of the organic farming sector. It would be implemented by a national organic farming committee at the ministry in charge of planning and policy design, supported by an alliance of organic associations which cooperate closely with institutions of other policy areas (round table). National Organic Action Plan should include links to an EU Action Plan and regional Action Plans, as to also influence regional policy decisions. Specifically, this could include options to develop regional projects and the formation of regional organic clusters (e.g. by promoting local direct marketing efforts and by supporting the link of tourism and organic farming).

Measures relating to general agricultural legislation but with a potentially positive impact for organic farming were also proposed by stakeholders:

- Introduce stricter nitrogen levels in agriculture.
- Improve food legislation, e.g. by introducing intrinsic values to the EU general food standards.

5.3 Specific policy areas

5.3.1 Area payments (agri-environmental measures)

Financial support to organic farming is still paid mainly as area payments within the agri-environmental measures. According to stakeholders the design of these area payments could be improved in several respects:

- Reduce or abolish organic area payments and redistribute funds to other measures, e.g. market support.
- Reduce the area payments for organic grassland in favour of increasing payments for arable land.
- Increase area payments for fodder, for orchards and vineyards.
- Introduce a cow direct payment which is based on roughage consumption.
- Introduce support focused on animal welfare.
- Adapt area payments to regional conditions, e.g. assign area payments to mountain areas with the condition to farm organically or reduce organic farming support in LFA.
- Harmonise organic farming area payments within a country.

5.3.2 Standards and legislation

Stakeholders consider the current **certification system** too rigid and complicated. Documentation for control authorities is considered too complicated.

Particularly for small and medium farmers and processors this causes high expenses. This may drive small enterprises to closing down and may inhibit the establishment of new ones. However, small scale processing is considered the most suitable option for organic food by stakeholders. Generally speaking, restrictive standards might hamper the structural development of organic farming and influence conversion negatively.

Thus, stakeholders demand the **simplification and harmonisation of standards** by:

- reducing required data collection,
- establishing special regulations for small scale production, e.g. a risk-based certification system which allows self certification for small farms with random periodical controls,
- introducing IT technology management in the inspection system,
- coordinating farm inspections,
- integrating private control in public control,
- incorporating regional aspects,
- introducing partial conversion.

All stakeholders should be included in these revisions, linking regional, national and EU level efforts to simplify and harmonise standards, possibly as part of an Organic Action Plan.

On the one hand, these revisions must focus on conserving **the quality differential between organic and conventional farming**. As the criteria applied to organic farming are continuously being diversified, e.g. by adapting standards to national or regional conditions, the danger arises that the criteria applied to organic farming are degraded.

On the other hand, the definition of high standards and a robust organic certification system, is considered necessary to **conserve consumers confidence and avoid scandals** in organic farming. Scandals in organic farming pose a severe threat to the organic farming sector. Demand reacts highly sensitive to scandals as organic farming strongly depends on consumers´ trust and the demands of consumers with regard to organic process quality are high. Organic farming's' reputation can be damaged by negative public references, e.g. caused by cases of fraud in production, processing and marketing.

The continuous diversification of standards according to national or regional conditions might make the existence of strict, binding criteria virtually impossible. However, if certification and control fail to detect problems but results are published, scandals occur. Inadequate transparency in food production poses the threat of organic fraud. Particular danger is seen in those organic producers that farm organically only for financial support and are not well trained in organic production methods.

In additions, the growth of the organic market and the standardisation of products have allowed the distribution of non-seasonal products. This may add to consumers' perception that the qualitative standards organic and conventional farming are the same. Thus, it was also considered important to continuously

foster the communication with consumers as will be discussed in the following section.

Furthermore, conventional farming is catching up on organic on environmental issues (reduced application of pesticides, increasing sustainability) and conventional farming stops causing scandals. Although the conventional sector is in the process of developing standards, the organic sector already relies on tested standards and thus has an advantage. Furthermore, the meaning of "organic" is much clearer than the numerous food quality labels arising in the conventional sector.

Thus, **organic standards** should be **revised** to increase credibility of organic farming, by

- implementing stricter rules,
- banning copper,
- introducing new aspects in organic standards, e.g. nature protection objectives,
- establishing sustainability objectives,
- considering the whole product cycle (vertical supply chain integration),
- including trading standards, e.g. fair trade aspects, and by
- adapting improvements in conventional quality standards.

In order to **avoid scandals** in organic farming and to conserve and highlight the quality differential between organic and conventional farming a number of measures are also considered necessary by stakeholders:

- Improve inspection and certification (to encourage best practice).
- Enforce standards by strict penalties and publication of cases of fraud, and develop an action network for the case of food scandals.
- Increase opportunities for education, training and advice in organic farming. For example, marketing aspects should be included in conversion workshops.

These constant efforts of improving standards should be communicated to consumers to strengthen the credibility of organic farming.

5.3.3 Communication with consumers

Consumer confidence in organic food quality (organic compared to conventional quality) is considered a highly relevant opportunity for the future development of organic farming by stakeholders.

In the conventional sector information about diseases (BSE, the bird flu, etc) and the quality of conventional agricultural products still discredits conventionally produced food. In contrast, consumers believe in the credibility of organic producers and organic product quality due to its certification and control. However, the import of products from foreign countries could mitigate the qualitative standards of organic products and consumers could have problems in recognising the product quality.

A **high consumer acceptance of organic farming and a high awareness** of organic products is considered a highly relevant opportunity for the development of the organic farming sector. Especially a rising consumers' awareness in relation to healthy nutrition, food quality and the benefits of organic farming seems to be a promising trend. The knowledge about the differences between organic and conventional farming has increased in most countries. Thus, consumers are more aware of and willing to buy organic products. This rising demand could be due to the transport of simpler messages from the sector to the consumer.

Nevertheless, a **weak interest and willingness to pay of consumers** is still observed in some countries and considered the third most relevant threat to the organic farming sector by stakeholders. In these cases, society seems to be changing and "green consciousness" decreasing. The commercialisation of life, the apparent availability of product choice and the increased pace of everyday life are making people less careful about the quality of food they buy and eat. Thus, consumer interest in organic products is weakening and support of politicians is stagnating in these countries.

Furthermore, consumers have budget constraints and tend to focus on price rather than on quality. In times of declining economic growth and a high percentage of unemployment, the price sensibility of consumers is high. As the price difference between organic and conventional products is high, consumers' demand is not meeting the expectations of organic producers, processors and traders.

Thus, a great opportunity is seen in a **better communication with consumers** on organic product quality. A better engagement of consumers either directly or indirectly through education and local authorities is expected to increase the demand for organic food by raising consumers' awareness, eradicating negative attitudes and developing special market segments.

A better communication with consumers could be achieved by public information and promotion campaigns and by developing educational programmes. In education, agricultural topics could be developed, e.g. by

- supporting pilot projects in schools,
- field days and summer working possibilities on farms for young people,
- organic meals in schools, etc..

For the general public, the following activities supported by financially could help to communicate the organic idea:

- educational farm days open to the public (farmers supported),
- advertisements of farms in the local press,
- regular information in periodical magazines,
- by developing a TV series about the practices and impact of conventional vs. organic farming.

In addition, increasing consumer information on organic topics and the establishment of consumers organisations could help to communicate with consumers on organic food and farming. These efforts should focus on consumers expectations and on creating new target groups.

Topics to be addressed by these information and promotion efforts are organic standards and the specific organic quality (animal welfare, GMO, environmental effects), quality differential between organic and conventional farming, regional food issues, health issues, the higher costs of organic products.

As **labels** are an important element of communicating with consumers, the transparency of labelling should be improved to demonstrate the added value of organic food, e.g. by making the use of the new EU organic logo compulsory. In addition, a stronger link between organic farming and regional aspects was proposed, e.g. highlighted by a compulsory logo. Similarly, the number of labelled products should be increased. Furthermore, stakeholders demanded to introduce a compulsory labelling of all used pesticides on conventional products, which would help organic farming to demonstrate the difference.

These efforts on consumer communication should be financed at the EU level but managed by an alliance of organic associations.

5.3.4 GMO

The **contamination with GMO** is considered the most relevant threat for the organic farming sector. If GMO are registered and certified for conventional production they will contaminate public production. Coexistence between GMO and organic is difficult, e.g. in cases of dissected crop areas or the intersection of conventional and organic farming by seeds. If GMO residues are found in organic products, trust in organic farming is undermined.

However, with the current GMO legislation in Europe the spread GMO cannot be avoided and once GMO residues are found in organic products the trust in organic farming may be compromised and demand for organic products will suffer.

As consumers are afraid of GMO contaminated products and they are becoming more interested in organic products, this could be an opportunity for organic farming.

Measures to avoid the contamination of organic farming to remain GMO free range from a total ban of GMO (Moratorium or national prohibition of GMO release) to a strict set of rules on GMO which makes GMO production unattractive, such as:

- Limit of 0,1% of GMO in feed stuffs.
- Taxation of GMO-products.
- Designation of GMO free zones.
- Compulsory insurance for farmers who use GMO.
- Constant monitoring of GMO presence and the generation of GMO safety data by independent laboratories.
- Environmental impact evaluation for GMO farmers.
- Labelling of GMO products (also products of animals fed with GMO).
- Decrease support for GMO research and focus resources on alternative non-GM supply chains.

5.3.5 Market and Processing

A **high competition on markets,** due to the increased EU, emerging countries, globalisation and the power of large food retailers, is perceived a severe threat for the organic sector. This encompasses the following aspects:

- Free trade and WTO agreements and concentration of capital and production may negatively affect organic farming as environmental concerns are not integrated on global level.
- Competition and economic pressure in the retail sector increases. Market power in the food industry and food retailing is increasingly concentrated, in the conventional as well as the organic food sector. Thus, organic farming is increasingly pressured by prices in the food market.
- Import of competitive, cheaper organic products from the EU or international markets: national organic products can not compete.
- Low export capacity of organic farming in some countries, especially of New MS. For example, Polish and Czech producers experience difficulties when entering the organic food market of the EU caused by the high requirements set by the EU and the lack of perceived reliability of products from the New member States within the EU.

To support the development of the organic sector, stakeholders see an opportunity **in the development of new markets and marketing channels**. Specifically, new possibilities for trading, such as distribution technologies (internet etc.) and trade possibilities outside the usual retailers (public kitchens, business canteens, direct sales etc.) were mentioned. Visible, purely organic retailing chains could also provide an opportunity.

However, stakeholders identified a **lack of support measures for marketing initiatives**, especially in New Member States. In these countries the domestic market seems to be severely underdeveloped but marketing initiatives (incl. training) are not supported. Specialized bio-marketing, consumption research and institutional marketing support does not exist.

To face these challenges, stakeholders proposed several approaches:

1. Increase the cost of conventional production by applying a tax on pesticides, fertilisers and nutrient outputs (internalise external costs).
2. Reduce the cost of organic products by
    - reducing the VAT for inputs and services to organic farming, as well as for organic products,
    - revising organic standards, e.g. by introducing partial conversion and allowing the use of conventional farm manures on organic farms,
    - providing investment support for livestock to organic farms, and by
    - focussing on environmental friendly farming systems and food quality in the CAP Reform.
3. Equilibrate the comparative costs and quality of organic products from different countries by
    - a tax on transport,

- providing equal subsidies for organic farming in all EU Member States, and
- defining high standards and a robust certification in all countries.

Furthermore, stakeholders proposed a range of measures to develop the organic market:

- Support the development of alternative sales channels, e.g. local and regional producer co-operatives, direct marketing initiatives or small organic food shops, however, without making partnership compulsory.
- Provide information on marketing options and closely monitor the organic market.
- Support direct marketing initiatives, especially in improving their structure and organisation.
- Support marketing initiatives speciality products, e.g. organic mountain milk products.
- Stimulate the development of new products to increase the variety, e.g. convenience products.
- Develop and establish of a few strong organic brands.
- Stimulate national and regional processing efforts, e.g. for medium sized processors or on-farm effort, by increasing support.
- Support regional integration by establishing regional info offices for tourism, agriculture and regional development.
- Support the cooperation with conventional processors.
- Support the cooperation with the cosmetic industry.
- Stimulate cooperation of organic producers with retailers, e.g. by capacity building measures.
- Stimulate public procurement.
- Give out food vouchers for organic farmers markets to be used by low income groups.
- Provide specific support schemes for organic consumers clubs and natural food NGO's.
- Implement mandatory buying of multiples to secure the supply chain and share risk.
- Stimulate fair trade in organic markets;
- Establish an export scheme for organic products.
- Promote the vertical integration of the organic supply chain.

5.3.6 Knowledge and R&D

A lack of measures supporting **capacity building** efforts in organic farming was considered the third most important weakness of organic farming policy. For example, the number of agricultural advisors for organic farming does not

correspond to the present and constantly growing needs. Financial resources supporting advisory services, e.g. for advisory centres for organic farming, are insufficient. Furthermore, educational offers on organic farming in agricultural universities and schools are scarce.

Consequently, a range of measures were proposed to tackle the observed deficits in capacity building, e.g.:

- establishing advisory systems,
- training of staff of advisory centres,
- increasing the number of organic advisors,
- supporting existing private advisory organisations, and
- carefully monitoring their work,
- creating an internet portal for organic food and farming with capacity building contents,
- including organic farming in veterinary and medical colleges, and
- introducing organic food in curricula of the food processing industry.

Apart from farmers, the beneficiaries of capacity building measures should be all public sector employees, particularly policy implementers. To encourage best practice among farmers, participation in certain training courses could linked to organic farming support, but provided free of charge.

Similarly, stakeholders considered that **scientific research and development on organic farming** is supported too weakly and rated this the fourth most relevant weakness of organic farming policy. A core research strategy or focused research programmes do not exist and not enough financial support for research on organic farming is available. Thus, research activities tackling organic farming could be improved by creating a research institute specialized in OF, e.g. a governmental research institution, or by emphasising organic farming in national research funding.

Topics that should be tackled by research and capacity building according to stakeholders are:

- The comparative advantage of organic farming concerning animal welfare, food quality, food safety and natural resource protection.
- Consumers expectations towards organic food.
- Dissemination of information on organic farming.
- Efficient organic production techniques, e.g. plant production.
- Know-how on biodiversity and nature protection.
- Regional conditions in organic farming.
- Biodiversity in animal husbandry.
- Health aspects.
- Food and processing.
- Scientifically based policy analyses and training of policy implementers.

Policy analyses could be guided by information provided by certification bodies paid to do so. The financial means for increased efforts in research and development and capacity building could be raised by a pesticide tax or an income tax relief for enterprises supporting organic research, or by a national co-financing of international research projects (integrated and increased funding between EU, national and regional bodies on OF).

5.3.7 Networking of actors

Workshop participants evaluated the internal organisation of the organic sector in two different ways. Some countries considered the networking of organic actors as productive, while other countries still consider their organic sector networking as insufficient, particularly with regard to lobbying.

An insufficient **dialogue of policy makers with organic stakeholders** is also considered an important weakness of organic farming policy, although this weakness was only mentioned by stakeholders in two New Member States**,** however, with a very high rating.

Despite the sustained efforts on behalf of non-governmental initiatives to enter a in dialogue with policy-makers, no common institutions (i.e. annual conferences, joint committees, regular consultations) have been established to make such joined efforts work. More informal efforts lack participants from the ministries. An improved institutional setting for organic farming was proposed to support the communication of policy makers and organic stakeholders.

Promising opportunities are also seen in the organic farming sectors' actors themselves. A productive **organic actors network** was considered the 4th most relevant opportunity for the organic farming sector. Improved networking among organic stakeholders and associations (EU and national) is expected to build the sectors capacity to communicate with policy makers. Within the organic sector, organic producers provide the potential to serve as multiplicators in lobbying, their authenticity being the basis of good public relations. Existing credible producer well as bio-trader and bio-shop networks could build the base of these networks.

Measures supporting this development could be

- increase ministry staff involved in OF to develop co-operation,
- provide capacity building measures for farmers serving as multiplicators,
- support the establishment of "organic regions" as to create synergy effect,
- support the formation of alliances among organic associations and with other policy areas,
- establish new organisations to improve dialogue between policy makers, the organic sector and retailers.

According to stakeholders, these efforts could be financed by integrating and transferring funds from non-agricultural uses to organic farming.

5.4 Final remarks

Policy recommendations developed in the presented first series of workshops have the potential to spread widely within the organic farming sector. Results have fed

into and provided the base for a discussion at the EU level in a second workshop with EU level stakeholders and representatives from national workshop groups in February 2005 (Vairo et al. 2005a; Zerger et al. 2005). The objective of this EU workshop was to define 5 major EU policy goals for the future implementation of organic farming policy at the national level and to make proposals on the weight which should be given to each policy goal at different administrative levels.

Results will also provide the base for the second series of national workshops which will be conducted in all participating countries in Mai/June 2005 (Vairo et al. 2005b). In this series of workshops details of the implementation of specific national policy instruments addressing the developed EU policy goals will be discussed all countries.

A Participants

In each national workshop between 8 and 14 participants were present. In Germany the number of experts exceeded the maximum number of participants. A general overview of the number of participants for the 1st national workshop in each country is shown in Table A-1.

Table A-1: Number of participants during the 1st national workshop in each country

	No. of participants
AT	10
CH	10
CZ	12
DE	15
DK	11
EE	10
HU	9
IT	11
PL	8
SI	10
UK	9

Poland, followed by United Kingdom and Hungary, had the minimum number of participants compared with the other countries. In Poland, 8 stakeholders took part in the group session. Initially 14 stakeholders were carefully selected by the organizers and personally invited to take part in the workshop. Two of the invited stakeholders who had confirmed their participation in the workshop did not turn up. Similarly, one of the three participants who did send the filled-in SWOT cards back to the organisers did not come to the workshop. The same situation arose in the United Kingdom and in Hungary: 9 participants attended the workshop even if 14 have been invited. In Germany the circumstances differ from the other countries: more than the maximum number of participants foreseen in the recruitment criteria took part in the workshop. A range of potential participants were approached and with every expert cancelling their participation another expert with a similar profile was approached. However, later in the planning process people reconfirmed their participation.

The workshop groups were supposed to represent the diversity of stakeholders in the organic farming sector. The following four groups were to be represented:

- Policy makers
- Organic sector representatives
- Other non organic sector representatives
- Third parties

The participants belonging to the **policy makers** should have at least some active involvement in national policy development or implementation. To depict diversity of the various sectors of government, the following had to be covered:

- Agricultural
- Environmental
- Economic
- Regional development.

The **organic sector representatives'** expertises to be selected should be familiar with the national conditions of organic farming. In this case, expertise has an operational, practical meaning. For diversity, this group should be constituted so as to cover the organic farming sector as much as possible:

- Farmers
- Certification bodies
- Agro business representatives (processors, marketing, distribution).

Participants representing the **non organic sector representatives** should primarily have a *non-organic* perspective. Participants are active in different fields of the non-organic sector:

- General farmer unions
- Environmental protection agencies
- Consumer organisations

Participants belonging to the **third parties** should be selected so that the group as a whole has a pluriform constitution:

- Advisors
- Academics
- Other experts (journalists, consultants...).

Each group was to be represented at minimum by 2 participants in each workshop. However, not more than one representative of each organisation, not more than one academic should attend, while the group "organic sector representatives" should contribute at least one participant per sub-groups. Figure A-1 shows the composition of participants for each national group.

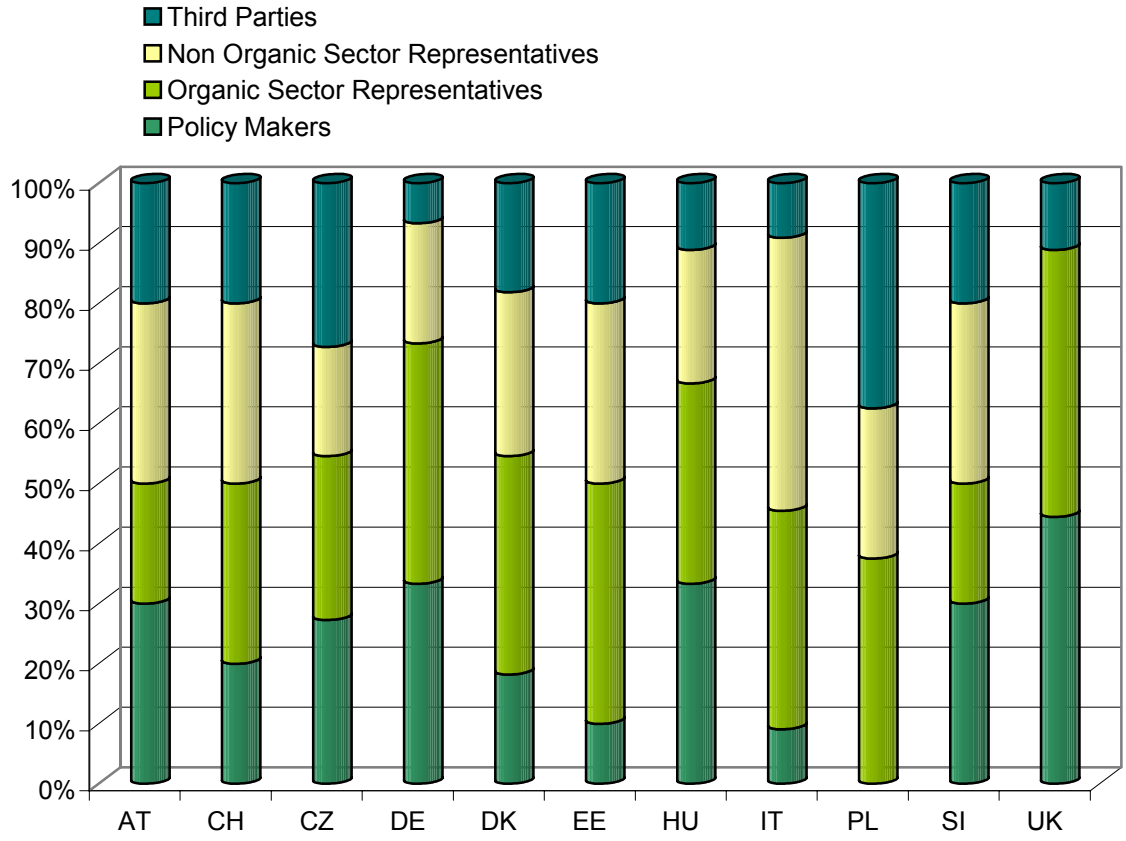

Figure A-1: Participants for each national workshop on the basis of the recruitment criteria

Not all experts recruited participated in the workshop and not thus not all types of stakeholders are observed in all countries.

Just in two countries, PL and UK, participants coming from one of the four groups were absent. In Poland, the absence of the Ministry of Agriculture and Rural Development caused the resulting lack of representation from the group of policy-makers. The absence of policy makers perhaps explains the lack of conflict in the group. Although differences in opinions did surface during the debates, these disagreements never reached the point of conflict.

In the United Kingdom workshop the nine participants represented a good range of organic sector interest from farmers, certifying organisations, government officials, policy advisors and academics. The only aspect missing was input from the processing industry and conventional sector representatives. As most of the participants were heavily involved in the English Action Plan there was a feeling that the same people were going over the same ground.

In Italy, the willingness to participate on the workshop was low in the case of the "policy makers" group (two invited representatives did not appear); in Germany it was low for "third parties" representatives and representatives of the ministry and market actors did not appear.

B Interreliability of SWOT concept and policy instrument coding

Table B-1: The interreliability index of two independent "coders" the coding of SWOT concepts

	Strengths		Weaknesses		Opportunities		Threats	
	F/N	**i**	**F/N**	**i**	**F/N**	**i**	**F/N**	**i**
IT-DE	75,00%	0,82	77,78%	0,84	94,12%	0,93	95,00%	0,94
all countries	88,00%	0,92	87,50%	0,92	77,50%	0,87	79,65%	0,88

i=inter-reliability index; F=frequency of agreement between judges; N=total number of judgments

Table B-2: The interreliability index of two independent "coders" the coding of policy instruments

	Weaknesses		Opportunities		Threats	
	F/N	**i**	**F/N**	**i**	**F/N**	**i**
IT-DE	74,42%	0,84	78,57%	0,86	73,33%	0,84
all countries	83,33%	0,91	85,81%	0,92	74,50%	0,74

i=inter-reliability index; F=frequency of agreement between judges; N=total number of judgments

C SWOT Analysis: Detailed descriptions of concepts

C.1 Strengths

A number of strengths of the existing organic farming policy framework were expressed by stakeholders in the involved countries. A grouping (coding) of all expressed strengths lead to the following topics:

- Political climate
- CAP Reform 2003
- Organic farming support
- Legal framework
- R&D and capacity building
- Standards and certification
- Organic farming actors
- Market and consumers

These were summarised in Figure 3-1 and are described in the following. These strengths were not rated because a problem solving approach which focussed on the development of policy instruments was followed. Policy instruments to take advantage of strengths were not developed. Similarly, strengths will not be prioritised in the following descriptions.

Political climate

In most countries (SI, EE, UK, DK, PL, CH, AT, IT, DE, CZ) the general **political climate** is considered to **favour organic farming**. Organic farming policy is backed by political will and clear objectives concerning organic farming policy. Organic farming is increasingly accepted among policy makers to be able to meet the objectives of multi-functionality. By passing Council Regulation (CEE) 2092/91 agricultural policy has permitted the development of an organic market. Furthermore, organic farming as a low environmental impact farming system was acknowledged as an alternative to the systems using plant protection products (pesticides).

Apart from the Ministry of Agriculture and the regional ministries, other sectors' ministries (e.g. environment; health; economy/tourism) are increasingly showing interest in organic farming and have developed a positive attitude towards organic farming. Policy makers are ready to make use of the opportunity to tap financial resources from the European Union earmarked for the development of organic farming (e.g UK). Furthermore, great creativity and courage to perform public campaigns is given (e.g. in Germany).

Similarly, participants think that society has developed a positive attitude towards organic food and accepts organic agriculture and demand has increased. Furthermore, society accepts direct payment for agriculture and minimum ecological requirements for agriculture and for animal friendly systems.

A **systematic and strategic approach to organic farming** is considered to support the development of the sector, e.g. in Denmark.

In AT, CH, HU, **organic farming policy is integrated with other policy areas** such as rural development policy, environmental and nature protection policy. Thus organic farming policy is considered a sector blind policy (extending from National Parks to farmers). Furthermore, organic farming support is integrated in all agricultural policy measures. Especially within the second pillar of the CAP organic farming policy is gaining importance. This has resulted in positive regional development (e.g. bioregions in AT)

In CZ and HU participants mentioned the existence of an **organic action plan** that seems to be widely accepted and implemented. In UK, the organic action plan was the first wide ranging stakeholder involvement in developing organic policy. As it was chaired by DEFRA, there was a reasonable political commitment to achieving objectives.

In CH, participants thought that the **internal market** was formerly strongly **protected against agricultural imports**.

CAP Reform 2003

In Poland, the EU Common Agricultural Policy is considered demanding and thus beneficial for the development of organic farming, because it steers the process in the right direction, towards environmental friendly farming.

Organic farming support

In DK, CH, CZ and PL participants consider **financial support strong** and acknowledge that a stimulus for organic farming in general.

In EE, SI, HU, UK, CZ, CH, IT and DE, **support of organic farming via area support** is considered a strength of policy. In these countries area payments (including conversion payments) through the agri-environmental measures are considered beneficial for organic farming and have been an important growth factor for organic farming (as these payments are one option to compensate farm income losses during conversion). In the UK, organic farmers will receive appreciably higher payments than conventional farming under new entry level agri-environmental schemes, which will hopefully act as inducement to convert. In CH the support system is rather simple and minimum ecological criteria exist.

In HU, EE and CZ, the existing agri-environmental programmes (incl. organic farming) are conform with EU regulations and have offered organic farming (conversion) support for a number of years (HU since 1997). In CZ, a tradition of supporting organic farming seems to exist and a willingness to continue support in the future.

In CH and IT, the **design of area support** is considered beneficial for organic farming. In CH, the difference between the direct payments for organic farming and the federal direct payments for the minimum ecological requirements is fair. In Italy, some Mediterranean crops are treated preferentially in agri-environmental measures, e.g. citrus and vine as these cultivars are not supported by first pillar CAP measures.

The **continuity of support** is considered strength (CZ, SI). The organic sector was growing and developing constantly since the introduction of the first control in 1998 (in SI). Policy and the existing measures are stable.

A large **diversity of measures** (AT, DE, CH, IT) supports the development of the organic farming sector. In CH, a diversified support system for organic farming exists, i.e. area support, ecological and animal-friendly agriculture, the Minimum Federal ecological requirement (ÖLN) and direct payments. Until 2004, finances are sufficient. In Italy, regional pilot experiences of development (not linked to direct income support) favour organic farming. Some regions support the organic sector with real farm services, like production and promotion services (associative system, organic products served in canteen). Leader programmes have created new market spaces (market share). In Austria, organic farming is supported very well within the agri-environmental programme ÖPUL compared to other European countries. In Germany, the federal program on organic farming opened new opportunities of support in form of diverse measures which consider the entire value-added chain.

Structural support available for organic farming is considered a strength of policy in Slovenia (mainly from PHARE funds).

Legal framework

In Hungary, the regulation of GMO is considered favourable for the development of organic farming as it protects genetic resources from GMO. This avoids the registration of GMO plants which would by this way easily reach the public production.

Research and development and capacity building

In Denmark and Germany, support of research and development as well as innovation is considered a strength of organic farming policy. In Germany and Estonia, support of capacity building efforts, i.e. education, consulting and training activities for farmers and (to some extent) for advisors were positively mentioned.

Standards and certification

A **consolidated, legal set of rules** for organic farming and processing based on Council Regulation (EEC) 2092/91 exists and is considered a strengths of organic farming policy in a number of countries (SI, EE, HU, PL, CH, IT, DE). This set of rules is considered confirmed and stable and thus serves to protect organic farming and to safeguard consumers' trust.

In HU, the organic farming regulation (production, distribution and labelling) was introduced as early as 1999. This favoured a good preparation for EU regulation over a fair time span and is considered a strength of the policy towards organic farming. This also allowed including international experiences in the regulation. However, only thanks to the joint effort of the Ministry of Agriculture and the Organic control bodies certification and control system is compatible and ready for the EU regulation.

The Swiss regulation shares a common framework with the EU Regulation but farms must be fully converted.

A well established and reliable inspection and certification system is also considered a asset of organic farming policy in a number of countries (AT, IT, DE, SI, EE, HU, CZ, PL). In these countries, the organic inspection and certification system is well established, works well and seems to be credible among farmers and consumers.

In Poland, a diversified system of inspection and certification was introduced, i.e. both state and private institutions are involved in the certification programme. Private certifying organisations need to be accredited by the Polish Centre for Accreditation, which in turn is supervised by the Inspection Service of Agri-Food Product Marketable Quality. Public-Private-Partnership (PPP) in the control and regulatory procedure is working well.

In Austria, the certification system seems to be well established with a close net of regulations. Italian stakeholders also consider their control system as serious and reliable in comparison to that of other countries. The certification system was delegated to private certification bodies, which increased the diversity and thus credibility of certification bodies and thus stimulated demand by organic firms as a consequence of the competition among certification bodies. This way, organic certification was promoted and new farmers were stimulated to adopt organic farming methods.

Organic farming actors

A well organised and active organic sector with active organic pioneers and organisations involved in organic farming policy making is considered a strength of policy in DK, CZ, and EE. Their dialogue with other, non-organic interest groups and institutions (especially in IT, UK, DK, DE) seems to have also supported the implementation of organic farming policy. An integrated and dynamic interrelationships between organic and general agriculture organisations as well as alliances with environmental and consumer organisations is considered a strength of organic farming policy. Among decision makers, an increasing level of human capital with a pro organic bias and strong knowledge of organic philosophy as well as strong support from NGOs and public agencies is favourable for organic farming policy development.

Similarly, **a productive dialogue of organic farming actors with policy makers** is considered a strength for organic farming policy (e.g. in PL, DK, CH, AT, DE). In this case, organic sector stakeholders are included in policy design and implementation and the involvement of actors from the organic sector in general policy and market aspects was institutionalised. In Austria, organic farming is considered well introduced in agricultural policy in terms of institutions and support.

In Poland, producers and other stakeholders seem to be genuinely interested in the development of organic farming and thus are taking active part in the shaping of organic farming policies in the country. They advocate a policy of support for the emerging sector of organic farming and they exert pressure on policy-makers to take into consideration the point of view of producers and customers alike.

Subsidies for market development and marketing activities favour the development of organic farming (DK, UK). In the UK, a host of initiatives are in place that demonstrates political support for market development (such as the action plan engagement with multiples and the DEFRA commitment to regional food strategies, and improving market intelligence). However, they are considered to lag behind producer support and development.

In Germany, **policy measures supporting market development prioritise marketing and consumers**. This policy was rated positive as it has resulted in a change in consumers' behaviour. In some countries (EE, CH, IT), participants think that policy addresses consumers' demand for health and sustainability as the wholesome image of organic products satisfies the demand of health and sustainability asked by consumers. This resulted in an increase in consumers' interest in organic farming.

The existence of **one strong organic label** is considered a merit of policy and an advantage for consumers as they are not confused by several labels (SI, DK, CZ, CH, DE). For example, in Slovenia the private label BIODAR of USOFA is used by the vast majority of market-oriented organic farmers although others exist. This organic label is the most recognisable one and is a unifying element for organic farmers.

C.2 Weaknesses

A number of weaknesses of organic farming policy relevant in 2004 were expressed by stakeholders. Coded concepts were grouping according to the following headings:

- Political climate
- Organic farming area support
- Other organic farming support
- Legal framework
- Standards and certification
- Organic farming actors
- Market
- Taxes
- Lack of statistical data and information on organic farming

These were summarised in Figure 3-2 and are described in the following. Based on the ratings of importance and impact of each single weakness from each country, a summarised rating was calculated as described in section 2.3.5. The resulting aggregate assessment of importance and impact of groups (codes) were presented in Figure 3-3.

Political climate

In Italy and Switzerland, **general agricultural policy towards organic farming** is considered **unfavourable**. Generally, participants considered that non-organic agri-environmental measures are more strongly financially supported than organic farming measures. Furthermore, it was stated that policies support the use of chemical products in conventional agriculture instead of promoting organic farming (e.g. support crop rotations). Additionally, participants mentioned that EU subsidies are still in place which distort price relations.

In the UK participants mentioned that, to their opinion, **policy makers do not sufficiently recognise organic farming's benefits for society**. Although environmental (specifically biodiversity) benefits are widely accepted by all levels of policy and decision makers, this is a shallow basis for price premiums and policy support. Other 'public and private good' benefits whilst generally accepted still do not seem have full backing at policy level.

In several countries, a **lack of political commitment towards organic farming** in agricultural policy was considered unfavourable for the development of organic farming (AT, DE, UK). This seems to also results in an insufficient use of synergies with other policy areas. In AT and DE, organic farming actors think that organic agriculture is being instrumentalised for "image cultivation" but not supported adequately. In the UK, lack of political commitment was seen in the delay (e.g. the ACOS - research sub committee) or non-adoption (such as the multiples purchasing policy on home sourced organic produce) of the adoption of some of the action points raised in the organic action plan.

However, according to rating results from a number of countries (Figure 3-3), one of the most important weaknesses of organic farming policy seems to be the **lacking coherence of** the existing **policy framework with regard to organic farming** (EE, PL, CH, DE, CZ, IT, SI, HU, UK). The Ministry of Agriculture does not seem to follow a coherent organic farming policy with clear objectives or strategy concerning organic farming, but verbal political support seems to prevail. One of the aspects considered detrimental to an adequate policy development was that agricultural policy has used the same approach for both organic and conventional agriculture. Furthermore, participants think that particularity of organic farming and its high impact on regional development has not been understood. Therefore, agricultural policy to date still approaches organic farming in sectorial view, not taking into account it's multifunctionality. In one case it was even stated as strongly as "organic farming is marginalised by governmental policy compared to industrial farming". Incentives for the regional development or landscape recovery are not supported. The benefits of using organic farming techniques have not been communicated (lack of a cost-benefit analysis).

The national co-ordination and administration of organic farming policy is considered insufficient by stakeholders. Although there may be a central motivation to support organic farming, this motivation is frequently not reflected by the actions of regional offices and local officials, such as an action plan encompassing a whole organic food chain.

Direct payments but no structural support policies exist to develop the sector in a sustainable way.

Similarly, the perceived **lack of integration of organic farming policy with other policies**, such as rural development policy, environmental policy, health and food policy, etc. is considered an important weakness of organic farming policy (Figure 3-3) (SI, DK, PL, IT). According to participants no policy measures apart from the agri-environmental measures support the development of the organic farming sector. Specifically, rural development programmes do not refer to organic farming and too little focus is put on the potential integration of the organic sector in other policy areas. An expressed general sympathy has not lead to the implementation of concrete actions pro organic farming. Organic farming remains invisible and it is therefore difficult to target action in support of organic farming.

The influence of organic associations in the policy design process is apparently limited. Additionally, coordination problems occur in the Ministry of Agriculture because too many people are involved. This lead to structural insufficiencies in public administration, such as a lack of technical and commercial assistance policies, a lack of research policy, and a lack policies supporting promotional activities.

Although mentioned only in three New Member States (SI, EE, PL) the lack of **a clear political strategy towards organic farming or an organic action plan exists** is considered a highly important weakness in these countries. Direct payments may exist but structural support measures remain to be designed (EE, PL). Measures implemented within an organic farming action plan should take the whole organic food chain into consideration.

According to Polish stakeholders, the **legislation on organic farming is implemented very slowly**, inconsistently and defectively. Among other reasons, this is due to the lack of co-ordination between the institutions supervising the Ministry of Agriculture and the Inspection Service of Agri-Food Product Marketable Quality.

Organic farming area support

Although a number of the identified weaknesses refer to organic farming area support, these aspects are not considered very important, neither in terms of the number of countries, nor in terms of the rating itself (Figure 3-3). Nevertheless, a number of weaknesses were identified.

The **lack of specific EU support programmes for New Member States´ organic farming sectors** is considered a weakness in Poland.

The **limited financial resources for organic farming policy** do not benefit the development of organic farming in Poland and the UK. For example, in the UK the current budget for the Organic farming scheme under rural development planning is only approximately £20 million a year.

The **uncertainty in the continuity of support and market developments** inhibit further development (CZ, UK, IT). Organic farming policy is not very stable and thus does not assure the continuation of income support. For example, in the UK there was a significant rush of conventional beef and dairy sector farmers converting to the Organic sector in 1999-2000 due to the stop-start nature of the Organic farming scheme and poor targeting. This led to over supply problems and price collapses (market failures).

In several countries (CH, AT, DE, CZ) **support measures** are considered to be **poorly designed**, mainly due to the poor balance of support measures to different policy goals. Measures still mainly aim at production area; external effects are rarely being included. Specifically, the difference between organic and conventional payments and payments for organic grassland are too low. In Germany, it is considered a weakness that the agri-environmental measure on organic farming is being implemented differently in the Member States.

In contrast, in Czech Republic the mere **existence of organic farming support** was considered a weakness as it made organic farming **dependent on subsidies**. Similarly, in Switzerland **direct payments** to organic farming are considered negative as they seem to **inhibit structural change** in organic farming.

Other organic farming support

Scientific **research and development on organic farming is supported very weakly** (SI, EE, HU, UK, CZ, PL, CH, AT). No core research strategy or focused research programmes exist. Thus not enough financial support for research on organic farming is available and research activities on organic farming are insufficient.

In many countries organic farming policy is characterised by **a lack of measures supporting capacity building efforts** (SI, EE, HU, PL, CH, AT, PL, DE). For example, the number of agricultural advisors for organic farming does not correspond to the present and constantly growing needs (trainings for staff of advisory centres, information for farmers, etc.). Financial resources supporting advisory services, e.g. for advisory centres for organic farming, are insufficient. Not enough organic farming training programmes exist. Furthermore, educational offerings on organic farming in agricultural universities and schools are poorly represented.

There are **no specific structural support measures for the organic sector** (e.g. for investment, small-scale processing, marketing etc.) (EE, SI). Thus the investment capacity of producers and processors is low.

Support for the development of food processing and logistics for organic farming products is considered insufficient by stakeholders in Estonia and Czech Republic. Furthermore, the legal requirements for organic small-scale processing are high, resulting in high investment costs and low interest from small-scale processing in organic produce.

Legal framework

In Hungary, **unclear neighbourhood rights** make is difficult to decide who's rights to enforce. GMO will make the question even more difficult.

In Switzerland, the **GMO tolerance level is considered too high** (0,5% in seeds) which brings the danger of contaminating organic crops.

Standards and certification

The **implementation of too many standards** within a country or within the EU is considered a weakness of organic farming policy (CH, UK, DE). In some

countries (e.g. the UK and DE) there seem to be too many (e.g. ten) certifying organisations, all applying varying standards. This leads to producer and consumer confusion. Swiss stakeholders see a disadvantage in applying the concept of whole farm conversion in comparison to EU countries.

Similarly, in some countries **the certification system** is considered **not sufficiently transparent** in informing and communicating with the consumers and **certification bodies are weak** and controls poor (CH, IT).

In a range of countries the **high bureaucratisation of the certification system** is considered a weakness of organic farming policy (EE, HU, DK, IT, DE). Current regulatory bodies are considered rigid and regulations too complicated. Documentation for control authorities and over-regulation by a jungle of regulations is considered too complicated. Particularly for small and medium farms and part-time farmers this causes high expenses. Generally speaking, restrictive standards might hamper the structural development of organic farming and influence conversion negatively.

Organic farming actors

An **insufficient dialogue of policy makers with organic stakeholders is considered a weakness of organic farming policy** (CZ, PL). In spite of the sustained efforts on behalf of non-governmental initiatives to enter a dialogue with policy-makers, no common institution (i.e. annual conferences, joint committees, regular consultations) has been established to make such joined efforts work and participation in more informal efforts lack participants from the ministries.

Furthermore, an **insufficient dialogue between organic and non-organic stakeholders and governmental bodies** is considered a drawback of organic farming policy (SI, EE, DE, CZ). The co-operation of organic and non organic stakeholders (among producers, processors and traders and also between state authorities) is insufficient. All actors - from private organisations and companies to ministries from the agricultural, environmental, health and other sectors share interest in organic farming, but they fail to co-operate.

Conventional lobby is strong and directs agricultural policy (HU) resulting in a lack of means for organic farming lobbying.

The interests of the **organic farming sector are insufficiently represented at the EU** level (DE, DK) (lobby in Brussels). Generally, the organic sector lobby is weakly organised.

Market

Organic farmers have very few co-ordinated market activities. Supply and demand have not grown in balance and marketing problems occur. Furthermore, organic products are still costly due to the small quantities that make logistic prices high. In AT farming structures are still not optimal for an internationalisation of the market and **market support is too poor** to stimulate a change in this respect.

In several countries **measures supporting an appropriate communication with consumers are considered insufficient** (SI, EE, HU, UK, DK, CZ, PL, DE, CH, PL). Thus little common publicity on and promotion of organic farming exists, resulting in a low public awareness of organic farming. Specifically,

consumers are neither aware of the organic philosophy and principles, nor of the differences in organic and non-organic production. Consumers are neither interested in, nor properly informed about the agricultural and nutritional value of organic food. The terms eco-, bio-, are unclear due to a lack of communication.

Furthermore, organic farming and a healthy lifestyle is not adequately present and promoted in schools and the education system. For example, in Switzerland, the focus of support still lies on producers and the Ministry of Agriculture does not promote organic farming by promoting a healthy life-style. However, in the UK agencies such as the Food Standards Agency and the House of Commons Health Select Committee report on food quality, diet and obesity address organic farming to a certain degree.

Lack of support of marketing initiatives: In New Member States (EE, HU, CZ, PL) the domestic market tends to be underdeveloped. Currently, marketing initiatives (incl. training) are not supported and there are no promotion campaigns for organic food and farming. Specialized, targeted bio-marketing, consumption research and institutional marketing support are needed.

Furthermore, in Hungary **no clear policy on labelling of organic food and no logo** exists.

Low public procurement is considered a weakness (DK). The public sector is buying few organic products and a consistent policy for converting professional large kitchens is missing.

Furthermore, **policy does provide a clear regulation on retailing monopolies** restraining monopolies (DK).

Taxes

Participants considered it a weakness of policy that the **"polluter-pays-principle" is disregarded** in policy design (DK). Policies currently still emphasise the market too much and attach little importance to environmental issues. Thus, organic farming compared to conventional farming is often not economically feasible.

The present **taxation policy negatively affects organic farming**, e.g. by providing a VAT reduction for pesticides in Slovenia.

Lack of statistical data and information on organic farming

In Italy, statistical data and information about organic farming is scarce. Furthermore, statistics on conventional farming should be extended in order to compile the same type of information for organic farming and products.

C.3 Opportunities

A number of opportunities for the organic farming sector were seen by stakeholders. Opportunities were grouped (coded) as follows:

- Agriculture in general
- Political climate

- Society and consumers
- Organic farming actors
- Market
- Marketing and logo
- Knowledge
- Development of tourist activities

These are summarised in Figure 3-4 and described in the following. Based on the ratings of attractiveness and probability of each single opportunity from each country, a summarised rating was calculated as described in section 2.3.5. The resulting aggregate assessment of attractiveness and probability of groups (codes) are presented in Figure 3-5.

Agriculture in general

Poor general situation of conventional agriculture (PL, IT): The general situation of conventional agriculture, with or without scandals, represents an opportunity for the development of the organic farming sector. In spite of its predominance on the market, conventional agriculture is experiencing problems in terms of low profitability. This can favour the development of organic farming.

Increasing regulatory demand for agriculture in general represents an opportunity for organic farming as organic farming already surpasses these standards (SI).

Introduction of GMO in the conventional sector (SI, HU, DK, IT, UK): Liberalisation of the market for GMO and the threat of GMO contamination is also an opportunity for organic farming. GMO free food will become a quality attribute; consumers buying organic products have a higher chance of consuming GMO free food (e.g. by labelling GMO fed animal products). Consumers rise against "food-tyranny". Scandals related to conventional products may strengthen the political success of organic farming. In "GMO-free countries", the conditions for organic seed production are good.

Innovation and technical development potential of the organic farming sector (AT, HU, UK): The innovative nature of organic farming is a big opportunity. New products and new markets are developed by technical developments (producer and processor developments), e.g. improving the quality of output. Equally an improvement of the system in terms of environmental management and in extending the growing season can be an opportunity.

Natural conditions and the potential of existing agricultural production systems (PL, SI, EE, HU, CH) are good. The natural and ecological conditions (climate, soil, well preserved environment/biodiversity, etc.) are good for a diversified organic production. For example, in Estonia agriculture is not as intensive as in western countries and less polluted with agrochemicals. In Switzerland, conditions for organic farming are good due to a high percentage of grassland. Polish agriculture is predominantly extensive and characterised by a low level of chemicals used in agriculture. The majority of farms are small and family owned, thus there is a natural predisposition towards going organic in Poland.

Organic farming is an opportunity for small farms (EE): Small farms will stay operative and are willing to implement organic farming production methods instead of going out of business.

Political climate

Favourable political climate (EE, CZ, CH): Policy makers have developed a positive political attitude towards organic farming.

Stakeholders expect the **CAP Reform 2003 to** favour organic faming in the EU (SI, EE, HU, UK, CZ, PL, AT, IT) and expect organic farming to become more competitive compared to conventional agriculture. Single farm payments will make farming more flexible and able to respond to market needs. New development opportunities arise from Council Regulation (EEC) 1782/03 in terms of modulation, regionalisation, Article 69 and financial resource moving from the 1st to the 2nd pillar. It is expected that the adoption of high levels of modulation will potentially lead to organic farming support appearing more attractive than conventional farming support.

In the New Member States, the EU agri-environmental measures are increasing the circle of beneficiaries and the amounts of support. Subsidies from the EU operational programmes are expected to bring about a significant improvement in the organic farming sector.

Multifunctionality in EU agricultural policy (DK, CH): According to stakeholders organic farming may influence the traditional agricultural policy to become more sustainable. The CAP promotes environmental issues and multifunctionality as well as development of rural areas. With its potential to address the objectives of multifunctionality organic farming may become more important in EU agricultural policy in the following years.

Similarly, an increase of the **weight of organic farming in the environmental sustainability framework** (HU, IT) is seen an opportunity. The organic production system, as an integrated and sustainable system, could have a relevant weight in the environmental sustainability framework. It could be seen as the solution for the environmental and energy problem of lack of resources.

In Austria stakeholders think that the **polluter pays principle** as well as the comparison of the benefits of different agricultural production methods could be **introduced in** public discussion and **policy concepts**.

In the UK, **policy synergies** are seen in the demonstrable benefits of organic farming that apply to other sectors such as health and rural employment and it is considered to offer potential for greater support for the organic sector.

A **national action plan**, linked to the European action plan and regional action plans provides the opportunity to simplify legislation and improve transparency (CZ, IT).

The new agri-political framework can be an opportunity for organic farming (AT, IT, DE). Specifically, the **European Action Plan** agreement is a strong sign of the Common Agricultural Policy towards the European organic sector.

EU accession provides new support opportunities for New Member States, e.g. CZ and PL. Subsidies from the European Union's operational programmes are expected to bring a significant improvement in the organic farming sector.

Society and consumers

Opportunities arise from **current societal trends such as health, environment, and quality which create demand** (EE, HU, DK, CZ, PL, AT, IT, DE). A new consumer class is arising: as wealth and the level of education in the EU rises, people become more and more concerned about environment, health/ wellness and quality. Organic farming can make use of these new topics. The societal acceptance of organic farming is high (AT); citizens are conscious about quality - and environmental issues.

Emerging different life styles and new consumption models could support the organic market. A wider public will change their preferences and become interested in organic farming, niche products and more conscious of what they eat.

There is a growing awareness of the long-term beneficial effects of consuming organic products. At the same time, non-conventional medicine is developed. Also, there is an increasing fear of diseases and allergies. As consumers are more willing to buy organic products, the demand increases. Markets are more sensitive towards quality. Food education is developed in schools.

Consumers' awareness and acceptance of organic farming is high (CH, SI, EE, DK, PL). Especially their awareness in relation to healthy nutrition, food quality and the benefits of organic farming is rising. Environmental pollution was acknowledged as a major problem to be tackled and prevented from further spread. Ecological awareness as well as the knowledge about the differences between organic and conventional farming increases. Consumers are more aware of and willing to buy organic products, which could be due to the transport of simpler messages from the sector to the consumer.

Consumer confidence in food quality: organic compared to conventional quality (PL, HU, UK, CZ, CH, IT): The spread of information about diseases (BSE, the bird flu, etc) together with the decrease in the quality of conventional agricultural products discredit industrially produced food. In contrast, consumers believe in the credibility of organic stakeholders, producers and farmers. Organic products´ quality is controlled. In the current climate of developing standards for the conventional sector, the organic sector which has largely tried and tested standards has the advantage. Also, it is far clearer what organic means when compared to the raft of food quality assurance labels that are arising in the conventional sector. Organic is considered to be a quality attribute. Consumers, citizens and producers add a high value to organic production. The entrance of other products from foreign countries could mitigate the qualitative standards. Therefore, consumers could have problems in recognizing the product quality. In this situation, organic farming could find some development opportunities.

Consumer confidence in regional and local markets and the traceability in food (UK): Regional and local farmers markets are increasingly popular in England and the UK. The local food culture and traceability of food offers consumer confidence (although not exclusively supporting organic farmers and processors).

Increasing wealth (PL): The expected economic growth, the resulting rise of the middle class (with its greater buying power and adherence to a healthy life-style) and the increased awareness of the benefits of organic food are supposed to open up new vistas for organic farming in Poland.

Organic farming as a "new concept for society" (AT, CH): Organic farming can serve as a "new concept for society".

Civic activity in favour a organic farming (PL).

Market

High interested and demand of food sector (processing, retailers) (SI): The domestic market demand for several organic products is surpassing the supply. Retailer chains are interested. Conventional processors are interested to develop organic product lines. Premium prices are paid for organic products.

Availability of organic products in conventional retailers (CH): Organic products are common in conventional retailers.

Development of market infrastructure (UK): Improvement of marketing infrastructure, producer structures and collaboration provides new opportunities.

Large organic farming sector allows efficient marketing (AT, CZ).

Development of new markets and marketing channels (EE, DE, IT, AT, UK, DK): There are new possibilities for trading, such as distribution technologies (internet etc.) and trade possibilities outside the usual retailers (public kitchens, business canteens, direct sales etc.). Visible purely organic retailing chains could also provide an opportunity. In the UK, the current action point in the English Action Plan to increase the amount of food sourced nationally offers a huge opportunity for the national organic sector development. Currently, the majority of food for the large market for organic products is imported from outside the UK.

Public procurement (SI, UK, DK, DE): Organic food has the potential to be marketed by public procurement (kindergartens, schools, hospitals etc.). As the healthy food agenda develops and changes in public procurement policy, there is great potential to increase the organic market share.

Export opportunities (IT): The external market judges food "Made in Italy" as high quality. An opportunity to exploit external markets results from the combination of the high quality food associated with organic farming.

The EU wide market (EE, CZ, PL) offers the opportunity for accession countries to offer their products to a wider market.

Marketing and logo

Better communication with consumers (DE, EE, HU, UK): Better engagement of consumers either directly or through education and local authorities is expected to increase market shares of organic food. Integrated educational measures, e.g. providing information about the distinctive profile of organic farming to young people through field days and summer working possibilities on farms, organic meals in schools etc., are provide an opportunity to engage consumers. A targeted bio-marketing and a good communication could raise consumers' awareness, eradicate negative attitudes, and develop special market segments.

Compulsory EU logo (AT, DK, IT): To guarantee traceability and transparency of production and food safety, a single EU logo including the national origin should be promoted. The existence of an EU-logo in cooperation with private and

national logos represents an opportunity for the organic sector. The general GMO and environmental debate strengthens the case for organics.

Knowledge

An opportunity for the organic farming sector is seen in **the potential of R&D to develop organic farming** (UK, DK, PL, DE). An increase in the amount of information and research regarding OF has been noticed. Academic research on organic farming and food processing (together with information campaigns) are expected to make professionals and consumers alike more knowledgeable about organic farming. Research increases organic farming's efficiency without slackening its principles. Policy makers increasingly accept the benefits of organic farming, as high quality research is demonstrating the benefits of the organic sector development beyond environmental benefits. Finally, research in organic farming may influence the conventional farming sector.

The good knowledge base in organic farming is an opportunity for organic farming (SI, HU, UK, PL): numerous farmers, advisory staff and consultants, other experts, organisations and individuals with knowledge, experiences, interest and enthusiasm for organic farming. In addition, the still existing traditional farming provides a good knowledge base for organic farming. In PL, the reportedly unsatisfying effects of state-sponsored advisory centres have propelled the establishment of private firms by academics and businesspersons.

A transfer of knowledge and international co-operation **due to EU-enlargement** will improve the performance of the organic farming sector. For the New Member States, this offers good possibilities to co-operate with EU institutions and organisations.

Development of tourist activities

Development of tourist activity on organic farming (SI, EE, HU). The environmental and economic situation of rural areas is improving, favouring tourism and increasing the demand for organic production. Organic farming could be the engine of a complex rural development. Organic farming could be the basis of a governmental strategy on eco-tourism (hotels, gastronomy, as well as tourist activities on organic farms) and the accompanying service industry. Organic farming could be an important factor of sustainable rural development with its capacity of creating new job opportunities, as for example experienced in Slovenia in the Ecoregion "Ape Adria".

C.4 Threats

Threats for the organic farming sector as seen by stakeholders of the organic farming sector can be summarised in the following groups:

- Political climate
- Societal trends
- Lobby
- Presentation of organic farming in public

- Environment and legal framework
- Market
- Consumers and organic products
- Poor standards and bureaucratic and false certification system
- Education and research
- Low profitability during conversion

These were summarised in Figure 3-6 and described in the following. Based on the ratings of seriousness and probability of each single threat from each country, a summarised rating was calculated as described in section 2.3.5. The resulting aggregate assessment of attractiveness and probability of groups (codes) were presented in Figure 3-7.

Political climate

Unfavourable political climate (DK, CZ, DE, UK): Subsidies are paid to conventional farming. The conventional lobby is strong and lobbying from conventional farming is massive. Organic farming opponents are strong and public support to government policy changes is low. The new government promotes genetic engineering instead of organic farming. There is a lack of allocation of resources. The overall EU agriculture support to DK is reduced.

CAP Reform 2003 (DK, DE, PL): The European Agricultural Policy indubitably had many shortcomings, although it had the advantage to offer a coherent policy that worked. The CAP Reform 2003 on the dairy market is a threat to organic farming. Extensification through CAP decoupling bears the danger of organic surpluses. Currently, there is no new policy that would adequately take into account the needs of new member-states to come and fill the void left by CAP. In spite of the numerous weaknesses and drawbacks of the current CAP, it does have some policies beneficial for organic farming, which might be removed when a new CAP is introduced. Increasing state budget deficits and financial resources (funds) also threaten organic farming.

Financial support for the organic sector decreases (CH, IT, HU, CZ) as public agencies lack resources. The state budget is low and the support through environmental programs decreases. On the European level, funds for OF are lacking because of budget matters and structural deficiency of the Public Administration. There is no convenience for farmers to maintain the organic agriculture system. The increase of costs (more work, certification costs and less product variety) and the decrease of support drive the farmers to leave the organic market. For example, concerning the certification system, the cost paid by farmers is higher than their benefits.

Unfavourable national policies (EE, CH): National policies are not paying attention to organic farming and are focussing only on the development of the conventional farming sector.

Inadequate approach of policy to organic farming (UK): Policy makers prefer dealing with reductionism science output rather than an holistic approach more suitable to organic farming.

Policy intervention is too strong: Incentives from public sources can lead to oversupply (CH).

Societal trends

Uncertain economic cycle (IT): The organic market in Italy is mature, experiencing a crisis situation expressed in decreasing growth. More generally, in a situation of a global crisis, consumers' attention and worries are not directed to food questions and consumers are not willing to pay premium prices.

Unfavourable demographic trends in rural areas (PL): Although rural areas can still boast a higher number of newly-born, there are less adults (40+) living in villages than in urban areas. However, young, educated farmers are unwilling to run farms and tend to migrate to the cities. Thus, there is a threat that in the future, being a farmer can be the outcome of a negative selection.

Farming structure, efficiency and organisations of farms (CH, PL, SI, AT, HU, CZ, EE): Family-owned farms - although still being the predominant model - are declining. This results in an increasing number of larger commodity farms (which are less likely to go organic) on the one hand. On the other hand a trend to part-time agriculture is observed. A threat to the organic farming sector also results from the low effectiveness of organic farms mainly due to the used technologies. Furthermore, poor knowledge of producers about organic farming leads to poor management.

Lobby

Lobby of the conventional sector (SI, EE, HU, UK): The conventional sector (producers, agrochemical companies) are intensively lobbying against organic farming to assure funds for conventional farming and for their own products. Organic farming actors who leave the scheme may pose a threat to the sector because they may feed the conventional sector proponents with bad news press.

Lobby of pharmaceutical firms and conventional medicine (PL): There is a strong pharmaceutical lobby in Poland; commercials keep convincing people that conventional medicine is going to cure their ailing, whereas it just alleviates the effects of their illnesses. Medicinal herbs, just like organic food, are still a novelty for the majority of consumers.

Lack of an organic sector lobby (IT, HU): The organic sector does not have a strategic vision and leaders have chosen the approach "few but good". It means to conserve the organic sector as a niche sector, to be afraid of growth in quantitive terms.

Lack of communication among organic stakeholders (AT, DK): Poor involvement among primary producers, e.g. membership of organic farmers in organic federations is low. Thus there is a threat that officials in organic farming, e.g. of producers organisations, loose contact to the farming base.

Organic farming is not well positioned in traditional agricultural associations (CH).

Growth of the organic farming sector may lead to a loss of identity for the organic movement (CH).

Presentation of organic farming in public

Scandals in organic farming (EE, UK, DK, CZ, AT, DE) pose a severe threat to the sector. Its reputation can be damaged by negative public references, e.g. caused by cases of fraud in production, processing and marketing. The market reacts highly sensitive to scandals as organic farming strongly depends on consumers´ trust and the demands of consumers with regard to organic process quality are high. Scandals occur if certification and control fails to detect problems but publishes results. Politics often deal inadequately with scandals. Inadequate transparency in food production poses the threat of organic fraud. A special danger is seen by stakeholders in those organic producers that farm organically only for support (farmers who are "smart" enough) and think they do not need additional information.

Low competence of media on organic statements (SI): Unprofessional, sensational and generalized reports and statements on organic food and farming in media can cause big damage to the organic sector.

Conflict or animal appropriate husbandry and organic (CH): There are discrepancies between "organic farming" and "animal welfare".

Environment and legal framework

The treat of **GMO contamination** (SI, EE, HU, UK, DK, PL, CH, AT, IT, DE): Genetic engineering establishes itself. If GMO plants are registered and certified, they will get into the public production. If the use of GMO and GMO-polluted seed in agriculture is allowed, there is a danger of a general contamination with GMO resulting in the impossibility of organic faming. Coexistence between GMO and organic is difficult. Dissected crop areas bear a high risk of contamination. As there is an intersection of conventional and organic farming; seeds and young animals are exchanged. If GMO residues are found in organic products, economics and trust of OF is undermined.

Changes in environmental conditions (SI): The pollution of the environment (climate change, water and soil pollution, biodiversity decline, etc.) and the practices of conventional farming (use/application of pesticides and synthetic fertilisers) are a threat to organic farming.

Hazardous waste (HU): The presence of hazardous waste repositories and industry increases.

Market

Competition on markets (increased EU, globalisation, WTO, power of large food retailers) (SI, CZ, CH, AT, DE, PL): Free trade and WTO agreements and concentration of capital and production may negatively affect organic farming. Environmental concerns are not integrated on global level.

Competition and economic pressure increases in the retail sector. Market power in the food industry and food retail is concentrated. Organic farming is increasingly pressured by prices of the food market. The ongoing structural change also seizes organic farming.

The import of competitive, cheaper organic farming products from the EU or international markets is a danger: national products can not compete. Polish producers experience difficulties when entering the organic food market of the EU (caused by the high requirements set by the EU). Czech farmers fear unfair competition and that Czech organic produce is not reliable for EU. **Competition with emerging countries and large food retailers (EE, HU, UK, IT).**

The growth of supply and demand is not harmonised. Supply and demand have not grown in balance and marketing problems occur.

Lack of technical and market information (UK)[1]: Quality market information is in short supply and the delivery of technical support can vary dramatically.

Lack of coordination among market actors (DE, EE): Producers and processors lack initiative to establish new types of production, processing or marketing. Also they are not willing to co-operate to be economically more viable; there is lack of trust in co-operation. Thus, market strategies diverge and competition and disaccord in the sector is high.

Weak market organisation (EE, SI, HU; AT): There are diverse threats in marketing: a lack of interest for the market production, a lack of market chains and market organisations in the organic sector, the danger of cheaper products from other countries etc. Furthermore, organic farmers have very few co-ordinated market activities. Market failures can extend from unorganized production side, one sided export orientation, and underdeveloped food procession. Furthermore, organic products are still costly due to the small quantities that make logistic prices high (e.g. EE). In AT farming structures are still not optimal for an internationalisation of the market.

Little diversification of market channels (CH): In Switzerland, two supermarket chains have 75% share of total food market, one supermarket chain 50%).

Competition of new labels (CZ): Little power of organic label and competition of new coming labels.

Consumers and organic products

The quality differential between organic and conventional products decreases (UK, DK, PL, AT, IT, DE) as organic farming becomes more similar to conventional farming. As conventional farming catch-up on organic on environmental issues (reduced application of pesticides and herbicides, increasing sustainability), the gap between organic and conventional is reduced. As conventional farming stops causing scandals, OF looses profile. The criteria applied to organic farming are continuously being diversified, which makes the existence of strict, binding criteria virtually impossible. Furthermore, the criteria applied to organic farming are sometimes degraded to such an extent that they threaten the obliteration of differences between organic and conventional or integrated farming practices.

[1] This threat was neither rated nor coded.

The comparability of the criteria regarding OF in the world is lacking. The market growth and the products standardisation have allowed also the distribution of non seasonal products (do not respect the natural seasonal cycle). In this context, consumers could have the perception of the levelling of qualitative standard and could perceive the conformity between organic products and conventional ones. The concept of "organic quality" could be banalised and weakened. Product origin brands (trade brands) are anonymised and the renewable product origin is globalised. Identity is lost through economisation.

Lack of processing of organic products (EE): The requirements for small-scale processing are high resulting in high investment costs and low interest of small-scale processors.

High organic product price premia (CH, EE).

Consumers are poorly informed (DK, SI, HU): There is a lack of information, awareness and knowledge on organic production, procession, products, basic principles etc. in the general public and in specifically important groups (farmers, experts, media representatives, trade, processors). Consumers are unaware and not convinced of the credibility of organic products, due to false information about bio-products. Low transparency of the market poses a threat to organic farming: labelling is confusing (misleading names, unclear state organic label, etc.), promotion is misleading, no information on the origin of products, etc.

Consumers and farmers habits as a barrier (PL): Tradition acts as a barrier. The habits of consumers and farmers alike prevent them from opting for a different life-style (for consumers) and change in the mode of production (for farmers).

Weak consumers' interest and willingness to pay (DK, CZ, PL, CH, DE, EE): Society changes and "green consciousness" in general is decreasing. The commercialisation of life, the seeming availability of choice of products and the increased pace of everyday life are making people less careful about the quality of food they buy and eat. Consumer interest in organic products is weakening. Support among consumers and politicians are stagnating. Furthermore, consumers have budget constraints (less money for organic products). They focus on price rather than on quality. The price difference between organic and conventional products is high. In times of economic recession, declining economic growth, a high percentage of unemployment, the pauperisation of society, the price sensibility of consumers is high. Consumers' demand is not meeting the expectations of organic producers, processors and traders.

Price for imported organic products are low and a discount wave in the food market is observed which poses a threat to the organic market. Furthermore, there is a concentration among retailers and processors.

Poor standards and bureaucratic and false certification system

Organic inspection and certification schemes and operation of control and inspection bodies across the EU are not harmonised (SI, EE, HU, UK, PL, DE). This bears the threat of scandals particularly concerning third country products. In HU, the product certification system is taken by foreign organisations. Regulations are very strict and inflexible: they are not giving exceptions to small production units, especially in processing. This leads to the closing down of small processing

enterprises and inhibits the establishing of new ones. However, small scale processing is considered the most suitable option for organic food. The organic control system is overloaded and bureaucratized and potentially interested farmers are discouraged by the inevitable control efforts. In Germany, interpretations of the Council Regulation in the Federate States vary considerably.

Education and research

A threat results from **deficits in education and training** in Germany, as workmanship skills are declining and knowledge is lost. In Italy, a l**ack of input for applied research** poses a threat.

Low profitability during conversion (EE)

Profitability is low, especially during conversion. This makes organic farming an unattractive choice for conventional farmers, thus threatening the growth of organic farming sector.

D Policy instruments: Detailed descriptions

D.1 Policy instruments to address weaknesses of organic farming policy

CAP reform

CAP must be re-organised: some of the CAP's subsidies earmarked for the agricultural markets should be re-directed to OF (PL). EU support shall be directed to **production form rather than** to production (yields) or **area** (ha) (DK).

The actual costs of conventional products must be transparent: **external costs of conventional agriculture must be taken into account in policy** (e.g. pesticide tax) (DE). CAP support should be provided only for agricultural systems, which ensure a low **environmental impact** (IT).

2nd pillar of the CAP

As OF is not integrated into the regional development, the establishment and an activity of regional services for OF must be supported (SI). Organic farming must be introduced into the regional development programmes as a national priority (SI). **Priority must be given to organic farming in all Rural Development Plans measures** (AT, IT, SI, UK) and in the allocation of public agriculture funds (IT).

As too much support is provided for the 1st pillar (AT), a concerted effort must be made for a much bigger Pillar I to Pillar II shift at next round of reform (UK). The 2nd pillar of the CAP must be **strengthened and improved for organic farming**, especially concerning **certification costs, investments** (IT) and **establishing regional services for OF** (SI). As the difference between the support for organic and conventional farmers is too small, the means from Modulation should be mobilised for OF (AT). Money must be committed to support organic farmers markets (UK). Support **payments should be orientated towards labour** and not only to area (AT).

Priority to organic farming in nature protection measures

In SI, participants stated that nature protection and OF should be linked. Tenders for Natura 2000-related and other similar projects must be made. Calls for project proposals (in all sectors) should include OF.

Link OF to other aspects

The link between organic farming and regional aspects must be strengthened, regional organic farming campaigns can be fortified (DE). The link to slow food and gourmet culture is important (UK).

EU constitution

The principle of sustainable development must be introduced into the EU constitution (IT).

Article 33

Austrian participants stated that, to improve the Organic Farming market structure, a network must be built for a common appearance of the OF actors.

Action plan development

Countries without an Organic Action Plan (SI, EE, CZ, PL) think that an **Action Plan** (AP) as a strategic programme-document must be implemented to emphasize the importance of OF.

A separate, special policy regarding OF should be introduced (PL). Polish participants found out two options: 1. stakeholders should develop an Action Plan; the initiative will have to be funded by state or EU funds; and 2. the government should be responsible for working out an Action Plan, which then must be consulted with producers' organisations and NGOs (PL).

A **coordinator** should be appointed by the government responsible for and supervising the working out and implementation of an Action Plan (PL). Participants from SI stated that the AP must emphasise organic farming as development opportunity. The AP must be designed and implemented OF as a long term strategy (EE). The allocation of needed funds is especially important.

In addition to an Organic Action Plan, a national sustainable policy document must be accepted as an obligatory state document for sustainable policy (SI).

In countries with an **existing AP** (DE, AT, UK), the whole organic AP must be re-energised. British participants stated that one should go back to the organic action points that did not get used in the main plan and were put in at the end. Austrian participants said a long-term Action Plan 2005-2010 should be implemented. In Denmark, an Action plan III following the two earlier action plans was considered to be good. A new organic Action Plan with new efforts in counties and municipalities should be implemented on key areas (DK). **A round table** "Action Plan" should be created and the **institutional setting of the AP must be improved**. (DE).

Link action plans of EU, national and regional level

Italian participants stated that Regional, Italian and European action plans and the forthcoming new National Regulation on Organic Farming on the subject of organic farming should be connected on the basis of their synergy. All should move on the same direction: only in this way it was possible to enhance organic farming opportunities. Furthermore, the representation of OF interests in Brussels must be improved (DK).

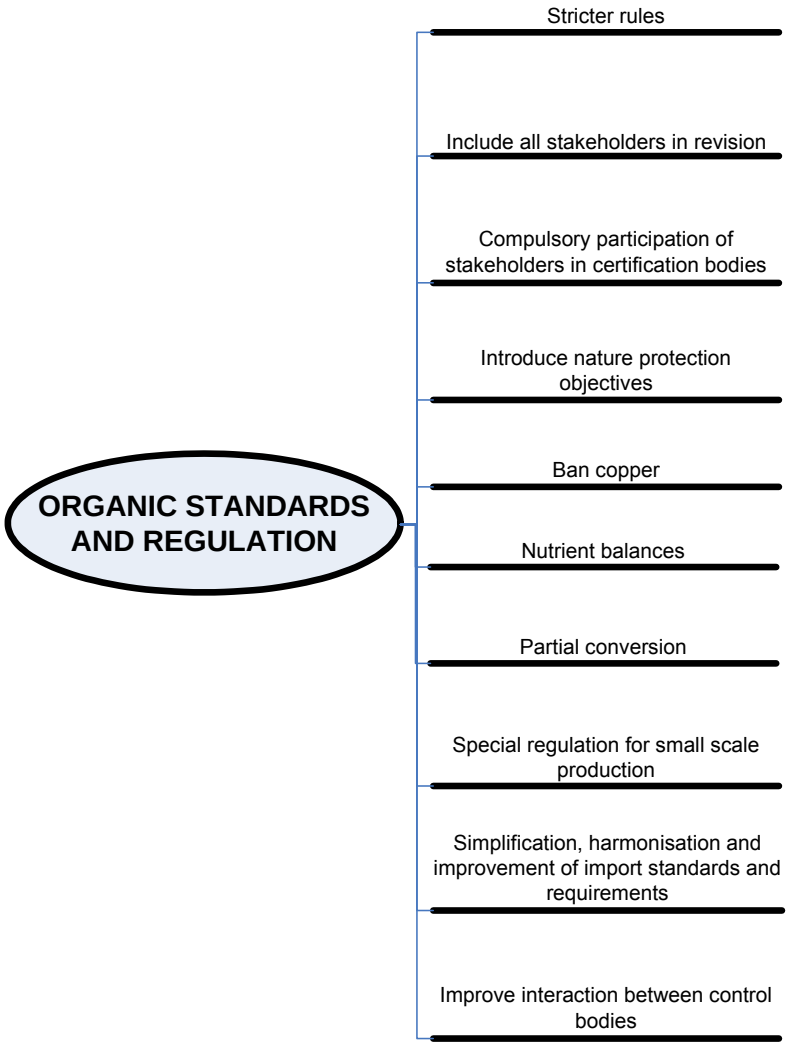

Figure D-1: Policy instruments to address weaknesses of organic farming policy regarding organic standards and regulations

Czech participants stated that standards for OF were not high enough (the difference between organic and conventional farming support was too small) Therefore, **stricter rules** and a new guidance system is necessary.

Standards must be continuously developed in terms of a continuous involvement against the advancement of the conventional practice (UK). German participants pointed out, that because of an over-bureaucratisation, the Council Regulation (EC) 2092/91 should be revised. Impact assessments for future modifications of Council Regulation (EC) 2091/91 should be implemented (DE). A workshop on the further development of 2092/91 as well as an appointment of an evaluation group implying all players would be useful (DE).

Concerning the standards development, standards must be developed by the organic sector, not by the government (UK). UK and DE stakeholders suggest to put the development of standards under control of organic movement (**include**

all stakeholders in revision). In addition, OF farmers and all stakeholders do not participate adequately in internal committees of certification bodies: **certification Bodies** should be made up of stakeholders in order to ensure transparency in the certification system (IT).

In DK, participants called for a tightening but also a simplification of production standards, exceptions should be avoided. **Nature conservation objectives** should be stronger integrated in OF regulation (DE). **Copper** should be banned on organic farms (CH). Regulation should be based on **balances of nutrients** (DK), rules should be relaxed on **partial conversion** (DK).

Legislation / regulation must be harmonized in all areas: agriculture, environment, health, regional development, tourism - with emphasis on organic (SI). German participants also stated that the EU-wide harmonisation of the Council Regulation (EC) 2092/91 must be further developed. On the other hand, Polish participants pointed out that, regarding the lack of special supports for organic farming in the New Member States, diversified criteria regarding OF products coming from different areas should be introduced. Participants from HU pointed out that OF regulation should be based more on stakeholder interest: **small scale production** and special products needed a **specialized regulation**.

A **simplification, harmonisation and an improvement of import standards** and requirements is important (DK, IT, SI). The procedures for authorisation of third country imports can be ameliorated (DE). Third country products must be controlled more strictly (DE).

German participants think that the interaction between national and regional (Länder) institutions could be better (**interaction between control bodies**). A Länder agreement and a concentration on the competent authorities is essential, competencies must be defined clearly.

General farming legislation

A Moratorium on Genetic Engineering must be made (CH). **Threshold** for GMO-T needs to be **reduced** (CH). Switzerland declares to be a **zone without GMO**. **Neighbourhood rights** are unclear: priority should be given to OF. A transparent regulation is needed for neighbourhood rights by legal expertise to guarantee values of producers and neighbours (HU).

Minimum ecological requirement

In CH, farmers can get subsidies if they comply with the “Minimum Ecological requirement”- Regulations (ÖLN). But: ecological **requirements** for all for all farmers shall be on a **high** level. The deviation of direct payments for organic production and ÖLN minimum state requirements is too low. The existing (ecological) requirements must be maintained. Swiss participants claim that the ecological direct **ÖLN payments must be reduced**. Lower (ecological) requirements must be linked with lower payments.

Organic farming support

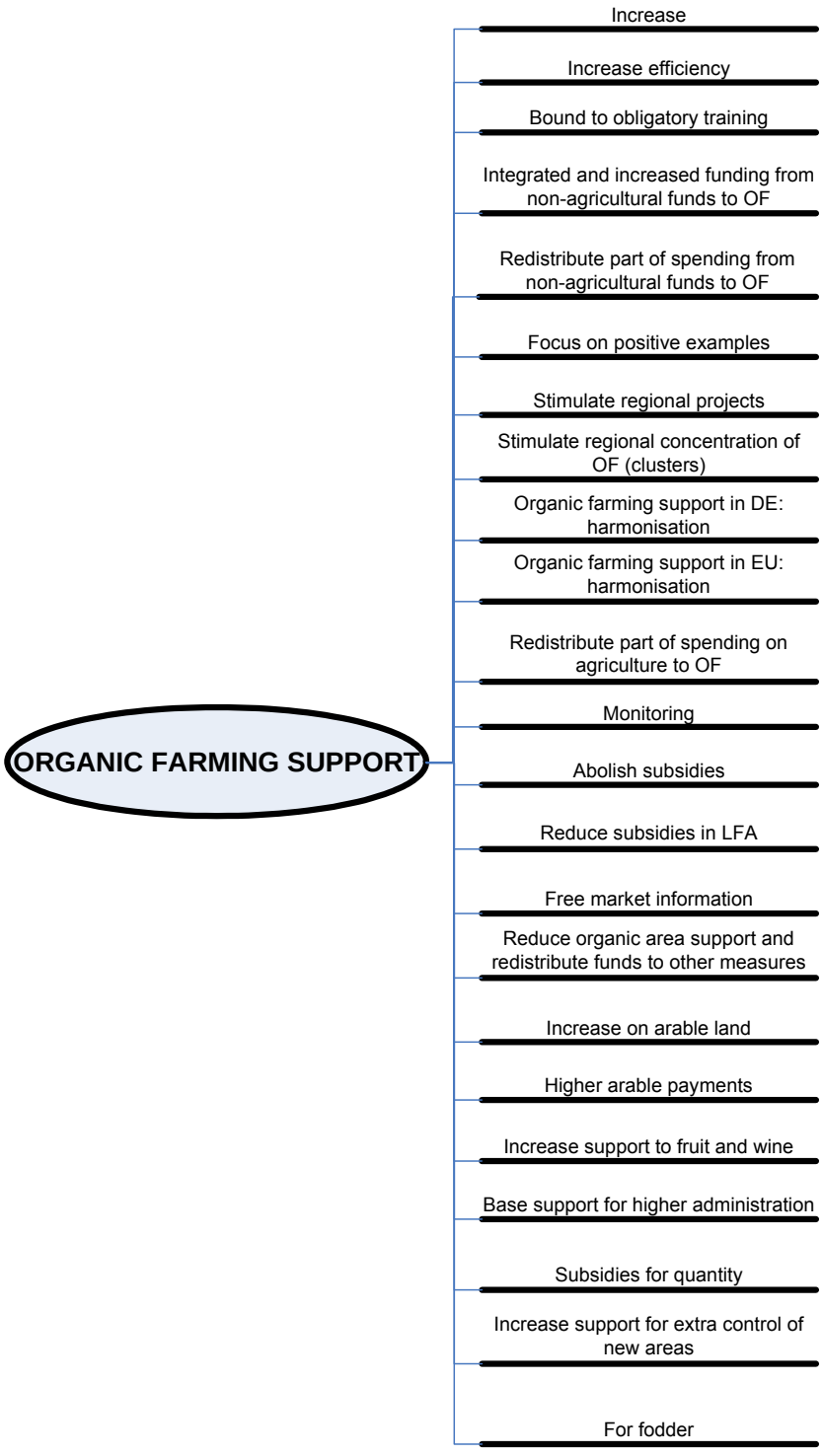

Figure D-2: Policy instruments to address weaknesses of organic farming policy regarding organic farming support

As resources for OF support are limited, **support for OF must be increased** (CH, DE, IT, PL, SI, UK). Resources to the organic sector must be allocated similar to that of support to GM (UK). The **efficiency** of support must be increased (UK). In CH, the deviation of direct payments for organic production and ÖLN minimum state requirements is too low: more payments must be made available for organic farming.

To address the fact that there are not enough **training** possibilities for farmers, Estonian participants proposed to include the support of obligatory training (education) in the support requirements.

As the cooperation between the sectors is insufficient, state budget means of different sectors must be linked to encourage the **communication between OF sectors** (SI). **Part of the spending from non-agricultural funds must be redistributed to OF** (UK).

A stronger focus should be put on incentive programmes: good (innovative) ideas must be supported (**focus on positive example**) (DE). To address the fact that OF is not integrated into regional development, **regional development projects** in the regions should be stimulated as initiators of common investments for support to organic farming (SI). The regional concentration of OF should be stimulated; there must be tenders for establishing OF business **clusters** (SI). Participants from CH want the Kantons to develop regional guiding principles and to define Bioregions.

Harmonisation of organic support in Germany and EU is important. In DE, federal restrictions must be suspended. Approved range of support rates of EU area support in (min-max) in Germany and the EU would be helpful (DE).

At the next round of CAP reform, a concerted effort must be made for a much bigger Pillar I to Pillar II shift (UK, AT). By means of Cross-compliance, 100% of the **payment coming from the first pillar must be transferred to the organic sector** (IT). Money from modulation must be committed to organic. Italian participants stated, that as Member States may retain up to 10 % of the component of national ceilings referred to each sector to grant additional payment for specific types of farming which are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products, part of the 10% of the amount allocated must be redistributed to organic and to the certification of small farms (modulation and art. 69 Reg. (EC) 1782/2003). UK stakeholders propose to institute a **monitoring** system in order to demonstrate where policy is supporting the sector.

With a surplus of subsidies, there is not motive to be effective: therefore, emphasis should be put on market orientation instead of dependency on area support (CZ). As direct payments slow down structural change too strongly, participants from CH actually proposed to reduce direct payments and to **cut down all market support**. **Subsidies in Less Favoured Area** can be **reduced** because it is not market-orientated (CZ). **Free market information** must be provided (UK). You must not interfere directly, but provide market information for free. **OF area support can be reduced and redistributed to other measures** (CH, DE). Subsidies must be orientated not only on the surface, but also at the use of labour (AT).

As the percentage of OF in production areas is low, **subsidies on arable land** must be increased (CZ, CH). Area payments for organic **fruit** and **viniculture**

must be increased (AT). Higher support must be provided for research, education, consulting and **administration** (CH). Subsidies must be provided for processing/**quantity** (CZ). Support **for extra control of new areas** must be increased (DK). Roughage direct payments (**for fodder**), linked to clear ecological requirements, are important (CH).

Eco-consumers' NGOs: specific support

NGOs, including the so-called eco-consumers' NGOs, need to be supported by special funds earmarked for them (PL).

Policy participation

Organic actors must **contribute to the decisions on funding distribution**. The responsibilities of subsidies should be conferred on the "Organic Leaders" (DE).

Create OF body at Ministry of Agriculture

Participants from different countries stated that an OF body at the ministry of Agriculture was missing.

Italian participants stated that a **national committee** at the Ministry with internal and external experts must be created. This should contribute to define the strategies for organic farming policy at the national level. An OF body at the ministry of Agriculture should be responsible for **monitoring, planning and policy**.

Polish participants also think that OF should have its own **department** at the Ministry of Agriculture. This department should be responsible for, among other things, the promotion and logistics of OF products. Furthermore, a position of a secretary of state regarding OF should be introduced. Regular common meetings between the Council of Organic Farming (at the Ministry of Agriculture) and the parliamentary Commission of Agriculture and Rural Development should be introduced, from the latter of which at least 10 representatives would be obliged to attend each meeting. For CZ stakeholders, departments of the Ministry of the Environment and Ministry of Agriculture could be **fused**. The Ministry of Agriculture, Ministry of the Environment and Ministry for Regional Development could be integrated into a "Ministry of Countryside" (CZ).

Create national observatory

To counter the mistakes committed during the promotion and logistics of organic farming produce and the lack of statistical data and information, a National Observatory on organic farming must be created for the collection and diffusion of statistical information. It should also supervise the structural market situation and collect economical and scientific knowledge of the sector. The Observatory should provide an informative support to the administrations and to economical actors to promote consumers organic perception and ensure institutional communication (IT).

Polish participants proposed to make a database for Organic Farming available (i.e. via internet). In that database, both governmental and non-governmental organisations should be responsible for working out and disseminating the information. Austrian participants also think that substantial statistics about OF must be made easily accessible (AT).

Political commitment

A clear commitment to OF as a mission statement for agriculture is important (AT). **Quantitative targets in political programmes** should be defined together with concrete actions for their implementation (it can not be just a generic statement) (AT).

It is important to define a vision and guiding principles for Swiss Agriculture (CH). Regional policy development and implementation must be strengthened. **Local activity must be co-ordinated to influence local decision making** (UK).

Policy impact assessment

Czech participants stated that advantage should be taken of a monitoring committee to evaluate the impact of subsidies and its improvement.

Co-operation development

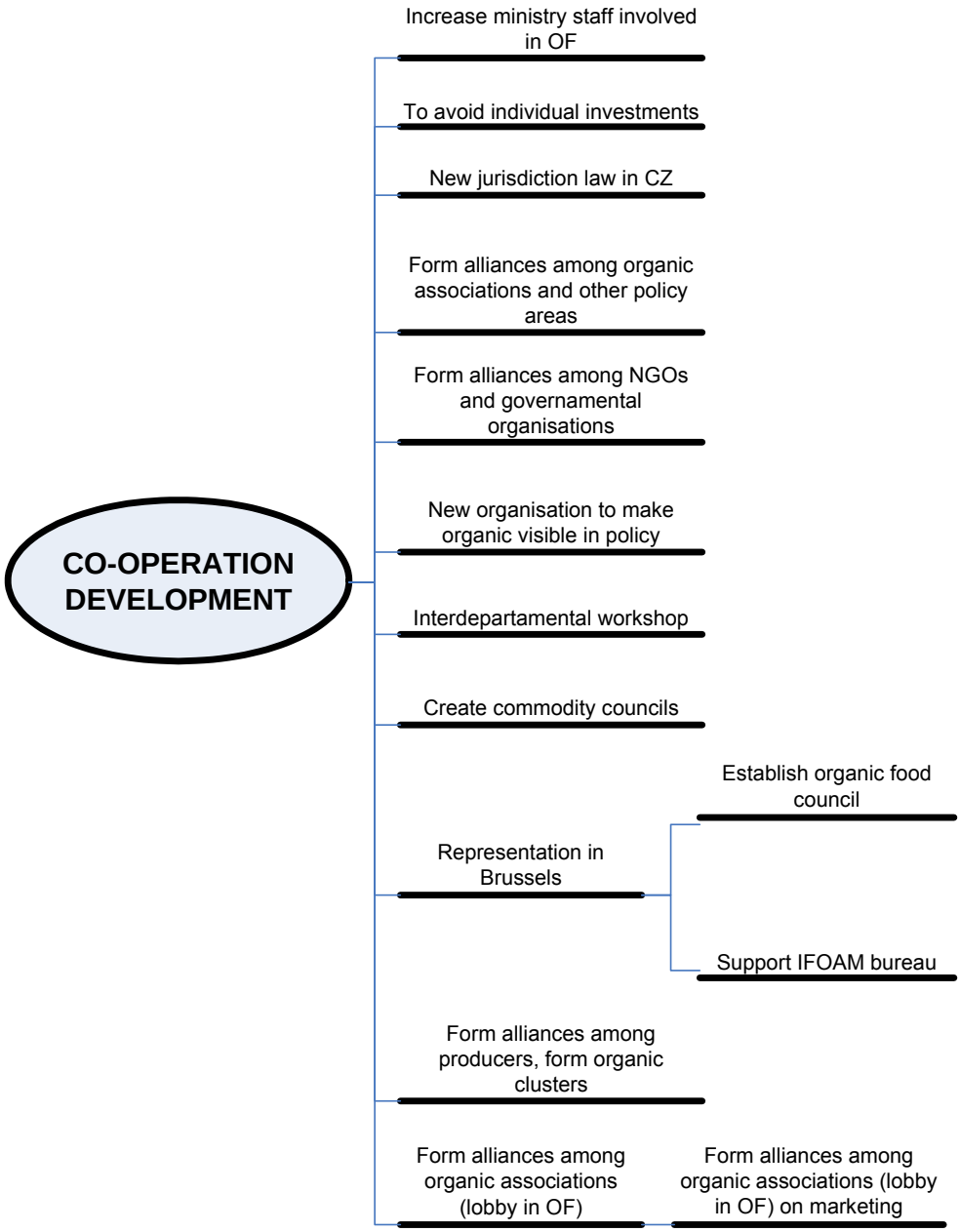

Figure D-3: Policy instruments to address weaknesses of organic farming policy regarding co-operation development

Lack of Co-operation was mentioned as an important weakness. To address that point, **alliances** among organic associations (lobby in OF) **on marketing** must be formed (CZ, DE, EE, PL, HU). The co-operative activities in marketing (state guarantees to the loans, financial support) need to be supported (EE).

Concerning the state activities and support**, t**he **staff number in the Ministry of Agriculture** (MoA) working on OF is too low and should be increased (EE). Cooperative activities between organic farmers must be supported and promoted through training and financial means **to avoid individual investments** (EE).

From the organisational point of view, to avoid a very slow implementation of the OF law, a **new jurisdiction law** should be adopted (CZ). Specifically, a National Association of Organic Food Producers needs to be founded in order to lobby for a better legislation regarding OF (CZ, PL) (**form alliances among organic associations and other policy areas**). The law on OF should regulate the coming into existence of a special commission, which would reinforce the dialogue between **civic organisations and representatives of the central and local governments** (PL). Furthermore, NGOs of the watch-dog type (i.e. monitoring the policy-making processes and advocating for legislation beneficial to OF) as well as NGOs lobbying for OF have to be founded and supported (PL). Danish participants also stated that new/ changed **organisations** were important to **make organic visible in policy**.

The state should support the founding and functioning of a common forum, where business firms, NGOs and other organisations dealing with OF can come together and discuss relevant issues (PL). A roundtable for the nationwide marketing would be interesting (DE). Czech participants said that the creation of coalitions related to problems should be initiated and proposed to organize **interdepartmental workshops** and functional **commodity councils**. Danish participants suggested the establishment of an **Organic Food Council within the EU**, similar to the very successful forum for discussion in DK, and an **IFOAM bureau in Brussels.**

Concerning co-operation between OF stakeholders, **organic clusters and networks** from farmers, eco-food-producers must be formed (AT). The eco-scene must stand up together. **A stronger union of organic associations** is important (DE). Therefore, national website would be helpful (AT). Co-operations with NGO must be taken advantage of for the Organic Farming's promotion (CZ).

Capacity building

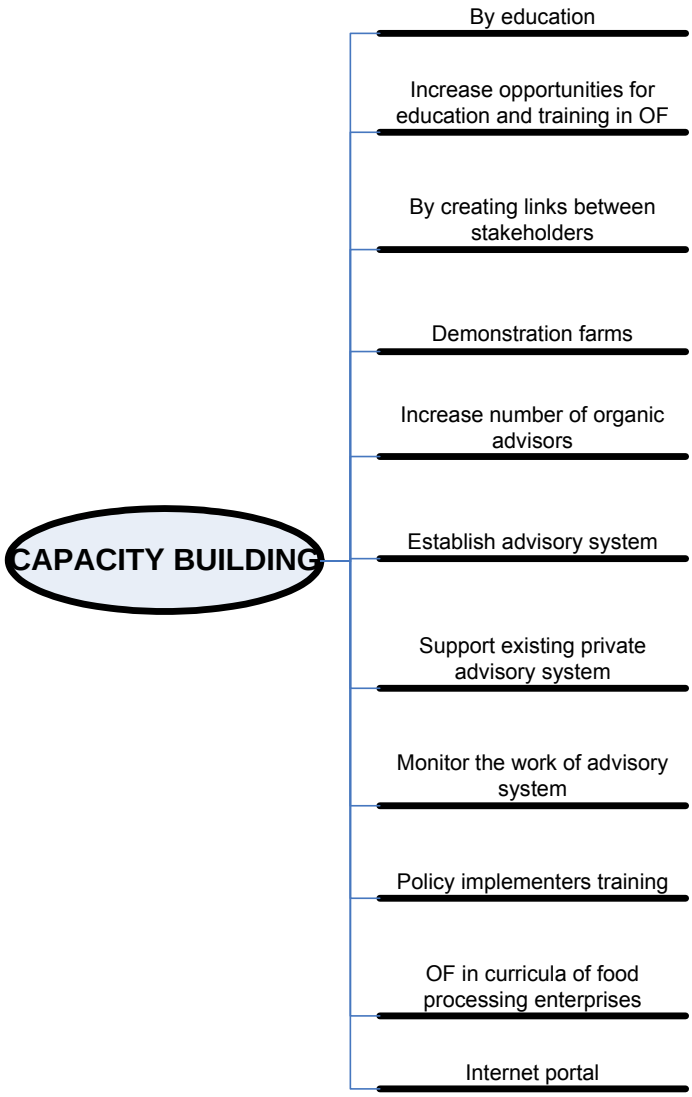

Figure D-4: Policy instruments to address weaknesses of organic farming policy regarding capacity building

Schools and Universities: a proper **education** programme for Organic Agriculture is needed (CH, HU). Basic principles of ecology, system theory, sustainable development and OF should be taught in schools. All levels of education and professional education must include the rudimentary knowledge about OF (HU). Different organic farming contents must be introduced in the curriculum of agricultural and food colleges, vocational Schools as well as into universities and faculties (Medical Faculty, Agricultural Faculty, Biotechnical Faculty, Veterinary Faculty...) as an obligatory and independent subject (SI, DE). Foreign professional training organizations should be invited. The latest developments of OF should be tracked and channelled to the education system (HU). DAAD-scholarships for students of organic farming in Universities and Universities of Applied Sciences should be given (DE). Informal education and NGOs must be supported (SI).

Farmers: organic education should be integrated in the general education of all farmers (CH). As OF is not adequately present in schools and in the education

system, a **permanent training for organic farmers** like pilot organic farms, or educational and promotion centres must be provided (SI, EE). Producers, but also to processors and traders must be trained on cooperation (**creating links between stakeholders**) (EE). An advisory practice (i.e. regional trainings) for organic farmers who wish to learn how to apply for subsidies from the EU needs to be established (PL).

Specific skills or mechanisms of organic farming must be included in vocational training and education of farmers and processors, etc. (DE) and **demonstration farms** (AT) could support all capacity building efforts.

Advisory services: as there is a lack of professional advisory services in OF, regular courses must be organised (funded and supervised by the EU) to be attended by local advisors (PL). The **number** of OF advisors in the agri **advisory service** must be increased (SI). A stabile state supported **advisory system** must be **established** (EE). In PL, participants suggested to introduce local units specializing in OF and located on a county level. Furthermore, the idea is to i**ncrease the amount of public funds** earmarked for **advisory services** regarding OF (PL). To stimulate interest in OF, a proactive approach of agricultural advisory service from the viewpoint of environmental and health needs is important (SI). Regular **controls** of the existing local advisory Centres must be introduced and special attention must be paid to the extent to which they fulfil the tasks related to OF (PL). Polish participants also suggested to introduce - in addition to the existing local advisory centres - a system for financing of private advisory centres specializing in OF.

Politicians and administrative staff: the administrative staff working in governmental institutions responsible for OF sometimes lack the necessary skills and knowledge needed for this type of work. Therefore, their skills need to be honed in order to improve the institutions themselves (PL). An **education** programme for those in **policy implementation**, policy officials, administration staff and stakeholders must be implemented (UK, HU, PL). Furthermore, the quality of work done by clerks responsible for the implementation of the legislation and the control of the certifying firms needs to be supervised, too (PL).

Others: an academy for organic farming must be set up (Academy for Nutrition Safety) (DE). **Organic farming should be included in the curricula of food processing enterprises** (DE). A common **web portal** or a regional info office must be implemented (AT, SI).

Organic market development

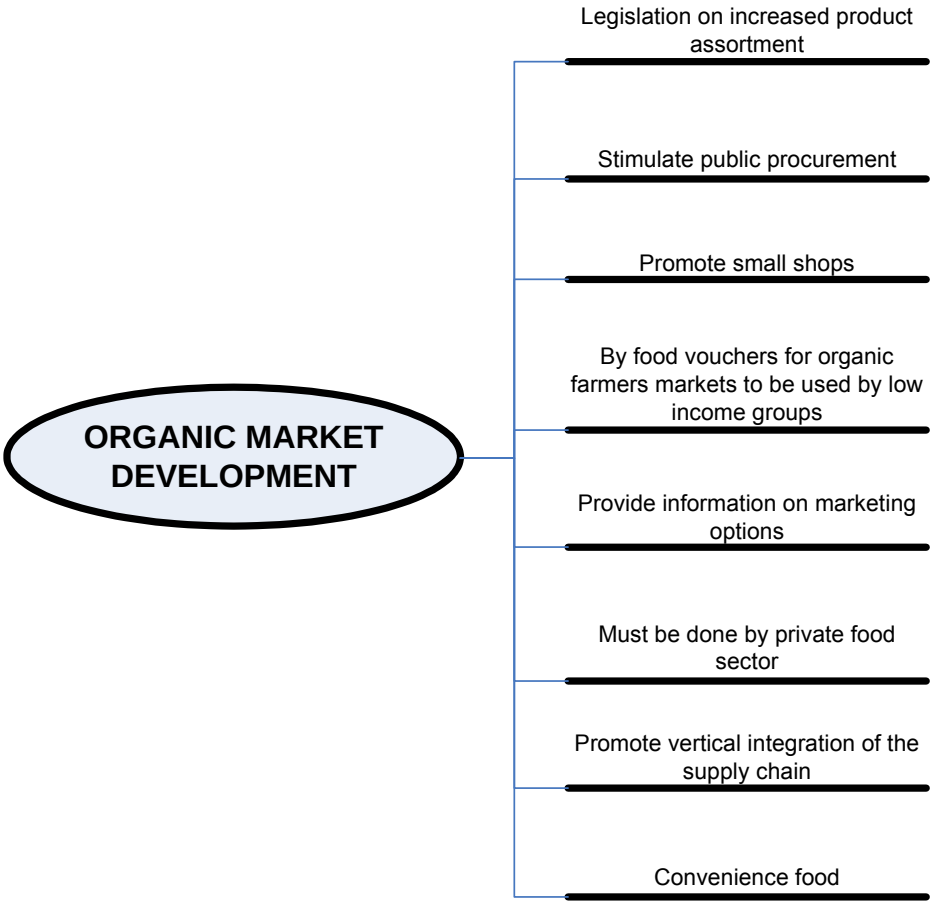

Figure D-5: Policy instruments to address weaknesses of organic farming policy regarding organic market development

As insufficient marketing activities were mentioned as an important weakness, effective marketing subsidies to **support marketing initiatives** are important, e.g. for logos, branding, consumer information, price policy, **product assortments** (DK), training, **information materials** etc. (HU, EE). Agro-marketing must be extended, a multi-channel trading system must be built up (HU, AT).

The **public sector** must be obliged to buy organic products – therefore, grants can be given. (DK). National and local programmes for the introduction of organic food in public kitchens, schools, kindergartens, nurseries, church facilities should be applied (EE, DK, DE). Especially, as there is a lack of overall food quality/ food culture policy, a reform of school meals is essential (UK). Moreover, organic food must be served at high level state receptions (EE). Clear objectives on conversion to organics in public sector consumption must be formulated (DK). E.g., Italian participants proposed that the use of organic products in public canteens should be compulsory by 2010 (IT).

A specialist should be appointed to develop a marketing agency (CZ). Effective marketing subsidies are important (for a logo, branding, consumer information, price policy, product assortments, etc.) (HU). Marketing initiatives in OF must be strengthened an marketing activities must be professionalized (AT).

A nationwide organic food market (or a net of local commodity markets) should be opened, which is supported by European or Polish state funds (PL). **Smaller shops**/outlets must be encouraged, where emphasis is put on food quality. Social intervention and **support,** especially for **low income groups**, is important (e.g. **food vouchers** for organic farmers markets, school budgets) (UK).

An overview on marketing possibilities could be prepared, including a study of the national conditions and an overview of foreign experiences (EE). **Promotion for organic food** should be done by the **Private Organic food sector** (CH). A sufficient infrastructure for marketing of organic products does not exist in AT and must be created. Marketing initiatives and strategies must be strengthened (AT). A good economical and entrepreneurial strategy in the organic sector is **to promote supply-chain vertical integration**. If the objective is to increase organic consumption, relations among production and processing system and marketing of organic products should be made more efficient & effective (IT). As UK is by far the largest consumer of 'ready made' meals in Europe, emphasis must be put on organic **convenience food** as well.

Communication with consumers

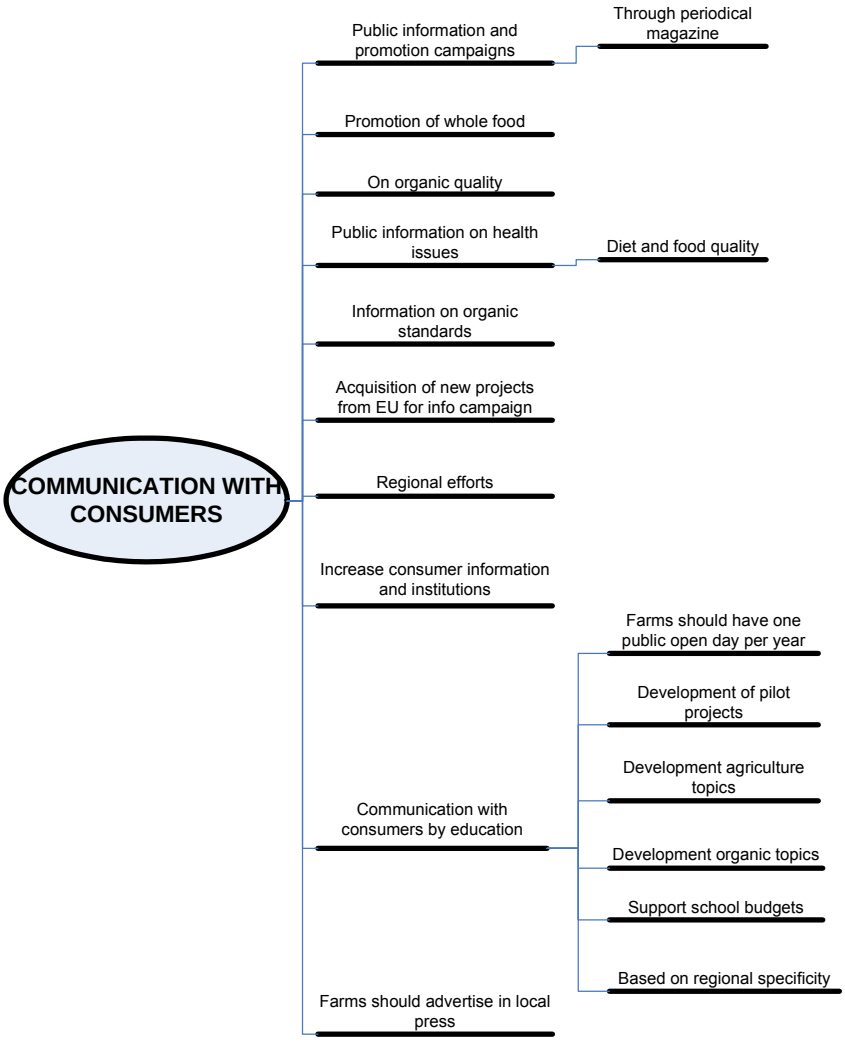

Figure D-6: Policy instruments to address weaknesses of organic farming policy regarding communication with consumers

Many countries stated that a national **promotion campaign** for organic products must be initiated. This effective wide-scale promotion campaign must include media information (tv, newspapers, radio, internet), booklets, consumers training etc. (EE). The aim of the campaign should be to inform consumers, schools and other key actors in the food chain, about the merits of organic farming. The campaign must focus on its environmental benefits, organic products prices, organic products quality, the way certification systems operate (IT). Another aim must be the increasing of consumer awareness and the recognition of organic products, including recognition of the EU logo (IT).

The differences between Organic Farming and Conventional Farming must be described transparently (CZ). **Whole food** should be promoted (UK). Attention must be drawn on the process quality of organic farming (DE). Existing initiatives that can be related to OF (e.g. "healthy cities") must be used (SI). Focussed on **diet and food quality**, OF products can play an interesting role in Health policy (UK).

Publications, incl. periodical magazine must be implemented. Support must be provided to the publications (EE). Celebrities (athletes, artists) should be acquired for testimonial purposes (DE). An information system for consumer must be created (CZ), where statistics about OF is accessible for the public (AT). **Information on organic standards** should be provided to consumers (DK) and **new projects from EU for information campaigns** (CZ) need to be obtained. Common promotion activities of local communities are particularly important on **regional level** (SI).

The campaign must be financed by **increasing subsidies for consumer information** (DK, DE). It can be financed by the Common Agricultural Policy or by other European Funds (PL). In the range of the campaign, a logo of OF products should be worked out and promoted (PL). Information and advertisement measures can be co-financed by the players of organic farming (DE).

Organic Farming must be incorporated into the system of **education** (Ministry of Education) (CZ) . Organic farming contents should be introduced into natural science curricula of kindergartens, all kinds of schools and universities (SI, UK, DE, AT). **Pilot projects** in eco schools and healthy schools must be supported (SI). **Regionally** adapted education and training on OF is of special importance (SI). Pupils must get in contact with agriculture: **farm visits** must be offered and all farms must have one public open day per year and **advertise in local press** (UK). Each 9th grade makes a 2-week internship on an organic farm (DE). Food education in schools should be given a higher priority (UK). BIO products should be introduced to kindergartens as well (CZ). In addition, **agriculture topics** and **organic topics** should be introduced in school education (DE, SI, PL). From this point of view, **school budgets should be supported** (UK).

Organic certification system

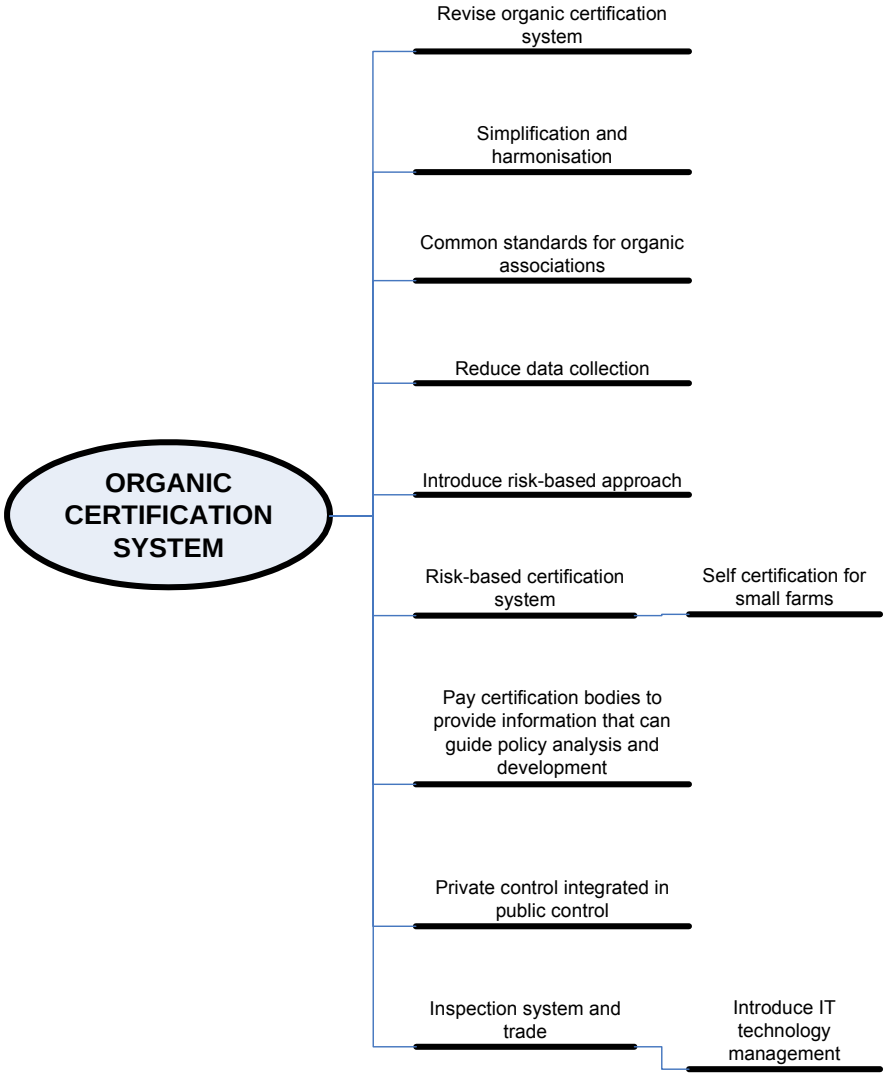

Figure D-7: Policy instruments to address weaknesses of organic farming policy regarding the organic certification system

For organic farming inspection and certification, a **review** of the documentation is needed (EE, PL). Too address the weakness of a high bureaucratisation, inspection procedures must be improved by the compulsory use of computerised systems. A common protocol should be agreed in order to have a better information management (IT). Moreover, common computer-based QA-systems of the organised German food industry should be implemented (DE).

The forms for OF support and certification must be **harmonised** (EE). To address the weakness of a varying implementation of the EEC organic regulation, coordination between the Member States is important as well as a centralized monitoring, and the accreditation of control (DE). A common objective agreement and risk-orientated implementation is important (DE). As well, bigger units of regulatory authorities should be implemented (DE). To approach the problem of an insufficient cooperation of the players, a platform for a common development of

guidelines of certification by eco/organic associations should be implemented (DE/ AT). **Common standards for organic associations** are important (DE).

The control-system must be improved by **reducing the data collection** and introducing **a risk-based approach** (EE, IT, DE). Small farms are not able to sustain the high costs of the inspection/ certification system. If farmers produce and sell just at their place or at local markets, a **self-certification procedure** and random periodical controls system should be foreseen. Simplification in procedures means improvement in inspection/ certification system (IT)

The system of control of institutions responsible for the promotion and logistics of OF products must be improved (PL). The existing institutions need to be controlled in order to rationalise their functioning (PL). Certification bodies hold wealth of information that can guide both policy analysis and development as well as market information (UK). Therefore, they must be **paid to provide information.** In order to achieve a rational and efficient use of the resources, and participation objectives, **private inspection systems** must be integrated with a **public one** (participation) (IT).

The inspection system must be made more transparent to consumers. Once the inspection data have been computerized, it is possible to show the **results on internet**: it allows an improvement in transparency (IT). A **public database** for **trade and inspection system** needs to be introduced to know the situation of each farm & firm in the inspection system in real time. Data collection could be carried out by a private structure since the public one is still not able to reach the goal (IT).

Labelling

The weakness of poor consumer information and labelling problems can be faced by a new **regulation** which would introduce a special logo for organic products, to improve the marketing possibilities (PL). The use of the **EU-logo** must be prescribed to support an appropriate communication to consumers (eventually with a new logo) (DE).

The national regulation for OF should concentrate on avoiding misleading claims/labelling (CH). A major initiative on labelling in all sectors should be started (UK). To avoid false and insufficient communication to consumers, labelling must provide **transparency** of where and which added value is achieved (DE). Source and region and ingredients in processed foods should be marked on the products (UK). Differences in safety and quality between organic and conventional products must be highlighted (UK). British participants had the idea that foods should be labelled with **applied pesticides**.

The bureaucratization of the certification system must be reduced (DE). The improvement of transparency should be controlled by consumer protection (HU).

Research and Development

Figure D-8: Policy instruments to address weaknesses of organic farming policy regarding research and development

Participants from different countries pointed out that there was not enough scientific research on OF (research in general and for society benefits).

Political support for research in OF is too weak. A **national research programme on OF** is missing and should be established (CZ, EE, HU, SI). It was demanded to put Organic Farming in a permanent part of Ministry of Agriculture's research programs. **Organic governmental research institutions** or a national agency for agricultural research in OF (**academic research institute**) must be established (CZ, PL) as well as a financial fund for OF within the national Target Research Programme (SI).

Concerning funds, according to the German stakeholders, allocation should be orientated **at national objective for OF**. Estonian participants pointed out, that **state funds for co-financing of international projects** should be provided. Research on OF should be **co-financed by EU, state, and region** (IT) and by **different sectors** (SI). Participants from SI had the idea of an **income tax relief** for enterprises supporting organic research. Polish participants pointed out that OF research could be supported through a **pesticide tax** and that a system of custom-grants especially earmarked for research on OF should be established. In general, **funds for OF** should **increase** (CH, PL).

Concerning the different type of research**, the comparative advantage of OF** is not pointed out adequately (CZ, UK). The justification on OF support needs more rigorous/ scientific evidence of its benefits. Research must be more focused on **food quality and safety, animal welfare and resource protection**: A "best practice institute" could be established (UK). As R&D is not related to direct market needs, more emphasis should be put on **consumer expectations** (UK). An accentuation of R&D on **production methods** and plant protection would be useful (DE). Specific **regional conditions** are not enough investigated (SI).

Co-operation between the sectors is lacking; therefore projects must be adjusted on state level (SI). **Communication** in R&D must be improved (DE). Research information must be comprehensively collated and **disseminated** (UK).

Processing

As processing and the distribution of organic food are underdeveloped, processing should be **supported.** Such support measures must be extended respectively (i.e. **investment support**) (HU, CZ). The distribution of organic food must be supported (CZ) and **support for medium-sized processors** must be improved (DE).

Investment support

Organic farming investment must be developed (SI). Programme measures could be favourable loans, investment grants, as well as a priority criteria for the allocation of means for organic farming (SI).

To face the weakness of a low investment capacity, local governments must be encouraged to support targeted investments, e.g. private public partnership (EE). As well, higher investment support, and loans given to cooperatives with state guarantee (or supported interest) specifically for OF would be useful (EE).

Tourism

An integrated regional info office for tourism, agriculture and regional development should be instituted: when it comes to a common interest on regional level, things "get moving" – with a state support (SI).

Charges, taxes, insurances

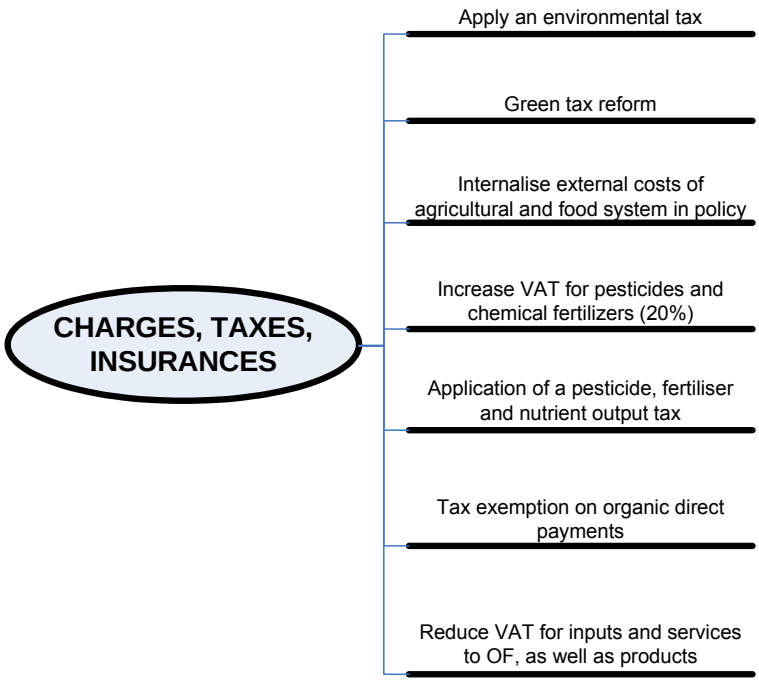

Figure D-9: Policy instruments to address weaknesses of organic farming policy regarding taxes charges and insurances

As the present taxation penalises OF and favours conventional farming, a different taxation policy is important.

The possibilities of **environmental taxes** must be used (SI, UK, DK) ("**Green Tax Reform**"). To implement the "polluter-pays-principle", a visualization of external costs of conventional products must be aimed at (DK). **External costs of agriculture and the food system must be internalised** (UK). **VAT for pesticides and chemical fertilizers** must be **risen** (SI, DK). **Taxes** must be imposed on a surplus of **nutrients** (DK).

A tax **exemption for organic AE payments** should be considered as well as for organic food products (SI). Also, for organic farms, a **VAT reduction/exemption** on **inputs**, certification services and catering must be aimed at (SI, IT, DK).

D.2 Policy instruments to take advantage of opportunities for the organic farming sector

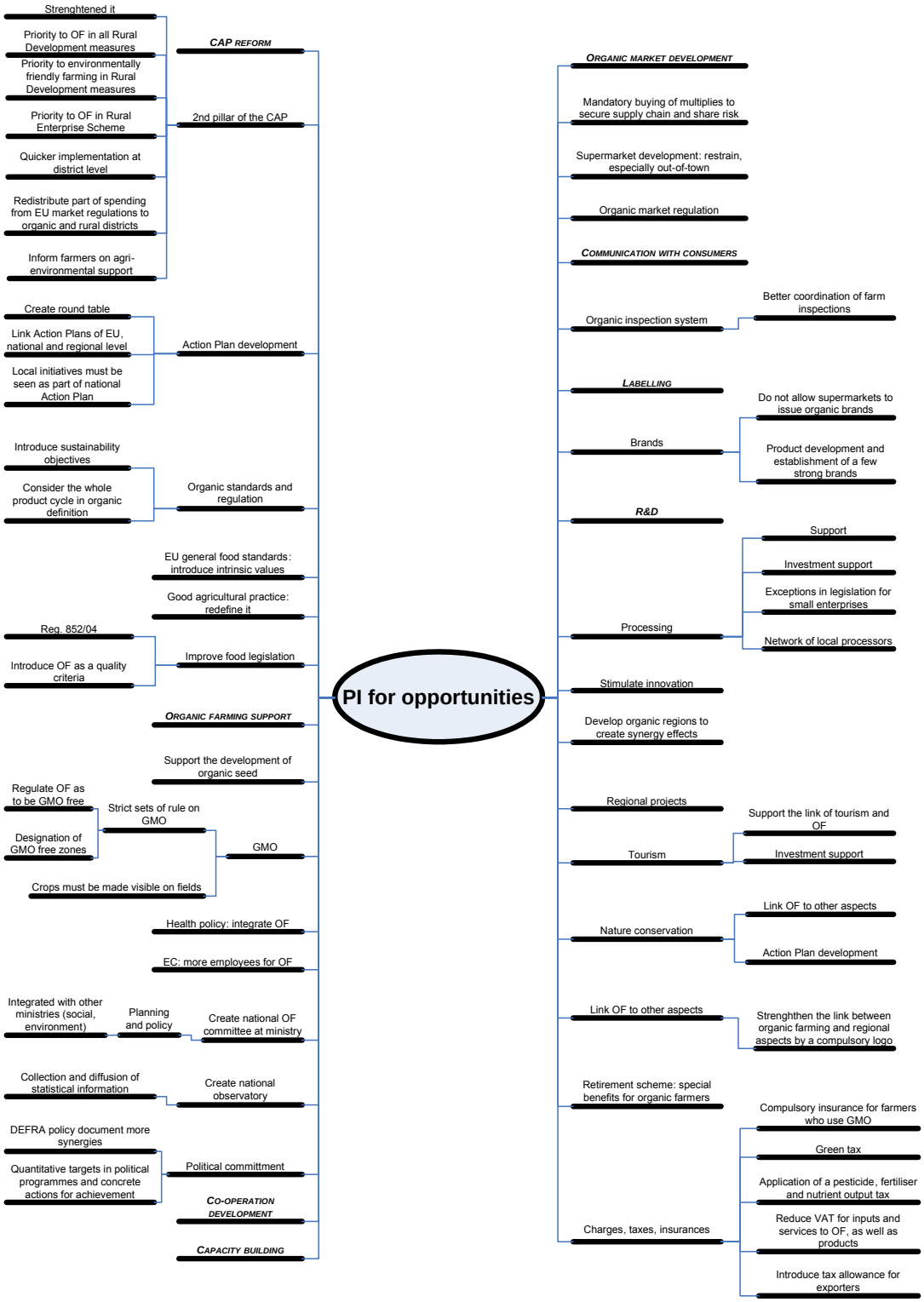

Figure D-10: Policy instruments to take advantage of opportunities: summary visualisation

CAP reform

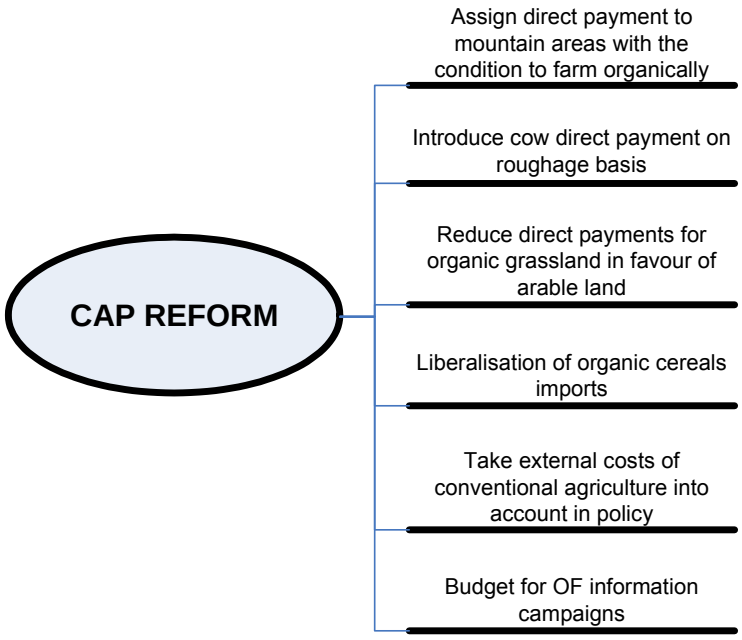

Figure D-11: Policy instruments to take advantage of opportunities for the organic sector regarding CAP reform

Subsidies for OF should be strengthened. In mountain areas in Switzerland preconditions are favourable for organic agriculture (especially grasslands). Stakeholders from CH thus suggested to assign **direct payments to mountain areas** with the condition to farm organically. They also proposed to introduce **cow direct payments** on roughage basis and **to reduce direct payments for organic grassland in favour of arable land** (CH).

It was also suggested to **liberalise organic cereals imports** with the aim of having more organic meat production (CH).

Danish workshop participants stated **that external costs of conventional agriculture must be taken into account** in policy and that **OF information campaigns** must find their way into the budget.

2nd Pillar of the CAP

Multi-functionality of organic farming can be the engine of sustainable rural development.

Workshop participants from different countries stated that the 2nd pillar of the CAP must be **strengthened** (CH, UK, AT): as the rural development and agri-environmental budget available is too low, a bigger shift from Pillar I to the 2nd pillar is essential (UK). Stakeholders from CH stated that more "greener" direct payments criteria (Green box) are important.

Stakeholders from many countries agreed that **priority must be given to OF/ environmentally friendly farming in all Rural Development Measures** (AT, DK, EE, HU, IT). Rural Development Measures must be strengthened with

consideration of consumers need (tourist activities, eco-tourism and wellness). By that, it also offers job opportunities (HU). Modulation must be exploited: means released by Modulation should be shifted to OF (AT). Priority must be given to organic farming in the **Rural Enterprise Scheme** (UK).

Danish stakeholders called for a **quicker implementation at the district level**, meaning a quicker transition from production subsidies to rural district support and for a **redistribution of part of spending from EU market regulations to organic and rural districts**.

Farmers should be informed on agri-environmental support (HU).

Action Plan development

In countries without a national Action plan (AP), an AP must be designed and implemented (CZ, EE).

Czech participants suggested a common support program of sustainable development drawn up and funded by the Ministry of Agriculture and the Ministry of the Environment. A **round table must be created** (Action working group), which has to keep an eye on the development and inform MoA and MoE. Ministry of Agriculture workers must take the responsibility for the AP (CZ).

Italian participants demanded to **link the European Action Plan, the Italian Action Plan, the Regional Action Plan** and the new Italian Regulation on the basis of objectives, resources and actions (synergy).

A legislation should be introduced, which would make local Action Plans mandatory. These local Action Plans will regulate the development of domestic markets (PL). Participants from AT also stated that **local initiatives must be integrated into the national action plan**.

Organic standards and regulation

Organic standards regulation should be reviewed. **Sustainability objectives**, e.g. nature protection, biodiversity and landscape diversity requirements **must be integrated into the OF requirements** (DE, EE).

German stakeholders think that standards must be applied for sustainability in trade and marketing (e.g. enact Annex/appendix VI for meat of Council Regulation 2092/91).

In IT, it was demanded to develop a new organic definition **considering the whole product cycle**: "from the land to the landfill". As the organic concept involves different aspects, the organic definition should not be referred only to the production system but also to an idea of development model. As OF has a low impact in the whole production cycle, organic processing and marketing standards need to be developed.

EU general food standards: introduce intrinsic values

Italian participants suggested to modify different concepts of food legislation: from the organoleptic quality (apparent) to the intrinsic value. If the quality of the

organic product is superb, its appearance is not so important and the sale of it should not be forbidden.

Good agricultural practice: redefine it

Stakeholders from SI demanded to redesign and enforce a good agricultural practice as an obligation (integrated farming must be a minimum requirement).

Improve food legislation

Italian participants asked to improve **Reg. 852/04** on food safety: less costs for organic farming compared with conventional agriculture. In addition, it was claimed that Organic should become one of the **official quality criteria** in the EU product quality legislation (IT).

Organic farming support

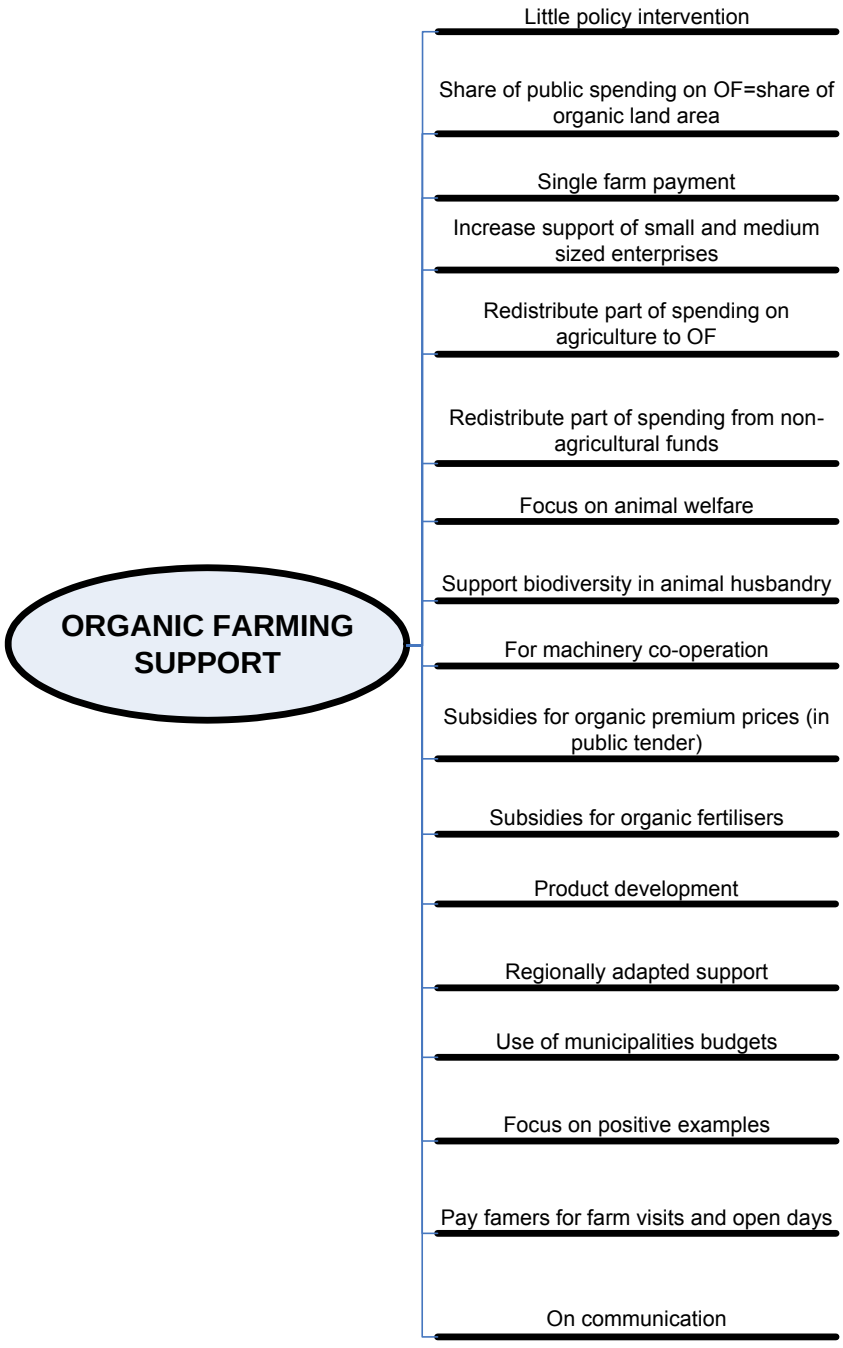

Figure D-12: Policy instruments to take advantage of opportunities for the organic sector regarding organic farming support

Concerning organic farming support, Swiss participants stated that **state interventions** should be kept **low** to keep state role limited (CH).

The **share of public spending on organic farming** must be **equal at least to the share of organic land area** (IT). As potentially, organic farming is more attractive under single farm payments**, single farm payments must be reformed** to increase the support to organic farming. (UK). Participants from DE

and SI claimed that **support of small and medium sized enterprises** has to be increased.

Member States may retain up to 10 % of the component of national ceilings referred to each sector to grant additional payment for specific types of farming which are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products. In this context, Italian stakeholders stated **that part of the 10% of the amount allocated should be redistributed to organic** and to the certification of small farms (modulation and art. 69 Reg. (EC) 1782/2003).

Resources from non-agricultural funds, such as health and environmental budget, must be used to support organic farming, since the organic production system has a relevant weight in the environmental sustainability context (IT).

Concerning organic farming support, a focus must lay on **animal welfare** (UK). Focus on **biodiversity** is one of the distinguishing features of Polish OF. Having in mind the world-wide tendency which endangers biodiversity especially **in animal husbandry**, it is important to support (financially as well as by providing know-how to producers) this special feature of OF in Poland. Public funds must also be made available for **machinery co-operation** (including labour). This will lead to reduced variable costs (UK). Moreover, subsidies should be paid for **premium organic prices in public tenders** and for **organic fertilisers** (SI). State support must be made available to the **product development** in co-operation with scientists (EE).

Organic farming support must also be **regionally adapted**: organic production must be stimulated regionally according to the natural conditions (ie mountain areas: meat, milk) (SI). In addition, CZ stakeholders propose to use **municipalities' budgets** to support local farmers ("focus on regions").

Focus must be put on **positive examples**: Public funds have to be provided to exemplary organic farms for public demonstration / open farms (UK). British experts also proposed to **pay farmers for farm visits and open days**. The British Soil Association (SA) currently pays £150-200 per day approx, for organising an event, e.g. a training day, or a producer services event. Most educational events and open days are not SA-funded as farmers will receive reciprocal benefits in kind from publicity and raised awareness of their farm etc. But there are some educational events/school visits where cash is available to pay for farmers' time. Farms may also charge schools £x per head for school visits (UK). Participants from CH also stated that higher financial contributions for the basic **communication** of organic farms are important.

Support the development of organic seeds

Production systems of eco-seed must be supported (breeders, producers, processors, traders) (HU).

GMO

Stakeholders from SI and IT asked for **a strict set of rules** on GMO and on GMO **coexistence** (IT). This research area needs exact and precise rules, a strict boundaries definition: a solution could be to impose an environmental impact

evaluation for GMO farmers (IT). In IT, it was also claimed to revise the EU decision on GMO in order to implement no coexistence and zero tolerance (IT). **Organic farming should be represented as a GMO free production system** (IT). Regions and Provinces in Italy should be requested to adopt a GMO free policy (for the production). The set of rules should forbid the use of GMO in Italy. **GMO free zones** must be defined for the conservation of Slovenian ecosystems (SI).

Danish participants said that GMO crops must be **made visible on fields**.

Health policy: integrate OF

Organics must be clearly integrated into healthy food policies (DK).

EC: more employees for OF

More employees on organic farming in the EU are needed to take advantage from the multi-functionalism in EU's agricultural policy (DK).

Create national OF Committee at Ministry

Estonian and British stakeholders claimed to create a national OF Committee at ministry with the duties and responsibilities of **planning and policy**. This committee should be **integrated with other ministries** (social, environment) (UK).

Various government departments must cross functionalise and discuss issues of mutual concern e.g. DEFRA/health service/Food standards agencies. A dialogue must also be hold with environmental and social agencies (UK). This committee should publicly demonstrate how organic farming relates to other benefits.

Estonian experts recommended to increase the number of officials dealing with OF in the MoA.

Create national observatory

Czech participants suggested to create a national OF observatory which **collects and diffuses statistical information** about OF.

Political Commitment

The DEFRA (MoA) policy must document **more synergies** (UK): although evidence is mounting of wider benefits from organic farming, political support will only come about if DEFRA will publicly demonstrate how organic farming relates to other benefits. Currently, only biodiversity benefits are accepted by policy makers. A commitment should be get in policy for the "tick all boxes" potential of whole organic food systems (UK).

Quantitative targets in political programmes (e.g. 10-20% of organic UAA by 20XX) must be appointed as well as concrete actions for their achievement (IT). Long-term, continuous public support with clearly assigned (financial) resources is important.

Co-operation development

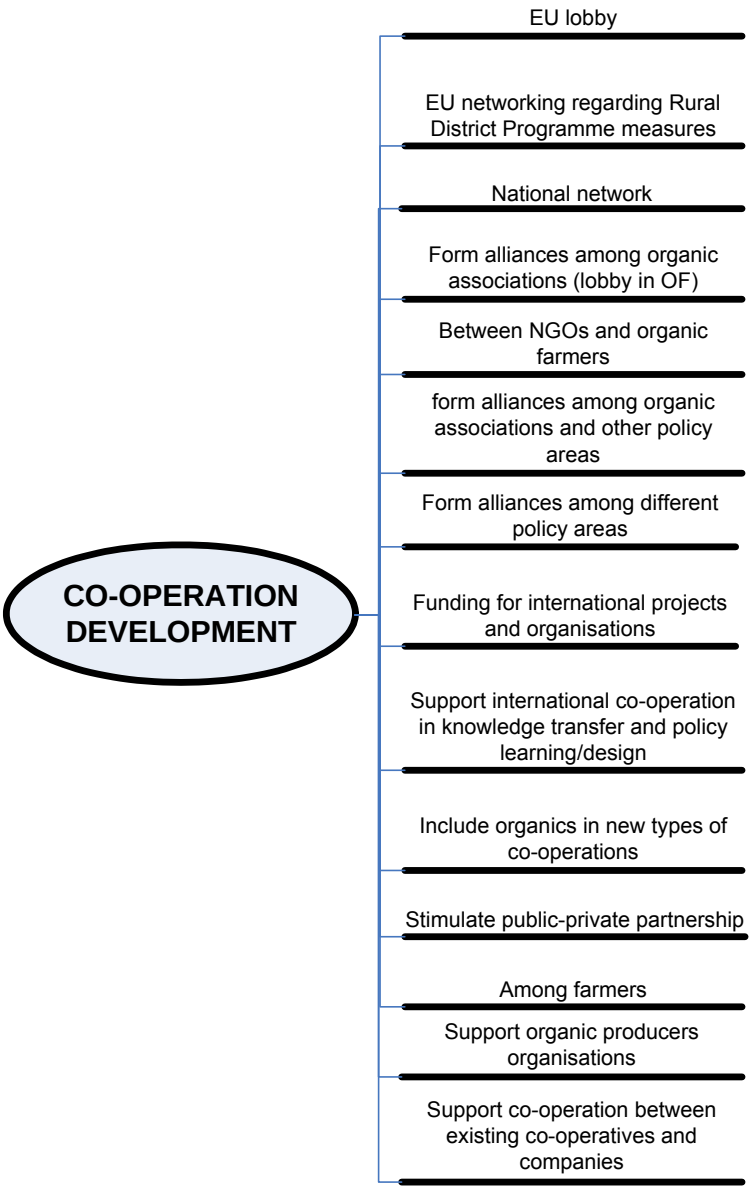

Figure D-13: Policy instruments to take advantage of opportunities for the organic sector regarding co-operation development

Lobbying activities in EU are important: Representatives must be in Brussels to be near the information (CZ). Particularly, lobbying must promote organic farming as a sustainable rural development measure on EU level (EE). **EU-networking regarding 'intelligent' Rural District Programme measures** is important (DK).

A large **national network** is vital too (DK, CH): partnerships and network communication with the very experience of organic farming should be used to promote organic interests (DK). The establishment of **alliances among organic**

associations/ sector overlapping alliances (e.g. with associations, further social initiatives) is important for **lobbying** (DE). Regional integration and a better communication between stakeholders from different sectors can be the basis of a bio-cluster/ network (AT). Stakeholders from all countries must take part in IFOAM GROUP meetings (CZ). Local initiatives and initiatives of associations must be established (CZ). **Common projects between NGOs and organic farmers** must be initiated: in these projects, the enthusiasm of NGO members and the experience of organic farmers can go together (CZ, AT).

Experts from AT, CH and DE suggested to **form alliances among organic associations and associations in other policy areas.** Such platforms should integrate politics, research and market development for Organic Agriculture (CH). Environmental and nature conservation organisations as well as the Church should take on more responsibility (DE). Participants from AT also said that communication/ co-operation between players outside of agriculture must be improved.

Czech participants stated **that alliances should also be formed among different policy areas**. They asked for a better co-operation with state officials and other stakeholders (farmers, processors, traders, etc.) Common meetings and discussion groups should be organised. The Ministry of Agriculture, the Ministry of the Environment and the Ministry for Regional Development should make a make common program (CZ). Danish stakeholders proposed that policy areas such as nutrition and health could be placed as integrated components above the agro-resorts (DE).

National **funding for international projects and organisations** is important (EE). **International co-operation in knowledge transfer and policy learning**/design must be supported (AT).

Organics should **be included in new types of co-operations and partnerships** - for instance in local communities (DK). New subsides targeting **public/private sector partnerships** should be implemented (DK). **Co-operation among farmers** and more specialisation (through extension work) should be promoted (CH). It would be good to ensure organized buying at the beginning of market chain (at the farmer). Therefore, **organic producers organisations should be supported** (SI). Stakeholders from Estonia proposed to encourage the **co-operation between existing co-operatives and companies** by targeted support. In this context, credible and controlled traders and employees are important (HU).

Capacity building

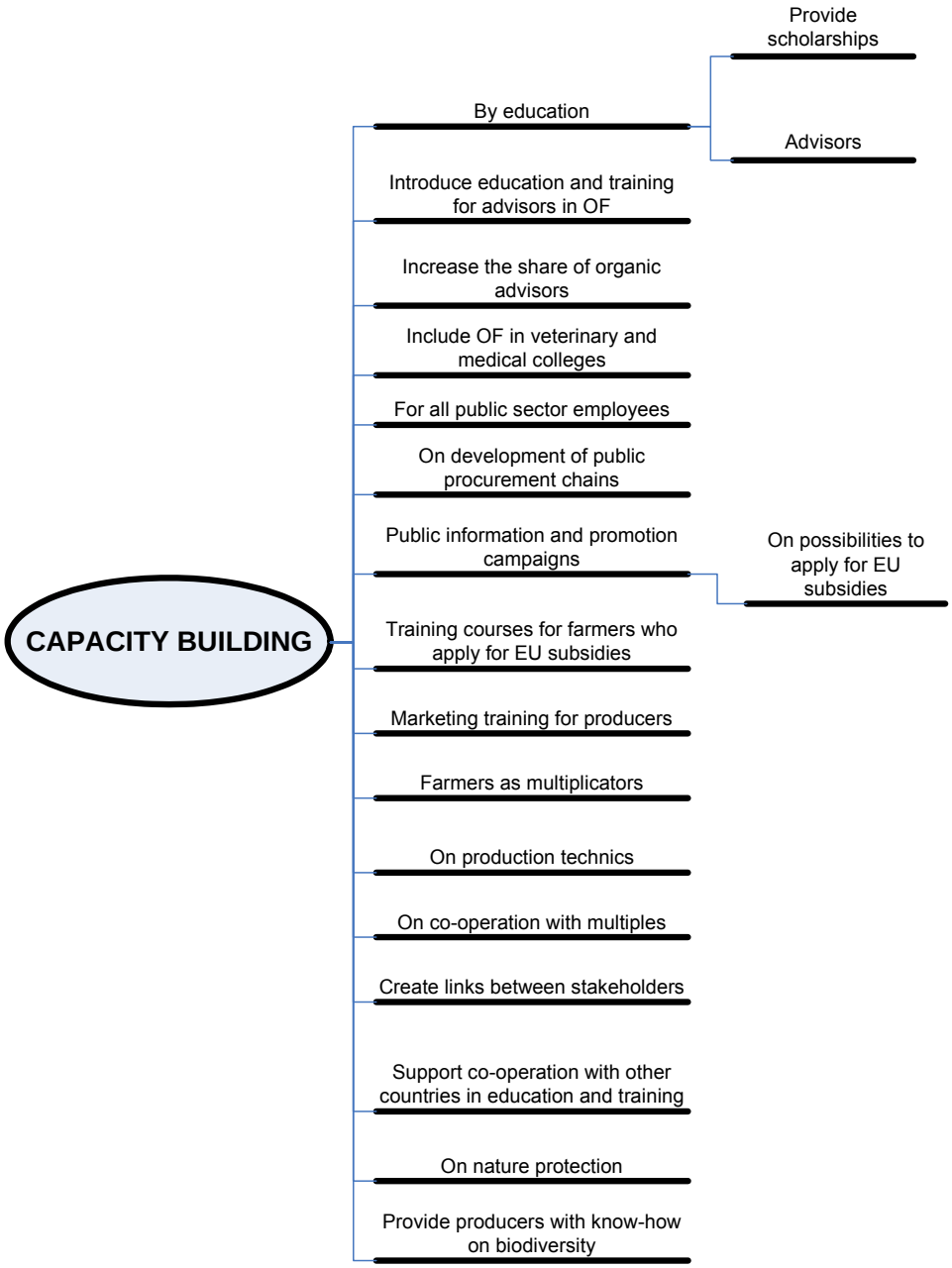

Figure D-14: Policy instruments to take advantage of opportunities for the organic sector regarding capacity building

Attractive framework conditions must be accomplished for **education** and research (CH). **Education and training for advisors** in organic farming must be introduced (SI, CZ). The **share of organic advisors** must be increased: at least 10% of agricultural advisors at the Agricultural Chamber should be devoted exclusively to organic farming (SI).

Scholarships must be provided to people wanting to be educated in OF and to academics willing to study OF abroad (CZ, PL). Special funds must be introduced

(at the State Committee for Scientific Research or from the EU) earmarked for research on OF. There should be funds for studies comparing organic and conventional farming products. The outcomes of these studies need to be disseminated to the larger public (PL). Organic philosophy should be taught in **agriculture veterinary and medical colleges** (UK). An increased demonstration of the organic principles and approaches to medical practitioners would raise the OF standing in the wider agricultural community (UK).

All relevant **civil servants public sector body employees** are required to undergo an induction training to include food and farming knowledge of OF (UK). Training and sharing case studies on **organic procurement** for procurement officers are important: although central will is there, local actors frequently don't have the information or will to develop organic public procurement chains (UK).

Polish participants suggested to launch a nation-wide **promotion campaign** (internet sites, booklets, commercials, etc.) the aim of which would be to make farmers aware of the opportunity to apply for subsidies from the EU (PL). It would be good to introduce a system of **training courses for organic farmers willing to apply for subsidies** to the EU (PL).

Training for producers on marketing must be provided (EE). Organic farmers must be advised concerning communication. They can act as **multiplicators** and as an example for others (AT). **Production techniques** must be promoted with an advisory/training campaign (CH). British experts proposed **to train producer groups on working with multiples** and other customers (UK).

Better associative **links among the different stakeholders** of the organic sector must be created (IT). Associations in the organic sector are a tool for the development of the sector. They should be able to provide training, extension and advisory services. In order to do that, synergies among different associations should be exploited. **Support cooperation with other countries** in education and training is important (Training and experience exchange, incl. foreign experience) (EE).

Capacity building on nature protection is important: state financed nature conservation consultancy for organic farmers should be implemented (DE). Producers must be provided with **know-how on biodiversity** (PL). The focus on biodiversity is one of the distinguishing features of Polish OF. Having in mind the world-wide tendency which endangers biodiversity especially in animal husbandry, it is important to support (financially as well as by providing know-how to producers) this special feature of OF in Poland.

Organic market development

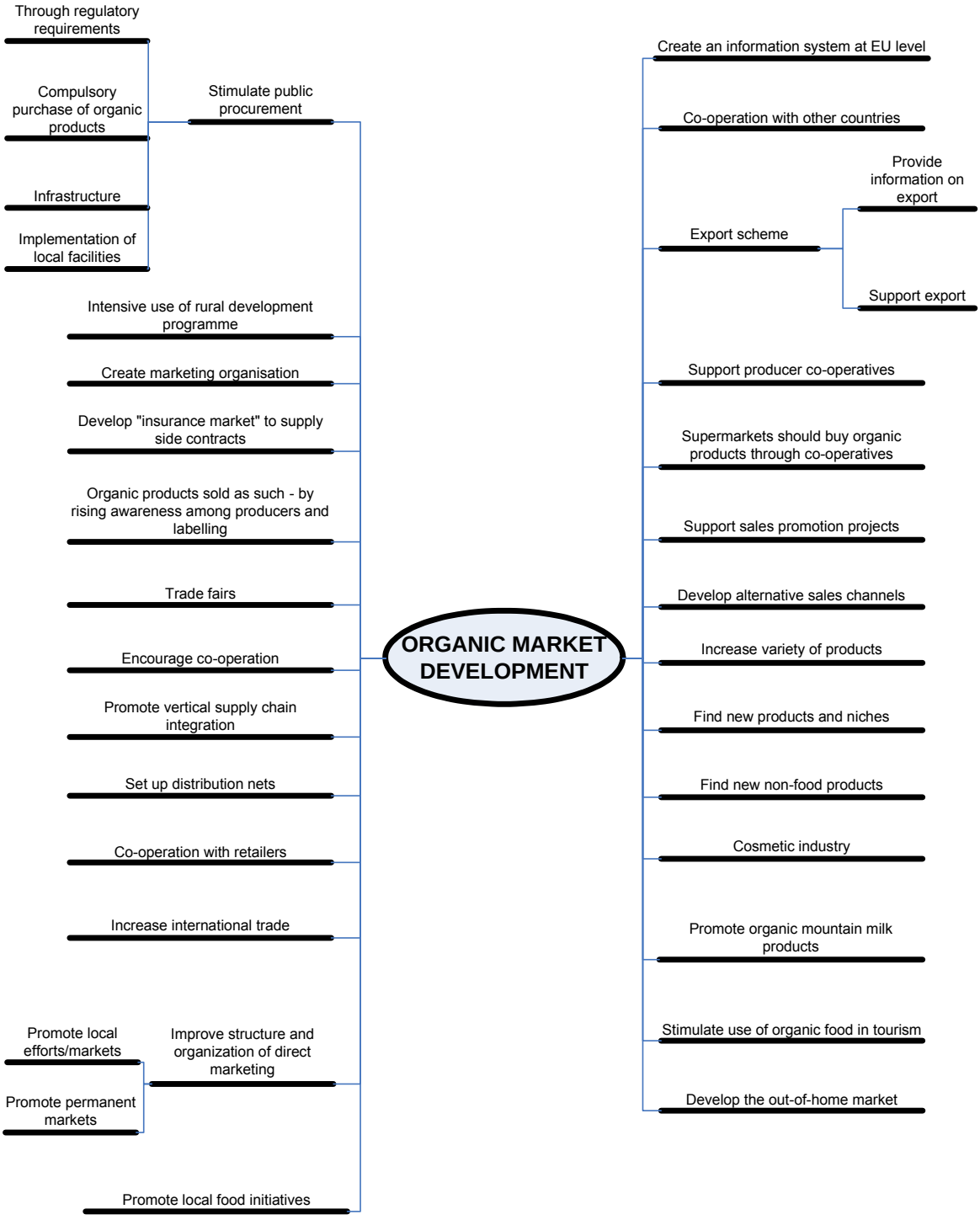

Figure D-15: Policy instruments to take advantage of opportunities for the organic sector regarding organic market development

Public procurement: stakeholders from various countries agree that **public procurement must be stimulated** (DE, DK, EE, HU, IT, SI, UK). All public procurement bodies should source 70% locally (UK).

More specifically, Estonian stakeholders asked for an introduction or OF for schoolchildren, accompanied by learning programmes, study visits and working possibilities on organic farms for schoolchildren. The educational body must be convinced to use organic food in every full-time school (DE). Hungarian experts stated that state procurement was especially important for the army and for hospitals.

Regulatory requirements on the public consumption of organic food must be implemented (DK): stakeholders from DK, IT and UK suggested that the **public sector must be obligated to buy organic products**. Grants should be provided for organic food in public facilities (DK, DE). Organic must be a requirement in public tenders (SI).

Although the central will is there, local actors frequently don't have the information or will to develop organic public procurement chains. Therefore, a **physical infrastructure needs to be developed** to allow local / public procurement delivery (UK). As local actors frequently don't have the information or will for organic sector issues/development, British participants claimed to **encourage / implement local level facilities** funded by the central government

Politics: German participants called for an Action program for organic farming with a clear commitment to the benefits of organic farming. A more **intensive use of Rural Development programmes** to develop alternative sales channels (DK).

A market consumption policy must be developed (SI). The **creation of a marketing organisation** is an important task (CZ, EE, SI). Concerning organic market regulation.

An "**insurance market" has to be developed to supply side contracts** and risk sharing. A small market size and a dispersed nature of producers mean that large scale permanent contracts are difficult to secure and maintain (UK).

The selling of organic products as organic should be encouraged by **rising awareness among producers, labelling support** etc. (EE).

Information: Insufficient and at times incorrect market intelligence leads to a poor quality of short term decision making. Therefore, a sector wide 'public service' (free to user market intelligence) is important (UK). The government should support financially the establishment and regular functioning of **trade fairs and exhibitions** (PL, EE), which aim would be to promote OF products thus reinforcing the development of the domestic market (PL).

Supply-chain: British experts suggested that **co-operation must be encouraged**- especially in marketing and delivery. A good economical and entrepreneurial strategy in the organic sector is to **promote supply-chain vertical integration**. If the objective is to increase organic consumption, relations among production and processing system and marketing of organic products should be made more efficient & effective (IT). The setting up and functioning of **distribution nets** of OF products must be supported- in terms of finances as well as organizational know-how (PL). Subsidies for the strategic persuasion of retailers are important to establish front runners (DK). A closer

cooperation between organic farming's movement and **retailers** is expected by DK and CZ stakeholders.

Local efforts: Stakeholders from DK and IT stated that **structure and organization of direct marketing** can be improved (DK, IT). Direct marketing development can be a tool to achieve sustainability: the introduction of a full cost approach in sale allows to identify, quantify and allocate the direct and indirect environmental costs: cost of transports (food miles), packaging and every cost has an environmental impact (IT). Thanks to a closer relation between consumers and producers, market increase the value of local products and gives an added value to the territory because environmental impact of transport decreases (IT). As local organic farmers markets are a tool to develop direct contact between consumers and farmers (IT), participants from CZ, PL, IT and UK stated that the structure and organization of direct marketing should be improved by **promoting local efforts/markets**. Czech and UK participants said that the initiation of **local initiatives** and initiatives of associations was especially important. A local producers platform must be promoted (IT). Polish stakeholders suggested to launch a nation-wide program, which would support the development of local markets of OF. They also asked for the implementation of a legal instrument, which would oblige local self-governments to launch special programs supporting OF. Local authorities should provide support and subsidize facilities for, for example, a permanent (6day week) farmers markets. Currently, most farmer markets are held only on weekends -this limits the access for the working population/ family who may not be able to or desire a further visit into town during weekend (UK).

International co-operation: International trade must be increased (DK). **A market information system on EU level** for bio food should be initiated (e.g. with trade addresses) (CZ). **Marketing co-operation projects with other countries** are important (EE, AT). Concerning **export schemes, information on export** (incl. EU market) possibilities must be provided. Therefore, the establishment of a relevant service provider is important (EE). Good framework conditions and **support must be provided for the export** of organic specialities (CH).

Farmers: producer co-operatives must be supported and **supermarkets should buy organic products through co-operatives** (UK). Producer co-operatives should be developed in line with demand (UK). Support for new and innovative **sales promotion projects** is important (CH). In addition DK propose to develop **alternative sales channels**.

Niches/Special products: Estonian participants demanded to **increase the variety of products**. **New products and niches** have to be discovered (SI). **New categories of production (non-food)** must be found and promoted (DK). More specifically, "Bioness" - bio raw materials for the **cosmetic/ beauty industry** should be provided (HU). High marketing support for the **special promotion of organic mountain milk products** is important (CH). The introduction of **organic food in tourism** must be stimulated: organic food should be offered in restaurants, spa and wellness facilities (SI). The **out-of-home market** potential must be developed (DE).

Mandatory buying of multiplies to secure supply chain and share risk

As the commitment in the English Action Plan is very discretionary and dependant on price and quality, multiples should be required to present organic food buying strategies to the government (UK).

Supermarket development: restrain, especially out-of-town

British experts stated that further supermarket development, especially out of town, should be constrained. There have been concerns about supermarkets and other large chains developing out of town shopping malls and centres on brown field sites, and the effect that has on shopping habits and smaller retail units (UK).

Organic market: regulation

In UK, participants asked for a review of the rules for farmer markets. The certification rules for farmers markets were developed in 2002, and say that those running a market stall have to be the producer/processor and that the produce must be grown within 30 mile radius.

Communication with consumers

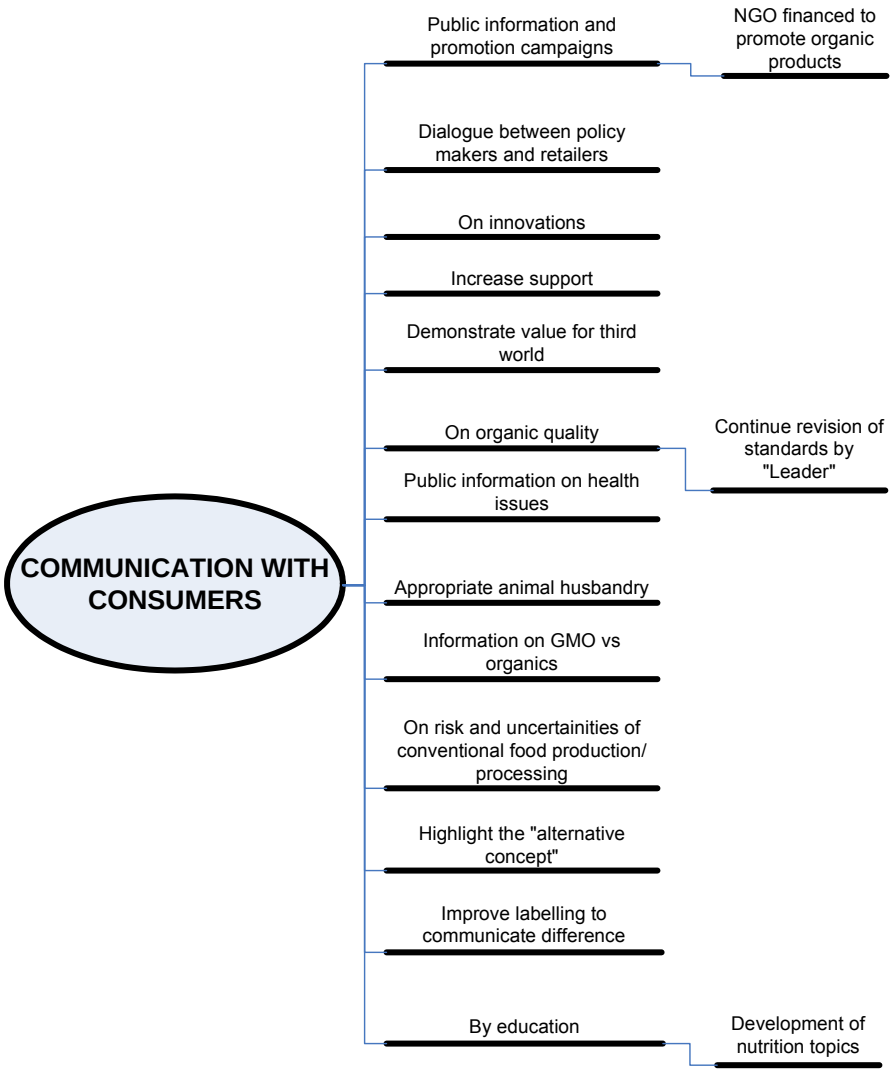

Figure D-16: Policy instruments to take advantage of opportunities for the organic sector regarding communication with consumers

Various countries stated that Organic Farming and organic food should be promoted with **public information and promotion campaigns** (CH, CZ, DE, DK, EE, IT, PL, SI, UK).

Slovenian participants suggested to initiate a campaign "Less is More" for the promotion of high quality organic products. They justified their call for campaigns and promotion actions (governmental and non governmental structures) with a raise of targeted awareness. A customer specific communication and differentiated information is essential to achieve a multiplier effect (e.g. wellness provider) (DE).

British participants claimed that the MoA must publicly demonstrate how organic farming relates to other benefits. German stakeholders suggested to initiate a federal program about sustainable eating and culinary instead of promoting „only“

organic farming. A **dialogue between policy makers and retailers** is important (DK).

The aim of the campaign must be to increase consumers´ awareness and the recognition of organic products, including recognition of the EU logo (IT). The campaign should be present in media (tv, newspapers, radio, internet) and booklets (EE). It should include information based on scientific research and design and promotion of new national label (EE).

Austrian participants called for a stronger support of **innovations**. An ideas competition on agricultural schools as well as innovation prices for agricultural projects and demonstration farms should be initiated (AT).

Concerning the funding of the campaigns, **increasing support** for information must be provided (DK, CZ). Polish experts suggested to establish a national fund, which would **finance NGOs dealing with OF** and especially those active in the field of promotion of OF products.

The campaign should credibly communicate the strengths of OF (HU). It should focus on OF´s environmental benefits, organic products prices, organic products quality and the way certification systems operate (IT). As consumers are not really aware of the organic principles or implications for personal/ public goods that organic agriculture provides, organic food must be promoted as means to health/ environmental/ social achievement (UK). German participants suggested that a shift must take place from the message Bio = health, towards = animal friendly/appropriate, diversity, GMO –free, habitat adapted etc. The **value of OF for the third world** must be better demonstrated (UK).

A campaign focussing on organic quality/ the value of organic food, should be developed (AT, CH, DK, HU, PL, UK). In this context, a continued **activity of „Leaders“** regarding standards and quality issues is important (DE).

The campaign should be assisted by the Ministry of Agriculture and the Ministry of Health (AT). Concerning **health issues**, an advanced training for actors on health care was suggested as well as the possibility of medical doctors acting as multiplicators (AT). Organic food should be included in the recommendations made by the Health Directorate as part of the Health Ministry. The Health Directorate formulates recommendations on lower the use of fat, eat more vegetables and fruit etc (DK).

Consumers must be informed about **organic farming and appropriate animal husbandry** (DE).

The information campaign should focus on the threats inherent in conventional farming methods (PL). Furthermore, information about "**GMO vs. organics"** is important (DK).

Communication with consumers must **accentuate risks and uncertainties of conventional food production**/processing. More information on conventional systems will strengthen the case for increased support for organic food (UK).

Polish stakeholders claimed that the full costs regarding conventional and organic farming methods of production and distribution needed to be compared. The outcomes of this systematic comparison needs to be disseminated to the larger public, thus making consumers aware of the additional costs inherent in conventional farming methods (i.e. soil pollution, lower quality of food products, the health consequences, and so on) (PL).

Therefore, the campaign should not only highlight the advantages and beneficial effects of the consumption of OF products. But it should also underline the dangers triggered by the excessive intensification of agriculture. Such campaigns will naturally combine information about the benefits of OF with pro-ecological education (PL).

The **"alternative concept" of OF must be highlighted**, in contrary to WTO-policies (AT). (food security compared to WTO policy) British stakeholders also stated that, as consumers were not really aware of what organic means, organic philosophy has to be reported on (UK).

Slovenian participants proposed to develop a proper **labelling to communicate the difference**.

A public initiative/ campaign on consumers **education** should be developed in schools and universities to increase consumers interest (CZ, EE, HU, IT, PL, SI).

An adequate curriculum for OF from kindergarten to the whole life education is important (SI). Courses on OF in high and higher schools must be introduced (PL). Pro-ecological education should likewise be reflected in the school programs (PL, HU). Also, a competition for a popular handbook on OF and organic food has to be organised and its distribution should be subsidised (PL). Further development of **nutrition topics** in education is essential (DE).

Estonian stakeholders proposed that the state should support to the co-operation between local government, schools and producers e.g. for practical working of schoolchildren in organic farms.

Organic inspection system

The **coordination of farm inspections** must be improved (CH).

Labelling

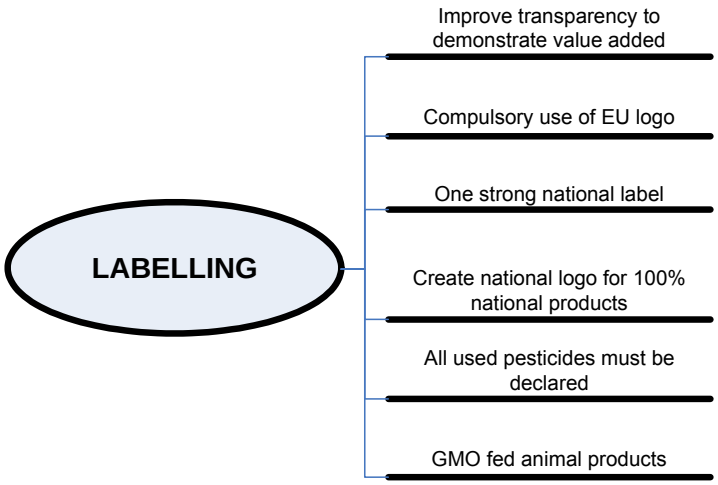

Figure D-17: Policy instruments to take advantage of opportunities for the organic sector regarding labelling

Labelling of OF products must be improved (UK, AT). **Transparency of labelling must be improved** to demonstrate the value added (UK). Italian stakeholders demanded that the European Logo should be boosted by a promotional campaign to become visible to all organic actors and consumers: in this way consumer awareness and recognition of organic products could increase. The use of the **EU-logo must become a public requirement** (DK, IT).

A **strong national logo** is required to distinguish **100% local products** from foreign products (IT, AT). National and European labelling should be combined (AT). OF labelling must be connected with a denomination of origin (AT).

The access of information on pesticide use to consumers and rural developers must be improved: **foods must be labelled with all pesticides used**. This will demonstrate the benefits of organic farming (UK). The labelling of animal products must be compulsory if fed with **GMO-fodder** (DK).

Brands: product development and establishment of a few strong brands (EE, CZ)

Supermarkets should not be allowed to issue organic brands (UK). Product development and the **establishment of a few strong brands** is important (CZ, EE).

Research and Development

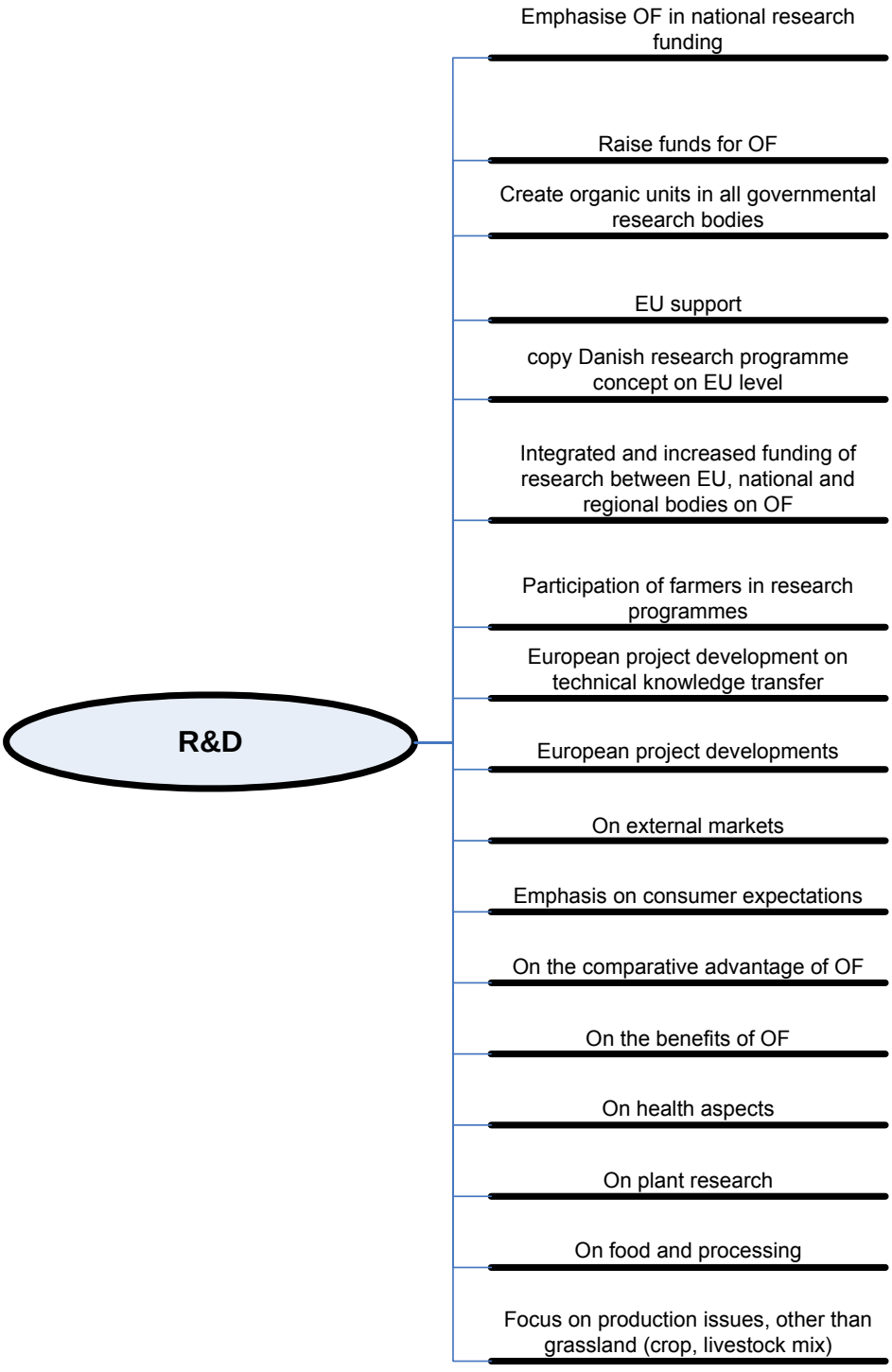

Figure D-18: Policy instruments to take advantage of opportunities for the organic sector regarding R&D

OF must be emphasised in national research funding (CH, DE, UK). Attractive framework conditions for education and research must be accomplished (CH). It is essential to make sure the research agenda deals with the right (important) organic issues (UK).

It is of particular importance to raise **the funds for organic farming** (DE, PL, UK). A relocation of resources to organic has to take place (UK). R&D and innovation need to be prioritised: although there is a commitment to organic research through the DEFRA LINK programme with £5 million total earmarked over the next 5 years, the focus of the link programme is to develop sector to industry links through match funding (UK). Organic units should be **created in all governmental research bodies** (state- and federal research institutions/authorities) (DE).

EU must support organic research (DK). Special funds should be introduced (at the State Committee for Scientific Research or from the EU) earmarked for research on OF (PL). Also, a fund should be set up which would pay scholarships to academics willing to study OF abroad. There should also be funds for studies comparing organic and conventional farming products. The outcomes of these studies need to be disseminated to the larger public (PL). Since for DK stakeholders, the Danish agricultural research in organic farming is among the largest and most successful programmes in the EU, the **Danish research programme concept should be copied on EU level** (DK).

An **integrated and increased funding of research between EU, national and regional bodies on OF** is important (DE, IT). The establishment of a Federal Organic Farming Foundation and of an EU organic farming research program would be an idea (DE). Research on organic farming (GMO, organic product quality, nutrition, breeding, seeds variety) should be co-financed by EU, State and Regions (IT). To develop organic research, funds from different Ministries can be used (IT). In addition, UK stakeholders propose the **participation of farmers in research programmes**. Currently, there is no centrally funded participatory research apart from the network of demonstration farms in UK. Czech participants proposed a **European project development on technical knowledge transfer**. Experience from EU countries can help to get ideas how to **develop the projects** (CZ).

It is important to conduct **external markets** research. An institution should be founded (department or an institute) specializing in market research, analyzing methods of promotion of the Polish OF products (i.e. exhibitions, trade fairs) on external, and specifically European, markets (PL). Emphasise must be put on **consumers' expectations** (DE, EE). A study on consumers' expectations (EE) and an opinion research (DE) respectively about the demand for organic food should be originated.

Research must be made on the **comparative advantage of OF** (comparative quality studies) (SI). **R&D on the benefits of organic farming** is an important challenge (CH, HU): Hungarian stakeholders stated that research must appraise the public values of OF. Swiss participants suggested an economic assessment of the multifunctional contributions of Organic Agriculture and a research project to provide added value of organic food/farming for consumers, farmers and citizens.

Increased support for research in **health effects of organic food** and the health differences between organic/conventional/GMO food is necessary (DK). 20% of the research budget (Federal Government and Länder) must be reserved for organic farming topics relating to agriculture and nutrition (DE). More **research for plant research** is necessary (CH). Basic research in **organic processing of food** is important (DK). R&D must focus **on more diverse systems and production issues other than grassland** (crop, livestock mix). The organic

sector development has largely been into permanent grassland - for a stronger more viable organic sector, greater input into developing mixed farming is required (UK).

Processing

Processing must be supported: European/ Governmental funds should also cover food processing and trade, food sorting and packaging organisations (CZ, PL). Slovenian stakeholders call for an **investment program** for organic processing. Currently, the EU subsidises only the production, and not the food processing and trade of OF products (PL).

Estonian experts recommend to provide and use possibilities for **exceptions in food legislation for small-scale processing** and marketing, based on risk assessment.

As EU legislation meant the closing down of a number of small abattoirs leading to a whole range of logistical and animal welfare problems, the establishment of **network of local processors** (abattoirs and other processing plants) is an important task for UK stakeholders.

Stimulate innovation

Austrian participants called for a stronger support of **innovations**. An ideas competition on agricultural schools as well as innovation prices for agricultural projects and demonstration farms should be initiated (AT).

Develop organic regions to create synergy effects

Italian participants proposed to develop organic regions to create synergy effects with the territory (organic farming, local culture, tourism). Organic areas (e.g. villages) should be established- especially in protected areas (EE).

Bio-Clusters must be anchored in regional approaches. Regional networking is important. Regional bio- marketing and –development projects must be supported (AT).

Regional projects

Public money must be provided for regional projects (CH).

Tourism

Participants from various countries (CZ, EE, SI) agreed that is important to **support the link of tourism and OF** (agro tourism/ organic rural tourism).

More specifically, Slovenian experts stated that **investment support** was of particular importance. Czech stakeholders asked for the support regional projects.

Nature conservation

OF should **linked to other aspects** and be regarded also as an element of environmental protection. Thus, funds from the EU - for example - can be used both for the support of OF and for the protection of the environment. Also, the practising of OF should be promoted especially in areas which are considered valuable from the point of view of plants and animals inhabiting them (PL). Danish stakeholders called for a **National Plan** on nature conservation and environmental protection.

Link OF to other aspects

OF must be linked to regional aspects by a **compulsory logo** (DE).

Retirement scheme: special benefits for organic farmers

Danish experts called for a supplementary pension for older farmers who convert to organic farming in cooperation with a younger farmer, to obtain two objectives: to ease the young farmers' access to farms (very expensive in DK) and to transfer the knowledge on pre industrial farming practices.

Charges, taxes, insurances

The liability for the damages caused by GMO contamination must be defined. The GMO producers should compensate the contaminated farmers for the damages. A **compulsory insurance** for farmers who use GMO is necessary (IT). The polluter pays principle must be implemented (EE). “Prices must speak the truth” (AT). A **green tax** reform is essential (DK, AT). Participants from various countries called for the application of a **pesticide, fertiliser and nutrient input tax** (AT, DK, EE). The tax on agro-chemicals should be earmarked for supporting the development of OF in the country (PL).

Financial incentives for the development of OF should be introduced to make them more competitive on the domestic market. **VAT on OF products should be reduced** (AT, CZ, IT, PL). A VAT reduction/exemption must also be allowed on inputs, certification services and catering (IT) or expenditure on OF products should be tax deductible (AT). Moreover, a legal instrument must be introduced allowing **exporters of OF products to be able to count on tax relief** (PL).

D.3 Policy instruments to mitigate threats for the organic farming sector

CAP reform

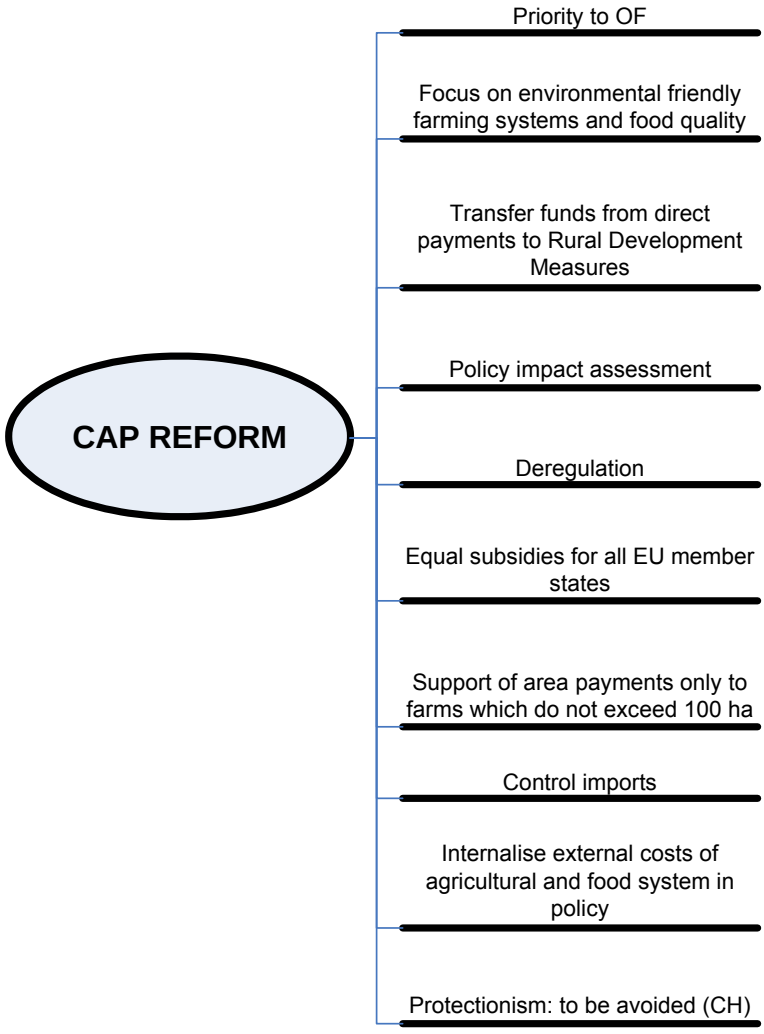

Figure D-19: Policy instruments regarding CAP Reform to mitigate threats

As a general agreement (in the UK and Italy), it was demanded to withdraw support for the development of conventional systems and give **priority to organic farming** in the CAP reform. Similarly, stakeholders from a range of countries (UK, PL, CH, AT) believe that the whole agricultural policy should be oriented more towards ecology and high quality standards (**focus on environmental friendly farming systems and food quality**). Polish experts suggested that Poland should work out and implement its own agricultural policy, taking the current and desired status quo of organic farming into consideration as well as the pro-ecological development of rural areas. Similarly, Austrian stakeholders recommended to counteract a concentration of markets by focusing EU agricultural policy on environmental friendly farming systems and food quality (sustainability, climate policy, regionalism, taxes). In the UK, national experts suggest that appropriate grants to compensate for 'public goods' should be provided.

More specifically, the following policy instruments were proposed:

In CZ workshop participants recommended to **transfer money from direct payments to the development of rural areas**.

In the UK, a **policy impact assessment** was suggested by the national stakeholders.

In DK **deregulation** is important: only the most important and central issues must be focused on.

In Poland, stakeholders suggested to reform the European subsidies system: either **equal subsidies for all EU Member States** should be introduced or subsidies should be eliminated. In addition, Polish experts propose that **support of area payments** must be limited: they should be paid **only to farmers which farms do not exceed 100 ha**.

In the UK, **control of imports** was proposed, especially for the arable sector, as currently the organic food industry is limited by cheap imports.

The Polish experts demanded to **internalise external costs of agricultural and food systems in policy**.

Switzerland proposed to **avoid protectionism** in the future as to face competition on markets (increased EU, globalisation, WTO; power of large players in food retailing). However, Switzerland is not a member of the EU and thus this aspect does not refer to CAP reform but to the Swiss agricultural policy framework.

2nd Pillar of the CAP

Participants in various countries (DK, CZ, IT) demanded to give **priority to organic farming in all measures of the Rural Development Plan,** for example, organic marketing support. Additionally, money from the first pillar of the CAP should be transferred to the second pillar, the Rural Development Plans.

As a more specific policy instrument UK stakeholders proposed to **develop local rural agencies** to co-ordinate an implementation strategy of the Rural Development Plan to inform local actors, help them to establish contacts with the organic sector and bring them closer to the idea of supporting organic farming and food.

Action Plan development

An **EU action plan** for organic farming as well as **national action plans** with **clear targets** and **EU efforts** should be established, according to Danish stakeholders. Proposals by Italian stakeholders go as far as linking **regional, Italian and European action plans** to create synergies. This link should be established on the basis of common objectives, resources and actions.

On the contrary, German stakeholders considered it important for the organic sector to remain independent of politics while contributing to the development of an organic Action Plan.

EU accession of CH

The accession of Switzerland to the EU should be promoted.

Organic standards and regulation

The development and implementation of an adequate legislation is demanded by almost all stakeholders in the involved countries. Polish stakeholders propose to institute a legal regulation which introduces higher requirements for farmers (**high standards and robust certification**) willing to move to organic production as well as for those already producing organically.

UK stakeholders suggest that the role of the organic movement in standards development must be strengthened (**include all stakeholders**) and propose to **relate the regulatory requirements to the production base rather than to market expediency**.

Other countries demand an EU wide harmonisation of the organic regulation and control**.** In Germany different visions arise among stakeholders concerning the organic regulation and control system. At one side, it is suggested to **centralise monitoring** and accreditation of the control system. On the other side, **federal competence** regarding regulation/control systems is considered important by some experts.

Different criteria regarding organic farming in the different European countries should be introduced (by a legal act). These criteria should underline the indigenous characteristics of the respective countries. In other words, the observed diversification of criteria should be legalised and, most importantly, controlled. Specifically, in Poland stakeholders propose to launch a special program highlighting the characteristic features of Polish organic farming in the EU, which should be linked to higher and unequivocal criteria regarding OF in Poland.

Socio-economic values as well as **environmental objectives** should be introduced in organic regulation, as recommended by Danish stakeholders. From this perspective, UK experts suggest that EU law should be changed so that it **favours** the shortening of food miles as well as **national or local provenance**.

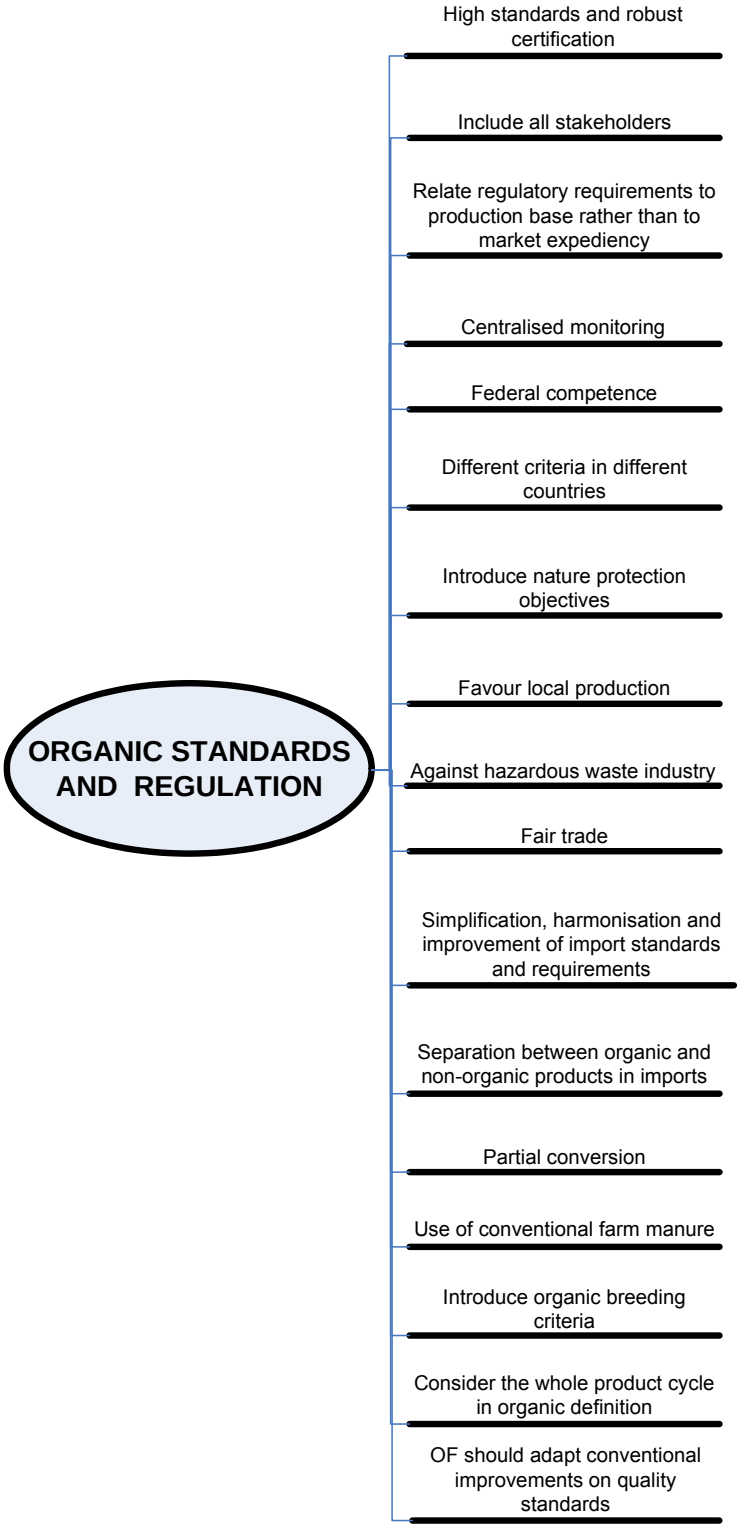

Figure D-20: Policy instruments regarding organic standards and regulations to mitigate threats

In addition, regulation should be extended **against hazardous waste industry** in the light of bio-production, as suggested by Hungarian experts.

In Denmark, a **fair trade** conception was demanded, which should highlight the synergy between the fair trade & organic sector. In this respect, Italian and

German experts recommended to equilibrate competition in all countries by **simplification, harmonisation and improvement of import standards and requirements**.

With regard to **import rules** in general, Swiss stakeholders underline the fact that **organic and non-organic products must be separated.**

In Germany, stakeholders suggest to modify the EU Organic Regulation regarding the possibility of **partial conversion** and the **utilisation of conventional farm manure**. In addition, an **organic breeding criteria** should be introduced into the Organic Regulation.

Italian experts suggest to develop a new organic **definition considering the whole product cycle**: "from the land to the landfill". The organic definition should not refer only to the production system but also to an idea of rural development. The organic concept involves a range of aspects and thus has a low impact in the whole production cycle. Consumers buy organic products because they share this wider concept and thus organic processing and marketing standards need to be developed.

OF should adapt conventional improvements on quality standards (UK).

Organic farming support

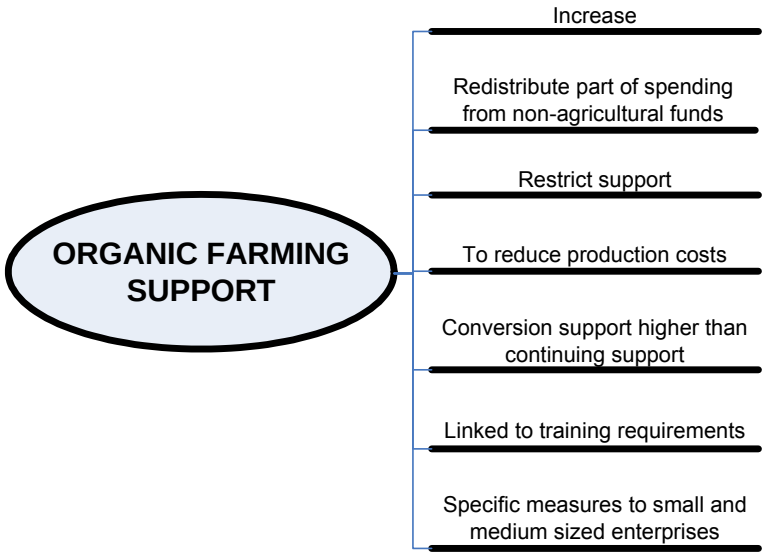

Figure D-21: Policy instruments regarding organic farming support to mitigate threats

Italian stakeholders ask for an **increase** of public expenditure in organic farming. Specifically they suggest to **redistribute part of spending from non-agricultural funds.** Resources from extra-agricultural budget items, such as health and environmental budget, should be used to support organic farming, since organic production systems are relevant for the environmental sustainability.

In CH, a voice out of the chorus, express the opinion to **restrict state support** (direct payments, etc.) since the strong policy intervention could be seen a threat for the organic sector. In general, for Swiss stakeholders, policy measures and

subsidies should be orientated more towards **reducing production costs** (since consumers have budget constraints in buying organic products).

For Estonian experts, a **higher support rate** should be provided **during conversion** to organic farming. In addition, conversion support should be linked to obligatory **training** as to assure good organic practice and to avoid the incidence of poor organic practice which could damage the whole sector.

In Estonia and Poland, stakeholders suggest **specific measures to small and medium size enterprises.**

Estonian stakeholders suggested to provide and use exceptions in food legislation for small-scale processors based on a risk assessment. Furthermore, interest support should be provided as well as state guarantees for the loans of small-scale enterprises.

In Poland, stakeholders propose to institute a national program which would counteract the increasing "commodification" of farms. This program should protect family-owned farms by subsidising small farms and introducing limitations to the land trade by. Within this concept additional financial support should be provided to family-owned organic farms. Similarly, young successors of small organic farms should be offered incentives to continue the family tradition rather than to opt for a different vocation.

Support the development of organic seeds

German stakeholders propose to develop organic seeds in order to remain independent from conventional seed companies.

Provide support for the preparation of business plan

In order to address the low profitability during conversion and the lack of coordination among market actors, Estonian stakeholders suggest that the preparation of business plans should be supported.

GMO

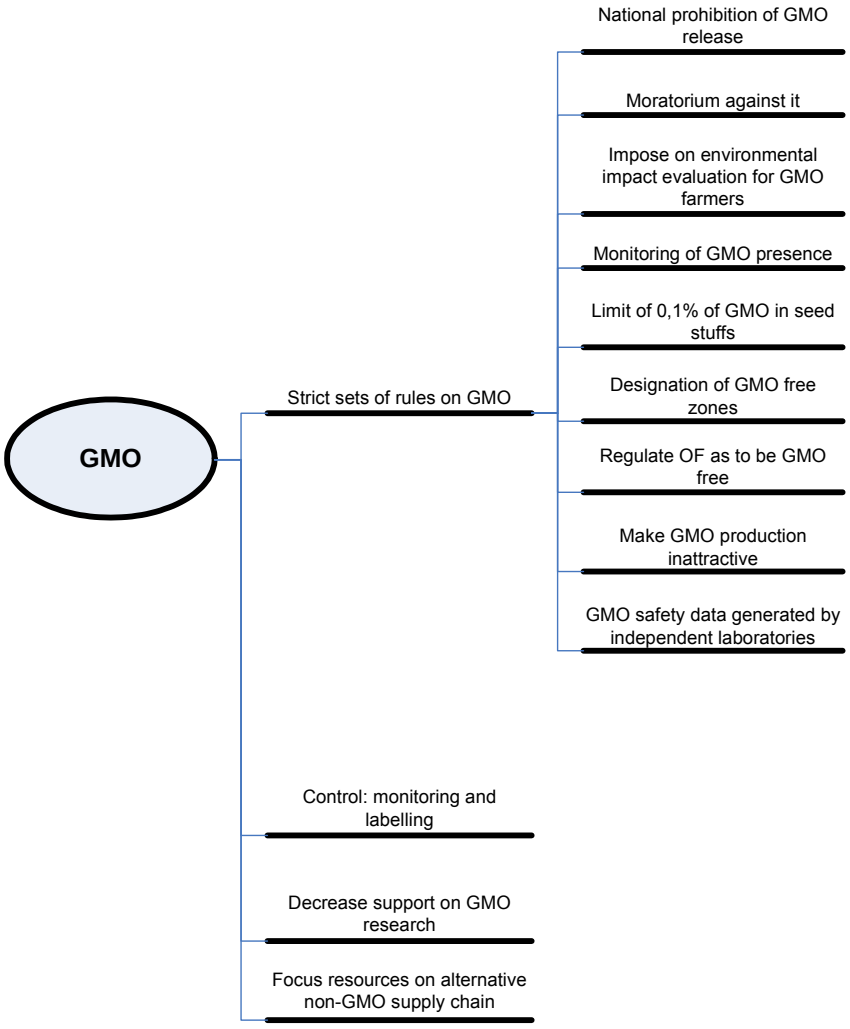

Figure D-22: Policy instruments regarding GMO to mitigate threats

In almost all countries involved in the workshop process, a **strict sets of rules** on GMO was demanded by stakeholders. To their opinion genetic engineering in agriculture must be prevented by all means. Specifically, an effective legislation on GMO use which will prevent the release of GMOs in the environment is necessary (**national prohibition of GMO release**, SI). In Denmark such a legislation on coexistence was demanded immediately. As underlined by the German experts, a GMO legislation which really protects organic farming is needed. This will require serious efforts in creating a framework that allows the co-existence of GMO. In several countries a **moratorium against** GMO in agriculture was demanded (AT, CH, HU, SI, UK). However, this requires that decision-makers understand the potential danger of GMOs (HU). According to the Slovenian stakeholders opinions, for the GMO allowed in the EU, a temporary prohibition and a new risk assessment is necessary. More specifically, UK experts propose to 1) reverse fundamental GM policy and to 2) ban GM in food production (as also stressed by Poland experts).

More specifically, UK stakeholders asked to **impose an environmental impact evaluation for GMO farmers.** This would put the legal responsibility on the GM grower/breeder: 1) GM liability set in Law, 2) Strict GM co-existence and liability regime 3) Strongest liability regime to squeeze out GMO.

In PL it was suggested to introduce a **monitoring system on GMO presence**. This would include to set up an ecological police which would uncover GMO and dangerous technologies. In addition, a governmental team should be established, which would be responsible for the control of new, dangerous technologies.

At the EU level the **limit of 0,1 % of GMOs in seed material** should be set (as underlined by SI and DK) to avoid the accidental contamination of foodstuffs by GMO.

On option to largely avoid contamination of organic farming with GMO is to establish **GMO free zones**, ideally a whole country or the whole EU (Swiss and Estonian experts) and AT and UK propose to declare their countries as GM free zones.

To **regulate OF as to be GMO free** (DE, PL, IT), German stakeholders suggested to support "GMO free" efforts by the Rural Development Programs. In addition, GMO application in the conventional area should be made more difficult and genetic engineering in agriculture should be prevented by all means.

Italian stakeholders demanded exact and precise rules for research on GMO coexistence, a strict definition of boundaries, e.g. a solution could be to impose an environmental impact evaluation for GMO farmers. Furthermore, it is considered that the EU decision on GMO must be revised: no coexistence and zero tolerance. In Italy, regions and Provinces should be requested to adopt a GMO free policy (for the production). Organic farming should be represented as GMO free production system.

To avoid GMO contamination, Danish stakeholders suggest to **make GMO production unattractive**.

According to UK experts, **GMO safety data should be generated by independent laboratories**. Equivalent testing processes for GMO should be required as for other agricultural products.

Slovenian stakeholders would prohibit a GMO release into natural environment and propose that GMOs in food, fodder and seed material would be **monitored**. Effective sanctions for not **labelling** GMO products must be established (Germany).

In UK stakeholders ask to **decrease support for GMO research** since GMo policy support must be related to the consumers' demand and currently spending on GMO research is relatively high when compared to public demand for GM products.

Finally, to limit the expansion of GMO production, UK stakeholders suggest to focus **resources on alternative non-GM supply chains** (domestic and international).

Conduct ex-ante policy impact evaluation

A systematic ex-ant analysis of the effects of policy change on organic farming should be carried out, as expressed by the German stakeholders.

Establish impact assessment (Article 14 Committee)

German experts suggest to establish an impact assessment of the regulation as currently the control system in considered very bureaucratic and erroneous (Article 14 committee).

Policy participation

In Hungary, stakeholders demanded more public transparency and control of political intervention in agricultural policy (**policy participation**). This should assure that interests behind conservation issues and environmental objectives are more carefully justified and public interest are attended.

Similarly, in order to deal with the possible lack of coordination among market actors in the organic farming sector, it is suggested by the German experts to give more **influence to organic actors on decision on funding distribution**.

Create national OF Committee at Ministry

A **National committee at the Ministry** for **planning and policy** made up of internal and external experts was demanded in Italy. It should contribute to define the strategies for organic farming policy at the national level.

In CZ, specific **organic units in regulatory bodies** must be established (in CZ: the Central Institute for Supervising and Testing in Agriculture Brno, and the State Veterinary Administration of the Czech Republic). In general the whole agricultural policy should be more oriented towards ecology and high quality standards.

Political Commitment

Political commitment should be defined and reached. In UK Government and NGOs must defend organic publicly in situation of scandals in organic farming. A National Organic debate (Like GM debate) can make organic agriculture a vote winner.

In IT, experts stressed the fact that **quantitative targets in political programmes** (e.g. 10-20% of organic UAA by 20XX) should be defined together with **concrete actions** for their implementation. It can not be just a generic announcement.

Co-operation development

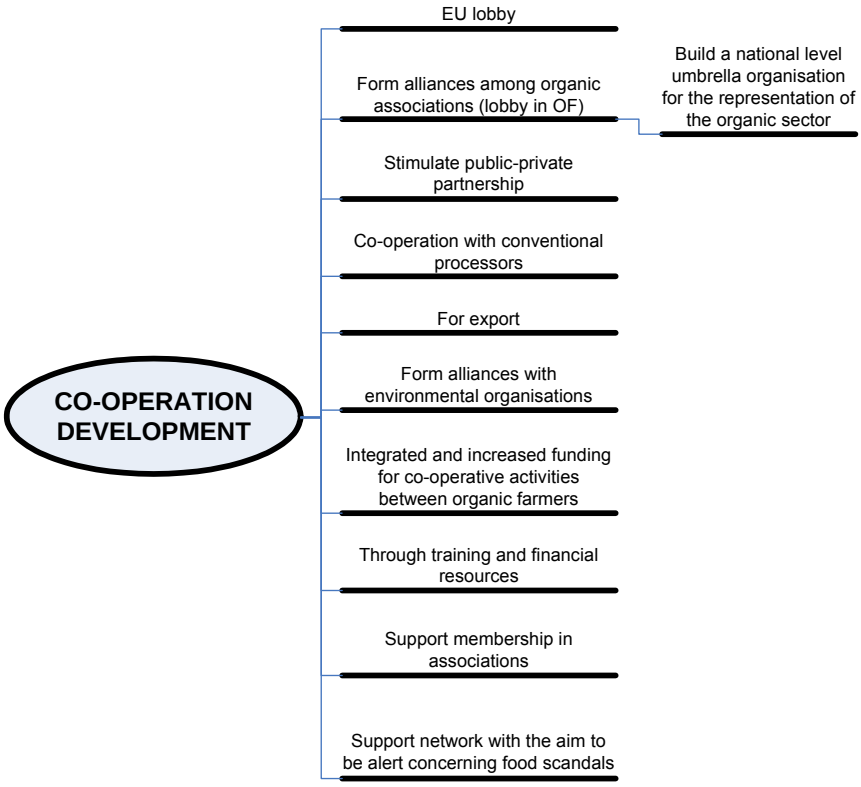

Figure D-23: Policy instruments regarding co-operation development to mitigate threats

In nearly all countries **co-operation development** is considered important by stakeholders. For example, dialogue and action should be enhanced to gather and improve the use of information, as stressed by the UK experts, in case of lack of technical and market information.

CZ stakeholders considered the creation of **EU lobby** as the first most important step. Similarly, AT, CZ, EE, HU and SI stakeholders proposed to **form alliances among organic associations (lobby in OF)** and SI, EE and CZ stakeholders stress the fact that cooperation between NGOs must be stimulated and established.

In IT, direct public support in **building a national level umbrella organisation for the representation of the organic sector** was proposed.

Other types of co-operation have been suggested: In SI a **public-private partnership** between trade and research institutions should be stimulated (i.e. research commissioned by the trade sector in its own interest with other research). In CZ stakeholders suggested that OF actors should **co-operate with conventional processors**. In Estonia it was suggested to initiate cooperative activities in **export** and to form alliances with **environmental organisations**. In addition, **funds for cooperative activities** between organic farms should be integrated and increased.

Finally, cooperative activities should be promoted through **training and financial resources**. In HU the organic farming lobby should be strengthened by providing training to the decision-makers about ecology.

The Danish experts considered that **supporting** of farmers' **membership in organic associations** could be an interesting policy instrument and that the creation of a **network with the aim to be alert concerning food scandals**.

Capacity building

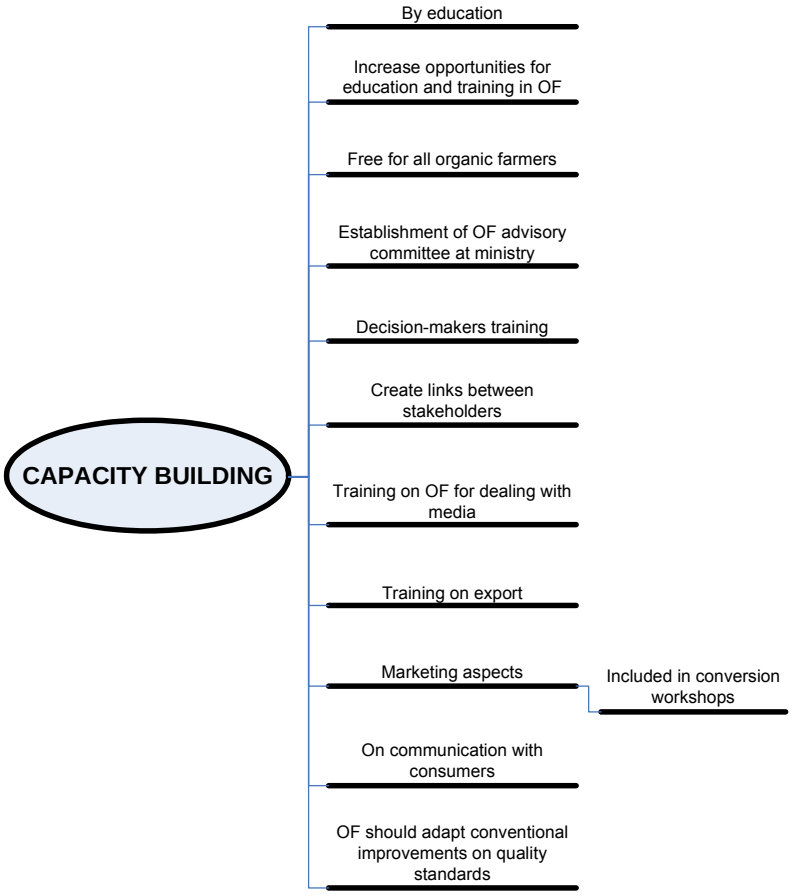

Figure D-24: Policy instruments regarding capacity building to mitigate threats

Following the idea which arose in the UK and CZ workshops, the performance of organic farming through research and development and advice must be improved. Producers efficiency must be enhanced and consultancies in organic farming process economics should be set up, as requested by CZ stakeholders.

On part of this effort could be to educate and train civil servants on the use of science in their decision making (UK) and to develop a comprehensive training for regional and national staff (**capacity building**) as well as a **public education** program (UK).

For **producers, more trainings** and an obligatory basic training linked to support was demanded. In most countries stakeholders considered it important to increase **opportunities for education and training in organic farming** (CZ, DE, EE, HU, IT, PL, SI, UK). For example, UK stakeholders suggested to provide **free training for all farmers** (organics, technical, animal welfare, animal health). Furthermore, more and better producer training and demonstration farms are considered necessary to deal with eventual food scandals (UK).

Specifically, each country would focus on different specifities:

- In Slovenia the qualification of all stakeholders (producers, processors, traders, consumers...) should be stimulated, e. g. education and additional training on organic farming for the inspection services must be provided.
- Particular focus on farmers in conversion by good training and advisory opportunities to enhance a better management was demanded in Estonia.
- In CZ systematic education, e.g. a winter school was demanded.
- German stakeholders stress the fact that organic food processing should be a part of the vocational training curricula and food processing technology etc. . In addition, the Federal Employment Agency should support trainings.

In EE, apart from the advisory services on production, processing and marketing an **OF advisory committee at the Ministry** of Agriculture should be established. This should include **decision makers training** (also in HU).

Better associative **links among different stakeholders** of the organic sector must be developed (IT): associations in the organic sector are a tool for the development of the sector. They should be able to provide training, extension and advisory services. In order to do that, synergies among different associations should be exploited.

Organic farming actors should be trained for dealing with the **media** (SI) and for **export** procedures (EE). In addition more **marketing** training for organic farmers is necessary (CH). For example, **marketing aspects should be included in conversion workshops** (AT) and specific advisory services for converters to organic farming need to be offered on a wider base. In Switzerland, training in **communication** is considered important to be improved.

Organic market development

The need for instruments to **develop the organic market** is an aspect on which all countries agree. National and local instruments **to support** the establishment of a **domestic market** must be developed (SI). According to the Italian stakeholders, local organic farmers markets must be developed as they are a tool to develop a direct contact between consumers and farmers. For the HU stakeholders, quality issues and organization should be developed to increase the domestic market and consumers product-nationalism should be taken into consideration. In Germany, stakeholders consider efficient **market monitoring** for “organic public offers” important.

High inspection and enforcement standards should be maintained, with severe penalties for failure to adhere to standards.

Regional markets and **local initiatives** should be strengthened. From this perspective, **local efforts/market** (SI, HU, UK, PL, IT) and **local organic products** should be **promoted** (CZ, PL). This means, for example, that regulations for the development of local markets and marketing must be formulated (SI, PL) and a national program should be instituted, which would promote Polish OF products in the EU (**export scheme**) via such organisations as the Polish Tourist Organisation (a governmental organisation). In EE support schemes for export connected activities (e.g. participation on fairs, brand and product development) were also demanded.

A way to develop local organic products, is to launch a government funded advertising campaign for local direct food (UK). In addition, proactive **development of other routes to the market** is important in order to deal with competition with emerging countries and large food retailers.

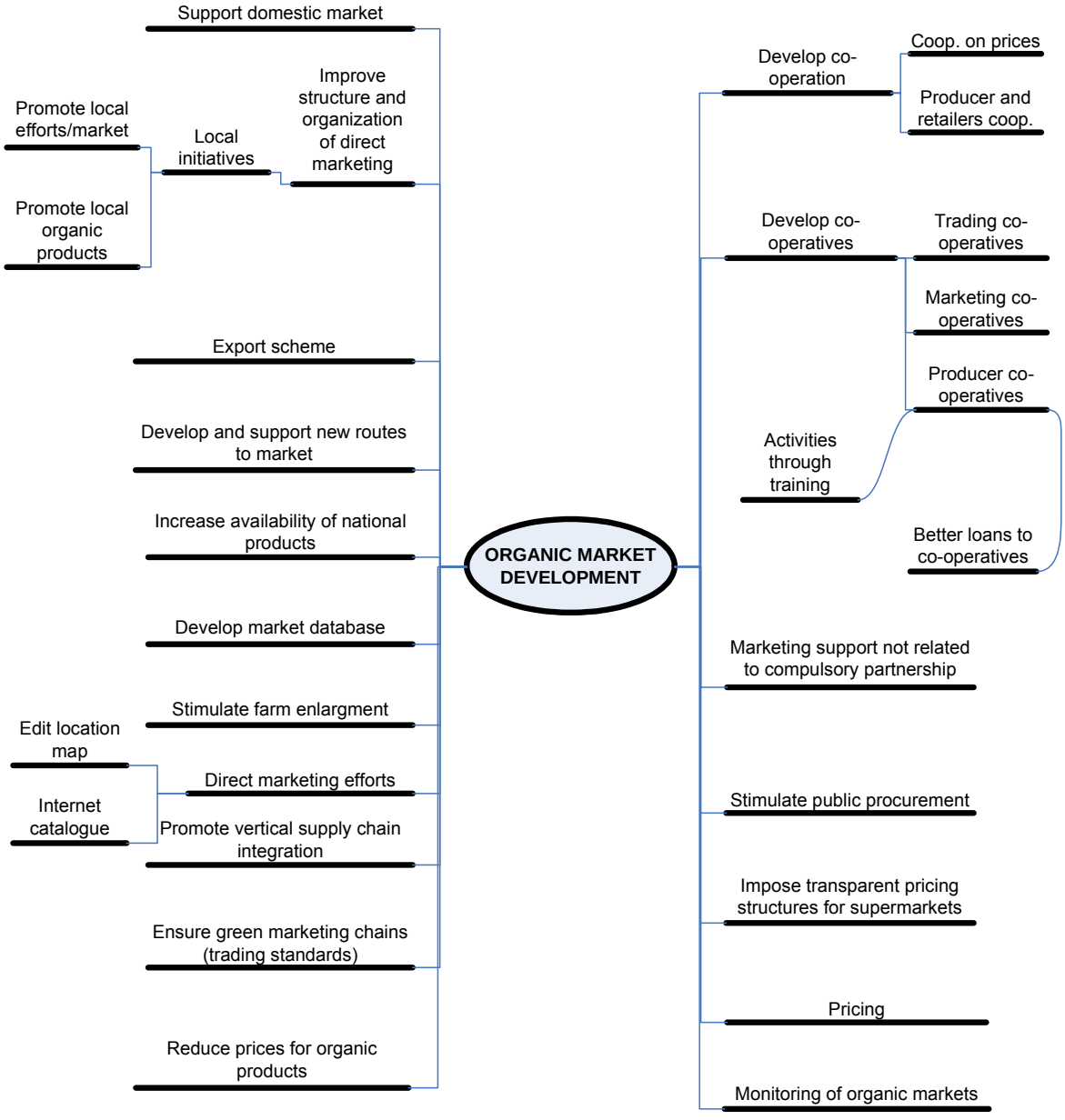

Figure D-25: Policy instruments regarding organic market development support to mitigate threats

In PL, experts stress the fact that markets for OF products must be established: the establishment and functioning of local sales markets must be supported (by subsidising as well as by providing know-how), which would both promote OF products and make these more accessible to consumers (by lowering the prices of OF produce). In EE, experts asked for better **availability** and wide range of **national organic products**. Also for HU stakeholders, a better availability of

organic products is necessary. Stakeholders should develop a marketing strategy based on consumer preferences and for this reason a **market database** is needed: it means a central registration system and service.

For the Italian stakeholders, **improve structure and organisation of direct marketing** is a tool to achieve sustainability: the introduction of a full cost approach in sale allows to identify, quantify and allocate the direct and indirect environmental costs: cost of transports (food miles), packaging and every cost has an environmental impact. Thanks to a closer relation between consumers and producers, market increase the value of local products and gives an added value to the territory because environmental impact of transport decreases.

For SI stakeholders, the **enlargement of farms should be stimulated** (with financing, taxes, social measures...).

Austrian experts recommended more generally new marketing possibilities and a bio-clusters. Marketing chains should be decentralized and supported. Measures for supporting direct marketing, e.g. a **location maps** and an **internet catalogue** of direct selling were proposed by Estonian stakeholders.

A good economical and entrepreneurial strategy in the organic sector (IT) is to **promote supply-chain vertical integration**. If the objective is to increase organic consumption, relations among production and processing system and marketing of organic products should be made more efficient & effective. For UK stakeholders, a price contract system must be secured - by a policy that protects producers and links with processors. **Green marketing chains should be ensured (trading standards).** Most quality assurance labels are industry lead (apart from meat) and product based and generally concern animal welfare (UK).

Anyway, marketing should also be improved by **co-operation development** (SI, CH) and, as already said, supporting novel routes to the market (UK).

Development of different types of co-operation is very important: **producers co-operatives** (HU) and local ones (CZ), **marketing co-operatives** (UK), **trading co-operatives** (HU). Farmers should work together with **retailers** (CH) who should be persuaded continuously to strengthen organics in order to raise consumers interests (DK). In CH, experts proposed to reduce prices for organic products to raise consumer interest. Co-operation within the whole market chain (SI) and **co-operation on prices** (PL) should be established. More specifically, the prices of OF products should be lowered by eliminating the need to rely on agencies, which connect producers and consumers. Producers themselves should get organised and regulate the sales of their products.

In addition, for EE stakeholders, producers should be **trained on co-operation** and low interest **loans** with state guarantee **to the producers co-operatives** should be provided.

Danish experts went as far as to propose that **marketing support should not be related to compulsory partnership** (refers to existing Danish arrangements where all producers of a type of product must cooperate on marketing if it is to gain subsidies).

Public procurement (IT, DE) should be stimulated and organic consumption in the canteen promoted. The use of organic products in the public canteens should be compulsory by 2010. German stakeholders suggest that public facilities must use up to ...% of organic products.

In UK a **transparent pricing structures for supermarkets** should be imposed. Mandatory adoption of high code of practice must be forced by multiples.

In DK a **fair trade (pricing)** policy from the chain perspective was demanded.

Communication with consumers

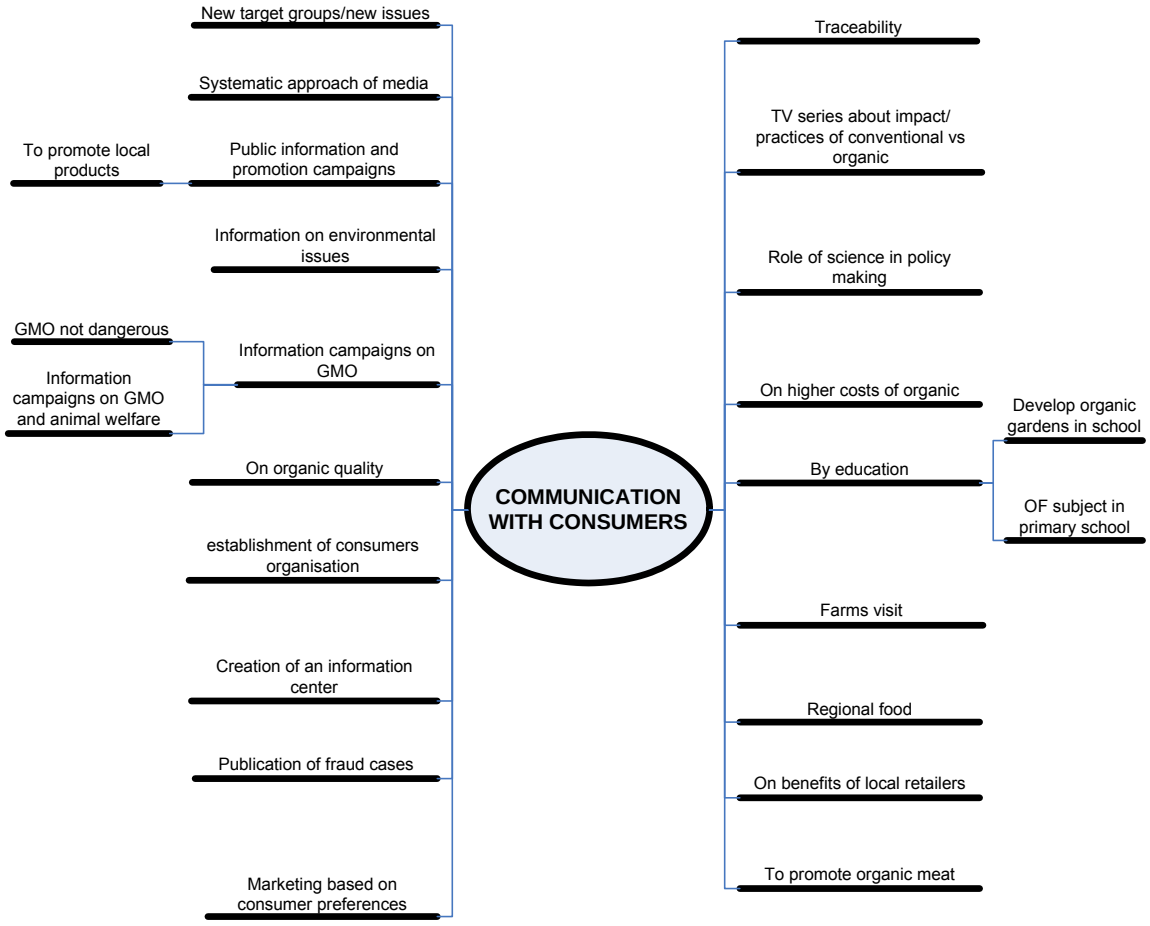

Figure D-26: Policy instruments regarding communication with consumers to mitigate threats

A general agreement was reached by all countries involved about the importance of communication with consumers on organic themes. Consumers, schools and other key actors in the food chain must be informed about the merits of organic farming (IT) to be able to appropriately communicate with consumers. A continuous information to consumers is important- but **new target groups** (DK) and new entrances to the issue must be provided.

In general active advertising of organic products in media is important and support for information should be increased. A **systematic approach to media** (SI) is important (education, workshops, thematic excursions...).

Public information and promotion campaigns (EE, HU, DK, CZ, PL, AT, IT, DE) in media (TV, newspapers, radio, internet), booklets, and consumers training should be launched and supported (DK). These campaigns should focus on its **environmental issues**/benefits (HU), organic products prices, organic products quality, the way certification systems operate and the recognition of organic

products, including recognition of the EU logo. The campaigns should include information based on scientific research and design. Publicity campaigns must be based on scientific evidence and should focus on the problem areas of conventional production (EE) (e.g pesticide traces in food, GMO). R&D results concerning the quality differences of food must be communicated (DE). Campaigns themes could be "**animal welfare**" (DK) or "**GMO**" (PL, DK), "High -**quality bio** -food" (CZ, DE, PL, UK, HU). In more detail, PL stakeholders propose to support the launch of an internet site which would inform consumers about the threats connected with the use of GMO and other new technologies. In addition they suggest to generate an information campaign which should make consumers aware of the values of OF and the threats ensuing from the increasing use of chemicals in everyday life (i.e. the spread of the so-called civilisation diseases). Another campaign theme could be: "It is your responsibility as consumer to buy organics if the sector is to grow" (DK). Contrary to other countries, in DK was proposed to develop information stating that **GMO in organic production is not dangerous** - but consumers should choose organics if they are against GMO- would be helpful.

EE stakeholders propose that an **organisation** who is dealing with **consumers** should be **established** - inquiring consumers needs and spreading information about organic food to consumers. In addition an **information centre** for OF (incl. internet site, information phone and printed materials) should be created. Moreover, all **cases of fraud** and infringement must be publicised and severe cases must especially be pointed out. An effective **traceability** system must be established (SI) in order to give as much more information as possible to consumers.

UK stakeholders propose to set up **TV series about impact/practices of conventional vs. organic**. In addition, a TV campaign on the **role of science in decision making** would be an idea.

A special educational campaign should promote pro-ecological life-style among Polish citizens. With the help of an educational and information campaign consumers should become aware of **the higher costs** connected with the practicing of **organic** farming (as compared to conventional farming).

As underlined by HU stakeholders, all levels of education should be included in raising awareness. Workshops on OF for all target groups (from kindergartens to farmers) must be held (SI) in order to establish a **communication with consumers by education** (DK, HU, SI)**. OF** should be introduced as one of the selective **subjects** of instruction in **primary schools** (SI). **Organic gardens** should be established in schools (SI). Teaching material about organics for schools and grammar schools is necessary (DK). Students could also **visits farms**: in this case more and better producer events and demonstration farms should be established (UK)

Issues concerning local markets need to be promoted**. Regional bio** - food should be advertised (CZ). Government funded advertising campaigns to **promote local** direct **food** should be launched (UK). In addition an education programme to demonstrate food mile issues and the **benefits** of supporting **local retailers** should be established. Supportive communication tools for organic **meat** promotion must be considered (CH).

In order to improve communication with consumers marketing should be based on **consumer preferences** (HU).

Control efficiency must be improved, strict risk assessment approach must be established in order to deal with eventually scandals in organic farming and to overcome poor standards and bureaucratic and false certification system (EE, UK)

Inspection and certification services must be **free of charge** (now there is a state fee) (EE) or partly refunded to farmers (IT). Certification costs reduce profit margins and are seen as being prohibitive to many small scale producers (IT, UK).

In SI it was suggested to **publish certification results** (available to the public) annually in order to keep consumers informed.

Best practice must be encouraged (UK), e.g. licence to farm, inspection, audit, advice, process improvements. Standards of Organic farming must be raised through **advice and inspection**. There is a general fear that many organic farmers reconverting are doing so because of a lack of high quality advice and training, partly because of the lack of dissemination channels.

A better organic practice must be developed: 1) Get best systems through making **standards high** and **certification robust** (UK and HU) 2) Tighten surveillance inspections with stiff **penalties**. (UK)

SI experts propose that controls on the selling point should be carried out, e.g. market inspections (often there are no certificates available for products offered on the market).

Self regulatory certification and state guarantee through product council is important (HU).

Unethical trading practices must be controlled. An ethical trade concept must be developed and **ethical trade** must be rewarded (UK). Government policy support the achievement of ever higher and comprehensive standards for whole organic food system. Organic standards must be developed into social and fair trade aspects and a more holistic approach.

Standards must be kept related to practical production. **Standards must be allowed to** develop and **represent local conditions** and market needs (UK).

Labelling

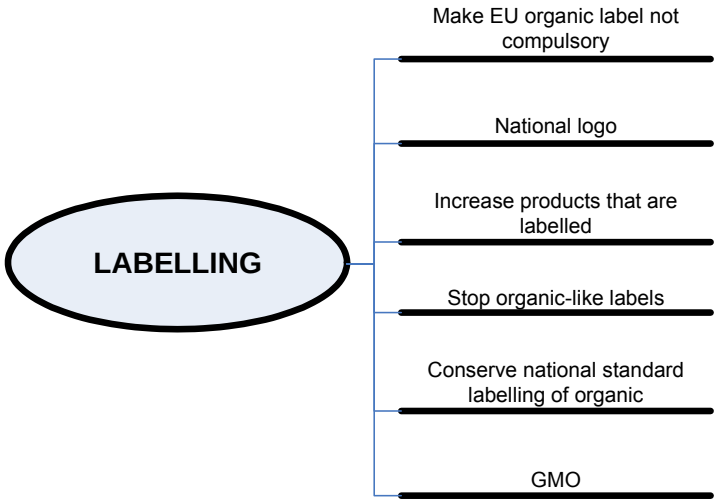

Figure D-27: Policy instruments regarding labelling to mitigate threats

German experts do not want to be obliged to use the EU organic label and for this reason they propose that **EU organic label** should **not be compulsory** (DE).

A new attractive **national organic label** must be introduced, supported by a wide promotion campaign in EE. As much organic **products** as possible must be sold with OF **labelling**.

Also the National state label in SI for organic products must be changed because it is not recognizable. In CH, a special "organic" like label programme of Migros must be avoided by all means.

In HU stakeholders want **to conserve national standard labelling for bio products**: the domestic system of current certification and labelling must be maintained.

For the PL stakeholders, a legal obligation must be introduced to inform consumers about the threats and consequences related to the use of **GMO**; these information need to be visible on the packaging of the product.

Brands: product development and establishment of a few strong brands

Strong organic brands should be developed. Brand support is necessary to make the OF system transparent (EE, CZ).

Prevention of scandals

In DE crisis prevention and management is important. An agreement with politics on the treatment of problems (scandal prevention/provision) should be made.

Research and Development

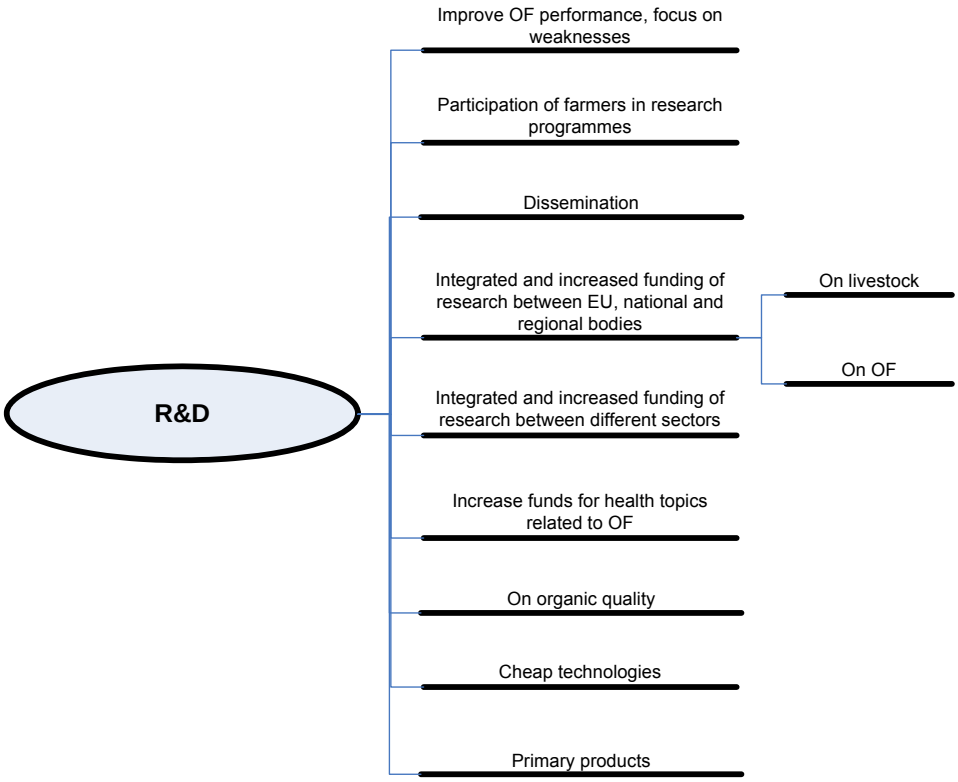

Figure D-28: Policy instruments regarding R&D to mitigate threats

As underlined by UK stakeholders, a governmental debate and an agreed code on the use of science (**R&D**) in decision making and other approaches are important to achieve a more adequate approach to OF (holistic approach). In addition, **performance of organic farming need to be improved** through research and development and advice (UK). Moreover, since currently it is difficult to make a conventional-organic comparison for research, an effective comprehensive mechanism for comparison and acknowledge **weaknesses** must be established (UK). Furthermore, **organic farmers should participate in the research programmes** in order to have a wider vision during the research programme definition (DK, IT), i.e. a grass roots approach to research is necessary.

In short, research and **dissemination of information** must be established (UK).

According to Italian stakeholders, research on organic farming (GMO, organic product quality, nutrition, breeding, seeds variety) should be **co-financed by EU, State and Regions** (increase the resources for the research). To develop organic research, funds from different Ministries can be used. In addition, increased **departmental research** on livestock for organic farming is underlined by the DE experts (e.g. breeding purposes, objective: multi-purpose **livestock**).

For SI experts, support should be given to **inter-sectorial research projects**, for example: agriculture – health (DK); agriculture - regional development - health; etc. More specific is the proposal of DK stakeholders which suggest to **increase support** for research in **health effects**. In UK, the Food Standards Agency must be get to fund research benefits **in organic food quality** from

extensive low input and sustainable farming systems. Currently, the Food Standards Agency is unwilling to support claims of health benefits from organic/low input food.

Cost studies should be made: **cheap technologies** should be favoured since a low willingness to pay by consumers could be a threats for organic farming sector in CZ.

The availability of **primary products** of Estonia should be investigated (amounts, quality, location) to improve the prospects for the cooperation with small-scale processing. The high requirements for small-scale processors results in high investment costs and low interest of small-scale processors in organic farming and this is considered a threat for the OF sector.

Processing

Possibilities for **exceptions in food legislation for small-scale processors** should be provided and used, as proposed by EE stakeholders, based on risk assessment. **Processing support of regional products** is also important for experts in CZ. In addition, **assistance** for product processing is required.

Revise the trade promotion law

Since disaccord and divergent market strategies has seen as a threats by German stakeholders, the trade promotion law must be revised and actualized.

Investment

In CH, since stakeholders have considered the increasingly higher price differences, compared to conventional products, as a possible threats, **improve** the **support** for more efficient **logistics** was suggested.

German stakeholders propose to create legislative facilitations regarding **structural investments for livestock** which could have a positive effect on organic farms.

Organic farms as role models for farming

In CZ, organic farms should became a model for farming.

Accelerate changes in labour forces

A national program to counteract the advancing “commodification” of farms was demanded in Poland. This program should protect family-owned farms by subsidising small farms and introducing limitations to the trade of land. Additionally, financial support to family-owned organic farms was proposed. Furthermore, in order to **accelerate changes in labour forces**, **incentives to young successors of small organic farms** have to be offered, which would help them to continue the family tradition rather than to opt for a different vocation. Financial and other incentives need to be provided to young people, who

wish to stay and work in farms. These incentives can include low-interest loans from banks (PL).

In addition, **special measures for early retirement** should be defined, as underlined by SI experts. For example, create effective agricultural advisory service (by training) in relation to "early retirement".

Develop organic regions to create synergy effects

Organic districts should be developed according to the Italian stakeholders' idea: organic districts are local production systems where organic farming and connected activities are fundamental in promoting organic local products. Organic districts have the objective to preserve cultural tradition, to develop tourism, to preserve the local culture and to promote organic agriculture & husbandry.

Public parks to be managed organically

Organic production should be introduced in public lands (for example natural parks): this territorial plan allows the development of organic agriculture and the preservation of environment (IT).

Charges, taxes, insurances

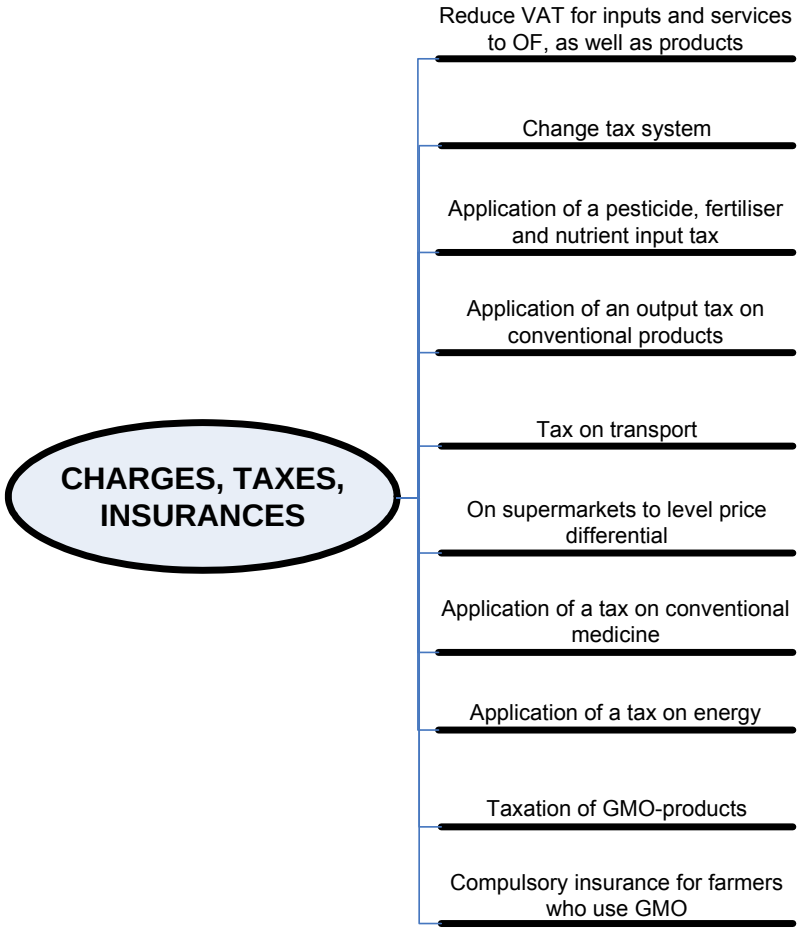

Figure D-29: Policy instruments regarding charges, taxes, insurance to mitigate threats

Almost all countries agree on the fact that **VAT for inputs and services to OF, as well as products, should be reduced** (EE, HU, DK, CZ, AT, IT, DE). HU, CZ and DE have proposed to lowered to a minimum consumer taxes. In DK it was suggested to reduce to 10% VAT on organic products (DK has only one VAT tax, which include all goods including food and books). In EE stakeholders suggest even to remove VAT on organic products. Italian experts consider that a VAT reduction/exemption on inputs, certification services and catering is necessary

A range of taxes have been suggested by different countries. In general, CH stakeholders suggest to **change** their **tax system** to promote economic growth. **Input taxes** (fertilizers and pesticides) on conventional farming (DK, UK, DE) should be imposed as well as an **output tax** on conventional food (UK). In DE was suggested that analysis costs for residues of pesticides must be paid by a pesticide tax. In DK, experts propose a general **compulsory insurance system for farmers who pollute**.

More specifically, in SI stakeholders have suggested to impose **taxes on transport** of goods to shorten distances. A tax on air transport can raise food mile costs and make local food more attractive (UK). **A supermarket tax** could be imposed to level the price differential (UK). Taxes must be imposed on **conventional medicines** and commercials advertising, for the use of conventional medicines, must be limited (PL). A **tax on energy should be imposed**, as an income source for organic farming support (CH). Finally, stakeholders have propose to impose **taxes** on all **sales** of **non-GMO-free products** (DK).

Concerning **GMO**, as already said, the legal responsibilities must be placed onto the GM grower/ breeder (UK, IT). Where contamination by GMs is potential or identified, the GM grower must compensate the non GM grower (organic) for lost revenues due to inability to market produce as GM free (compensation for damages). Therefore, a **compulsory insurance for farmers who use GMO** should be introduced which insures farmers who use GMO against contaminations they could procure.

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