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Policy support for organic farming in the
European Union 2010-2020

Nicolas Lampkin, Jörn Sanders

Thünen Working Paper 200

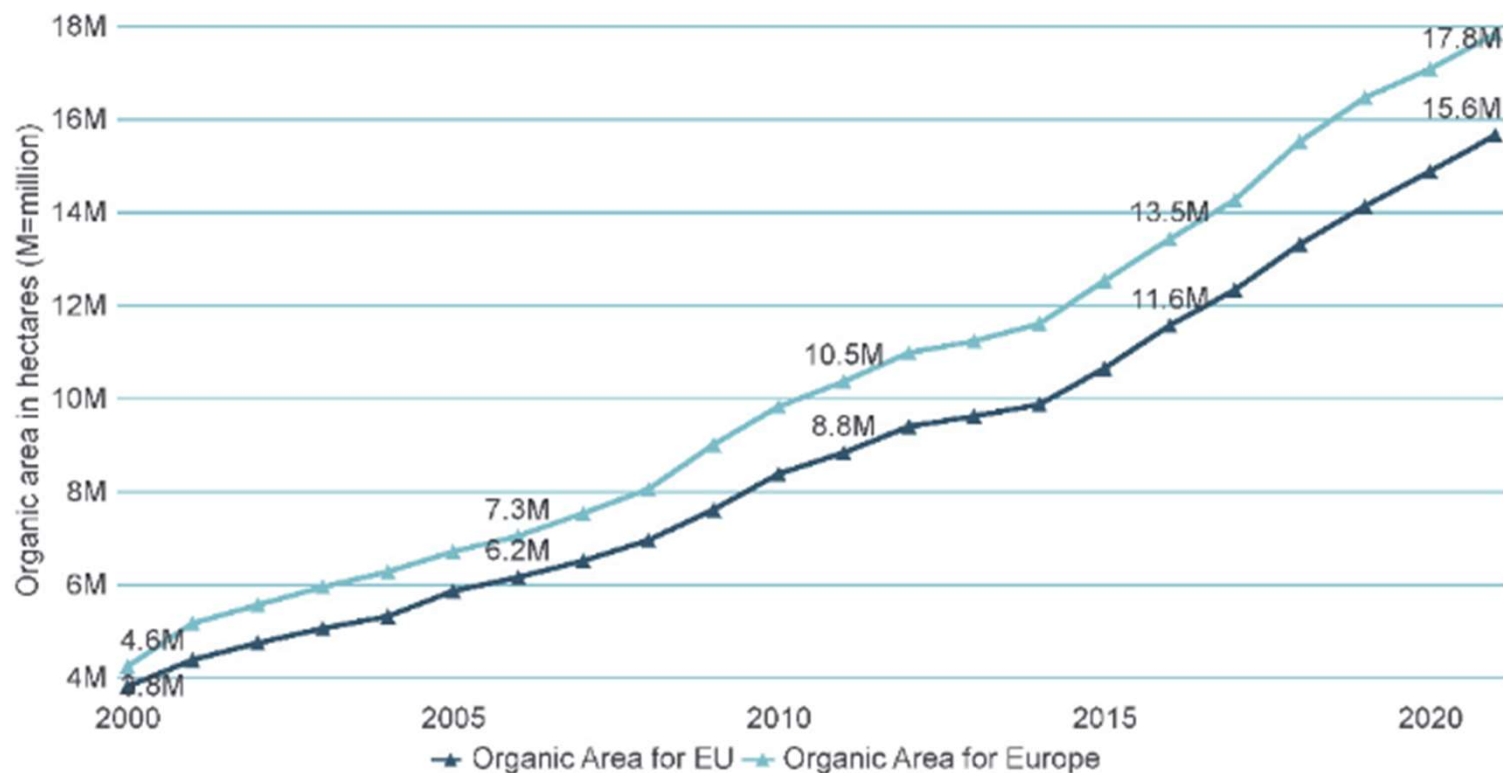


First a look back ..

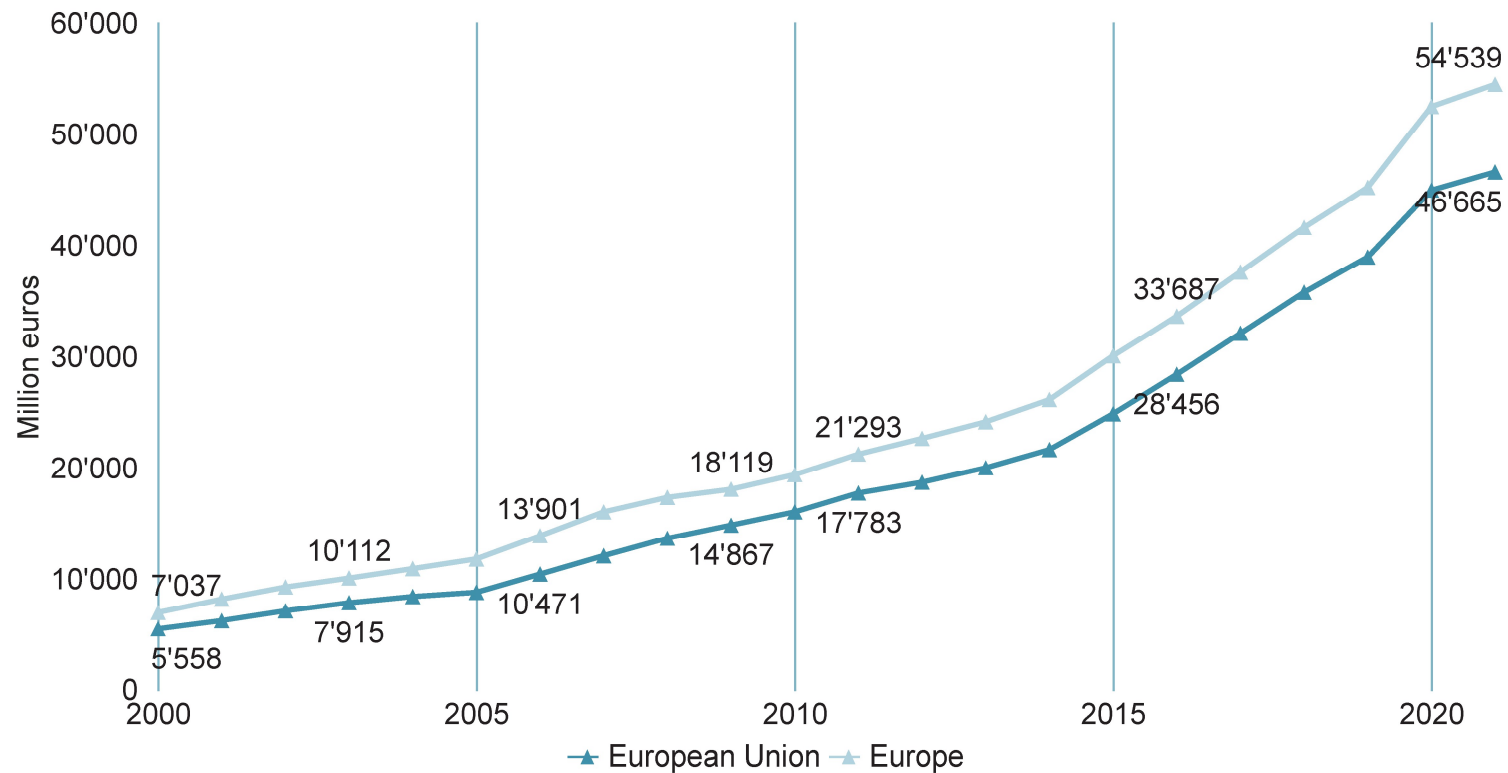
Organic sector development in the last 20 years



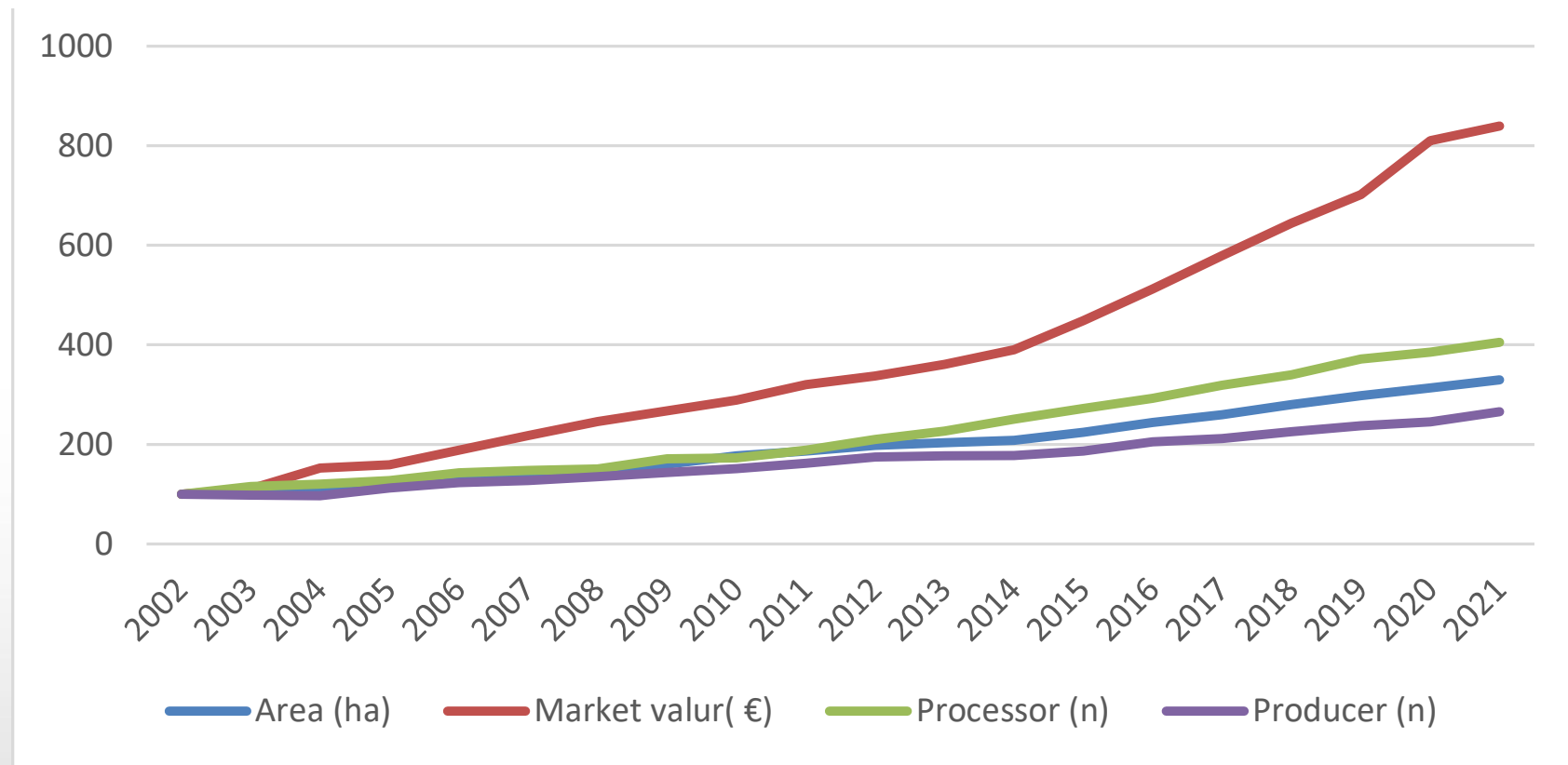
Organic production growth in the EU and Europe - doubling every 10 years



Organic market growth in the EU and Europe, 2000-2021 - trebling every 10 years



In relative terms, market growth far ahead of production



Sector development challenges

Limited impact at EU level of external shocks on sector development

- financial crisis, food scares, pandemics, Ukraine war, inflation
- Impacts in individual countries can be more significant

Competing concepts

- Integrated, conservation, regenerative agriculture, agroecology
- Often not well defined compared with EU-wide legal status for organic

Track record of growth over more than 40 years provides solid base for continued development

The role of policy support



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European policy support for organic farming

Duality of organic farming contribution to public policy and private goals:

- Environmental and other public good delivery, primarily through land management
- Economic and rural development delivery, primarily through specialist organic markets

EU Regulations defining organic farming in place since 1992, enabling both aspects to be developed

Conversion to and maintenance of organic farming support payments used widely in EU since the 1990s:

- Extensification payments in late 1980s
- Agri-environmental accompanying measures since 1994
- Stand-alone organic article in 2013 rural development regulation

Other European policy support for organic farming

Production support (supply push):

- Capital investment schemes (prioritisation or favourable terms)
- Producer organisations
- Knowledge, training, advice, innovation and research

Market support (demand pull):

- Promotion and consumer information
- Participation in quality schemes
- Capital investments in marketing and processing initiatives
- Green procurement

From 2023 – what's new?

As part of the EU Green Deal and the Farm to Fork and Biodiversity Strategies, the EU set a target of 25% of farmland to be organic by 2030

- In the EU's Organic Action Plan from 2021, all MS were encouraged to set targets for organic growth and develop organic action plans
- During the negotiation of CAP Strategic Plans, MS were encouraged to be more ambitious in their organic policies

As a result, for the first time, all MS

- support both conversion and maintenance of organic farming under Pillar 1, 2 or both
- have land area targets in CAP Strategic Plans and/or National Organic Action Plans

and almost all MS

- have chapters on organic support in their CAP Strategic Plans
- have or are developing organic actions plans covering at least the 2023-2027 period

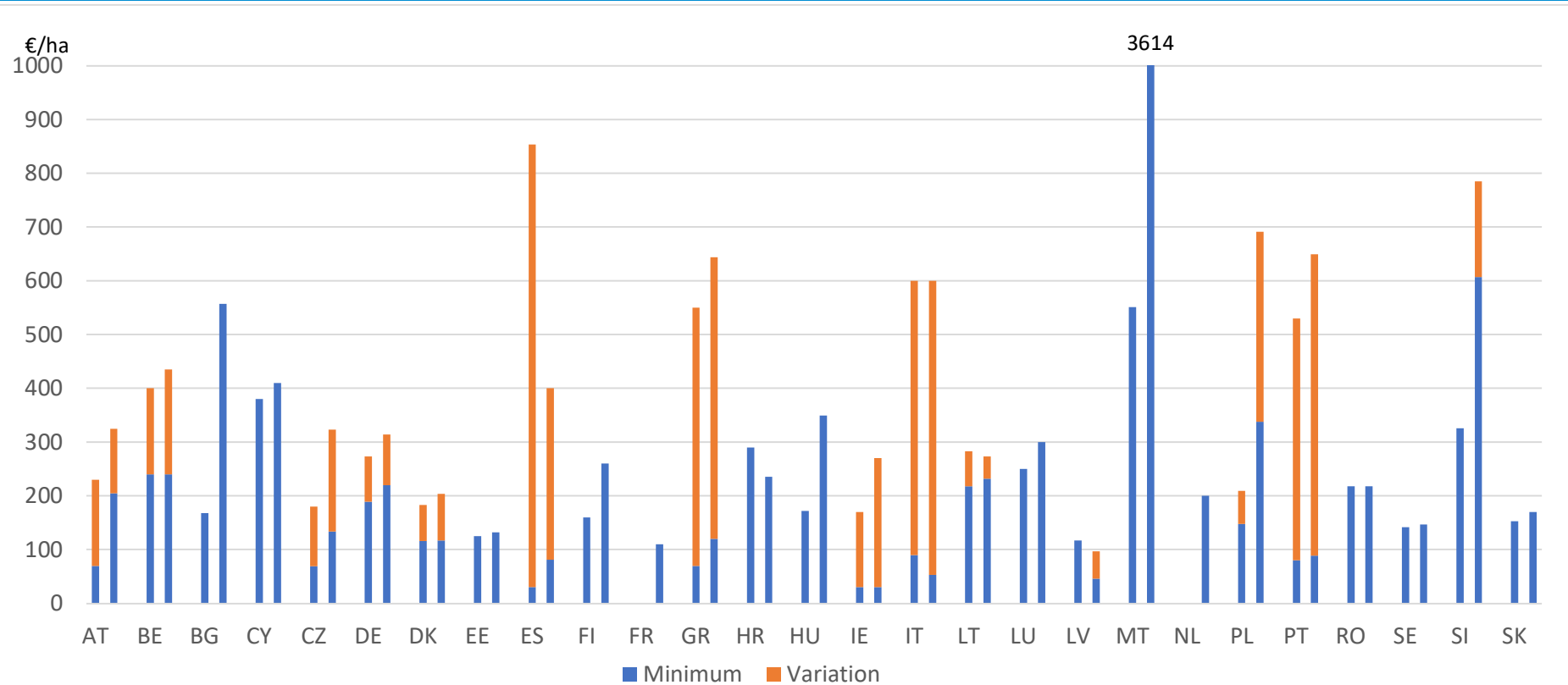
Pillar 1 Ecoschemes or Pillar 2 rural development (AECM)?

	Pillar 1 EcoScheme	Pillar 2 RDP AECM	Both
Conversion	LT	BE-VL, GR	FR-HX
Maintenance	BE-VL, GR, FR-HX		LT
Both	DK	BE-WA, CZ, DE, ES, FR-DO, HU, IE, IT, LU, MT, PL, RO	BG, EE, PT
No differentiation	NL, SE	AT, CY, FI, HR, LV, SI, SK	

Overview of organic support changes from 2023

Countries which ...	
Reduced payments per hectare	AT, BE, ES
Made few or no changes	DK, HR, IT, LT, PT, RO, SE
Increased payments somewhat	BG, CY, CZ, DE, EE, FI, GR, HU, LU, LV, PL, SI, SK
More than doubled most payments	FR-HX, IE, MT, NL

Comparison of arable maintenance payments, 2019 (L) and 2023 (R), showing regional and land use variability within MS



Conversion payments ..

Are intended to reflect higher costs than established organic systems of:

- Farm system restructuring
- Reduced output while rotational and other benefits become established
- Lack of access to organic premium prices
- Learning, training, advice

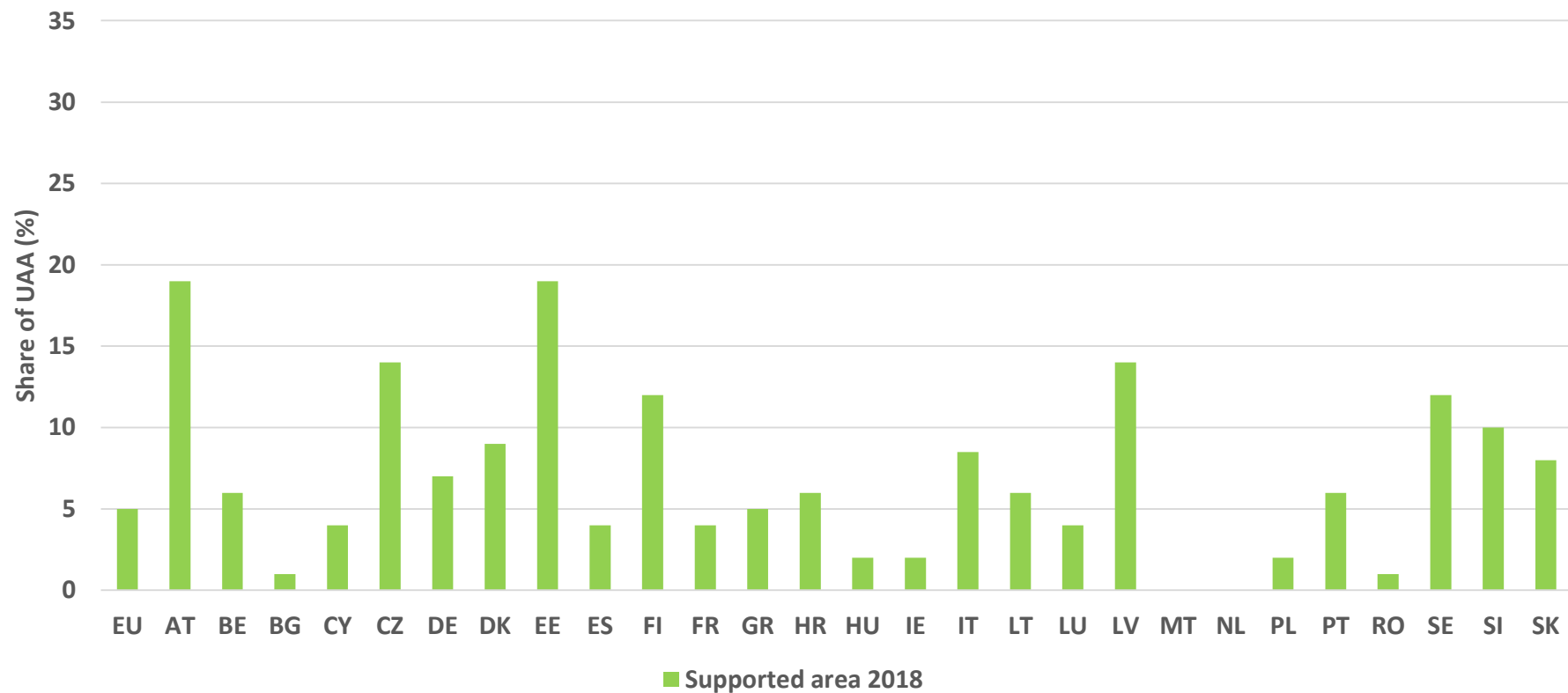
Can be applied for

- Official conversion period lasting 2-3 years
- 5-years of agreement

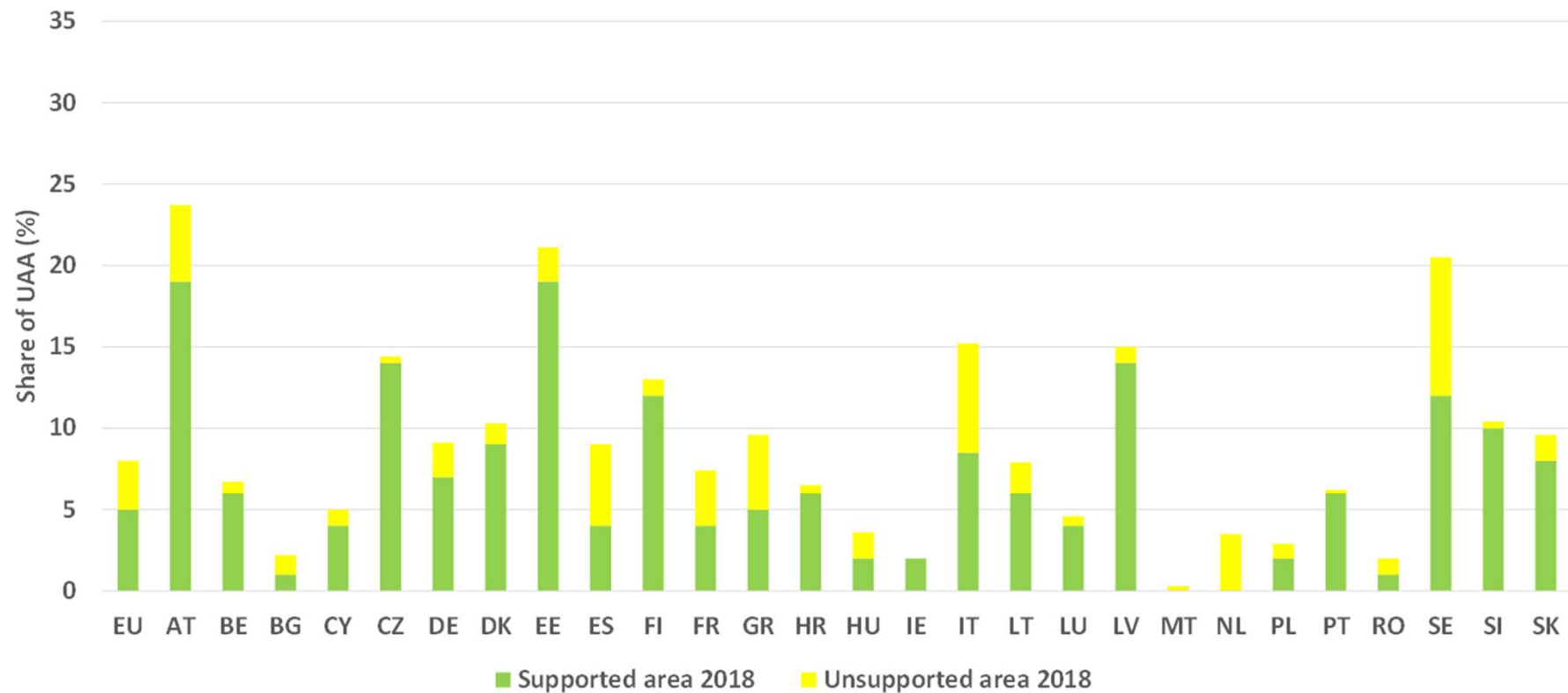
Member states either make no differentiation, a small 10-20% adjustment, or a larger adjustment, but not normally fully covering costs of conversion

See reports for full analysis of conversion support

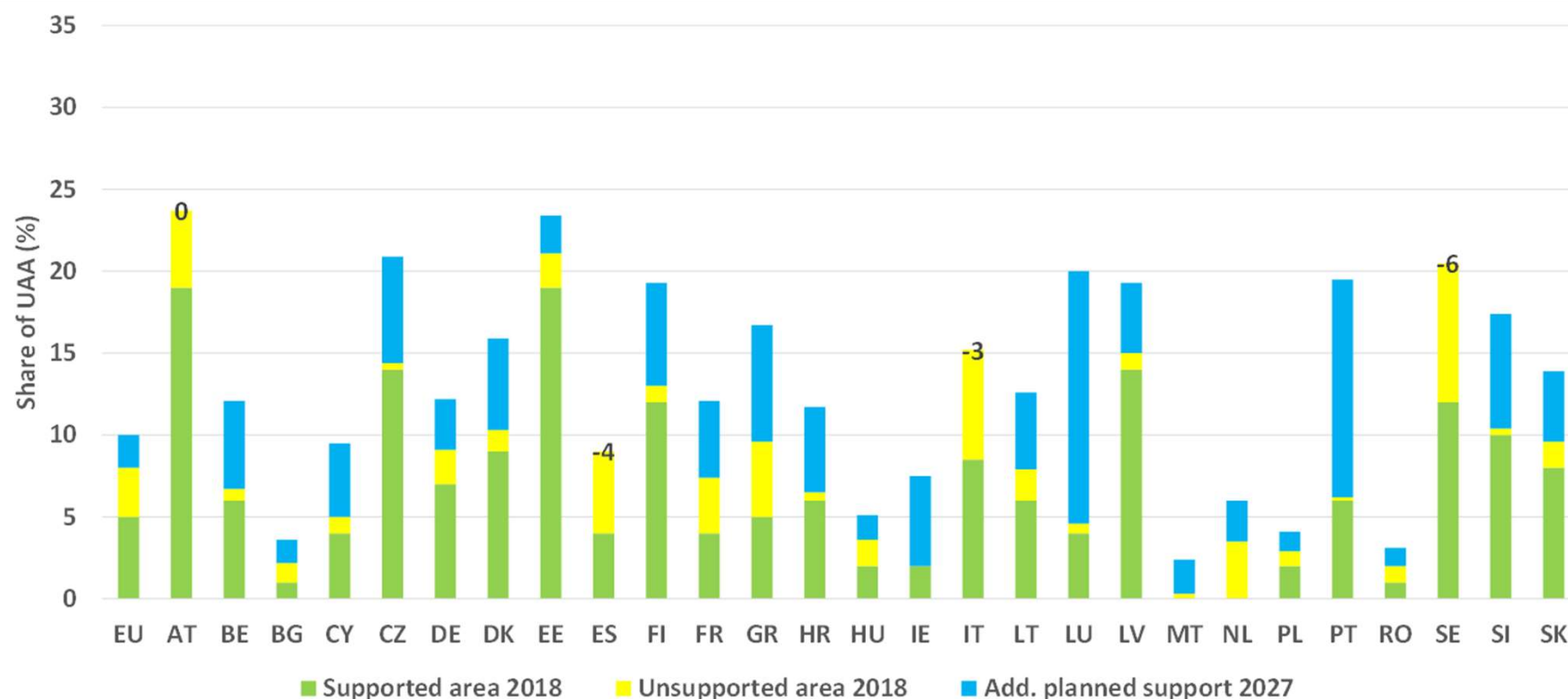
Organic conversion and maintenance supported area (% UAA) in 2018



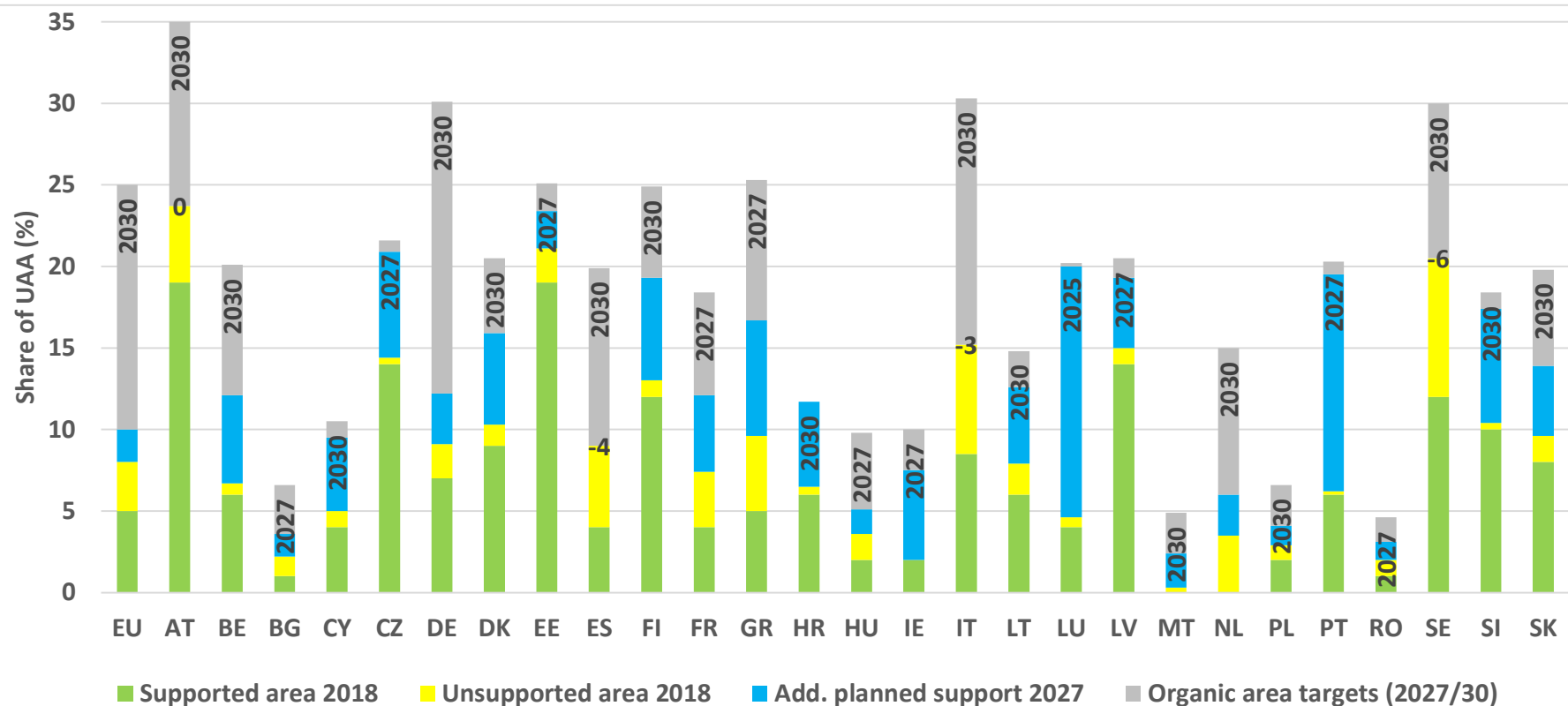
Certified organic land 2018, with and without support



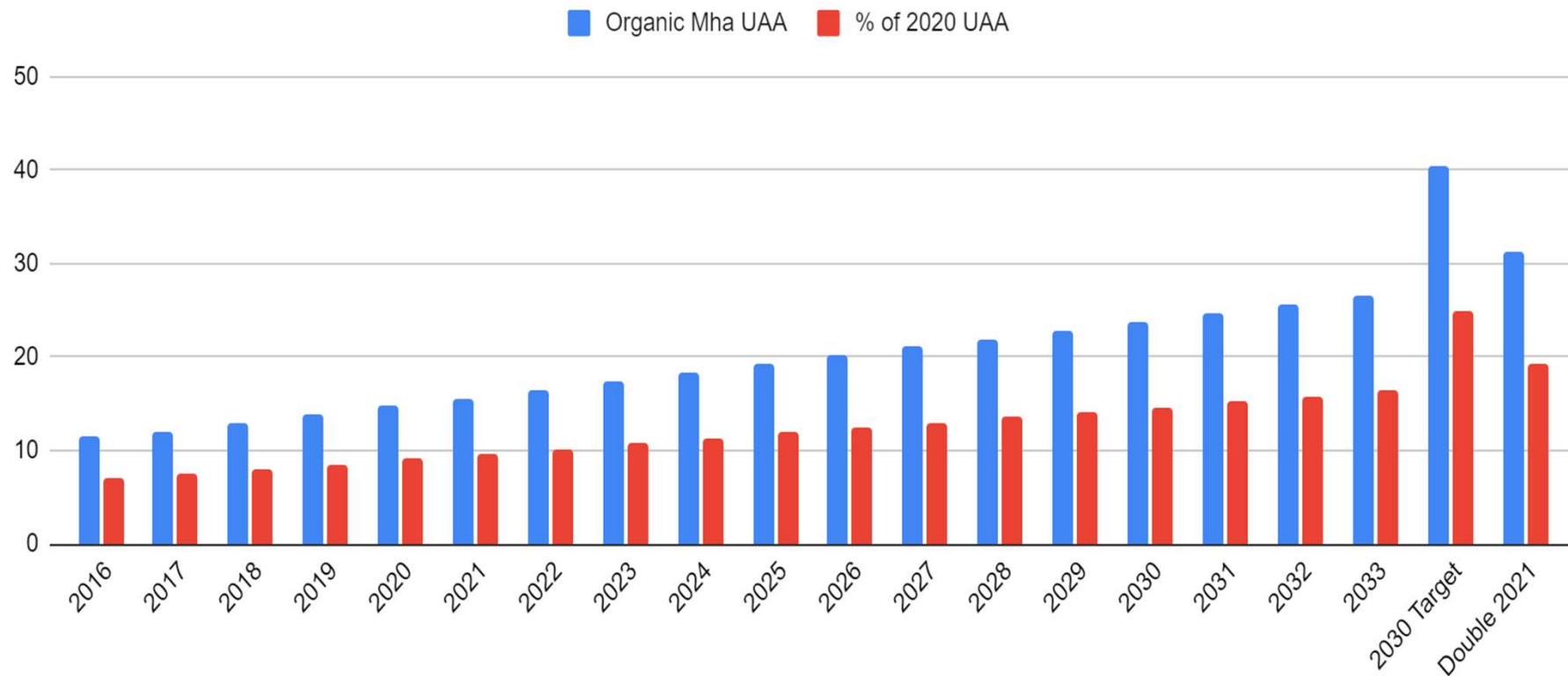
Additional supported organic area in CAP Strategic Plans, (% UAA) 2027 (blue) compared with 2018



Official targets for organic land, 2025-2030 (grey bars) of which planned supported 2027 and certified/supported 2018




If these targets can be achieved, then the EU average might reach 20% by 2030 (cf. linear growth 14%, doubling 19%)



Comparison of different scenarios with no organic farming

1. Baseline 2019/20
2. Business as usual linear trend growth based on 2016-2020
3. 1,75 times linear trend growth to reach 25% by 2030
4. Equal 25% shares of different crops

(Source: Lampkin N, Padel K (2023) [Environmental impacts of achieving the EU's 25% organic land by 2030 target: a preliminary assessment.](#) IFOAM Organics Europe, Brussels, supported by  and others)

Getting to 25% of EU27 UAA organic could mean

- 40 Mha organic land area
- 5-10% total crop output reduction, depending on land use and land quality changes, or if productivity increases as a result of improved research and knowledge exchange.
- 14-18% reduction in total livestock numbers, consistent with current consumer trends, especially organic consumers
- Livestock number reduction, and reduced use of concentrate feeds, could fully mitigate crop output reduction
- Up to 25% less synthetic N-fertiliser and pesticide use
- 15% reduction in total EU agricultural GHG emissions (up to 60% per ha converted)
- 30% enhancement in biodiversity per ha cropland converted
- In combination also a significant contribution to Green Deal, Farm to Fork and Biodiversity strategy targets for pesticides, fertilisers, antibiotics and nature restoration

EU27 organic area supported for conversion/maintenance and annual expenditure comparison (2018 actual, 2027/8 planned)

	2018	2027/8	Relative
Supported area (Mha)	8.5	16.4	193%
Share of EU UAA (%)	5.1	10.0	196%
Expenditure (G€)	1.8	3.3	185%
Expenditure (€/ha)	213	203	95%

Organic support as share of CAP environmental and CAP total expenditure, 2023-2027

Expenditure category	Expenditure (G€)	Organic share (%)
Organic land/animals	14.7	100%
Eco-schemes (Art. 31) & Environment (Art.70)	44.7 33.2	19%
Total CAP	307.4	5%

Some issues with current support

Payment differentials

- If too differentiated by crop or livestock type then potential impacts on markets

Conversion versus maintenance payment levels

Length of commitment (annual or five years)

Eligibility conditions (livestock numbers, whole farm)

Combinability with other environmental measures (double funding)

Competing measures

Administrative disruption

- Delays, funding breaks etc. can impact negatively on farmer confidence and markets

Organic food and farming:

a multi-functional systems-based approach needs an integrated approach to policy support



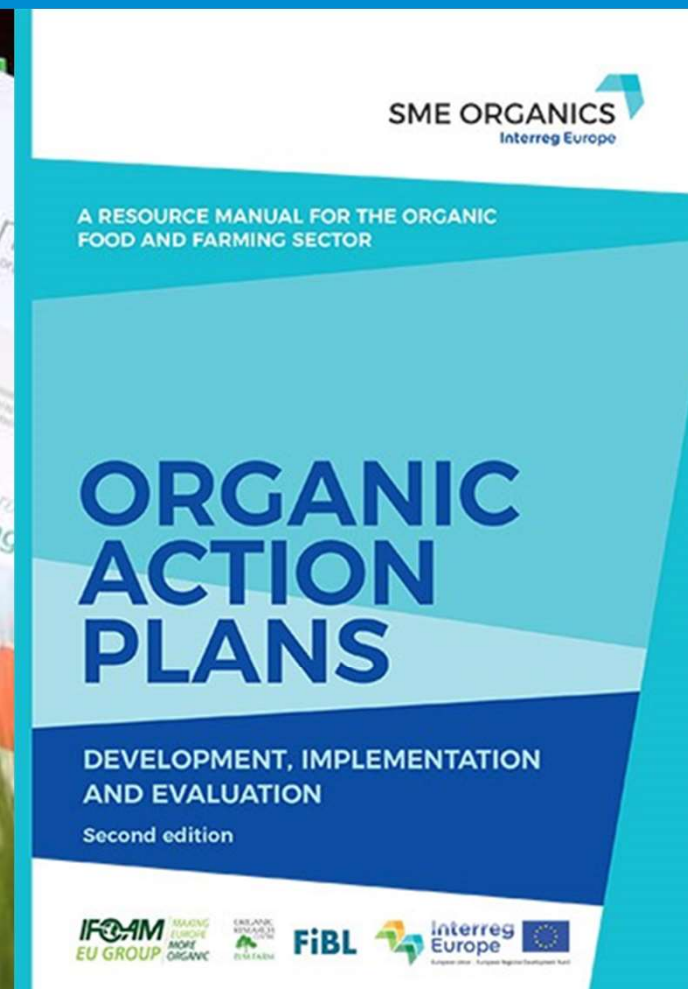
Key questions for organic policy – who pays?

- What is the role of governments and markets in supporting the organic sector?
- Who should pay for the environmental benefits delivered – the organic consumer or society?
- Is a systems-based approach, with multiple objectives, an efficient approach to generating environmental benefits?
- How effective are land area and other targets in guiding the development of the organic sector?
- How can potential conflicts between area-based payments and markets be reconciled?

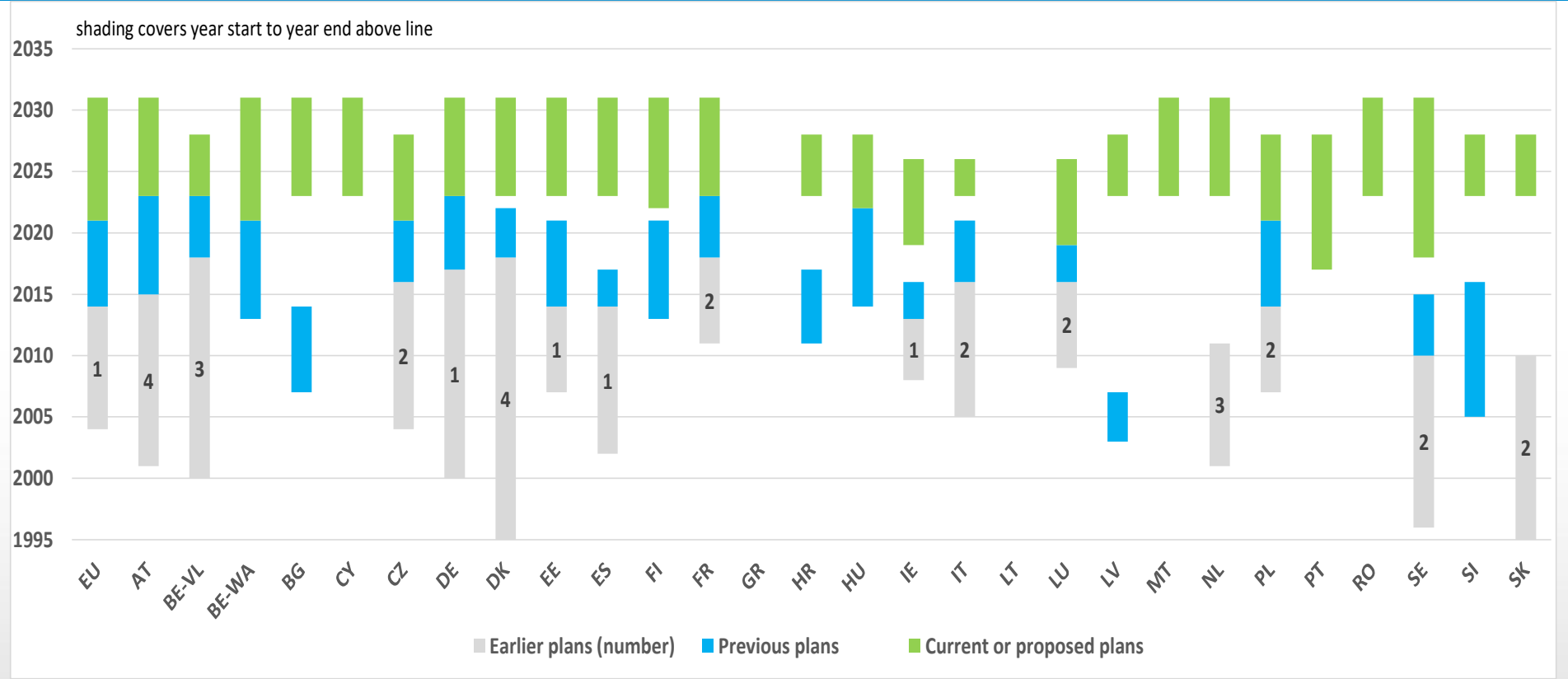
Key questions for organic policy – how much and how?

- Does the application of the income foregone principle for the calculation of payments reflect actual costs?
- Should organic price premiums be included in the calculation of maintenance payments?
- Do the payments made actually cover income foregone? If not, what is their purpose
- Could a more results-based, differentiated approach be developed to reward the environmental benefits generated by organic farming?

Organic action plans



Overview of action plans in EU27 Member States, 1995-2030



Typical measures in organic action plans

Focus	Supply push	Demand pull
Targets	<ul style="list-style-type: none"> Land-based (doubling, % of farmland) 	<ul style="list-style-type: none"> Market-based (retail sales, share of public procurement)
Public good	<ul style="list-style-type: none"> Area support Information, advice Training, education Professional events Research, data 	<ul style="list-style-type: none"> Tax incentives (e.g. VAT) Public events School initiatives (farm visits, gardens, cooking)
Market	<ul style="list-style-type: none"> Capital investments Producer groups Meet the buyer Supply hubs 	<ul style="list-style-type: none"> Organic regulations Consumer promotion Public procurement

Conclusions – success factors for policy

Increased organic area linked to

- Enhanced environmental outputs
- Appropriate interaction with organic markets

High performance – technical, environmental, financial and social

Strong focus on organic AKIS

- Peer-to-peer knowledge exchange
- Advisory services with good organic credentials
- Innovation and research

Institutional change and mainstreaming

- 3x the organic area by 2030 means more than a million new professionals involved with the sector – organic and traditional institutions need to adapt to this challenge