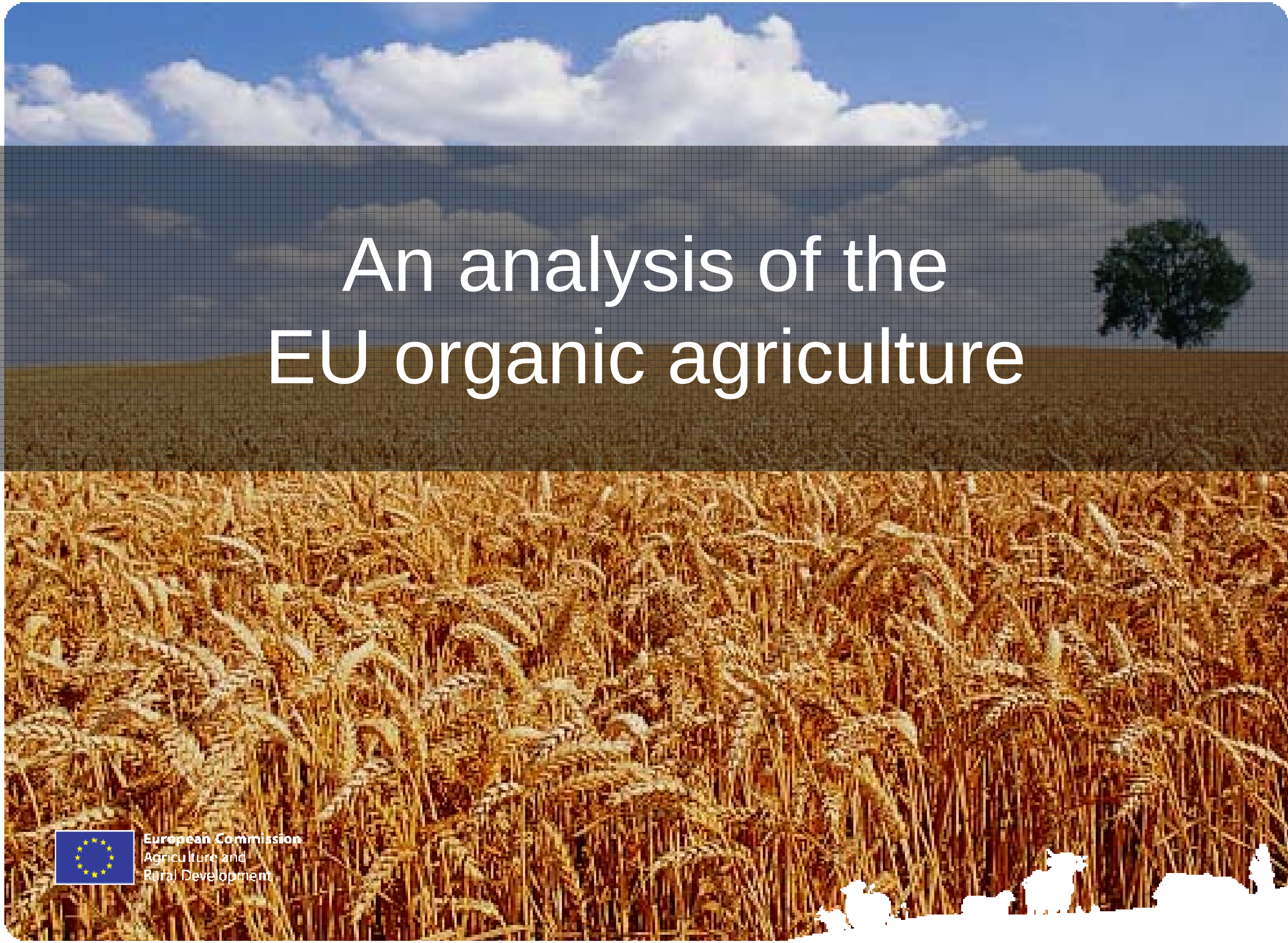
An analysis of the EU organic agriculture



Outline

1. Introduction
2. Dynamics of development of the sector: areas and holdings
3. Some structural aspects regarding holdings
4. Crop sector
5. Animal sector
6. Processing and marketing
7. EU support to organic agriculture
8. Concluding comments

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Introduction

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Data used

- Eurostat data main source
- However ... many gaps
- Additional sources: national reports, IFOAM reports and statistics
- Information derived from EU financed research projects (in particular EU-CEE-OFP)
- Aspects badly covered by statistics: crop and animal production levels
- No information: intra-EU and international trade, processed products

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Dynamics of development of the sector

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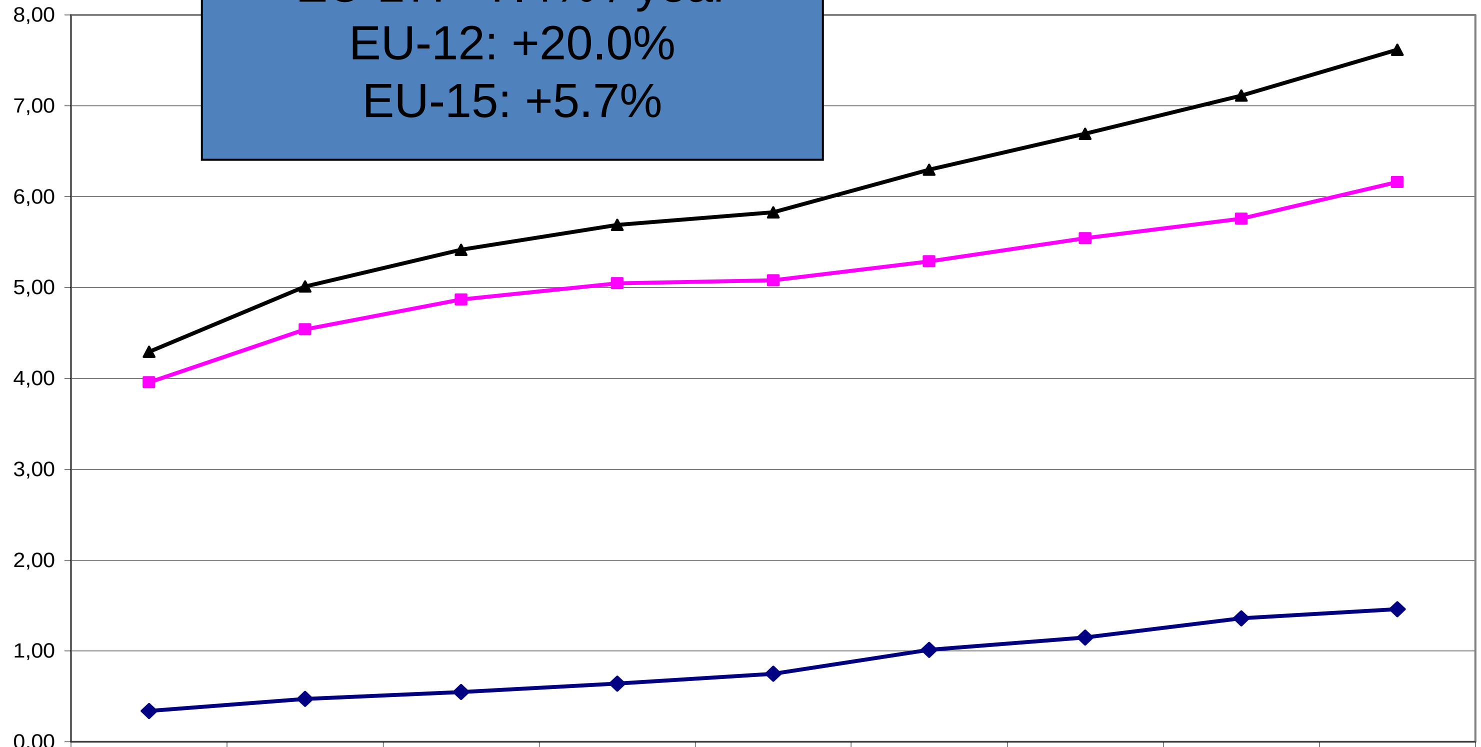
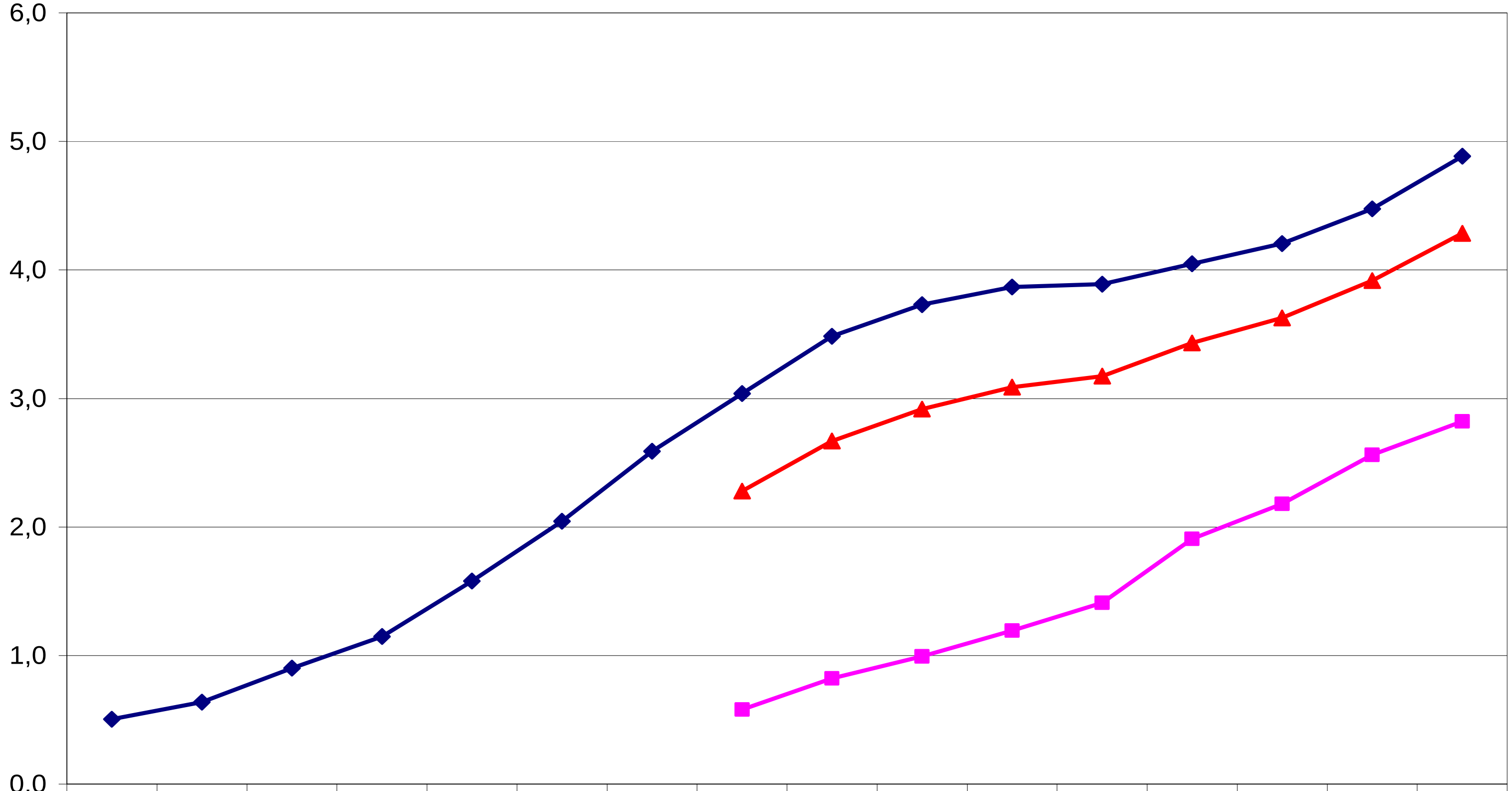
Area (mio ha)

EU-27: +7.4% / year
EU-12: +20.0%
EU-15: +5.7%



	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-12	0,34	0,47	0,55	0,64	0,75	1,01	1,15	1,36	1,46
EU-15	3,96	4,54	4,87	5,05	5,08	5,29	5,54	5,76	6,16
EU-27	4,29	5,01	5,42	5,69	5,83	6,30	6,69	7,11	7,62

% in total UAA, 1993-2008



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-15	0,5	0,6	0,9	1,1	1,6	2,0	2,6	3,0	3,5	3,7	3,9	3,9	4,0	4,2	4,5	4,9
EU-12								0,6	0,8	1,0	1,2	1,4	1,9	2,2	2,6	2,8
EU-27								2,3	2,7	2,9	3,1	3,2	3,4	3,6	3,9	4,3

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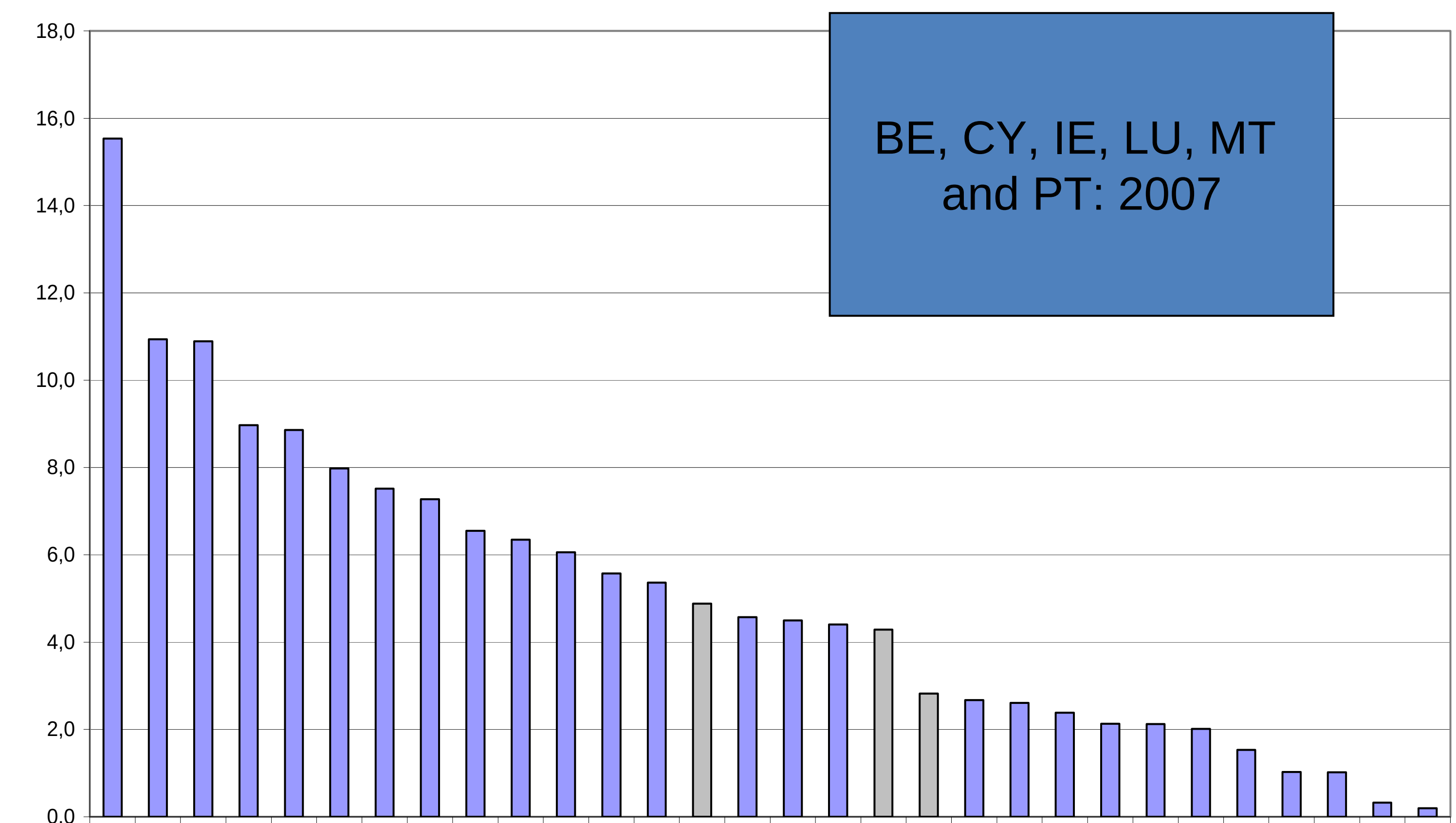
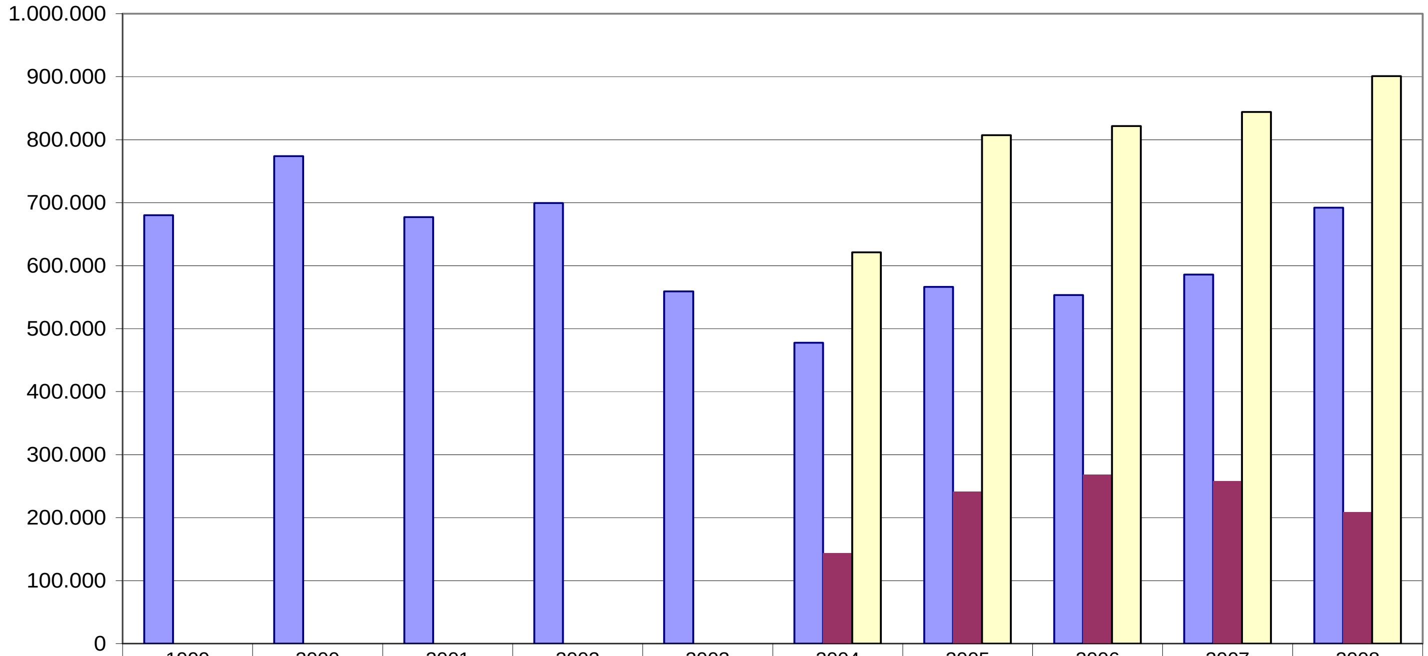
% of total UAA 2008



	AT	SE	EE	CZ	LV	EL	IT	SK	FI	PT	SI	DK	DE	EU-15	LT	UK	ES	EU-27	EU-12	LU	NL	BE	FR	HU	PL	CY	RO	IE	BG	MT
% UAA	15,5	10,9	10,9	9,0	8,9	8,0	7,5	7,3	6,5	6,3	6,1	5,6	5,4	4,9	4,6	4,5	4,4	4,3	2,8	2,7	2,6	2,4	2,1	2,1	2,0	1,5	1,0	1,0	0,3	0,2

Estimates of new area entering the sector



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-15	680.353	774.036	676.923	699.474	559.067	477.633	566.159	553.188	585.703	691.991
EU-12						143.510	241.135	268.525	258.099	208.994
EU-27						621.142	807.293	821.713	843.802	900.984

EU-15 EU-12 EU-27

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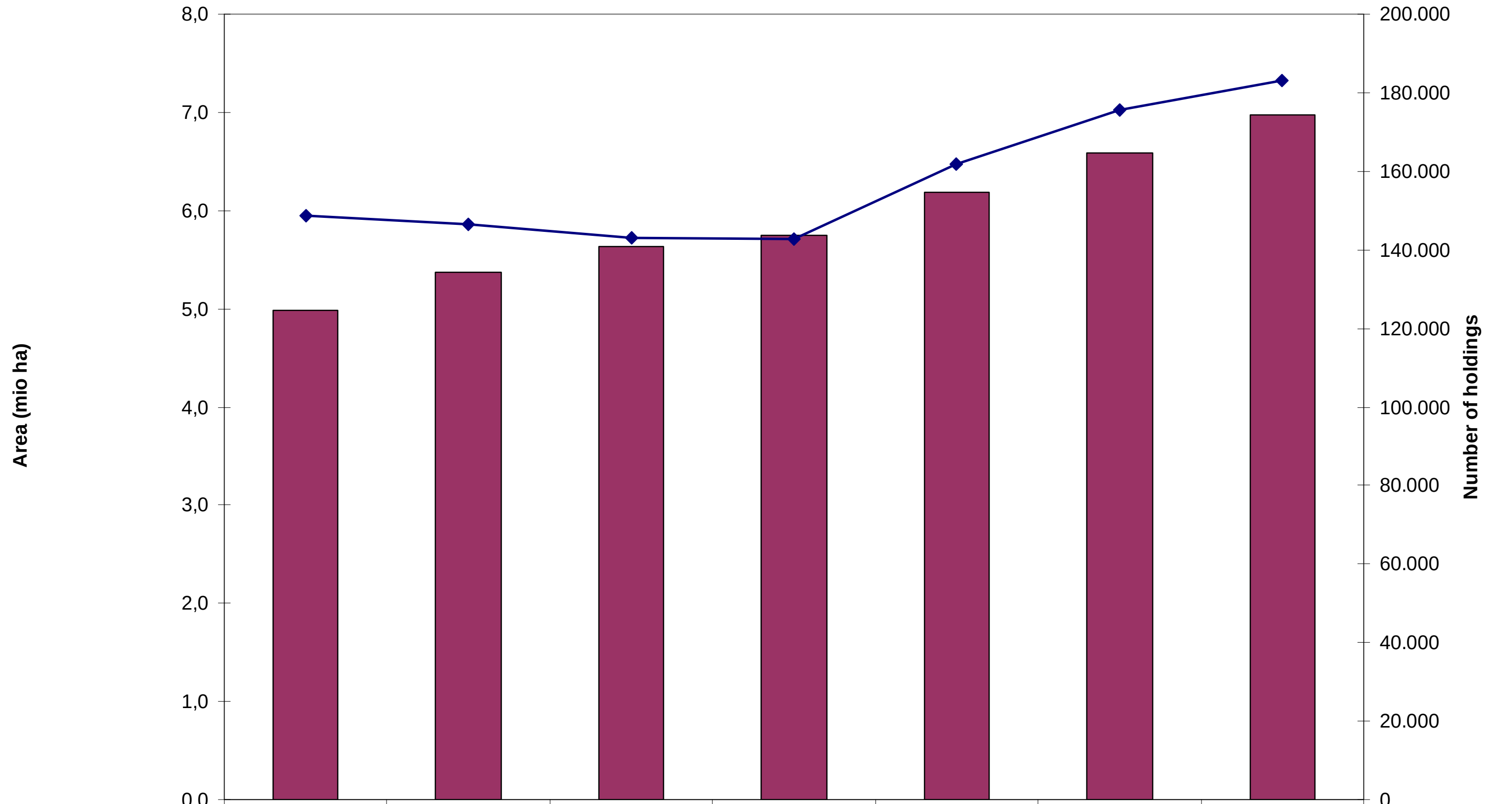
EU-25: area and holdings



	2001	2002	2003	2004	2005	2006	2007
Organic area	5,0	5,4	5,6	5,7	6,2	6,6	7,0
Number of holdings	148.622	146.388	142.899	142.567	161.688	175.725	183.028

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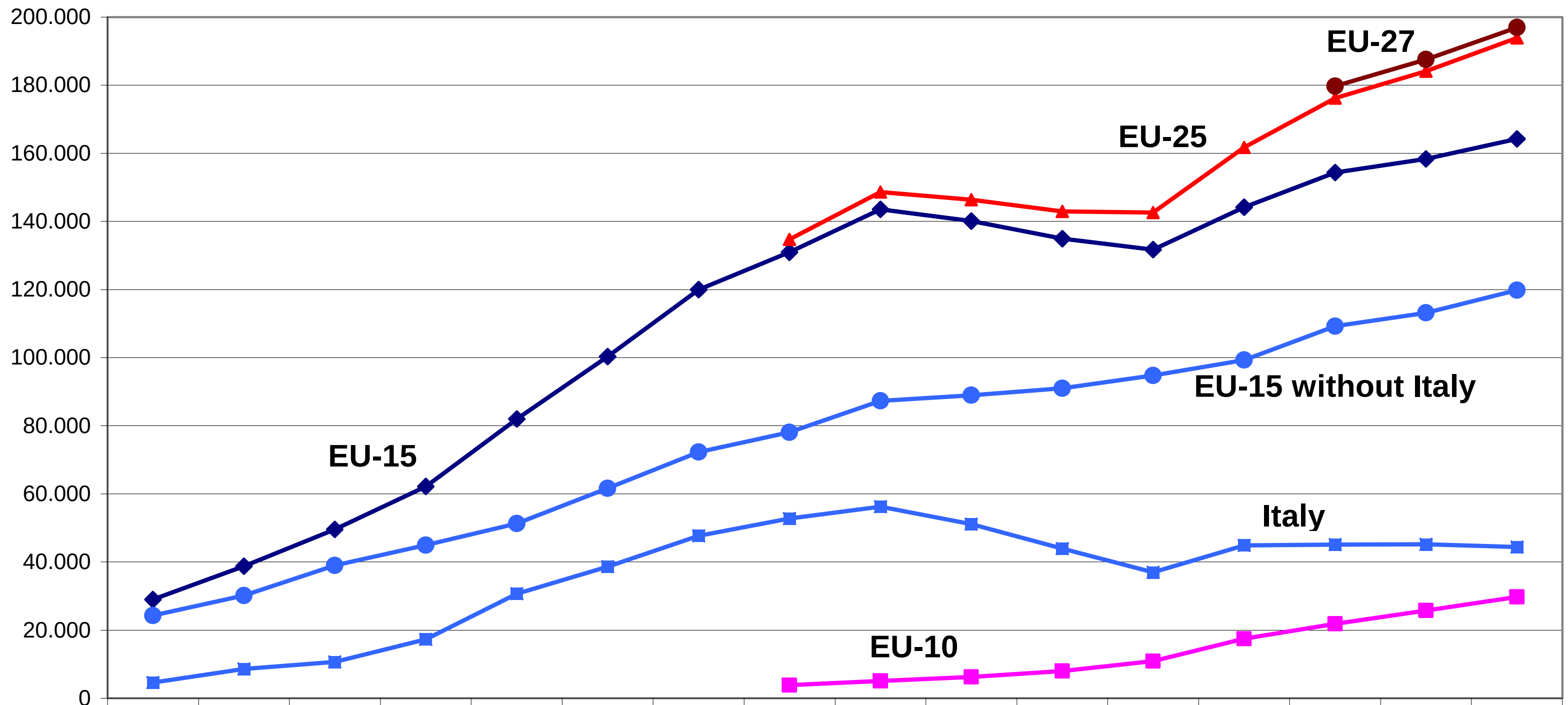
Number of holdings



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-15	28.948	38.746	49.606	62.209	81.971	100.280	119.996	130.905	143.521	140.086	134.918	131.689	144.187	154.326	158.372	164.186
EU-10								3.799	5.101	6.302	7.981	10.885	17.492	21.887	25.730	29.723
EU-25								134.704	148.622	146.388	142.899	142.574	161.679	176.213	184.102	193.909
Italy	4.656	8.597	10.630	17.279	30.701	38.616	47.705	52.796	56.199	51.118	43.928	36.955	44.860	45.115	45.221	44.371
EU-14	24.292	30.149	38.976	44.930	51.270	61.664	72.291	78.109	87.322	88.968	90.990	94.734	99.327	109.211	113.151	119.815
EU-27														179.738	187.535	196.938

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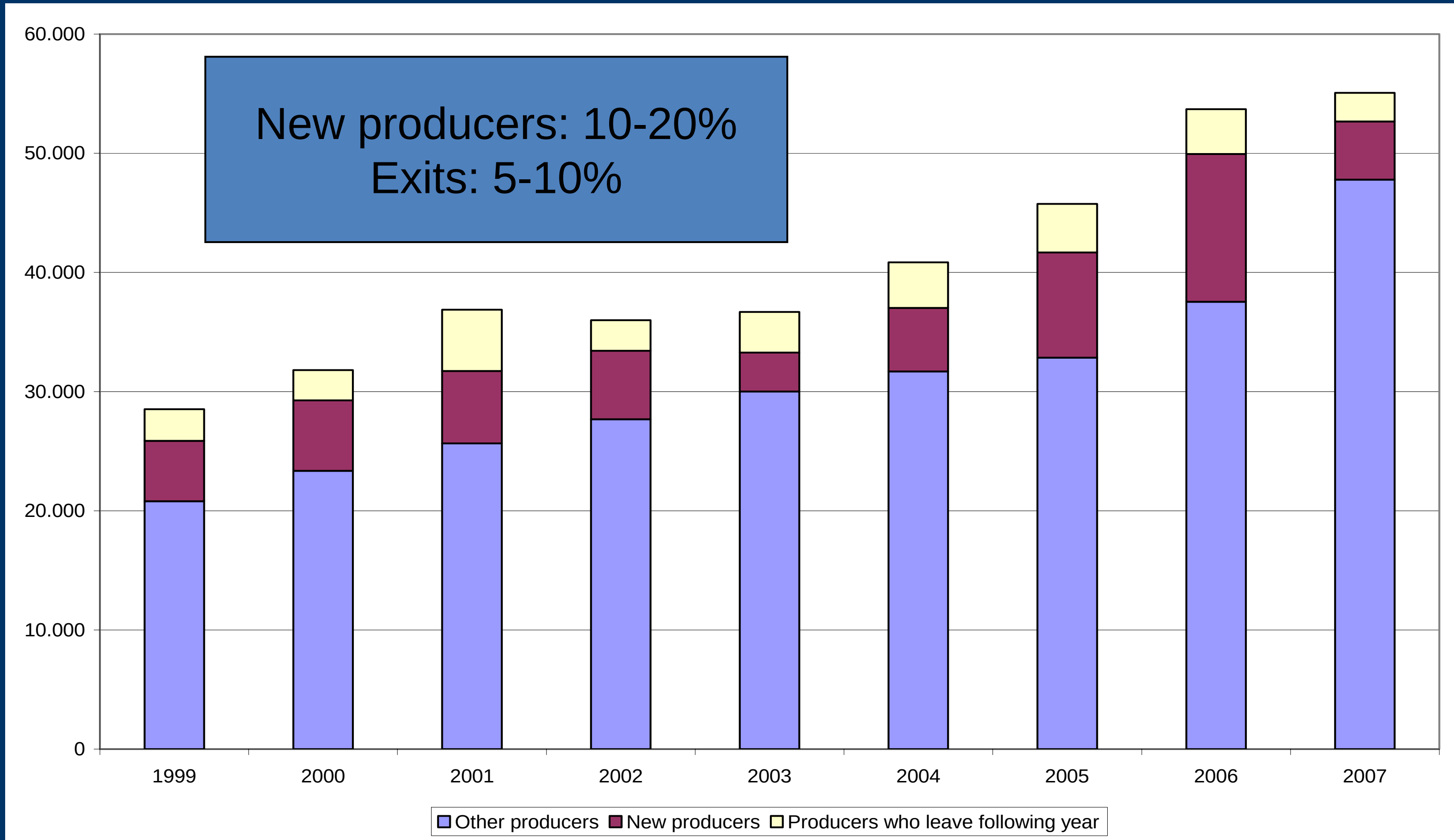
Producers entering and leaving the sector (%) in 8 EU-15 MS (i.e. 30% of EU organic farmers)



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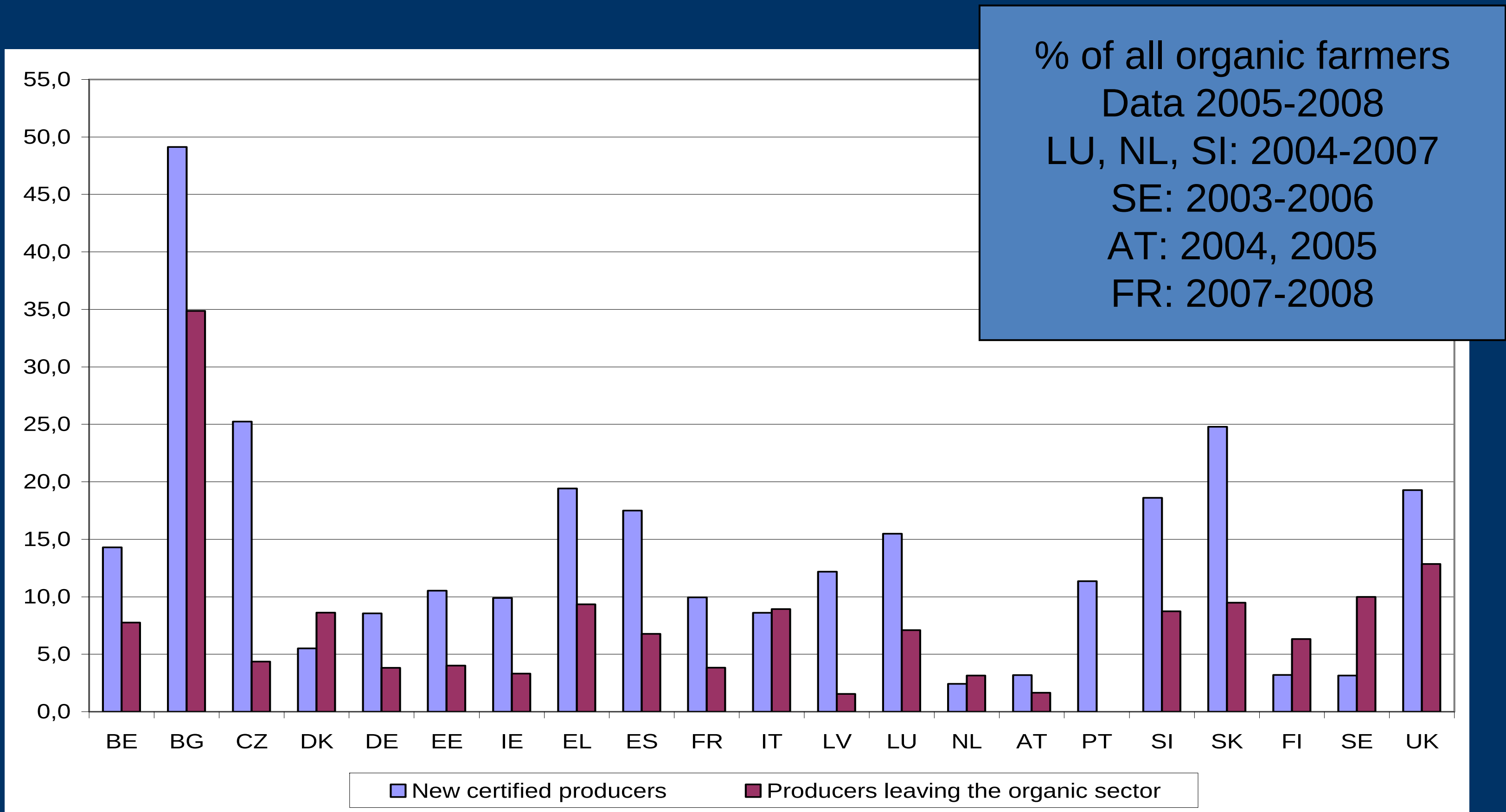
Average level of new and leaving producers (2005-2007)



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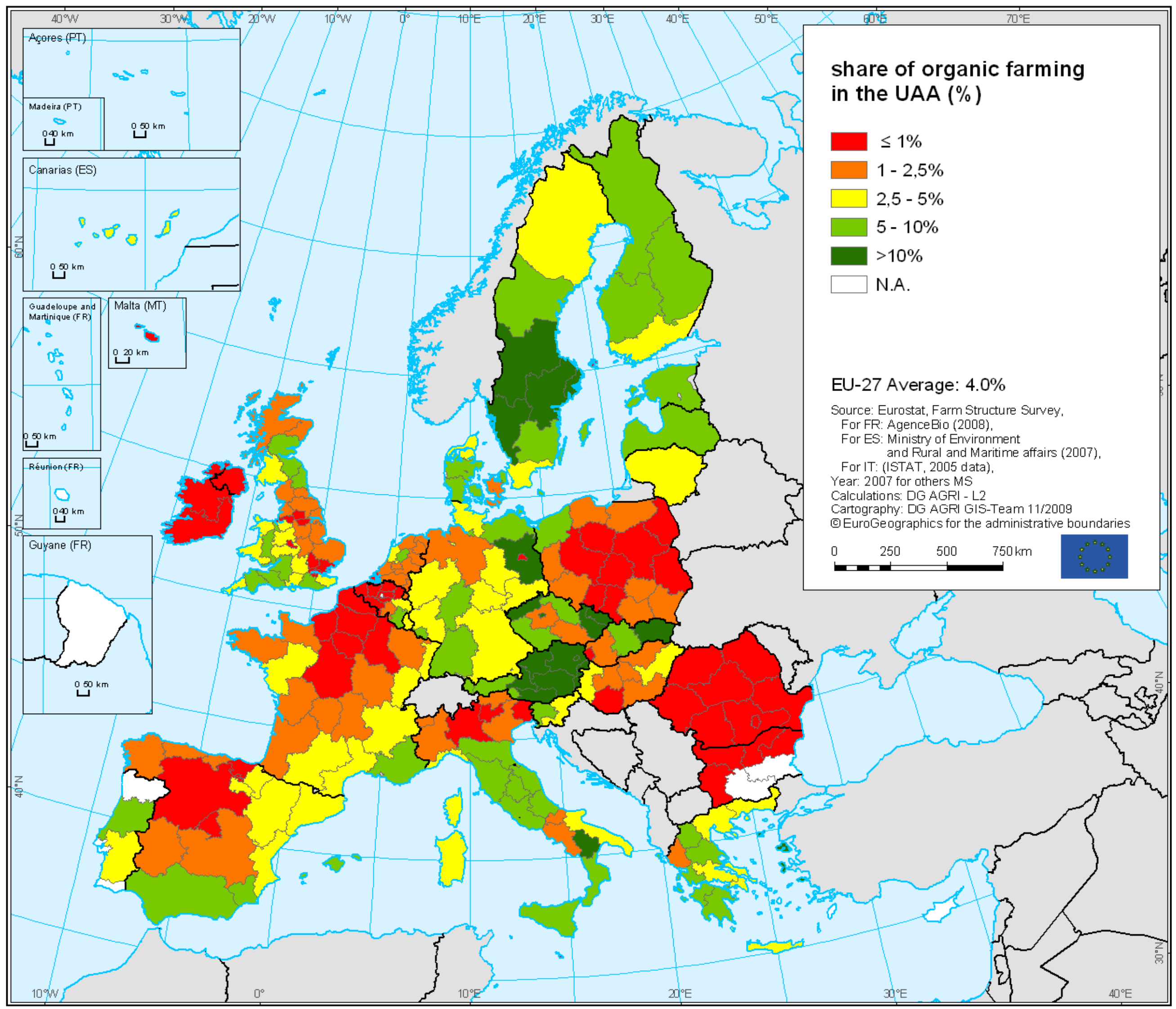
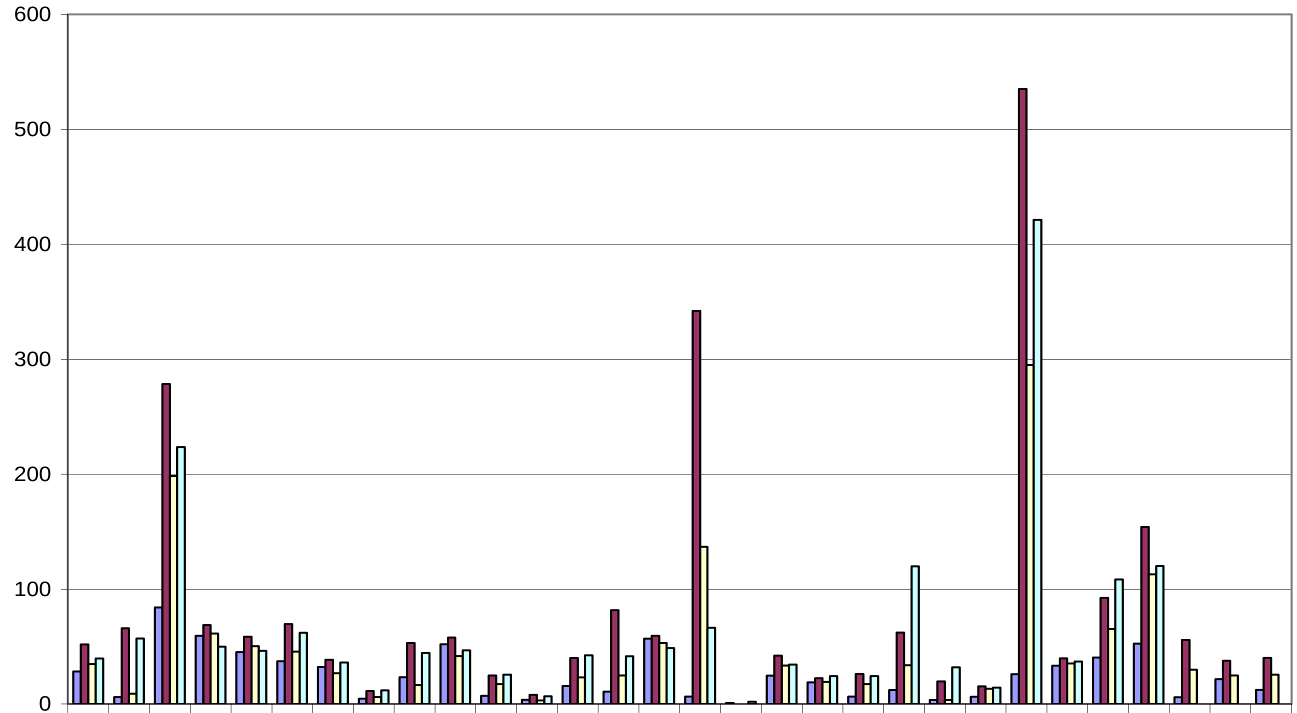

share of organic farming in the UAA (%)
≤ 1%
1 - 2,5%
2,5 - 5%
5 - 10%
>10%
N.A.
EU-27 Average: 4.0%
Source: Eurostat, Farm Structure Survey,
For FR: AgenceBio (2008),
For ES: Ministry of Environment and Rural and Maritime affairs (2007),
For IT: (ISTAT, 2005 data),
Year: 2007 for others MS
Calculations: DG AGRI - L2
Cartography: DG AGRI GIS-Team 11/2009
©EuroGeographics for the administrative boundaries
0 250 500 750 km
Açores (PT)
Madeira (PT)
Canarias (ES)
Guadeloupe and Martinique (FR)
Malta (MT)
Réunion (FR)
Guyane (FR)

3

Structural aspects regarding holdings

Average area per holdings in 2007 (ha, source: FSS)



	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU-12	EU-15	EU-27
Non organic farms (FSS)	28	6	84	59	45	37	32	4	23	52	7	4	15	11	57	6	1	25	19	6	12	3	6	26	33	40	53	6	22	12
Organic farms (FSS)	52	66	278	69	59	69	38	11	53	58	25	8	40	82	59	342	0	42	22	26	62	20	15	535	40	92	154	56	37	40
of which organic area FSS)	35	9	198	61	50	46	27	6	16	42	17	3	23	25	53	137	0	33	19	17	34	3	13	295	35	65	113	30	25	26
of which organic area (annual data)	40	57	223	50	46	62	36	12	44	47	25	7	42	41	49	66	2	34	24	24	120	32	14	421	37	108	120			

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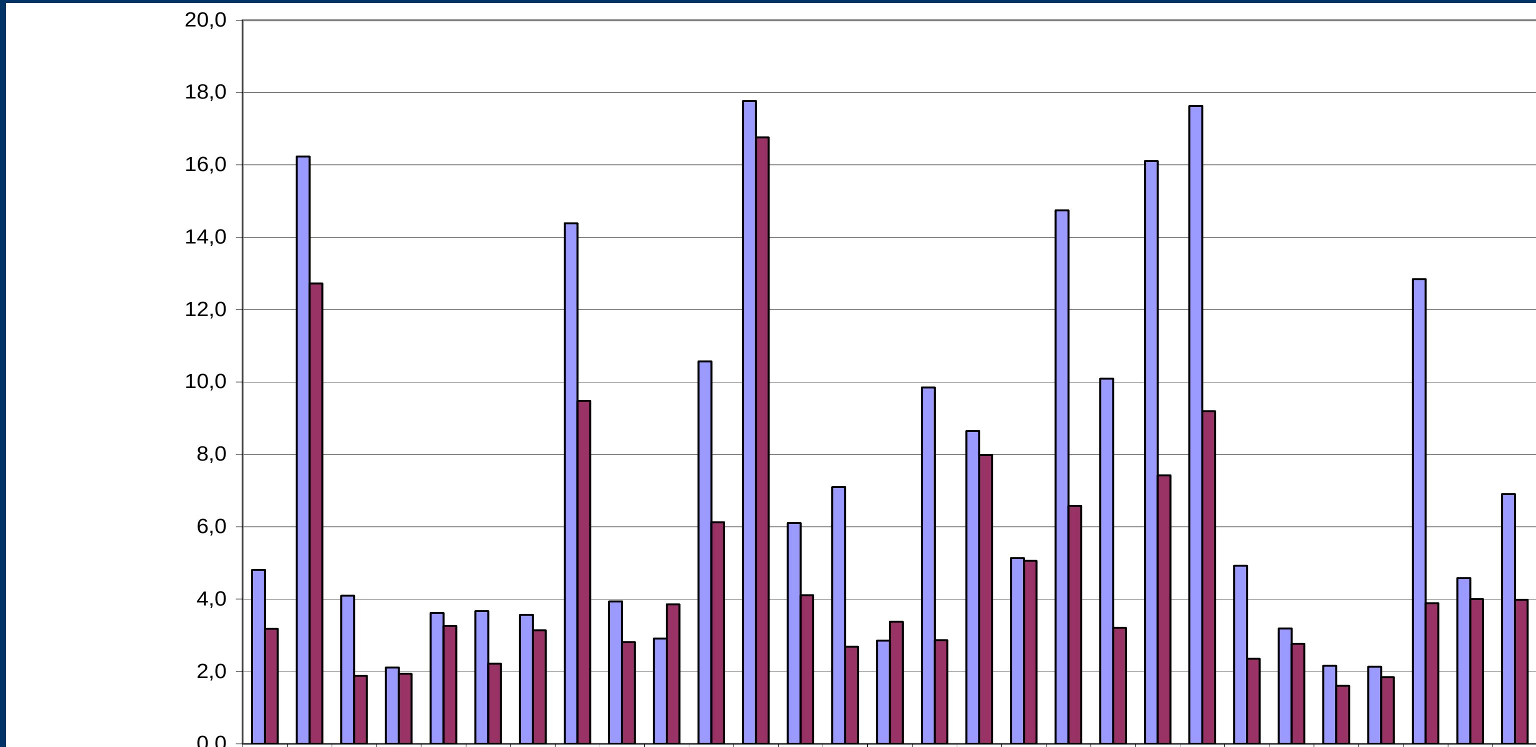
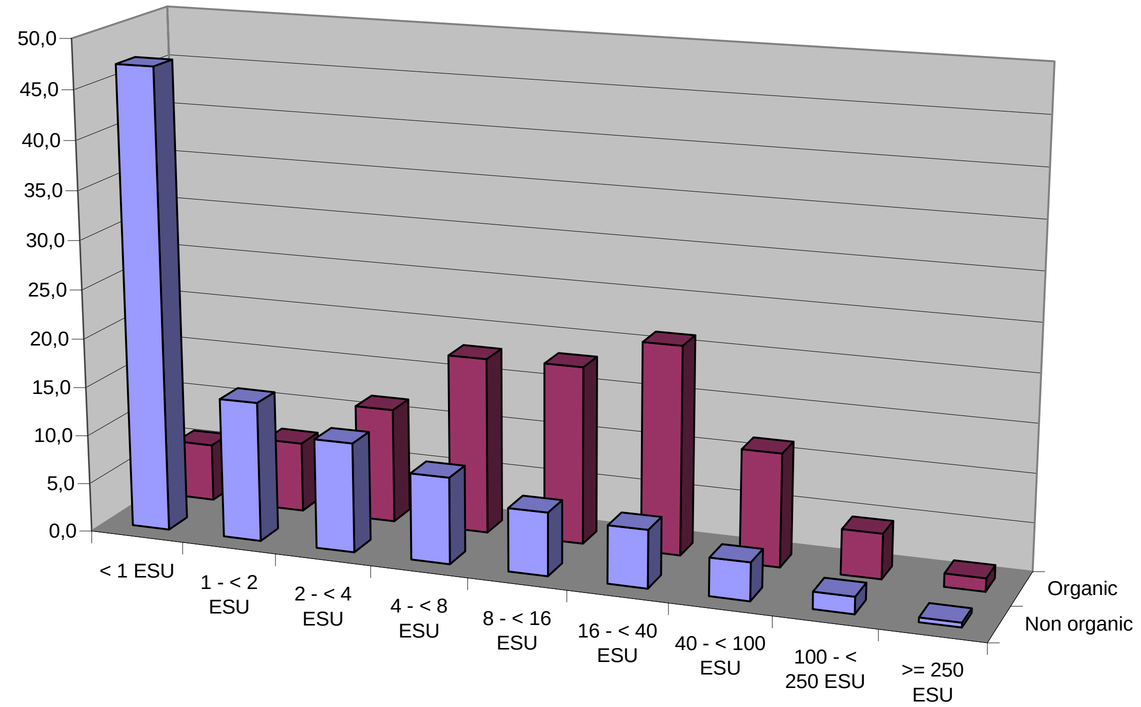
Average labour use (AWU / 100 ha, 2007, FSS)



	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU-12	EU-15	EU-27
Non organic holdings	4,8	16,2	4,1	2,1	3,6	3,7	3,6	14,4	3,9	2,9	10,6	17,8	6,1	7,1	2,9	9,8	8,6	5,1	14,7	10,1	16,1	17,6	4,9	3,2	2,2	2,1	12,8	4,6	6,9
Organic holdings	3,2	12,7	1,9	1,9	3,3	2,2	3,1	9,5	2,8	3,9	6,1	16,8	4,1	2,7	3,4	2,9	8,0	5,1	6,6	3,2	7,4	9,2	2,4	2,8	1,6	1,8	3,9	4,0	4,0

Economic size distribution of organic and conventional farms in the EU (%, FSS 2007)



	< 1 ESU	1 - < 2 ESU	2 - < 4 ESU	4 - < 8 ESU	8 - < 16 ESU	16 - < 40 ESU	40 - < 100 ESU	100 - < 250 ESU	>= 250 ESU
Non organic	47,2	14,3	11,2	8,8	6,5	5,9	3,9	1,7	0,5
Organic	5,9	7,2	11,8	18,1	18,2	21,4	11,6	4,6	1,4

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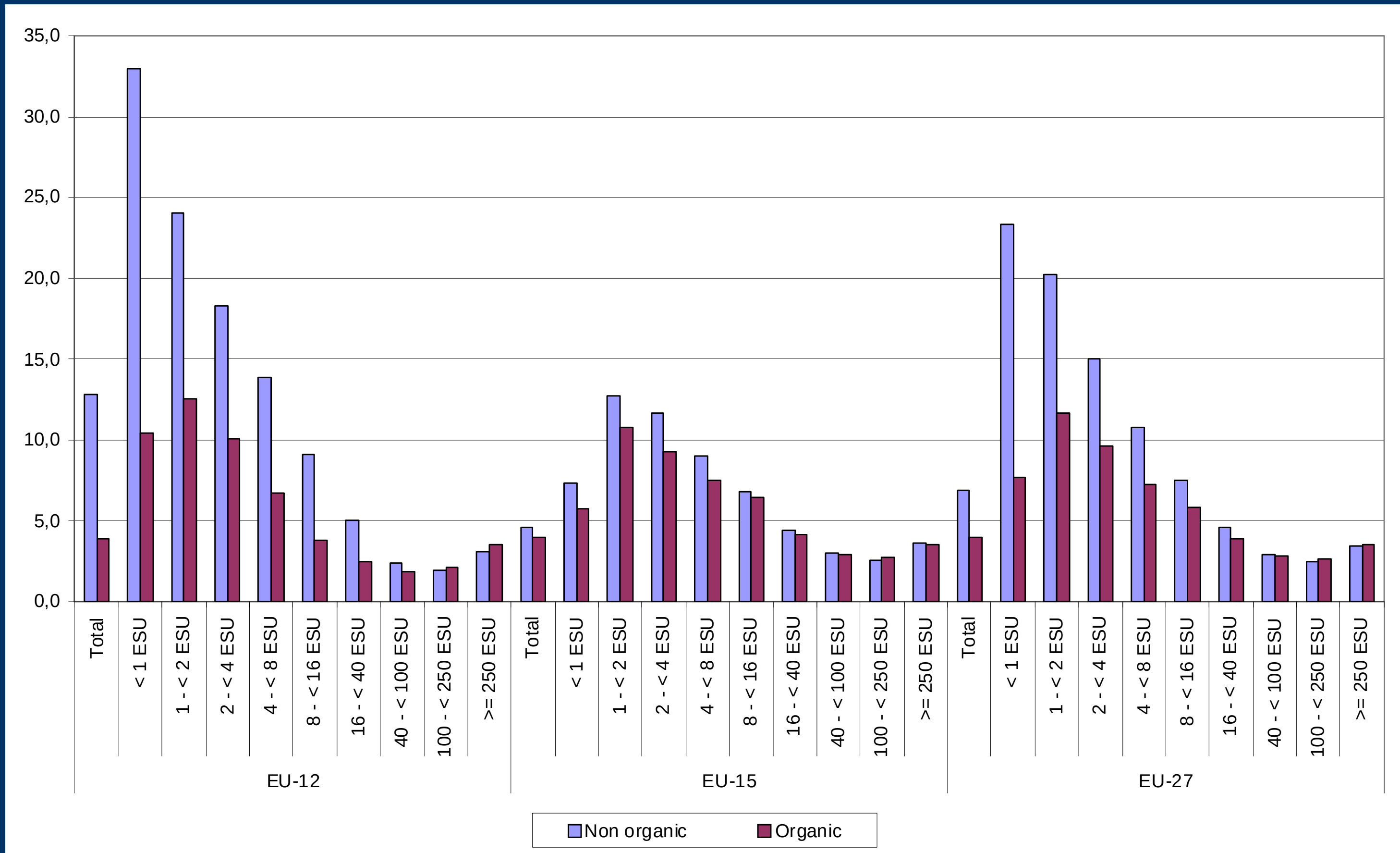
Labour use per area and economic size (AWU per 100 ha, ESU, FSS 2007)



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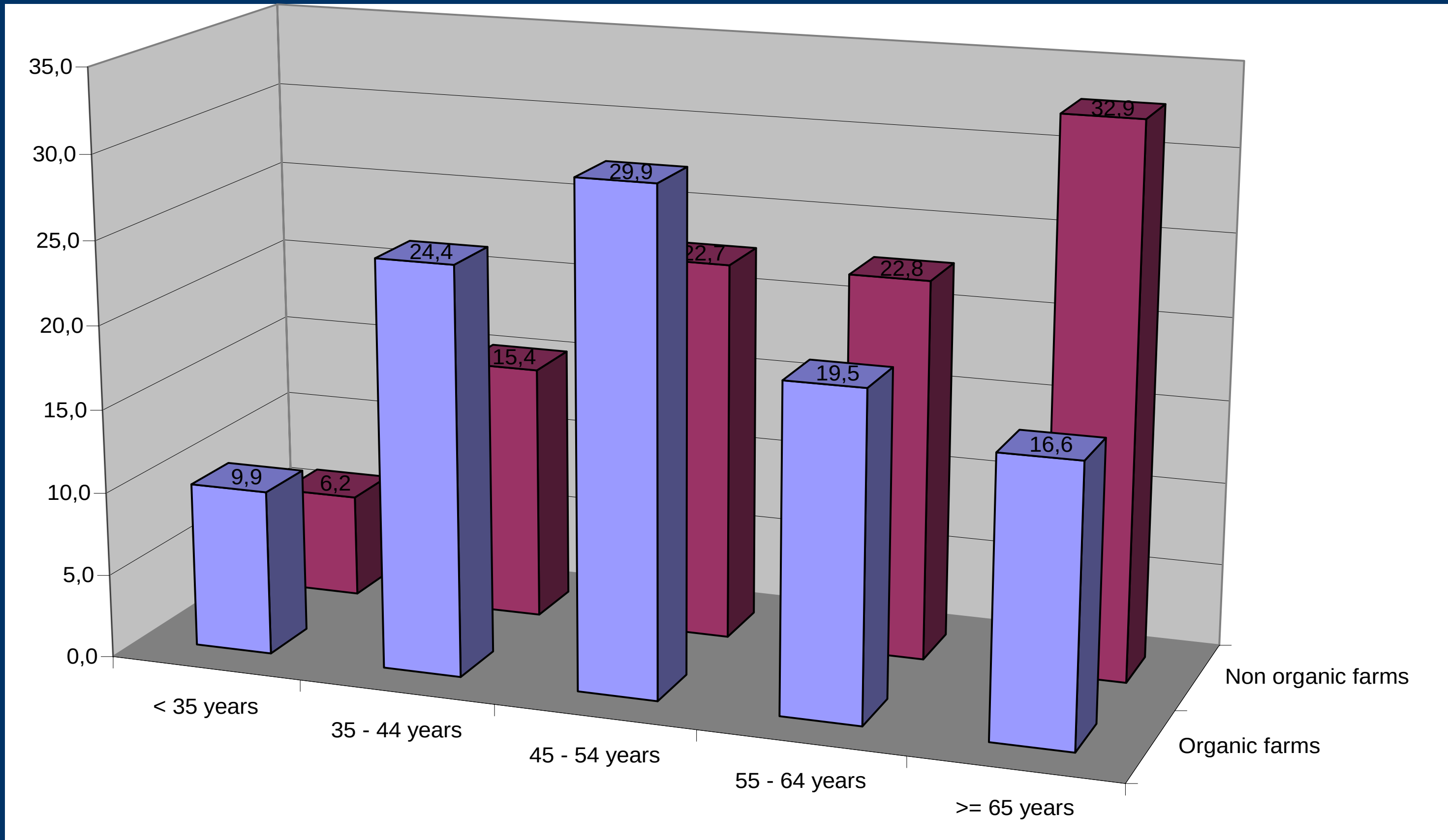
Age distribution of farm managers (2007, %, FSS)



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Crop sector

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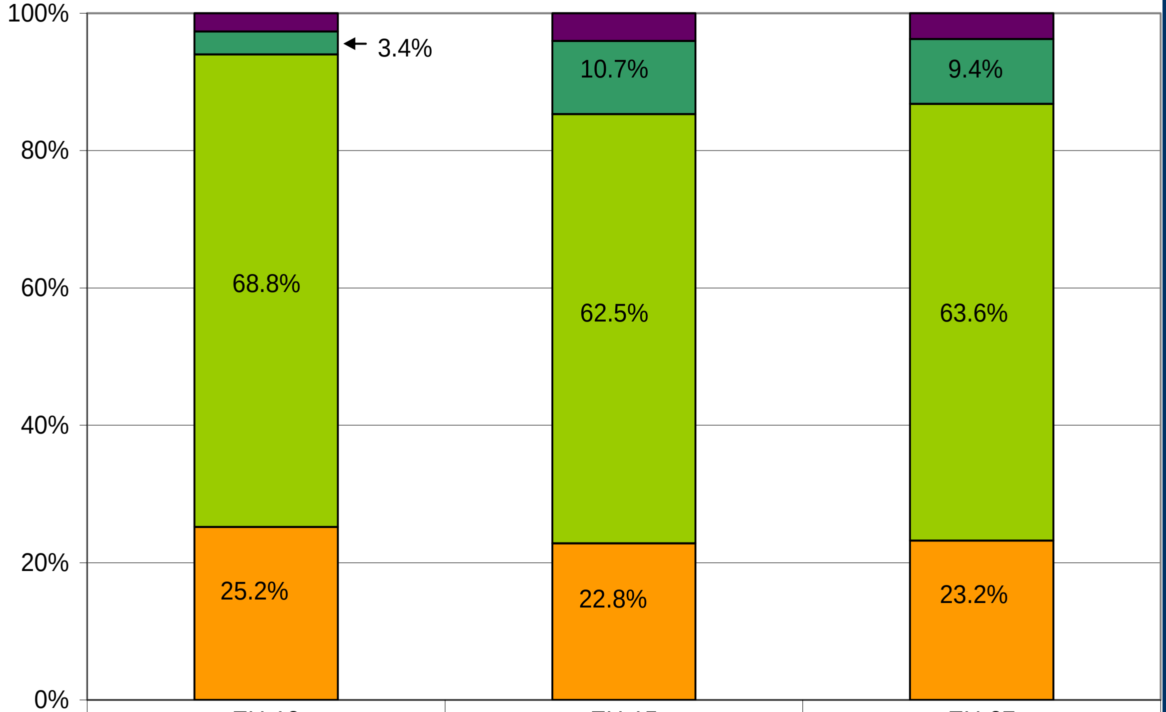
Main land uses (2006, '000 ha and %)



	EU-12	EU-15	EU-27
Other	30	222	252
Horticulture	39	593	631
Grassland and fodder	791	3.472	4.263
Arable crops	289	1.267	1.556

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Comparison land use total / organic (2006, %)

	Arable land	Arable crops (1)	Permanent grassland	Permanent crops	Vegetables	Green fodder
All agriculture (share in total utilised agricultural area)						
EU-12	69,9	61,0	26,9	2,4	1,2	7,7
EU-15	56,6	44,0	31,6	8,2	1,2	11,4
EU-27	**60,4**	**48,9**	**30,3**	**6,6**	**1,2**	**10,3**
Organic agriculture (share in total organic + in-conversion area)						
EU-12	37,5	25,2	56,5	2,9	0,5	12,4
EU-15	40,2	22,8	45,1	9,2	1,4	17,4
EU-27	**39,7**	**23,2**	**47,1**	**8,1**	**1,3**	**16,5**

Source: elaborated from Eurostat (and EU-CEE-OFP for some missing data)
(1): excludes from arable land vegetables and green fodder

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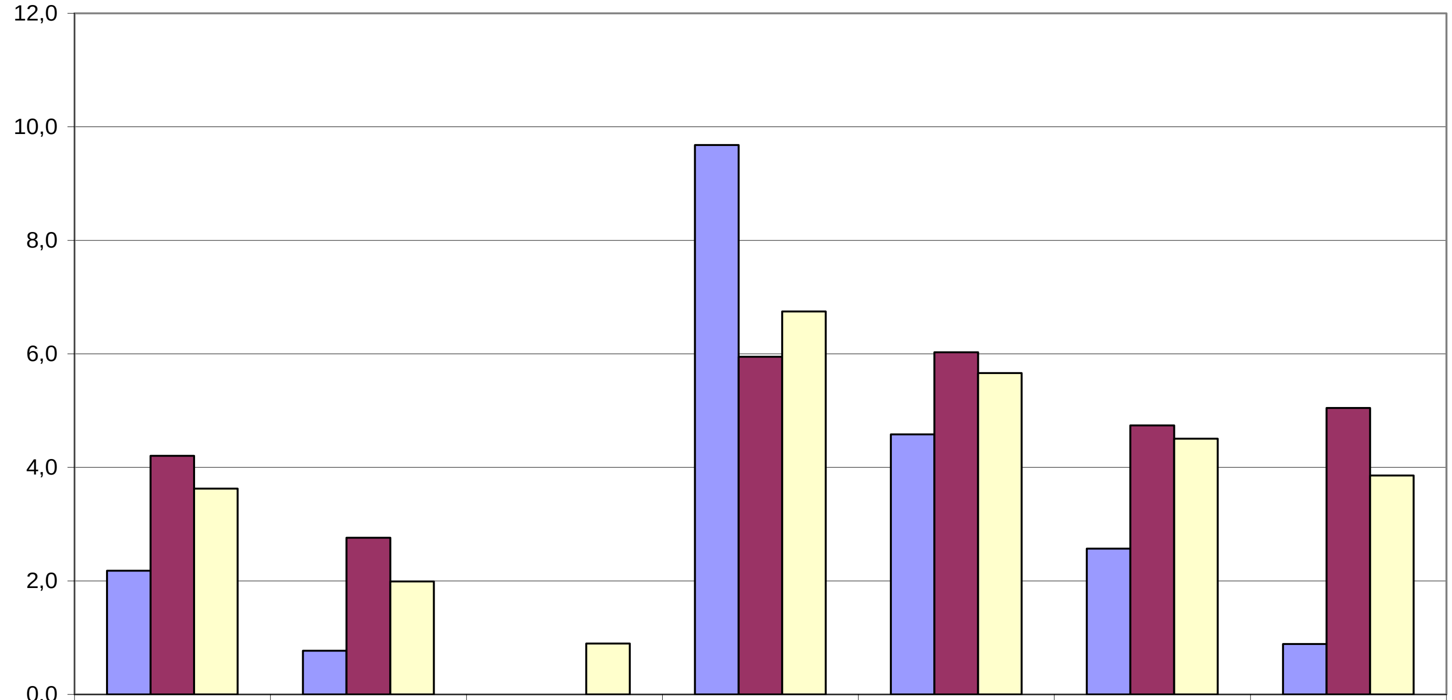
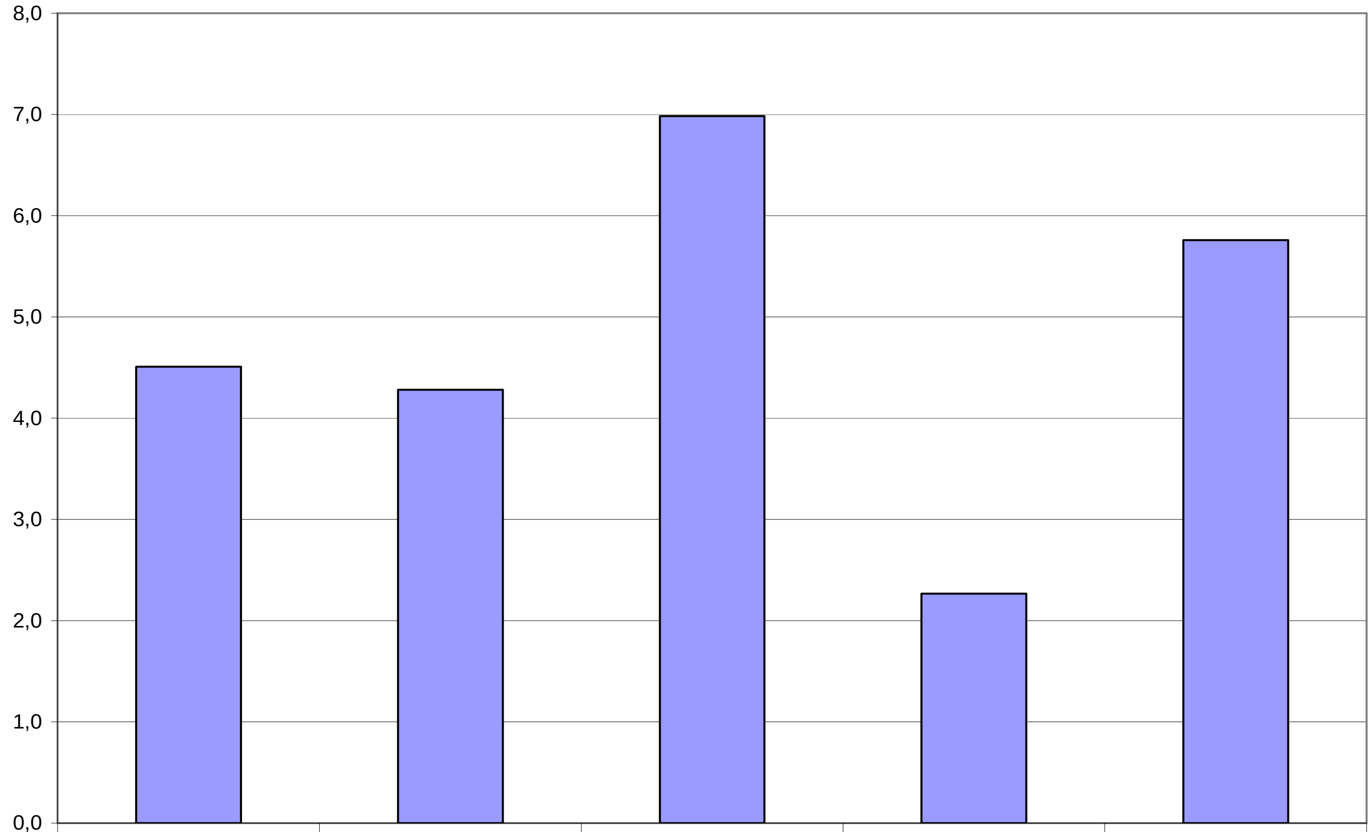
Share of the organic sector in total EU area by crop types (2006, %)



	UAA	Cereals	Oilseeds	Dried pulses	Permanent pastures	Permanent crops	Vegetables
EU-12	2,2	0,8		9,7	4,6	2,6	0,9
EU-15	4,2	2,8		5,9	6,0	4,7	5,0
EU-27	3,6	2,0	0,9	6,7	5,7	4,5	3,9

Permanent crops: share of the organic sector in total EU area (2006, %)



	Total perm crops	Citrus	Nuts	Grape	Olives
Share in total area	4,5	4,3	7,0	2,3	5,8

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Animal sector

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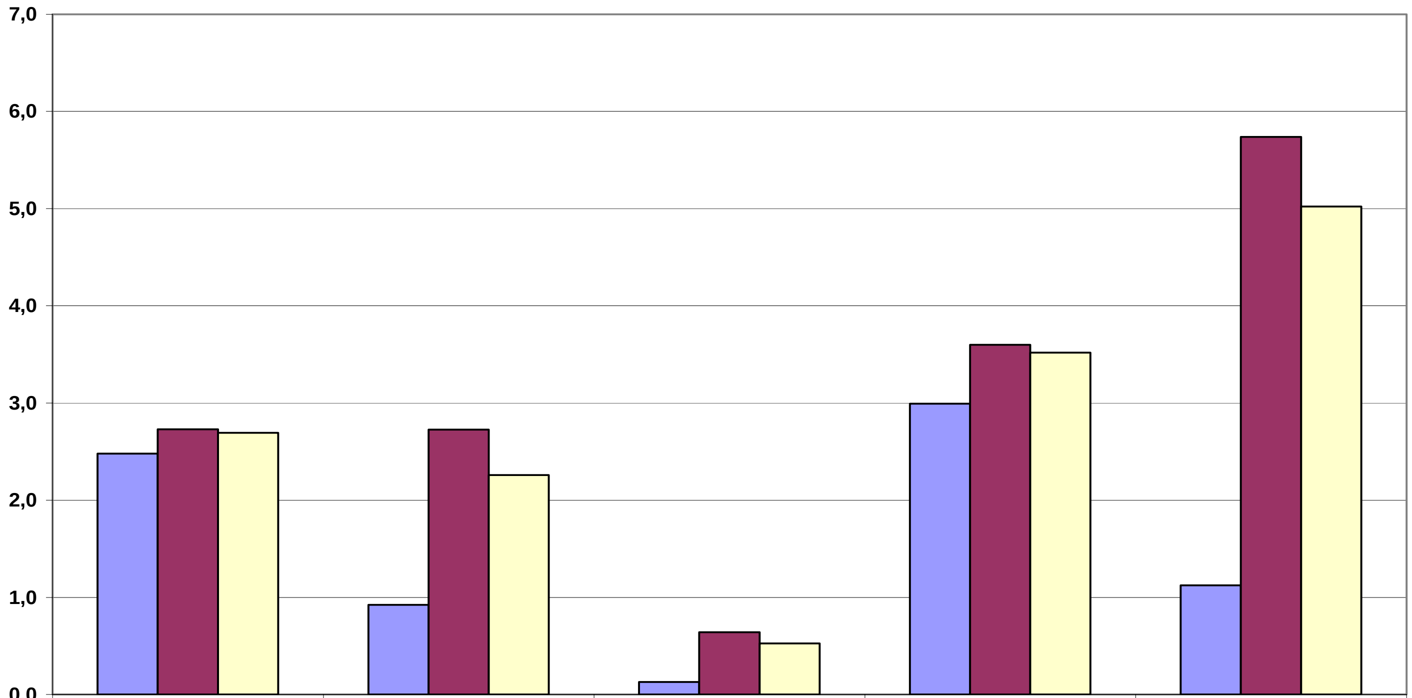
Organic animals in the EU-15 (mio heads)

	2002	2003	2004	2005	2006	2007	Average annual increase %
Cattle	1,54	1,77	1,82	1,88	1,98	2,07	6,1
Pigs	0,39	0,46	0,48	0,57	0,59	0,81	15,5
Poultry	14,15	15,42	16,47	16,69	18,91	19,08	6,2
Sheep	2,05	2,03	2,05	2,39	2,67	2,99	7,8
Goats	0,24	0,41	0,40	0,51	0,54	0,64	22,2

Sources: Eurostat, EU-CEE-OFP, Member State communications and AGRI estimates

Share of the organic sector in total agriculture (%, 2007)



	Cattle	Dairy cows	Pigs	Sheep	Goats
EU-12	2,5	0,9	0,1	3,0	1,1
EU-15	2,7	2,7	0,6	3,6	5,7
EU-27	2,7	2,3	0,5	3,5	5,0

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Processing and marketing

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Number of certified processors (2007)

	Total	Processors only	%	Producers / processors	%	Importers / processors	%
EU-12	1.000	800	80,0	140	14,0	60	7,5
EU-15	32.800	23.650	72,1	7.780	23,7	1.370	5,8
EU-27	33.800	24.450	72,3	7.920	23,4	1.430	5,8

Source: elaboration by DG AGRI from Eurostat data (including AGRI estimates for missing data)
No data for Lithuania, Poland, Portugal, Romania and Slovenia

Processors / Producers =

0.21 in the EU-15

0.04 in the EU-12

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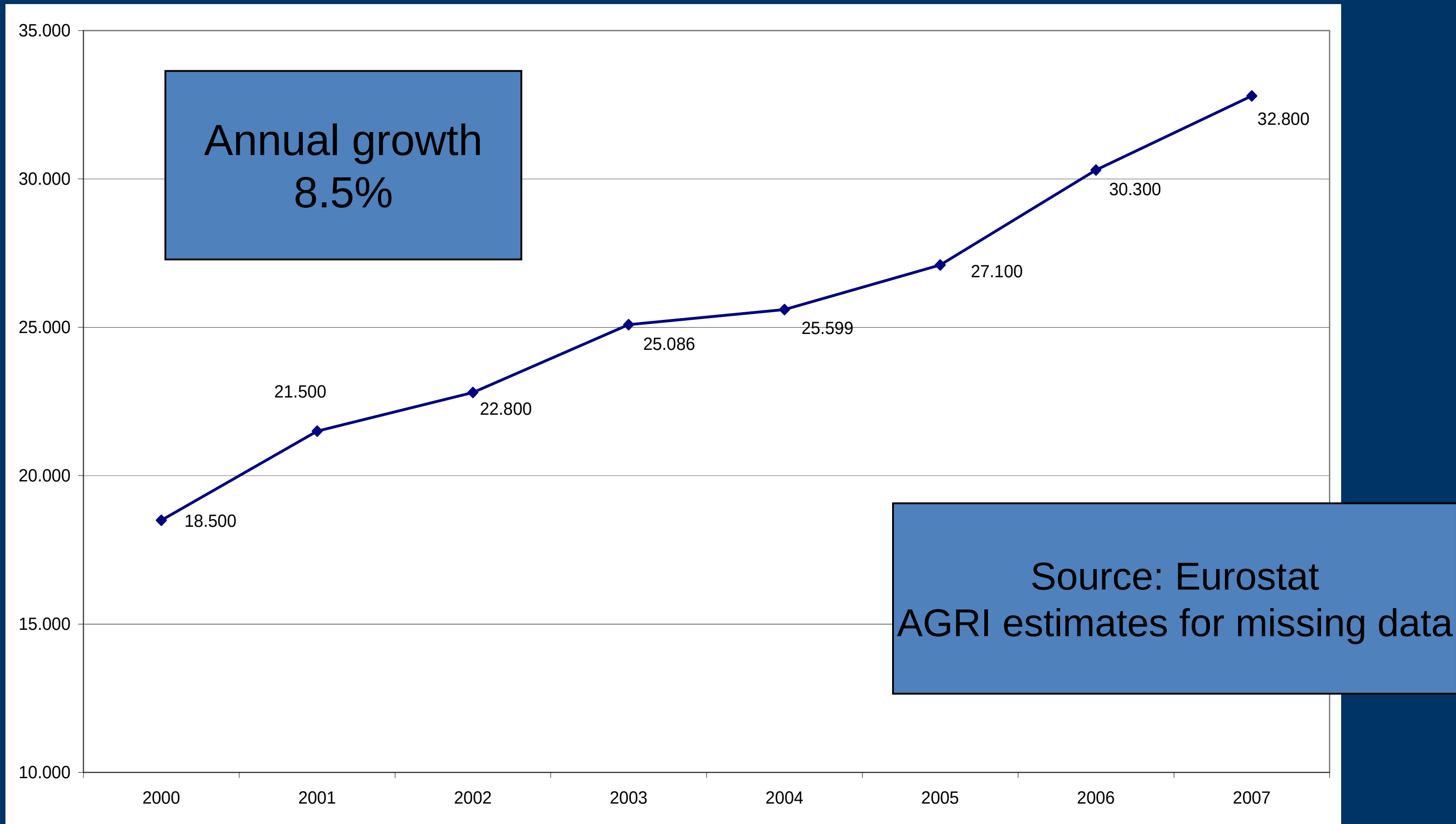
Number of processors in the EU-15



Food market

		Organic food expenses mio €	Share in total food expenses %	Organic food expense per capita €
Belgium	2007	283	1,3	26,6
Bulgaria	2006	1	0,0	0,1
Czech Republic	2007	52	0,5	5,0
Denmark	2006	434	3,8	79,8
Germany	2007	5.300	3,7	64,4
Greece	2006	60	0,2	5,4
Spain	2007	200	0,2	4,5
France	2007	2.069	1,4	32,4
Italy	2006	1.700	1,3	28,8
Cyprus	2006	2	0,1	1,9
Luxembourg	2006	41	3,7	86,4
Hungary	2006	20	0,2	2,0
Netherlands	2007	519	1,8	31,7
Austria	2007	739	4,8	89,0
Poland	2006	50	0,1	1,3
Portugal	2006	70	0,4	6,6
Romania	2006	2	0,0	0,1
Slovenia	2006	4	0,2	2,0
Finland	2006	65	0,6	12,3
Sweden	2006	379	2,2	41,7
United Kingdom	2007	2.835	2,7	41,9
EU-15		14.300	1,9	37,0

Sources: Eurostat for household food expenditures and population
IFOAM (2008) or ORA (2008) for organic food market

EU-15: €14.3 bio

more than 80%
in DE, FR, IT & UK

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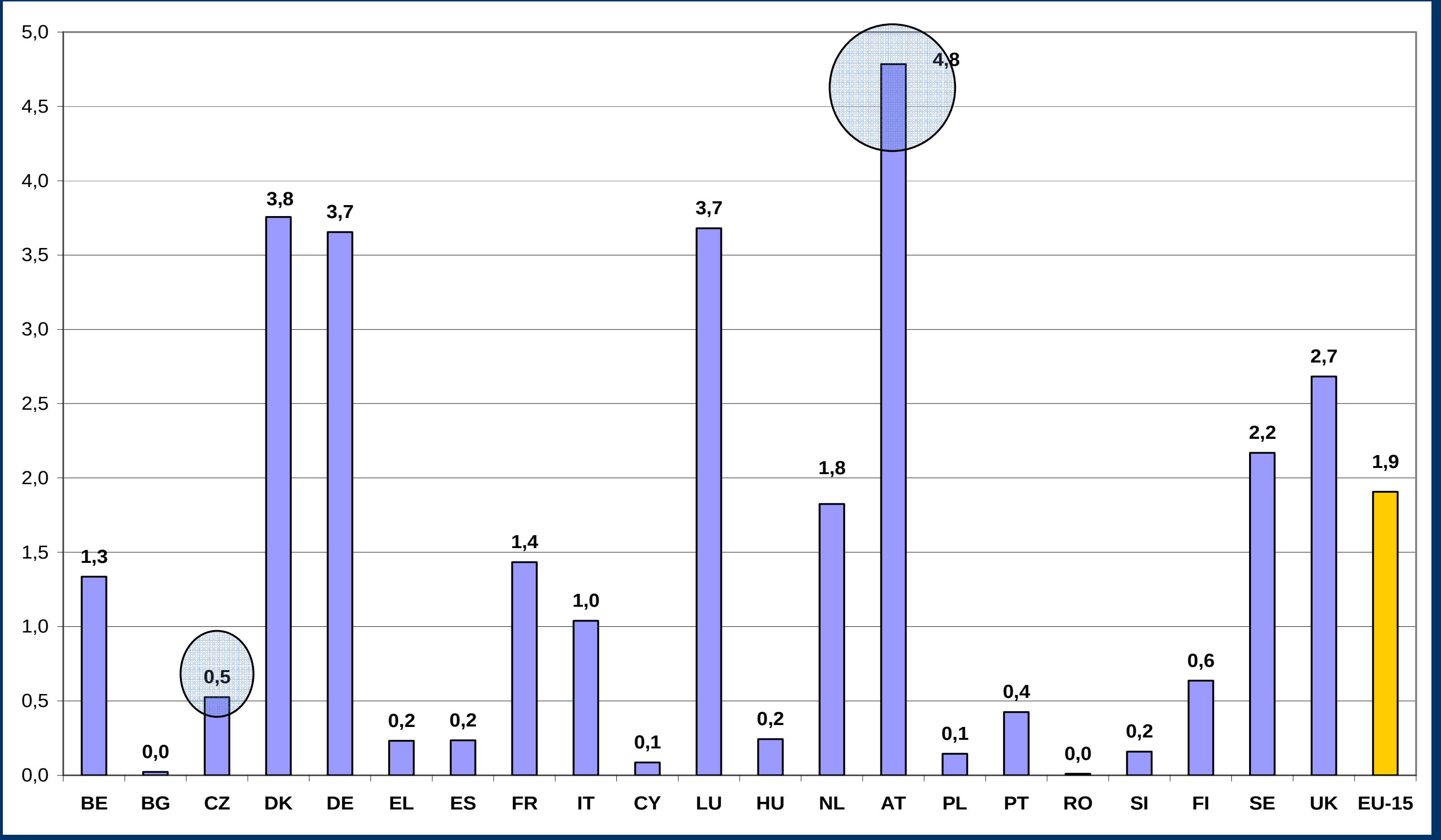
Share of organic products in the food market (%)



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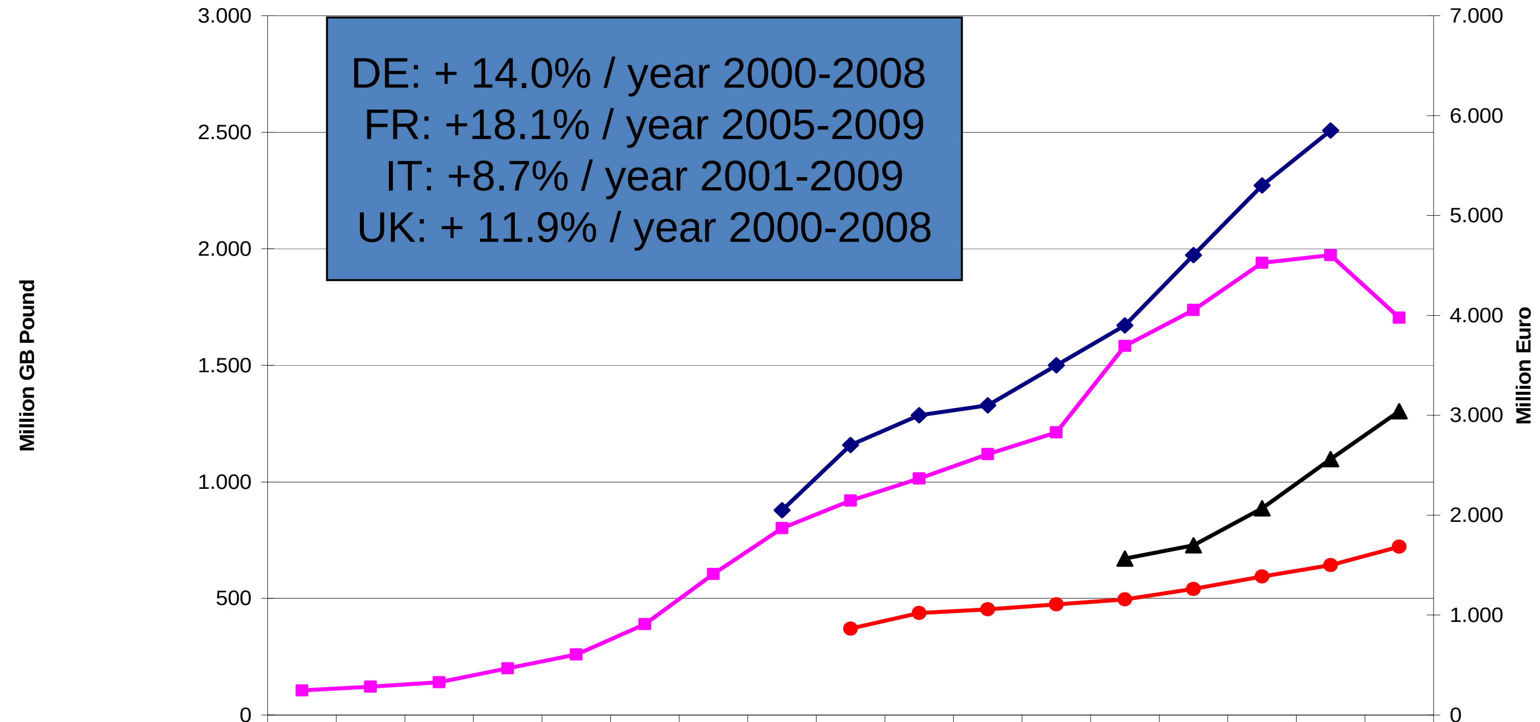
Organic food sales in DE, FR, IT & UK (€ for DE, FR and IT and GBP for UK)



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
United Kingdom	105	121	140	200	260	390	605	802	920	1.015	1.119	1.213	1.583	1.737	1.940	1.973	1.704
Germany								2.050	2.703	3.000	3.100	3.500	3.900	4.602	5.300	5.850	
France													1.564	1.700	2.069	2.561	3.041
Italy									865	1.021	1.058	1.107	1.158	1.261	1.387	1.500	1.684

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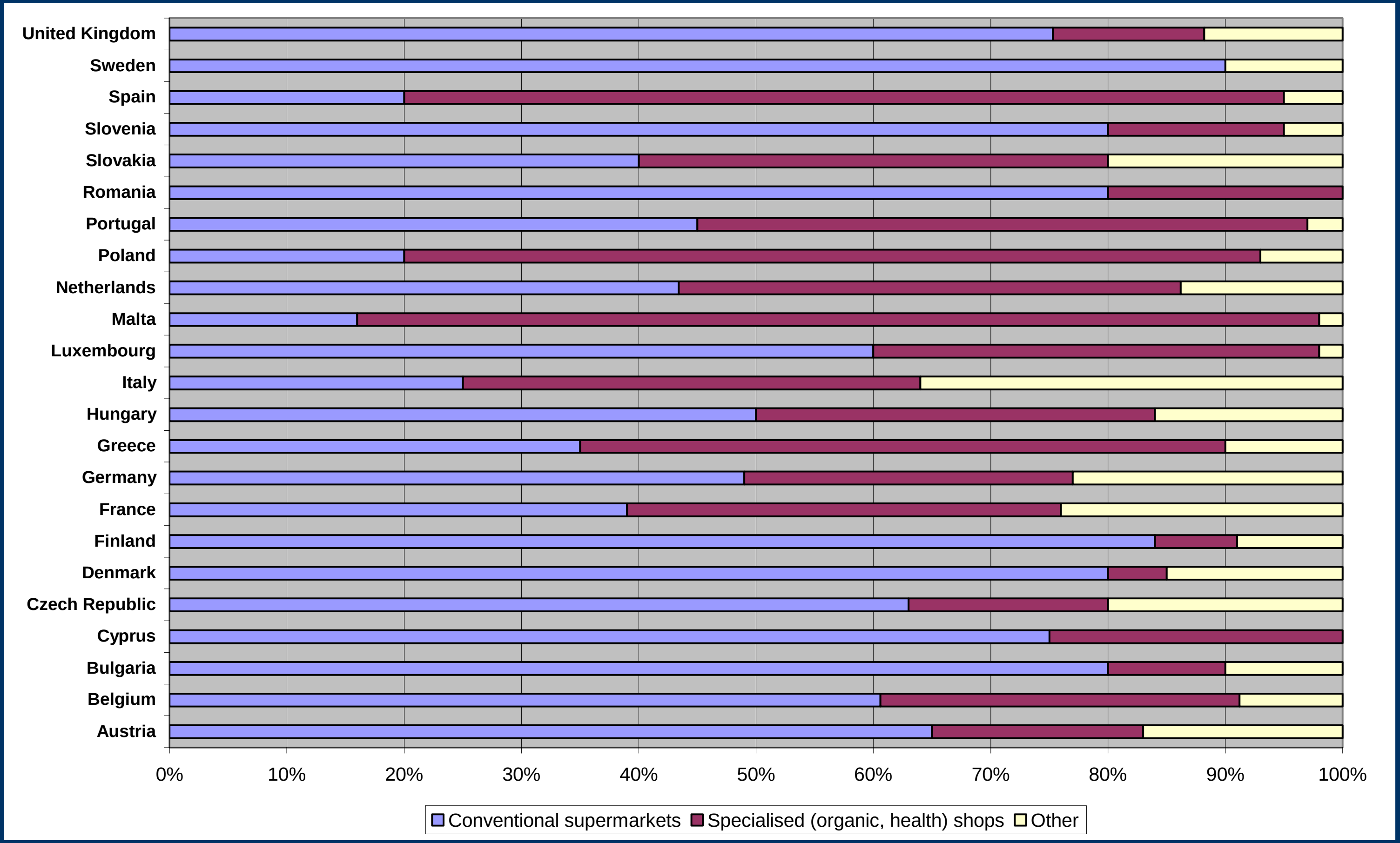
Retail structure (2007, source: ORA/Ecozept, 2008)



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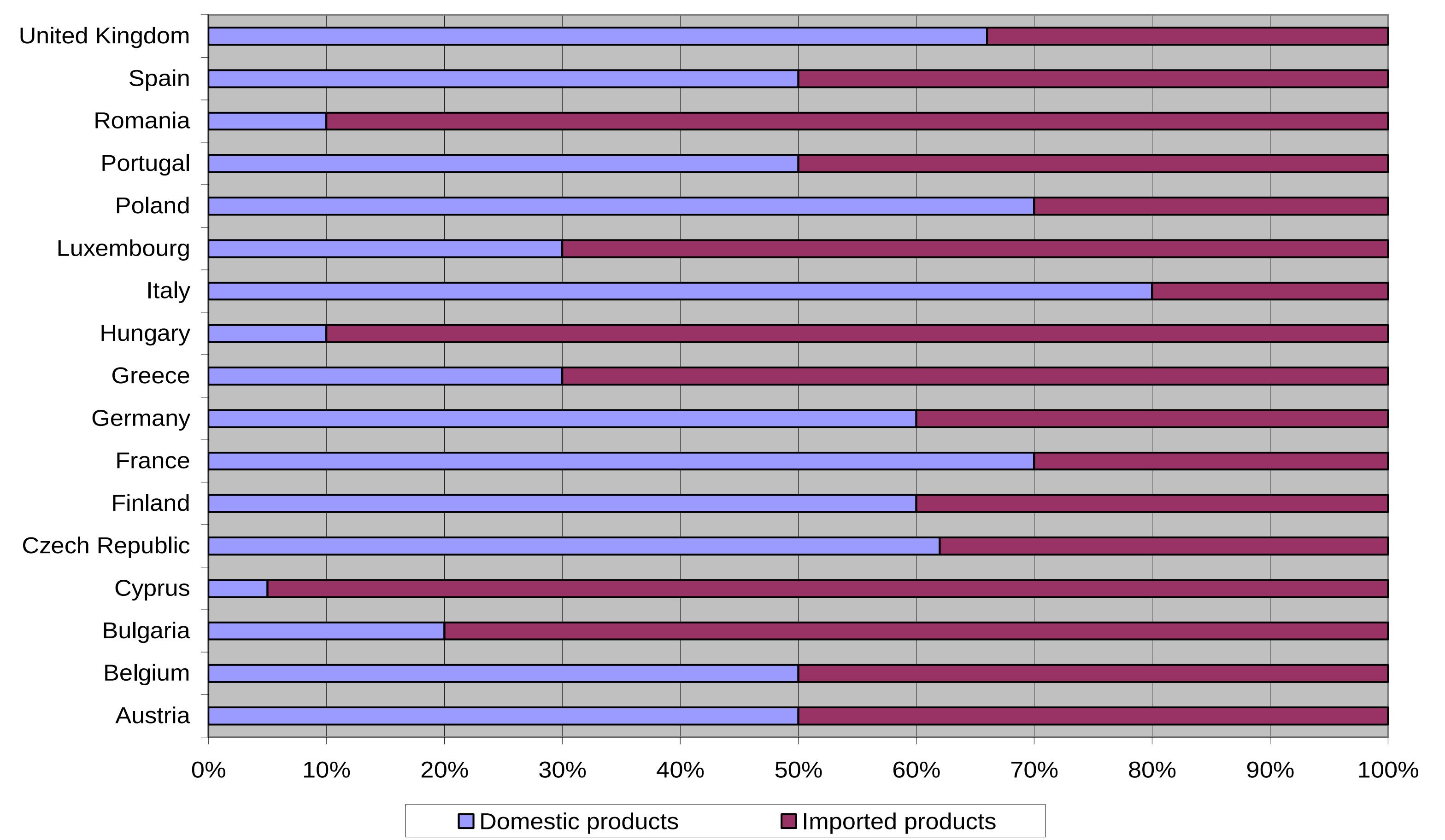
Significance of imports (2007, source: ORA/Ecozept 2008)



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Major organic products (% in organic sales)

	Germany	France	United Kingdom	Italy
	2005	2008	2008	2006
Dairy products	17	16	24	21
Eggs	5	7	4	8
Red meat	11 (1)	6	6	
Poultry		3	3	
Fruit and vegetables	36	17	25	15
Beverages		14	5	11
Bread (2)	13	13	4	3
Frozen products		1	2	2
Pasta (3)	2			5
Baby food	9			4

Sources: FR: Agence bio (2009); Germany: Bien, Michels (2007);
United Kingdom: Soil Association (2009), Italy: ISMEA (2007)

(1): includes sausages

(2): includes flour in FR, substitutes in IT and bakery in UK

(3): includes rice for IT

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CAP support

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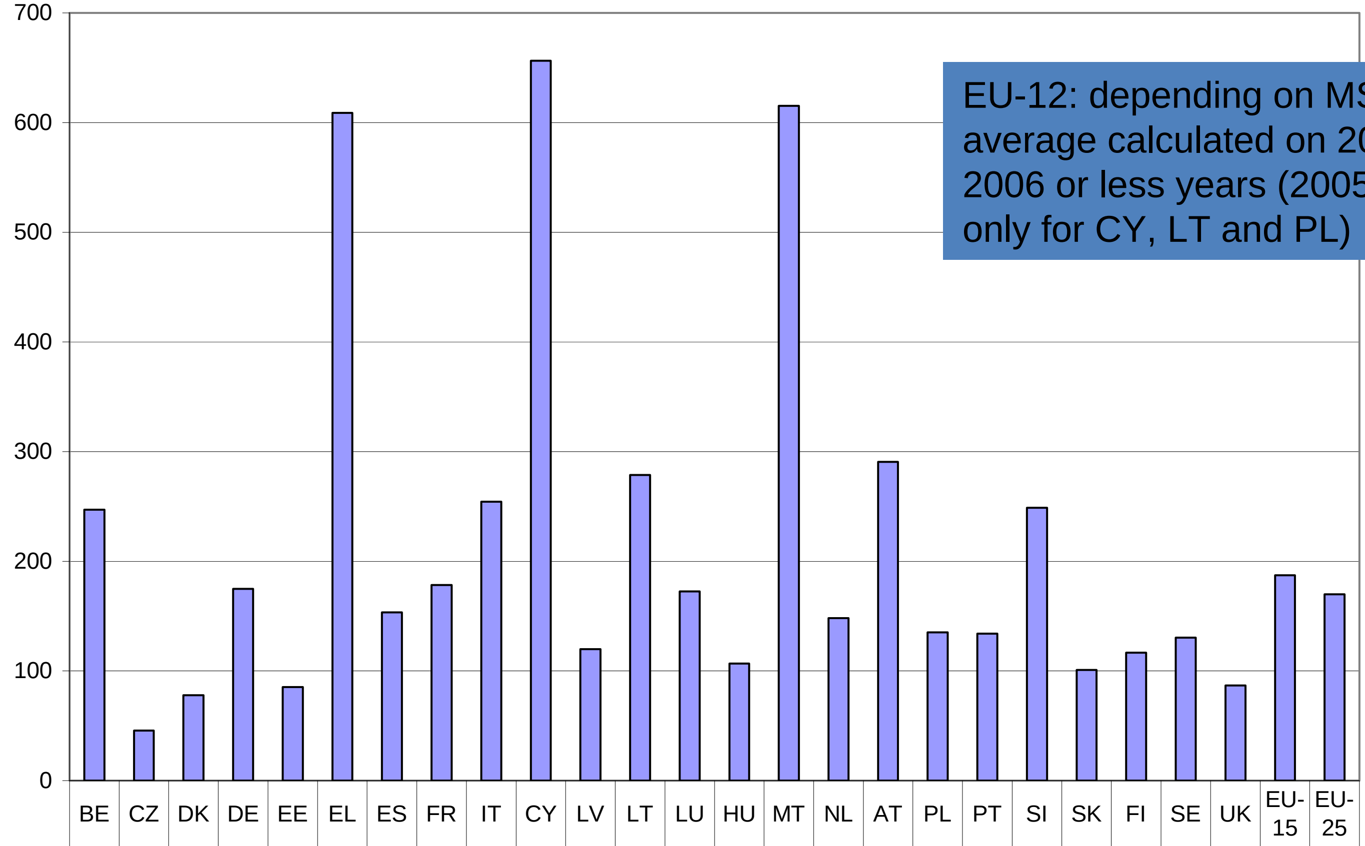
Agri-environment payments

- In 2005: budgetary commitment of €3.83 billion for AEM, of which €0.66 billion for organic agriculture (17.2%)
- As of Oct. 2009: total AEM expenditures €6.06 bio, i.e. 30% of indicative budget for 2007/2013: high rate of implementation
- Large heterogeneity of support across Member States:
  - Support to conversion / maintenance
  - Area supported
  - Level of premiums
- Inflexions in the development of the sector are often partly related to the evolution of the support

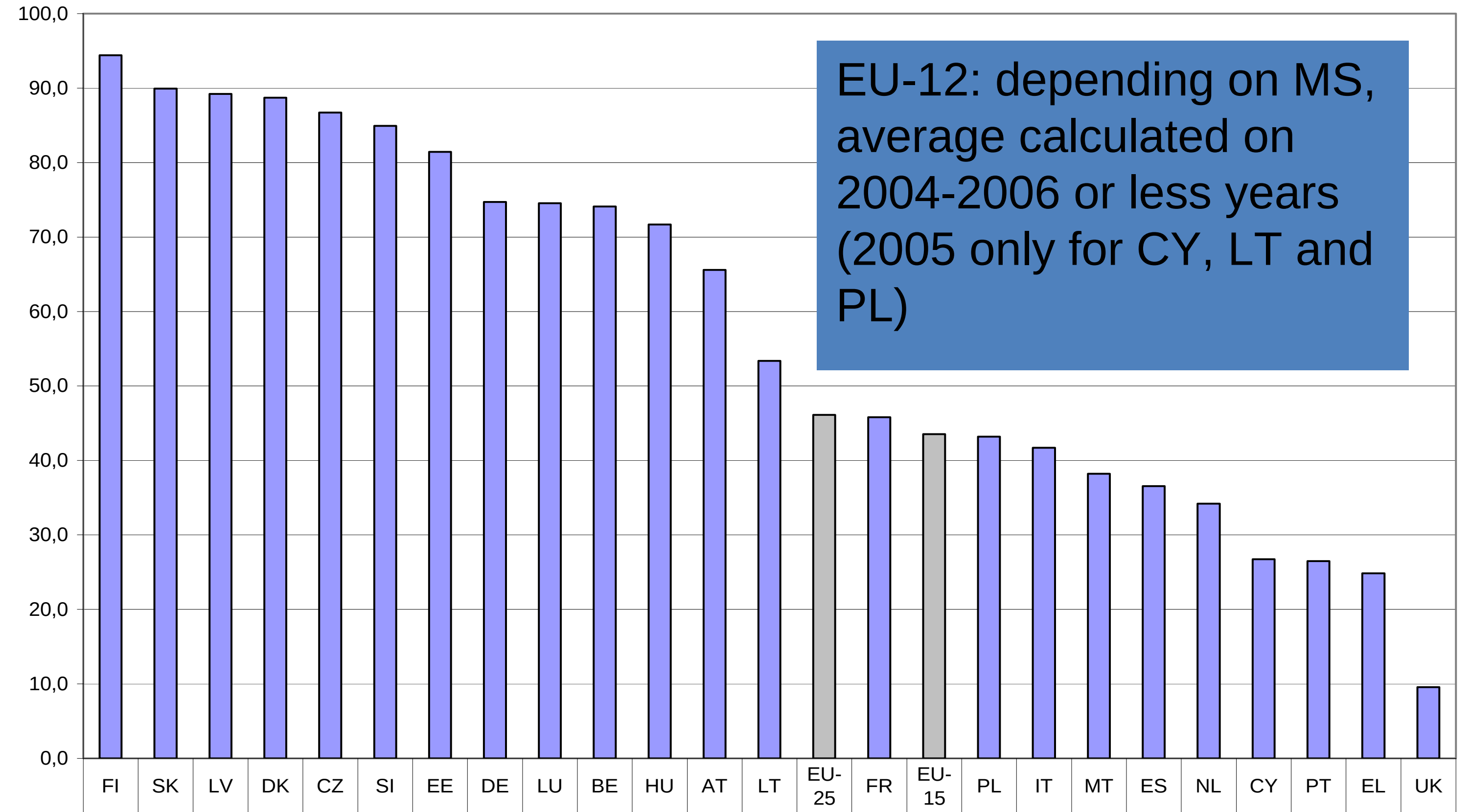
Average agri-env. organic support 2002-2006 (€/ha)



	BE	CZ	DK	DE	EE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	EU-15	EU-25
Average premium	247	46	78	175	85	609	153	178	254	656	120	279	173	107	615	148	291	135	134	249	101	117	130	87	187	170

EU-12: depending on MS, average calculated on 2004-2006 or less years (2005 only for CY, LT and PL)

Share of the organic area benefiting from AEM (av. 2002-2006, %)



	FI	SK	LV	DK	CZ	SI	EE	DE	LU	BE	HU	AT	LT	EU-25	FR	EU-15	PL	IT	MT	ES	NL	CY	PT	EL	UK
%	94,4	89,9	89,2	88,7	86,7	84,9	81,5	74,7	74,5	74,1	71,7	65,6	53,4	46,1	45,8	43,5	43,2	41,7	38,2	36,5	34,2	26,7	26,5	24,9	9,6

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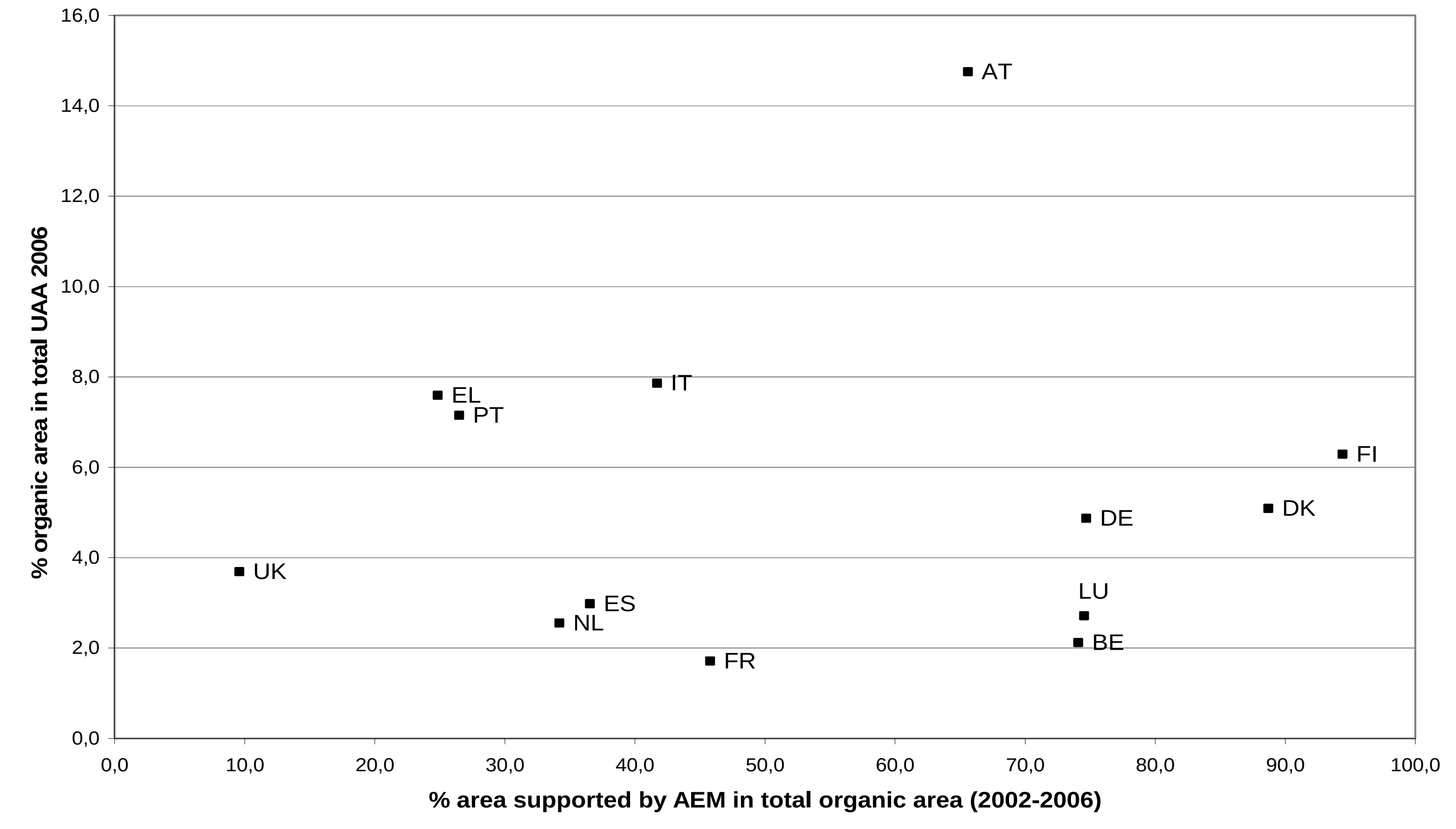
Impact of AEMs on the development of the sector



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Other specific forms of support

- Producer organisations in fruit and veg. Prel. data would indicate that 8% of all POs have implemented an action related to organic (€8.5 mio, i.e. 0.7% of overall amount of operational programmes
- Health check (Article 68): FR, ES (organic pulses), RO (improvement of quality)
- Promotion: specific programme 2006-2010

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Average subsidies received (excl. investment subsidies)

	EU-15								EU-10			
	2000	2001	2002	2003	2004	2005	2006	2007	2004	2005	2006	2007
AVERAGE PAYMENTS PER FARM												
Conventional farms												
(1) Total (excluding investments	8.991	10.078	11.602	11.753	12.012	12.451	13.447	12.957	3.581	4.071	5.715	6.253
(2) Of which "Pillar 1"	7.364	8.182	9.482	9.522	9.869	10.150	11.129	10.768	2.876	2.408	2.971	2.899
(3) Of which "Pilllar 2"	1.480	1.769	1.922	2.003	1.930	2.127	2.164	2.020	443	1.425	2.446	3.033
(4) Agri-environment	676	731	835	855	880	942	935	890	90	224	355	500
(5) Less-favoured areas	427	600	694	713	710	765	775	765	200	447	615	556
Farms with organic production												
(1) Total (excluding investments	16.133	15.192	17.568	18.432	16.164	17.330	18.123	19.330	9.583	11.642	11.667	11.087
(2) Of which "Pillar 1"	8.796	7.705	9.311	9.814	9.066	9.812	10.664	11.082	4.537	4.947	3.585	3.276
(3) Of which "Pilllar 2"	7.014	7.218	7.930	8.237	6.785	7.250	7.226	7.986	4.625	6.385	7.754	7.543
(4) Agri-environment	5.021	5.112	5.343	5.731	4.945	5.133	5.130	5.585	1.337	2.334	3.395	3.087
(5) Less-favoured areas	1.334	1.453	1.644	1.755	1.288	1.421	1.410	1.582	2.641	2.811	2.174	1.941
AVERAGE PAYMENTS PER HECTARE												
Conventional farms												
(1) Total (excluding investments	297	314	329	328	340	346	371	355	144	161	210	225
(2) Of which "Pillar 1"	243	255	269	266	280	282	307	295	116	95	109	104
(3) Of which "Pilllar 2"	49	55	54	56	55	59	60	55	18	56	90	109
(4) Agri-environment	22	23	24	24	25	26	26	24	4	9	13	18
(5) Less-favoured areas	14	19	20	20	20	21	21	21	8	18	23	20
Farms with organic production												
(1) Total (excluding investments	392	384	405	395	393	419	431	438	152	211	331	324
(2) Of which "Pillar 1"	214	195	215	210	220	237	253	251	72	90	102	96
(3) Of which "Pilllar 2"	171	182	183	177	165	175	172	181	73	116	220	220
(4) Agri-environment	122	129	123	123	120	124	122	127	21	42	96	90
(5) Less-favoured areas	32	37	38	38	31	34	34	36	42	51	62	57

Source: FADN

Farms with organic production: farms exclusively organic or farms under conversion or not exclusively organic

(1): FADN code SE605; (2): SE610+SE615+SE630; (3): SE620; (4): J800; (5): SE622

The sum of "Pillar 1" and "Pillar 2" does not correspond to "total" as two minor subsidies are not counted (SE625 and SE626). Moreover, "Pillar 1" covers not only EU CAP direct payments but also possible coupled aids. "Pillar 2" concerns not only Rural Development payment but also disaster payments, national subsidies to forestry or of exceptional character.

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Subsidies (cont.)

- Organic farms would receive more AEM payments: €127/ ha against 24 in 2007 in the EU-15
- Organic farms would receive more LFA payments: EU-10: more than twice higher than conventional farms in 2007
- Pillar 1 payments: organic = 85% of non organic farm payments in the EU-15 and 92% in the EU-10 in 2007

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8

Few concluding words

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- Significant growth of the organic sector
- Impressive growth in the EU-12
- Robust growth of the organic food demand, however impact of economic crisis in some MS

- Sizeable « turnover » of producers
- Significance of support for the development of the sector
- Necessity of coherent development of the whole commodity chain and facilitating environment: extension services, research, communication, etc.

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