AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

**Policies supporting organic food and farming in the EU:
assessment and development by stakeholders in 11
European countries**

Daniela Vairo¹, Anna Maria Häring², Stephan Dabbert³,
Raffaele Zanoli¹

¹ DIIGA – Polytechnic University of Marche, Ancona, Italy

² University of Applied Sciences Eberswalde, Eberswalde, Germany

³ University of Hohenheim, Stuttgart, Germany

**Paper prepared for presentation at the 98th EAAE Seminar ‘Marketing
Dynamics within the Global Trading System: New Perspectives’,
Chania, Crete, Greece as in: 29 June – 2 July, 2006**

Copyright 2006 by [Vairo, Anna Maria Häring, Stephan Dabbert, Raffaele Zanoli]. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Policies supporting organic food and farming in the EU: assessment and development by stakeholders in 11 European countries

Daniela Vairo¹, Anna Maria Häring², Stephan Dabbert³, Raffaele Zanolli¹

¹ DIIGA – Polytechnic University of Marche, Ancona, Italy

² University of Applied Sciences Eberswalde, Eberswalde, Germany

³ University of Hohenheim, Stuttgart, Germany

Abstract. There is no single 'best way' of policy development. Bottom-up approaches to policy design and a broad debate among stakeholders facilitate policy learning and innovation. A novel approach of a bottom-up policy design process involving stakeholders is introduced. First results obtained by this methodology are presented. The outcomes of a large international effort for a development of policies for organic food and farming in May 2004 in Europe are analyzed: the synthesized results from 11 European countries (AT, CH, CZ, DE, DK, EE, GB, HU, IT, PL, SI) on the current situation of policies related to the organic food market in Europe are highlighted and policy recommendations for the development of the organic food and farming sector formulated. Specifically, strengths, weaknesses, opportunities and threats of policies related to organic food market are identified and policy instruments to address these aspects are developed.

Keywords : multi- stakeholder involvement, policy learning/transfer, network, organic food market policy, policy recommendations, Europe.

1. Introduction

Bottom-up approaches to policy design with a broad debate among stakeholders can contribute to an increased understanding of policy practices and their impact. There is no single 'best way' of policy development. However, to design 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.

The objective of this research was to contribute to the development of organic food and farming policy in Europe by assessing existing agricultural policies and their impact on the organic food and farming sector together with the most important stakeholders of the organic farming sector in the European Union.

Thus, this contribution presents

- a novel methodological approach of stakeholder involvement designed as to contribute to a scientifically based formulation of policy recommendations, and
- the results from an large international effort which has applied this methodology in order to develop policies supporting the development of the organic food sector at the Member State (MS) and EU level ^[10].

2. Methodology

Bottom- up approaches to policy design require multi- stakeholder involvement in order to achieve policy learning by collaborative working and the creation of networks. Multi stakeholder processes intend to bring together all major stakeholders to participate in a new form of communication, decision- finding (and possibly decision- making) on a particular issue^[7]. Mutual collaboration of stakeholders with different experiences and competences are considered an enrichment opportunity for the policy design process.

Action research or interactive social research approaches, based on the interaction between social subjects ^[9], and collaborative policy learning procedures (^[2],^[8]) generally are promising to stimulate stakeholders to co- produce knowledge. The collaboration inside a group is considered one of the more favorable moments of learning, as collaboration implies synergy, a common effort to the realization of a particular objective. Collaborative working or learning favors the development of a critical thought; it increases the abilities to problem solving and contributes to the development of cognitive abilities ^[1].

Policy learning and policy transfer strongly depend on knowledge and spread of information (^[1], ^[8]). Policy transfer can take place across time, within countries and across countries. For the example of agricultural policy, all Member States (MS) may benefit from learning from other MS how to best develop and implement policies supporting organic farming, e.g. the New from the Old Member States of the European Union. However, even if ‘trans- national policy learning’ is facilitated, the countries involved in the enlargement process need to verify if all conditions to transfer crucial elements of what made the policy or institutional structure a success in the originating countries. Thus, the creation, management and transfer of knowledge are crucial.

In the present case the aim was to assess existing agricultural policies and their impact on the organic food and farming sector, by identifying relevant policies in other Member States which can be transferred through emulation, adaptation or simply more or less coercive acquisition ^[3].

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 ^[10]. Stakeholder involvement is achieved through two national and one EU

level workshop ^[11] which were managed as to facilitate policy learning among stakeholders of a country and across countries (^[2], ^[10]).

- 1) At the national level, there is an opportunity to facilitate policy learning among stakeholders of a country, to create a national network, and to create agreement able to produce future actions.
- 2) At the trans- national level, there is an opportunity for the MS to learn from each other (e.g. New and Old MS), to create transnational networks, and to reduce the differences in national policies and policy innovation.
- 3) A link between national and transnational stakeholder networks and the EU commission can be created as these workshops are an EU-wide “experiment” in developing organic farming policy recommendations,

The developed bottom- up approach to policy design may result in policy transfer: knowledge and information generated and transferred by these workshops favor the establishment of national networks and the consolidation of international consensus. National and trans- national networks potentially created may facilitate participant’s building of alliances and developing a common language. With the active participation and involvement of stakeholders, these networks have the potential to influence decision- makers in the policy implementation. Thus participants were chosen cautiously as to represent a good representation of stakeholder perspectives: participants from four groups were involved in the process: policy makers, organic sector representatives, non- organic sector representatives and third parties.

In April 2004 the first series of national workshops was conducted in 11 European countries (AT, DE, DK, CH, CZ, EE, HU, IT, PL, SI, UK) according to common guidelines ^[5]. 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 ^[6]. The workshop group discussion was structured in 3 phases:

- 1) Definition of SWOT: The analysis of organic farming policy was based on the methodological approach of SWOT analysis. On the one hand, participants analyzed 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 in their own country, and those that pose threats or obstacles to its performance.
- 2) WOT rating: Participants assessed which weaknesses were most relevant in the organic farming policies of their country (criteria: high impact and high importance), which opportunities could be exploited for Organic Farming in their country (criteria: high

attractiveness and high probability) and which were the threats from which the sector needs to defend itself (criteria: high seriousness and high probability).

- 3) Identification of policy instruments: Participants were asked to elaborate possible policy instruments to address weaknesses, opportunities and threats through a brainstorming. This led to a list of recommendations for national policy makers and provided the basis for the discussion of a EU policy framework for organic farming during an EU level workshop in February 2005 ^[11].

A large number of strengths and weaknesses of organic farming policy related to the organic food market and opportunities and threats for the organic food sector were identified by the 11 national workshop groups. Results from all 11 countries' workshop groups were analyzed by iterative coding as to achieve a cross national analysis with the objective to identify the most relevant WOT concepts and policy instruments ^[10]. To structure these codes further, groups of codes were summarized 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. 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 the other categories because a problem solving approach was followed which focussed on the development of policy instruments. 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 analysis.

The presented results are the synthesized assessment of policy instruments by stakeholders of very different professional backgrounds and cultural settings. Results neither represent a group consensus nor conclusions of the synthesis of the whole series of workshops.

3. Results

3.1. Policies related to the organic food market in Europe: a SWOT analysis

Strengths

A number of strengths of the existing organic food sector policy framework were expressed by stakeholders in the involved countries (Figure 1).

Figure 1. Strengths of organic food market

A **consolidated, legal set of rules** for organic farming and processing based on Council Regulation (EEC) 2092/91 exists and is considered a strength of organic farming policy in a large number of countries as it serves to protect organic farming and to safeguard consumers' trust. This set of rules is supported by a **well established and reliable inspection and certification system**, which is also considered an asset of organic farming policy most countries involved. In these countries, the organic inspection and certification system seems to be credible among farmers and consumers. To communicate this credence 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.

In Germany, **policy measures supporting market development which prioritise marketing and consumers** was rated very positive as it they resulted in a significant change in consumers' behaviour. In some countries, policy addresses consumers' demand for health and sustainability. The wholesome image of organic products satisfies the demand of health and sustainability asked by consumers, resulting in an increase in consumers' interest in organic farming.

Weaknesses

A number of weaknesses of organic food market policy relevant in 2004 were expressed by stakeholders. These are summarized in Figure 2 and the most relevant weaknesses are discussed in the following.

Figure 2. Weaknesses of organic food market

The most important weakness of organic farming policy related to the organic food market seems to be the **insufficient support of measures for an appropriate communication with consumers**. According to stakeholders little promotion of organic farming exists, resulting in a low public awareness of organic food and 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 not clear. Furthermore, organic farming and a healthy lifestyle are neither adequately present in the public nor promoted in the education system. As a result consumers interest in buying organic food is low.

The regulatory framework and certification system is considered **highly bureaucratic** and thus a weakness of organic food and farming policy. Current regulatory bodies are considered too rigid and regulations too complicated. Generally speaking, restrictive standards might hamper the

structural development of organic farming and influence conversion negatively.

Finally, a **lack of support of marketing initiatives** was considered a weakness of policy, however, only in the New Member States. In these countries domestic markets 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.

Opportunities

A number of opportunities for the organic food market sector were seen by stakeholders. These are summarized in Figure 3 and the most relevant ones are discussed in the following.

Figure 3. Opportunities of organic food market

According to stakeholders, the most relevant opportunities for the development of the organic food sector result from **current societal trends such as health, environment and quality which create demand**. 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. The awareness of the

long-term beneficial effects of consuming organic products is growing. A **high consumer awareness and acceptance of organic farming** was also considered a relevant opportunity for the organic food sector: consumers are more aware of and willing to buy organic products. Similarly, **consumer confidence in food quality (organic compared to conventional quality)** was rated a highly relevant opportunity. 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 seem to believe in the credibility of organic stakeholders and producers. 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. Thus, a **better communication with consumers** seems to be fundamental to raise consumers' awareness, eradicate negative attitudes, and develop special market segments: better engagement of consumers either directly or indirectly through education and local authorities is expected to increase market shares of organic food.

Finally, stakeholders see another opportunity for the development of the organic food sector as a whole **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.

Threats

A number of threats for the organic food market sector were seen by stakeholders. A summary is provided in Figure 4, a discussion follows.

Figure 4. Opportunities of organic food market

The high **competition on markets (increased EU, globalisation, WTO, power of large food retailers)** is considered the most severe threat for the organic food sector. In addition the **competition with emerging countries and large food retailers** is considered a threat. National imports are expected to not be competitive with cheaper organic farming products from other EU Member States or international markets. In addition, the export capacity of some countries is low, e.g. Polish and Czech producers experience difficulties when entering the organic food market of the Old member States due to the high requirements set by the EU and the lack of perceived reliability of their products within the EU.

Furthermore, the **weak interest and willingness to pay of consumers** is considered a threat to the organic food sector. In times of declining economic growth, price differences between organic and conventional products are considered high by consumers and therefore consumers' demand is not meeting the expectations of organic producers, processors and traders. Society seems to be changing and "green consciousness" in general is decreasing. This low consumers interest is supported by a **decreasing quality differential between organic and conventional**

products. Conventional farming is catching-up on organic on environmental issues (reduced application of pesticides and herbicides, increasing sustainability). In addition, as conventional farming stops causing scandals, the difference in quality is perceived less by consumers. On the other hand, the risk of **scandals in organic farming** is considered a severe threat to the sector as its reputation can be damaged by negative public references caused by cases of fraud in production, processing and marketing. From this point of view, **poor standards and a bureaucratic and false certification system** are considered a severe threat. Another issue mentioned in this respect is that organic inspection and certification schemes and the operation of control and inspection bodies across the EU are not harmonised.

3.2. Policy recommendations for the development of the organic food sector

Policy instruments expressed by stakeholders were discussed related to the expressed weaknesses, opportunities and threats. Although the task was to develop concrete policy instruments the ideas presented in the following could be considered more as general policy objectives or strategies for the development of the organic food market sector than specific policy instruments.

One of the issues raised was a revision of the current **certification system** as it is considered rigid and the required documentation for control authorities complicated, both factors which seem to be hampering the structural development of organic farming and conversion. A simplification and harmonization of standards was demanded to reduce required data collection, to coordinate farm inspections of different control systems, to establish special regulations for small scale production and to introduce IT technology management in the inspection system.

Stakeholders demanded to be included in these revisions and suggested to link regional, national and EU level efforts to simplify and harmonize standards. Revisions should focus on conserving the quality differential between organic and conventional farming on the one hand. 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. Constant efforts of improving standards should be communicated to consumers to strengthen the credibility of organic farming.

One of the issues related to a revision of standard is the contamination with GMO which is considered the most relevant threat for the organic farming sector. If GMO are registered and certified for conventional production they will contaminate organic production as coexistence is difficult. However, if GMO residues are found in organic products, trust in organic farming is undermined. Several **measures to avoid GMO**

contamination of organic farming were proposed. Currently, consumers are nevertheless becoming more interested in organic products as they are afraid of GMO contaminated products.

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, by stakeholders, to discredit conventionally produced food. Due to organic certification and control consumers believe in the credibility of organic producers and organic product quality. Rising consumers' awareness of healthy nutrition, food quality and the benefits of organic farming increase consumers' acceptance of organic products. In contrast, in some countries a weak interest and willingness to pay of consumers is still observed due to a high price sensibility of consumers in times of declining economic growth and a high percentage of unemployment.

Policy instruments proposed to improve and strengthen consumer confidence in organic food quality concern the development of capacity building options (e.g. by providing scholarships), and an increase in communication with consumers, e.g. by education, by developing public information and promotion campaigns, by stimulating public procurement and giving priority to organic farming in Rural Development Measures.

The observed poor consumer information and **labelling** problems could be addressed by a new regulation which introduces a special logo for organic products and thus improves marketing possibilities. The use of such a **EU-logo** must be prescribed to support an appropriate communication to consumers (eventually with a new logo). Such a labeling effort must provide transparency of where and which added value is achieved in order to avoid false and insufficient communication to consumers.

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 programs 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 labeling to demonstrate the added value of organic food were developed by workshop groups. According to stakeholders, these efforts on consumer communication should be financed at the EU level but managed by an alliance of organic associations.

To stimulate demand for organic products, stakeholders proposed to social intervention in favor of organic food, e.g. by giving out food vouchers for organic farmers markets to low income groups or providing

support for the use of organic food in public procurement (schools, kindergartens, nurseries, and church facilities). This would not only stimulate demand, but would also introduce food quality to a larger population.

If the objective is to increase organic consumption all elements of the organic supply chain need to be strengthened as well. **Support for marketing initiatives** and strategies must strengthen the efficiency and effectiveness of the vertical integration of the supply-chain, particularly in New Member States. For example, the development of distribution technologies, diversification of marketing channels, development of logos, branding, product assortments should be supported according to stakeholders and training and information materials supporting these marketing efforts should be promoted.

To face competition on markets due to the increased EU, emerging countries, globalization, and the power of large food retailers, stakeholders proposed around 20 different measures to support the development of new markets and marketing channels.

Finally, to improve the market situation of organic products by reducing the price differential between organic and conventional products and products from different countries stakeholders proposed to increase the cost of conventional production by applying a tax on pesticides, fertilizers and nutrient outputs (internalize external costs) and design support measures as to equilibrate the comparative costs and quality of organic products from different countries.

4. Conclusion

A bottom-up approach to stakeholder involvement in agricultural policy design, consisting of a series of three workshops with stakeholders in agricultural policy, as a contribution to policy learning, innovation and transfer for the organic farming sector in the EU was developed. Normative approaches to policy design would have obtained very different results.

Nevertheless the presented approach to policy design has provided interesting insight to the necessities of the specific sector and stakeholders viewpoints. The current situation of the organic food market in Europe was highlighted and policy recommendations for the development of the organic food sector were formulated. Policy measures identified show that a deficit in the market sector exists: the organic market seems to be insufficiently developed. Thus, governmental market policy measures are considered highly justified by stakeholders of the organic food and farming sector. These could be implemented within the Rural Development Programs which are currently under revision. Results provide a valuable input on how to consider organic farming and food in the revision process of the Rural Development Plans ^[4].

Acknowledgment

This report was carried out with financial support from the Commission of the European Community under Key Action 5 of the Fifth Framework Research and Technological Development Programme for the project "Further development of Organic Farming Policy in Europe, with Particular Emphasis on EU Enlargement (EU-CEEOPF)" (QLK5-2002- 00919). The views expressed do not necessarily reflect the views of the European Commission and do not in any way anticipate the Commission's future policy in this area.

References

1. De Kerckhove, D. (2004), Lessons on collaborative working. Polytechnic University of Marche
http://www.del.univpm.it/LO_zucchermaglio/LO4/pagina1b.htm
2. Dolowitz, D., Marsh, D. (2000), "Learning from Abroad: the role of Policy transfer in contemporary policy- making", *Governance* 13 (1), pp. 5- 24
3. Evans, M. and Davies, J. (1999), "Understanding Policy Transfer: a multi- level, multi- disciplinary perspective", *Public Administration*, 77 (2), pp. 361- 85
4. Häring, A. M, Stolze, M., Zanolli, R., Vairo, D., Dabbert, S. (2005c), The potential of the new EU Rural Development Programme in supporting on Organic Farming. Discussion paper EU-CEEOPF.
5. Häring, A. M, Vairo, D. (2004), Multi- stakeholder integration in the Identification of a new Organic Farming Policy: Workshop manual 1. EU-CEEOPF.
6. Häring, A. M, Vairo, D., Zanolli, R., Dabbert, S. (2004), Assessment of current national policies for organic farming and the future of the organic farming sector in view of the development of policy instruments: Reports on national policy workshops in 11 European countries. Report EU-CEEOPF.
7. Hemmati, M. (2002), "The World Commission on Dams as a multi- stakeholder process - Some future challenges", *Politics and the life sciences* vol. 21, no. 1.
8. Rose, R. (1991), "What is lesson- drawing?", *Journal of Public Policy* 11 (1), pp. 3- 30
9. Todhunter, C. (2001), "Undertaking Action Research: Negotiating the Road Ahead", *Social Research Update*, 34.
10. Vairo, D., Häring, A. M, Zanolli, R., Dabbert, S. (2005a), Assessment of policies and development of policy recommendations for organic

farming: a cross- country synthesis of national policy workshops in 11 European countries. EU-CEEOPF project report.

11. Vairo, D., Häring, A. M, Zanolli, R., Dabbert, S. (2005b), Multi-stakeholder integration in the identification of a new Organic Farming Policy: Concept & Outline of the EU workshop. EU-CEEOPF project report.