

“Organic Farming and Rural Development in the Context of the Lisbon Strategy”

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1. Introduction

The Lisbon Strategy is the main European strategy of the EU institutions. The Barroso Commission (2004-2009) declared that all policy areas must fit under this overarching strategy. Agreed in March 2000 by the EU Heads of States and Governments, to make the EU "the most competitive and dynamic knowledge-driven economy by 2010" and re-launched in February 2005, the strategy includes the following main aims:

- The European Union seeks higher economic growth and job creation and greater competitiveness in world markets.
- The Lisbon strategy aims to provide people with a better standard of living in an environmentally and socially sustainable way.
- The EU should become the most competitive area in the world by 2010.

2. Lisbon Strategy, Sustainable Development Strategy and the CAP

Agriculture and Rural Development Commissioner Fischer Boel declared that rural development policy will be the key instrument of the CAP to contribute to the aims of the Lisbon strategy. The CAP reform 2003/2004 was a major step towards the Lisbon strategy. It decoupled direct aids and strengthened market orientation rather than market support.

The Lisbon strategy should also be seen in the context of the sustainable development strategy (reviewed in June 2006). This is an overarching strategy that qualifies and defines the kind of growth that should be pursued.

The two joint strategies recognise that economic, social and environmental objectives can reinforce each other. Thus the strategies themselves reinforce each other. This leads to the guiding principles for the contribution of the CAP to the Lisbon Strategy¹: **Strong economic performance** goes hand in hand with the **sustainable use of natural resources**.

The CAP as the tool to implement the Lisbon Strategy in agriculture, seeks to create "environmental win-win situations" by:

- Supporting the provision of environmental goods,
- Expanding the scope for innovative approaches,
- Adding value to rural economy,
- Creating the link from agriculture to diversification into tourism, crafts and training.

¹ (set by the EU Council in Gothenburg in 2001, confirmed in the Lisbon Strategy conclusions in Thessaloniki in June 2003)

3. Organic Farming in the context of the Lisbon Strategy

Organic food and farming can greatly help to achieve the aims of the Lisbon strategy. However, it has to be clarified what kind of innovation and growth the EU is heading for. On the one hand, limiting the strategy just to the economic dimension, without taking into account the social and ecological dimension, will result in growth by depleting resources. On the other hand, the strength of the organic sector is that it fulfils not only the economic aims, but strongly frames the strategy with an ecological and social dimension.

The organic sector is growing, it is market-orientated and innovative, it provides jobs and secures sustainable agricultural production. In particular organic food and farming match the aims of the Lisbon agenda through the following factors.

a) Organic production is innovative

Farmers converting to organic take a high entrepreneurial risk. They have to commit themselves to specific rules and standards and thus are (voluntarily) more restricted compared to other competitors in the food market. As a result the organic sector is forced to innovate by searching for sustainable solutions. On the other hand, organic food and farming avoid environmental and societal risks that are inherent to other technologies.

- Organic food and farming create new farming techniques and develop new processing techniques.
- Organic standards often play an important role in the development of quality production schemes.
- Organic farming has led to different innovative marketing concepts, such as box schemes, including different services, virtual views on farms, etc..
- Organic farming often is the driving force for regional cooperations (farmers, processors, tourism, etc.).
- Its success is based on a close relationship to consumers.
- Organic farming is, in many cases, the driving force for new developments in agriculture, e.g. production techniques, reduction of fertilisers and pesticides, development of quality production schemes.

b) The organic sector is competitive

One of the main aims of the Lisbon strategy is competitiveness. The organic sector has proven its ability to compete, with innovative ideas and products. The past experience has shown that often organic production has equal or even better economic results than conventional units. This is worthy of note as organic farmers received less support than conventional farmers before the CAP reform 2003².

From an EU perspective, it is inappropriate to just compare the competitiveness of organic production with that of conventional. It is not a 'level playing field' as the former internalises, whereas the latter externalises, its costs. Instead, its competitiveness should be compared

² there are no figures available for the situation post CAP reform 2003

with that of the worldwide organic market and production. It is in the interests of the EU that its own organic food sector can profit from a worldwide, dynamic and growing market.

c) *Organic food and farming is knowledge intensive*

Organic food and farming practices are knowledge-intensive and require detailed understanding of the whole, living production system. It exploits interactions in natural and semi-natural habitats, and in biological and ecological self-regulation. Skilled organic farmers intuitively use many of these mechanisms; they are not yet widely explored by science.

Research activities in organic agriculture and food production can have a rapid and significant impact on technology progress and economic performance. It can further contribute to a better general understanding of complex systems. On the other hand, organic research can be site-specific and thus difficult to generalise.

By contrast, genetic engineering is complex technology but is being applied as if biological systems are simplistic, which they clearly are not. There is little understanding of the risks and implications. It begs the question, again, which kind of knowledge does the EU want the Lisbon strategy to focus on?

d) *Private organic labels are good examples of successful marketing and quality competition*

Private standards and labels are particularly important to further develop the market, to improve official standards and to present "special quality" to consumers. They can lead to specific quality production schemes with added value for the consumers. They can open up new markets and interest new consumers.

Differentiation and quality competition is necessary to stimulate innovation and further economic development. The restriction of enforcing only one European-wide standard and one label for organic produce would limit the innovation and development these private standards stimulate. This would contradict the Lisbon strategy.

4. Political recommendations

Organic food and farming contributes significantly in the field of agriculture and rural development. To a high extent, it delivers the aims of the Lisbon Strategy. European agriculture policy should take this into account and should therefore specifically support organic production through various policy tools.

- There should be support through the different axis in the rural development programmes. It is necessary to ensure that organic farming gets support beyond agri-environmental measures, as a conversion to the organic production means, not only a benefit to the environment and society, but also an increased entrepreneurial risk for the farmer.

- The 7th Framework Research Programme should provide sufficient funding for organic food and farming research.
- Policy measures have to ensure that the benefits of the organic production are not threatened through the introduction of GM products into the EU. An EU-wide coexistence framework must protect the non-GM sector (which is much wider than just organic). Without this, there will be market distortions for the organic sector and production costs will increase (as is already happening where GM crops have already been introduced).



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