

**Seminar in Brussels,  
Bureau de Liaison Bruxelles-Europe, October 19-20, 2006**

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

The seminar Organic Farming and Rural Development in the Context of the Lisbon Strategy took place in Brussels at the Bureau de Liaison Bruxelles - Europe from October 19-20, 2006. It aimed at examining to which extent organic food and farming can contribute to the overarching strategy of the European Commission, the Lisbon strategy.

This document summarises the results and conclusions of the seminar that has been organised by IFOAM EU-Group in the framework of COUNCIL REGULATION (EC) No 814/2000 of 17 April 2000 on information measures relating to the common agricultural policy.

About 32 participants (without organising staff and speakers) coming from all over Europe (23 different countries) were participating in the seminar. The participating experts from each country were selected by their national organisations to be able both (1) to bring the highest level possible of representation of organic expertise all around Europe and (2) to bring most benefit back to the countries. This allowed guaranteeing the quality of the debate and relevance of the conclusions.

The seminar was structured in three parts:

- (1) Plenary session with different presentations to introduce the topic
- (2) Workshops where participants discussed the different topics
- (3) Public presentation with participants, invited stakeholders and press

## I. Plenary Session

### 1. Opening of the seminar

The seminar was opened and moderated by the IFOAM EU Group president Francis Blake.

### 2. Organic news from Europe

The participants of the seminar exchanged news from their home countries:

- ↪ Norway: there is a big campaign of supermarkets which promote organic farming. The supermarket cooperation is nice to be seen
- ↪ Switzerland: Supermarket Coop has started 2 years ago a programme with regional specialties. It is the only sector with growth
- ↪ UK: (1) Sainsbury's and Tesco, two of the three leading supermarkets, will deliver box schemes with UK products; (2) Last year supermarkets have experienced a 30% increase in organic food. This year it is going to be more than that; (3) The organic textile and cosmetics market is moving forward! The Soil Association has developed standards for textiles and Wal-Mart as well as sports cloths producers are getting into the marketing of textiles produced according to the organic standards The organic cosmetics market is developing more slowly. There is not so much interest of companies in other countries. Most companies which are into textiles or cosmetics do not know about IFOAM
- ↪ Slovenia: There is a cooperation with the cosmetics industry to show other aspects of organic, e.g. in an annual market. These companies do have more money than the farmers and thus pay a higher annual fee.
- ↪ Portugal: Success in putting up an organic umbrella organization. The first event is going to be an organic green week in November.
- ↪ Czech Republic: A year book on organic farming (market/survey) has been compiled and has been published in Czech and English.
- ↪ The Netherlands: fast professionalisation of organic shops. This year there have been 15 new/renewed shops. In 2005 there was only 45% of the organic sales are done in specialized shops, 45% in supermarkets. More and more supermarkets are relating to farmers in the area, e.g. by showing posters with the farmers' face in the shops.
- ↪ Latvia: An organic free market has been started on a famous place in Riga and is going to take place every Saturday. The organic movement cooperates with the slow food movement.

- ↳ Romania: By the end of the year 150 000 ha/1% of total agricultural land will be organic. The ministry of economy released an agreement in which organic farming is one of the four areas that will be supported.
- ↳ Sweden: A former staff of the Swedish Farmer Association has moved to the second rank in the Agricultural Ministry
- ↳ Hungary: The internal market, the product range and the organic market in Budapest are all a great success.

### **3. A competitive Regulation: Revision of the organic Regulation 2092/91: An update of the political process and the activities of the IFOAM EU Group and activities in the Member states**

Francis Blake, president of the IFOAM EU Group, gave a presentation about the revision of the organic regulation in the perspective of the Lisbon strategy. First he explained that the revision was necessary to make organic food and farming fit for the next decade. As the current regulation has been amended and added to more than 30 times, is full of derogations and the objectives and guiding principles are unclear, the sector asked for an adaptation of the regulation for future needs. The EU Regulation is also the basis for getting support from rural development schemes. The varying implementation and interpretation in Member States have lead to problems with equal competition.

The European Commission tried to simplify the structure of the regulation, added controlled flexibility to reduce number of derogations and tried to bring the organic regulation in line with other EU legislation (e.g. GMO legislation, 884/2004). The attempt for “better regulation” was a further motivation and guideline.

Francis Blake pointed out that despite the necessity of a revision and the ongoing discussion there are several issues which remain problematic areas in the draft proposal for a revision. He named several areas to be improved to ensure a competitive Regulation such as scope, the adaptation of organic farming certification within the new food and feed control regulation (882/2004), GMOs, stakeholder involvement not foreseen in the legislation, unnecessary restriction on private labels and imports still judged by EU criteria.

He summarised the various activities and involvement of the IFOAM EU Group in the topic. After providing several papers and letters to comment on the revision process the

IFOAM EU Group had meetings in late summer with a high level delegation of the Commission and the Finnish Presidency. In March 2006 the group was co-organising a conference in the European Parliament.

In the ongoing process the Council will continue to discuss the issue. The Finnish Presidency aims to come to an informal agreement by end of the year, the European Parliament is expected to adopt its report by March 2007.

#### **4. What does the Lisbon strategy mean for Agriculture and Rural Development?**

Peter Berkowitz, assistant to the Deputy Director General Mr Ahner, explained to the participants DG Agriculture's approach to the Lisbon strategy. In March 2000, the EU Heads of States and Governments agreed to make the EU "the most competitive and dynamic knowledge-driven economy by 2010". The Barroso Commission that started in 2004 declared the Lisbon strategy as its major strategy. In February 2005 the Lisbon strategy has been relaunched with the following main aims:

- ↳ The strategy seeks to tackle the EU's urgent need for higher economic growth and job creation and greater competitiveness in world markets. It is a major EU policy priority.
- ↳ It aims to provide people with a better standard of living in an environmentally and socially sustainable way.
- ↳ "Become the most competitive area in the world by 2010"

Mr Berkowitz explained that the Lisbon strategy has to be seen in the context of the sustainable development strategy. The two strategies have to be considered as complementary as the sustainable development strategy is an overarching strategy which gives a qualification of the kind of growths to be pursued.

The CAP reform 2003/2004 was a major step towards the Lisbon strategy with decoupling of direct aids and strengthening of market orientation rather than market support. Rural development is central to the Lisbon process and for the restructuring of the agricultural sector. Rural development instruments are DG Agriculture's main approach to the Lisbon strategy.

Mr Berkowitz pointed out the importance of rural development tools in the future, as they can strengthen education and training, research and development and the promotion of innovation and sustainability. He mentioned the contribution of local LEADER initiatives for strengthening opportunities in rural areas and support for diversification.

He finally linked the environmental dimension of the Lisbon process with the CAP:

- ↳ The adoption of precision-farming techniques can improve both the economic and the environmental performance of farms.
- ↳ Environmental projects can have important spin-off effects, as demonstration/tourism/training projects.
- ↳ Renewable energy source production can be both profitable and good for the environment.
- ↳ Agri-environment measures can contribute significantly to the attractiveness of a region for tourism and recreation.

In the end of his speech he pointed out that the CAP Health check would give the opportunity to further develop the CAP. He raised the question if there will be more rural development also in perspective of a decreasing pillar one and a potential budget cut after 2013.

In the following discussion the participants highlighted that organic food and farming can contribute to achieve the Lisbon aims in most of the areas. In the context of rural development measures the argument was stretched that organic farming would need support beyond agri-environmental measures as converting to organic farming means to take a high entrepreneurial risk. Thus organic farmers are forced to be very innovative to succeed and a safety net could encourage the decision to convert to this production method. Mr Berkowitz mentioned that in the past traditional investment measures for the conventional sector have proven not to be very effective in stimulating innovations but that it would be interesting to look into this in case of organic farming as a conversion can be considered as a start-up.

The importance of organic food and farming research within the 7th Framework has been underlined to deliver the scientific basis for increased knowledge and innovation. Further, the participants suggested to strengthen the research on the outlined areas, as there was

hardly any specific policy support in the 7th research framework, e.g. for small-scale processing, innovative techniques, tourism or rural development.

There was a discussion about DG Agriculture's approach outlining rural development as the main instrument to meet the Lisbon strategy. The impression is that the EU interpretation of the term sustainable focuses mainly on the economic dimension. In this context there might arise a conflict, as DG Agriculture's interpretation of only focusing on rural development instruments cannot be regarded as the most efficient way of treating this issue. Mr Berkowitz commented that this is always a political choice and secondly also other aims have to be considered (instead of economic costs to all other).

Faced with the argument that the Lisbon strategy is being treated like a burden on Member State level – due to less money for more tasks- Berkowitz replied that the way to approach the Lisbon strategy would depend on the policy of the Member States. The Member States would try to make the COM do what they want but do not want to do themselves, e.g. environmental legislation. The COM would then be blamed as the 'bad guy'. The COM can help the Member States in prioritizing in how to spend their reduced money.

## **5. Organic farming and the Lisbon strategy**

Professor Dr. Stephan Dabbert, University of Hohenheim, was asked to give a keynote speech to stimulate a discussion among the participants. He talked about the potential links of organic farming and the Lisbon Strategy. The aims of the Lisbon Strategy – growth, jobs and competitiveness – are important aims for the organic sector as well, and: the organic sector can contribute a lot to these aims.

He raised awareness that there is a potential conflict. DG Agriculture uses Rural development to match the Lisbon strategy and from that point of view organic farming has no problems to contribute to the Lisbon aims. On the other hand the general communication of the European Commission focuses on growth, jobs and competitiveness – a focus that is linked to the pure economic dimension, but not the social and ecological dimension of sustainability. This leads to the definition of growth: Is it possible to have growth without depleting natural resources? More than thirty years ago, the Club of Rome discussed the limits of growth. This question needs to be clarified, to know which kind of innovation governments or EU-Commission are pushing for.

Dabbert presented several points for discussion, regarding the role of organic agriculture within the Lisbon strategy from a different angle:

- ↪ **Competitiveness** – The organic sector has proven its ability to compete, with innovative ideas and products and how to be economically successful. The question is how competitiveness of organic food and farming can be qualified – e.g. does it have to be compared with the conventional food sector or compared with the world market for organic food?
- ↪ **Knowledge based society** – Organic Food and Farming practices are knowledge intensive and require thus profound knowledge of the whole production system. On the other hand it is site-specific and thus difficult to generalize. In contrary, genetic modified crops (GMO) can be applied everywhere, even though not everything has been understood about it. The open question here is, on which kind of knowledge the Lisbon strategy is focusing.
- ↪ **Green Biotechnology** is incompatible with organic farming and the introduction of GM products in the food production and the whole food chain creates distortions in competition for the organic sector and a clear economic disadvantages. As the European Union considers Green Biotechnology as an important tool to contribute to the aims of the Lisbon strategy, it directly endangers the contribution of organic food and farming as the growing of GM crops threatens the organic food productions and makes it more costly.
- ↪ **Innovation:** Organic food and farming has produced lots of innovations. One example: Its success is based on a close relationship to consumers. This has lead to different innovative marketing concepts such as box schemes, including different services, virtual views on farms, etc.
- ↪ **Private organic labels** are particularly successful in presenting a “special quality”, this should not be regarded as market distortion, but as a good example of marketing and quality competition. Thus the current attempt in the revision process of the organic regulation to create only one European wide standard of organic produce with limiting the possibilities for private standards would contradict the Lisbon strategy. Differentiation and quality competition is necessary to stimulate innovation and further economic development. Another discussion point was if a European organic logo should be mandatory or not. In the discussion it was pointed out, that the advantage of e.g. the German “Biosiegel” was that its use is not mandatory. This can be important if it was hit by a scandal and the producers do not have to put it on their product.

## II. Workshops of the Seminar

### 1. Policy Workshop

#### *Organic farming and the Lisbon strategy (Moderation Stephan Dabbert)*

The plenary on organic farming and the Lisbon strategy was followed up by a work group, moderated by Stephan Dabbert. The participants of the workshop were asked to think about how organic farming can contribute to the Lisbon strategy and what the organic farming sector expects from the Lisbon strategy.

The participants discussed on the basis of the inputs given in the plenary and brought in their personal views and experiences. Some criticism was brought up because of the fact that neither the Lisbon Strategy, nor the Sustainability Strategy does mention organic farming as a tool, as the Rural Development programme does.

As a result of the discussion, the participants agreed that organic farming is innovative, consumer-orientated, market-orientated, and delivers positive effects for environment, biodiversity and climate. The following points were mentioned:

- ↪ Organic farming has clear environmental benefits
- ↪ Organic farmers are younger than the average farmer (e.g. study from UK) and organic farms are larger than other farms (e.g. Italy)
- ↪ The percentage of direct sales and on-farm processing is considerably higher and the demand for organic products is rising every year. The market for organic products has been very dynamic for years.
- ↪ The organic sector creates innovation by searching for sustainable solutions. As Organic food and farming is limited in the substances and processing aids allowed, there is a pressure to find innovative solutions. Organic food and farming avoids risks that are inherent to other technologies. It is not only the organic sector that benefits from this development.
- ↪ In organic farming social innovation is higher. New types of cooperation are developed as the need to do so is higher.
- ↪ In the last 10 years there has been a decay in farming but organic farming has developed.

- ↪ Organic farming is knowledge-based. This is an advantage to conventional farming that is capital-based. The new Rural development programme is hampered by a lack of capital.
- ↪ The advantage of organic farming is that it is the only production system that is defined by an EU regulation. Thus, its benefits are the result of a clearly defined legal framework.

### ***Rural development as key to Lisbon***

The speaker of the second workshop was Andreas Lillig (EU Commission/DG Agri), who presented the state of play of rural development programmes in Europe and the CAP Health Check. Lillig presented the overall structure and budget of the new Rural Development Policy 2007-2013, with a special emphasis on organic farming. He also showed the link between the Organic action plan (Action 6) and the RD policy. He mentioned, that several Member States do address organic farming in their National Strategy Plans, some even quantify the future targets for the development of organic farming.

The implementation of the Cross Compliance rules influenced the structure of the new Rural Development programmes, as well as the WTO rules. Certain measures from old programmes cannot be continued and incentive payments are not allowed anymore. The European Commission puts its emphasis on verifiability of measures, a tendency that was considered as very positive by the seminar participants. During the discussion, participants reported about the current situation in the Member States.

- ↪ The process of consultation in the development of the national strategies has – from the point of view of several participants – not been sufficiently used.
- ↪ Measures that lack evidence of efficiency (which cannot be calculated in every case) are deleted, though they had, from the point of view of the seminar participants, very positive effects on the efficiency of the whole programme.
- ↪ The calculation of the allocation of measures should be discussed. Participants proposed to consider more factors than currently practiced.
- ↪ It is welcomed, that Member States are obliged to offer measures for organic farming in their Rural Development programmes, but in any case, organic farming should receive the top premium of the programme, with a distinct differentiation to any other measure.

## *Lisbon & Biodiversity: Commissions Biodiversity Communication*

Irina Maia from the IFOAM EU Group gave an overview of the Commission's Biodiversity Communication. Thus the participants had the chance to discuss the ecological dimension of the Lisbon strategy.

The Communication from the Commission on 'Halting the loss of Biodiversity by 2010 and Beyond - Sustaining ecosystem services for human well-being', COM(2006)216 (EU Action Plan to 2010 and Beyond), is the culmination of a revision process of the European Community Biodiversity Strategy COM(98)42 and the four Biodiversity Action Plans (Agriculture; Fisheries; Natural Resources; Economic and Development Cooperation). The agenda towards the Biodiversity Communication was:

- ↪ 1998 - Communication from the Commission to the Council and the European Parliament on a European Community Biodiversity Strategy
- ↪ 2001 – Heads of State or Government agreed “to halt the decline of biodiversity by 2010”
- ↪ 2004 – Malahide Stakeholder's Conference on Biodiversity defined priority objectives and targets for 2010 - Launch of Countdown 2010
- ↪ 2006 - Communication from the Commission on Halting the loss of Biodiversity by 2010 and Beyond

The document analyses the importance of biodiversity and the extent of its loss, reviews what has been done so far in the EU, identifies four key policy areas for action and 10 priority objectives and supporting measures. The targets and actions are specified in the annexed “EU Action Plan to 2010 and beyond”. The Action Plan specifies the roles of Community institutions and Member States.

The Biodiversity communication recognizes the CAP as one of the drivers for the biodiversity loss in Europe. On the other hand the increasing use of agri-environmental measures, Good Farming Practice, Organic Farming and support of Less Favoured Areas has favoured farmland biodiversity.

**The agenda point challenges of Organic farming: GMOs in Europe has been cancelled due to prolongation of other sessions.**

## **2. Competitive Regulation: Improve the current Regulation 2092/91**

### *New substances in Annex VI of Regulation 2092/91*

In the Regulation workshop the participants have discussed how to improve the current regulation in particular in the context of Annex VI. The following points have been outlined:

#### *Organic gelatine*

At this moment it is not possible to process organic gelatine because some necessary processing aids are not allowed in organic production. In order to close this gap the Annex VI needs to be changed. The participants proposed a change that makes it possible to process organic gelatine, and to demand that organic gelatine is used in organic products. It was mentioned that these substances are not listed in IFOAM Norms, but the IFOAM Standards Committee has positively evaluated a dossier related to organic gelatine.

#### *Cottonseed oil and salt bath for cheese.*

The same as above applies for organic cottonseed oil (sodium hydroxide) and hydrochloric acid for cheese processing.

#### *Demand of organic origin*

Today aromas and technical substances do not need to be organic, even though for example yeast and gelatine are available as organic. The participants agreed that the aim for organic production should be that 100% of the ingredients of agricultural origin of an organic product shall be organic. The IFOAM Norms address several labelling requirements (100%, >70%, <70%).

### 3. Research workshop

#### *Building a Europe of Knowledge - Towards the Seventh Framework Programme 2007-2013*

Massimo Burioni from DG Research updated the seminar participants about the 7<sup>th</sup> Research Framework Programme (FP7) in perspective of agriculture research. The presentation was originally foreseen for the research workshop but was held for all participants in the plenary following their request. Therefore the time for the workshop was shortened. Mr Burrioni pointed out the history of the different framework programmes. The 7<sup>th</sup> Framework Programme will run from January 1, 2007 to the end of 2013.

The political process is a co-decision between the European Parliament and Council. In June the Parliament voted on the FP7 and the Commission amended its proposal. It is foreseen that the first calls will be launched in December 2006. The FP7 budget will increase over the year to be able to contribute to the aims of the Lisbon strategy and to be able to compete e.g. with the US and Japan.

Mr Burioni highlighted that organic farming will remain an important topic within the FP7 and the specific programmes “Cooperation” in the thematic area Food, Agriculture and Biotechnology (budget € 1935 million).

The thematic area ‘Food, Agriculture and Biotechnology’ will focus on:

- ↳ Sustainable production and management of biological resources from land, forest, and aquatic environments
- ↳ ‘Fork to farm’: Food, health and well being
- ↳ Life sciences and biotechnology for sustainable non-food products and processes

Within the first two topics there will be direct or indirect research where organic and low input food and farming can benefit.

#### *Research to contribute to the competitiveness of Organic Agriculture.*

Currently there are some on-going EU transnational organic scientific research projects, which also include the point of view of stakeholders. The aims of the projects are to

provide recommendations to the Commission on how to improve the EU Organic Regulation in general (Organic Revision), to introduce organic wine standards in the EU Organic Regulation (Orwine) and to provide some recommendations and tools for the evaluation of the EU organic Action Plan (Orgap). Some results regarding the organic principles, the supply and demand of organic feed for livestock in the EU or the quality and availability of organic seeds in the EU, have to be considered in the new proposal of an EU Organic Regulation. Other recommendations from other EU research projects that have recently been finalised deal with the improvement of organic farming statistics (EISFOM) and should be considered in this new proposal to improve the transparency of the organic market. The above mentioned results should be made available to all organic and non-organic stakeholders in the coming EU congresses and seminars.

Organic Farming research is not well covered in the new 7th Framework Research Programme. The proposed research topics will not contribute to the competitiveness of Organic Agriculture and Rural Development actions.

### ***Strengthening Organic Food and Farming through an Organic Technology Platform on Research***

Research is important to stimulate innovation and to increase competitiveness. Therefore the participants discussed the benefits of a research technology platform for organic food and farming. Technology platforms are industry led and aim to facilitate knowledge transfer from research to practical implementation and the use of research results. It was agreed among the participants that a technology platform could boost the development of organic food and farming and it was thus recommended to establish such a platform. The participants were asked to make suggestions what such kind of platform should aim for.

## **III. Public Presentation & visit of brewery**

### **1. Visit to the Brewery**

The participants visited a traditional brewery in Brussels which was certified organic the year before and is now making traditional beer for small scale selling. The process of natural beer fermentation was explained and the participants could taste different sorts of beer.

### **2. Public Presentation**

On Friday, October 20 the seminar results were presented during a public presentation (See also press release) to participants, stakeholders, press and policy decision makers. The IFOAM EU Group president Francis Blake presented the results of the seminar and explained how organic food and farming delivers the objectives of the Lisbon Strategy. After the presentation and discussion the Group offered different sorts of wine made from organically grown grapes.



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