

Market Relationship Organic Beef Cattle Breeders in the Region of the Marches (Italy)

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Abstract

The major objectives of this research are to analyze distribution channels, production strategies, and problems in the production of organic beef in the Italian region of the Marches (Le Marche). In this area in 2005, organic farms with animals and those in transformation amounted to slightly less than 17,000 arable hectares or 21% of the 79,591.90 hectares used in organic farming and 3.4% of the total 507,181 hectares in the Marches. The area includes 314 organic farms for all types of animals. The percentage of farms in the region raising animals for organic meat is 0.8% of the total. In this area 164 farms raise organic sheep followed by beef cattle with 117 farms. The decision to research the beef meat chain was based on the following factors: greater production specialization, uniform distribution in the territory, and greater market orientation by the farms.

The research was carried out in 2007 using data gathered from beef cattle farmers. The farms in the sampling have at least five hectares of agricultural land; this excludes small and nonmarket-oriented farms. The farms which have been selected also specialize in producing beef in fairly large amounts. The sampling included 75 out of 109 farms in the Marches.

Personal interviews were carried out with farmers at their farms to collect data. Data were collected using a semistructured interview with a questionnaire as a guideline. This technique enabled the interviewer to determine farm resources, income, processing, and marketing problems.

The more common distribution channels were used for the two major products: (1) live animals, (2) fresh meat. Distribution channels for live animals accounted for 77.33% of the farms and include two major channels. In the first, farmers sell calves about five months old weighing from 200 to 250 kg to fattening farms or to middlemen who in

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turn resell the animals to fattening farms. The price farmers receive for the sale of organic beef cattle is identical to that for conventionally raised beef cattle. The second channel used is for baby beef cattle weighing 500–600 kg ready for slaughter and sold to slaughterhouses at conventional prices. Only 12% of farms use a distribution channel for fresh meat or direct sales to the final customer. Principal results highlight farmers' limited market/sales contract negotiating powers. In order to increase revenue, many farmers process the meat themselves and then sell directly to the final customer. This distribution channel allows the farmer to increase his price about 10-15% over fresh conventionally processed meat.

If organic animals continue to be sold for the same price as the conventionally raised animals, and if direct support and CAP payment continue to be reduced, a large portion of the farmers will return to conventional farming. To increase contract negotiating power for organic animal sales, farmers have to unite in associations to increase sales volumes or propose special food chain agreements to the processing industry or distribution chains that will satisfy quantitative and qualitative customer demands.