RURAL DEVELOPMENT COMMITTEE

AGENDA

31st Meeting, 2002 (Session 1)

Tuesday 3 December 2002

The Committee will meet at 2.00 pm in Committee Room 1.

1. **Item in private:** The Committee will consider whether to take item 5 in private.

2. **Organic Farming Targets (Scotland) Bill:** The Committee will take evidence at Stage 1 from:

   Robin Harper MSP

3. **Organic Farming Targets (Scotland) Bill:** The Committee will take evidence at Stage 1 from:

   Alex Telfer, former Chair, Scottish Organic Producers’ Association
   Patrick Holden, Director, The Soil Association
   Dr Nicolas Lampkin, Organic Centre Wales
   David Younie, Scottish Agricultural College
   Drew Ratter, Crofters’ Commission
   Peter Stuart, Vice-President, NFU Scotland
   Kevin Hawkins, Deputy Chairman Scottish Retail Consortium
   Jan Polley, Director of Industry Development, Quality Meat Scotland

4. **Subordinate Legislation:** The Committee will consider the following negative instrument:

   The Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuffs) (Scotland) Amendment (No.2) Regulations 2002, (SSI 2002/489)

5. **Witness expenses:** The Committee will consider a claim under the witness expenses scheme.

6. **Agricultural Holdings (Scotland) Bill (in private):** The Committee will consider a draft Stage 1 report.

Tracey Hawe

Clerk to the Committee
The following papers are attached or are relevant to this meeting:

**Agenda item 2**

Members are reminded to bring with them a copy of the *Organic Farming Targets (Scotland) Bill* and accompanying documents

**Agenda item 3**

<table>
<thead>
<tr>
<th>Submission</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission from the Scottish Organic Producers' Association</td>
<td>RD/02/31/3a</td>
</tr>
<tr>
<td>Submission from the Soil Association</td>
<td>RD/02/31/3b</td>
</tr>
<tr>
<td>Submission from Dr Nic Lampkin, Organic Centre Wales</td>
<td>RD/02/31/3c</td>
</tr>
<tr>
<td>Submission from David Younie, Scottish Agricultural College</td>
<td>RD/02/31/3d</td>
</tr>
<tr>
<td>Submission from the Crofters Commission</td>
<td>RD/02/31/3e</td>
</tr>
<tr>
<td>Submission from the National Farmers' Union of Scotland</td>
<td>RD/02/31/3f</td>
</tr>
<tr>
<td>Submission from the Scottish Retail Consortium</td>
<td>RD/02/31/3g</td>
</tr>
</tbody>
</table>

A full set of responses to the Committee’s call for evidence at Stage 1 of the Bill has been circulated separately.

**Agenda item 4**

<table>
<thead>
<tr>
<th>The Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuffs) (Scotland) Amendment (No.2) Regulations 2002, (SSI 2002/489)</th>
<th>Reference</th>
</tr>
</thead>
</table>

The five EC Directives relating to this SSI are available from the Clerk.

**Agenda item 5**

<table>
<thead>
<tr>
<th>Paper from the Clerk <em>(for members only)</em></th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RD/02/31/5</td>
</tr>
</tbody>
</table>

**Agenda item 6**

<table>
<thead>
<tr>
<th>Draft Agricultural Holdings (Scotland) Bill Stage 1 Report <em>(for members only)</em></th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RD/02/31/6</td>
</tr>
</tbody>
</table>
1. The Scottish Organic Producers Association (SOPA) currently has 550 members, representing 75% of the entire network of organic farmers and growers across Scotland. Since April this year its farm inspection and certification services have been managed exclusively via Scottish Food Quality Certification Ltd (SFQC) and a new SOPA certification standard is currently being introduced via SFQC under the auspices of SOPA’s Organic Technical Advisory Committee. Under a 2 year funding contract with Scottish Enterprise Dumfries and Galloway, also commencing in April 2002, SOPA is currently leading the development of an organic marketing network, which aims to provide better information and communication, strengthen the supply chain, and promote a new ‘Organic Scotland’ brand on behalf of the Scottish organic industry as a whole.

2. SOPA has supported the underlying ethos of the Bill since its initial drafting and welcomes the chance to respond to the consultation on the Organic Farming Targets (Scotland) Bill, and to give verbal evidence to the Committee. SOPA strongly endorses the Bill’s long term aim to enable more organic food to be produced and consumed in Scotland, thereby contributing positively to the sustainable development of Scottish agriculture and the economic, environmental and social health of rural communities. SOPA believes the future of Scotland’s organic industry is at a cross-roads and that urgent action is required from the Scottish Executive to encourage its future development in the face of new organic action plans for England, Wales and Northern Ireland having full Government support.

3. In principle, SOPA supports the use of targets which will support this process, and notes their use elsewhere in reinforcing Scottish Executive policy to deliver other aspects of sustainable development such as waste minimisation / recycling and the expansion of renewable energy sources. To be effective, however, targets have to respect market forces and SOPA attaches maximum importance to working with all other key players on an organic action plan that is placed in the wider context of Scottish agricultural policy generally.

4. It is for this reason that SOPA has recently taken a leading role, alongside the National Farmers Union for Scotland, in encouraging the Scottish Executive to establish a new 10 person Organic Stakeholders Group to advise the Minister on the production of a Scottish organic action plan. We welcome the inclusion in the Group of representatives of the mainstream agricultural sector, leading organic sector bodies, organic processors, consumer interests, organic research and marketing specialists, and the wider environmental NGO network. We look forward to the work of the Group starting at its first full meeting on 21 November.
5. SOPA recognises that there are a number of routes, in addition to legislation, to setting and delivering targets that reflect Government policy. We note that the Organic Farming Targets Bill does not aim to prescribe the way that targets for conversion of agricultural land are to be met, but to set out the type of information which must be included in a supporting plan identifying the measures for meeting those targets. Such a plan could give real legitimacy and authority to the work of the Organic Stakeholders Group.

6. European Agriculture Ministers, including the UK Minister, have committed themselves to the development of a European Action Plan for organic conversion. Many countries of the EU now have their own targets and action plans for organic conversion and even where these are not met they are seen as an important element of a long term strategy for addressing the symptoms of market failure - poor information, underdeveloped infrastructure and lack of investment - that are clearly evident, and must be urgently addressed, here in Scotland. Most obviously, organic producers in Scotland will soon be at a major disadvantage if on-going payments beyond the initial 5 year conversion period now promised in Wales and to be put in place in England in 2003 are not also available to them. An action plan for Scotland, given statutory backing and security through the Bill, would boost confidence across all parts of the organic sector and send a clear signal that it plays a significant role within Scottish agricultural production generally and the marketing of the ‘Organic Scotland’ brand in particular.

7. Scottish Executive policy towards the organic sector, contained within its “Forward Strategy for Scottish Agriculture”, recognises that, alongside other production methods, organic farming makes a significant contribution to the development of environmentally-friendly and market oriented agriculture. The Executive is also concerned to ensure that its continuing support for the organic sector is targeted as effectively as possible, and that Scottish interests are properly taken into account in the development of UK and international policy on organics. The Bill would provide a legislative framework for achieving these aims through a new organic action plan for Scotland. It could also drive a new and much needed research programme into a range of socio-economic and environmental benefits accruing from a higher level organic food production and consumption within Scotland. The results of such research would clearly help direct future the Scottish Executive’s financial investment in the sector to achieve maximum public benefit. A number of new indicators could be developed to support this, including a measurement of the impact of higher organic food consumption on Scottish health trends, linked to raising public awareness of the nutritional value of organic food in terms of its mineral and vitamin content.

8. Organic farming in Scotland is at a critical period of development. It offers the potential to become an important part of mainstream agricultural practice in Scotland. As in the rest of the UK, it now requires an active partnership with Government, through the Scottish Executive, to increase the amount of domestic organic produce available to consumers and to boost Scotland’s capacity to export and compete in this growing market on at least a European scale. In doing so, the Executive would also be demonstrating its public commitment to sustainable development, so recently reinforced by the First Minister at the Earth Summit in Johannesburg and elsewhere. Historically, the Scottish organic sector has received relatively poor levels of Government support, so it is imperative that it is now provided with the security needed to develop successfully in the coming years. A commitment from the Scottish Executive via the Organic Farming Targets Bill would provide this security.
9. SOPA supports the introduction of the Bill and commends it to the Rural Development Committee. The commitment of SOPA and other key parties to the future work of the new Organic Stakeholders Group offers a real opportunity to identify practical, market-led measures to achieve the underpinning aims of the Bill which will help ensure that, if it becomes an Act of the Scottish Parliament, it will have a lasting impact through a new organic action plan for Scotland.

Scottish Organic Producers Association
Royal Highland Centre
10th Avenue, Ingliston
Edinburgh
EH28 8NF

November 2002
The Soil Association
The Soil Association was founded in 1946 by scientists and nutritionists who wished to research the associations between human health and agriculture. Work has continued since to create and develop an informed body of public opinion and to promote organic agriculture as a sustainable alternative to intensive farming methods.

Soil Association Scotland is the devolved arm, operating in Scotland, concentrating on Scottish organic issues.

Organic Agriculture
Organic farming can be defined as an approach to food production that focuses on the twin goals of health and sustainability. It bases its goals on the philosophy that the health of the soil is fundamental to plant, animal and hence human health.

In practice Organic agriculture is characterised by
- Mixed farming rather than specialist practice.
- Polycultures rather than monocultures.
- Rotations including legumes.
- An exclusion of most synthetic fertilisers, pesticides and feed additives
- A ban on all genetically modified organisms.
- Specific attention paid to animal fitness and welfare, suitability of native livestock and landraces.
- Preservation of soil organic matter, humus and hence soil structure.
- Preservation of biodiversity as a consequence of management practices.
- Energy and biological efficiency.
- Concentration on local supply routes.

Scotland’s Agriculture
Farming in Scotland is subject to continued global economic and industrial influences. In order to maintain an image of a clean healthy agriculture and food supply system, efforts must be made to resist further degradation of our farming culture. This is important not only for our own food supply and environmental health, but also for our export and tourist industries.

Diffuse pollution
‘Custodians of Change’, the report of the Agriculture and Environment Working Group (SEERAD 2002)
Listed impacts that require a change in management practice. These diffuse pollutant sources were, fertiliser run-off, organic waste, veterinary medicines, faecal pathogens, and pesticides.

Organic farming standards and practice specifically address all of these items as an integral part of positive whole farm management and health.

Biodiversity
‘Custodians of Change’ also recommend that the executive and its agencies specifically address a fully integrated approach to natural heritage, land management and biodiversity. There is now ample evidence to support the claims that Organic agriculture has a positive effect on biodiversity in comparison to conventional intensive farming methods. This is as a result of mixed cropping, rotations, seasonality patterns of cropping, and improved soil structure and hence microbial life.

(attached annex 3 to DEFRA Organic action plan)

Land Management Contracts
SEERAD and other agencies are currently investigating land management contracts as a means of integrating land management, biodiversity, and natural heritage management support systems. Organic management is a whole farm integral approach to farming and requires herd health, manure management; nutrient cycling plans as well as environmental assessments as part of its management standards. Whilst not the only possible Land management contract model, it is an example that is well proven and worthy of further study with particular regard to integration with other agri-environment schemes.
Food Quality and Human Health

Collectively the evidence supports the hypothesis that organically grown crops are significantly different in terms of safety, nutritional content and nutritional value than those produced from non-organic farming. In particular:

- **Pesticide residues.** Nearly all pesticides are prohibited from organic farming.
- **GMOs.** Doubts exist over GMOS. They are banned from organic production.
- **Food additives.** More than 500 additives are permitted for use in non-organic processed foods, compared with around 30 in organic processing. Many additives are associated with allergic reactions, headaches, asthma, growth retardation, and hyperactivity in children, heart disease and osteoporosis.
- **Primary and Secondary nutrients.** It is not surprising that clear evidence is emerging that significant differences in mineral levels and phyto nutrients exist and depend on growth and cultural practice. Clearly more research is needed.

Why Organic Targets?

Soil Association Scotland supports targets as a means of measuring progress. Market forces are not an appropriate means on their own to determine agricultural policy. A public policy that impacts on the whole of Scotland’s land use and that has clear environmental importance as well as concerns for, health, diet and nutrition, must rely on clear expert integrated policy formulation and clear leadership.

It is entirely appropriate to target the food production base, (i.e. the land area) as the first stage of Scotland’s food system, and to integrate this with other dimensions of the chain via an action plan. It is the explicit objective of the proposed EU action plan to reconcile regional differences in the EU. It will inevitably be to Scotland’s economic advantage if it does not have to play ‘catch-up’ when this plan is eventually introduced.

It is the objective of the Scottish organic farming movement to provide fresh wholesome food to all sections of the Scottish Community. Targets are thus the first step in driving up the production base in a coordinated manner. Both as a tool to deliver measurable progress and results, and as a planning function, targets are indispensable.

It must be noted that eight European countries have considered it appropriate and an effective policy measure to put in place targets of various types and scale.

Why an action plan?

An integral part of the bill is the adoption of an action plan. As mentioned above, it is the intention of organic farmers to enable all sections of the community to access organic produce. In order to achieve this it is essential that all sections of the food system are subject to review. An integrated, comprehensive action plan that addresses all aspects of the organic food system, from the research base, through the producer and supply chain, to the market place and the consumer is the only logical approach. A piecemeal approach would be ineffective and ultimately inefficient.

In order for Scotland to develop its sustainable farming methods by organic production, and begin to compete with other European countries the following specific areas of action must be addressed. A. Supply chain fragmentation. B. Development of support policies. C. Training and advisory services. D. Research. E. Development of a strategic overview.

In the UK, England, Wales and Northern Ireland each have Action Plans. Commitment to organic farming is demonstrated by amongst other measures, post-conversion payments which will be introduced in England from 2004: £30/ha for arable land (AAPS eligible), £23/ha for improved land, and £5/ha for unimproved grassland. Top fruit will receive £600/ha for the first three years, and £30/ha thereafter. These examples give a further boost to our competitors, not only economically but also in terms of confidence in ongoing development.

The EU countries with the best-developed organic sectors all have action plans and targets; conversely, those with the least developed do not. The correlation is clear: the top seven EU countries by proportion of land farmed organically all have both an Action Plan and a target. Scotland’s farmers and consumers need and deserve both.

Further information, and publications supporting the case for organic agriculture can be obtained from the office of Soil Association Scotland.
ANNEX 3 TO DEFRA ORGANIC ACTION PLAN

ORGANIC FARMING AND THE ENVIRONMENT

Introduction
1. This paper was prepared by a Subgroup of the Action Plan for Organic Farming. Its purpose is to summarise the Subgroup’s views of the likely comparative effects of organic and conventional farming on the environment.

General considerations
2. There are a number of inherent difficulties in comparing one system of agriculture with another. These include:
   - **Basis of comparison:** One issue is how to take account of the lower yield potential of organic systems. Should environmental impact be measured per unit of land area, per unit of economic activity or per unit of produce?
   - **Type of farms compared:** Most comparative trials have compared lowland mixed crop and livestock organic farms with similarly structured conventional farms, and do not include comparisons with the most intensive conventional farms. There are also few comparisons between organic and conventional extensive farms.
   - **Lack of clear definition of what is meant by “conventional” agriculture.** Whereas organic agriculture is defined in EU and Sector Body standards, there is no similar definition for what is meant by conventional agriculture, and practices in both systems will change over time especially in relation to market signals.

Assessing existing differences versus predicting future change
3. There are a number of reasons why future effects may be different from existing differences. These include:
   - The effects of scale of converted areas are unknown. Larger areas of contiguous organically farmed land could result in greater or, possibly, lesser environmental benefits than the conversion of individual farms.
   - The implications at the macro-scale if a large proportion of agricultural land was converted to organic. Organic systems tend to produce lower yields than conventional systems, and have a higher proportion of land occupied by animals, whereas many conventional livestock systems have a greater reliance on feed produced off-farm. This could lead to differences in food imports and in the balance of land-use within the country. It is not clear what the implication of these macro changes would be for the environment.

Environmental impacts
4. **Biodiversity:** Comparative reviews of the evidence base have been conducted for MAFF, English Nature, The European Commission and the Soil Association. The general conclusion is that on average there is a positive benefit to wildlife conservation on organic farms. In most studies organic agriculture provides a conservation benefit, whereas there are few studies where a disbenefit is shown.

I Some of the potential causes for the biodiversity benefits of organic farming include: Organic standards **require** the sympathetic management of wildlife rich infrastructure features, such as hedges, and ditches. These features also play a role for the organic farmer, providing reservoirs for the predators of crop pests as part of the integrated pest control strategies practiced on organic farms.

II A higher proportion of organic lowland farms are in **mixed farming.**

III Use of synthetic fertilisers, agrochemicals and veterinary medicines is prohibited or much restricted, which removes direct and indirect problems for wildlife.

IV Greater variety of crop structure because of more spring cropping in more varied rotations.

V Organic farms often use **undersowing,** such as with stubble turnips with the land then used for autumn grazing. This can produce attractive over-winter habitat for seed eating birds and helps boost populations of some farmland invertebrates.

VI Existing **unimproved grassland** is protected under organic standards (although legislation on Environmental Impact Assessment gives protection to uncultivated land generally).

VII **Stocking densities** are limited by productive capacity underpinned by the Organic Standards and so tend to be lower in organic systems. The lower density can be an advantage when grazing sensitive habitats. Different species of livestock are more often maintained on organic farms. This helps to control parasite burdens and has advantages in maintaining structurally diverse swards.

While some of these practices are used on some conventional farms it is only generally on organic farms where most of the relevant management is routinely and systematically carried out. Although, the evidence from several studies shows that birds do better on organic farms overall, there are some detrimental actions in organic farming, such as mechanical weeding or mulching operations taking place between April and July. If these practices were to intensify in the future they could reduce the overall benefits for ground-nesting birds. Both organic and conventional farms will perform better when under agri-environmental schemes.

5. **Nitrate loss:** Many organic systems operate at a lower level of nitrogen intensity than conventional systems, with nitrogen inputs from fixation by legumes, or from importation of animal feed onto the farm. MAFF research compared the losses reported in a study of 3 organic farms over a 3 year period with a database of losses from conventional farms within Nitrate Sensitive Areas over the same period. The more extreme NSA treatments (the use of cover crops and the conversion of land use to extensive grassland) were excluded from the comparison. The results showed that overall losses of nitrate from the organic systems studied were smaller than from the conventional systems when comparing all sites. They were similar to the conventional systems if grass sites receiving more than 200 kg/ha fertiliser N were excluded. The range of losses from site to site was large, which meant that the comparison between different systems was relatively insensitive. The variability indicates that there is considerable scope for further reduction in losses with both systems. Within organic
systems, the greatest benefit would come from controlling losses during the transition from clover-grass ley to arable.

6. **Phosphorus loss:** The main loss pathway for phosphorus is by movement of soil particles. Leaching is a smaller and more site-limited effect. There are some additional “incidental” losses following the application of fertilisers or manures. There is no direct evidence of differences in phosphorus losses between organic and conventional agriculture. (See also comments on Soil Protection, below)

7. **Pesticide pollution to water and air:** Pesticide use in organic farming is very restricted. A small number of pesticides are approved for organic use (principally copper, sulphur, natural pyrethroids, and derris), but they tend to be used as a last resort and the last two are either only permitted for use in protected cropping or for a restricted range of horticultural crops. With the exception of sulphur on certain top fruit crops and pyrethroid sheep dip (which is used in the same way on both organic and conventional farms), the use of the restricted range of pesticides is very limited by comparison with conventional agriculture. In particular, organic farmers do not use herbicides, some of which (such as isoproturon) have presented particular water pollution problems. Pesticide pollution from organic farming will be far less common than pesticide pollution from conventional agriculture. These differences are likely to hold whether assessed per area, or per unit of food produced.

8. **Energy efficiency:** MAFF funded a desk-study on energy costs in organic systems. Organic systems had a lower energy input largely because of an absence of indirect energy inputs in the form of nitrogen fertiliser. The greater energy requirement for conventional crops holds on an area and yield related basis except in the case of organic carrots. Organic lowland livestock systems tend to have lower energy use than conventional. For extensive upland livestock systems, the energy uses are more similar, although on average organic production uses somewhat less. Some of the differences in energy ratio were large. Organic arable production used 35% and organic dairy 74% less energy than conventional per unit of product.
9. **Soil protection:** There is little UK evidence on the relative benefits of organic and conventional systems for soil protection. Such studies as have been done and those from other countries tend to show benefits for organic systems. Organic farmers pay particular attention to their soils, and it is a fundamental tenet of organic farming to operate a sound rotational system to “feed the soil” to maintain organic matter content and to keep it in good condition. However, the return of organic matter may not be much different to a high-yielding conventional system. The control of weeds by cultivation, which is more frequent in organic systems, may increase infiltration of rainwater which would reduce run-off and soil loss, or it may result in greater oxidation of soil organic matter and greater risk of soil loss by wind and water erosion. Studies into the microbial response of soils to organic management indicate there are benefits in many but not all situations and not always in all the attributes measured. The absence of soluble nutrients, most pesticides and reduced use of veterinary medicines such as antibiotics and ivermectins can be expected to benefit soil organisms.

10. **Carbon dioxide:** Net emissions of carbon dioxide from agriculture depend upon use of fossil fuel and the amount of carbon sequestration in soil organic matter. Emission from fossil fuel use will be lower on a per area and a per yield basis, reflecting the greater energy efficiency of organic agriculture noted above. There is insufficient evidence on whether there is a significant difference in the amounts of carbon sequestered in soils.

11. **Ammonia:** Ammonia is mainly lost from the surface of manures, either from animal buildings or hardstandings, which are soiled by manures, or during storage and handling. Manures produced in organic systems often have a lower concentration of nitrogen than do conventionally produced manures. Organic systems encourage the composting of manures, which leads to a relatively high loss of ammonia, although this will reduce the amount emitted when the compost is subsequently spread. Given the constraints on housing and stocking rate it is not possible to have intensive pig and poultry organic units, which are a major source of ammonia from conventional systems. Organic pigs and poultry will have similar losses to conventional outdoor units. It seems likely that on balance there is little difference between organic and conventional systems in the amount of ammonia which is lost from the system per unit of yield, but it is likely that emissions are lower per unit area. Given that nitrogen is more valuable to organic systems than it is to conventional systems (which can purchase nitrogen fertiliser at about 30p per kilogram), there should be a greater incentive for organic farmers to control ammonia losses in the future.

12. **Nitrous Oxide:** Nitrous oxide is emitted from manures and from soils. Emission tends to occur intermittently when there is a combination of the appropriate conditions. Within conventional agriculture, the main risks arise from manures and from the waterlogging of soils by heavy rainfall following fertiliser application. Within organic farming the risks are likely to come from manures and from waterlogging of soils where there is a legume crop. In the absence of direct measurement, it is not possible to assess whether there is any difference in risk from organic or conventional production.
13. **Methane**: About 75% of methane on farms is emitted directly from ruminant animals (chiefly cattle and sheep). There have been no direct comparisons of methane generation between organic and conventional production. Different types of fodder will generate different amounts of methane, with higher rates released from diets which are high in roughage relative to diets high in starch. This will tend to result in higher emissions from organic systems, as organic diets tend to be high in roughage and low in concentrates. Methane emission per unit of livestock product decreases as the intensity of animal production increases (two cows producing 5,000 l of milk will generate more methane than one cow producing 10,000 l of milk). On average, production intensity is lower in organic than conventional systems, so methane generation from organic farms is likely to be greater per unit of food produced. Because of the lower stocking densities, it maybe similar on an area basis.

14. **Controlled Wastes**: Waste is generally lower in organic farming since the system relies less on external inputs. Packaging materials for agrochemicals, veterinary medicine, animal feed, and fertilisers should all be lower on organic holdings. There is also little need for disposal of pesticide washings on organic systems.

15. **Human Pathogens**: Pathogenic organisms from livestock can contaminate surface waters used for drinking, bathing or irrigation. There is no reliable information on any differences in the incidence of zoonoses between organic and conventional farms although there is on-going research. Studies have shown that composting manures and treating slurries as encouraged under organic standards decrease the survival of any pathogenic organisms but stacking or long term storage can also be beneficial. The methods of handling manures between farming systems may not be sufficiently different to produce a consistent effect and therefore information on the incidence the organisms is needed before any conclusions can be drawn.

**Conclusion**

16. The analysis can be summarised as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biodiversity</td>
<td>On average organic is better</td>
</tr>
<tr>
<td>Nutrient pollution to water</td>
<td>Available information is limited, but losses of nitrate from organic systems are similar on an area basis to losses from conventional systems subject to limits on quantity and timing of fertiliser and manures.</td>
</tr>
<tr>
<td>Pesticide pollution</td>
<td>Organic is better</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Organic is usually better</td>
</tr>
<tr>
<td>Soil protection</td>
<td>On balance organic has benefits for soil organisms although little difference has been shown for physical effects.</td>
</tr>
<tr>
<td>Carbon dioxide</td>
<td>Organic is better because of reduced energy use.</td>
</tr>
<tr>
<td>Ammonia</td>
<td>Little difference per unit yield, but probably lower emissions from organic per unit area.</td>
</tr>
<tr>
<td>Nitrous oxide</td>
<td>Insufficient information</td>
</tr>
</tbody>
</table>
Methane
Conventional is probably better per unit of output, but may be similar on an area basis.

Controlled Wastes
Organic is better

Pathogens
No information – subject to ongoing research

17. In all cases (apart perhaps from pesticide pollution), it is important to recognise that the differences relate to an average farm. Individual farm management and farmer motivation will have a significant effect on environmental impacts regardless of the farming system.

Organic Action Plan, Environment Subgroup, July 2002

Members of the Subgroup:

Peter Costigan (Chair) (DEFRA)
Ian Alexander (English Nature)
Gundula Meziani (Soil Association)
Bruce Pearce (Elm Farm Research Centre)
Rob Robinson (Environment Agency)
Roger Unwin (DEFRA)
Richard Winspear & Hannah Bartram (RSPB)
Development of policies for organic agriculture in Europe

Nicolas Lampkin
Institute of Rural Studies, University of Wales, Aberystwyth, SY23 3AL

ABSTRACT

Since the late 1980s, policies to support organic farming have become widespread in Europe, in particular in the context of agri-environmental and rural development measures. Policies, originally focused on supporting conversion to and continued production, have been modified to recognise the need for the integration of marketing and information activities, in some cases delivered through national or regional action plans, examples of which are considered. The need for a strategic action plan at the European level has been identified and is under development. The outcome of this and the development of post Agenda 2000 organic farming policies to embrace an enlarged European Union is the subject of a new research programme due to begin in 2002.

Keywords: organic farming, agricultural policy, action plans, European Union

INTRODUCTION

Organic farming in Europe has expanded rapidly in recent years to over 3% of agricultural land area (4.5 Mha on 155,000 holdings) in the EU at the end of 2001. While most countries have experienced periods of rapid growth followed by consolidation, the overall growth rate in Europe has been relatively constant at 20-25% per annum, with Germany and Central and Eastern European (CEE) countries creating current centres of growth. On the basis of historical growth rates, organic farming could account for 10-20% of European agriculture by 2010, depending on developments in the economic, marketing, legislative and policy environment that has provided the basis for recent growth, particularly since the mid 1990s.

Policy makers are interested in supporting organic agriculture for two main reasons (Dabbert et al. in MFAF, 2001). Firstly, as a public good, where organic farming is recognised as delivering environmental and other benefits to society that are not, or only partly, paid for through the normal price of food. Secondly, as an infant industry, support for which can be justified in terms of expanding consumer choice and allowing the industry to develop to a point at which it is able to be independent and compete in established markets and make a positive contribution to rural development. Although both justifications can be seen to be utilised in most countries, the first is more typical of some Scandinavian and Central European countries (e.g. Sweden, Finland, Austria) while the second approach is reflected in the Dutch focus on supply chain initiatives (MLNV, 2000) and the UK's unwillingness historically to support farms beyond the initial conversion phase (Lampkin et al., 1999).
These main justifications for supporting organic farming can be seen to be linked to the general issue of market failure, although unlike other agri-environmental policy measures, organic farming has developed a strong reliance on markets and consumer willingness to pay in support of its broader objectives. In recent years, it can be argued that this strategy has been so successful that there may be significant risks associated with the market for organic products becoming an end in itself, rather than a means to achieve broader goals of benefit to society as a whole. The challenge to policy makers is to develop a mix of policies that can make effective use of the market, while at the same time allowing organic agriculture to remain true to its original aims, thus maximising the broader benefits to society. This paper reviews initiatives, in particular action plans, to achieve this.

RESULTS

Specific policies for organic farming in Europe implemented between 1987 and 1997 are reviewed by Lampkin et al. (1999). This review identifies a wide range of approaches as part of the EU agri-environment programme (EC Reg. 2078/92), which is now part of the rural development programme (EU Reg. 1257/1999). The variation in scheme requirements, eligibility conditions and payment rates between and within countries can conflict with objectives of other regulations (e.g. EC Reg. 2092/91) to create a level playing field for organic farming. In some cases, there is also conflict with mainstream support and other agri-environment measures. The focus on supply-side (push) policies to encourage conversion is seen also as potentially conflicting with the need to ensure stable market development, leading to an increased emphasis on demand-led (pull) policies.

Some countries (Denmark, Finland, Sweden, Netherlands, Norway, France, Germany and Wales) have developed integrated action plans to achieve a better policy mix (Lampkin et al., 1999). These normally include targets for adoption (typically 5-10% by 2000/2005 or 10-20% by 2010) and a combination of specific measures including: direct support through the agri-environment/rural development programmes; marketing and processing support; producer information initiatives; consumer education and infrastructure support. The more detailed plans contain evaluations of the current situation and specific recommendations to address issues identified, including measures to ameliorate conflicts between different policy measures.

Denmark has the longest history of policy support for organic farming, with the first measures introduced in 1987. The first Danish Action Plan of 1995 covered the period until 1999. Its 7% by 2000 target was almost achieved, with 6% of agricultural land in Denmark certified in 2000. Action Plan II (MFAF, 1999) aims for an increase of 150,000 ha, ca. 12% of agricultural land, by 2003. The plan was drawn up by the Danish Council for Organic Agriculture, a partnership between government, organic producer organisations, conventional farming groups, trade unions, consumer and environmental groups. It is characterised by an in-depth analysis of the situation in Denmark and represents the best developed example of the action plan approach, containing 85 recommendations targeting demand and supply, consumption and sales, primary production, quality and health, export opportunities as well as institutional and commercial catering. The plan has a specific focus on public goods and policy issues, with recommendations aimed at further improving the performance of organic agriculture with respect to environmental and animal health and welfare.
goals, including research and development initiatives, administrative streamlining and policy development.

The situation in Germany has a more overtly political basis. The fall-out from the BSE crisis in Germany in 2000 led to a goal of 20% of by 2010. This was heavily criticised by farming unions and agricultural economists, in part because of the absence of specific measures to achieve the goal. However, the rates of payment for the federal German organic farming scheme were increased and a unified symbol for organic products introduced (following the failure of private sector initiatives to achieve a similar goal). Marketing and processing support initiatives continue through the rural development plan. The proposed German action plan (BMVEL, 2001) does not aim to integrate or modify policy measures that are already in place, but seeks instead to create a new information programme targeting all elements of the supply chain, from the input suppliers through producers, distributors, processors and retailers to consumers. Substantial funding (70m EUR in 2002/2003) is directed at the key elements, including web-based information resources, training and demonstration activities, with the major share of funding targeted at consumer information campaigns. Technology development/transfer and associated research are also envisaged.

In contrast to the mixed approach in Denmark with an emphasis on both market development and the delivery of public goods and the dominant information focus of the German action plan, the most recent action plan in the Netherlands (MLNV, 2000) ‘An organic market to conquer’ reflects the very strong demand/supply chain focus of Dutch policy, which targets 10% by 2010. The plan aims to improve the functioning and efficiency of the supply chain, to reach new, less ideological consumers, and to retain consumer confidence through effective certification procedures, but it also recognises the need for continuing research and information dissemination initiatives. In contrast to other countries, the policy includes the phasing out of supply measures including direct payments, with support for conversion available for the last time in 2002.

In the United Kingdom, action plans have been produced in Wales and in England. The Welsh action plan (WAFP, 1999), published in 1999, aims for 10% of Welsh agriculture to be organic by 2005 and for organic farming to play a key role in agricultural/environmental policies as well as exploiting market opportunities at home and abroad. This is to be achieved by increasing the supply of organic products from Wales, developing markets for Welsh organic products, and addressing specific bottlenecks that might occur. An integrated approach combining three main types of activities was envisaged: effective utilisation of existing measures and development of new policy initiatives; marketing measures (including market analysis and development, marketing and processing/RDP grants, and related training and business advice; and information measures, involving a co-ordinated information strategy and the establishment of an organic centre for excellence.

The recently-published English action plan (DEFRA, 2002) does not include targets, but does for the first time introduce the concept of maintenance payments for organic producers (as available elsewhere in Europe). It also includes a series of supply chain initiatives, including reform of the certification system and improved statistical and benchmarking data, as well as increased funding for research, the establishment of an institute to support the accreditation and information needs of
advisors, and a range of other training and extension initiatives linked to existing programmes for conventional producers.

At the European level, a strategic focus for policy support for organic agriculture is needed, given its potential significance in coming years. Although the implementation of measures to support organic farming is primarily a matter for member states, it is important that the enabling regulatory framework is adequate to provide the right policy mix, including the minimisation of conflicts between individual initiatives. As organic farming grows, the size of the sector will begin to impact on the overall supply and market situations for agricultural products in the EU, and this will need to form part of the considerations for ongoing reform of the main commodity measures. Therefore, while the EU may hold back from setting a global target for organic production, some consensus on the longer-term potential of the sector is still desirable. In addition, there is a need for certain actions at an EU-wide level, for example a common, non-discriminatory identification symbol (also applicable to non EU-products). The development of a European action plan for organic farming is now the subject of study by the EU Commission, a process initiated by the European conference on organic farming held in Copenhagen in May 2001 (MFAF, 2001), and subsequently supported by the Council of Agricultural Ministers in June 2001. A draft action plan is to be presented to the Council by the end of 2002.

CONCLUSION

A key problem facing policy-makers is the balancing of supply (push) and demand (pull) initiatives to achieve sustainable development of organic agriculture in support of environmental and rural development goals. Integrated action plans provide one route to achieve this and are being applied with varying degrees of success and ambition in different countries. The range of approaches adopted, however, illustrates the problems, and the political pressures, inherent in achieving this.

Longer term, the Agenda 2000 package will be replaced by new policy measures from 2007, reflecting the substantial enlargement of the European Union from 15 to 25-28 countries and the outcomes of the current WTO round. A new international policy research project, funded by the EU and starting in 2002, will conduct a detailed comparative evaluation of existing and previous organic farming policies and their impact on the development of organic agriculture and the achievement of policy goals, with the aim of developing new organic farming policies for the period after Agenda 2000. This project involves researchers from Germany, Switzerland, Italy, Czech Republic, Poland and Slovenia and will be co-ordinated by the Institute of Rural Studies at Aberystwyth.

REFERENCES


Request for comments by Scottish Parliament Rural Development Committee on the Organic Farming Targets (Scotland) Bill

RESPONSE FROM THE SCOTTISH AGRICULTURAL COLLEGE

The comments in this submission have been prepared by David Younie, Senior Organic Farming Specialist, but are submitted as the collective view of SAC.

We agree with the broad thrust of the Bill and with most of the specific elements within the Bill and the background supporting statements.

The documents are reasonably clear and comprehensive. The financial consequences of the Bill have been estimated in as much detail as is possible (Explanatory Notes, Paras.22 to 40), given that the action plan which is required by the Bill has not been prescribed in detail.

We do have some additional comments, which are set out below. Given that the Policy Memorandum is a more detailed document than the Bill itself, and covers all the issues within the Bill, the comments below relate to the text of the Policy Memorandum rather than to the specific wording in the Bill itself.

POLICY MEMORANDUM

POLICY OBJECTIVES

We agree with the primary objective of increasing the area of land under organic management (Para. 3). This is particularly urgent given the current low level of conversion of arable land which (a) has allowed a substantial flow of organic imports to continue (Para. 13) and (b) has restricted opportunities for store producers in the hills and uplands to sell store animals into the organic food chain. Comments on the setting of targets for conversion of agricultural land are made below.

We also agree that an action plan for the Scottish organic sector is necessary, although we acknowledge that the Executive has already put in place a mechanism (the Organics Stakeholder Group) which may lead to the adoption of an action plan. We agree with the list of proposed matters to be included in the plan(Para. 4).
**BACKGROUND**

**Benefits of organic food production**
We agree with most of the statements on the benefits of organic food production.
Indeed, a further benefit of organic farming which has not been mentioned is the saving in fossil fuel energy as a result of the non-use of fertiliser nitrogen, the manufacture of which uses very substantial quantities of energy (Refsgaard et al., 1998; MAFF, 1999).
In terms of the nutritional value of organic food (Para. 21), it should also be noted that the dry matter (DM) content of organic vegetables is usually higher than that of conventional foods (this effect of N fertiliser application reducing DM content is widely recognised). Given that consumers buy vegetables on a fresh weight basis, it follows that a kilo of higher DM organic carrots will contain more nutrients and less water than a kilo of conventional carrots. On the other hand, the inference that conventional meat is likely to have higher levels of antibiotics is questionable, at least for UK produced meat.

Organic farming is a whole farm system in which the standards prescribe not only crop inputs but also rotations, livestock inputs and housing, soil management, environmental management, food processing. It is always difficult to provide conclusive evidence of a comparative benefit of one farming system over another, because each system contains so many components. A number of components in a system may provide environmental benefits when studied individually (e.g. a diverse crop rotation, maintenance of winter ground cover, avoidance of use of pesticides and artificial fertilisers, etc). Whilst one or more of these individual components may be adopted by the conventional farmer to a greater or lesser extent, these components are all integral parts of the organic system. The organic farmer has no choice. Thus, in terms of achieving environmental benefits it offers added value to the Executive as policy-maker and distributor of agricultural support funding. The second benefit from the perspective of the Executive is the fact that it does not have to undertake the policing of the system - this is carried out by independent certification bodies – thereby offering savings in costs compared to, for example, policing the environmental activities undertaken as part of the Rural Stewardship Scheme.

We believe that the claim that labour use on organic farms is significantly higher than on conventional farms is questionable (Para. 26). The only clear increase in labour use relates either to organic vegetable growing (for hand weeding) or the labour requirement generated by new organic processing and marketing initiatives. The vast majority of organic farms in Scotland are livestock farms, and labour use will not have increased on these farms following conversion. Likewise there is no real reason why labour requirement should be higher in organic cereal enterprises.

**The need for targets and a long-term strategy**
We would not agree entirely with the statement that the organic sector in Scotland has suffered from poor information (Para. 27). This may be true in terms of market and product quality information for consumers, but SEERAD has, for a number of years, funded SAC to offer information and advice to farmers considering converting to organic farming and to those who are already converted. The various methods of information provision in this programme are listed in the Explanatory Notes to the Bill, Para. 35. In the four years between April 1998 and March 2002, SAC organic advisory staff and subject specialists addressed 135 meetings with a total of 5300 attendees, responded to 5000 telephone advisory queries about organic farming, gave 29 one-day participative training courses on organic farming to farmers and vets (not funded by SEERAD), and produced over 120 advisory publications on organic farming (in addition to some 200 scientific publications). These advisory publications included a series of technical summaries on specific subjects, a very comprehensive website on organic
farming (http://www.sac.ac.uk/organic-farming) and two major one-day conferences for farmers, on organic livestock and cereals, which resulted in a technical handbook on each, now available to the farming sector (Younie and Wilkinson, 2001; Younie et al, 2002).

What has been missing from the SEERAD-funded programme is support for one-to-one consultancy. Farmers in Scotland must pay for such consultancy whereas the DEFRA support includes up to 1½ days of free consultancy. It is clear that this has caused problems, as a result of poor understanding of the standards and the practical implications of the standards, for some farmers in Scotland who did not seek advice and guidance before converting. These problems have been exacerbated by the fact that many farmers have tended to leave to the last minute their applications for entry into the SEERAD OAS, which has an annual deadline of 31 October.

We agree that Scotland will be out of line with most other European countries, and Scottish farmers disadvantaged, if Scotland does not adopt an action plan for organic farming (Paras. 28 to 30). In practice it is not the target itself which is important but the actions taken to meet the targets which are crucial. Setting a target is a somewhat arbitrary decision, although we do accept that a target will provide a reasonable means of measuring the success of the action plan.

The Welsh target of 10% by 2005 is beginning to look somewhat ambitious although it extends over a shorter timescale than that proposed in this Bill. The target of 20% in the Bill is fairly ambitious for Scottish arable land, given the slow rate of conversion rate up until now. A target of 10% by 2010 is probably more realistic but 20% could be achievable if the Executive provides sufficient incentive and support, and conventional agriculture continues to be relatively unprofitable.

**Conditions for growth**

We agree that marketing represents a very major difficulty in the development of the organic sector in Scotland (Paras. 34, 35). Long-established organic farmers almost inevitably cite marketing as their main problem, rather than any technical issue. This is a major issue at present for producers of organic store lamb, who find it difficult to find a market for their lambs within the organic food chain and consequently rarely obtain a premium. If they continue to receive no premium, and if there is no system of continuing OAS payments as has recently been announced in the DEFRA action plan for England, there will be no financial incentive for these producers to remain organic, and yet they will still be liable for certification costs of, say £500 per annum. It is probable, therefore, that large numbers of these hill producers will drop out of organic farming when they reach the end of their period of obligation under the OAS.

**Funding**

We agree that one of the main elements of an action plan to support the target, if adopted, should be continuing payments to organic farmers after the conversion period (Para. 41). The present lack of such payments puts Scottish organic farmers at a very considerable disadvantage compared to competitors and is one reason for the continuing high level of imports. Quite apart from this it is likely that the availability of such payments may provide a significant incentive for arable farmers to convert. A common characteristic of farmers contemplating conversion is apprehensiveness; (a) of the technical challenges of converting and (b) of the financial consequences including disappearance of price premiums. In our experience it is arable farmers who express the greatest concern about the possible disappearance of premium prices over time, and of
course they have the biggest hurdle to surmount in terms of technical challenge. The potential financial costs of organic conversion fall under three broad categories: reduced physical output, certification costs, and possibly increased costs for inputs such as feed. Potential financial benefits include organic aid payments, premium prices, and cost savings for inputs such as fertilisers and pesticides. For arable farmers the continuing availability of premium prices is an important issue, since reduced physical output will be much more significant compared to say a hill farmer converting large areas of hill. Continuing payments, however small, will provide an insurance against falling premiums which may be enough of an incentive to encourage more of these farmers to convert. They are justified on the basis of the public goods (environmental benefits) which organic farmers provide.

REFERENCES

David Younie
SAC Plant & Crop Science Division
Craibstone Estate
Bucksburn
Aberdeen AB21 9YA
15/November/02
Summary

From the point of view of crofting, there are four fundamental points we would wish to stress, which we consider should inform any action on and support for organic agriculture in Scotland. These are:

1) There is considerable interest in organic production from crofters;
2) It provides crofters with an important opportunity for niche marketing;
3) Crofting has a natural synergy with land management for organic production; and
4) There is a requirement for strategic development and support.

Interest and Demand

The Crofters Commission has already carried out significant work covering the whole of the crofting counties, and is convinced that the organic route offers a useful opportunity for crofters. Considerable levels of support and enthusiasm have been found for organics amongst crofters, and significant work has also been done to identify the most likely problems and handicaps which will be experienced by such crofters. The Commission is continuing to work on strategies for overcoming these.

In late 2000, strategic discussion within the Crofters Commission led to a decision to involve the organisation in projects which would have the capacity to develop crofting. Commissioners at that time were invited to come forward with appropriate projects for consideration. Meetings and other contact in Shetland produced a group which was engaged in organic conversion, with an appetite for assessing the future, and exploring and developing markets. The Crofters Commission took a decision to offer support.

As the work proceeded, it became obvious that a potential pan Highland and Island organics project was feasible, and further work was carried out to look at obstacles, advantages, and the technical background. This has led to proposals being developed to support pilot groups as the best way to develop future potential. At this point it should be stressed that the impetus for this was the extent of demonstrated demand. The Crofters Commission held a very successful seminar in Inverness at the end of last month which confirmed the requirement for further development.
**Marketing Opportunities**

Organic agriculture is a competitive field. However 70% of organic food consumed in Scotland is imported; much of it could be grown here. In general, to keep up with Scotland’s competitors, we need targets, a support framework and action plans. This is true of the Highlands and Islands in particular, as permanent geographical handicap will always make competition in a generalised market place very difficult, for any agricultural product.

Organic crofting is one of the more viable ways of adding value to products. However, it must be remembered that organic crofts are low intensity units operating at a small scale within geographically disadvantaged areas and at present it is difficult for producers to carry organic status through to slaughter and processing.

**Synergy with Organic Management**

The clean green image of crofting has a natural synergy with organic production. It is suggested that the Highlands and Islands with its image of a clean environment and quality products has an inbuilt advantage which might be lost without well defined action.

However it is not only the image of crofting which can be linked to organic production. The management of mixed livestock organic crofts is closely aligned with that of a traditional croft; the environmental benefits of which are substantial and well documented. Equally important is the benefit to rural employment as many organic systems require a greater labour commitment, which can be rewarded by potentially higher returns. Organic management is unique in this capacity and hence its progress is complimentary to wider crofting development.

**Strategic Development and Support**

It is the view of the Crofters Commission that strategic support and legislative framework is crucial to the success of organic agriculture. Organic targets and associated development planning may well be a necessary element of the strategic support that is required. Unless a viable framework is put in place, whereby crofting participants are supported, this potential route to value adding will be closed off.

In the work that the Crofters Commission have carried out, throughout the crofting counties of Orkney, Shetland, Caithness, Argyll, Sutherland, the Western Isles, Inverness-shire, and Ross and Cromarty, well over a hundred crofters have expressed interest in organic conversion. These are people operating in diverse circumstances and conditions, but it appears throughout that the numbers who follow through to full organic conversion remains small. Discussions show that lack of confidence in the existence of supply chains and ongoing support is one serious impediment. Inadequate advice, training and information particularly regarding conversion, planning and marketing are also barriers to development.
This has been counteracted to some extent by the Organic Aid Scheme. However crofters who have been involved, and who are contemplating applying have expressed great alarm at the changes that have been recently announced. The new ranking system has reduced crofters’ accessibility to the scheme, excluding many potential producers. Re-examination of the selection criteria and continuing support – after the five-year duration of the scheme – would, in our view transform producer perceptions of the long-term viability of organic production as an option. It should be noted that many of Scotland’s competitor countries have developed on-going organic stewardship schemes.

We would also like to direct the Committee’s attention to the proposed organic developments in the remainder of the UK, where markets, targets and strategic direction are being addressed. England, Wales and Northern Ireland each have some form of organic action plan and associated research and development programme.

It is also worth noting that most EU Member States recognise the importance of strategic intervention to develop the organic market and reward organic producers for public benefits delivered. Most of our European competitors have developed Action Plans, and all North European continental countries (including Norway and Switzerland) have adopted targets. The EU countries with the best-developed organic sectors all have action plans and targets; conversely, those with the least-developed do not. The correlation is clear: the top seven EU countries by proportion of land farmed organically all have both an Action Plan and a target. By enacting the Bill, Scotland would therefore be coming into line with the position in most of our competitor countries.

Conclusion

The Crofters Commission would wish to assert that some form of organic targets bill is undoubtedly necessary. It is very clear from the experience that the Commission has had on the ground, that the will to diversify into organic agriculture by crofters is there. It is also clear that for a competitive environment for such diversification to be created, it will be necessary for a different administrative and legislative framework to be created. Appropriate support is required for producers, combined with a significant increase in training and advice.

It is most appropriate to examine what is and has been taking place throughout the UK, and elsewhere in the EU, where such conclusions have been reached. The Crofters Commission would wish Scotland in general, and the crofting areas in particular, to have a competitive platform from which to benefit from opportunities arising from the evolving food market. An Organic Targets bill would be a vital component in the creation of such a platform.

The European Commission is also developing an EU Action Plan for development of organic production and consumption. The Plan has a proposed target of 20% of European farmland to be organic by 2010, and an explicit objective to reconcile regional differences in the EU. Unless Scotland takes some similar form of action, it
seems certain that the future for organic marketing, and thus inevitably production in our own country, is bleak.

_Crofters Commission_
_November 2002_
SUBMISSION FROM NFUS

The recently introduced Organic Farming Targets (Scotland) Bill has placed the issue of Scotland’s organic future firmly on the political agenda, which is to be warmly welcomed.

NFUS believes that Scotland needs an organic action plan to be developed to tackle factors currently stifling development of the sector in this country. However, NFUS does not support setting arbitrary targets for production, as proposed by the Bill.

The Scottish Executive launched its Forward Strategy for Scottish Agriculture in June 2001. It was endorsed by all the major stakeholders in Scotland’s food and farming industry and called for, among other things, farming in this country to respond to market signals. It is important that development of the organic sector works within the framework established through the strategy.

Organic Farming

There is no doubt that there are opportunities for the organic sector to develop in Scotland. With around 70 per cent of organic food consumed in this country imported, there is scope for import displacement with Scottish organic products, but this is obviously restricted to indigenous product ranges.

Organic farming can help deliver environmental benefits. However, such benefits can also flow from responsible and well-designed non-organic management systems.

NFU Scotland believes that the premium consumers are prepared to pay for organic products is important. It is therefore vital that organic supply develops in line with consumer demand.

Organic Farming Targets

The setting of targets for organic production is not compatible with an agriculture industry that must respond to market signals and react to consumer demand. Market responsiveness is one of the key messages in the Scottish Executive’s Forward Strategy for Scottish Agriculture.

Any farmer choosing to convert to organic production must do so on the basis of sound business judgement. It is an individual commercial decision that may be of great benefit to some, but not to others. It is not a decision that should be taken just to meet an arbitrary target.
**Organic Action Plan**

The Organic Farming Targets (Scotland) Bill recognises there are a number of issues outwith the targets which need to be addressed in order to assist the development of the organic sector in Scotland, including resource allocation, marketing, promotion and research.

NFU Scotland recognises similar development needs within the sector, and supports the formulation of these into an action plan for the Scottish organic supply chain.

The Scottish Agricultural Organisations Society (SAOS) was commissioned by Scottish Enterprise to draw up a proposed Action Plan for the organic supply chain, which was published in October 2000, which NFU Scotland, along with other stakeholders, supported and many of the recommendations are still valid.

The key issues NFU Scotland believes should be addressed within an organic action plan as part of the Forward Strategy for Scottish Agriculture are as follows:

**Supply Chain Development**

Increased producer group collaborations, resources to develop effective supply chains and improved interaction with the Food Chain Centre.

**Promotion**

Further development of the Organic Scotland brand and increased procurement of Scottish organic produce.

**Advice Provision**

Increased business advice for producers

**Information and Research**

Improved independent market information, increased applied research to help further development of organic production systems.

**Support**

Identify disincentives for continued organic production in Scotland and consider targeted support at addressing the long term issues.

**Organic Standards**

No gold plating of EU organic standards in Scotland, improved Scottish representation on the replacement body for UKROFS, consideration of Scottish organic standards to reflect Scottish conditions, reduce red tape and duplication in organic standards.
**Collaboration**

Increase collaboration between representative organisations and other relevant bodies within in the supply chain for effective communication and understanding, for example Quality Meat Scotland, Scottish Agricultural College, NFUS, Scottish Landowners Federation, Scottish Crofting Foundation, SAOS, Soil Association, Scottish Organic Producers Association, processors and retailers.

**Organic Stakeholder Group**

NFU Scotland is represented on the Organic Stakeholder Group announced by the Environment and Rural Development Minister on 27 September 2002. The remit of the group is to identify action necessary to ensure the organic sector can fulfil its potential contribution to Scotland’s agriculture strategy.

NFUS regards the formation of the Stakeholder Group as the first step in delivering an action plan.
Scottish Retail Consortium Submission To The Scottish Parliament
Rural Development Committee’s Consideration Of The Organic Farming
Targets (Scotland) Bill

The Scottish Retail Consortium (SRC) represents the whole range of retailers including large multiples, department stores and independent shops, selling a wide selection of products through centre of town, out of town, rural and virtual stores. In December 2001, the retail sector employed some 229,000 people (10% of the Scottish workforce) and retail sales were worth £18.4 billion in 2001. Grocery retailing is significant in macro economic terms, and in 2001 was valued at £6.6 billion in Scotland. The SRC’s parent organisation is the British Retail Consortium.

1. The Scottish Retail Consortium welcomes the opportunity to contribute towards the Rural Development Committee’s consideration of the Organic Farming Targets (Scotland) Bill.

2. The SRC believes organic production offers opportunities for Scottish farmers. Demand for organically produced food is growing, though market growth has been substantially satisfied by imports. However, if only for climatic reasons, Scottish farmers will simply not be able to provide the whole range of organic products.

3. Organic produce is subject to the same economic laws as other produce. It is clear that the price premia on organic products will tend to reduce with increased supply. We support the House of Commons Select Committee view that “organic farmers receive a price, which may represent a premium over conventional products, but what they get is a price, not a guaranteed premium ... The farmers we met recognised this fact, and were seeking stability in contracts and pricing, rather than a guaranteed premium over conventional producers”.

4. In addition to price, the size of the market for organic produce will depend on continued customer perception on the advantages of organic food. Customers’ perceptions include statements such as ‘organic food is healthier’, ‘tastes better’, ‘is better for the environment’, and is animal ‘welfare friendly.’
5. Over the last few months the British Retail Consortium (BRC) has had a representative on DEFRA’s Organic Action Plan Group established in the wake of the Curry Commission. In what is a central component of the Plan, retailers reflected their continuing support for the sector by providing current organic producers, and those thinking about converting to organic production, with valuable information to enable them to make market driven decisions. This UK-wide information, together with explanatory notes, is attached for the Committee’s use.
Comparison Of Value Of Retail Sales (£) Of British Sourced Organic Primary Products Versus Conventional – 12 Months To December 2001

Own Label Products

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PRODUCT</th>
<th>% BRITISH OF ORGANIC SALES 2001</th>
<th>% BRITISH OF CONVENTIONAL SALES 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAIRY</td>
<td>Butter</td>
<td>0*</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Cheese</td>
<td>86</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>Cream</td>
<td>78</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Eggs</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Milk</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Yogurt</td>
<td>100</td>
<td>91</td>
</tr>
<tr>
<td>MEAT</td>
<td>Bacon/Ham</td>
<td>20</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Beef</td>
<td>57</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>Lamb</td>
<td>85</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>Pork</td>
<td>46</td>
<td>97</td>
</tr>
<tr>
<td></td>
<td>Chicken</td>
<td>100</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Turkey</td>
<td>100</td>
<td>93</td>
</tr>
<tr>
<td>PRODUCE</td>
<td>Salads</td>
<td>45</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Cucumbers</td>
<td>16</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Peppers</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Tomatoes</td>
<td>39</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Beans &amp; Peas</td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Broccoli</td>
<td>30</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Cabbage</td>
<td>60</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>Carrots</td>
<td>56</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Cauliflower</td>
<td>36</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Mushrooms</td>
<td>85</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Onions</td>
<td>39</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Potatoes</td>
<td>58</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Fruit</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Pears</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Soft Fruit</td>
<td>44</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Stone Fruit</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

* Moving to British in 2002

**Note:** No further processed products to be included e.g. prepared leafy salads.

Revised 17 October 2002
Notes on BRC Organic Figures

- BRC has provided figures based on 2001 sales data. Reporting system constraints mean that figures do not relate to volumes, own-label processed products or branded items, except in yogurt, where branded product has been included.

- The data supplied by BRC by its members relate to approximately 65 – 70 percent of retail sales of the large multiple food retailer sector (defined as food retailers with over £1 billion in grocery sales), plus co-operatives.

- Figures therefore do not include retail sales outside large multiple retailers (smaller chains, independents, discounters, farmers markets, etc). (Note: According to IGD, large multiple retailers plus co-ops have an estimated market share of 65% of total grocery sales).

- Data is not included for organics moving through processors or into the hotel, restaurant and institution (HRI) sector.

27 November 2002