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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Informal meeting of the Ministers of Agriculture
Riga, 31 May - 2 June 2015
Organic PRODUCTION: Sustainability, growth and consumer needs before
and beyond 2020

Delegations will find attached a working document prepared by the Presidency on the above-mentioned subject, with a view to discussion at the informal meeting of the Ministers of Agriculture in Riga.



Latvian Presidency
of the Council of the
European Union

EU2015.LV

The context

Organic production is a comprehensive system of farm management and food production that combines best environmental practices, the maintenance of a high level of biodiversity, the preservation of natural resources and the application of high animal welfare standards. Organic production uses natural substances and environmentally friendly processes.

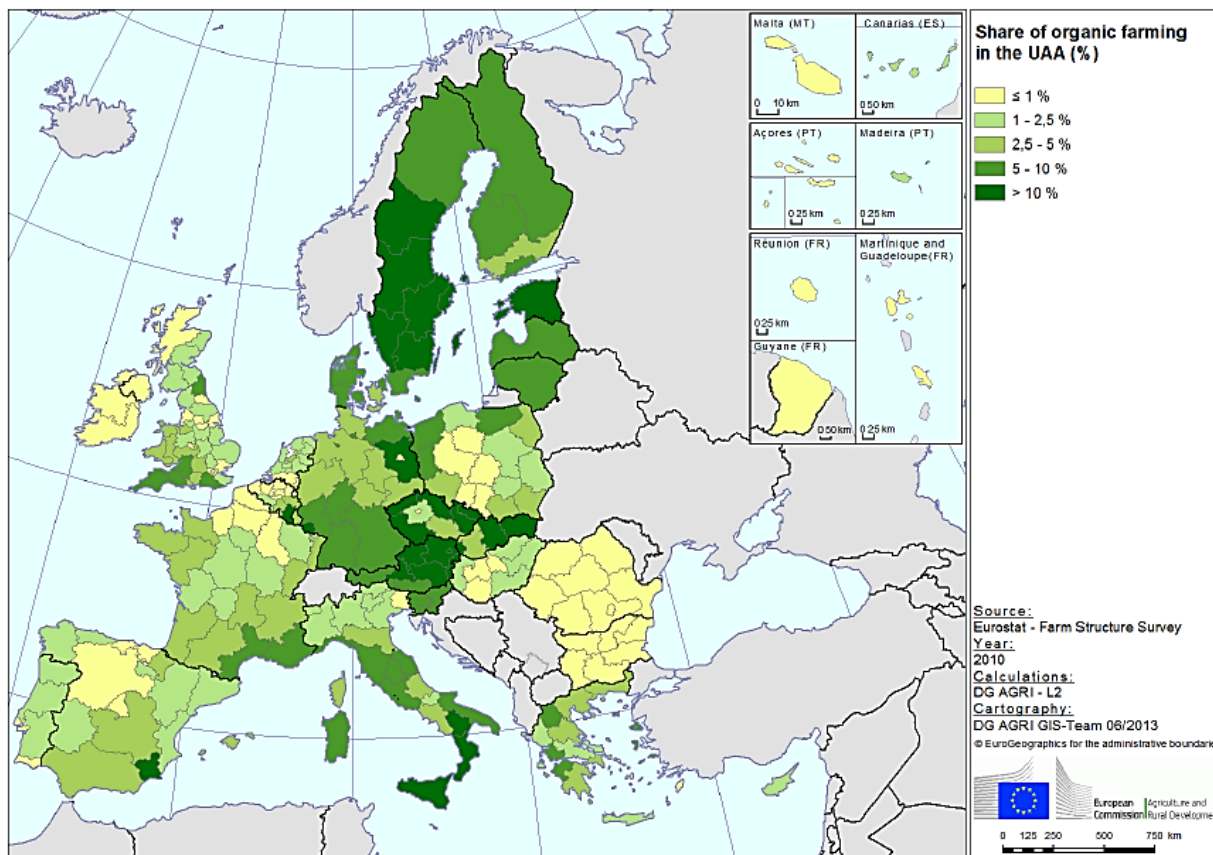
Organic food and farming respond to societal demands as regards protection of the environment, quality of food, in particular the avoidance of synthetic chemical substances and GMOs throughout the production chain.

Organic production and consumption has become a vital and important part of life for many people all over the Europe. Some consumers look for organic products because they consider them more natural, tastier or free of pesticides. Others prefer organic products because organic farming has a lower environmental impact than conventional farming and is therefore more sustainable.

Demand for organically produced food is constantly growing in the EU, creating a positive development of the organic sector and market. The number of organic producers and the area of land that is organically farmed have increased considerably over the last decade. During the last 10 years until 2012, the organically farmed area in the EU has doubled with an increase by about 500 000 hectares per year. Over the period 2000-2012, the overall organically farmed area increased by approximately 6,7% annually, reaching 10,1 million hectares that is 5,7% of all agricultural area in the EU. In 2011 as many as 270 000 new organic food operators were registered in the EU (producers, processors, importers).

In a number of Member States there is a strong tendency in the development of the organic sector. For instance, in 2013, in Latvia, 11% (or 200 433 ha) of all agricultural land was organically farmed. As a result, Latvia ranks among the top 5 EU Member states in the percentage of agricultural land allocated to organic farming. According to EUROSTAT data (2013), the first place is taken by Austria with 19.5 %, followed by Sweden (16.3 %), Estonia (16%), the Czech Republic (11.2 %) and Latvia.

Picture 1. Share of the organic area in the total UAA in 2010 at regional level



Source: Eurostat FSS data.

Source: *Facts and Figures on Organic Agriculture in the European Union, October 2013* available from http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf

The EU market for organic production is experiencing rapid growth – on average 6% annually. The overall value of the EU's organic market in 2013 was 22,2 billion euros, covering some 40% of the worldwide market (USA 43%). Since 2004 the value of organic market has more than doubled¹.

The EU plays a significant role in the world's organic market, accounting for approximately 40% of the overall share. Nevertheless the organic sector is growing in the rest of the world, too. The IFOAM research document "The world of Organic Agriculture. Statistics and emerging trends 2015" analyses data from 170 countries. According to the document, there were 43.1 million ha of organically farmed land in the world in 2013, 27% of which were in Europe. At the moment only 0.98 % of the world's agricultural areas are farmed organically. However, trends show that this figure has been increasing every year. Organically farmed areas have more than quadrupled since 1999².

Challenges ahead

Although the importance of the organic sector is increasing, serious challenges still need to be addressed in order to develop organic farming in a comprehensive and viable way. There is a need to respond to the expanding demand without putting at risk consumers' confidence in the principles of organic farming and in the quality of organic products. There is also a need to harmonise the regulatory framework in order to ensure a level playing field, and to reduce the risk of fraud.

It is also important to make sure imported organic products are produced according to the same strict rules applicable to the EU's internal production. The EU has been operating an import system fully based on equivalency. A two-tiered system based on equivalence and compliance should ensure respect of EU standards and an adequate supply of imported organic raw materials. It is also important to maximise efficiency gains in the equivalence system.

¹ data from: *Facts and Figures on Organic Agriculture in the European Union, October 2013* available from http://ec.europa.eu/agriculture/markets-and-prices/more-reports/pdf/organic-2013_en.pdf and FIBL and IFOAM's 'The World of Organic Agriculture' 2015 report, available from <https://www.fibl.org/fileadmin/documents/shop/1663-organic-world-2015.pdf>

² data from: FIBL and IFOAM's 'The World of Organic Agriculture' 2015 report, available from <https://www.fibl.org/fileadmin/documents/shop/1663-organic-world-2015.pdf>

The Latvian Presidency has been working on these issues while holding discussions in the Council on the new proposal for the Organic regulation. The discussions are based on the Commission's proposal and on the work accomplished by the previous presidencies, in particular the Italian Presidency. In 2014, the Commission published the "Action Plan for the future of Organic Production in the European Union". The Action Plan has also contributed to the discussion on how to tackle the challenges faced by the organic farming sector.

The EU also needs to turn its attention to the development of organic farming in third countries. The EU can help developing countries by providing access to scientific advice and best practices within organic farming. This would help these countries to develop their organic sectors and to support meeting the EU standards.

There is a need for targeted investments in the organic processing sector and for the implementation of measures to ensure an increase in the area of land that is organically farmed.

In order to ensure that organic standards have been applied to the entire life cycle of plants or animals, it is important to ensure the use of organic plant reproductive material and organic juveniles. The situation in the EU shows that there is still a deficit of organic plant reproductive material. This also applies to the organic stock of young animals and aquaculture juveniles, as well as organically grown and produced animal feed.

There is also the issue of relationship between organic farmers and conventional farmers. There should be a discussion of the existing problems with aim of searching solutions to ensure adequate coexistence between the two systems. This could be considered as one of the most important future challenges for organic agriculture, in particular at the acknowledged need to find a harmonized approach for dealing with contaminated products.

To promote growth in the sector, it is necessary to make use of the great potential found in existing instruments under the Rural Development policy. In the new Rural Development policy, particular emphasis has been put on innovations in organic farming. With the help of researchers, it will be possible to develop innovative solutions for the development of organic farming. This would promote the exchange of knowledge and the adoption of new practices across the whole of the European Union.

With the growth of the organic sector, the consumer will benefit from a greater variety of organic products. However, in order to motivate consumers to switch to organic products, it is important to build consumer confidence: the consumer needs to be certain that a given EU organic product is indeed organically grown to high EU standards and in accordance with EU rules.

Given the above challenges, the EU's organic sector will need to continue adapting to the growing demand for organic products. The growing consumer interest in and demand for organic produce means that there is a need for more discussion on the sustainable and competitive development of the organic farming sector.

Questions for the discussion:

1. *Which of the existing policy instruments have been successful in addressing the challenges? Why?*

2. *What should be done at EU and international level as regards future policy instruments to address the challenges?*