Welsh Organic Food Sector

A Strategic Action Plan

March 1999

Prepared by the Welsh Organic Food Industry Working Group

Contents

Foreword

In preparing these Action Plans, key organic food producers have come together with a real sense of purpose knowing that the time for organics has come both commercially and politically.

Consumer demand for organically produced food is now a real force in the land with Wales a recognised centre of excellence. Meanwhile the new National Assembly for Wales will be able to introduce innovative farming policies for future economic prosperity and sustainability in rural Wales. By encouraging farmers to convert to organic production, decision makers can help safeguard the environment whilst ensuring outputs are market led and not just producer driven.

The new Agri-Food Partnership represents a window of opportunity to promote Wales as the home of organics and quality food production. It is a major watershed for the sector - let us seize the moment.

Gareth Rowlands
Working Group Chairman

Executive Summary

Production

1. There has been very rapid growth in organic farming in Western Europe in recent years. Between 1985 and the end of 1998 it is estimated that certified and policy supported organic production will have increased by 30-fold.

2. Seventy per cent of the expansion in land area has taken place in the last five years, since the implementation in 1993 of EC Regulation 2092/91 defining organic crop production and the widespread application of policies to support conversion to and continuance of organic farming as part of the agri-environment programme.

3. The land area in the United Kingdom with full organic status rose steadily during 1997, with an 18% increase for the period February 1997 to January 1998. The land area in conversion rose by over 350% in the same period.

4. Growth in organic production is also increasing consistent with the increases in organically farmed land. So by 2001, using 1997 as the start point, it is estimated that organic production of milk will increase by 60%, beef, lamb and pigmeat by more than 70%, horticultural crops by just under 70% and arable crops by 39%.

5. Very little red meat or dairy products are imported, but estimates suggest that up to 90% of market requirements for organic vegetables are imported.

Demand

6. Most of the multiples are showing interest in organic produce with some also demonstrating major commitments to developing the sector.

7. There are many examples of businesses which have been built around production units to service a local demand. However, regardless of market served, all anticipate substantial growth in demand and are concerned about the availability of supplies to meet that demand.

Welsh Organic Food Sector

8. The sector is small, but growing fast. It is estimated that there are 70+ organic food producers in Wales with an additional 45 producers 'in-conversion'.

9. The growth in interest is demonstrated through the 890 enquiries to the Helpline to date with 500 requests for visits. Not all of this interest may result in conversion, but the organic share of total agricultural production has the potential to grow substantially within the next decade.

10. Much of European momentum is generated not only by market demand, but by agri-environmental policy within which organic farming is a key element.

    The Working Group considers an integrated approach should be adopted in Wales and specifically that the organic sector should be promoted as a central plank of agri-environmental policy.

11. A SWOT analysis of the organic sector in Wales identified a number of key issues which need to be addressed if the strategic goals are to be achieved.

12. **The Mission Statement is - to establish the key role of organic agriculture in agricultural and environmental policies in Wales, to expand the Welsh organic sector by increasing production of existing and new businesses to 10% of the Welsh agricultural products sector by 2005 and to exploit fully the growing market opportunities within Wales, the UK and elsewhere.**

13. The strategic goals can be addressed under three headings:

Policy Related
Information
Marketing

For each of these headings, action is required to increase supplies, develop markets and solve specific problems.

Action Plan

14. Three priority action areas have been identified in order to achieve the objectives of the mission statement and meet the strategic goals.

(a) a Strategic Co-ordinating Body for Organic Agriculture in Wales is proposed. The key remit of this body will be to represent the organic sector in Wales to the National Assembly for Wales/Welsh Office. It is also envisaged that this body will be supported by three sub groups or steering committees dealing with policy, information, strategy and marketing.

(b) a co-ordinated organic information strategy is proposed. This strategy should integrate research and development, education, training, advisory and other extension activities. This should be done in a co-ordinated way through the formation of a 'Centre of Excellence'.

(c) proposals for improving the supply infrastructure. This strategy is designed to improve the primary marketing of organic produce, assist producers to retain control of supplies and provide support to local and national marketing initiatives. This should be achieved, where possible, by developing existing producer controlled businesses or establishing new businesses where none currently exist.

1 *Introduction*

1.1 This Strategic Action Plan for the Welsh organic sector has been prepared by DTZ Pieda Consulting and MLC Industry Strategy Consulting, under the guidance of an industry Working Group set up by the Welsh Office. The members of the Working Group are listed in Appendix A.

1.2 It is important to stress at the outset that the Working Group has taken the lead in the development of the strategic direction and has total ownership of the recommended actions. The Action Plan has therefore been prepared by leading representatives of the Welsh organic industry for the benefit of the whole industry.

1.3 We believe at the outset it is helpful to define what is meant by organic production as this underpins the thinking of the Group and has been instrumental in the formation of the strategy.

Definition

"…. an approach to agriculture where the aim is to create integrated, humane, environmentally and economically sustainable agricultural production systems …… with maximum reliance placed on locally or farm derived renewable resources and the management of self regulating ecological and biological processes and interactions in order to provide acceptable levels of crop, livestock and human nutrition, protection from pests and diseases, and an appropriate return to the human and other resources applied. Reliance on external inputs whether chemical or organic is reduced as far as possible …."

1.4 **The objectives of the Plan are to:**

(i) analyse the strengths and weaknesses of the Welsh organic industry within the context of the opportunities and threats prevailing in UK and international markets;

(ii) provide a strategic framework for the future development of the industry by setting broad goals and detailed objectives;

(iii) identify specific projects and programmes of support to facilitate the attainment of these industry goals and objectives. The aim has been to produce an **Action Plan** with the emphasis on the development of practical and realistic methods of support which can be actioned;

(iv) develop a delivery mechanism which can implement the Action Plan effectively.

1.5 The organic Action Plan has been prepared in parallel with similar Plans for the lamb and beef, and dairy sectors in Wales. During the course of the work it became clear that there were a number of cross-cutting issues with similar relevance to all three Plans. With the organics sector this mainly concerns the delivery mechanism.

1.6 To produce this Action Plan, the consultants undertook the following work programme:

- desk research to map out structure, size and nature of the organic sector in Wales, the UK and overseas;
- 10 interviews with key organisations in organics;
- interviews with the Welsh Office, and Welsh development agencies;
- an international comparator study of the development of the organic sector in other EU countries;
- the production of a preliminary consultation document which was widely distributed within Wales, and the subsequent analysis of the feedback from the industry;
- four meetings with the Organic Working Group to review the analysis and outputs during the course of the study.

1.7 The Action Plan commences with an analysis of the structure and growth of the organic sector in Europe and the UK (Section 2); reviews the Welsh organic food sector and drawing upon this information, presents a SWOT analysis as a foundation for the development of the strategic goals in the organic sector (Section 3); presents the key issues facing the organic sector, the mission statement and strategic goals and potential areas for action (Section 4); presents the Action Plan for the Welsh organic sectors (Section 5).

The Organic Working Group and consultants would like to thank the following for their assistance in the preparation of this Action Plan: the Welsh Office, Welsh Development Agency, other public sector bodies, private companies, industry associations, research institutes and universities consulted during the course of the work (not mentioned in the Appendices).

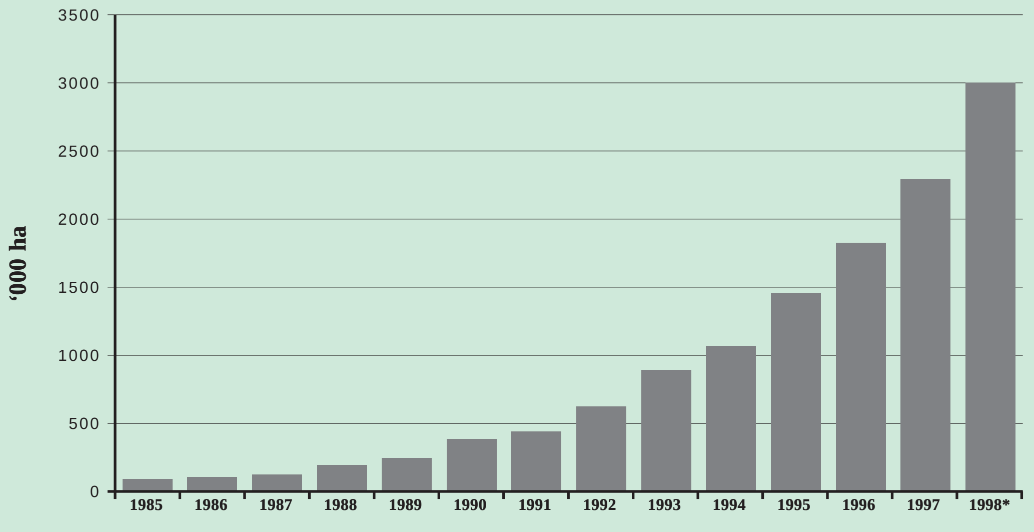
2 Production and Market Growth

2.1 *The growth of organic farming in Europe*

Recent years have seen very rapid growth in organic farming. In 1985, certified and policy-supported organic production accounted for just 100,000 hectares in Western Europe (EU and EFTA), or less than 0.1% of the total agricultural area. By the end of 1997, this figure had increased to 2.3 million hectares, more than 1.6% of the total agricultural area. It is likely that by the end of 1998, nearly 3.0 million hectares was managed organically, representing a 30-fold increase in 13 years. These figures hide great variability within and between countries. Several countries have now achieved 5-10% of their agricultural area managed organically, and in some cases more than 30% on a regional basis. Countries such as Austria, Italy, Sweden and Switzerland, and this year the UK, have seen the fastest rates of growth. But many others still languish below 1%.

Seventy per cent of the expansion in the land area has taken place in the last five years, since the implementation in 1993 of EC Regulation 2092/91 defining organic crop production and the widespread application of policies to support conversion to continuance of organic farming as part of the agri-environment programme (EC Regulation 2078/92). The former has provided a secure basis for the agri-food sector to respond to the rapidly increasing demand for organic food across Europe. The latter has provided the financial basis to overcome perceived and real barriers to conversion.

Figure 1 Certified and Policy - supported organic and in-conversion land area in Europe



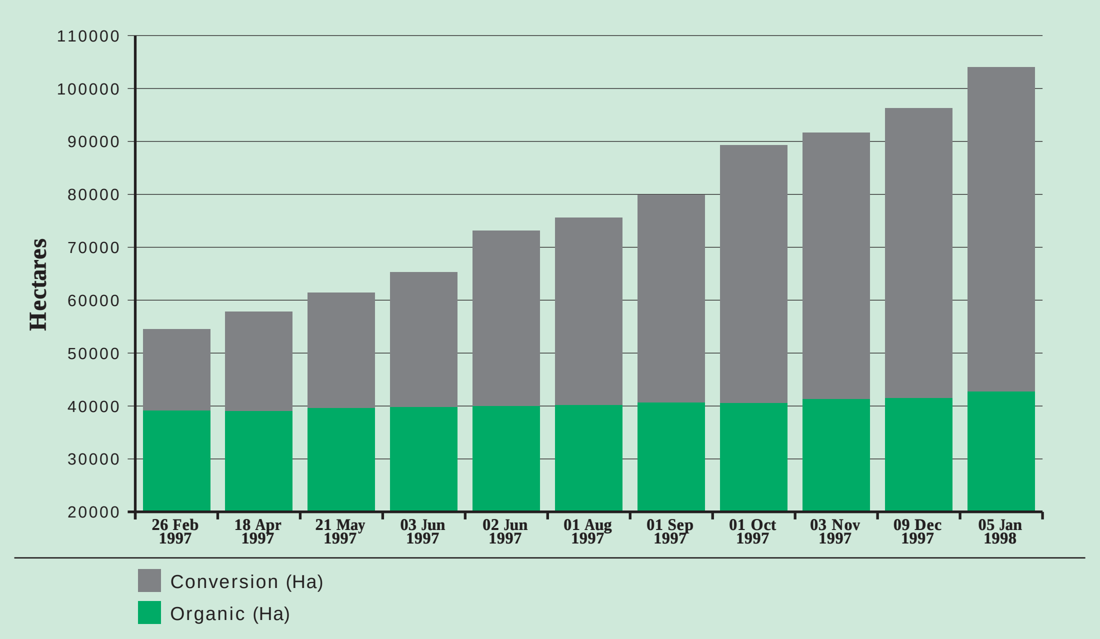
* estimated

2.2 ## *The size of the production base in the UK*

Acreage, Number of Producers and Regional Distribution

By the end of 1997 there were over 100,000 hectares managed organically in the UK (Figure 1). This represents 0.5% of the total agricultural area. This comprised of nearly 45,000 hectares which had completed the conversion period and had gained full organic status. The remaining 60,000 hectares were classed as in-conversion and as such produce from this area could not be marketed as organic. Preliminary estimates suggest that more than 200,000 hectares may be in-conversion or fully organic by the end of 1998.

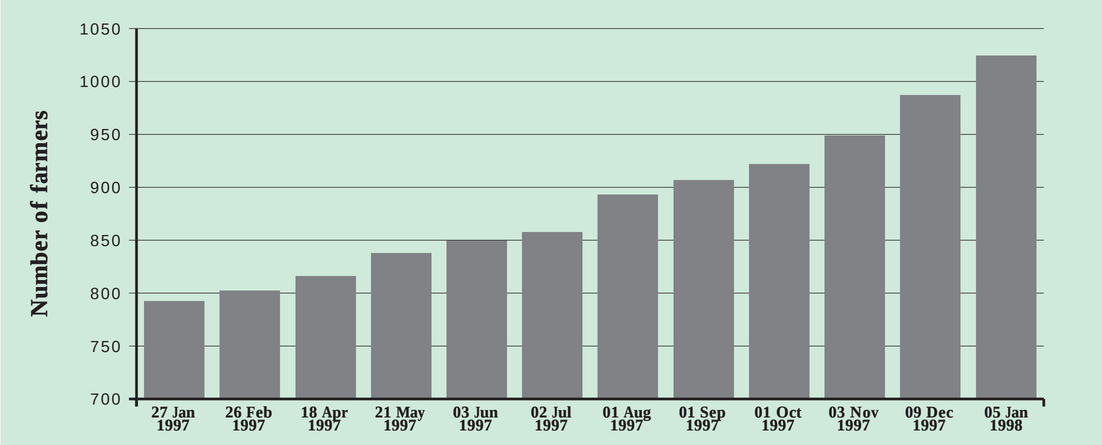
Figure 2: Growth in land area managed organically during 1997



The land area in the UK with full organic status rose steadily during 1997. There was an 18% increase for the period February 1997 to January 1998. The land area in conversion rose by over 350% in the same period. The large area of land entering the organic conversion period during 1997 meant that by January 1998 nearly 60% of the land managed organically in the UK was classed as in-conversion.

The rate of growth in land area is mirrored by the increased number of farmers managing some or all of their land organically. During 1997 the number of licensed organic farmers rose from 794 to 1027, representing a 30% increase (Figure 2). The land area managed organically is therefore increasing at a greater rate than is the number of farmers.

Figure 3 : Growth in the number of organic farmers in the UK during 1997



2.2.1 Organic Arable and Crop Production

Land in-conversion to organic status is not eligible to produce organic crops, it is often down to grass or similar crop.

In 1997 some 75% of the 44,992 hectares classed as organic was in grassland with the remaining 25% subject to arable cropping with a preponderance of wheat followed by oats and barley.

2.2.2 Organic Vegetable Production

Over 2,400 hectares of organic vegetables were grown in 1997 in the UK. Within Wales potatoes and other root crops are the leading categories of production followed by green vegetables such as cabbage and cauliflower. Salads and other market garden crops are also produced in some volume even outside of the traditional early production areas. Many livestock and/or dairy farms consider diversification into vegetable production when commencing organic production. Gross returns per hectare for horticulture considerably exceed those obtainable from conventional livestock farming and can significantly enhance the viability of smaller farm units.

2.2.3 Organic Milk Production

In 1997 it is estimated that there were in excess of 4,600 organically managed dairy cows. The total milk yield was in the region of 23 million litres. Some of this was sold raw ex-farm but some will have been processed into added value products.

2.2.4 Organic Livestock Production

Over 75% of the land classed as organic in 1997 was down to grassland. This land plus an additional area of arable land used to grow fodder crops was utilised directly by livestock. The organic farming standards do permit non-organic livestock to graze organic land, this land was therefore not grazed exclusively by organic stock. Only beef, lamb and pork from organically managed breeding stock can be marketed as organic.

2.2.5 Organic Meat

In 1997 over 3,400 finished cattle were marketed as organic. Assuming an average farm gate price of £2.20/kg.dwt the total value for cattle sold in 1997 was

£1.96m (Table 1). Similarly the total market value for organic lamb, assuming an average price of £2.60/kg.dwt was £1.04m, and for pork (£1.90/kg.dwt) it was £0.96m.

Table 1 - Production of organic beef, lamb and pork in 1997

Product	No. of animals	Value £m
Beef	3424	1.96
Lamb	22823	1.04
Pork	7190	0.96

2.3 *Growth in organic production in the UK*

2.3.1 Trends over the past five years

An evaluation of the growth during and preceding 1997 revealed a great deal about the likely future of organic production in the UK. As has already been shown (section 1) in 1997 there were over 60,000 hectares classed as in-conversion; once the conversion period for this area is completed this will increase the organic land area by over 130% with a corresponding increase in organic food production. No data was available for the likely division between arable, horticulture and livestock on the in-conversion land. It must be assumed therefore that it will be split in similar proportions to the current organic land.

The increased land area will result in increased outputs of annual arable and horticultural crops once the conversion is complete. With organic livestock production there is often a considerable time lag between conversion and the sale of organic products. With organic beef, for example, because the animal has to be born on an organic holding, there will be a further two years before the product is available. Even if the 130% growth in land area is distributed evenly between all enterprises, therefore, output of all products will not increase by 130% from the start.

Data showing the trend in breeding stock numbers on existing organic farms is very revealing and because of the time lag associated with organic livestock production it acts as the best indicator of likely growth in the short term.

The number of organic dairy cows and breeding sows has shown a steadily increasing trend since 1992, this, combined with increased productivity per head, corresponds with the increase in milk and pork production over the same period. The number of breeding sheep showed a decline in the five years up to 1997 again corresponding to a small reduction in the supply of organic lambs over the period.

The greatest change has been in the size of suckler cow herds. Numbers remained relatively constant until 1996, but in 1997 the numbers increased dramatically. Whilst the number of organic beef producers did increase in 1997 the greatest increment was as a result of existing organic suckler herds increasing. The main reason for this dramatic increase must be the implementation of the Over Thirty Months Slaughter Scheme (OTMS), with many producers opting to keep over age heifers for breeding, whilst at the same time reducing the number of culls sold due to the low return. Although the effect of increased breeding stock, particularly for beef, takes some time to yield increased output, it is estimated that by 1999 there will be a considerably expanded supply of organic beef.

2.3.2 Future growth due to new applicants

The largest growth in organic production will result from new applicants rather than existing producers increasing output. During 1997 there was considerable interest shown by conventional farmers in organic farming. Data collected from those enquiring about organic conversions was indicative of the likely future supply of organic produce. Of nearly 2000 enquiries from conventional farmers seeking conversion information during 1997 the majority had existing livestock enterprises. Twenty five per cent of enquirers were involved in dairying, 26% in beef, 27% in sheep, but only 6% and 8% of enquirers had existing pig and poultry enterprises respectively.

By making the rather large assumption that the proportions above are consistent with those for farmers who actually embark on conversion some predictions can be made about likely future production. In making these predictions further assumptions have to be made namely:

- the land area involved relates directly to the proportions of new licensees with each enterprise type.
- output per hectare remains consistent with existing producers.
- the full increase in licensed organic output will not be achieved until 2000, a further year after those embarking on conversion in 1997 complete their conversion period. This will clearly vary depending on the enterprise, with beef for example there will be a further year before stock is finished and sold.

These assumptions are very large and therefore Table 2 can only be used as a rough estimate of predicted output in the year 2000. Those entering the organic dairy, arable and horticulture sectors in 1997 will achieve organic status on crops earlier than 2000, so assuming the rate of growth in these sectors continues, it is likely that by 2000 the output of these commodities will be considerably higher than predicted in Table 2.

Table 2 : Predicted increase in organic output by 2001 in UK

Production	1997 Output	Estimated 2000 Output	Estimated % Increase
Dairy (million litres)	23	57	60
Arable (t)	31121	51030	39
Beef (hd)	3424	11329	70
Lambs (hd)	22823	145053	84
Fattening Pigs (hd)	7190	65460	89
Horticulture (t)	131300	428732	69

It shows that the largest predicted increments are going to be in the livestock sector. This is consistent with the fact that mixed livestock farms are most suited to organic conversions. In contrast the predictions show that the organic cereal sector is going to show the least increase by the year 2000, this is a possible cause for alarm given that growth in the livestock sector is somewhat dependent on supplies of organic cereals.

Wholesale value of the UK organic food market

(a) Livestock Products

Beef, lamb, pork and poultry meat

From a survey of the main abattoirs and meat packers licensed to handle organic meat it was possible to determine the wholesale market value for organic meats. Table 3 shows the total market value after slaughtering and packing to be £5.63 million. This figure does not include poultry other than chicken, this was difficult to quantify due to the seasonal nature and often small scale / direct sales operations involved. Over 40% of the total value was from beef in 1997, whilst lamb and pork had an equal share of the wholesale market with 22% each.

Table 3: Wholesale market value for UK produced organic meat

Meat Product	Wholesale market value £m	Percentage
Beef	2.39	42
Lamb	1.22	22
Pork	1.25	22
Chicken	0.77	14
Total	5.63	100

(b) Organic Dairy Produce

The wholesale value of organic dairy produce was over £16 million. Of this over £10 million at the wholesale level was for organic yoghurt. Other significant sales were of cheese and raw milk.

Table 4: Wholesale value of organic dairy produce

Product	Value £m	Percentage
Milk	1,582	9.87
Cream	765	4.77
Yoghurt	10,567	65.92
Cheese	2,217	13.84
Butter	2	0.01
Ice Cream	896	5.59
Total	16,029	100

(c) Organic produce imported into the UK

Imports of red meat were very small with only a very limited tonnage of Swedish pork coming in for supermarket packing.

Imports of fruit and vegetables were much more substantial with some estimates suggesting that up to 90% of the market requirement for organic vegetables is imported.

Some dairy produce was imported, primarily in the form of processed goods. Butter and some specialist cheeses were the key items but overall total imports in this sector represent less than 10% of total supplies.

2.3.3 Retail Market Growth

Major wholesalers, processors and retailers contacted were all very optimistic about future market growth. Many of the companies had expanded in the last 12 months.

The overall development of the market appears to be built around two distinct types of development whatever type of organic output is being considered:

(a) Major multiple driven initiatives
Sainsbury is very supportive of organic production and has indicated its clear intention to source - eventually - all dairy products from organic suppliers.

Waitrose and Tesco already source substantial quantities of organic produce and other key multiples such as ASDA are expressing interest. These buyers seek substantial volumes of consistent quality produce available on a regular basis. They will source from established operations where the supplier meets their criteria; if not they set up their own supply infrastructure.

(b) Local Developments
In the organic sector there are many examples of businesses which have been built around production units to service a local demand.
Discussion with participants in each of these activity areas indicates that both are anticipating substantial growth in the next few years.

Current Price Premiums for Products ex-farm

	%
Cereals	75 - 100
Vegetables	25 - 100
Milk	35 - 50
Pigs & Poultry	100 +
Red Meat	60 - 70

Many involved in the production and marketing of organic produce consider that the time is opportune to establish a value for organic output which is divorced from conventional produce and which is not subjected to the price variations of conventional production.

Organised Marketing Activities

The marketing of organic milk is predominantly through Milk Marque or the Organic Milk Suppliers Co-operative, both of which are producer controlled businesses.

For red meat the Organic Livestock Marketing Co-operative is seeking to develop a national network for supply and price management utilising the resources of existing producer controlled businesses where appropriate.

Data Source

The consultants wish to acknowledge with thanks data supplied by the Soil Association from its 1998 Report 'The Annual Organic Food Report'.

3 The Welsh Organic Food Sector

3.1 Main Features of the Welsh Organic Sector

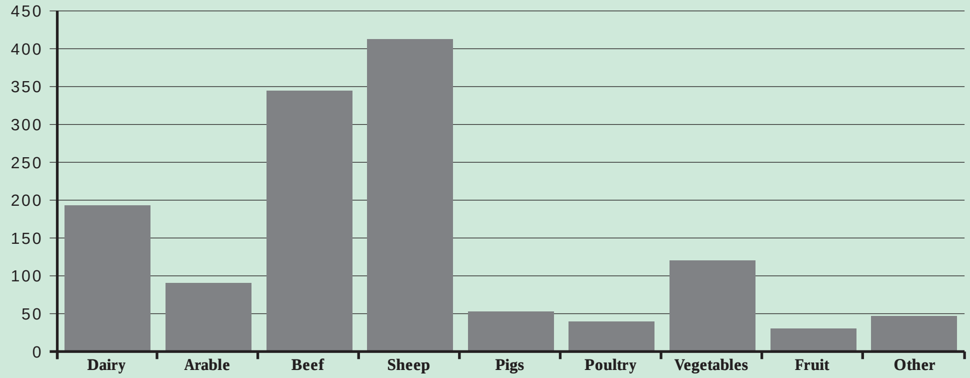
The Welsh organic food industry is small scale in comparison to mainstream beef, lamb and dairy production, varying by sub-sector. However, it is an increasingly dynamic industry, with the potential to grow production capacity and market share.

It is estimated that there are already 70+ organic food producers in Wales with an additional 45 producers 'in-conversion'. Detailed statistics including rates of conversion by sub-sector are being prepared by ADAS and will be made available shortly. To date 890 farmers within Wales have contacted the Helpline.

Other sector studies funded under Objective 5b and LEADER projects are also in progress and on completion will provide a much more accurate profile of the industry and its potential for growth.

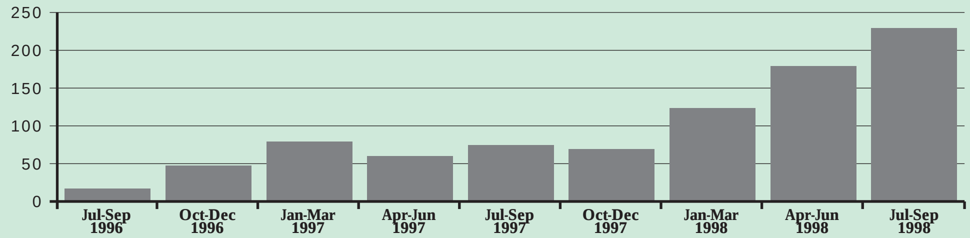
The activities of the Organic Conversion Information Service (OCIS) reflects the interest in organic farming over the last 3 years, assisted by consumer and market demand for healthier and safer food products.

Figure 4: Organic Conversion Information Service - Wales Report up to 30 September 1998



Number of enquiries **890**
Requests for visits **500**

Figure 5: Quarterly OCIS Enquiries for Wales July 1996 to September 1998



Number of enquiries **890**
Requests for visits **500**

The growth in UK market demand brings with it the possibility of increased importation from Europe. Despite this, the future rate of expansion of Welsh organic capacity is unclear. The organic share of total agricultural production has the potential to grow to 5-10% over the next decade. This is relatively modest in comparison with mainland Europe where this scale of production has been or will be achieved by 2000, e.g. by countries such as Germany, Austria, Switzerland, Denmark, Finland and Norway (5-10%).

Much of the European momentum is generated not only by market demand but by the agri-environmental policy and the emerging legislative basis encouraging sustainable growth and agri-environmental planning. In Europe organic farming is becoming well established as one of the key agri-environmental measures. It sits well within the context of the EU agenda in terms of :

- Food safety and quality
- Fair(er) standards of living
- Integration of alternative employment and income opportunities.

Leading European countries are increasingly adopting integrated policy programmes and action plans for the future development of their organic sectors, adopting a 'push and pull' philosophy by encouraging market demand and promoting pertinent Government policies.

The consensus of the Organic Working Group is that such an integrated approach should be adopted in Wales and specifically that the organic sector should be promoted as a central plank of agri-environmental policy.

3.2 Analysis of the Organic Sector in Wales

3.2.1 Strengths

- Established core of organic activities
- Increased consumer demand for organic products
- Increased interest in conversion
- Premium prices
- Many Welsh farms suited to conversion
- Innovative companies
- Positive natural image
- European legislative basis
- Support from UK Government

3.2.2 Weaknesses

- Small scale production (currently)
- Conversion takes 2 - 5 years
- Confusion over standards and certification
- Too many organic associations
- Retailers' interest has been inconsistent
- Poor distribution infrastructure
- Fragmentation of marketing effort

- Seasonality
- Inconsistent product quality
- Lack of organisational structure in the sector
- Lack of strategies for parasite control and unfenced grazing land
- Lack of Welsh cultural identity with organic farming

3.2.3 Opportunities

- Enhanced consumer perception
- Suits CAP enviro-policies
- Increased retail and consumer demand
- Continuity of support during and post conversion
- Development of strategic marketing
- Rationalising production and distribution
- Focus on emerging market opportunities
- Re-branding Welsh Food
- Crisis in the conventional sector
- To position Wales as the lead in UK
- Opportunity to decouple prices from conventional market

3.2.4 Threats

- Conversion standards problematic in some cases
- Importation of products
- Liberalised world markets
- Competition from Ireland and Scotland
- Pressure from agri conglomerates
- Mainstream ‘healthy alternatives’
- Subvention support not forthcoming
- Major retailer in-house initiatives
- Limited window of opportunity
- Alternative half way standards
- Inadequate Financial Provision

4 Key Issues, Strategic Goals and Potential Areas for Action

4.1 **Key Issues for the Welsh Organic Sector**

The Working Group and those who have been consulted identified the following key issues:-

- Improving rates, times and costs of conversion
- Increased interaction with environmental groups and policy agencies
- Securing relevant training, advice and support
- Developing technical research infrastructure
- Increasing supply to satisfy demand of UK multiple markets
- Developing market co-operation among producers and processors
- Ameliorating the costs and logistics of lengthier distribution channels
- Securing integrated development support from UK and EU
- Enhancing and promoting brand image.

4.2 **Mission Statement and Strategic Goals**

To establish the key role of organic agriculture in agricultural and environmental policies in Wales, to expand the Welsh organic sector by increasing production of existing and new businesses to 10% of the Welsh Agricultural Products sector by 2005 and to exploit fully the growing market opportunities within Wales, the UK and elsewhere.

Empirical evidence confirms that there will be an increased rate of farm conversion to organic production over the next 5 to 10 years and that Wales should be in the vanguard; ahead of production in competitor countries such as Ireland and Scotland. Predictions on the pace of conversion vary but there is a consensus that a ten to twenty fold increase in organic production by 2005 can be achieved, indeed will have to be achieved to secure a competitive edge for Wales.

These predictions are supported by statistical data collected by University of Wales, Aberystwyth on progress in other European countries.

This rate of expansion will require that potential entrants receive practical support and, most important, that **development 'bottlenecks' are removed** by:

- Increasing the quantity and quality of technical, market and business advice
- Increasing the number of technical advisers
- Improving certification compliance and auditing procedures
- Targeting young farmers (ageing farm population)
- Accessing pertinent technical and market research
- Securing effective delivery of development assistance and support.

The development of the sector will need a range of infrastructure support that **provides existing and new businesses with access to best information,** research and advice on a wide range of market, technical and legislative issues to ensure cost-effective, sustained growth.

The Group consider therefore that the strategic goals can be addressed under three headings.

POLICY RELATED

INFORMATION

MARKETING

For each of these headings action is required to

- INCREASE SUPPLIES
- DEVELOP MARKETS
- SOLVE SPECIFIC PROBLEMS

4.3 Potential Areas for Action

Many areas have been identified where action is required - these are set out below. Some issues will have to be progressed in a wider forum - some can be progressed quickly, others may take much longer.

4.3.1 Increase Supply

Policy Related Action

- Evaluate new OAS payment rates and modify as necessary (e.g. horticulture) that are under-represented
- Ensure close links between Tir Gofal and Organic Aid Scheme
- Introduce maintenance payments
- Specific commodity support
- Promote organic farming within the Less Favoured Areas of Wales
- Specific Agenda 2000 rural development plan for organic sector
- Exemptions for organic farmers from appropriate regulations and quota allocations although this would require approval at EC level
- Conversion of County Council and other publicly-owned holdings

Information-Related Actions

- Training for inspectors, advisors, vets and others working with organic farms
- Introductory and refresher courses for producers
- Support for organic information centre encompassing research, training and advice; improve OCIS provision and continuing advice
- Encourage local agricultural colleges to develop organic modules
- Promote information to schools on the organic option
- Development of Welsh medium material to include application and UK-wide accreditation scheme
- Welsh speaking advisors

Markets-Related Actions

- Input into EU livestock standards discussions
- High profile encouragement for conversion by multiples, Farming Unions etc.
- Linkages between primary and intermediate producers and finishers

4.3.2 Develop Markets

Policy Related Action

- Local authority plans for supporting organic sector
- Use of Marketing and Processing grants and Rural Development grants to support organic marketing and processing activities
- Focus on regional initiatives

Information-Related Actions

- Training for retailers and caterers concerning organic food, markets and labelling
- Training for hygiene inspectors and others working with organic processors
- Information for consumers
- Consumer / market research to identify more precisely requirements

Markets-Related Actions

- Focus on supply increase in 2001
- Develop export markets
- Develop strategically located processing capacities for both retail and catering sectors
- Develop use of organic ingredients by local authorities
- Decouple prices from conventional

4.3.3 Specific Problem Solving

Policy Related Action

- Increase recycling of organic household wastes to transfer nutrient back to organic farms
- Administrative procedures for approving slaughterhouses and hygiene inspections
- Address the impact of statutory charges on small / medium sized slaughterhouses and cutting plants

Information-Related Actions

- Research to improve environmental and resource-use impacts
- Research to solve specific production and processing problems
- Impact assessment of widespread conversion
- Improve statistics on organic production and markets
- Training on quality issues

Markets-Related Actions

- Reduce conversion periods for livestock
- Improved quality criteria for products reflecting consumer perceptions
- Improve organisation of inspection and certification procedures

5 Action Plan and Delivery Mechanism

5.1 *Priority Action Areas*

The Working Group has identified within the Welsh organic food industry three priority action activities that are necessary in order to achieve the objectives of the mission statement and meet the strategic goals.

It also recognises that where possible appropriate existing organisations should be supported and developed but where none exist new structures will be needed.

5.1.1 Proposal for a Strategic Co-ordinating Body for Organic Agriculture in Wales

There is a clear need for an appropriate forum to:

- Represent the organic sector in Wales to the National Assembly for Wales/Welsh Office
- Determine priorities for the development of the organic sector
- Provide a basis for partnership between the organic sector and other agencies
- To continue with the work started by the organic Working Group.

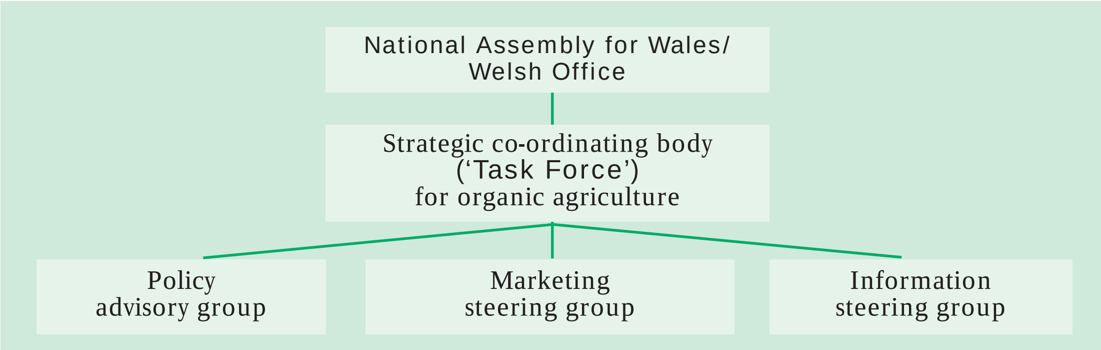
  The precise functions of this strategic body - to be called the 'Organic Task Force' - need further discussion. However it is clear that the body should offer advice directly to an appropriate level in the National Assembly for Wales/Welsh Office reflecting the contributions that organic farming can make to broader agricultural and environmental goals in addition to the business/employment goals that were the traditional focus of the WDA. The organisational structure presented here reflects this priority.

  Clearly, there will be a need to define the organisations to be represented more closely to prevent the 'Task Force' becoming too large and unwieldy. At the same time, the 'Task Force' should facilitate communication between the organic sector and other organisations not directly involved in organic farming. The need to restrict numbers for effective discussion may be facilitated by having three sub-groups or steering committees (which are responsible to the 'Task Force' but contain additional members as appropriate):

  - Policy development
  - Information strategy
  - Market development.

The servicing of the 'Task Force' itself could either be the direct responsibility of the Welsh Office or could be contracted to the 'Centre of Excellence' or the WDA (see Figure 6).

Figure 6: The Organic Task Force



	Strategic	Policy	Information	Marketing
Membership				
Welsh Office / National Assembly for Wales (Observers)	✓	✓		
WDA / Food strategy	✓	✓	✓	✓
Farmers	✓	✓	✓	✓
Farming Unions, Young Farmers Clubs	✓	✓		
Organic sector bodies (SA, OF&G etc)	✓	✓	✓	✓
CCW, environmental groups	✓	✓	✓	
Information providers (WIRS, OAS, IGER, ADAS etc.)	✓		✓✓	✓
Processing, retailing Marketing, producer groups	✓	✓	✓	✓✓
Local authorities, enterprise Agencies	✓	✓		✓
Specialists	✓	✓	✓	✓

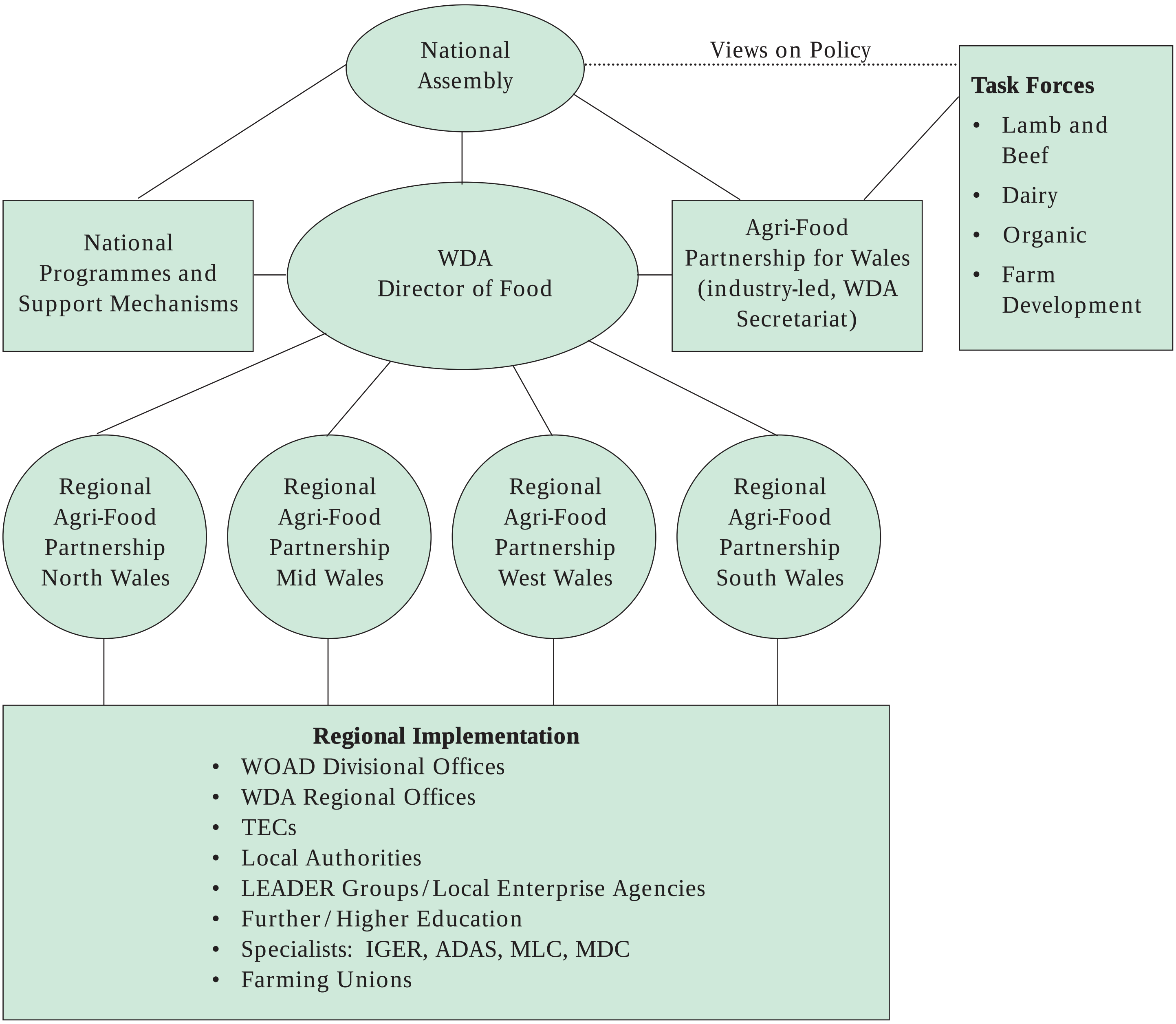
The relationship of the Organic Task Force with the generic delivery mechanism for the Agri-Food Action Plans in Wales

Delivery of the Organic Action Plan, and of the companion Plans for the dairy and lamb and beef sectors, will require concerted action by a wide range of organisations. The approach to delivery will be built around the need for national direction across Wales, and an emphasis wherever possible on regional delivery:

- **National direction.** Working within the policy guidance and oversight of the Welsh Office, and in future the National Assembly for Wales, the WDA will have overall responsibility for leading and co-ordinating public sector action in support of this Action Plan. Work will be led by the WDA Food Director, with the support of a dedicated food team. The Food Director will have access to the full range of the WDA's in-house development functions including business services, marketing, international, Source Wales and technology transfer. To maintain industry ownership, an Organic Task Force will oversee and advise on implementation of the Action Plan; will stimulate action by the industry itself; and will act as a focal point for ongoing consultation with the industry. The Chairs of the Task Forces for the Organic, the Lamb and Beef and the Dairy sectors will represent their sectors in the Agri-Food Partnership for Wales. The Partnership will be responsible for reviewing progress and updating the Action Plans with the WDA and National Assembly for Wales. The Organic Task Force will in addition be able to offer views direct to the Welsh Office on policy matters.
- **Regional delivery.** The Action Plan makes it clear that some action points will need to be taken forward at Wales level; notably the establishment of the Wales Farm Development Task Force for developing coherent services to help farmers to adapt. Most action will however, lie at regional level and the Action Plans will therefore require regional interpretation, management and delivery, with the active support and involvement of a wide range of public organisations. Working with the four Regional Economic Fora, the WDA will establish a Regional Agri-Food Partnership in each region, comprising representatives from the local authorities, LEADER groups, TECs, colleges, and other relevant organisations. The Partnerships will also include a representative from the national Organic, Lamb and Beef, and Dairy Task Forces. The Partnerships will be tasked with taking forward the Organic, Lamb and Beef and Dairy Action Plans at regional level, and as part of this they will implement a regional agri-food plan which reflects priorities in the region. To support this work, each WDA region will have an agri-food co-ordinator who will work under the guidance of the WDA Food Director.

The recommended structure for the generic delivery mechanism is illustrated in Figure 7.

Figure 7: Key linkages of the Organic Task Force to the Proposed Generic Food Strategy Delivery mechanism



5.1.2 Proposal for a Co-ordinated Organic Information Strategy

There is a clear and recognised need to improve the quality and range of information available to farmers and others involved with organic food production, processing and marketing. The information strategy should integrate research and development, education, training, advisory and other extension activities. This should be done in a co-ordinated way through the formation of a 'Centre of Excellence'. This will be part of wider action by the Welsh Office to establish a more coherent approach to research and development, technology transfer, training and information / advisory services for farming in Wales, led by a Farm Development Task Force.

The information strategy needs to encompass the following elements:

a. *Telephone Helpline, introductory information packs for farmers*
Currently, this service is provided by the Soil Association with Welsh Office funding. **This arrangement could continue, with the proviso that Welsh language material should be developed and that Helpline staff are kept well informed (e.g. through training days) about specific circumstances in Wales.**

b. *Organic Conversion Information Service - free introductory advisory visits*
At present, this service is provided by the Organic Advisory Service in England under FRCA supervision with MAFF funding. In Wales, the service is funded by WOAD and managed by ADAS, who also provide the half-day visits. Most of the full-day visits are provided by the Organic Advisory Service in collaboration with the Welsh Institute of Rural Studies (WIRS). *When the review of the service provided is undertaken, consideration should be given to integration into the Organic Information Strategy.*

c. *Ongoing Advisory Support*

i) **Organic Farming specific**
Some support is available from the Organic Advisory Service (in collaboration with WIRS).
Proposals are currently under consideration for extending this service and for better utilisation of existing resources such as ADAS, Axient and Signet. **Consideration should be given to the part-funding of ongoing advisory visits, or alternatively to the part-funding of advisors, perhaps building on the successful, farmer-controlled advisory groups in northern Germany. This service could be linked to the organic producer marketing groups, with the farmer contribution collected by a voluntary marketing levy, although it is important to keep advisory and marketing activities separate.**

ii) **General husbandry and business advice**
There is considerable scope to make use of existing providers (IGER, ADAS, WIRS, Axient, Signet, Business Connect etc.) to provide more general advice on issues such as grassland management, milk production and livestock finishing systems, as well as practical business advice.

d. *Demonstration farm network*
Under the DBRW Obj.5b proposal, there is agreement in principle to establish a network of 10 demonstration farms to be co-ordinated by WIRS in collaboration with Elm Farm Research Centre which operates a similar network in England. The Soil Association is also developing a network of

organic demonstration farms in England and Wales with support from the DTI's sector challenge. In addition, there are three organic research farms (lowland livestock at WIRS, dairy at IGER and hill livestock at ADAS Pwllpeiran), and an organic beef development farm at Pantydwr near Rhayader as part of the Obj.5b 'Quality Beef Production in Wales' project run by ADAS in collaboration with WIRS and IGER. The National Trust's Llanerchaeron farm and the Welsh National Botanic Garden farm are to be managed organically, the former as part of a LEADER project run by Antur Teifi. **All these units should be integrated into a single demonstration farm network as part of the organic information strategy, as part of the overall all-Wales network of demonstration farms.**

e. *Training for farmers*

i) **1 day 'planning the conversion' courses**
These introductory courses are operated jointly by ADAS and WIRS, are free-of-charge to participants, funded by the current ADAS Obj. 5b organic development project. They take place monthly, with ca. 15 farmers participating and more than 150 farmers have participated since they started. **These should continue to be funded under the recently submitted ADAS Obj. 5b proposal for organic farming.**

ii) **1 day specialist courses**
There is a need for more specialist courses in areas such as grassland management, livestock health, milk, beef, sheep and vegetable production. Specialist courses can also be purchased by interested organisations. **Funding for these courses has been applied for under the recently submitted ADAS Obj. 5b proposal for organic farming.**

iii) **Longer short courses and distance learning packages**
There is need for and demand for these types of courses, particularly from new entrants who are responsible for managing holdings and are therefore unable to attend more traditional courses, but need a better grounding in general agriculture as well as organic farming specifically. **There is potential to integrate these activities with the developing 'University of Rural Wales' concept and to utilise UWA's open learning unit to develop distance learning packages.**

f. *Training for general advisors, administrators and other specialists*
There is a need for targeted 1 day courses to inform specialists working with farmers in general about developments in organic farming and the implications for their activities. **Such courses can be funded by the organisations themselves with or without an element of support through Obj.5b programmes.**

g. *Training for students*
BSc level academic qualifications are available at WIRS but there are also opportunities for developing HNC/HND qualifications and post graduate qualifications in organic agriculture. An MSc in Agro-ecology is under development to meet the need for training in research techniques. **There is an opportunity for commercial sponsorship of students, in addition to monies normally available from public sources.**

h. *Training for organic farming specialists (advisors, inspectors)*
The very rapid increase in demand from farmers for information and certification services is not matched by the availability of suitably-trained staff. Specialist (5-10 day) short courses need to be developed to provide appropriate training to otherwise suitably qualified staff. These courses should be carried out in collaboration with appropriate organisations such as the organic advisory service and certification bodies and should build on their existing in-house provision.

i. *Group activities*

i) **local groups**
This type of group covers a wide range of appropriate topics, catering for a local audience. The main example of this is the Cambrian Organic Group, currently supported by the ADAS Obj. 5b organic farming project. This group is focused on meetings in Newcastle Emlyn in West Wales, although operated from ADAS Pwllpeiran. **The new ADAS Obj. 5b organic farming proposal suggests the formation of a network of local groups supported by group co-ordinators. This would represent a useful development of this initiative.**

ii) **specialist technical groups**
These cover specific topics, e.g. milk, beef, sheep, grassland, horticulture. The main current example of this is the 'beef and sheep' group operated by WIRS in collaboration with the OAS and now linked in with the organic farming beef technical group supported by the ADAS Obj. 5b Quality Beef in Wales project. The Graig Farm producer group (LEADER-supported) carries out both types of activities.

j. *Policy analysis and evaluation*
Provision of data on the impact of any proposed policy developments.

k. *Schools activities*
The existence of a team of qualified training/extension staff and the demonstration farm network should be used to increase information provision to schools, including school talks and group visits to organic farms.

l. *Talks service*
Currently happening on an ad-hoc basis, assistance with identifying appropriate speakers could be provided to key groups. This service would link to the demonstration farm network to make farm visits available to interested groups.

m. *Standards and certification issues*
Comments on proposed changes to organic standards, in particular the proposed EU organic livestock regulation, could be submitted by the 'Organic Council' to the 'Information Centre' for more detailed assessments of the implications of any changes.

n. *Information resources*

The information centre would be responsible for the development of a range of technical and business information publications, including:

- organic farm management handbook (WIRS/EFRC)
- technical literature
- newsletter (COG)
- web-site (WIRS)
- telephone and written enquiry response service.

o. *Statistical data on organic farming production and markets*

By combining data from OCIS, Certification Bodies, and data collected directly by WIRS, the objective will be to improve the availability of statistical information, in particular for forecasting growth in supply for specific markets.

p. *Welsh language materials and provision*

At present there are few Welsh language organic farming advisors or inspectors, or information materials and certification application forms. **Welsh language training for advisors should be provided as the number of Welsh speaking farmers considering conversion increases.**

q. *Co-ordination of LEADER and Obj. 5b projects*

There are several different LEADER and Objective 5b projects which focus entirely or partly on organic farming. **There is a need for effective co-ordination between these projects to ensure optimal utilisation of resources.**

Delivery mechanisms and resource requirements/availability

- The delivery of this package needs to be done in a co-ordinated and integrated manner, not on a piecemeal basis, by people with a good understanding of the needs and operation of the organic sector.
- A ‘Centre of Excellence’ for organic farming is proposed, which would be based at the Welsh Institute of Rural Studies. It would co-ordinate the Information Strategy, subject to direction from the ‘Organic Task Force’ in close partnership with the Farm Development Task Force, which will have the overall responsibility for the coherent development of information services for farmers in Wales. It will seek funding from agencies including the National Assembly for Wales/Welsh Office and WDA. WIRS would be required to establish appropriate collaborative links with other providers, including OAS/EFRC, ADAS, IGER, CCTA, NBC, NT etc. A steering committee to link these funding agencies and the collaborating providers would be established.

- The co-ordinated approach and Centre of Excellence proposal would allow for some funding to be derived from commercial sources, possibly through the multiple retailers group established by the Soil Association. In addition, there may be scope for some direct financial or in-kind support from the University of Wales, Aberystwyth.

  The Centre would require a number of staff posts:

  - An administrator responsible for financial and project management
  - An information officer responsible for publications, organisation of training courses and the demonstration farm network
  - An advisory service co-ordinator
  - Secretarial support
  - Training staff would be drawn from existing advisory, lecturing and research staff at WIRS, IGER and ADAS and experienced organic producers
  - Advisory staff would be recruited and trained by WIRS/OAS in response to demand and the availability of funding for advisory activities.

5.1.3 Proposal for improving the supply infrastructure

Introduction

Demand for organic produce of all categories is greatly in excess of supply at the present time. The situation is further compounded by the scattered and fragmented nature of production and marketing. Multiple retailers in particular, having decided to enter the organic market, will seek to secure the limited supplies available for themselves by offering producers incentives to sign up, either whilst they are converting or to sell existing supplies of organic output to them.

In Wales two supermarket groups are currently seeking to establish organic supply groups in conjunction with their preferred abattoir partners.

A third will be looking to develop similar arrangements when its new plant is in production.

It will be important to ensure that primary producers are able to take advantage of the opportunities for supplying such markets in an orderly manner.

This proposal offers suggestions as to how producers can retain control of supplies, earn an economic return for their efforts and how the industry can work together to supply the requirements of local businesses e.g. farm shops, independent retailers, B&Bs with products from Welsh farms.

A Way Forward

The red meat sector is the most diverse, fragmented and probably has the greatest growth potential. Using this sector as the example, we propose the following:

a) Build on the existing successful operation for producers located in Mid-Wales.

b) Add an organic dimension to existing producer controlled businesses for South and West Wales.

c) Initiate a new grouping for North Wales linked to an existing processor and/or marketing group.

The dairying sector needs to identify additional processing capacity for organic lines. Such activity may be linked to existing operations or could involve the re-opening of facilities currently closed. The principle of building up a producer-controlled group in South Wales, similar to those for red meat, should be explored.

For horticulture, the same principles could apply building on the structure of the existing producer-controlled businesses in West Wales and the recently launched initiative for growers in North Wales.

Development of new products should be explored and the horticultural groups should examine the potential for organic seed production.

i) ***Structure of Groups***

Where a new group is to be formed it needs to be formally constituted so that members can benefit from the protection afforded by mutuality. Those providing advice and undertaking marketing activities could be either employed directly by the group or the group could contract in services from a self-employed person.

ii) ***Functions of Groups***

If each regional group had a field officer(s), they could be the route for delivery of a number of services:

General Technical Advice - the staff would need to be well versed in organic livestock farming and other enterprises, including organising farm walks, specialist talks etc.

Financial Advice - grants etc. - whilst not necessarily experts, the staff would need to know what options for assistance farmers would have

Livestock Selection - the ability to assist farmers in selecting livestock for selling

Market liaison - as field staff, they would need to know what livestock was available at what time

Store livestock marketing - with good local knowledge, buyers and sellers could be brought together, both locally and outside the region

Training - once training needs were identified, liaison with the most appropriate organisation for the provision of the training

Bulk purchasing of inputs - with larger numbers of farmers, this could be arranged through the Field Officers

Training of Field Officers - it will be crucial that such personnel are properly trained in all aspects of the production and marketing of organic produce and strong links will need to be maintained with the Centre of Excellence so that there is no duplication of effort but up to date information is supplied.

iii) *Funding of Groups*

The initial task of Field Officers would be the development of the production base. Encouragement of conventional farmers to convert to organic would be an important element of the work in the early years. This would require some outside funding. Once larger numbers of farmers became organic, these Field Officers should be able to be financed by the farmers themselves by levying the activities of livestock marketing and input provision. Indeed, if this was the case, then the staff would be well motivated to develop the market further.

Appendix A

List of Members in the Organic Industry Working Group

Chairman

Gareth Rowlands
Managing Director
Rachel's Dairy

Members

Mrs Christine Lewis
Welsh Development Agency

Mr Huw Evans
Cig Oen Caron
Meat Processing Plant

Mr Peter Segger
Organic Farm Foods (Wales) Ltd

Ms Dorothy James
Organic Farmer

Mr R Kennard
Graig Farm Meats

Dr Nic Lampkin
Welsh Institute of Rural Wales
University of Wales, Aberystwyth

Mr J Banks
Department of City and Regional Planning
University of Wales, Cardiff

Ms Sue Balsom
Francis Balsom Associates

Mr T Latter
Organic Farmer

plus representation of the British Retail Consortium,
to give the views of retailers.

Appendix B

Glossary of Terms and Acronyms

ADAS	Agricultural Development and Advisory Service
FEOGA	European Guidance and Guarantee Fund
HEI	Higher Education Institute
IGER	Institute of Environmental and Grassland Research
LA	Local Authority
LEA	Local Enterprise Agency
MDC	Milk Development Council
MLC	Meat and Livestock Commission
NFU	National Farmers' Union
PDO	Protection of Designation of Origin
PGI	Protection of Geographical Indication
TEC	Training and Enterprise Council
WDA	Welsh Development Agency
FUW	Farmers' Union of Wales
WOAD	Welsh Office Agriculture Department