



Second Organic
Action Plan
for Wales
2005 – 2010



Canolfan Organig Cymru
Organic Centre Wales

The Second Organic Action Plan for Wales has been produced by the Agri-Food Partnership Organic Strategy Group with the assistance of Organic Centre Wales.



The Agri-Food Partnership is an advisory body, co-ordinated by the Welsh Development Agency, which is a sponsored body of the Welsh Assembly Government.

Foreword



It is now five years since the first Welsh Organic Action Plan was published, in 1999. The first plan was implemented under the guidance of the Organic Strategy Group, one of the four sectoral strategy groups of the Welsh Agri-Food Partnership. This has enabled the organic sector to develop significantly and much has been achieved since its inception.

Organic farming is now well established in Wales. The share of agricultural land area managed organically has increased from 0.3% in 1998 to nearly 4% by the end of 2003, with the number of organic farms increasing from 120 to 610 over the same period. Higher levels of support for conversion to organic farming, which began in 1999, and the introduction of the interim maintenance payments in 2004 supporting established organic farmers are key policy achievements on the production side. The establishment of Organic Centre Wales (OCW) in 2000, and the subsequent integration and improvement of training, advisory and demonstration farm services targeted at producers, fulfilled the plan's objective of establishing a co-ordinated information strategy.

With the rapid increase in production and several new businesses active in Wales, many of the market-related objectives in the first Action Plan have been achieved. However, the rapid increase in supply has led to marketing problems in some cases, especially in the dairy sector. This highlights the need to develop a balanced approach using a mix of demand "pull" and supply "push" measures to ensure steady growth and development of the organic sector. There is now an agreed need to focus not just on improving supply co-ordination and processing capacity, but also on the consumer and issues affecting demand for organic products. This second Action Plan therefore recommends a shift in emphasis from encouraging increased supply to improving the marketing of organic products, developing consumer understanding and increasing demand.

The 'public good' case for supporting the development of organic farming on environmental, food safety and quality, animal health and welfare, and social and economic grounds remains strong; with the help of this Second Action Plan, society as a whole can benefit from the continued growth and development of organic farming.

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Executive Summary

Why support organic farming?

Organic farming seeks to deliver quality food, fibre and other products in an environmentally, socially and economically sustainable manner. Management practices are based on ecological principles, avoiding growth promoters, GMOs, and dependence on pesticides, thereby offering environmental, animal health and welfare, food safety and quality and social benefits.

Why a second action plan?

Many of the aims of the first Welsh Organic Action Plan have been fully or at least partly achieved, although production issues such as training and supply chain anomalies need further work. However, it is generally recognised that priority should now be given to supporting the hard work of the organic sector stakeholders; this should aim to raise awareness of the benefits to society in general, and to individuals in particular, of growing and eating a greater proportion of food as organic.

Recommendations

- 1. Environmental payments:** In recognition of the environmental benefits provided by organic agriculture, the Welsh Assembly Government should continue to provide organic farmers with conversion aid and maintenance payments in order to support the growth of land under organic management to 10–15% by 2010. It is recognised that the market needs to be developed in line with production (see 2).
- 2. Developing the market:** The Welsh Assembly Government and the Welsh Development Agency (WDA) should support the work of Organic sector businesses and work with them, Meat Promotion Wales / Hybu Cig Cymru (HCC) and key multiple and independent retailers to help promote and develop the market for Welsh organic products. The Welsh Assembly Government and the WDA should also encourage the sustainable procurement of organic food, locally produced where possible, by schools, hospitals, universities and other public authorities, starting with pilot projects in 2004.
- 3. Develop new marketing and processing opportunities:** by focussing on the quality of our food offer and building on WDA and Wales Tourist Board activities to establish and market a quality food culture in Wales. This includes tourism, the hospitality sector and the food service sector.

4. **Public education:** Develop a targeted public education campaign to increase awareness of organic farming, including schools and health related work, promotional information and factual information for consumers, drawing on best practice from other member states.
5. **Public health:** Increase awareness of the links between diet, nutrition and health through working with young people and those having contact with the health services such as pregnant mothers, elderly persons and those suffering from illness. The Organic Strategy Group will engage with the agencies involved in health education in Wales in order to stress commonality of message and interests.
6. **Research, market intelligence:** The Welsh Assembly Government, through liaison with DEFRA, should ensure that account is taken of specific Welsh needs in funding and the focus of research. Through Organic Centre Wales (OCW) and other stakeholders, identify statistics and market intelligence needs and develop projects to meet these needs, ensuring disaggregation to a Welsh level when appropriate.
7. **Minimise the administrative load:** Producers are increasingly burdened with proving their compliance with assurance and agri-environment schemes and ever-increasing legislative requirements. Through liaison with the Welsh Assembly Government, OCW will work to ensure streamlining of schemes and verification inspections.
8. **GM-free Wales:** The Organic Strategy Group wishes to see Wales' GM-free status maintained.

Delivery of second action plan: By the end of 2004 clear procedures, including appropriate milestones and outputs, for monitoring and evaluating outcomes will be established.

Background

Why support organic farming?

Organic farming is an approach to agricultural and horticultural production, processing and marketing that seeks to deliver **quality** food, fibre and other products in an environmentally, socially and economically **sustainable** manner, by encouraging practices based on **ecological principles** and restricting the range of technologies (notably pesticides, growth promoters, GMOs) that are often used to substitute good husbandry.

The benefits of organic farming practices for **the environment** are the most widely recognised. This is based on the results of academic research and government reviews from many countries around the world, most recently the comprehensive reviews commissioned by DEFRA and English Nature/RSPB. There is some debate about whether these benefits are achievable to the same extent in the hills and uplands – this is the subject of an ongoing review by Organic Centre Wales (OCW) funded by the Countryside Council for Wales, but the potential exists for such systems to be developed specifically to enhance environmental benefits. The Organic Farming Scheme (OFS) is being monitored to determine environmental changes associated with conversion to organic farming.

Organic farming also offers benefits for **animal health and welfare**, arising from the principles and reduced intensity of organic production systems; the deliberate design of systems to reduce stress and infection pressures and support immune system function, and specific provisions in organic standards for improved, welfare-friendly housing systems and outdoor/free-range systems.

Organic farming is directly concerned with issues relating to **food safety, quality, diet and human nutrition**. While the benefits may be less widely accepted and it is difficult on the basis of current evidence to reach a general conclusion that organic food is always better in quality, safety and health terms, it is clear that production and processing practices do impact on the quality of the end product, and that specific organic practices can result in differences and improvements in quality and safety compared with conventional systems. The impacts of this on diet, nutrition and health will depend on consumer behaviour as well as production methods, but frequent organic consumers demonstrate buying behaviours more compatible with health nutrition, such as increased consumption of fruit and vegetables and reduced consumption of sugars, salt and highly-processed products.

Organic farming has been at the forefront of efforts to develop high **social** standards for food production, particularly through links with **Fairtrade** and **Community Supported Agriculture** initiatives. Preliminary evidence suggests that Organic farming makes a positive contribution to **rural employment**, primarily as a result of adding value through local processing and premium marketing activities.

Unlike many other farming approaches addressing these issues, or farm assurance schemes, the aims and objectives of organic farming are backed by a formal regulatory and inspection system, within the EU quality policy framework. It is a legal requirement that any food product marketed as organic within the EU must be certified according to the provisions laid down in EU Regulation 2092/91 and subsequent amendments. The resulting inspection systems and the **traceability** they deliver, provide a significant foundation for **consumer trust in**, and demand for, organic products. In many cases, this is reinforced by the use of shortened food chains and close producer-consumer links.

Training, advice and other extension needs are important to assist the farmers in achieving the best practices that are encouraged by the Organic standards. There is also a need for further research to develop organic systems for upland farming and to overcome specific technical problems.

Because organic farming aims to address **multiple objectives**, it may be that individual objectives, such as protection of specific habitats, are not achieved to the extent that would be possible if only a single objective were targeted. However, the **total impact** across the range of objectives may well be greater by using a whole farming system approach such as organic farming than can be achieved by addressing individual elements separately.

Appraisal of Action Plan 1

The Mission Statement from the first Welsh Organic Sector Action Plan was:

“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.”

Many of the aims of the Organic Action Plan have been fully or at least partly achieved. Organic farming is now well established as part of Welsh agri-environmental and food policy, and strongly supported politically, as indicated by the Agriculture and Rural Development (ARD) Committee report on Organic Farming and the Minister’s response. The share of agricultural land area managed organically has increased from 0.3% in 1998 to 4% by the end of 2003, with the number of organic farms increasing from 120 to 610 over the same period. This represents a substantial achievement, but the sector is still some way from the goal of 10% of the Welsh agricultural products sector by the end of 2005 despite continued increases in demand. Growth rates have slowed due to the impact of Foot and Mouth Disease in 2001 and reduced confidence in conversion arising from difficulties marketing organic milk since 2002, due to the very rapid increase in supplies as farms converting in 1999 achieved organic status.

With the main Strategy Group structures operative since 1999, the introduction by the Welsh Assembly Government and its predecessors of higher levels of support for conversion to organic farming in 1999 and the implementation of the interim maintenance payments in 2004, the key policy-related objectives were achieved at an early stage. The policy sub-group, supported by OCW with a strengthened policy and strategy development remit, remains active in generating responses to consultations, particularly with respect to the CAP mid-term review, and participating in initiatives to reform and integrate the Organic Farming Scheme with other agri-environment schemes.

The establishment of OCW in 2000, and the subsequent integration and improvement of training, advisory and demonstration farm services targeted at producers (including the Organic Conversion Information Service, Objective 5b and Farming Connect funded projects) marked the main achievement of the co-ordinated information strategy objective. In 2003, it was agreed that OCW should have an additional focus on public education, market intelligence, public procurement, policy and strategy development, thus providing support to the whole of the organic community in Wales.

With the rapid increase in production and several new businesses active in Wales, some of the main market-related objectives have also been achieved. But the rapid increases in supply have led to marketing problems in some cases, especially in the dairy sector. There

is now an agreed need to focus not just on improving supply co-ordination and processing capacity, but also on the consumer and issues affecting demand for organic products.

Other significant achievements relating to actions identified in the plan include:

- Consumer research carried out to identify consumer trends and needs
- Decoupling of organic prices away from conventional
- An increase in the amount of statistical information available
- Introduction of simultaneous conversion for land and grazing livestock, permitting stock as well as crops to be marketed as organic in the third year of organic management

Progress under the first action plan is reviewed in more detail in a report, 'Organic Farming in Wales 1998-2003', produced by OCW. But while it is clear that much has been achieved, the achievements are incomplete, some areas have hardly been addressed, and new issues have arisen as the sector has developed.

Why a second action plan?

It is five years since the first action plan was developed and the organic sector has developed significantly in the intervening period. Reviews of the first action plan identified a need to refocus activities from encouraging increased supply **to improving the marketing of organic products** and the development of consumer understanding and increasing demand.

In this context, there is need to develop a **balanced approach** using a mix of demand 'pull' and supply 'push' measures to avoid a boom and bust scenario, and to ensure continued growth and development of the organic sector.

The **policy context has changed** significantly since the first action plan was published, not least as a result of CAP and agri-environment reforms and the development of action plans for organic farming at European level and in other parts of the UK.

The **'public good' case** for supporting the development of organic farming on environmental, food safety/quality, animal health/welfare and social/economic grounds remains strong, so that society as a whole can expect to benefit from the continued growth and development of organic farming.

A Vision for Organic Farming in Wales, 2010

The vision that lies at the heart of the proposal for a second action plan is that of a **thriving community of organic interests** in Wales, one which integrates producers, consumers and a wide range of businesses and groups committed to maximising the potential for agriculture to deliver food combined with a wide range of **health and sustainability** outputs. These are typically goods and services valued by society but not necessarily provided or guaranteed by the market, including environmental protection and biodiversity, resource use sustainability, animal health and welfare, social justice, cultural diversity, high quality and safe food, a healthy population and a **financially secure future** for Welsh agriculture and farming families.

This vision is consistent with the Assembly's vision for a sustainable Welsh agriculture as expressed in **Farming for the Future**, and with the evolving reform of European agricultural policy. It is also consistent with the Welsh Nutrition Strategy, with its emphasis on improving diets, nutrition and health and an increased emphasis on fruit and vegetable consumption. While organic farming may be one of several approaches to delivering these policy goals, it is the only approach that is seriously attempting to address all of them simultaneously, representing the spirit of the European model of a multi-functional agriculture, based on an eco-farming system approach to its delivery.

The **market** for organic food is a key element of the organic approach, which helps to integrate producers and consumers in common interest, and to reflect the value that consumers place on the additional services for the public good that organic producers provide. A wide range of innovative, local and mainstream marketing channels and initiatives can contribute to a dynamic and diverse food culture, with benefits to the rural economy and the health and well-being of society. But it is only well-informed consumers and citizens that are in a position to value and respond to these opportunities – public education therefore needs to be a high priority for future action. A particular focus for this should be young people, who will be in a position to set the agenda in future decades.

In view of the potential of organic farming to deliver across a **broad range of policy goals**, its sustainable development should be encouraged by policy measures and public funds as well as the market. But this should be done in such a way as to ensure the integrity of the organic concept, recognising the contribution of stakeholders over decades to its development. The work of stakeholders and their ownership of the concept should be valued and supported by government and its agencies – a true partnership approach is needed for the benefit of all.

Targets for 2005 and 2010

As explained, the target set by the action plan of 10% by 2005 will be difficult, if not impossible, to achieve. With the organic and in-conversion land area representing 4% of Welsh agriculture at the end of 2003, it is likely that the eventual outcome at the end of 2005 (two years later) will be comfortably between 5 and 10%, a significant increase from the 0.3% when the target was first set in 1998.

The marketing problems caused by the three to four-fold increase in organic supplies in 2001, which undermined producer confidence in conversion at a time when producers were looking for opportunities to recover from foot and mouth, indicate that there is a need to focus more strongly on sustainable development of the sector, and to avoid boom and bust developments. This has led many, including the former Assembly Minister responsible and the Agriculture and Rural Development committee to suggest that future targets should be market-focused.

Whilst accepting the value of market-focused targets, the importance of also setting production targets is that they signal to policy makers the future requirement for public sector support. Currently, producers and processors who are contemplating entering the organic sector in Wales have the assurance of strong support in policy, producer conversion and investment in processing and marketing. Clearly recognised production targets make it more likely that the public sector will continue to help producers in their initiatives to develop organic production in Wales.

Following debate at the May 2003 meeting of the Organic Strategy Group, consensus around the concept of a land-based target, supported by indicators of sustainable development of the organic sector, was achieved.

Recommendations

1. A target of 10%-15% of agricultural land in Wales to be organic or in-conversion by the end of 2010 should be set and reviewed against the following indicators of **sustainable development of the organic market**:
 - level of public awareness enhanced (recognition of 'organic' and understanding of what it means)
 - size of the Welsh organic market increasing
 - proportion of products marketed locally increasing
 - share of the UK market that can be supplied from Wales increasing
 - proportion of Welsh organic products achieving a premium price in the organic market increasing
 - organic farm returns, including market and public support, increasing to achieve financial stability for the unit
 - value-added by Welsh businesses to Welsh organic products increasing
 - proportion of farmers giving up farming from certified organic production is lower than that from agriculture in general
 - an appropriate balance between sectors (milk, meat, arable, horticulture) maintained
2. Systems to obtain data to monitor the above trends should be developed and implemented. There will also be a need to regularly evaluate the potential market impacts of the land area target.

The Market

This second action plan aims to focus, as a priority, on developing the demand for organic food, as some sectors, for example the dairy sector, have recently been in oversupply. Work needs to take place to expand both demand from public bodies, and consumers, as well as encourage multiple retailers to source more Welsh organic produce.

Public education

In the UK as a whole, a committed core of 23% of consumers accounted for 84% of organic sales in 2002/03. There is therefore great potential and a need to increase sales to the wider public. Raising awareness of organic food and its benefits, and developing an informed citizenry is vital to expand the market.

Some EU member states have government-funded promotional programmes for organic food, aimed at consumers (see analysis produced for the English Organic Action Plan¹). These programmes have helped their markets expand.

Recommendations

3. In line with the recommendations in the Agriculture and Rural Development Committee report on organic farming, the Welsh Assembly Government should consider supporting a **targeted public education campaign** on organic food and farming.

The campaign should begin in 2005 and build on the experience with public education from the proposed OCW procurement projects. This should draw on best practice from other member states, especially Germany – examples of possible activities include school projects, open farms, website etc. The focus should be on young people.

4. The Organic Strategy Group will engage with the agencies involved in **health education** in Wales in order to stress the commonality of message and interests.

5. Maximum use should be made of opportunities provided by the CAP reform agreement for the Welsh Assembly Government to provide financial support to producer groups for **promotional initiatives**.

6. Where appropriate, this work should **link to related initiatives** in the UK and Europe, in particular the European organic food and farming action plan published in 2004, in order to maximise potential benefits and share costs.

7. The effectiveness of the campaign should be **evaluated** by the end of 2006 with a view to putting in place a further programme of consumer information work from 2007-2010.

¹Wright, S, Member State Initiatives To Promote Organic Food To Consumers, Produced for English Organic Action Plan, June 2003

Public Procurement

Following the EC Interpretive Communication on Environmental Considerations in Procurement, the UK's Sustainable Procurement Group has clarified that UK public procurement rules already allow for contracting bodies to include in contract specifications requirements for foodstuffs to be organically grown, on the basis of minimising environmental impacts of the production process, provided they have the resources to pay any premium and the specifications are non-discriminatory.

Care needs to be taken that in pursuing environmental requirements, contracting bodies achieve a balance with social and economic considerations and, in particular, do not inadvertently discriminate against local and UK producers. As part of this buyers should consider whether there are unnecessary restrictions in contract specifications that may currently act as a barrier and prevent small or local suppliers from competing on level terms.

Recommendations

8. The Welsh Assembly Government should encourage the **sustainable procurement** of organic food, locally produced where possible.
9. Information should be sent to all local authorities in Wales explaining the public procurement **rules on buying organic food**, as outlined above, by the end of 2004.
10. Welsh Assembly Government / WDA should provide support for **pilot projects** in Wales, for example via the Interreg and other bids currently being developed by OCW and partners. Pilot projects involving organic food in public procurement should be established by the end of 2005. School meals are seen as a key priority for this work in line with the emphasis on working with young people set out in the Vision (see page 9). Issues relating to certification of catering establishments should also be addressed as part of the pilots. The evaluation of the pilots will need to include specific reference to the economic benefits and best value issues, as well as other impacts such as on diet and behaviour.
11. The Welsh Assembly Government and Assembly Sponsored Public Bodies should encourage their **catering contractors** to increase the provision of organic meals and snacks in their canteens and meetings. A proportion of organic food should regularly be on the menu by the end of 2005.
12. Long-term (2006 on), building on the outcome of the pilot projects, the Welsh Assembly Government should encourage all relevant public authorities to include a proportion of organic food in their purchases, specifying a percentage target to be met, with targets increasing on an annual basis.

Retailing

Multiple retailers accounted for 81% of organic sales in 2002/03 in the UK as a whole. They are therefore one of the biggest outlets available for Welsh organic food.

56% of organic food sold in the UK in 2002/03 was imported (76% of fruit and vegetables, 20% meat and fish), compared with around 25% of conventional produce. There is therefore scope to increase sales of Welsh organic produce via multiple retailers and work must be undertaken to encourage them to source more Welsh organic food.

Recommendations

13. The Welsh Assembly Government and WDA should work with the Organic Strategy Group, organic sector businesses, HCC and key multiple and independent retailers to help promote and **develop the market for Welsh organic products**. This should include support at Ministerial level for high-level meetings with retailer and organic sector representatives.
14. Multiple and independent retailers will be encouraged to play a key role in the delivery of the action plan.
15. The Welsh Assembly Government should encourage DEFRA and the Department for Trade and Industry / Competition Commission to develop stronger statutory rules to replace the voluntary code of supermarket practice currently in operation.
16. A **survey** on the amount of Welsh organic produce compared to Welsh conventional produce sold via multiple retailers in Wales should be commissioned and completed by the end of 2005.
17. When the survey is complete, a **strategy** for increasing the amount of Welsh organic produce sold in different supermarket chains should be written by OCW and implemented from 2006. This should be done with individual retailers and focus on specific sectors that can be improved, building on existing WDA activity.
18. In support of the above, the Welsh Agri-Food Partnership Organic Strategy Group will liaise closely with efforts in other parts of the UK to encourage retailers to stock more UK organic products.

Developing new marketing and processing opportunities

Traditional retailing to consumers, whether through supermarkets or directly, is not the only opportunity for developing organic markets. As well as the significant potential of public procurement, the food service sector, tourism, the hospitality sector and processing provide significant opportunities for the organic sector and should be developed.

Recommendations

19. Specific initiatives to support **the use of organic food in the food service sector and the hospitality sector** should be developed, building on the efforts of the Soil Association to introduce appropriate certification procedures at this level.
20. OCW should have a role to ensure that Organic food and farming form a specific focus of the **Food Tourism Action Plan** currently being implemented by the WTB and WDA.
21. Organic food and farming should continue to be a central focus of WDA initiatives to re-establish a quality **food culture** in Wales, through Food Festivals and True Taste brand initiatives.
22. Support for **farmers' markets** and other local initiatives, with strong organic sector participation, should be maintained and increased.
23. The work of the Food Centres in Wales in supporting new **product development** and related training for organic as well as conventional product innovation should be maintained and developed.
24. The current high take up of **processing and marketing grants** by businesses working with organic products should be maintained, with concerns about unintended impacts on established businesses being addressed during the application process.
25. Close links should be established between the Welsh Agri-Food Partnership's Organic Strategy and Trade Development Groups to ensure continuing high priority for organic **trade development** activities.
26. In all of these activities, the role of **small and medium-sized businesses (SMEs)** as the core of the organic sector and the agents of change and innovation needs to be recognised and encouraged and excessive bureaucracy and regulation avoided.

Producer-focused, Supply-side Initiatives

While some sectors, such as milk, are currently in oversupply, others are in undersupply. Whilst exotic produce cannot be grown here, some organic produce such as apples and potatoes, which can be grown here, is often imported. Work therefore needs to be done throughout the supply chain in order to maximise opportunities for Welsh organic products including ensuring critical mass of supply is achieved to meet marketing and processing requirements.

Payments

To encourage production in sectors in under-supply, different payments, offered to converting and converted farmers, need to be examined and re-evaluated at intervals. Wales should keep abreast of developments in England and the EU; in England top fruit producers already qualify for £600/per hectare during the conversion period, and many EU states offer higher levels of support to horticultural producers. The European average maintenance payment in 2001 was 117 EUR/ha for grassland, compared with the new Welsh payments of 55 EUR/ha.

The review of support payments needs to be linked with an ongoing review of the environmental outputs from Welsh organic farms and the integration of organic and other agri-environmental schemes in Wales, to ensure that payments reflect public good outputs.

In the light of CAP reform and Single Farm Payments, Organic Centre Wales is working with the Welsh Assembly Government to achieve the integration of revised Organic Farming Scheme conditions and payments with the proposed entry-level agri-environment scheme, Tir Gofal and co-operative actions.

Recommendations

27. The intentions of producers currently participating in the Organic Farming Scheme, and factors influencing them, should be analysed.
28. **On-going payments should be maintained and enhanced**, linked to appropriate environmental and animal welfare conditions, as part of the reform of agri-environment schemes currently being undertaken by the Welsh Assembly Government.
29. Specific attention should be paid to reviewing the level of payments for **horticultural** (including top fruit) holdings and to addressing the needs of **young farmers** and new entrants.

30. Issues arising from the implementation of the **CAP reform** agreement, where specific sectors or organic producers in general may be disadvantaged disproportionately, should be addressed using appropriate mechanisms including the hardship provisions and reforms to the organic farming and other rural development schemes.
31. These payments should be supplemented by the new **support for costs of certification** included as a Quality Policy measure under the CAP Reform agreement.
32. An **organic farm management plan** should be a specific requirement for the new Organic Farming entry-level scheme. This should be developed to be compatible with current Farming Connect provision, certification needs, implementation of the CAP reform agreement and future farm advisory services.
33. The targeting of **capital investment grants** specifically at organic producers should be reviewed in the light of the introduction of such grants in Northern Ireland and Scotland, and the difficulties that many hill and upland producers face reintroducing cattle during conversion due to inadequate housing.

Supply chain development

The **fragmentation** of the organic supply chain can make it difficult for smaller producers to supply organic produce to retail outlets, or to wholesalers. By grouping together, producers can have access to greater markets and increase their ability to secure fair prices. This also creates benefits for wholesalers and retailers through improved quantity, quality and consistency of supplies.

Distribution systems for some commodities and marketing channels are now well developed, but problems remain in **local distribution** and in gearing up for supplying public procurement contracts such as schools.

Recommendations

34. The Organic Strategy Group, working with the WDA and key businesses, should develop **strategic objectives** for the main organic sectors by mid 2005. Initiatives to develop co-operative marketing should be encouraged as part of these strategies.
35. WDA and Welsh Assembly Government financial support for **producer marketing groups** should be maintained, with support for promotional activities within the context of the agreed strategic market development plan and the relevant state aid guidelines for the sector.

36. The Welsh Assembly Government should use any relevant provision within the CAP reform agreement to **support promotional activities** for quality products.
37. WDA and Welsh Assembly Government should encourage the development of appropriate **distributions systems**, particularly those relating to local distribution and public procurement initiatives.
38. More generally, organic food and farming activities should be integrated in publicly-funded initiatives, including tourism and regional development projects, such as Leader+ and Green tourism, and support for the development of marketing activities, including presence at trade fairs, awards and resources, should be enhanced.

Research, market intelligence and information dissemination

Organic farming research in England and Wales is currently funded mainly by DEFRA and the EU, with the research councils gradually becoming involved. Some market intelligence and technical development projects are funded through Farming Connect/OCW and the WDA. As such, Welsh direct influence on research priorities is limited. The new organic research committee to be established by DEFRA to address issues raised by both the Advisory Committee on Organic Standards (ACOS) and the English Organic Action Plan group, provides a possible additional mechanism for ensuring that Welsh needs are given specific consideration.

Much market information that would be useful in Wales is currently collated on a UK wide basis, with no differentiation at the Welsh level. DEFRA has launched an initiative to improve English and UK statistics as part of the English Action Plan. The UWA Institute of Rural Sciences is co-ordinating a project involving Eurostat and others to develop a European Information System for Organic Markets.

Recommendations

39. The Organic Strategy Group/Welsh Assembly Government should liaise closely with DEFRA to ensure that the **organic research budget** results in research useful and relevant to Wales, such as upland eco-system research.
40. Welsh Assembly Government should ensure that the proposed DEFRA-sponsored **organic research committee** is established and includes direct Welsh representation and mechanisms to take account of Welsh needs. Research and related knowledge transfer activities should not only focus on issues that directly affect/benefit organic businesses, but should also support the improvement of production and food systems with respect to the **environment, animal welfare** and other issues of public concern. Welsh Assembly Government initiatives such as Environmental Opportunities Reviews and Animal Health Plans should be developed with the full involvement of the organic sector and be linked in an integrated way with other extension services provided to organic producers.
41. In order to provide enhanced market intelligence to organic farmers and those planning to convert, an **audit of statistical information** currently available will be undertaken by OCW. Gaps will also be identified and an action plan written to fill those gaps by end of 2004, so that any initiatives can be integrated with the DEFRA and EU initiatives.
42. Welsh Assembly Government/OCW should work closely with the DEFRA Statistics division to ensure that **statistics** relating to prices, production, processing consumption, and trade are disaggregated to the Wales level.
43. Progress with respect to information dissemination and development of **knowledge transfer/knowledge networks** (currently co-ordinated by OCW with Welsh Assembly Government and Farming Connect support) will be reviewed by the end of 2005, with a view to identifying a further programme of work from 2006-2010 in the context of the ending of Objective 1 funding for Farming Connect and the introduction of the new funds for farm advisory services through the CAP Reform agreement.
44. **Benchmarking.** Initiatives focused on producers should be resumed and extended to other parts of the supply chain.

Organic standards development

The replacement of UKROFS (United Kingdom Register of Organic Food Standards) by ACOS creates a new situation for the regulation of organic farming in Wales. The new ACOS board has strong **Welsh representation** and this needs to be maintained.

The Compendium of Organic Standards that will form the basis for ACOS work does not fully integrate **conservation standards**, as they are not part of the EU Regulation 2092/91.

The derogation allowing the use of **non-organic seeds** has been extended (it was due to expire end 2003) but permission is likely to be withdrawn on a species by species basis. Derogations relating to the use of non-organic **livestock feeds** and some other aspects of the livestock regulation 1804/1999 are due to expire in 2005.

The number of UKROFS approved certifiers operating in Wales, and the range of standard levels (ACOS compendium, SA and OF&G IFOAM accredited), continues to increase, creating potential problems both in terms of producer uncertainty about which route to take, and fragmentation affecting cost and viability of inspection and certification operations in a limited market.

The prospect of additional inspections: compliance for agri-environment schemes and cross compliance for SFP, on top of annual inspection requirements for organic farms mean an ever-increasing burden of bureaucracy.

Recommendations

45. The Organic Strategy Group and Welsh Assembly Government should work actively with ACOS, DEFRA and others to ensure that appropriate outcomes to the **review of current derogations** are achieved, and to start a process of reviewing and strengthening the EU regulation with respect to its conservation, environmental, animal welfare, food quality/safety and social outputs.
46. Specific issues relating to standards for organic farming in the **hills and uplands** need to be addressed, in conjunction with working groups established by sector bodies such as the Soil Association and in other parts of the UK. In particular, the proposed move to **100% organic feeds** should be assessed in the context of the market and financial situation of hill and upland producers and proposed changes to agri-environment schemes, and if necessary a staged approach to the lifting of the derogation adopted.

47. In the light of the results from the current OCW/Farming Connect work on organic horticultural and herbage seed use, availability and production, an action plan for the **domestic organic seed sector** should be developed with other UK partners. This should include ensuring that appropriate varieties are available and tested before the derogation is lifted for individual species.
48. The advantages and disadvantages of the **current standards and certification systems**, and alternative options, should be reviewed by mid 2005. The Organic Strategy Group will seek to ensure that systems are in place to promote high standards and the integrity of organic products.
49. The potential for a **Welsh origin identifier**, possibly linked to True Taste branding, and conditions for its use, should be investigated.
50. The integration of **social and fair trade** issues into organic standards should be reviewed and developed in parallel with the Soil Association, which is developing Ethically Traded labelling.

Integrity of Welsh Organic Produce/GMO co-existence

The Organic Strategy Group wishes to see Wales' currently GM-free status maintained. If GM crops were grown in Wales, this would undermine the Welsh Assembly Government's policies to promote the development of the organic sector as well as consumer confidence in the organic sector in Wales.

The Organic Strategy Group has already set out its policy on the growing of genetically modified crops in Wales². It is outlined in brief below.

Recommendations

51. The Welsh Assembly Government should seek to maintain the **GMO-free status of Wales** and if possible secure legal protection for this. The Organic Strategy Group supports the GM-Free Cymru campaign and recent Welsh Assembly Government initiatives to link Wales with other EU regions concerned seeking to achieve similar status. Should GM-free status not be achieved then the following recommendations apply:
52. The most stringent **co-existence mechanisms** possible should be enforced.

²Organic Centre Wales, Preliminary Response from the Agri-Food Partnership Organic Strategy Group in its response to the consultation on the implementation of Directive 2001/18/EC on the deliberate release into the environment of Genetically Modified Organisms (Wales), October 2002

53. New regulations should be drafted to require a **separation distance** between GM and organic holdings, to be set at 4 kilometres (km) for beet crops, 8 km for maize and 10 km for oil seed rape; these distances to be updated as more evidence comes forward. Current Welsh Assembly Government regulations are considered to be inadequate to prevent contamination of organic and other non-GMO crops.
54. All those intending to plant GMOs should **notify all neighbours**, including organic producers, within a 10 km radius of the holding. The Welsh Assembly Government should be responsible for making those proposing to grow GM crops aware of any current or prospective organic farmers or producers in the vicinity and should also maintain a register of GM production sites.
55. Where organic farmers are growing the same crop as a GM crop within 10km, the biotechnology company concerned should pay for **testing** of the organic crop to ensure that it is free of GM contamination to the level of 0.1% - the level of detection - and should **compensate** the farmer for the loss of earnings if the crop is found to be contaminated. Financial risks and liabilities must not be transferred to organic and non-GM producers.
56. The Welsh Assembly Government should work with relevant agencies to enforce a requirement that all **seeds**, conventional or organic, should be subject to a maximum GMO contamination threshold of 0.1%.
57. A **legal liability system** in which the biotechnology industry is responsible for any negative economic, health or environmental effects resulting from the planting of GMOs should be put in place. This must be done before any marketing consent is given.
58. If at any stage new evidence comes to light of negative effects of GM crops, the Welsh Assembly Government should work with relevant agencies to achieve rapid revocation of consent for the growing of the crop.

Delivery of Second Action Plan

The new action plan sets new priorities, and the current sub-groups may not be the most appropriate to deliver the recommendations. This is therefore a timely point to undertake a review of the operation of the Organic Strategy Group and its sub-groups. The interaction between the Organic Strategy Group and other Agri-Food Partnership strategy groups also needs to be reviewed and strengthened in this context.

The Second Action Plan will not be implemented in isolation from policy developments elsewhere in UK and Europe, in particular the implementation of the June 2003 Mid Term Review agreement, the EU organic action plan and action plans in other UK countries. Further influences include the post MTR reform of the EU rural development and structural regulations that provide much of the basis of the support for the organic sector.

Clearly set out procedures, including appropriate milestones and outputs, for monitoring and evaluating the outcome of the second action plan need to be devised.

Recommendations

59. Responsibility for overseeing the delivery of the action plan lies with the Agri-Food Partnership Organic Strategy Group, supported by Welsh Assembly Government, WDA, OCW and other relevant agencies.
60. The membership of the Organic Strategy Group, its sub-groups and their number and remit, should be reviewed in 2004. Those that are no longer relevant should be disbanded and new standing and/or task-and-finish groups should be established to take forward the work. Opportunities for improving interaction with other strategy groups should be identified.
61. Welsh Assembly Government/Organic Strategy Group should press for early establishment by DEFRA of the joint forum of UK country action plan groups, include representatives from both stakeholders and administrations in each of the four countries. This group should have the capacity to identify research and policy issues that might need to be addressed by DEFRA at a UK level, as well as permitting exchange of experiences and best practice and identification of areas of common interest.
62. The action plan should be reviewed in the light of opportunities and constraints presented by the ongoing reforms to the CAP and the development of the European Organic Farming Action plan, and the Organic Strategy Group will work actively with Welsh Assembly Government to ensure appropriate implementation of policy measures with respect to the organic sector.

63. An evaluation paper should be written which will include detailed indicators for each action point by end 2004. OCW (supported by Welsh Assembly Government/WDA) should be responsible for the collation of the necessary statistics.
64. The Organic Strategy Group should formally **review progress** on the recommendations in the Action Plan at annual intervals, and a paper should be produced on progress. Remedial action should be put in place where necessary.

Agri-Food Partnership Organic Strategy Group Members

Members 2004

Mr Gareth Rowlands – Chair
Mr John Davies – Food Centre Wales
Ms Catherine Fookes – Wye Valley AONB
Mr David Frost – ADAS
Mr Carwyn James – Dairy Strategy Group Representative
Mr Andrew Jedwell – Chair OCW Steering Group
Mr Dafydd Jones – Young Farmers Club
Ms Emma Jones – Organic Farmers and Growers
Mr Bob Kennard – Graig Farm Organics
Dr Nic Lampkin – Organic Centre Wales
Ms Hilary Miller – Countryside Council for Wales
Mr Dylan Morgan – National Farmers Union
Ms Rhian Nowell-Phillips – Farmers Union of Wales
Mr Lynn Powell – ex ADAS Pwllpeiran
Mr Peter Segger – Organic Farm Foods
Mr Phil Stocker – Soil Association
Mr John Tanner – Environment Agency

WDA and WAG representatives

Mr Arwyn Davies – Welsh Development Agency
Mr Alan Starkey – Welsh Assembly Government
Mr Ken Stebbings – Welsh Assembly Government
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