Policy Document on Organic Agriculture 2008 - 2011

Organic connections, perspectives for growth

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Summary

The organic sector is performing well. Demand for organic products is growing so fast that supply can barely keep pace. In recent years more intensive collaboration in the chain has helped raise the professional profile of the sector. These days shops and supermarkets have a much wider range of organic products. The challenge facing the sector is to sustain the current growth rate over the years ahead, so it can become more robust and initiate market developments independently. Government, producers, banks and interest groups will enter into a final agreement and work together to enhance the position of the organic sector. A declaration of intent for this agreement has already been signed.

The organic sector has achieved success in the areas of sustainability, connection with society and broadening its activities. The sector has been able to meet government ambitions for sustainable agriculture, which is a subject that is high on the agenda. The government now expects the agricultural sector to take the lead in this area, and to actively seek engagement with society

The organic sector must of course also continue its own development. The transfer of knowledge and collaboration with the mainstream sector can be improved, as well as growth, professionalism, independent market and chain development and increased sustainability of production methods. The sector itself should shoulder these responsibilities and the government is confident it will respond to these challenges.

Given the results achieved to date and current developments in the market two ambitions have been formulated, each with their own concrete targets.
The first ambition is to connect organic agriculture with forerunners in sustainability and in this way promote the exchange of knowledge. The government also challenges the sector to strengthen its connection with society. This ambition is accompanied by three targets:

- Allocation of 10% of the research budget for organic agriculture to establish a relationship with issues in mainstream agriculture
- 15 common initiatives to connect the public with organic and mainstream agriculture
- Application of 10 innovations from the organic sector to mainstream agriculture

The second ambition is to develop the organic sector into a robust independent sector. This ambition also comes with three targets:

- Annual growth of 10% in consumer spending on organic products
- Annual growth of 5% in acreage of organic agriculture
- Standard allocation to the organic sector of 10% of the budget for policy support research and statutory research tasks

The two ambitions and targets have been translated into four priority areas. Continuing with the successful elements of market development form part of the first target. The aim is for the sector to be able to able to function independently of government support within a few years.
The second priority area relates to the development of the sector. The Ministry of Agriculture, Nature and Food Quality will address this priority area through its

innovation policy, reimbursement of certification costs, and by promoting the transmission of business-oriented knowledge.
The third priority area, regional strength, forms the backdrop for organic agriculture's connection with the public. This area's aims include supporting good initiatives from provinces and regions that are actively engaged in organic agriculture and related subjects.
Knowledge is the fourth priority area, the main aim being to improve the sector's innovative strength. In this respect, explicit attention will be devoted to the exchange and application of knowledge. The demand-driven system of knowledge development and application will be further developed and there will be an increased focus on 'green' education.

The government's role will be to facilitate and stimulate these activities. A budget of 49.2 million euros is available over the coming four years to implement this policy.

1. Introduction

The government has set ambitious targets in the area of sustainable agriculture, which includes developing a strong organic sector. Organic businesses lead the field in integral sustainability of their production processes, and their performance in specific aspects of sustainability is often comparable to those of leaders in the mainstream sector. The organic sector has close ties with the public. By organising open days, local sales, and other actions the sector is able to clearly demonstrate the added value of its production processes to the public. In this manner, the sector contributes to the government's wish to establish stronger connections between agriculture and the public.

In recent years the government has set the ambitious target of achieving 10% of total acreage under organic agriculture by 2010. Although the market for organic products is growing strongly, it has since become clear that this target is not realistic. Parties in the chain and interest groups have indicated that solid growth in demand and a good balance between supply and demand are essential. The government has therefore set targets that are both ambitious but realistic, and which do justice to the sector's internal dynamic. One of these targets is to raise the professional profile of the sector and to ensure that it can independently continue market developments. Through a declaration of intent, parties in the chain and interest groups have indicated that they will assume the ambitions and targets formulated by the government. The government will also step up efforts to improve the innovative strength of the organic sector, with particular emphasis on improving the exchange of knowledge with mainstream agriculture. By 2011, the government expects that the organic chain will be fully independent, have a distinct profile and good perspectives for the future.

Policy document structure

The second section of this policy document looks back on the policy followed over the last three years and the results achieved, and also describes several relevant international developments. The last part of this section looks at the organic sector in terms of the government's aims concerning sustainability. The third section sets out the government's aims for the coming years. Four priority areas have been established: stimulating demand and chain connections, sector development, regional strength and knowledge and innovation. These priority areas are described in the fifth section, which ends with a financial overview of the funding available to implement these actions. The appendix to this document contains the declaration of intent entered into by the government, parties in the chain and interest groups.

2. Achievements and challenges

2.1 Organic agriculture: the approach to date

Over the past seven years the government, together with entrepreneurs, banks and interest groups, has pursued an active policy of promoting organic agriculture. The government considered that by strengthening the position of organic agriculture, this sector would then contribute substantially increasing the sustainability of the entire agricultural sector.

Strength was partly seen in terms of size: more land devoted to organic production and greater demand for organic products, but it also meant raising the sector's profile, so that knowledge exchange between organic agriculture and mainstream agriculture would be improved.

The 2005-2007 policy document established the following three ambitions:
- 10% of total acreage under organic agriculture by 2010
- 5% of consumer spending by 2007 (produced from 10% of acreage)
- Strengthening innovation in the organic sector

Stimulating demand
The previous document focused on stimulating demand. This approach is unique in Europe, as neighbouring countries mainly stimulate production. The Netherlands decided to develop demand because it was convinced that increased demand for organic products is one of the conditions required for sustainable growth of supply. Experience has shown that solely stimulating production in a small and therefore vulnerable organic market rapidly leads to excess supplies. At evaluation meetings producers also explained that market growth was the decisive factor in converting to organic production, and that subsidies only played a minor part in their decision. Demand was stimulated through collaboration between government, market players and interest groups. These ambitions have been established in formal agreements that the parties have entered into.

Knowledge
In recent years the government has strongly promoted the development and dissemination of knowledge to ensure optimal collaboration in the chain and to further increase sustainability in organic farming processes. In 2000, after the government had expressed its ambition for growth of the organic acreage the Minister of Agriculture was asked to allocate 10% of its research budget to organic agriculture. An evaluation of the 2001-2004 policy document on organic agriculture[1] revealed that research could be improved by basing it on the demands of the sector. The government has therefore given the sector a more prominent role in creating the agenda for research questions.

Regional approach and countryside stewardship ('green services')
The previous policy document identified two further priority areas: the regional approach and rewarding countryside stewardship ('green services'). The regional approach was fleshed out in the project for the three northern provinces aimed at new market-oriented chain developments, stimulation of regional demand and ITC applications. Countryside stewardship or green services refer to the contribution organic farmers make to the quality of the environment and rural areas. The government rewards countryside stewardship services by reimbursing registration

1 National Reference Centre for Agriculture, Nature and Food Quality (2004) Evaluatie beleidsnota biologische landbouw, Rapport 2004/320 (evaluation of policy document on organic agriculture).

and certification costs for organic farmers.

International rules and regulation

The earlier policy document also expressed the Ministry's commitment to reducing the administrative burden arising for example from imports from third countries.

2.2 The results to date

Stimulating demand

The organic sector has grown since the last government period both in size and in quality, as the Bio-Monitor makes clear. In 2006 the sector's turnover rose by over 9% and this trend is set to continue. The growth rate of organic production is twice that of mainstream production. Some products have almost achieved their targeted 5% market share. Potatoes, fruit and vegetables, for instance, have a 4.4% share of the market, while the market share of fresh dairy products (excluding cheese and butter) has risen to 3.8%. More intensive collaboration in the chain has helped to make the sector more professional. There is now a wider range of organic products in supermarkets, and health food shops have also seen a sharp increase in sales.

However, growth in the number of certified farms and organic acreage has not kept pace with market growth. This may be explained by the initial surplus of organic produce, which left little room for producers wishing to convert. Furthermore, as is the case for all other areas of agriculture, the organic sector is faced with an ageing workforce, and many outgoing farmers. In 2007 market prospects are more promising, and the tide now seems to have turned. SKAL registrations have increased, which means that the number of organic businesses is growing again, and with more room in the market, existing farms can identify opportunities for expansion. An internal evaluation conducted by the Task Force for the development of organic agriculture showed that the eight parties to the formal agreement have welcomed the results, and these parties have also pledged their continuing support to help raise the professional profile of the sector. In due course however, their activities should become embedded in existing structures and support should be phased out. The Task Force also found that synergy between government policy and sector commitment produces a fair amount of leverage that might also prove valuable in promoting sustainable food in general.

An external evaluation of the 2005-2007 policy document on organic agriculture reaches the same conclusion.[2] The strong focus on stimulating demand strengthened and expanded collaboration between the players, and the chain management group set up for the purpose played a key role. As impartial discussion partners chain managers succeeded in making businesses join forces to enhance the promotion of organic products. This resulted in successfully communicating the added value of organic products to consumers, which increased demand. The agreement also created market opportunities abroad and helped small exporters to participate in international trade events. The collaboration between the parties to the formal agreement has done a great deal to increase sales of organic products despite retail price wars in the previous policy period. Collaboration has opened up distribution channels and created more openness between the organic and the mainstream sector.

2 Ecorys (2007). Biologisch: vitaal en duurzaam. Ex-post evaluatie beleidsnota biologische land bouw 2005-2007. (Organic: vital and sustainable. Ex-post evaluation of policy document on organic agriculture 2005-2007)

Despite the results achieved to date, figures for 2006 show that the targets of having 10% of the available acreage under organic production by 2010 and a 5% market share by 2007 may be too ambitious for some product groups. However, setting these targets has succeeded in bringing parties closer together.

The 2006 research into rewarding sustainable consumption was carried out in order to determine whether reducing the price differential of organic products would lead to higher sales. The research generated information about price elasticity that was highly beneficial for the sector.[3] Lower prices did indeed lead to

3 Baltussen, W.H.M. et al (2006). Een biologisch prijsexperiment; Grenzen in zicht? LEI; Wageningen (an organic consumer discount experiment; Limits in sight?)

higher sales as was to be expected. But the growth in sales was relatively modest and differed per product group. For some products lower prices quickly led to lower revenues.[4] Lowering prices even further is not a strategy that would work for these products. The outcome of the project is that price is not the all-determining factor for consumers to buy the product. Product range, in-store display and quality are factors of equal importance. A price lowering strategy as an incentive to stimulate demand should include other marketing instruments to be effective. The project also made clear that active government intervention does not make much sense, given the heavy outlay and modest returns.

The external evaluation concluded that the participation of civil society organisations in the formal agreement led to increased awareness among members of their role in helping agriculture to become more sustainable.

4 More products were sold but lower prices meant that the total sales value (price x quantity) decreased.

Knowledge

The demand-driven knowledge structure in the Netherlands has proved fruitful: knowledge is being shared. A number of trials have been very successful, including castration of piglets under anaesthetic and heat treatment of onion sets to prevent downy mildew[5]. However, the external evaluation concluded that additional investment in the knowledge structure is a recent phenomenon and there is still room for improvement. More can be done to exchange knowledge between mainstream and organic agriculture. Furthermore, giving organic agriculture a more prominent place in education would help bridge the gap between organic and mainstream farming and facilitate the transfer of knowledge between the sectors.

5 Biokennis (2007). Biologische landbouw inspireert. WUR en LBI. (Organic agriculture is inspiring)

Regional approach

The regional approach has also led to various projects. In Groningen a trial project was launched to pack fresh organic vegetables for local supermarkets with the help of people with special needs, and an EKO impulse project was set up that stimulates supermarkets in the three northern provinces to sell organic products.[6]

6 Bureau Bartels (2007). Evaluatie Proeftuin, Eindrapport. (Trial Garden Evaluation, Final Report)

Other provinces also have policies on organic agriculture. The province of North Holland stimulates demand and production of organic products. The province of North Brabant focuses on regional collaboration in the chain and market development. The province of Zeeland launched an organic catering project for hospitals and care centres.

Assigning specific regions for projects is of little use as organic farms are scattered throughout the country. External assessments recommend that the government support promising initiatives regardless of the province or region.

Rewarding countryside stewardship ('green services')

The government rewards countryside stewardship services by reimbursing registration and certification costs for organic farmers. In doing so, the government is able to show its appreciation for the contribution organic farmers make to the public demand for more sustainable agriculture. Initially the government wanted to remunerate countryside stewardship through hectare payments but this idea was abandoned as the administrative burden proved too great for the budget available.

There are also instruments to obtain fiscal benefits for sustainable production such the green funds scheme, the accelerated depreciation of environmental investments (VAMIL), and the energy and environmental investment allowances (EIA and MIA). The external evaluation stated that reimbursement of registration and certification costs is a valuable initiative and that fiscal instruments are used to good effect.

EU rules and regulation

Over the past three years the Netherlands has put forward arguments in Brussels for the simplification of regulations to ease the administrative burden. It focused on the introduction of risk analysis in certification systems and greater market access for third countries. In 2006 negotiations were held in Brussels for a new regulation on organic production. This provided the Netherlands with the opportunity to make a case for changing the labelling rules. The Dutch proposal was successful, and meant that any organic ingredients used in mainstream products could be stated on the label. The government considers the new regulation a major improvement to the present regulation. The rules are both more logical and allow for greater flexibility. They define objectives and principles for organic production and clarify labelling rules. This makes it easier to assess whether techniques may or may not be used under organic production rules. Simpler rules for third country imports will greatly reduce the administrative burden.

Contribution to more sustainable production

In the 2005 – 2007 period the government stimulated the development of the organic sector with the aim of making the entire agriculture sector more sustainable. The idea was based on the fact that organic agriculture performs well in terms of sustainability and continues to develop in this area. The sustainability of the organic sector was studied over recent years and the findings were compared to that of mainstream agriculture. Sustainability throughout the organic sector is indeed high but some aspects of sustainability could be improved. Box 1 provides an overview of the strengths and weaknesses of sustainability in the organic sector. The contribution of this sector to the improved sustainability of the whole of the agriculture sector is not always evident.

In the international debate the question of whether organic farming can contribute to food security is topical. The international trade in organic products is criticised for the environmental impact of the food miles involved, which would cancel out the benefits of growing the products. The food security issue is tied up with the productivity of organic farming. The conversion of intensive systems to

8 Sukkel, W.J. Spruijt, G. Peppelman, I. Vermeij (2007) Verantwoorde en communiceerbare argumenten bij biologische producten: milieueffecten, PPO 362, Wageningen UR
9 Organic farming makes a positive contribution to achieving the standards under the Framework Directive for Water.
10 Boone, K.K. de Bont, K.J. Van Calker, A. Van der Knijff en Leneman H. (2007). Duurzame landbouw in Beeld. Resultaten van de Nederlandse land en tuinbouw op het gebied van people, planet en profit. LEI, Wageningen UR.
11 Goddijn, S. (2007), Quick scan people-kenmerken van de biologische landbouw. Onderdelen Arbeid, Multifunctionaliteit en Verbindingen, LEI, Wageningen UR.
12 Pinxterhuis (2007) personal communication
13 Berkhout, P. en C. Van Bruchem (redactie), (2007). Landbouw-Economisch Bericht 2007, LEI, Den Haag.
14 Meeusen, M. (redactie) (2007) Quick –scan profit kenmerken van de biologische landbouw. Onderdelen concurrentievermogen en structuur en organisatie van de keten, LEI, Wageningen UR

Box 1: Organic agriculture and sustainability

On ‘planet’ aspects, organic agriculture generally scores better than mainstream agriculture.[8] Use of pesticides in organic farming is restricted, and much lower than in conventional farming, which means it places much less of a burden on the environment. Organic farming also causes less nitrate to leach to ground and surface waters. The organic livestock sector produces lower phosphate loss but in the plant sector phosphate losses equal those of mainstream farming.[9] For greenhouse gas emissions research results vary and no conclusions can therefore be made. The livestock sector scores better in this area but the same cannot be said of open-air vegetable production, particularly when considering performance per unit of product. This is because in organic agriculture, yields per hectare are lower than in mainstream systems. Furthermore, organic farms have more biodiversity than conventional farms.
The ‘people’ aspect of sustainability is generally well developed on organic farms. The aspects considered here included image, labour, animal welfare and multi-functionality. Organic farms have a positive image and many organic farmers are multi-functional. Performances in terms of animal welfare are higher than those in mainstream farming, as animals kept on organic farms have more opportunity to follow their natural behavioural patterns.[10] However, the organic sector also has weak areas. Animal health in the organic sector can be improved. Sometimes, working conditions are less favourable with more hard physical labour, peak loads and dust in stables.[11] Nonetheless organic farmers often enjoy their work more, and seem to get more job satisfaction. Research suggests that this may relate to the fact that they know the community appreciates them more than those in mainstream systems[12].
The profit side is less well developed in the organic sector. The sector itself may to some extent address this issue, although it is also heavily dependent on market developments the sector cannot do much about. As for family income, there are differences within the organic sector and differences between organic and mainstream farms. In arable farming, family incomes are lower in the organic sector than they are in the conventional sector, but in the dairy sector there is hardly any difference.[13] The price difference between mainstream and organic products has not changed but better information exchange and collaboration in the chain have enhanced the sale of organic products.[14] The organic sector has done well in marketing, sales and chain collaboration but there are still lessons to be learned. In terms of structure and organisation, the organic sector is still behind the mainstream sector.

organic systems is often accompanied by a drop in yield per hectare. If more producers go organic the global farming area may have to be extended to feed the world population. This would be at the expense of nature reserves. Sustainability depends on the right balance of people, planet and profit (See box 1). In the context of food security the outcome of a FAO Conference held in May 2007[7] is relevant. The final report describes how in intensive systems, organic yields per hectare are lower than mainstream yields per hectare, but that in extensive systems, as used by millions of farmers in developing countries, the opposite is true. There, after conversion to organic farming yields generally increase. Furthermore, organic management systems in vulnerable areas, such as those prone to droughts, seem more able to cope as the soils' more balanced ecosystems are better able to retain nutrients and water. In addition, farmers in developing countries converting to organic methods can increase their incomes, and by joining an organic chain, they can gain better opportunities on the international market. This demonstrates how the sustainability aspect of international trade is not only dependent on food miles.
The sector will have to decide whether organic products should contain ingredients that come from distant countries. It is government policy to improve third country access to the EU market.

7 FAO (2007). International conference on organic agriculture and food security. Rome 3- 5 May 2007, Report.

2.3 National and international trends

Growth figures

Organic food is the fastest growing segment in the food-manufacturing branch worldwide. The turnover of organic products has doubled since 2001. North America and Europe have seen most of this growth. Worldwide, the market share of organic produce is still fairly modest. In 2005 the position of the Netherlands with its 1.8% growth was above the European average (Bio-Monitor 2006). Over the first six months of 2007 this market share rose to 2%. In the EU, the Netherlands performs a key function in the import and transit of organic products from third countries.

	Market share 2006 (% of total expenditure)	Acreage 2006 (% of total acreage)
Switzerland	4.5	11.1
Germany	3.0	4.9
The Netherlands	1.9	2.5
Belgium	1.6	1.7*
United Kingdom	1.4**	3.9
France	1.2**	2.0

Source: LEI/WUR
** : percentage in 2005*
***: estimate (LEI)*

In 2005, farmland under organic crops increased worldwide by 20% to 31 million hectares. China saw the largest increase. The average organic acreage as part of total farm acreage in the EU is 3.9%. Austria with 14.1% leads the way. Organic production in the Netherlands covered 2.5% of farmland (Bio-Monitor 2006). It is no surprise that this percentage is lower than the EU average given the intensive character and high productivity of organic farming in the Netherlands. The share of organic farmland varies per province and lies between 2 and 3%. The proportion of organic farmland is highest in Flevoland (8%) and lowest in the provinces of Zeeland and Limburg (less than 1%). Flevoland's case is remarkable, as it is an area where agricultural conditions are favourable, whereas in other countries the organic option is chosen in rather less favourable areas. This illustrates how organic farming in the Netherlands presents itself as a viable option alongside mainstream farming.

Supply shortages

The worldwide growth in acreage under organic management has not been able to prevent a shortage of supplies. The sector reports a shortage of cereals for animal feed, vegetables, pork and dairy products. Rising prices may be good news for arable farmers in the Netherlands, who saw their incomes lag behind those of conventional farmers, although mainstream prices are also rising. However, shortages and the accompanying price rises also bring risks. Such growth spurts may harm the stability of the sector and may even encourage fraud.

International approach

The focus on stimulating demand is unique in Europe, as neighbouring countries stimulate production. This approach is often accompanied by hectare payments for those converting to organic management or sometimes by aid for organic produce as such. In addition, some Member States reimburse certification costs. The Dutch approach, that of stimulating demand, has drawn the attention of other Member States, particularly because it involves and stimulates the entire production chain. Some neighbouring countries are faced with the fact that the number of organic farms has increased without the marketing chain keeping pace with developments. As a result, much of the organic produce may end up in the mainstream chain. Thus the added value is lost, while governments have sometimes invested heavily in a system of supervision and control. The absence of an organic marketing chain is problematic as many farms may revert to mainstream management when subsidies are reduced or abolished.

Changing patterns of consumption

The growing demand for organic products can be explained by changing consumption patterns among certain parts of the global population. Economic growth and greater prosperity causes demand patterns to shift. The focus is now on experience, quality and health. This is a global phenomenon. The growing interest in quality is accompanied by a renewed interest in the origins of our food and how it was produced. The liberalisation of the world economy and globalisation of trade flows has boosted people's interest in regional and quality products. Not only because of a growing concern for the environment but also out of a desire for greater social cohesion, a desire to connect. Organic products also play a role in this.
The shift in demand patterns is also visible in the Netherlands and this creates opportunities for a wide range of business strategies. The organic sector is diverse in scope: farmers may opt for economy of scale or for producing a quality product whether or not for a regional market, and they may do so in combination with other functions such as care projects, education or nature management. Organic producers tend to go for multi-functional farms or regional markets more than mainstream producers, although there are organic producers that opt for economy of scale. Many organic products from the Netherlands are sold abroad, and Germany is a particularly major consumer.
The range of business strategies does not differ much from that for the mainstream sector, although organic producers tend to make different choices. Their connections with the public are stronger, as the added value of organic products lies in the fact that they respond to requirements of the public.

Harmonisation of regulations

Organic farming has earned its own place in the European Union. The European standard was laid down in 1991 in a regulation on organic production that makes inspection mandatory for all organic farmers, processors, traders, importers and storage companies, which means that the entire organic production and marketing chain is supervised. The regulation also sets out basic rules for inspection. 2004 saw the publication of the EU Organic Action Plan, which lists 21 actions aimed at further stimulating organic production. The main proposals concentrate on: information-led development of the organic food market, making public sup-

port for organic farming more effective and improving and reinforcing the Community's organic farming standards.
A major step forward was the adoption in June 2006 by the Agriculture Council of a new organic regulation. Over the previous sixteen years the former regulation had been subject to various amendments. These were initially introduced to harmonise plant production rules, but rules for animal production were also gradually included, as well as rules for imports, seed and propagation material and inspection.
All these amendments made the regulation difficult to follow and reduced its legal credibility, which is why it will be replaced in 2009 by a regulation with a clearer structure and more appropriate objectives and principles. Controls will be based on risk assessment and its scope will be extended to cover aquaculture and wine.
Furthermore, regulations are being harmonised on a global scale. Progress was made in the Codex Alimentarius for the authorisation of food additives and technical processing aids in organic food products. A growing number of third countries have asked the EU to launch the procedure for mutual recognition and equivalence of regulation and control systems.
2.4 Organic agriculture in perspective

2.4 Organic agriculture in perspective

Sustainability, connection and broadening

Sustainability is high on the government's agenda. The agricultural sector is expected to take the lead[15], as sustainability in agriculture can still be improved. Greenhouse gasses can be reduced further and more can be done in animal welfare[16]. Organic agriculture is seen as a driving force that can boost the sustainable of the entire agricultural sector.

15 Ministry of Agriculture budget for 2008, Explanatory Document (Lower House, Parliamentary sessions 2007 –2008, 31 200 Section XIV, no. 2).
16 Policy Document on Animal Welfare (Lower House, Parliamentary sessions 2007 – 2008, 28286, no. 76).

Organic farming is currently recognised as the most complete and most sustainable management system available. It is also the only system that is described and governed by a legal framework. The sector does well where transparency of production and connection with the public is concerned, areas the government sees as key for the development of sustainability.

The government appreciates that sustainable management is a diverse system with a wide range of strategies for farmers to choose from. Organic agriculture can further contribute to this diversity. The strict regulations mean that organic farmers have to seek creative solutions, and those who can 'think outside the box' are often the drivers of innovation. Sometimes, unconventional solutions may at first only seem useful for a select group, but may prove their worth with time, for operators and policy-makers alike.

The organic sector also acts as a sounding board for policy-makers by demonstrating the feasibility of certain solutions. Successful examples include the abolition of beak clipping, antibiotic-free milk, castration of boars under anaesthetic, vaccination of poultry against Avian Influenza, making consumption more sustainable and a demand-driven knowledge policy.

The government calls on producers to take the wishes of the public into account. This means that farmers should make an effort to foster a sense of connection between society and the farm. The government also wants people in society to be more involved. It is important that they feel connected with the agricultural landscape and learn again to experience and enjoy it. This includes urban dwellers, youngsters and ethnic minorities. Some farmers have already made community involvement part of their strategy. They have broadened their activities to include care, education, recreation, tourism, nature and landscape management, processing or local sales.
This mix of agriculture and other activities is called multifunctional agriculture, and the government supports this development.[17]

17 Letter to the Lower House on multifunctional agriculture (Lower House, Parliamentary sessions 2007 – 2008, 30252, no. 15).

Many of these multifunctional farmers are active in the organic sector. They often have their own website, organise open days or make regional products and show people the added value of their production methods. This is important: consumers should know why they pay more for organic products than for conventionally produced food.

Facing the challenge together

After a slow period, organic product sales are rising, which offers room for new businesses to enter the market. Organic parties in the chain are faced with the challenge to maintain this growth to enable the whole sector to move forward. The sector has the right to be proud of its achievements, but there are still challenges ahead: the exchange of knowledge and collaboration with mainstream agriculture can be improved, as well as growth, professionalism, independent market and chain development and furthering the sustainability of production methods. The sector itself should shoulder these responsibilities but the government will provide assistance where policy allows. The organic sector has shown it is capable of connecting with the community it serves, but it can raise its profile further to engage with the wider public.

Research into organic production also benefits mainstream agriculture, provided the knowledge is shared. This does not happen automatically, since there are still many prejudices surrounding organic production. Within the organic sector itself producers from the various segments should also step up efforts to share knowledge among each other.

The organic sector is a professional sector but still relatively small, which is why it must continue to grow at its current rate. Therefore, the sector will be supported for a number of years to strengthen its professionalism and help along further growth of the chain. Within a few years, the sector will be expected to take on chain promotion and market promotion without government support, which will therefore be phased out.

To further develop its sustainability, the sector should develop a vision for the future. Does it want to keep leading the way in integrated sustainability and if so, what are its ambitions? The government is prepared to assist the sector in formulating its vision.

The role of Government

Developing the economic viability of the sector is a task for the sector itself, which is why the government has chosen a market-oriented approach. The government plays a stimulating and facilitating role, investing in the promotion of organic products and encouraging the sector to do the same. Government also created favourable conditions by investing in knowledge, by bringing parties together and supporting promising initiatives. The government intends to continue to do so in the years ahead. It will enable the sector to make a major leap forwards, so that in four years time market development support will no longer be necessary.
Government also sets the constraints and provides guarantees. This refers to its role of drawing up and enforcing European regulation. By enforcing these regulations, the government also guarantees the reliability of organic products. Finally, the government fulfils an exemplary role, e.g. in the area of organic catering.

3. Policy ambition for organic agriculture

The organic sector is performing well. It has developed professionally, there is good cooperation within the chain, and there is growing demand for organic products. Based on these sector and market developments, and on government objectives for agriculture in general, two ambitions have been established for the organic sector over the coming four years: ‘organic connections’ and ‘organic development.’ Both of these ambitions aim to improve the visibility of organic agriculture so it can perform its role as a driving force for sustainable innovation.

Box 2: shared ambitions

The government discussed the ambitions ‘organic in connection’ and ‘organic development’ with the sector and interest groups to assess their feasibility. The sector was found to share these ambitions, and a new formal agreement will be made in which these common ambitions are laid out. A declaration of intent to enter into a new formal agreement has since been signed. This declaration is appended to this document.

3.1 Organic connections

Innovations in the organic sector could serve as a source of inspiration for renewal of mainstream agriculture. Recent years have seen considerable government investment in this area of innovation, and this policy will be further strengthened. Likewise, innovations in other sectors can also stimulate sustainability within the organic sector. By bringing together innovations from various sectors, the government intends to ensure the agricultural sector is in a better position to respond to public demands and requirements.

The organic sector has performed excellently in terms of transparency and connecting with the public. The challenge faced by the sector is to improve its visibility so it can reach a wider section of the public. By seeking connections with other initiatives in the area of sustainability, regional approach and quality of produce, various concepts can mutually strengthen each other. One example of this mixed concept approach is ‘Taste Week’, which aims to raise awareness of good food through tasting sessions and other events held at schools, restaurants, etc.

Ambitions to realise connections between sectors that lead the way in realising high-quality sustainable production methods have been translated into the following three quantifiable objectives:

- **Allocation of 10% of the research budget for organic agriculture to establish a relationship with issues in mainstream agriculture**
  The organic and mainstream agriculture sectors can learn from each other, as they deal in part with similar issues in terms of sustainability. To stimulate the exchange of knowledge between the sectors, part of the research budget for organic agriculture will be allocated to establish links with issues in the mainstream sector.

- **15 common initiatives to connect the public with organic and mainstream agriculture**
  The organic and mainstream sectors can also strengthen each other in the area of marketing and establishing connections with the public. By presenting organic together with other sustainable initiatives, the government intends to raise the public profile of agriculture. In this respect, the government is supporting 15 initiatives aimed at improving sustainability and establishing connections with the public, in which parties from both organic and mainstream agriculture will participate.

- **Application of 10 innovations from the organic sector to mainstream agriculture**
  Via the knowledge network, the government has invested considerably in the development and increased sustainability of the organic sector. It is important that innovations from the organic sector are also used in the mainstream sector and thus contribute to the sustainability of agriculture in general.

3.2 Organic development

The organic sector must reach critical mass before it can make an optimal contribution to raising the public profile of agriculture. During the last policy period considerable efforts were made to strengthen the organic chain. A great deal has been achieved in terms of development, image and presentation of organic products. Over the coming period the government will encourage partners in the chain to further strengthen the infrastructure that has been built up. Together with sector players, the government has set the aim of ensuring that within a few years, sector players are able to continue market developments themselves. The government also wants to encourage the sector to further improve sustainability, and each link in the chain will have a part to play.
Ambitions in the area of organic development have been translated into three quantifiable objectives:

- **Annual growth of 10% in consumer spending on organic products**
  The first requirement for further development of the sector is solid growth in demand for organic products. It is important that domestic supply can keep pace with demand to prevent reliance on foreign imports rather than through the involvement of Dutch farmers. If growth rises too sharply bottlenecks in the chain can emerge, such as availability of animal feed. In the coming policy period annual growth of 10% is considered an ambitious and achievable challenge. This growth must be above that of total consumer spending in order to increase the market share of organic products.

- **Annual growth of 5% in acreage of organic agriculture**
  Growth in acreage of organic agriculture is key to the development of a robust and independent sector. The government has again opted for growth in acreage as an indicator for growth in organic supply. In view of developments in recent years, the aim of achieving 10% growth in organic acreage by 2010 is not realistic. Annual growth of 5% for the coming policy period is considered a feasible challenge.

- **Standard allocation to the organic sector of 10% of the budget for policy support research and statutory research tasks**
  In the previous period the Ministry increased the allocation for organic sector research to 10% of the total budget for policy support research and statutory research activities. The government wants to maintain this level to allow the further development of organic agriculture. More attention will be devoted to knowledge application, both within the organic sector and between organic and mainstream sectors.

4. Priority areas

The two ambitions described in the previous section have been divided into four priority areas: stimulating demand and chain connections, sector development, regional strength and knowledge.

4.1 Stimulating demand and chain connections

This priority area involves achieving 10% annual growth in consumer spending and realising 15 connection initiatives, in addition to supporting the innovative strength of the organic sector.

Transferring responsibility for market development to the sector
There is effective cooperation between the parties in the chain, as outlined in the current formal agreement on market development of organic agriculture. The structure of the Task Force, which includes an independent chair, secretariat and chain managers, functions well and will be maintained in the coming period. In a declaration of intent the parties to the formal agreement expressed their willingness to enter into another agreement to continue efforts for the development of the organic chain. The parties to the agreement also indicated that they would like the Task Force to continue to act as a platform for organic agriculture, and during the coming period responsibility for market development would be transferred to the sector. The government will support this initiative, which is outlined in the declaration of intent for a third formal agreement. As a result, financial support provided by the government to stimulate demand will be gradually reduced over the coming period.

In addition to making the sector assume responsibility for the activities of the Task Force, the parties to the agreement also expressed the wish to expand efforts to stimulate sustainably produced food. This ties in with the government's ambition to stimulate sustainable consumption and production. Possibilities for stimulating sustainably produced food will be identified in collaboration with various relevant parties, and the ambition is to complete this process by the end of 2008.

Continuation of successful instruments
Chain management has been experienced as one of the most successful elements of the approach taken through the formal agreement, and it will therefore be continued. Acting as impartial discussion partners for all links in the chain, chain managers are able to encourage greater efforts from businesses, towards both consumers and other links in the chain. Several retail outlets have organised activities to allow purchasers and managers to become acquainted with organic products and production methods, and as a result these establishments have seen considerable growth in organic turnover. Following advice from chain managers, certain producers have repositioned their products to attract consumers' attention to the added value in terms of taste and 'feel good factor'. The government aims to continue supporting the sector in raising the profile of organic products on the market by facilitating a number of key collective activities such as joint campaigns, and various events such as trade fairs.

Exemplary role of government
The results of actions to stimulate the market depend primarily on market dynam-

ics. In addition to facilitating and stimulating the market players, it is also the government's role to set a good example, and this is reflected by developments in organic catering at ministries. Within the framework of 100% sustainable procurement by 2010, government catering will comprise a minimum of 40% organic food. The Ministry of Agriculture, Nature and Food Quality will continue to set an example by ensuring that by 2010 all its catering is sustainably produced, comprising a minimum of 75% organic products and 25% of other sustainably produced products.

Catering in the care sector
In the previous policy period the government's efforts to stimulate organic catering were mainly directed towards catering at ministries. In the coming period this initiative will be expanded to include catering in the care sector and at schools. Attention will be paid to the potential added value that organic food can deliver to these target groups in terms of authenticity, taste and educational value. A great deal can be achieved in the care sector through knowledge dissemination and transparency[18]. Dutch healthcare reforms mean that healthcare facilities now have more opportunities to distinguish themselves from each other, by for example devoting greater attention to the quality and diversity of food. The Zorg voor beter (Care for better) programme launched by the Ministry of Public Health, Welfare and Sport is aimed at achieving long-term care improvements, by for example introducing organic food throughout the entire care sector.

18 In 2008 the quality of service offered by all healthcare facilities can be seen at www.kiesbeter.nl.

Organic food out of home
Dutch people consume a great deal of food out of home – in restaurants, cantines or while on the move, and the availability of organic food through these channels is rising. In particular top chefs are increasingly choosing to prepare dishes with organic ingredients. However, the use of organic ingredients in these channels is often insufficiently highlighted. There are initiatives in the catering sector to increase awareness of the sustainably produced and organic food on offer, and these initiatives reflect the increasing desire of consumers to know what they eat.

In addition to highlighting organic food, the availability of organic products is also a factor. In this respect, market players have an important role to play, as realising long-term relations between parties in the chain is key. The government supports initiatives to promote the use of organic products in catering, and to draw attention to these products. Chain managers also have a role to play here.

Marketing conversion products
The use of conversion products can also improve organic product availability and make it easier for long-term relations to be established within the chain. Stimulating demand can only strengthen the sector if supply is able to keep pace. Due to strict regulations for conversion, the desired level of flexibility of supply required to meet higher demand is not always evident. In most cases, producers that want to switch to organic production methods are legally required to undergo a conversion period of two years (for land-using sectors) before their products can be sold as organic. During this period, the regulations do allow for the possibility of marketing these products as in conversion products, although this rarely happens. The private sector has been encouraged to study the possibilities of generating added value from this segment. By exploiting these possibilities, supply can be better harmonised with demand, making the conversion process easier to go through. As part of its exemplary role, the government will include conversion products in its catering.

Organic ingredients
In the Netherlands, the word 'biologisch' (meaning organic) is protected by law, and to date may only be used for products that are considered to be fully organic. Changes in EU regulations can create room for new initiatives. As of 2009 it will be possible (subject to strict conditions) for the list of ingredients on a product to

state that certified organic ingredients have been used in its preparation. This development will allow producers and the processing industry to respond better to the wishes of a wider group of choice-conscious consumers. These products will not be allowed to bear the certified organic trademark, and the trademark's status will therefore be unaffected. In the catering industry, which is not yet subject to the organic regulation, the labelling of organic ingredients is already common.

The government would like to explicitly direct the attention of the private sector to this possibility of ingredient labelling, and to place the issue on the agenda through the formal agreement. It is the responsibility of the sector to make use of this opportunity and to therefore expand the market for organic ingredients.

Logistic processes
There is room for major logistical improvements in chain organisation. Organic market channels can make better use of (mainstream) market chains by for example clustering organic production and processing or by establishing links with existing logistics channels in the mainstream sector. Good cooperation between the various parts of the chain, both national and international, is essential in this respect. Technological innovations such as those used to extend the shelf life of organic products can also help make logistics more effective. The government wants to enhance sustainable, innovative and efficient logistics systems for the agri-food sector, as indicated in its Agri-logistics Vision. The Agri-logistics Forum set up by the government together with businesses can also be used to strengthen logistics in the organic chains.

Promoting awareness
The government believes it is important that consumers and producers are conscious of how food is produced, which is why the Ministry of Agriculture, Nature and Food Quality commissioned the Netherlands Nutrition Centre to carry out a campaign to promote awareness of food quality. This long-term campaign highlights how food is produced and calls for consumers to make their own conscious choices about what they eat. The campaign runs until 2011 and provides information about all forms of mainstream sustainably produced food. Special attention is devoted to fully organic products and the various segments between organic and mainstream.

4.2 Sector development

This priority area focuses on the ambitions regarding the innovative strength of the sector and indirectly on the ambitions concerning the further growth of the sector.

Certification costs, tax arrangements and the green funds scheme
The government will continue to reimburse certification costs to reward organic primary producers for their contribution to sustainable agriculture, over a maximum statutory period of 5 years per business. Organic businesses can also make use of the green funds scheme, the accelerated depreciation of environmental investments (VAMIL), and the energy and environmental investment allowances (EIA and MIA).

Knowledge and innovation arrangements
The government ensures that businesses have access to an adequate set of instruments to strengthen efforts in innovation. In 2008 it will still to be possible to apply for subsidies for knowledge and innovation issues, demonstration projects and collaborations involving innovation. In 2008 these instruments will be examined to assess whether any changes are required.

Chain vision
The organic sector is expanding, with greater diversity of businesses. A producer and exporter of eggs, a dairy farmer with nature development and care tasks and

an organic greenhouse grower all have something in common, namely the principles behind organic production methods. The organic sector's ambition is to ensure that food is produced throughout the entire chain according to the most sustainable processes, and over time to integrate more aspects of sustainability into its production methods such as working conditions, logistic chains and energy use. This is certainly a challenging ambition, since there is also an increasing emphasis on sustainability in mainstream agriculture.

It is clear that the sector will need to develop a vision outlining how this ambition can be realised. Where necessary, the government will actively support the sector in formulating this chain vision, which must define the context in which innovation and new ideas can develop, without affecting the organic principles of the sector. The vision must also reflect the diversity of the sector. For the government, this involves not only allowing sufficient scope for businesses specialising in quality, large-scale and professional cultivation of organic products for the world market, but also businesses that seek added value in products for the local market, whether combined with other activities or not.

Common Agricultural Policy (CAP) and the European Union

The entire agricultural industry, including the organic sector, has to contend with changes in CAP. The common agricultural policy is influenced by global issues such as climate, water, energy and raw materials, but also by developments in the countryside. Agricultural support has since been largely decoupled from production and in the future will be fully decoupled. At the same time, the social context of agricultural production is becoming increasingly important, through for example *cross compliance*[19]. The government will press for EU income support to be more closely related to social values in the area of food safety and security, care for the environment and landscape, the preservation of biodiversity and animal welfare. Organic agriculture will clearly be able be benefit from these developments, as the production methods it uses contribute to the abovementioned values. The actual measures that will be established will depend on the outcome of the *Health Check*[20] decision, which is expected towards the end of 2008.

Supply shortages

There is currently strong growth in demand for most organic product groups. To keep pace with this growing demand, supply must therefore also be stimulated. It is clear to the sector that the supply of organic products must be gradually increased. The government has commissioned a study into the supply bottlenecks for producers converting to organic and possible solutions.

Supply is currently not keeping pace with demand. A study carried out by Wageningen University and Research Centre[21] (WUR) suggests that this is due to various reasons. Firstly, supply has a delayed response in meeting the requirements of the growing market. This is partly due to the statutory organic conversion period of two years. Furthermore, potential organic producers are taking a cautious approach because of earlier growth trends in the organic market. Historically, the market has seen sudden increases in the amount of producers converting to organic followed by several years of relatively worse market prospects. Researchers therefore concluded that caution is required for influencing the process of conversion. Market shortages have only arisen fairly recently, and better prices are a very welcome development for those producers who have recently converted to organic.

The research revealed that the conditions that must be met by producers before they can convert to organic methods also present obstacles. A further obstacle that should not be underestimated is the negative perception that mainstream producers have of the organic sector. Furthermore, the chain's organisational capacity is a decisive factor for further growth, as in a well-organised chain it is easier for demand to keep pace with supply. Conversion is easier for livestock pro-

19 In 2008 the quality of service offered by all healthcare facilities can be seen at www.kiesbeter.nl.

20 The review and subsequent proposals for adjustment on an EU level of the 2003 reform of the CAP system of direct income support.

21 Sukkel, W. et al (2007). Quick scan omschakeling naar biologische landbouw anno 2007 (quick scan of conditions for conversion to organic agriculture). Wageningen University and Research Center, PPO publication no. 363.

ducers as there are better chain agreements in place (purchase guarantees) whereas arable and horticultural producers have more chains to contend with, which means that chain agreements are more difficult to establish.

In a follow-up report, researchers recommended that the government select measures which do not directly involve organic conversion, but which increase the number of potential organic producers.[22] This reflects the government's statement about its own role. The government considers that it is the primary responsibility of parties in the chain to ensure that production of raw materials keeps pace with market demand for products, and if necessary to include this in a chain vision. The government's role is primarily in the area of communication and knowledge dissemination. Together with chain parties, the government will work to improve the image of organic agriculture and will use instruments to raise the level of knowledge among producers. The government also wants to study how existing land transaction instruments can be used to retain newly available organic land for the sector. Through its purchasing policy, the government will play a role in creating a market for transition products, as indicated in the first priority area. Provinces can also play a role in tackling demand shortages. The provinces of North Holland and North Brabant are already involved in this area and are developing projects.

22 Sukkel, W. en B. van der Waal (2007). Stimuleren van Omschakeling naar biologische landbouw anno 2007 (stimulating conversion to organic agriculture). Wageningen University and Research Center) PPO publication no. 368. See www.biokennis.nl.

International rules and regulations

The legal and regulatory framework plays a key role in the development of the organic sector. The government is responsible for introducing, monitoring and enforcing rules on organic agriculture. Changes in legislation can create scope for new initiatives, and this is a perpetual task for the Minister of Agriculture, Nature and Food Quality. As part of this task, the Minister will continue to lobby in Brussels for strict regulation on closing mineral cycles, among other areas for the use of organic starting materials,.

Legislation on organic agriculture is based on EU Regulation 2092/91. In June 2007 the European Council adopted a new EU Regulation on organic production and labelling that will replace the current regulation as of 1 January 2009. The implementing rules are still being prepared. The government will press for transparent implementing rules that respect the principles of organic agriculture and which are aimed at the further development of the sector. The government will also attempt to ensure further harmonisation in the interpretation of the rules, reduction of administrative burdens and improved access to the European market for developing countries.

A prerequisite for further growth in organic agriculture is that it meets the requirements set for organic production and processing methods as well as general requirements such as those in the area of food safety and labelling. Consumers must be confident that the organic products they buy comply with all necessary regulations.

One of the EU requirements for organic products is that they must be produced without genetic engineering. This means that the government will ensure that organic producers are granted sufficient scope to meet this requirement and that other producers have the freedom to make use of GMOs. In order to provide both consumers and producers with opportunities for choice, market parties have made agreements about co-existence[23].

23 Recommendation 2003/556/EC sets guidelines for the development of national strategies and best practices for co-existence of GMOs with conventional and organic farming, based on the principle of safeguarding freedom of choice for consumers and producers in the primary sector.

The government also strives to achieve Dutch ambitions for organic agriculture in the international arena. International agreement on the principles of organic agriculture and further harmonisation of production requirements and control regimes are essential to this process, even if regional differences continue to be accepted. The Netherlands, via the European Commission or otherwise, will make an active contribution to the discussions on these matters within the Codex Alimentarius and other relevant forums, such as the Organisation for Economic Cooperation and Development (OECD) and the Food and Agriculture Organisation of the United Nations (FAO). The principle of avoiding administrative burdens arising from detailed legislation will also apply here.

Other sector developments, information and advice
The government collaborates on a project basis with Biologica, an organisation in which the primary organic producers, the suppliers and processing industry, wholesalers and retailers all participate. As well as representing a community of interests, Biologica has developed activities relating to sector development, policy advice on research and regulation, providing information on organic production methods, cooperation with the mainstream sector and supporting initiatives to stimulate organic agriculture. The government only provides funding on a project basis to support the sector, to provide information and give advice on government activities, for which not only Biologica but also other organisations could be eligible.

4.3 Regional strength

This priority area is primarily aimed at realising 15 initiatives that connect organic and mainstream agriculture with the public.

Connection with the public
Agriculture is best able to connect with the public on a regional and provincial level, as this is the setting for the relationship between members of the public and farmers, urban and rural, agriculture and landscape, and education and the business community. The relationship between organic businesses and their immediate environment varies strongly. Some businesses devote a great deal of attention to their surroundings, due to local sales activities, while other businesses are more oriented towards sales chains through which their products can be sold in (regional) supermarkets or the international market.

There are initiatives on a regional level that connect organic agriculture with other functions, such as nature management, recreation, education and care. This way, organic businesses respond to the needs of the urban population and thus strengthen the relationship between town and countryside. One example is Proeftuin Amsterdam, an experimental project in which parties from local, provincial and national government participate. The project is intended to strengthen the relationship between Amsterdam and the surrounding rural area by, among others, stimulating consumption of locally produced food. The government wants to support a number of key initiatives on a provincial or regional level, and has a preference for those projects that connect organic agriculture even more with its surroundings and other sectors.

Clustering
Organic producers are located throughout the country. For reasons of closing production cycles, but also for agro logistics reasons, it can be more efficient to have greater clusterings of organic businesses. Clustering promotes cooperation between businesses (between both producers and processing businesses). This leads to a more visible presence of these chains, but it also improves their strength and stability. It will also make the organic sector more transparent for other businesses and members of the public. The government cannot organise this clustering, but can play a facilitating role by commissioning research and bringing together the relevant parties.

4.4 Knowledge and innovation

This priority area is aimed at both the development of the organic sector as well as the ambition to establish a closer connection between organic and mainstream agriculture.

Bioconnect
In recent years the government and the sector have invested in knowledge development and dissemination by for example setting up the demand-driven knowledge network Bioconnect[24]. This network is unique to Europe, and allows the sector to play a key role in steering research and knowledge dissemination activities. These activities have largely been successful[25]. The government attaches a great deal of importance to this network and will therefore continue to contribute to this knowledge system, with clear attention to the process of knowledge application. This demand-driven knowledge system is new, and although the system works well there are a number of areas for improvement, which are set out below.

24 See www.bioconnect.nl

25 One of the channels through which knowledge dissemination occurs is the website www.biokennis.nl

Knowledge and innovation agenda
Bioconnect's current approach places emphasis on shorter-term practical issues, and to a lesser extent on strategic, chain and business-oriented issues. Chain parties should be more involved in the network than they are now, and attention should be devoted to chain oriented issues. To increase attention for strategic, chain and business-oriented issues, the government will support the sector by formulating an agenda for knowledge and innovation. This agenda will also contribute to the growing cooperation between national and international research institutes. In this agenda attention will also be devoted to knowledge application in the region and the role of education in this respect.

Optimising knowledge exchange between and within segments of the organic sector
In recent years too little attention has been paid to the fact that the various segments comprising the organic sector can also learn from each other. This situation can be improved by arranging cooperation on common themes such as closing cycles, soil and fertilisation issues, sale of products at the farm or multi-functional agriculture. In order to optimise this exchange of knowledge within the organic sector, the government will place greater emphasis on both better management and monitoring of knowledge exchange and application. The government will also continue to provide financial and substantive support to organic business networks.

Knowledge exchange between the organic and mainstream sectors
The dissemination of knowledge from the organic sector to the mainstream sector can be improved, as not all knowledge originating from the organic sector that could benefit mainstream agriculture is automatically recognised or used. In the coming period more attention will therefore be placed on the knowledge requirements of mainstream agriculture. This will allow the knowledge and experience gained in the organic sector to be disseminated on a more focussed basis, and better harmonisation with the requirements of mainstream agriculture. In areas where there are parallel interests or comparable issues, an active connection will be established between both sectors to develop common areas of knowledge or to deal with common problems. Examples include environmental issues, animal health and welfare, multifunctional agriculture and the connection with the public. Equally, the organic sector can learn from innovations in the mainstream sector such as the energy-producing greenhouse and improvement of logistical processes within the chain. 10% of the research budget for organic agriculture will be used to actively establish a relationship with issues in mainstream agriculture.

Strengthening innovation and sustainability
The government will continue to stimulate entrepreneurship, greater sustainability and innovation within the sector. It is necessary to stimulate sustainability, as although organic agriculture is generally based on sustainable principles, there are definitely specific areas where sustainability can be improved. Knowledge developments concerning all aspects of organic production at primary producers and in the chain continue to be of importance. The broader view of sustainability expressed elsewhere in this document must also constitute a research area. New

developments, such as the increasing concern of consumers about health and food or EU regulations governing ingredients labelling, also offer business opportunities. By conducting research that focuses on how these opportunities can be realised the government can support the sector in identifying further opportunities for growth. These points will be included in the knowledge and innovation agenda.

Education and organic agriculture

Secondary school and university courses that deal with 'green issues' also play a key role in knowledge dissemination. In recent years efforts have been made to improve and strengthen the circulation of knowledge and cooperation between research, education and business. At a regional level there are good opportunities for the direct transmission of practical knowledge from the business community to educational institutes and vice versa. Target groups are pioneers in the chain who experiment on a small scale with new developments in the organic sector. The government will facilitate this cooperation in the coming policy period through various channels including the organic agriculture programme of the Groene Kennis Coöperatie (Green Knowledge Cooperative). Schools that do not offer 'green' education can also establish a connection with organic agriculture. The government has encouraged this by pursuing various initiatives at schools such as tasting lessons, biobites (a scheme run in North Holland promoting the consumption of organic produce) and arranging work placements for students in the organic sector. To strengthen cooperation between education, research and the business community, the government will make resources available via the *Regeling kennisverspreiding* en *Innovatie Groen Onderwijs* (Regulation on knowledge dissemination and innovation in green education).

5. Finances

Funding available for the implementation of the 2008 - 20011 policy document on organic agriculture is shown in the table below.

The government will work together with the business community and/or public bodies in all priority areas, and these parties will also develop their own activities that they will fund. The level of funding provided by these parties will vary from 50% to 70% per activity. To encourage the sector to stimulate demand itself, the government will reduce its contribution in both absolute and relative terms. The priority area of knowledge and innovation is an exception; the government will provide most of the funding.

	Millions of Euros
Stimulating demand and chain connections	
• Extension of formal agreements	6,1
• Media campaign	1,6
• Chain connections	0,6
Sector development	
• Dealing with demand shortages	0,5
• Reimbursement of certification costs	1,8
• Support of sector, provision of information, and advice to government[26]	1,6
• Knowledge and innovation regulations	3,5
Regional strength	
• Support for regional initiatives	1,0
Knowledge and innovation	
• Research and knowledge application themes[27]	28,9
• Demand-driven research (Bioconnect)	0,8
• Knowledge transmission (business networks)	1,8
• Education	1
TOTAL	**49,2**

26 Allocation on project basis

27 10% of total 2008 budget of Ministry of Agriculture for policy supporting research and statutory research activities. Any changes in the total budget will be reflected in the budget for organic agriculture.

Appendix 1. Declaration of intent for market development of organic agriculture

INTENTIEVERKLARING

Marktontwikkeling Biologische Landbouw

Vanuit het oogpunt van verduurzaming van de landbouw- en voedselketen, hebben ondergenoemde partijen de intentie om voor de komende 4 jaar, van 2008 tot en met 2011, zich in te zetten voor de marktontwikkeling biologische landbouw en een derde Convenant Marktontwikkeling Biologische Landbouw af te sluiten. Partijen hebben daarbij één centrale doelstelling, namelijk dat de biologische keten een robuuste sector wordt die zich zelfstandig, d.w.z. op eigen kracht verder ontwikkelt. Voor een robuuste sector is nodig een voldoende kritische massa om de bewegingen in de markt op te kunnen vangen zonder in ernstige problemen te komen. Met zelfstandig wordt bedoeld: de sector kan zelf investeringen doen om continu toekomstgericht en marktconform te kunnen werken, op basis van vraag en aanbod en gericht op marktontwikkeling, zonder daarvoor specifieke steun van derde partijen (anders dan 'normale steun' die voor het gehele bedrijfsleven beschikbaar is) te ontvangen.

Op basis van de inzichten en ervaringen van voorgaande jaren wordt aan de volgende randvoorwaarden gedacht:

- een verantwoorde omzetgroei en omvang per (deel-)sector;
- een evenwichtige groei van het aanbod;
- gemeenschappelijke promotie en voorlichting;
- gezonde groei van im- en export;
- goede samenhang tussen markt- en kennisontwikkeling;
- stimulering van marketing- en productontwikkeling;
- dynamische wisselwerking en daardoor wederzijdse versterking tussen biologische sector en duurzame initiatieven in de gangbare sector;
- verzelfstandiging via visievorming, strategie en organisatie.

De komende maanden willen de partijen een nadere invulling geven aan deze randvoorwaarden die zullen worden verwoord in het Derde Convenant Marktontwikkeling Biologische Landbouw waarbij ook gekeken zal worden naar de inspanningen die de convenantpartijen daarbij zelf zullen nemen. FNLI neemt hierbij een bijzondere positie in, door zich vooral te richten op het stimuleren van duurzame voeding en productie in haar algemeenheid. In dat kader wordt het gewaardeerd dat er de komende tijd ook een samenhangend en versterkend overheidsbeleid ten aanzien van duurzame voeding en productie tot stand komt, en wordt betrokkenheid van het bedrijfsleven via een soortgelijke intentieverklaring wenselijk geacht. Tenslotte hebben ook de maatschappelijke organisaties de intentie om een 2e deelconvenant af te sluiten. Uiterlijk januari 2008 zal de definitieve convenanttekst ondertekend zijn.

De minister van Landbouw, Natuur en Voedselkwaliteit,
Gerda Verburg

Gerda
V

Land- en Tuinbouworganisatie Nederland (LTO), rechtsgeldig vertegenwoordigd door de heer ing. Antoon Vermeer;

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Federatie Nederlandse Levensmiddelen Industrie (FNLI), rechtsgeldig vertegenwoordigd door de heer Kees Menkhorst;

Centraal Bureau Levensmiddelenhandel (CBL), rechtsgeldig vertegenwoordigd door de heer Klaas van den Doel;

Vereniging Nederlandse Cateringorganisaties (Veneca), rechtsgeldig vertegenwoordigd door de heer drs Teun Verheij;

Vereniging Biologische Producenten (VBP) en Promotiebureau Biologische Speciaalzaken (PBS), rechtsgeldig vertegenwoordigd door de heer drs Bavo van den Idsert;

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., hierna te noemen Rabobank Nederland, rechtsgeldig vertegenwoordigd door de heer Bart Jan Krouwel;

Triodos Bank N.V., rechtsgeldig vertegenwoordigd door de heer Peter Blom;

Biologica, rechtsgeldig vertegenwoordigd door de heer ir Arie van den Brand;

Vereniging Natuurmonumenten, rechtsgeldig vertegenwoordigd door de heer Teo Wams;

Dierenbescherming, rechtsgeldig vertegenwoordigd door de heer Bert van den Berg;

Provinciale Milieufederaties, rechtsgeldig vertegenwoordigd door de heer Reinder Hoekstra

Den Haag, 7 november 2007

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