

# Blueprint for Organic Agri-Food Production in the West



Western Development Commission



Blueprint for Organic Agri-Food Production in the West



Dillon House, Ballaghaderreen, Co. Roscommon, Ireland.  
Tel: +353 (0)907 61441 Fax: +353 (0)907 61443 Email: [info@wdc.ie](mailto:info@wdc.ie)

Data Design: Tel: 071 38838/01 6725222



western development commission

The Western Development Commission has responsibility for promoting and facilitating social and economic development in counties Donegal, Sligo, Leitrim, Roscommon, Galway, Mayo and Clare. Based at Ballaghaderreen, Co. Roscommon, the Western Development Commission is the only statutory body responsible for the integrated development of this region, and works closely with various government departments and agencies. It is also charged with operating the Western Investment Fund.

Previous Blueprint publications by the WDC:

*Blueprint for Success: A Development Plan for the West 2000 - 2006, April 1999.*

*Blueprint for Investing in the West: Promoting Foreign Direct Investment in the West, October 1999.*

*Blueprint for Rural Tourism in the West: An Action Plan for Rural Areas, November 2000.*

## table of contents

	Foreword	i
	Executive Summary	iii
1.	INTRODUCTION AND BACKGROUND	1
1.1	The Emergence of Organic Farming	2
1.2	Background	2
1.3	Terms of Reference	2
1.4	Consultants	3
1.5	Methodology	3
1.6	Structure of Report	4
2.	ORGANIC FARMING AND FOOD PRODUCTION IN EUROPE	5
2.1	Introduction	5
2.2	Farm Production	5
2.3	Market for Organic Produce	6
2.4	Organic Food Processing in Europe	8
2.5	Consumer Trends	8
2.6	Market Promotion	9
2.7	Export Opportunities	10
2.8	Conclusions to Review of the European Organic Sector	10
3.	ORGANIC PRODUCTION IN THE WESTERN REGION AND IN IRELAND	12
3.1	Introduction	12
3.2	Scale of Organic Farming in the Western Region	12
3.3	Distribution of Farming Activities	15
3.4	Relative Farm Performance	18
3.5	Demographics of Organic Farming	20
3.6	Reasons for Converting to Organic Production	20

table of contents

3.7	Advantages and Disadvantages of Organic Production	21
3.8	Assistance Provided and Needed	22
3.9	Producer Groups	23
3.10	Costs of Conversion	23
3.11	Conclusions	23
4.	MARKET FOR ORGANIC FOOD IN IRELAND	26
4.1	Introduction	26
4.2	Market for Organic Food in Ireland	26
4.3	Retail Price Premia	27
4.4	Consumer Trends	28
4.5	Organic Food Promotion	29
4.6	Conclusions	30
5.	PROCESSING AND DISTRIBUTION OF ORGANIC FOOD IN THE WESTERN REGION AND IN IRELAND	31
5.1	Introduction	31
5.2	Description of Organic Food Processing	31
5.3	Distribution of Organic Food	35
5.4	Conclusions on Processing and Distribution of Organic Food	38
6.	RESEARCH, ADVICE AND TRAINING IN ORGANIC FARMING	39
6.1	Introduction	39
6.2	Organic Sector Research in Europe and in Ireland	39
6.3	Training and Education in Organic Farming	44
6.4	Advisory Services for Organic Farming	46
6.5	Conclusions	48

table of contents

7.	POLICY AND REGULATIONS FOR ORGANIC PRODUCTION	50
7.1	Introduction	50
7.2	European Policy and Supports for Organic Production	50
7.3	Irish Policy and Supports for Organic Production	52
7.4	Conclusions	53
8.	ACTION PLAN FOR THE WESTERN REGION	54
8.1	Introduction	54
8.2	National Framework	54
8.3	Regional Framework	55
8.4	Recommendations and Actions	58
	PROPOSED STRUCTURE FOR IMPLEMENTATION OF BLUEPRINT FOR ORGANIC AGRI-FOOD PRODUCTION IN THE WEST	73
	REFERENCES & APPENDICES	74
	References	75
Appendix 1.	Membership of WDC Natural Resources Sector Council & Organic Steering Group	76
Appendix 2.	Consultees & Submissions	77
Appendix 3.	Glossary of Terms	78

*Blueprint for Organic Agri-Food Production in the West* is a statement of confidence in the future of farming at a time when we are more accustomed to hearing that the agriculture sector is facing decline. It identifies a new opportunity for producers in the Western Region, arising from the growing consumer demand for food quality and traceability. Over the next decade, a strongly competitive international agri-food system will bring increased pressures on the profitability of farming and food production in Ireland. These pressures will be felt keenly in the Western Region where agriculture is a relatively large part of the economy, farm and food businesses are smaller and production systems less intensive. It is vital, therefore, that farmers and food producers are provided with opportunities to stem the tide of decline and embrace growth opportunities in the market. Organic farming is already established in the region and may well have a significant comparative advantage due to a history of less intensive production methods in agriculture.

In this report the Western Development Commission (WDC) presents organic agri-food production, not as a panacea for the challenges facing agriculture generally, but as a sector with considerable potential that provides an important option for farmers and food producers in the region. The blueprint contains a comprehensive strategy and action plan for the sector at regional level. These include the measures needed to increase organic production, to develop the domestic and overseas market, to expand added value processing, to develop distribution channels, to provide research, advice, education and training and to increase the use of information technology in the organic sector.

One of the key stimuli to the preparation of this report was the lack of comprehensive data on organic agriculture and food production in Ireland and the absence of a strategic focus for a sector that appears to have very considerable potential. In establishing the policies and actions required to develop organic agri-food production in the Western Region, the WDC has also outlined developments which need to take place at national level. Since work on this blueprint began, the Minister for Agriculture, Food and Rural Development, Joe Walsh, TD has established a National Organic Development Committee as recommended by the Report of the Agri Food 2010 Committee. This Organic Development Committee is required to recommend a coherent development strategy for the organic sector. Therefore, the WDC publication is timely and we are confident that it will help make a major contribution to informing the direction of the national development strategy.

*Blueprint for Organic Agri-Food Production in the West* is a focussed and costed plan. It is envisaged that the domestic market will grow to approximately £70 million by 2006 in line with a European market that is growing at a rate of 15 per cent per annum. The inputs needed to meet these targets will require a twofold increase in the number of organic producers and public investment of at least £3.8 million in the Western Region. A key feature of this report, as with all WDC blueprints, is that the actions required to implement its recommendations are clearly specified, with particular emphasis on the need for concerted actions by a wide range of private and public bodies working in partnership.

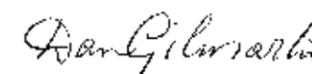
The action plan presents the government and the private sector with a challenge and an opportunity. The challenge is to harness the energies of the many bodies identified in the report by working in partnership with them. The WDC's experience in compiling this report is that everyone is willing to help and has a key role to play in developing the organic sector: the organic associations, producer groups, third level institutions, the state bodies, farming organisations and the private sector. If all these energies can be harnessed, then Ireland and the Western Region, with its reputation for good food and a clean environment, has the potential to become a market leader in Europe in the provision of healthy, high quality organic food for consumers worldwide.

Thanks are due to all those who contributed so much to this report – the members of the WDC's Natural Resources Sector Council, the individuals on the WDC's Organic Steering Group who gave selflessly of their time, read drafts, provided information and attended meetings, and those who attended the workshops and participated in the surveys conducted for this report. The contribution of the organic associations, who have championed the organic option from the start, and the state bodies and private organisations is also gratefully acknowledged. Finally, the commitment and work of the consultants – The National Food Centre, Teagasc and Cera is much appreciated.

We wish to thank, in particular, Minister Noel Davern for his support, as well as staff of the Department of Agriculture Food and Rural Development, who have been consulted throughout its preparation. The commitment of the Minister and the Department to ensuring the development of the organic sector is assured and we are confident that this report – the first systematic analysis of organic agri-food production undertaken in Ireland - will make an important contribution to ensuring its most advantageous long-term development.



Sean Tighe  
Chairperson,  
Western Development Commission



Dan Gilmartin  
Chairperson,  
WDC Natural Resources Sector Council

### Introduction

In January 2000, the Western Development Commission (WDC) commissioned the preparation of *Blueprint for Organic Agri-Food Production in the West*. The impetus for the preparation of this report has come from those engaged in the organic sector in the Western Region and at national level and from the WDC's advisory council on Natural Resources. Two separate research projects were undertaken to inform this report, one by the National Food Centre, Teagasc and one by Cera. The study brief was to review organic farming and food production in Ireland and Europe and to prepare an action plan for the development of the sector in the Western Region based on the research. This report has been prepared following a process of partnership, research and widespread consultation and has been overseen by a dedicated Organic Steering Group, convened by the WDC.

This report contains an overview of the European and Irish organic sector together with a detailed analysis of organic production in the Western Region. The National Food Centre, Teagasc undertook extensive research of the market for organic produce, processing, distribution, research, training and advice and a retail store audit of organic price premia. Cera undertook a detailed survey of 103 organic farmers in the Western Region in order to assess aspects of production. This is referred to as the *Western Region Survey of Organic Farmers*. In addition, Cera undertook a survey of horticulture and nursery production in the region. Both consultants examined best practice in Wales and Denmark. The potential for cross-border initiatives in areas such as training and education and other organic opportunities in areas such as tourism is also referred to in this report.

The report concludes with the WDC's perspective on how the organic sector should be developed in the future in the Western Region. It outlines a regional framework, recommendations, specific actions and costings for the development of the organic sector and how they should be implemented to ensure the overall success of the organic industry in the Western Region.

The background research containing the more detailed findings of the consultants is available separately in *Background Document to Blueprint for Organic Agri-Food Production in the West*.

### Organic Farming and Food Production in Europe

Over 2.8 million hectares of land across Europe are farmed by organic methods. This represents approximately 2% of total agricultural area and involves almost 107,000 organic producers.

The European organic market is currently valued at IR£4.5 billion, up from IR£1.5 billion at the beginning of 1990. Over the last few years growth rates for total sales have been approximately 15% per annum, but are higher for some categories such as dairy (18%) and meat (24%). While organic food represents only around 2% of the overall food market, the strong growth in demand for organic food across Europe is forecast to continue with various estimates of this growth available. One estimate from Promar (1999) predicts that organic food will account for up to 7% of the total food market by 2005.

### Organic Farming and Food Production in Ireland

A total of 29,000 hectares of land in Ireland are farmed by organic methods. This represents approximately 0.66% of total agricultural area and involves almost 1,000 organic producers.

The market for organic food in Ireland is valued at approximately £18 million. This represents market penetration of just 0.4%, well below that of other European countries, suggesting that the market is in its early stages and that further growth is a reasonable expectation. Fruit and vegetables is the largest sector with a 45% share of the domestic organic food market, estimated to be worth approximately IR£8 million. Organic beef follows this with a 20% share of the organic food market. Lamb is considerably lower at 4%. To date, sales of pork and poultry are negligible, at approximately 1% of organic market share. Other organic grocery products, which are mostly comprised of branded and processed organic food products, account for 22% of the market. While most sales are through retail channels, a vibrant direct sales market also exists across the country. It is expected that this channel will grow further and will particularly benefit those involved in horticultural production.

### Market Potential

In general, consumers have a very positive attitude towards organic food, despite the lack of support for consumer education and the very low levels of marketing and information available to them. There is, however, evidence that many consumers are not aware of the full benefits of organic food. Increased marketing and information campaigns at the moment would only serve to increase the level of imports in the market. However, as production increases it is reasonable to expect that increased marketing and information campaigns with a focus on consumer education should translate to purchases. There is a confidence in the industry that the market for organic food in Ireland has a long-term future. Industry informants, including retailers, wholesalers and processors, suggest that the current market growth rate of 25-30% per annum could continue for at least another five years. Findings from the Bord Bia report, *Prospects for Organic Food in Ireland* support this view. If this estimate was realised, the market could more than triple in size to approximately £68 million over the six years of this plan.

### Economics of Production in the Western Region

Over 11,072 hectares of land in the Western Region (counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare) are farmed by organic methods. This represents approximately 0.9% of total agricultural area and involves 346 organic producers. The Western Region accounts for 39% of organic farms in the country.

“Cattle rearing” and “mainly sheep” systems, are run on 82% of organic farms. About half of organic cattle and one quarter of organic sheep are sold through conventional outlets, which do not attract the higher organic premia. The small scale of production, together with the seepage of produce into conventional outlets is a major shortcoming in the organic sector in the Western Region. This highlights the need to improve market exchange between organic producers who are buyers and sellers of unfinished organic livestock, and to introduce a pricing structure for weanlings, not just in the Western Region but nationally, in order to minimise the numbers of organic animals being removed from the organic system into conventional production. In addition, those farms availing of REPS Supplementary Measure 6 need to be committed to organic production as opposed to using the measure just for additional funding. Organic marts, meat processors and finishing farmers are likely to become the main outlets by 2006.

According to the *Western Region Survey of Organic Farmers*, organic farms in the Western Region are similar to conventional farms in the country as regards size of farm, size of work force and viability of farm households. Despite having land of poorer quality and lower output, organic farms, due to lower costs, had similar gross margins and better family farm income. In economic terms, these organic farms outperform their conventional counterparts. Therefore, there is considerable scope for the financial performance of organic farms to improve, if steps are taken to get more organic produce sold through outlets attracting higher premia and if existing organic farms in conversion succeed in becoming certified as fully organic. Environmental constraints on conventional farming are likely to become more restrictive in the future, thus improving further the relative attractiveness of organic production.

### The Challenge for the Western Region

For producers and processors to capture the maximum share of domestic and overseas markets there will have to be a significant increase in the level of organic agricultural production both in the Western Region and in Ireland. Otherwise, there is a risk that imported products will meet increased market demands. Due to demand outstripping supply, imported products have already taken a foothold in key product areas. For example, imports account for 55% of dairy sales and approximately 70% of sales of fruit and vegetables. The meat product category is mostly made up of Irish produce but this is due to shortages of organic meat in other European countries. The key issue for the Western Region is whether production in the region can be expanded to capitalise on the demand and meet the market requirements, and whether marketing and distribution channels can be improved so as to allow greater access for organic produce into retail and organic outlets and a better range of organic produce on the shelves.

### New Entrants Needed

Even with these favourable market prospects for organic farming the *Western Region Survey of Organic Farmers* revealed that organic producers plan only limited expansion. The key to expanding organic production lies in encouraging new entrants to organic farming and providing technical support for existing and new organic producers. The financial return of organic farming will also be a crucial

factor in encouraging new entrants to the sector. Without a concerted effort to promote and support organic production, the current market opportunities may be lost, as the shortfall in organic food supplies is filled by imports. New entrants with good management skills and farming experience are needed. Unless these emerge the Western Region could fail to capitalise on a potential growth sector for farmers and producers.

### Supports Required to Develop the Supply Base

Central to the development of the sector in the Western Region will be the organisation of necessary research, training and advisory supports with the public and private sectors working in partnership.

The expansion in organic farming in Europe is reflected in a general increase in **research** funding and activity in most countries. However, to date, technical and economic research into organic production systems and the organic market has been limited in the Western Region and in Ireland. The *Western Region Survey of Organic Farmers* and consultations with various players in the organic sector identified a number of technical research priorities for livestock, horticulture and cereal production, as well as the need for market research. In the light of anticipated changes to organic regulations, several urgent research priorities must be acted upon immediately. These include diagnosis and control of diseases, pests, parasites and weeds.

There is a wide range of institutions, currently involved in providing **training and education** to the organic sector, some of which are located in the Western Region. The Organic Steering Group and participants at the three regional workshops convened by the WDC as part of the preparation of this report, emphasised the need for co-ordination of training and education services, which should be based on a partnership approach between the public and private sectors. Evidence from the UK and other EU countries indicates that services to organic producers are best provided by the private sector with strategic support and funding from the public sector.

At best, the level of **advisory support** available to producers is fragmented. It is very dependent on voluntary effort and good will. Such a situation is not sustainable and will not contribute to the organised and planned development of the industry. Advice was felt to be the most important area of immediate need for producers by participants at the three regional workshops. Furthermore, feedback from the workshops, the Organic Steering Group and producer groups suggested that discussion groups and producer groups would be useful vehicles for the delivery of advice. The establishment of an Organic Information and Advisory Centre in the Western Region led by a public/private sector partnership was identified as the most important vehicle through which advice and information could be dispersed in an organised and planned way to organic producers.

### Other Opportunities

Another challenge facing the organic sector in the Western Region will be its ability to engage in other organic activities. Organic production offers enormous potential for diversification within the sector. In terms of rural tourism, it can contribute positively to the environment, which tourism in the Western Region is strongly dependent upon, and can also offer a new tourism product and experience for visitors to the region. Organic production can also play a role in the development of new enterprises such as aquaculture, medicinal herbs and fibres.

In addition, the proximity of the border and the potential economic and social benefits of cross border linkages should be further examined and developed in the future. Training, education and marketing are possible areas for cross-border initiatives.

## Targets for the Development of the Organic Sector

In *Blueprint for Organic Agri-Food Production in the West* targets are set for production, and market development.

For **production**, two sets of targets, high and low, are given, based on previous entry levels and programmes to boost entry. The total increase in the number of organic producers in the Western Region in the 2001-2006 period is 275 for the low target and 550 for the high target. This will lead to 620 organic producers for the low target and 895 organic producers for the high target in the Western Region by 2006. The share of land under organic production will be 1.5% and 2.2%, under each target, respectively.

It is estimated that the Irish **domestic market** will be worth in the region of IR£70 million by 2006, based on a growth rate of 25% per annum. It will account for almost 2% of the total food market. Direct sales will be related to the increase in production in the region and will be expected to rise from £280,000 to somewhere between £500,000 and £725,000.

There are currently fourteen organic **food processing** facilities located in the Western Region. The emergence of additional organic food enterprises will be inter-linked with increases in the level of output from existing and new organic farm enterprises in the region. The greatest potential for new organic food enterprises will be for added value innovative food products and meat.

For those engaged in other activities outside of farming and horticulture/nursery production, such as suppliers, distributors and processors, there are currently forty-five in the Western Region. The total increase in these other activities in the 2001-2006 period is sixteen for the low target and twenty-eight for the high target.

## Action Plan for the Western Region

The Western Region is at a critical juncture in terms of the development of the organic sector. The indications are that affirmative action will lead to a viable, and even vibrant, industry that contributes positively to rural communities in the Western Region – both in terms of economic and environmental benefits. Such affirmative action is detailed in Chapter 8. Observations and recommendations are made under the following headings:

- (i) National framework
- (ii) Regional framework
- (iii) Development of organic production
- (iv) Domestic and overseas market development
- (v) Expansion of added value processing and development of distribution channels
- (vi) Research and development
- (vii) Education and training
- (viii) Information technology and the development of organic production

## National and Regional Framework for the Development of Organic Production

The Government's *Agri-Food 2010 Plan of Action* published in August 2000 contains recognition of the growing importance of the organic sector. The *Plan of Action* provides an important national framework for the development of the organic sector and for the implementation of the recommendations in this report. The key actions at national level in relation to organic production, which are specified in the *Plan of Action*, fall under four headings:

- Establishment of a National Organic Development Committee; (The first meeting of this committee took place in November 2000)
- Preparation of a coherent strategy for the development of the sector;
- Ensuring appropriate regulation;
- Provision of necessary resources.

The implementation of the actions specified in *Blueprint for Organic Agri-Food Production in the West* will require the co-operation and commitment of a wide variety of existing public, private and voluntary bodies. To achieve such co-ordination a **Western Steering Group for Organic Production with six working groups** should be established. Membership of the Steering Group will include the lead organisation(s) for each of the working groups together with the Department of Agriculture, Food and Rural Development, WDC, other government agencies and private sector representatives. Responsibility for co-ordination and implementation of the recommended actions in *Blueprint for Organic Agri-Food Production in the West* will be the responsibility of the relevant members of the working groups.

### Key Recommendations

In addition to the need for a national and regional policy framework for the development of the organic sector, the agreement of the Government and the organic sector partners to the key recommendations, as set out below, is essential for the overall success of the organic industry in the Western Region:

- Establishment of an Information and Advisory Centre in the Western Region.
- Training and appointment of qualified personnel to provide information, training, education and advice to existing and potential organic farmers.
- Establishment/designation of two demonstration farms to facilitate the delivery of training in organic farming methods in the Western Region.
- Establishment of two experimental farms and two monitoring farms for research activities in the Western Region.
- Development of a national marketing strategy for organic food with a special remit for the Western Region. This will provide marketing supports to producers, market information to retailers and processors, and consumer education, and it will ensure that all marketing activities promote one national single organic certified symbol.
- Initiation of a feasibility study into the development of a new distribution channel for small and medium organic food enterprises in the Western Region.
- Provision of appropriate resources and commitment by the public, private and voluntary sectors to support and implement the action plan for the Western Region.

### Action Plan Costs

The total cost of the Action Plan as presented in this report is £4,905,910. This is made up of £4,150,910 funding from the National Development Plan and £755,000 of funding from a combination of private investment, reallocation of existing budgets and LEADER funding. It should be noted that £2,916,910 of the £4,905,910 is proposed for investment exclusively in the Western Region, whilst the remaining £1,989,000 will apply nationally but will have a direct impact on the region. However, this does not include funding for several actions where the results of research are required, and other actions where it is not possible to identify exact resources required until the industry develops further. Furthermore, the cost does not include the proposed special support mechanism for technical assistance and investment for farmers and horticultural producers.

chapters one - eight



blueprint for organic agri-food production in the west

# 1. Introduction and Background

## 1.1 The Emergence of Organic Farming

In recent years there has been an increasing focus on the environmental impact of farming, and organic farming is gaining attention as an environmentally friendly production system. The philosophy supporting organic agriculture takes the position that the agricultural production environment is a complex interrelated system, and that one ought to respect the constraints of this system, so as not to cause imbalances which could undermine the quality of resources used in production, or do environmental damage to the wider system. The International Federation of Organic Agricultural Movements defines organic agriculture as follows:

*Organic agriculture includes all organic systems that promote the environmentally, socially and economically sound production of food and fibres. These systems take local soil fertility as a key to successful production by respecting the natural capacity of soil fertility as a key to successful production. By respecting the natural capacity of plants, animals and the landscape, it aims to optimise quality in all aspects of agriculture and the environment. Organic agriculture dramatically reduces external inputs by refraining from the use of chemosynthetic fertilisers, pesticides and pharmaceuticals. Instead it allows the powerful laws of nature to increase both agricultural yields and disease resistance.*

Environmental considerations are vital in the Western Region. It is an area of outstanding natural beauty and is renowned for its clean, unspoilt, natural environment. These features underpin the rural tourism industry in the Western Region, which is a major contributor to the economy and sustainability of many rural areas. The environmental impact is also becoming increasingly important in rural areas, particularly relating to water quality and in EU farm policies. In the near future, it is expected that there will be an environmental element in every aspect of the CAP. Organic farming relies on ecosystem management rather than external inputs, and is, therefore, less likely to have damaging side effects on the environment. For this reason, organic farming is particularly suitable for an environmentally sensitive area such as Ireland's Western Region.

## 1.2 Background

The Western Development Commission received statutory status under the Western Development Commission Act, 1998. It has responsibility for promoting social and economic development in the seven Western counties of Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare. The WDC's report *Blueprint for Success: A Development Plan for the West 2000- 2006* published in April 1999, suggested that niche diversification sectors such as organic farming and horticulture should be explored. Organic farming is one of several sectors which is expanding rather than declining and which offers farmers not only in the Western Region but nationally also, the opportunity to develop and sustain an economically efficient farming system.

The main impetus for the preparation of this report has come from those engaged in the organic sector in the Western Region and nationally and from the WDC's advisory council on Natural Resources. In response to these the WDC commissioned the preparation of this *Blueprint for Organic Agri-Food Production in the West*.

## 1.3 Terms of Reference

The terms of reference for this report required;

- An overview of the European and Irish organic sector, specifically the market for organic produce, processing, distribution, research, training, advice, and organic farming and food production policies and regulations;
- A detailed analysis of organic production in the Western Region;
- An action plan for the development of the organic sector in the Western Region;
- Identification of targets for growth, and costings for the action plan.

## 1.4 Consultants

This report was informed by two separate research studies commissioned by the WDC. The National Food Centre, Teagasc undertook extensive research in Ireland and Europe on the organic market, processing, distribution, research, training and advisory services. In addition, the National Food Centre undertook an exploratory retail audit of organic price premia. Cera undertook a detailed survey of 103 organic farmers in the Western Region in order to assess aspects of production economics in the region. This is referred to as the *Western Region Survey of Organic Farmers*. Cera also undertook a survey on horticultural and nursery production in the region. Both consultants examined best practice in Wales and Denmark. The primary objective of these studies was to provide evidence that there is a major market for organic food both in the Irish market and in export markets and that a real opportunity exists to capitalise on these markets and further develop the organic sector at primary production level, processing level and in other areas such as tourism in the Western Region.

## 1.5 Methodology

The preparation of *Blueprint for Organic Agri-Food Production in the West* was based on a process of partnership, research and consultation. A range of methods was used to collect information for this report. Secondary data collection involved an extensive review of available reports, presentations, media reports, and internet searches.

### 1.5.1 Primary Data Collection

- Structured personal interviews were conducted with 103 organic farmers to provide information on the current range of activities, economic performance and market outlets for producers – the *Western Region Survey of Organic Farmers*. In addition, a survey on horticultural and nursery production was carried out in the Western Region.
- Structured and semi-structured personal interviews were conducted with producers, processors, retailers and wholesalers involved in the organic sector as well as the organic associations and support agencies.
- Structured and semi-structured personal and telephone interviews were conducted with box system and market stall operators to ascertain the importance of these channels as well as to identify problems and opportunities. Telephone interviews were held with a wide range of people including those potentially involved in providing research, training, education and advice to the sector.
- Research visits to key informants in Wales and Denmark.

### 1.5.2 Consultations

- Three workshops were held in Roscommon, Sligo and Galway with key informants from both inside and outside of the region. This was to facilitate the bottom-up approach to the planning process.
- A request for submissions for the development of organic production was advertised in all the main regional newspapers. In excess of thirty written replies were received by the WDC.
- In 1999, a dedicated Organic Steering Group was convened by the WDC, which involved the state bodies, Bord Bia, An Bord Glas, Enterprise Ireland, The Irish Organic Farmers and Growers Association, The Organic Trust, Demeter Standards Irl. Ltd, Leitrim Organic Forum, the Natural Resources Sector Council, Organic Producers and the WDC. The principal role of the Steering Group was to advise and oversee the preparation of the *Blueprint for Organic Agri-Food Production in the West* with the WDC.

- The WDC has met with senior officials in the Department of Agriculture, Food and Rural Development, state agencies and third level institutions and with key players in the private sector, who have all had the opportunity to study and respond to the WDC's findings and recommendations. There is a broad consensus among all the parties consulted with regard to the opportunity that is there to further develop the organic sector. The majority of those consulted were in agreement with the recommendations and actions put forward to accelerate the development of the organic sector in the Western Region.

### 1.6 Structure of Report

This report is structured as follows:

- Organic Farming and Food Production in Europe;
- Organic Production in the Western Region and Ireland;
- Market for Organic Food in Ireland;
- Processing and Distribution of Organic Food in the Western Region and in Ireland;
- Research, Advice and Training in Organic Farming;
- Policy and Regulations for Organic Production;
- Action Plan for the Western Region.

### 2.1 Introduction

The objective of this chapter is to provide an overview of current developments in Europe concerning organic farm production, the market for organic produce, organic food processing, consumer trends, market promotion and export opportunities. Based on developments in the European organic food market, a number of important themes for the development of the organic sector in the Western Region are identified.

### 2.2 Farm Production

A 1999 report by Eurostat noted that organic farming was still a minority activity in the EU despite a dramatic increase in the number of organic farms during the 1990s. This was spurred, in part at least, by the Council Regulation 2078/92, which encourages organic farming through subsidies. Over 2.8 million hectares of land across Europe are farmed by organic methods, up from only 800,000 hectares in 1993. This represents approximately 2% of total agricultural area and involves almost 107,000 organic producers. The area devoted to organic farming varies from one country to another. Italy has been the fastest growing country and at the end of 1998 accounted for over 26% of total organic acreage in Europe.

Production in southern European countries is more focused on exporting to northern European markets and, therefore, they have not developed their domestic markets to the same extent. The countries with the largest proportion of land being farmed organically are Austria and Switzerland, with 8%, followed by Denmark and Finland at around 6%. However, Italy has the largest area devoted to organic farming at almost 800,000 hectares, followed by Germany at 420,000 hectares.

While the total number of organic farms in the EU in 1999 was only 1.45% of all farms, it is significantly more important in Austria (9% of all farms), Denmark (5.5%) and Finland (6%), (Seol, 2000).

Acreage and number of farms involved have grown in all European countries. Growth has been especially strong in Greece, Spain, Italy, Austria, Finland, and Sweden, all of which have experienced annual growth in organic farm numbers of 50% or more in the last few years.

A study by Van der Grijp and den Hond (1999) places Ireland in a group with the highest potential for growth in organic farming, along with Greece, Norway, Portugal and Spain. In a few years, they expect that these countries will either become "boomers" or "laggards", in terms of their growth rate of organic agricultural production. Ireland is at a crossroads where affirmative action will allow the Irish organic farming sector make a positive shift to join countries such as Denmark, Finland and Italy with a vibrant organic sector that makes a positive contribution to farming communities around the country. Alternatively, failure to act positively could result in a missed opportunity that would see the Irish organic farming sector lag behind that of most of Europe. A further consequence will be that, with growing demand for organic food in Ireland, there would also be increased imports of organic food products into Ireland.

#### 2.2.1 Producer Price Premia

Producer price differences across countries and product categories are variable, reflecting differences in production conditions for similar products in different countries, and for different products within one country. For example, in some countries the cost of production of sub-tropical vegetables is higher than in others. Similarly, producer price premia may differ across countries depending on the differences in support received by organic farmers. Table 1 sets out the results of a survey by Michelsen et al (1999) on organic producer price premia.

## 2. Organic Farming and Food Production in Europe

**Table 1 Organic Producer Price Premia, 1997-1998**

Countries	Vegetables %	Beef %	Milk %	Poultry %	Pork %	Sheep %
Austria	n/d	20-25	20-30	n/d	n/d	n/d
Germany	50	20	15	50-100	80	20
Denmark	25-50	10-30	20-25	n/d	60-100	20
Spain	0-30	n/d	10-30	n/d	n/d	n/d
France	n/d	n/d	20-30	n/d	n/d	n/d
UK	20-100	40	40	200	100	20
Italy	15-20	n/d	15	n/d	n/d	n/d
Netherlands	n/d	n/d	10	n/d	n/d	n/d

n/d indicates data not disclosed or not available

Source: Michelsen et al. 1999

In general, producer price premia are lower for beef, lamb and dairy products than for pork and poultry. Higher price premia for pork and poultry reflect higher organic production costs relative to non-organic production costs. Beef and lamb require less housing than pork and poultry and consume less expensive feed. In the case of other food products higher price premia are more influenced by strong consumer demand. For example, the average organic price premium for beef is 10%-40% compared with 60%-100% for pork in the eight EU countries examined by Michelsen et al. (1999).

It is important to note that the level of producer price premia does not necessarily reflect profitability. Generally, organic produce is more expensive than conventional produce for the following reasons:

- Lower yields at farm level;
- Increased labour involved in organic farming;
- Higher distribution costs due to dispersed nature of production and use of alternative distribution channels;
- Smaller scale operations;
- Basic economics - interactions between supply and demand; and
- Other factors, including the level of government support and managerial capability of the farm operator, are also of significant importance.

### 2.3 Market for Organic Produce

The organic market in Europe is valued at £4.5 billion and has grown at an average 15% per annum in the five-year period 1995-1999. This contrasts with relatively stagnant growth forecasts for the EU food market in general. Despite this, the market remains quite small in most European countries and accounts for only 2% of the total EU food market. The strong growth of the market in the 1990s is expected to continue and it is likely to develop beyond its current niche status.

Across the EU, demand is considered strongest in countries where development policies for the organic sector are more advanced, particularly in northern Europe. Germany is the biggest market for organic food products. While this is largely due to the size of the population, the German organic food market has grown at an average 16% per annum since 1995. The Austrian market value is much smaller but it has achieved the highest penetration within Europe and continues to grow. In Denmark organic production is increasing in response to consumer demand. Organic dairy products are the main sector accounting for 65% of organic food sales. The market for organic food in the UK is growing rapidly at a compound annual growth rate (CAGR) of 30%, almost twice the European average.

Expenditure per capita on organic food in Europe has grown from £65 per capita in 1995 to £143 per capita in 1999 (Datamonitor 1999). According to Leatherhead Food RA (1999), fruit and vegetables dominate the organic food market in Europe with 40% of the market, followed by dairy, meat and bakery products.

#### 2.3.1 Meat

Datamonitor (1999) estimates that although the organic meat market in Europe has grown strongly in the 1995-99 period, growth has been restricted by prices and limited supply. It was valued at £176m last year. Germany is by far the largest market. Growth is highest in the UK at almost 43% per annum in the period 1995-99. Much of this demand is attributed to the major BSE scare. High price is regarded as a limiting factor on growth potential.

Market share is highest in Austria at 6%, but is still below 1% in the other markets reviewed by Datamonitor. Domestic producers supply the German market and some meat is exported to France and the UK as well as Scandinavia. In France the market is driven by consumer concern for the environment and for animal welfare, but high prices are a deterrent.

In Europe, consumer premia for beef and lamb are generally in the range 20% to 50% with higher premia in Denmark, the UK and Germany. Indications from the retail audit carried out by the National Food Centre, Teagasc are that Irish premia are of similar dimensions.

#### 2.3.2 Dairy

Milk and dairy products dominate the organic food markets in the Netherlands, Denmark and Austria. In Denmark, organic milk accounts for 20% of the total liquid milk market. Much of the demand has been driven by lower organic price premia for dairy products in these markets compared to other organic products such as poultry where the premia range from 40%-100%. Datamonitor (1999) reported that the average compounded growth in some countries was approximately 23% for the period 1995-1999. In many of these countries strong support from government and retailers in particular has played a major role in developing farmer and consumer interest. This is particularly true of Germany and Sweden.

Around 45 million litres of organic milk were produced in the UK in 1999 but current demand is estimated at 80 million litres (Keating 1999). However, organic milk accounts for only 0.33% of total UK milk production. Denmark has the highest market penetration in European countries. Market penetration for milk and yoghurt is 20% and 8%, respectively.

Consumer price premia for organic dairy products are probably less variable than they are for other organic products. Typically, the premium for dairy products is 20%. However, there are cases in some countries where retailers are selling organic products at prices equivalent to those of conventionally produced products. This is particularly true of countries where there are high levels of organic milk supply such as Denmark and Austria.

#### 2.3.3 Fruit, Vegetables and Cereals

Fruit and vegetables represent the biggest European organic food market and in 1997 dominated the UK, Austrian and French markets, with shares of 53%, 50% and 40% of the total organic food markets, respectively, as well as a 25% share of the large German market. The UK is the fastest growing of the main markets in Europe with a CAGR of 34.5% in the period 1995-1999.

Market penetration, while increasing, remains low in most countries, because of price and availability.

Organic vegetables represent a larger sector than fruit. This is largely because vegetables are cheaper than fruit and can be grown in the countries in northern Europe where demand is strongest and hence there are lower distribution and marketing costs. Staple vegetables represent the bulk of the market with potatoes, carrots and onions accounting for 33%, 30% and 15% of the total vegetable market, respectively.

Fruit tends to be scarcer in northern European countries, given that it is not always possible to grow fruit in this region, and hence it tends to be more expensive. In the UK, Ireland, Sweden and other north European countries, fruit consumption tends to be of imported products. Estimates suggest that in the UK 70% of organic fruit and vegetables and 50% of organic cereal products, are imported. Italy is the biggest producer of organic fruit and much of production is directed towards export markets.

## 2. Organic Farming and Food Production in Europe

Cereals are the most important product group in several mid-European countries, including France and Germany. Consumption of organic bread is high in these countries. While the UK market value for cereals and bakery products is smaller, it has grown at almost 40% since 1995.

### 2.4 Organic Food Processing in Europe

In general, the organic food manufacturing sector in Europe consists of small and medium-sized food enterprises specialising in organic food processing. The sector is highly fragmented, with thousands of small and medium sized companies and relatively few significant brands. This reflects the shortage of supply of raw materials available for large manufacturers to commit resources to organic food processing. It also reflects the fact that, to date, the market has evolved around the basic staples such as fresh produce, milk, meat and bread, which do not offer the same opportunities for branding as further processed and added value food products.

However, in response to strong consumer demand and specific customer requests, a number of big brand processors are now offering organic product lines that run parallel to their conventional lines. As consumer interest in organic food is increasing these processors are increasingly dominating the market. They have efficient distribution systems and can supply products in the volume required.

Hipp is a major branded player in the baby-food market supplying over half of the total German market and 50% of the Austrian market. Distriborg leads the organic market in France and is also the main distributor for organic foods in Belgium. Nestle, Unilever, Heinz, Danone, and Mars have all introduced organic products, although, at present, sales are small compared to their conventional product lines. In Sweden, uptake of organic food market opportunities has become mainstream across the food production industry and McDonalds (Sweden) has become involved in selling organic food alternatives. In Denmark large processors such as MD Foods, Schulstad, Brod and Svanso offer organic product lines, and with other larger processors, are increasingly dominating the Danish organic food market. It is notable that most of the larger organic food processors are found in the dairy sector, as this is the sector that has the most secure raw material supply in Europe. In the case of fruit and vegetables, most products are relatively unprocessed and are sold to retailers through wholesalers or come directly from farmers.

Reuters, cited in the Bord Bia report *Prospects for Organic Food in Ireland*, states that there were 284 new organic products launched from the start of 1998 up to August 1999. Greatest new product development activity was in the dairy and bakery product categories – between them accounting for 40% of all new products launched.

#### 2.4.1 Future Development

Organic food processing in Europe is still relatively underdeveloped compared to conventional food processing. There is significant potential for large and multinational food processors to enter the organic food market, particularly with long term growth and increased levels of raw material supply expected as more farmers convert their production to organic methods. There is also evidence of some conventional food processors reacting to requests for organic food products from multiple retail customers. Datamonitor (1999) identifies several barriers to entry for such companies. These include:

- Limited supply of organic raw materials;
- Relatively small (but growing) demand for organic foods;
- High costs of production may affect overall brand positioning (and alienate existing consumers);and
- Difficulty in sourcing multiple organic ingredients for processed foods.

### 2.5 Consumer Trends

A number of positive and negative market drivers influence consumer demand in the organic food market in Europe. The balance of the two primary concerns changes in different markets depending on the consumer profile. These are concern for personal health and concern for the environment. Concerns for personal health and increased demand for organic food stems from increased consumer awareness of the link between diet and health. This has been underpinned in particular by recent food scares

such as BSE and E-coli that have eroded consumer confidence in conventional food. Organic food is considered preventative in that it is assured to be free from GMOs and their potential health risks, and it prevents illnesses related to pesticide and chemical residues.

In a number of European studies carried out in recent years, the main reasons cited by consumers for buying organic are:

- Organic farming is kinder to the environment (concern for the environment has increased over the last decade in particular);
- There are no artificial chemicals in organic food production (consumers are increasingly concerned about pesticides and residues in their food);
- Consumers perceive organic food to be of higher quality and better tasting than conventional food; and
- Consumers perceive organic food to be healthier and more nutritious than conventional food products.

A number of negative factors also affect consumer buying behaviour. The main reasons for not purchasing organic products have been identified as:

- They are too expensive. On average organic food is 25% more expensive than non-organic alternatives in retail outlets. This is a strong deterrent to price sensitive consumers;
- They are not widely available and not in a wide enough range;
- Organic products are of unsatisfactory quality. This concern usually relates to the appearance of the product, which in the case of organic food can be quite variable, compared to conventional produce where markets for grade-outs are more established;
- Consumers are satisfied with conventional food products; and
- Consumers are not aware of the availability of organic food product alternatives to conventional food products.

### 2.6 Market Promotion

Michelsen et al. (1999) found that in most countries some level of systematic professional promotion of organic food has taken place in recent years. Across Europe the initiatives for promotion originate in three groups – retailers/processors, organic associations and organic farmers. The level of investment by these groups varies in different countries but private firms such as food processors and retailers account for most of this investment.

The certification symbol is viewed as an important marketing tool in a number of countries. In many countries labels are promoted in the media to gain wide awareness. In the Netherlands the EKO quality symbol is recognised by 40% of consumers, despite the fact that only 5% of consumers actually purchase organic food. In a number of the more developed organic markets, national symbols have been used to identify and promote organic food. In Germany the OKO symbol guarantees that the product is organic and provides a degree of assurance to consumers regarding the safety of the product. In Sweden the KRAV label certifies all organic products and in Denmark much of the state-funded promotion is focused on the Ø-symbol.

There are strong similarities in the arguments used to encourage consumers to buy organic food in marketing campaigns across European countries. These tend to focus on the food safety and health characteristics of organic food as well as environmental protection and taste.

Michelsen et al. (1999) note that the scale and timing of consumer promotion campaigns is very important particularly where the market is small and demand is low. In this situation there is a risk of demand far outstripping supply and promotion campaigns are basically supporting increased levels of imports required to make up the shortfall.

Relating these trends back to the situation in the Western Region, there is currently an absence of professional marketing of organic food. Michelsen's assertion that marketing promotion has to be balanced carefully has particular relevance in an Irish context, given the current imbalance between supply and demand. The level of marketing promotion in the future needs to be in balance with the level of available supply to ensure that marketing efforts do not serve to increase the level of imports.

### 2.7 Export Opportunities

There are export opportunities in a number of countries in Europe, largely due to their inability to meet double digit growth in the demand for organic food. All of the significant markets rely on imported products. Where markets are in the early stages of development, such as in the UK and Ireland, imported products play a key role in the development of the market by bringing availability and certainty to the market place and broadening the product range. Imported produce ranges from 25% to 70% in different countries. Successful entry into European markets depends on the following:

- the state of national supply of organic products, which is currently low in Ireland;
- differences in production costs between exporting and importing countries;
- the level of organic standards for production of organic produce. For example, the UK multiple Sainsbury's will only accept produce which is certified to the standards set by the Soil Association.

A number of EU markets, including the UK and France, offer considerable opportunities for Irish organic beef and lamb exports in particular, in both the longer and shorter term. The organic beef and lamb market in most European countries is small relative to other products, which is largely attributed to shortages of livestock. From a market analysis viewpoint growth rates ranging from 28% to 40% have continued over a number of years, with ongoing growth expected. These are significant growth rates, and do not normally occur in food markets, except for speciality products or in particular niches. The UK also offers opportunities for dairy products, including speciality cheeses, fresh desserts and milk products.

For other organic processed grocery products, new product development will be in product lines to match conventional food lines and new organic products will be in line with core consumer trends driving the conventional food market. In addition to finished consumer and foodservice products, organic food ingredients also represent a growing market for the Western Region and Irish food ingredient suppliers. A recent Promar study (1999) found that consumer demand for organic processed products has already resulted in manufacturers seeking to source all ingredients in organic form. Sufficient quantities of such products are currently not available in the EU and manufacturers have to look to non-EU food ingredient suppliers.

Market research indicates that the issue is not whether there is a market or not, it is whether producers and processors from the Western Region can supply it. Aside from meeting domestic demand, there will be export opportunities for food processors located in the Western Region for a number of years. Government support, the development of marketing structures in the domestic market, the profitability of organic farming compared to conventional farming and improved technical production capability and product development will all have a role to play if the export potential is to be realised. In the short term, exports from the Western Region and Ireland will be limited by the current lack of primary production of organic products.

### 2.8 Conclusions to Review of the European Organic Sector

The review of the European organic sector highlights a number of important themes for the development of the organic sector in the Western Region:

- Ireland is classified as one of the countries in Europe with the highest potential for growth in organic farming.
- The Irish and Western organic sector is at a crossroads where affirmative action is urgently required if its production levels are to catch up with the rest of Europe enabling it to exploit very significant market opportunities.
- There is a large and growing market for organic produce in Europe, currently valued at £4.5 billion and showing a growth of 15% per year.
- Market growth is occurring in all sectors including meat, dairy, fruit, vegetables and cereals and in both fresh and processed food sectors.
- In terms of producer premia, it will be important to maximise yields at farm level, which will require support through advisory, training and research activity. In Ireland, where demand is currently exceeding supply, it is likely that any potential reduction in premia for farmers as a result of the balance between the two will be some time away yet.

- Consumer price premia are highest for pork, poultry and vegetables, and lower for beef, lamb and dairy products. Lower organic price premia are reflected in much higher market penetration. In the long term, consumer price premia will bottom out between 20-25%, as the organic market further develops.
- Demand exceeds supply across Europe with imported organic produce ranging from 25% to 70%. There are particularly good export opportunities for organic beef and lamb.
- The level of organic production standards will have a major impact on export opportunities for Irish producers and processors.
- A professional approach for developing organic markets – both in terms of marketing, promotion activities and consumer education is required. One national quality symbol has been established in many European countries.
- Private investment from retailers, processors, organic associations and farmers is the key driver for successful market promotion in Europe.
- There is a need to develop added value organic products through existing and new food enterprises. This development will be heavily dependent on the ability of food processors to secure supply in sufficient quantities in order to achieve economies of scale necessary to reduce prices.

### 3. Organic Production in the Western Region and in Ireland

#### 3.1 Introduction

In this chapter the production aspects of organic farming are examined. The WDC commissioned a detailed survey of organic farming in the Western Region referred to in this report as the *Western Region Survey of Organic Farmers*. A sample of 103 farmers comprising 30% of the sector in the Western Region was randomly selected for the survey. The data from the *Western Region Survey of Organic Farmers* are based on farmers who had started conversion on or before 1 January 1998, because data on farming activities for the year 1998 were required. These data are compared with data for all farms (organic and conventional) in the country for 1998 based on the National Farm Survey 1998.<sup>1</sup> The section relating to horticulture and nursery production is based on a survey of those involved in horticulture and nursery production in the Western Region.

The chapter begins with an examination of the scale of organic farming and the variety of production activities in the Western Region together with comparisons with the state. The survey data are used to examine the size of farms and systems of farming, the resources of land and labour engaged on organic farms, crop areas and livestock numbers and the performance of organic relative to conventional farms. Issues of concern to those interviewed are explored, focusing on factors that facilitate or inhibit organic production.

#### 3.2 Scale of Organic Farming in the Western Region

This section draws together available data on organic<sup>2</sup> operations for the Western Region and for the State. The data in Table 2 below show how organic production has changed over time, as regards number of organic producers in organic production.

**Table 2 Organic Producers in the Western Region and the State in 1992, 1997 and 1999**

County/ Region	Number of Organic Producers			Annual Average Change in Number of Organic Producers		
	Oct '92 No.	Dec '97 No.	Dec '99 No.	'92/'97 No.	'97/'99 No.	'92/'99 No.
Clare	19	106	104	17.4	-1.0	12.1
Donegal	4	13	18	1.8	2.5	2.0
Galway	26	64	63	7.6	-0.5	5.3
Leitrim	7	63	55	11.2	-4.0	6.9
Mayo	5	35	42	6.0	3.5	5.3
Roscommon	5	39	42	6.8	1.5	5.3
Sligo	2	20	22	3.6	1.0	2.9
<b>Western Region</b>	<b>68</b>	<b>340</b>	<b>346</b>	<b>54.4</b>	<b>3.0</b>	<b>39.7</b>
Non-West	156	477	534	64.2	28.5	54.0
State	224	817	880	118.6	31.5	93.7

Source: IOFGA, 2000, The Organic Trust, 2000, Teagasc 1998, DAFRD, 2000

In December 1999 the Western Region had 346 organic producers, which is 39% of organic producers in the state. County Clare, with 104 had more than any other county, while Sligo and Donegal, with twenty-two and eighteen, had the least. The number of organic producers in the Western Region grew by 40% between 1992 and 1999. Fastest growth was in the 1992-1997 period giving way to a more gradual increase in 1997-1999.

The relatively rapid expansion in 1992-97 was due to the introduction of premia payments under the REPS (Rural Environment Protection Scheme) and its special premia for organic production.

The particularly rapid expansion of organic farming in Clare is associated with support for organic production provided by Shannon Development and the LEADER programme in that county. These supports included promotion, payment of organic association membership fees and marketing information provided by way of a newsletter. The success of these efforts indicates that pro-active intervention can boost the rate of conversion to organic farming.

#### 3.2.1 Area of Organic Land Farmed

Table 3 below shows the area farmed as fully organic and in-conversion, for the Western Region and the State.

**Table 3 Area under Organic Production, in the Western Region and the State, 1999**

County/ Region	Fully Organic	In Conversion	Organic + In Conversion	Ratio of Conversion to Fully Organic
	ha	ha	ha	ratio
Clare	3,634	960	4,593	0.26
Donegal	350	534	884	1.52
Galway	973	650	1,623	0.67
Leitrim	1,017	306	1,322	0.30
Mayo	735	451	1,186	0.61
Roscommon	637	387	1,023	0.61
Sligo	222	219	441	0.98
<b>Western Region</b>	<b>7,568</b>	<b>3,504</b>	<b>11,072</b>	<b>0.46</b>
State	18,436	10,848	29,284	0.59

Source: DAFRD, IOFGA, The Organic Trust.

In the Western Region 11,072 hectares of land were farmed organically compared with 29,284 hectares for the State. Clare was the county with by far the greatest area (4,593 ha), while Sligo had the least (441 ha). The area farmed organically in the other counties ranged from 884 ha to 1,623 ha.

Land farmed organically amounted to 0.9% for the Western Region and 0.7% for the State. The highest share of land farmed organically was 2.2% in Clare. Hence, there is plenty of scope for conversion to organic production in all of the seven Western counties.

<sup>1</sup> The National Farm Survey for 1999 was not available to the consultant at the time this survey was carried out.

<sup>2</sup> The word "organic" is used to refer to farms, which are certified as organic, or in-conversion.

### 3. Organic Production in the Western Region and in Ireland

#### 3.2.2 Size Structure

The size of organic farms in the Western Region, shown in Table 4 below, was very similar to that for all farms in the National Farm Survey 1998. The percentage of farms fewer than 10 ha (18%) and the percentage over 100 ha (3%) was almost identical. The Western Region had slightly more in the smaller intermediate size categories, with 60% less than 30 hectares compared with 54% for the State.

**Table 4 The Size Distribution of Organic Farms in the Western Region and the State, 1999**

County/ Region	Farm Size Category (hectares)									
	<1 %	<2 %	<5 %	<10 %	<20 %	<30 %	30-50 %	>50 %	>100 %	>200 %
Clare	1	2	3	12	26	47	31	22	7	1
Donegal	0	0	6	11	33	50	33	17	11	6
Galway	5	8	8	22	54	68	21	11	2	0
Leitrim	2	4	9	13	45	69	25	5	0	0
Mayo	17	17	19	21	43	62	21	17	2	0
Roscommon	0	0	2	17	38	62	36	2	0	0
Sligo	5	9	18	45	64	73	23	5	0	0
<b>Western Region</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>18</b>	<b>40</b>	<b>60</b>	<b>27</b>	<b>13</b>	<b>3</b>	<b>1</b>
State	3	5	9	17	36	54	30	16	3	1

Source: DAFRD, IOFGA, Organic Trust.

As is evident from Table 4 above and from the *Western Region Survey of Organic Farmers*, the size structure of organic farms both in the Western Region and in the State is larger than that for all farms and that organic farming is not associated particularly with smaller farms.

#### 3.3 Distribution of Farming Activities

Table 5 below shows the distribution of organic farms in the Western Region by size and farming system compared with all farms as categorised in the National Farm Survey 1998 (NFS).

**Table 5 Distribution of Organic Farms by Size and by Farming System**

System of farming	Farms in the Western Region Survey of Organic Farmers					Organic Hill Farms No.	All Organic Farms No. %		All Farms (NFS) %
	Area of Organic Land Farmed – hectares (no)						Farms No.	%	
Organic Farms	2<10	10<20	20<30	30<50	>=50				
Mainly tillage							0	0	1
Dairying							0	0	6
Cattle rearing	8	15	10	11	6	4	54	52	34
Cattle other	0	3	3	3	0	0	9	9	29
Mainly sheep	2	6	5	11	1	6	31	30	21
Other	2	3	0	2	0	2	9	9	9
All systems	12	27	18	27	7	12	103	100	100
All systems%	12	26	17	26	7	12	100		
NFS %	12	34	21	14	6	14	100		

Source: Western Region Survey of Organic Farmers, NFS 1998

The distribution of organic farms in the *Western Region Survey of Organic Farmers* differs from the distribution of all farms nationally in that there were no organic farms in specialist dairy systems found in the survey sample in the Western Region. The region had a much higher incidence of farms in “cattle rearing” systems<sup>3</sup>, far fewer farms in the “cattle other”<sup>4</sup> and more in “mainly sheep” systems. The relatively high concentration of organic cattle farms in “cattle rearing” systems may be due to the difficulty in sourcing organic cattle outside a farmer’s own farm. The “cattle rearing” and “mainly sheep” systems, both of which breed their own animals, account for 82% of all farms. Another factor is that dairy and tillage are associated with more intensive production on better land.

<sup>3</sup> “Cattle Rearing” system: This is a farm specialising in cattle and mainly cattle rearing.

<sup>4</sup> “Cattle Other” system: This is a farm specialising in cattle, either mainly fattening or having a mixture of different types of cattle.

### 3. Organic Production in the Western Region and in Ireland

The *Western Region Survey of Organic Farmers* also revealed that rough grazing land accounted for 39% of utilised area on organic farms compared with 18% on all farms, indicating a much higher percentage of poor quality land on organic farms.

Organic livestock farmed includes cattle, sheep, deer, goats, horses, pigs, donkeys and poultry. The distribution of livestock on farms in the survey, together with indications of farmers' intentions to change are shown in Table 6 below.

**Table 6 Livestock on Organic Farms and Farmers' Indications of Likely Change in Stock Numbers**

Livestock	Animal Numbers				Farmers Expecting Change 1998-2006		
	Farms	Conversion	Fully organic	Organic Share	Increase	Decrease	Start
	no.	no.	no.	%	no.	no.	no.
Dairy cows	2	27	0	n a	1	0	0
Suckling cows	80	416	610	68	10	15	0
Other cattle:							
under 1 year	78	416	558	57	11	11	1
1-2 years	53	224	141	39	3	4	2
over 2 years	28	57	21	27	2	1	2
Ewes & rams	39	891	2501	74	2	6	2
Lambs reared	39	805	2170	73	2	4	0
Hoggets & wethers	20	62	499	89	1	0	0
Deer:							
< 1 year	1	0	37	100	0	0	0
1 year and over	1	0	50	100	0	0	0
Goats	3	3	4	57	0	1	0
Horses: working	2	3	0	0	0	0	0
other	13	33	19	37	0	0	1
Pigs	1	0	2	100	0	1	1
Poultry: laying	4	0	143	100	0	0	1
Donkeys	4	0	8	100	0	0	0

Source: Western Region Survey of Organic Farmers.

Cattle rearing is the dominant activity on organic farms, with sheep and lambs being the only other important enterprise. The concentration on dry cattle and sheep on organic farms reflects the comparative advantage of organic production in more extensive systems of farming, as will be evident when the two systems are compared later in this chapter.

Very modest increases in sheep or cattle were envisaged up to 2006. Conversion from conventional to organic production involves a reduction in livestock intensity on farms. Hence, it is not surprising that most farmers, many of whom had recently converted to organic production, did not expect to increase livestock numbers.

#### 3.3.1 Cattle

More than three-quarters of farms had suckling cows and calves, reflecting the emphasis on cattle rearing among organic farms in the Western Region. Only 12% of farmers rear their cattle to the finished stage. This could be attributed to the high cost of organic feed stuffs and concentrates, low price premia for weanlings and unsuitable land. Of the remainder, less than a third (30%) said that they would consider finishing cattle and a majority of these said that only a reliable market outlet with an organic price premium would convince them.

About 50% of organic cattle from the farms surveyed were sold to conventional outlets in 1998. While over half of farmers expect to switch to organic outlets by 2006 the remainder still expect to be using conventional outlets. This underlines the need to improve market exchange between organic producers who are buyers and sellers of unfinished organic cattle, in order to minimise the numbers of organic animals being removed from the organic system into conventional production. There is also a need to establish a pricing structure for weanlings as they are currently not achieving organic price premia.

Changes anticipated by farmers in 1998-2006 are a switch from conventional to organic outlets and, among organic outlets, increased use of meat processors, marts and sales to farmers who finish cattle. The increased emphasis on meat processors is a reaction to the difficulties in getting organic outlets for unfinished organic cattle.

The recent trend in cattle breeding for beef has been to change away from traditional breeds, which have been mainly Aberdeen Angus and Hereford, toward continental breeds. According to the *Western Region Survey of Organic Farmers*, the majority of farmers changed to continental breeds because of better prices, better conformation and easier calving. In addition, this shift toward continental breeds could be market led and strongly influenced by demand and market prices received for cattle from conventional outlets.

#### 3.3.2 Sheep

There were sheep on thirty eight percent of farms, making them second in importance after cattle. All but 22% of farmers sold lambs as finished. Improved prices through organic outlets are needed to increase the proportion finishing lambs while others will not consider finishing because of an inadequate supply of grass and expensive organic feed stuffs.

About three quarters of farmers sell lamb through organic outlets. The main organic outlet is through meat processors. Conventional outlets for sheep are mainly marts. For sheep, as for cattle, the changes anticipated by farmers in the period 1998-2006 are a reduction in use of conventional outlets and an increase in the use of organic meat processors and organic finishing farmers. Thus, efforts to minimise the number of sheep lost from the organic production stream will need to focus on developing organic marts and organic processor outlets.

Poor land quality limits the number of farmers who can consider finishing cattle or sheep. A good price for weanlings and finished organic livestock is the key factor that would encourage other farmers to produce finished rather than unfinished animals.

#### 3.3.3 Horticulture and Nursery Production

The largest proportion of all crop area (99.6%) is used for grassland crops indicating the dominance of livestock farming in the Western Region. The remaining 0.4 % of all crop area used for non-grassland organic crops is devoted to barley, vegetables for sale, fodder crops, soft fruits, herbs, green manure and protected crops.

The average area of horticulture and nursery production was 5.5 hectares per grower, ranging from 0.3 to 30 hectares. Nursery crops had by far the largest area, accounting for 49 hectares, followed by grassland 4.8 hectares and vegetables 4.5 hectares. Most crops were 100% organic, the exception being herbs, which were 77% in conversion in 1998, top fruit with 33% and vegetables with 11%.

### 3. Organic Production in the Western Region and in Ireland

The crops most frequently grown are vegetables and protected crops. Most growers indicated no change for all the crops between 1998 and 2000. Among those planning change, those expecting to increase offset those planning to decrease. Two growers surveyed planned to start growing soft fruit and one grower planned to start nursery production.

The dominant outlets for nursery products were through producers' gates, through market stalls or country markets and through retail stores. Use of these outlets indicates a strong emphasis on the local market. Indications from growers were that there will not be much change in the use of outlets over the period 1998-2006.

The dominant channels for fruit and vegetables in the Western Region were market stalls or country markets, producers' gates, and direct to catering establishments or local grocery stores. The main emphasis is on local markets, which is not surprising for fresh fruit and vegetables. Protected crops are marketed through both local and wider market channels. None of the produce was sold as conventional to conventional outlets. There is little indication of change in the use of marketing channels in the 1998-2006 period.

Compared with organic livestock farms, horticulture and nursery producers have a much smaller share of their production in conversion. The rate of entry is very stable over the years, with one to two per year and does not have a peak in 1995-97, as happened in the case of organic livestock farmers. The low level of entry into horticulture in the Western Region could be attributed to:

- The lack of skills among existing landowners and the extra difficulty and labour intensiveness compared with organic livestock farming.

#### 3.4 Relative Farm Performance

The performance of organic cattle and mainly sheep farms in the Western Region is compared with that for all farms in the NFS 1998. Eighty-two organic farms out of the sample of 103 organic farms had data available on all the financial variables, of which thirty-six organic farms in cattle rearing and fifteen organic farms in mainly sheep were used to generate an estimate comparable to that from the NFS. Table 7 on the following page outlines comparable performance data for the organic farms to all farms in the NFS 1998.

**Table 7 Comparable Performance Data for Organic Farms and All Farms, 1998**

Variables Measured per Farm	Cattle Rearing			Mainly Sheep			
	Organic Comparable Average 36 farms	All Farms Comparable Average	Organic as % of All Farms	Organic Comparable Average 15 Farms	All Farms Comparable Average	Organic as % of All Farms	
<b>Financial</b>							
Gross output	£	15,323	17,470	88	18,785	22,813	82
of which:							
direct payments	£	4,690	9,064	52	5,982	12,653	47
Direct costs	£	2,872	4,572	63	2,019	5,866	34
Gross Margin	£	12,451	12,898	97	16,766	16,948	99
Overhead costs	£	2,945	5,419	54	4,874	5,869	83
Family farm income	£	9,506	7,480	127	11,892	11,079	107
<b>Resource use</b>							
Utilised agricul. area	ha	30	32	93	45	41	111
Rough grazing	ha	11	4	276	21	15	138
Grassland not rough	ha	19	28	67	25	26	98
of which: silage	ha	5	7	72	4	5	86
hay	ha	2	0	na	1	0	na
Total cattle	no	37	50	75	14	37	38
Total sheep	no	6	21	31	271	234	116
Total grazing livestock	unit	24	36	69	46	57.8	0
Total labour	unit	1.06	0.97	109	0.87	1.11	79

Source: Western Region Survey of Organic Farmers and NFS, 1998.

Organic farms had a lower gross output but, due to lower direct costs, they had a similar gross margin to all farms. In addition, their overhead costs were lower, giving organic farms higher family farm incomes. Average farm incomes on organic cattle rearing farms were £9,506 compared to £7,480 for all farms. Average incomes on organic mainly sheep farms were £11,892 compared with £11,079 for all farms. This indicates that organic farms in the Western Region yield incomes, which compare favourably with incomes from conventional farming.

While the number of cattle units per farm on organic farms was 69% of the rate for all farms the gross output per livestock unit was 28% higher on the organic farms. This better performance on the organic farms could be due to a technically better system of calf rearing or better prices for animals sold. However, almost 50% of organic farmers sold cattle through conventional channels in the same year. Moreover, in the same year, only 22% of the organic farms were certified as fully organic. Clearly, therefore, if more organic produce gets sold through higher premium organic outlets and if existing organic farms in conversion become certified as fully organic there is considerable scope for the financial performance of organic farms to outpace the rate for conventional farms.

Table 7 also shows that direct payments to organic farmers were half those for all farmers. As 78% of organic farmers were within the two-year conversion in 1998, it is likely that 40% to 60% of organic farmers would not have received REPS-SM 6 premia in the year 1998. If full entitlements to REPS premia were attributed to 1998, then organic farms would have done even better.

### 3. Organic Production in the Western Region and in Ireland

As discussed below, organic farms in “cattle rearing” and “mainly sheep” systems are similar to all farms in these systems, as regards demographic viability, land and labour resources per farm. However, given the superior financial performance of the organic farms, it can be concluded that the long-term prospects of these organic farms is better than those of the corresponding conventional farms.

Organic farming is particularly attractive to farmers with poorer quality land and a low intensity of production. The ability of organic farming to achieve comparable gross margins with lower stocking levels also indicates the environmental advantages of the system for the Western Region.

#### 3.5 Demographics of Organic Farming

In the *Western Region Survey of Organic Farmers*, the number of persons per household averaged 3.6, and was higher on larger farms. It varied by system of farming, being 3.6 for “cattle rearing” and 3.8 for “mainly sheep”. On average, there is a good age structure, with 69% of household members on organic farms aged under forty-five years and only 6% over sixty-five years. Because forty-five years is a critical age as regards human reproduction, a household with no member under forty-six years has a low probability of producing another generation. Thus, the proportion of households with at least one person aged under forty-six years is used as a proxy for household viability. Based on this measure, the demographic viability of all organic farm households is practically identical to that of all farms (the proportions viable being 82% and 81%, respectively). However, for both, there is an association between viability and farm system and both have marked lower viability for farms in the “cattle other” system of farming.

The average work force is just less than one unit per organic farm and increases with the size of the farm. The “cattle other” system has the lowest workforce, at 0.7 labour units per farm. This system is associated with a small household, with low viability and a weak workforce. As regards the main farming systems on organic farms - “cattle rearing” and “mainly sheep” – the labour units per farm on organic farms are similar to those on farms in the NFS. Females contribute about a quarter of labour on organic farms and about one third on farms of less than 20 hectares.

Only thirteen (12.6%) of 103 farmers said their workforce was not adequate. This does not mean that they would not like to have more labour, but that the farm work programme was tailored to the workforce available. Eight (7%) of those who considered their work force inadequate indicated that they would consider hiring help. The others considered hiring too expensive.

It can be concluded that organic farms are similar to all farms not just as regards the size structure of farms and but also as regards the viability of farm households. A feature common to organic farms and to all farms, is that the “other cattle” system is associated with households with fewer persons and with a lower probability of viability into another generation. While the workforce per farm is limited, the cattle and sheep farming systems are adapted to the workforce available. Few expect to increase their workforce.

As regards future expansion of organic production it is likely that converting farms will be quite similar in farm size and in labour resources to all farms. They are likely to be more concentrated in cattle and sheep rearing and to be farming land of poorer quality. There will be little improvement in the labour resources on farms, many of which will be relying on part-time labour.

#### 3.6 Reasons for Converting to Organic Production

In the *Western Region Survey of Organic Farmers*, farmers were asked about their reasons for converting to organic production. The main reasons given were profitability, low intensity of farming, environmental friendliness, belief in the organic concept, and better end product.

The two reasons with highest frequency (20%) were the profit prospects and that low intensity suits the farmer. It seems reasonable to infer that the REPS-SM6 has boosted the profitability of organic production, enhancing the prospects of profit, particularly for producers who wish to operate at a low level of intensity. The importance of profitability is not surprising, as farmers produce food to make a living. However, the influence of profitability has increased with the introduction of REPS and the declining profitability of conventional cattle and sheep.

Next in terms of frequency (10-18%) were environmental friendliness, belief in the organic concept and better end product. These reasons are focused on the quality of the environment, including both the sustainability of farming and protection of the wider environment, and on the quality of food produced. These reasons are vital because they are central to the concept of organic production and are also considerations that influence consumers. These were given as the main reasons by 60% of farmers who converted in the period 1989-’94. Even though profitability was, in the main, a stronger motive for those who converted in 1995-’97, quality of food and environment were still the main reasons for 37% of farmers.

#### 3.7 Advantages and Disadvantages of Organic Production

##### 3.7.1 Advantages

When farmers were asked why they converted to organic farming, they mentioned profitability more frequently than the quality of food and environment. However, when asked about the advantages of organic production, outside the context of a specific business decision, health is placed ahead of profitability. No pollution with artificial chemicals was mentioned as frequently as profitability. Thus, while profitability has to be a central concern for farmers, a similar proportion rates the benefits to health and the environment as a main advantage of organic production. These are also key advantages from the consumer perspective. This indicates that concerns about health and the environment provide a common platform for the promotion of organic food production, among both producers and consumers.

At present, there are no data on comparisons between organic and conventional farming as regards the amount of pollution arising, for example, from the release of P and N. In general, there is less risk of pollution from organic production because highly soluble chemical fertilisers are not being applied, farmyard manure is used in place of slurry, production systems tend to be more bio-diverse and the intensity of production is generally lower. However, the differences in environmental impact between organic and conventional farming will depend on how well each is managed in relation to pollution. Poorly managed organic farms could also give rise to pollution. Good management is particularly important in relation to high-risk activities, such as the timing of fertiliser and slurry applications on conventional farms or ensuring crop cover to take up the N released when land is ploughed on organic farms. While the environmental benefits of organic versus conventional farming have not been quantified, these benefits ought to be taken into account as they contribute not only to a sustainable agriculture, but also to the quality of rural resources, which are important to the development of rural areas.

##### 3.7.2 Disadvantages

When asked about the disadvantages of organic production, from the farmer’s perspective, over one third of respondents mentioned not being able to use artificial fertilisers, herbicides, or pesticides. An example of this problem is the difficulty of controlling rushes in wet grassland. Not using artificial chemical inputs is a key constraint on organic production which makes the availability of advice and training to farmers in management without artificial chemical inputs a necessity if they are to be enabled to convert from conventional to organic production.

The second most frequently mentioned difficulty was organic regulations relating to animal housing. These regulations are designed to meet conditions for animal welfare and manure handling. One aspect, for example, which gave particular problems was the need to use straw bedding, as straw is difficult to get and is quite expensive. This illustrates a difficulty, which arises in part because organic farming is a minority activity and is sparse geographically, thus making it difficult and expensive to arrange inter-farm transactions.

A quarter of farmers mentioned lack of government support in the areas of policy, training or advice.

The lack of organised organic market outlets is a difficulty for 22% of farmers. This often relates to the difficulty of finding organic farmers to purchase unfinished animals from those rearing cattle. This difficulty has resulted in some organic cattle being sold to conventional farmers and thus being lost to the organic sector. This proves the need to facilitate and assist inter-farm transactions and to have a pricing structure for weanlings. At the end of 1999, and again in spring of 2000, an organic livestock mart was organised in Drumshanbo, Co. Leitrim to help address this problem.

### 3. Organic Production in the Western Region and in Ireland

Administration of the REPS Supplementary Measure 6 and of the regulations of the organic associations presented difficulties for 15% of farmers. The difficulties with organic regulations were in connection with housing facilities for animals, involving the need to use straw bedding. In relation to the REPS scheme there were difficulties in getting all documents to the DAF&RD on time and, in part, this arose from operating via a REPS planner.

The labour difficulties, mentioned by 11% of farmers, concerned mainly the labour intensity, attributed to the non-use of artificial chemical aids to farming and the impact of animal welfare requirements on housing facilities. A few mentioned the costs of labour and the difficulty of getting suitable labour.

Farmers were asked specifically whether annual production declined due to conversion to organic systems. Forty-nine indicated that their production had declined. For those who reported a decline, the percentage decline averaged 27%.

#### 3.8 Assistance Provided and Needed

##### 3.8.1 Assistance Provided to Organic Farmers

Farmers were asked about the main assistance that they received when converting to organic production. Fifty-five of the 103 farmers indicated that they received no assistance, while twenty-five mentioned the REPS supplementary premium and six mentioned grants. About 10% mentioned receiving guidance from an adviser or REPS planner or from an organic association. This indicates a very low level of advice for farmers changing from conventional to organic production.

Farmers converting to organic farming had farm plans drawn up under the guidance of REPS planners. Organic associations carried out inspections and also provided a brochure of literature on organic production. However, advice on implementing organic management of the farm was very limited, with only 10% of farmers indicating that they received advice.

These data indicate a weakness in advisory and training services for those converting to organic farming, where additional technical knowledge is required to produce without the aid of artificial chemical inputs. A major share of advice and support came from other organic farmers. Eight farmers mentioned receiving assistance from other organic farmers. This is almost as many as mentioned advisers/planners or the organic associations, with whom farmers were required to have contact for administrative reasons. Given the lack of trained or experienced advisers, almost all the expertise in organic production, at this time, is with organic producers. The approach to advisory services for organic farmers, and for those converting to organic production, should be to draw on the expertise of existing organic producers, while developing competence in organic production in the established advisory and training services. One farmer mentioned the LEADER programme and one mentioned reading as sources of assistance.

##### 3.8.2 Assistance Needed by Organic Farmers

Farmers were asked about the main assistance that they needed when converting to organic farming.

The highest proportion of responses (36%) indicated the need for advisory and training services. The second highest proportion (28%) indicated the need for financial aid at the beginning of the conversion process when production declines for many and produce is not yet eligible for an organic price premium. Also, there are costs of adaptation, such as in the housing of animals and manure management. If conversion is to be encouraged then additional financial support, especially relating to capital costs, is needed for the conversion phase. Seventeen farmers mentioned proper markets and prices and many of their comments relate to sales of unfinished cattle. There is a significant need to develop organic markets and secure organic prices for products, in particular for cattle sold unfinished. Developing organic market outlets was seen as vital to the prospects for continuing in organic production.

Continuing financial support was mentioned almost as frequently as markets. Conversion to a stable organic system takes much longer than the two years, after which REPS support is considerably reduced, and this needs to be borne in mind when designing measures to support the expansion of organic farming. Information and research were also considered important.

#### 3.9 Producer Groups

Almost one in four farmers was a member of a producer group and their most frequent activity focused on education through group discussions, from invited speakers and visits to farms and agricultural centres. Such group discussions could be used as a means for accessing the knowledge of 'master organic farmers'. The availability of training/apprenticeship on the farms of master farmers could free up master farmers to devote some time to tutoring and facilitating producer discussion groups.

Buying and selling was the second most frequently mentioned activity of producer groups. This underlines the need to develop organic market outlets and to strengthen the market power of organic producers, in relation to both buying and selling. Regarding the existing and potential usefulness of producer groups, ninety-three of the 103 responses focused on marketing. This reinforces again the importance of market development from a farmer's perspective. One in four farmers focused on exchange of information and experience among group members, highlighting again the potential role of groups in providing much needed training and advice on organic production.

#### 3.10 Costs of Conversion

Farmers provided estimates of their costs in converting from conventional to organic farming. These were quite low, with an overall average of £58 and £68/ha for the two main farming systems, cattle and sheep, respectively. One of the main reasons that costs of conversion are so low is that farmers had to have an agri-environmental plan for their farm to participate in the REPS scheme, so that conversion to organic systems only required some additional changes. The additional costs were almost all capital costs, except for cattle rearing where the non-capital costs were £27/ha in 1998. A major element of this cost was provision of straw bedding for animals to meet requirements for organic production. This shows the need to have a balanced development of organic production, in particular that organic feed and straw supplies are adequate to sustain organic production of livestock.

As agri-environmental planning for farms is likely to continue, and to become more stringent, it is likely that the additional cost of conversion to organic will be quite low in the future also. If we take the highest capital cost of £63/ha for the "mainly sheep" system, this would be £2,520 for a 40-hectare farm. The highest level of non-capital cost was £27/ha for "cattle rearing" which amounts to an annual cost of £1,080 for a 40-hectare farm.

As well as explicit costs, conversion can also give rise to losses in production, due mainly to the non-use of artificial chemical inputs.

#### 3.11 Conclusions

##### 3.11.1 Scale of Farming

- In 1999 the Western Region had 346 organic producers, comprising 39% of organic producers in the State, with a total of 11,072 hectares.
- Relatively rapid expansion in 1992-97, when the number of farms increased by 400%, was due to the introduction of premia payments under the REPS (Rural Environment Protection Scheme) and its special premia for organic production. This indicates responsiveness to public intervention.
- The particularly rapid expansion of organic farming in county Clare was associated with support for organic production provided by Shannon Development and the LEADER programme. The success of these supports again indicates that active intervention can boost the rate of conversion to organic farming.
- Land farmed organically amounted to only 0.9% for the Western Region and 0.7% for the State. The highest share of land farmed organically was 2.2% in county Clare. Hence, there is plenty of scope for conversion to organic production in the Western Region.
- The size structure of organic farms was somewhat larger than for all farms in the NFS 1998.

### 3. Organic Production in the Western Region and in Ireland

#### 3.11.2 Farming Activities

- Rough grazing land accounted for 39% of utilised area on organic farms compared with 18% on all farms in the NFS 1998, indicating a much higher percentage of poor quality land on organic farms.
- “Cattle rearing” and “mainly sheep” systems were run on 82% of organic farms. This probably reflects the comparative advantage of organic production in more extensive farming systems and the difficulty of sourcing organic animals if one does not rear them.
- About half of organic cattle and one quarter of sheep were sold through conventional outlets, which did not attract the higher organic premia. This highlights the need to improve market exchange between organic producers who are buyers and sellers of unfinished organic livestock in order to minimise the numbers of organic animals being removed from the organic system into conventional production. This also highlights the need to establish a pricing structure for organic weanlings. Organic marts, meat processors and finishing farmers are likely to become the main outlets by 2006.
- The pattern of organic horticulture and nursery production and marketing is fairly stable, with producers’ plans giving little indication of change. The rate of entry to organic production is one or two per year and has been steady over recent years. The low level of entry into horticulture in the Western Region could be attributed to the labour intensive nature of the activity and the lack of financial supports for the small producers. The organic fruit and vegetable market accounts for 45% of organic food sales in Ireland, which are mainly imports. In recognition of the importance of this market, special consideration should be given to provide a support mechanism for technical assistance and investment support for this sector.

#### 3.11.3 Relative Farm Performance

- Organic farms had lower gross output but, due to lower direct costs, they had a similar gross margin to all farms in the NFS 1998. In addition their overhead costs were lower giving organic farms higher family farm incomes. This indicates that organic farming is a viable option in the Western Region, where it can compare favourably with incomes from conventional farming. There is considerable scope for the financial performance of organic farms to improve if steps are taken to get more organic produce sold through outlets attracting higher premia and if existing organic farms in conversion succeed in becoming certified as fully organic.

#### 3.11.4 Demographics

- The demographic viability of organic farm households is identical to that for all farms in the NFS 1998. As regards the main farming systems on organic farms - “cattle rearing” and “mainly sheep” – the labour units per farm on organic farms are similar to those on farms in general. In relation to future expansion of organic production, it is likely that converting farms will be quite similar in farm size and in labour resources to all farms. They are likely to be more concentrated in cattle and sheep rearing. With regard to labour resources on farms, many will be relying on part-time labour.
- Organic farmers were generally not planning to increase acreage. Therefore growth in organic production will largely come from conversion to full organic certification among existing farmers and new entrants to organic farming.

#### 3.11.5 Choosing the Organic Farming Option

- The main reasons given for converting to organic farming were profitability, low intensity of farming, environmental friendliness, belief in the organic concept and better end product.
- While profitability was a central concern for farmers, a similar proportion rated the benefits to health and the environment as a main advantage of organic production. These are also key advantages from the consumer perspective. This indicates that concerns about health and the environment provide a common platform for the promotion of organic food among both producers and consumers.

- According to organic farmers, the main disadvantages of converting to organic farming were not being able to use artificial fertilisers, the cost of animal housing as a result of having to meet organic standards, lack of government support for training, information and advice, lack of organised organic outlets, administration and shortage of labour.

#### 3.11.6 Support for Organic Farmers

- The highest proportion of responses (36%) indicated the need for advisory and training services. Most farmers get essential advice and support from other organic farmers. Hence, development in the provision of advice and training will be best achieved through partnership with producers and the producer groups, which are already filling this gap.
- The second highest proportion (28%) indicated the need for financial aid at the beginning of the conversion process when production declines for many and produce is not yet eligible for an organic price. Economic considerations are an important influence on the decision to convert to organic farming. After two years of the five-year REPS period a special support mechanism of technical assistance and investment support for a further three years should be considered, to correspond with the time needed to convert to a stable organic production system.
- There is a significant need to develop organic markets and secure organic price premia for products.

## 4. Market for Organic Food in Ireland

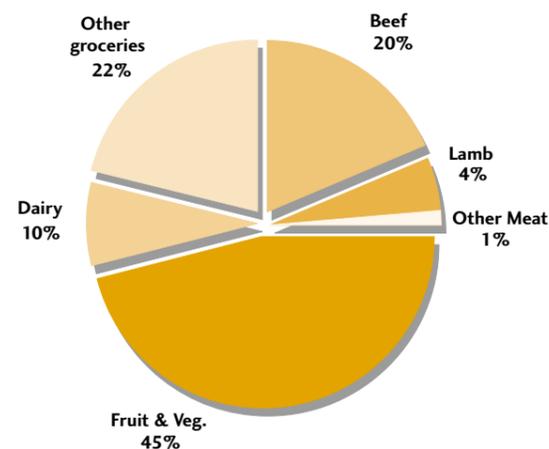
### 4.1 Introduction

Following on from our analysis of organic production in the Western Region this chapter considers market size and characteristics. Characteristics examined include consumer behaviour and trends, consumer organic price premia, and marketing and promotion activities for organic food in Ireland. The implications of the current stage of development of the Irish organic food market and the implications of the various trends in the market are discussed and conclusions drawn.

### 4.2 Market for Organic Food in Ireland

The market for organic food in Ireland lags considerably behind that in other countries in Europe in terms of development and market penetration. Currently the total domestic market size is in the region of £18 million. This represents just 0.4% of the retail value of total food consumption in Ireland. This compares to 1.5% in the UK, 2.4% in Germany and 9.6% in Austria.

The percentage market share for the main organic food categories is shown in the chart below. Fruit and vegetables account for the largest share of the market at approximately 45% by value. Organic beef follows this with a 20% share of the domestic organic food market. Lamb is considerably lower at 4%. To date, sales of pork and poultry are negligible. 'Other groceries' (22%) are comprised mostly of branded further processed organic food products. The market for organic bakery and cereal products is relatively small in Ireland compared to other countries.



Imports account for up to 70% of all organic food sales. Imports of meat products are very low and are mostly made up of organic poultry from France. However, imports make up the majority of organic food sales for fruit and vegetables, dairy products and other groceries. Some of these products cannot be produced in Ireland, such as organic kiwis and oranges.

#### 4.2.1 Beef

The domestic organic beef market is valued at approximately £3.7 million per annum. This represents slightly more than 2.5% of the total beef market in Ireland. This market value is based on an annual throughput in domestic factories of 3,000 animals yielding 626 tonnes of product weight at a retail sales value of £5.91 per kilogramme. Generally, sales are growing at the same rate as supply.

#### 4.2.2 Lamb

The organic market for lamb in Ireland is valued at approximately £800,000 per annum. This represents almost 1.2% of the total domestic lamb market. As with beef, this is growing at the same rate as supply. This market estimate is based on 8,000 carcasses per annum currently being processed for the domestic market, resulting in a product weight of 144 tonnes with a retail sales value of £5.70 per kilogramme.

#### 4.2.3 Dairy

The organic dairy products market is estimated to be worth approximately £1.8 million. This represents about 0.3% of the total dairy products market, significantly less than in most other European countries. Yoghurt is the biggest product in the dairy category and accounts for approximately £1.3 million or over 70% of all organic dairy product sales. The market is growing very quickly at present with industry estimates of market growth at 40% per annum. The remainder of the dairy market is comprised of sales of milk, butter and cheese, cream and crème fraiche. Sales of these products are in the region of £200,000 and are primarily made up of imported products from the UK. Most organic dairy products are sold through the major multiple retailers.

#### 4.2.4 Fruit and Vegetables

Organic fruit and vegetable sales represent over 40% of the market size at £8 million. This is broken down between £7 million in vegetable sales and £1 million in fruit sales. Key informants estimate that the organic fruit and vegetable market is growing at a rate of 25-30% per annum. These informants, including retailers and wholesalers, estimate that up to 70% of domestic consumption is made up of imported produce, a significant proportion of which cannot be produced in Ireland. The main players in this sector are wholesalers rather than processors.

#### 4.2.5 Other Organic Grocery Products

The total market share for other organic grocery products, which are mostly comprised of branded and processed organic food products, is 22% of the market and sales are in the region of £4 million. This market value is based on retailers' own estimates. Organic food products in this category include: pasta, bread and bakery products, sauces, soups, jams and preservatives, honey, herbs, chocolate, ready meals, baby food, breakfast cereals, eggs and tea. Almost all of these products are sold through retail channels (including health food stores). Retailers estimate that in most cases, with the exception of baby foods, the organic food product alternative comprises approximately 0.5% of their respective overall product category. With the exception of some pasta, ready meals and bakery products, other food products are mostly imported branded products.

### 4.3 Retail Price Premia

A retail price audit was carried out by the National Food Centre, Teagasc of retail prices for meat, dairy, fruit and vegetables and other organic food products on sale in major retail outlets. Four stores were surveyed in Dublin and two in Galway. These stores included at least one of each of the main retail multiples. Between all of the stores surveyed there were approximately 350 organic food products available. The survey focused mainly on organic food products that have the potential to be produced in the Western Region.

#### 4.3.1 Meat

Retail price premia for meat products ranged significantly between different cuts of meat. For example, in Galway beef price premia ranged from 1% for minute steak to 36% for round steak. Variations reflect different levels of consumer demand for different types of cuts. Consumer preference for hindquarter cuts means that many forequarter cuts are sold at close to or at prices for conventional cuts. Lamb price premia were similar in Galway and Dublin ranging from 10% to 47%. The price premium charged for chicken was highest at 142%. There was no pork available in any of the stores surveyed in Dublin or Galway.

#### 4.3.2 Dairy

Price premia for organic dairy products were relatively stable compared to the other food categories, both across product categories and retail outlets. Liquid milk had the highest price premium at 44%. Where competition is stronger, in the organic yoghurt market, the premium was lower at 25%.

## 4. Market for Organic Food in Ireland

### 4.3.3 Fruit and Vegetables

The organic price premium was highest and most variable in the fruit and vegetable category. Premia ranged from 10% for a head of cabbage to 223% for mushrooms. Variability between stores was also a feature that marked fruit and vegetables out from the other categories.

### 4.3.4 Other Organic Grocery Products

For other organic grocery products, the organic price premium varied significantly between products, and ranged from 11% for baby food to 145% for home made brown bread. Bearing this in mind it is worth highlighting that it is only in the baby food category that the organic alternative has a significant level of market penetration.

## 4.4 Consumer Trends

In May 2000 Bord Bia carried out a survey of food consumers to determine their understanding and purchasing behaviour in relation to organic food. Some of the key findings are presented here. While there is no specific profile of Irish organic consumers the tendency is for them to fit within at least one of the following criteria:

- ABC1 socio-economic group
- Married and female
- In the 35-54 age group
- Part of small to medium sized households
- Live in urban areas

For the main part, consumers have a very positive perception of organic food as follows:

- No chemicals, additives or pesticides
- Naturally produced food
- Healthy
- Expensive
- Good for the environment

Most consumers believe that organic food is safer than conventional food and only a minority believe that there is no difference between organic food and conventional food. Organic food is not considered by many as a fad and most consumers accept that organic food is expensive because it costs more to produce. Consumers also believe that farmers should be subsidised to help them produce organic food. However, many also agreed that they do not buy organic food.

### 4.4.1 Implications of Consumer Trends for the Western Region

These findings have implications for organic food producers in the Western Region and other players in the organic industry. The important consumer trends and their implications can be summarised as follows:

- In general, consumers have a very positive attitude towards organic food despite very low levels of marketing and information available to them. There is also evidence that consumers are not aware of the full benefits of organic food, particularly those relating to the environment. With increased marketing and provision of information, this positive view could translate to purchases. It is important that there is a balanced approach to marketing in the short-term, where demand is currently outstripping supply, as this could lead to increased imports.
- Consumers in the Western Region have a greater understanding of the benefits of organic food and are more willing to pay a premium for organically produced food. This could indicate potential for organic food in the region.
- While recognising that organic foods cost more to produce, most consumers consider the premium charged for organic food to be excessive. The analysis of consumer trends provides evidence that there would be an increase in the number of consumers purchasing organic food and higher market penetration if the price premium was reduced. However, this cannot happen in isolation. It must be accompanied by successful communication of the value of the organic product.

- Improved availability of organic food in the main outlets for grocery shopping will remove some of the barriers to purchasing. Improved availability locally will be particularly important in the Western Region.
- The greatest potential, both nationally and regionally, among consumers who do not normally purchase organic food, is for fruit and vegetables and meat products.
- Nationally, supermarkets are the most frequent point of purchase for consumers buying organic food. Independent outlets and direct sales schemes are more prevalent in rural areas than in urban areas.

## 4.5 Organic Food Promotion

The following organisations have a role in marketing organic food in the domestic and export markets:

- Organic Associations - Organic Trust, Irish Organic Farmers and Growers Association, Demeter Standards (Irl.) Ltd.
- State agencies – An Bord Glas, Bord Bia and BIM
- Producers and local sales schemes operators
- Retailers
- Processors

Each of the organic associations has a different symbol as a vehicle to promote the produce of their members. The primary role of the symbol is to act as a guarantee that organic principles have been adhered to in producing the product. However, marketing is not considered a primary function of these organisations and resources invested in marketing activities are quite small. There is very low recognition of the symbols of the organic associations.

An Bord Glas and Bord Bia have begun to formally recognise that organic products offer important growth and differentiated markets for Irish food producers and processors. In each organisation there is one person involved, on a part-time basis, in supporting the organic sector. In 2000, An Bord Glas organised a Fresh Produce Organic Conference and Bord Bia published *Prospects for Organic Food in Ireland*.

In the recent report of the Agri-Food 2010 Committee, it was recommended that Bord Bia, An Bord Glas and the Irish Dairy Board take a “focused interest in the organic market and in promoting Irish organic produce on the home and export market”.

In rural areas in particular, individual producers and local sales scheme operators, such as box schemes and market stalls, have had a major role in marketing organic food to consumers. Most marketing activity from producers and local sales scheme operators is informal, as there is usually little requirement for formal professional marketing activities.

Retailers have an important role in the marketing of organic food products. In Ireland, some of the major retail multiples have had promotional campaigns for organic food products, including Musgraves, Tesco and Superquinn. Current in-store promotion of the organic ranges includes end of aisle displays and point-of-sale information literature. While there has been some promotion of organic food in retailers’ own magazines, other media advertising has been very limited and in-store promotions and merchandising has been inconsistent between different stores.

Marketing activity from processors has been muted. This is largely due to the fact that there are no major processors involved in the sector at present.

### 4.5.1 Implications for Promotional Policies

- There is evidence that there is a need for consumer education because consumers have low levels of understanding of the benefits of organic food.
- Current investment in marketing activities for organic food is low and industry consultations highlight that there are few plans to increase activity in this area.
- There is pressure from various groups within the industry, including retailers, processors and state agencies, for the development of a national single organic certification symbol for organic food produced in Ireland.
- The development of organic brands will be determined by the market as production and economies of scale increase.
- There is a need for the multiples to invest and become more active in promoting organic food products.

### 4.6 Conclusions

- The market for organic food in Ireland is £18 million, representing only 0.4% of the total food market and therefore lagging behind the rest of Europe where market penetration ranges from 1.5% in the UK to 9.6% in Austria.
- Fruit and vegetables and meat occupy the largest proportion of the Irish organic market accounting for £8 million and £4 million of total sales, respectively.
- Price premia for organic food products at the retail level varied dramatically across different product categories and sometimes between stores and regions. Consumer premia for major fresh products such as vegetables, potatoes and fruits were high as well as for some other products such as chicken. The premia for further processed products is highly variable and is generally quite high.
- It is notable that for the processed products with lower organic price premia, such as yoghurt and baby food, sales and market penetration are highest. In the case of yoghurt, sales represent approximately 70% of all organic dairy product sales and, according to retailer estimates, account for as much as 8% of all yoghurt sales. To an extent this indicates that strongest volume growth potential for organic food produced in the Western Region will be for organic food products that can be developed with a relatively low organic price premium.
- Irish consumers have a very positive attitude towards organic food but increased marketing and provision of information as well as more competitive price premia will be necessary to translate this positive view into purchases.
- Any strategy for promotion in the largely rural Western Region needs to reflect the importance of the independent organic outlets, direct sales as well as supermarkets.
- A single organic certification symbol at national level to promote organic produce on the domestic and overseas market will create a situation where Ireland will become synonymous with organic produce of high standards and integrity.

### 5.1 Introduction

This chapter considers the opportunities for increasing the level of organic processing both primary and added value in the Western Region. It also examines the manner in which organic food is distributed from the farm to the consumer. The chapter is comprised of two sections.

The first section provides an overview of organic food processing in the Western Region and in Ireland. It then considers the opportunities for developing organic food product lines both through existing conventional food processors and start-up food enterprises.

The second section considers two main routes to market; direct sales and through intermediaries. These include direct sales channels such as farm sales, box schemes and market stalls, and intermediaries such as multiples and independent retailers. Both channels are examined with a view to proposing appropriate strategies for the Western Region.

The chapter concludes with a number of important themes for the further development of processing and distribution channels in the Western Region.

### 5.2 Description of Organic Food Processing

The organic food processing industry in the Western Region is currently small in scale in comparison to mainstream food processing. It either involves small-scale companies that are dedicated to producing organic products or large-scale companies for which organic lines represent a very small proportion of output. This trend is the same in the rest of Ireland. There are currently fourteen processing facilities registered for organic food production in the region and a further forty-five registered facilities elsewhere in the Republic of Ireland. It is notable that the Western Region accounts for 23% of organic food processing facilities and only 16% of all types of food processing facilities.

#### 5.2.1 Meat Processing

There are seventeen facilities registered and approved for organic livestock slaughtering and processing in Ireland. However, only two registered premises are located in the Western Region. These are Kepak, Athleague and Hugh Robson, Clare. There are no meat processing facilities nationally dedicated to slaughtering organic livestock. Instead, facilities for conventional livestock, slaughter and process organic livestock at particular times.

Similar to the conventional meat sector, processing in this sector generally relates to primary processing, i.e. cutting and de-boning. There is a very limited range of further processing or added value products. However, packaging in the organic sector can be somewhat different with some processors having to produce consumer cuts in modified atmosphere packaging rather than producing wholesale primal cuts in vacuum packaging. This is to facilitate segregation from conventional meat on the retail shelf and to maintain the integrity of the organic nature of the product.

Processors currently sourcing animals from the Western Region include AIBP, Ashgrove Meats, Good Herdsmen and WD Meats. AIBP, Good Herdsmen and Ashgrove Meats are the main suppliers of organic beef to domestic retailers. AIBP received certification for its plants in Rathkeale and Nenagh in 2000 and it had hoped to have two more plants certified by the end of 2000. Good Herdsmen is the leading specialist in organic meat processing and is the main supplier to Tesco under the Ballybrado brand. The company also exports a small amount to the UK, Belgium and Germany. Kepak undertakes slaughtering on its behalf. In the case of Ashgrove Meats, organic meat also represents a significant proportion of output and the company procures livestock from the Shannon Region Organic Meat Co-operative. Ashgrove Meats supply organic meat to Tesco and Dunnes Stores. They are currently awaiting export approval from the DAFRD. WD Meats, a large independent meat processor, based in Coleraine in Northern Ireland, is processing a growing number of animals. Many animals are sourced in the Republic of Ireland through the cross-border North West Organic Producer Group. The current punt-sterling exchange rate gives them an advantage over processors in the Republic of Ireland.

## 5. Processing and Distribution of Organic Food in the Western Region and in Ireland

In general, the number of organic animals slaughtered by these companies is small and they account for a very small proportion of total throughput.

In addition to these companies, some independent butchers are also approved. In some cases these butchers are sub-contracted to slaughter and process animals for farmers and producer groups that wish to sell locally.

### 5.2.1.1 Future Expansion in the Meat Sector

The key issue for the development of the organic meat sector is the need to develop the supply base to ensure consistency of supply. There is a very significant shortage of organic livestock, and it is increasingly difficult for processors to source, as the market expands. Difficulties in sourcing organic livestock are primarily due to the fragmented nature of primary production and the lack of information on what is available currently.

Despite the shortage of organic livestock, there is evidence of seepage of organic animals (weanlings, stores and finished animals) to conventional channels. In *Prospects for Organic Food in Ireland* (Bord Bia 2000), it is stated that at least 15% of all finished cattle that are produced organically are sold into conventional markets. The problem is more acute in the Western Region. The *Western Region Survey of Organic Farmers* showed that approximately 50% of organic cattle were sold to conventional outlets.

In summary, expansion in the meat sector, therefore, will depend on:

- increased levels of consistent livestock supply that will result from:
  - farmers that are in conversion becoming fully organic;
  - new entrants to organic livestock farming;
  - a reduction in the number of organic animals that are being sold as conventional animals;
- a greater number of registered organic abattoirs in the Western Region;
- advice, training and education to efficiently produce quality animals; and
- advice, training and education and improved market incentives to produce out of season.

### 5.2.2 White Meats

Two plants are registered for organic poultry processing. One is operated by the Colchesters in Co. Kilkenny and slaughters turkeys for the Christmas trade. The Carton Group in Co. Monaghan is also registered.

In the white meats sector, high feed costs, the lack of research into specific pest and disease control problems and the difficulty in obtaining guaranteed GMO free soya or alternative protein sources have slowed development of the sector.

The absence of processing facilities registered for organic processing of white meats in the Western Region means that much of the livestock produced within the region is sold outside for processing. It is important that more existing meat processing operations become registered within the region. Expansion in the white meats sector will particularly depend on the reduction in high feed cost disadvantage.

### 5.2.3 Dairy Processing

The Western Region does not have a tradition of dairy farming and according to the *Western Region Survey of Organic Farmers*, few organic dairy farmers of scale operate in the Western Region. Nonetheless, a number of small-scale operations process and sell organic dairy products. Donegal Dairies produce a small volume of organic UHT milk. Ailwee Caves produces organic cows' milk cheese, most of which is sold locally. Neantóg in Co. Sligo produces organic goats' cheese that is sold locally and nationally through selected delicatessens. As yet, there is no significant organic dairy processor in the region sourcing raw material from the region.

Nationally, the main dairy processor is Glenisk, based in Co. Offaly. Glenisk produces a range of organic yoghurts as well as liquid milk.

While strong demand is expected to continue for organic dairy products, the key requirement for the development of the organic dairy sector in the Western Region is to encourage conventional dairy farmers into organic production and for a dairy processor to enter the market. However, dairy processors located in the Western Region are reluctant to develop markets for organic dairy products, as they are concerned that they will be unable to procure sufficient volumes of milk on a consistent year-round basis. On the other hand, farmers will not commit to organic farming methods, as there is no dairy processor in the region procuring large supplies of organic milk from farmers. If the supply issue can be resolved, a number of dairy companies of reasonable scale in the Western Region could process organic liquid milk and produce short and long shelf-life consumer dairy products.

Dairy processors have more constraints in terms of developing their supply base than meat processors. In addition to requiring volume to achieve economies of scale for processing, they need continuity of supply to develop the liquid milk sector and they need their suppliers to be within a narrowly defined geographical area to facilitate economic collection of milk and to maximise shelf-life.

In summary, expansion of the dairy sector in the Western Region will depend on:

- certification of a dairy processor to process significant volumes of milk on a year round basis;
- certification of a number of other dairy processors to take smaller volumes of milk on a seasonal basis;
- advice, training, education and market incentives to supply milk out-of-season for liquid milk and short shelf-life products, in particular; and
- increased levels of milk supply from clusters of farmers within the region which in turn will depend on the conversion of existing conventional milk suppliers.

Despite the immediate market opportunities that exist, converting liquid milk producers is likely to be more difficult than converting creamery milk suppliers given the tradition of liquid milk producers to adopt high input systems.

### 5.2.4 Horticulture

There are nine importers and packers who distribute organic horticultural produce to retail outlets on a large scale. None of these is located in the Western Region. The only level of processing undertaken by these companies is washing, grading and packing. There is no added value processing (e.g. pre-prepared carrots, stir-fry mixes, and ready-to-eat salads) in the Republic of Ireland at present. Such products are available in the market but are imported.

### 5.2.5 Other Organic Food Processing

In the Western Region, seven companies produce a variety of other organic products. These are mostly small enterprises that are dedicated to organic products or where organic products represent a substantial proportion of their overall output. Such small to medium sized organic food enterprises are more prevalent in the Western Region than anywhere else in the country and their output includes ready meals, seafood products, bakery products, eggs, and pastas.

The range of products produced places high demands on the inspection and certification bodies. This is currently being addressed by the organic associations, where for example the Organic Trust has employed a qualified food technologist. As inspection and certification is the first potential bottleneck if raw materials are available, it is essential that those certifying and inspecting are well resourced and trained to deal with the increased demand for inspection and certification for a wide variety of products in the future.

### 5.2.6 Opportunities for Conventional Processing

For conventional food processors, organic foods offer an opportunity to develop attractive niche premium priced products. However, issues of consistency, availability, quality and price of raw materials recur across different sectors with regularity. These key issues need to be addressed if processors are to expand their business and develop new organic product lines. These include:

- The need to **increase the supply base** in the Western Region and in Ireland. This has to be addressed in a number of ways. First, there is a need to encourage new entrants into organic farming. Second, there is a need to increase yields among the current organic farmers. Third, there is a need to stop organically produced agricultural output being sold into conventional food supply chains.

## 5. Processing and Distribution of Organic Food in the Western Region and in Ireland

- There is a need for **improved co-ordination of the organic supply**. The organic farming sector is small-scale and dispersed. For a number of reasons there is a need to encourage further development of organised producer groups. These producer groups will be useful vehicles for promoting organic farming in their respective areas but they can also form links with organic processors to plan and agree production and supply on a more even basis over longer periods. This will give producers greater confidence in developing their farm enterprises.
- There is a need for **increased awareness of organic food market opportunities** and provision of improved market information to promote market opportunities for organic food in the domestic and export markets to existing food processors in the Western Region. In addition, to facilitate strategic planning, there is a need for improved and up-to-date market information to be provided to food processors considering producing organic food product lines. This includes information relating to market characteristics, consumer behaviour and market opportunities.
- It is essential that a **more detailed information database and information network of organic production/supply** in the Western Region and in Ireland is developed. Processors have great difficulty sourcing organic ingredients or raw materials locally including vegetables and livestock. An information network is required to assist processors to plan their production over a longer period. This network could also reduce seepage to the conventional sector.
- New products will have to 'add-value' to the existing range within the category and need to reflect general consumer desires for convenience, etc. Product development and production line support facilities need to be easily accessible to processors either within or close to the region in order to **facilitate the development of new products**.
- Due to the lack of supply and climatic reasons many organic food ingredients are not available in the Western Region or in Ireland. It will be necessary to support food enterprises in their **efforts to procure necessary ingredients**. Websites have been set up for this purpose internationally, which would make it easier for processors to source raw materials from overseas.
- There is an urgent need to **reduce the effect of high organic feed costs**. This could be achieved by increasing the availability of affordable organic feeds, developing production systems which utilise grass (or other crops which grow well in the Western Region) to the maximum or encourage more bulk purchasing by producer groups. It is important for meat and dairy processors to be able to obtain supply on a year round basis.

### 5.2.7 Potential for Organic Processing in the Western Region

Clearly there is a market for organic food products that may be produced in the Western Region. Strong growth exists in the domestic and export markets and it is expected that such growth rates will continue to be significantly higher than conventional food market growth rates for many years. In addition, a survey of small food producers carried out by the WDC and Teagasc in 1999, showed that there were approximately 250 small sized conventional food enterprises, some of which will have the potential to develop organic lines in the future. Therefore, there is a clear market indication supporting the development of organic food processing in the Western Region.

To assess the potential of organic food processing there are two avenues to be considered. First, there is the potential increase in organic food processing if existing processors in the Western Region develop organic product lines. A good example of this is the move by Kinvara Smoked Salmon to process organic smoked salmon alongside conventional smoked salmon. Secondly, there is potential for new start-up organic food processing enterprises. Noodle House from Co. Sligo represents a good example of this with its organic pasta product lines.

Given the problems in sourcing organic raw material from within the region, the preferred route for products based on local raw material may be the development of organic lines among mainstream processors to complement an existing mainstream range.

### Case Study 1: Graig Farms

Graig Farms is a meat processing, wholesale, and distribution mail order and retail business located in Powys in Wales. It is largely supplied by a producers group of twenty-five farmers. There is no formal written contract between the producers and the company. However, it offers a 'guaranteed market at fair prices'. The company does not subsidise farmers during the in-conversion period. However, it does undertake to sell in-conversion produce (as conventional) for those who agree to supply them with organic produce once the conversion period is complete. The company offers services such as bulk purchase of inputs to farmers. This is part-financed by a membership fee and also through a levy on throughput.

Graig Farms supports the development of a store market within the group and between producers in Wales. This improves continuity of supply for Graig Farms and helps upland producers engage in the market and those in the lowland to fatten animals for slaughter. The group is also used as a vehicle for training and information dissemination.

*Source: Personal Communication with Robert Kennard of Graig Farms, Wales*

## 5.3 Distribution of Organic Food

There are two broad routes for distributing organic food produced in the Western Region: direct sales and intermediaries. The direct sales route includes sales through market stalls, box systems, country markets, farm sales, direct sales to food service outlets, mail order catalogue and the Internet. The intermediaries route generally involves sales through wholesalers or processors to the multiple retail outlets or symbol groups and sales to independent retailers (including butchers, greengrocers, delicatessens and health food shops) through regional or national distributors.

### 5.3.1 Direct Sales

#### 5.3.1.1 Market Stalls

A small numbers of organic producers sell their produce in market stalls in rural and urban markets within the Western Region as well as in Dublin. The local authority in the area generally operates these markets and licences the stall operators. The main products sold in these markets are horticultural products, particularly vegetables. Sales through market stalls in the Western Region are estimated to be in excess of £200,000.

#### 5.3.1.2 Box System

A number of small but successful box systems operate both within the region and outside of it. These are estimated to account for £60,000 of sales annually. Vegetables account for the vast majority of sales in this channel with the remainder being made up of meat. The usual practice is for customers to pay a fixed price for a box of in-season fruit and vegetables and accept in return the mix and quantities that are delivered.

#### 5.3.1.3 Country Markets

Country Markets Ltd operates most of the country markets in Ireland. Members pay an annual fee of £12 per year. The company estimates that less than 10% of the seventy-five country markets in operation in Ireland sell organic produce.

#### 5.3.1.4 Other Channels

Some organic producers sell fruit and vegetables and meat directly from the farm and there is a registered organic shop in Sligo.

Some hotels and restaurants are making an effort to source some organic food. In the Western Region, a number of producers have built up regular business with these outlets in the region.

Bunalun Organic in Co. Cork provides an example of mail order catalogue sales. It is targeted at the export market. They offer a range of packs from a catalogue and orders may be placed by phone, fax, or e-mail. They are currently developing a web-site.

### Case Study 2: Box Schemes in Ireland

Absolutely Organic in Dublin was established in 1997. At present it delivers to over 200 homes in the Dublin metropolitan area. It has a database of customers and tailors deliveries to the customers needs. Customers have an option of a standard or large box and extra products can be added to order, e.g. a bag of mixed fruit, bread (from the Baking House) or wine. Orders can be placed by phone, fax or via e-mail. Deliveries can be weekly or fortnightly, as the customer desires. Payment is made on delivery. However, consumers can pay for up to four deliveries in advance as it lessens the number of transactions. No deposit, start-up or annual fee is charged. As an additional service, it issues a weekly newsletter for customers, providing a selection of recipes and explaining any recent developments in the business. Word-of-mouth is its main means of promotion with limited advertising being conducted. Produce is sourced as much as possible in Ireland as it makes it easier to maintain a fixed price for the box and guarantee the same level of freshness. Relationships with producers are based on trust with no binding arrangements entered into. Importing from the UK through Northern Ireland fills any gaps in supply.

Penny Lange, in Wicklow, has operated a box system since 1994. Customers pay for up to ten weeks at a time while others pay weekly or fortnightly. The enterprise has a range of box sizes: 1-2 people, 4-5 people and 6+ people. It guarantees supply for forty-five weeks of the year. The majority of produce is sourced from the proprietor's own farm. It also produces newsletters for customers and encourages customers to visit their farm. Penny Lange holds an annual open day with farm walks and other festivities and aims to have as large a range in winter as summer and introduce new crops each year to make their produce more interesting.

#### 5.3.2 Sales through Intermediaries

A number of national distributors take some organic products, such as Kelkin, and Boyne Valley. In the health food sector, Munster Wholefoods and Wholefood Wholesalers have national distribution, mainly for ambient, imported, branded products, including organic products.

Organic food has been available from health food stores for many years. By and large, ambient products dominate and most are sourced through wholesalers.

The multiple retailers have a key role to play in expanding the organic market, because the majority of consumers will wish to purchase organic food in the same way that they shop for conventional food. In the Western Region, the independently owned symbol groups such as Musgraves and BWG have a higher share of the market through their Centra, Super-Valu, Spar, and Londis stores – 48% compared with 31% nationally. Musgraves have also shown their commitment to the organic industry by providing £60,000 for the next three years to the Organic Centre in Rossinver, Co. Leitrim. Several current developments will impact on organic suppliers as well as conventional suppliers:

- concentration of retail sector;
- growth of own label;
- centralisation of purchasing and distribution; and
- rationalisation of supplier bases.

#### 5.3.3. Opportunities for Direct Sales and Sales through Intermediaries

Any strategy to develop organic agriculture and food production in the Western Region must take account of the opportunities to develop both direct sales and sales through intermediaries.

The development of both types of marketing structures is necessary for the long-term development of the organic sector in the Western Region. Currently in Ireland, supermarkets account for 60% of sales and while local direct schemes have been and will continue to be important outlets, supermarkets are going to be the main outlet for organic produce, especially as the

product range available increases. In Ireland, a dual strategy will be required which will involve producers, processors and distributors addressing different sets of issues. In a number of cases these issues are common to both distribution routes.

#### 5.3.3.1 Issues for developing the direct sales channel

Given the early stage of development of the Irish organic food sector, coupled with the desire of many in the Irish organic industry to sell their produce locally, it is likely that local markets will play a key role in the expansion of the sector. Local sales will be particularly important for small-scale horticultural producers. For the Western Region, producers' proximity to many of the direct sales outlets offers them some advantage, in terms of transport cost and freshness. To be able to benefit from this advantage and meet their customer needs several issues will have to be addressed. These have been identified from this analysis and from discussions that took place at the regional workshops. These include:

- Opportunities for producers to sell their produce through market stalls are limited due to difficulties in accessing key markets. There is a need to **increase access to markets** by providing additional spaces for organic food producers in existing markets or developing a new organic food market in the Western Region.
- Producers who become involved in direct sales must **broaden their skill base** to include basic business skills. These include skills in business planning, marketing, sales and bookkeeping.
- To increase and retain customers in the direct sales channel it will be necessary to **increase the level of supply** and lengthen the time of year that this supply will be available to customers. This may require co-ordination of production between producers located in the region.
- There is a need for **innovative approaches** to develop many of the direct sales schemes currently in operation in the Western Region, so that they are closer to meeting the requirements for convenience and choice for consumers in general. For example, at present most box scheme operators in the Western Region offer a basic service. Often there is no choice for consumers. A handbook to include information on marketing, production, customer expectations, finance and administration should be developed for direct sales.
- From a small base, the **food services market** is now beginning to emerge strongly. There is potential to build on this trend by making foodservice outlets aware of the potential of organic food as a promotional tool and providing information on sources for organic food in their locality.

#### 5.3.3.2 Issues for developing sales through intermediaries

As most consumers buy their food in supermarkets, it is not unreasonable to expect that the most significant increase of the organic food market will take place in this channel. Organic food is considered a niche by the main players and represents very small shares of the total retail sales in each product category. However, retailers are keen to offer a comprehensive organic range as a customer service.

Regarding further development of organic food in the retail market in Ireland, retailers identify several issues of central importance. Food producers/processors that can manage these issues are likely to succeed. Most of these are relevant to processors and producers supplying to independent retail outlets, foodservice markets and specialist health food stores as well. These can be summarised as:

- With regard to **continuity of supply**, there is a need to increase the level of all year round supply of dairy, meat and fruit and vegetable products to the extent that seasonality allows - all are susceptible to unacceptable levels of discontinuity in supply. At present, retailers can overcome this problem by importing products but they have a strong preference for sourcing Irish produced food. Research, advice, training and education, as well as producer groups, have a role to play in this.
- Retailers are not satisfied that they are receiving **consistent levels of quality**, particularly for fruit and vegetables sourced in Ireland. There is a preference for taking product from producers that have completed the Bord Glas Quality Assurance Programme, which is encouraging suppliers to enter the programme.
- **An organic awards scheme** should be established to encourage best practice among producers, processors, distributors and direct sales operators and to act as a promotional tool. The Soil Association in the UK has such a scheme in place.
- Retailers believe that **market opportunities** for new organic food products are going to be in line with market opportunities for conventional products and consumer trends underlying the market for food in general. These trends include consumer demand for convenience, luxury, variety, taste and health. In addition there is a need to increase the range of longer shelf-life products.

- **Central distribution** is a key requirement of the multiple sector in Ireland and is an area that is of particular concern for the small and medium food enterprises in the Western Region. This was highlighted in a survey carried out by the WDC and Teagasc in 1999 of small and medium food enterprises. As the food industry represents a very important area for development in the future in the Western Region, a feasibility study should be carried out, to identify the most effective and efficient distribution system, to assist small and medium food enterprises to get their product to market, and link more effectively with national and export distribution systems.

### 5.4 Conclusions on Processing and Distribution of Organic Food

- There are fourteen processing facilities registered for organic food in the Western Region accounting for 23% of all such facilities in the country.
- The main constraint to the development of processing industries is the shortage, fragmentation and inconsistency of supplies for meat, dairy, horticulture and other organic produce.
- It is necessary to increase the supply base for processing through improved levels of promotion, research, training, education and advice for farmers.
- There is a need to create better economies of scale by establishing clusters of suppliers, encouraging larger suppliers into organic production and creating better communication links between suppliers and processors.
- New and existing processors need to be given greater encouragement to establish organic lines. This will require market awareness campaigns, the provision of better market information and incentives for new organic product development.
- While multiples are a key sales channel at national level, independently owned symbol groups have a large share (48%) of the organic food market in the Western Region compared with 31% nationally. Furthermore, direct sales through market stalls, box systems and country markets are important outlets in the Western Region, particularly for small-scale horticultural producers.
- Producers, particularly small-scale producers, need greater support to establish increased access to markets through measures such as increased allocation of spaces in existing markets, training, the development of innovative approaches, clustering of suppliers and the availability of a handbook for those using direct sales on various aspects relating to business.
- The small scale and fragmented nature of the food industry in the Western Region suggests that a new distribution channel for small and medium food enterprises should be developed. This would improve efficiency of supply and link more effectively with national and export distribution systems.

### 6.1 Introduction

Organic farming is undergoing a period of expansion in most European countries. This is reflected in a general increase in funding and activity in research, advice, training and education. In Ireland, the organic sector has generally developed without significant input from such services. This chapter will review organic farming and food production research, training, education and advisory services available in Ireland.

This chapter comprises four broad sections.

Section one will review organic farming and food production research programmes in European countries and current and planned farming and food production research programmes in Ireland. It then presents appropriate research priorities for organic farming and food production research programmes and the implications for research policies in the Western Region.

Section two will review organic farming and food production training and education available in Ireland. It will then identify the training needs suggested by the farmers in the *Western Region Survey of Organic Farmers* and the organic sector in the Western Region.

Section three will review the current level of advisory services available in Ireland.

Finally, the chapter will draw conclusions relating to research, training and education and advice, which need to be considered if the organic sector is to develop in the Western Region.

### 6.2 Organic Sector Research in Europe and in Ireland

A February 2000 report (Keatinge et al, 2000), prepared on behalf of the UK Ministry of Agriculture, Food and Forestry, examined Northern and Western European organic farming research programmes. The projects included in the review were current, or very recently completed. The review was carried out during 1999 and was complemented by a number of other reviews of organic farming research. Table 8 shows the number of projects in the various countries.

**Table 8 Number of Research Projects in Organic Agriculture and Food in European Countries**

Country	No. of projects	Country	No. of projects
Austria	74	Italy	12
Belgium	5	Netherlands	29
Denmark	47	Norway	42
(EU)	3	Spain	1
Finland	72	Sweden	207
France	18	Switzerland	51
Germany	74	UK	88
Ireland	1 <sup>5</sup>		

Source: Keatinge et al, 2000

<sup>5</sup> Further research by the consultants identify that there was more than one organic research project underway in Ireland in 1999.

## 6. Research, Training and Advice in Organic Farming

The review found that research in organic agriculture is currently being conducted in most northern European countries and that in Ireland and southern Europe, there is relatively little research. In addition, a range of institutions and organisations are involved in organic research. These include:

- Public research stations and institutes specialising in organic research in, for example, Denmark, Sweden and Finland.
- Private research institutes specialising in organic research in Norway, Sweden, Netherlands, Switzerland, Austria, Germany, and the United Kingdom. In many instances research in organic farming began at these independent institutions.
- Chairs of ecological agriculture exist in Denmark, Germany, Austria, Netherlands, Sweden and Norway combining research and teaching activities.
- In many countries mainstream research institutes, universities, and colleges carry out a range of research into organic, as well as conventional, farming systems.
- Farmer groups are involved in aspects of applied research in several countries through technical institutes.

### 6.2.1 Funding for Research on Organic Farming in Europe

The greatest proportion of funding comes from regional and national governments and European Union research programmes. Some private research institutions also rely on farmer subscriptions. In some countries retailers allocate financial contributions for research. Private foundations also provide significant funds towards organic research activities.

Lampkin et al. (1999) estimated that total EU public organic research spending in 1996 was approximately ECU 15 million. This estimate does not include projects funded by private donors and foundations, or research supported by core funding to academic institutions.

### 6.2.2 Co-ordination of Research

In Denmark, Norway, Sweden, Finland and Germany, organic farming research forms an important part of a national programme. State centres for co-ordinating organic research operate in Denmark and Sweden. These centres produce annual summaries of research activities, and integrate research policy into national development plans for organic farming.

With the overall increase in research activities, there is increasing co-operation amongst European researchers. This mirrors trends in research generally. The EU supports research projects which involve collaboration between EU partners, and working groups as part of Concerted Action activities such as the European Network for Organic Farming and the Network for Animal Health and Welfare in Organic Agriculture. DOCEA (Documentation of Ecological Agriculture) was established in 1995 with EU funding to assess and improve documentation systems for literature and publications related to ecological agriculture.

Initiatives to assess and develop research activities in organic farming have also been undertaken by a number of organisations including the International Federation of Organic Agriculture Movements, the Food and Agricultural Organisation, and the Sustainable Rural and Energy Network of the European System of Co-operative Research Networks in Agriculture.

### 6.2.3 Links between Research and Farmers

Some countries have developed formal procedures for exchange of ideas and information between researchers and farmers. In Scandinavia, in particular, information from experiments is often publicised as the research progresses, without waiting for final completion, or scientific publication.

### 6.2.4 Implications for Ireland

Researchers and development bodies in the Western Region and in Ireland need to examine in more detail research currently being undertaken in Europe. Many aspects of research carried out in Europe, particularly in northern Europe, have potential application in Irish organic farming, for example, cultivation, cropping and nutrient management systems, livestock production, and horticulture.

- In setting its own research priorities, Ireland needs to be aware of the evolving research programmes of the closest European countries.
- European research has begun to diversify away from primary production into food quality, storage and processing issues.
- There is a greater emphasis on participatory research, involving greater dialogue and involvement of producers in the development and demonstration of organic research.
- The transfer of practical information to producers is a vital element of research. The methods and efficiency with which this is achieved varies within Europe, with the best examples tending to be the Scandinavian and Swiss models.

### 6.2.5 Organic Sector Research in Ireland

Teagasc, University College Cork, and some local colleges carry out a limited amount of organic research. Estimated public spending was approximately IR£0.02 million (ECU 27,000) in 1997 (Lampkin et al. 1999). The 1999 figure for organic research in Ireland was unavailable.

- Most research in Ireland is conducted through Teagasc Centres at Johnstown Castle Research Centre and The National Food Centre. Mellows College Athenry is in the process of converting to organic production systems and developing a dedicated organic farming training centre. It could provide a research base in the Western Region in the next few years. A State/EU funded research project at Teagasc Johnstown Castle Research Centre with beef, sheep and arable production came to an end in 1995. Research activity has now been revived in Johnstown Castle Research Centre by a new project investigating organic milk production, including grassland management (1999-2003), with a newly established herd on a 44-hectare unit. Teagasc has also announced plans to carry out research into organic horticulture in Kinsealy and two of its research and advisory personnel have also been involved in examining organic research and development issues in Denmark.
- Current Teagasc organic farming and food production research projects, which are primarily supported by EU structural and framework research funding include:
  - Development of organic dairy farm and related research.
  - Investigation of market opportunities for in-conversion food products.
  - Investigation of the market potential of organic liquid milk in Ireland.
  - Investigation of production costs of organic farming.
- University College Cork is conducting research to examine the purchasing behaviour of organic meat consumers in Ireland.
- Bord Bia has recently completed research into consumer attitudes, perceptions and behaviour in relation to organic food.
- Currently there are no organic research projects at University College Dublin, apart from some sociological studies. Maynooth has also carried out some research relating to organic production in the past.
- There is some applied research conducted at the organic training colleges and centres, for example the Organic Centre in Rossinver, Co. Leitrim.
- The North West Organic Producer Group is doing applied research on relative yields and the agronomic characteristics of oat varieties in collaboration with Swedish researchers. In addition, it currently operates one monitor farm in Co. Derry. The Department of Agriculture and Rural Development, Northern Ireland is currently collating the first year results.

The implication of these findings is that there is a need to encourage research among the organic farming organisations, organic centres, Teagasc, Universities and Institutes of Technology. Under several EU research funding programmes, organic farming and food production is considered a priority area. However, apart from Teagasc this is not being exploited. This suggests that there is a need to highlight the research requirements and funding mechanisms to agricultural and scientific researchers.

### 6.2.6 Research Priorities for the Western Region

Research priorities for organic farming and food production in the Western Region were identified as part of the *Western Region Survey of Organic Farmers* and through consultations with processors, retailers, the organic associations and the three regional workshops.

The research priorities for farmers and the organic sector related to aspects of production and marketing. This highlights the importance they attach to research and its findings for the future development of the organic industry. The research priority areas identified included the following:

- Production research focused on aspects related to the non-use of artificial chemicals in organic production. These included diagnosis and control of diseases, pests, parasites and weeds.
- There is a need to establish how breeding of plants and animals can best be adapted to different localities and to organic production. Under the lower intensity of production associated with organic systems, it is thought that breeding may lead to plants and animals which are better suited to organic production. There was a particular emphasis on breeding to suit local soil and climatic conditions.
- Research into food quality and marketing, which highlights the importance which producers attach to the marketing of organic produce and the need to solve marketing problems.
- The fertilising of soils is an obvious problem for producers, particularly when changing from conventional production, where use of artificial chemical fertilisers was allowed.
- The suitability of production systems to different soils and climatic conditions was identified. Without access to chemicals, farmers are depending on organic manure and need a mix of enterprises and methods of organic management practices that will control pests, parasites and weeds.
- There is a need to study the process of conversion. During conversion, the time required to change conditions in the soil and to develop organic sources of fertilisation, present particular problems. These problems are often associated with declining production, while produce has not yet achieved organic status. In addition, there is a need for further research relating to the difference between organic and conventional production as regards impact on the environment.
- Research priorities should include economic appraisal and technical research into livestock, horticulture and cereal production, which are particularly relevant to the typical soil and climatic conditions in the Western Region.
- Aside from the specific areas outlined above, opportunities exist for the development of other enterprises, which could have enormous benefits for the Western Region. These would include the potential to develop a new tourism product - "the organic experience", medicinal herbs, fibres and aquaculture. Research to establish the demand and viability of these other enterprises should be encouraged.

### 6.2.7 Implications for Research Policies

It is clear that there must be increased levels of organic research activity. A number of actions must be undertaken to address the situation. It will require a co-ordinated approach involving the public, private and voluntary sectors. There are several important implications for research policy:

- Data collection procedures to collect organic farming-specific data need to be improved. This will facilitate better research in organic farming and food production. There are important opportunities to improve the level of data available on organic food production in Ireland and the domestic organic food market through existing data collection mechanisms.
- Interest needs to be stimulated in organic agriculture and food production research among researchers in Teagasc, Institutes of Technology, Universities and other research centres.
- For broad research problems, e.g. the development of an optimum dosing regime for beef and cattle, the establishment of a study group, including personnel from Teagasc, The Veterinary College, the Universities, Institutes of Technology, the certification bodies, organic centre, producers and other appropriate agencies, would be useful. This would serve to bring together a wide range of professionals, academics and practitioners, which would ensure a practical and scientifically sound solution to the problem.

- Research efforts across state bodies, organic associations, organic centres, educational institutions and research centres need to be co-ordinated through a working group on research and development. Links should be established with European research networks, for example, the European Network for Organic Farming.
- Farmers and producers need to be involved in research activity through experimental and monitoring farms.
- Organic agricultural and food production research undertaken in other countries could be reviewed.
- There is a need to exploit non-organic research for those involved in the organic sector by 'tapping-in' to research that is being conducted for mainstream agriculture and food production.
- It is essential that research findings are disseminated to producers, and other relevant people in the organic industry in a timely and understandable manner. On production issues, the organic associations, Teagasc, Institutes of Technology, other third level institutions and the Organic Centre in Rossinver in particular, will be well placed to play a central role through the use of information technology.

### Case Study 3. Danish Research Centre for Organic Farming

In September 1995 the Ministry of Food and Agriculture (Denmark) took the initiative to establish the Danish Research Centre for Organic Farming (DARCOF). DARCOF is organised as a "centre without walls", meaning that the researchers remain in their own research environment but collaborate across institutes. The remit of DARCOF is to co-ordinate Danish research and development for organic farming, with a view to achieving optimum benefit from the allocated resources. Activities in DARCOF are co-ordinated by a secretariat at Research Centre Foulum. The collaboration in DARCOF currently incorporates about one hundred research scientists working at fifteen different institutes on thirty-three different research projects. The research is either conducted at the different institutions or at the research facilities associated to DARCOF.

DARCOF is led by a board of directors, and to ensure the relevance of its research and development activities, including contact with the various user groups, a user committee has been appointed with representatives from certification bodies, farmers associations, consumer groups and the Danish Organic Foods Board. Much of the research undertaken is intended to ease the conversion from conventional to organic farming, while encouraging a sustainable development of the economic, ecological and social aspects of agriculture

#### Facilities

During the first years of DARCOF's existence several unique research facilities were set up to provide an opportunity for conducting different projects simultaneously, using the same research fields, herds, etc. This allows close co-operation between different research environments, with a high degree of inter-disciplinary collaboration, synergy, and complementary research. The main facilities are:

*The organic research station:* At Rugballegaard, a research station has been established to investigate organic animal production and the interactions between animal husbandry and crops on a large area of land. The station operates as three model farms to provide different background conditions for the studies. Its management thus comprises three different rotations: a cattle rotation, a pig rotation, and a mixed rotation with cattle and pigs.

*Research and ecological workshop sites:* Research and ecological workshop sites have been set up at several centres and research stations. These sites are principally dedicated to plant production investigations. At these sites it is possible to conduct analytical studies, which require different soil types and climatic conditions.

### 6.3 Training and Education in Organic Farming

#### 6.3.1 Introduction

In Ireland the organic sector has generally developed without significant input from formal education, training and advisory resources. However, some formal training and education in organic farming is offered to farmers and growers by public sector institutions and private colleges. In addition, informal training is quite widespread and is available through producer group discussions. A brief summary of training and education courses currently available is given below.

#### 6.3.2 University College Dublin

An elective course in organic agriculture and horticulture is available to third and fourth year students within the Faculty of Agriculture. It covers aspects such as definition and role of organic farming, organic standards, converting to an organic system, rotations, cultivations, soil fertility, manure management, composting, green manuring, pest, weed and disease control, marketing organic produce and principles of organic livestock management.

#### 6.3.3 Teagasc

Mellows College Athenry is in the process of converting to organic production systems and developing a dedicated organic farming training centre. It will include organic cattle, sheep, and a limited amount of organic tillage production. In the longer term, it may also include a dairy unit. In the short-term, short training courses (20-40 hours) will be offered to existing organic farmers and new entrants to organic farming. Initially, the Teagasc organic adviser in Athenry will provide teaching input with help from other college staff and organic specialists. Other organic specialist input will be brought in as required. In the longer term, it is envisaged that specific organic trainers will be recruited and existing teaching staff will be re-trained.

In addition to this, Teagasc offers a number of introductory optional organic courses within the Certificate in Farming programme at other colleges, including Kildalton Agricultural College in Co. Kilkenny.

#### 6.3.4 Mountbellew Agricultural College

The Franciscan College in Mountbellew has no specific organic farming course. However, an introductory organic module is available for students as part of the Certificate in Farming. It has a practical focus with demonstrations available at the organic unit on the farm. In addition to this, the college offers a one-day introductory course in organic farming on an occasional basis. This is operated in conjunction with Teagasc or IOFGA and is aimed at farmers who are about to convert their farm.

#### 6.3.5 An t-Ionad Glas

An t-Ionad Glas in Drumcollogher in Co. Limerick has been offering training courses in organic production for a number of years. In the past ten years, it has developed gardens organically. The 'Organic Horticulture with Co-operative Studies' course is offered annually from mid-September to late May. It is a Post Leaving Certificate Course, nationally certified by IOFGA and the NCVA and is taught by staff qualified and experienced in organic production as well as in curriculum development.

#### 6.3.6 Organic Centre

The Organic Centre in Rossinver, Co. Leitrim has been offering courses in organic production since 1997. It offers a range of short courses, which cover topics such as winter vegetables and salads, garden compost making, developing an organic kitchen garden, goat husbandry and cheese making. The courses in basic organic horticulture production and organic livestock production are registered and certified by the Organic Trust. Training courses tailored specifically to the needs of groups (6 or more) are also available.

The Centre offers a full-time, nine-month training course for fifteen participants in commercial organic horticulture, which is also certified by the Organic Trust. FÁS, under the Community Employment Response Scheme, supports it. Course participants are placed on an organic holding for five weeks practical experience.

#### 6.3.7 Sonairte: The National Ecology Centre

Based in Co. Meath, the Centre offers a range of ecologically related courses of general relevance for organic producers. However, it also offers a number of short (usually one day) introductory courses in organic horticulture over the year, which is provided by organic growers. These include organic herb, vegetable and fruit tree production.

#### 6.3.8 REPS 20-Hour Course

As part of the REPS programme, applicants are advised to take part in a twenty-hour training programme. This is offered by the planning agencies and approved by DAFRD. While specific training is not provided for those taking up Supplementary Measure 6, the general course does cover the various supplementary measures including organic farming.

#### 6.3.9 Local partnership training courses

There are a number of local training courses within employment schemes in the country. These are generally FÁS funded and frequently involve Partnership Companies, Dúchas (The Heritage Service) and local communities. In the Western Region, such courses include organic horticulture training courses in Croghan and Knockvicar in County Roscommon and one at Portumna Castle, Co. Galway.

#### 6.3.10 Organic Associations

The organic associations organise a number of seminars, farm walks and conferences throughout the year. These are often run in conjunction with another support body. In addition, IOFGA has been involved in a significant number of training and education initiatives particularly joint initiatives with LEADER in counties Donegal, Clare, Kerry, Tipperary, Cork and Westmeath.

#### 6.3.11 Producer Groups

A number of producer groups including the Northwest Organic Producer Group organises and deliver training courses to organic farmers and prospective farmers in their areas.

#### 6.3.12 Local Community Groups

A number of successful training courses has been organised by local community groups with privately organised tuition.

#### 6.3.13 Institutes of Technology

Galway/Mayo Institute of Technology offers an evening course in organic farming.

#### 6.3.14 Other Sources of Education and Training

In the *Western Region Survey of Organic Farmers* respondents were asked about their sources of information on organic farming other than formal training courses. Table 9 gives the frequencies with which farmers mentioned different sources. The pre-eminent source, for 71% of farmers, was the organic associations. This highlights the potential role of organic associations in contributing, along with the public and private sectors to advisory and training services for producers.

**Table 9 : Informal sources of education and training information for organic farmers**

Sources	Responses	Responses as %
Organic associations	73	71%
Reading materials	41	40%
Farm walks, seminars, open days	33	32%
Radio, TV, video, internet	7	7%
Producer groups	6	6%
Other	8	8%
Total responses (N = 103)	168	

Source: Western Region Survey of Organic Farmers.

Forty per cent used reading materials while thirty two per cent of farmers used farm walks, seminars and open days. These are very informal methods of accessing information and also have the advantage that they require only part of a day, as some 60% of farmers have nobody assisting them on the farm. Producer groups, mentioned by 6% of farmers, organise discussions, guest speakers and visits to farms and agricultural centres.

A number of training and education facilities is available of a more general nature within the region. These include services related to organic food development, which are available from St. Angela's College, Sligo and the Food Innovation Centre in Ballina.

### 6.3.15 Training Needs suggested by Farmers and the Organic Industry in the Western Region

Participants at the training and education workshop convened by the WDC identified a lack of formal training at present. It was suggested at the workshop that a training audit be conducted. Training needs relate to those who are considering converting, those who are in conversion, those who are fully organic and also training for organic trainers. Advanced education is needed for people who will provide support services, e.g. training, research and inspection. In the case of Teagasc staff, training in organic principles and practices is required. It was identified that all courses should contain an element on marketing and finance as well as production. Participants stated that to facilitate the part-time and labour intensive nature of many organic producers, training courses need to be local and short.

The training needs identified in the *Western Region Survey of Organic Farmers* have a more narrow focus than those identified in the workshop. Training on specific technical aspects of production was one of the more frequent suggestions by farmers. This is not surprising since this relates directly to their work. The topics suggested included animal husbandry – especially veterinary medicine, soil science applied to organic production, rotation planning and account keeping. Suggestions for short courses included topics such as the fundamentals of organic farming, organic vegetable growing and management of tunnels and a course to make people aware of the difficulties and restrictions for organic producers. Among suggested courses were: a one-year course, in Ireland, dealing with all aspects of managing an organic farm, a certificate in organic farming to be provided by training centres and an option to specialise in organic agriculture as part of a degree in agriculture and horticulture.

## 6.4 Advisory Services for Organic Farming

Research for this report has highlighted a lack of advisory support for farmers and growers converting from conventional to organic agriculture and for those certified as organic. Teagasc has had a very limited input into advice in the organic sector. Thus, to date, much of the advisory support to producers and processors has been undertaken on a voluntary basis by existing producers. Support is also provided via the informal network of organic producer groups that exists, usually on a county basis, and from individual organic producers. Producer groups were identified as having an educational role by the *Western Region Survey of Organic*

*Farmers*. They were identified as providing advice and education through group discussions, from invited speakers and visits to organic farms and agricultural centres. Staff of the organic associations also tend to be called on for advisory input for both producers and processors. A brief summary of available sources of advice is given below:

### 6.4.1 The Organic Centre, Rossinver, County Leitrim

The Organic Centre offers information and advice to small-scale commercial farmers and growers. A Small Farms Development Officer has been appointed by the Organic Centre to inform, instruct and motivate small farmers in the local area regarding the organic options open to them.

### 6.4.2 Teagasc

Teagasc has one dedicated organic adviser who is based in Athenry, Co. Galway who deals with all aspects of organic production. On the horticultural side, an adviser in Kildalton, while not a dedicated organic adviser, provides support to organic horticultural producers in the area. An organic farming dairy discussion group has been organised by Teagasc in the Tipperary area. Its purpose is to link in with the organic dairy research centre in Johnstown Castle. It also facilitates general discussion and problem solving among the members of the group. In Leitrim, an organic drystock discussion group has been established in association with a Teagasc Adviser and in Donegal the Northwest Organic Producers Group is currently working with Teagasc in organising and delivering a training programme to prospective organic farmers in the area.

In Clare, in response to developments among processors and a demand from producers, an adviser has had a significant role in providing advice and organising training courses in organic production. Teagasc organises briefing sessions for advisers interested in getting more information so that they can make the farmers in their area aware of the organic option. The organic associations provide these briefing sessions. Teagasc REPS planners also have input insofar as they develop REPS plans for producers wishing to take up Supplementary Measure 6.

### 6.4.3 Private Advisers

A small number of consultants provide specialist organic advice to producers.

### 6.4.4 Producer Groups

The North West Organic Producers Group is currently providing technical assistance and advice to farmers through their Market Development Officer. This is addressing such issues as the quality of stock, arranging analysis of post-mortem samples, grass seed mixtures and varieties of cereals. Leitrim Organic Forum and the Shannon Region Organic Meat Co-operative also provide advice to organic producers.

### 6.4.5 Organic Associations

Each of the organic associations publishes a magazine/newsletter that contains informative and advisory articles. They also regularly send information packs and give briefing sessions to producers and processors considering conversion, REPS planners and Teagasc advisers.

### 6.4.6 Advice for Processors

Although support agencies provide advice to food processors in a wider context, there is no advice available to processors to specifically deal with processing organic raw materials other than that provided by the organic associations.

### 6.4.7 The Urgent Need for an Improved Advisory Service

The level of advisory support available to producers is fragmented and ad-hoc. It is very dependent on voluntary effort and good will. Such a situation is not sustainable and will not contribute to the organised and planned development of the industry.

Advice was felt to be the most important area of immediate need for producers by participants at the regional workshop. The *Western Region Survey of Organic Farmers* also highlighted the need for advisory and training services for producers while in conversion to enable them to continue in organic production.

## 6. Research, Training and Advice in Organic Farming

The workshop identified that advice is needed on all aspects of production at three different levels:

- For those who are considering conversion;
- For those who are in conversion; and
- For those who are fully organic.

### 6.5 Conclusions

#### 6.5.1 Research

- Ireland lags behind Europe in terms of its engagement in organic agriculture and food research. An indication of this is that of the 724 research projects identified by Keatinge et al (2000) in Europe only one was being conducted in Ireland. Teagasc had four organic research projects in operation, which were not identified by Keatinge et al.
- With the overall increase in research activities in Europe there are increasing opportunities for information transfer and collaborative research. Many aspects of research, particularly in northern Europe, have potential application to Irish organic farming, for example, cultivation, cropping, nutrient management systems, livestock production and horticulture.
- There is an increasing emphasis on a participatory approach to research. Teagasc, the third level institutions and organic organisations should give emphasis to dialogue and involvement of producers in the development and demonstration of organic research. Experimental and monitoring farms should therefore be established in the Western Region.
- The low level of current organic research in Ireland is reflected in the large amount of research topics, which has been proposed by farmers and the sector generally as part of this report. Priorities include: diagnosis and control of pests, disease, parasites and weeds, identifying plants and animals most suitable to local soil and climatic conditions, food quality, marketing, fertilisation, seed varieties and impact on the environment.
- Other enterprises offer enormous potential for development and research should be encouraged to establish the demand and viability of these enterprises.

#### 6.5.2 Training and Education

A partnership approach between the public and private sector is a necessary part of the strategy for training and education. Findings from the workshop devoted to training and advice and the *Western Region Survey of Organic Farmers* are instructive in drawing conclusions on the matter:

- Formal training programmes should be developed involving Teagasc, third level institutions, other training and education establishments, the Organic Centre, organic associations, producer groups and experienced organic producers.
- The Vocational Educational Committees (VECs) were identified as a possible means for delivering short introductory courses. These could be particularly suited to those in conversion or considering converting. These adult-education type courses would be local, short, at night and inexpensive. Specialists could be brought in as required, e.g. an organic vet. Particular efforts would need to be made to have at least one practical class to avoid the course becoming too academic.
- Distance learning courses would also take account of the fact that many organic producers are responsible for managing farms and are therefore unable to attend traditionally structured full time courses. Evidence from the *Western Region Survey of Organic Farmers* suggests that organic farmers source a lot of information from reading. The distance learning manual on organic farming produced by NUI Galway and the Diploma in Rural Development by Distance Learning provided through a collaborative effort by NUIC, NUIG, NUID and NUIM are examples which should be further developed and capitalised on in the future.

- Master farmers selected from organic farming and the organic industry were felt to be a key resource for training existing producers. The Master farmers could provide hands-on training facilities for farm apprentices and others, who in turn would help relieve the master farmers so that they could devote time to tutoring.
- Self-help through producer groups is another useful vehicle to deliver education and training to existing producers. Many producer groups currently take on this role and offer training courses, short seminars and study tours. These producer groups should be linked to each other via LEADER Plus or area based Partnership Companies.
- A specific organic training module should be developed for those wishing to avail of REPS Supplementary Measure 6. This course should be compulsory and applicants should be given a financial incentive to participate.
- The working group, on Information, Training, Education and Advice, proposed in chapter 8, should evaluate all formal and informal training courses carried out in the Western Region.
- Participants at the advice and training regional workshop and results from the *Western Region Survey of Organic Farmers* identified demonstration farms as useful vehicles for delivery of training in organic farming methods and advice. To be relevant to conditions in the Western Region, these need to be located in the Western Region or on farms with similar soil conditions. Some of these demonstration farms should be self-sufficient with all feed requirements grown on the farm.
- Local Partnership Companies should continue to provide training and education courses for organic producers in their counties.

#### 6.5.3 Advice

For those considering conversion, the Organic Conversion Information System (OCIS) in Wales has been identified as a good model for delivering advice. Within this model, a telephone help line is the first point of contact. The Soil Association provides this service. This is followed up by a half-day and one full day's free advice as required. The free advice is initially given by practicing organic farmers who are paid for their services. The service is co-ordinated by ADAS (the national advisory body). This allows existing experience and knowledge among producers to be utilised in an efficient manner by the national advisory body as they are developing their skills in the area.

- Within Ireland, an Information and Advisory Centre for the organic sector needs to be established immediately. Teagasc, in partnership with a private sector organisation, should lead this initiative working with other private and public sector bodies to provide the necessary services.
- Seven dedicated organic advisers should be appointed in the Western Region over the duration of the plan. There is an immediate requirement for two additional organic advisers based on the advice and training workshops, the *Western Region Survey of Organic Farmers* and consultation with the organic industry.
- Information points for organic producers should be established in each of the seven western counties. It is envisaged that these information points could be located in all Teagasc offices in each of the seven western counties.
- The master farmers selected from organic farming or industry could be drawn upon to deliver specialist advice.
- The establishment of discussion groups for horticulture, beef, sheep and mixed enterprises was also felt to be potentially useful. Producer groups would have a key role in establishing these groups and could have a particular advisory role in terms of getting farmers to produce what the market requires. Local discussion groups are a suitable means for organising informal one-day events for the exchange of information.

## 7. Policy and Regulations for Organic Production

### 7.1 Introduction

This chapter reviews Government policy for organic agriculture in Europe and in Ireland. Areas addressed include regulation, together with inspection and certification. A number of important themes are highlighted with regard to the future development of the organic industry in Ireland.

### 7.2 European Policy and Supports for Organic Production

The most comprehensive review of organic farming policy in Europe is found in Lampkin et al. (1999). Many of their findings are quoted here. There are two main reasons why European governments and the EU are generally supportive of organic farming. These are:

- To meet market demand for organic food.
- To protect the environment.

In some countries organic farming supports are clearly directed towards increasing production to meet consumer demand that is currently being satisfied by imports. Since the introduction of the agri-environment programme in 1994, all EU countries have introduced policies to support conversion to organic farming either directly or indirectly. In a number of these countries, but not Ireland, specific action plans were devised for the development of organic agriculture and food production. These policies and plans incorporated a range of activities including direct support for producers – certified as either organic or in conversion - (e.g. Netherlands), policy support for marketing and processing, production standards, certification systems, advisory and information services, training, education, research and development activities.

#### 7.2.1 Supports for Organic Production

##### 7.2.1.1 Direct support

In most countries subsidies are available to farmers who are undertaking or have achieved organic certification. The objective of these payments is to compensate for income forgone or additional costs, particularly during the conversion process. These payments vary between countries and sometimes within countries where regional variation exists.

In a number of countries the level of payment has had a significant impact on the attraction of conventional farmers to organic systems. High payments in Austria and Finland resulted in large numbers of farmers converting. Lower rates in France and the UK have been associated with lower rates of conversion.

In most countries subsidies to farmers that have completed the conversion process are lower than payments received during the conversion process. This is usually to avoid a situation where farmers convert to organic systems purely for higher support payments.

##### 7.2.1.2 Marketing Supports

Lampkin et al. (1999) found EU or national support for marketing and processing activities in the organic sector in nine countries. In 1996 total public expenditure on such activities amounted to 5-10 million ECU. Policies to support organic production were most developed in Austria, Denmark and Germany, with national and regional support for a range of marketing and processing schemes. These included:

- Investment support;
- Marketing and processing improvement;
- Direct marketing;
- Market innovation;
- Demonstration and knowledge transfer; and
- Producer co-operatives.

##### 7.2.1.3 Support for Advisory Services

Lampkin et al. (1999) found that six EU countries have specific programmes for organic farming advisory services. Most of these have been established to increase the rate of conversion to organic farming. The advisory programmes particularly targeted conventional farmers who were considering the transition to organic farming. A mix of private and public organisations provide advisory services. In some countries the main state agricultural advisory service is responsible for these activities while in other countries private institutes run organic farming advisory services that are partly subsidised by national or regional programmes. In the majority of countries examined there was some level of national co-ordination of advisory services.

In most countries, one-two free days of advice are offered to farmers considering the transition to organic farming. Conferences, seminars and publications are used to provide information to farmers. Ireland was found to have the lowest availability of advisory services for organic farming of the countries examined.

In all of the countries examined organic farmers and growers, and their organisations, were found to be a very important source of information and advice for producers. In seven countries the organic producer organisations received public support for their role in providing information and support to producers. Services included the provision of information via publications, telephone advice lines, farm walks, information seminars and employment of specialist advisers to visit farms.

##### 7.2.1.4 Training and Research Support

There were national and regional training programmes in organic farming in eight EU countries according to Lampkin et al. (1999) and in most cases these formed part of the national implementation of EC Reg. 2078/92. Training qualifications and opportunities ranged from short courses for farmers to post-graduate qualifications in organic agriculture. Public expenditure on organic training activities in the EU was estimated at 5-10 million ECU. In most countries a combination of public and private organisations specialise in training in organic farming methods and the level of organic farming research has increased significantly over the last decade. Organic farming has been included as an important area in several European research programmes. In a number of countries it has been included in the national research programme, while in others countries it is co-ordinated nationally.

#### 7.2.2 European Policy for Organic Production

A number of countries have formalised their commitment to organic agriculture by setting targets. In most cases integrated policy programmes have supported these targets or action plans. These plans generally cover advisory services, training (including training of advisers), research and development, marketing programmes, processing and conversion payments.

**Denmark** is considered to have the most detailed action plan. Its 1995 plan was successfully implemented and a second follow-up action plan is currently being implemented. **Finland** launched an action plan for the development of organic agriculture in 1996. This plan was a response to anticipated problems in market development due to the substantial increase in the supply base. **Sweden** launched an action plan in 1996 with a target for organic farming area penetration of 10% by the year 2000 and recommendations on how this ambitious target could be met. At the end of 1997 **France** launched a national action plan to stimulate organic agriculture. The plan aims for one million hectares and 25,000 organic farms by the year 2005 and seeks to stimulate French production of organic foods by increasing financial support to farmers. More recently an action plan was developed for the organic sector in **Wales**. A similar document was prepared in **Scotland**. Other countries that have prepared action plans include **Norway** and the **Netherlands**.

Recommendations in these plans usually relate to the following areas:

- making conversion to organic farming easier and more attractive;
- increasing and securing demand for organic food products;
- increasing and improving advisory and training services;
- harmonising the regulatory activities for organic agriculture in the country;
- increasing research activity; and
- securing the implementation of the action plan.

Generally, plans contain different emphasis for various action areas, depending on the balance between supply and demand of organic agricultural output. For example, the action plan for the Netherlands focuses more on developing the market and market structure as the domestic market demand is not sufficient to encourage further development of the supply base.

### 7.2.3 European Standards and Certification for Organic Production

In most European countries standards for organic farming have been developed by producer organisations with some involvement also by government. There are variations between each country in order to adapt basic international and EU standards to the conditions and requirements of specific regions and countries. It is considered that such producer involvement has enabled organic producer organisations and certification bodies to maintain a degree of control over the development of organic farming in their respective countries.

In six of the countries examined by Lampkin et al, (1999), producers received financial support from government towards their inspection and certification fees. In a number of other countries inspection and certification bodies receive financial support from government.

## 7.3 Irish Policy and Supports for Organic Production

### 7.3.1 Direct Supports

Direct payment support for organic farming is provided under the REPS scheme. Grants were also made available to the organic industry under the Operational Programme for Agriculture, Rural Development and Forestry 1994-1999 for marketing, promotion and distribution. There was a very low uptake of these grants by the organic industry. One reason cited by the organic industry for the low uptake was that the rules pertaining to the awarding of the grants were ambivalent and ambiguous. These investments have been made largely in the absence of a considered action plan for the development of the sector.

The lack of such a plan or integrated national policy for direct supports in Ireland is considered by many within the industry, including participants at the regional workshops and the WDC Steering Group as a serious impediment to the development of the sector in Ireland. This finding is supported by our analysis also of the impact such plans have had on the development of the sector in other countries, particularly in Denmark, which stands out as the model of best practice.

### 7.3.2 Irish Government Policy

However, the growing importance of organic production in national food policy is now recognised in the Government's *Agri-Food 2010 Plan of Action* published in August 2000.

Indications from practice in Europe imply that the national strategy should include interventions across the full range of activities, including the appropriate development of production standards, training, research and advisory services, market development initiatives and appropriate support mechanisms for farmers who are converting or already registered as organic. At present, Ireland lags behind many countries in the provision of such supports. Across Europe there is evidence of a strong link between the presence of necessary supports and increases in organic production at a farm level. The actions outlined in the *Agri-Food 2010 Plan of Action* could greatly facilitate the development of the organic sector in Ireland.

### 7.3.3 Regulation of the Organic Sector in Ireland

The Department of Agriculture, Food and Rural Development is the authority for implementation of EU Regulations on organic farming and for setting of standards to apply to Ireland. Regulations for organic crop produce have been fixed since 1991 by EU Regulation 2092/91, and on the 24 August 2000 this Regulation was supplemented by Regulation 1804/99, which sets regulations for organic livestock produce.

When Regulation 2092/91 was extended to the livestock sector on 24 August 2000, the Department of Agriculture, Food and Rural Development initially proposed to adopt standards for such produce in accordance with the Regulation. However, following further discussion with interested parties including the organic associations, the Department has indicated that it is prepared to set certain additional requirements and that others may be considered subsequently by the National Organic Development Committee. The first meeting of this committee took place at the end of November 2000 and a sub committee on standards has been established to consider the additional requirements.

### 7.3.4 Irish Certification and Inspection

Under EU Regulation 2092/91, the Department has approved three organic associations in Ireland to inspect and certify organic crop produce. These are the Irish Organic Farmers and Growers Association, the Organic Trust and Demeter Irl. Ltd. These bodies, in a private capacity, have also been certifying organic livestock produce based on their own sets of standards. However, in 2001, this situation is likely to change due to the change in regulations and the new set of standards being put in place by the Department of Agriculture, Food and Rural Development.

## 7.4 Conclusions

- Ireland lags far behind most EU countries in relation to policies supporting the organic sector.
- The commitments in relation to the organic sector in the Government's *Agri-Food 2010 Plan of Action* provide an important basis for the development of the organic sector at national level.
- The Department of Agriculture, Food and Rural Development, in partnership with the Irish organic associations, should agree on one set of standards for organic production in Ireland. All aspects from the farm to the consumer should be examined before the final set of standards is agreed upon.
- Certification and inspection should be based on one set of standards. The organic associations which have the expertise in these areas should continue to provide these services.

## 8. Action Plan for the Western Region

### 8.1 Introduction

In this chapter, the analyses in earlier sections, including the review of organic farming and food production in Europe, are drawn upon to set out recommendations in key areas, for the development of the organic sector in the Western Region. Firstly, observations are made in relation to the *Agri-Food 2010 Plan of Action*, which provides the national context for the development of organic production in the Western Region. Secondly, a regional framework is proposed to ensure implementation of the WDC's recommendations in the Western Region in an efficient and cohesive manner. Finally, recommendations, specific actions, and costings are outlined under the headings: Development of Organic Production, Domestic and Overseas Market Development, Expansion of Added Value Processing and Development of Distribution Channels, Research and Development, Education and Training and Information Technology and the Development of Organic Production.

#### 8.1.1 The Way Forward

The organic sector is in a unique position when compared to other sectors in Ireland. It is a sector in its infancy, characterised by small scale production, the absence of formal structures, training, education, research and advisory services and little involvement by the state. Development in the organic sector to date can be largely attributed to the organic associations, the private sector and volunteers. However, it is a sector with high growth potential in Ireland.

The WDC believes that a unique opportunity now exists to establish formal structures and put in place policy measures to facilitate the development of the organic sector. This will require a co-ordinated approach and a commitment by the public and private sectors to progress and work in partnership to develop the organic sector. Unless this happens the Western Region could fail to capitalise on a potential growth sector for farmers, producers and many other individuals and rural communities in the Region.

### 8.2 National Framework

#### 8.2.1 National Organic Agri-Food Production Policy

The growing importance of organic production in national food policy is recognised in the Government's *Agri Food 2010 Plan of Action* published in August 2000.

The key actions at national level in relation to organic production, which are specified in the *Plan of Action* fall under four headings:

- Establishment of the National Organic Development Committee ( The first meeting took place in November 2000);
- Preparation of a coherent strategy for the development of the organic sector;
- Ensuring appropriate regulation; and
- Provision of necessary resources.

The recommendations in *Blueprint for Organic Agri-Food Production in the West* are not only consistent with the emerging framework at national level but also add value by specifying the policies and actions which are necessary to ensure development in the Western Region. The WDC, therefore, makes the following recommendations and observations in relation to the governments *Agri-Food 2010 Plan for Action*.

#### National Organic Development Committee

- The National Organic Development Committee will help to draw up a **coherent development strategy to achieve expansion in production, processing and marketing of Irish organic produce and to secure an increased share of the growing national and export markets. It will also consider the broad actions necessary for the most advantageous long-term future development of the Irish organic sector while protecting its integrity.** The Western Development Commission is represented on this National Committee, and this will ensure greater cohesion between developments at regional and national level.

#### Regulation for Organic Production

- On the issue of regulation of organic producers, there is consensus among key interests and the organic associations that there should be **one set of organic standards for organic production in Ireland.** The Department of Agriculture, Food and Rural Development introduced a new set of Regulations in August 2000, in accordance with the EU Regulation 2092/91. However, due to concerns expressed by the organic industry relating to the Regulations, the Department has indicated that it is prepared

to set certain additional requirements and that others will be considered by the National Organic Development Committee. The Irish organic associations have agreed common standards to be applied by the three associations. These standards are somewhat higher than those set down by EU Regulations, in relation to poultry stocking densities, housing and veterinary withdrawal period.

#### Certification and Inspection for Organic Production

- On the issue of certification and inspection, the three organic associations have been approved by the Department to inspect and certify organic crop production. These bodies, in their private capacity, have also been certifying organic livestock produce to standards that they themselves have set. Due to EU Regulation 2092/91, as supplemented by EU Regulation 1804/99 on livestock production introduced in August 2000, the Department of Agriculture, Food and Rural Development has indicated that there will be changes in certification and inspection in the year 2001. Whatever the outcome, **it is imperative that the reputation built up overseas for high quality Irish organic foods remains intact and that the new regulations, certification and inspection policies accelerate the development of the organic sector in Ireland.**

#### Financial Support for Organic Production

- The *Western Region Survey of Organic Farmers* and the three regional workshops revealed that economic considerations are an important influence on the decision to convert to organic farming. Financial supports are needed during the conversion period as producers generally experience a decline in production, at least during the initial stages of conversion. In addition, organic price premia for livestock are not available while the system is in conversion. Evidence from the *Western Region Survey of Organic Farmers* shows that the level of such support available under REPS is not a sufficient stimulant to encourage large numbers of conventional producers to convert. An area of particular concern for the farmers was the organic regulations relating to animal housing and the high costs associated with implementing these regulations. The Department of Agriculture, Food and Rural Development will continue to financially support conversion to organic production via REPS. However, a **special support mechanism of technical assistance and investment** during the REPS programme should be considered to correspond with the time needed to convert to a stable organic production system and help alleviate the costs associated with animal housing.
- **Financial support is required to implement this plan at the regional level.** The total cost of the Action Plan over the next six years is estimated at £4,905,910. This is made up of £4,150,910 funding from the National Development Plan and £755,000 of funding from a combination of private investment, reallocation of existing budgets, and other agency funding. It should be noted that £2,916,910 of the £4,905,910 is proposed for investment exclusively in the Western Region, whilst the remaining £1,989,000 will apply nationally but will have a direct impact on the region. However, this does not include funding for several actions where the results of research are required and other actions where it is not possible to identify exact resources required until the industry develops further. Furthermore, the cost does not include the proposed special support mechanism for technical assistance and investment for farmers.

### 8.3 Regional Framework

The national framework outlined above and the preparation of the national strategy by the National Organic Development Committee are essential to provide overall direction to the industry at national level. The priority now given to the sector by the government will also stimulate greater private investment in organic enterprise. However, the development of the organic industry is of particular significance in the Western Region for the following reasons:

- Agriculture is one of the main economic activities in the Western Region (agriculture, forestry and fishing accounts for 9.4% of total output in the Western Region compared to 4.8% for the country as a whole) and due to outside forces, the ability of farmers to survive in the future will be determined by the type, scale and productivity of farms. Organic farming is an option that can meet these requirements.
- The Western region accounts for 39% of all organic farms with farmers primarily involved in "cattle rearing" and "mainly sheep" systems. Growth in these organic markets is expected to be in the region of 20-25% for at least the next six years.
- The organic production system is particularly suited to the poor quality soil and climatic conditions in the Western Region.

## 8. Action Plan for the Western Region

- Consumers in the Western Region have a better understanding of organic production and would be more willing to pay a premium for organically produced food.
- Three Producer Groups in the region are currently operating on a commercial basis with private companies, and the other Producer Groups are involved in the dissemination of information and training in the remaining four counties.
- Partnerships already exist in some counties between the public and private sector. Private sector led projects have been supported by state agencies through the provision of services and funding.
- There is a high level of expertise available in the region in organic production with many people involved in the provision of training, education and advice to new and existing producers.
- Co-ordinated delivery of the actors specified in this blueprint can be more effectively achieved at regional level where people have a greater opportunity to interact and where similar conditions relating to production, marketing, processing and distribution prevail.

Considering the above it is clear that there is both the need and the opportunity to accelerate the development of the organic sector in the Western Region. The WDC believes that co-ordinated action is the only way to ensure that all of the bodies identified in this Blueprint are allowed to play a full and effective part in such development. The regional framework for action set out below is therefore necessary in the Western Region and, in addition, could be used by the state and the private sector as a testing ground for organic policy and initiatives to be applied nationally in the future. Furthermore, co-ordinated action at regional level is necessary in order to ensure the implementation of the various recommendations in *Blueprint for Organic Agri-Food Production in the West*.

### 8.3.1 Western Steering Group for Organic Production

A **Western Steering Group for Organic Production (WSGOP)** should be established to co-ordinate, facilitate and monitor the implementation of the recommended actions in *Blueprint for Organic Agri-Food Production in the West*. The Steering Group will be a focal point for collaboration between the Department of Agriculture, Food and Rural Development, a wide variety of state agencies and private organisations, where consensus will be achieved on how best to develop the organic industry in the Western Region. The Western Steering Group for Organic Production should have six working groups, which will be responsible for implementing the actions in *Blueprint for Organic Agri-Food Production in the West*.

The working groups should be:

- Information, Training, Education and Advice;
- Market Development;
- Added Value Processing and Distribution;
- Research and Development;
- Cross-Border Initiatives; and
- Application of Information Technology.

The structure of the Steering Group for Organic Production and the working groups is set out in the chart at the end of this chapter.

The main functions of the Western Steering Group for Organic Production should come under the following headings:

- **Ongoing input to the development of national organic farming policies;**
- **Co-ordinate the implementation of actions by the working groups to increase production, improve marketing, encourage processing and added value, develop distribution channels, stimulate research and development, encourage cross-border initiatives, monitor training and advice and apply information technology;**
- **Ensure the funding requirements are in place to implement the actions of the working groups;and**
- **Monitor and track the effects of the implemented actions of the working groups on the development of the organic sector in the Western Region annually.**

If the Western Steering Group for Organic Production is to succeed and operate effectively and efficiently, it will require an organisation(s) to take lead responsibility for its establishment and its on-going operations. It is envisaged that a public/private sector partnership would be the most effective instrument to lead the Western Steering Group for Organic Production.

Such a partnership will ensure that the bottom-up approach involving the private sector, which has been central to the concept and growth of the organic sector in Ireland to date, will continue to be engaged in this process. In addition, it will ensure that the public sector can add value by investing the necessary resources and services to support and facilitate the development of the organic industry. Funding will be required to employ one Regional Co-ordinator and administrative support for the Western Steering Group for Organic Production.

### 8.3.2 Working Groups

The working groups will be comprised of representatives from the public and private sectors, who have a remit for developing the organic industry under the working group headings outlined above. Each working group will prepare an annual work programme together with targets and funding requirements. A strategy for implementing the work programme will also be agreed by the working group. This will then be submitted to the Western Steering Group for Organic Production for consideration and approval. This will ensure all bodies involved in the partnership process will have input, have reached consensus on the annual work programme and will be committed to implementing specific actions in the annual work programme.

As in the case of the Western Steering Group for Organic Production, it is envisaged that an organisation(s) will be required to take lead responsibility for each of the working groups. This is to ensure the relevant players from both the private and public sectors are involved in the planning process and deliver on the actions agreed by them in the annual work programme. The Regional Co-ordinator will be required to oversee the operations of the working groups.

### 8.3.3 Annual Budget

The Western Steering Group for Organic Production will prepare an annual budget incorporating funding requirements from the working groups. Funding will then be sought from the NDP under the Regional Operational Programmes for the BMW and SE Regions, state agencies and the private sector to ensure the necessary funding requirements are in place for the working groups to implement the actions in *Blueprint for Organic Agri-Food Production in the West*.

**Table 10 Specific Actions at National and Regional Level**

Actions	Organisation(s)	Costings	Source
Draw up coherent strategy for the development of the organic industry.	National Organic Development Committee	—	NDP
Develop a special support mechanism of technical assistance and investment for organic farmers and horticultural producers.	Department of Agriculture, Food and Rural Development	—	NDP
Establish Western Steering Group for Organic Production and six working groups.	Public/Private Sector	£48,000 (Admin.six years)	NDP
Appoint Regional Co-ordinator, and administrative support to WSGOP and its working groups.	Public/Private Sector	351,000	NDP
Provide necessary resources for the implementation of this organic plan.		£4,150,910 £755,000	NDP Public/Private sector.

### 8.4 Recommendations and Actions

In addition to the need for a national and regional framework, agreement of the government and the organic sector partners to the recommendations and implementation of the actions in the plan is necessary to underpin the development of the organic sector in the Western Region over the next six years. The key recommendations, actions and costings and implementation structure for the Western Region are summarised below.

#### 8.4.1 Development of Organic Production

##### Production Targets

Two sets of targets, high and low, have been set, for the development of organic production in the Western Region. These are based on previous entry levels, the *Western Region Survey of Organic Farmers* and the proposed programmes to boost entry. The total increase in the number of organic producers in the 2001-2006 period in the Western Region is 275 for the low target and 550 for the high target. This would result in totals of 620 organic producers for the low target and 895 organic producers for the high target in the Western Region by 2006. The share of land under organic production would be 1.5% and 2.2%, under each target, respectively.

##### Implementation Structure

To support the overall achievement of these targets, a **working group on Information, Training, Education and Advice** should be established in the Western Region. This working group should prepare an annual work programme and will be responsible for the implementation of actions relating to information, training, education and advice. Teagasc, in partnership with the private sector, should lead this working group.

In addition, an **Information and Advisory Centre** for the organic industry should be established in the region. The centre should operate under a public/private sector partnership between Teagasc and a private sector organisation. It should be located in Mellows College, Athenry, Co. Galway. The Centre's primary functions should be advisory, training and information dissemination activities, which will be dispersed throughout the region. These activities should be carried out in conjunction with other public and private sector organisations. The Information and Advisory Centre should have:

- A Centre Manager responsible for co-ordinating and managing all activities in the centre, working closely with the Regional Co-ordinator and the Principal of Mellows College.
- One Information Executive to co-ordinate, develop and disseminate information on the organic industry. In addition, this person should devise and organise promotional campaigns to facilitate decision-making among potential organic producers.
- One Training Executive to devise and organise training courses.
- One Research Executive to review and disseminate organic research in Ireland and other European countries and identify research priorities for the Western Region.
- One administrator responsible for administration of the centre and providing supports to staff.

It is envisaged that the Western Co-ordinator for the Western Steering Group for Organic Production will liaise closely with personnel in the Information and Advisory Centre.

#### Recommendations and Actions for Organic Production

##### Promotion of Organic Production to Potential Producers

- Provide information to potential organic producers to facilitate decision-making.
- Ensure potential organic producers can see organic production working in practice to encourage adoption.
- Integrate organic production into mainstream agricultural and food related activities.
- Conduct economic appraisals of different systems of organic production to test their viability.
- Encourage and fund joint promotional initiatives on organic farming and food production by the public and private sectors.

##### Increase Supply among Existing Producers

- Establish a Producer Group Network in the Western Region with the appointment of one Regional Officer to work with the network and county Producer Groups.
- Facilitate and assist inter-farm transactions among organic producers, directly and via producer groups and organic marts, particularly for unfinished cattle, as otherwise organic produce will be sold to the conventional sector.
- Reduce the effect of high feed costs through bulk purchasing and maximising grass utilisation to encourage year round supply of meat and milk and to develop the white meats sector for the domestic market.
- Develop research, education, training and advisory support to enable existing organic producers to increase their yields.

##### Co-ordination and Management of Supply

- Processors should provide market information to producers to improve quality and seasonal consistency of output.
- Teagasc should provide its full range of existing services to organic producers to assist with quality and continuity of supply.
- The Information and Advisory Centre, Bord Bia, An Bord Glas and Producer Groups should provide advice and support to producers to enable existing organic producers to improve the quality of their produce and to lengthen their growing season to meet market demand.
- Producer Group activities should be developed and expanded to increase the volume, variety and quality of organic produce sold through direct sales schemes as well as improve the availability of organic produce on a year round basis. They should also be involved in the provision of information, advice and training. Funding should be made available to the Groups from LEADER companies. This would facilitate and assist inter-farm transactions and help achieve economies of scale.

## 8. Action Plan for the Western Region

**Table 11 Specific Actions for the Development of Organic Production**

Actions	Organisation(s)	Costings	Source
Continue to provide information packs.	Organic Associations	—	Existing Budgets
Organise open days, farm walks, and conferences	Organic Associations	Self-Financing	—
Conduct economic appraisals on different systems of farming and disseminate findings.	Teagasc An Bord Glas	£10,000 per appraisal*	Existing Budgets
Develop Producer Groups and establish a Producer Group Network. Appoint one Regional Officer to work with the Producer Group Network and the individual Producer Groups, when required.	LEADER Producer Groups An Bord Glas	£195,000	LEADER LEADER Plus
Seek representation on boards of national and regional associations.	Organic Associations Producer Groups	—	—
Encourage national mainstream farming bodies and other bodies to establish organic committees, such as IFA, ICMSA, SFA.	WSGOP Organic Associations Producer Groups	—	—
Establish Cross-Border linkages.	Producer Groups All agencies	Subject to selection of projects	Cross-Border Funding
Establish organic committees and include organic farming on agenda of discussions.	Farming & other Organisations	—	—
Provide the full range of existing support services currently available to conventional farmers, to organic farmers.	Teagasc	—	Existing Budgets
Facilitate and assist inter-farm transactions and bulk purchasing.	Producer Groups LEADER	£60,000	LEADER
Provide market information to organic producers.	Processors	Self-Financing	—

\* Not included in overall costings

**Table 12 Specific Actions for Information and Advisory Centre**

Actions	Organisation(s)	Costings	Source
Establish Information and Advisory Centre and appoint one Manager, one Information & Promotions Officer, one Training Officer, One Research Officer and one Administrator to the Information and Advisory Centre.	Teagasc Private Sector	£935,910	NDP Teagasc Private Sector
Provide telephone information service for organic farmers and growers.	Information and Advisory Centre	£50,000	NDP
Develop and disseminate general information leaflets and user-friendly reading materials.	Information and Advisory Centre	£40,000	Existing Teagasc Private Sector
Continue to provide advice and support on quality and other areas to organic producers.	Information and Advisory Centre Bord Bia An Bord Glas Producer Groups	—	Funding from existing Quality Assurance Schemes
Re-train twenty-three existing Teagasc general farming advisers in the Western Region to serve as sources of information for organic producers.	Teagasc	£100,000 On-going training	NDP Teagasc Development Fund
Appoint seven dedicated organic advisers over the duration of the plan. Three should be appointed in the short term to service existing organic farmers.	Teagasc	Included in £100,000 above. On-going training	Teagasc Development Fund
Organise activities to inform and advise conventional farmers on what is involved in organic farming.	Information and Advisory Centre Organic Associations	£30,000	Existing Budgets
Establish budget for joint promotional initiatives on organic farming and food production between state and private sectors.	Information and Advisory Centre Public and Private sectors.	To be decided by agencies and private sector.	—

### 8.4.2 Domestic and Overseas Market Development

#### Market Targets

Bord Bia in its recent report *Prospects for Organic Food in Ireland* estimates that the market for organic food in Ireland will be worth in the region of IR£68 million by 2006, based on a growth rate of 25% per annum. It will account for almost 2% of the total food market. Direct sales will increase from IR£0.22m to IR£0.85m and total organic food sales from IR£18 million to IR£68 million. The European market for organic food is currently valued at £1R4.5 billion and will account for 7% of the total food market by the year 2005.

#### Implementation Structure

A **working group to develop organic markets** should be established to prepare an annual work programme for marketing activities in the Western Region. Bord Bia should be given lead responsibility for this working group with co-operation from An Bord Glas, BIM and other associations involved in the sector. As Bord Bia is a national organisation with a national as well as a regional remit, it is envisaged that one marketing officer should be appointed nationally to develop organic markets with a special remit for the Western Region. This marketing officer should liaise with the working group to co-ordinate marketing activities and ensure implementation of actions specific to the Western Region. Funding should be made available from the NDP for the appointment of the marketing officer to be employed by Bord Bia. Funding for a full-time marketing officer should also be made available to An Bord Glas to develop the fresh organic fruit and vegetable sector, as this offers enormous opportunity for farmers and growers nationally and in the Western Region. In the long term, as the number of organic producers involved in organic fish production increases, there may be a requirement for a marketing officer in BIM.

#### Recommendations and Actions for Domestic and Overseas Market Development

To achieve the domestic growth targets and to respond more effectively to a large European market, Bord Bia should in co-operation with other bodies:

- Develop a national marketing strategy with a special remit for the Western Region that takes account of regional variances so that organic food can be professionally marketed.
- Establish an organic marketing project in the Western Region to educate consumers, provide information to retailers and processors and generally develop the market. This project should also initiate organic food awards and provide research trips for organic businesses. This marketing project could act as a pilot project for national marketing strategies.
- Collect and up-date market information to guide the marketing strategy in the Western Region and nationally, and provide information for potential producers, processors and retailers.
- Develop a national single organic certified symbol for organic food to ensure organic food products produced in Ireland are clearly identifiable for the consumer. Ensure that marketing activities in the Western Region promote the national single organic certified symbol.
- Continue to provide quality assurance schemes for organic producers.
- Develop new market outlets to facilitate reasonable premia for all organic produce.
- Train retailers to be sources of information for consumers.

Table 13 Specific Actions for Domestic and Overseas Market Development

Actions	Organisation(s)	Costings	Source
Establish working group to develop organic markets	Bord Bia An Bord Glas.	Costs included in Table 10	—
Develop a national marketing strategy and initiate and operate a marketing project for organic food in partnership with the public and private sector in the Western Region.	Bord Bia An Bord Glas (Fresh Fruit and Veg.) BIM (Fish)	<b>£790,000</b> • £105,000 * (regional allocation)	NDP
Appoint a full-time national marketing officer for organic food with a special remit for the Western Region.	Bord Bia	<b>£300,000</b> * (Salary and overheads for six years)	NDP
Appoint full-time marketing officer for fresh organic fruit and vegetable production nationally with special remit for the Western Region.	An Bord Glas	<b>£300,000</b> * (Salary and overheads for six years)	NDP
Organise market information workshops, in the Western Region	Bord Bia An Bord Glas BIM	£20,000 *	NDP
Collect, up-date and disseminate market information.	Bord Bia An Bord Glas BIM Producer Groups	<b>£20,000</b> *	NDP
Develop an agreed national organic certified symbol for Ireland.	Bord Bia An Bord Glas BIM Organic Associations DAFRD.	<b>£20,000</b> *	NDP
Initiate national and regional organic food awards scheme.	Bord Bia An Bord Glas	<b>£60,000</b> * (£15,000 regional)	NDP

- Figures in italics and bold denote costings apply nationally.
- \* Included in the overall figure of £790,000 for national programme.

## 8. Action Plan for the Western Region

Table 13 Continued

Actions	Organisation(s)	Costings	Source
Provide study trips for businesses and producers in the Western Region.	Bord Bia An Bord Glas	£70,000 *	NDP
Encourage organic producers to join quality assurance schemes.	Bord Bia An Bord Glas	—	Existing Budget
Assist in the development of new market outlets and promote them to companies.	Bord Bia An Bord Glas Producer Groups	—	Existing Budgets
Develop cross-border linkages.	Bord Bia An Bord Glas BIM	Subject to selection of projects	Cross-border Funding
Develop merchandising for organic produce and provide consumer information.	Retailers	—	Existing Budgets

### 8.4.3 Expansion of Added Value Processing & Development of Distribution Channels

#### Implementation Structure

A **working group on processing and distribution** should be established to implement the actions relating to the future development of distribution channels and the expansion of added value processing of organic food in the Western Region. This working group should be led by a private sector organisation with services and resources provided by the public sector. As distribution and processing involve small, medium and large scale organic food enterprises, it is envisaged that a dual strategy for the development of added value processing and distribution will be required: one strategy for the small and medium scale organic food enterprises and one for large scale organic food enterprises. These strategies will be reflected in the annual work programme for the expansion of added value processing and the development of distribution channels.

It is envisaged that Enterprise Ireland and Bord Bia will work in partnership with the private sector and focus on added value processing companies with in excess of ten employees. Funding should be provided to Enterprise Ireland to employ one Development Officer nationally with a special remit for the Western Region to assist added value processing companies. This person will liaise with the working group and the Regional Co-ordinator. The LEADER companies with the co-operation of other state bodies will focus on added value processing companies with up to ten employees.

The private sector with the support of the public sector will be involved in actions relating to the development of distribution channels in the Western Region.

#### Recommendations and Actions for Distribution

- Encourage direct sales outlets to offer a wider range of products and longer sales season.
- Encourage sales to food service outlets.

- Initiate a feasibility study into the development of a new distribution channel for small and medium organic food enterprises in the Western Region. This would improve efficiency of supply and link more effectively with national and export distribution systems. Consideration could be given to working with existing co-operative structures in the region.
- Increase availability of organic foods to supermarkets and other retail outlets.
- Ensure consistency of supply and consistent levels of quality to retail outlets, through the establishment of clusters of suppliers.
- Develop a handbook for organic producers using direct sales channels.
- Develop cross-border linkages with suppliers and other organic enterprises.

Table 14 Specific Actions for the Development of Distribution Channels for Organic Produce

Actions	Organisation(s)	Costings	Source
Establish a working group on processing and distribution.	Private Sector	Costs included in Table 10.	
Provide resources for producer groups in areas such as co-ordination, development of promotional literature, applying information technology etc.	LEADER	£50,000	NDP
Initiate and finance feasibility study into the establishment of a new distribution channel for small and medium scale organic food enterprises.	Joint initiative by LEADER Companies. Producer Groups Private Sector	£50,000	LEADER
Ensure consistency of supply to retailers.	All Producers Producer Groups Private Sector	—	—
Encourage and develop clusters of suppliers.	Producer Groups Private Sector LEADER	£60,000	LEADER
Develop cross-border linkages with suppliers.	Producer Groups	Subject to selection of projects	Cross-Border Funding
Encourage sales to food services outlets.	Producer Groups Bord Bia An Bord Glas	—	—
Develop a handbook to include information on marketing, production and administration for organic producers using direct sales channels.	Producer Groups Private Sector LEADER Bord Bia An Bord Glas	<b>£10,000</b>	LEADER

Recommendations and Actions for Added Value Processing of Organic Produce

- Ensure that existing processors of conventional products are aware of the market opportunities for organic produce and other relevant market information. The working group should organise an organic product opportunity workshop in the region annually.
- Assist processors to establish an organic food processing production line or company. Shannon Development, Udaras na Gaeltachta, the County Enterprise Boards, and LEADER could co-operate with Enterprise Ireland on this measure.
- Develop the supply base for raw materials to enable processors achieve economies of scale.
- Attract large suppliers into organic production.
- Assist processors to source raw materials from within the region and in Ireland.
- Assist processors to source raw materials from abroad through developing an information network of organic production in Europe.
- Support the development of new organic product lines that reflect general consumer demand for convenience, indulgence, etc.
- Develop a handbook on organic food processing in Ireland for existing and new organic processors.
- Develop better communication links between suppliers and processors.
- Encourage and develop cross-border linkages with organic food processors.

Table 15 Specific Actions for the Expansion of Added Value Processing of Organic Produce

Actions	Organisation(s)	Costings	Source
Disseminate relevant information and promote market opportunities through an annual organic product opportunity workshop in the Western Region.	Working Group on distribution and processing	£20,000	NDP
Appoint a Development Officer to develop organic food enterprises nationally with a special remit for the Western Region.	Enterprise Ireland	<b>£234,000</b>	NDP
Provide technical and financial support to organic food processors.	Enterprise Ireland Údarás na Gaeltachta LEADER, CEBs	On project basis	Existing Budgets
Develop a comprehensive database of organic agricultural production in each county in the Western Region.	Organic Assoc. Institutes of Technology.	£50,000	NDP
Provide assistance to organic food enterprises seeking to engage in new product development.	LEADER Institutes of Technology Food Centres	On project basis	Existing Budgets
Organise new product development courses in the Western Region.	Údarás na Gaeltachta CEB's, Teagasc, Enterprise Ireland		
Encourage and promote to processors a system for sourcing of raw materials through websites.	Bord Bia Enterprise Ireland An Bord Glas Food Centres	—	—

Table 15 Continued

Actions	Organisation(s)	Costings	Source
Develop cross-border linkages with organic food processors.	All agencies Producer Groups/ Network Processors Food Centres	Subject to selection of projects	Cross-border funding.
Develop better communication links between suppliers and processors.	All agencies Suppliers Processors Producer Groups/ Network	—	—
Develop a handbook for organic food processing in Ireland in partnership with other agencies and the private sector.	Co-ordinated by working group involving all agencies, Institutes of Technology and Food Centres.	<b>£10,000</b>	NDP

8.4.4 Research and Development

The Department of Agriculture, Food and Rural Development and the statutory bodies have given higher priority to organic research and development in the past year. The initiative by Teagasc to convert the farm at Mellows College to an organic system is particularly welcome in this respect.

Implementation Structure

A **working group on research and development** should be established with Teagasc as the lead agency. The working group should prepare an annual work programme, incorporating research priorities for the Western Region. All actions relating to research and development will be co-ordinated and implemented by the working group. The working group will have representation from Teagasc, Institutes of Technology, Universities, Organic Centre, Rossinver, Organic Associations, Producer Group Network, other research organisations, as well as a representative of organic producers.

A Research Executive should be appointed to the Western Region to co-ordinate the existing and future research effort, review and disseminate organic research in other European countries and conventional research of relevance. The Research Executive would work in partnership with all public and private sector bodies involved in research and development in the region and with the producers involved in the experimental and monitoring farms recommended below. This person will be answerable to the Manager in the Information and Advisory Centre and liaise closely with the Regional Co-ordinator. The working group will co-ordinate the implementation of the following recommendations and actions.

Recommendations and Actions for Research and Development

- Review existing organic agricultural and food production research in other countries.
- Exploit non-organic research that may be applied to organic systems.
- Establish study groups to solve broad problems, develop whole farm models and identify research gaps. Two experimental farms and two monitoring farms should be established to facilitate research and development in different sectors.
- Facilitate the involvement of producers in organic research activities.
- Facilitate dissemination of existing EU research and other relevant research in a timely and easy to understand manner.
- Improve existing data collection mechanisms to collect organic specific data.
- Initiate feasibility studies into other organic enterprises such as medicinal herbs.

Table 16 Specific Actions for Research and Development

Actions	Organisation(s)	Costings	Source
Draw up annual research and development priorities for the organic industry and submit to WSGOP.	Working Group on Research and Development.	Costed in Table 10	—
Appoint one Research Executive to co-ordinate research and development activities in the Western Region.	Information and Advisory Centre	Costed under Information and Advisory Centre	—
Review and disseminate research on organic production in other European countries and conventional research of relevance.	Working Group on Research and Development Research Executive	£100,000	NDP
Establish two monitoring & two experimental farms in the Western Region.	Working Group on Research and Development	£32,000	NDP
Develop a code of practice for research/producer group collaboration.	Working Group on Research and Development	<b>£10,000</b>	NDP
Disseminate research findings through appropriate channels	Teagasc Institutes of Technology Universities	—	—
Establish links with European research networks.	Organic Associations Producer Groups Organic Centre	—	—
Involve producers in research activities.	Public and Private sector.	—	—
Provide funding for research and trials to deal with priority research areas in the Western Region.	Working Group on Research and Development	£100,000	NDP
Adapt data collection mechanisms to collect organic level data.	CSO, Teagasc, Bord Bia An Bord Glas	<b>£20,000</b>	Existing Budgets
Encourage and provide funding for feasibility studies into other organic enterprises.	LEADER CEBs Enterprise Ireland	Minimum £5,000 per study *	Existing Budgets
Establish Study Groups in the Western Region.	Working Group on Research and Development	£40,000	NDP
Evaluate research and development activities and provide report to WSGOP.	Working Group on Research and Development	£60,000	NDP

\* not included in overall costings

### 8.4.5 Education and Training

#### Implementation Structure

The **working group on information, training and education and advice** will develop an annual work programme for training and education in the Western Region. The working group should be led by the Information and Advisory Centre and be comprised of representation from public and private sector organisations. A Training Executive should be appointed to co-ordinate the training and education activities in the Western Region. This person should be answerable to the Manager in the Information and Advisory Centre and should liaise closely with the Regional Co-ordinator.

#### Recommendations and Actions for Education and Training

- Development of formal training programmes for organic farmers and producers in the Western Region. These courses should have a business and marketing element, which was specified by farmers in the *Western Region Survey of Organic Farmers* and horticultural producers.
- Provide training and education for tutors and advisers in organic production.
- Provide training and education for potential and existing organic farmers and producers.
- Provide introductory courses for conventional farmers.
- Organise a panel of ten Master Farmers, to be selected from organic farming or the organic industry, to provide advice and specialised training courses in organic production.
- Develop two demonstration farms to facilitate the delivery of training in organic farming methods in the Western Region.
- Develop cross-border training and education activities to facilitate the exchange of information and expertise on organic production.

Table 17 Specific Actions for Education and Training

Actions	Organisation(s)	Costings	Source
Develop annual work programme to improve training and education in the Western Region.	Information, Training, Education and Advisory Working Group.	Costed in Table 10	
Conduct training audit for the Western Region	All agencies	£50,000	Existing Budgets.
Appoint one Training Executive to co-ordinate training and education activities in the Western Region.	Information and Advisory Centre	Costed under Information and Advisory Centre	
Develop formal training programmes for organic production.	Information and Advisory Centre	£180,000 (All courses)	Self-Financing and FÁS
Continue development of training courses in organic production.	Institutes of Technology		
Provide short introductory courses for conventional farmers.	Producer Groups		
Provide optional organic course on Certificate in Farming programme.	FAS		
Provide specialised courses for existing organic farmers.	Organic Centre		
Provide training courses in organic farming for all organic advisers.	( All of above involved in all training courses, where appropriate.)		
Develop courses for training organic trainers/tutors.	Information and Advisory Centre	£170,000 (All courses)	NDP
Develop two demonstration farms in the Western Region.	Institutes of Technology		
Provide degree level courses in organic production.	Organic Master Farmers		
	Producer Groups/ Network		
	Organic Centre		
	Teagasc	£20,000 (set-up costs)	NDP
	Organic Associations.		
	Organic Centre		
	Producer Groups		
	Institutes of Technology	—	—
	Universities		

Table 17 Continued

Actions	Organisation(s)	Costings	Source
Provide short adult education courses and make available facilities for organic training courses in organic production.	VECs	Self-Financing	—
Develop discussion groups on horticulture, beef, sheep and mixed enterprises.	Producer Group All agencies Private Sector	Self-Financing	—
Develop distance learning material for organic producers.	Institutes of Technology Universities	£100,000 (start-up costs)	NDP
Continue to provide short seminars, training courses and study tours for organic producers.	Producer Groups LEADER/ Partnership Companies Organic Centre	£60,000	LEADER
Identify ten Master Farmers from organic farming and the organic industry to provide specialised training and advice.	Teagasc Producer Groups Organic Centre Organic Associations	£480,000	NDP
Provide business development training for all producers including horticultural producers using direct sales channels.	An Bord Glas Institutes of Technology	£20,000	NDP
Evaluate all organic related courses and provide annual report to WSGOP.	Information, Education, Training and Advice Working Group	£60,000	NDP

#### 8.4.7 Information Technology and the Development of Organic Production

##### Implementation Structure

A working group on information technology should be established to draw up an annual work programme and implement the actions relating to the application of information technology to the development of organic production. This is a critical area for the development of the organic industry in the Western Region, as it will be the main mechanism used for disseminating information to producers, processors, distributors and public and private sector organisations. The Institutes of Technology located in the Western Region should lead this working group and work closely with the organic associations and the Department of Agriculture, Food and Rural Development as they will be the main sources of information. Funding should be made available from the NDP to develop and maintain the production/supply schedule system. This will require the appointment of one full-time Information Technology Officer to co-ordinate all activities and update the data when required.

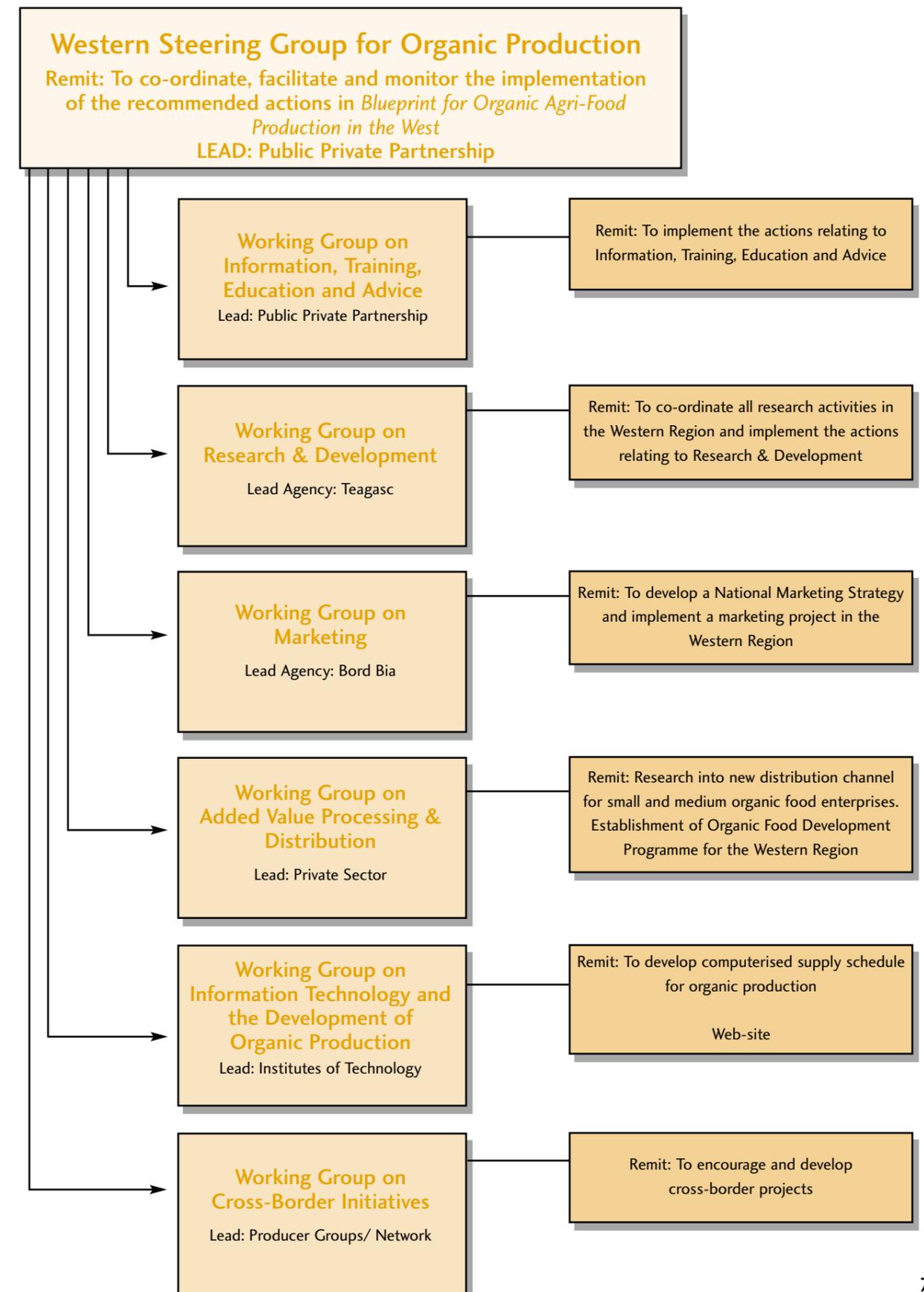
**Recommendations and Actions for Information and the Development of Organic Production**

- Establish a computerised network for disseminating information relating to a production/supply schedule.
- Establish a web-site related to marketing and sales to link suppliers with producers.
- Use the Internet to disseminate/collect research data.
- Assist Producer Groups to overcome seepage of organic produce from the system by linking up with finishers.
- Establish cross-border linkages in this area to ensure dissemination of information to the organic industry in Northern Ireland.
- Develop on-line advisory technology system for use by advisers.

**Table 18 Specific Actions for Information Technology and the Development of Organic Production**

Actions	Organisation(s)	Costings	Source
Establish a computerised network for disseminating information relating to a production/supply schedule.	Institutes of Technology Organic Associations Dept of Agriculture, Food and Rural Development Producer Groups	<b>£300,000</b>	NDP
Establish a web-site related to marketing and sales to link suppliers with producers.	Institutes of Technology All industry informants	Included in £300,000 above.	—
Use the Internet to disseminate/collect research data.	All organic industry Producer Groups/Network	—	—
Assist Producer Groups/Network to overcome seepage of organic produce from the system by linking up with finishers.	Producer Groups/Network All agencies Institutes of Technology	Included in previous tables	—
Develop on-line advisory technology system for use by advisers.	Institutes of Technology Advisers	<b>£20,000</b>	NDP

**Proposed Structure for Implementation of *Blueprint for Organic Agri-Food Production in the West***



## References

Datamonitor (1999), Natural and Organic Food and Drinks.

Eurostat (1999), Agriculture, Environment, Rural Development: Facts & Figures.

Keatinge, R., B. Cormack, S. Padel and M. Wolfe (2000), A Review of Current European Research on Organic Farming, Ministry of Agriculture Food and Forestry.

Lampkin, N., C. Foster and S. Padel (1999), The Policy and Regulatory Environment for Organic Farming in Europe: Country Reports, Organic Farming in Europe: Economics and Policy, Vol. 1.

Leatherhead Food RA (1999), The European Organic Foods Market, September.

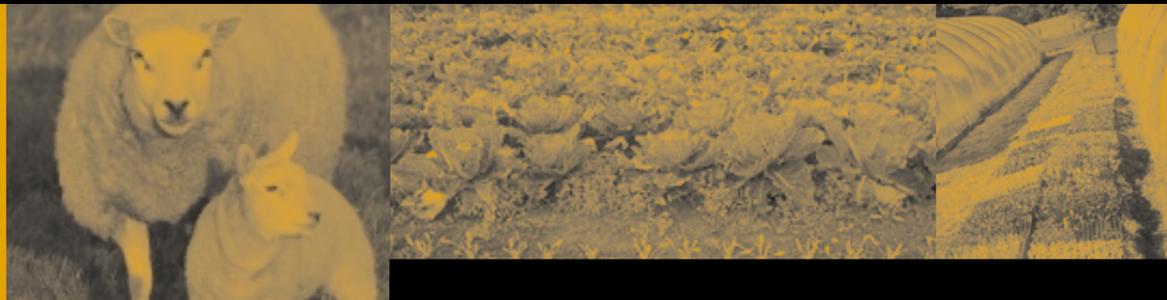
Michelsen, J., E. Hamm, E. Wynen and E. Roth (1999), The European Market for Organic Products: Growth and Development, Organic Farming in Europe, Vol. 7.

PROMAR International (1999), The Danish Organic Food Market, Report for the USDA, April.

Van der Grijp, N. and F. den Hond (1999), Green Supply Chain Initiatives in the European Food and Retailing Industry, Institute for Environmental Studies, The Netherlands.

Western Development Commission (1999), Blueprint for Success: A Development Plan for the West 2000-2006, (prepared by Indecon International), Ballaghaderreen: WDC

references & appendices



### Appendix 1. WDC Natural Resources Sector Council & Organic Steering Group

#### Membership of Natural Resources Sector Council

Chairperson: Dan Gilmartin, Chairperson Connaught Gold.

Muiris Kennedy, Client Services Director, Bord Bia.

Terry Gallagher, Project Manager, Ballintubber Tourism Co-op.

Peter Seery, Director of Operations, Teagasc.

Anne Coyne, Organic Producer.

Maurice Harvey, WDC Board Member.

Cllr. Pat Mc Garry, WDC Board Member.

#### Membership of Organic Steering Group

Lorcan Bourke, Development Marketing Executive, An Bord Glas.

Padraig Brennan, Trade and Marketing Specialist, Bord Bia.

Anne Coyne, WDC Natural Resources Sector Council.

Cait Curran, Organic Producer.

Joe Fox, Planning-Sectoral Development, Enterprise Ireland.

Noreen Gibney, Operations Manager, Irish Organic Farmers and Growers Association.

Elmer Koomans - O'Reilly, Demeter Irl. Ltd.

Martin Reading, Leitrim Organic Forum.

Helen Scully, National Co-ordinator, Organic Trust.

### Appendix 2. Consultees & Submissions

#### Public Sector

Department of Agriculture, Food and Rural Development

Bord Bia

An Bord Glas

Teagasc

Enterprise Ireland

Sligo Institute of Technology

Letterkenny Institute of Technology

Galway/Mayo Institute of Technology

St. Angela's College, Sligo

Dept. of Agribusiness, Extension and Rural Development, UCD.

#### Private and Community Sectors

Absolutely Organic

ADM Partnership Companies

An t-Ionad Glas

Ballina Food Innovation Centre

Ballybrado Ltd.

Clare Organic Growers

Community Environmental Services Ltd.

Crann

Crossna Community Co-operative Society Ltd.

Danish Research Centre for Organic Farming

Demeter Irl. Ltd.

Galway for a Safe Environment Group

Graig Farms

Gortrua Organic Farm

Irish Organic Farmers and Growers Association

Irish Organic Herbs

Irish Seed Savers Association

Kilmacowen Organic Farm Shop

LEADER Companies

Leitrim Organic Forum

Mayo Organic Group

Musgrave Group

North West Organic Producers' Group

Organic Centre, Rossinver, Co. Leitrim

Organic Trust

"Organic Farming", Mayo and the Future

Penny Lange

Shannonside Mushroom Marketing

Sligo Organic Group

South East Galway Organic Horticulture Development

Sustainable Ireland Foundation

In addition, submissions were received from eleven individuals.

### Appendix 3. Glossary of Terms

ADAS	Agricultural Development and Advisory Service
ADM Ltd.	Area Development Management Ltd.
AIBP	Anglo Irish Beef Processors
BIM	Bord Iascaigh Mhara (Fisheries Development Board)
BMW Region	Border, Midlands and West Region
BSE	Bovine Spongiform Encephalopathy
CAGR	Compound Annual Growth Rate
CEB	County Enterprise Board
CSO	Central Statistics Office
DAFRD	Department of Agriculture, Food and Rural Development
DOCEA	Documentation of Ecological Agriculture
FÁS	Foras Áiseanna Saothair – Training and Employment Authority
ICMSA	Irish Creamery Milk Suppliers Association
IFA	Irish Farmers Association
IOFGA	Irish Organic Farmers and Growers Association
LEADER	Liasons entre actions de developement de l'economie rurale
N	Nitrogen
NCVA	National Council for Vocational Awards
NDP	National Development Plan
NUIC	National University of Ireland Cork
NUID	National University of Ireland Dublin
NUIG	National University of Ireland Galway
NUIM	National University of Ireland Maynooth
NFC	National Food Centre in Teagasc
NFS	National Farm Survey carried out annually by Teagasc
OCIS	Organic Conversion Information System
REPS	Rural Environment Protection Scheme
S&E Region	South and East Region
SFA	Small Firms Association
Teagasc	Agriculture and Food Development Authority
VEC	Vocational Education Committee
WSGOP	Western Steering Group for Organic Production
WDC	Western Development Commission