

Survey of Organic Farming Support Payments in the EU-27

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Project summary:

The project was commissioned by the Federal Ministry of Food, Agriculture and Consumer Protection and aims to provide an overview of the organic support scheme in the EU in the current programme period. The overview provides detailed information on the implementation of the organic support payments in EU Member States and their regions, including payment design, eligibility and management requirements, certification support, and aspects in relation to scheme access, planned payment changes and possible combinations with other agri-environment measures. Country templates with detailed descriptions of the organic support payments in the different Member States and their regions are added in the Annex of the report. The report is aimed at policy-makers, stakeholders and scientists with an interest in organic farming and related policies.

The report covers 25 Member States. The two small Member States Cyprus and Malta have been excluded due to their negligible area of organic farming. In addition, the report explicitly covers all 16 German Länder, while in France, Italy and Spain cross sections of representative regions (9 regions in France, 13 regions in Italy and 12 regions in Spain) have been included. The data on the organic support payments have been collated through a survey of relevant organisations in each Member State in 2009, which filled in a questionnaire with questions on the different payment aspects. In addition, data available from published rural development programmes and other online sources were used to obtain additional information on the organic support payments in the previous and current programme period.

Payment rates

The results of the survey show large variations in the payment rates for the same land type using a differentiation of seven land types including arable land, grassland, vegetables and herbs, greenhouse crops, perennials and orchards, vineyards, and olive trees. For example, one ha of arable land can receive a conversion payment rate (on the basis of the average rate

over a five year conversion contract) between 77 and 600 €. The range of per ha conversion payments for vineyards even spans from 350 to 2 812 €. The differences in payment rates are the result of a number of different factors including different payment differentiations within the broader land types (a specific corn payment is likely to lead to a higher payment rate than an average arable payment), different economic assumptions and different cost and income foregone components in payment calculations, budget allocations and constraints, consideration of different bio-physical land characteristics and the inclusion of (area-based) livestock payment components. However, further analysis is required to draw more detailed conclusions on the exact reasons behind the various differences in payment rates.

To some extent a general pattern emerges from the survey that some Member States tend to have relatively high payment rates across the seven land types compared to other Member States. For example, relatively high conversion and maintenance payment rates generally exist in Belgium, some Italian regions and Greece, while relatively low payment rates can be found in Bulgaria, Estonia, some Spanish regions and UK. But the exact ranking of the Member States in terms of the level of the payment rates varies between the different land types.

Variations between the Member States also exist with respect to the payment differentiation between land types and over time. Only Denmark, Finland and Ireland, have implemented uniform conversion payment rates across the different land use categories. In addition to those three countries, also England and Wales have implemented uniform maintenance payment rates. 10 Member States have constant payment rates throughout the conversion and maintenance periods. On the other hand, roughly half of the countries take into account the lack of price premiums for in-conversion products before the farm is certified as organic and have implemented higher payment rates for the first two or three years of conversion contracts.

The comparison of payment rates for arable land, grassland, vegetables and perennials between 2004 and 2009 shows that the payment rates for those four land types have generally increased across the Member States. In fact, only Austria, Denmark, some German and Italian regions have decreased the payment rates across all four land types over this period. Generally, the implemented changes in payment rates appear to be relatively homogenous within a Member State or region. Only Lithuania, Slovenia, Wales and some regions in Germany, Italy and Spain have increased and decreased payment rates of different land types at the same time. Also, in most cases, Member States changed the rate of conversion and maintenance payments for a specific land type in the same direction (exceptions exist for arable land).

Some Member States have reported further increases in payment rates (either planned or already implemented). However, scheme access problems in several countries highlight that high payment rates do not necessarily guarantee a high level of support for organic farms and

that the positive impact of high support payments can be reduced due to a lack of access of farms to the schemes. The results of the survey also indicate that the extent of additional scheme requirements beyond organic standards is not necessarily reflected in higher payment rates.

Eligibility criteria and requirements

Support for organic farms is restricted through the implementation of maximum and minimum payment limits (with respect to the farm size or amount of financial support), payment modulation and/or stocking rates. While most MS have implemented minimum payment limits, maximum payment limits and payment modulation are less frequently implemented. Maximum stocking rates per hectare below 2 LU/ha are implemented in six countries (lowest maximum stocking rate of 0.5 LU/ha). Minimum stocking rates, on the other hand, are implemented in the majority of the MS and vary between 0.2 LU/ha and 1 LU/ha. Generally, the survey indicates that Member States implement a selection of maximum and minimum payment limits, payment modulation and maximum and minimum stocking rates, instead of all or none of those limits.

Furthermore, thirteen Member States have implemented restrictions on the eligibility of crops or land types either by defining crop-specific payment categories or specifically excluding certain crop and land types from broader defined payment categories. Generally, four land and crop types can be identified which are not eligible for support in several countries including set-aside land, permanent grassland, greenhouse production and energy crops. Farmers in most Member States have to fulfil additional scheme requirements beyond the organic standards and cross compliance to qualify for organic support payments. Only farmers in Belgium, France, Hungary, Ireland, Luxembourg, and Poland do not need to comply with additional requirements. The most frequent reported additional requirements in relation to training, keeping records of farm (parcel) data, further reductions in the application of N-fertilizers, cut or grazing frequency and timing on grassland, no parallel cultivation, restrictions of irrigation and melioration measures, no conversion of permanent grassland to arable land, and harvesting and selling of crops.

Gradual and/or part conversion is possible in most Member States. The restriction to convert the whole farm does only exist in Germany and six further Member States (Denmark, Spain, Hungary, most regions in Italy, Luxembourg and Portugal).

Certification support

The Member States deal in different ways with the costs for certification and inspections incurred by farmers. Most of the Member States provide some form of financial support to farmers to cover parts of the certification and inspection cost, but different approaches are used. Flanders (Belgium), Germany (most regions), Spain (most regions), France, Ireland,

Lithuania and the Netherlands provide a separate certification support payment under the organic farming support schemes and reimburse either a specific amount per farm, per hectare or a certain percentage of the certification and inspection cost. A number of Member States use alternative approaches to support certification cost. While Austria, Greece (food crops), Italy, Poland and Slovenia provide support through measure 132 of axis 1 (food quality schemes), Sweden uses article 69 payments (Reg 1782/2003) and Bulgaria, Greece (non-food crops), Latvia and the UK have included a certification cost component in the calculation of conversion payment rates or increased the rate by a certain amount for the first hectare during the in-conversion period. Denmark provides the organic certification free of charge. On the hand, seven countries (Czech Republic, Estonia, Finland, Hungary, Luxembourg, Portugal and Slovakia) did not report any support for certification and inspection cost.

Combinations with other agri-environmental measures

Mandatory commitments to combine organic support payments with basic AEMs exist in Finland and England, while such combinations are optional in Estonia and Denmark. Besides the few cases of mandatory and optional linkages of the organic support payments with basic agri-environmental schemes, the survey explored what other options exist for farmers to top-up organic support payments through other AEMs for the same piece of land. A wide range of options for combining organic support payments with other agri-environmental payments exist across the different Member States and includes most agri-environmental key themes, such as grassland conversion and maintenance, (other) biodiversity measures, conservation of landscape features, water protection, soil protection, and traditional crop types and endangered livestock breeds.

The results of the survey indicate in some Member States an emphasis in the combination options on certain key themes. For example, a focus on traditional crop types and local/endangered livestock races exist in Southern European Member States and grassland management and biodiversity and wildlife options are the main combination options in the Czech Republic, Poland and Slovenia. “Top-up” payments across several key themes exist in Austria, Belgium, Finland, Germany, some Italian regions, Latvia, Portugal, Sweden, Slovakia and UK. On the other hand, no combination options were reported from Bulgaria, some Spanish regions, some Italian regions and Lithuania. The level of “top-up” payments through other agri-environmental measures varies substantially between different types of measures.

“Topping up” organic support payments through other agri-environmental payments utilises the comparative advantages of organic farms in providing environmental benefits and public goods and grants additional financial support to organic farms. Beyond agri-environmental measures a range of further options of an integrated policy support approach for organic farms exist through other measures in axis 2 (e.g. Natura 2000 payments and animal welfare

payments) and other axes of the RDP (e.g. modernisation of farm holdings, food quality schemes and encouragement of tourism activities). The provision of certification support through food quality schemes reported from five Member States presents one example for combined support across different RDP axes. More examples of other rural development measures particularly targeted at organic farms (e.g. modernisation of agricultural holdings in Lombardy in Italy and encouragement of tourism activities in the Czech Republic) have been identified for a selection of Member States in a recent IFOAM study. However, a systematic and detailed update of existing and potential policy support to organic farms across the different axes in the current rural development programmes in the EU-27 would further inform the policy debate about possible future approaches to support organic farming in the EU.

The report will be published in June 2010.

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