



Association of European Consumers

socially and environmentally aware

Association Européenne des Consommateurs

Member organisations (country)

RCR (B)
BNCA (BU))
Die Verbraucherinitiative (D)
DAF (DK)
ADICAE (E)
CyV (E)
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Cnafal (F)
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Leo Lagrange (F)
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Inka Makedonia (G)
Panhellenic Consumers' Union (GR)
Adoc (I)
Adiconsum (I)
ACU (I)
Assoutenti (I)
Federconsumatori (I)
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Movimento difesa dei Cittadini (I)
UNC (I)
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UGC (P)
Swedish Consumers Coalition (S)
Finlands svenska
Marthaförbund (SF)
The Food Commission (UK)

Special Report

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AEC comments on the legislation on Organic Action Plan for Organic Food and Farming

By **Martin Frid**

AEC
70-72 rue du Commerce
1040 Bruxelles
tel: +32-2-545.90.74
fax: +32-2-545.90.76
aec@belgacom.net
www.consumer-aec.org

1. Introduction

This paper outlines AEC's overall comments for the Organic Action Plan, and the reasons why the EU should support organic agriculture – from a consumer point of view.

AEC - Association of European Consumers, socially and environmentally aware, represents 33 national consumer organisations. We welcome the future European Commission support for organic agriculture contained in an Organic Action Plan for Organic Food and Farming. We note that the FAO Rome Declaration and Plan of Action from the World Food Summit 1996 five years ago identified organic farming as a sustainable method of food production. Governments, in partnership with all actors of civil society, and with the support of international institutions, were urged by the FAO to promote policies and programmes which encourage appropriate farming techniques and sustainable methods for food production. In the TransAtlantic Consumer Dialogue resolution from February 2000 we put forward consumers' recommendations on organic foods. We welcome the 2001 Copenhagen declaration on creating an EU Organic Action Plan and are now pleased to present these comments after having consulted with a number of stakeholders.

From a consumer point of view the overall goal of supporting organic agriculture is to stimulate sustainable production and consumption patterns. We expect at least an annual growth of 10% of this sector, however, 20% should be the aim. Consumers are the prominent promoters of the campaign. Having said that, our organisation also expects organic agriculture to provide a number of well-defined benefits to European consumers.

- **Expected benefits**

Environmental benefits

Among different agricultural systems, organic agriculture is characterised by setting up high standards on sustainability. Organic agriculture can ideally be defined as a self-sufficient and sustainable agri-environmental production system in equilibrium. The system is based as far as possible on local, renewable resources. Thus, organic agriculture includes environmental considerations that go beyond the conventional agricultural production model. Some of these considerations are:

- ground water protection from pesticides and, to a certain degree, nitrates;
- optimum animal health and welfare;
- biodiversity in the farming fields and surrounding areas;
- positive contribution to the landscape and countryside;
- agro-genetic diversity in strains of seeds and livestock breeds;
- positive influence on rural and social development.

Health benefits

To many consumers organic agriculture is regarded as providing added health benefits. The organic products are looked upon as pure and relatively uncontaminated by pesticides. Better animal welfare conditions that ensure healthier animals should give an insurance that organic foods are healthier. Unsafe growth hormones and certain veterinary drugs are not allowed in conventional livestock farming in the EU, but elsewhere in the world they may be used. Many national organic certification bodies have stricter rules, for example banning nitrites in meat

products, due to concerns about health risks. Thus organic foods can be seen as giving consumers added benefits compared to imported conventional foods. Organic farmers are expected to use other types of seeds and livestock breeds with better resistance against pests and diseases. To many consumers that means healthier plants and livestock with a strong natural resistance, which further enhances the perception of organic products as healthy food. This, however, needs further documentation. Some consumers also express scepticism about levels of natural pollution, zoonoses and mycotoxins.

More research is needed on health aspects of foods, both conventional and organic. There is no doubt, however, that organic agriculture is becoming part of a healthier lifestyle where an increasing number of consumers care more about the origins of their food, i.e. how and where it has been produced. Socio-economic effects should be studied as ultimately, a healthier lifestyle also influences their diet in a positive way. The growing consumer interest in organic food and farming can in that way influence consumers to make choices that reflect a healthier food intake. This can lead to lower costs to society as people live longer, healthier lives.

Ethical or moral benefits

Organic farming builds on an integrated ethos that encompasses the environmental, economic and social aspects in agricultural production.

In the present situation where consumers in increasing numbers are concerned about degradation of standards, food quality, media exaggerated food scares etc., it is easy to ask for strict rules, high standards, and efficient inspection in organic agriculture. But often what the consumers expect are higher moral standards: as the organic farmer does not exploit the soil or the livestock, the consumer hopes that she is not exploited when buying the organically produced food.

To a certain extent this moral expectation is a result of the level of knowledge of the organic production method. The difference between organic and conventional agriculture is a difference in farming practice and not always a measurable difference in the finished product. Therefore, inspection and labelling are essential prerequisites to obtain and preserve consumer confidence. But the presence of standards, inspection and labelling draws the attention towards the moral behaviour of the producers to a larger extent than is the case with conventional production where there may be no or little such inspection and labelling.

This dilemma is insoluble, but with consumer interests and expectations at the core of a future market based strategy for developing organic production in Europe, the only way forward is to continue the development of strict and logical rules, firm and trustworthy inspection systems, and distinct and communicative labelling of organic products.

- **Goal: Consumer driven development**

By increasing the consumer demand, the development of the organic sector will be driven by a wish to fulfil the real needs of consumers, and not by the force of authorities to make farmers comply with the regulation, under threat of sanctions, prohibitions and limited licences. The latter strategy would be more likely to cause resistance among producers and other players in the market than the first. Therefore we do in general agree with the priority to strengthen the consumer "pull factor" instead of forcing the farmers to adopt a new practice against their will.

But a consumer driven development of the organic sector also has disadvantages. Development of organic agriculture has so far been driven by farmers with certain ideals about how to run a farm. The development of the organic movement has been guided by ideals – or moral values – which can be summed up as a quest for wider sustainability in the food production. Now the agenda is set by different stakeholders, including consumers, retail chains, governments, the EU, Codex etc. With the introduction of the consumer as the pull factor for further development, ideals or moral values can no longer secure the development without a possible loss of consumer confidence and a growing risk of fraud. From a consumer's point of view, the Organic Action Plan can take this role, and the European Commission can make up a legitimate, independent and trustworthy partner in the ongoing institutionalisation process.

This development raises another dilemma. When the consumers as buyers are entrusted with the responsibility for a continued development of sustainable food production, it is necessary to thoroughly examine the ability of the market to drive such a development: there might be problems with a pure market model, where the consumer is expected to carry the full burden of the extra costs of the organic production. As long as the external cost of conventional agriculture are not included in the consumer prices of conventional food and the societal benefits of organic agriculture remain unacknowledged, the competition with conventional agriculture is not fair. Competition issues and other market factors (such as "loss leader" strategies from certain supermarket chains) are also bound to create problems. AEC see a special threat coming from some chemical or biotechnology company interests, public relation companies defending agribusiness and some academics, that have already sponsored campaigns against organic farming. 1)

To let consumers decide the future of organic food production we need a market where the basic consumer demands are met. These are:

- Price transparency in the production chain
- An agricultural funding scheme (CAP) that does not stimulate quantity over quality
- Internalisation of external costs, which at the present non-sustainable state of agricultural practice will highlight the differences between conventional and organic products
- Awareness rising among consumers through information campaigns, education, etc.
- Access to detailed, truthful and attractive market information that will enable consumers to make well informed choices.
- Better competition rules for the retail sector

2. Common Agricultural Policy (CAP)

AEC sees the need for the CAP and other EU schemes to better reward consumers and producers who are ready to support organic agriculture. Today the CAP is a strong political instrument with all the necessary economic power to change the agricultural practice. We encourage the EU to use that power to strengthen organic farming and thereby increase sustainability, environmental considerations, social rural development, and stronger producer/consumer contact in agriculture.

In practice that means that the funding of the Organic Action Plan must be found within the existing agricultural budget. The budget must therefore continue the transformation from

production support towards support of other sustainable and "green" considerations and objectives initiated with the MacSharry reform and continued in Agenda 2000.

Studies support the proposal that a reduction of VAT as part of a fiscal reform to encourage sustainable production, could increase the consumption of organic foods. This is in line with proposals in the EU Commission's Green Book for Integrated Product Policy. The higher the VAT on foods is in a country, the more effect a lower VAT would have in shifting consumption, while giving the organic farmer a better price. Ways to pay for such fiscal reform could include a higher tax on pesticides and chemical fertilisers for conventional farming.

We also find it important to mention that organic agriculture reflects a desired development of food production in general, and not only a well-defined niche with its own funding scheme. 2)

3. Production Standards

- **Production standards today**

Consumer expectations regarding organic standards need to be addressed through research and careful monitoring. The discussion on standards is at the very core of organic agriculture. AEC finds that ideally standards should be developed and adapted locally, and the agricultural practice should follow as high a standard as possible when it comes to securing long-term environmental, social and economic sustainability. However, when attempting to create consumer support and increase demand, it will be necessary to harmonise the standards and create a reliable inspection system and simple and conspicuous labelling. Simplification, rigid rule making and common standards may also degrade or undermine local production differences.

The current EU legislation for organic production is Regulation 2092/91 does not appear to be very well known among most consumers who have been buying organic food labelled with one or more national labels. Education is needed and consumer organisations are a good place to start. For example, the Organic Action Plan should be presented at the next DG Sanco Annual Consumer Assembly and also be discussed thoroughly by the Consumer Committee.

It is important that the common EU regulation should not undermine higher national or local standards. A combined use of different labels is confusing, yet inevitable as long as some labels stand for higher standards. The EU and the member state governments should allow higher standards such as Demeter Certification, which is already active in over 20 countries world-wide. From our point of view, and as outlined in the TransAtlantic Consumer Dialogue resolution on organic farming, the common rules should allow higher standards to be put in place. Control bodies should be accredited by IFOAM. Small or recently established control bodies may also be acceptable if the body undertakes to join IFOAM's accreditation programme as soon as possible. 3)

From a consumer point of view the production standards of organic agriculture and food production should cover the whole chain. This goes beyond current farm-to-table considerations and recognizes farming as a long-term activity that must support future generations 50 or 100 years from now, and obviously much longer. The overall goal of sustainability should be a main parameter when developing such standards. It would not,

however, be desirable to put all possible moral burdens on the shoulders of organic producers. Ethics, fair trade, social responsibility, healthy food, "food miles" etc. could be included in the organic standards with the aim of also influencing other production systems in a more sustainable direction. Already, successful organic farming methods are incorporated in e.g. IPM (Integrated Pest Management) systems.

AEC calls for the Commission to enable consumers to participate in the development of European standards and regulations for organic production.

- **Effects on the Environment**

Consumers have a number of concerns and expectations regarding the effects of farming on the environment. Despite of the many assurances from experts regarding conventional farming, especially about pesticides and fertilizers, consumers are not satisfied with information regarding long-term effects of modern, intensive farming practices. Consumers cannot be expected to always trust data regarding toxicity and other aspects of risk evaluation associated with conventionally farmed foods. There is a need to discuss and evaluate how toxicity data is collected and presented to all concerned parties and why residue level standards are set by expert groups such as FAO/WHO JMPR and the EU Scientific Committees, which do not include consumer representatives.

Regarding long term systemic effects on the environment, areas such as fresh water safety and soil quality, as well as farm-based biodiversity, need much further study. Organic farming has developed over the past 40 years and is today the most successful type of sustainable food production. Other sustainable food production methods with different environmental standards are also welcomed by consumers, but are not as well known as organic farming. The positive effects of IPM systems, for example, may also be to reduce pesticide use, but as it does not *eliminate* the use of toxic substances completely, it may be considered as insufficient - and not sustainable - by concerned consumers.

Consumers in rural areas who can no longer use drinking water wells due to persistent pesticide pollution are not only personally inconvenienced. This is a sign that society as a whole is moving in a unsustainable direction. Research that would contribute to preventing the need for pesticides is welcomed, including the development of methods for more effective crop rotation. Farmers near drinking water sources should be especially targeted by campaigns to assist them to convert to organic farming. We are encouraged by projects of the ECLAIR program that develop the use of biological antagonists, especially for greenhouse production systems. Such programs should be implemented in organic farming wherever applicable. 4)

In the Consumers International document "Consumers and the Environment: Meeting Needs, Changing Lifestyles" a variety of environmental concerns were examined, including the impacts of rural and urban consumers of diminishing fresh water supplies. In recent studies pollution of water has been found to be reduced on organic farms. 5)

Soil quality is an important factor. Consumers expect organic farming to contribute to the improvement of soil quality by mainly using composting or other treatment of animal manure. Soil quality issues need to be addressed by the Organic Action Plan, and good examples from organic farming can be expected to also be useful for conventional farming.

There is a growing understanding of how organic farming contributes to increased farm-based biodiversity, which is seen as a very positive effect. Consumers find it desirable to know that weeds, flowers, insects and birds as well as "wild" animals will thrive in an organically farmed landscape. Maintaining biodiverse habitats has been shown to assist biological control, thus reducing the need for pesticides. Moreover, biodiversity is increasingly seen as a very important factor for the health of all plants and organisms. Sustainable conservation strategies need to be supported as they provide values that cannot be immediately measured. Farmers who attempt to link *Ex Situ* and *In Situ* conservation of agricultural biodiversity are recognized by the Convention for Biodiversity as well as the Agenda 21/Rio Agreements. Capacity building and educational efforts in respect to both plants and animals should be a priority. There is a need to redefine the goals of plant breeding, to recognize that conservation is crucial for our survival and to acknowledge that European farming is depending on access to biological resources found primarily in countries elsewhere, especially in developing countries around the equator. 6)

- **Effects on the Welfare of Livestock**

Animal health and welfare must be considered in the context of how organic farming has evolved in the past decades. Initially some farmers rejected increasingly intensive farming systems and developed rules and standards that sought to satisfy the natural needs or "innate behaviour" of livestock. While no single model exists for livestock welfare, the debate has focused on factors that have been found to be applicable to conventional farming systems. In other words, organic livestock farming and animal welfare research contribute to the way farming in general looks at production systems. For consumers who choose to pay more for organically labelled meat or eggs this is a conscious and responsible consumption strategy. There is an attempt to support the development of higher animal welfare standards while recognising that no current system can be perfect or ideal. Thus consumers expect controls and inspections of how organic farming affects animals in order to have continued confidence in organic farming with regards to animal health and welfare. 7)

Research studies in Sweden have indicated that dairy cows in organic farming systems have better udder health and that there were less bacteria in the milk than in conventional dairy farming. While this result may not directly influence the health of the consumer who drinks a processed organic milk product bought in a supermarket, it provides some level of ethical and moral satisfaction and may actually add to the consumer's psychological wellbeing. Eggs from hens in organic systems do not look different from conventional eggs, but for the consumer there is an added value, depending on his or her understanding of how the way eggs are produced. A number of such examples, also looking at how rules and standards for animal transportation and other PPMs (production and processing methods) are perceived, should be collected and evaluated. We welcome other studies and further work to attempt to explain how animal welfare is actually perceived as a valuable benefit to many consumers.

Targets should be set for natural birth (i.e. not using caesarian section).

Optimum animal welfare has repeatedly been shown to decrease the need for antibiotics and other veterinary medicines. Hygiene is A and O. Necessary medication should never be withheld from sick animals, and consumers understand that even in the most ideal organic livestock farms, animals can get sick. The rules and standards for organic livestock farming should be explicit in this regard. In the EU there seems to be a very strong awareness about the rising number of cases of antibiotic resistance in both humans and livestock, and we are

glad that antibiotics will not be allowed in conventional animal feed for growth promotion from 2006. This is an example of how the rules and standards of organic farming, that have never allowed such use, are now influencing the legislation regarding the conventional farming system as well.

Studies in the United States have indicated that consumers are concerned about the way in which pork is produced and that they want to purchase organic pork as a response to that concern. In an interesting paper by Wheatley a number of studies are summarized, such as Hurley and Kliebenstein (1998) who have performed research on consumer preferences for pork produced in a way so as to minimize environmental impact and found that many consumers do value environmentally conscious production of pork. 8)

Finally abattoirs for organic animals need to be especially designed for best possible slaughter, with as little stress for the animals as possible.

- **Animal breeding**

Animal breeding for organic food production must be encouraged to take animal health and welfare concerns into account. Consumers expect the Organic Action Plan to result in activities that address breeding in a more holistic, long-term perspective, to develop strategies and to look not only at maximum profit but also at the sustainability of the European breeding programmes. Of interest is how the body, muscles and organs develop, as well as how the entire lifespan of the organism is affected. Even animals destined for slaughter at an early age should be bred for a lifespan of healthy living. Rules and standards for minimum slaughter age should be set to allow for a balanced growth of the livestock, depending among other factors on the particular breed.

The agrogenetic diversity in domestic livestock allows farmers to select stock or develop new characteristics in response to changes in the environment, threats of disease, market conditions and the needs of society. Traits that are not recognized today may also turn out to be very valuable in future. FAO has shown how landrace livestock breeds may also possess valuable traits such as disease resistance or good maternal qualities that form the basis of sustainable agriculture. Further work should be encouraged in this area, both in support of organic and conventional breeding strategies. We urge the European Commission and Member States to set up targets to improve organic livestock breeding by focusing on measurable qualities such as healthier animals that require less veterinary drugs. 9)

- **Differences between EU regulation and national and other standards**

For most consumers, the details of the different organic standards are likely to be less interesting. It cannot be expected that consumers should know how EU regulation differs from national or private standards. Having said that, it is our strong opinion that all parties involved need to consider how legislation can make sure that the current growth of the organic food sector is maintained and sustained. We expect the rules to be different depending on the region as well as the general intensity of agricultural production in an area. It is our view that good common legislation and effective control are needed as a floor to ensure that consumers will continue to trust organic foods from other parts of Europe.

Organic farmers should not be considered as less important than conventional farmers. Bottlenecks and obstructions due to lack of funding to the officials dealing with organic

farming cannot be accepted by consumers, who are also tax payers and expect the European Commission and the CAP to treat all farmers equally. Targets should be set on how many officials should be hired over the next few years, etc. Budget allocations should reflect the expected growth of this sector.

The European Commission should provide the framework for ensuring that there are equal conditions for organic farmers and producers in all Member States, as well as in accession countries as they are joining the EU. There is indeed a need to take special consideration of conditions in accession countries, and efforts must be made rapidly to ensure that farmers outside of the EU understand the changing market conditions. Special attention may have to be paid to explain why organic food has become such a popular in Europe, also to inform stakeholder outside of the EU about the growing demand.

We cannot accept fraud in the organic sector, just as we cannot accept fraud in any other food production system. The Organic Action Plan needs to pay attention to this and suggest possible strategies on how to deal rapidly with incidents, for example by assigning responsible officials who can be prepared to communicate with the public and media if necessary. Consumer organisations can act as a watch-dog and report products that are labelled or marketed in a fraudulent or misleading way.

Rules regarding transition farming must be clear and unambiguous. From a consumer perspective it is not desirable to have both organic and conventional food production on the same farm. The issue of transition periods is not necessarily a consumer concern, but it could become a concern if the transition is not handled properly. The rules should be easy to understand and ideally the same everywhere, except in heavily polluted areas, where longer transition periods are inevitable.

In developing organic standards there is a need to increase co-operation with the Fair Trade certification organisations (Network of European World Shops, EFTA, IFAT and FLO). Rules for organic agriculture already include some social standards, but the experience from Fair Trade labelling schemes may be very valuable. Also, this would contribute to the understanding of the difficulties involved in setting standards for sensitive issues like child labour. From a consumer perspective it is important that rules and standards for organic farming reflect a good understanding of the actual social conditions in regions and countries, not only the assumed realities. The conditions of migrant workers and "guest workers" from countries outside of the EU must be improved. Having said that, we cannot accept organic agriculture to be associated with any abusive labour policies. Abusive competition practices are not acceptable either and should be avoided, especially in dealing with developing countries. Consumer expectations have been identified as a reason for organic farmers and Fair Trade organisations to increase co-operation. 10)

- **Need for wider sustainability**

Consumers expect organic farming policies to pay special attention to responsible practices that ensure that farming will continue to be possible in Europe both on the small family farm and in the larger industrial setting. European organic farming should be a model in this respect. We see a need to focus on improving farming practices. There is also a need to consider how to develop detailed European rules and standards for processing and distribution beyond the farm gate. A case in point is packaging materials that should be made from safe substances that are recyclable.

Life Cycle Analysis can be a very useful tool to evaluate the total costs in a production system, and LCA should be increasingly used also for evaluating organic foods. Food miles should be considered to avoid unnecessary transportation. Frozen processed organic foods in particular may need special attention to avoid dilemmas where the consumer starts to question if the final product can really be considered environmentally friendly, even if each ingredient has been farmed organically.

Other concerns regarding energy use and preservation should be considered. It is necessary to develop policies that allow organic farms to convert to sustainable energy sources, such as wind power or solar power, through special tax breaks or low interest loans. Issues such as transportation must be addressed. It is not in the consumer interest to have organically farmed foods shipped all over Europe by diesel lorries before they reach the consumer.

The concept of "wider sustainability" should include also the very long-term perspective. Discussions and debates about organic farming may be organised and supported where interested parties are encouraged to look at the future role of European farming in an increasingly globalised world.

We think organic food can do quite a lot to contribute to a more positive image for the EU. This requires a discussion about what role "European food" has in creating a shared identity where we all enjoy being European, rather than just identifying with our different nationalities or regions. What does the growth of the organic food sector, and the parallel rejection of GMOs and other technologies like growth promoters (antibiotics, hormones) and food irradiation, say about ourselves and our consumption patterns? How does global responsibilities and global food security enter into the debate? What about WTO obligations - how do we make sure that European trade negotiators in the agriculture sector are working towards sustainable goals?

4. Trade and marketing

- **Trade today**

Taken as a whole, the EU is currently the largest organic food market in the world. Within Europe the most interesting markets are Germany (retail sales of about US\$ 1,800 million in 1997), Italy (about US\$ 750 million, almost entirely domestic production), France (about US\$ 720 million), United Kingdom (about US\$ 450 million), Switzerland (about US\$ 350 million), the Netherlands (about US\$ 350 million), Denmark (about US\$ 300 million), Austria (about US\$ 225 million) and Sweden (about US\$ 110 million). In a study by ITC (International Trade Centre) at UNCTAD/WTO it was emphasized that importers, food manufacturers, retail organizations and consumers need a guarantee of organic origin. 11)

The ITC study also made it clear that there are good reasons to conclude that the market for organic food and beverages is growing rapidly in most developed countries, as well as in a few developing countries, though to a lesser degree. The fact that the share of organic food is still small in all of them indicates a very large long-term potential. According to the work done at ITC, expectations of growth are underscored not only by a strong and increasing consumer awareness of health and environmental issues, but also by more goal-oriented and aggressive marketing and promotion by the major retail groups. Product development and

innovations in packaging by food processors and manufacturers, as well as supportive government policy in many countries, will also help increase consumer demand.

- **Trade and marketing**

The discussion of standards is linked with the development of trade policies. It is often argued that organic agriculture is more labour consuming than conventional agriculture. Therefore European organic farmers can expect a higher competition with farmers in developing countries compared to their conventional colleagues, and that calls for protection of the home markets or the introduction of social standards in the organic standards to secure a fair competition. Under WTO this is hardly possible.

Organic standards should permit free trade of organic products. For organic foods produced in other countries outside the EU, control bodies should be accredited by IFOAM, the International Federation of Organic Agricultural Movements, and recognized by EU legislation. Small or recently established control bodies may be acceptable, especially in developing countries, if the body undertakes to join IFOAM's accreditation programme as soon as possible.

Marketing of organic foods should follow at least the same rules and regulations as marketing of conventional foods. False claims, fraudulent and misleading statements must be avoided.

- **EU label, national and private labels**

Ideally, the labelling of organic products should be clear and easy to interpret. As EU member countries make up a common market, it is desirable that there exists a single organic label on that market. But a future European label based on the present conditions (that 95% of a product must originate from European organic farms to acquire the EU organic label) is a barrier to trade against countries outside the EU. It is therefore necessary to remove the 95% limit as a prerequisite to obtain the EU organic label. To the consumer the organic labelling should guarantee the production process and not rule out products and producers from non-EU countries. What is important to the consumer is that the labelling and underlying inspection and agricultural system is trustworthy and truly organic. In addition the country of origin must be stated on all organic foods.

Foods that cannot be produced in the EU, like chocolate or coffee, must not be excluded by the EU label.

If the EU organic label is used on a product, it should be allowed to display other (national, local) organic labels on the same product as well. There is concern about the problem of having many national labels on a single food product, as it may be very confusing to consumers. It is also expensive for the producer, who will pass the cost on to the consumer. Alternative solutions to this important problem and improvements regarding the labelling system should be developed without delay together with consumer organisations. AEC would also like to put forward the concern that the current EU label can easily be confused with similar other EU labels such as those for geographical indications (GIs). This must be reviewed and changes should be made, such as introducing other colours for the EU organic label.

5. Imports to the EU from accessing countries, EFTA and others

AEC finds that it is of great importance, that the European Union's market for organic food is opened fully from day one for the accessing countries on their entry into the European Union, regardless of any other temporary limitations on conventional food. The EU should also support the establishing and professionalisation of certifying bodies to encourage and secure organic production in these countries.

- **Codex Alimentarius**

The standards agreed on by FAO/WHO Codex Alimentarius are important for consumers in all countries as they ensure some level of safety protection and also because they may facilitate trade in foods. Organic foods have been discussed by the Codex Committee on Food Labelling that has developed guidelines for the production, processing, labelling and marketing of organically produced foods. The Codex guidelines for organic food were adopted by the 23rd Session of the Commission and revised by the 24th Session of the Commission in 2001. The Codex guidelines for organic food are significant since many different certification schemes had evolved around the world. We welcome the Codex guidelines that we think are important for producers, consumers, regulators and enforcers. Also, in its recent strategic vision statement, the Codex Alimentarius Commission recognized the growing interest in organic foods, which they think are likely to capture a significant share of the international market in future. 12)

The continued work on international organic standards will also affect EU and national standards. It will, for example, be very difficult for a state or government organic control body to justify banning processes or substances that have been approved by Codex. This is due to the status that Codex standards, guidelines and other recommendations have acquired under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. The WTO Agreement on Technical Barriers to Trade is also of great relevance given the significance of the provisions pertaining to product description, labelling, packaging and quality descriptors for consumer information and at the same time fair practices in trade. Codex wants its norms to be applied to the widest extent possible by all members. Thus we must urge the EU and all Member States, in close cooperation with consumer organisations, to participate actively in Codex work regarding organic food.

Consumers have recognized the importance of Codex while also asking for a number of changes and reforms as the standards are becoming so important for a growing number of people on our planet. One major issue and challenge for Consumers International within Codex has been to ensure that consumers' views are acknowledged at all stages in the decision-making process. In addition it is vital that undue attention is not placed on the demand to base Codex standards only on science, in isolation from other important principles such as health protection, food labelling, and Other Legitimate Factors (OLF). 13)

The precautionary principle is a cornerstone of European food legislation. The European countries should clearly define and enshrine the principle in Codex to improve international food legislation. With regards to animal welfare and health legislation that may not easily be scientifically proven to directly affect consumer health, WTO rules must not be used to influence organic legislation in any way. Consumer organisations and many health professionals have strongly urged Codex to take scientific uncertainty into account and recognize the need for the precautionary principle. 14)

Currently national governments in European countries are members of Codex. Within Europe, co-ordinating committees takes place in Brussels where EU Member States discuss their individual positions and agree, where possible, on a common European position to take forward at Codex. As the EU develops and adopts a common food legislation, it has become increasingly necessary to discuss the role of the European Commission in Codex. In 2001 the Commission applied to become a full member of Codex, in order to negotiate the food standards on its own. It is not yet clear how this work will develop and what role consumer organisations will have if the Commission takes over all Codex work from the National Codex Contact Points in member states. In an area such as organic foods it may be quite controversial if the European Commission makes all Codex decisions. Committing itself to the careful and open consultation with national consumer organisations, that have been quite successful in most European countries in the past, will be one necessary prerequisite.

- **Identification of organic products in international trade**

The issue of country-of-origin labelling and geographical indications (GIs) has been discussed by consumer organisations, and we strongly support better rules in this area. Some argue that all organic foods should be clearly labelled so consumers will know where a fruit or vegetable has been farmed. Other think this may be an unnecessary burden on the producer and retailer. For meat products there is a general regulation for traceability that gives consumers this information, regardless of whether the meat is organic or not. The country-of-origin rule only applies to European meat, but a label on the imported product will have to state that the meat was produced elsewhere outside the EU. As this is still in the start-up phase, consumers are impatiently waiting for better controls and monitoring. The work in this area must take organic meat products into consideration.

The European Commission should consider how improved traceability systems may aid the identification of organic foods. This is important to make sure that consumers are given full information, as detailed as possible, about all ingredients and the final product.

Country-of-origin labelling is also discussed in the Codex Committee on Food Labelling. Consumers have voiced concern that consumers may be misled about the country of origin of their foods. The country-of-origin label must not be obscured and because of that misinterpreted by consumers.

Codex has defined traceability as: "The ability to trace the history, application or location of an entity by means of recorded identifications." Traceability is closely linked with product identity, but it can also relate to the origin of materials and parts, product processing history, and the distribution and location of the product after delivery. On the basis of this definition, it is possible to show that traceability is a recognized process in adopted Codex texts and texts under elaboration, even if the word 'traceability' has not been used. A recent report from the Codex secretariat cited some 13 examples of adopted or proposed texts that are based on or acknowledge traceability. Codex has identified consumer confidence as one aspect that is linked to traceability. 15)

For food imported from outside Europe into the EU, the situation is obviously complicated, especially if many ingredients are used in a processed food. It should still be subject to the same rigorous checks and guarantees. Imported produce must come from countries recognised as applying equivalent standards and inspection procedures. They are then inspected by one of

the EU recognised certification bodies and thereafter subjected to annual inspections in the usual way. We recognize IFOAM as the important stakeholder in this regard.

We note that the WTO Doha Ministerial discussed issues relating to the extension of the protection of geographical indications (GIs) to products other than wines and spirits, as provided for in Article 23 of the WTO TRIPS Agreement. This will be addressed in the Council for TRIPS. Discussions on this issue, however, need to be speeded up, and the Ministerial Declaration simply acknowledges that these are on-going without committing members to a resolution. We see important links between the issue of consumer confidence in organic foods and international protection of GIs.

Clearly additional protection should not be limited to wines and spirits, but should include products that are economically important for countries and regions, as well as organic foods. Examples of how this can also benefit developing countries are foods such as jasmine and basmati rices, that need protection of GIs. For countries both in Europe and elsewhere the issue is of particular importance as GIs can be used to promote the export of valuable organic products and prevent misappropriation. It is a matter of fairness that such additional protection not be limited to alcoholic beverages.

In the TransAtlantic Consumer Dialogue resolution from February 2000 we proposed that the country-of-origin must be stated on all organic foods. In the response from the European Commission services it was pointed out that there seemed to be no particular reason for this request, and also the Commission services "did not understand" how such requirement should be applied for foods with ingredients originating from several countries. We feel a debate on this issue would be very useful and encourage the European Commission to initiate an open discussion on this matter, with special focus on how inspection and traceability can increase consumer interest and confidence in organic food.

6. Consumers

- **Involvement of consumers**

AEC welcomes the focus on consumers contained in the Organic Action Plan. It is noteworthy that the consumer is recognised as more than just the buyer of the products. We see consumers as the prominent promoters for the campaign. In many respects the objectives in organic farming are more important to consumers as citizens, than as purchasers of food. Not only do we eat the products, we also live in countries where agriculture has changed the landscape through centuries. We pay as taxpayers for the intervention and support through the CAP and national support schemes etc. Like for all other resource-consuming and polluting industries we can as consumers and citizens in the society set up conditions for our support to agriculture. Even more so as the objectives in organic farming are closer to consumers than to commercial market actors: when consumers prefer products with environmental benefits, it will become commercially interesting to support organic production.

We call on all consumer organisations to promote organic food in their international, national and regional work. As noted above, the Organic Action Plan should be presented at the next DG Sanco Annual Consumer Assembly and also be discussed thoroughly by the Consumer Committee. Consumer education will have to focus on raising the awareness about organic food and farming among national consumer organisations. Misunderstandings must be cleared

up and concerns be answered, for example through more dialogue between consumer organisations, farmers, retail and other stakeholders.

- **Consumer characteristics and expectations**

The consumer choice of organic products has been explained as a risk-reducing strategy where the consumer through her choice attempts to eliminate environmental or health risks. But the consumer is not necessarily a rational choice-maker with a built-in probability estimator. Therefore the risk-reducing strategies only explain part of the demand for organic production. As already indicated we have to adopt a broader view on the consumer reasons to desire organic food production. The wish to support local producers, better animal welfare and health practices, the search for trustworthy exchange-partners, and a wish to make a political statement are also reasons often interwoven with the traditional marketing explanations.

The development of the organic markets is at very different stages in the different member states. But there are some similarities shared by most organic consumers in the EU. It is important to focus campaigns on countries where consumer awareness is less developed.

In general, consumers connect organic products with raw or pure products. The more elaborated or processed food product, the less likely it is to be sold solely for its organic quality. When it comes to basic foodstuffs and less processed food like raw meat, milk, fruit and vegetables, consumers do in general prefer products from their own country – these are the same products most consumers want to buy organic. The increasing international trade with organic products therefore has a built-in weakness: it is difficult to make consumers buy imported organic products, especially when similar products are available which are locally produced.

Another shared consumer expectation is that organic products meet higher quality standards than conventional products. This expectation has at least two explanations: the organic product is often more expensive to the consumer, which leads to an expectation of higher product quality. Another explanation is that the organic producers often must find a niche to penetrate the market, which often results in specialised or even luxurious products, which is then associated with the organic origin. What different consumers refer to when they discuss quality is much harder to summarise: to some the environmental considerations in the primary production is enough – to other consumers the organic product needs to taste better – and to still others the producers must in general display a less exploiting market behaviour for their products to be perceived as high quality.

7. Consumption and sales

- **Market shares**

In general the consumer demand for organic products is increasing. In some Member States it already makes up 5-8% of the retail food sales in product categories where there exist organic alternatives. To boost sales further in a market based strategy it is necessary to stimulate product development and quality and perhaps to support alternative retailing channels.

Discussions must be held with all retail chains currently active on the EU market to find an attractive solution to the problem of how organic food should become more widely available to all European consumers. The retail chains should be involved in the Organic Action Plan and actively provide updates on trends and developments. For example, the retail firms should be encouraged to form a special task force or common interest group to participate in future meetings and discussions on organic foods. The questions of impediments and lack of access are in no small part depending on how all EU retail firms deal with organic foods. Retail firms may have to be assured that there will be a steady supply of high quality organic products if they are to provide broader support for this sector. Evidence that retailers will profit from selling organic foods is available. If producers, processors, wholesalers, retailers and consumer organisations can collaborate to eliminate concerns and misconceptions that retail firms may have, it is likely that much of the market shares problem can be overcome.

Retail firms should be invited to commit themselves to work for sustainable production and consumption patterns and as such be supported in their initiatives to market and sell organic produce. The EU could initiate work to shed light on the current state of organic products in the different major retail chains. Based on the results the European Commission can set up support measures to enhance the organic market share, especially if certain regions or even countries are identified as having a more reluctant retail sector than others.

Finally retail firms need to be strongly encouraged to develop environmental policies that include a commitment to organic foods. Binding agreements should be formulated. For example, in the UK, the market has been benefiting from a period of less intense price competition as well as the emergence of new high-end sectors, such as luxury own-brand meals, organic foods and other high-margin products. 16)

We are especially concerned about some global retail chains with a high level of vertical integration. Competition policies need to be strengthened. The establishment of large low-price stores with "loss leader" policies has been found to give consumers fewer products in each store, which is a worrying trend. 17)

- **Stronger producer-consumer links**

There are a number of initiatives to improve the consumer-producer links within organic agriculture. Initiatives include consumer owned farms, eco-tourism, direct sales by Internet and/or through subscription, farmers' markets etc. Local sales can be encouraged for example by reducing VAT for sales within certain areas.

AEC urges the European Commission to support information campaigns about organic agriculture directed towards consumers. Detailed, truthful and attractive information needs to be written and produced in all languages. One possible way of promoting organic farming is through consumer organisations which have no profit interest in the production and are therefore regarded as trustworthy senders of the messages.

Other initiatives could include an "organic farmers' day" all over Europe with the aim of creating contact between farmers and consumers in retail shops, markets, and organic farms. It seems natural that the EU could take advantage of this possibility and initiate and coordinate such an event.

- **Public procurement**

The EU could support public procurement by setting up targets for the organic share of food in schools, hospitals etc. AEC supports initiatives in this direction. As current EU public procurement rules explicitly allow buyers to demand that foods be organic, the reasons that this possibility have not been widely taken advantage of must be examined and solutions put forward. Informational material should be produced and widely distributed to local and regional governments and assemblies.

8. Inspection

The core consumer demand to inspection and traceability is that we can trust the products and the producers. Buying organic food is a matter of confidence. The common market, the growing imports of organic products from non-EU countries, and the relative distance and lack of contact between producers and consumers necessitate an EU initiative on inspection of organic products. Inspection of both food and feed with regards to GMO content is very important to European consumers who do not wish to get GMO mixed with conventional or organic food.

9. Research

- **Need for future research**

We support research programmes that include consumer concerns and expectations, as well as other projects that attempt to develop more environmentally friendly and sustainable methods of agricultural production. Considering the vast amounts that are spent on genetic modification research, there is a need for support to projects that try to develop weed control and pest resistance through natural means. Projects dealing with crop rotation also have obvious priority as this is fundamental to organic farming. Good experiences and results should be shared rapidly through magazine and/or Internet publication.

It is desirable to support continued and co-ordinated research into organic production and the link to best practice in terms of sales. This includes research on processing, marketing, and consumer expectations and demands.

Consumers expect the Action Plan to result in activities that address breeding of both plants and animals. Research into genomics may give very valuable data on healthy organisms that will be easier to maintain in organic production. There are already examples in poultry, where the poultry with the Label Rouge ("Red Label") identification seem more suitable for organic systems than conventional/commercial breeds. Research into animal breeds is time-consuming and may be very expensive, but should have a high priority and also be seen in a very long-term perspective. The Label Rouge breeding programme in France started as a grassroot movement over 40 years ago. The products are vividly distinguishable from industrial poultry products in areas such as quality and flavour.

As a national certification programme French farmers are making use of speciality poultry genetics, processing and marketing and outreach techniques that have been a success among consumers. Another attractive feature is that the grow-out period for the Label Rouge chicken is 81 days, compared to 45 days for standard broilers. The Label Rouge system focuses on

providing chicken which has much lower levels of salmonella contamination than conventional systems (e.g. only 2% of Label Rouge birds have been found to be contaminated with salmonella compared with 69.8% of birds from flocks produced in conventional systems).

An essential element of such programmes is that a national organisation can collect a check-off fee from the sale of each bird to fund national consumer education and publicity campaigns for the organic products. The Label Rouge programme has also been recognized in other countries outside of the EU. Similar projects should be designed that would benefit the development of organic farming, not only in Europe, but all over the World. 18)

Plant breeding as well as livestock breeding are under much pressure from economic interests. This is an area where the Organic Action Plan needs to outline specific goals and targets, to improve and facilitate projects that look at breeding in a longer time perspective of 50 or 100 years. Breeding for the future of European farming is an essential consumer interest. The current situation, where many organic farmers must use conventional seed, is not acceptable.

10. Conclusion

To conclude our comments, we would like to quote the United Nation Food and Agriculture Organisation:

Interest in organic agriculture methods is growing, especially in areas where the present farming system has degraded resources essential to agricultural production (especially land). Non-production factors, such as the farmer's health, are also mentioned as a reason for shifting to organic management. Consumers also have an interest in organic agriculture. Consumer awareness of the environmental costs of agriculture (such as the deteriorating quality of drinking water and soil, and the impact of agriculture on landscape and wildlife) is increasing. The awareness of environmental quality and health is often promoted by environmental groups, especially in developed countries. The resulting demand for organic products creates the opportunity to sell organic products at premium prices, enabling organic farmers to continue, and often expand. 19)

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