Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development
Vol. 24, Issue 2, 2024
PRINT ISSN 2284-7995, E-ISSN 2285-3952

CHALLENGES AND OPPORTUNITIES FOR ORGANIC FARMING POST 2023

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Abstract

Farm to Fork Strategy, which is the center of the green ambitions of the EU, presents indicators for organic farming development and sets ambitious targets. However, most EU Members lag behind, which is raising various questions about implementing the developed strategies and plans. The study aims to observe trends and changes in organic farming with a particular focus on Bulgaria and outline prospects post-2023. The analysis shows an increase in the share of organic UAA in almost all Member-States. In Bulgaria, there are variations, and the share is decreasing in 2021 compared to 2020. The EU emphasizes the importance of organic farming for the food system. Organic farms are eligible for support from several measures for 2023-2027 as a part of national strategic plans under the CAP. On the other hand, implementing the measures has to be efficient and well-targeted to achieve the EU's ambitions.

Key words*: *sustainability, Green Deal, CAP

INTRODUCTION

Organic farming is presented as a priority in the EU Green Pact framework, which includes steps and initiatives related to the agricultural sector. Organic Action Plan also contributes to the ambitious EU goals [8, 9]. In this context, the Common Agricultural Policy 2023-2027 [20] stimulates and encourages organic farming by providing financial support. The national strategic plans of Member States set targets and measures in order to increase the area and production of organic products.

The Biodiversity strategy and the Farm to Fork strategy highlight the target "that at least 25% of the EU's utilized agricultural area (UAA) should be under organic farming by 2030" [7]. However, the trends in organic farming are diverse across the EU. Different Member-states start from different positions. Therefore, the set targets are very unlikely to be achieved. Implementing European Green Deal actions requires more time and effort across Europe. Furthermore, markets of organic products have become more unstable since 2021[16].

Therefore, a more comprehensive analysis of the trends and challenges related to organic farming is a good starting point for better policy implementation.

The study aims to observe trends and changes in organic farming, focusing on Bulgaria and outlining prospects post-2023.

The paper is structured as follows: First, the methodological framework is presented. In the second part, the main trends in organic farming are observed. Third, the policy context is discussed. Based on the analysis, conclusions and recommendations are outlined.

MATERIALS AND METHODS

The survey is based on EUROSTAT data and applies its common methodology that provides comparable and representative statistics [11, 12]. In addition, reports from the Research Institute of Organic Agriculture and IFOAM – Organics International are used for the analysis of organic markets. [14, 16]. The paper outlines the policy development of organic farming based on different regulations, reports, and legislation analysis.

RESULTS AND DISCUSSIONS

Organic farming trends and evolution

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PRINT ISSN 2284-7995, E-ISSN 2285-3952

As an ambitious political concept to overcome global challenges, the Green Deal emphasizes the need for systemic, long-term changes. Although Europe still faces instability as a consequence of Brexit, COVID 19 and Ukrainian crises, the climate issues and other environmental challenges must not be pushed aside. Organic agriculture has the potential to give answers to some of the emerging challenges [19]. Therefore, the increase in the organic area and its share in EU agriculture is essential. (Figure 1).

According to Eurostat, the organic utilized area in the EU is almost 16 million hectares in 2021, marking a growth of 8% compared to 2020 [12].

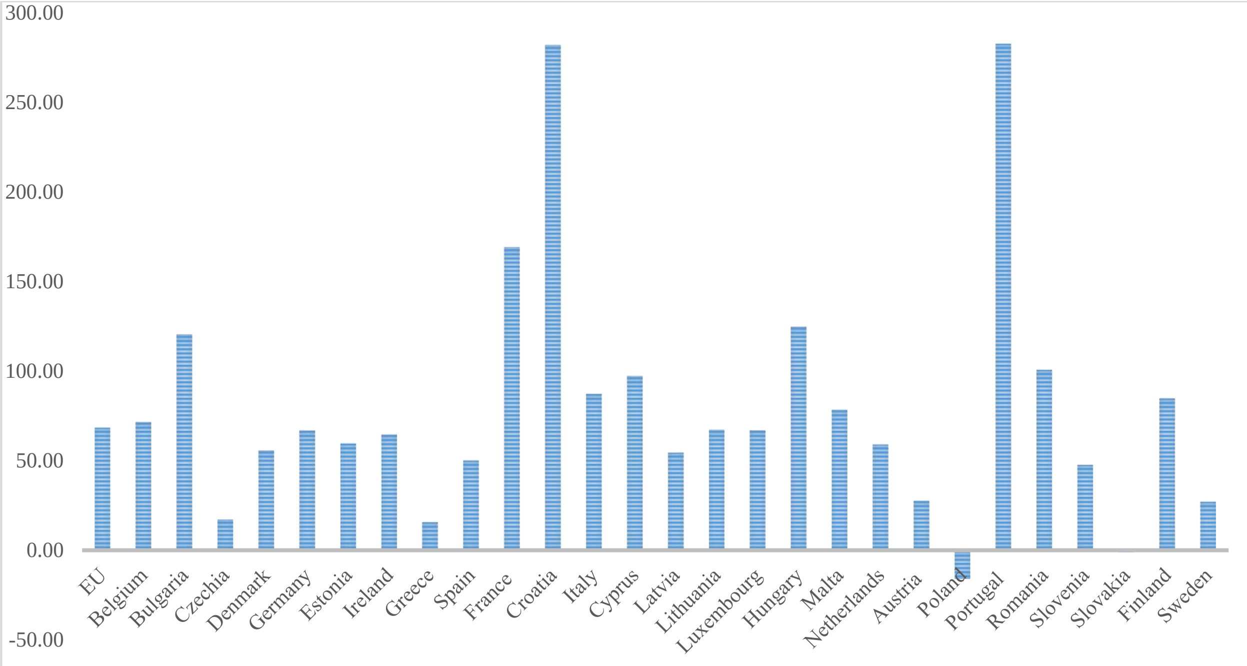

Fig. 1. Total organic area 2012/2021 (% change)
Source: [12].

The growth in the organic area in the EU has been impressive for the last ten years. From 2012 to 2021, it increased by 68% or 6.5 million hectares.

According to Eurostat, in 2021, four countries are leading in terms of organic area - France with the highest indicator, Spain, Italy and Germany. These Member-states form nearly 60% of the total organic UAA in the EU. Austria and Portugal also play an essential role in the EU, accounting for around 9% of the total organic area.

For 2012-2021, the organic farming area increased in almost all Member-states. The highest growth is registered in Croatia, Portugal (+282%) and France (+169%), followed by Hungary, Bulgaria and Romania. The lowest increase is recorded in Greece, Czechia and Sweden.

By contrast, there is a decrease in the organic area in Poland (-16 %) and Slovakia (-1%).

Based on the organic area share, Member-states can form different groups. The first one is those with the highest share of the organic area and close to the EU targets. This group includes Austria, Estonia and Sweden. The second relates to six other member states - Portugal, Czechia, Latvia, Italy, Finland, and Denmark- with a 12-19% share. These Member-states have the potential to reach the set goal. The third group consist of ten countries that are lagging behind with a share of the organic area between 7-10%. In last group of six countries, the share of organic farming area was below 5%, where Ireland (2%), Bulgaria (1.7 %) and Malta (0.6 %) have the lowest indicator.

It should be noted that „the total organic area is the sum of the 'area under conversion' and the 'certified area"' [12].

In the EU, the majority of the organic area is certified. Sweden, the Netherlands, and

Czechia recorded the highest share of certified areas. On the other hand, the biggest share of area under conversion is reported in Portugal (66.6%), Romania (40.4%) and Malta (31.8%). According to some authors, national support measures, such as RURIS (2000–2006), PRODER (2007–2013), and PDR (2014–2020) in Portugal, led to an increase in the organic area 'under conversion' [13].

In 2021, organic cereal production has the highest share in Sweden (6% of all cereal production), Estonia (5.5 %) and Finland (4.4%). In Romania and Bulgaria are recorded 1.45% and 0.26% of all cereal production, respectively. Sweden is leading in terms of organic fresh vegetables with a share of 17.7%, followed by Germany (11%) and the Netherlands (5%). Bulgaria has a share of 2.26% of organic fresh vegetables in all fresh vegetable production.

Organic livestock is also expanding. There are 5 million organic bovines (6.6% of all bovines) in 2021. The highest share of organic dairy cows is registered in Greece (23%), followed by Austria and Sweden. In Bulgaria, the share is 2.2%. In Latvia and Austria, the share of goats and sheep raised based on organic methods is the highest (34%). The share of organic pigs is insignificant, and the highest rates are in France (3.8 %) and Denmark (3.7 %). Despite the impressive growth, Bulgaria and Romania have the lowest share of organic area (Fig. 2).

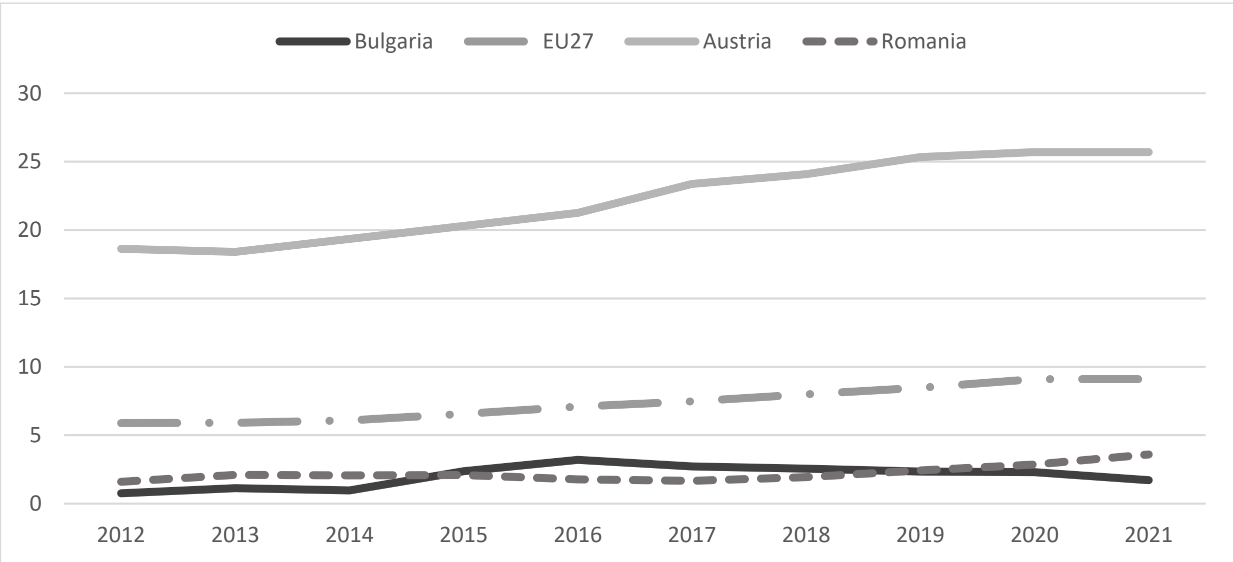

Fig. 2. Area under organic farming (% of total UAA).
Source: [11].

In Bulgaria, the share of organic land has been declining in recent years. According to the Bulgarian Ministry of Agriculture [17], the organic operators in 2021 fell by around 15 % compared to 2020. These negative trends are continuing for more than five years. In addition, for 2020-2021, the number of Bulgarian organic farms was reduced by 17 %, and their share decreased to 6 %.

By contrast, traders expanded their activity, and their numbers increased by 33% compared to 2020. The tendencies mentioned above are stimulated by the consumers' demand and lifestyle changes. Therefore, the trader's numbers doubled for 2017-2021.

According to some authors, Bulgaria's organic farming have to overcome several challenges. Some of them include issues with certification and regulations. In addition, farmers have to resolve difficulties with the labor force and processing capacity [15].

These barriers are the main drivers that led to a decline in the number and share of Bulgarian organic producers. Furthermore, these factors make organic farming less attractive. According to the report of the Bulgarian Ministry of Agriculture, the organic market in the country lags and some changes have to be made [17].

In 2021 the organic market in the EU reached 46.7 billion €, but the growth rate is slower comparing the previous years. Germany is the largest market in the EU (15.8 billion euros) and the second biggest globally. France is the second in Europe, followed by Italy [14].

From 2012 to 2021, the EU organic market doubled. It grew in all Member-states except Croatia and Greece.

Table 1. Organic retail sales (million €)

Years	EU	Austria	Romania	Bulgaria	Germany	France
2012	18,753	1,064.7	11.75	7	6,970	4,020
2013	20,068	1,064.7	14.15	7	7,420	4,383
2014	21,707	1,260	24.84	7	7,760	4,830
2015	24,924	1,360	24.84	15.05	8,620	5,534
2016	28,455	1,541.6	40.65	28.01	9,478	6,736
2017	32,162	1,723.2	40.65	29.21	10,340	7,921
2018	35,819	1,810	40.65	30	10,910	9,959
2019	38,994	1,920	40.65	30	11,970	11,295
2020	45,043	2,265	40.65	33.27	14,990	12,831
2021	46,665	2,397	40.65	32.97	15,870	12,659

Source: [14].

Based on FIBL data [14], Denmark has the highest per capita organic food consumption in the EU (€ 384). Switzerland, which is not a Member-state of the EU, is leading in the world in this indicator. In addition, in the EU, the consumption is €104. Compared to the abovementioned high spending and consumption, Member-States from Central and Eastern Europe lag behind (Bulgaria €4.8, and Romania -€2.1).

The COVID-19 pandemic and the issues in Ukraine negatively influenced food markets. In addition, the increased living costs also impacted the organic market and slowed its development [2].

Bulgarian Policy context in the field of organic farming

In order to observe and explain the trends in Bulgarian organic production, the policy context is outlined. The analysis follows the defined EU programming periods.

Programing period 2007-2013

This period was characterized by several challenges that hindered the implementation of agri-environmental measures. They were defined by CAP under the Pillar II and accounted for 20% of the fund dedicated to the CAP [5, 6]. In Bulgaria, there were difficulties related to the CAP interventions in the field after the accession to the EU. The public debate started in 2011, and at the end of the 2007-2012 programming period, the organic producers could apply for the measures. Farmers applying for agri-environmental measures had to undertake 5-year commitments. In those cases where violations of any of the commitments were found, farmers were heavily penalized. The measures were new for both the Ministry of Agriculture and the producers. Because of this, unintentional mistakes often occurred, the consequences of which were highly negative for farmers. As a result, farmers were reserved in the first year of introducing agri-environmental measures and their participation was relatively limited. In order to increase the motivation of farmers to participate in agri-environmental measures, in the last year of the 2007-2013 period, those with agro-ecological commitments were prioritized in the application process for support under the CAP investment measures. As a result, a small number of very large farms started organic agriculture. Therefore, organic areas increased significantly for a short time [11]. The measures, however, were not explained in detail to the farmers, and therefore, there were many cases of confusion and misunderstanding. In a number of cases, the producers were unaware of the requirements they had to meet for organic certification, resulting in heavy financial penalties. Consequently, many farmers gave up not only organic production but agriculture in the following years.

Programming period 2014-2020

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During the previous program period, contracts were signed for large areas under biocertification. As a result, the budget for agri-environmental measures was quickly exceeded. Therefore, during the 2014-2020 period, farmers who had just made an agro-ecological commitment, as well as those with areas in transition, were deprived of support. In addition, their production was not yet certified and could not be sold as organic. Hence, farmers refused to sign agri-environmental commitments. Furthermore, those who had made 5-year commitments in the previous period refused to renew them for the new programming period.

The Bulgarian policy in agro-ecology during both the 2007-2013 and 2014-2020 programming periods was inconsistent. There were frequent changes to the rules and procedures for participation in the agri-environmental measures. During 2014-2020, many additional national regulations were introduced. Many changes were made to the application process, including steps toward electronization. New requirements were added every year. The procedures burdened both producers and biocertification organizations. One of the newly introduced requirements for participation in agro-ecological measures was proving farmers' organic product sales. Considering the relatively young market of organic production in Bulgaria, these requirements are a barrier for many organizations. In addition, farmers who started organic production in the later stage of the previous period had not yet fulfilled their commitments and, therefore, were not able to sell their production as organic. Moreover, organic farming is new in Bulgaria. The farmers do not have enough experience and knowledge, so often, the yields from organically grown crops are very low in the first few years.

Eventually, the accumulation of errors and inconsistencies led to a substantial loss of farmers' confidence in the agri-environment policy and in the institutions related to organic farming regulation. This caused lower motivation of the farmers to participate in organic farming, agroecology and climate schemes.

Programming period 2023-2027.

This period, again, started with many more questions than answers. On the one hand, EU policy evolved significantly. The Green Deal led to a number of changes to the CAP. Separately, Brexit, COVID-19 and the Ukraine crisis also influenced the policy. On the other hand, Bulgaria experienced several difficulties in preparing the National CAP Strategic Plan. The plan was approved at the end of 2022 and was not sufficiently discussed with farmers. Due to the long delay, the Ministry of Agriculture started the information campaign even before the requirements and rules for support were established. During the seminars, the information presented to farmers was incomplete and often contradictory.

In parallel, the measures have been significantly changed and remained unclear to farmers. Until the last moment, producers were unsure which measures to apply for and under what conditions. Some of the measures related to organic farming, although they were announced earlier, failed to start.

In the end, there was considerable uncertainty for farmers in their participation in agri-environmental and organic farming schemes.

During the current programming period, despite the massively announced administrative burden reduction and simplification, organic producers are subject to more inspections by various institutions. The documents required by the institutions also increased.

Organic farming plays a crucial role, and the policy environment is vital for encouraging and supporting organic farmers.

The Common agricultural policy has been the subject of many reforms since its development in 1962. There were efforts in the direction of greening and new interventions. However, a number of reasons for concerns occur. First, CAP 2023-2027 still has area-based 'Direct Payments' that often are unequally distributed. The requirement that only under 5% of the area has to be under greening is not ambitious enough to contribute to the environmental goals [3].

Second, the CAP 2023-2037 includes 'eco-schemes' that concentrate 25% of the budget of Pillar I [9]. They are mandatory for the member states. However, farmers can decide whether to implement them or not. It should be noted that eco-schemes can stimulate farmers with environmentally beneficial practices and are good opportunities. On the other hand, the definition and implementation of eco-schemes depend highly on Member States. Some countries can set less ambitious goals in the context of environmental practices.

According to some authors [1,18] support for Areas of Natural Constraints, defined as eco-friendly, is insufficient and fails to encourage greenhouse emission reduction.

A crucial role in organic farming development is in CAP Strategic Plans [20]. Regulation (EU) 2021/22891 highlighted that Member States "shall explain the national contribution to achieving the Union's targets for 2030" [21]. European Commission reports that Member States have designed interventions and allocated more financial support compared to 2014-2020 [10].

According to the Bulgarian Ministry of Agriculture report [17], the implementation the eight eco-schemes in 2023 is challenging. In the Bulgarian Strategic Plan, the budget for eco-schemes is BGN 1.650 billion or BGN 235.7 million each year.

The Report of Ministry of agriculture [17] shows that in 2022, 54,000 farmers were eligible for financial support under Pillar I greening payments. In 2023, only 20,000 farmers could meet the requirements and applied for financial aid under new eco-schemes. In the first year of implementing the new CAP, majority of the farmers was able to meet the requirements of only two, at most, three of the interventions.

The first analysis of the Ministry of Agriculture on the implementation of schemes from the Strategic Plan shows a necessity for changes in some of the requirements. The reason is that the Bulgarian agribusiness will not be able to participate in the interventions and to receive the allocated budget.

The new programming period 2023-2027 starts with more questions than answers. According to some authors, the new CAP presents the same criticized procedure rather than making a significant reform [4, 22, and 23]

CONCLUSIONS

Based on the analysis, the following conclusions could be drawn:

(1) Organic farming is at the center of the EU's Farm to Fork strategy which presented ambitious goals.

(2) The organic area increased in almost all Member-states, and the organic market is expanding.

(3) In terms of area under organic farming, Germany, France, Italy and Spain are the leading countries. The highest share of organic area is registered in Austria and Estonia.

(4) In Bulgaria, the trends in organic farming show significant variations. There is a decrease in the share of the organic area in 2021. The inconsistent policy in the past ten years led to lower motivation for organic production.

(5) The new CAP presented opportunities for financial support of organic farming in several directions. However, there are still uncertainties related to the new interventions.

(6) The analysis of the implementation of the new eco-schemes for 2023 shows serious concerns about the Bulgarian farmers' eligibility to meet the requirements. Therefore, Bulgarian Ministry of agriculture is negotiating with European Commission for changes in National Strategic plan. The discussed directions are related to an increase in the payment rates and simplification of the requirements.

(7) The local approach and national strategic plans are essential. However, the Green deal set number of ambitious goals. In this regard, some countries will experience difficulties in achieving them and transforming their agricultural structure.

(8) To meet the targets serious efforts are needed. It is necessary to align the CAP with other national, European and international policies and encourage coordination and integration between farmers, organizations, government and other stakeholders.

ACKNOWLEDGEMENTS

This research work was carried out with the support of Project 17-11 of Centre of research, technology transfer and protection of intellectual property rights at the Agricultural University-Plovdiv.

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