NFU Organic News

10 April 2015 Issue 3

Your update of Organics news and issues from the NFU Food Chain team. Please remember to quote the NFU as the source of information if any of the content of this newsletter is forwarded on.

News in Summary

Organic regulations update

Since the turn of 2015 a lot of work and progress has happened on the European organic proposals. Read here about NFU work in this area, what progress has been made and the expected timetable going forward. Read more here…

Organic market report 2015 – UK organic sector continues to grow

Figures released by the Soil Association show that the organic sector grew by 4% in 2014. This boost in organic sales translates to shoppers spending an extra £1.4 million a week on organic products. Find out more here…

EU organic deal with South Korea – whilst China edges closer…

A bilateral trade agreement has been signed between the EU and South Korea whilst the UK secretary of state Liz Truss signs a memorandum of understanding with China to strengthen relations on organic trade. Read more here…

Organic milk report 2015

OMSCO have released their latest report on the organic milk market which looks at both the domestic and global UK organic dairy market. The report shows value growth in the sector of 6%. Read more here…

Beef and Lamb Price Monitor

The most recent figures supplied courtesy of Meadow quality show a poor organic beef price but an improving lamb price. The figures however still show a clear price differential between organic and conventional. Read more here…

NFU & OF&G affinity deal reminder

The NFU has an affinity deal in place which enables members to get discounted membership with certification body Organic Farmers & Growers. Read more here…

National Organics Combinable Crops 2015

NOCC 2015 will give farmers the chance to hear industry specialists discuss critical issues from farm management and market volatility to soil condition and changes in the European organic regulations. Find out more here…

EFSA report on pesticide residues

The report shows that organic food is less likely to exceed the MRL pesticide levels than conventional foods. Read more here…

Countryside Stewardship Update - April

Defra have published further guidance on Countryside Stewardship on the government website. Read more here…

European Innovation Partnerships – details announced

Defra has recently announced details on the European Innovation Partnerships. Find out more here…

Give British food your vote!

Pledge your support for British farmers by placing your vote for British food. Find out more here…

European statistics on organic farming

The European Commission has published a range of informative documents on its website, which include the facts and figures of organic farming. Read more here…

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Organic regulations update

The EU proposals have caused much outrage amongst high profile members in the organic sector. Christopher Stopes, President of IFOAM EU has called the proposal 'irrelevant, unjustifiable and damaging to organic farming'. Whilst the Chairman of Copa-Cogeca Organic Working Party, Edouard Rousseau stressed at a European Parliament meeting in December that the proposals will "risk jeopardising the dynamism and fast growth of the sector". These statements have been echoed by the NFU.

However, given these strong statements, a large amount of progress has been made since the turn of the New Year on the proposals with a considerable amount of NFU concerns, on the face of it, being addressed with the development of a compromise text by the European Council Working Group, which Defra sits on. The NFU has been working hard over the past 6 months with other sector stakeholders in lobbying Defra and MEPs in Europe to tackle issues such as no allowance for mixed holdings, ban on dehorning cattle, 100% organic inputs with no exceptions and pesticide residue threshold limits.

NFU Work

The NFU has been meeting and communicating with Defra officials on a regular basis to state its concern with many aspects of proposals. We have been working with them on a compromise text which seeks to address many parts of the regulation which would be detrimental to existing producers and potential new entrants. Our position has always been focussed on protecting the interests of existing organic farmers but similarly ensuring that rules are not too prohibitive to allow new entrants into the sector should they want to.

In addition to working with Defra, the NFU, working in conjunction with the British Agricultural Bureau gathered organic farmer case studies from each region of the UK and several from member states such as Austria and Germany to help show that the proposals would not just affect UK farmers but wider EU farmers as well. The case studies identified which parts of the proposals would affect each individual farmer and the viability of their farm business if the new rules would be implemented in their existing form. These case studies have been used to inform and lobby MEPs to ensure that British farmers get a regulatory system which allows organic farming to continue to flourish and grow as per the market demands.

On the back of our farmer case studies, we wrote to MEPs in each region of the UK, inviting them on farm to meet NFU organic members. Both Catherine Bearder and Diane James took up these invitations and visited NFU organic poultry members business in Hampshire (see pictures below). Both visits went well and both Diane and Catherine went away with much more knowledge about the organic farming, including the future opportunities the sector can provide for UK farmers. More on the visit can be read **here**

The NFU also ran a 2 page spread in the British Farmer and Grower published earlier in this year highlighting the work we have done and the main areas of concern. Members of BF&G can read the article by logging in **here**.

Additionally the NFU has attended several Copa-Cogeca organic working group meetings in Brussels. Copa Cogeca is an umbrella group which has representatives of trade bodies in all member states. The aim of the group is to reach a common agreement on organic issues and then lobby the European Commission and Parliament accordingly. You can read the COPA position on the organic proposals by clicking **here**.

Diane James MEP – Humphreys Organic Feeds

Catherine Bearder MEP - Humphreys Organic Feeds

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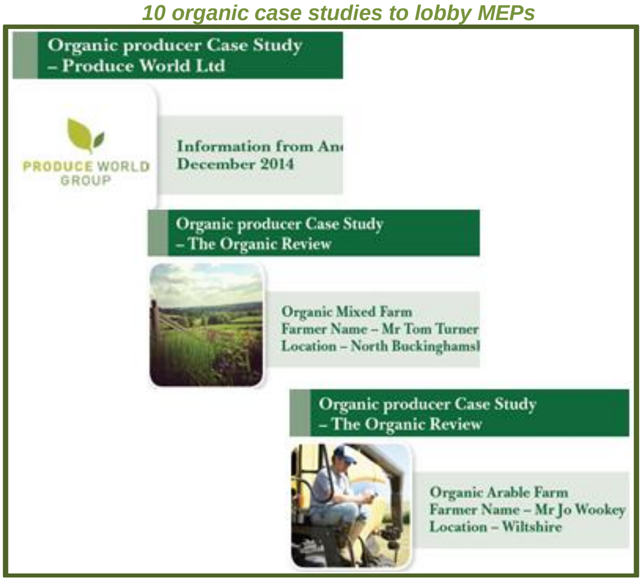
February 2015 British Farmer & Grower

10 organic case studies to lobby MEPs



Whats next - Timetable?

In brief, MEPs are expected to discuss the file once again at the next Agriculture Committee meeting on 16 April, with their draft report on the proposals being released on the 20 April. Then agriculture MEPs will have until the 4th June to put forward any amendments on the report. The Agriculture Committee will then publish its final report on the proposals at a meeting on 15 July 2015. This means that the European plenary vote will not take place until September or October.

During this time, the NFU will be working hard lobbying MEPs who sit on the agriculture committee to put forward required amendments to the draft report in order to determine the best regulatory outcome for organic farmers.

Further reading / useful links

- You can read the NFU briefing document on the proposal **here**.
- MEP visit to NFU organic member **here**.
- You can find the new regulation proposal on organic production **here.**
- You can find more information on the consultation process that took place prior to the regulatory proposals **here**.

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Organic market report 2015 – sector shows 4% growth

Figures released by the Soil Association show that the organic sector grew by 4% in 2014. This boost in organic sales translates to shoppers spending an extra £1.4 million a week on organic products. In light of the increased spending, the sector is now worth over £1.86 billion, despite a 1.1% drop in sales of food and drink overall.

Dairy products and fresh fruit and vegetables remained the most popular organic purchases in 2014, with dairy products accounting for 27% of all organic sales. Furthermore, online shopping and veg box schemes saw the largest amount of growth, with large independent retailers also performing well.

Sales of organic eggs and poultry were up 15.8% and 8.2% , while non-organic sales dipped by 6.2% and 3.3% respectively. There were also sharp increases for a wide range of other products against a background of sliding non-organic sales including fresh fruit (up 6.4%), tea (up 13.7%), cereals (up 4.2%) and biscuits (up 7.2%). While sales of organic vegetables fell by 2%, but in a context in which non-organic sales plummeted at five times this rate.

However, despite the continued demand from UK consumers, figures from Defra show the area of land under organic management decreased in 2014. In June 2014 the UK's organic land area was reported to be 575,349 ha amounting

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to 3.3% of the total agricultural land area. 4% of this was in conversion and the rest fully organic. The area of in-conversion land fell by 24% and fully organic land by 3.9% in 2013.

Soil Association Market Report 2015

Product	Share	% change
Dairy	***27.9%***	***6.5%***
Milk	*11.9%*	*2.9%*
Yoghurt	*11.5%*	*13.8%*
Other	*4.5%*	*-0.4%*
Fruit & Veg	***23.0%***	***0.8%***
Vegetables	*8.9%*	*-2.0%*
Fruit	*7.5%*	*6.4%*
Salad	*6.6%*	*-1.6%*
Baby food/drink	***10.4%***	***0.5%***
Red meat & sausages	***5.6%***	***-6.1%***
Beef	*3.6%*	*-3.6%*
Lamb	*1.0%*	*-9.2%*
Pork	*0.2%*	*-6.8%*
Poultry	***4.1%***	***8.2%***
Eggs	***3.9%***	***15.8%***
Confectionary / S.Drinks	***3.8%***	***-4.4%***
Beer/Wine/Spirits	***3.6%***	***-8.7%***
Tea and Coffee	***2.6%***	***3.8%***
Cereals	***1.8%***	***4.2%***
Bakery and cakes	***1.5%***	***-15.6%***
Deli/chilled convenience	***0.3%***	***14.7%***
Frozen	***0.2%***	***21.4%***
Other	***11.3%***	***-2.3%***

EU organic deal with South Korea – whilst China deal edges closer…

A bilateral deal has been struck between with South Korea which will allow sales of processed organic products that have been certified in Europe from 1 February 2015. The deal acknowledges mutual recognition of organic standards between one another. This news confirms that producers and processors will no longer be required to undergo separate certification procedures in order to export and import product. EU Agriculture Minister Phil Hogan claimed that the deal would "cut red tape ... & therefore make it easier to export" which would reflect in a positive impact for jobs and growth of the sector.

China – In January the Secretary of State Liz Truss signed a memorandum of understanding with the Chinese authorities in a move to strengthen links between the UK and China. The move seeks to strengthen links and boost bilateral trade for organic products.

Exporting UK organic products to China has proved challenging for producers over recent years. For many the costs involved mean it simply is not and has not been an option. The signing of the Memorandum of Understanding (MOU) is designed to help build trust and understanding between the UK and Chinese authorities with a view to identifying some of the practical barriers that currently exist.

The Chinese organic market is estimated to be worth in the region of £4.6 billion offering significant opportunity to UK producers.

To read more about the memorandum of understanding, click here.

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OMSCO releases organic milk report for 2015

Omsco have released their yearly milk report which has taken an in depth look at the domestic and global market place for organic dairy products.

The report highlights a number of key findings, in particular:

- Global organic dairy market is valued at $7.7 billion, representing 11% of the total global organic food and drinks market.
- By geographic region Europe is the largest market for organic dairy worth an estimated £2.4 billion.
- The UK is the world's second largest organic dairy market with the liquid milk category being the largest in the UK, accounting for around half of all organic milk demand.
- Branded products represent 27% of the organic liquid milk market despite large volumes of private label products. Leading brand, Yeo Valley, has performed ahead of the sector's average growth rate, recording a 13.2% increase in value sales, versus 4.5% for private label.
- In volume terms, sales of organic liquid milk increased marginally, by 0.3% year on year versus a value growth of 6.4%. This demonstrates the rapid increase in average retail price during the year.
- The UK supply and demand is currently in balance, and there is little scope for new suppliers to enter the market, whilst own label organic milk is in decline, volume wise.
- Current organic market growth does not support new entrants into the sector until growth accelerates further. New Entrants at current market growth will potentially create an oversupply situation.

	Organic market value	Growth year-on-year (YOY)	Conventional market growth (YOY)
Milk*	£152m	5.7%	-3.1%
*Milk total	£168m	6.40%	-1.60%
Yogurts	£142m	14.2%	-2.5%
Cheese	£24m	-2.7%	0.5%

Source: OMSCO Report – Page 17

The report also highlighted a positive outlook for the sector whereby the sector can be expected to see a continued 6% growth in value for the next year. However, the report was keen to stress that the sector faces many challenges in the face of this anticipated growth, namely, slow economic growth in organic powerhouse countries such as France and Germany, competition from higher welfare schemes and barriers to entry on trade which will restrict growth.

To read the full report click here.

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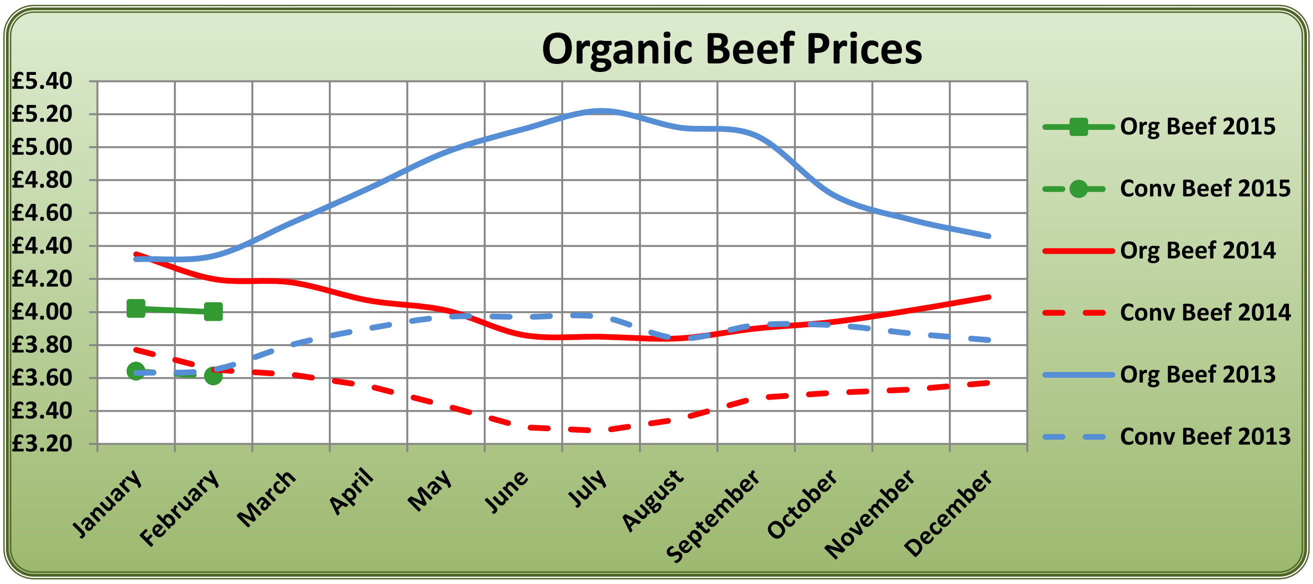
Beef and lamb price monitor

The below organic price figures are supplied courtesy of Meadow quality and represent the average deadweight prices paid for beef and lamb sold through their medium. The conventional figures are based on an average, taken from EBLEX published data through their website.

The organic beef price based on these figures has continued on a steady upward trend since August 2014 and in effect has mirrored precisely what has happened in the conventional sector in terms of the time period the price has decreased and subsequently increased. Premiums for organic beef appear to be strong achieving anywhere between £0.40 – 0.58p premium in some cases. However, for the month of January 2015 we have seen the conventional price continue to rise but the organic price taking a drop of £0.07p per kilogram.

Looking at the lamb price, organic and conventional both appear to be following their normal cyclical trend of price increases from February through to June, with prices then easing off, before bottoming out at the end of October.

	Org Beef 2014	Conv Beef 2014	Diff	Org Lamb 2014	Conv Lamb 2014	Diff
January	£4.35	£3.77	£0.58	£4.17	£4.00	£0.17
February	£4.20	£3.65	£0.55	£4.21	£4.11	£0.10
March	£4.18	£3.62	£0.56	£4.59	4.49	£0.10
April	£4.07	£3.55	£0.52	£4.84	4.82	£0.02
May	£4.01	£3.43	£0.58	£4.84	4.92	-£0.08
June	£3.86	£3.30	£0.56	£5.21	5.04	£0.17
July	£3.85	£3.28	£0.57	£4.24	4.19	£0.05
August	£3.84	£3.35	£0.49	£3.87	3.79	£0.08
September	£3.90	£3.48	£0.42	£3.63	3.59	£0.04
October	£3.94	£3.51	£0.43	£3.56	3.54	£0.02
November	£4.01	£3.53	£0.48	£3.90	3.82	£0.08
December	£4.09	£3.57	£0.52	£4.19	4.14	£0.05
	Org Beef 2015	**Conv Beef 2015**	**Diff**	**Org Lamb 2015**	**Conv Lamb 2015**	**Diff**
January	£4.02	£3.64	£0.38	£4.29	£4.21	£0.08
February	£4.00	£3.61	£0.39	£4.25	£4.23	£0.02



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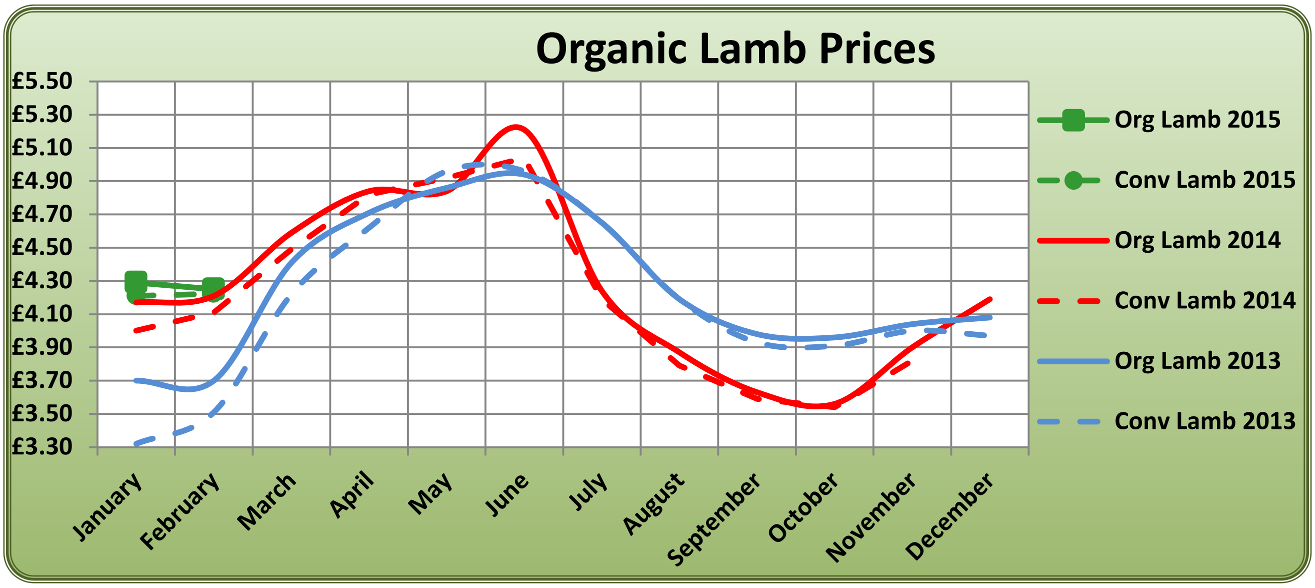

NFU and OF&G affinity deal reminder

NFU organic farming members can save money on their certification scheme thanks to an affinity deal with organic control body Organic Farmers & Growers. Members not yet certified with OF&G who take up this offer can take advantage of a 20% discount on their first year annual certification cost. For NFU members who are looking to convert to organic production can save 25% on their first year certification costs.

This affinity deal provides a tangible benefit for many of our organic members and an incentive for our non-organic members who are considering entering the sector, offering a reduction in their costs should they wish to take this particular route to market.

Click **here** to find out how to take advantage of this offer.

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National Organics Combinable Crops 2015

Held on 7 July at Jon Pawsey' Shimpling Park Farm, near Bury St Edmunds, Suffolk, National Organic Combinable Crops 2015 will give farmers the chance to hear industry specialists discuss critical issues from farm management and market volatility to soil condition and changes in the European organic regulations.

As usual delegates will be taken on the NOCC guided farm walk where they will be able to see and discuss key aspects of organic farming. They will examine the extensive crop trials, including cereals, legumes and novel crops such as the latest darling of the food world, quinoa. They will also be able to look in detail at some of the most up to-date research in organic seed breeding with scientists from the Organic Research Centre.

Once again BBC Farming Today presenter Charlotte Smith will host the day. We will also include Q&A sessions in which delegates will discuss with panellists the market and opportunities for the future of the organic sector. Now in its eighth year, NOCC has become a popular fixture in the organic farming calendar with more than 200 producers, buyers, millers, seed companies and researchers from across the sector attending.

For more details on how to book your place, **click here**.

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EFSA report on pesticide residues

The report released earlier this year covers results to for the year 2013. The report shows that over 97% of food in the EU tested for pesticide residue levels complied with legal limits and that levels in imported foods had fallen significantly on the previous year's level. The findings for EU food exceeding pesticide limits represent a small drop on the 2012 level of 98.3%, but the rate for imported foods fell from 7.5% to 5.7%.

It was found that Organic food was less likely to exceed Maximum Residue Limits (MRLs) than non-organic produce (a non-compliance rate of 0.8% compared to 2.6%). The findings were based on a programme at national level & one coordinated by the EU. For both, almost 81 000 samples were tested for the presence of nearly 685 pesticides.

Read the full EFSA report **here**.

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Countryside Stewardship Update - April

Defra have published further guidance on Countryside Stewardship on the government website. This guidance covers:

- Scheme objectives
- Choosing options
- Length of agreement
- When to apply – confirms July to 30th Sept application window for mid and higher tier.
- Relationship with BPS and cross compliance – confirms annual cross check with BPS data and need to register on Rural Payments before any application is submitted.
- CS relationship with existing ELS/HLS and forestry grant schemes
- How to apply
- Wild pollinator and Farm wildlife package – lists options that make up the package.
- Double funding in Countryside Stewardship – lists payment rates where option is located on greening /EFA land.
- Options requiring CSFO endorsement

The 244 option descriptions have also been published on GOV.UK via the **Countryside Stewardship Grants** tool. This tool is a searchable directory of all the options and capital items.

European Innovation Partnerships – details announced

Defra has recently announced details on the European Innovation Partnerships (EIPs), you can read them in detail by clicking **here**. EIPs are collaborative projects linking research with farming practice and are part of the Countryside Productivity Scheme within the Rural Development Programme for England. EIPs are expected to open for applications in the summer.

EIP-Agri grants are:

- £5,000 to £150,000 (to fund the cost of running a project for up to 3 years).
- aimed at collaborative groups of farmers, researchers involved in agriculture/food, agricultural/agri-food businesses and NGOs. Only Operational Groups can propose and carry out projects supported by EIP-Agri grants. An Operational Group can vary in size but must include at least 2 members from different organisations and can be either new groups or ones that already exist.

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What you can do now?:

- **First step:** Register on the EIP-Agri Service Point website
- **Second step:** Let Defra know of your ideas by emailing EIP-Agri-England@defra.gsi.gov.uk

More information on EIPs can be found by clicking **here**.

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Give British food your vote!

The NFU wants you to join thousands of others in support of British food and farming ahead of the general election on May 7. This will help us talk to the next government about the importance of British food and farming for you and the rest of the country.

Click **here** to pledge your support for British food and farming.

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European statistics on organic farming

The European Commission has published a range of informative documents on its website, which include the facts and figures of organic farming.

A brief infographic can be viewed **here** and a more detailed report into the latest statistics can be read **here**.

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Suggestions & Feedback

If there are any particular areas, sectors or information you would like to see included in future publications then please email these to Tom.Lander@nfu.org.uk. We value your feedback.

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