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Welsh Organic Producer Survey 2012

Simon Moakes

Institute of Biological, Environmental and Rural Sciences

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P: Institute of Biological, Environmental and Rural Sciences, Gogerddan Campus, Aberystwyth University, Ceredigion, SY23 3EB, UK
T: +44 (0)1970 622248
E: organic@aber.ac.uk
W: http://www.organiccentrewales.org.uk/

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While every effort has been made to ensure the accuracy of the results presented in this report, responsibility for any errors rests with the authors and feedback is always welcome. However, the quantification of the scale of the Welsh organic sector is still an imprecise art and there are significant margins for error.

This report is necessarily a summary of a huge quantity of data. Readers wishing for information behind the tables and figures provided are welcome to contact Organic Centre Wales. Also, readers with suggestions for information which would be useful should contact us.

Summary

The 2012 Welsh organic producer survey was undertaken via a telephone survey during October and November 2012. Contact details for a total of 1018 Welsh organic producers were identified, and over 700 producers were contacted, resulting in 647 completed surveys, a 64% response rate, similar to previous years.

Welsh organic land and livestock

Land use data collected through the producer survey and organic control body (CB) data available through Defra, are summarised in Table A below. The survey collected data recorded approximately 75,000 hectares (ha) of land from 647 respondents. Using the overall survey response rate of 64%, the survey figures were then multiplied up to estimate the total Welsh land area under organic management (including woodland). It was estimated that the Welsh organic sector comprised of approximately 122,150ha in 2012. The Defra CB data for 2011 was very similar at 122,718 ha, and was equivalent to 8% of Welsh agricultural land. The main differences between Defra and the survey estimated data were the horticultural areas, which appeared to be smaller within the survey data than the certification statistics.

Table A Welsh 2012 organically managed land areas by enterprise and organic status (hectares)

	Survey responses				**Survey estimated total 2012**			**Defra CB data (2011)**		**All Wales land****	
Enterprise	Holdings	Organic	In-conv.	Total	Organic	In-conv.	Total	Holdings	Area	Area	Organic %
Forage	-	73131	566	73697	115100	900	116000	-	115179	1123753	10.2%
Arable	93	3483	0	3483	5500	0	5500	259	5542	85229	6.5%
Hort*	46	140	1	140	220	0	220	165	312	1301	24.0%
Other	-	208	0	208	330	0	330	-	1684	69128	2.4%
Total	647	76961	567	77528	121150	900	122050	964	122718	1529409	8.0%

** Horticulture includes potatoes in this table*
*** All Wales land areas published by Welsh Government*

The number of Welsh organic livestock was also surveyed and is shown in Table B below. As in the 2011 report, estimated total livestock figures were also calculated using two methods; the overall survey response rate of 64% and using individual enterprise response rates e.g. 62% for beef cattle. These estimated data were then compared to Defra CB data, with the 2012 estimated figures appearing to be slightly greater than the Defra CB statistics; the estimates calculated with the overall survey response rate closest to the CB statistics. Overall, the figures indicated that The Welsh organic sector comprised approximately 15,000 beef cows, 260,000 breeding ewes, 15,000 dairy cows, 40,000 laying hens and 100 sows.

Table B Welsh organically managed breeding livestock

	Actual survey data	Estimated total calculated by survey sector response %		Estimated total calculated at overall survey response %		Defra CB data (2011)	
						Livestock No.	% of Wales
Breeding Cattle	10264	62%	**16500**	64%	**16200**	14111	5.8%
Breeding Sheep	166790	63%	**266800**	64%	**263500**	255182	7.3%
Dairy cows	10014	59%	**16800**	64%	**15800**	13868	5.1%
Laying hens	25335	46%	**55500**	64%	**39900**	38251	3.1%
Sows	46	22%	**200**	64%	**100**	72	2.1%

** Defra 2011 certification body data*

Sales

Welsh organic sales data shown in Table C presents data collected through the survey and estimated total Welsh organic sector sales data (based on the survey response rate of 64%). The results indicate that in 2012 Welsh organic farms produced approximately 7500 finished beef, 210,000 finished lambs and 80 million litres of milk, all greater than reported in 2011. However, 45% of fully organic finished lambs (90,000 lambs), 45% of store cattle (4200 head), and around 80% of store lambs (32,000) were sold into conventional supply chains.

Table C Welsh organically managed livestock sales by enterprise and organic status, (survey recorded and estimated total Welsh organic sales based on the 64% survey response rate)

	Survey responses					Estimated sales data*			
	Organic	In-conv.	Non-organic	**Total**	% non-organic	Organic	In-conv.	Non-organic	**Total**
Finished cattle	4335	201	231	**4767**	5%	6800	300	400	**7500**
Store cattle	3212	226	2642	**6080**	45%	5100	400	4200	**9700**
Finished lambs	70634	5456	56826	**132916**	45%	111000	9000	90000	**210000**
Store lambs	5165	364	20074	**25603**	80%	8000	1000	32000	**41000**
Milk (thou' litres)	49417	225	2686	**52328**	5%	78000	400	4200	**82000**
Eggs (thou' doz.)	3726	0	6	**3732**	0%	5900	0	0	**5900**
Pigs (all classes)	516	0	15	**531**	3%	800	0	0	**800**

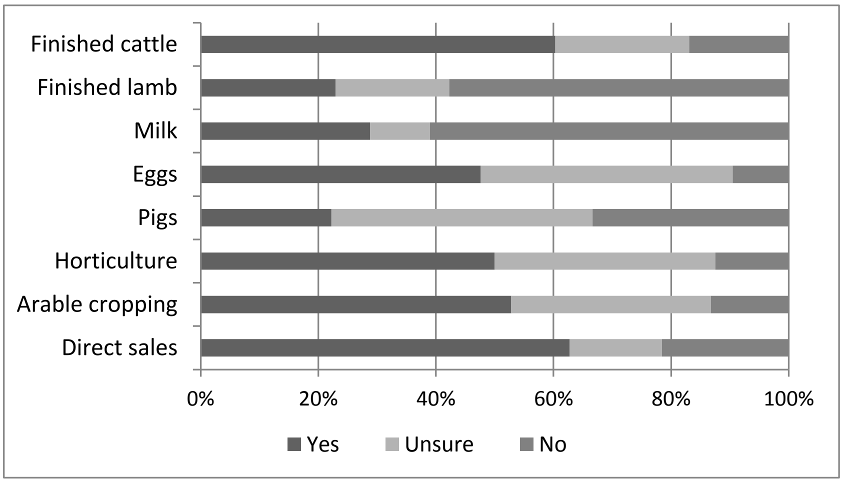
**Estimated total calculated with overall survey response rate of 64%*

Future intentions of producers

Figure A indicates that whilst around 60% of finished cattle producers were confident current prices are high enough to continue beef production, only around 23% of finished lamb producers were happy, with 58% of lamb producers believing prices were too low to continue organic lamb production. These figures are probably a reflection of the price of beef and lamb during 2012, as beef has continued to increase, whilst lamb prices have been below the (high) level of 2011 in part due to weaker export market demand. Milk producers were also much less optimistic about continuing production at current prices, and this was emphasised by the fact that only 26% of organic milk producers responding thought that intervention by unions and government during the dairy crisis in the summer had given them more optimism to continue milk production.

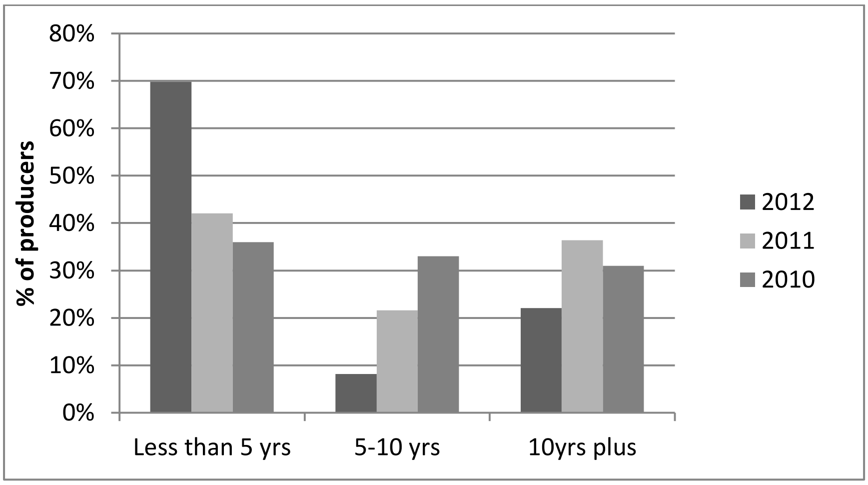
Egg producers were more confident in 2012, whilst the majority of horticulture and cropping producers were positive about continuing production.

Figure A Are current prices high enough to continue organic production?



At a time of significant change in the support payment structure in Wales, producers were asked how long they intended to continue organic farming. The results in Figure B below indicate that over a quarter of organic producers intend to leave the sector in the next 12 months, with an additional 21% indicating that they may revert to conventional farming within 2 years. In the previous two years surveys producers indicated that between 36% and 42% may revert within 5 years, but the 2012 survey indicates a much greater figure of 70% intending to revert within 5 years. This figure has risen dramatically over the last three years, probably in relation to the number of producers reaching or nearing the end of their current contract within the Organic Farming Scheme/Organic Farming Conversion Scheme and other agri-environment schemes such as Tir Gofal. At the time of the survey, only 32% of organic producers responding had applied to join the Glastir scheme, despite the end of current schemes including Tir Mynydd, Tir Cynnal and Tir Gofal.

Figure B How long are you intending to continue organic production?



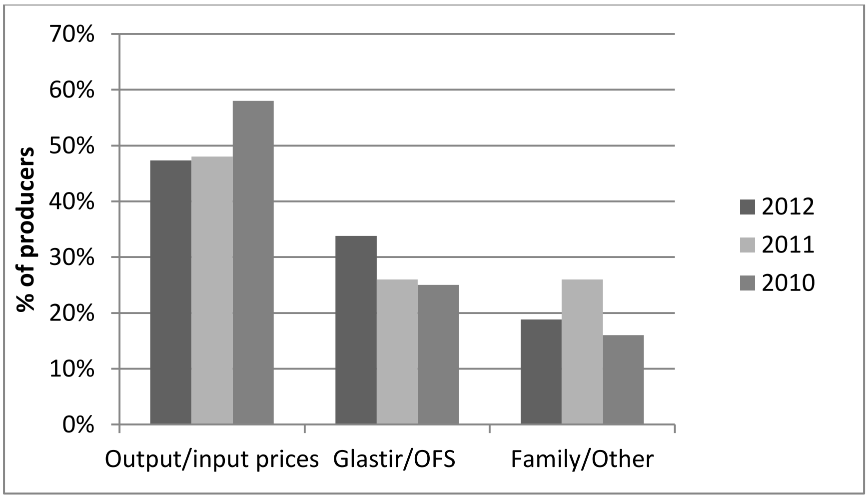
To give an indication of the potential losses to the Welsh organic sector in the next two years, the land and livestock data for the producers intending to cease organic farming were collated. Figures in Table D below indicate that around 45% of beef enterprises (43% of breeding cows) and over 50% of sheep enterprises (48% of breeding ewes) could revert to non-organic. Although 26% of organic dairy holdings may revert, the loss of milk production could be greater as this would represent 36% of dairy cows, but only 4% of laying hens and 14% of horticultural land may be lost. However, almost 50% of organic arable growing holdings, representing 43% of Welsh organic arable land could also be lost from production.

Table D Potential losses to the Welsh organic sector within the next 2 years

Enterprise	% of holdings	*Number of holdings*	Enterprise	Livestock/land (head/ha)	% of total livestock/area
Beef	45%	*161*	Beef cows	4413	43%
Sheep	51%	*204*	Breeding ewes	80500	48%
Milk	26%	*18*	Dairy cows	3605	36%
Eggs	29%	*6*	Laying hens	931	4%
Hort	15%	*7*	Hort area (ha)	19	14%
Arable	49%	*46*	Arable area (ha)	624	43%
Direct	23%	*12*	N/A	N/A	N/A

Producers indicated a number of factors that were contributing to their intention to cease organic farming within 5 years (see Figure C), but the main reasons were financial. Producers cited poor organic prices/low organic premiums over conventional prices, high organic feed prices, an expectation of lower agri-environment (Glastir) payments for organic farming in the future, all resulting in a general feeling that organic farming didn’t represent the best option financially, and therefore many said they wouldn’t be continuing organic farming beyond their current OFS contract.

Figure C Reasons for producers intending to revert to conventional farming within the next 2 years



In conclusion, the 2012 producer survey indicated that the Welsh organic sector had similar land area and livestock figures to 2011. Sales figures indicated that the majority of output is now fully organic, with very few producers still in-conversion. The percentage of output sold into an organic supply chain was quite variable, with very high percentages for finished beef, milk and eggs, but high numbers of store cattle and lambs entering conventional supply chains.

The main message from the 2012 survey was that up to 50% of current Welsh organic producers are considering reverting to conventional farming within the next two years. The main reasons were identified as economic, with producers citing a combination of high organic feed prices, low levels of organic premium for some outputs and uncertainty over the future level of organic support payments. Other producers explained that they found the additional record keeping and rules under organic certification limiting to their farm system, as well as issues with forage production levels and stocking rates.

So although the 2012 organic sector was similar in size to 2011, there may be big changes during 2013 as many producer's OFS contracts finish and producers decide whether to enter the new scheme, which is yet to be announced. Although it is understood OFS contract extensions have been offered to bridge the gap between OFS and a new organic scheme, uncertainty may lead to more producers reverting, rather than waiting for the new scheme announcement.

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Introduction

The 2012 Organic Centre Wales (OCW) Producer Survey report continues on from the series of Better Organic Business Link (BOBL) and Farming Connect funded reports, from 2007 to 2011. This report aims to provide the Welsh organic sector with annual, comparable statistical information and provide data that are otherwise not available from other sources. The survey also aims to provide a means for producers to relay their views on the current state of organic farming to Organic Centre Wales and policy makers. This report was funded by the Welsh Government through the BOBL project, undertaken through the Institute of Biological, Environmental and Rural Sciences (IBERS), Aberystwyth University.

Methods

The survey was designed and analysed by Organic Centre Wales with the telephone survey undertaken by specialist agri-survey staff within the Farm Business Survey unit (FBS) of IBERS, Aberystwyth University.

The survey contact database was formed through a combination of two data sources; organic certification data supplied to Defra by Control Bodies and the OCW producer database. Data supplied to Defra from organic certification bodies indicated that there were 1105 registered producers in Wales, but only 964 producers with organic registered land. The OCW database also indicated that there may be more than 1000 producers, and through a combination of the two sources, a contact database of producers with phone numbers was formed that comprised 1018 producers, (though the number of active organic holdings may be less).

The survey questionnaire was developed during September and October 2012 and comprised of an opening section to capture producers' general views about organic farming, a land area and livestock data section and then sections specific to each enterprise, e.g. beef, sheep etc. As in 2011, the survey was conducted entirely via telephone, though all producers on the contact list were sent a letter outlining the reasons for the survey and the type of questions to be asked before the phone calls commenced. The survey phone calls commenced on Monday 5th November and were concluded by Mon 19th November 2012.

Data collation and analysis was carried out using the same methodology used in previous years. All survey data were transferred into individual MS Excel survey workbooks (with personal data protected by encryption). These data were then extracted to form a database of results, for analysis, from which the results within this summary are presented. Where possible, data from the previous year are presented alongside for comparison, though due to slight changes in the survey questions results may not always be directly comparable.

Survey collected data are useful, but to fully understand the implications of the data collected, it is valuable to have figures for the whole organic sector in Wales. Therefore to give estimated results for the whole Welsh organic sector, it is necessary to multiply up the survey collected figures to try to present a 100% response level. In the past and for this report the survey response rate is used to multiply data up to full Welsh level. This is achieved by dividing the actual survey data by the response percentage. The survey response rate for each enterprise was calculated by dividing the number of each enterprise survey responses divided by the number of enterprises indicated within the Defra certification data (see appendix 1). The overall survey response rate was also used to calculate data and is shown for comparison.

Although this methodology is subject to error and caution should be used when using these data, it does allow for improved interpretation of the figures. For the 2012 report, estimates of the 100% organic data are shown via both overall survey response and enterprise response

Defra organic certification statistics (collected during 2011)

Organic Centre Wales receives certification data from Defra on an annual basis (see appendix 1). These data are collected annually from producers by the organic certification bodies (now known as Control Bodies, or CBs) during annual inspection visits and are reported to Defra as an EU legal requirement under organic legislation. This data is the basis of annual statistical releases[1] by Defra, but it is reported as UK or regional level, with a relatively low level of detail. Therefore, using this data, OCW carries out a more detailed analysis to provide an estimate of the area of organic and in-conversion land and numbers of livestock specifically within Wales. The OCW classification system has remained the same since 2006 to ensure comparability between years, despite varying classification systems used by the UK certifying bodies.

OCW has compiled these statistics into working data for estimating the number and type of Welsh organic holdings, shown in Table 1. Based on certification data collected during 2011 and Welsh agricultural data released by the Welsh Government[2] (2010 is the latest detailed data available), the figures show a very slight increase in the Welsh organic land area in 2012, to 122,718 Ha: equivalent to 8.0% of Welsh agricultural land, despite a 4% fall in the number of certified organic holdings. The total tillage area appeared to decrease with 15% less cultivated land, whilst both temporary and permanent grassland areas increased slightly.

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[1] http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-environ-organics-statsnotice-120605.pdf

[2] http://wales.gov.uk/topics/statistics/publications/welshagriculturalstatistics2010/?lang=en

Table 1 Welsh certified organic and in-conversion holdings and land use, end of 2009 to 2011

		end 2009	end 2010	end 2011	*09-10 Change*	All Wales 2010*	Approx. organic % of Welsh agric. land*
Certified holdings	No.	1013	1006	964	*-4%*	23884	4.0%
Total Area	**Ha**	**123623**	**121093**	**122718**	***1%***	**1529409**	**8.0%**
Cereals	Ha	3591	3193	2863	*-10%*	52202	5.5%
Other arable/fodder crops	Ha	3428	3317	2638	*-20%*	30971	8.5%
Potatoes	Ha	45	38	41	*8%*	2056	2.0%
Horticulture (exc. Potatoes)	Ha	432	379	312	*-18%*	1301	24.0%
Total tillage area	**Ha**	**7495**	**6928**	**5854**	***-15%***	**86530**	**6.8%**
Temp grass	Ha	9904	9474	9662	*2%*	103247	9.4%
Arable land (inc temp grass)	**Ha**	**17399**	**16402**	**15517**	***-5%***	**189777**	**8.2%**
Permanent grass/rough grazing	**Ha**	**104024**	**102464**	**105517**	***3%***	**1020506**	**10.3%**
Woodland/other	**Ha**	**2200**	**2227**	**1684**	***-24%***	**69128**	**2.4%**

** All Wales data for 2010 (Welsh Government)*

Welsh organic livestock data from control bodies shown in Table 2, highlights a continued increase in ruminant livestock numbers. Organic breeding sheep numbers increased by 44% to over 250,000, beef cows were up 22% and dairy cows up 11%. Laying bird numbers were stable, as were the number of table chickens, though total poultry fell as there appeared to be a loss of organic breeding birds in Wales. Sow numbers also fell sharply, whilst other organic livestock numbers were up.

Table 2 Welsh certified organic and in-conversion holdings and land use, end of 2009 to 2011

	end 2010	end 2011	*09-10 Change*	All Wales 2010	Approx. organic % of Welsh agric. land*
Beef cows	11530	14111	*22%*	242014	5.8%
Dairy cows	12478	13868	*11%*	274219	5.1%
Other cattle	28032	32516	*16%*	621894	5.2%
Ewes	177062	255182	*44%*	3495466	7.3%
Other sheep	181038	275851	*52%*	4748696	5.8%
Laying hens	38405	38251	*0%*	1229560	3.1%
Table birds	104667	104394	*0%*	5850469	1.8%
Other poultry	109446	9651	*-91%*	490650	2.0%
Sows	332	72	*-78%*	3436	2.1%
Other pigs	359	357	*-1%*	22516	1.6%
Other livestock	2452	3604	*47%*	no data	-

** All Wales data for 2010 (Welsh Government)*

Survey response rates

Table 3 below indicates that the survey achieved an overall response rate of 64%, a similar response rate to previous few years. The table also indicates that 72% of producers on the contact list were spoken to, with a small percentage of declines. Some other producers had given up farming or reverted to non-organic farming. Respondents who had reverted were asked for their main reasons and this information is presented in a later section.

Table 3 Survey response and method of completion

	Number	%
Organic producer contact list	**1018**	
Producers contacted	730	72%
Declines	41	4%
Given up farming	3	0%
Reverted to non-organic	40	4%
Survey completed	**646**	**64%**

Approximately 27% of the respondents elected to complete the survey through the medium of Welsh, whilst in terms of the age structure of respondents: 8% were under 40 years, 62% were between 40 and 60, and 30% were over 60.

The survey comprised of a general section and then various enterprise specific sections e.g. beef, lamb, milk etc. Table 4 indicates that the number of farm enterprise survey sections completed was similar when compared to last year's, with beef, sheep, arable cropping and dairying the most common enterprises.

Table 4 Completed survey sections compared to enterprises identified from certification data

Enterprise type	2012 survey	2011 survey	Defra CB data		Survey completion rate	
			2012	2011	2012	2011
Beef	358	339	574	488	62%	69%
Sheep	403	399	643	491	63%	81%
Dairy	69	63	116	112	59%	56%
Pigs	8	12	37	39	22%	31%
Eggs	21	18	46	63	46%	29%
Fruit & Vegetables	46	41	165	162	28%	25%
Grains & Pulses	93	67	259	268	36%	25%
Direct sales	52	57	n/a	n/a	n/a	n/a

In Table 4 the survey completion rate column for 2012 shows that although the completion percentage for beef, sheep and dairying was very high, that other sectors were generally lower. The lowest completion rates were for pigs and horticulture.

To calculate the survey response rate by different enterprises, the number of completed enterprise sections is divided by the number of enterprises identified from the Defra certification data (see Table 1 and Table 2 above). The enterprise completition percentage can then be used to estimate total area and organic livestock figures for the whole Welsh organic sector. These estimated figures can then be compared to control body data to cross-check areas and numbers.

Horticulture, and to a lesser extent arable cropping, present surveying difficulties, as data for a range of crops and possible marketing routes are required for accurate industry feedback, but producer time to respond to inevitably lengthy questions is limited.

Welsh organic and in-conversion farms

Land area

The organic certification data supplied to Defra was collected over a 12 month period; therefore the data are always slightly out of date by the time of release, therefore the 2012 producer survey continued to request producers to provide basic information about their land, its use and their land's organic status. The compiled land data shown in Table 5 provides information for both aggregate land types and individual crops in 2011/12.

Table 5 Organic and in-conversion land area (ha) in Wales (survey results)

	Fully organic		**In-conversion**		**% land split**	
	Area ha	% split	Area ha	% split	Org %	In-conv %
Forage	73131	95.0%	566	99.9%	99.2%	0.8%
Arable	3483	4.5%	0	0.0%	100.0%	0.0%
Horticulture	140	0.2%	1	0.1%	99.4%	0.6%
Other	208	0.3%	0	0.0%	100.0%	0.0%
Totals	**76961**		**567**		**99%**	**1%**
Grassland (inc. rough grazing)	73131	95.0%	566	99.9%	99.2%	0.8%
Fodder crops (inc. legumes, roots)	1223	1.6%	0	0.0%	100.0%	0.0%
Arable forage	964	1.3%	0	0.0%	100.0%	0.0%
Arable crops (combined)	1296	1.7%	0	0.0%	100.0%	0.0%
Potatoes	6	0.0%	0	0.0%	100.0%	0.0%
Horticulture (exc. Potatoes)	134	0.2%	1	0.1%	99.4%	0.6%
Other	208	0.3%	0	0.0%	100.0%	0.0%

Based upon the data collected through the survey, land data was then multiplied up to give an indication of estimated Welsh totals for the various categories, based on the overall survey response rate of 64%. (see Table 6).

Table 6 Organic and in-conversion land area (ha) in Wales (estimated total areas and 2011 CB data)

Crop Type	Survey response rate	Calculated total Welsh areas from survey response rate			2011 CB data
		Organic	In-conv	Total	Total
Grassland (inc. rough grazing)	64%	115200	900	116100	115179
Arable		5500	0	5500	5501
Horticulture		220	0	220	353
Other		330	0	330	1684
Totals		**121250**	**900**	**122200**	**122718**
Grassland (inc. rough grazing)		115200	900	116100	115179
Fodder crops (inc. legumes, roots)		1900	0	1900	-
Arable forage		1500	0	1500	-
Arable crops (combined)		2000	0	2000	2863
Potatoes		10	0	10	41
Horticulture (exc. Potatoes)		210	0	210	312
Other		330	0	330	1684

The data for fully organic land shows the majority of land (ca. 94%) is forage with the arable area (including fodder and cereal crops) accounting for most of the remainder. The Welsh horticultural area remained very small. In previous years, the area of land in-conversion was much greater, but due to the very low number of producers currently in converions the land area was minimal. Overall, although some of the data are not directly comparable to Defra statistics, Table 6 shows that the survey collected data related well with Defra data, though horticulture is less accurate, possibly due to the small sample size.

Livestock numbers

Respondents were asked to provide details of organic and in-conversion livestock retained on their holdings at 31st October 2012, shown in Table 7, below.

Table 7 Survey recorded organic/in conversion breeding stock retained in 2012 and 2011

	Organic 2012		In-conversion 2012		2012 Total	2011 Total
	Head	n	Head	n	Head	Head
Breeding Cattle	10264	334	0	0	**10264**	9556
Growing Cattle	20031	371	0	0	**20031**	16498
Replacement Beef Heifers	1522	182	0	0	**1522**	1521
Breeding Sheep	166790	426	400	2	**167190**	216464
Growing Sheep	46201	277	30	1	**46231**	34208
Ewe Lamb Replacements	42686	377	80	1	**42766**	39751
Dairy cows	10014	71	0	0	**10014**	8055
Dairy heifers	6976	71	0	0	**6976**	5192
Laying hens	25335	23	0	0	**25335**	18933
Sows	46	9	0	0	**46**	71

Although the overall survey response rate was similar in 2012 to 2011 many of the livestock categories showed increased numbers, though less breeding sheep were recorded. In previous years there were a large number of producers still in-conversion, but this years survey indicated just a few hundred sheep.

From the survey collected data, the estimated total Welsh organic livestock numbers were calculated. For comparison, this calculation was undertaken both by calculating the response rate per enterprise type, as well as by using the overall survey response rate. Table 8 (estimates from sector-specific response rates) and Table 9 (estimates from overall survey response rate), below indicate the estimated total Welsh retained organic and in-conversion stock numbers.

Table 8 Estimated total Welsh organic and in-conversion livestock, (using individual sector response rates)

	Sector response rate	Organic 2012	In-conversion 2012	2012 Total	2011 Estimate*
		Head	Head	Head	Head
Breeding Cattle	62%	16457	0	16500	14200
Growing Cattle		32117	0	32100	24500
Replacement Beef Heifers		2440	0	2400	2200
Breeding Sheep	63%	266119	638	266800	271700
Growing Sheep		73715	48	73800	43100
Ewe Lamb Replacements		68107	128	68200	50200
Dairy cows	59%	16835	0	16800	14300
Dairy heifers		11728	0	11700	9200
Laying hens	46%	55496	0	55500	66300
Sows	22%	213	0	200	200

** 2011 estimates were calculated at 2011 sector specific response rates*

Table 9 Estimated total Welsh organic and in-conversion livestock, (using survey response rate of 64%)

	Survey response rate	Organic 2012	In-conversion 2012	2012 Total	2011 Estimate*
		Head	Head	Head	Head
Breeding Cattle	64%	16175	0	16200	14500
Growing Cattle		31566	0	31600	25000
Replacement Beef Heifers		2398	0	2400	2300
Breeding Sheep	64%	262836	630	263500	328000
Growing Sheep		72806	47	72900	51800
Ewe Lamb Replacements		67267	126	67400	60200
Dairy cows	64%	15781	0	15800	12200
Dairy heifers		10993	0	11000	7900
Laying hens	64%	39924	0	39900	28700
Sows	64%	72	0	100	100

** 2011 estimate assumed a 66% survey response rate overall*

Organic and in conversion livestock numbers, summarised in Table 10, indicate survey collected numbers and estimated Welsh totals, in addition to 2011 certification data from Defra for comparison. The calculated total numbers of sheep and cattle were similar due to similar enterprise and survey response rates, but hen and pig numbers showed more variation.

For beef cows and breeding ewes, the figures calculated per sector were generally similar to the Defra figures. Dairy cow estimates were also similar, but hen and sow numbers varied considerably between the two calculation methods. The overall survey response rate appeared to give the most accurate total Welsh organic sector numbers, in comparison with the Defra CB stats.

Table 10 Survey collected (2012), and estimated total Welsh organically managed livestock data, with 2011 Defra CB data for comparison

	Actual survey data	Calculated by survey sector response %		Calculated at overall survey response %		Defra CB data*
Breeding Cattle	10264	62%	16500	64%	16200	14111
Growing Cattle	20031		32100		31600	
Replacement Beef Heifers	1522		2400		2400	
Breeding Sheep	166790	63%	266800	64%	263500	255182
Growing Sheep	46201		73800		72900	
Ewe Lamb Replacements	42686		68200		67400	
Dairy cows	10014	59%	16800	64%	15800	13868
Dairy heifers	6976		11700		11000	
Laying hens	25335	46%	55500	64%	39900	38251
Sows	46	22%	200	64%	100	72

** Defra 2011 CB data*

Farm diversification

As indicated in previous producer survey reports, farm diversification continues to be a significant source of income for many organic farms. Table 11 indicates that in 2012, 34% of organic and in-conversion farms had a diversified enterprise, higher than 27% indicated in the 2011 survey. For most types of enterprises the percentage of producers is similar, but it is clear that many have taken the opportunity to produce renewable energy as this has increased from only 3% in 2011 to 13% in 2012. The number of holdings with multiple diversified enterprises has also increased from 3% to 7%.

Table 11 Reported level of diversification within Welsh organic and converting farm businesses, 2012

	2012		2011	
	%	*n*	%	*n*
Farm has a diversified enterprise	34%	*217*	27%	*168*
On farm processing	4%	*24*	3%	*18*
On farm retailing	4%	*23*	5%	*29*
Educational activities	1%	*9*	1%	*6*
Tourism activities (with food)	3%	*22*	2%	*11*
Tourism activities (without food)	9%	*59*	9%	*54*
Agricultural contracting	4%	*28*	6%	*37*
Renewable energy	13%	*82*	3%	*16*
Other	4%	*27*	4%	*27*
Multiple diversification enterprises	7%	*47*	3%	*18*

Organic Sales

Livestock sales

Livestock sales recorded through the producer survey are presented in Table 12, (with 2011 survey data for comparison). Sales were recorded as those sold to an organic certified market, those sold conventionally as in-conversion and as those sold conventionally as non-organic sales for another reason e.g. sold through a conventional livestock market.

Survey recorded data indicated that reported organic sales were higher for all sectors except store lambs and pigs, with similar sample sizes between years ensuring the data is reasonably comparable. Sales to an organic market were also higher, for all but store lambs which were 39% lower. In-conversion sales much lower for all sectors, but of more concern was that non-organic sales for other reasons, such as the lack of an organic market remained similar or were higher for many sectors in 2012.

The reason for non-organic sales of produce (other than due to stock being in-conversion) was also recorded and is shown in Table 13. From this data it can be seen that whilst non-organic finished cattle sales decreased in 2012 all other non-organic market livestock or produce quantity sales increased. Non-organic store cattle and finished lamb sales were at 43% of the total sales, whilst 78% of reported store lamb sales had been to conventional markets.

Table 12 Reported livestock sales 2012 (with 2011 data for comparison)

	Organic		Non-organic sales				Total		*Responses*	
			In-conversion		Other reason				*n*	
	2012	2011	2012	2011	2012	2011	**2012**	**2011**	*2012*	*2011*
Finished cattle	4335	3686	201	409	231	434	**4767**	**4529**	*147*	*146*
Store cattle	3212	2697	226	960	2642	1779	**6080**	**5436**	*243*	*238*
Finished lambs	70634	54206	5456	24717	56826	43560	**132916**	**122483**	*353*	*338*
Store lambs	5165	8482	364	4081	20074	17467	**25603**	**30030**	*148*	*165*
Milk (thou' litres)	49417	42354	225	238	2686	801	**52328**	**43392**	*69*	*63*
Eggs (thou' doz.)	516	457	0	0	6	1	**522**	**458**	*21*	*18*
Pigs (all classes)	516	264	0	306	15	100	**535**	**745**	*7*	*12*

Table 13 Reported non-organic livestock sales in 2012 and % split of non-organic sales (exc. in-conversion). (2011 data for comparison)

	Reported non-organic sales (exc. in-conv.)		**Non-org sales as % of total sales**		**Due to finishing spec / high conv. Prices**		**Due to lack of organic market**		**Due to other reasons**	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Finished cattle	231	434	5%	10%	75%	57%	12%	17%	13%	26%
Store cattle	2642	1779	43%	33%	54%	59%	18%	17%	28%	24%
Finished lambs	56826	43560	43%	36%	60%	73%	28%	17%	12%	10%
Store lambs	20074	17467	78%	58%	46%	64%	35%	17%	19%	19%
Milk (thou' litres)	2686	801	5%	2%	0%	0%	85%	100%	15%	0%
Eggs (thou' doz.)	6	1	1%	0%	0%	0%	64%	0%	36%	100%

As with the retained livestock data (see Table 7), the actual livestock sales recorded by the survey were multiplied up to estimate total sales from the Welsh organic sector. As with the previous estimates, these values were calculated by two methods. Table 14 shows data multiplied up by the individual sector response rates; Table 15 shows data multiplied up by the overall survey response rate of 64%.

Both Table 14 and Table 15 indicate higher estimated organic sales for all sectors, and especially for lamb and eggs. Estimated total in-conversion sales were significantly lower for all sectors except finished beef, but estimated total non-organic sales (excluding in-conversion) were much higher for store cattle, lambs and milk. The two tables show close agreement for the beef, sheep and dairy sectors, but where the response rates vary e.g. eggs and pigs, the difference is much larger: their small sample sizes impacts on the likely accuracy of their total output predictions.

Table 14 Estimated total Welsh produced organic livestock sales (based on sector specific response rates)

	Sector response rate	Organic		Non-organic sales				Total	
				In conversion		Other non-organic			
		2012	2011	2012	2011	2012	2011	2012	2011
Finished cattle	62%	7000	5300	300	600	400	600	7600	6500
Store cattle	62%	5100	3900	400	1400	4200	2600	9700	7800
Finished lambs	63%	113000	67000	9000	30000	91000	54000	212000	151000
Store lambs	63%	8000	10000	1000	5000	32000	21000	41000	37000
Milk (thou' litres)	59%	83000	75000	400	400	4500	1400	88000	77100
Eggs (thou' doz.)	46%	1100	1600	0	0	0	0	1100	1600
Pigs (all classes)	22%	2400	900	0	1000	100	300	2500	2400

** 2011 estimates calculated at 2011 sector specific response rates*

Table 15 Estimated total Welsh produced organic livestock sales (based on the 64% survey response rate)

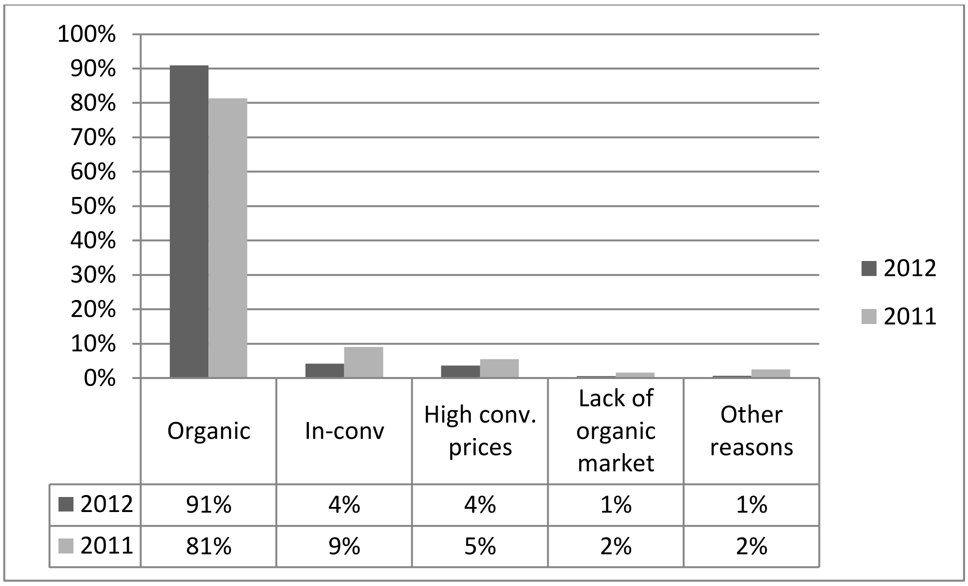
	Survey response rate	Organic		Non-organic sales				Total	
				In conversion		Other non-organic			
		2012	2011	2012	2011	2012	2011	2012	2011
Finished cattle	64%	6800	5600	300	600	400	700	7500	6900
Store cattle		5100	4100	400	1500	4200	2700	9600	8200
Finished lambs		111000	82000	9000	37000	90000	66000	209000	186000
Store lambs		8000	13000	1000	6000	32000	26000	40000	46000
Milk (thou' litres)		78000	64000	400	400	4200	1200	82500	65700
Eggs (thou' doz.)		800	700	0	0	0	0	800	700
Pigs (all classes)		800	400	0	500	0	200	800	1100

** 2011 estimate assumed a 66% survey response rate overall*

Cattle sales

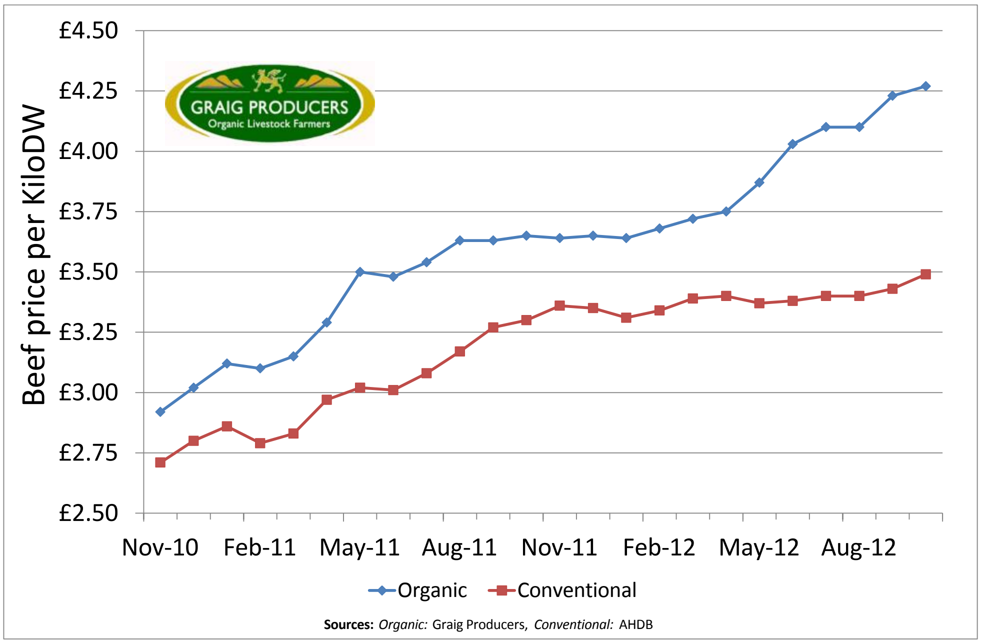
Finished cattle sales were characterised by a lower percentage of in-conversion sales in 2012. Figure 1 indicates that the percentage of sales to the organic market was to up to 91% in 2012 rising 10% compared with 2011 results. In-conversion sales decreased to only 4% of total sales, with reductions in other non-organic sales as well. The finished cattle price graph Figure 2, indicates higher organic and conventional prices in 2012, but also an improvement in the level of organic price premium available to organic producers.

Figure 1 Finished cattle sales 2012 and 2011



	Organic	In-conv	High conv. prices	Lack of organic market	Other reasons
2012	91%	4%	4%	1%	1%
2011	81%	9%	5%	2%	2%

Figure 2 Finished cattle prices 2012 and 2011 (organic and conventional)



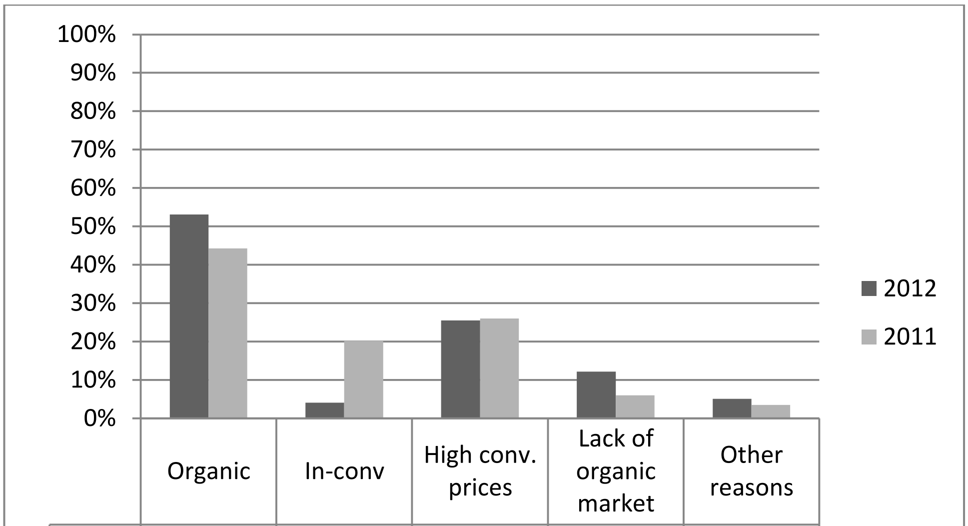
Store cattle sales had much lower levels of in-conversion sales but non-organic sales due to other reasons were higher at 43% of total sales, up from 33% in 2011.

Sheep sales

The percentage of total organic finished lambs sold organically increased to 53% in 2012, and the percentage of in-conversion sales fell to only 4% of total sales. However, the percentage of non-organic sales (excluding livestock in-conversion) increased to 43% of total sales, with the majority sold conventionally due to finishing specification issues, high conventional prices or a lack of organic market.

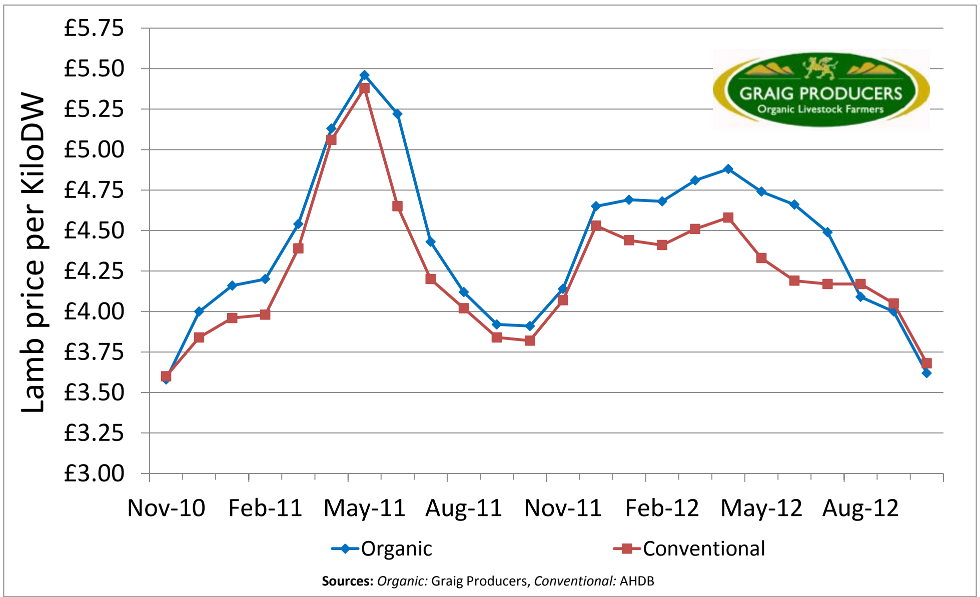
Figure 4 indicates that lamb prices did not reach the high peak price of 2011, but a much flatter curve during the summer of 2012. The chart also indicates that an organic premium was available for much of the year, though both conventional and organic prices had continued to fall in the autumn of 2012.

Figure 3 Finished lamb sales 2012 and 2011



	Organic	In-conv	High conv. prices	Lack of organic market	Other reasons
2012	53%	4%	26%	12%	5%
2011	44%	20%	26%	6%	4%

Figure 4 Finished lamb prices 2012 and 2011 (organic and conventional)



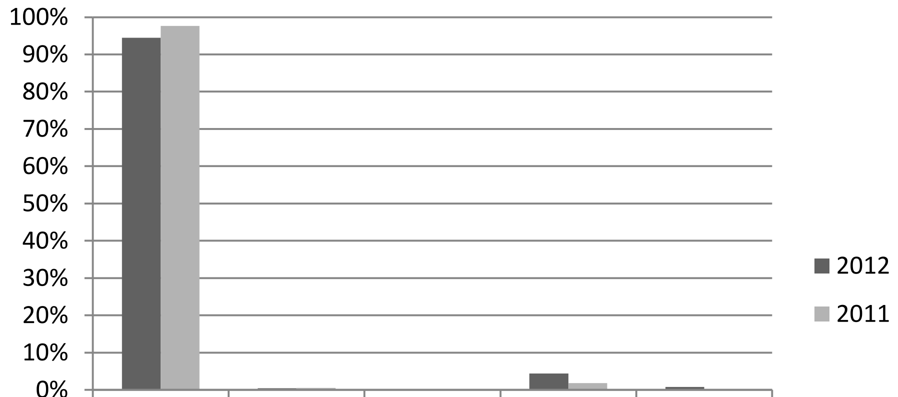
Store lamb sales to an organic market were lower in 2012, with an increase in the proportion sold non-organically (increasing to 78% from 58% in 2011).

Milk sales

Milk sales data indicates that overall organic milk sales were slightly higher in 2012, with minimal non-organic sales, though there was an increase in the volume sold organically in 2012. Organic milk price data are still not readily available, but surveyed producers indicated that they received an average of 30.7ppl for milk sold organically, up slightly since 2011.

During the spring and summer of 2012, the UK dairy industry saw milk prices fall and subsequent farmer protests. As part of the resolution of these problems both political and farming unions negotiated with dairy buyers, but when asked, only 26% of organic milk producers felt that this intervention had given them more confidence to remain in dairying, 66% said it had not improved their confidence and the rest were unsure (based on a sample of 62 producers).

Figure 5 Milk sales spilt 2012 and 2011



	Organic	In-conv	High conv. prices	Lack of organic market	Other reasons
2012	94%	0%	0%	4%	1%
2011	98%	1%	0%	2%	0%

Egg sales

Organic egg sales appeared to be similar or slightly higher in 2012, though due to the small sample and large scale of some producers the margin of error can be quite large. The average price received was £2.49 per dozen, slightly higher than in 2011, but this varied greatly between producers selling in bulk (typically £1.50/dz.) or direct to the public (e.g. £2.50 plus).

Pig sales

Organic pig sales were higher in than in 2011, though the number of producers is very small in Wales, which will affect the accuracy of estimates.

Livestock marketing routes

Sales from beef and sheep livestock enterprises were recorded by their marketing route, indicating the sales split between different marketing routes for finished stock (Table 16) and store stock (Table 17).

Table 16 Marketing route of organically produced finished beef and lamb sales (2012, 2011 and 2010)

	Cattle			Lamb		
	2012	2011	2010	2012	2011	2010
Direct to Abattoir	77%	69%	53%	60%	57%	49%
Producer Group	9%	14%	21%	4%	6%	9%
Livestock mart.	4%	7%	17%	31%	34%	36%
Direct to public	10%	11%	8%	5%	3%	5%
n	*151*	*150*	*177*	*370*	*376*	*372*

The 2012 survey saw another increase in the percentage of finished stock that was sold direct to an abattoir for both finished beef and lamb. The percentage of finished beef sold directly has increased from 53% in 2010 to 77% in 2012, whilst finished lamb sold direct has also increased, from 49% in 2010 to 60% in 2012. Sales via producer groups and livestock markets continued to fall in 2012, but 31% of finished lambs were still sold through a market. The percentage of stock sold through direct to the public sales was similar for both beef and lamb.

Table 17 Marketing route of organically produced store cattle and lamb sales (2012, 2011 and 2010)

	Cattle			Lamb		
	2012	2011	2010	2012	2011	2010
Producer Group	2%	2%	4%	2%	4%	2%
Livestock mart.	68%	70%	68%	75%	73%	78%
Direct to another producer	30%	28%	28%	23%	22%	20%
n	*241*	*246*	*229*	*139*	*166*	*155*

The marketing route for both store cattle and lambs was almost unchanged in 2012. The largest percentage was sold through livestock markets, followed by direct sales to other producers, whilst sales through producer groups remained minimal.

Livestock feed & fodder

Most of the beef sector's feed requirements continued to be sourced as straight cereals with compound feed comprising of about 35% of total requirements. Compound feed continued to comprise a much higher percentage of total feed used for sheep production at 85% of the total. The organic dairy sector continued to use large quantities of compound feed, as well as straights, with almost 11,200t recorded through the survey.

Based on the overall response rate for the survey (64%), it can be estimated that total organic ruminant concentrate feed requirements for Wales were around 28,500 tonnes, compared to an estimated 21,000 tonnes in 2011. Whilst beef and dairy sectors showed increased feed usage, the sheep sector usage appeared to have almost doubled since 2011.

Table 18 Organic livestock concentrate feed use, proportion bought-in, prices and availability

		Feed used		**Feed source**			**Feed prices**		**Feed availability***	
		t	n	Home-grown	Bought-in	n	£/t	n	rating	*n*
Beef	Cereal	1479	68	85%	15%	67	227	11	2.1	*35*
	Protein	63	13	50%	50%	10	612	8	2.1	*11*
	Compound	828	117				342	110	1.6	*94*
Sheep	Cereal	557	50	78%	22%	50	225	8	1.9	*26*
	Protein	88	44	26%	74%	23	784	40	1.4	*41*
	Compound	3644	223				366	212	1.6	*173*
Dairy	Cereal	1718	21	78%	22%	21	251	7	2.0	*12*
	Protein	305	9	17%	83%	6	411	8	2.3	*8*
	Compound	9170	63				328	61	1.5	*49*
Total for ruminants	Cereal	3754	139	80%	20%	138	234	26	2.0	*73*
	Protein	456	66	31%	69%	39	602	56	1.9	*60*
	Compound	13642	403				345	383	1.6	*316*
Pigs & Poultry	Cereal	-	4	-	-	3	-	1	-	*4*
	Protein	-	1	-	-	0	-	1	-	*1*
	Compound	986	24		0	0	406	24	1.6	*17*

** Feed availability rated from 1=Good, 2=Sufficient, 3=Difficult, 4=Poor, 0=Don't know/no view*

The proportion of home-grown ruminant feed varied from as high as 85% for cereals fed to beef down to 17% for protein fed to sheep. Compound and cereal prices were very similar to 2011 with the average ruminant compound feed costing £345/tonne in 2012 and 2011. Cereals fed to ruminants averaged at about £234/tonne, slightly up on 2011 prices. Protein prices remained more variable, ranging from an average of £411 for dairy up to £784 per tonne for sheep enterprises, averaging £658/tonne for ruminants.

The pig and poultry sectors were more reliant on bought-in compound feed, averaging at £406/tonne, compared to £413 per tonne, in 2011. Due to small sample sizes, estimating the total organic feed requirements for pig and poultry sectors was difficult but using the overall survey response rate of 64% indicated an estimated total of 1650 tonnes

Feed availability appeared to have slightly declined in 2012, with the average score for ruminant straight feeds now worse than in 2011, though compound feed seemed unaffected.

Livestock technical issues

Table 19 highlights the technical issues identified by producers within their organic livestock production system. The beef sector identified forage production as their main concern, with 10% of producers struggling to produce enough forage of sufficient quality, and 6% identified health issues, with TB continuing to be the main concern. Some producers also indicated economic concerns, and issues of sourcing organic store cattle. The primary concern for lamb producers continued to be health, with internal and external parasite control, including fluke control identified as a problem. As with the beef sector, forage production was also highlighted as an issue.

For organic milk producers forage production was the primary concern, with low forage production and weed control, particularly due to slurry spreading weed seeds was identified. Health was also an issue, with TB being the main concern.

For egg producers, there were some health concerns, and although not a technical issue, the cost of feed was their main difficulty identified.

Table 19 Technical issues identified with organic livestock production

	Beef	Lamb	Milk	Eggs
Forage	10%	8%	23%	0%
Health	6%	9%	14%	0%
Conc (energy)	3%	3%	4%	5%
Biosecurity	0%	0%	10%	0%
Conc (protein)	1%	1%	0%	5%
Breeding (choice of breed)	3%	1%	7%	0%
Infrastructure	1%	0%	3%	5%
Other	10%	10%	0%	19%
N	*122*	*131*	*42*	*7*

The long withdrawal periods (approx. 140 days) associated with the use of the injectable anthelmintic, (Moxidectin) for sheep scab control had previously been identified as a potential issue for organic sheep farmers. Table 20 indicates that around 31% of sheep producers responding to this question had used a product containing Moxidectin (compared to 28% in 2011). Of the respondents that had used an injectable, only 14% said this had affected their marketing of lambs (compared to 35% in 2011). Many of the comments confirmed that producers primarily used this drug within the breeding flock, so marketing issues were less of a problem, but some concern was expressed at the fear of sheep contracting scab and therefore having to treat ewes or store lambs during winter finishing.

Table 20 The use of injectable anthelmintic and its effect on marketing of stock

	Yes	No	*n*
Sheep injectable used	31%	69%	*361*
	Yes	No	*n*
If used, did it affect lamb marketing	14%	86%	*110*

Horticulture and arable cropping

Horticulture

Data collection within the horticultural sector proved difficult again due to the small number of producers and the large variety of crops, as well as the varying markets supplied. Table 21 indicates the areas of differing horticultural crop types and the average marketing route for that crop type. It was not possible to quantify output due to the high number of crops and varying scale of operations. Holdings producing mixed market crops and field vegetables were the most prevalent, with a high percentage of produce sold direct to the public with only potatoes sold via bulk.

Table 21 Horticulture production, prices and market split

	Area (ha)	Marketing routes			
		Direct to public	Wholesale	Bulk	*n*
Mixed market garden	30.2	96%	4%	0%	*14*
Potatoes	6.3	41%	39%	20%	*6*
Field veg	23.6	65%	35%	0%	*15*
Fruit	19.6	44%	56%	0%	*8*
Other crops	8.1	-	-	-	*3*
Total	88				
n	*48*				

Table 22 indicates that over 20% of horticultural growers responding experienced difficulties in controlling weeds during the 2012 growing season, with some having seed issues and a variety of other factors also affecting many producers, including disease, machinery and adapting to changing weather and climate pattern problems.

Table 22 Percentage of horticultural producers experiencing difficulties with various factors

Difficulty	%
Weeds	22%
Seeds	4%
Disease	4%
Labour	0%
Climate change	11%
Machinery	2%
Other	24%
n	*31*

Producers were asked about any marketing difficulties they had experienced but the response was very low so cannot be published, which hopefully indicates that marketing isn't currently a major issue.

Arable cropping

Table 23 indicates that in 2012 the largest arable crop areas were barley, wheat and oats, with the majority being produced for home-grown feed. Average prices obtained by producers were slightly higher than in 2011, varying between £150 and £310 per tonne, with some smaller producers selling conventionally.

Table 23 Arable production, prices and marketing route (2012 harvest)

	Area (ha)	Total prod. (t)	Sales vol. (t)	Price (£/t)	Marketing routes			
					Direct to public	Wholesale	Bulk	*n*
Wheat	149	514.5	-	-	-	-	-	*2*
Barley	489	1863	346	260	56%	33%	11%	*9*
Oats	383	1344	363	231	75%	25%	0%	*8*
Triticale	55	227	-	-	-	-	-	*1*
Peas or beans	138	508	-	-	-	-	-	*3*
Cereal/legume	-	-	-	-	-	-	-	*1*
Total	**1262**	**4597**	**844**	**250**				
n	*135*	*128*	*26*	*26*				

- data not shown due to small sample size

Table 24 indicates that almost 30% of arable producers experienced difficulties in controlling weeds during the 2012 growing season, with other factors also affecting some producers, including challenges from changing climate and weather concerns.

Table 24 Percentage of arable producers experiencing difficulties with various factors

Difficulty	%
Weeds	28%
Seeds	1%
Disease	1%
Labour	1%
Climate change	11%
Machinery	2%
Other	10%
n	*50*

Producers were asked about any marketing difficulties they had experienced, but few responded, preventing publication of their views..

Direct sales

Fifty two respondents indicated they were involved in some form of selling direct to the public (approximately 8% of survey respondents). Table 25 shows that meat and vegetables continued to be the most widely directly sold products.

Table 25 Main type of produce sold

	% of direct sellers
Meat	48%
Dairy	6%
Eggs	8%
Vegetables	29%
Fruit	6%
Mixed Content	4%
n	*52*

Table 29 indicates the high importance of direct sales to the majority of the producers involved in direct sales, with over 50% of producers involved in direct selling relying on direct sales for over 80% of their turnover.

Table 26 Percentage of total business turnover from direct sales

	%
0-20%	23%
20-40%	4%
40-60%	6%
60-80%	13%
80-100%	54%

In 2012, an increased number of producers selling directly to the public (55%) felt that their sales had not changed in the last 12 months, but 28% thought that their direct sales had increased and only 18% felt sales had declined.

Table 27 Direct sales changes during the previous 12 months

	2012	2011	2010
Up by 10%+	12%	7%	20%
Up by 1-10%	16%	14%	13%
No change	55%	67%	50%
Down by 1- 10%	6%	5%	9%
Down by 10%+	12%	7%	8%
n	*51*	*58*	*64*

Future intentions of producers and market development

Future intentions of organic producers

In 2012 less than three quarters of organic respondents intended to continue organic production without change in the next 12 months, slightly below results from 2011 and 2010 of 77% and 79% respectively (see Table 28). Few producers indicated that they planned to increase or reduce current production levels, with 1% intending to retire from farming. The biggest change from 2011 was that 15% of producers indicated that they intended to leave the organic sector in the next 12 months, up from only 2% the year before.

Table 28 Welsh organic producers' organic farming intentions for the next 12 months (data for 2007 – 2012)

	2012	**2011**	**2010**	**2009**	**2008**	**2007**
No change	71%	77%	79%	75%	63%	70%
Buy/rent more land	1%	2%	3%	15%	14%	19%
Intensify production	3%	9%	8%	-	-	-
Reduce production	2%	3%	2%	4%	11%	-
Give up farming completely	1%	1%	1%	1%	1%	-
Revert to conventional farming	15%	2%	3%	1%	2%	-
Change enterprises	1%	1%	2%	-	-	-
Other	5%	5%	2%	5%	9%	11%
n	*579*	*570*	*536*	*560*	*366*	*405*

- = option not asked

Producers were also asked for their views on whether the current (2012) prices for products were high enough to continue producing organically (shown in Table 29). Beef producers were more positive in 2012 with 60% of finished beef producers considering that current prices are high enough, compared to 41% in 2011. Store cattle rearers were slightly more positive than in 2011, but less positive than finished producers.

The sheep sector results were similar to 2011, with 23% of finished lamb producers positive, but 35% of producers thought that the current lamb price definitely wasn't high enough to continue production, up from 20% in 2011. The organic dairy sector was less positive in 2012, with 29% of producers positive about current prices, compared to 40% in 2011. 61% of milk producers were negative about current prices, compared to 50% in 2011.

Egg producer views were more neutral than in 2011, with less positive, but also less producers negative about current prices. Pig producer views were also more neutral than in 2011.

Horticulture producer views were very similar between years, whilst arable producers were more positive in 2012, with 53% indicating that they felt current prices were good, compared to only 31% in 2011.

Producers undertaking direct organic sales were similar to 2011, with 63% indicating prices were high enough to continue operating organically.

Table 29 Are current (2012) prices for products sufficiently high to continue producing them organically?

	Definitely		Probably		Not Sure		Probably Not		Definitely Not		*2012*
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	*n*
Finished cattle	10%	2%	50%	39%	23%	26%	11%	21%	6%	11%	*189*
Store cattle	5%	2%	36%	31%	29%	28%	18%	26%	12%	13%	*257*
Finished lamb	1%	2%	22%	21%	19%	27%	23%	30%	35%	20%	*362*
Store lamb	1%	1%	8%	16%	28%	37%	21%	25%	41%	20%	*219*
Milk	10%	8%	19%	32%	10%	10%	34%	18%	27%	32%	*59*
Eggs	0%	0%	48%	65%	43%	6%	10%	12%	0%	18%	*21*
Pigs	0%	0%	22%	18%	44%	18%	11%	18%	22%	45%	*9*
Horticulture	15%	15%	35%	33%	38%	31%	5%	13%	8%	8%	*40*
Arable cropping	23%	2%	30%	29%	34%	56%	11%	6%	2%	6%	*53*
Direct sales	18%	18%	45%	43%	16%	25%	16%	11%	6%	4%	*51*
Average (weighted)	6%	3%	28%	28%	24%	29%	19%	24%	23%	16%	

The previous Welsh organic producer survey indicated that up to 42% of producers intended to revert to conventional farming in the next 5 years. For the 2012 survey, the question was expanded to obtain a more accurate indication of the numbers of producers likely to revert in the next year, two years, 3-5 years or longer, with results indicated in Table 30. The results show that 26% of the 566 producers responding indicated that they will revert in the next 12 months, a further 21% intending to revert within 2 years and another 23% may revert within 3-5 years.

Table 30 Length of time producer intends to remain organic

Year	2012	2011	2010
<1yr	26%	-	-
<2yrs	21%	-	-
3-5 yrs	23%	-	-
Total of 1-5yrs	70%	42%	36%
5-10 yrs	8%	22%	33%
10yrs plus	22%	36%	31%
n	*566*	*561*	*531*

To calculate the potential effects on the Welsh organic sector, data for producers who indicate they intend to revert to conventional farming within one or two years was directly linked to their farm enterprise data, with results presented in Table 31 below.

The results indicate that around 50% of holdings with organic beef and sheep enterprises could revert, with these holdings comprising 43% of organic breeding cows and 48% of organic breeding ewes in Wales. Organic dairy cow numbers could fall by 36% though pig and poultry enterprises appear to be less affected.

The potential loss in horticulture area appeared to be relatively small, but 48% of the land currently used for organic combinable arable crops could revert to non-organic land. In total, the potential loss of Welsh organic land could be around 42% or an estimated 53,000 hectares (based on the survey response rate of 64%).

Table 31 Potential losses to the Welsh organic sector in the next 2 years

Enterprise	% of holdings	*Number of holdings*	Livestock number/land area	% of total livestock/area
Beef cows	45%	*161*	4413	43%
Breeding ewes	51%	*204*	80500	48%
Dairy cows	26%	*18*	3605	36%
Laying hens	29%	*6*	931	4%
Breeding sows	13%	*1*	8	17%
Horticulture area	15%	*7*	19	14%
Arable area	49%	*46*	624	48%
Direct sales	23%	*12*	N/A	N/A

Producers were asked for their main reason(s) for considering ceasing organic farming within the next two years, with their answers classified into three categories displayed in Table 32, below. The main concerns were identified as high feed prices and little or no organic premium for organic output, especially lambs. The future of agri-environment payments for organic farming through the Glastir scheme and uncertainty of CAP reform in general was the largest single concern. Many producers converted to organic farming during 2007 to 2008 and therefore their 5 year contract within the Organic Farming Scheme is now finishing and they are unsure whether to remain organic. The uncertainty concerning the future level of support payments combined with other factors such as input costs and some technical issues such as controlling weeds has left many to consider reverting.

Table 32 Producer reasons for considering leaving organic farming within five years

	2012	**2011**	**2010**
Financial (non-support payment related)	47%	48%	58%
Agri-environment scheme (Glastir/OFS) uncertainty/payments	34%	26%	25%
Family and other reasons	19%	26%	16%
n	361	274	261

In addition to the results above, as part of the survey process, up to 20 respondents were identified as previously being organic, but had reverted to conventional farming at least 6 months ago and another 6 respondents had reverted more recently, though their data is included within the main survey results.

Agri-Environment Scheme Participation (including Glastir)

Welsh organic farmers have historically participated in agri-environment (AE) schemes, as reflected in Table 33 below. The 2012 data reflected the transition of producers between the previous and new agri-environment schemes, with a decrease in the number of producers participating in the old schemes. Tir Mynydd has now ended and virtually all producer contracts with Tir Cynnal and Tir Gofal will end during 2012 and 2013. The new Glastir scheme take-up is shown subsequently.

Table 33 Agri-environment scheme participation

	2012		2011	
	%	*n*	%	*n*
OFS/OFCS	76%	*494*	89%	*561*
Tir Mynydd	21%	*136*	65%	*405*
Tir Cynnal	15%	*94*	20%	*125*
Tir Gofal	48%	*310*	49%	*307*
Other	0%	*2*	0%	*2*

During 2012 the new Glastir agri-environment scheme has been modified and recently re-named. With the ending of existing AE schemes, producers were asked to indicate if they had joined the various Glastir options, with result displayed in Table 34. It can be seen that only around 32% of respondents had applied to join the All Wales Glastir element (compared to 27% in 2011), with 52% definitely not applying. The Targeted Element of Glastir continues to have limited access, only 4% of producers indicated that they have applied, and other Glastir scheme uptake such as Carbon reduction and woodland schemes were even lower.

Table 34 Glastir intentions

Glastir Scheme	Applied?	2012		2011	
		%	*n*	%	*n*
All Wales/	Yes	32%	*151*	27%	*154*
	No	52%	*247*	55%	*313*
	Unsure	16%	*76*	18%	*105*
Targeted element	Yes	4%	*13*	5%	*27*
	No	83%	*250*	72%	*377*
	Unsure	13%	*39*	23%	*123*
Common land	Yes	-	*1*	*nd*	*nd*
	No	89%	*246*	*nd*	*nd*
	Unsure	10%	*28*	*nd*	*nd*
ACRES – carbon reduction	Yes	3%	*8*	*nd*	*nd*
	No	87%	*239*	*nd*	*nd*
	Unsure	11%	*29*	*nd*	*nd*
Woodland schemes	Yes	2%	*6*	*nd*	*nd*
	No	88%	*242*	*nd*	*nd*
	Unsure	10%	27	*nd*	*nd*
nd - no data available					

Conclusions

The survey continued to receive a good response rate from the telephone only survey method. The 2012 results indicated that the size of the Welsh organic sector remained stable with similar land area and livestock figures to 2011, with virtually all land and livestock now reached fully organic status.

Sales figures indicated that the quantity of fully organic produce increased in 2012 but also that the percentage of organic output that was sold to an organic market also increased for finished beef and lamb. However, the percentage remained low for lamb at 53% compared to beef at 91%, and store lamb and cattle sales were also low. Beef and lamb sales indicated a continued increase in sales direct to abattoirs at the expense of producer groups and livestock markets, reflecting the integration of supply chains. Milk and egg organic sales and percentage sold into an organic market were almost 100%, though the organic milk sales percentage fell slightly.

In general, producers were happier with current prices for produce, with beef and arable farmers the most positive, whilst sheep and horticulture producer views were similar, with dairy and egg producers less optimistic. However, with 47% of current producers expressing an intention to revert to non-organic farming in the next two years, the sector will potentially see massive changes. The main reasons for wishing to revert were connected, as together they contribute to the overall profitability of the farm. Producers felt organic farming limits their output, through lower stocking rates/lower external input use, whilst they pay higher prices for feed and at present may receive a minimal premium for their organic product. The consensus from producer comments was that they felt future organic support payments were unlikely to financially compensate them for what they perceive as “lost income” as a result of higher feed costs, a minimal organic price premium and lower stocking rates.

During the next 12 months many producers will see the end of their current agri-environment scheme contract and will have to decide whether to join Glastir and the new organic farming support scheme. At present Glastir take up is only at 32% of producer survey respondents and comments indicate significant concern at the payment level of the future organic support payment. The survey has highlighted that up to 42% of current organic land area, 43% of organic beef cows, 48% of organic ewes and 36% of dairy cows could revert to non-organic status. Although the organic lamb sector is over-supplied, a significant reduction the sector could see significant shortages of beef, milk and cereals.

Appendix 1 – Defra Certification Body Data (end of 2011)

		end 2006	end 2007	end 2008	end 2009	end 2010	end 2011	% Change
Holdings	**Number**	**710**	**857**	**1048**	**1013**	**1006**	**964**	***-5%***
Land use								
Area	**Ha**	**78973**	**95865**	**114393**	**123623**	**121093**	**122718**	***1%***
Cereals	Ha	2144	2361	3002	3591	3191	2863	*-10%*
Other arable	Ha	1557	1618	3164	3428	3317	2638	*-20%*
Potatoes	Ha	99	96	99	45	38	41	*8%*
Horticulture	Ha	244	322	362	432	379	312	*-18%*
Total tillage	**Ha**	**4044**	**4397**	**6627**	**7495**	**6926**	**5854**	***-15%***
Temp grass	Ha	10564	11286	10125	9904	9474	9662	*2%*
Arable land (inc temp grass)	**Ha**	**14608**	**15683**	**16752**	**17399**	**16399**	**15517**	***-5%***
Permanent grass/rough grazing	**Ha**	**63103**	**78976**	**95961**	**104024**	**102464**	**105517**	***3%***
Woodland/other	**Ha**	**1262**	**1206**	**1679**	**2200**	**2229**	**1684**	***-24%***
Livestock numbers (excluding non-organic stock on organic farms)								
All cattle	**Head**	**41612**	**45096**	**54281**	**49388**	**52040**	**60495**	***16%***
Dairy cows	Head	9346	11069	11372	13670	12478	13868	*11%*
Est. milk output	M litres	50	61	63	75	69	76	*11%*
Beef cows	Head	8470	8985	12119	9627	11530	14111	*22%*
Est. finished cattle	Head	8000	8500	11500	9250	11000	12700	*15%*
All sheep	**Head**	**279361**	**367597**	**531209**	**293930**	**358100**	**531033**	***48%***
Ewes	Head	148935	179122	262639	143510	177062	255182	*44%*
Lambs/yearlings	Head	129359	185762	266908	148917	179516	273413	*52%*
Other sheep	Head	1067	2713	1662	1503	1522	2438	*60%*
Poultry	**Head**	**153800**	**120689**	**265647**	**265752**	**252518**	**152296**	***-40%***
Laying hens	Head	45823	28102	57135	51409	38405	38251	*0%*
Est. eggs	M dozen	1.1	0.7	1.3	1.2	0.9	0.9	*0%*
Table birds	Head (k)	80	84	99	105	105	104	*0%*
Est. finished chickens	Head (k)	280	293	348	350	350	350	*0%*
Other poultry	Head	28059	8837	109112	109676	109446	9651	*-91%*
Sows	Head	16	82	49	338	332	72	*-78%*
Other pigs	Head	194	649	173	412	359	357	*-1%*
Goats	Head	35	28	23	17	25	8	*-68%*
Camelids	Head	318	323	330	215	285	281	*-1%*
Horses/donkeys	Head	214	390	447	316	34	93	*174%*
Deer	Head	342	426	399	329	348	270	*-22%*
Other	Head	138	545	632	907	1760	2952	*68%*