Organic Livestock Specifications

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Abstract:

Globally the organic market now comprises approximately 2% of the total food market and is growing in the order of 20%- 30% pa (Meat NZ 2000). Pasture based agriculture in New Zealand is in an ideal position to take advantage of this growth. BioGro New Zealand and AgriQuality New Zealand are currently the two dominant organic livestock specifications that farmers must produce to.

The AgriQuality standard is based on the new European Union standard recently released. This study will investigate the requirements, implications and issues pertinent to a group of New Zealand livestock growers contemplating conversion to organic livestock production for the European market.

A detailed literature review, multiple case study analysis of three BioGro farms and focus group discussion was conducted. The major distinction between the two standards is in the animal welfare and conversion period requirements. The AgriQuality standard permits up to three medical treatments per year, per animal without loss of organic status and the conversion can be quicker. Motives for the case study farmers converting to organic included, environmental, market opportunities and a desire to bring the soils, pastures and animals into 'balance'. Best management practice of the soils, pastures, animals and water on the farms was about accepting and minimising where possible the production risks through timing and proactive management with a preventative focus.

Sourcing information, developing new skills and a drive to find new and different ways of answering conventional problems is critical. A lot of thought and energy goes into off farm marketing and value adding projects for market control and personal satisfaction.

These differences in the standards could provide opportunities to farmers keen on a more environmentally friendly farming system that don't want to go to the full BioGro standard

and conversion process. There may also be the opportunity to attain organic premiums from moving to the EU standard.

Opinion on the EU standards was mixed. Some saw the EU standards as an easier option that gave the 'organic brand' a bad name. They felt having more than one organic label would confuse the consumer and be of detrimental value long term to the New Zealand organic industry. None of the case farmers would revert back from their BioGro Standards.

Financial performance measures were not defined in this research. It would be unwise for a conventional farmer to convert to an organic system for financial reasons. Non-financial drivers such as the environment and social indicators are important measures.

For progressive farmers that are after a more sustainable farming system the EU standard offers an opportunity. For these farmers financial and non financial performance measures will be important and attainable. **The EU standard has the potential to 'out perform' conventional and BioGro systems - proving the hypothesis.**

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Introduction

1.1 Organic farming in New Zealand - the current situation

The organic industry in New Zealand started in the 1950's but began to develop into its current structure between 1983 and 1990 as a more coherent industry with a central certification body, BioGro (Skinner 1999). Until 1990 the sector was characterised by philosophically committed organic producers focusing on the domestic market. However since then, the development of the export sector has encouraged the expansion of organic farming. World-wide the environmental movement has been booming with discontent about the overproduction in many developed countries, underproduction in developing countries and the negative impacts of agricultural practices on the environment. The effect of this movement can not only be seen in the range of policies which give greater weight to environmental considerations, but also in the growth of the organic movement and the market for organically produced food (Meat NZ 2000). Globally the organic market now comprises approximately 2% of the total food market and is growing in the order of 20% to 30% pa (Meat NZ 2000).

Estimates of certified BioGro members show an increase from 232 in 1992, to 310 in 1998 (as at April 1998) and now reaching 700 members in 2000. BioGro currently trademarks over 100 million worth of organic products per year, of which approximately 60 million is exported (BioGro 2000). In a recent study by Campell *et al* (1998) investigating the market for organic food it was concluded that on the New Zealand domestic scene growth was rapid at 50% per annum over the three years to the end of 1999. Research data presented in the same article from the Foreign Agricultural Service (FAS) found that the average growth rate for the organic market over 21 major countries was 35%. Only Australia and the United Kingdom had experienced higher domestic growth rates than New Zealand. On average from this study by the FAS premiums of 35% were being paid for the organic produce.

With its outdoor legume based pastoral system, New Zealand is in an excellent position to take advantage of the market opportunities that growth in the demand for organic food creates (Mackay *et al* 1998). In the UK for instance the annual market for organic products is expected to surpass the 1 billion pound sterling mark by 2001, with around 70% of all organic food sold imported (Holden 2000; Lohr 1998). Germany's retail market for organic products had an approximate value of $1.6 billion in 1997 of which 60% was imported (Lohr 1998). Holden cites organic meat products as an obvious example of an opportunity for prospective New Zealand exporters to Europe.

The conversion to organic livestock production provides many opportunities and risks. The opportunity to tap into a relatively new and rapidly growing niche market where substantial premiums are paid by consumers' world-wide. However, there are risks from adopting different and more restrictive farming techniques that may or may not result in increased or even the same performance they currently achieve and in a young and unproven market. This study will investigate the requirements, implications and issues pertinent to of a group of New Zealand livestock growers contemplating conversion to organic livestock production for the European market.

1.2 Research Question

What farming systems changes will New Zealand livestock growers need to make to comply with European organic meat production standards, and what are the implications?

The introduction of a new EU organic meat production standard will certainly spark interest amongst the many farmers considering moving to organics. It may offer an opportunity to farmers on the fringe of going organic the opportunity to achieve many of their conventional farming goals whilst moving more in the organic direction. This new standard needs research and analysis to understand how it may benefit livestock farmers and the wider meat industry.

1.3 Hypothesis

"That by producing to European Organic meat specifications, New Zealand livestock growers can out perform their conventional and BioGro systems".

The ability to 'outperform' is the key aspect of the hypothesis as performance can be measured in so many ways (e.g. financially and non-financial measures). In this study, the definition of performance relates more to overall management satisfaction rather than only financial measures. It will require investigating what and how organic and conventional farmers measure performance in relation to their goals and values. From here some broad assumptions can be made to whether the EU standard will out perform BioGro and conventional livestock systems.

1.4 Research Objectives

1. **Compare and contrast the BioGro and European organic livestock production specifications for the production of livestock.** This is needed to ascertain the important differences between the two standards. These differences will have implications to growers, processors, the wider organics industry and consumer perceptions.

2. **Gain an understanding of the philosophical drivers and best management practices by which soils, water, animals and feed are managed to meet the two specifications.** This objective is needed to find out how, what and why organic farmers do things differently. This is important to understand the motivational factors, values and satisfactions that may or may not be achieved with a different organic standard.

3. **Establish the methods by which performance can be measured when converting from a conventional farming system to an organic system.** If an EU standard is going to out perform BioGro and conventional farming livestock systems, then specific performance measures need defining.

4. **Estimate the biophysical, financial and social implications of altering conventional farming systems to meet the two organic specifications.** Objective four considers the wider implications of having less conventional farming systems and more organic. There are many important economic considerations that need thought and discussion.