

Organic market report 2007



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Foreword

Organic food and drink sales in the UK nudged the £2 billion mark for the first time in 2006, with a sustained market growth rate of 22% throughout the year. Organic textiles and the booming organic health and beauty sector are experiencing particularly strong growth, while dynamic public support for all things organic is stimulating more farmers and growers to convert to organic production. Enquiries to the Organic Conversion Information Service (OCIS) increased by 30% across the UK although businesses in south-west England and Wales showed much greater interest, with both areas vying for the title of 'the heartland of organic food and farming'.

While supermarkets still dominate organic food sales, the 53% growth in sales experienced by organic box schemes and other direct routes during 2006 was more than double that of the major retailers. More and more people want to buy locally-grown, seasonal, unprocessed, organic food that also delivers a fair price to the farmer and grower. Championed and pioneered by the Soil Association and organic growers alike, organic box schemes reflect a growing grassroots movement that links everyday food choice to environmental action. Ian Tolhurst's organic box scheme near Reading (see p52) demonstrates just what the combination of organic food production and local distribution can deliver: produce that is 90% more energy efficient than non-organic produce grown and delivered to a supermarket. His business supplies fresh organic produce to 400 customers each week, yet has a total 'carbon footprint' no bigger than the average UK household.

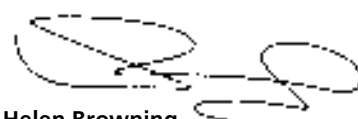
With Defra studies confirming that organic farming typically uses 30% less energy than non-organic agriculture, organic food can now rightly claim the title of 'climate-friendly food'. So it is contradictory that while the Government urges the public to take simple actions to curb climate change, such as switching to low-energy light bulbs, it is not doing more to encourage the public to buy 'planet-friendly' organic food. Fortunately, organic food is on many parents' shopping lists: households with children under the age of 15 buy the widest range of organic food, while organic baby food sales continue to grow – even as sales of non-organic baby food decline. It seems that 'mum really does know best'.

Animal welfare concerns are driving changes in the poultry sector, with sales of free-range and organic outstripping eggs from caged birds for the first time. Organic table bird sales also rose. This is despite the threat of bird 'flu, which several commentators claimed would be spread by organic, outdoor birds – demanding that all poultry be shut indoors indefinitely. In fact, the only outbreak of high-pathogenic H5N1 bird 'flu in commercial flocks occurred in the Bernard Matthews indoor industrial turkey processing plant in Norfolk.

While this year's report is heartening, the organic movement faces challenges over the longer-term from climate change and rising oil prices, as do all farmers and growers. Food and farming is currently responsible for 20% of the UK's total greenhouse gas emissions. We see clear advantages from organic systems in helping to reduce greenhouse gas emissions, while offering greater

economic and environmental resilience for farmers and growers. Indeed, that is what motivated another of our case studies to go organic: Pembrokeshire farmers, Wyn and Christine Evans (see p47), converted to organic production because they found the cost of regular nitrogen fertiliser applications increasingly prohibitive they found at the same time that the resulting organic crops were more resilient to the increasing incidences of drought.

Climate change and rising fossil-fuel and chemical costs threaten our food supplies. As this market report shows, organic farming and food offers practical solutions to meet those challenges.



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Executive summary

Research shows that global sales of organic food and drink increased by £2.6 billion to £19.3 billion in 2006.

In 2006, retail sales of organic products in the UK were worth an estimated £1,937 million – representing a 22% increase since 2005. The retail market for organic products has grown by an average of 27% a year over the last decade.

The UK organic market is now the third largest in Europe after Germany and Italy.

Mintel's most recent *Organics Report* reveals that more than half of respondents had purchased organic fruit and vegetables within the previous 12 months, one in four consumers had bought organic meat or dairy products, and one in six consumers had purchased packaged organic goods.

The latest financial results from a Defra-funded survey of organic farms in England and Wales show the majority of farm types experienced better financial performance than comparable non-organic farms in 2003/04 and 2004/05.

The number of enquiries made to the Organic Conversion Information Service (OCIS) in England and Wales increased by 30% and by 63% in Scotland. Farmers and growers requested 877 organic advisory visits in 2006 – 44% of which took place in Wales.

In January 2007, there was a total of 613,470 ha of organically managed land in the UK – representing little change since January 2006. Organically managed land now accounts for approximately 3.5% of the UK's total agricultural land

area. The area of in-conversion land in the UK increased by 40%, with all countries seeing substantial growth – Scotland (110%), England (24%), Wales (20%) and Northern Ireland (25%) in 2006. However, fully organic land area declined by 7% over the same period.

In January 2007, there were 4,639 organic producers in the UK, representing an annual increase of 7%. Organic holdings now represent approximately 1.6% of all farms in the UK.

Mintel research reveals that households with children under the age of 15 tend to buy a wider range of organic foods than those with no children.

In 2006, sales of organic baby foods in the UK increased by 7% to approximately £78 million. Over the same period sales of non-organic baby foods declined by 2%.

The organic poultry market continues to increase rapidly, showing no signs of slowing down. An estimated 12.4 million organic table birds were consumed in 2006 – an increase of 39% since 2005.

The combined sales value of free range and organic eggs exceeded that of cage eggs for the first time.

In the year to March 2007, the market for organic milk increased by approximately 20% – in line with the long-term average organic milk market growth.

Retail sales of organic products through box and mail order schemes increased by an estimated 53% – from £95 million in 2005 to £146 million in 2006.

An average of 66% of the organic primary

produce sold by the multiple retailers was sourced in the UK, representing no change since 2005 – meat (79% UK sourced), dairy and eggs (96% UK sourced), vegetables (73% UK sourced), apples (12% UK sourced).

In contrast to the increased supply of organic meat, the UK's self-sufficiency in organic cereals fell below 50% during 2006, further increasing our reliance on imported organic grain.

In 2006, significant opportunities existed for growers at all scales of production as the UK organic fruit and vegetable market remained undersupplied.

1

Organic food and farming worldwide

Global sales of organic food and drink increased by £2.6 billion to £19.3 billion in 2006

There are over 600,000 organic farms, with 30.6 million hectares of organically managed farmland in more than 120 countries worldwide

Europe has the largest market (by value) for organic foods in the world and North America has the second largest market

Research by Organic Monitor shows that global sales of organic food and drink increased by £2.6 billion to £19.3 billion in 2006.¹ Exceptionally high market growth rates are now putting a strain on organic food supply in several countries, with many sectors reporting significant under supply. The North American market has experienced supply shortages for a number of years, and Europe and Asia were also affected in 2006.

In 2006, 623,890 organic farms managed an estimated 30.6 million hectares (ha) of organic farmland in more than 120 countries worldwide.² Organic farmland now represents approximately 0.7% of all agricultural land. If certified forest and wild harvested land is included, the total global organic land area increases to 62 million ha.

The Americas

In 2006, Europe represented the largest market for organic foods in the world, with North America the second largest. Although the North American organic markets continued to show high growth rates in 2006, its share of global sales actually declined because of the weak US dollar. The organic market in the US was worth approximately £8 billion in 2006. However, high consumer demand in both the US and Canada led to significant product shortages – and high import levels. Organic versions of products like pizza, hot dogs and peanut butter are now widely available in American retailers.

Latin America continues to play a major role as a global producer and exporter of organic products, with countries like

Brazil, Argentina, Chile and Costa Rica producing significant quantities of organic sugar, juices, coffee, herbs and spices, beans and seeds for the global organic market.

Asia

In Asia, 2.8 million ha of farmland was managed organically in 2006, of which 2.3 million ha was in China.

China has become a global producer of key organic ingredients, such as soya beans, seeds and grains. Bangladesh now has the second highest organic land area in Asia with a total of 177,700 ha, while South Asian countries like India and Thailand are becoming important producers and exporters of organic crops.

In Asia, the largest markets for organic foods are in Japan, South Korea, Taiwan, Singapore and Malaysia. Yet while high consumer demand exists for organic products in these countries, there is little domestic production and much of the organic food and drink sold is imported from non-Asian countries.

Oceania

In 2006, 39% of the world's organic farmland was in Oceania, although the actual market for organic foods remains small at approximately £170 million. Large areas of organic farmland in Australia and New Zealand are used to grow organic crops for the export market, causing a disparity between production and demand. Australasia is a significant global exporter of organic fruit, vegetables, beef, lamb, grains and seeds to Asian, European and American countries.

Figure 1

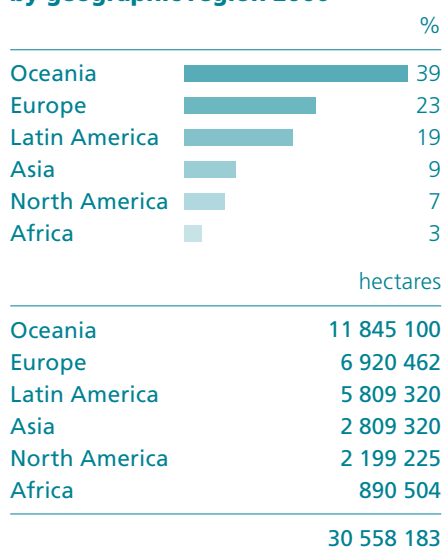
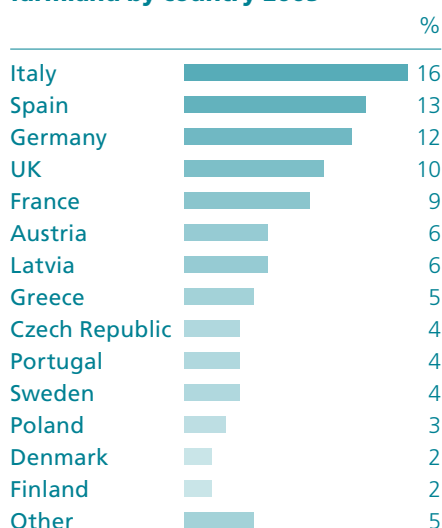
Breakdown of organic farmland by geographic region 2006²

Figure 2

Breakdown of European organic farmland by country 2005³**Africa**

In 2006, the total area of organically managed land in Africa was just 890,504 ha – less than on any other continent.

Sudan, Zambia and Kenya have the largest areas of organic land in Africa, and in most countries organic production is almost entirely export-oriented, focusing on citrus, tropical and exotic fruit, herbs and spices, tea, coffee, cocoa, sugar, cotton and vegetable oils.

Europe

Note: Statistics for 2006 are only available for a few countries. The figures and tables in this section are therefore largely based on data for 2005. Where trends are available for 2006 they have been included in the text.

In Europe, the organic share of the total food market varies from approximately 6% of total food sales in Switzerland and Austria, 4.5% in Denmark, to 3% in Germany and 1.6% in the UK. In many cases, the rapid growth in demand for organic produce has resulted in supply shortages. However, for the first time in four years the total number of organic holdings in Europe has increased. Conversion rates remain strong in southern, central and eastern European countries.

In 2006, just over 6.9 million ha of farmland was managed organically in the EU, representing approximately 4% of the total agricultural land area.²

Italy has the largest area of organic land in Europe, followed by Spain and Germany – although Austria has the

highest proportion of organic land with 11% of the country's total agricultural area in 2005.⁴

Organic livestock production is widespread in Austria and 24% of all sheep and 17% of all cattle are managed organically. In the Czech Republic, Denmark, Latvia, Austria and Sweden more than 5% of cattle production is organic, while 13% of pigs are managed organically in Greece.⁴

In Europe, the average organic farm size was 39 ha compared to an average of 16 ha for total (organic and non-organic) agricultural holdings. The difference between organic and total agricultural holding size is most marked in the Czech Republic and Slovakia.

In 2005, there were 182,000 registered organic operators in the EU-25, of which 87% were producers. Organic producers far outnumber organic processors in most of the new EU member states, such as the Czech Republic, Cyprus, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia. However, in countries with a more developed market and processing sector a much higher proportion of organic operators are processors. For example, in Belgium and the Netherlands, 42% of registered organic operators are processors, while more than 30% of organic operators are processors in Germany, France, Luxembourg and the UK.

In some of the Nordic member states the number of operators leaving the industry appears greater than the number starting up organic farming businesses.⁴ However, in many countries in Western and Northern Europe, consumer

demand for organic products continues to increase. For example, Switzerland report a 5% increase in the value of the organic food market, Austria and the Netherlands have seen the market increase by 10%, while the German market increased by more than 18%.

For more information on the organic market in European countries see appendix p54

Table 1
Organic farming in selected European countries 2005³

	population	organically managed land area			retail sales	
		hectares	holdings	% UAA	€m	£m
Germany	82 500 000	807 406	17 020	4.8	3 900	2 601
France	59 700 000	560 838	11 402	2.0	2 200	1 467
Italy	57 900 000	1 067 102	44 733	8.1	2 549	1 700
Netherlands	16 230 000	48 765	1 468	2.4	415	277
Austria	8 100 000	360 969	20 310	11.1	450	300
Switzerland	7 360 000	117 117	6 114	10.8	763	509
Denmark	5 400 000	145 636	2 892	5.5	309	206
EU-25	456 860 000	6 280 935	175 471	4.2	14 400	9 600

UAA: utilisable agricultural area

Figure 3
Organic land area in the EU 1995–2005³

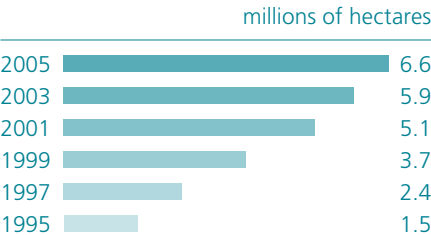
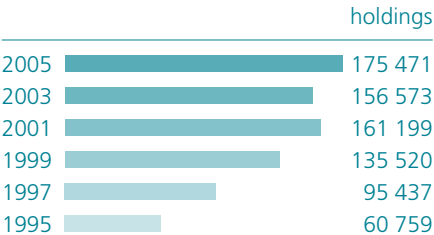


Figure 4
Number of organic holdings in the EU 1995–2005³



1. Organic Monitor (2006) *The Global Market for Organic Food and Drink – Business opportunities and future outlook* (Organic Monitor is a business research company specialising in international organic and related product industries. Visit www.organicmonitor.com)

2. Willer H and Yussefi M (2007) *The World of Organic Agriculture, Statistics and Emerging Trends*, IFOAM

3. Eurodata 2007, IRS University of Wales, Aberystwyth

4. Llorens Abando L and Rohner-Thielen E (2007) 'Different organic farming patterns within EU-25', *Statistics in focus – Agriculture and fisheries*

2

Organic farming in the UK

In January 2007, there were 613,470 ha of land managed to organic standards in the UK. Organically managed land now accounts for approximately 3.5% of the UK's total agricultural land area

In-conversion land increased by 40% with all UK countries seeing substantial growth

It is estimated that 291,000 organic lambs were slaughtered, a 41% increase since 2005

The combined sales value of free range and organic eggs exceeded that of cage eggs for the first time

LAND AREA

In January 2007, there were 613,470 ha of land managed to organic standards in the UK – little change since January 2006. Organically managed land now accounts for approximately 3.5% of the UK's total agricultural land area.¹ Within this, the area of in-conversion land increased by 40% to 118,874 ha. In-conversion land now accounts for 19% of the UK's organically managed land area, with all countries seeing substantial growth – Scotland (110%), England (24%), Wales (20%) and Northern Ireland (25%) in 2006. Over the same period, the UK's fully organic land area decreased by 7% to 494,596 ha. Fully organic land in England decreased by 4%, Scotland by 14% and in Northern Ireland by 5% in the year to January 2007. In Wales, however, the fully organic land area increased by 10% over the same period.

In the year to January 2007, the area of organic grassland in the UK declined by 7%, primarily due to a decrease in organically managed pasture in Scotland (-6%). In total, 430,243 ha or 87% of the UK's fully organic land was grassland. The area of land under horticultural production increased by 10% to 9,704 ha in January 2007, to account for 2% of the total organic area. The area of land under arable production decreased by 6% to 43,945 ha in January 2007, although the proportion of organic land under arable crops remained relatively stable at just under 9% of the total. The area of organic woodland increased by 20% to 4,006 ha in January 2007 and the area of organic fodder and silage crops decreased by 7% to 5,922 ha.

In January 2007, there were 4,639 organic producers in the UK, an annual increase of 7%. All countries saw an increase in the number of organic producers: England (7%), Northern Ireland (10%), Scotland (8%) and Wales (4%). Organic holdings now represent approximately 1.6% of all farms in the UK.² The average organic farm size in the UK has fallen from 143 ha in January 2006 to 132 ha in January 2007. This fall is primarily due to a decline in the size of organic holdings in Scotland, as large hill farms continue to withdraw from organic production. Organic farm size decreased in all countries except Wales where the average farm size increased by 7% to 111 ha.

Between 2005 and 2006, the total number of enquiries made to the Organic Conversion Information Service (OCIS) in England and Wales increased by 30% – from 895 enquiries in 2005 to 1,159 in 2006. The increased interest in organic conversion among farmers and growers was due to a combination of strong market demand, high prices for organic products, and the effect of the Single Farm Payment and the Organic Entry Level Schemes.

In 2006, farmers and growers requested a total of 877 OCIS advisory visits, 44% of which were in Wales, 28% in south-west England and 10% in the north of England. Most enquiries (49%) were from beef and sheep producers, although poultry (15%), arable (13%), dairy (11%), horticultural (7%), and pig producers (3%) all showed an interest in conversion. In Scotland, the number of organic enquiries received by the Scottish Agricultural College (SAC) increased by 63% in 2005/06, with

Table 2

Fully organic farmed area in the UK by enterprise 2006–07³

		2006		2007	annual
	%	hectares	%	hectares	change
Permanent pasture	72.3	380 880	70.9	350 467	-8%
Temporary ley	15.2	82 043	16.1	79 776	-3%
Grassland	87.5	462 923	87.0	430 243	-7%
Fruit/vegetables/salads/herbs	1.3	6 973	1.5	7 641	10%
Potatoes	0.4	1 873	0.4	2 063	10%
Horticulture	1.7	8 845	1.9	9 704	10%
Arable	8.8	46 625	8.9	43 945	-6%
Woodland	0.6	3 345	0.8	4 006	20%
Fodder/silage/other crops	1.2	6 400	1.2	5 922	-7%
Unknown	0.6	3 359	0.2	776	-77%
		531 496		494 596	-7%

Non-cropping area has been excluded and 2006 land area has been renewed following Defra's revision of data

Table 3

Average organic farm size UK 2006–07

hectares in...	2006	2007
England	103	97
Northern Ireland	39	38
Scotland	389	341
Wales	104	111
UK average	143	132

Table 4

Number of registered organic and in-conversion producers in the UK 2006–07³

England	2006	2007
East of England	254	267
East Midlands	218	236
Northeast	103	116
Northwest	170	173
Southeast/London	422	423
Southwest	1 162	1 282
West Midlands	338	351
Yorkshire/Humberside	140	155
	2 807	3 003
Northern Ireland	219	240
Scotland	636	686
Wales	681	710
	4 343	4 639

technical enquiries equally distributed between crops and grass (54%) and livestock (46%).

The OCIS service was suspended in England in December 2006, pending a funding review by Defra. However, the Welsh Assembly Government agreed to extend the OCIS contract in Wales for a further six months, allowing advisory visits to continue though to September 2007, at which point the service is expected to be put out to tender.

ARABLE

















The area of fully organic arable land decreased by 6% from 46,625 ha in January 2006 to 43,945 ha in January 2007. However, there were 15,183 ha of arable land in-conversion in January 2007.

In 2006, production of organic cereals in the UK was at best static, while demand for organic animal feeds and milling remained strong. Consequently, the market was very tight and prices for organic arable crops increased significantly towards the end of the year.

In August 2005, the EU confirmed a reduction in the allowances for the use of approved non-organic raw materials in organic animal feeds from 10% to 5% for ruminants (cows and sheep) and from 20% to 15% for mono-gastric animals (pigs and chickens). It was also confirmed that non-organic allowances would only be given if suitable organic raw materials were unavailable. This regulation change had a huge impact on the supply and demand balance of organic feed grains

Figure 5

Organically managed land in the UK 2000–07³

fully organic land		hectares
2007		494 596
2006		531 496
2005		634 000
2004		630 000
2003		534 000
2002		459 000
2001		240 000
2000		103 000
in-conversion land		
2007		118 874
2006		84 842
2005		52 000
2004		58 000
2003		192 000
2002		271 000
2001		313 000
2000		313 000

in the UK and although it took some time after harvest 2005 for the additional demand to affect the market, prices increased rapidly.

Following the introduction of the Single Payment Scheme it became clear that many marginal producers of cereal crops had decided to significantly reduce production, or cease arable cropping altogether. The gap in supply was filled by imports, resulting in UK self sufficiency in organic grain supplies falling below 50%.

The mild spring in 2006 allowed many producers to turn out their cattle early, taking pressure off stretched feed supplies. However, high levels of compound feeding continued to support high milk output, while the early spring developed into a period of drought and high temperatures. As a result, pastures produced little grass and reliance on bought-in feed increased to levels normally seen in winter. Across much of the country, growing crops struggled to develop in what turned out to be a hot summer. While the west of the country had adequate rainfall, and most crops were harvested in good condition with reasonable yields, the drought conditions in the east reduced yields significantly and a wet August compounded supply problems, resulting in disappointing yields and quality for many. Consequently, market prices only dipped slightly during harvest before increasing once again.

By autumn, most feed compounders and millers realised that they were entering another season of tight supply, with increasingly strong prices. In addition, at the end of October 2006 the Ukraine government announced

Figure 6

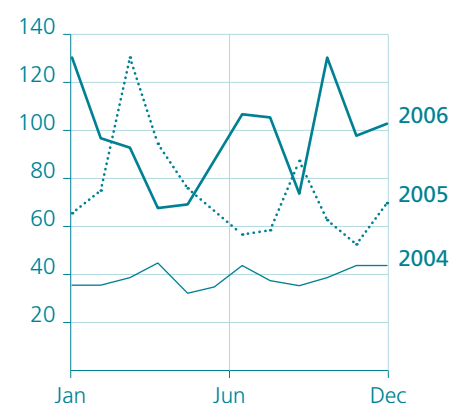
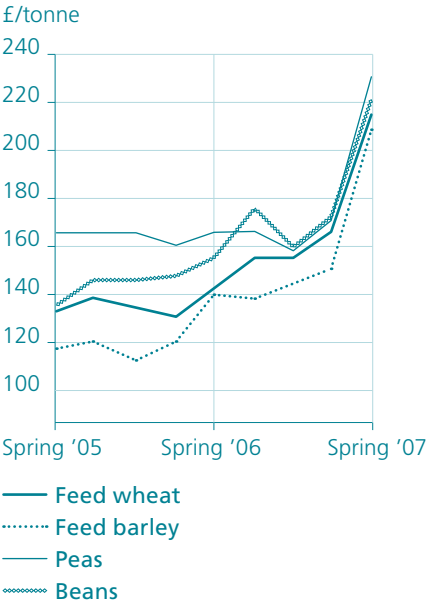
Number of OCIS enquiries in England and Wales 2004–06

Figure 7

Number of OCIS enquiries by region 2006

	%
Wales	44
Southwest	28
North of England	10
Southeast	7
West Midlands	5
East Midlands	3
East of England	3

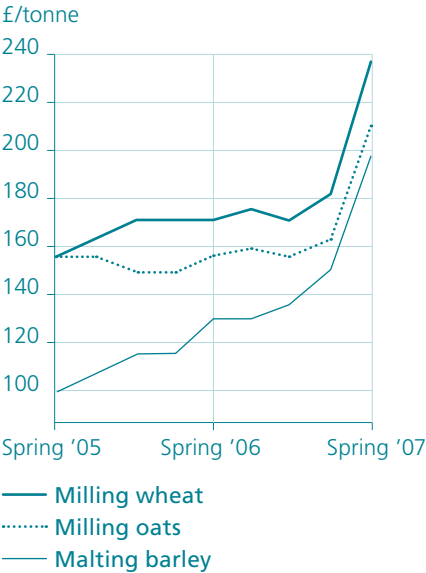
Figure 8
Average price for organic feed crops in the UK 2005–07



grain export quotas. Although organic crops were not the intended target of the export controls, significant quantities of organic wheat were caught by the legislation and several thousand tonnes of organic grain, desperately needed to feed stock in the UK, remained in port silos on the Black Sea.

As a result of these factors, between August 2005 and Christmas 2006, organic feed wheat prices increased by £70/tonne (from £130 to £200), leaving many feed compounders uncertain about whether or not they would be able to provide organic feeds for livestock customers through to harvest 2007. Supplies were increasingly sought from across the world to feed the growing demand for organic grain and arable crops in the UK.

Figure 9
Average price for organic milling crops in the UK 2005–07



HORTICULTURE

The area of organic land under horticultural production increased by 10% to 9,704 ha in the year to January 2007. There were increases in the area of alliums and root vegetables (23%), green vegetables, salads and protected crops (3%), potatoes (10%) and fruit (14%). The area of organic herbs remained stable and the area of flowers and ornamentals decreased by 29% in the year to January 2007.

Vegetables

The area of land under organic vegetable production increased by 10% between January 2006 (6,627 ha) and January 2007 (7,282 ha). Opportunities existed for growers at all scales of production as the UK organic vegetable market

remained in under supply. TNS report that the market for organic vegetables increased 10% by value in the year to March 2007.⁴

Following the trend in 2005, demand for local or direct sales of organic vegetables continued to increase in 2006 and many of the larger box schemes continued to experience significant growth, offering a realistic alternative market for larger organic growers who do not want to supply the multiple retailers.

However, reports from the first half of 2007 indicate that growth in the box scheme market has slowed significantly and a number of multiple retailers have now entered the market in response to consumer demand for local, organic produce. The surge of public interest in local food means that organic producers may have to work harder in the future to differentiate themselves from non-organic local outlets.

In addition, during 2006 the multiple retailers significantly increased their efforts to source more UK organic produce in response to consumer demand. As many existing organic producers were unable – or unwilling – to supply the multiple retailers, several existing non-organic suppliers were encouraged to grow a proportion of organic vegetables.

The unusual weather in 2006 had a mixed impact on horticultural production. Firstly, the dry winter (approximately 65% of average rainfall) and late, cold spell enabled many growers to maintain crops of broccoli, leeks and roots, although some early sowings were delayed. While the following hot, dry summer was an advantage for some

Table 5

Fully organic arable production in the UK 2006–07³

	2006		2007		annual change
	%	hectares	%	hectares	
Barley	16.6	7 751	16.2	7 138	-8%
Maize	1.0	463	1.2	526	14%
Oats	12.2	5 665	15.1	6 643	17%
Oil crops	0.9	405	0.4	173	-57%
Peas/beans	12.6	5 855	13.9	6 089	4%
Rye	0.7	306	1.0	445	45%
Set-aside	5.0	2 309	3.1	1 348	-42%
Sugar beet	0.2	73	0.2	71	-3%
Triticale	6.5	3 049	7.5	3 277	7%
Wheat	41.6	19 384	37.8	16 591	-14%
Not specified	2.9	1 365	3.4	1 491	9%
		46 625		43 945	-6%

Table 6

Organic horticultural production in the UK 2006–07³

	2006		2007		annual change
	%	hectares	%	hectares	
Alliums and root vegetables	17.6	1 557	19.8	1 918	23%
Potatoes	21.2	1 873	21.3	2 063	10%
Green vegetables/salads/protected crops	36.1	3 197	34.0	3 301	3%
Fruit	17.7	1 568	18.4	1 784	14%
Herbs	7.0	619	6.3	616	-1%
Flowers and ornamentals	0.4	31	0.2	22	-29%
		8 845		9 704	10%

Table 7

Production and farm gate value of organic livestock in the UK 2004–06

	2004		2005		2006	
	head	£/m	head	£/m	head	£/m
Beef	19 284	14	27 358	20	30 987	27
Lamb	158 912	9	205 238	12	290 720	18
Pork	47 000	7	56 487	8	50 777	8
Table birds	5 744 804	52	8 905 785	89	12 379 259	127

crops, such as sweetcorn and squashes, and blight incidence on potatoes was below average, the dry weather meant that key crops in some parts of the country needed early irrigation and some crops such as lettuce and calabrese suffered badly in the heat. In addition, the hot conditions meant that organic and non-organic onion yields were well below average, leading to a huge shortage of organic sets for 2007. Dutch growers will also be planting fewer onions than usual, so there is likely to be a shortage in 2007.

The warm autumn and mild winter in 2006/07 also caused problems for brassica growers. Many traditionally late varieties such as January king cabbage headed early, and spring greens were ready from October in Lincolnshire. Other crops were hit by unseasonable pest and disease problems that would not normally have been a problem, resulting in early gluts and late shortages. In March 2007, at a time when Cornish cauliflower growers normally have the market to themselves, the northern crops headed early resulting in heavy losses for some growers. On the plus side, protected salads benefited from the warm weather and continued to grow throughout most of the winter. The warm weather also led to major difficulties for packers who had problems planning the balance between UK and imported produce because UK produce was available when imports would normally be used.

Already in 2007, the UK has experienced the wettest June since records began, with a devastating impact on organic potato harvests. It is becoming increasingly difficult for growers

to plan successions of crops due to unpredictable temperatures and if these climatic trends continue the traditional planting calendar will change, with a reduction in normal winter crops. The unseasonably warm winters have also led to a reduction in demand for traditional hearty winter vegetables, as consumers instead choose salads and Mediterranean style produce.

Land shortages continued to constrain the development of the market as small parcels of land are too expensive and buyers are competing with horse owners for grazing. Consequently, it is difficult for new growers to enter the sector and, with the organic market for arable and livestock still under supplied, there is little incentive for farmers to risk diversifying into horticultural crops. There may be opportunities for growers on large farms or estates to rent or share farm but this process requires long term co-ordination and despite the market opportunities there is still a severe shortage of skilled growers, making it difficult to recruit.

Fruit

In 2006, demand for organic fruit continued to increase. TNS report that the market for organic fruit increased 8% by value in the year to March 2007.⁴ The area of land under organic fruit production increased by 14% from 1,568 ha in January 2006 to 1,784 ha in January 2007. However, there was still a huge under supply of UK organic fruit, due in part to the long conversion period required for organic fruit trees and bushes.

In 2006, several good size orchards were

planted or converted, although these will not reach full organic production for some time. Establishing an organic system can be expensive and growers may feel threatened by cheap imports. Despite good conversion payments for organic orchards, many growers are still reluctant to convert because of the limited range of varieties accepted by the multiple retailers and stringent cosmetic specifications.

In 2006, the juicing market remained strong particularly for growers able to combine this with a market for their class 1 produce.

The dry, hot summer in 2006 provided good yields for soft fruit producers, with low incidences of disease. Virtually all the soft fruit produced in the UK is for the retail market and there remains a huge, as yet untapped, processing market. Most growers are reluctant to supply processors as they feel unable to compete with the current imports from Eastern Europe – and even China. However, one or two processors are exploring the possibilities with growers.

Since the end of the year some growers have had to apply for planning permission before erecting polytunnels. It is likely that planning authorities will request an application for planning permission to be submitted if the land will be covered by polytunnels for six months or more, or if the grower indicates that the crop is not to be grown in the soil but in some other way. This is having an impact on larger growers, making it more difficult to expand without lengthy planning applications, which could result in a reduction in soft fruit grown in this

country – and an increase in imports. Even small growers have reported that over-zealous planners are making life difficult in certain areas.

SEED

In 2006, the number of allowances for the use of non-organic seed decreased slightly, despite significant growth in the organic market.

The National Institute of Agricultural Botany (NIAB) potato trials helped to provide grower's with greater confidence in some varieties of potatoes. Debate continues over derogations given for varieties that are specified by the multiple retailers when similar organic varieties are available.

The Grass Seed Working Group agreed to implement a gradual increase in the percentage of organic seed used, and this is likely to increase to 65% in 2008 and 70% in 2009.

There was a slight drop in tonnage of non-organic arable seed used – from 1,400 tonnes in 2005 to 1,371 tonnes in 2006. However, the huge shortage of arable crops will continue to put pressure on the supply of organic seed.

In the horticultural sector the introduction of a percentage approach to horticultural seeds is under discussion. This approach would require growers to use a percentage of organic seed for specific crops, with individual horticultural crops qualifying for different percentages according to the availability of varieties.

LIVESTOCK

Beef

It is estimated that 31,000 organic beef animals were slaughtered in 2006 – an increase of 13% since 2005. Throughout 2006, demand for organic beef remained strong and prices increased from approximately 240p/kg dead weight at the start of the year to 300p/kg as a base price by the end of the year. This was good news for producers; however, the increase in market price created problems for some local butchers who found it hard to compete.

Several of the multiple retailers also used imported beef to ensure they had year round supplies. Much of the imported organic beef came from South America, so the 180-day ban on exports imposed by the Argentinean government in March 2006 and the partial EU ban on Brazilian beef exports due to foot and mouth disease reduced the availability of imported organic beef – and increased pressure on UK supplies. Consequently, in 2006 some meat processors started to offer production contracts and agreed to set minimum prices for beef with producer groups, as well as offering support to some farmers entering conversion.

In 2006, the transition from the old suckler cow premium to the Single Farm Payment resulted in a general decline in suckler cow numbers. This led to discussions over improving the utilisation of organic beef from dairy herds. However, a market for pure dairy male animals must be established and there is a need to benchmark costs

effectively and to establish technically competent rearing systems.

Summer 2006 was relatively warm and silage cuts gave good quality with higher than average dry matter, although overall yields were down. In several parts of the UK producers had to work hard to manage feed supplies through the winter of 2006/07.

In late 2005 the Over Thirty-Month Scheme (OTMS) came to an end, meaning that organic and non-organic cattle over thirty months of age could once again enter the supply chain. It took time for abattoirs to register to handle older animals and the logistics of keeping under thirty month and over thirty month animals – as well as organic and non-organic animals – separate meant that many licensed abattoirs did not necessarily choose to take organic OTM animals. However, by the end of the year demand for organic cow beef had increased with prices for animals that met weight and grade requirements approximately 50p/kg higher than non-organic animals.

The end of the OTMS had left the UK with the compromise position that any cattle over 24 months had their vertebral columns treated as Specified Risk Material (SRM). This was part of the harmonisation of UK and EU regulations that was required in order to allow UK beef exports to start again – which they did on 3 May 2006. The Food Standards Agency agreed to take advantage of a European derogation whereby operators under the control of the local Environmental Health Officers such as butchers' shops and on-farm premises could remove vertebral columns

now classified as SRM. Several organic farm shops and butchers did gain this allowance, but others either could not, or did not want to deal with the protocols and costs involved and restricted sales to beef under 24 months of age.

In February 2006, cattle compensation tables for animals slaughtered under bovine tuberculosis (TB) legislation were introduced. However, they did not take account of the additional value of an organic animal. The Soil Association made a number of representations to Defra on this issue in 2006/07. While there was some sympathy for organic farmers, and a growing understanding of the increased costs of production, and therefore the value of the organic animals, the cattle compensation tables remain as yet unchanged.

Lamb

In 2006, demand for organic lamb continued to increase and an estimated 291,000 organic lambs were slaughtered – a 41% increase since 2005. However, this growth is primarily due to an increase in the number of lambs sold as organic, rather than new production. Prices remained above 300p/kg for most of the year, reaching a peak of 370p/kg for approximately five weeks in the spring of 2006.

Producers seemed to have adjusted some supply to meet traditional seasonal peaks and troughs in production. Many multiple retailers import lamb from New Zealand to make up the shortfall in UK production in the early part of the year. However, work by producer groups to agree seasonal forward monthly price

increases with processors helped producers to adapt their finishing strategies to 'flatten out' availability of organic lamb throughout the year.

In the autumn some producers found that finishing took longer than usual, with the dry weather reducing the availability of forage. Some lamb producers still seemed to have problems meeting processor specifications, both in weight and classification and while prices for lambs that met specifications were good, returns were reduced for lambs that did not meet the grade.

In February 2006, the meat processor Lloyd Maunder in Devon stopped processing organic lamb. The loss of its Sainsbury's contract had been known since the previous March, but some producers had still not identified an alternative Southwest market when slaughter ceased. St Merryn Foods in Cornwall took some of the excess through Premier Lamb, but a significant number of producers ended up transporting their lambs to Wales where Oriel Jones had taken on the Sainsbury's contract.

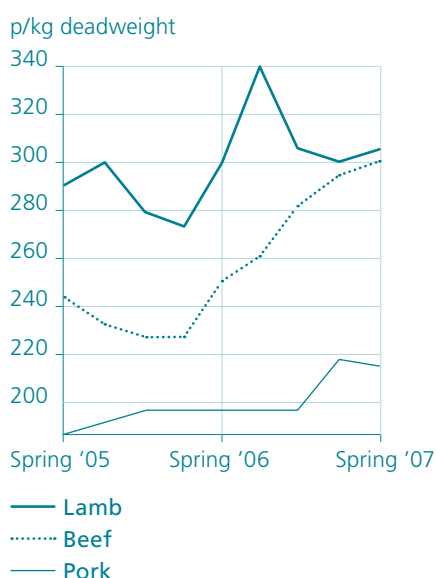
February also saw the suspension of marketing authorisations for synthetic pyrethroid (SP) sheep dips. SPs – which can be 1,000 times more polluting to aquatic life than organo-phosphate (OP) equivalents – had been linked to a number of water pollution issues. Despite farmers' best efforts, there are many ways in which SPs can find their way into watercourses; residues of the chemical can remain in the sheep's fleece and may be lost to the environment through drips, sheep walking through watercourses, loss of wool and in

processing of fleeces. A further potential source arises from the disposal of used sheep dip. Fortunately, the pour-on SPs commonly used for fly strike were not affected by the ban, which was good news because the season presented substantial fly and maggot problems.

The ban on SP dips left many organic producers with limited options for controlling sheep scab. Some certifiers allowed the use of OP dips on a case by case basis but the Soil Association chose to continue to prohibit OP use on the grounds that consumers – and the majority of organic producers – would not expect organic products to have been treated with OPs. Consequently, the options for scab were limited to injectable treatments, the downside of which is their long withdrawal times. Organic regulations require the 70-day statutory withdrawal to be doubled to a 140-day withdrawal, disrupting both supply and cash flow for organic sheep producers. Part of the solution for producers was to increase their biosecurity, particularly when bringing in stock, to ensure the problem did not get into their flocks in the first place.

Organic mutton remains a small part of the UK organic sheep market, sold through specialist shops and local and direct sales. However, the Welsh super-market processor Oriel Jones did take some organic ewes in 2006 at a price of approximately 100p/kg. Producers considering this market must be aware that it is a quality market – it is not a home for any cull ewe. Producers should thoroughly research requirements before producing mutton as age, weight, breed and condition are very important considerations.

Figure 10

Average farm gate price for organic livestock in the UK 2005–07**Pork**

Despite strong demand for organic pig meat during 2006, the number of organic pigs slaughtered decreased by 10% from 56,000 in 2005 to 51,000 in 2006. The decline can be attributed in part to high production costs; the British Pig Executive estimates that the cost of producing organic pork is 70–100% higher than non-organic. A large part of the variable cost of producing an organic pig is the feed and the reduction in the non-organic feed allowance for pigs from 20% to 15%, combined with the reductions for other livestock, led to significant shortages of organic feed ingredients.

Organic pig production has always been split between those with pigs as their main enterprise, where production is geared to the multiple retailers, and those who have smaller numbers of sows producing pork for direct sales. While some of the smaller farmers had spare pigs in 2006, it is difficult to fit small and inconsistent numbers into the supply pattern required by most processors.

In 2006, multiple retailers were importing some pork from Europe, mostly Denmark and the Netherlands. However, as in the UK, many found that supplies were not as plentiful as they once were, with increased domestic demand – and prices. Organic pig production remains a relatively small sector when compared to beef or sheep. According to European figures organic livestock accounts for 2.3% of the total EU livestock population, with organic pigs accounting for just 0.4% of the total EU pig population.⁵ In addition, castrated or nose ringed animals are common under the organic standards

in Europe but cannot be sold under the Soil Association symbol in the UK, reducing imported supplies still further.

In 2005, most pigs destined for the multiple retailers were processed at one plant. However, this changed in 2006 and three abattoirs in Gloucestershire, Yorkshire and Cambridgeshire can now process organic pigs, giving a far better spread across the country.

Although farm gate prices for organic pork increased in 2006 there was little incentive for existing organic producers to diversify into pigs as a new enterprise, and new conversions did not start to come through until the end of the year. Nevertheless, it is likely that new conversions will result in an increase in the number of organic pigs produced in 2007.

Poultry

In 2006, the organic poultry market continued to increase rapidly and shows no signs of slowing down. An estimated 12.4 million organic table birds were slaughtered, representing an increase of 39% since 2005.

The first confirmed case of the H5N1 avian influenza virus in the UK occurred in March 2006 when a decomposed swan washed up in Cellardyke in Scotland. This was the UK's first experience of protection, restricted and surveillance zones, and free range and organic birds had to be enclosed for several weeks. This was followed by an incidence of low pathogenic avian influenza in a free range laying flock (see 'eggs' overleaf and appendix p54). However, the virus had little effect on sales of organic

poultry meat, despite the media hype about the disease. Some commentators stated that free range and organic birds carried the most risk, but those buying chicken seemed to have greater trust in these products. While sales for intensively reared chicken dipped slightly, several organic producers and processors reported an increase in sales.

There is still a shortage of organic chicks in the UK and most organic birds sold come from non-organic chicks. However, a well known organic poultry business in the Southwest has set up its own organic parent flock and these chicks are now being supplied to organic farms. Nevertheless, more producers must be encouraged to keep organic parent birds, despite the fact that the European regulations still have no end date after which all chicks will be required to be organic.

In 2006, the feed requirements of organic poultry caused problems for some feed mills. The reduction in the non-organic feed allowance from 20% to 15% required an increase in the volume of organic feed ingredients and much of this had to be imported. To add to the difficulty, some of the imported crops had much greater variability than UK grown crops, making it difficult to produce balanced organic poultry feeds. The availability of organic protein crops remains a key issue for the future.

EGGS

In 2006, the combined sales value of free range and organic eggs exceeded

that of cage eggs for the first time. A recent Defra report showed that, of the 1.4 million organic laying hens in the UK, more than 650,000 of these birds were kept on farms with more than 20,000 birds, with a further seven farms having between 15,000–20,000 birds. This meant that more than half the total UK population of organic layers was kept on just 40 farms. Less than 50 farms have fewer than 1,000 birds in total.⁶

From the 1 January 2006, EU regulations required organic producers to use organic pullets or source non-organic pullets that had been reared to organic feed and veterinary standards. These birds were called 'half organic' and most non-organic pullet rearers met the requirements. Consequently, the cost of the birds increased due to higher feed prices, reducing the gap between those paying for fully organic birds and those unable to source them.

Early in 2006, the retail price for large organic eggs was approximately £2.90/dozen, with a farm gate price of £1.16/dozen for organic eggs meeting the basic ACOS standards to £1.33/dozen for Soil Association eggs in mobile housing. In August, the first retail price rises were seen and by the end of the year the retail price had increased to £3.30/dozen, with a farm gate price of £1.28 – £1.44/dozen. Organic, free range and barn eggs were all in short supply by December 2006, reflecting an ongoing consumer trend away from cage eggs.

In April 2006, low pathogenic avian influenza appeared in a free range flock, although it was only identified when it spread to a nearby intensive unit, causing

high mortality. However, as with organic poultry meat, there was no negative impact on sales of organic eggs (see appendix p54).

MILK

In the year to March 2007 the market for organic milk increased by approximately 20%, compared to 45% in the year to March 2006. However, growth was still in line with the long-term average, which has exceeded 20% a year for the last 10 years.

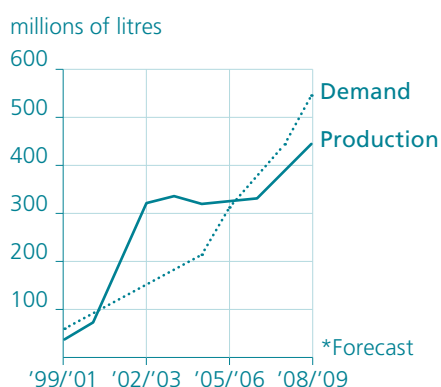
The phenomenal growth in 2005 was primarily due to a 65% increase in supermarket liquid milk sales following widespread promotion of the health benefits of organic milk. The market returned to near balance towards the end of 2005, following four years of oversupply. Since then further market growth has been constrained by availability rather than demand due to an insufficient number of producers in the conversion process.

In 2006, a number of new brands entered the liquid milk market, joining the various supermarket own-labels and the established Rachel's organic milk. Yeo Valley added liquid milk to its range, while Dairy Crest used the Country Life brand to launch its branded liquid organic milk. Sales of liquid milk and yogurt in the multiple retailers have dominated the organic dairy market, but there are signs that other sectors such as cheese (which accounted for approximately 13% of the market) are developing. It is likely that these sectors will grow significantly when additional

Table 8
Average organic egg prices 2006

	p/dozen
Direct	250–300
Contract	115–140+

Figure 11
Demand and production of UK organic milk 1999–2009⁷



supplies become available.⁷ The public sector and food service sectors will also provide opportunities for continued growth in coming years, although it is important that businesses involved in these sectors take account of the two year organic conversion period and current supply shortages, and start planning their requirements at least 2–3 years in advance.

In April 2006, the Organic Milk Suppliers Co-operative (OMSCo) initiated a campaign to persuade a limited number of non-organic milk producers to enter organic conversion. OMSCo estimated that the market required approximately 60 million litres to start the conversion process in 2006 and, following a range of organic conversion events, a number of farms totalling around 85 million litres of production started to convert. This gave processors and retailers confidence that future requirements could be met without the need for artificial incentives and provided existing and converting producers with confidence that market expansion was under control, reducing the risk of returning to a boom and bust situation. In order to maintain growth, a small volume of imported liquid milk was used to supplement UK production. However, this accounted for less than 2% of the market and was only a temporary measure until UK production increased.

OMSCo estimate that further farms totalling 85 million litres of production will need to enter organic conversion in 2007 in order to meet future demand. While the improved farmgate prices for organic milk are likely to generate greater interest in organic conversion, it is difficult to predict whether this will

lead to an excess of producers seeking to convert. One likely deterrent is the cost of organic feeds, which increased significantly in 2006. Organic feed costs of £260/tonne are likely to encourage potential converters to prepare business plans and ensure that they have secured a market for their milk before they begin conversion.

AQUACULTURE

Salmon

In 2006, after two years of relatively stable production, harvests of organic salmon increased to 4,900 tonnes, an annual growth of 60%. The increase was due to new farms converting, rather than increases in production by existing producers.

In the early part of the year, demand from the UK, European and US markets was high but reduced slightly toward the end of the year as harvesting of salmon smolts stocked in 2005 started. This was reflected in a high whole-fish price of 350p/kg early in the year, dropping to approximately 280p/kg by the end of the year.

With the long farming cycle of salmon, it is possible to predict the future year's harvest based on the number of young fish being put into sea farms. While existing farms are expected to maintain relatively stable production levels, a further increase in the number of organic farms means that estimates for 2007 and 2008 harvests are 8,000 and 10,000 tonnes respectively. While Irish production was similar to the UK

Table 9

Summary of financial data for different organic farm types 2004/05

	cropping	arable/ field veg	hortic.	dairy LFA	dairy lowland	cattle and sheep LFA	cattle and sheep lowland	mixed
Sample size	17	8	8	8	25	27	18	10
Average farm size (ha)	117	346	15	102	157	123	84	118
Outputs								
Livestock	25 115	17 539	2 093	117 056	184 400	34 322	22 606	39 516
Livestock subsidies	4 443	1 348	894	3 001	2 959	23 057	12 530	17 649
Cropping	35 291	431 418	105 656	2 098	17 578	988	3 336	22 196
Cropping subsidies	17 224	42 681	0	0	12 190	433	1 000	11 973
Miscellaneous	12 960	80 561	10 759	6 619	12 653	13 333	5 182	10 166
Agri-environment payments	11 418	4 844	1 323	5 611	9 145	12 234	10 494	8 644
	106 451	578 391	120 725	134 385	238 925	84 367	55 148	110 144
Inputs								
Livestock	13 008	9 217	934	42 483	56 501	14 702	5 956	10 959
Cropping	6 508	92 861	21 768	2 307	10 152	2 727	970	6 262
Labour	9 045	195 962	25 839	14 176	29 874	9 738	4 952	13 881
Machinery	21 597	105 536	17 113	26 644	37 793	16 329	9 610	20 718
General	8 418	36 295	10 111	9 148	16 794	8 416	6 113	11 258
Land and rent	24 987	81 807	6 406	20 816	40 323	15 724	14 626	20 695
	83 563	521 678	82 171	115 574	191 437	67 636	42 227	83 773
Net farm income	22 888	56 712	38 553	18 811	47 489	16 731	12 922	26 371
Less farmer/spouse labour	13 987	10 202	15 929	19 439	19 233	14 883	15 668	14 776
Add paid management	0	7 578	0	0	0	171	0	0
Add livestock appreciation	-128	0	0	-1 324	187	-59	-29	674
Management/investment income	8 768	54 088	22 625	-1 952	28 443	1 959	-2 775	12 269

at approximately 5,000 tonnes in 2006, forecasts show an anticipated increase in production to 7,000 and 8,000 tonnes in 2007 and 2008. There is concern that these forecasted harvests could lead to oversupply with a negative impact on price and market stability. Producers that have reliable partnerships with processors and retailers remain confident, but at least one organic producer has reduced the number of fish put to sea by 40%.

Trout

Organic trout production remained stable in 2006, with approximately 480 tonnes harvested. Nevertheless, demand remains strong and two existing farms are planning to expand to new sites in 2007.

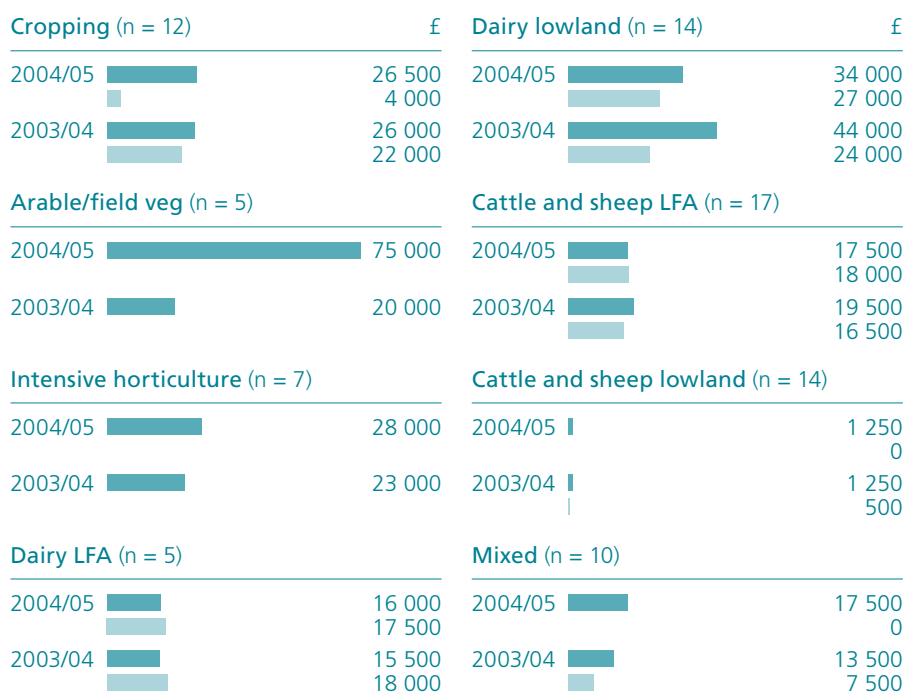
Cod

In 2006, approximately 2,000 tonnes of organic cod were harvested and production continues to expand. Organic cod has a long shelf life as it is harvested to order and there is a much shorter time from harvest to store than typical wild caught cod.

Figure 12

Average net farm incomes 2003/04 and 2004/05

■ organic farm ■ non-organic farm



n = number of organic farms within the identical dataset

ORGANIC FARM INCOMES[®]

The latest financial results from a Defra-funded survey of organic farms in England and Wales show mixed results in the 2003/04 and 2004/05 financial years.

Using farm business survey methods, financial data was recorded from organic cropping, horticulture (arable/field vegetable and intensive horticulture), lowland and less favoured area (LFA)

dairy, lowland and LFA cattle and sheep farms, as well as mixed farms. An identical set of farms was used for between-year comparisons, and clusters of similar non-organic farms were matched to each organic farm to allow comparisons with agriculture in general.

Financial data from 121 organic farms was recorded in 2004/05 (see table 9). For the 2004/05 financial year, the net farm income level for the majority of organic farms improved, although results varied by farm type. Arable and field vegetable, horticulture and lowland dairy types generally achieved good income levels. However, net farm income from the organic LFA dairy and LFA and lowland cattle and sheep farm types were low, giving small or negative management and investment incomes. The recent increases in demand for organic milk and livestock are not yet included in the results.

The majority of farm types showed better financial performance than comparable non-organic farms in 2003/04 and 2004/05, except LFA dairy and LFA cattle and sheep farm types (see figure 12). The comparable non-organic cropping, mixed and lowland cattle and sheep farms experienced notable income reductions, while organic incomes on these farms remained constant or increased. All farm types saw some improvement in average net farm incomes under organic management, with the exception of the lowland dairy and LFA cattle and sheep types.

For lowland dairy farmers an increase in costs, rather than a reduction in output, caused the decrease in income from 2003/04 to 2004/05. Conversely,

the large positive income differential for the arable field vegetable farm types was achieved through an increase in the area of higher value crops on these farms. However, the reality of the 2004/05 season saw reduced cropping performance, which was offset by the increase in field vegetable plantings. Other farm types had less significant changes from year to year.

For 2005/06, the income data is expected to show improved incomes with the organic sector achieving better premiums due to improved market conditions for organic produce.

NATIONAL AND REGIONAL TRENDS

England⁹

In January 2007, there were 64,465 ha of in-conversion land in England (an increase of 24% since 2006) and 227,493 ha of fully organic land (a decrease of 4% since 2006). The number of organic and in-conversion producers increased by 7% from 2,807 in January 2006 to 3,003 in January 2007. In total, 48% of the UK's organically managed land and 65% of the UK's organic and in-conversion producers are now in England. In January 2007, 77% of England's organically managed land was grassland (an increase of 2% since January 2006), 3% was horticulture (a 9% increase), 2% was woodland (a 15% increase), 16% was arable (a 7% decline) and 2% was fodder silage and other crops (a 5% decline).

In 2005, the Single Payment Scheme replaced 11 production-related subsidies

Table 10

Organically managed land in England 2006–07

hectares by type	2006	2007
Grassland	218 685	224 096
Horticulture	7 846	8 587
Arable	49 848	46 378
Woodland	5 063	5 805
Fodder/silage/other	7 025	6 698
Unknown	1 031	393
	289 499	291 958

hectares by region	2006	2007
East Midlands	15 356	14 354
Organic	12 939	12 337
In-conversion	2 417	2 017
East of England	14 184	14 014
Organic	11 622	10 480
In-conversion	2 561	3 534
Northeast	36 555	29 269
Organic	30 113	22 444
In-conversion	6 442	6 825
Northwest	22 042	21 154
Organic	18 820	19 386
In-conversion	3 222	1 767
Southeast	44 616	47 512
Organic	34 867	35 125
In-conversion	10 211	12 387
Southwest	115 072	123 537
Organic	93 271	92 673
In-conversion	21 802	30 864
West Midlands	30 049	30 144
Organic	26 844	26 205
In-conversion	3 205	3 940
Yorkshire/Humberside	11 163	11 973
Organic	8 872	8 842
in-conversion	2 291	3 131
	289 499	291 958

previously available to producers. However, by March 2006 – some 15 months after the introduction of the new scheme – most English farmers had still not received any money, despite the fact that Scottish, Welsh and Northern Irish farmers had received their payments.

In April 2006, the Secretary of State authorised partial payments to those who had so far received nothing and interest payments to producers were also made. The European Commission set a deadline to make 96% of payments (by value) by the end of June 2006 in the UK. Although the Rural Payments Agency made 95% of payments by this date, Defra face a fine from the EU for not meeting the target in full. The National Audit Office estimate that the delays in payment cost producers between £18–£22.5 million in interest and arrangement fees on loans.

The Environmental Stewardship Scheme (ES) was also introduced in 2005. The ES includes Organic Entry Level Scheme (OELS) as one of its three strands – the others being Entry Level Scheme (ELS) and Higher Level Scheme (HLS). By 31 December 2006, more than 1,400 OELS applications, covering approximately 18,000 ha, had been submitted across England. Land entering OELS was a mix of fully organic and in-conversion. When the 1,000th application to OELS was publicised, Defra figures showed that 30% of the land in the scheme was in-conversion. Hedgerow management proved the most popular option across both OELS and ELS.

The first Higher Level Scheme agreements were made in February 2006. However, as the year went on the criteria for entry

became stricter and, by the end of 2006, few new farms were being accepted. Defra had made it clear that HLS was a competitive scheme and that not all applicants would be accepted; however, there were concerns that a higher points targets was being required in some parts of the country than was previously suggested.

Northeast

In January 2007, there were 116 organic and in-conversion producers in the Northeast region of England, which includes Northumberland, Tyne & Wear, County Durham and Tees Valley. In the year to January 2006, the area of organically managed land in the Northeast decreased by 20% to 29,269 ha. Within this, 6,825 ha were in-conversion (a 6% increase since January 2006) and 22,444 ha were fully organic (a 26% decrease since January 2006).

In 2006, interest in organic conversion was predominantly found among the east coast lowland farms. The numbers of upland farms entering conversion did not increase to the same extent primarily because OELS payments favour lowland farms but also because there was no guarantee of an organic premium or market for upland store lambs. Nevertheless, links between producers for store and finished lamb are now starting to improve and grass lets for finishing stock should be available as the number of lowland farms entering conversion increases.

In 2006, 17 vegetable box schemes were operating in the Northeast region, a proportion of which were buyers and packers. However, horticultural production in the region remains well

below capacity and significant opportunities exist for growers in organic field scale production to help meet demand for local, organic produce.

In 2006, two abattoirs in the region were licensed for organic production, providing opportunities for producers to sell direct to consumers. However, the future of the Northeast's main abattoir remains uncertain, threatening the region's future capacity to process livestock and meat products. In 2006, the majority of pork and chicken meat sold in the region was sourced from outside the Northeast. While some farms are producing greater numbers of organic pigs and chickens, the lack of specific processing facilities means that production remains small.

Arable production in the Northeast is showing signs of real development. In 2006, a well-established grain co-operative started to provide organic services for its members, while a new livestock storage and feed business established itself in the region.

Organic milk production in the Northeast remains limited when compared to other English regions, due to the problem of collection and the distance from organic processing plants. As a result, 2006 saw a number of organic dairy units in the region working together to develop direct sales opportunities.

Northwest

In January 2007, there were 173 organic and in-conversion producers in north-west England, 4% of the UK's total and 21,154 ha of organically managed land, a decrease of 4% since

January 2006. Within this, however, there was a 3% increase in the area of fully organic land but the area of in-conversion land decreased by 45% (more than any other English region) to 1,767 ha.

Demand for organic vegetable box schemes increased during the year, with many schemes reporting that they were operating at full capacity. However, the lack of local organic produce to supply these box schemes led to a further reliance on other areas of the country – and on imports from abroad – in order to meet customer demand.

In 2006, the region's dairy producers showed a greater interest in converting to organic production, primarily in response to improved organic milk prices and the promotional work of the North West Organic Milk Producers Ltd – a producer led co-operative that exists to strengthen the region's organic milk sector. Although demand for organic pig and poultry products in the region remains high, the lack of local organic pig units and inadequate processing facilities is something that must be addressed before demand can be met.

Southwest

In January 2007, there were 123,537 ha of organically managed land in the Southwest, an increase of 7% since January 2006. Within this there were 30,864 ha of in-conversion land, representing an increase of 42% – a higher percentage than any other English region, while the area of fully organic land changed little since January 2006, at 92,673 ha. In January 2007, 28% of the UK's organic and in-conversion producers were based in the Southwest, more than in any other region.

Many of the UK's leading organic brands and processors are based in the Southwest, including Yeo Valley, Riverford Organics, Lloyd Maunder, Duchy Originals, OMSCo and Eastbrook Farm. However, 2006 saw a number of other organic processors in the region rapidly gaining market share, such as Pure Organics, Tideford Organic, Well Hung Meat, Carleys of Cornwall and Roskilly's.

In 2006, the National Trust announced a new policy to source local food for all its catering activities. The Trust has stipulated that in the next few years all meat used in its restaurants must be either certified organic or have Freedom Foods quality assurance. Two of the Trusts properties in the region – Cotehele in Cornwall and Killerton in Devon – are now supplied by their organic tenant farmers, and the kitchen garden at Knighthayes, near Tiverton, Devon, which supplies the restaurant, is now in organic conversion.

Yorkshire and Humberside

In January 2007, there were 155 organic and in-conversion producers in Yorkshire and Humberside – an increase of 11% since January 2006 and there were 11,973 ha of organically managed land. Of this 3,131 ha were in-conversion (a 37% increase since January 2006) and 8,842 ha were fully organic – little change since January 2006.

In 2006, the Yorkshire Organic Centre (YOC) saw an increase in the number of conversion enquiries, particularly among beef and sheep producers, but also from dairy producers responding to the high price of organic milk. On the supply side, a significant number

of organic retailers and caterers in the region were looking to source regionally produced organic butter and cheese. Yet despite the demand, the majority of the region's milk producers remain reluctant to diversify while liquid milk prices remain high.

Two large contract abattoirs currently operate in Yorkshire. However, the need for independent organic abattoirs is growing. Organic lamb and pork production was restricted by the lack of processing facilities, making it difficult to encourage producers to convert.

In 2006, a number of producers began to diversify production, with some keeping table birds alongside existing enterprises. One Yorkshire producer secured funding towards an on-farm poultry-processing unit, and will kill birds for other producers. Organic turkey producers in the region sold all birds in 2006, and numbers will be increased in 2007 in order to meet demand.

There are more than 30 organic vegetable box-schemes, ranging from small producers supplying less than 50 boxes a week, to large franchises – three of which now operate in the Yorkshire region. Although demand for vegetable box schemes remains high, many of the existing schemes continue to rely heavily on produce from other regions and imported goods. More work is needed to develop organic horticultural production, perhaps by encouraging existing organic producers to grow some vegetables on their land.

In 2006, the YOC worked with a National Trust property in Yorkshire to source

Table 11
Organically managed land in Northern Ireland 2006–07³

hectares of...	2006	2007
Grassland	7 527	8 499
Horticulture	67	55
Arable	361	294
Woodland	116	115
Fodder/silage/other crops	45	74
Unknown	407	14
	8 523	9 051

Table 12
Organically managed land in Scotland 2006–07³

hectares of...	2006	2007
Grassland	233 909	219 388
Horticulture	1 172	1 733
Arable	7 865	9 464
Woodland	918	1 249
Fodder/silage/other crops	818	988
Unknown	2 987	913
	247 669	233 735

Table 13
Organically managed land in Wales 2006–07³

hectares of...	2006	2007
Grassland	66 116	73 287
Horticulture	541	587
Arable	2 587	2 837
Woodland	760	991
Fodder/silage/other crops	577	699
Unknown	67	324
	70 648	78 725

organic produce for their restaurant. Nine local producers attended a meeting to discuss supply of organic meat, poultry, eggs, milk, flour, goat's cheese, clotted cream and yogurt. Work continues and this could be a great opportunity for producers in the region.

Northern Ireland

In January 2007, there were 9,051 ha of organically managed land in Northern Ireland, an increase of 6% on the previous year. Within this there were 3,958 ha of in-conversion land (a 25% increase on the previous year) and 5,093 ha of fully organic land (a 5% decrease since January 2006). The number of organic and in-conversion producers in Northern Ireland increased by 10% to 240 in January 2007 – faster than in any other UK country.

In January 2007, 94% of the organically managed land in Northern Ireland was grassland (a 13% increase since January 2006), 3% was arable (a 19% decrease) and less than 1% was horticulture (an 18% decrease), the remaining 2% was split between woodland, fodder silage and other crops.

In May 2006, the Department of Agriculture and Rural Development (DARD) launched its Organic Action Plan for Northern Ireland. The aim is to develop organic production in line with the market for organic food in Northern Ireland, the Republic of Ireland and Great Britain.

The Organic Farming Scheme (OFS), part of Northern Ireland's agri-environment scheme, closed to new entrants on 31 December 2006.¹⁰ Although further

details are not yet available, proposals contained in the draft Northern Ireland Rural Development Programme (NIRDP) 2007–13 have been made to Brussels. They include a revised Organic Farming Scheme, as well as an option within the Northern Ireland Countryside Management Scheme to recognise the environmental benefits of organic farming.

DARD's Organic Farming (Conversion of Animal Housing) Scheme closed on 31 March 2007. The Scheme's £2 million budget supported capital grants up to a maximum of £30,000 to more than 70 organic cattle, sheep and poultry producers. The Scheme will be subject to evaluation during 2007/08.¹⁰

Most organic beef produced in Northern Ireland is exported to other areas of the UK. However, in September 2006 the first significant quantities of Northern Irish beef were fully processed and sold through Sainsbury's stores in Northern Ireland. Organic pork production and processing remains relatively small-scale, with most sold through farmers' markets where demand continues to outstrip supply.

Two large organic table bird processors operate in Northern Ireland. Both source all their birds locally, although the vast majority are subsequently exported. Demand exists for local organic table birds but supply is minimal as most poultry producers are under contract to these large processors.

Scotland

In Scotland the area of organically managed land decreased by 6% from 247,669 ha in January 2006 to 233,735 ha

in January 2007. Scotland has 38% of the UK's organically managed land. Within this the area of fully organic land decreased by 14% to 198,676 ha as some large hill farms continue to withdraw from organic production at the end of their Organic Aid Scheme agreements. However, the decline in fully organic land in Scotland appears to be slowing and the area of in-conversion land increased by 110% to 35,059 ha – faster than in any other UK country. In January 2007, there were 686 organic producers in Scotland, 15% of the UK total.

In January 2007, 94% of Scotland's organic land area was grassland (a 6% decrease since January 2006), 4% was arable (a 20% increase), 0.7% was horticulture (a 48% increase) and the remaining 1.3% was split between fodder silage and other crops and organic woodland.

The Organic Aid Scheme (OAS) in Scotland closed on 30 April 2006, and the Scottish Rural Development Plan came to an end in December 2006. The OAS received 314 applications during 2006 – more than any other year since the scheme started in 1994 – and 157 applications were approved for funding.

SEERAD continue to work with stakeholders to develop a new Scottish Rural Development Programme (SRDP) for 2007–13. Although the SRDP has been submitted to Brussels, approval might not be granted until the end of 2007. The SRDP budget allocates £50 million to organic measures over the period 2007–2013. This is for new agreements and is split £45 million for management payments and £5 million towards capital items.¹¹

The Organic Market Link Project carried out a third annual producer survey for the 2006/07 marketing season in order to estimate the production of beef, lamb and grain in Scotland. The survey results indicate that, between July 2006 and June 2007, Scotland's organic farmers will produce about 5,900 head of finished organic cattle (an increase of 21% compared to the previous year), 90,400 organic lambs (an increase of 8%) and approximately 21,000 tonnes of organic grains and pulses (an increase of 22%). The numbers of store stock also increased with approximately 3,500 store cattle and/or weaned calves (up from 3,000) and 25,400 store lambs (up from 21,100).¹²

Wales

In January 2007, there were 78,725 ha of organically managed land in Wales, an 11% increase on the previous year. Of this, 63,334 ha of land was fully organic, a 10% increase on the previous year and 15,391 ha was in-conversion, a 20% increase on the previous year.

In January 2007, 93% of the organically managed land in Wales was grassland (an 11% increase since January 2006), 0.7% was horticultural (a 48% increase), 4% was arable (a 10% increase) and the remaining 1.3% was woodland, fodder, silage and other crops. In January 2007, there were 710 organic and in-conversion producers in Wales, an increase of 4% since January 2006.

The number of enquiries received by Organic Conversion Information Service (OCIS) in Wales increased by 73% during 2006, from 239 enquiries in 2005 to 414 in 2006 – reaching a six-year high in

December 2006. The growing interest can be attributed in part to favourable market conditions, particularly in the dairy sector, and the introduction of the single farm payment, with many farmers who spent last year getting to grips with the implications of the changes now seeing organic farming as a possible way forward.

As a result, the number of OCIS visit requests increased from 201 in 2005 to 376 in 2006. The majority of enquiries (66%) were from beef and sheep producers, while 15% were from dairy farmers, 9% from arable producers, 5% from horticulturists, 3% from poultry producers and 2% from pig producers. The Welsh Assembly Government agreed to extend the OCIS contract in Wales for a further six months, enabling delivery of advisory visits to continue though to September, at which point the service will be put out to tender.

The new Rural Development Plan (RDP) was introduced in Wales from 1 January 2007. The RDP provides the structure for all rural support in Wales and it should provide support for organic food and farming which delivers both economic and environmental benefits. It is anticipated that a revised Organic Farming Scheme (OFS) should become available later in 2007. The Assembly in Wales has been supportive of the Organic Strategy Group's proposals for improving the OFS until 2009, when all the schemes can be revised. The proposals include:

- Payments for horticultural holdings and field scale vegetable production
- Payments for arable crops
- Removal of dual funding deductions

for farms also in Tir Gofal

- Backdating the start of the OFS agreement to the start date of conversion.

Agri-environment scheme budgets are tied up in negotiations for the new RDP. Farmers are unable to apply for the scheme until new application forms have been prepared. It is hoped that the OFS will be available later in 2007 with the proposed enhancements. From 2008 farmers will have to apply and claim their OFS payments through the Single Application Form and this is likely to cause changes to the date of receipt of payment. The Tir Mynydd and agri-environment scheme budget situation might be re-evaluated after the Assembly election in May 2007. If the current cross party agreement is to continue delivering financial support it will need to increase the OFS budget. As it stands, the budget will be inadequate to deliver the current Action Plan target of 10% of land managed organically by 2010.

1. Defra, Agricultural Quick Statistics
<http://statistics.defra.gov.uk>
2. Defra (2007) *Agriculture in the UK 2006*
<http://statistics.defra.gov.uk>
3. Defra, Organic Statistics UK
<http://statistics.defra.gov.uk>
4. TNS Worldpanel (2007) *UK Organic Produce Market – Q2*
5. European Commission (2005) *Organic Farming in the European Union – Facts and figures*, http://ec.europa.eu/agriculture/qual/organic/facts_en.pdf
6. *The Ranger*, 'Now its 10 million on the range', 21 November 2006, www.theranger.co.uk
7. OMSCo (2007) *The Organic Milk Market Report*
8. The full reports are published on the Defra organic statistics (<http://statistics.defra.gov.uk>) and Organic Centre Wales (www.organic.aber.ac.uk) websites. The Organic Farm Incomes in England and Wales project is co-ordinated by the Organic Research Group, Institute of Rural Sciences, University of Wales, Aberystwyth. For further information visit www.organic.aber.ac.uk or call 01970 622248
9. The Northeast, Northwest, Yorkshire and the Southwest regions are reported on because they have dedicated organic development programmes, enabling the collection of specific market information. The author recognises the considerable range of organic activity in the other English regions that is not specifically mentioned in this report
10. CAFRE (2007) *Organic Bulletin*, June 2007, www.ruralni.gov.uk
11. SEERAD, www.scotland.gov.uk
12. SAC (2007) *Organic Market Link Producer Survey 2006–07 Summary Report*, <http://www.sac.ac.uk>

3 Processed organic products

Sales of organic baby foods in the UK increased by 7% to approximately £78 million, while sales of non-organic baby foods declined by 2%

Approximately, 170 new organic chocolate products were launched globally

Soil Association Certification Limited reported a 30% increase in the number of health and beauty licensees

At current growth rates the UK market for organic cotton products will be worth an estimated £107 million by 2008

The number of registered organic processors and importers in the UK increased by 13% from 2,135 in January 2006 to 2,404 in January 2007. Of these 83% are based in England, primarily in London and the Southeast (21% of the UK total) and the Southwest (19% of the UK total). In the year to January 2007, the number of organic processors in the Northeast increased by 55% to 45 – faster than any other region. In January 2007, there were 52 organic processors in Northern Ireland (no change since January 2006), 225 in Scotland (a 31% increase) and 125 in Wales (an increase of 12% since January 2006).

BEVERAGES

Alcohol

According to TNS, sales of organic take-home alcohol were worth approximately £24 million in the year to March 2007, a growth of 14% on the previous year. In 2006, the market for UK bottled premium organic ales in the multiple retailers increased by 2.4%. However, in terms of volume sold there has been little growth since 2005 at 73,000 barrels (1.2 million litres). In 2006, the two leading organic beer brands – Duchy Original and Brakspear Live Organic – saw growth of 12% and 25%, respectively.¹ Fullers Organic Honeydew saw an overall reduction of 7% by volume in 2006. However in 2006, following a repositioning and packaging review, which resulted in only one bottle size (500ml) in this market, sales have increased by 11%.¹ In addition, kegs of Organic Honeydew in the 'on premises' trade increased by 40%. In the smaller

brand sector, St Peter's Organic Ale saw sales increase by 440%, while the Duchy Original Winter Ale saw a sales increase of 115% in 2006.¹ However, a number of other smaller brands saw a fall in sales over the same period, and some have ceased production.

Although organic wine sales grew rapidly in the late 1980s and early 1990s, there has been limited growth in the market over the last few years as the multiple retailers have tended to de-list suppliers after measuring sales against non-organic lines. In 2006, sales of organic wines accounted for approximately 1% of the total wine market. Organic wine continues to be invisible at the point of sale and there is a lack of availability in some stores. However, there are indications that the larger retailers, especially the premium retailers, are looking to increase their organic wine ranges in 2007/08. Organic wine sales through catering outlets remain very small and extra investment is needed to raise the profile of organic wine in this sector.

Work is now underway to produce a clear EU regulation governing the production of organic wine, and it is hoped that this will provide a stimulus for the sector to develop in the EU and elsewhere. An increase in sales would encourage greater investment across the supply network and help production spread more widely. In 2006, approximately 1.5% of Old World vineyards were organic. The New World lags behind in organic production, with the exception of California where 25% of total vineyard acreage in Mendocino County is organic.² Organic production is also increasing in Chile but there is

Table 14
Number of organic processors and importers in the UK 2004–06³

England	2006	2007
East of England	258	289
East Midlands	198	210
Northeast	29	45
Northwest	146	159
Southeast/London	498	516
Southwest	384	450
West Midlands	142	169
Yorkshire/Humberside	144	164
	1 799	2 002
Northern Ireland	52	52
Scotland	172	225
Wales	112	125
	2 135	2 404

Figure 13
Sales of organic juice and juice drinks by value 2005–06⁵

Organic brands	£ million
2006	17.0
2005	17.5
Own label	
2006	8.8
2005	8.4

less activity in Australia and South Africa.

The market for organic spirits continues to increase steadily. London and Scottish International are the only company with a range of widely distributed organic spirits – gin, rums, vodka and whisky. Products are currently stocked by Sainsbury's, Tesco, Asda and soon by Morrisons. Hotels, bars and restaurants are also showing an increased interest and this market is expected to grow in 2007.

Tea

In 2006, the total tea market (organic and non-organic) in the UK increased for the first time in several years to £535 million – approximately 100,000 tonnes of tea.⁴ Market growth can be attributed to strong performance in the speciality teas, herbal/fruit teas and green teas sectors, rather than standard tea. Organic tea has a relatively strong presence in the green tea and herbal tea sectors, so it is likely that this strong growth will result in an increase in the organic share of the tea market as a whole.

Juice

In 2006, the market for organic juice and juice drinks was worth £26 million – approximately 1.5% of the total (organic and non-organic) market. While the overall value of the organic juice drink market remained stable in 2006, it decreased in volume by 3%. Own-label organic juices and juice drinks increased 5% by value and 8% by volume, while branded organic juice and juice drinks decreased in value by

2% and in volume by 10%.⁵ The long life sector, which accounted for 52% of the total market, decreased in value by 2% and in volume by 6%, while the value of the chilled sector, which accounted for 48% of the market, increased by 1%.⁵









In 2006, 65% of organic juice drink sales were sold through the multiple retailers, 20% through the food service sector and 15% through the independent/home delivery sector.⁶

Brands like Grove Fresh and RDA Organic dominate the take-home and convenience sectors, respectively. There was limited innovation in the sector, however RDA Organic launched the UK's first take-home fresh pure organic smoothie in 2006. A number of organic brands in the non-chilled, ambient juice drinks sector, such as James White, Luscombe, Twisted and Soma, continue to grow.

In 2006, all of the major organic soft drinks companies were importing fruit to keep up with demand. The search for new, interesting and healthy fruits also led to increased imports of organic raw materials. While the growth of the organic juice drink market continues to be constrained by distribution and supply issues, the situation should improve as demand grows, enabling organic soft drinks to move into the mainstream. In the market as a whole, calorie content and functionality are likely to gain greater prominence, as obesity remains high on the national agenda. The introduction of new flavours and combinations is likely to drive growth, such as cranberry, vegetable blends and prune, as well as the rediscovery of old flavours such

Figure 14

The organic baby food market by brand 2006⁷

Total sales (organic and non-organic)*		£m
Heinz/Farleys		65
Cow & Gate/Nutricia		34
HIPP		29
Organix		17
Organic sales		£m
Heinz/Farleys		9
Cow & Gate/Nutricia		9
HIPP		29
Organix		17

*wet foods/dry foods/finger foods

as rosehip, sea-buckthorn, blackberry and beetroot.

BABY FOOD

In 2006, sales of organic baby foods in the UK increased by 7% to approximately £78 million. Sales of non-organic baby foods declined by 2% over the same period.⁷

The organic finger foods sector, which includes rice cakes, rusks, breadsticks and biscuits, increased by 48% in 2006, compared to the market as a whole, which increased by 21%. Organic finger foods now account for 46% of the total (organic and non-organic) finger food market in the UK.⁷

The number of baby food manufacturers based in the UK continued to increase in 2006, although most are small specialist operations dealing with mail-order frozen foods, such as Plum Baby, Simply Organic, Fresh Daisy, Truuuly Scrumptious, All Good Stuff and So Organic. Most of the larger companies (Hipp, Organix, Heinz, Cow & Gate) manufacture most of their foods in Europe rather than the UK.

CHOCOLATE

Green & Blacks is still the UK's leading supplier of organic chocolate, with sales worth £36 million and growth of 28% in 2006.⁸ The increase in sales was largely driven by the introduction of the miniature bar collection in September. Green & Black's large bar sales now

account for 8% of the large block category, growing by 15% in 2006.⁸ Globally, Green & Blacks sales continued to increase in the USA, while product launches in Ireland, South Africa and Australia will continue to develop the brand.

In 2006, approximately 170 new organic chocolate products were launched globally. These included organic dark chocolate squares from Green & Blacks and orange flavoured truffles from Nestle.⁹

CONVENIENCE FOODS AND GROCERIES

In 2006, the retail market for prepared organic foods, including chilled convenience foods and groceries, was worth an estimated £250 million, annual growth of 30% since 2005.¹⁰

Over the past 12 months, Asda, Morrisons and a number of major distributors to the independent sector have introduced organic convenience food lines to ensure they meet consumer demand for ranges such as chilled organic soups and ready meals. Interestingly, Tesco and Sainsbury's own-label chilled organic soups did not impact on the growth of branded organic soups, but instead took their share of the category from non-organic chilled soups.

Ambient categories also saw organic sales increases in 2006 – for example, Whole Earth saw sales growth in organic cereals (+17%), organic peanut butter (+13%) and organic biscuits (+11%). Mainstream brands continued

Figure 15
**Organic yogurt and fromage frais
market share 2006¹¹**

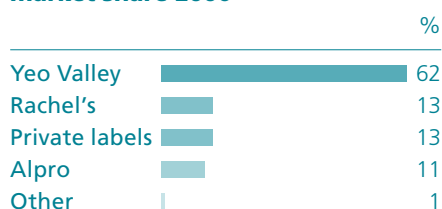
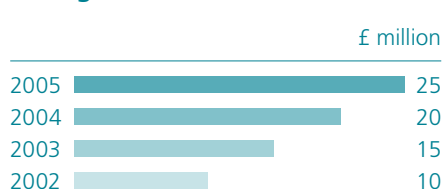


Figure 16
UK organic cotton market 2002–05¹⁸



to introduce organic variants of their standard product, with varying degrees of success. A 'premium organic' sector is also beginning to emerge, where products have added benefits such as higher quality ingredients, healthier or fairtrade. Examples include Whole Earth's range of organic cereals from around the world with high quality ingredients and Kallo Foods fairtrade organic unsalted ricecakes. It is likely that brands marketing produce as healthy and organic have several years of continued growth ahead before the market reaches saturation, and brands such as Simply Organic, are planning to extend their product range in 2007.

DAIRY

The market for organic dairy products (yogurts, desserts, milk, cheese and butter), was worth an estimated £310 million in the year to June 2007.¹¹ Growth is due to price competitiveness with non-organic products, extensive availability, strong brands, new products and greater consumer awareness of the nutritional and environmental benefits of the sector.

Liquid milk sales in the multiple retailers increased by 21% (by volume) in the year to June 2007.¹¹ The proportion of organic milk sold through the multiple retailers increased from 95% to 96% of total retail organic milk sales.¹² However, organic milk still only accounts for 6% of total (organic and non-organic) liquid milk sales in the multiple retailers.¹² Organic liquid milk remains poorly represented in the doorstep market and there has been little growth in

the food service and public sectors.¹³ The organic milk market is traditionally dominated by retailer own-brands. However, branded offerings such as Yeo Valley, Rachel's Organic, Country Life, and Duchy Original are now increasing their market share and account for more than 10% of the market, compared to just 6–7% in 2005.¹⁴ Yeo Valley reported growth of more than 80% for its branded organic milk in the year to June 2007.¹¹

Over the same period, the organic yogurt sector increased by 14% to £112 million, compared to growth of 7% in the total (organic and non-organic) yogurt market.¹¹ This is by far the largest processed dairy category – and the most brand-dominated. Yeo Valley Organic maintain a 62% market share, while Rachel's Organic have a 13% share.¹¹ In the natural yogurt sector Yeo Valley have a 21% share of the total (organic and non-organic) market. In 2006, sales of organic whole milk yogurt increased by 22%, while Greek style yogurt sales and children's yogurts sales increased by 63% and 51%, respectively. Sales of organic rice desserts increased by 44% over the same period.¹⁴ Large pots continued to dominate sales, followed by multi-packs and snack pots. New products are entering the market in the form of organic kid's yogurt tubes and drinking yogurt products. Retailers are stocking an increasingly comprehensive range of branded products that meet the same needs as similar non-organic products, and the move towards displaying organic items alongside non-organic items in store has played a significant role in increasing sales. There are no signs of growth slowing in the next few years, particularly with increased

product innovation and continued brand investment.

The organic cheese market was worth £40 million, with growth of 15% in the year to June 2007.¹¹ Yeo Valley Organic is the only major brand in the organic cheese market, with a 10% share.¹⁵ They saw sales of their organic cheese range increase by 17% in the year to June 2007.¹¹ Significant development potential remains in the category, as organic cheeses lag behind in terms of range, shelf presence and share of category sales in the multiple retailers.

The market for organic butter and cream has historically been very small, and largely a by-product of liquid milk production. The butter and cream sectors are reliant on growth in the liquid milk market to generate the additional by-product needed to meet demand. As the growth in butter and cream sales is currently ahead of organic liquid milk sales, it is likely that raw milk will be required specifically for these markets in the longer term, or suppliers in the UK will be forced to import organic butter to meet consumer demand.¹⁵

FATS AND OILS

The organic ingredient supplier Rasancó report that the market for organic oils increased by 20% during 2006, in line with the wider organic market. Fats and oils are primarily sold as ingredients for finished food products, such as organic salad dressings, condiments and snacks. However, growth in demand for organic soups and ready meals has provided an additional market for organic oils.

Bottled culinary organic oils are now available in most multiple retailers and health food shops. The multiple retailers tend to stock refined organic sunflower and rapeseed oils, whereas the health food market typically supplies a wide range of high quality unrefined oils, with the benefits of omega fatty acids.

The processing market for liquid organic oils is dominated by sunflower oil, as manufacturers prefer to use named oil on organic packaging. The market for rapeseed oil and high oleic sunflower oil is growing, as these can be more suitable than sunflower oil in high temperature applications. In 2005/06, a shortage of organic olive oil increased prices. However, prices have now fallen and olive oil remains popular with consumers. Soya oil is predominantly used in animal feed and little is produced for human consumption.

The hard fats market is dominated by palm fat, which is used in margarine and shortenings for home consumption or for bakery goods. Most organic palm oil is produced in South America as crude oil, and then shipped to the EU where it is refined and distributed. There is growing interest in crude red palm oil which is full of antioxidants usually stripped out by the refining process. In addition, health experts are focusing on virgin coconut oil, leading to a potential renaissance in the use of hard/unrefined fats in home cooking.

HERBS AND SPICES

In 2006, some multiple retailers introduced own-brand organic herb

and spice ranges, joining other specialist retailers who are stocking a wider range of organic herb and spice brands. In response to demand from organic caterers, some herb and spice companies are now offering catering packs of their most popular lines.

The majority of organic spices are dried and ground. However, the growth in public interest in cooking has led to increased demand for whole organic spices. Approximately 70 dried organic herbs and spices are now available for culinary use. Whole black peppercorns sell in the largest volume, followed by mixed herbs, oregano and paprika. Specialist suppliers are now able to offer a limited range of 10 spices that are certified as organic and fairtrade.

The quality of organic herbs and spices has also improved in recent years, as has consistency of supply. However, market growth is sometimes restricted because no organic equivalent is available – for example, organic cayenne pepper has only recently been available in the UK. Similarly, a short shelf life means that some retailers are reluctant to stock organic fresh, potted herbs. Nevertheless, one major retailer reported an upward trend in sales of fresh organic herbs (potted and cut) in 2006.

HEALTH AND BEAUTY

Despite the fact that the UK accounted for just 5% of the 1,600 organic cosmetics launched worldwide in 2006, UK companies accounted for 19% of the 1,053 organic cosmetic products launched in the first quarter of 2007 – the largest

increase in new organic beauty products of any European country.¹⁶

Health and beauty companies are not legally required to obtain organic certification to make organic claims, so many products contain organic ingredients that are not certified organic. In 2006, Soil Association Certification Ltd reported a 30% increase in the number of health and beauty licensees as the number and availability of products continued to increase in response to consumer demand for genuine organic products.

During 2006, a number of multiple retailers launched own-brand organic health and beauty products, and several non-organic health and beauty companies are now developing organic ranges. Asda launched the Bentley Organic range in April 2007 and, following the success of the Organic Surge range of organic personal care products, Tesco introduced an organic hand wash and a cleansing bar under its 'bnatural' range in February 2007.^{17,18} Conventional surfactant manufacturers have also shown an increased interest in organic products. The potential development of organic surfactants would overcome perhaps the most significant problem in the development of many organic health and beauty products.

TEXTILES

The UK market for organic cotton now accounts for 8% of the global market, and is expected to continue to reflect global growth trends. The market

currently represents approximately 0.1% of the total clothing market in the UK (all fibres).¹⁹

In 2005, 390 shops in the UK sold organic cotton products, comprising of 170 retail outlets and 220 online or mail order shops – a 95% increase since 2004. The number of brands that use organic cotton in the UK also increased by 73% – from 80 in 2004 to 138 in 2005.¹⁹ At current growth rates, the UK market for organic cotton products will be worth an estimated £107 million by 2008.

The publication of two consumer labelling guides in 2007 is anticipated to further fuel demand for certified products in the UK and USA as consumers become more informed. Several certifiers are also starting to implement the new Global Organic Standards, which will further benefit the market by facilitating movement of certified textiles across global supply chains. However, it is worth noting that market conditions are expected to tighten over the next three years, as competition increases and the market consolidates.

Soil Association Certification's textile licensee base increased from 18 companies in 2005 to 30 in 2006, with further certifications pending conversion of cotton crops or certification in other parts of the supply chain. Two companies offering organic fashion collections were also certified by the end of 2006, with a further two expected to complete in 2007. In addition, Britain's first organic tweed is now in production on the Isle of Mull. As well as 10 different tweed cloths, the Isle of Mull Weavers produce blankets, shawls, scarves and a range of jackets, waistcoats and hats.²⁰

1. TNS (2007) TNS Worldpanel, 52 w/e 25 March 2007
2. Mendocino County Alliance (2007) www.gomendo.com
3. Defra (2007) *Organic Statistics UK* <http://statistics.defra.gov.uk>
4. Mintel (2006) *Report on Teas and Herbal Teas 2006*
5. IRI (2006) *Total Market 2006*
6. Mintel (2006) *Smoothies UK*
7. IRI (2006) *Baby Food Report 2006*
8. AC Nielsen MAT chocolate, to 28 January 2007
9. C Boal (2006) 'Green Consumers Push for Organic Cocoa', www.foodnavigator.com/news
10. AC Nielsen MAT convenience foods, to 28 January 2007
11. AC Nielsen MAT dairy, to 16 June 2007
12. TNS, cited in OMSCo (2007) *The Organic Milk Market Report*
13. AC Nielsen MAT organic milk, December 2006
14. AC Nielsen MAT organic CYD, December 2006
15. OMSCo (2007) *The Organic Milk Market Report*
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17. Organic Monitor Industry Watch, 'Asda to launch Bentley organic personal care range', 16 March 2007
18. Organic Monitor Industry Watch, 'Tesco develop organic personal care product range' 16 March 2007
19. Pesticide Action Network (2005) *Organic Cotton in the UK – 2005 market survey*
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4

Retail sales and imports

In 2006, retail sales of organic products were worth an estimated £1,937 million

Sales of organic products through the multiple retailers have grown 21% since 2005

In 2006, an average of 66% of the organic primary produce sold by the multiple retailers was sourced in the UK – no change since 2005

Retail sales of organic products through box and mail order schemes increased from an estimated £95 million in 2005 to £146 million in 2006

- **Multiple retailers**
Retail shops with more than 10 outlets
- **Producer owned retail outlets**
Retail outlets such as farm gate sales, farmers' markets, shops, mail order and box schemes owned by producers
- **Non-producer owned retail outlets**
Retail outlets such as shops, mail order and box schemes owned by non-farmers.

In 2006, retail sales of organic products in the UK were worth an estimated £1,937 million – an average spend of £37 million a week. Between 2005 and 2006, the organic retail market in the UK increased by 22%. However, it is important to note that this rate of growth is unlikely to be sustained in 2007 due to severe shortages in the supply of UK organic products.

Retail sales of organic products through the multiple retailers were worth £1,446 million – a growth of 21% since 2005. In the same period, retail sales through non-multiple retailer outlets, such as box and mail order schemes, farm shops, retail shops and at farmers' markets, were worth an estimated £491 million, a growth of 28% since 2005.

MULTIPLE RETAILERS

In 2006, sales of organic products through the multiple retailers were worth an estimated £1,446 million – a growth rate of 21% since 2005, compared to 31% in the previous reporting year. It is estimated that 75% of all organic products sold in the UK were sold through the multiple retailers.

In the year to December 2006, Nielsen Scan Track data shows that sales of organic dairy products in the multiple retailers increased by 24%, fresh produce by 20%, meat, poultry and fish by 21%, bakery products by 18%, grocery 12%, frozen foods 11%, alcohol 7% and deli products by 1%.¹

Organic dairy products accounted for 4.7% of the total (organic and non-organic) dairy products sold through the multiple retailers. This was followed by organic fresh produce, which accounted for 4.2% of the total (organic and non-organic) sold, and organic meat, fish and poultry which accounted for 3% of the total (organic and non-organic) sold.¹

Imports²

The 2006 import figures are based on data from four multiple retailers (Tesco, Sainsbury's, Co-op and Asda). The import figures for 2005 are based on data from three multiple retailers (Tesco, Sainsbury's and the Co-op) collected by the Soil Association. The 2004 import figures (Tesco, Asda, Sainsbury's and the Co-op) were collected by the British Retail Consortium on behalf of Defra.

In 2006, an average of 66% of the organic primary produce sold by the multiple retailers was sourced in the UK – representing no change since 2005. Within this, the percentage of organic dairy products, meat and salads sourced in the UK declined slightly, although the percentage of organic vegetables and fruit sourced in the UK increased.

Dairy and egg

In 2006, an average of 96% of the organic dairy products sold through the multiple

Figure 17

Retail sales of organic products by outlet 2004–06

Multiple retailers		£ million
2006		1 446
2005		1 199
2004		913
Box scheme/mail order		£ million
2006		146
2005		95
2004		78
Shop/farm gate		£ million
2006		315
2005		258
2004		197
Other		£ million
2006		30
2005		30
2004		25

Table 15

Retail sales of organic products in the UK 2005–06

2006	%	£ million
Multiple retailers	75	1 446
Producer retailers	7	136
Non-producer retailers	18	355
		1 937
2005	%	£ million
Multiple retailers	76	1 199
Producer retailers	8	125
Non-producer retailers	16	259
		1 583

Figure 18

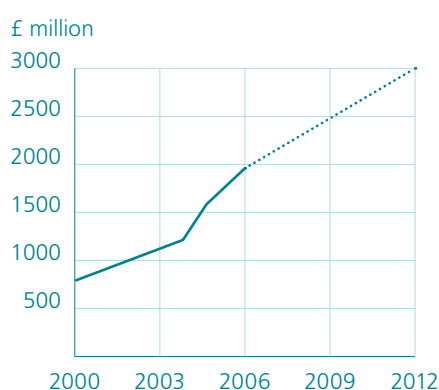
Predicted organic retail sales in the UK

Figure 19

Sales growth for organic products in the multiple retailers 2005–06¹

	%
Dairy	24
Meat/poultry/fish	21
Chilled prepared food	21
Produce	20
Bakery	18
Grocery	12
Frozen	11
Beer, wine, spirits	7
Deli counter	1

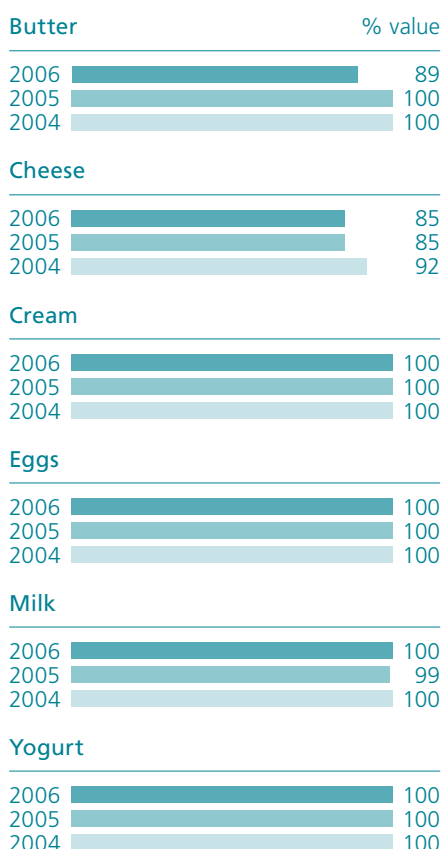
Figure 20

Organic share of total organic and non-organic category value in the multiple retailers 2006¹

	%
Dairy	4.7
Produce	4.2
Meat/poultry/fish	3.0
Bakery	1.6
Grocery	1.4
Deli counter	0.8
Chilled prepared food	0.8
Frozen	0.6
Beer, wine, spirits	0.3

Figure 21

Organic dairy products sourced in the UK and sold through multiple retailers 2004–06



retailers was sourced in the UK – this compares with 97% sourced in the UK in 2005.

The slight decline comes from a decrease in the percentage of organic butter sourced in the UK from 100% in 2005 to 89% in 2006. Butter is largely a by-product of liquid milk production and, due to the shortage in supply of organic liquid milk, some organic butter was sourced from abroad, mainly from Denmark. All cream, milk, eggs and yogurt were sourced in the UK and the percentage of organic cheese sourced in the UK remained stable at 85%, as continental organic cheeses continue to be sourced from Europe.

Meat

In 2006, an average of 79% of the organic meat sold in the multiple retailers was sourced in the UK – a 9% decline in UK sourcing since 2005.

The percentage of pork (53% UK) and bacon and ham (42% UK) sourced in the UK declined dramatically in 2006, falling from 80% UK pork and 70% UK bacon and ham in 2005. While demand for organic pork and pork products continued to increase in 2006, the number of organic pigs being produced in the UK declined, primarily due to high production costs. As a result, some multiple retailers imported organic pork from Europe mainly Denmark and the Netherlands.

The percentage of UK beef sold through the multiple retailers remained relatively stable at 83%, while the percentage of UK organic lamb sold increased slightly to 98%. As in previous years, 100% of the chicken and turkey sold through

Figure 22

Organic meat sourced in the UK and sold through multiple retailers 2004–06

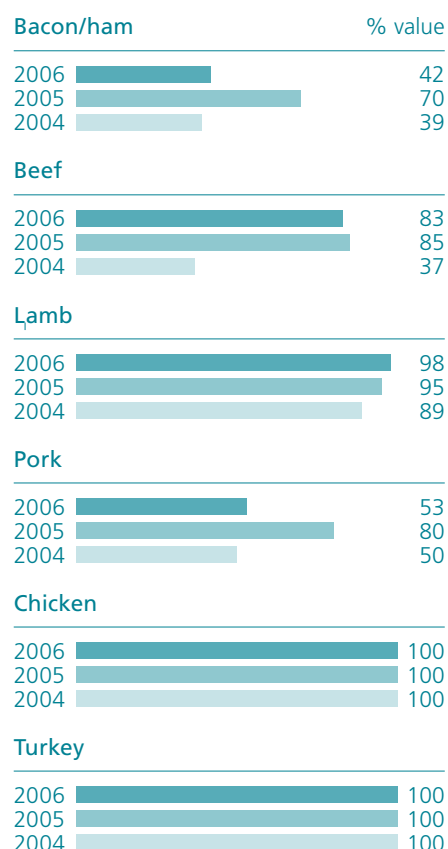


Figure 23

Organic salads sourced in the UK and sold through multiple retailers 2004–06

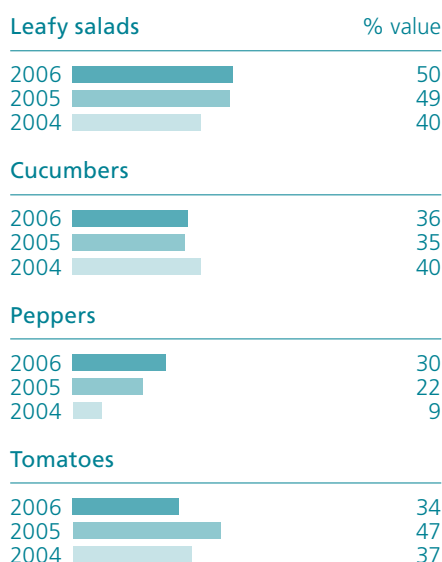
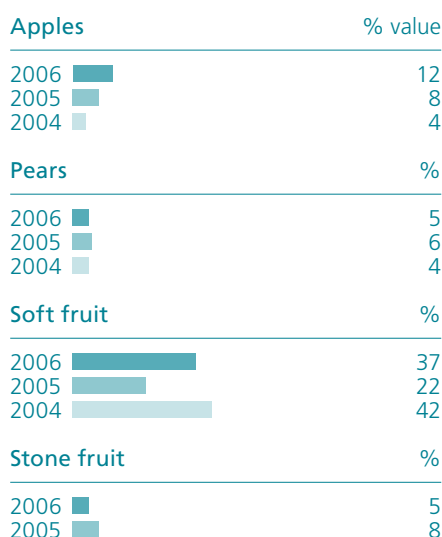


Figure 24

Organic fruit sourced in the UK and sold through multiple retailers 2004–06



the multiple retailers was sourced in the UK.

Salads

In 2006, the percentage of organic salads sourced from the UK by the multiple retailers remained stable at 38%. While the percentage of UK-sourced cucumbers (36% UK), peppers (30% UK) and leafy salads (50% UK) increased slightly, the percentage of tomatoes sourced in the UK decreased from 47% in 2005 to 34% in 2006.

Vegetables

The percentage of organic vegetables sourced in the UK increased from 63% in 2005 to 73% in 2006. In response to consumer demand for UK organic produce, the multiple retailers have tried to increase the availability of British organic vegetables in store. As a consequence, an increasing number of existing non-organic producers were encouraged to grow a proportion of organic vegetables, leading to a slight increase in the availability of British organic vegetables. An average of 48% of peas and beans, 50% of broccoli, 82% of cabbage, 88% of carrots, 83% of cauliflower, 100% of mushrooms, 60% of onions and 71% of potatoes were sourced in the UK.

Fruit

The percentage of organic fruit sourced in the UK increased from 11% in 2005 to 15% in 2006. Within this, the percentage of UK organic apples increased from 8% in 2005 to 12% in 2006, while the percentage of organic soft fruit increased from 22% in 2005 to 37% in 2006. The percentage of organic pears remained relatively stable at 5% UK

Figure 25

Organic vegetables sourced in the UK and sold through multiple retailers 2004–06

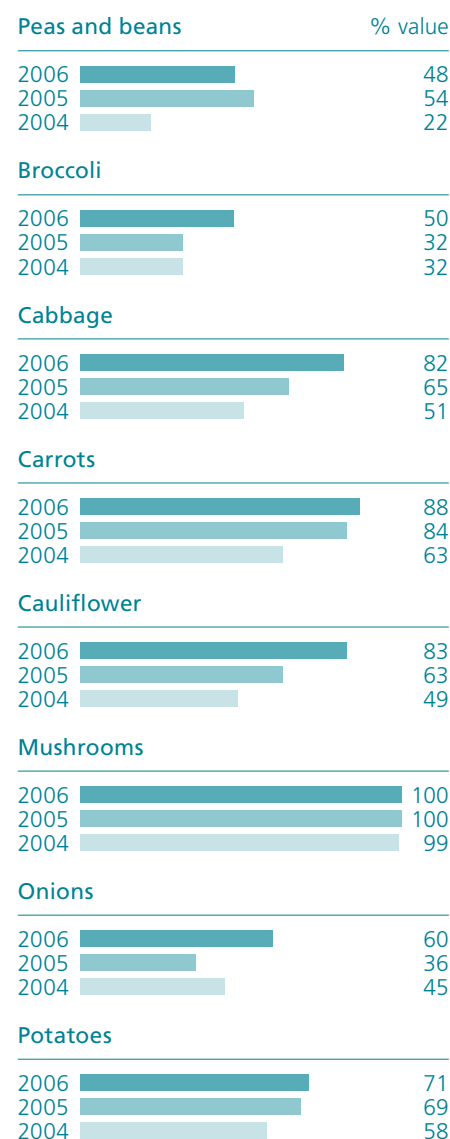


Table 16
Breakdown of non-multiple retailer sales 2004–06

£ million for...	2004	2005	2006
Box scheme/mail order	78	95	146
Shop/farm gate	197	258	315
Farmers' markets	25	27.5	27.5
Other*	0.4	2.8	2.5
	300	384	491

*Shows, events, catering and so on

Figure 26
Box scheme/mail order sales 2004–06

Producer owned	£ million
2006	60
2005	51
2004	47
Non-producer owned	
2006	86
2005	45
2004	31

Figure 27
Farm shop/gate and retail shop sales 2004–06

Producer owned	£ million
2006	47
2005	45
2004	41
Non-producer owned	
2006	268
2005	213
2004	156

sourced, and the percentage of stone fruit sourced in the UK decreased from 8% in 2005 to 5% in 2006.

NON-MULTIPLE RETAILERS

In 2006, sales of organic products through independent retail outlets, such as box and mail order schemes, retail shops, farm gate sales and at farmers' markets, were worth an estimated £491 million, representing an annual growth of 28%.

Within this, organic sales through producer owned outlets increased by 8% to £136 million, accounting for 7% of the total organic market and 28% of non-multiple retail sales. However, sales of organic products through non-producer owned outlets increased by 37% over the same period to £355 million, accounting for 72% of non-multiple retail sales and 18% of the total organic market.

In 2006, producer retailers sold 44% of their products (by value) through box and mail order schemes, 35% through their own retail shops and at the farm gate, 20% at farmers' markets and 1% through other outlets, such as at shows and events. Non-producer retailers sold 76% of their products (by value) through retail shops, 24% through box and mail order schemes, (compared to just 17% in 2005), and 0.3% through other outlets.

Box schemes and mail order

In 2006, retail sales of organic products through box and mail order schemes increased by an estimated 53% from £95 million in 2005 to £146 million in

Figure 28
Source of meat sold in box schemes/mail order 2006

Producer owned	%
Own farm	80
Local farms	12
UK farms	6
UK wholesaler	1
Non-producer owned	
Local farm	55
UK farms	15
UK wholesaler	24
Wholesaler import	6

Figure 29
Source of vegetables sold in box schemes/mail order 2006

Producer owned	%
Own farm	57
Local farms	17
UK farms	6
UK wholesaler	11
Wholesaler import	8
Imported by sea	1
Non-producer owned	
Local farm	27
UK farms	20
UK wholesaler	37
Wholesaler import	15
Imported by sea	2

Figure 30

Source of salads sold in box schemes/mail order 2006

Producer owned		%
Own farm		75
Local farms		5
UK farms		5
UK wholesaler		7
Wholesaler import		6
Imported by sea		1
Non-producer owned		
Local farm		28
UK farms		22
UK wholesaler		31
Wholesaler import		18
Imported by sea		1

Figure 31

Source of fruit sold in box schemes/mail order 2006

Producer owned		%
Own farm		32
Local farms		8
UK farms		6
UK wholesaler		14
Wholesaler import		34
Imported by sea		6
Non-producer owned		
Local farm		11
UK farms		11
UK wholesaler		26
Wholesaler import		43
Imported by sea		6
Imported by air		3

2006. Within this, £60 million was made through producer owned schemes (41% of total box and mail order scheme sales). However, the majority of the growth was achieved through non-producer owned schemes, where sales increased by 93% from £45 million in 2005 to £86 million in 2006.

The proportion of organic sales made through retailer owned box and mail order schemes has overtaken that made through producer owned schemes for the first time. Non-producer owned sales now account for 59% of the total box and mail order scheme market, compared to 47% in 2005. It is likely that independent retailers are filling a gap in the market as producers struggle to meet demand, due in part to land shortages and inadequate organic processing facilities. In addition, the long hot summer in 2006 led to increased demand for salads and Mediterranean-style produce, while it appears that, as the popularity of box schemes continues to increase, new customers are expecting less seasonal produce and more visual perfection. As a result, retailer owned box schemes may be better placed to respond to changing consumer tastes as a larger proportion of produce is bought in from wholesalers – an average of 41% of the organic fruit, vegetables and salads sold compared to 26% in producer owned schemes.

In 2006, the average organic turnover for organic box and mail order schemes increased by 188%, from £200,000 in 2005 to £578,000 in 2006. Within this, average turnover for box and mail order schemes that sold some meat was £665,597 and £120,434 for schemes

that sold no meat or meat products. The average turnover for producer owned schemes was £504,000, compared to £801,000 for non-producer owned schemes, indicating that non-producer owned schemes tend to sell higher value produce and continue to be significantly larger than producer owned schemes. The average scheme sold 813 boxes a week in 2006, compared to 562 in 2005, while the average box price was £10 for non-meat boxes and £47 for schemes that sold some meat. Prices ranged from £4 to £250 a box, depending on the value and type of produce sold.

In 2006, producer owned box and mail order schemes sourced an average of 86% of the content sold from the UK, including meat (100% UK), vegetables (91% UK), salads (93% UK) and fruit (60% UK). Non-producer owned box and mail order schemes sourced an average of 76% from the UK, including meat (94% UK), vegetables (83% UK), salads (80% UK) and fruit (49% UK).

Farm gate and independent shops

In 2006, sales of organic products at the farm gate and through independent shops were worth an estimated £315 million, representing an annual growth of 22%. Within this, sales at the farm gate and through producer owned shops increased by 5% from £45 million in 2005 to £47 million in 2006, while sales through non-producer owned shops increased by 26% from £213 million in 2005 to £268 million in 2006. However, the growth in organic retail shop sales is expected to slow in 2007 as a result of difficulties in sourcing UK organic products and increased competition from the multiple retailers. The multiple

Figure 32

Source of meat sold at farm gates/retail outlets 2006

Producer owned		%
Own farm		80
Local farms		16
UK farms		2
UK wholesaler		2
Non-producer owned		
Local farm		47
UK farms		26
UK wholesaler		20
Wholesaler import		7

Figure 33

Source of vegetables sold at farm gates/retail outlets 2006

Producer owned		%
Own farm		63
Local farms		15
UK farms		7
UK wholesaler		9
Wholesaler import		5
Imported by sea		1
Non-producer owned		
Local farm		31
UK farms		14
UK wholesaler		37
Wholesaler import		14
Imported by sea		3

retailers now stock a wide range of 'natural products', such as cleaning and health and beauty products, which customers used to have to purchase from independent retail shops.

Sales through producer owned shops and at the farm gate accounted for 15% of the total farm gate and retail shop sales, compared to 17% in 2005. Sales through non-producer owned retail shops accounted for 85% of sales compared to 83% in 2005. The average organic turnover at the farm gate and in independent shops was £231,000 in 2006. The average organic turnover in producer owned outlets was £55,000, compared to £554,851 in non-producer owned retail shops.

In 2006, an average of 91% of the organic produce sold at the farm gate and in producer owned retail shops was sourced in the UK, with 100% of meat, 94% of vegetables, 95% of salads and 75% of fruit sold sourced from the UK. This is compared to 78% of the produce sold through non-producer owned retail shops, with 93% of meat, 82% of vegetables, 77% of salads and 58% of fruit sold sourced from the UK.

Farmers' markets

The Farmers' Market and Retail Association (FARMA) report that annual turnover at farmers' markets remained unchanged between 2005 and 2006 and, as a result, it is estimated that the value of organic produce sold at farmers' markets remained unchanged for 2006 at £27.5 million. However, the proportion of organic produce sold at farmers' markets varies by region and is, to some extent, constrained by availability.

Figure 34

Source of salads sold at farm gates/retail outlets 2006

Producer owned		%
Own farm		70
Local farms		12
UK farms		8
UK wholesaler		5
Wholesaler import		4
Imported by sea		1
Non-producer owned		
Local farm		32
UK farms		11
UK wholesaler		35
Wholesaler import		18
Imported by sea		4
Imported by air		1

Figure 35

Source of fruit sold at farm gates/retail outlets 2006

Producer owned		%
Own farm		46
Local farms		9
UK farms		7
UK wholesaler		13
Wholesaler import		17
Imported by sea		8
Non-producer owned		
Local farm		17
UK farms		12
UK wholesaler		29
Wholesaler import		36
Imported by sea		5
Imported by air		1

For example, FARMA report that some markets struggle to find organic stall-holders and that organic vegetables are in particularly short supply.

In 2006, 550 farmers' markets were held on a regular basis in the UK, creating an estimated 9,500 market days each year. Each market had an average of 24 stalls and it is estimated that 10,000 producers, sold produce at farmers' markets in 2006.³

CATERING

In 2006, SA Certification had a total of 53 catering licensees, a 20% reduction since 2005. Ten restaurants are currently in the process of applying for organic certification. In direct contrast, the number of non-licensed establishments serving organic food continued to increase, as there is no legal requirement for restaurants selling organic food to be licensed. 2006 also saw an increase in the number of farms and retailers diversifying their business to include cafés and restaurants. Continued demand for organic produce from caterers has also resulted in an increase in the number of processors supplying food service size offerings.

In 2006, interest in the Soil Association's Catering Code of Practice (CCOP) increased significantly. The CCOP is designed for companies that wish to demonstrate their organic credentials, when full certification is not a viable option. Restaurants and caterers who follow the CCOP sign a declaration to say that they operate an 'open book' policy. This helps to demonstrate the transparency, openness and good

practice of the business to customers.

In November 2006, the Soil Association published *The Real Meal Deal* report. It highlighted the inadequacies of healthy food provision for children in the food service sector. Restaurant chains such as Nandos, Café Rouge and Little Chef were heavily criticised by nutrition experts. Since the publication of the report, restaurants and pub chains have shown increased interest in supplying healthy options, particularly meat and fresh produce as part of a more balanced menu.

Public sector catering

In September 2006, the new School Food Trust introduced statutory food-based standards in schools. The standards ban confectionery, savoury snacks and sugary drinks – only milk and yogurt drinks, fruit juice and water are allowed – and limit deep-fried and manufactured meat products. Schools are also required to provide freely available bread and drinking water, oily fish every three weeks and no fewer than two portions of fruit and vegetables a day. More prescriptive nutrient-based standards, derived from the Caroline Walker Trust recommendations, will be statutory in primary schools from 2008 and secondary schools from 2009.

It is still difficult for schools to incorporate local and organic ingredients due to the low average ingredient spend of 52p in primary schools and 67p in secondary schools. The situation has been made worse in some cases due to a 5% decline in take-up of school meals between 2005 and 2006, largely due to the negative media focus on school meals.

However, there are exceptions – for example, Millfields Community School in Hackney sources 40% organic food and has seen meal take-up rise by 40%.

In December 2006, the Soil Association was awarded £16.8 million by the National Lottery Wellbeing Fund to lead a new Food for Life Partnership. This Partnership brings together the Focus on Food Campaign, who use cooking buses to promote cooking skills in schools; Garden Organic, who lead vegetable gardening initiatives in schools; and the Health Education Trust, who developed the concept of a 'whole school food policy' to transform school food culture. Over five years, more than 3,600 schools will work towards a new Food for Life 'partnership mark', to be launched in October 2007. Based on the experiences of Ashlyn's Growers and Producers in supplying 60 schools in Essex, if 180 primary and secondary schools reach the 'gold standard' and source 50% local and 30% organic produce, this will represent a £3.3 million market for local and organic produce. If 3,600 schools were to reach the gold standard this would create a £66 million market for British producers.

1. Nielsen, Scantrack grocery multiples year to December 2005 versus year to December 2006

2. Note: Data relates to the value of indigenous, organic, primary produce sold throughout the year, not the volume of produce sold. The percentage of produce sourced from the UK may be much higher during the British season.

3. FARMA (2006) *Sector Briefing on Farmers Markets in the UK – Nine years and counting*

5

The organic consumer

More than half of respondents had purchased organic fruit and vegetables; one in four consumers had bought organic meat or dairy products; and one in six consumers had purchased packaged organic goods

Consumers living in London, the Southeast, the Southwest and Wales are far more likely to purchase organic food and drink than those in any other part of the UK

Households with children under the age of 15 tend to buy a wider range of organic foods than those with no children

Mintel's most recent *Organics in the UK* report found that more than half of respondents had purchased organic fruit and vegetables within the previous 12 months; that one in four consumers had bought organic meat or dairy products; and that one in six consumers had purchased packaged organic goods.

Consumers appeared slow – even reluctant – to extend the range of organic food they bought from fresh to pre-packed, despite extensive new product development in pre-packed foods. The tendency to purchase organic food and drink is greatest amongst ABC1s,¹ and ABs are the most likely purchasers of organic foods. However, in certain food categories, the gap between ABs and C1s is narrowing significantly – for example, in vegetables, fruit and, to a lesser extent, dairy products.

Families are understandably more budget conscious, and buying organic can have a considerable impact on the cost of the weekly shop. However, households with children under the age of 15 tend to buy a wider range of organic foods than those with no children. While organic fruit-based drinks enjoy above-average popularity among parents of children aged under four, with 16% having purchased within the last year, once children become older the tendency to purchase decreases, falling to 10% among parents of children aged 10–15.

Packaged organic foods, such as flour, pasta, cereals, fruit-based drinks or hot beverages, are most popular among the 35–54 age groups. Younger, pre/no family consumers – particularly those aged 15–24 – are the most likely to

have bought organic chocolate, although dairy products – most likely yogurts – were also popular. ABC1 pre/no family consumers are least likely to have bought organic meat, fruit, vegetables or olive oil in the last 12 months as this group typically buys convenience foods.

Consumers living in London, the Southeast, the Southwest and Wales are far more likely to purchase organic food and drink than those in any other part of the UK. The tendency to purchase organic fruit, vegetables, meat or dairy products is highest among these consumers.

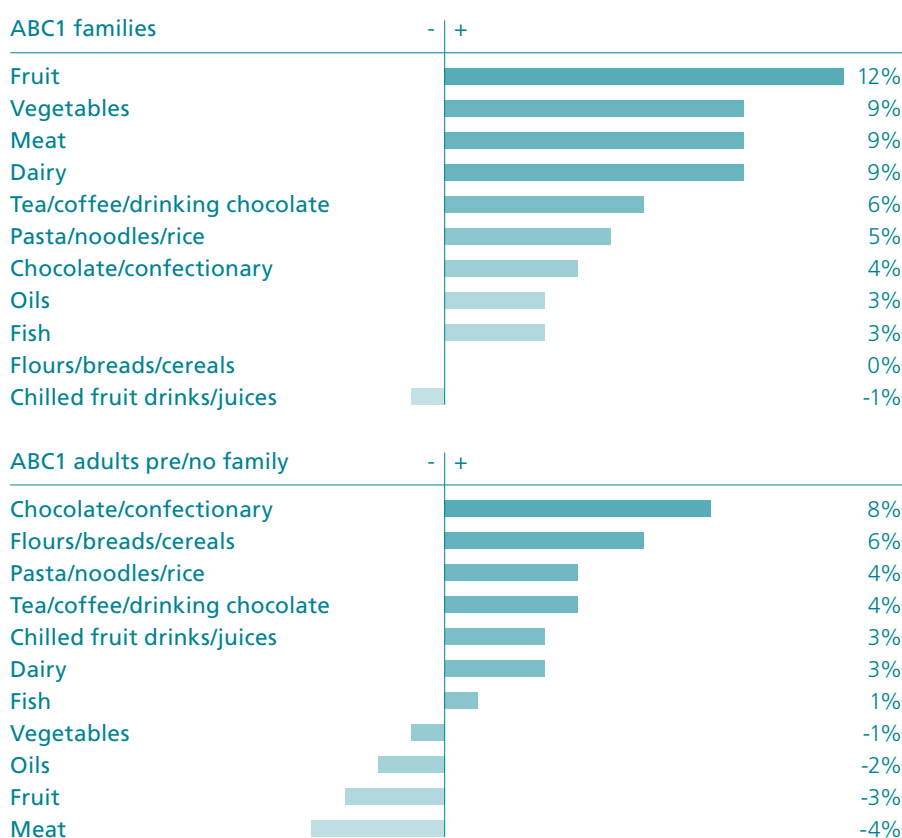
In London and the Southeast hot beverages appear to be one product area yet to be fully developed. The prevalence of the high street coffee shops suggests that there is considerable potential to raise the profile of organic drinks.

With few exceptions, consumers in Scotland and the East Midlands are the least likely to purchase almost all types of organic food and drink. Consumers in the East Midlands are the least likely to purchase organic fruit, while Scottish consumers are relatively keen purchasers of organic vegetables, but not organic confectionery – only 5% had purchased in the last year, compared with an average of 10%, and a peak of 14% in London and the south of England.

There is an assumption that once consumers buy one or two items of organic produce they will start to engage with other product categories and the organic concept as whole. However, this is not necessarily the case: different

Figure 36

Types of organic food purchased in the last 12 months July/August 2005 compared with average response²



Base: 1,076 adults aged 15+

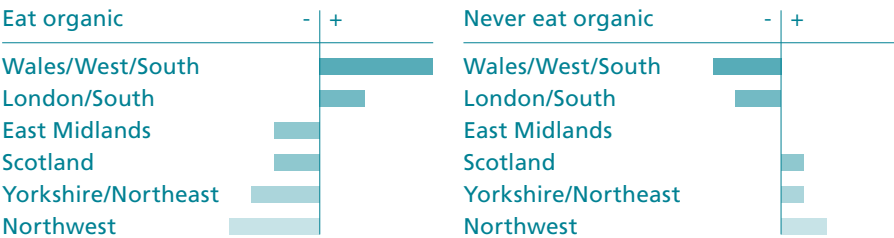
consumers display different incentives to purchase, whether it is primarily concern over pesticides, animal welfare, or the belief that organic food is simply better for you. It seems that these values are not necessarily transferable to all product areas and that consumers are selective in their approach. For example, they may buy organic milk for their baby up to the age of 2–4 years and then stop. Similarly, they may buy free range eggs but not consider buying organic chicken.

Approximately half of consumers who claim to have bought organic products believe that they are too expensive and that they would buy more if they were cheaper. Price is not the only deterrent and consumer confusion, understanding what buying organic means, and availability/convenience are also issues. Many consumers are willing to spend extra for good food and the huge growth in premium own-label lines suggests that the large numbers of consumers who are not buying organic produce are simply not buying into the organic ethos – regardless of price. Therefore, the benefits of organic food need to be clearly promoted so that consumers understand and accept the reasons why they are paying a premium price.

When it comes to 'ethical behaviour' as a whole, the main barriers to change are perceived cost, inconvenience and confusion due to the amount of information available. Cost is seen as the main issue for younger family-oriented consumers, while information overload can be a problem for the over-45s.

Consumers that look for ethical products when they eat out are probably at the top end of the sector in terms of

Figure 37
Tendency to eat organic food by region July/August 2005²

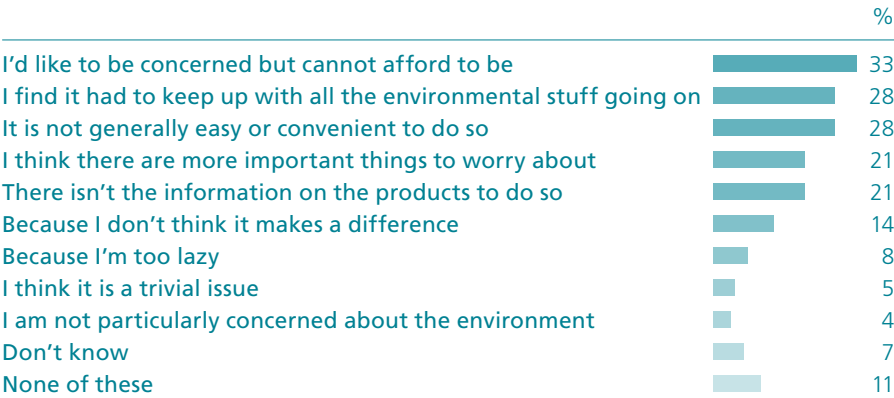


Base: 1,076 adults aged 15+

expenditure: they tend to be AB, higher-income consumers, meaning that the ethical sub-sector is far more significant in terms of revenue than actual numbers.

Being organic alone is not enough: other consumer priorities, such as premium quality, taste and nutritional values, must be communicated to the consumer. Only 17% respondents buy organic because they think it tastes better.

Figure 38
Motivations for not prompting a change in shopping behaviour February 2007³

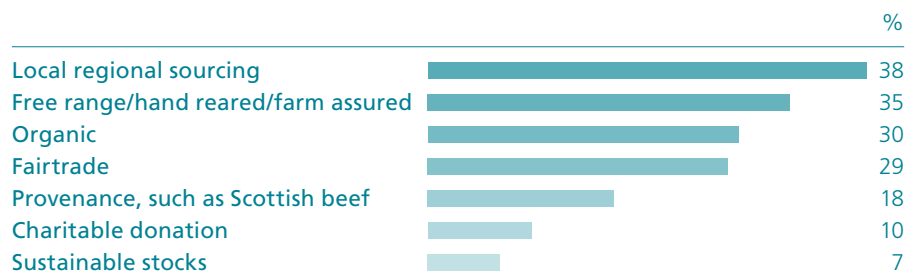


Base: 1,158 respondents who have not made any changes due to concern for the environment

There are significant opportunities to increase the range of organic products consumers buy. This could help reduce pressure on sectors which are struggling to supply the market. Consumers are generally more concerned with how ethical food benefits them and enhances their experience, rather than more complex issues.

1. A: upper middle class higher managerial, administrative or professional
B: middle class intermediate managerial, administrative or professional
C1: lower middle class supervisory or clerical, junior managerial, administrative or professional
C2: working class skilled manual workers
D: working class semi and unskilled manual workers
E: those at lowest level of subsistence, state pensioners or widows (no other earner), casual or lowest grade workers
2. Data supplied by BRMB/Mintel Oxygen
3. Data supplied by CIAO/Mintel Oxygen
4. Data supplied by GfK NOP/Mintel Oxygen

Figure 39

What ethical consumers want to see on a menu November 2006⁴

Base: 1,929 adults aged 15+ who eat out in restaurants

Figure 40

Defining ethical foods March 2006²

Base: 1,007 adults aged 15+

Case studies



Abel & Cole

In 1988, Keith Abel set up a potato delivery service in Catford, south-east London. Keith was introduced to organic farming by one of his suppliers and he quickly realised that organic food had something more to offer. He was soon selling organic and non-organic potatoes – and his customers clearly preferred the organic. As more organic produce became available, the business became fully organic in 1993.

The company's aim has always been to bring fresh food into the UK's urban centres to reconnect consumers with producers and the countryside. "People are becoming more interested in food and they want to understand more," explains Ella Heeks. "Our customers have a strong sense of sympathy with farmers and Abel & Cole offers this connection – and makes it easy and fun. We like to think of ourselves as the 'greener grocer', and we try to be as ethical and environmentally friendly as possible. To us, being ethical means we must be of positive benefit to everyone we affect." As a result, none of the produce sold in their boxes is air freighted.

To supply its customers with seasonal organic produce, Abel & Cole rely on a network of 65 British organic producers, with the focus on British rather than local. Abel & Cole coordinate the activities of all their producers who are offered forward supply contracts, which enable them to specialise in certain crops. It also allows Abel & Cole to manage shortages and surpluses of produce. Abel & Cole are aware that their customers pay attention to what their competitors charge, and prices are comparable. "We charge what we

need in order to cover costs and receive a fair income," states Ella.

Abel & Cole are proud of the relationships that they have built with their suppliers (such as Nick Gosling of Berkeley Farm, pictured left). "In a recent survey, all of our suppliers said that there was no one they would rather supply," remarks Ella. "We have wide specifications based on taste and not appearance. As a result, suppliers don't have to throw good food away to meet our specifications and they can sell a large percentage of their crop at a good price."

Abel & Cole currently sell more than 500 lines to their customers from meat, fish, wine, beer and bread to fruit, vegetables, assorted grocery goods and cleaning products. They have introduced an IT system that enables them to offer an 'exclusion' service to all customers. So if a customer doesn't like lettuce, for example, lettuces can be easily removed from their box contents and replaced with something else. "We do not want to impose on our customers," explains Ella.

"Customers call or email and let us know what they don't like and we check this before we pack. Some tell us that they do a single monthly supermarket shop to supplement what they get from us, while others say they do not have to visit supermarkets at all. Delivery helps people to eat more healthily. It makes it a routine; the path of least resistance leads to a healthy lifestyle and diet. The weekly surprise of the organic box contents and the rediscovery of how delightful it is to cook good food is something people love. It helps people to cook more creatively, experience

more tastes and, as a result, they are given a sense of the seasons."

Customers receive a weekly newsletter with every box, which includes information about the produce, the growers, recipes and preparation tips. Ella thinks the newsletter is crucial because it helps customers feel connected to the producers. It is also the best way for Abel & Cole to explain how they differ from the supermarkets. Ensuring that their customers understand and appreciate the differences has been a big challenge: "There are real and significant differences but explaining them in a simple, accessible and positive way is the real challenge," explains Ella.

Abel & Cole currently employ 250 people who all get free fruit and vegetables. They also benefit from a profit share scheme, lunch clubs, a gym on site, a cycle scheme, training and staff progression. This all helps to ensure that the staff are happy, encouraging them to provide a good service to Abel & Cole's customers.

Abel & Cole believe that the company will continue to grow in the future as there are still plenty of opportunities in the organic market. They plan to expand their range of products further and to extend their customer base: "in essence, more of what we do," explains Ella.

Acorn Dairy



Gordon and Caroline Tweddle manage Acorn Dairy, a Soil Association certified organic dairy and direct retail business near Darlington, in north-east England.

The Tweddle's have been selling their own organic milk for six years and currently supply 8,000 pints a week to Darlington Memorial Hospital. In 2005, Acorn Dairy also won the school milk contract with Darlington Borough Council, despite competition from a major national supplier offering non-organic milk. The slightly higher costs of production were offset by lower delivery costs, and the Council were attracted by the benefits of product freshness and local employment. Acorn Dairy now supply all 'free school milk' to children under five years old in Darlington, as well as to a number of primary schools (such as those of Wharrier Street, pictured). The milk is supplied in 250ml containers with specially designed labels for children.

"Schools are a difficult nut to crack," admits Gordon Tweddle. "In general, it's still about biggest quantity at the cheapest price. And compliance requirements, such as the British Retail Consortium standard, are tailored towards big commercial companies. If schools had the power to source locally and independently, rather than through big contracts, then it might be easier. You need to throw time, effort and money at the first few schools you supply. To start with you may lose money but as volumes pick up the investment pays off."

Acorn Dairy is keen to supply more primary schools in Darlington, but demand depends on the headteacher

– or parents' willingness to pay. In addition, individual schools can find it difficult to claim the school milk subsidy available from Europe, as the system is designed for national contracts.

Acorn Dairy's milk is also sold in schools in the east end of Newcastle. Jamie Sadler, of the East End Community Health Partnership, is helping disadvantaged schools establish organic milk bars, in association with the Soil Association's Food for Life programme and support from Northern Rock. At Warrior Street Primary School, the children run their own organic milk bar three days a week. The milk bar now sells 700 bottles a week from Acorn Dairy at 20p each. As a result of the organic milk bar initiative, Acorn Dairy has been added to Newcastle City Council's list of approved suppliers and it is likely that the scheme will be extended.

"We hope to ignite interest and support from the parent and teacher bodies, as well as the pupils, to build a sustainable demand for our milk," says Caroline Tweddle. "Schools generally make good customers, operating to a standing order, taking reasonable volumes of milk and paying promptly. However, producers who are considering this market must ensure that they find an alternative outlet for their milk during the school holidays."

Caerfai Organic Farm



Caerfai Organic Farm in Pembrokeshire is home to Wyn and Christine Evans. The dairy farm has been organic since 1993. The couple decided to convert to organic production after hearing a talk by the late Dougal Campbell, one of the organic pioneers in Wales. The couple were also finding the cost of regular nitrogen fertiliser applications increasingly prohibitive and noted that the regularly fertilised crops had limited ability to cope with the increasing number of drought incidences experienced on the farm in the 1980s.

Before converting to organic production, the farm's milk was pasteurised and bottled on-site. Now, the milk from the farm's Meuse Rhine Issel cattle is the only organically unpasteurised licensed production unit in Wales. The milk is delivered to local households and is used to produce a range of organic farmhouse cheeses. The decision to add value to their milk through cheese production was taken after conversion and the milk was initially sent to Dougal Campbell for making into cheese and then sold to tourists via the farm shop. However, in 1996, Wyn began to produce cheese (Cheddar and Caerphilly) on-farm. Most of the cheese is now sold through a wholesaler, with the remainder sold through the farm shop. Wyn estimates that 30–50% of the cheese produced is sold within two miles of the farm in the summer.

The farm also produces cereals and early organic potatoes, although the most profitable enterprise is the camp-site, which is open from May to late September. "In the short-term farmers need to diversify and add value to make a living as food is sold too cheaply,"

explains Wyn. "However, in the long-term I can foresee a greater emphasis on food security, driven by climate change and peak oil, resulting in increased levels of UK production."

Wyn has a long-standing interest in renewable energy sources, initially motivated by finding practical solutions to problems on the farm, such as ensuring the campsite toilets flushed under low water pressure. Approximately 40% of the farm's energy needs are met from renewable sources. The farm utilises energy generated by a wind turbine, solar panels (pictured, right), an aerobic digester (turning cattle slurry into methane gas) and a ground-source heat pump. Wyn estimates that on a sunny, breezy day it is possible to milk the cows and make cheese using renewable energy from the farm, although these conditions are only present about 20% of the time. Three sets of solar panels are used to heat water for the campsite shower block and to provide hot water for the dairy and cheese making process, while the ground-source heat pump provides hot water and heating for the farm house. However, water and energy are still wasted and Wyn has plans to increase the amount of energy produced on farm. "I would like to see the loose ends tied up and everything integrated," he explains. His plans include changing the heating systems in his holiday cottages, which presently use an Economy 7 system on a green tariff, to a renewable energy source.

The profits from the campsite have made it possible to invest in renewable energy, and Wyn has spent approximately £30,000 over a 30-year period on renewable projects. He is aware that

the high costs of setting up a renewable system can act as a deterrent, but believes that this is because the cost of fossil fuel energy is not high enough. "Fossil fuel is still available on tap," he explains. "Life is too easy in the fossil fuel age and people are complacent." In addition, there are other deterrents, such as planning restrictions, which can make it difficult to install wind turbines or solar panels. Farmers also lack time and Wyn estimates that he spends 20% of an average working day on his renewable energy projects.

Wyn's advice to farmers considering energy production is to use the most cost-effective resource (waste, biomass, sun, wind or water), read about the subject and search the internet for useful resources. He suggests visiting someone with a renewable energy system similar to that planned, buying from someone you can trust, or planning and building your own system. "Renewable energy systems are never constant and vary in production level and, hence, any system cannot rely on one source," he explains. "The broader the mix of renewable energy sources used, the more reliable the system will be."



Green Ventures

In 1996, the Green Ventures box scheme was set up in Camberwell, London to supply local people with affordable, fresh, seasonal, organically grown fruit and vegetables. Initially, the scheme was subsidised with National Lottery funding; however, the business has been self-sustaining since 1999. Lifetime membership of the Green Ventures box scheme costs £1 and bags of produce are available to members on a sliding scale according to household income. The scheme currently supplies approximately 80 boxes a week to 60 customers in the Peckham area of London.

Green Ventures attempt to tackle social exclusion by offering organic fruit and vegetables to groups of people who could not otherwise afford and/or access this type of food. Green Ventures are committed to sourcing food as locally and seasonally as possible and to minimising food miles. They currently source most of their fruit and vegetables from Eostre, an East Anglia based producer cooperative.

Since the inception of the project, people on low incomes have been able to purchase a box at a reduced price. When the organisation was set up the availability of organic produce was limited and, at that time, the price of the box was fairly competitive. However, as the number of organic box schemes and retail outlets selling organic produce have increased, the price of the box has become less competitive for those paying the full price. Despite this there are still enough people willing to pay more for their box in order to subsidise those on lower incomes, so the organisation remains viable. "These people believe strongly in what Green Ventures are

doing and as a result are willing to pay the extra costs," explains Peter Meredith of Green Ventures. "They are happy to pay to support a local scheme which supplies fresh seasonal produce with minimal packaging and low food miles, and which empowers local people." In addition, it is possible for members to do voluntary work in order to get a box at cost price. Using volunteer staff helps Green Ventures to keep costs to a minimum, as they only have to employ three members of staff on a part-time basis.

Although Green Ventures cannot supply specific orders, it is sometimes possible to tailor boxes to individual needs by removing products that the customer dislikes or is allergic to, or if they grow a particular crop in their own garden. "Having details of customer preferences can be useful if an individual product is in short supply and the small scale of the Green Ventures operation does allow a certain degree of personalisation" explains Peter.

Green Ventures deliver all boxes by bike and trailer: using less 'green' forms of transport would not be in keeping with what the organisation is trying to achieve. Consequently, when they receive enquiries from people outside the delivery range they are put in touch with other box schemes. There is a charge for box delivery and it is hoped that this will encourage as many people as possible to collect their box, although preferably not by car.

As part of the Peckham Healthy Living Network, Green Ventures recently received some support from the New Opportunities Big Lottery Fund. The

project will give elderly, housebound and vulnerable people in the SE15 area the opportunity to purchase an organic food bag at cost price. Green Ventures aim to recruit 50 people on to this scheme in the first year. The bag will be smaller than those supplied through the main Green Ventures scheme and will act as an introduction to organic food. In addition, Green Ventures will offer advice on how to cook and include recipes with the produce supplied.

The aim of Green Ventures has always been to make natural foods available to the whole community and to remove exclusivity from organic food. However, the scheme has to be run efficiently and Green Ventures hope to register as a charity in the future.

Organic Farm Foods

In the 1980s, a group of organic growers in Wales started Organic Farm Foods in order to develop an efficient market infrastructure for British organic producers. Organic Farm Foods ran at a loss for several years but the business has recently been modernised; turnover is now approximately £25 million and Organic Farm Foods are the single largest distributor of organic fresh produce in the UK.

In 1986, Organic Farm Foods became the first fresh produce company to supply UK supermarkets with organic fruit and vegetables. The company still has a successful relationship with several of the major supermarkets, including Tesco and Sainsbury's. Adam Wakeley, joint managing director of Organic Farm Foods, is happy to work with the multiple retailers. "The main multiples continually get a bad press," he explains. "However, we have enjoyed fabulous support from them and I feel strongly that their position in the market is essential as it protects the integrity of the supply – they cannot afford to allow quality and trust issues to affect their brand and therefore it keeps rogue traders at bay. They also deliver critical mass to enable us to create a sustainable business, which is essential."

Organic Farm Foods have always sourced produce directly from local producers or exporters. This reduces costs and enables savings to be passed on to buyers, reducing the price difference between organic and non-organic products. In addition, it gives Organic Farm Foods the opportunity to share knowledge, offer support and to encourage growers to develop the produce that UK consumers want. By working directly with growers,

Organic Farm Foods are able to build close and mutually beneficial relationships. For example, the company has a long-standing relationship with the Netherlands-based Eosta, which allows joint sourcing of produce and sharing of advice and technical expertise. With the different requirements of the UK and European market it can also provide full crop utilisation.

Organic Farm Foods offer support to producers via the Organic Fresh Produce Network, which is designed to help organic growers produce and market their crops effectively and profitably; establishing new supply networks, knowledge sharing and providing growers with market information, advice and access to new and developing markets.

Initially, Organic Farm Foods aimed to supply salads, vegetables and fruit. However, the company has recently decided to concentrate on the fruit side of the business, beginning with UK apples. Apple growers have often been reluctant to convert to organic production and many of those who did convert have not succeeded. Organic Farm Foods hope to educate growers about how to grow organically on a sustainable basis. "The first production blocks were planted this winter and we have plans to work with other growers to plant sufficient volumes to bring organic apples to UK consumers who have not been able to buy them to date," explains Adam. "This exciting project will address the need for imports, provide the consumer with a UK option, and offer further incentives for UK farmers to convert to organic farming with confidence that technical assistance and agronomy will be available."

Organic Farm Foods are in the process of calculating the greenhouse gas emissions produced by their supply network and plan to offset the energy used through the Carbon Neutral Company. The review process will also highlight where emissions can be cut and allow the company to put appropriate energy conservation measures in place. Adam believes that the environmental benefits of organic produce must be communicated to the customer. "We must tell the consumers loudly and clearly that organic farming is a major way to help contribute to reducing the frightening prospect of global warming," said Adam. "We need to explain how good soil management can help to prevent carbon depletion and how good organic agricultural practices minimise agriculture's contribution to greenhouse gas emissions."

Providence Farm



Eighteen years ago, Pammy and Ritchie Riggs were struggling to find healthy organic food for their children. The Riggs bought a field in North Devon, near the market town of Holsworthy, and began raising goats. Driven by an inspiring passion for 'real' organic food, the Riggs developed their farming techniques and now produce organic pork, beef, geese, ducks, chickens and eggs on 7 ha. "We decided that the only way to get good quality food was to produce it ourselves," explains Ritchie. "So we quit our day jobs, so to speak, and began to farm."

The Riggs are concerned about the dilution of standards within the organic industry and, as a result, animal welfare is a priority on Providence Farm. Their chickens have plenty of space to roam outdoors and there are only 150 birds in each house. The chicks are bred on farm, fed a diet of 100% organic feed and receive no vaccinations. From birth, the chicks have access to a variety of foods including insects, grass and grain. The Riggs believe that the natural diet helps the chicks to build up their immune systems so they are less prone to disease. In addition, the farm operates a rotation system so that parasites and soil-based diseases do not build up; chickens are replaced by cows, then by pigs, then by ducks or geese. The chickens do not return to the same pasture for at least four years. "Our chickens are very healthy and suffer from virtually no illnesses," says Ritchie. If any chickens do get ill they are treated with homeopathic remedies. The chickens enjoy a long life (88–90 days) and are individually slaughtered at the farm. The combination of exercise, a varied diet, and the fact that the meat is hung for a week before

it is sold, results in high quality meat with a unique flavour that has won several organic food awards.

Providence Farm sell approximately 2,500 table birds a year directly to the consumer. The meat is sold at their farm shop, at a weekly stall in Tavistock Pannier Market, and also by mail order. However, the Riggs intend to reduce the amount of meat sold by mail order and focus more on local sales. "It's not very good to be shipping things all over the country in polystyrene packaging," says Ritchie. The farm has seen an increase in the demand for organic produce and growth in local sales over the past few years. However, there are no plans to expand the business. "We want to stay small because businesses lose that 'edge' when they get too big," explains Ritchie. "In the coming years we want to focus on improving the quality of our produce rather than the quantity."

The Riggs have recently set up an organic consultancy service to teach their methods and ideology to others who wish to farm poultry in an ethical and profitable way. Future plans for the farm include experimenting with different chicken breeds to find the perfect organic bird. They also have plans to start using renewable energy sources, such as a wind turbine, with the aim of eventually becoming carbon neutral.

Tolhurst Organic Produce



Tolhurst Organic Produce is situated on the edge of the Thames floodplain at the foot of the Chiltern Hills in Oxfordshire. All produce from the 7ha horticultural unit is sold through a box scheme, which supplies 400 customers in Oxford and Reading.

The farm operates a stock-free system, making optimum use of soil fertility without reliance on other farms to supplement fertility. Green manure cover crops are used extensively, while many crops are undersown to reduce nutrient leaching and improve nutrient availability. Rotations are long to reduce pest and disease pressure and to build fertility. This dramatically reduces energy consumption in the transport, handling and application of bulky organic manures. "The health of the soil is central – not just to the energy efficiency of the farm, but also to the health of crops and environment," explains Iain Tolhurst. "Rotation is a very important tool to preserve soil health, particularly the earthworm and soil bacteria populations. A healthy soil structure ensures less energy usage in tillage and higher yield crops, better crops for less energy."

All organic waste is returned to the land via the compost heap, including crop residues and a small amount of bought in local barley straw. The straw is used initially to build field storage clamps for potatoes and other bulky crops before being composted. Over the course of a year the farm produces 30m³ of compost which is applied to tunnel crops twice a year. Any excess goes onto the fertility building green manures in the garden crop areas. The compost is produced in straw bale enclosures, turned at least twice and kept under cover. "Compost

is an essential component in feeding the soil, being particularly beneficial in improving soil fauna," explains Iain. Soil analysis has shown that over the past 20 years available nutrients have improved despite the fact that there have been no inputs at all during that period. Iain has started buying in Soil Association-approved green waste compost from the local composting site, which is applied to the fertility building part of the field rotation at a rate of 40–50m³/ha once in the seven-year rotation.

All field crops of brassica and alliums are grown as bare root transplants in the garden area and transplanted to the field. Producing their own plants reduces overall production costs and offers much greater flexibility with planting times. Buying in propagation materials relies heavily on plastic trays, compost, transport and energy inputs in greenhouses, while bought in plants tend to be more susceptible to pest and disease attack. At Tolhurst Organic Produce, modular raised plants are kept to a minimum, usually only for tender transplants for out of season cropping. Propagation media is produced from green waste compost and a few basic inputs. This is both cost effective and has produced excellent results in most cases. "Our policy of energy reduction does not allow for the direct heating of any growing structure," explains Iain. "We do, however, use a very limited energy input to heat propagation benches and provide a little supplemental lighting for the earliest plants."

Tolhurst Organic Produce has developed low energy systems for storing bulky crops, such as potatoes, onions and

squash, and have adjusted cropping plans to ensure that they can produce a good range of crops throughout the winter and early spring without having to use energy demanding storage systems. They are able to maintain fair quality potatoes by storage in straw bale clamps and similar techniques are used for some other root crops. Carrots and parsnips are stored in the ground where they are grown and onions are field ripened where they store well until late spring, without the need for barn drying with heaters.

The box scheme operates within a 25-mile radius of the farm. Customers are organised into groups, led by a neighbourhood rep. Each rep is responsible for 15–18 customers who all live within a short distance of one another, often the same or adjacent streets; some are schools, universities or workplaces. Customers are actively discouraged from driving to their reps and are asked to walk or cycle, where possible. "We do not take on customers that are too far from the neighbourhood rep," explains Iain. "We are expecting our customers to join us and make a personal commitment to reduce food miles. They accept this in return for reduced price organic produce. The use of neighbourhood reps also brings an important social element linking food, the farm and people."

Customers return more than 60% of all packaging used, which is reused several times over. Tolhurst Organic Produce do not use boxes, as they are awkward for people to carry, using carrier bags instead. These are cheaper, use less energy to make and are easy for customers to store from week to week.

Tolhurst Organic Produce has recently introduced paper carrier bags and has found that customers return more of these compared to plastic bags. All paper and cardboard waste is recycled through a farm waste collection service. The farm pays a membership fee and a nominal collection fee for the service and has installed facilities to store the material undercover. In addition, a considerable amount of labour is involved with the sorting and storage of waste. The service also handles waste plastic; a relatively small amount is produced as a result of replacing tunnel covers and some old packaging.

Professor Tim Jackson of the University of Surrey calculated the carbon footprint of Tolhurst Organic Produce and found that the farm creates just eight tonnes of carbon a year (45% of which is from electricity) to produce and distribute organic vegetables to over 400 customers – the same quantity of carbon as a standard household. This makes Tolhurst Organic Produce 90% more efficient than non-organic produce grown and delivered to a supermarket. "At Hardwick we have been aiming towards an increasingly energy efficient system for many years, and to that aim we have adopted a series of policies," explains Iain. "These policies are designed to get to the heart of energy sustainability, rather than a bolt on extra. The idea is that it becomes an integral part of the whole systems approach of the farm."

Appendix

Policy developments

The revised EU organic regulation

In 2006/07, the European Commission, national governments and the International Federation of Organic Agriculture Movements (IFOAM) debated the details of the revised EU regulation. The final regulation was adopted in June 2007 and will come into force on 1 January 2009. Although the basic technical standards for organic farming and processing will remain the same, there are important changes to the legislation. A description of the objectives and principles of organic production have been included for the first time. The scope has been extended to cover aquaculture, wine, seaweed and yeast. There is now a set of criteria for the approval of new substances, and labelling rules are changed. The lower limit for when the term 'organic' can be used in ingredients lists has been removed (currently at least 70% of the ingredients must be organic), although the 95% lower limit still applies for when the whole product can be called 'organic'. The EU logo for organic production will have to be used on all packaged products, though it will be redesigned. Next to this, the packaging will have to indicate the place of farm production, which can be 'EU Agriculture', or the EU country (assuming Defra allows this option), or "non-EU Agriculture".

The most controversial aspect was the attempt by the Commission to 'clarify' the ban on genetically modified organisms (GMOs) in organic production. Although the ban on using GM inputs remains, the final text allows organic farmers to rely on the absence of a GM label on any inputs such as feed or seed for implementing this ban (meaning that there could be up to 0.9% contamination

in the inputs). However, the general EU GM labelling rules will still need to be observed. This means that any known GM contamination, however little, requires the product to be labelled as 'GM' and not sold as 'organic'.

Climate change and energy prices

Detailed Life Cycle Analyses published in August 2006 by Cranfield University for Defra found that organic farming in general is significantly more energy efficient than non-organic farming.¹ Organic farming uses approximately 30% less energy per tonne for arable and field vegetable production, and about 25% less energy per tonne for meat and dairy products. The only important UK sector where organic is less efficient is poultry meat and eggs, where it cannot compete with the yield efficiency of factory farming.^{2 3 4}

Organic farming significantly reduces greenhouse gases by building up soil carbon. The carbon level of most arable soils is now far lower than their natural state. Organic farming does not use inorganic fertilisers and instead builds up the soil's organic matter through various practices. Three long-term comparative trials of organic farming in the US and a long-term biodynamic trial using composting in Switzerland have confirmed that organic systems increase the level of soil carbon.

As the cost of international transport increases and global food supplies are reduced by drought, it will be increasingly important to localise food distribution. Two surveys published in 2006, one by Essex University⁵ and one by Plymouth and Exeter universities,⁶ found that

organic farmers are three times as likely to market their products locally or directly as non-organic farmers in the UK.

Research published in 2006 and 2007 confirmed that widespread organic farming could feed the world's current population without any increase in land use. Organic farming yields are significantly less than non-organic systems in north-west Europe, while organic yields are comparable to non-organic yields in North America. In the developing world organic yields are significantly higher than non-organic yields.^{7 8 9}

During 2007, there was increased interest in 'carbon footprint' labelling. After Duchy Originals announced plans to label their products with the total 'carbon' emissions used in production, Tesco announced at the end of January that it would do the same for all of its products and that it was going to invest £5 million to fund additional research. In March, the Carbon Trust launched its 'carbon labelling' scheme.

Proposals to address air freighted food also took off. Airfreight only accounts for about 1.7% of the total agricultural/food systems greenhouse gas emissions, but it is a growing sector and the emissions are disproportionate to the amount of produce involved. Marks & Spencers and Tesco responded by introducing special labelling for all airfreighted produce. Because of the long-standing concerns of organic consumers on this subject, the Soil Association launched a public consultation on whether to ban or restrict airfreight under its organic standards. The closing date for replying is 28 September 2007.

Avian flu

During 2006 there was significant concern about the potential arrival of the highly virulent strain of bird flu, H5N1. It had caused the deaths of millions of birds in Asia (mostly slaughtered to control the spread). The Government was called on by the industrial poultry sector to confine organic and 'free range' chickens indoors. This was a major threat to the future of free range poultry production, which now produces 37% of the UK's eggs and 2–3% of UK poultry meat. However, in January 2007, the first UK outbreak of avian flu in a commercial flock occurred on a factory farm owned by Bernard Matthews, Britain's largest turkey producer. Over 160,000 young turkeys were gassed. Although the site in Suffolk was supposedly 'biosecure', the virus had come from an infected lorry load of partially processed poultry meat, brought over as part of a regular consignment from the company's subsidiary operation in Hungary. Similarly, the first outbreak elsewhere in Europe had been on an intensive farm. There is now little evidence that migratory birds have been spreading the disease. As noted by *The Lancet* medical journal, the pattern of outbreaks does not match migratory routes and seasons. Instead, it often follows major road and rail routes used by the global trade in poultry and poultry products.

China and many countries in Southeast Asia have developed large industrial poultry sectors in recent decades, with some firms operating in several countries. The H5N1 strain emerged in this region 11 years ago and has since become established there. Similarly, the first H5N1 outbreak in Africa was on an

intensive farm in Nigeria, which has a large industrial poultry sector supplied by eggs and live birds from Chinese factory farms. In 2006, three reports reviewed the spread of the disease and implicated the global poultry trade and factory farming in the mutation and spread of avian flu.

Defra's 'Avian Influenza stakeholder group' worked throughout the year to develop a suitable approach to controlling the disease in the UK should further outbreaks occur. Calls for the compulsory housing of outdoor flocks were rejected and instead one of the key areas under consideration was poultry vaccination, already being used in some other countries.

The socio-economic benefits of organic farming

In May 2006, the Soil Association published its *Organic Works* report. Based on the first national survey of employment on organic farms by Essex University, and weighted to be comparable to the Defra national employment data for all farms in the UK, it was found that organic farming supports 32% more jobs than non-organic farming.⁵ As organic farming also produces higher value outputs per hectare, this challenged the view that low farm employment is an indicator of economic progress. The report shows that conversion to organic farming would increase jobs and economic output. This report, together with other research by Plymouth and Exeter Universities, found that organic farmers are on average seven years younger than non-organic farmers, more educated and more entrepreneurial.⁶

Is organic food healthier?

Several new studies showing that organic foods contain higher levels of vitamin C, flavonoids, phenols and other phyto-nutrients than non-organic food were published in 2006/07:

- A study by Glasgow and Liverpool universities found that UK organic milk has on average 68% higher levels of the essential fatty acid omega-3 and a healthier omega-3:6 profile than non-organic¹⁰
- A University of California study concluded that organically grown kiwi fruit had significantly higher levels of vitamin C (14%) and polyphenols (17%)¹¹
- A Polish study found that organic apple puree contained more phenols, flavonoids and vitamin C in comparison to non-organic apple preserves¹²
- A further Polish study found that organic tomatoes contained more dry matter, vitamin C, beta-carotene and flavonoids, while non-organic tomatoes were richer in lycopene and organic acids¹³
- A French study found that organic peaches have a higher polyphenol content¹⁴
- A controlled 10-year study by the University of California found that organic tomatoes contain almost double the level of two antioxidant flavonoids, quercetin and kaempferol, which were on average 79% and 97% higher respectively in organic than in non-organic tomatoes, and are believed to reduce heart disease¹⁵
- A total of six studies have now found that organic milk has higher levels of vitamin E, beta-carotene (vitamin A precursor) and omega-3 fatty acids, as well as a healthier omega-3:6

profile than non-organic milk.¹⁶ The Food Standards Agency (FSA) has acknowledged the higher omega-3 content of organic milk and has included information to this effect on its website, but it still refuses to accept that a higher level of nutrients in organic food implies a health benefit to consumers.

GM crops

In Defra's consultation on GM 'co-existence' in 2006, the rules for controlling contamination from GM crops did not propose any stricter separation distances or other measures to protect organic farming. Instead, it suggested that organic crops could be routinely contaminated at levels up to 0.9% and that GM crops should be generally kept secret, so that producers would often not even know when contamination is a threat.

In 2006, a legal opinion for the Soil Association, Friends of the Earth and other organisations, and a report issued by the European Commission in 2007, confirmed that the EU GM labelling legislation effectively means that any known contamination at any level requires the crop to be sold as 'GM', and any suspected contamination would have to be checked and the crop sold as 'GM' if the contamination was confirmed. Meanwhile, reports of incidents of GM contamination of organic crops and products around the world continued to accumulate. The most relevant was a report in April 2006 by an organic farming organisation and Greenpeace Spain on the routine GM contamination of organic maize in two Spanish regions where GM varieties are grown, and many crops have had to be sold as non-organic.¹⁷

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Germany

Germany has the largest market for organic products in Europe.¹ In 2006, organic retail sales increased by 18% to €4.6 billion – approximately 3% of the total food market.² The multiple retailers saw above average growth rates, while specialist organic supermarkets saw growth of 25%. However, whole food and traditional organic shops generally lost market share.¹ Demand for organic produce has increased faster than supply and several key products, such as oats, eggs and potatoes, are now in undersupply.⁵

France

A survey conducted for Agence Bio found that 75% of consumers regularly shop for organic produce in the multiple retailers, 37% at weekly markets, 30% in specialist shops, 22% in delicatessens and 23% on farms.⁶

Italy

Organic retail sales of oil, sugar, coffee and tea, bread and substitutes, biscuits, sweets and snacks increased in 2006, whereas sales of soft drinks, dairy products, vegetables and fruits (fresh and processed), rice and pasta, baby food and eggs decreased.^{4,7} Between 2004 and 2006, exports of organic products increased by 111% to Germany, by 140% to France and by 46% to Switzerland.⁸

Denmark

Organic retail sales in supermarkets and department stores account for approximately 4.5% of the total food market (excluding food shops, farm shops and vegetable and fruit markets).¹⁶

Imports of organic fruit and vegetables increased from €16 million in 2004 to €22m in 2005, while exports decreased from €5 million in 2004 to €4 million in 2005.⁵ Exports of organic meat, especially pork, increased by 10–15% in 2006, following a 50% increase in 2005. The lower growth rate was due to supply shortages which are expected to continue during 2007, despite a predicted increase in production of 50%.⁵

Austria

In 2006, organic retail sales were worth an estimated €500 million.³ Retail sales of fresh organic products (excluding bread) increased by 10% by volume and 11% by value between 2005 and 2006.⁵ Organic retail sales now account for 5% of the total food market. In the multiple retailers, 21% of all egg sales are organic and 14% of all milk (fresh and extended shelf life) sold is organic.⁹ Since 2003, 50% of the food and drink in nurseries, 30% in hospitals and 17% in nursing homes is organic.⁴

Netherlands

Biologica estimate that organic retail sales were worth €460 million in 2006, an increase of 9% since 2005. Organic retail sales now account for 1.9% of the total food and drink market.⁵

Spain

In 2006, the area of organically managed land increased by 15% and now accounts for 3.7% of the total agricultural area. More than half of the organic land area is pasture and woodland, followed by grains and pulses, olives and nuts.⁵ The ministry of agriculture has set aside

€36 million to develop the organic food sector in Spain over the next four years. In 2005, Spain was the third largest producer of organic food in the EU. However, the majority of produce is exported.⁵

Switzerland

Swiss consumers spent an average of €105 on organic products in 2006 – more per capita than in any other country in the world. Organic products now account for 5% of the total food market. In 2006, organic turnover increased by 1.6% to €765 million.¹⁵ In 2006, the number of organic farms increased by 186 to 6,300, while the organic land area increased to 117,800ha.¹⁰

Norway

A report by the Centre for Rural Research found that 1.5% of Norwegian producers plan to convert to organic production, compared to 4% in 2002.⁵ Norway's dairy giant, Tine, is failing to keep up with demand for organic milk, while a major ice cream manufacturer, Hennig-Olsen, planned to launch a range of organic ice cream but has been forced to look abroad for supplies of organic milk.⁵

Poland

In 2006, the number of organic producers increased by more than 2,000 to 9,194, while the number of organic processors increased by 90 to 163. The number of organic producers and processors is expected to double between 2007 and 2010. Due to the small size of most organic farms (an average of 20ha) and a lack of producer groups, organic products are often sold as non-organic

or consumed by the producers themselves. Bigger farms and some cooperatives generally export organic products. However, increased consumer demand for organic products has resulted in a lack of organic raw ingredients for processing.¹¹

Bulgaria

Bulgaria plans to develop organic farming on 8% of its arable land by 2013, and has set aside a budget of €312 million to reach this goal.⁵

Czech Republic

In 2006, organic retail sales were worth €27 million, an increase of 49% since 2005.¹² Organic retail sales currently account for just 0.3% of the total market. However, this is predicted to increase to 1% by 2010.⁵ In 2006, over 281,500ha of land was managed organically, an increase of 9% since 2005.⁴

Slovakia

In 2006, 298 organic farms managed almost 122,000ha to organic standards, an increased area of 32% since 2005. The area dedicated to organic arable production increased by 5.7% over the same period, and now accounts for 30% of the total organic land area.⁴

Romania

In 2006, there were 3,400 organic producers and processors, managing over 105,000ha.¹²

Turkey

More than 14,000 organic producers

farm on 100,000ha of organically managed land. Wild plants are harvested on a further 93,000ha.^{13 14} Turkey is working hard to bring its organic standards into line with European regulations and to develop its own certification activities.^{13 14}

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Methodology and data sources

Unless otherwise stated all data refers to the year 1 January to 31 December 2006.

1. Organic food and farming worldwide

Section contributed by Organic Monitor, except for Europe which was by Institute of Rural Studies, University of Wales.

3. Organic farming in the UK

- Organic land area, number of producers and regional distribution collected by Defra from the organic certification bodies (non-cropping land area was removed)
- Average organic farm size: organically managed land area divided by number of producers in each region
- Organic arable, horticultural, egg and meat prices taken from 'eye on the market' in *Organic Farming* magazine
- Production of organic meat 2006: in January 2007 a questionnaire was sent to all UK organic abattoirs. A 62% response rate was achieved. Non-returns were estimated using industry knowledge/telephone interviews
- Farm gate value of organic meat 2006: average price from 'eye on the market' in *Organic Farming* magazine spring to winter 2006. Average weight estimated using industry knowledge and the *Organic Farm Management Handbook 2007*
- Organic farm income data contributed by the Institute of Rural Studies, University of Wales.

4. Processed food and drink

Number of organic processors and importers collected by Defra from the certification bodies.

5. Retail sales and imports

- Supermarkets sales, imports and annual growth: questionnaires were sent to Waitrose, Sainsbury's, Somerfield, Morrisons, Marks & Spencer, Tesco, Asda, Budgens and the Co-op in 2007. A response rate of 67% was achieved. TNS data was used to calculate the missing retailers share of the organic market. 2006 import figures based on data from four multiple retailers
- Producer and non-producer owned organic sales: questionnaires were sent to all producers and processors licensed with SA Certification, Organic Farmers and Growers, SOPA, Demeter and additional producers and processors listed in the organic directory in February 2007. Based on numbers listed in the organic directory the following response rates were achieved: 20% box and mail order schemes and 17% farm gate and retail shop sales. For each outlet type the sample was split into producer owned outlets and non-producer owned outlets. Data was grouped according to annual turnover (small, medium and large). The percentage of the sample that fell into each group and average sales value was calculated. The total population for each outlet was taken from the organic directory (556 box schemes, 600 mail order schemes, 674 retail shops and 341 farm shops/gate sales). The percentage of the sample that was small, medium and large was applied to the total population. The sample was multiplied up to represent the total population using the average sales value for each group (small, medium and large) for each enterprise type. For each outlet type the estimated sales value for producer

owned schemes was added to the estimated sales value for non-producer owned schemes to give a total retail sales value. Box and mail order schemes, farm shops and retail shops with unrepresentative organic turnovers were not used to represent the entire population. Total sales value for these very large outlets was added to the final calculation at the end. FARMA estimated total farmers' market turnover in 2006, and the percentage of organic stallholders (10–15%)

- Box/mail order scheme and farm shop/retail shop imports: data from the producer and processor questionnaire was used.

6. The organic consumer

Section was contributed by Mintel Oxygen. Mintel Oxygen draws from the following commissioned studies: *Impact of the Environment on Food*, April 2007; *Ethical Catering*, April 2007; *Green and Ethical Consumer*, January 2007; *Attitudes to Ethical Foods*, August 2006; *Organics*, November 2005. Mintel Oxygen's next organics report will be published in November 2007.

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• Organic food and farming worldwide

Worldwide – Amarjit Sahota (Organic Monitor); Europe – Aleksandra Jasinska, Susanne Padel (Institute of Rural Studies, University of Wales)

• Organic Farming in the UK

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Centre); Northern Ireland – James Cleeton (Soil Association); Scotland – David Younnie (Scottish Agricultural College); Wales – Sue Fowler and Tony Little (Organic Centre Wales)

• Processed organic products

Alcohol – Keith Ball (SA Certification), Georgina Young (Fuller, Smith and Turner), Chris Parker (London and Scottish); Baby foods – Organix; Chocolate – Green and Black's; Convenience foods – Simply Organic, Wholeearth; Dairy – Ben Cull (Yeo Valley), Steve Clark (Rachel's), Richard Harbord (Daisy & Co); Fats and oils – Russell Smart (Rasanco); Herbs and spices – Helena Kowalski (Barts Spices); Juices – Astrid Hermes (Gerber), Patrick O'Flaherty (RDA Juices); Tea – Clipper; Health and beauty – Sarah Compson (SA Certification); Textiles – Lee Holdstock (SA Certification)

• Retail sales and imports

Farmers' markets – FARMA; Catering – Frances Horsley, James Knightley (SA Certification)

• Case studies

By kind permission of Abel & Cole, Acorn Dairy, Caerfai Organic Farm, Green Ventures, Organic Farm Foods, Providence Farm, Tolhurst Organic Produce

• Appendix

Policy in the UK – Gundula Azeez (Soil Association)

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• Design and production

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Soil Association

The Soil Association is an independent membership charity and one of the UK's most respected environmental groups, playing a crucial role in the transformation of attitudes to food and farming in the UK and internationally. Working with the public, farmers, food processors, retailers and policy makers, it aims to bring about change by highlighting the relationship between a healthy, living soil and the well-being of plants, animals, people and the environment. It promotes and supports organic food and farming through:

• Awareness raising and education

Through the media, policy reports, events, schools materials and a network of farms open to the public.

• Lobbying for change

Liaising with Government and non-government organisations to improve the policy climate for organic agriculture.

• Promoting local food

Supporting initiatives such as box schemes, farmers' markets, cooperatives and community supported agriculture.

• Transforming food provision in schools and hospitals

Establishing healthy, local and organic food schemes in partnership with public institutions, to improve public health.

• Advice and representation

Supporting organic businesses.

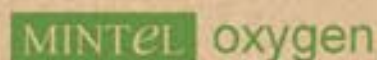
• Safeguarding integrity

Setting and developing the rigorous standards that underpin the trusted Soil Association symbol.

• Inspection and certification

SA Certification, the Soil Association's not-for-profit subsidiary, is the UK's largest organic certification body.

Report sponsors



Chitty Food Group

Founded in 1910, The Chitty Food Group are a specialist fresh beef processor supplying organic and other specialist provenance product into the retail and food service market. Over the past six years, focus has been concentrated in developing the organic beef market and today, Chitty's are one of the largest UK producers.

They specialise in the development of the entire organic beef supply chain and run two major national producer groups engaging organic farmers, bringing them into direct contact with the respective customer base, ensuring that future supply is assured and that farmers can comfortably invest, safe in the knowledge that they will receive volume and pricing guarantees.

In addition, Chitty's take a long term development view of future cattle supply and are presently running a number of conversion events on a regional basis in conjunction with the Soil Association.

Chitty's believe that consumers will continue to escalate the demand for high quality organic beef. They also believe that organic farmers must share the future benefits of organic market development, in order that the longevity of organic beef farming is protected and expanded.

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Tio is short for 'This is Organics' and mostly what we do is grow great organic root veg and get it onto plates throughout the UK. We grow our organic crops of carrots, parsnips, swedes, leeks, beetroot, potatoes and other veg in ideal conditions in the Highlands of Scotland and in England. We work with local markets, schools and other institutions and we make sure that Tesco are freshly stocked up every day with our tasty organic produce!

Nobody works harder for their customers and consumers than Tio and nothing is better than our British organic vegetables – you can read more about us at www.tio.co.uk. Please do!"

Yeo Valley Organic

Yeo Valley Organic is one of the few companies in the UK to have received a Queen's Award for its work in encouraging sustainable farming. It is the country's most successful and innovative organic dairy brand and is dedicated to the production of high quality organic food.

The company's philosophy is to buy British wherever possible. Its support for British dairy farmers has encouraged more to turn to organic food production, which is beneficial to the countryside, the cows and the farmers it has enabled to take the road to organic conversion. The milk it uses to produce its growing product range comes from around 80 organic farms in the Southwest, which are all members of OMSCo.

Though only entering the organic food business 10 years ago, Yeo Valley Organic's reputation for great-tasting, natural, organic products has helped to make it the market leader. From its early days as a dairy farm, adding value to the milk it produced by turning some of it into yogurt which was sold at the farm gate, Yeo Valley Organic's products are now available throughout the country and its range of organic food includes award-winning yogurts, milk, cheeses, cream, crème fraiche, butter, children's yogurts, fruit compotes, ice cream and frozen yogurt and desserts.

More information on the company and its products is available at www.yeoorganic.co.uk



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