



# REPLIES OF THE EUROPEAN COMMISSION

## TO THE EUROPEAN COURT OF AUDITORS' SPECIAL REPORT

Organic farming in the EU

Gaps and inconsistencies hamper the success of the policy

# Contents

I. THE COMMISSION REPLIES IN BRIEF .....	2
II. COMMISSION REPLIES TO MAIN OBSERVATIONS OF THE ECA.....	2
1. EU policy for the organic sector .....	2
2. Integration of organic farming in the CAP.....	4
3. Continued ambition towards an evidence based and data-driven policy making for the organic sector .....	5
III. COMMISSION REPLIES TO THE RECOMMENDATIONS OF THE ECA.....	6
Recommendation 1 – Strengthen the EU strategic framework for the organic sector and improve the link with the CAP support .....	6
Recommendation 2 – Better integrate the environmental and market objectives of organic farming in the CAP .....	7
Recommendation 3 – Ensure the availability of relevant data to assess the development of organic farming .....	8

This document presents the replies of the European Commission to observations of a Special Report of the European Court of Auditors, in line with Article 259 of the [Financial Regulation](#) and to be published together with the Special Report.

## I. THE COMMISSION REPLIES IN BRIEF

Organic farming, and more broadly organic production, which covers the entire organic supply chain, are situated at the very heart of the EU's strategies on the transition towards more sustainable agriculture and food systems and towards climate neutrality. Within the context of the European Green Deal, both the Farm to Fork Strategy and the Biodiversity Strategy have put them there by both including the target of 25% of EU agricultural land under organic farming by 2030 and a significant increase in organic aquaculture.

This is complemented by the 2021 Action Plan for the Development of Organic Production, the implementation of which is in full swing and on schedule. The picture is completed by the ambitions set by the Member States and the comprehensive strategies on organic production developed by the Member States comprising two pillars: the National Strategic Plans for the Common Agricultural Policy (CAP) and complementary national organic action plans.

As regards the observation on the achievement by 2030 of the abovementioned 25% target at risk<sup>1</sup>, the Commission is fully committed to achieve this target, even if it cannot exclude some delays caused by external factors, like the war in Ukraine. In addition, it favours a positive and encouraging narrative while carefully considering the potential obstacles indicated by ECA.

Moreover, the CAP supports organic farming as a key instrument for the transition towards more sustainable agriculture, which means that the CAP supports mostly the agricultural practices and not the entire organic sector. The Commission would like to emphasise that the environmental and climate benefits of organic farming have been scientifically proven<sup>2</sup>.

Finally, in its continued ambition towards an evidence based and data-driven policy, the Commission is continuously working with Member States to improve the data collection on the organic sector and to increase its ability to quantify the policy delivery on objectives.

For the Commission's position on the ECA recommendations please refer to Section III below.

## II. COMMISSION REPLIES TO MAIN OBSERVATIONS OF THE ECA

### 1. EU policy for the organic sector

With the Green Deal, the Farm to Fork and Biodiversity Strategies, and the 25% target for organic production, the Commission has set the overall strategic framework for the organic sector. The Commission attaches such great importance to organic farming and organic production due to the contribution they make to reductions in fertilizer, pesticide and antibiotics use and the positive impacts they generate on our environment, our climate, the soil, water, air, biodiversity, animal welfare, etc.

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<sup>1</sup> See ECA Executive summary V, observation 28, and Figure 8.

<sup>2</sup> Organic farming systems - IMAP - EC Public Wiki ([europa.eu](https://ec.europa.eu/eip/agriculture/imap/))

## **Action plan for the development of organic production and Member State strategies**

In order to support the achievement of the abovementioned 25% Green Deal target, the Commission adopted in 2021 the Action Plan for the Development of Organic Production<sup>3</sup>. This Action Plan aims to increase the demand for organic products and the supply of organic products, and to enhance further the sustainability of organic production, it prioritises actions to increase the demand for organic products, recognizing that the sustainable long-term development of organic production depends importantly on the growth of the final demand for organic products. The Action Plan involves the public sector at different levels (EU, Member States, regional and local authorities) as well as the entire supply chain (from farmers to restaurants). It is also, to an important extent, research and innovation driven, reserving 30% of the Horizon Europe research and innovation framework program budget for research and innovation actions on agriculture, forestry and rural areas for topics directly or indirectly relevant for organic production as a quantitative objective. The implementation of this Action Plan is in full swing and on schedule. Therefore, the Action Plan contains one cross-cutting quantitative target which is monitored regularly, along the 25% target. Other quantitative targets (for instance, on public procurement, on sales) have been considered in the drafting of this Action Plan but not retained as considered unfeasible or premature at that stage. Overall, the implementation of the action plan is monitored carefully through frequent progress reports, policy discussions, etc.

The Commission has so far been operating through a succession of action plans, each edition well adapted in terms of objectives, targets and actions to the then current circumstances.

At the same time, the Commission has explicitly encouraged Member States to formulate pro-actively ambitious national values for the Green Deal target and to develop comprehensive national strategies on organic production consisting of two complementary strategic pillars. The first pillar consists of the National Strategic Plans for the Common Agricultural Policy, which support organic farming and some aspects of organic production. In these plans, proposed by the Member States and assessed and ultimately approved by the Commission, Member States formulate precise targets for the share of EU agricultural land under organic farming by 2027. Some Member States explain how other interventions such as income support, investment, training, cooperation, can support the development of organic farming and contribute to some aspects of the organic sector. Concerning investment support, Member States can justify a higher support rate for organic farmers compared to conventional farmers. The second pillar consists of complementary National Organic Action Plans, which then mainly cover all other aspects of support for organic production, for instance public procurement. As a result of this double process, for the first time ever, nearly all Member States have now in place comprehensive strategies on organic production, which complement the overall strategic framework for organic production.

## **Towards the Green Deal target on EU agricultural land under organic farming by 2030**

On the 25% Green Deal target<sup>4</sup>, the Commission considers that it is far too early to predict on whether this target will be achieved by 2030 or not. Substantial progress was actually made until the entirely unforeseen Russian invasion of Ukraine. The resulting substantial food price inflation had a negative impact on the demand for organic products and discouraged at farm level the conversion to or maintenance of organic farming. Though meanwhile the demand for organic products appears to have stabilised and seems to be recovering now, the future evolution of consumer prices and their impact on the demand for organic products remains to be seen. Self-evidently, the Commission

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<sup>3</sup> COM(2021) 141 final

<sup>4</sup> See ECA Executive summary V, observation 28, and Figure 8.

encourages Member States to support the demand for organic products via agricultural promotion campaigns, public procurement of organic products for public canteens, or other means.

Also, the CAP, which is running until 2027, is not the only programme or activity supporting the achievement of the abovementioned target. Other EU programmes, like the EU Agricultural Promotion Policy, the EU research and innovation framework programmes as well as many purely national measures help achieve the target. The next Commission may also opt to provide increased support for organic farming, or include it under an integrated approach to increased sustainability across the food value chain. However, this remains a prerogative of the next policy cycle.

Ultimately, more important than the target itself, is the fact that organic farming and organic production are clearly at the heart of the Green Deal and on the top of the policy agenda at different levels, EU and Member States.

### **Organic sector and organic farming support**

The rules on organic production are included in the Organic Regulation, and the rules on organic farming support are included in the CAP Strategic Plans Regulation<sup>5</sup> and the Horizontal Regulation<sup>6</sup>. The CAP supports organic farming as a key instrument for the transition towards more sustainable agriculture. This means that the CAP supports the agricultural practices and not the entire organic sector, except for a few measures and interventions that could support the sector but for which their budget allocation is not assigned.

The farming practices of organic farming contribute to improving soil and water quality, to mitigation and adaptation to climate change and to the improvement of the state of biodiversity.

Organic farming has a positive impact on both mitigation, adaptation, and resilience to climate change as it helps besides others enhancing organic matter in the soils, and hence also the CO<sub>2</sub> sequestration and water retention (thus help preventing erosion, droughts, floods, etc.). It also helps increase biodiversity, not only of the edaphon, but also of other insects, birds and animals. It contributes to a better soil health.

## **2. Integration of organic farming in the CAP**

The Commission highlights that the benefits of organic farming have been scientifically proven<sup>7</sup> and therefore encourages Member States to support organic farming through their CAP Strategic Plans in the period 2023-2027, and Rural Development programmes in the period 2014-2022. The Commission recognizes the significant environmental and climate benefits of organic farming and considers that additional requirements for this measure or intervention are not necessary in the Member States. Moreover, the Commission encourages Member States not to include production requirements under organic farming support and focus on its environmental and climate benefits.

Member States have the flexibility to support crops, livestock and beehives under organic farming, as long as the payments are converted into hectare payments. Annex II of Regulation (EU) 808/2014, provides for the conversion rates of animals to livestock units ('LU'), and Member States use these rates in order to convert the payment for organic livestock into a hectare payment.

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<sup>5</sup> Regulation (EU) 2115/2021

<sup>6</sup> Regulation (EU) 2116/2021

<sup>7</sup> Organic farming systems - IMAP - EC Public Wiki (europa.eu)

Hence, the organic farming measure was never designed to support the market objectives of the sector set in the Organic Regulation, and it is not the objective of the organic measure that Member States increase organic production<sup>8</sup>. There are other CAP measures/interventions which can support the overall organic sector as already identified by ECA in its report<sup>9,10</sup>.

### 3. Continued ambition towards an evidence based and data-driven policy making for the organic sector

The Commission is continuously working with Member States to improve the data collection on the organic sector<sup>11</sup>, adjusting the legal framework to improve the completeness and robustness of the data collected on area, prices, production, income, support to organic farmers etc. For example, the Commission added a major change to the performance monitoring and evaluation framework (PMEF), by introducing a variable to allow the calculation of all CAP support received by farmers producing organically<sup>12</sup>.

It is scientifically proven that organic farming brings environmental and climate benefits, as demonstrated by the Commission's Joint Research Centre (JRC) in the '[Organic farming systems general fiche](#)' published in March 2024. The Commission is monitoring and publishing two indicators: the area under organic farming and the share of this area under specific support for organic farming in its [CAP dashboard on Organic Production](#)<sup>13</sup>, which help steer the policy towards increasing CAP environmental and climate benefits.

The Farm Accountancy Data Network (FADN)<sup>14</sup> has already been used to assess the economic (and indirectly the environmental) performance of organic farms, as well as the role of CAP support in the economic viability of these farms<sup>15,16</sup>. However, the criteria for the representativeness of the FADN sample (economic size, type of farm and region) and the disparity of organic farming across EU countries limits the robustness of the analysis.

Initially designed to calculate farm income, FADN is currently being converted to the Farm Sustainability Data Network (FSDN) following the entry into force of Regulation (EU) 2023/2674 at the end of December 2023. The purpose of this conversion is to extend the scope of data collection to the environmental and social dimensions, in order to cover all the dimensions of agricultural sustainability. The Commission is in the process of addressing the limitation identified in the FADN regarding organic farms<sup>17</sup> by better characterising the representativeness of the FSDN sample, and

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<sup>8</sup> See the sub-title above ECA observation 44 and ECA observation 44.

<sup>9</sup> See ECA observations 54, 55 and 59.

<sup>10</sup> See ECA observation 43.

<sup>11</sup> See ECA observations 72-77.

<sup>12</sup> See [Commission Implementing Regulation \(EU\) 2022/1475](#), on the data for monitoring and evaluation, in Annex IV, Reporting of data relating to beneficiaries, variable B090: organic farm.

<sup>13</sup> See ECA observations 63, 65 and 66.

<sup>14</sup> The Farm Accountancy Data Network (FADN) is a sample of 80 000 commercial farms in the EU participating voluntarily in this data network and representing more than 3.7 million farms, over 90% of agricultural production, 90% of utilised agricultural area and 70% of the agricultural workforce.

<sup>15</sup> [Organic farming in the EU: a decade of growth - European Commission \(europa.eu\)](#)

<sup>16</sup> Dashboard on EU organic farms - <https://agridata.ec.europa.eu/extensions/OrganicFarmsReport/OrganicFarmsReport.html>

<sup>17</sup> See ECA observations 69.

by extending the scope of data collection to environmental and social dimensions as part of its proposal on the secondary legislation, which is under discussion with Member States. This should lead to the possibility to carry-out more robust analysis on organic farming. The Commission's proposal for an ambitious set of new environmental variables intends to provide additional evidence on the environmental performance of farms including for the organic sector and in comparison with conventional farming. The extent to which the FSDN will improve the availability of data for sound policy making for the organic sector will depend on the ambition of Member States regarding the Commission proposal.

Quantifying the net-impact of the CAP specific support to organic farming on CAP objectives is more complex due to the multiple CAP (and national) support received by organic farmers and to the external factors at stake. This is why the JRC carried out a study, published in 2023, on "[Analysing the feasibility of counterfactual methods for estimating environmental effects of the CAP](#)" focusing on the use of the FADN as the only database available with information at farm level, including economic and policy information, and which can be used to derive indirect environmental outcomes. As indicated above, the environmental content within FADN is limited so far, therefore, to bridge this gap, the analysis proposes to link FADN with other databases containing geo-localised environmental data, such as LUCAS soil<sup>18</sup>.

In addition, based on qualitative analysis, the Commission evaluation on the "Impact of the CAP on biodiversity, soil and water (natural resources)" concluded that overall support for agri-environment-climate commitments and organic farming appear to be the most effective CAP measures contributing to the sustainable management of natural resources<sup>19</sup>. In addition, several Member States carried-out evaluation activities and according to the "[Summary Report: Synthesis of the Evaluation Components of the Enhanced AIRS 2019: Chapter 7](#)" by the European Evaluation Helpdesk, rural development programmes prevented soil erosion in agricultural land mainly through organic farming, as well as the maintenance of woody elements, grass strips, hedgerows, or anti-soil erosion systems<sup>20</sup>.

### III. COMMISSION REPLIES TO THE RECOMMENDATIONS OF THE ECA

#### **Recommendation 1 – Strengthen the EU strategic framework for the organic sector and improve the link with the CAP support**

**The Commission should:**

- a) improve the EU strategic approach for the organic sector, by**
  - i) defining a long-term vision for the sector going beyond 2030;**
  - ii) setting measurable goals and baseline indicators to assess progress achieved;**

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<sup>18</sup> See ECA observation 70.

<sup>19</sup> See ECA observation 66.

<sup>20</sup> E.g. in Austria, soil erosion by water was reduced by an average of 1.6 t/ha per year (i.e. from 7.5 to 5.9 t), particularly in endangered regions due to the higher proportion of field crops with high soil protection in organic farming.

- iii) **considering additional targets to complement the 25 % area-based target for organic farming to ensure the overall development of the sector (e.g., to encourage organic production and consumption).**
- b) **in the post-2027 CAP, encourage member states to better link the use of CAP support to the needs they identified for the organic sector.**

**Target implementation date: (a) by the end of 2026 and (b) by the end of 2027.**

The Commission does **not accept** recommendation **1a**.

While the Commission can see the merit for some of the elements in this recommendation, it cannot commit at this point in time as this would prejudice the scope and content of future political initiatives. The Commission will continue the efforts to achieve the 25% EU target by 2030 and cannot prejudge at this point if an additional target would be appropriate beyond 2030.

The Commission **partially accepts** recommendation **1b**.

The recommendation, related to the post-2027 CAP and thus future legislative proposals, interferes with its sole right of initiative. In addition to this, preliminary steps would be needed before such proposal is made, among those public consultations and impact assessment.

Nevertheless, the Commission will encourage Member States to better link the use of CAP support to the needs identified in the organic sector.

## **Recommendation 2 – Better integrate the environmental and market objectives of organic farming in the CAP**

**The Commission should:**

- a) **provide guidance to member states to apply the rules defined in the Organic Regulation consistently, and better integrate the organic principles in the CAP support for organic farming;**
- b) **assess the contribution of CAP funds to the economic sustainability of organic farming to better target the post-2027 CAP support to the organic sector;**
- c) **analyse the use of all organic farming authorisations and derogations and, if appropriate, take remedial actions.**

**Target implementation date: by the end of 2026.**

The Commission **partially accepts** recommendation **2a**. The Commission accepts the part of the recommendation to provide guidance to Member States to apply the rules defined in the Organic Regulation consistently.

The Commission, however, does not accept the part of the recommendation to better integrate the organic principles in the CAP support for organic farming, as this will pre-empt both the content as well as the objectives of the legislative proposal of the CAP post-2027. The Commission considers that the organic principles are already integrated in the CAP legal framework, by including a direct reference to the organic production regulation.

The Commission **partially accepts** recommendation **2b**.

The Commission can, as part of its evaluation of the CAP 2023-2027, carry out an assessment as recommended by the ECA, but, because it cannot pre-empt the future support to organic farming, cannot commit at this point in time to examine how targeting will be done.

The Commission **accepts** recommendation **2c**.

## **Recommendation 3 – Ensure the availability of relevant data to assess the development of organic farming**

**The Commission should:**

- a) based on data already collected, work with member states to evaluate the contribution made by CAP support for organic farming to achieve the CAP's objectives;**
- b) collect relevant and representative information on organic farming in the FSDN to assess the impact of CAP support;**
- c) analyse the need to collect more granular data on the organic sector (e.g., organic operators, area under conversion) to support policy decisions.**

**Target implementation date: (a), (b) by the end of 2027 and (c) by the end of 2028.**

The Commission **accepts** recommendation **3a**.

In its capacity building activities with Member States, the Commission will work with Member States on the evaluation of the impacts of CAP support to organic farming on CAP objectives.

The Commission **accepts** recommendation **3b**.

The Commission is currently in the process of developing secondary legislation to address the limitation identified in the FADN regarding organic farms by better characterising the representativeness of the FSDN sample, and by extending the scope of data collection to environmental and social dimensions.

The Commission **accepts** recommendation **3c**.