



## **Midterm Status Report 2002 and Application for Continuation in 2003**

For research projects financed by grants from  
The Directorate for Food, Fisheries and Agro Business  
under the Danish Ministry of Food, Agriculture and Fisheries

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### **1. Research program**

Research in organic farming 2000-2005 (DARCOF II)

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### **2. Project title and number**

III. 7. Future supply and marketing strategies in the Danish organic food sector

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### **3. Head of project**

Senior researcher Mogens Lund, Phd, Danish Research Institute of Food Economics

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### **4. Participating institutes**

Danish Research Institute of Food Economics (FOI), and the Royal Veterinary and Agricultural University (KVL), Institute of Economics and Natural Resources

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### **5. Other project staff**

Professor Kostas Karantinis, Ph.D.  
Department of Economics and Natural Resources  
Royal Veterinary and Agricultural University (KVL)  
Ph.D. adviser

Research assistant Paul Rye Kledal, Ph.D. student  
Danish Research Institute of Food Economics (FOI)

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## 6. Project period (month, year)

Start of project:	01.06.02
End of project:	01.06.05

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## 7. Midterm description of the project, its results and progress, and application for continuation in 2003

### A. Project summary

Organic agriculture is frequently heralded as one of the frontiers of a 'new' environmentalism where concerns about food safety, land use and social justice are converging with a politics of relocalization. These values have also been identified as three fundamental principles in organic agriculture: 1) The principle of circulation 2) the precautionary principle, and 3) the principle of subsidiarity. Indeed the provision of organic food - from farm to table - would appear to counter-vent many contemporary trends in the production, processing, distribution and marketing of food in general. Yet, explosive growth since the 1980s is both cause and effect of a proliferation of new entrants who are attempting to capture the lucrative niche markets lurking behind organic products and the organic label. Consequently, the field is experiencing rapid changes in production and marketing strategies, and a restructuring of economic imperatives. And while a plurality of economic and ideological actors continue to thrive within the organic sector, large agribusiness firms - or successful start up firms which increasingly mirror agribusiness practices - are penetrating the most dynamic and profitable segments.

#### *Objective*

The objective of this research project is to analyse the future development of the Danish organic food sector, with two commodities as case studies:

- organic pork
- organic vegetables

Emphasis will be placed on identifying the economic forces and changes within the chains in combination with the macrosocial foundations which sets the regulatory framework for the economic behaviour among individuals, firms and consumers along the network of the chosen chains.

By linking the research results of the economic and production dynamics within the organic food chains together with the various social movements that are at stake in the consumption of organic food, the aim is to identify and explain the diversification of the organic chain and provide with useful supply strategies for further growth in a ten year perspective.

The expected achievements from the project will be:

- A new methodological approach towards chain management analysis in organic foods and production.
- Scientific contributions to new institutional economic chain management analysis in agribusiness and the food industry.
- Development of organic supply and market strategies in Denmark in a ten year perspective.

## Status

**Table A.1: Work package list (from application)**

Note:

The dates (from start to end) has been updated according to the final appropriation.

No.	Work package title	Participants*	Budget (1.000 DKK)	Start	End	Deliverable no(s):
1	Information and data collection on the two commodity chains	<u>Paul Rye Kle-dal</u>		01.06. 02	01.03. 03	D1. D2.
2	Preparation and carrying out the interviews	<u>Paul Rye Kle-dal</u>		01.03. 03	01.12. 03	D3. D4.
3	Analyse the collected interview and economical data	<u>Paul Rye Kle-dal</u>		01.12. 03	01.09. 04	D5. D6.
4	Overall socio-economic evaluation and outline of the perspectives for the future development of the organic food system	<u>Paul Rye Kle-dal</u>		01.09. 04	01.06. 05	D7. D8.

\* Responsible participants are underlined

## B. Objectives and expected achievements

WP. 1.:

### Objectives

Draw the outline of the network and the nodes of the two organic food chains

Commodity system analysis

Identification of the key players within each node

### Achievements:

D1. Working paper describing the theoretical framework

D2. Paper describing the results of the commodity system analyses and the data collection

WP. 2:

### Objectives

Selection of interview methods

Preparation and testing of interview guidelines

Carrying out the interviews of the key players in each node of the chosen commodity chains

### Achievements:

D3: Paper describing the chosen interview methods

D4: Documentation of the interview data

WP. 3.:

### Objectives

Systematic ordering and classification of the obtained data

Theoretical explanations of the classified data

Comparison of the theoretical explanations with the formulated hypothesis

Development of supply and marketing strategies for the organic food chain

**Achievements:**

D5: Working paper describing the obtained theoretical results

D6: Workshop where the developed supply and marketing strategies will be presented and discussed

WP. 4.:

**Objectives**

Description of the socio-economic consequences of the formulated supply and marketing strategies.

Analysis of the impact of the developed organic food strategies in relation to the global tendencies of accumulation of capital and food production, with perspectives on the national/ supra national regulation policies towards these tendencies.

Outline the future development of the organic food sector in a ten years perspective.

**Achievements:**

D7: An FOI-report with a complete description of methods, obtained results and an outline of future perspectives for the organic food chain.

D8: An international article on socio-economic perspectives of organic food production.

**C. Midterm results and progress****C.1 Description (summary) of main results and conclusions**

The project has started up according to the application plan.

Research assistant Paul Rye Kledal has applied and been approved as a Ph.D. student at KVL june 2002, and FØJO project III. 7 have been accepted as his Ph.D. project. He has in the same time been approved by Cornell University in USA at the Departement of Rural Sociology to follow a semester with four subjects in line with the FØJO project III. 7.

Paul Rye Kledal has also joined the Research School for Organic Agriculture and Food Systems (SOAR) to cooperate in building up the scientific level of organic agriculture.

**C.2 Fulfilment of deliverables and milestones**

*(To be completed for each work package)*

WP number and title	Time schedule according to application	Deviations, if any*
<b>Deliverables</b>		
1 Information and data collection on the two commodity chains	01.06.02 – 01.03.03	
2 Preparation and carrying out the interviews	01.03.03 – 01.12.03	
3 Analyse the collected interview and economical data	01.12.03 – 01.09.04	
4 Overall socio-economic evaluation and outline of the perspectives for the future development of the organic food system	01.09.04 – 01.06.05	
<b>Milestones (same as deliverables)</b>		
1		
2		
etc.		

\* *Deviations are to be further discussed in D*

## **D. Description of deviations and subsequent adjustments of plans**

## **E. Project publications and other products**

1. Articles in international, scientific journals with review procedures
2. Papers presented at congresses, symposiums, etc.
3. Reports, articles in agricultural journals, etc.

Kledal, Paul Rye (2002): "*Økologi, marked og magt*", Forskningsnytt nr. 3/2002.

4. Oral presentations, public meetings, field days, etc.

Kledal, Paul Rye (2002): "*Mad, marked og magt*". Oral presentation in plenum at the 'Organic Congress 2002 – Between values and growth'.

Kledal, Paul Rye (2002): Interview in the Danish Broadcast Corporation P.I about the development of Organic farming.

## **F. Scientific education**

Paul Rye Kledal is following the Ph.D. course: "Economics of the Food System" at KVL autumn 2002, and has joined SOAR as well.

Spring 2003 Paul Rye Kledal will do further Ph.D. studies (6 months) at Cornell University, Department of Rural Sociology in USA in line with the FØJO III 7. project.

## **G. National and international cooperation**

Planning to build up international cooperation with Cornell University, Department of Rural Sociology, in order to combine the use of 'Political Economy' and 'Rural Sociology' with 'Institutional Economics' and thereby strengthen the economic and scientific analyses of organic agriculture and its role in society.

## **H. Critical reflection on the project**

## 8. Budget

### A. Account for any change in budgets

### B. Budget for the whole project (1.000 DKK)

Total consumption of funds from DARCOF and expected consumption this year and coming years

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Man-months		6,5	13	13	6,5	
Scientific personnel		1	2	2	1	
Technical personnel						

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Salaries		199 (190)	425 (380)	425 (380)	199 (190)	
Scientific personnel		199	425	452		
Technical personnel						
Other operational costs						
Equipment						
Others (please specify) Travel and Ph.D. fee		27,5	70	55	27,5	
Direct costs		226,5	495	507	226,5	
Indirect costs (20% of direct costs)		46 (10)	95 (20)	98 (20)	46 (10)	
Total		272,5	590	605	272,5	

NB: Number in brackets are funding from FØJO

#### Comments:

#### Financing:

<b>FØJO</b>	<b>200</b>	<b>400</b>	<b>400</b>	<b>200</b>
<b>FOI</b>	<b>72,5</b>	<b>190</b>	<b>205</b>	<b>72,5</b>
<b>Sum</b>	<b>272,5</b>	<b>590</b>	<b>605</b>	<b>272,5</b>

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## 9. Signatures and stamps

Name	Institute	Date	Signature
Head of project  Mogens Lund	Danish Research Institute of Food economics	18.09.02	