



Midterm Status Report 2003 and Application for Continuation in 2004

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

1. Research program

Research in organic farming 2000-2005 (DARCOF II)

2. Project title and number

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

3. Head of project

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

4. Participating institutes

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

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)

6. Project period (month, year)

Start of project: 01.06.02

End of project: 01.06.05

7. Midterm description of the project, its results and progress, and application for continuation in 2004

A. Project summary

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 macro-social 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.

Results and progress.

The project is following the plan laid out of building up a solid theoretical foundation before examining the two commodities chains - pork and vegetables - as case studies and test of theories. The autumn semester course (2002) at KVL: "Economics of the Food System", and the spring semester 2003 at Cornell University in the USA with studies in Political Economy and Rural Sociology, has brought valid information that is already starting to benefit in presentation of Papers at different congresses (see under E for further information).

From a Political Economic foundation the theoretical frame that is going to be used in the project seems to be able to explain:

- 1) Why organic farming is born at a certain time in history, with a certain set of values and a certain set of paradigm, and some of the challenges this will cause in the future.
- 2) The dynamics of social change in agriculture and the counter reactions in relation to organic farming it can produce.
- 3) Why organic farming can be more successful in terms of market size in some agro-commodities and less in others.

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

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 in relation to 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 Department of Rural Sociology to follow four subjects in the spring semester 2003 in line with the FØJO project III. 7.

In the autumn semester of 2002 Paul Rye Kledal has followed and finished the Ph.D. course: "Economics of the Food System" at KVL.

In the spring semester of 2003 Paul Rye Kledal has followed and finished the four courses at Cornell University in USA. During his stay at Cornell Paul Rye Kledal has been asked to deliver two papers on his Ph.D. project to two different conferences in September and October 2003 (see under E for further information).

The requirements of a certain amount of Ph.D. course credits are now all completed. By concentrating the theoretical work into the first year of the research project, 3/4 of the deliverables will be postponed with some months.

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)

	Time schedule according to application	Deviations, if any*
WP number and title/ Deliverables		
<p><i>WP 1: Information and data collection on the two commodity chains</i></p> <p>1. Working Paper describing the theoretical framework 2. Paper describing the results of the commodity system analyses and the data collection</p>	01.06.02 – 01.03.03	8 month
<p><i>WP 2: Preparation and carrying out the interviews</i></p> <p>3. Paper describing the chosen interview methods. 4. Documentation of the interview data.</p>	01.03.03 – 01.12.03	7 month
<p><i>WP 3: Analyse the collected interview and economical data</i></p> <p>5. Working Paper describing the obtained theoretical results 6. Workshop where the developed supply and marketing strategies will be presented and discussed</p>	01.12.03 – 01.09.04	3 month
<p><i>WP 4: Overall socio-economic evaluation and outline of the perspectives for the future development of the organic food system</i></p> <p>7. An FOI- report with a complete description of methods, obtained results, and an outline of future perspectives for the organic chain 8. An international article on socio-economic perspectives of organic food production</p>	01.09.04 – 01.06.05	none
Milestones (same as deliverables)		
1		
2		
etc.		

* Deviations are to be further discussed in D

D. Description of deviations and subsequent adjustments of plans

By concentrating the theoretical requirements in the first year of the research project $\frac{3}{4}$ of the deliverables have been postponed for some months. The freedom though to work solely on the main research tasks of the project is expected to “catch up” the delays. No major changes in the research plan have taken place or are expected to take place.

E. Project publications and other products

1. Articles in international, scientific journals with review procedures

2. Papers presented at congresses, symposiums, etc.

Kledal, Paul Rye (2003): “*Organic production in the third food regime*”. Northern consumption/ Southern production. A mini-conference on cross-continental food commodity chain systems. Institute of Geography, University of Copenhagen, Denmark 10-12 October, 2003. The papers at the conference will be published as a book by Routledge July 2004.
(www.geogr.ku.dk/northsouth/)

Kledal, Paul Rye (2003): “*The Political Economy of Organic Foods*”. Sustaining Animal Health and Food Safety in Organic Farming. A European Commission funded Concerted Action Project. 1st workshop: 5-7th September 2003, Florence, Italy on “Socio-Economic Aspects of Animal Health and Food Safety in Organic Farming Systems.”
(www.safonetwork.org)

3. Reports, articles in agricultural journals, etc.

Kledal, Paul Rye (2003): “*Økologiske fødevarerækker. Nye forskningsmodeller og et anderledes helbedssyn*”, Forskningsnytt nr. 1/ 2003.

Kledal, Paul Rye (2003): “*Økologiske fødevarerækker – et anderledes helbedssyn*”, FØJOenyt nr. 4-2003.

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

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

Kledal, Paul Rye (2002): “*Ondt i Økologien*”, Interview til Fagbladet SID nr. 23/2002

Kledal, Paul Rye (2002): “*Monopolernes magt*”. Interview til Fagbladet SID nr. 22/2002.

Kledal, Paul Rye (2002): “*Mad, marked og magt*”. Oral presentation in plenum at the ‘Organic Congress November 2002 – Between values and growth’.

Kledal, Paul Rye (2002): Interview in the Danish Broadcast Corporation P.I about the development of Organic farming, in relation to the Organic Congress – between values and growth

F. Scientific education

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

Spring semester 2003 Paul Rye Kledal has followed and finished his four courses at Cornell University at the Department of Rural Sociology in line with the FØJO III 7 and his PhD project.

The four subjects were:

- International Development
- Sociology of Food Systems
- Sociological Theories of Development
- State, Economy & Society

G. National and international cooperation

Planning to build up international cooperation with Cornell University and other research partners in organic farming and foods 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.

First results so far are the mini-conference: Northern consumption/ Southern production at Copenhagen University October 2003, and the workshop on socio-economic aspects of animal health and food safety in organic farming systems September 2003.

H. Critical reflection on the project

Through Paul Rye Kledals participation in the above mentioned international conferences, the project have already created and generated new and stimulating bridges to fields with:

- a) Veterinarians and animal researchers in demand for socio-economic studies in relation to food safety.
- b) Geographers in relation to economic forces and their impact on spatial changes and the consequences it has on global Agro-food restructuring.

The possibilities of "catching" these new opportunities though have delayed and postponed the time plan a little. But by grasping these opportunities the theoretical founding's are at the same time challenged and discussed, which are regarded very valuable for the further steps in relation to the methodological approaches and preparations for the case studies.

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)		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:**

FØJO	200	400	400	200
FOI	72,5	190	205	72,5
Sum	272,5	590	605	272,5

9. Signatures and stamps

Name	Institute	Date	Signature
Head of project Mogens Lund	Danish Research Institute of Food Economics	01.10.03	

Appendix I. Detailed budget

A. Budget for each participating institute (1.000 DKr)

Name of Institute:

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Man-months						
Scientific personnel						
Technical personnel						

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Salaries						
Scientific personnel						
Technical personnel						
Other operational costs						
Equipment						
Others (please specify)						
Direct costs						
Indirect costs (20% of direct costs)						
Total						

Comments:

B. Budget for each participating department (1.000 DKK)

Name of Institute and department:

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Man-months						
Scientific personnel						
Technical personnel						

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Salaries						
Scientific personnel						
Technical personnel						
Other operational costs						
Equipment						
Others (please specify)						
Direct costs						
Indirect costs (20% of direct costs)						
Total						

Comments:

C. Budget for co-financing from each participating institute (1.000 DKK)

Name of Institute:

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Man-months						
Scientific personnel						
Technical personnel						

Year:	Consumption before 2002	Expected consumption 2002	2003	2004	2005	Total
Salaries						
Scientific personnel						
Technical personnel						
Other operational costs						
Equipment						
Others (please specify)						
Direct costs						
Indirect costs (20% of direct costs)						
Total						

Comments: