



Progress Report 2004 and Application for Continuation in 2005

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), Royal Veterinary and Agricultural University (KVL)

5. Other project staff

Professor Kostas Karantinis, Ph.D.
Danish Research Institute of Food Economics (FOI)
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 2005

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.

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

(Sources for documentation see under E)

- theoretical framework explaining organic farming as social countermovement to various societal and environmental conflicts connected to agriculture, and showing that its rules and regulations are designed to try and solve these conflicts
- theoretical framework showing that the need for growth inherent in a market economy system, affects time and space in the environmental system and has a constant relationship of antagonism and potential conflicts
- organic farming has risen as a countermovement to various negative environmental consequences from the need of growth in the market economy system, but organic farming itself is part of the same economic market system, and therefore will encounter the same pressures on prices, production- and distribution systems as well as a need for growth in scale and scope.
- 'The pressure for "conventionalization" in organic farming is felt by the farmers as coming more and more from the supermarkets

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*
Deliverables		
<i>WP 1: Information and data collection on the two commodity chains</i>		
1. Working Paper describing the theoretical framework	Fullfilled	
2. Paper describing the results of the commodity system analyses and the data collection	Fullfilled	
<i>WP 2: Preparation and carrying out the interviews</i>		
3. Paper describing the chosen interview methods.	Fullfilled	
4. Documentation of the interview data.	Fullfilled	
<i>WP 3: Analyse the collected interview and economical data</i>	01.12.03 – 01.09.04	See under D
5. Working Paper describing the obtained theoretical results		
6. Workshop where the developed supply and marketing strategies will be presented and discussed		
<i>WP 4: Overall socio-economic evaluation and outline of the perspectives for the future development of the organic food system</i>	01.09.04 – 01.06.05	See under D
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		
Milestones (same as deliverables)		

1		
2		
etc.		

* Deviations are to be further discussed in D

D. Description of deviations and subsequent adjustments of plans

With reference to our letter of June 9th 2004 to DARCOF informing of minor changes in WP 3 and WP 4, the following deviations are taken place:

Milestone no. 7, one FOI-report with a complete description of the two chains, will be split up into two FOI-reports. One for each commodity chain:

- the organic vegetable chain
- the organic pork chain.

The FOI-report on the vegetable chain we plan to publish in November this year.

Milestone no. 5, a working paper on the empirical results, will in this way be upgraded to a FOI-report.

Secondly, we will move the workshop (milestone no. 6 – due in December 2004) till the end of the project, presenting final results/ conclusions on both chains.

E. Project publications and other products

1. Products from Organic Eprints archive

Number of eprints: 8.

Not peer-reviewed

English

Kledal, Paul Rye (2004) [Resistance, globalization and "conventionalization"](#). Paper presented at XI World Congress of Rural Sociology ay, Trondheim, Norway, july 25-30, 2004; Published in *Book of abstracts*.

Kledal, Paul Rye (2003) [Organic production in the Third Food regime](#). Paper presented at Northern consumption/ Southern production. A mini-conference on cross-continental food commodity chain systems, Institute of Geography, University of Copenhagen, Denmark, 10-11 October, 2003.

Kledal, Paul Rye (2003) [The Political Economy of Organic Foods](#). Paper presented at SAFO: Sustaining Animal Health and Food Safety in Organizing Farming. "Socio Economic Aspects of Health and Food Safety in Organic Livestock", Florence, Italy, 5-7th of September 2003.

Paul Rye, Researcher Kledal (2003) [Analysis of Organic Supply Chains - A theoretical framework](#). FØI Working Papers no. 15/2003, Farm Management and Production System Division, Danish Research Institute of Food Economics, KVL.

Dansk - Danish

Kledal, Paul Rye (2003) [Nye forskningsmodeller og et anderledes helhedssyn](#) [New research models and a different holistic approach]. *Forskningsnytt nr. 1/2003*. Online at <http://www.cul.slu.se/information/publik/index.html#fnytt>

Kledal, Paul Rye (2004) [Naturens tid, landmandens tid og agrokapitalens cyklus](#) [Nature's time, the farmer's time and the time circuit of the agri-capital]. In *Økologisk Jordbrug*, 9. January, page 8. Økologisk Landsforening, Frederiksgade 72, 8000 Århus.

Mogens, Lund and Jesper, Graversen and Janus, Søndergaard and Paul, Kledal (2003) [Analyse af fødevarer kæder](#) [Analysis of food chains]. FØI working papers no. 16/2003, Farm Management and Production System Division, Danish Research Institute of Food economics.

2. Other products (oral presentations, public meetings, field days, etc.)

Kledal, Paul Rye (2004): Presenting concepts from Political Economy and the historical changes connected to industrial food manufacturing and processing relating it to the development of Organic foods, at a DTU Ph.D. course September 2004

Kledal, Paul Rye (2004): "Fortid og fremtid for EU's landbrugspolitik", *Tidskriftet SALT* nr. 4 aug/sept. 2004 årgang 13, tema nr. "Bønder i bevægelse".

Kledal, Paul Rye (2004): Presenting concepts from Political Economy in relation to Organic farming at the SOAR Ph.D. course: "Modernisation processes in organic food networks" January 19-22 2004

Kledal, Paul Rye (2004): "Rekordfald i økologiske mælkeproducenter", *Børsen* 12 januar 2004, interview for kommentarer vedr. frafaldet i økologiske mælkeproducenter

Kledal, Paul Rye (2003): "Mælk på den opfindsomme måde", *Samvirke* dec. 2003

* 25-75% financed by DARCOF

** 5-25% financed by DARCOF

F. Scientific education

Ph.D. education:

- 2002: “Economics of the Food System”, Ph.D. course at KVL
 2003: Spring semester, Cornell University USA, Department of Development Sociology following four graduate courses:
- International Development
 - Sociology of Food Systems
 - Sociological Theories of Development
 - State, Economy & Society
- 2004: “Modernisation processes in organic food networks”, Ph.D. course under SOAR
 2004: “Det bevidste metodevalg”, Ph.D. course at RUC
 2004: ”Is organic farming the key to sustainability”, Ph.D. course under SOAR summer school

G. National and international cooperation

International cooperation has so far been established with Cornell University USA, Toronto University Canada, and the Norwegian Agricultural Economics Research Institute (NILF) in relation to applying for Darcof III funding on the theme: Organic farming in a global perspective including ecological economics.

National cooperation and networking has been built up around other Ph.D. students in SOAR, and Paul Rye Kledal has been asked to lecture Ph.D. students in Political economy and organic farming at DTU, KVL and a Ph.D. course at SOAR.

H. Critical reflection on the project

When starting the empirical research of the two chosen chains, the structure and variety in production and distribution flows were much more complex and different than first anticipated. Therefore, instead of making one report, looking at organic farmers with two different commodities, the concept has been turned around. We have two very different commodity chains, where questions on perishability, risk burden, organization, distribution as well as market power along the chains are not alike. It therefore seemed more valuable to present a much more detailed and rich information on each specific chain, by printing a report respectively for vegetables and pork.

When interviewing the different actors along the chains and mentioning the idea of a workshop, they all of them only seemed interested to come and use time on it, if it would contain very clear conclusions and research results that would appear valuable. From that experience the idea of a workshop contributing to the research process was moved to the end of the project, where a specific report for the chosen chains could be presented to read and comment on, as well as discuss the strategies for further growth.

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 2003	Consumption 2003	Expected consumption 2004	Budget 2005	Total
Man-months		13	13	6,5	
Scientific personnel		2	2	1	
Technical personnel					

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

Comments: NB: Number in brackets are funding from FØJO

Financing:	2002	2003	2004	2005
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	15.12.04	

Appendix I. Detailed budget

A. Budget for each participating institute (1.000 DKr)

Name of Institute and department:

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

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

Year:	Consumption before 2003	Consumption 2003	Expected consumption 2004	Budget 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 and department:

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

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

Comments: