

Policy Brief: *Enhancing the competitiveness of SMEs in the organic sector (1000-1200 words max.)*

1. Overview of the Agri-food sector in the Navarra region

- From the perspective of supporting organic sector development, what is the relevance of agri-food sector to your region's economy? Consider this in the context of promoting SME competitiveness and sustainability in your region.

Navarra is a diverse territory in terms of orography and climate, which means a **wide variety of agricultural production**. In addition **there is a developed food industry** with a great capacity, which allow this sector to play a key role in the rural economy and in the SME competitiveness and sustainability. Agricultural industry involve: meat industry, bakery, fruits, vegetables and drinks (juices, wine and olive oil).

The agricultural area is 545,520 ha: 224,690 hectares of grass (41.19%); 287,720 ha of arable land (52.75%); 33,060 ha of permanent crops (6.06%). Livestock is also an important activity in Navarra divided into extensive livestock or mixed farms adapted to the environment (42.09%), and intensive livestock (57.91%). Forests and forest lands represent 594,357 ha (57.19% of the region).

The proportion of organic acreage is 9% in Navarra, similar than the average in Spain (10%) and is increasing year by year. Exclusively based on acreage in order of decreasing size are pasture and forest, land for arable farmland, vineyards, olive groves and orchards.

The food industry is often supplied with primary production from outside of Navarra. There are more than 131 companies and they are continuously growing, which is an indicator of the upward trend in production and consumption of organic products. As for sales locations, there has been an increase in recent years in the number of partners in organic product consumer associations, speciality stores and spaces dedicated to these products in supermarkets.

Small businesses generally focus strictly on organic production and in quite a traditional way and use short commercialization channels and show little interest in access to mass distribution channels, even for growth in production volume. In addition, medium enterprises generally produce both conventional and organic, they are technologically advanced and are constantly expanding their range.

2. Policy context - Current regional support measures.

- Outline the main elements of your region's agri-food policy that apply to the organic sector. Consider the role of these policies in supporting SME competitiveness and sustainability.

Most of the financial support measures that make up our OAP, specific and non specific for organic sector, are part of the Rural Development Program of Navarra 2014-2020 (EAFRD financial instrument). Other measures are coming from EAGF, Minimis and States Aids. The main measures that apply directly to the organic sector are:

-The measure 11 of the Rural Development Program of Navarra 2014-2020, which contemplates supports for surface in organic production. These grants derived from the Regulation (EU) number 1305 / 2013. The aid consists of an annual premium per hectare depending on the surface of plots for organic production and farming groups defined in the measure for a 5-year commitment period. This annual premium varies between approximately 100 €/ha in arable crops and more than 800 €/ha in fruit production. The justification of this measure of support is that the market of organic products are on the rise, however, the higher costs and lower production of organic farming are not fully paid. Therefore, it is necessary to promote the conditions under which this sector can progress in accordance with the evolution of the production and market.

-Aids to the CPAEN/NNPEK as the control authority unit for organic farming to finance control costs of organic certification. It is an aid that finally applies to the producers to avoid they have to pay the certificate costs.

-The Unit for the Promotion of Organic Food and Farming. This administrative unit was created in 2016 in the Rural Development Department of the Government of Navarra to promote organic farming. At the moment has two members working full time. It is in charge to develop different actions to improve organic SME competitiveness and sustainability.

- Summarise the key measures and instruments (EU, national, regional) that can support your regional organic sector.

In the next page is the table with the measures and instruments that can support our regional organic sector. Below are the explanation of the acronyms use in it.

In dark the measures that apply directly to the organic sector

(1) PDRN 2014-2020: Programa de Desarrollo Rural de Navarra (Rural Development Programa of Navarra). Regulation (EU) No. 1305/2013 of the European Parliament and of the Council from 17 December 2013 concerning support for rural development by the EAFRD

(2) DDRMAYAL: Department of Rural Development, Environment and Local Government of the Government of Navarra

(3) EAGF: Regulation (EU) No. 1308/2013 of the European Parliament and of the Council of 17 December 2013 on the common organization of agricultural markets.

(4) MAFE: Ministry of Agriculture, Food and Environment of the Government of Spain

(5) GDRDAL: General Director of Rural Development, Agriculture and Livestock of the Government of Navarra

(6) UCAN: Agricultural Cooperatives association of Navarra

Prod: Producers

Proc: Processors

C&M: Commercialisation & Marketing

T&A: Training and advice

Educ: Education

Inn: Innovation

V.Ch: Value chain efficiency & governance

Instrument*	Responsible**	Beneficiary	Financial contribution***	Prod.	Proc.	C&M	T&A	Educ.	Inn.	V.Ch
1.PDRN 2014-2020(1) Measure 1.01	DDRMAYAL (2)	Institutions and SMES giving professional formation about agrifood	235.563 €				X	X		
2.PDRN 2014-2020 Measure 3.01	DDRMAYAL	Active farmers and their associations	35.000 €			X				X
3.PDRN 2014-2020 Measure 3.02	DDRMAYAL	Management bodies for certified brands	400.000 €			X				X
4.PDRN 2014-2020 Measure 4.01	DDRMAYAL	Active farmers and farm holders for investment in irrigation equipment	8.000.000 €	X			X		X	
5.PDRN 2014-2020 Measure 4.01	DDRMAYAL	Active farmers and farm holders for other investments in farms.	2.000.000 €	X			X		X	
6.PDRN 2014-2020 Measure 4.02	DDRMAYAL	Agrifood Industries	7.000.000 €		X					
7.PDRN 2014-2020 Measure 6.01	DDRMAYAL	Young farmers for the creation of agricultural enterprises	1.750.000 €	X	X					
8.PDRN 2014-2020 Measure 6.02	DDRMAYAL	Active farmers and farm holders and their families	306.250 €	X		X			X	X
9.PDRN 2014-2020 Measure 6.04	DDRMAYAL	Farmers and their families, SMES	735.000 €						X	X
10.PDRN 2014-2020 Measure 11	DDRMAYAL	Organic farmers and ranchers with PAC payment entitlements.	2.365.000 €	X						
11.PDRN 2014-2020 Measure 16.01	DDRMAYAL	Farmers, processors, associations, institutions, universities....	1.394.051 €						X	X
12.EAGF(3) COMMISSION IMPLEMENTING REGULATION (EU) 2016/248	DDRMAYAL	Authorized providers for the distribution of fruit and vegetables in schools of Navarra with 20% of rations in organic	12.600 €	X		X		X		X
13.EAGF Regulation (EU) No. 1308/2013	Ministry of Agriculture, Food and Environment (4)	Fruits and vegetables producers associations	No data available							
14. EAGF Real Decreto 1079/2014 Measures to support program for the 2014-2018 wine sector.	Ministry of Agriculture, Food and Environment.	Companies in the wine sector	No data available			X				X
15. "minimis" RESOLUCIÓN 726/2017 of the GDRDAL (5) for aids to participate in commercial fairs	DDRMAYAL	Farmers and SME	214.000 €	X		X				
16.STATE AIDS. DECISION 798/2016 of the GDRDAL for aid to CPAEN-NNPEK as control authority in organic production	DDRMAYAL	SMES and organic agricultural producers	155.000 €	X						X
17. Agreement between GDRDAL and UGAN (6)	DDRMAYAL	Agricultural cooperatives	115.802 €							X
18. STATE AIDS to the control authority org. certification CPAEN	DDRMAYAL	Organic operators and CPAEN as control authority unit	200.000 €	X	X	X				X
19. Unit for the promotion of organic farming	DDRMAYAL	Organic primary sector	Administrative own funds	X	X	X				X

*Refers to relevant European Investment or Structural Funds e.g. ERDF, EAFRD or national fund if applicable

** Refers to relevant managing authorities e.g. EU, national, regional if applicable

*** Refers to relevant EU, national, regional co-financing

3. Relevance of the regional policy support for the development and implementation of your action plan

- Provide an assessment of relevant policies (which may include those outlined in question 2 and/or others) that can facilitate the development and implementation of your action plan. This should consider policies:
 - (a) developed within/by your region and
 - (b) national and/or European policies implemented in your region
- What are opportunities and barriers associated policy instruments that your plan will include to support SME competitiveness and sustainability. Consider what is working, what could be improved, what is missing etc.

One factor of success of an Organic Action Plan is that the measures of support it includes are integrated in the regional agricultural policy. The main financial support measures in our OAP are instruments coming from the Common Agricultural Policy (PAC) that are working now, most of them integrated in the Rural Development Program. The object is to put more emphasis in the organic sector in a way that the percentage of the total aids to agrifood sector going to organic farming will be growing in the next calls.

One opportunity in Navarra is the Unit for the Promotion of Organic Food and Farming in the Government of Navarra which has the specific task to promote organic farming. This unit has been assigned to develop the Organic Action Plan and it will be in charge of its implementation with the collaboration of INTIA.

An important barrier to support organic SME competitiveness and sustainability are the policies and rules that have been promoting the development of the conventional farming so far of the methods of organic farming. In many sectors, livestock for example, it is very difficult to transform farms from conventional to organic production.

4. Recommendations for regional policymakers to improve the current policy environment

- Based on your experience of action plan development and after reviewing the [ORGAP Golden Rules](#) consider what is still needed from EU, national and regional policymakers to support
 - (a) the development of new initiatives and
 - (b) better implementation of existing initiatives, to support SME competitiveness and sustainability. Please provide specific examples

In our opinion the most important think is the commitment of the policy makers to promote organic farming. Sometimes this kind of commitments become a political issue, so the actions the policymakers take in favour of organic farming depend of the political party in the Government, and that is a big mistake. So it is necessary to highlight the social and environment benefits of organic farming to understand it as a social and a global issue.

Furthemore is important to dedicate sufficient financial and personnel resources to work in the development, monitoring and evaluation procedures, not only for the OAP implementation but for the overall organic sector. Each region has its specific needs that have to be understood. In a sector in a growing phase, the diagnosis made today is not applicable in two years time. The permanent contact with the stakeholders is important and that is only possible with a team working continuously in the promotion of the sector, between the sector and the policy makers. That is the case of Navarra at the moment.

The next revision of our regional RDP can be an opportunity of covering new public support measures which aren't included in 2014-2020 RDP of Navarra, i.e. livestock's new public support measures