POLICY BRIEF #4

January 2026

Future options for organic production and processing:

lessons from sector modelling

Introduction

Growing the organic sector is a cornerstone of the EU's strategies and vision for the sustainable development of the agri-food sector. Farm-processor relationships are a critical driver of sector performance, competitiveness, and value chain development. However, they often remain overlooked in policy development, also because organic farms are often misunderstood as homogeneous, which limits options for making use of processing as an engine for growth. This policy brief presents the results of a sector modelling exercise in the OrganicTargets4EU project, which analysed organic production and processing structures in selected countries and sectors under different future scenarios.

The case studies covered **dairy, chickens for meat, arable crops, vegetables, wine, and aquaculture.** The modelling explored impacts of alternative policy and market scenarios on the:

- **structure of farms**
- **processing industry**
- **employment**
- **investment.**

Better understanding interlinkages in production and food processing can inform the design of more coherent policies for fair transitions, increased competitiveness, and innovation in the agri-food sector.

Summary

This policy brief examines how organic production and processing systems evolve under different policy, market, and investment scenarios in different countries. It explores potential shifts in structures, employment, investment, and competitiveness in relation to different scenarios.

Key insights for sector development:

- **Organic farms and processors are highly diverse,** and uniform policies risk a too narrow focus
- **Different growth paths across farms and processors** create distinct labour, investment, and structural challenges
- **Data gaps remain a barrier** for tailored policies

Key policy recommendations:

- Support organic farm expansion and conversion
- Provide training and advice for value chain actors
- Strengthen data quality
- Promote stable value chain relations (e.g., long-term producer-processor-distributor contracts).

Key findings

On the **production side,** policies need to adequately account for the diversity among organic farms and their differences from conventional approaches. Ignoring this heterogeneity and variance risk supporting only a subset of farms, undermining overall sectoral development.

Farm characteristics

- Organic farms vary in size, production type, geographical location, and marketing channels (e.g., integrated in conventional supply chains, direct sales, or local markets).
- Organic farms are more labour-intensive, especially in livestock systems, due to smaller size, additional operations, and direct sales or on-farm processing.
- Income per family farm worker in organic systems is generally comparable to or higher than conventional farms.

Future organic farm pathways: i) larger farms with economies of scale, ii) smaller specialised farms focusing on direct marketing, iii) livestock farms with higher welfare standards, iv) mixed crop-livestock systems, and v) farms developing non-agricultural activities such as ecotourism.

Implications of the expansion of organic farming: It increases agricultural labour demand and the number of farms, while overall farm populations may decline due to concentration and productivity gains. The need to hire external labour and complication in farm logistics adds to the reluctance to convert, whereas organic farmers may also hesitate to expand workforce, rather opting for reduced farm or herd size. Such downsizing could increase fixed costs and create stranded assets.

On the **processing** side, the distinct contribution as well as structural difference between organic and conventional, is frequently overlooked. Failing to account for variation in product portfolios, processing approaches, or value-chain actors may lead to inaccurate sector policies.

Livestock processing industry dynamics (chickens/dairy):

- Organic processing differs from conventional production in product types, strategies, and actors involved.
- Labour-intensive on-farm processing for direct sales may create additional employment, partially offsetting job losses in industrial processing
- Regular downgrading organic to conventional, limited exports, and lack of genetic and product innovation limit sector growth.

Future processing pathways

- **Market-driven scenario**: favourable to organic farming, large, integrated firms can increase the processing of organic products to increase the range of products available to consumers, partly offsetting job losses from potentially reduced meat consumption.
- **Policy-driven scenario:** livestock relocation to less densely populated areas processed by smaller, labour-intensive firms may mitigate job losses.

Finally, **data availability** remains a key constraint. Limited information on farm structures, labour requirements, and processing flows hinders the design of targeted policies, making it difficult to fully capture the diversity and operational realities of organic systems (see policy brief #10 Statistics and Market Data).

Case Study: Chickens for meat sector in France

Chickens for meat farming in France is mainly found in the West, especially in Brittany and Pays de la Loire. Farms vary in size, production methods, and sales channels. Organic chickens for meat farms are usually smaller and may sell directly or through other outlets. They raise chickens outdoors for longer periods and use organic feed. In the future, organic production may diversify, with some larger farms meeting growing demand and mixed crop-livestock (MCL) farms combining chickens with arable production (cf. Figure).

The processing industry includes large slaughterhouses, smaller regional plants, on-farm units for direct-sellers, and further processing facilities. Conventional products dominate in high-volume cuts and processing. Organic meat chickens are mainly sold whole and fresh under quality labels, which limits their use in processed products. They are also more often handled by small regional plants or on-farm units.

AI generated sample image: direct chicken marketing

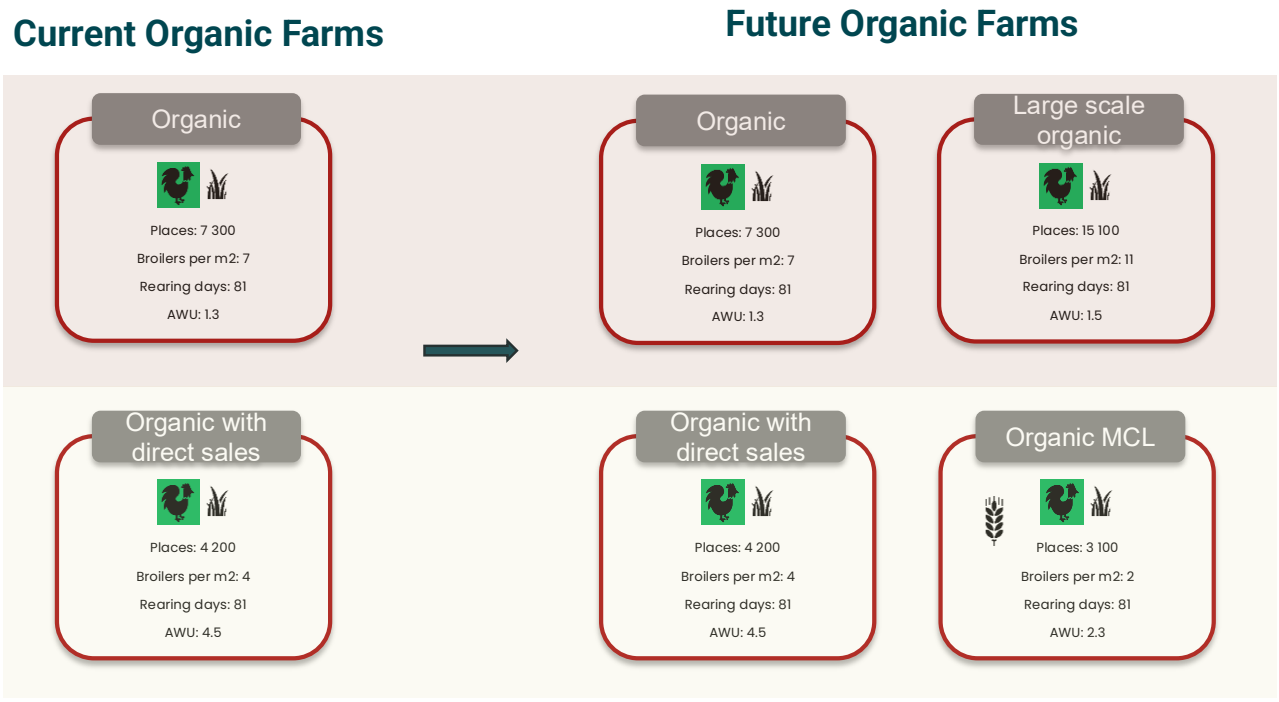

Figure 1. Characteristics of current vs. future organic farms in French chicken meat sector

Contrasting visions for organic growth may have different impacts on farms and processing sectors:

- **Market-driven** scenarios: organic expansion concentrated in large, vertically integrated farms connected to major slaughterhouses and retailers
- **Policy-driven** scenarios: public measures encourage livestock relocation, increased feed autonomy, and development of smaller organic holdings across diverse regions.

Policy recommendations

National and regional support policies should focus on specific sector development needs

- Recognise the impacts of current economic conditions and existing organic support policies (see Policy Brief #5 Organic support payments) on different types of farms, which, depending on region, size, or market opportunities, may face higher costs to convert or maintain organic production.
- Utilise the opportunities provided by the proposed transition lump-sum payment in the next CAP (2028-2034) to support investment in farming, processing, and market development (see Policy Brief #5 Organic support payments).
- Provide incentives and technical assistance for labour management, targeting family-run farms that may face problems hiring additional workers or increasing workloads.
- Invest in more comprehensive market data, e.g., by increasing the samples of organic farms in FADN, and by including volumes of organic products by processing site (see Policy Brief #10 Statistics and Market data).
- Include training and advice for buyers and processors of organic products, including retailers and caterers, to better understand the opportunities and constraints associated with individual organic products and sectors (see Policy Brief #8 AKIS).
- Address constraints within value chains for organic products, including opportunities such as public procurement to better utilise by-products, producer-processor-distributor contracts, and appropriate margins for organic products at processor, distributor, and retailer levels (see Policy Brief #6 Supply Chain Development).

Further information

Schiavo M (2026) *Socio-economic impact assessment of scenarios, at sectoral and focus country level.* Deliverable D3.2 OrganicTargets4EU. IFOAM Organics Europe. https://orgprints.org/id/eprint/56757.

Schiavo M (2026) *Modelling results of socio-economic impacts in the organic value chains.* Deliverable D4.3 OrganicTargets4EU. IFOAM Organics Europe. https://orgprints.org/id/eprint/56759.

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January 2026

OrganicTargets4EU is funded by the European Union (Grant no. 101060368) and by the Swiss State Secretariat for Education, Research and Innovation (SERI) (Grant no. 22.00155). Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union, European Research Executive Agency (REA) or Swiss State Secretariat for Education, Research and Innovation (SERI). Neither the European Union nor any other granting authority can be held responsible for them.

Funded by the European Union

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