



Distribution of the added value in the organic food chain

A study of apple, milk and pasta supply chains

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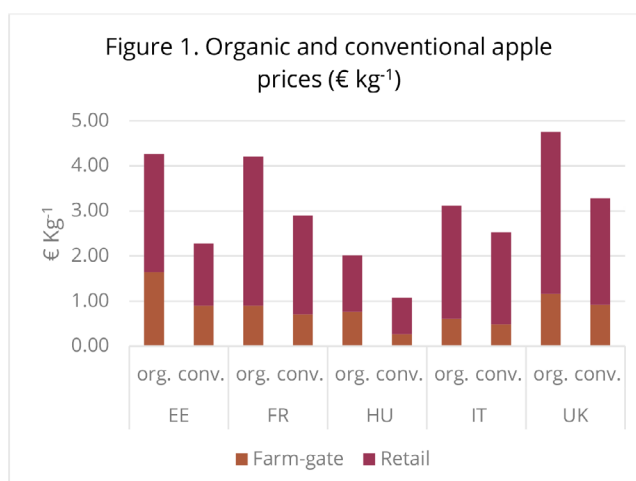
FUNDING - PROJECT

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The Organic Research Centre (ORC) was a partner in a European Commission (DG AGRI) funded study to understand whether farmers are rewarded with a sufficient share of the added value in the organic supply chain. ORC worked with partners from across Europe (the Czech Republic, Denmark, Estonia, France, Germany, Hungary, Italy and Spain) to research three organic products: apples, milk and pasta.

The study focused on these three specific supply chain case studies and the main results were as follows:

- The farm gate and retail price of organic products was higher than conventional – see **Figure 1** for the apple supply chains in Estonia (EE), France (FR), Hungary (HU), Italy (IT) and the United Kingdom (UK).
- The farmers' share ranged from 3% to 65% of the added value created in the organic supply chains analysed (Sanders *et al.* 2016; Orsini *et al.* 2020). Examples of a fair distribution of added value were found in both supermarkets and alternative sale channels. The main challenge for organic farmers and other market players is not simply related to the question of whether or not to deal with supermarkets, but rather how to develop collaboration, physical infrastructures within specific sectors and improve the integration of supply chain operations.



The findings to some extent debunk the widely held belief that supermarkets use their position to extract bigger margins.

A challenge of carrying out the study as researchers was the lack of organic market data publicly available. Improving market transparency should be a priority for the organic businesses as it is critical to assist market players in their decisions.

FURTHER READING

1. Sanders *et al.* (2016) doi.org/10.2762/678520
2. Orsini *et al.* (2020) doi.org/10.1108/BFJ-07-2019-0508