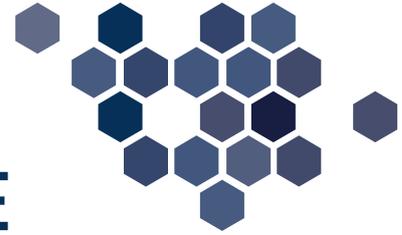


POLICY SUMMARY:

WHY POLICY MAKERS SHOULD SUPPORT ORGANIC AGRICULTURE



OVERVIEW

This policy summary answers the question, “Why should policy makers support organic agriculture?” It begins with rationale from an economic perspective and then addresses the many contributions of organic agriculture to generating public goods, which is the output that policy makers are elected and appointed to provide.

Public support to organic agriculture can be justified in many ways. Ultimately, it reflects a political choice that is influenced by many factors such as the overall political and economic situation of a country, the balance of political forces at a given moment, broader societal choices and perceptions regarding food production, and the relative power of the influence of civil society movements and professional lobbies.

AN ECONOMIC THEORY PERSPECTIVE

Economists and political scientists have argued that state intervention (in general) can be economically justified in cases where corrections are needed relative to:

- the negative effects of earlier government interventions in markets need to be corrected and eased by new interventions;

- imperfect competition can lead to important market failure;
- lack of information and transparency severely impedes market functions;
- market failures arise due to the nature of the goods involved (e.g. public goods and externalities);
- markets lead to an income distribution within a society, which is considered unacceptable.

Policy support to organic agriculture can be related to most of these reasons, ranging from correcting previous agricultural policies that have encouraged unsustainable practices, to correcting the lack of consumer information about agricultural production practices, to the generation of public goods. Justification for support to organic agriculture is particularly strong relative to correcting for the many public goods provided by organic agricultural systems, which are not recognized in the market.

A SECTOR STIMULUS PERSPECTIVE

In addition to the corrective approach embedded in economic theory, government intervention may be justified to kick-start emerging sectors with high potential to shift and grow the economy (these days especially in a sustainable direction,



e.g. renewable energy, organic food). Emerging sectors and industries providing alternatives to traditional ones may not yet have achieved the economies of scale to be competitive. At early stages of development of the organic sector, there are a number of structural and behavioral obstacles that hinder the development of organic supply chains. These are particularly:

- lack of market information and lack of adequate distribution channels;
- absence of well-functioning professional organizations coordinating the needs of the organic sector;
- lack of support services, such as advisory services, input suppliers, etc.;
- risk-aversion of farmers and other value chain actors, limiting transition to organic systems (even if they are performing economically better);
- fear of peer pressure and social exclusion of farmers if they convert to organic while their neighbors and other members of professional associations are all conventional;
- small scale of the sector is a hindrance for retail uptake and is not motivating research, academia and politicians to pay attention to it.

It can take many years of temporary public support to invest in research & development, build organic sector organizations and supporting institutions, and structure the organic supply chain to mainstream organic products into normal distribution channels where they become fully accessible to all consumers.

Temporary public investment into the infant sector of organic agriculture and food systems is therefore a way to achieve a variety of political objectives, including:

- ensuring the ability of the market to fulfill upcoming consumer demands (and potentially substitute organic imports with domestic production);
- developing an internationally competitive industry that will ensure foreign exchange revenues (through interesting premium prices and/or through securing a special place on world markets);
- transitioning to an agri-food system that is less dependent on agrochemical imports, and is more resilient.

ORGANIC AGRICULTURE GENERATES PUBLIC GOODS

Whether justified as a market correction or a sustainable sector stimulus, supporting organic agriculture encourages the production



of many and diverse public goods which are not otherwise produced by conventional agriculture systems. The multi-functionality of organic agriculture arises from the principles of organic agriculture and its whole-system approach.

The core focus of conventional farming is on achieving maximum yields of a specific crop. Its practices are based on a rather simple understanding: crop yields are increased by nutrient inputs and they are reduced through pests, diseases and weeds, which therefore must be combated. Organic agriculture is a holistic way of farming: besides production of high quality goods, an important aim is conservation of the natural resources including fertile soil, clean water and rich biodiversity. The core of organic farming is to make the best use of ecological principles and processes.

ARRAY OF PUBLIC GOODS GENERATED BY ORGANIC AGRICULTURE

Ecosystem services and environmental protection

Organic agriculture:

- protects and enhances biodiversity and sustainable agro-ecosystems, which play a fundamental role in directly providing goods and services as well as in regulating ecosystem properties;

- supports biological pest control services and fosters ecological equilibrium;
- sustains pollination services;
- preserves water quality and enhances water infiltration and retention, thus reducing the need for irrigation and increasing groundwater recharge;
- protects against soil erosion and desertification and maintains soil fertility, which is the most important natural capital asset to sustain food production for future generations and adapt to climate change;
- contributes to carbon sequestration and consumes less fossil energy, thereby mitigating climate change.

Rural development and landscape preservation

Organic agriculture:

- enables people in rural and less favored areas to earn a decent income and therefore reduces poverty and sustains rural economies;
- protects the quality and amenity of rural landscapes and preserves their natural and cultural diversity, which provides a basis for the recreational enjoyment



and tourism development in rural areas;

- emphasizes participation and bottom-up approaches, which strengthen solidarity of rural communities;
- is a viable option for family farms and smallholders and therefore supports food security and food sovereignty;
- increases resilience to market and climatic fluctuations, therefore stabilizing rural income and livelihoods.

Public health

Organic agriculture:

- avoids contamination of the general environment by toxic chemicals that have an adverse effect on public health;
- helps preserve the health of agricultural workers through the avoidance of pesticide exposure;
- reduce the overall amount of pesticide residues in food and therefore reduces the risk of chronic diseases such as cancer, Alzheimer's disease, Parkinson's disease and allergies;
- reduces exposure to antibiotics and other animal drugs that are usually contained in conventional animal products; therefore it

reduces the risk of antibiotic resistance in human pathogens - an increasingly serious public health issue.

Animal welfare

Organic agriculture:

- fosters the natural health and welfare of animals used for food production.

Food quality and nutrition

Organic agriculture provides food that:

- contains virtually no pesticides, less nitrates, less food additives, and therefore generally represents less of a health risk for consumers, especially children.
- is often of higher flavor quality than their conventional equivalents.
- favors diversification of diet in food producing communities, due to practices of diverse cropping, and therefore helps to reduce malnutrition.



LOGIC OF POLICY INTERVENTION IN THE ORGANIC SECTOR

Different types of policy support for the organic sector will be appealing to policy makers depending on their rationale and aims for intervention. Governments may be motivated by some or all of the following objectives:

- Build a commercial organic sector as a strategy to gain export markets and earn foreign currency. This is often combined with the fact that this export market relies on production that is well suited for poor family farms. Therefore, enabling them to access high value export markets is both a way to earn foreign currency, and reduce rural poverty.
- Ensure societal welfare optimization by supporting creation of public goods through the organic market system.
- Increase self-sufficiency in the organic sector, i.e. reduce organic imports: this can be the case in a situation where the country is a large importer of organic food and yet its own domestic production is lagging behind.
- Increase access to healthy food products for all citizens: make high quality organic food accessible not only to the elite, but potentially to every interested person.