

# Is organic farming policy-driven or consumer-led?

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A study looking at organic farming in both the UK and Denmark has found that incentives to farmers played a large part in changing production rather than consumer demand.

The University of Reading studied both countries to see if policy measures on their own encouraged participation. Richard Tranter, Director of the Center for Agricultural Strategy at the University, said: "There is little literature devoted to systematic analysis of the extent to which [organic food](#) and farming policies have influenced the growth of the organic sector. We wanted to find out if the rise in [organic farming](#) has been demand-led or policy-driven."

Both the UK and Denmark operate under the EU's Common Agricultural Policy and have similar agronomic conditions. Researchers examined 14 organic farming policy measures during 1989-2007 to assess their impact on the number of farmers who converted to organic production and the total land area under organic practice. In this time, the number of organic producers in both countries grew by around 8 times. More specifically, in the UK, the number of organic farmers grew from 557 in 1989 to 4,639 in 2007. Similarly, the organic land area in the UK increased from 18,000 hectares to 619,000 hectares.

Six policy measures in the two study countries (three from each) were found to be statistically significant influences on participation, five of them direct supply-side instruments which created incentives to convert to organic farming. For the UK, all of the policies are annual subsidies

for organic farmers once conversion was complete. For Denmark, the policies are the introduction of organic subsidies for non-dairy farms, the extension of subsidies beyond 1997 and support for the costs of marketing services.

Richard Tranter said: "The key conclusion is that several of the policy measures considered have had a significant impact on the numbers of farmers converting to organic and on the area of converted land since 1989 in both Denmark and the UK. The results indicate that, in particular, subsidies are of fundamental importance in effecting changes in the number of organic producers and in the area of land devoted to organic practice.

"This research is important for policymakers when considering the design of new incentives or subsidies for the farming community."

**More information:** The paper, '*Modelling the impacts of policy on entry into organic farming: Evidence from Danish-UK comparisons, 1989-2007*' by Carsten Daugbjerg, et al., is published online at [www.elsevier.com/locate/landusepol](http://www.elsevier.com/locate/landusepol)

Provided by University of Reading

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