

SUPPORT FOR ORGANIC FARMING

Organic farming differs from conventional agricultural production in that it avoids using chemical fertilizers and synthetic pesticides and herbicides. Harvests are consequently smaller than in conventional production. Income losses are compensated by paying farmers organic farming aid, which is a form of supplementary environmental support. Organic farming aid totalled nearly 17 million euros in 2002.

The purpose of this audit was to determine how well state support for organic farming works. The main question was whether objectives regarding organic farming have been promoted by the key instrument of financial aid. The audit was based on interviews and written materials. A survey was also conducted among organic farmers and supplementary information was obtained by phone.

The audit found that three objectives have been set with regard to organic farming: to increase the amount of land that is organically farmed, to satisfy consumer demand and to improve the state of the environment. These objectives were not set clearly in documents, however, nor could a complete picture of objectives and their relative importance be obtained from the Ministry of Agriculture and Forestry in the course of the audit. The ministry should clarify aid objectives and their order of importance.

Other problems concerning objectives were also observed. Grounds in terms of benefits were not given for increasing the amount of land that is organically farmed. This cannot be viewed simply as an end in itself, however. The target is for at least 10% of cultivated land to be organically farmed in 2006 and at least 15% in 2010. The increase in the amount of land that is organically farmed has slowed in recent years, however, and these targets will not be met. In 2003 the figure was 7.2%.

The problem with the objective of satisfying consumer demand is that the level of demand always depends on pri-

prices, and this connection was not adequately examined when the objective was set. Furthermore grounds should have been given for the objective in terms of creating production structures in the early stage of a relatively new form of production or by explaining why consumption should be supported more permanently.

The availability of organic products requires an effective production chain. As it is, organic farmers have had problems getting products to market and some farmers are having second thoughts about this form of production. Although 7.2% of cultivated land is organically farmed, organic foods account for only about 1% of the total food market. Even taking smaller harvests into account, organic farming aid has ineffectively promoted the objective of satisfying consumer demand.

One problem is the loss of foods' organic status in some part of the production chain, which means they no longer meet the requirements set for organic production. The audit indicated that less than one-fourth of organic farms are not affected by this problem. The small amount of animals in organic production contributes to the loss of foods' organic status, along with slack demand. Feeds that have been produced organically end up being fed to animals that are in conventional production.

On the basis of the audit it is difficult to give an opinion on the achievement of the environmental objective. Studies have not provided conclusive proof of the environmental benefits of organic farming. Research indicates that the biggest environmental benefits are achieved by integrating animal and plant production. The aid scheme has not promoted this, however, since animal production has not been eligible for aid.