

POLICY SUMMARY: REVIEW OF POLICIES TO ADDRESS NEGATIVE IMPACTS ON ORGANIC AGRICULTURE



OVERVIEW

This policy summary provides recommendations on assessing and addressing existing policies with negative impacts on organic sector development. It focuses on agricultural policies but also policies related to public health and safety, energy, and environmental protection.

RATIONALE

It is essential that organic policy development consider the broader agricultural policy framework. A comprehensive national strategy to develop organic agriculture should not only develop pro-organic policies and programs, but also mitigate the negative effects of policies and programs that are detrimental to the organic sector and may impede it. This could be done either by cancelling or reducing the negative measure (e.g. stopping or reducing subsidies on chemical fertilizers) or by providing a compensation scheme that balances it with an incentive for organic alternatives (e.g. subsidizing equally the use of organic fertilizers). These policies may even be revised to favor the organic sector, (e.g. subsidies for organic inputs). Reviewing the overall policies affecting the agriculture sector is therefore an essential part of organic policy development.

Achieving cancellations or amendments of some agricultural policies and programs will likely require the

active support of the highest levels of the agriculture department or ministry and/or political structures. If such changes require new legislation, they could entail complex and politically charged processes.

KEY POLICIES TO REVIEW

The following policy areas should at minimum be identified and reviewed:

- Subsidies on production and/or use of chemical fertilizers or synthetic pesticides
- Allowance and mandated applications of synthetic pesticides
- Unfavorable regulations on organic fertilizers, plant protection products and farmers' seeds
- Unfavorable agricultural risk management programs (crop failure compensation schemes, etc.)
- Food safety and environmental hygiene requirements
- Allowance of GMO crops
- Support for energy crops (biogas and biofuel plants)
- Farmland use policies
- Competing environmental schemes



POLICIES

Subsidies on Chemical Fertilizers and Synthetic Pesticides

Generally, there is a positive global trend (especially in developed countries) towards phasing out subsidies (or reduced VAT) for pesticides and fertilizers, and shifting towards the opposite policy instruments, namely taxes on synthetic pesticides and fertilizers and/or preferential fiscal treatment of organic fertilizers and biopesticides.

What to look for:

Review all agricultural input subsidy policies and identify if:

- Only conventional fertilizers and pesticides are subsidized, or subsidies on them are at higher rates than for organic fertilizers and pesticides (subsidies could apply to both production or use of the inputs);
- There are reduced value-added taxes on conventional fertilizers and/or pesticides;
- Conventional fertilizers and pesticides are exempted from import taxes.

Potential Actions:

- Eliminate (possibly stepwise over time) the subsidies and tax reductions/exemptions on chemical fertilizers and synthetic pesticides, and install these

measures for organic inputs.

- Include organic inputs in these measures at the same or higher rates.
- Eliminate the measures altogether.

Country example

Indonesia: The Bali government started a stepwise approach to annually reduce subsidies to conventional fertilizers and started, in parallel, to subsidize organic fertilizers. Bali has successfully transitioned from a system subsidizing only chemical fertilizers to a system subsidizing only organic fertilizers within the course of three years.

Allowance and mandated applications of synthetic pesticides

Use of synthetic pesticides in agriculture puts organic agriculture at risk due to the threat of contamination of organic land and crops from pesticide drift. In some countries that regulate organic agriculture, the presence of pesticide residues on organic products above specified levels can disqualify the products from being sold as organic. Market requirements also dictate what will be sold as organic, and pesticide residues undermine organic market confidence. Government mandated



pesticide spraying is a decision that can have sudden and serious detrimental impact on a national organic sector.

What to look for:

- Review list of registered pesticides.
- Review policies and identify any that deal with government-mandated pesticide applications and are detrimental to organic agriculture.

Potential actions:

- Governments may consider prohibiting certain or all synthetic pesticides, or at least prohibiting their aerial spraying, or their spraying in fields next to organic fields.
- If it is not possible to prohibit the use of all synthetic pesticides in national or regional regulation, it may be possible to reduce the list of registered synthetic pesticides;
- Consider alternatives to government-mandated synthetic pesticide applications.

Country example

Egypt: Starting in the 1950s, the government organized a mandatory program of intensive aerial spraying of chemical insecticides three to four times

a season in the country's cotton production program. In the early 1990s, SEKEM, an organic company, demonstrated the effectiveness of organic pest control. The Egyptian Ministry of Agriculture sponsored more extensive tests and concluded that organic pest suppression was superior for cotton farming. It began converting the area of Egyptian cotton, 4,000 square kilometers, to organic methods for controlling pests (including pheromones). Aerial spraying of synthetic pesticides on cotton became prohibited. Use of synthetic pesticides in cotton has declined by 90 % and the average yield of raw cotton has increased 30%.

Unfavorable regulations on organic fertilizers, pesticides and seeds

Pesticides: Many governments have developed stringent registration procedures for pesticides. Big agrochemical companies have no problems meeting those registration requirements. However, when the same requirements are applied to organic plant protection products that cannot be produced in the same scale, the registration costs can become a hindrance to wider adoption of organic agriculture. In some developed countries with complex registration requirements, it is technically illegal for farmers



to use any unregistered pesticide or fertilizer, even if it is biologically based and prepared on farm.

Fertilizers: Similarly, when fertilizer-testing requirements (for heavy metal content or other toxic hazards) are also applied to animal manure coming from the farm or a neighboring farm, the regulation becomes an unaffordable burden. Also, when requirements for commercial fertilizers demand full exact labeling of nutrient content, this becomes unfeasible for composts and other natural origin fertilizers. Regulations should permit such fertilizers to give indicative figures based on average values (and labeled as such).

Varieties and seeds: Regulation of seed marketing and crop variety registrations can be highly detrimental to organic farming. It is important for organic farming that farmers have access to a wide range of locally adapted plant varieties, including farmer-saved seeds. Registration costs for varieties and certification costs for seeds are often too high and procedures too complex to enable small enterprises and farmers that maintain old and local varieties to register and certify them, and without registration they are often made illegal to sell. Registration requirements, especially those related to uniformity, can be difficult to meet for organically-bred and locally-adapted varieties.

What to look for:

- Review all regulation and registration requirements for pesticides, fertilizers and seeds and identify requirements that disadvantage organic agriculture.

Potential actions:

- Propose revisions that eliminate or at least reduce the disadvantages to organic agriculture. This could include streamlined procedures for natural substances used in organic farming.

Country examples

Belgium: A special procedure was launched in 2007 in order to improve the availability of bio-pesticides on the market. The registration program provides a separate fast-track procedure for bio-pesticides, lower fees and improved communication. Fees for new bio-pesticides have been reduced from EUR 100,000 to EUR 10,000.

Brazil: The approval procedures for organic fertilizers and pesticides exempt them from certain requirements applying to conventional inputs, such as the need for agronomic, toxicological and environmental studies, or the Temporary Special Registry and from registration of components.



Farm-made products are explicitly exempted from registration. The National System for Seeds and Seedlings exempts family farmers, traditional groups, and their cooperatives from the obligation to register varieties in the national registry.

Unfavorable agricultural risk management programs

Some countries manage a government-sponsored farm insurance program to help their farmers to cope with risks such as catastrophic weather. Others give financial compensation to farmers in cases of calamities or natural catastrophes, in order to save a particular sector. However, some of those programs disadvantage organic farmers compared to conventional farmers, for example, by not taking into account that the market price for organic products is higher (applying the same price level to all farmers), or by focusing on a few commodities (when organic farms are more diverse). A worst-case example is Kenya. There, the crop insurance program is a partnership between the government and the private sector, particularly the Syngenta Foundation with its own insurance company. The program is a package that ties crop insurance to input purchases and extension messages that promote the use of those inputs. The insurance programs most often do not take into account the special calamities that

can occur to organic farmers, such as contamination by conventional pesticide and GMOs, leading to decertification of crops and land.

What to look for:

- Check if the country provides crop insurance or agricultural disaster relief.
- If so, review the policy and identify negative impacts on organic farmers.

Potential actions:

- Propose measures for full and fair inclusion of organic farmers in the program.
- Propose measures to cover the exclusive calamities that may befall organic farmers.

Country example

United States: The government's crop insurance program has been revised to rectify several disadvantages to organic farmers. Actions included were:

- Elimination of a 5% surcharge on organic farmers;
- Inclusion of payout schedules for organic farmers that reflect organic prices;
- Creation of "whole farm revenue" policy to accommodate farms with diverse production and expanded the list of crops eligible for insurance.



Food safety and environmental hygiene requirements

Food safety

Regulations in the area of food and agriculture may put organic farmers and processors at a disadvantage in several ways. They could:

- require operators to use materials and practices that are prohibited in organic standards and regulations;
- prohibit practices that are commonly used in organic agriculture to meet standards and achieve the objectives of organic agriculture;
- institute complex technical requirements that are burdensome for small operators for financial and or technical reasons;

In the United States, the organic regulation requirements on manure and composting were heavily influenced by regulations intended mainly for industrial composting and therefore even small organic farms must meet requirements for initial carbon-nitrogen ratio, temperature and production methods. In some EU member states, detailed requirements for the design of food processing facilities and methods for detecting contaminants are sometimes prohibitive for the scale of food processes on-farm and in cottage industries. In Japan poultry farmers

have been subject to bird-flu control requirements requiring chemical disinfection and restricting outdoor access of poultry (which is a common requirement in organic standards). Food safety may be imposed at national, regional and local levels.

What to look for:

- Review regulations relating to food, agriculture, and public health for difficult requirements imposed on organic agriculture and agricultural product processing.
- Monitor new regulations in relevant areas for their potential impact on organic agriculture.

Potential actions:

- Propose regulatory revisions that will accommodate the practices and prohibitions in organic agriculture, and a process for effecting change.

Country example

United States: In 2015, the Food and Drug Administration (FDA) enacted the Food Safety Modernization Act, whose original draft in 2013 was heavily criticized as being unfavorable to organic farmers, particularly by making the use of manure virtually impossible for farmers, and the use of compost very



difficult, by definitions of “farms” and “facilities” that would have led many diversified small farms to be considered processing facilities and subject to compliance with overburdening food safety requirements, and by prohibiting practices that are integral to organic farming. Advocacy by the organic sector and sustainable agriculture groups was successful to create flexibility in the regulation for small scale and organic farmers. Achievements for the organic sector during the rule-making process include that:

- Compliance with the manure and compost requirements in the National Organic Program are sufficient to achieve compliance with the Food Safety Modernization Act;
- Water quality standards are risk-based with less potential to impose hardships on organic farmers;
- Organic farmers are not unduly constrained from improving the biodiversity and natural resources of their farms nor from ensuring animal welfare.

Environmental Hygiene

Phytosanitary requirements imposed by countries to protect their agriculture and environment from pests and diseases can pose (sometimes insurmountable) trade barriers for organic producers, exporters and

importers. These requirements apply to all kinds of products ranging from seeds, horticultural products, spices and other organic products that are commonly traded. The critical barriers are when there are mandatory requirements for irradiation or fumigation with materials that are prohibited in organic production. In some cases, alternative treatments acceptable in organic, e.g. with carbon dioxide, exist but are not recognized by the authorities or the technology is not available in the country.

What to look for:

- Review phytosanitary requirements for imported food, seeds, and animal fiber.
- Identify requirements that could block entry of organic products, either by creating barriers to import sales of organic products or border control measures that would cause loss of organic integrity in the product, e.g. fumigation or irradiation.

Potential actions:

- Explore alternative measures that can be effective and also suitable for organic systems and products.



Country example

Mexico: Many Mexican farmers, including organic farmers, rely on seeds imported from the United States. Organic farmers were unable to access organic or untreated conventional seeds due to the mandatory fumigation requirements for export of seeds to Mexico. The issue was raised by the United States during discussions about equivalence of the US and Mexico organic regulations. As a result, Mexico has published guidelines that are flexible to allow some approved organic materials for treatment of some seeds. However, this achievement is only partial, as it comes with very costly conditions such as the requirement for multiple government inspections (paid by the farmer) for the fields where organically treated seeds are used. The likely effect is that organic seed access continues to be unattainable for all but the largest producers. However, a precedent was set, which may, with modifications, function to further reduce the technical trade barrier.

Allowance of GMO crops

Widespread GMO contamination is a major factor of increased costs, loss of reputation, and loss of market for an organic supply chain. Allowance of a genetically engineered crop is among the general policies most detrimental

for the organic sector, particularly when this crop is also a significant organic export commodity for the country. Worldwide, by end of 2015, 37 countries have officially banned the cultivation of GM crops. There are also many countries in which GMO cultivation is not banned but is currently not practiced yet. Even in countries that haven't banned GMO cultivation at the national level, some provinces and municipalities have banned it.

What to look for:

- Find out if there are any GM crops allowed for cultivation in the country and, if so, whether those correspond to crops that are also produced in organic quality, and determine what the contamination potential is.

Potential actions

- If there is no GMO ban in place, it is prudent to enact one.
- In cases where there are approved GM crops or GMOs have not been addressed, there should at least be some GMO co-existence regulations. Coexistence regulations can be of different nature, including ex-ante (preventive) coexistence regulations, which GM farmers must follow if they want to plant a GM crops, and ex-post coexistence regulations defining liabilities for contamination.
- Where GMO crops are allowed,



compulsory labeling of products containing GMOs can be enacted to offer consumers a choice and clearly distinguish these products from organic products.

Country example

Portugal: A comprehensive system of coexistence regulations (ex-ante and ex-post) has been implemented. The ex-post regulations include a GMO contamination compensation fund, whereby the Ministry of Agriculture and the companies that sell seeds have agreed to cover the cost of damages to neighboring fields. The seed supplier pays into the compensation fund at the rate of €4 per 80,000 seeds. In practice however, between 2007 and 2015, no requests by farmers for compensation have been made. This is attributed to the effectiveness of the strict ex-ante regulations which keep GM contamination values well below the 0,9 % EU legal threshold.

Support for energy crops

Biofuels and biogas competitiveness depends heavily on government subsidies, exemption from the petroleum taxes and other policy instruments (e.g. obligatory fuel blending). Excessive policy support towards energy crops has a negative impact on or-

ganic farming development, through land and price competition. Organic farmers have limited possibilities to integrate the main energy crops in the organic crop rotation and therefore cannot benefit from this support measure in the same way as conventional farmers. Also, the high prices for energy crops improved the profitability of conventional farms, acting as barrier to convert to organic farming.

What to look for:

- Identify support schemes for biofuels

Potential actions:

- Eliminate or reduce subsidies and other incentives for energy crop production.

Competing Environmental Schemes

There are a variety of agri-environmental schemes that support certain practices that go in the direction of organic, but which are not fully organic. Those can either support producers directly (policy measures such as subsidies) or they can be consumer-oriented labels. Some of these are voluntary labeling schemes run by governments. No general position can be taken on whether all such schemes are good or bad for organic. On one hand, they promote (and sometimes mainstream) practices that often go



in the direction of organic agriculture. On the other hand, they can compete with the choice of going fully organic, either at the level of the producer's choice or at the level of the consumer choice. Advocates and policymakers wishing to support the organic sector development should be aware of the potential positive and negative impacts of other schemes and labels on the organic sector.

What to look for:

- Identify other agri-environmental labels functioning in the market, especially those run or supported by government.

Potential Actions:

- Assess impact of these schemes on organic sector development.
- If negative, consider potential changes in the support granted to these schemes to ensure that they do not discourage conversion to full organic management.

Country example

Japan: The Ecofarmer Program, whose main requirement was not to use more than 50% of chemicals than the amount commonly used in the region, is considered to have an ambiguous effect on the organic sector. Positive effects are the reduction of chemicals, and that organic farmers can also benefit from the program at no extra cost (record keeping was very easy and inspection was carried by the prefectures and free of charge). On the negative side, the program has given an environmentally friendly image to Ecofarmers, even if they still use large quantities of toxic chemicals, and has contributed to consumer confusion. Moreover, much lighter paperwork requirements and a free certification system provided by the prefectures for this program make it comparatively much easier than the highly bureaucratic and costly Japanese organic certification system.



Laws related to farmland use

Restriction on agricultural land purchase

In many areas, the price of land (even agricultural land) has skyrocketed to the extent that it has become impossible to recover the money invested in land purchase through an agriculture activity, be it conventional or organic. Young farmers who want to start a farming business without a family farm land, or farmers who want to expand in order to meet increasing market demands, face severe problems to buy land. They can become tenants instead of owners, but this raises other problems (see next section). Sometimes, national land use laws are complicating the market land access problem even further. One example was Japan, which enacted in 1952 the Agricultural Land Act aiming at eliminating landlordship, and doing so by heavily restricting buying and leasing of land, allowing virtually only existing farmers to acquire farmland.

On the other hand, there are many countries with very liberal land use policies. The unrestricted movement of capital into land acquisitions enables a trend which is now called “land grabbing” and the massive foreign accumulation of and speculation on agricultural land of many regions around the world. This contributes to the increased price of land and therefore feeds the same problem of difficulty for newcomers, especially young people with agro-

ecological business projects but not enough capital.

Tenancy

The status of tenancy can be a stressful one for organic farmers. There have been cases where certain practices required by organic farming have brought the landlord to end a lease. As organic farming requires building soil fertility over the long term, planning multi-year crop rotations, etc., farming a given area in organic farming has to be part of a medium to long-term business plan. If landlords can suddenly terminate land leases, this is much worse for organic farmers than for conventional farmers.

What to look for:

- Review agricultural land use policies at national, regional and local levels.
- Identify where land use and tenancy policies could have negative impacts on access to farmland for organic farmers.

Potential actions

- Propose land policies that could mitigate problems to access land for organic farming.



Country examples

France: In France, where about 80% of farmland is leased, land tenancy is highly secure due to government policies, some dating back to the 1940's. They give tenant farmers the conditions needed for developing and benefiting from their farm work: time, foreseeability, limited cost of land, return on investment. Provisions include: a minimum lease duration of nine years, state-controlled land rent prices in reference to agricultural output, landowners' obligation to eventually pay the tenant for land

improvements, tenant's preemption rights when land is offered for sale, and leases that are transferable within the tenant's family. France also created, in 2006, an environmental rural lease status. Under this scheme, landlords can include in their lease contract clauses prescribing certain environmental practices (including organic farming).

Tunisia: Government reimburses the contract expenses incurred when purchasing organic farmland.

Note: There are few other examples of government policies to support purchase of organic farmland but this should not preclude creative new land acquisition policy measures.