

Policy Interventions to Increase Estonian Farmer's Motivation to Convert to Organic Farming Practices

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This thesis work seeks to explore appropriate policy steps to achieve faster growth of organic farming in Estonia. To find such steps, perceived barriers and motives for conversion among Estonian farmers were surveyed. Findings were compared to results from similar surveys in other European countries. Policies, past, present and planned ones, that could influence conversion to organic farming, are analysed.

The aim of the paper is to make a contribution to the development of an action plan for organic farming in Estonia. It deals with boosting rather than handling the growth, as many important components of the integrated action plan are considered. The paper could be regarded as partial pilot project for the action plan.

Special interest has been placed on comparative data (policy steps, farmer surveys) from the European Union, which Estonia has taken direction to join. The EU is also with the best-developed organic sector in the world but differs from Estonia because of stronger traditions of conventional agriculture. The growth of organic sector has been steady (25% a year) during last 10 years in EU and even faster in last three years in Estonia because of increased state interest to the development of the sector.

400 surveys were sent out to determine farmers' views on barriers, motivations, information gaps and their possible responses to proposed fiscal policy instruments. 66 surveys were received, of which 55 qualified as meeting the requirements of validity.

Two groups of farmers were found. The first group, those less inclined for conversion, are VAT responsible. They are more afraid of agronomic problems from the conversion, use more chemicals in their operations and see practical-economic problems with organic farmer. The second group is more open to organic farming. The motivations and barriers from these farmers were used when making policy recommendations.

The survey found that farmers responded favourably to organic subsidies which began in 2000. Those surveyed felt there would be higher conversions if the subsidies for the conversion period were increased. They also responded favourably to cutting the value-added tax (VAT) on organic food products to 0%. Cutting the VAT is a much simpler policy recommendation to implement than devising increased subsidy schemes. The survey also found 60% of farmers consider organic farming conceivable from their point of view, this is twice as high as European Union farmers. Various information dissemination programs are