

## High price of organic food?

*A central question about organic food and one which perhaps deters consumers from across all income brackets is price. Why is it that organic food is so often sold at a premium?*

Recent United States research at the University of California – Davis says that shoppers in North America who choose the organic option spend at least 20 per cent more overall than “conventional” food shoppers. It’s a similar figure in Europe, but not consistently so. In the recent UK Organic Week ( Sept 3<sup>rd</sup> to 11<sup>th</sup>) and during other promotions, some organic goods were actually cheaper than their conventional equivalents – for a period this year organic potatoes in Waitrose were marketed at a *discount* to conventional potatoes.

Most of the rationale behind premium pricing of organic food lies in the production system. As a result of less intensive inputs, organic farmers often produce lower crop and livestock yields per acre. To make a viable living, in competition with non-organic farmers, they need to gain a premium on this lower yield of produce.

The production methods used by organic farmers involve severe limitations or bans on inputs in the form of herbicides, fungicides and insecticides which mean higher labour costs and quite possibly slower production methods. For example weed control in an organic crop system or rotation might require many cultivations and even a fallow period (without cropping) whereas a conventional farmer can simply apply a reactively cheap, modern herbicide such as Roundup to achieve virtually instant weed control.

In organic livestock systems stocking rates are often much lower than in non-organic systems and the price of the organic feedstuffs on which they are raised are also more expensive than conventional cereals and concentrate feeds. Routine antibiotic and other growth promoting therapies are banned in organic livestock. Organic poultry and pig rearing systems are based on outdoor units where far more acres are used in egg, chicken and pork production than in the intensive farming sector. Happy chickens and happy pigs can only be reared with a higher price tag attached.

Overall most organic farms are small and cannot compete on price with large-scale factory-farming units. Economies of scale work in agriculture as in other trades and industry. The organic sector though does pride itself on its ability to lie at the heart of local food economies, delivering fresh, wholesome food with as few food miles as possible. Some scope then for price competitiveness there.

And a final thought on price. Organic agriculture is not simply about the food we eat as the single end product. True organic farming is about the care of the soil and land, wildlife and biodiversity, sustainability and local communities. All of these admirable outputs have a value which is hard to reflect in the shopper’s basket.

A study last year in the US showed that the true additional cost of American conventional agriculture in such items as soil erosion, water and air pollution, wildlife and landscape damage was approaching \$16 billion a year. That's a lot of taxes and a big surcharge on all those apparently cheap, supermarket food bills.  
And it's the same story here.

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