

The Economics of Conversion to Organic Field Vegetable Production

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Background

This poster outlines the initial results of a DEFRA funded project investigating the economic implications of conversion to organic vegetable production.

Methods

Whole farm financial data has been collected and analysed for a group of 5 farms from 1996-2001. Data has been compared with a conventional sample.

The average findings for the group of farms were:

- Net farm income (NFI) declined by 66% during 2 year conversion period.
- This was a result of falls in output and smaller overall reductions in costs.
- Once organic vegetable production began NFI recovered to within 36% of pre-conversion levels.
- Costs of casual labour rose sharply when organic vegetable production began.
- The average 'costs of conversion' estimated at a total of £556/ha in comparison with organic aid payments available at £450/ha over 5 years.
- Costs varied according to farm type.



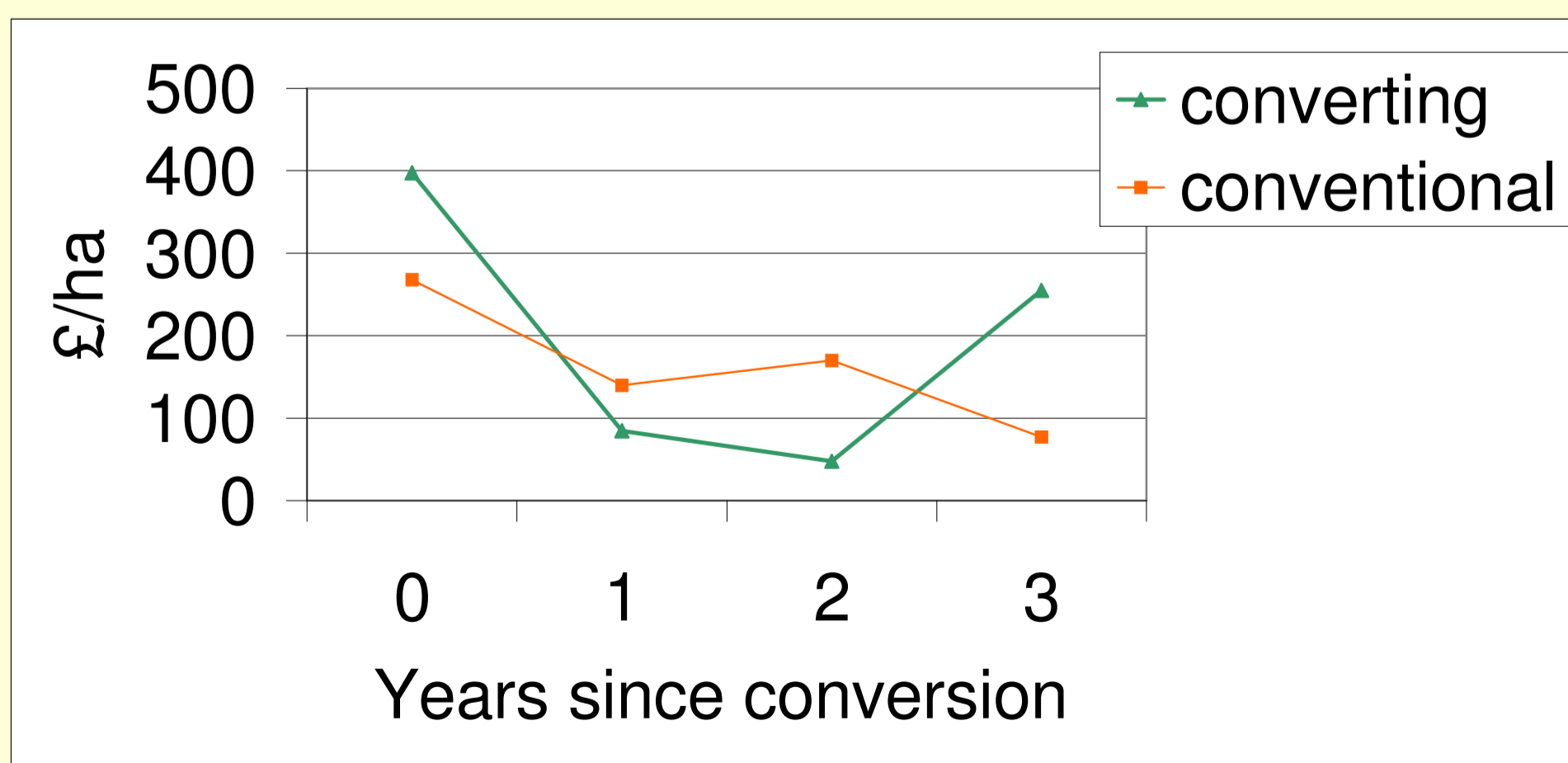
Farm details

Farm size (ha)	Classification	Conversion started (year)	Rate of conversion ha per year (%)
1557	General cropping	1997	20
1900	General cropping	1997	6
38	Lowland dairy	1997	38
998	General cropping	1998	7
20	Horticulture	1998	10

Estimated 'costs of conversion'

Farm type	Cost of conversion (ha)	Organic aid (ha)
Arable	550	450
Mixed	449	450
Intensive horticulture	631	350

NFI: comparison of converting group with conv. sample



Discussion

The economics of conversion on any farm are very much dependent on the starting financial position of the farm prior to conversion, the rate at which the farms converts and the price of organic products received once conversion is completed.