Implications of future economic integration on agriculture

• Economic integration would magnify expected increase in growth of agricultural production (Table 1).
• Negative: Would expand export-oriented and large-scale monoculture; lead to increased water pollution, land degradation, and GHG emissions
• Positive potential: Would encourage environmentally friendly organic agriculture (OA) if it could be classified under environmental goods and services (EGS), but policy intervention would be necessary.

Potential environmental benefits of OA

• Potential increase in the share of OA area in Asia towards 2020 is projected in the range of 1-5% on average, comparable increase observed in EU between 1991 and 2004.
• Even a moderate increase in OA share can achieve considerable reduction of negative impacts (Table 2)
• Benefits will become greater with avoidance of costs to correct the damages and other positive impacts (reduction of health risks and rural development, etc.) are considered.

Challenges for OA promotion

• High transaction costs and poor credibility of OA products
• Low priority of OA as a policy and limited capacity to implement OA

Opportunities for OA promotion

• Can be promoted by market-based measures (e.g. eco-labeling), cleaner production (upstream measure)
• Economic gains from value-added/ differentiated products

Recommended OA policy

At the national level

• Development of eco-labelling systems according to priorities
• Adoption of a harmonized system in a gradual manner
• Strengthening the control of pesticide use and implementation of IPM to reduce health risks
• Contract farming to help and organize small-scale farmers
• Coordination with livestock industry to recycle organic wastes and reduce dependency on fertilizers
• Green procurement to increase domestic demand
• Development of strategies to increase OA products export

At the regional/ global level

• Harmonization of eco-labeling systems to reduce transaction costs and expand global market (equivalence, mutual recognition)
• Efforts to create a level playing field for organic products by reducing non-tariff barriers and giving a preferential treatment (preferential tariffs, environmental goods and services)

Conclusions

• Economic integration is an important opportunity for OA to benefit as environmental goods and services.
• Emphasis on environmental and social benefits can help increase political support for OA.
• OA should be coordinated with environmental and trade-related policies (harmonization of eco-labeling systems and others).
• To do so, more national capacity building is needed and thus more government assistance/ prioritization of OA is required in Asia.