Policies to encourage green industry

New research has outlined three instruments to encourage green industry: adequate governmental resources, co-operation between interest groups and effective negotiation between state and interest groups. Taking the example of the organic food sector, it explored why Denmark has met these conditions whereas Australia has not.

Green policy targets often propose a growth in green industries but governments also need to encourage development by providing favourable conditions and/or directly supporting environmentally friendly industries.

The study compared the organic food sector in Denmark and Australia to gain a better understanding of context and setting in encouraging green industry. Denmark has enjoyed relative success with a trustworthy state certification and labelling system, alongside policy measures aimed at helping both supply and demand. In contrast, the Australian government has not set up a regulatory framework to promote growth. The researchers analysed official government documents, industry reports and academic literature to provide insight on the development of the organic food sector in these contexts. It considered three influential conditions for effective policy support:

State Capacity – This consists of the resources such as policy expertise, professional staff and financial resources, as well as some organisational continuity. Since 1994 the Danish Ministry of Food has had a strong capacity to formulate and create policy to support organic farming. There is considerable in-house expertise and allocated staff responsible for administering policy and certifying organic farmers. In comparison, although Australia has a strong desire to grow its organic sector, organic farming is a niche market and not visible on the broader agricultural agenda. Australia has a federal structure and, although several states have been active in developing organic agriculture, there is no dedicated state-funded advisory service. Certification is not regulated at a state level as it is in Denmark, but by organic organisations.

Associative Capacity – This is the extent to which organic farm organisations can provide services to establish and implement policies. It is indicated by a high degree of industry consensus. Danish organic farmers are well organised within farm groups and within a specific organic association (now called Organic Denmark). Despite some initial conflicts, there is now collaboration between groups. In Australia the associations are fragmented and two organisations claim the role of national representation of the organic sector (the Organic Federation of Australia and the Biological Farmers of Australia), both performing certification. There are seven certifiers in total.

Corporatist Deliberation – This is the degree of interaction and negotiation between state and interest groups. It is indicated by the presence of co-operative institutions, and a shared policy framework. In Denmark the Organic Farming Council is composed of representatives from both state and interest groups. It meets regularly and has created two action plans on organic farming. In Australia the only venue for state and industry engagement is the body that represents the certifiers of organic food. This meets one day a year and is a limited venue for engaging in strategic policy development and implementation.

The research concludes that a combination of strong state apparatus and capable interest associations is a good recipe for growth and reform in the organic industry, alongside genuine interaction between state and interest groups. The study’s approach did assume a background of commitment from states and interest groups and therefore, if it were to be used for other analyses, it would be suited to situations where this is the case.


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