

## Consumers' attitudes towards multifunctional agriculture

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### Introduction

Multifunctional agriculture is a remarkable new direction for agricultural policy as a whole. Its objective is to improve the overall welfare of the society. Multifunctional agriculture refers to the fact that agricultural production processes produce not only food and fibre but also different non-market commodities. These non-commodity outputs of agricultural production, or elements of multifunctional agriculture, include, in the broadest sense, the impacts of agriculture on the environmental state of rural areas, rural landscape, biodiversity on and close to farm land, agriculture's contribution on socio-economic viability of countryside, food safety, national food security and welfare of production animals together with cultural and historical heritage. Some of the most recent definitions of multifunctionality are stricter: according to OECD (2001) it is controversial whether rural employment and food security should be considered as elements of multifunctional agriculture. Correspondingly, Lankoski (2003) mainly focuses on environmental and biodiversity elements of multifunctionality.

On the other hand, e.g. the EU Commission's proposals for the CAP Mid-Term Review (MTR), or the CAP reform, present a rather broad range of multifunctional elements as key ingredients of the future direction of agricultural policy in Europe. Cross-compliance and modulation are among the key terms of the CAP reform. Cross-compliance refers to the fact that the single payment scheme introduced in the CAP reform is linked to the respect of environmental, food safety, animal and plant health and animal welfare standards. Modulation, on its behalf, stand for reductions in direct payments for the biggest farms to finance the new rural development policy. Furthermore, this forthcoming new rural development policy will include methods that promote the environment and animal welfare as well as production of high quality food. It is evident that majority of the elements of multifunctional agriculture will be endorsed after the CAP reform in 2005.

In the WTO context the so-called non-trade concerns (NTCs) consist, at least to some extent, of the same elements as multifunctional agriculture. It was agreed in the WTO Uruguay Round Agreement on Agriculture, that NTCs would be taken into account in the forthcoming negotiations on freeing the agricultural trade. The latest discussion on NTCs is connected to the WTO Ministerial Conferences, fifth of which was organised at Cancun, Mexico on 10-14 September 2003. 40 members and observers (including the EU, Norway, Switzerland, Japan and Russia together with various developed countries, economies in transition and developing countries) of the WTO discussed non-trade concerns during the fourth session of the WTO Ministerial Conference organised in Doha, Qatar in November 2001. These countries focused on three main concerns, namely rural development, food security and protection of the environment. There was a consensus about the important role of agriculture in preserving or developing the economic and social environment obligatory to sustain rural population. It was also agreed that every nation should guarantee food security for its citizens through a mixture of domestic production, imports and public stock holding. Furthermore, all countries found agriculture important for conservation of biodiversity and maintenance of rural amenities. It was emphasized that NTCs are public goods and, hence, are not fulfilled through market mechanisms. Therefore, domestic agricultural support is needed to maintain production of the NTCs on adequate level. (LD 2001.)

Australia together with other members of the Cairns Group (group of countries that export substantial amounts of agricultural products) agreed that support maintaining production of NTCs could be recognised in the WTO negotiations, provided that these measures are WTO-consistent, targeted and transparent that do not distort production of trade (Cairns Group 2001). The Ministerial Declaration of the Fourth Session of the WTO Ministerial Conference includes food security and rural development in the negotiations concerning further liberalisation of agricultural trade, but only with regard to special and different treatment for the developing countries. Furthermore, on NTCs is stated "We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture." (WTO 2001.) This declaration leaves room for further negotiations on defining the NTCs and measures used to maintain them.

Even though entitlement for supporting multifunctional agriculture and importance of its different elements is somewhat controversial, it is essential to study the consumers' attitudes towards multifunctional agriculture and its elements. Aim of this study is to define which elements of multifunctional agriculture the Finnish citizens consider most important and what are the most important tasks and the worst problems of Finnish agriculture in general.

### Methodology of the survey

A citizen survey was carried out to reveal the Finnish consumer's willingness to pay for and attitudes towards multifunctional agriculture and agriculture in general. In data collection a relatively new method was utilised. The respondents answered the questionnaire on a computer aided interviewing system. A commercial research company, which carried out the fieldwork of the study, has installed a computer aided interviewing system to 1300 Finnish households. These households have been selected by demographic information and they constitute a representative sample of all Finnish citizens 18 to 75 years of age.

Those who have a computer owned by the research company in their possession are supposed to answer a questionnaire that includes questions with respect to different studies weekly. In June 2002 the questions concerning multifunctional agriculture were included in a round of the computer aided interviewing system. 1375 respondents answered the questionnaire and it means that every single respondent answered the survey. The number of respondents is greater than number of households included in the sample. This is due to the fact that more than one person per household is allowed to answer the questionnaire and it implies that the sample is representative.

### Results

The respondents were first asked what increases the social welfare most. The factor that increases the social welfare most is a well-organised public health care system. Those who have smaller annual income consider public health care even more important than those who earn more. Maintaining and improving the environmental state in Finland is second most often considered the factor that increases the social welfare most. Also education, low unemployment rate and even income differences are more often considered important with respect to social welfare than domestic food production. No more than 8 % of all citizens consider domestic food production the factor that increases the social welfare most. (Figure 1.)

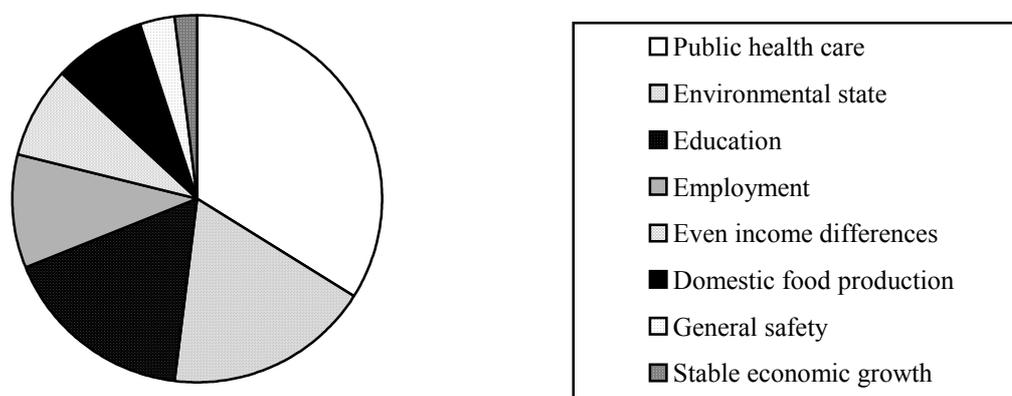


Figure 1. What increases the social welfare in Finland most?

When the respondents were asked what is the most important function of agriculture in Finland the largest share, namely 28 % of the respondents, responded that ensuring and maintaining the viability of rural areas is the most important task set for Finnish agriculture. Producing high quality food was second most often, and only marginally less often than ensuring rural viability, considered it the most important duty of Finnish agriculture. Producing food of high quality is extremely important for those whose annual income is the highest among the respondents. According to this survey, the third most important function of Finnish agriculture is maintaining self-sufficiency with respect to food. It should also be mentioned that ensuring living to farmers was significantly more often the most important duty of Finnish agriculture according to those whose annual income is either the lowest or the highest than the others. Furthermore, maintaining rural heritage, landscape or environmental state of rural areas, which are included in others in figure 2, are

only marginally considered the most important task of Finnish agriculture.

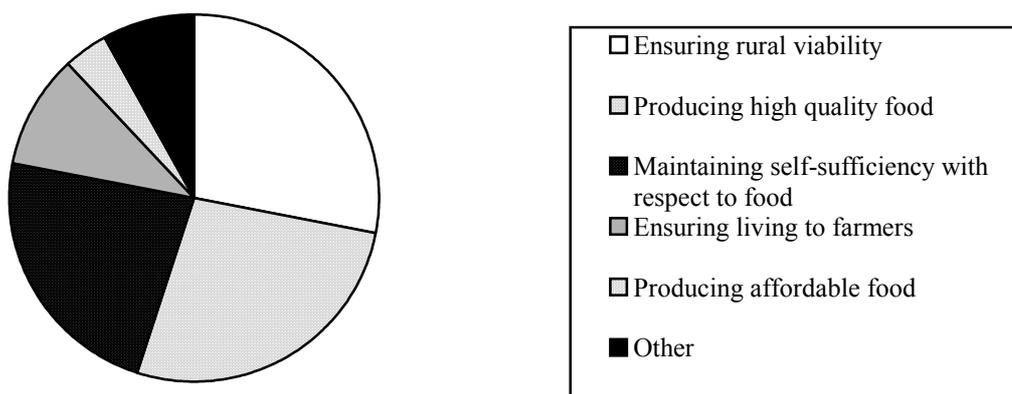


Figure 2. What is the most important function of Finnish Agriculture?

Somewhat controversially to the fact that issues related to environment are very seldom considered the most important function of Finnish agriculture, almost half of the respondents consider nutrient leakages to the water system the most severe problem involved in Finnish agriculture (figure 3). Biodiversity effects of agricultural production together with the tax burden as a consequence of agricultural subsidies are the next most severe problems of Finnish agriculture, as roughly 15 % of the respondents consider each of them the most severe problems of Finnish Agriculture. It is interesting that tax burden due to agricultural subsidies is substantially more often considered the worst problem of Finnish agriculture among those with highest level of annual income. In contrast, those whose annual income is the lowest among the respondents consider state of animal welfare the most severe problem involved in Finnish agriculture more often than an average respondent.

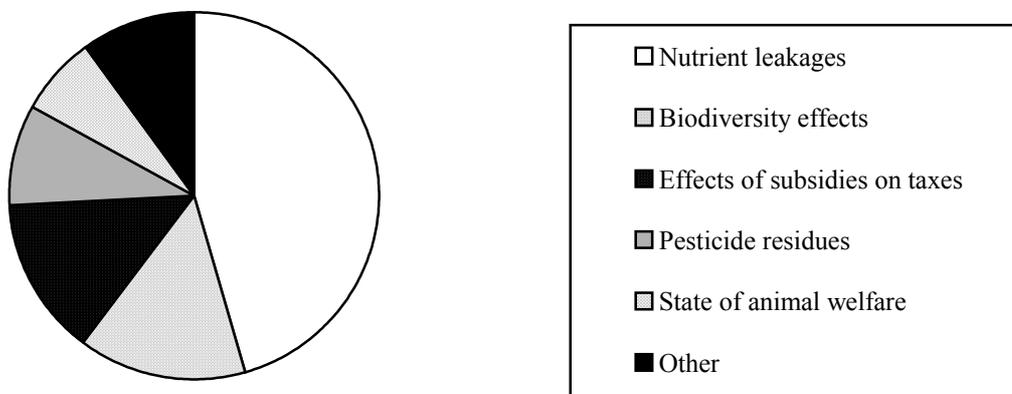


Figure 3. What is the most severe problem involved in the Finnish agriculture?

Food safety is considered the most important element of multifunctional agriculture in Finland, as roughly 70 % of respondents consider food safety very important and none of the respondents consider it not at all important. The second most important element of multifunctionality in Finland is animal welfare. (Figure 4.) Almost 60 % consider animal welfare very important and no more than 10 % consider it somewhat or not at all important. An interesting, although not necessarily surprising, observation is the fact that those who have higher annual income tend to appreciate food safety more than those who lower income level. On the other hand, those who have lower annual income find animal welfare more important than those on a higher income level. In contrast, there are no significant differences between different age groups and regions in importance of food safety and animal welfare.

In addition, food security, or producing sufficient amount of domestic food, and preserving or increasing rural viability are more often considered either very important or rather important than maintaining and developing the rural environment or, especially, landscape. The share of those who consider maintaining and developing the rural landscape only somewhat or not at all important is as high as 28 %,

whereas more than half of the respondents consider both food security and rural viability very important elements of multifunctional agriculture in Finland.

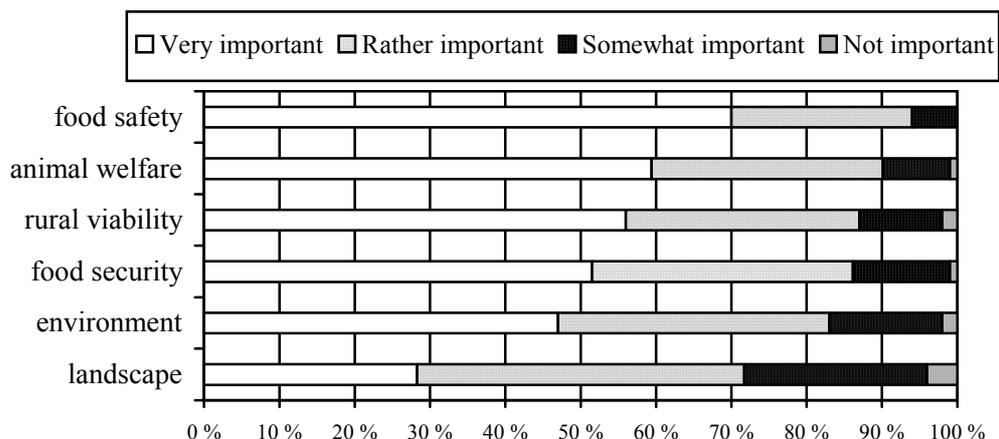


Figure 4. What is the most important element of multifunctional agriculture in Finland?

### Summary and conclusions

According to the survey Finnish people consider ensuring viability and permanent settlement in rural areas as well as food self-sufficiency together with production of healthy and high quality food the most important tasks of Finnish agriculture in general. In contrast, nutrient leakages into waters are seen as the worst problem of Finnish agriculture. However, factors related to environmental and landscape issues are only marginally considered the most important task of Finnish agriculture. Also the significance of producing cheap food is very low.

When the importance of different elements of multifunctional agriculture were asked, food safety and welfare of production animals were most often considered very important. State of rural environment is the element of multifunctional agriculture, which was second least often considered very important, whereas maintaining rural landscape is the least important element of multifunctional agriculture.

These results indicate that Finnish people consider production of sufficient amount of healthy and high quality, domestic food very important. Somewhat controversially to expectations and the fact that nutrient leakages are considered the worst problem of Finnish agriculture, the consumers do not consider environmental aspects among the most important tasks of either Finnish multifunctional agriculture or agriculture in general. These results also indicate that the CAP reform, or the MTR, at least partially meet the requirements of Finnish citizens.

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