

Starting the discussion (1)

Background:

PAN Germany, PAN *UK*, OBEPAB (Organisation Béninoise pour la Promotion de l'Agriculture Biologique) and Enda Pronat started a project aiming to develop new trade models which contribute to **reduce dependency on cotton** and to **reduce poverty**.

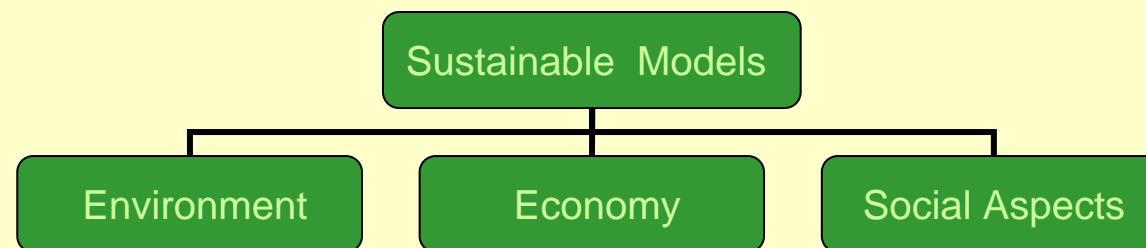
Starting points are **organic cotton projects**: These farmers **not only produce cotton fibre**, but have a **portfolio of other agricultural goods** which **can add** to their **income**.

BUT what should new trade models look like if they seriously take all factors for a sustainable development into account?

Starting the discussion (2)

Aspects on the panel

The organisers aimed to cover at least one aspect of each pillar of sustainability.



The Environment: Aspect of Climate Change/ Airfreight presented by Ken Hayes (Soil Association)

The Economy: A fair return to farmers – the fair trade minimum price approach presented by Ricardo Guimaraes (FLO – Fair Trade Labelling Organisation)

Social Aspects: Export crops versus local food security presented by Marion Buley (freelance consultant)

Some aspects of the discussion on climate change (1)

When talking about the environment, climate change currently is THE hot topic every sector has to take into account. Air freight and so called food miles have been discussed and demonized. But there remains the dilemma between food miles versus fair miles, meaning that farmers in the south have a right to have a reasonable market share in global food trade. The discussion is still at its very beginning, as can be seen from the different aspects raised during the discussion:

- Discussions on air freight in the UK were a hot topic. Soil Association (SA) went into the discussion process as there was the question whether the perception that **organic agriculture** and **air freighted produce** are a **contradiction** could **harm the integrity** of SA's standard.
- Investigations found out that only about **1%** of organic produce is **air freighted**. (high value horticulture, essential oils)



Some aspects of the discussion on climate change (2)

- **Air freight** is one of three climate change hot spots in agriculture/ food production (the other two are **glasshouse production** and **meat and dairy production**).
- **Soil Association** was the first organic association, which went through a formal process to have a formalised position on air freight. Other organic associations stepped back from the idea to develop one.
- IFOAM (International Federation of Organic Agriculture Movements) as well does not have a formal position either, but recognises the need to develop/ strengthen local markets.
- It is **questionable** if it is correct to **link carbon footprint** measurement to **organic production *per se***. If labelling, there should be labelling of air freight and glasshouse production from any farming production system, not just from organic systems.



Some aspects of the discussion on climate change (3)

- Transport is only one element within the **lifecycle of a product**. There are cases (like flower production in Africa) where air freighted products had a **better carbon footprint** than locally produced in high energy consumption glasshouses in Europe.
- It is **questionable** too if it is useful **to label** air freighted products or if this would **confuse consumers**.
- Apart from the transport of the product from the South (Africa) to Europe, it is also important to **consider the (supermarket) distribution system**, which in very centralised cases can be very carbon-heavy as well.
- Overall, the carbon debate did provoke **lessons** in **retail chains** on **unforeseen consequences of labelling**.
- Currently the debate on sensible food policy options in relation to climate change is just at the beginning.



Export versus local markets – discussion aspects (1)

As expected, this part of the discussion was the most lively and points of view were quite diverse. There is no simple yes or no for or against export, but many aspects to consider when investigating from project level if this is a feasible way:

- FAO's (Food and Agriculture Organisation) new study predicts **rapid growth** in both **export and import trade** in developing countries especially in South Asia.
- Concepts of poverty alleviation are changing with the current food price crisis. **Is it ethical for EU consumers to eat African food crops in today's situation?**
- A lesson of the EPOPA (Export Promotion of Organic Products from Africa) project showed farmer groups' perceptions of export prices were sometimes wrong, when **local markets could, in fact, deliver better prices** than export.



Export versus local markets – discussion aspects (2)

- **National labelling** of organic production could **help** boost **local sales** and **increase visibility** of organics to consumers. EPOPA supported capacity building for the organic movement in Uganda and Tanzania. Similar developments are currently happening in Senegal.
- For **local markets** it is not necessary to go through the (costly) process of (internationally recognized) certification. Nevertheless, it is important to develop some **quality assurance systems**.
- To **support local market developments**, it needs **consumer education** and **media work** (similar to what is done in the EU).
- In some countries **infrastructure problems** prevent farmer from delivering to local markets within their own country.



Export versus local markets – discussion aspects (3)

- There is a need for a **proper evaluation** of which **crops** are **suitable for export**. For example fonio, millet, sorghum, rice and maize are **not** suitable, as they are **everyday diet cereals**, which should be distributed within the country.
- The example of the **horticulture sector** shows that the export sector **provides jobs**, especially for the **landless poor** thereby having an impact on poverty reduction. Therefore it should rather be a **question of how to strengthen the social accountability** of the export sector than questioning the model *per se*.



A fair return for farmers – discussion aspects (1)

A fair return covers more than a fair price for products. There are several steps necessary to improve the livelihoods of farmers, and several actors need to be involved to contribute to combat poverty. The discussion therefore covered a wide range of issues:

- FLO aims to reduce dependency on cotton, especially with **volatile world prices**.
- Setting **minimum prices** for certain commodities is one **approach to secure** an **income** that is sufficient to survive.
- The minimum price approach is one **tool to manage** the **risks** and **challenges** linked to **export markets**.
- **Farm diversification** or creating **off-farm income** opportunities could be **other tools to reduce risks**.
- To properly **organise** the **export**, most farmers associations affiliated with FLO have to work with **intermediaries** or **export companies**.



A fair return for farmers – discussion aspects (2)

- From farmers perspective there is some criticism towards the **fair trade** system: **certification** is a **burden** for the organisations and the system is tailored towards European systems.
- There is a need to **pay attention to pricing sustainability** in the organic cotton market. With the strong growth in the sector it is no longer guaranteed that all organic cotton is produced ethically.
- **All investment** in training farmers, support, equipment etc. should be able to be **maintained** in the long term **from the value of the product sales**.
- **Business skills** have to be **developed**: Major reason for failure is a lack of reliability rather than a question of price.

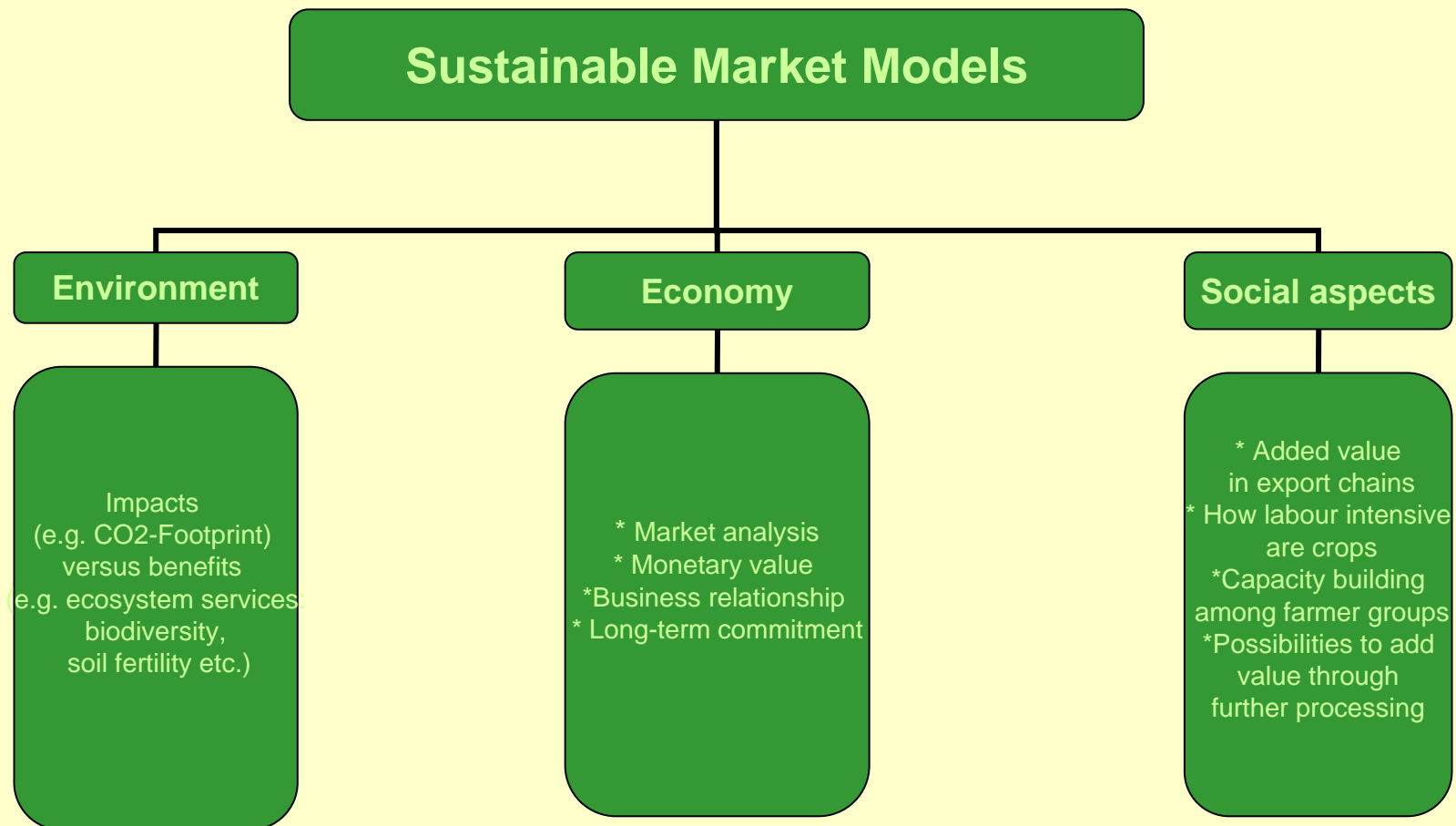


A fair return for farmers – discussion aspects (3)

- In the case of EPOPA, organic **exports** have **led** to **increasing** conventional **farm gate prices**, as local middlemen responded to this **competition**.
- There are **further tools** to improve the income situation of farmers:
 - **Advance financing** is a key issue for farmers organisations in developing countries.
 - **Labour** time required for different crops have to be **taken into account** when recommending **crop rotation systems** (not only monetary value of a commodity).
 - **Capacity building** in proper **farm management** can contribute to higher productivity and higher quality: donors / support organisations should follow a phase-out strategy (medium to long-term).
 - In the long term, farmers associations have to have **ownership in supply chains**.



Ancillary overview: Further factors to consider



Factors to consider for market approaches

Internal Factors

- 1) Increasing need to work with specific export companies or intermediaries
- 2) Increasing difficulty to be managed by farmers associations
- 3) Availability of technical equipment and capacity
- 4) Need of advanced financing for produce



External Factors

- Increasing quality demands
- Varying prices
- Need to consider infrastructural problems

Further key factors for improving livelihoods

- Upgrade equipment
- Set up better financing systems
- Create added value finished products
- Increase local market sales
- Improve business skills
- Better access to financing and loans

In-country needs

- Gain a better say and control over certification processes
- Develop real partnerships
- Identify business partners willing to purchase under 'real partnership' terms

export oriented

Recommendations for Southern projects

- 1) Develop a **business plan**: Case-specific assessment on market rewards:
 - a) know your costs, and how to cover them when external supports ends
 - b) know the aim of the farmers association
 - c) know the level of know-how/ skills
- 2) Consider how to meet **quality** demands, especially in the very demanding food sector (hygiene, HACCP etc.)
- 3) Identify **competitors** and their production costs
- 4) Consider to get **support by** tailor-made **training** for farmers associations and/or exporters
- 5) Set-up a proper **risk management** for challenges and risks of export markets, plan for **price volatility scenarios**



Recommendations for the Fibre, Food and Beauty Project

- 1) Inform Southern projects of workshop **conclusions**
- 2) Take **IAASTD** (International Assessment of Agricultural Science & Technology for Development) **report** and implications into account
- 3) **Respond to** questions arising from current **food crisis debate**
- 4) Look at **added social value** in links with the export chains
- 5) Check if there are **knock-on benefits** from exports chains for local market development
- 6) Organise **study tours** to Europe
- 7) **Visit trade fairs** to identify competition
- 8) Local partners to discuss feasibility and reliability of **supply to in-country retail stores**

