

Everyone likes simple solutions

Gunnar Rundgren, Article Ecology and Farming November 2003

*Everyone likes simple solutions. Unfortunately, in the case of organic trade there is no one simple solution. And what is good for one is not necessarily good for another. This article is a personal reflection, it is not a statement of IFOAM's position. IFOAM does not have **one** position on 'trade'. It promotes local marketing while also promoting international equivalence and harmonisation of organic standards, something that is only needed for a global trade. As can be seen in this special feature on trade and marketing there are many opinions, and the 'failure at the recent WTO talks in Cancun, clearly shows that the world at large is also struggling with how to relate to trade.*

The proponents of globalisation and trade liberalisation believe that trade is inherently good. Their argument is that it increases growth and makes the world richer by ensuring that products are manufactured or grown where they are most easily produced. The problems – that international trade of goods is dependent on a devastating use of energy; that the wealth created is very unevenly distributed; that increase of exports by one may mean the loss of livelihood of another; that the yielding of political power to multi-nationals is a potential loss of democracy – are largely ignored.

Conversely, the 'anti-globalisation movement', believes that globalisation and trade liberalisation destroy the culture and livelihood of people, exacerbate inequalities and basically result in the overturn of power from 'the people' to multi national companies. They tend to ignore that many nation states do not really care for their 'people' but cater to the interests of a small elite. They forget the historical fact that closed, 'self-sufficient' countries tend to have very bad economic and democratic records; that many poor countries with little to export other than agriculture products, must do so in order to import critical goods.

Of course, in reality, things are more complex and it is not just a two-sided debate.

In the organic sector, trade has been discussed for a long time. Originally, at least in Europe, the discussion was whether it was right to enter the supermarkets with organic food. People projected a dilution of the organic concept and an increased pressure on prices. There was concern small farmers would be squeezed out of the market by an ever increasing demand of quality and logistics. To a certain extent this unease was justified. Certainly, in Europe buyers are centralising more and more, transport and packaging are taking a larger share of the price, and it is increasingly hard to make a living out of farming. But entry of organic products into supermarkets placed the products where the consumers are and growth in the organic sector this last decade is mainly due to this. The downward pressure on standards has not materialised, in fact organic standards of today may be stricter and more rigorous (too rigorous many would say) than twenty years ago.

Today, much of the discussion is about local markets, food miles and fair trade.

There is clearly a qualitative difference between various forms of direct marketing systems such as farmers' markets, and farm shops, and the sale to an anonymous mass-market. Direct contact with consumers has a tremendous value, and consumers buying directly from the farmers have a stronger link to the land, care more and understand the farming system better. Large-scale agricultural trade has several disturbing features. It has a linear flow of nutrients away from the farms to distant markets. These nutrients are lost from agriculture and end up as pollutants in rivers or the sea. It is dependent on non-sustainable and heavily subsidised and polluting fossil fuels, the consumption of which is threatening agriculture by climate

change. The concentration and scale of agricultural trade threatens local food culture and small scale production. Finally the large-scale international trade of subsidised exports (mainly from EU and the US) undermines the livelihoods of millions of peasants with few other income opportunities, and limits the main options for farm-led economic development in many countries. Thus, there is clearly a strong case for direct marketing. However, the possibilities for direct marketing are quite limited and is hardly an alternative for the majority of farmers.

In Latin America, supermarket chains, often multinationals, have in a very short period of time taken the lion's share of the retail market. They are also now expanding rapidly in Asia. Once in place these retail giants put similar pressures on suppliers that previously had only been exerted on the export market, i.e. quality assurance, just-in-time supplies, and packaging. Producers that felt protected by their domestic market are suddenly confronted with competition in their own back yard. The 'supermarketisation' of trade thus reduces the difference between sales for local, domestic or export markets. Direct sales are still something quite different.

Fair trade labelling, which has gone hand-in-hand with organic, tries to overcome some of the drawbacks of large scale trade. It sends an important message, but it also has limitations. Fair trade labelling regulates only the first stages of a trade relationship, that between the producer and exporters/importers, and not the subsequent stages of sales to the retailer and further to the end consumer. Fair trade is subject to the same limitations regarding resource use for transportation, and linear flow of nutrients as any other trade. The fair trade systems are specifically designed for South-North trade, but are not well suited to working with a North-North or a South-South trading relationship. As fair trade becomes more successful, the question arises: what happens if everybody does fair trade? Fixed high prices for agriculture products may sound nice for producers, but history has shown that they are followed by massive over-production and/or very heavy-handed government control of the sector.

This is not a criticism of local marketing or fair trade. Both are good, but they are also not *The Solution* to the hardship of a billion of farming families. Organic agriculture is also not *The Solution* to all the problems in the farming sector.

Ideologists who point their fingers at producers because they are selling to the 'wrong' buyers or the 'wrong' markets should ask themselves whether they want these producers to make their living. The other question they need to consider is whether they want the organic system to expand? I am confident that within this century all of the world's agriculture will convert into organic. I believe this is of critical importance for the long-term development and survival of mankind. Given this, opportunities to expand the organic business should not be missed due to political correctness, especially when the alternatives are so vague and insecure.

Where will future innovative developments take place? Perhaps farming and food should not be treated as an isolated issue and instead whole economic systems be looked at. Local communities need to be strengthened, and communities need a local economic basis in order to have any power. Hopefully local economies will be revitalised, but many innovations will be necessary if isolated projects dependent on various supports can flourish.

In the meantime, international trade, including food and other agricultural products, is necessary. However, tax on energy should be increased so that its true costs are fully internalised. Global institutions that regulate trade are needed, as are protocols that check trading companies – not because they are inherently evil, but because their business is to make money, and with such a narrow scope they will always be tempted to disregard people. I

believe we do not need less globalisation – we need more globalisation, but it should be in a form that focuses on the interest of the people and not of large companies. I also believe it is absurd that goods and capital can flow freely while people can not. Freedom of movement for people, so that they can vote with their feet against hopeless governments, discrimination and oppression, so that they can demand justice and fairness outside the house of the wealthy instead of from the TV screen, should be assured. This would create incentives for the rich to share.

And what has this to do with organic trade? People may not share the vision of free movement of people, or the scepticism against nation states. However, the bottom line is that a common vision of what organic trade should look like can only be reached if there is a common analysis of the problems of the current economic order and an agreement of what are the right steps for improvement. Maybe it is unrealistic to assume that ‘the organic sector’ could have a consistent view of these things? Perhaps the movement will lose focus if it concentrates its efforts on trade issues. By stating what marketing methods are ‘correct’ the movement risks being split. Certainly, fair, local or regional trade should be promoted as an avenue for development. ‘Alternatives’, which may be the seeds of something valuable, should be made visible. But the establishment of mutual recognition between organic guarantee systems globally as a means to facilitate the expansion of organic in the global trade should also be promoted. IFOAM should continue to work with a Code of Conduct for organic trade to ensure a certain decency and dignity in the organic trade. A ‘welcome’ should also be given to the multinationals that want to produce or sell organic products. The debate on trade – like the one in this magazine or the upcoming trade conference (see inside front cover) – should continue. BUT I don’t think, at this stage, that IFOAM should strive to find a global approach to what organic trade is or should be.