

Key note speech at the Soil Association 16th annual conference on organic food and farming, Eedinburg 8-10 January 2004, Gunnar Rundgren

Dear friends and organisers,

It is a pleasure to be here **again**. I was in Edinburgh more than 30 years ago, when I as a 14-year old boy was let out for a one-month train trip on my own. As you can understand from that I was raised by very tolerant and liberal parents. The following trip to the UK was 1989 when I made my first major international presentation at the Cirencester conference, invited by the same Patrick Holden. It is a pleasure to be invited to the Soil Association conference. Not only is Soil Association one of the five founding member of IFOAM, it is also an organisation that has been a good example for others in a number of areas. I daresay that when it comes to actual conversion of farmers or government policy the UK has hardly been a lighthouse for the rest of us. But the campaigning work, the quality in publications, background research and policy development as well as the standards of the Soil Association surely have made their mark also outside the UK. SA is also one of the 750 IFOAM members that is very engaged in IFOAM, both politically as well as by allowing staff to spend considerable time in activities related to IFOAM. I want to believe that SA also feels it has got something useful back from its engagement. IFOAM is not about “what can IFOAM do for us” or “what can we do for IFOAM”, IFOAM is about building the global agenda for organic agriculture and that we do **together** on all levels.

And we have indeed achieved a lot together:

Most visible is probably the tremendous development in the market. Market shares have increased in a rapid pace. Also, organic producers have developed new and innovative marketing schemes, Community Supported Agriculture, box schemes etc. Research had a very slow start but now we start to get increasingly more and better organic research. In the agriculture policy arena we have managed to get organic into the centre of the debate. The EU Council recently took some very far going recommendations in conjunction to the European Action Plan for organic. OK, still there is a lot of rhetoric and not so much action, but these words will sooner or later have to be materialised. Last but not least, the development in organic farming itself: the tremendous growth in acreage and numbers over the last decades. But I also think it is worth mentioning the actual increase in productivity. I don't think there are any statistics, but I am very convinced from what I have seen, that organic farmers of today have improved their productivity and the quality of their products compared to 20 years ago.

Let me first make clear that IFOAM is not an organisation with big catalogues of positions on all issues. This means that what I say here should be seen more as a personal contribution than any programmatic speech for IFOAM. I will try to make it clear when a certain position is a clear IFOAM stance.

Let's start with the 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 trans-nationals is a loss of democracy – those 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 trans-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 that closed, ‘self-sufficient’ countries 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. Finally they tend to ignore that **without** any international trade rules, the chances are much bigger that the most powerful nations bully others with a nice mix of domestic subsidies, tariffs, dumping of surpluses and pure threats and extortion.

Of course, in reality, things are more complex and it is not just a two-sided debate. Personally, I believe we do not need less globalisation – we need more globalisation. Globalisation has many bad sides, but it also has a number of good sides. The globalisation of certain values means that human rights are respected in countries that never did that before. The globalisation of information flow means that oppression and injustice is exposed to international pressure and has also assisted tremendously in environmental awareness and for that case also with the spread of organic farming. Globalisation has allowed us to build quite a unique global organic community. So I can’t reject globalisation as a wider phenomenon, but it should be in a form that focuses on the interest of people and not of large companies. There must be measures taken to mitigate the often painful changes induced by trade liberalisation. The trade supremacy over all other issues needs to be broken. It is absurd that you may invoke sanctions on a country because they want to protect their bakeries, but not on countries that refuse to ratify the Kyoto protocol. It is equally absurd that goods and capital can flow freely while people can not live and work where they so wish.

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 that 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. Small farms do have bigger problems than large farms to cope with this new business environment, something I experience myself on our small farm. But the entry of organic products into supermarkets placed the products where the consumers are and the growth in the organic sector this last decade is mainly thanks to this. The downward pressure on standards has not materialised, in fact organic standards of today are 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.

Large-scale agricultural trade has many 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 and ultimately whole rural societies as there will be few people left. 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.

The power in the food chain was first taken by large commodity companies, then taken over by their buyers i.e. the big food manufacturers like Nestlé or Unilever. Now they in their turn

are losing powers to their buyers, i.e. supermarkets, the multiple retailers. Year 2002 was the first time that a retail company became that largest corporation in the world. The bad news is that the power has moved away further and further away from the farmers. The good news is possibly that the power has come closer to consumers, being the buyers in the shops. It is therefore that retailers have started to stock organic products, and they in their turn press their suppliers to come up with organic lines. Seeing this development it is logical that the farmers are trying to connect more with the consumers, something that I think organic farmers have been a lot more successful in doing than their non-organic colleagues.

Fair trade labelling, which has gone hand-in-hand with organic, tries to overcome some of the drawbacks of large-scale trade. It has good intentions and 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. 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. Just look at the CAP and you see the results. I believe that fairness should be found in a fair distribution of the wealth from all parts in the chain and is possibly best promoted by transparency, where all margins and mark-ups in the chain are declared to the end consumer. Another important thing is to strengthen the producers' side, which is most easily done by creating strong farmer controlled marketing organisations. IFOAM is developing a Code of Ethics for the organic trade, to clarify that an ethical behaviour is part of being organic.

The theme of the conference is reconnecting the public with agriculture. Raising awareness, getting a direct interface, promote food culture are all parts of the strategy. We can also promote "buy local", "buy regional" or "buy British". I think such campaigns have a role to play, even if I disapprove when the major reason quoted are that you can't trust the other guys or the inferior quality or standards of products from your colleagues in other countries. Certainly, fair, local or regional markets should be promoted as an avenue for development. 'Alternatives', which may be the seeds of something really valuable, should be made visible. This is already clearly on IFOAM's agenda and as I can see also on your agenda.

There is 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, understand the farming system better and will support good practices. More money is also left with the farmers. Thus, there is 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. Value-addition on the farm level is another option for more income to the farmers, and it is indeed an interesting one. Unfortunately due to hygienic requirements and other regulatory hurdles as well as customers' demands it is increasingly difficult for a small farm to bear the investments needed and the technology needed. De facto in most cases it is only large units that can embark on value-addition today.

There is no way back. We can see the merits of 19th century farming, but we can also see the short-comings. In a similar way, we should not look at the market relationships of a century ago as a lost paradise that we want back. What we need is innovation and new systems. Farming and food can't be treated as isolated issues. Instead, whole economic systems need to be looked at. Local communities need to be strengthened, and local communities need a local

economic basis in order to be sustainable. Local food production and consumption is part of such a re-design. A ruralisation of society is needed. If there are too few people left, rural societies can never become sustainable. All this is easier said than done, and I welcome all constructive proposals for how this will happen. There are limits to what you can achieve without taking on the economic system as such, the fundamental rules that directly and indirectly guides the development, and the general obsession with growth and increased material standard. The urge for “More things” is really the curse of this modern world.

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.

IFOAM has just adopted a new vision and mission, which is clearly stating global conversion to organic as the ultimate goal. 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 misdirected political correctness, especially when the alternatives are vague and insecure. While building alternatives, we should accept that organic is also spread into the international trade system, that transnational companies are involved, that organic products are sold in anonymous mass-markets despite all the short-comings. This enables the liberation of millions of hectares and farmers from the chemical farming treadmill. We should argue for fair measures that will internalise costs for this large-scale trade, e.g. radically higher energy taxes, which will make global trade less competitive, and local produce more competitive, and in the same time reduce emissions and pollution.

The goal of global conversion gives a good lead into what I want to say about standards development.

IFOAM has since 10 years developed a system that we call the Organic Guarantee System. It is composed of the IFOAM Basic Standards, the Criteria for Certification and IFOAM Accreditation. Through that system we can ensure the integrity of organic products world-wide. The system has contributed enormously to an improvement of quality in organic certification. It has facilitated mutual acceptance between IFOAM Accredited certifiers. The IFOAM system has made huge impact on regulations such as the EU regulation and the CODEX alimentarius. It is of tremendous value for the organic movement to maintain and further develop a quality assurance programme of its own. We need to keep the definition of what is organic and the future development in the hands of the organic movement and not in the hands of governments.

Standards can be used to build common ground or to divide. Standards that reflect the current practices by the people at large are norms that bind together. But standards may also be used as an instrument for differentiation in a competitive market. In this case they divide rather than unite. Each person and organisation may have its own agenda with what they want to achieve by setting standards, and I am not here to decide for others. When it comes to IFOAM’s role, we need much better to define the orientation, and the World Board has already concluded that the system needs to become more accessible and we have initiated a review. While being successful in many regards the IFOAM Organic Guarantee System has not managed to become the world-wide international harmonising tool that it was intended. Restricted market access due to differences in standards, certification or accreditation is on the top list of prevalent problems in the organic sector world-wide. While serving the purpose

of facilitating acceptance among those within the system the OGS has created new barriers between those within and those on the outside. From an overall perspective and from the perspective of contributing to a world-wide conversion to organic and our desire to unite the organic world, I believe IFOAM's standards and the Organic Guarantee System should be there to build common ground for all organic producers. Our task is to differentiate organic from conventional and not organic from organic. In order to do so we seriously have to address the issue of accessibility to the system as well as the interaction between the IFOAM system and regulations.

Speaking more generally about standards development:

We have a saying in my country that "the best becomes the enemy of the good". I think we need to keep that in mind when designing standards and certification procedures. In our world-wide membership there is a lot of resentment about how this whole certification industry is developing. I say industry: there are 370 organic certification bodies active in the world, and they turn-over something like 300 million USD in selling certification services. This industry together with regulators has a tendency to advocate more stringent controls, more procedures, more papers and stricter standards. In some countries, such as Brazil the local organic movement is pressing for alternative, more participatory, models of certification to be accepted. And even within EU countries organic farmers opt out of certification for a multitude of reasons, such as costs and inability to comply with a particular standard. We should get away from the discussion about higher and lower standards, we should discuss how to make standards good, how they can contribute to our goals, whether they are supposed to contribute to the world-wide adoption of organic or to serve a niche marketing approach. We surely should place some limits to all the detailed prescriptions that are sneaking in into both private standards and the EU regulation.

As you hear my line of thinking is that we need to make standards and certification as well more accessible. You may ask; "but where is then the integrity". Integrity is and will continue to be a key foundation for the organic market development. And I think integrity must always be kept in mind when designing standards and certification systems. But don't fool yourself by believing that integrity is guaranteed by rules. No police state or dictatorship has ever been able to ensure integrity. Rules can set a framework for integrity to thrive, but in the end it comes down to the culture and ethics of the people involved if there will be integrity or not. Integrity is also supported by transparency. Unfortunately, transparency is perverted by technocrats to mean traceability and bar coding, again measures that hit small farmers. We need real transparency: signs on all organic fields and workplaces, allowing the public access to the production, opening our books, shredding some of the confidentiality and give the public better insight in the production and the certification process. Why not make inspection reports publicly available?

But what about the continuous improvement of organic farming? Don't we want to improve organic? Don't we want to make organic less dependent on conventional inputs? Don't we want organic farmers to be net energy producers instead of fossil fuel consumers? Yes I do want that. How will that be assured if standards are not used as a stick to force producers to improve? To my understanding there is a wide-spread misconception that all industries and markets have in-built mechanisms for a continuous degrading of standards and quality. I don't believe that and I see very little empirical evidence for that. I would say that, at least in more developed markets, higher standards and higher quality is a strong competitive advantage and it is a very normal thing that individual producers adheres to own standards that far exceed the regulatory requirements. Obviously individual producers or groups of producers can also use those standards as a marketing instrument. They are fore-runners and good examples, and when there are enough of them the common standards or regulations will be lifted to their

level. Also in the organic sector I see many farmers and companies doing a lot more than they have to. We need to promote these good examples. IFOAM needs to take a leadership role and install mechanisms and programs for promoting the ongoing development of Best Organic Practices, be it in how you farm, how you trade or how you certify.

IFOAM is involved in a number front line projects. Just to mention a few: We are doing work on local market development and hope to have a report on that published soon. We have successfully coached a process for acceptance and harmonisation of group certification concepts. We will organise a seminar for appropriate verification in spring, exploring new models for quality assurance adapted to different market conditions and cultures. We are exploring the potential of organic farming in respect to climate change. A draft study shows that there are considerable argument in favour of organic farming both for reduction of green house gas emissions and for the sequestration of carbon. We want to take a step further to see how we can use this politically, but also possibly as an additional source of income for organic farmers by so called carbon credits. Our EU group is really showing its capabilities in the discussions on CAP reform, in the European Action Plan and in the EU regulation. It recently opened a Brussels office. We have made substantial inroads in to international organisations and processes.

We do see a reaction to the relative success of organic in politics and in the market place. From being first ignored, then ridiculed, we are now taken seriously. This is good, but it also means that the agro-industrial complex is launching counter-campaigns. Those are sometimes directly against organic and sometimes they are just trying to take over our own arguments. We should join forces to respond to these campaigns such as the “Intensive acres more Nature”, and to meet the perverted arguments, such as “GMOs are there to solve the problems with food shortages in developing countries”. We have the good arguments on our side and we are also increasingly having good science on our side.

Sweden, where I live, has gone from less than 1 percent organic farmland to 17 % of all land under organic management in 15 years. On the global level it may be a overly optimistic to try to achieve that, but I sincerely think that it is achievable that on a global scale we can move from less than 1 percent to five percent in the coming 15 years.