



International
Trade
Centre

EXPORT IMPACT
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Smallholders and organic markets

Linking smallholders to global markets and reducing poverty

A presentation to: UNIDO Conference, Cairo

By: Alexander Kasterine, ITC

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Why organic certification?

- Higher prices (safe food/environment)
- Generate environmental benefits
- Way into the market for new entrants
- Smallholder access



What was the solution?

- Addressing market failure
- Identify farmers
- Organize and register
- Train in production techniques

- Prepare buyers for trade show
- Support Africa Pavilion



How the solution?

- **Partners:** National Organic Agriculture Movement of Uganda; Kenya Organic Agriculture Network
- **Design** driven by partners. ITC facilitate and link to international markets
- ITC key role in international **advocacy**

Private standards rule! But DCs little influence in their development

Organic



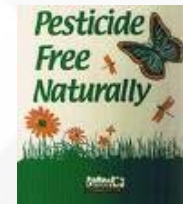
Fair trade



Carbon



Others



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Advocacy on private standard setting



African produce to lose organic labelling

By Martin Hickman and Steve Bloomfield in Nairobi

Britain's leading organic body, the Soil Association, is to ban all but "ethical" air-freighted food in a move designed to throw a financial lifeline to poor countries while cutting pollution linked to climate change.

By 2011, farmers and distributors must be Fairtrade or meet the Soil Association's own ethical standards if they are to be certified for sale here, said the organisation. At present, only a "small minority" of growers in developing countries meet the new rules, but the Soil Association said it hoped they would be able to respond in time for the ban - a compromise between development and the environment.

The Soil Association, which licenses 75 per cent of Britain's £2bn a year organic business, called on the Government to follow its lead and ban all food flown into the UK without the same ethical credentials.

Its decision drew an angry response from the Department for International Development (DFID)

block a route out of poverty for farmers who had experienced difficulty accessing European markets. The International Trade Centre, an agency of the United Nations and the World Trade Organisation, complained that "too many standards" would hurt African farmers.

The Soil Association's decision concludes a consultation begun in May which asked if it should introduce a ban on air-freighted produce or whether it should consider lesser options such as a selective ban, carbon- or aircraft-labelling, or the status quo.

Explaining its selective ban, the Soil Association said that action was needed on air freight because although it currently only accounts for 1 per cent of organic imports, it is growing rapidly and is greatly damaging to the environment, producing "177 times more" greenhouse gases than shipping.

In the long run, the organisation said, rises in the price of oil and the need to discourage activities that fuel climate change would make air freight too expensive. In the meantime, it



Thousands of Kenyan farmers produce organic vegetables destined for the British market

'The decision is absolutely ridiculous'

Tiku Shah, chairman of Kenya's fresh produce association

As the sun rises over the Rift Valley, around 50 miles outside Kenya's capital, Nairobi, farmers living on less than £200 a year are tilling fields, cultivating the organic vegetables that, once grown, will be swiftly flown to Jomo Kenyatta international airport, put on a plane, and flown to the UK. Thousands of small

farmers in Kenya rely on money they make by selling their produce grown in plots as small as a quarter of a hectare to supermarkets.

"Without that income," said Tiku Shah, chairman of Kenya's fresh-produce association, "they will be in real trouble. Most will probably make just a quarter of what they do now. At the moment

most organic farmers can afford to send their children to school - that will stop."

The Soil Association's decision is "absolutely ridiculous", said Mr Shah. "More than 99 per cent of the organic trade in the UK is delivered by heavy-duty vehicles. They contribute more pollution than aircraft do," he said. "The Soil Association

is focusing on less than 1 per cent of organic trade."

He also attacked the demand to develop alternative plans. "The only reason we do our organics by air is because they can't go by sea. It will take 24 days to send a crate of green beans to the UK. Will you really buy green beans which have been on a boat for a month?"

would allow foreign farmers to develop local markets and explore other less polluting forms of transport such as shipping.

"It is neither responsible nor sustainable to encourage poor farmers to be reliant on air freight but we recognise that building alternative markets that offer the same social and economic benefits as organic exports will take time," said Anna Bradley, chairman of the Soil Association stan-

dards. The consultation now goes out for further consultation prior to publication in 2009.

The most popular organic imports flown into Britain are green beans from Kenya and other east African countries, pineapples from Ghana, baby sweetcorn from Thailand, peas from India and Egypt, avocado and limes from Mexico and sweet potatoes from the United States.

Blue Skies, an organic exporter, said it saw the par-

the development work it had done in Ghana where its profits have paid school fees and funded the drilling of boreholes.

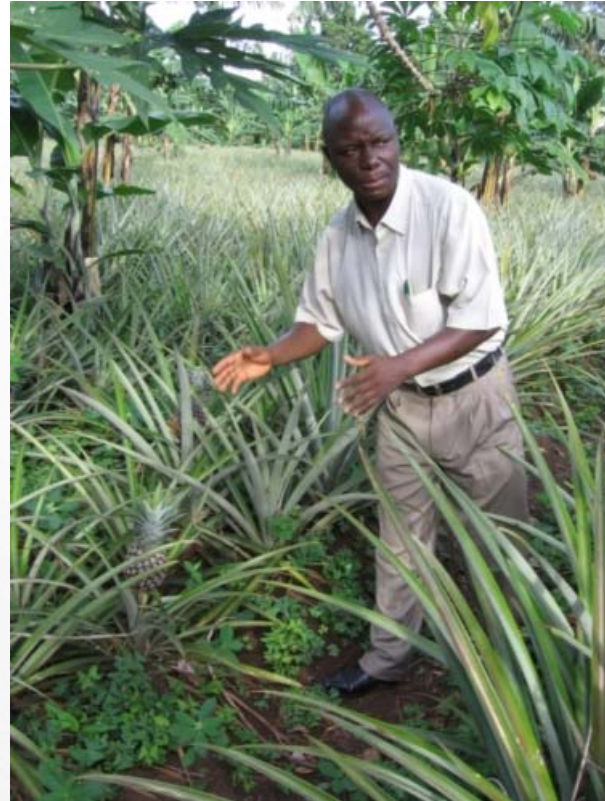
But Gareth Thomas, a minister for International Development, said securing the ethical proof required by the Soil Association would be beyond the reach of many in the developing world. "We think that about one million Africans are benefiting from being able to air-freight goods

thing we should be doing is penalising the very poorest people for climate change when they are the people who are the least responsible for it."

Alexander Kasterine, of the International Trade Centre, said: "The Soil Association decision does not address the environmental issue that was at the origin of the debate. Food transport has nothing to do with working conditions of farm workers."

Sustainability

- **Market:** Depends on competitiveness of firms and premia
- **Environmental:** Depends on market!
- **Scaleable:** High (due to group certification)



Thank you

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Why do consumers buy organic?

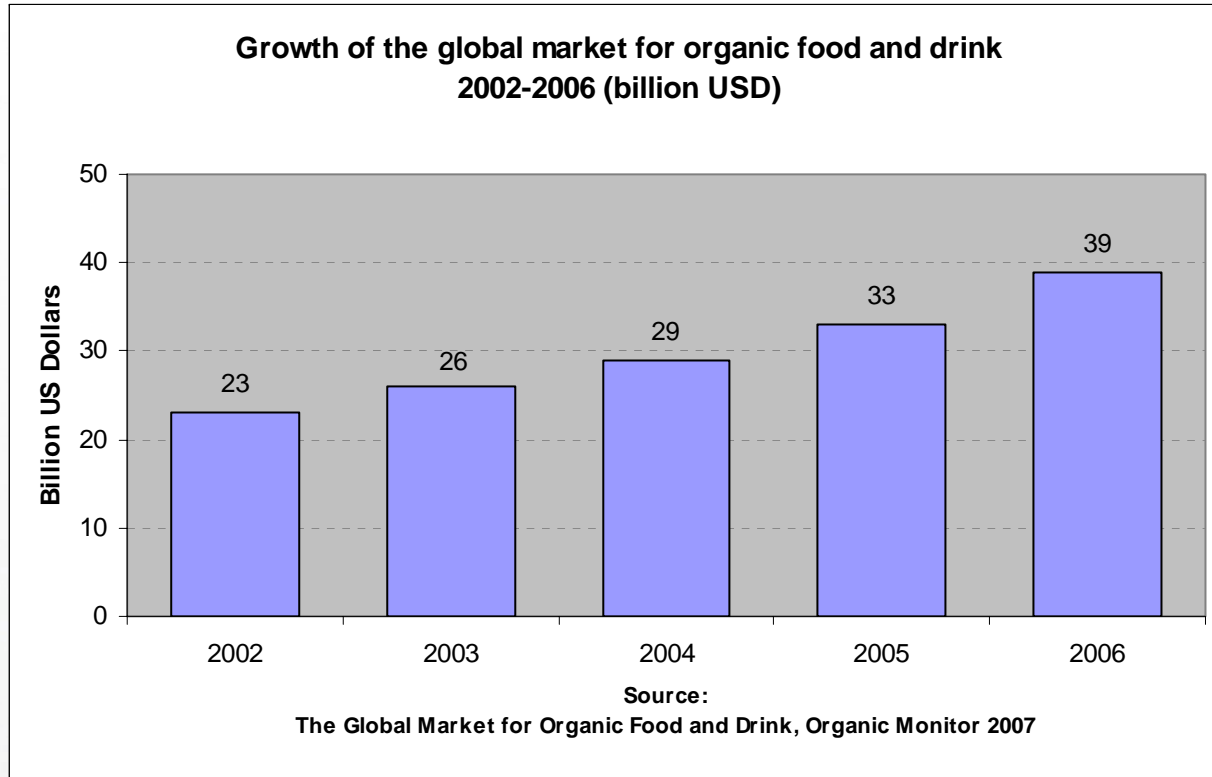
- Food safety



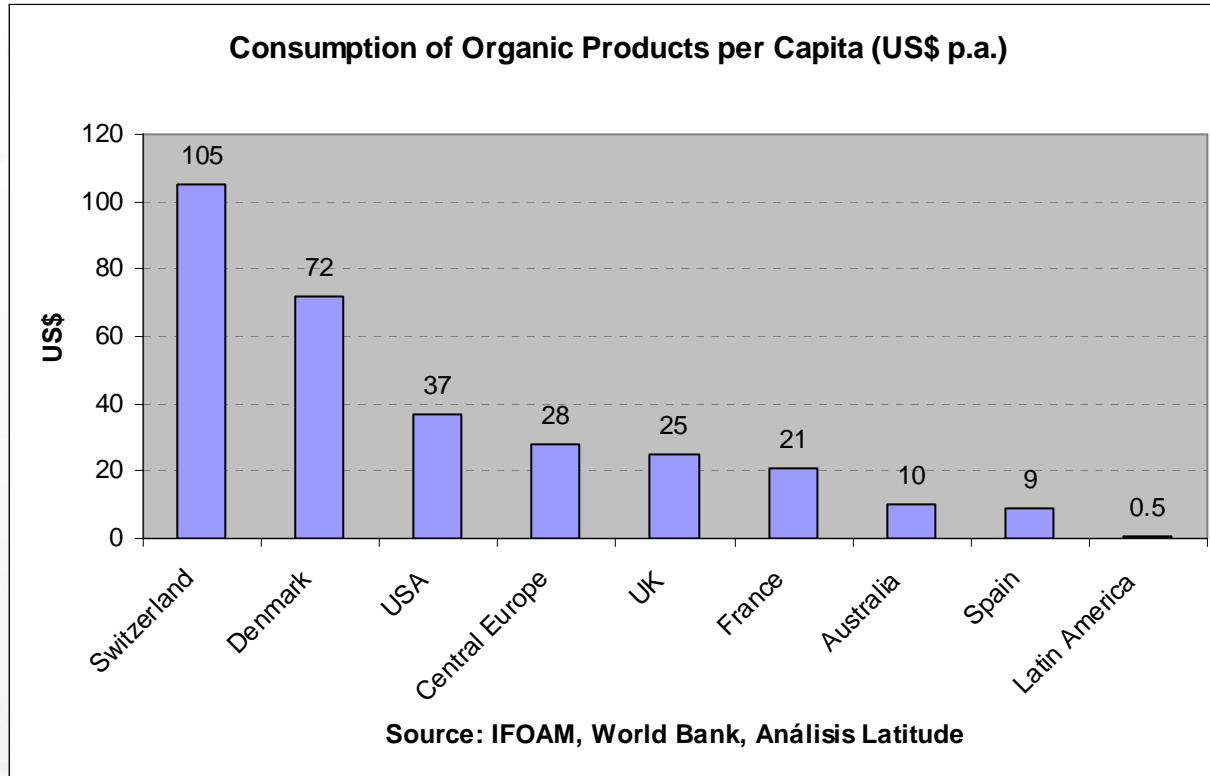
- Environment/Animal Welfare



How much are they buying?



Which countries?



Organic market growth

