AGROECOLOGIA

GERMANY

Organics: Local, Regional, Global?

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Asking the question 'Quo vadis?' (Where are you going?) about ecoagriculture increasingly raises the related question: 'Where do the goods come from?' The rapid growth and worldwide trade in organic products is a reality. It is true that this offers opportunities, not only for commercial enterprises but also for small farmers in developing countries, to sell their produce for an appropriate price. But this worldwide flow of goods presents a challenge for the holistic principles of ecological agriculture. How can we organize the economic expansion and globalization of the organic sector without compromising the values that have identified ecoagriculture as an alternative economic approach?

Until a few decades ago coffee, tea, chocolate and bananas were still luxury products. The fact that consumption of coffee in Germany is higher than that of beer shows how unrealistic it is to dogmatically demand that only local and regional products should be bought. Eating with awareness belongs to the pleasures of the table. Why shouldn't we be allowed to appreciate an organically grown banana, a cup of Fair Trade organic coffee or bar of chocolate?

Organic products—such as wheat from the US— have been transported for long distances since the 1970s. With worldwide sales in the meantime reaching around US$ 30 billion, the commercialization of organic products is often no longer a niche business. For some time now it is not only organic coffee, tea and exotic fruits which find their way to our tables from all corners of the earth, but also soy, vegetables fruit, and wine.

Nowadays we live in a system of 'modern long-distance feeding' (Ivan Illich). Organic farming cannot change this state of affairs. Food produced by an organic farm will not automatically change consumer behavior, but it can and should be the starting point for necessary changes in consumption behavior.

Big business – business of the big

Organic products are being increasingly traded on a global scale and even the McDonald's fast food chain has included them in its marketing strategy. While only symbolic quantities of organic beef are purchased in Germany compared to potential demand, McDonald's has been offering organic milk in Sweden and the UK for many years. Whether you welcome or reject this development, it is a sign that the growing demand for organic food is now even influencing McDonald's purchasing decisions.

The processing and trade of organic food products has for a long time seen the involvement of an organic food industry. An article published in the New York Times even spoke of an 'organic food industry complex'. Small firms have expanded and become large, some with sales registering hundreds of millions of euros. But it is not only the early pioneers that have become big: organic products are also excellent business for many multinational groups. They

rarely offer products bearing the name of their company group but usually take over well-established organic food companies and keep the brand names. In recent years there has been a veritable spending spree in the organic sector.
Nine of the ten largest food multinationals worldwide are already involved in the organic food sector and an industry expert estimates that more than two thirds of US organic food sales are actually made by large companies. It can be assumed that most consumers of organic products do not realize that their purchases are often contributing to the wealth of shareholders of groups such as Nestle, Coca Cola, Unilever, Kraft and Cargill.
The sector has for some time also been a profitable area for investors and asset management companies. The Swiss company ASI Nature Holding, for example, has its own organic companies and has majority shareholdings in Germany, the British Virgin Islands, France, Spain and Hungary. It additionally owns significant holdings in the Rapunzel company and three German retail chains dealing in organic products (basic, Supernatural and Superbiomarkt).
The Italian dairy company Parmalat, whose financial irregularities and economic difficulties hit the headlines last year, has achieved success with its organic dairy products on the Australian market. Many other examples from the organic sector could be cited.
Well-established and successful organic food companies have also for a long time been global players. The above-mentioned Rapunzel, for example, owns companies not only in Spain, France and Turkey, but also in the USA. The baby food producer Hipp continues to be family owned and, with its around 1,000 employees, remains the largest organic food company worldwide. Hipp not only procures raw materials from around the world but is also successful in European markets.
In parallel with the developments involving multinational food producers, there are similar trends evident in food retailing. Are there still any supermarket chains of any size that do not sell organic products? Particularly in large cities it is increasingly common to see supermarket chains exclusively selling organic products. The supermarket chains involved, such as Tegut in Germany or Coop in Switzerland, achieve up to ten per cent of their sales from organic products. The Rewe chain is positioning itself with its own organic supermarkets and the discounter Aldi, which operates around the world, boasts the largest sales of organic potatoes in Germany and sells 70% of all organically grown carrots.
Is it surprising that the organic sector has experienced such a boom? When it comes down to it, organic food companies are also working within a capitalist context, subject to all the rules and constraints of the game. Given the sustained profitable growth of the organic sector, who can seriously expect that companies are gong to ignore the opportunities? In its emergence from niche status in present circumstances, has the sector any chance of escaping the prevailing economic system (should it so wish)?

An opportunity for alternatives
There are those who will welcome this development and hail it as a success story. Others will accept it fatalistically. But the credibility of organic agriculture is at stake and this should be a spur not only for critical reflection and debate, but also towards intensified efforts to develop alternatives. With direct sales at the farm gate, farmer’s markets, a diverse range of wholefood shops, home delivery schemes etc., there are now a large number of alternative options. Collaboration with Fair Trade groups is of key importance here. The recently founded Bio-regional-fair venture is a topical example of how to counter globalization.1 This Bavarian association brings together a large number of groups involved in Fair Trade, consumer associations, church organizations, regional initiatives and organic farmers. These parties realized that they were basically following the same goals: enabling farmers to earn a fair income that secured their livelihood, strengthening regional economic cycles, and at the same time protecting nature and the environment.

Over 60 per cent of Fair Trade products are already organic (it is of course possible to object that 40 percent of Fair Trade coffee is still not organic). So far there is no reliable information — because it is much more difficult to determine — about how many organic products satisfy the requirements of Fair Trade. Improvements need to be made here too. But it is clear that these related products are dynamically growing in tandem.

From the point of view of developing countries there are strong arguments supporting international trade in organic products. For many of these countries, exporting food and agricultural produce is their only way of participating in international trade. Thanks to production and geographic advantages, together with decentralized, small-scale farming systems and low labor costs, these countries can produce food and agricultural raw materials at competitive prices. Moreover, due to their climatic conditions (tropical and subtropical), they can produce many products that do not grow in the northern hemisphere at all. The higher prices earned for organic produce is a particularly significant factor for farmers in these countries and, especially when combined with the higher prices earned for Fair Trade products, frequently offers an opportunity for survival in the true sense of the word.

If we consider the positive effects of passing over to organic cultivation of coffee (particularly in combination with Fair Trade), say for small farmers in Mexico, then we are able to savor a cup of Fair Trade organic coffee not only for its outstanding taste, but can also experience a good feeling that our purchasing decision has had a definite effect in improving the conditions of life for small farmers in distant countries.

For many, if not most of these situations in developing countries, conversion to organic does not just occur for the cash crops such as coffee or tea, but is applied across the board— sometimes over entire regions. This means that farming families and consumers in the area can enjoy high quality organically grown food.

However, the purchasing power of consumers in rich countries makes it difficult, if not impossible, to market significant quantities of organic products in developing countries. There is often a massive price differential for organic products in these countries. For example, in China, organic vegetables can cost five times as much as those that are grown conventionally. And this is in a country that is having a big impact on world markets for organic food due to its low labor and production costs.

Most people probably consume organic food for egocentric reasons: they want to keep or become healthy. In this case the consumer is not concerned whether food is transported a long way or whether it is produced and traded under socially acceptable conditions. But there are increasing numbers of people who want to know where their food comes from and the conditions under which it has been produced. For these reason there is fortunately an increasing demand for products that are certified both 'organic and also 'fair'.

In this context there are good prospects for many producers and products belonging to Ark projects (Slow Food Presidia) to market their goods for the premium segment. Here too there would need to be more cooperation between those with similar aims.

Regulations governing organic agriculture and national legislations do not contain stipulations regarding regional status, seasonality or even energy used in processing or transport. These issues certainly feature in public debate however. We can increasingly find regulations applying to the social aspects of organic agriculture. 2

It is becoming increasingly urgent to consider the 'ecological footprint' 3 of food products and the associated consequences. Organic agriculture, with its excellent systems of certification, can here provide complete traceability of products from packaging back to origins. The organic sector's 'Nature and More' system has created the basis for giving consumers maximum transparency concerning the flow of goods and production conditions. 4 Anyone who wishes can therefore obtain excellent information and direct their consumption behavior according to value.

Approaches for concrete solutions

Farmers producing organic food generally (still?) receive a fair, and thus better price, but the realities of capitalism also apply: i.e. very little money is earned from producing the agricultural raw materials and much more from processing, transport and trade. As always, one of the main challenges facing those involved in processing and trade is to ensure that organic farmers receive their fair share of sales. Here the ‘fair price’ surcharge of 5 cents per liter of milk (directly passed on to the farmer) which has been introduced by the dairy company Upländer Molkerei is a very interesting initiative, 5 which has in the meantime also been adopted by a dairy in the Netherlands.

The international organic movement, and in particular IFOAM (International Federation of Organic Agriculture Movements), has for some time not only been addressing the phenomenon of globalization at a theoretical level but has also been developing numerous projects and initiatives to boost local and regional marketing in developing countries. Amazing results can be achieved with dedicated commitment and effort. For example, the biodynamic Sekem project in Egypt has succeeded in making its range of organic teas the market leader in this nation of tea drinkers. 6 Sekem initially exported 80 per cent of its organic products, but this is now the percentage sold on the domestic market. Its remarkable success helped Sekem to win the ‘Alternative Nobel Prize’ in 2003 — there was particular recognition of its pioneering achievements and innovative strategies in marketing organic products, which are making an important contribution towards the development of the local economy.7 The vision and principles underlying Sekem prompted the IFOAM to develop a code of conduct and gradually implement it.

The development of local, regional and national marketing efforts is also supported by activities that mainly aim to make certification more straightforward and, in particular, less financially onerous for small farmers. Some years ago IFOAM developed, together with those involved, a special group certification system for small farmers, known as the ‘Internal Control System’, which has even been recognized by EU legislation. IFOAM now also coordinates the development of ‘Participatory Guarantee Systems’ for organic farmers, which are not only being set up in developing countries but all over the world.

These efforts and activities are necessary if small family farms are to retain or achieve a fair chance of participating in the success of the organic market. And in the end this is a basic prerequisite for developing alternative approaches to ‘commerce’.

The slogan ‘think global, act local’ is very popular in ecological circles. But as is often the case for slogans, this one also falls short. Should we really leave global ‘action’ just to the World Trade Organization and multinationals? And how successful can acting locally be if we don’t ‘think’ about it? This inevitably means that we must think *and* act locally, regionally and globally.

The article is also available in German, French and Spanish (please contact b.geier@colabora-togehter.de).

References

1 Further information on *bio-regional-fair* – a campaign for sustainable consumption in a globalized world – is available on the website: www.bio-regional-fair.de.

2 Cf. the article by Thomas Cierpka and Mute Schimpf: ´Soziale Gerechtigkeit im Ökolandbau. Ein neuer Verhaltenskodex auf internationaler Ebene – ein erster Streik in Deutschland’, in *Der kritische Agrarbericht 2004*, pp. 110-114, particularly Part I (pp. 110-112).

3 The ecological footprint calculates the various resources consumed by a certain population or, as in this case, by a certain production method, and expresses this as units of productive land required to provide these resources. The ecological footprint is useful as an

indicator of the sustainability or unsustainability of a way of living or producing.
4 For further information see the website: www.natureandmore.com.
5 Cf. the article by Anja Sobczak in ‘Kritischer Agrarbericht’ (Critical report on agriculture) 2006
6 Cf. the book by the founder of Sekem, Ibrahim Abouleish: *Die Sekem Vision – Eine Begegnung von Orient und Okzident verändert Ägypten*. Co-authored by Barbara Scheffler. Stuttgart/Berlin 2004.
7 Further information and reasons for the award on the website: www.rightlivelihood.org/recip/2003/sekem.htm.