

## **Organic : Local, Regional, Global- does it matter?**

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*Asking the question ‘Quo vadis?’ (Where are you going?) about organic agriculture 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 organic agriculture. How can we organize the economic expansion and globalization of the organic sector without compromising the values that have identified organic agriculture as an alternative economic approach?*

Until a few decades ago coffee, tea, chocolate and bananas were 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 produced food should be bought. Eating with awareness belongs to the pleasures of the table. Why shouldn't we enjoy 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 reaching US\$ 40 billion annually, the commercialized organic products are not a niche market. Not only are organic coffee, tea and exotic fruits on our tables from all corners of the earth, but also soy, vegetables fruit, and wine.

Nowadays we live in a system of “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**

Increasingly organic products are traded on a global scale, even the McDonald's fast food chain has included them in its marketing strategy. Whether you welcome or reject this development, it is a sign of mainstreaming organic food.

The processing and trade of organic food products has become increasingly industrial. An article published in the New York Times even spoke of an ‘organic food industrial 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. Most consumers of organic products probably do not realize their purchases contribute to the wealth of multinationals such as Nestle, Coca Cola, Unilever, Kraft and Cargill.

The sector has 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, Hungary, and significant holdings in three German retail chains dealing in organic products. 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 been global players. The German baby food producer Hipp continues to be family owned and, with 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 supermarket chains of any size that do not sell organic products? Particularly in large cities many supermarket chains exclusively sell organic products. Some supermarkets achieve 10 or even 20 % of their sales from organic products. The discount supermarket chain 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 going to ignore the opportunities? In its emergence from niche status, does the sector have 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 a large number of alternative marketing 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. 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 had the same basic goals: enabling farmers to earn a fair income that secured their livelihood, strengthening regional economic cycles, while 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 is still not organic). It is clear that these related products are 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, they can produce many products that do not grow (yet?) in the northern hemisphere at all. The higher prices earned for organic produce is a particularly significant factor for farmers in these countries. When combined with higher prices earned for Fair Trade products, organic offers an opportunity for survival in the true sense of the word.

For many farmers 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 also 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 four times as much as conventionally grown. And this, in a country with a big impact on world organic food markets, due to low labor and production costs.

Many, if not most, people consume organic food for exclusively egocentric reasons: to stay or become healthy. These consumers are not concerned whether food is transported a long way, or 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. Fortunately, for this reason, there is an increasing demand for products that are certified both 'organic and 'fair'.

It has become increasingly urgent to consider the 'ecological footprint' of food products and the associated consequences. Organic agriculture, with its excellent systems of certification, can 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 origin. Anyone who wishes can therefore direct their consumption behavior according to a range of values.

### **Approaches for concrete solutions**

Farmers producing organic food generally receive a better price, but the realities of capitalism also apply to them. Very little money is earned from producing the agricultural raw materials, yet much more from processing, transport and trade. One of the main challenges facing those involved in processing and trade is to ensure that organic farmers receive their fair share of the sales. The 'fair price' surcharge of 5 cents per liter of milk (directly passed on to the farmer) which has been introduced by the German dairy company "Upländer Molkerei" is a very interesting initiative, which has also been adopted by a dairy in the Netherlands.

The International Federation of Organic Agricultural Movements (IFOAM) is not only addressing 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 No. 1 in this nation of tea drinkers. They initially exported 80 % of their organic products, but this is now sold on the domestic market. Sekem's founder Ibrahim Abouleish, won the 'Alternative Nobel Prize' in 2003, for his pioneering achievements and innovative strategies in marketing organic products, and making an important contribution towards the development of the local economy. The vision and principles underlying Sekem inspired IFOAM to develop, and gradually implement, a code of conduct.

The development of local, regional and national marketing efforts is also supported by activities that mainly aim to make certification obtainable and less financially onerous for small farmers. IFOAM, for example, has developed a group certification system for small farmers, known as the 'Internal Control System', which has even been recognized by EU legislation. IFOAM also coordinates the development of 'Participatory Guarantee Systems' for small 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 falls short. Should we really leave global 'action' just to the World Trade Organization and multinationals? How successful is acting locally if we don't 'think' about it? This inevitably means that we must think *and* act locally, regionally and globally. Or to express it in a new word : Let's continue to ***glocalize*** the organic movement.