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Globalisation as a Challenge or Opportunity for Organic Farming

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During one intensive week in October 2005, the authors were gathered to discuss the impact that globalisation has on the Organic Food Systems and the opportunities that globalisation opens up for developing these systems. The meeting took place as a Ph.D. course under the auspices of the Research School of Organic Farming and Food Systems (SOAR; www.soar.dk). All participants research within Organic Agriculture and Food Production in one way or another.




Globalisation in relation to the organic food chains

Globalisation has many faces, including knowledge-sharing, movement of people and cultures, communication, institutional structures, trade and fair trade, international agreements and conventions, which all influence the development of food and farming systems.

To some extent these faces could be linked to the processes that lead to the rise and fall of the Roman Empire; processes like cheap production and import of wheat, olive and dads to the central power where land and labour had become an expensive resource. These processes are also important today so globalisation is not new from that perspective. However, during the past decade, the progress and availability in means of communication has been tremendous and alongside with reduced costs of transport, e.g. cheaper cost of air- and sea-travel, the mental distances between people of the world has decreased.

This development has moved the global food chain from an exchange of 'exotic' goods towards trade with basically all the ingredients in our everyday meals. The shift in the trade of agricultural products poses great challenges for the organic farmer.

Whether these changes are seen as threats or opportunities depends on thegeographical position of the farmer: Washington, Stockholm, Sao Paolo, Paris, Cairo, Johannesburg, Bombay, Hong Kong, or Manila. In each of those places these questions would receive very different answers from business leaders, government officials, agricultural labourers, the unemployed, or human rights activists. Indeed, simple answers to these questions would be virtually impossible to reach. We will nevertheless attempt to outline an analytical structure that will give at least some answers.

The main forces for globalisation

Globalisation – the growing integration of economies and societies around the world – has been one of the most hotly debated topics in international economics over the past few years. Rapid growth and poverty reduction in China, India, and other countries that were poor 20 years ago, is often credited to globalisation and free trade.

But globalisation has also generated significant international opposition over concerns that it has increased inequality and environmental degradation. The social and economic inequality in China, which is still a poor country, has for example reached hitherto unseen dimensions and the majority of the working force is still employed in agriculture. India, a country that excels in software and IT-industry, still has the highest number of illiterates in any single country. In addition, global food corporations are seen to threaten small producers and food security through mass production and concentration of ownership and power.

The authors found it difficult to penetrate these often contrasting stories. Therefore, an analytical matrix was developed that to some extent could guide the discussion. It resulted in nine specific scenarios in relation to globalisation of our food systems.

We identified a demand for three groups of organic products:

1. Seasonal-specific crops (fruits, vegetables, etc.)
2. Agroecological-specific crops (oils, nuts, coffee, tea, etc)

3. Protein to feed our animals (soybean, etc.).

We further grouped the driving forces that lead to globalisation into three groups:

A. Cheap oil, low costs of labour, land, transport, communication, and ”less environmental restrictions”
B. Corporate powers, subsidies of infrastructure, agrochemicals like fertilizers, and taxes
C. Investment in research and development leading to high knowledge levels.

It is often stated that “globalisation is the erosion of the barriers of time and space that constrain human activity across the earth and the increasing social awareness of these changes”. However, as our matrix above indicates then we consider such statements of little guidance in our analysis.

Not all aspects of the matrix have been analyzed and this was not our purpose. The matrix was used as a framework to distinguish between the different situations of organic production and consumption and to structure our analysis. With this in mind we will now turn to the globally-oriented organic farmer.

Possibility for organic farmers to produce for a global market

As consumers, we find that globalisation of our food systems fundamentally affects our consumption patterns and our perception of natural systems. It is now a common expectation to find fruits in the stores that until two decades ago were exotic products belonging to a specific season, like oranges around Christmas or strawberries in June.

Today we have clear expectations that these seasonal constraints are alleviated (group 1, above). In a similar manner, we expect to find products like olive oil, cashew nuts, peanuts, tea, coffee, fresh dads or apricots, honey from the forests in Vietnam, or even asparagus (group 2, above). For example bananas are sold in large amounts in the whole world and it is almost seen as a fruit grown in everybody’s garden. So our consumption patterns change.

This is not specific to organic products but is a general trend that is related to the quality of life, which we expect and can afford in the rich part of the world. We have high expectation to the quality of a specific product and simply assume that it will be there in large quantities as the time of scarcity is over. But is this expectation something that the organic producer can benefit from?

As producers we find that globalisation of our food systems fundamentally affects our ability to sell with a beneficial margin or to be out-competed by other producers. During the course we became convinced that the era of supply-driven production is coming to an end in the North. We believe that we will see a change from the supply-driven spot-markets of large quantities of commodities to a demand-driven market for special supply chains of high quality products in niche markets. Certification of high quality Organic products may fit into a new emerging demand-driven production era dominated by specific supply chains that target marked niches that requires particular qualities. In such an era the competition is not on price and this is where certified products fit into the picture.

However, not all organic producers will benefit from this new era because it will take high degree of expertise, management and production sophistication to deliver the particular product in a specific amount with a particular quality to a particular place at a particular time. Many small producers will loose out in this game. But for those who can meet those standards, the potentials are large. Furthermore, farms which produce a high diversity of products may start to specialize in one product. For example in South Tyrol in Italy farmers used to grow cereals, apricots and many products for home consumption. Today these fertile valleys are dominated by apple orchards. Some of these orchards are organic and every third organic apple sold in Europe originates in South Tyrol.

Organic products are predicted to be worth a US$ 100 billion worldwide by 2008 with a growth rate at 20-30% per annum. This situation arises under production conditions where premium pricing are typical and in most cases with little innovative research to support the development. Denmark is one of the few exceptions from this. This is a very important point as there is an extreme need for research and development to support this market as knowledge is a prerequisite for innovation. And innovation is a prerequisite for being able to survive in a demand-driven market of tomorrow.

But will the farmer get a better life in this scenario? We will analyse this situation in the following section.

A certified versus non-certified life as a producer

The certified sector is a rapidly expanding sector, which is highly successful in increasing returns to farmers through meeting growing consumer demand for organically-produced food. It is a sector that is currently attracting great institutional interest but globally it is a sector that is almost exclusively oriented to producing food destined for export to the North.

Another less visible sector is that of non-certified organic production. Definitions of what constitutes organic farming can become quite blurred and the boundaries become ill-defined. Alongside organisations that formally align themselves to the organic movement there are a number of other organisations and movements that share very similar approaches to agriculture in their design. These include biodynamic agriculture, permaculture, natural farming, bio-intensive, eco-agriculture, and agroecology.

Much has been written about the differences and similarities between these movements and the extent to which they are compatible with organic farming. While farming according to these different styles may not always meet

internationally recognised organic standards, the approach and philosophy that they employ is largely compatible with the organic worldview and rely on similar agronomic practices. Some of these movements have played a significant role in developing organic approaches in the developing countries.

The important factor is that the non-certified organic production practices rely on the same principles that guide the certified sector. That is the principles of Health, Fairness, Ecology and Care as defined by the International Federation of Agricultural Organic Movements (IFOAM; www.ifoam.org).

Globalisation affects everyone and it influences almost all aspects of our lives. While globalisation is a universal trend, its impacts are highly differentiated by location, social group and economic status. This is maybe why the course participants did not unanimously agree on the perspectives for organic farming practices to play a role in rural development and improvement of the livelihood of small-scale farmers. Half of global agricultural trade is in processed products and uncertified organic farming has no clear role to play here. But if we turn to poverty eradication and alleviation of hunger then we see a clear potential – this potential however is clearly locally-specific.

Many farmers are producing without much access to land, water, and agrochemicals and they are seeking cheap biological answers to their production constraints. The tool box of organic farming contains some tools that will be of use to these producers. But also for this group, research is needed to expand and adapt the tools so also here we make a call for research and development as we also here consider knowledge as a the prerequisite for innovation.

Globalisation as a challenge or opportunity for organic farming

Globalisation increases the possibilities for the organic sector in a demand-driven market. The challenges are to enable the producers to position themselves and to be able to utilise the demand niches for high quality products. Many smaller less capable farmers will be the losers in this development, irrespective of where they geographically live their lives. An uncertified organic sector may, however, develop because the need for standards, i.e. certification, is based on the disconnection of producers and consumers.

We see some potential for non-certified organic farming initiatives where the producers can establish links of trust to the consumers, irrespective of the physical distances. We also see some potential for organic farming practices used as a tool in development to benefit of the most marginalised producers.