

Presentation to:

ORGANIC, FAIR & ETHICAL TRADE EVENT

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OUTLINE OF PRESENTATION

- **Definitions**
- **Consumer Attitudes**
- **Market for Sustainably & Ethically Produced Products in EU**
- **Challenges**
- **Way forward**

DEFINITIONS

This event utilises the terminology of 'organic', 'fair' & 'ethical' trade.

A holistic approach includes environmental, social, and animal welfare elements.

Environment covers land management (SLM), biodiversity, water, and GHG emissions.

Social covers employment practices and worker safety and rights.

Animal welfare covers the ethical treatment of animals in accordance with humane practices.

OPPORTUNITIES

- EU is an existing **big** trade **partner**. Exports from SA to EU in 2017 over \$19 billion, approx. 22% of SA's total exports.
- In 2017 the export of agricultural products to EU from SA \$2.8 billion and **grew** by 11.8% between 2016- 2017. Comprised 15% of total exports to EU.
- Organic market in EU **grew** by 11.4% in 2016 reaching in excess of Euro 33 billion.
- Important to understand what drives the market for 'sustainable', and ethical production – the changing **values** of consumers.

CONSUMER ATTITUDES

Growing awareness of need for sustainable production by European consumers which is translating into new market requirements AND opportunities.

Survey of European consumers' environmental consciousness found that 71% considered living an ethical or sustainable lifestyle to be 'very important' or 'important'.

This had increased by 7% in 5 years and only 6% considered living a sustainable or ethical lifestyle unimportant or very unimportant.

CHANGE IN MARKET REQUIREMENTS

There are the mainstream market access requirements that deal with **phytosanitary** and **quality** issues like residues and diseases/infections.

Additionally over 500 eco-labels in 199 countries that cover 25 industrial sectors. These are Voluntary Sustainable Standards (VSS).

VSS increasingly being demanded by market forces covering environment, social & market and health issues as well as the treatment of animals.

These require meeting a set of standards.

STANDARDS & CERTIFICATION

- No organic regulation in SA at present but 2 standards – SA Bureau of Standards & SA Organic Sector Organisation. Voluntary 3rd party verification – can be expensive.
- For fruit industry, SIZA has used Global Social Compliance Programme for Fair and Ethical Trade as benchmark for SA producers. Many product associations affiliated.
- Mohair & wool have adopted & adapted the international RWS.
- Wine: WIETA Fishing: SASSI.
- But EU ‘Organic’ Regulation is the benchmark for EU access.

CHALLENGES

- For individual small producers supplying on **time** with consistent **quality** and at **scale** is difficult. Particularly challenging with the niche market production of sustainable, organic and ethical products.
- Collective marketing and supply is required.
- Difficult to **navigate all the standards** for individual small producers (though there are sources of support in fruit and other industries – SIZA & others). Globally would be good to have some consolidation of standards.
- **Costs** associated with meeting the standards & certification process.
- Need to meet standards for market access but engagement between the market and suppliers is preferable.

CHALLENGES Contin.

- Obtaining land for crops & extensive farming is difficult for farming entrants in SA.
- Access to finance difficult for emerging farmers – limited collateral & capacity to service debt.
- Participation along the value chain needed – e.g. in packing sheds.
- Impacts of climate Change – innovative insurance approaches required.

Examples of projects being implemented in the Western Cape Province

- Sustainable flower harvesting assurance system
- Community of practice for the honeybush industry
- Guidelines for sustainable harvesting of wild honeybush
- Provincial Ecological Infrastructure Investment Framework (EIIIF) including biomass economies
- Wild bee population (Value and Risk)
- Bitou Agroforestry BBBEE – SMME Natural products business development

WAY FORWARD

- A need to link SA sustainable production process to the markets and processes in EU.
- Need to finalise 'organic' legislation in SA that is cognisant of the new regulations in EU.
- Cooperation between farmers for volume & support for financing of emerging farmers.
- Technical and creative financing assistance for emerging farmers are vital.
- The market for organic, fair and ethically produced products in Europe is already large and growing.
- This justifies the efforts and costs involved in transforming production to meet the standards.

THANK YOU