



Fair and local: Farmers of the world unite?

A discussion paper comparing the experience of marginalised farmers across the world

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Introduction

It is easy to imagine two worlds of farming. One rich, in the developed North – profitable, mechanised, subsidised and efficient. The other poor, in the developing South – struggling, marginalised and inefficient.

The reality is more complex. While there is a socio-economic gulf between rich and poor world agriculture, there is as much to unite farmers of the North and South as to divide. This discussion paper aims to explore some of these unifying factors through comparing and contrasting the experience of farmers across the world. As agricultural supply chains increasingly reach the same retail depots, drawing parallels helps us better understand the overlaps and find common causes, problems and, more importantly, solutions. The aim is to raise questions, and explore possible solutions, but the core intention is to offer an original perspective and spark debate.

This paper does not seek to underplay the extreme poverty many producers contend with in developing countries. We do not suggest that the situations of farmers in different parts of the world are the same, only that there may be common causes behind some of the challenges that they face.

Some unifying trends are clear. In our ever-globalising world, exporting farmers North and South increasingly sell into similar, or even the same markets. Hikes in oil prices increase the cost of fertiliser and of transporting goods to market the world over. Big business, increasingly global, tends towards a certain type of farming, leaving behind a marginalised ‘underclass’ of farmers, who must rely on their own resilience to fight against the often unforgiving forces of modern agricultural markets.

Fairtrade remains committed to eliminating poverty for the poorest producers and agricultural workers in developing countries, but are some of the problems we seek to address in developing countries also experienced at home, and can some Fairtrade principles be usefully applied here? What role does the British consumer play in helping farmers? Most importantly, Fairtrade helps us to value farmers not just as producers of food, but also as important members of the local community. So when we see agricultural problems from the perspective of those who are included and those who are excluded, what light does it shed on how we can best ensure a sustainable and inclusive agricultural sector?

What is meant by marginalised farmers?

Comparing the experiences of different farmers is not straightforward. What can make a difference in one part of the world can be of little consequence in another. Here is a list of common characteristics which, when taken together, suggest a type of exclusion experienced by a group of farmers, regardless of the economic development of their country. This exclusion describes a multi-faceted isolation, rather than evaluating more traditional measures, such as market access. It is an isolation where the hard physical labour of cultivating the land or rearing animals does not lead to a just reward. Ultimately, it is a marginalisation from prosperity, or any further hope thereof.

Although not an exclusive list, the following are key common characteristics of a marginalised farmer:

Smaller scale

The comparative size of a farm can be a significant indicator of economic viability. This is linked to the fundamentals of making profit. Whilst some costs increase with scale, such as more land cultivated requires more fertiliser, most unit costs decrease with economies of scale – for example, purchasing greater quantities of fertiliser for better prices. Smaller scale farmers therefore not only have smaller gross yields due to their size, but also have smaller margins on their yields because of their higher unit costs of production.

The impact of these smaller returns is profound. Research in Nepal found total cash input use and labour hours per hectare were higher on small farms.¹ Consequently, smaller farmers are less likely to be able to invest in agricultural machinery and hired labour, further reducing efficiency and productivity. Ultimately, they must work harder to be competitive.

Scale has been shown to have an effect on the options available to farmers when they sell their goods, diminishing further their returns. In Uganda, coffee producers with larger quantities to sell were found to be more likely to sell to a market than to an itinerant buyer.² Larger scale farmers are more able to invest the time and money to take goods to market, where they will receive a better price, compared to smaller farmers, who sell their produce to the first person who turns up at their farm gates, dictating a price without competition.

Struggle to access credit

For any business credit is vital to growth and economic resilience. Farming is no exception. Whilst the scale, terms and sources of credit differ significantly in rich and poor countries, the effects of restricted credit on a farmer are the same. When a farm is out of the 'normal' lending criteria for a bank, a producer will struggle to raise the capital to buy or lease land to extend his or her operation and overcome the problems of smaller scale. They will find it difficult to invest in vital inputs and technology to improve yields and productivity. In poorer countries this might lead to a producer agreeing to forfeit a disproportionate part of his or her future harvest in exchange for seeds. In richer countries, farmers might have no option but to enter into an agreement to buy exclusively from one supplier at inflated rates, in exchange for a line of credit denied elsewhere. Finally, when crop failure or markets do not deliver expected returns, a lack of credit can lead to financial ruin and bankruptcy.

In high income economies, overall agricultural lending is reportedly up following the economic crisis, and banks claim that farmers are benefiting from the record low interest rates.³ However, they are less forthcoming on changes to lending criteria. A 2011 banking survey by the UK's National Farming Union,

¹ http://mpra.ub.uni-muenchen.de/7638/1/MPRA_paper_7638.pdf

² 'Selling at the Farm-Gate or Travelling to Market', M. Fafchamps et al, University of Oxford, November 2004
<http://www.bepress.com/cgi/viewcontent.cgi?article=1230&context=cxae&sei-redir=1#search=%22distance%20market%20farmer%22> 'Buy hi, sell low.'

³ http://www.hgca.com/publications/documents/02_Martin_Redfearn.pdf

the NFU, confirmed bank charges have increased dramatically since 2008. The typical farm turning over £250,000 in 2009-10 paid 13 per cent more in bank charges than in 2008-09.⁴ A difficult lending climate for farmers is apparent elsewhere in developed economies with New Zealand banks coming under attack for tightening lending criteria and making it harder for struggling producers to borrow.⁵

Poor credit has a direct impact on the economic viability of farmers. In Kenya, it has been shown that a lack of credit causes farmers to sell their products at the worst time, they receive an estimated 18 per cent less for their goods.⁶ The economic crisis has affected the supply of credit for farmers the world over. In Nigeria, in 1997 farmers received 17 per cent of total lending, today they get 1.4 per cent.⁷

Extra rural

Modern supply chains of agricultural goods can cross continents thanks to improved shipping, airfreight and refrigeration. But the physical hurdles to economic inclusion of a farmer, sometimes caused by relatively short distances, are easily overlooked. The gulf, physical or figurative, between farm gate and redistribution depots can sometimes be unbridgeable. So for example, to sell into chilled goods markets, a farm gate has to be connected to decent roads for refrigerated distribution networks, leading on to shipping or airfreight routes.

Physical infrastructure varies greatly across the globe. Even in the hard to reach ultra-rural corners, rich world farmers benefit hugely from decent road networks. This is in stark contrast to potholed dust tracks many farmers in low income countries face to get their produce to markets. Nevertheless, the rule of thumb that costs increase the further a producer is away from market holds true the world over. Thus, inversely, the competitiveness of farmers' goods decreases with distance from markets. This is why, in Kenya, flower producers cluster around airports and in the UK, milk producers prosper closer to the processing and distribution networks feeding into supermarket distribution.

Location has a direct impact on availability and make up of the workforce. Urbanisation caused by economic migration is depleting the agricultural workforce. In some sectors a tipping point has been reached, where the diminishing workforce is simply not large enough to support levels of production needed to meet expected demand. It has been long recognised that, without action, the sustainability of the West African cocoa industry is threatened. This is, in part, a result of an aging workforce and a youth disinterested in cultivating cocoa because of the perceived lack of profitability as well as the lack of services available in rural areas. Similar trends in are seen in Europe, with a declining number of under 35-year-olds owning or running farms.

⁴ <http://www.nfuonline.com/Our-work/Economics-and-International/Farm-economy/NFU-banking-survey-part-2,-day-to-day-banking/>

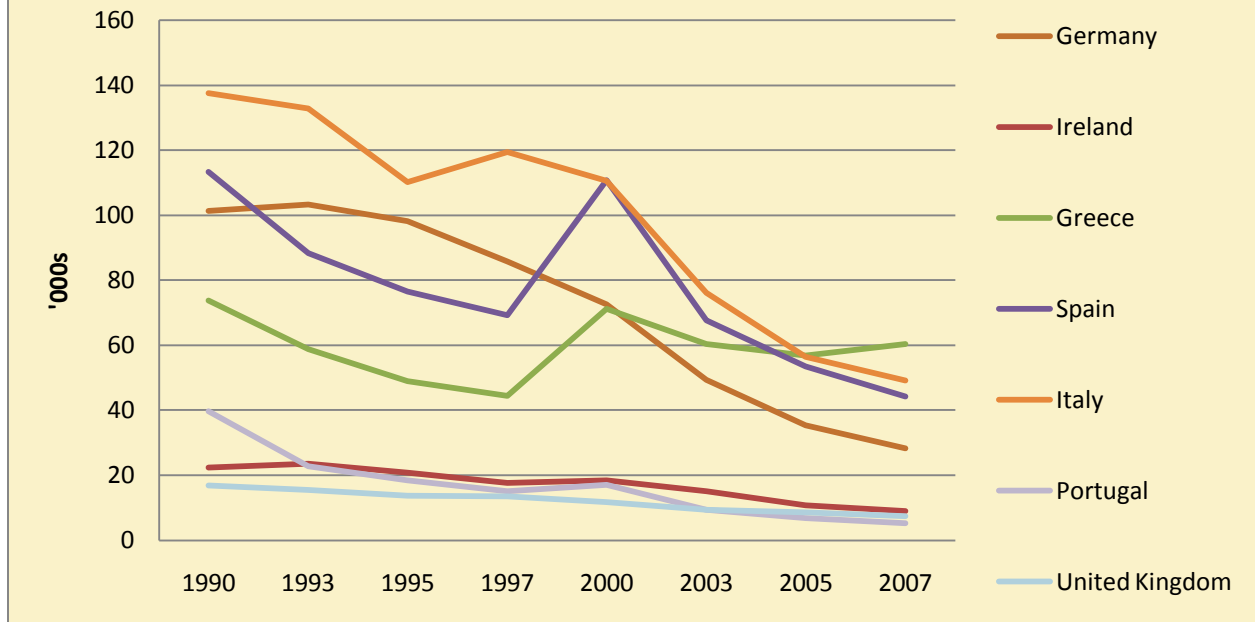
⁵ <http://www.nzagri-business.co.nz/home/free-articles/nz-farm-lending-rural-lending-patterns-under-scrutiny-by-reserve-bank.html>

⁶ <http://onlinelibrary.wiley.com/doi/10.1111/j.1477-9552.2010.00274.x/full>

⁷ Source: <http://www.economist.com/node/18741606>

Under 35-year-olds owning/running farms in Europe

Source: Eurostat



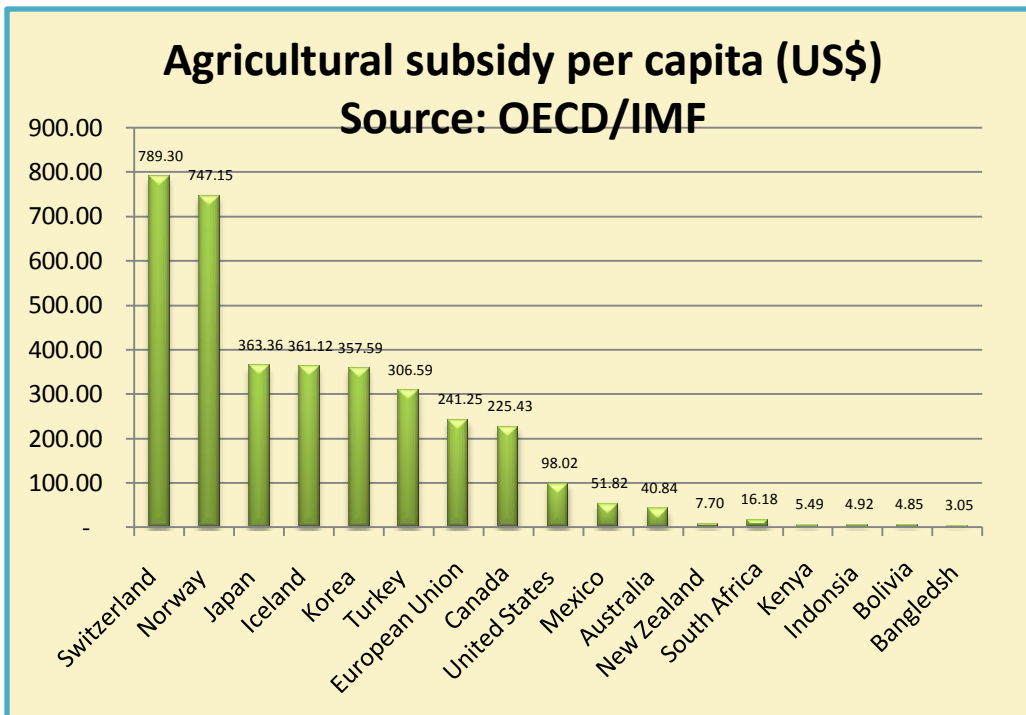
Getting heard

Integral to farmers' success is their ability to influence the world around them. This stretches from being able to pressure buyers for a better price, to being able to lobby governments for subsidies and support. Traders and middlemen in agricultural commodities operate on an unimaginably large scale, with often only a handful of businesses dominating an entire supply chain. For example, global production and trade in bananas is dominated by five companies – Chiquita, Dole, Del Monte, Noboa and Fyffes – which control more than 80 per cent of all trade⁸. Cargill, amongst the world's largest agricultural traders, is responsible for 25 per cent of all US grain exports. It also supplies 22 per cent of the US domestic meat market.

Monolithic supply chains feeding rich world retailers leave little room for the 'little guy'. Manufacturers of popular branded products can give as good as they get, when it comes to negotiating terms and conditions with retailers. However, the hundreds of thousands, if not millions, of individual producers of agricultural goods are in an immeasurably weaker bargaining position. Larger corporate farms, with high volumes on offer, are better able to deal with the exertion of economic might. If the offer price is not good enough, they are financially better placed to walk away. But if a farmer is at the margins of a supply chain, at the margins of scale and at the margins of profitability, the options when the offer is unfair are extremely limited.

⁸ http://www.fairtrade.org.uk/includes/documents/cm_docs/2009/f/1_ft_banana_reportweb.pdf

The ill-effects of this David and Goliath struggle are matched by the political marginalisation of farmers. Increasingly, the voting power of urban constituencies vastly outweighs hard to reach and disparate rural ones. Few politicians in low income countries are prepared to sell an economic vision for their



future nation based on agriculture, often seen as the industry of undeveloped economies and not the symbol of modernity they want to project. Farmers in poorer countries might cast an envious eye on the significant subsidies their

counterparts receive in rich countries, as possible evidence of their political success. However, analysis of distribution of these subsidies reveals that all too often they favour corporate farming – from the cotton barons in US to the mega combine-harvester-driving cereal farmers of France. In 2008, it was estimated that 74 per cent of the European Union’s Common Agricultural Policy funding, the continent’s farming subsidy scheme, goes to just 20 per cent of farmers and at the other end of the scale 70 per cent of farmers share just 8 per cent of the funds.⁹ The untargeted nature of the subsidy is exemplified by HM The Queen being one of the UK’s larger recipients, with €8.1m through agriculture on her estates, on last available figures.¹⁰

Why should we care?

The hard-nosed might argue against fighting to protect a future for marginalised farmers. Interference into the process of economic change by some might be labelled as nostalgic protectionism blocking progress and efficiency. This narrow view neglects the greater good served through a diverse

⁹ <http://news.bbc.co.uk/1/hi/world/europe/4407792.stm>

¹⁰ <http://farmsubsidy.org/lists/2/queen-elizabeth-iis-farm-subsides/>

agricultural sector. Here are four possible negative consequences of not supporting marginalised farmers:

Unable to feed the world

Feeding nine billion mouths, the world's predicted population by 2050, is going to take every ounce of agricultural effort, and then some. Ever-scarcer agricultural land means the historical answer to food crises – to plough more – will become less possible. The world simply will not be able to tolerate inefficient farming. It will become increasingly important to ensure what cultivatable land there is, is put to productive use. This will include land awkward to cultivate. And since combine harvesters don't go up steep hills, ensuring there are farmers with sustainable incomes to farm this land will be important to its productive use.

Collapse of rural economies

It is impossible to imagine the world obtaining its development aspirations and vibrant rural economies without mobilising agriculture. With the balance of the world's population tipping from rural to urban in 2010, there are still some considerable outliers in the size of their rural population, most notably India with 70 per cent of its population or some 849 million people. Globally, 40 per cent of the world's population make a living from agriculture. Amongst developing countries, this proportion is higher, for example 89 per cent of people in Rwanda live off the land.¹¹ In the UK rural unemployment doubled between 2007 and 2009. Small-scale farmers also contribute more directly to local economies.

A countryside without custodians

Farmers are critical actors in the preservation of flora, fauna and landscapes heavily under attack from modern industry and population. The European Union's Common Agricultural Policy already recognises and rewards this role. However, perhaps more urgent is farmers' expertise and ability to help sink carbon in the biosphere through new techniques and changes in land use. Agriculture accounts for 13.5 per cent of total greenhouse gas emissions, with changing land use, i.e. deforestation at further 18.2 per cent¹² so sustainable farming methods will be crucial to tackling climate change

Unknown risk

It is hubristic to believe modern humans have nothing to learn from millennia of farming that has taken us from hunter gatherers to where we are. As hydrocarbons become too precious to use for fertiliser, we might perhaps avoid some costly research and development through rediscovering more traditional techniques and knowhow eschewed by industrial-scale farming. Rediscovering old varieties might help deal with new pests. Water management techniques used by ancient Egyptians are still used today. Progress is not always a straight line.

¹¹ Source : FAO <http://www.fao.org/economic/ess/ess-publications/ess-yearbook/ess-yearbook2010/yearbook2010-reources/en/>

¹²Source : UNEP, 2000 <http://maps.grida.no/go/graphic/world-greenhouse-gas-emissions-by-sector>

‘Give us a break’

All farmers, rich or poor, integrated or marginalised, must contend with two serious challenges to current agricultural practices:

Relentless oil price rises

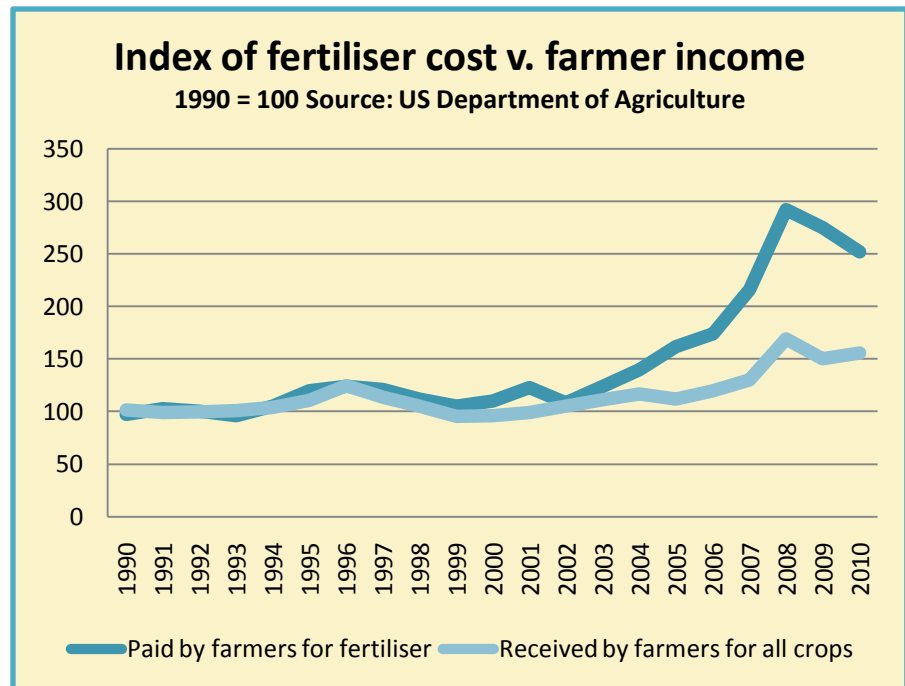
Oil price rises have a three-fold impact on farmers.

Firstly, oil price rises affect the cost of fertilisers.

Nitrogen-based fertilisers (ammonia, urea, ammonium nitrate) are made from natural gas, the price of which generally correlates to that of crude oil. Hydrogen in natural gas is combined with atmospheric nitrogen to make ammonia. The other main fertiliser types, phosphorous and potassium, are mined and processed, making fuel a

significant portion of their costs. Also fertiliser consumption and crude oil consumption are both closely related to global economic activity and wealth, hence subject to similar demand shifts at the macro level. Since 1990, fertiliser prices have tripled, while income from crops has only increased by roughly 50 per cent in the corresponding period.

Secondly, oil remains an important source of energy for farming. The poorest farmers in developing countries might have limited access to motor driven machinery, relying instead on manual or animal labour. But oil even affects the cost of animal feed, making supplementing animal diets more expensive when the price increases. Oil prices dictate the cost of other inputs, such as seeds. Finally, oil price increases impact on the cost of getting goods to market, thus hitting farmers’ bottom line, especially those furthest away from markets.



Climate change

Farmers have been described as the canaries in the coalmine when it comes to climate change. There can be few livelihoods where weather has such a profound impact on the fundamentals of doing business, as farming. Whilst some welcome the opening up of new farming possibilities; indeed, Vladimir Putin, Russia's Prime Minister, is alleged to have commented, 'Siberia could do with warming up a degree or two,' others are less optimistic. Take sugar cane production. Some producers are predicted to benefit from higher atmospheric levels of carbon dioxide, which will increase yields, but only to the tipping point of where the temperature increases means sugar cane can no longer be produced. Therefore, it is calculated that in Brazil production will increase, whereas Malawi and South Africa will severely struggle as temperatures become too high.¹³ The International Food Policy Research

'Rains now fall heavily for a short period and our dry season is much longer. The coffee plants are badly affected – flowering is stopping. Last year alone we lost about 40 per cent of our production. As a result, people struggle for everything.'

Willington Wamayeye, Managing Director of Gumutindo Coffee Co-operative (a supplier to Fairtrade company, Cafédirect)

Institute (IFPRI) has carried out meta-analysis of the impacts of climate change on the main cereal crops. Almost all its results suggested that yields in 2050 are likely to be lower than they were in 2000, sometimes much lower. Half the forecasts showed yield reductions of 9-18 per cent by 2050. One came up with a drop in rain-fed maize yields of 30 per cent. The most vulnerable crop turned out to be wheat, with the largest losses forecast in developing countries.¹⁴ A desk study by the Natural Resources Institute, commissioned by the Fairtrade Foundation, showed that all the major Fairtrade crops are likely to be negatively affected by climate change in the coming decades, with significant yield reductions and some areas becoming unsuitable for cultivation.

In some areas, the shift in weather patterns will radically change water availability, and thus severely challenge the agricultural status quo. Increased desertification will unfavourably tip the balance for farmers who precariously eke out a livelihood on the periphery of deserts. Drought will increase the cost of irrigation, if not dry up once reliable water sources, making farming untenable. Conversely increased risk of flooding will push up the cost of indemnifying crop failure, where agricultural insurance exists, or where it doesn't, simply expose farmers to catastrophic and bankrupting risk.

¹³ http://www.nri.org/docs/d4679-10_ftf_climate_agri_web.pdf

¹⁴ <http://www.economist.com/node/18200678>

Fighting back

So what can farmers do to address the problems of marginalisation? Here are some solutions relevant to farmers in both high and low income countries:

Co-operation

Probably the most tried and tested solution to many of the problems faced by marginalised farmers is collectivising through forming co-operatives. The International Co-operative Alliance defines a co-operative as an, 'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.'¹⁵

The benefits are multiple. Members can usually benefit from increased purchasing power to drive discounts on key inputs such as fuel, energy, seed and machinery. Co-operative members can call upon advice and support, not only from farmers in the same position, but also from agronomists and technical experts. Not only do co-operatives strengthen the negotiating position of farmers, but they can also give them a voice in public policy.

Co-operatives are important market actors in both the global North and South. In Kenya co-operatives are responsible for 45 per cent of national GDP, 70 per cent of the coffee market. Their counterparts in the UK have formed 446 co-operatives which turnover £4.4 billion, with 236,000 members. Norwegian co-ops control 96 per cent of the raw milk market and 55 per cent of the cheese market.¹⁶ Although not closely aligned to agriculture, 29 Co-operative Party candidates were elected as Members of the British Parliament in 2010, demonstrating the power of the co-operative movement.

What does the Fairtrade system do? It...

- ✓ Guarantees a minimum price for the producer, calculated to cover the costs of sustainable production.
- ✓ Promotes stable and long-term relationship between producers and buyers.
- ✓ Gives the producer a 'social premium' which can be invested back in the business or the local community.
- ✓ Promotes and encourage co-operatives and social organisation.
- ✓ Make pre-finance available to farmers.
- ✓ Links producers and consumers in a social movement for change and improve livelihoods for producer and agricultural workers.
- ✓ Enforces farming standards to protect the environment.
- ✓ Improved working conditions for farm workers and bans child labour.

¹⁵ Statement of Cooperative Identity, International Cooperative Identity, retrieved 2011

¹⁶ Source: International Cooperative Alliance, <http://www.ica.coop/coop/statistics.html>

Tapping into consumer power

Out of the bewildering array of consumer choice, mostly in rich countries, but also in developing countries as their middle classes emerge, has grown an innovative product segmentation that helps marginalised farmers. The old marketing philosophy of ‘price is king’ has evolved to include the ‘princes’ of provenance and production. A growing body of consumers is now seriously interested in how a product is made, even where the production technique does not affect quality, but deals with issues such as environmental impact or ethical conditions and a fair deal for the farmers who produced the product.

The advent of the conscientious consumer, interested in what, in effect, are externalities of the production process, has created a breathing space for producers. Creating value from improved and fairer production processes can halt the relentless and unforgiving march for cheaper food, that so hurts the interests of the marginalised producer. Independent certification, verifying product claims, has been key to this growing market.

In many areas this consumer counter-current seeking out fair and sustainable food is on the cusp of mainstream. With almost one in three bananas sold in the UK carrying the certification mark, the Fairtrade standard is a leader in this field and is making a difference to the 1.5 million producers in developing countries involved in the system. In Peru, Fairtrade certified agricultural products account for £135.5m of exports and in the Dominican Republic Fairtrade certified products account for 5.6 per cent of all agricultural exports. Fairtrade has independently been assessed as the UK’s most trusted ethical label.¹⁷

Beyond labels, conscientious shoppers will go out of their way to find products that fit with their ethical outlook, in farmers markets or innovative retailers, such as the People’s Supermarket in London – challenging the monolithic supply chains unable to support a sustainable livelihood for the farmers, on whose shoulders it is built.

Case study : Trading milk more fairly?

The remit of the Fairtrade Foundation is specifically to work for producers in developing countries. Therefore Fairtrade is not going to launch Fairtrade milk. Nevertheless, parallels can be drawn between the challenges faced by British dairy farmers and their counterparts in developing countries. Some claim the British dairy industry is in crisis, with farmers pointing to the price they receive barely meeting the cost of production. This is similar to the problem of coffee producers following the crash of coffee prices after the collapse of the market-regulating International Coffee Agreement, leading to the roots of the Fairtrade movement. Could the time be right to bring some of the principles of Fairtrade to the UK market?

¹⁷ Globescan, 2011

The farm gate price of milk has fluctuated around 25 pence per litre (ppl) in 1997, dropping to 18p in November 2007 and rising to 25p in June 2010. In roughly the same period the average retail price for milk has increased by over 50 per cent.

As a response, dairy farmers are leaving the industry in their droves, with the number of registered UK dairy production holdings dropping from 35,741 in 1995 to 15,716 in 2010, whilst the average herd size in the UK increased by 41 per cent between 1999 and 2009.¹⁸

A number of organisations have come forward proposing Fairtrade-like mechanisms to help stabilise the price paid to dairy farmers and ensure they have enough to invest in the future of their farmers. These organisations include the Royal Association of British Dairy Farmers (RABDF), whose Chair has proposed 4p extra to be passed directly to farmers. Discussion has even reached the Houses of Parliament this year with Parliament discussing the Dairy Farming Bill, proposing an advisory minimum price 30 per cent higher than the cost of production backed by a 'Fair Milk Mark' labelling system. In the US Congress, proposals for the renewal of the Farm Bill include a 'dairy safety net' for when the cost of feed is high and prices are low.¹⁹

Regulation

Dealing with the significant power imbalance between buyers and sellers in agricultural supply chains requires more than voluntary restraint to ensure that those with power, do not abuse it – to the detriment of those without.

In the UK, the wheels are in motion to legally regulate this relationship. In an investigation into the UK retail sector in 2008 by the Competition Commission, the independent competition regulator found 'potential for the transfer of excessive risk and unexpected cost' from retailers to suppliers.²⁰

Subsequently, it used its powers to establish a code of conduct for retailers, the Grocery Supply Code of Practice (GSCOP), which outlawed unfair practices. These included stopping retailers charging their suppliers for goods stolen in their own stores and requiring suppliers to contribute to the cost of opening new stores.

The Commission's principle concern stemming from the transfer of excessive risk and unexpected cost was that suppliers would become unwilling or unable to invest in their business and to innovate. This, it worried, would impact on consumers. From a farmer's perspective, this excessive risk and unexpected cost cascades down to them at the bottom of the supply chain, amplifying as it goes. The Code was welcomed as a first step to stop this. However, many fear that without a referee to enforce the rights, primary producers are yet to feel the full benefits of the code. This view was supported by the Commission.

¹⁸ <http://www.parliament.uk/briefing-papers/SN02721.pdf>

¹⁹ <http://www.mpnnow.com/news/x985869343/Farm-Bill-on-fast-track-in-budget-battle>

²⁰ http://www.competition-commission.org.uk/rep_pub/reports/2008/fulltext/538.pdf

The British Government has indicated it will establish a Grocery Code Adjudicator, formerly called a Supermarket Ombudsman to act as a referee. Whilst the legislation to create this new watchdog has cross-party support, as of autumn 2011, the Government is yet to clearly commit the Parliamentary time to allow its passage into law. An adjudicator is vitally important to overcome the 'climate of fear' in retail sector supply chains, as described by the Chair of the Commission, where suppliers, both in UK and overseas, fear raising objections for fear of retribution and losing business.

Similar measures are gaining momentum in other developed markets, with calls for a similar body in Australia and the European Commission looking at a 'fairer' retail sector from a single market perspective.

Enlightened businesses

Is it right to caricature retailers as malevolent profit-driven leviathans that will stop at nothing to win market share and squeeze every last drop out from their suppliers? The reality is somewhat more complex. As driven as they are by the necessity to deliver profit to shareholders, retailers are also acutely aware of the risk of a tarnished reputation. Exposure of poor procurement practices could turn off fickle customers, who need little excuse to shop elsewhere. Beyond this, the beginnings of a corporate sustainability movement have emerged from the shaky beginning of Corporate Social Responsibility (CSR). Corporate executives have not abandoned their primary (and legal) fiduciary duty of maximising returns to investors, in favour of pursuing a more altruistic path. However, they have become alive and more enlightened to the benefits of a more sustainable and equitable way of doing business. Just as the need to create sustainable livelihoods for cocoa farmers is increasingly acknowledged as crucial to ensure future supply, so retailers are recognising that the demise of the UK dairy industry would leave them dependent on imported milk, which may become more expensive as fuel costs increase. It is early days, but this has the potential to make farmers' lives easier, as the fruits of their labours become better appreciated.

Conclusion: Fair v local?

Seeing 'fair' and 'local' as competing agendas is wrong. To view the problems of British farmers as separate from those of their counterparts in low income countries ignores many common causes and the potential for the exploration of common solutions.

The conflict between fair and local is often perceived as an environmental one. Avoiding catastrophic climate change does involve changing our patterns of consumption, but shunning imports from poor countries on the basis of their food miles discounts three important factors. Firstly, counter to popular perception, the clear majority of food stuffs from developing countries are shipped not air freighted, with shipping widely seen as one of the more carbon efficient methods to transport goods. Secondly, save for a reversion to medieval food preferences, it seems unlikely that western consumers will forgo products that have now become everyday luxuries, such as chocolate and coffee. Such products simply cannot be grown efficiently in temperate UK climes. Finally, and perhaps more controversially, is the

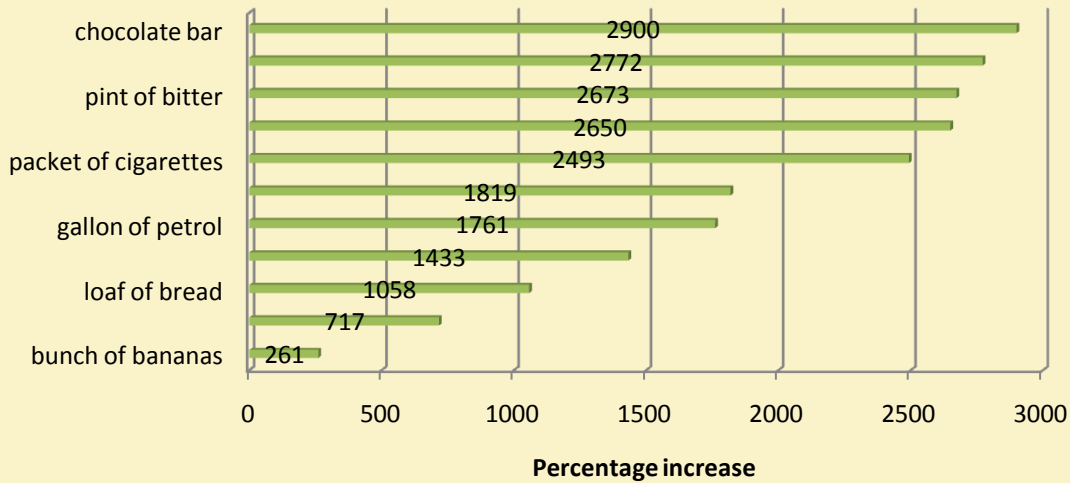
issue of climate justice. Some question why the poorest on the planet, who have benefited the least from an economic explosion, driven by fossil fuels that have put the majority of the carbon dioxide in the atmosphere, should be asked to forgo the economic opportunity from agricultural exports. In particular, why should they do this before heavy emitting societies start severely curtailing their own emissions? This 'heal thyself first' approach is not without critics, most notably, those who predict every extra tonne of carbon in the atmosphere is one too many, regardless of where they come from, because a tipping point has already been reached. The Fairtrade Foundation supports international efforts to properly price carbon in way that encourages sustainable production and supply chains. However, more fundamentally, we support the view that rich countries should move first in reducing their emissions, as well as offering financial support for the transition to lower carbon economies of developing countries, before we close the door to agricultural export-led development.

More generally, when it comes to greater economic inclusion of marginalised farmers, North and South, this paper has shown the responses are similar. Some are tried and tested and working well throughout the globe, like co-operatives. Others are partially employed, for example giving consumers the tools to make informed decisions about the provenance and production of the food on their plate is common for agricultural products coming from developing countries, such as Fairtrade. Such schemes are yet to flourish to same degree for domestic farmers. The final group of solutions need wider collective pressure on government to instigate, such as a Grocery Code Adjudicator in the UK.

Yet, the ultimate key to a better life for farmers is the shopper. If farmers struggle at the bottom of the supply chain, then consumers reign at the top. In some ways, they hold the fate of agricultural communities around the world in their hands, or more correctly in their shopping baskets. Changing their preference for uniformly-sized and unblemished vegetables would bring untold numbers of farmers, North and South, into retail supply chains. Changing their preference for different tastes would facilitate bringing new producers into new markets, such as Africa's largest brewer, SABMiller, which is using cassava, a root plant, in the production of beer instead of hops. But perhaps most important of all, changing how they value the food they buy, would transform the lives of hundreds of millions of farmers who struggle to eke out an existence from the land.

As the adage says, 'everyone loves a bargain.' But are all suppliers being asked to pay equally for these bargains? When we look at the relative increase in prices of a basket of goods over the last forty years, something shocking emerges. Whilst a typical chocolate bar has increased by 2900 per cent, a bunch of bananas has only increased by a mere 261 per cent and pint of milk 717 per cent in absolute terms. In real terms, prices of primary agricultural goods have dropped, where their costs have increased.

The increase in prices since 1971 to now



If the price of milk had increased at the same rate as a typical chocolate bar since 1971, it would now cost £5.40 a pint and bananas £7.20 a bunch.

It is a flight of fantasy to envisage prices reaching these levels, except perhaps when you consider a world where marginalised producers are no longer there to plug the gaps in our supply chains. For too long, marginalised farmers have been pressed into providing cheap staples. Consumers undervaluing the fruits of their labour ultimately threaten future supply. Only a radical reassessment, restoring balance in the relationship between farmer and shopper, will lead to sustainable supply chains and sustainable livelihoods for all.