

**ENVIRONMENTAL, SOCIAL AND
ECONOMIC EFFECTS OF**

DIRECT MARKETING OF FARM PRODUCTS

AN EYE-OPENER FOR DECISION-MAKERS



1. INTRODUCTION

I was looking for interesting and healthy recipes when I found two funny ones: “All season fruit salad that causes global warning” and local fruit salad. For me it was clear that I will serve the local one on the table of my family. The first salad is made of pineapples from Mexico, bananas from Columbia, mangos from Brazil, kiwis from New-Zealand, papayas from Australia and durians from Thailand. The other one is a mix of apples, pears, walnuts and raisins you can get from your own garden – or buy from your neighbor or local market without any problem. We believe that main food commodities must be produced locally.

In this short publication we would like to show the real advantages of direct marketing supported by the government from a social and economic point of view not overemphasizing the obvious environmental benefits. The transparency of food production is often important for consumers, but while the idea “from farm to fork” is mentioned in several frameworks, it seems not to be working in practice. The best-practice examples are meant to inspire you to promote this simple and fair form of marketing farm products so that farmers and consumers can both benefit from it across Europe.

Environmental, Social and Economic Effects of Direct Marketing of Farm Products
An eye-opener for decision-makers

Contributors: Agora Working Group for Sustainable Development (Romania), Alliance for the Living Tisza (Hungary), Association of Conscious Consumers (Hungary), Estonian Fund for Nature (Estonia), NC “Future Now” (Bulgaria)

CEEweb for Biodiversity is an umbrella organization of nature conservation NGOs in the Central and Eastern European region. The mission of the network is the conservation of biodiversity through the promotion of sustainable development.

www.ceeweb.org

Text | Rita Francia, Andrea Szabadkai and Kaia Lepik

Editing | Rita Francia

Design | www.farm.co.hu

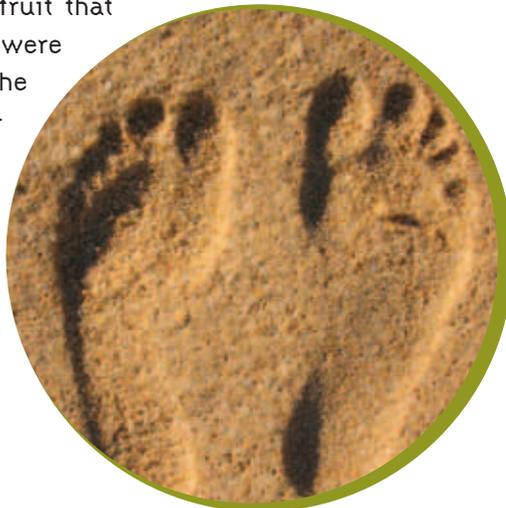
2. ENVIRONMENTAL EFFECTS



In our globalized economy it is no problem to transport goods so today it is quite normal to see exotic products in Central and Eastern Europe. Today's food production and trade is an agricultural and culinary dystopia our great-grandparents could not even imagine. (But we have to wake up soon from this dream for several reasons. Although the price of exotic products often seems lower than the price of the local products, in reality we as consumers pay a lot more to get them.

Insuring food security is the biggest challenge in global food production and trade. There are chemicals used in one country as a pesticide or preservative, the same chemical might be forbidden in another country and declared to be risky and dangerous to human health. It is almost impossible to control the circumstances of exported agricultural products and it is also impossible to take product samples and test their quality when they enter another country. It can easily happen that you buy some tropical fruit that contains residues of chemicals that were banned a long time ago in Europe. (The big food scandals of recent time support all this.)

There is an other concern related to the boom of imported products: harmful environmental effects like noise pollution and emission of pollutants of freight traffic and trucks,



faster deterioration of traffic infrastructure, the problem of packaging necessary for transportation and the waste these packaging materials produce. A big proportion of green house-gas emission also comes from transportation of goods. All these factors contribute to the ecological footprint of a product. The adverse effects and the cost of solving these problems all fall on society, and eventually on its individuals.

3. SOCIAL AND ECONOMIC EFFECTS

If the demand for local products decreases, local producers will be forced out of the market and become unemployed. However, the marketing of local products is a benefit for the whole region and has positive effects on the lives of locals:

- » It maintains and creates jobs related to local products and services. This way it contributes to decreasing unemployment and migration to other regions, especially to cities.
- » It increases the income of local enterprises and thus the tax revenues of the local government. This local money can be spent on education, social benefits or serve other community interests.
- » It provides a living for poor people who do not have to have a huge capital to start producing local products. With a little creativity and persistence they can start their own businesses.
- » Many of the local products are strongly related to traditions, so their production helps conserve and renew local traditions and develop and strengthen local identity.
- » It makes the region more attractive for tourists – seeing and maybe participating in the production of local goods may be an exciting program for tourists.

Consumers today can still make a decision about what they prefer on their table – but their choices influence the variety left for future generations. So it is the responsibility of decision-makers to ensure that:

- » future generations can also make their choices;
- » family farms can survive and ensure traditional landscape and diversity, produce unique, tasty and high-quality food and hand over all these to future generation;
- » neither producers nor consumers are forced into big, centralized food stores which pay low prices to producers and ask huge prices from consumers – and which are uninterested in the life of the local communities;
- » Central and Eastern European countries should have national fair trade systems.

LOCAL TRADE NAMES ON PROTECTED RURAL AREAS (CZECH REPUBLIC)

The Association of Regional Trade names (Asociace Regionálních Značek) from the Czech Republic has implemented a project in 2004-2005 named "People for nature, nature for people". Three pilot regions participated in the project aimed at the introduction of regional trade names in order to collect and market the local products in the region in an efficient way.

The main objective of the introduction of the trade names was to support local producers and the region as well (image, culture and traditions, landscape, every-day life), to protect local heritage, local cooperation and sustainable tourism. Only nature-friendly, sustainable products are involved like handicraft products, food and agricultural products.

For more information see www.domaci-vyrobyky.cz

4. TYPES OF DIRECT MARKETING OF FARM PRODUCTS

More and more European regions support the idea of *food sovereignty*. This approach emphasizes the protection of environment and healthy food supply and at the same time protects the interest of local communities, producers and consumers. Besides the producers' market there are many other alternative solutions for direct marketing that make it possible to get food from trustable sources while at the same time providing producers with a stable income. The common characteristic of the various solutions listed below is direct marketing of farm products to make the food marketing chain as short as possible.

Local market

A producers' market selling local products is one of the best solutions for direct marketing. Producers can schedule their trade activity for certain days; consumers can find all necessary goods at one place in a big variety. But it is important to make it a REAL local market: on average markets it is sadly quite common that food traders buy their goods from wholesale markets, hypermarkets or abroad and sell them as "local". Personal relations to producers provide some guarantee about the origin of products. Real local markets are community fields as well where people can meet and talk. With small investments this role of the market can be enlarged, for example



"The act of putting into your mouth what the earth has grown is perhaps your most direct interaction with the earth."

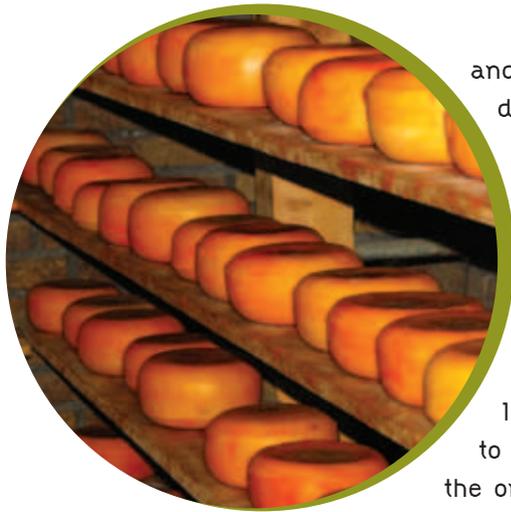
Frances Moore Lappé:
Diet for a Small Planet (1971)

by adding benches, small stages for product demonstrations, cultural performances etc. In this way shopping becomes a pleasant family program.

Organic markets are becoming more and more popular in big cities. Here only certified organic products can be sold.

Data base of local products

With today's internet access it is possible to have updated internet databases of local products in web shops. By using these data bases consumers can find the right products for themselves and they can get in touch with producers directly. A good example for this kind of web-based marketing is in West-Wales. Their mission is „to give everyone in West Wales the opportunity to buy beautifully fresh local produce



and have it delivered directly to their door". More information available at: www.pembrokeshireproducedirect.org.uk/.

Directly from the house, from the farm

This type is not the most comfortable way of buying and selling local products, since the farmer has to welcome all consumers (including the one arriving at a bad time) and the consumer has to travel to get the goods. But

the big advantage is that the consumer can see the circumstances of the production and the farmer can offer the most beneficial price.

Little stands near the road

This is a popular way of marketing farm products in the CEE region: One or more producers make a seasonal stand near the road close to their farms and offer their products for the travelers. This is a comfortable way of shopping; the consumer can buy products by the gross for a reasonable price without turning off the road.



Shop of local products

With the cooperation of producers shops can be created offering their goods. The time spent on selling is reduced and the consumer can also get more diverse products. The shop can be a converted bus; it can transport the products to neighboring regions as well. There are shops selling

local products from a certain region also in cities, the environmental benefits, however, are lower, if the products have to be transported far away.

MOVING CO-OP IN THE NETHERLANDS

This bus was converted into a grocery in the frame of the LEADER programme. The products of the farmers of the local cooperative are sold from the bus: fruits, vegetables, dairy products, pastas, and processed local products, many of them certified organic. Before this kind of marketing most farmers tried to sell their goods at the farm, but most consumers did not go to the farms. The bus stops in all the bigger towns of the region solving the marketing problems of farmers. The success has inspired farmers to find innovative ways of processing food and make new local products available for the consumers in the region. After a couple of years of operation the cooperative could afford to run two buses and a van. Similar initiatives have appeared in neighboring regions as well.

For more information please look at the website of the Hoogeland Leader Local Action Group (2004).

Local Harvest: harvest yourself!

This idea is innovative and has several advantages: the consumer takes part in the harvest and gets the fruits as cheap as possible; the farmer has fewer problems with the harvest and the storing of the fruits.

Community supported agriculture (CSA)

Community-supported agriculture (in Canada: Community Shared Agriculture) is a socio-economic model of agriculture and food distribution. A CSA system consists of a community of consumers and farmers who share the risks and benefits of food production. CSAs usually consist of a system of weekly delivery or pick-up of vegetables and fruits in a vegetable box that sometimes includes dairy products, meat, honey



and processed food products. The consumers pay monthly or sometimes once a year in advance. The price of the box is fixed, but the content varies from season to season. This system works well only if the consumer knows and fully trusts the farmer.

EXAMPLE: BIO FOOD STORE ROOM (HUNGARIAN INITIATIVE)

This project is run by the cooperation of an organic farmer and his consumers. The consumers make their orders on a weekly basis: the farmer can make his plans, the consumer can buy for cheap.

Attila Szeles, the farmer and his family has been dealing with organic agriculture since 2005. He is has been selling his products directly since 1992 when he started going from village to village to market his vegetables. His small network consisted of about 30 pick-up centers where people could take their package according to their previously made order. He had a good reputation; it was not a surprise for him that a Waldorf school asked him to deliver healthy, chemical-free products to the families and the school. This is how the Bio Food Store Room system was born in 2005 after a few months of preparation. Consumers can make their orders through a web shop; the farmer delivers the products once a week. The consumer feed-back is positive; many consumers also regularly visit the farm.

Consumer communities and cooperatives

These communities are usually established by friends or colleagues who decide to buy their food together and organize the purchasing. This is good for the farmer because he does not have to deal with organizational problems, and is good for consumers because they know exactly where the food is coming from, how it was produced and they can get the high quality products at a reasonable price. However, consumers have to share the tasks related to purchasing and distribution. These communities do not need to become a legal entity but there are some so-called consumers' cooperatives which are legal entities having their own small factories, storing rooms and quality-control system. The strongest movements of this kind are in Japan where one out of six people is a member of a consumers' cooperative.

Local product festivals

These festivals are normally organized annually. The event has several aims: apart from the selling of products they also help build the identity of the region, demonstrate the variety of local products and create new business relations. Some festivals are thematic and focus on one local product (onion festival, goose festival etc), others are thematic but have no relation to a certain region (wine festivals).



5. BOOSTING THE RURAL ECONOMY: HUNGARIAN NGO COLLABORATION FOR ALTERING THE LEGISLATION ON SMALL-SCALE PRODUCERS.

The amended decree on small-scale producers entered into force in Hungary on **5th July 2010**. The Hungarian NGO collaboration submitted a proposal package of concrete amendments to the relevant ministries in May 2009, that are to enhance the processing and marketing opportunities of small-scale producers and in this way to boost the income generating power of rural areas. The proposals may boost rural economy and unemployment may be mitigated. The new legislation is unprecedented: it is the result of the cooperation of the collaboration of 53 NGOs and the experts of the Ministry of Agriculture and Rural Development. The coordination of the Hungarian NGOs was managed by the **Alliance for the living Tisza** and **Protect the Future**.

The main amendments of the decree are:

- » Basic products of animal origin (milk, egg, meat etc.) and processed products of small-scale farms (cheese, jam, sausage etc.) can be sold

in the same county where they were produced and in Budapest (if it was produced in that region) or 40 km far from the farm in a straight line to the final consumers, groceries or public catering establishments.

» Basic plant products, apiary products and live fish can be sold to final consumers on the territory of the whole country.

» Small-scale producers can provide services to other individuals and other small-scale producers during processing food (e.g. smoking meat, cleaning crops, drying, grinding and squeezing vegetables, fruits and oily seeds)

» Poultry and rabbit from controlled livestock can be slaughtered at the farm in case the product is marketed to final consumers at the settlement. In this case there is no need for official inspection of the meat (for a maximum of 50 chickens, 25 water fowl or turkeys, 13 rabbits per week). In retail and catering trade the meat of poultry and rabbits can be sold only with official inspection of meat.

» Small scale producers can also provide “village host” service by using products produced or processed by him- or herself.

» In the frame of the “village host” service and the local events it is possible to locally slaughter the animals from controlled livestock (previously announced to the relevant authority) and to process and sell the meat locally.

» Baking ox, making sheep stew, celebrating pig feast at the “village host” and at the rural events is permitted. The participants can eat the pig meat only in case it is substantially baked or cooked. The trichinella test is made by experts and in case of favourable result the meat can be refrigerated, so the “village host” can use it later for his catering services.

» The small scale producer is responsible for the safety and quality of the food sold by him- or herself.

» The food from small-scale production can be sold by family members of the producer as well. (Until now everyone has had to have permission).

» Instead of submitting a manufacturing formula from now on it is enough to fill out a form, so it makes it easier for the small-scale producers to provide data. The providers of “village host” services do not have to fill out this form either.

It is also good news that the upper limits of the quantities small-scale producers can produce or sell have been raised. Some examples:

» Slaughtering and selling the meat from adult or growing pigs, sheep, goats, **ostrich or emu : 6 per week** (used to be 4), 72 per year

» Slaughtering and selling the meat from piglet under 50 kg or lamb under 15 kg: **10 per week** (used to be 0), 120 per year.

» Slaughtering and selling the meat from adult or growing cattle: **2 per week** (used to be 1), 24 per year.

» Slaughtering and selling the meat from **calf under 100 kg: 2 per week** (used to be 0), 24 per year.

» Producing and selling meat products: **70 kg per week** (used to be 50 kg), 2,600 kg per year.

» **Producing and selling dairy products: 40 kg per day.**

» Selling honey and **apiary products: 5,000 kg per year** altogether.

» Selling eggs: **500 per week** (used to be 360), 20,000 per year.

» Pickles: **150 kg per week** (used to be 100 kg); 5,200 kg per year.

» **Products of plant origin processed by heat treatment: 150 kg per week** (used to be 0), 5,200 kg per year.

» Selling other processed products of plant origin: 50 kg per week (used to be 20 kg).

6. AFTERWORD

Despite their environmental, economic and social benefits all types of direct marketing described above are somewhat uncommon in Central and East European countries. There are some conscious organic farmers and consumers who have organized themselves into communities like Community Supported Agriculture or AMAP. Unfortunately buying and selling directly and making direct marketing prevailing are blocked in many cases by legislation. We would like to encourage all decision makers to think over the benefits on the long run when they debate legislation related to direct marketing, small-scale farmers, good hygiene practice and public canteens. Governmental support should focus around the development of rural areas, small-scale use of renewable energy, self-sustaining diverse family farming, high quality GM-free food production and local food process. It is also crucial that in designing the new CAP and RDPs the wish of consumers to consume local food and preserve diverse rural life should be taken into account properly. In this way, success is guaranteed even in the times of an economic crisis when it comes to rural employment, organic and landscape-friendly production, sustaining of biological and agro biodiversity, mitigating the adverse effects of climate change and the energy crisis. This is the local solution based on trust for the challenges of food safety and security.

This publication is available in English, Bulgarian, Estonian and Romanian and can be requested from the CEEweb Policy Office (office@ceeweb.org) or downloaded from the organisation's website.

The publication has been prepared with the financial support of the European Commission.



Design and layout: » www.farm.co.hu

For further information contact Rita Francia » franciar@ceeweb.org

This assessment was realised with the financial support of
the European Commission.

The donor is not responsible for the expressed views and the use of
the information made available.