



Funded by the  
Erasmus+ Programme  
of the European Union



## **EPOS summer course**

Faculty of Human Nutrition and Consumer Sciences

WULS, 3 August 2015

# **Domestic organic food and farming in the global market: the role of sustainable places in the competitive world order?**

Minna Mikkola

University of Helsinki

Ruralia Institute

# Style and Content

- The style of the lecture: based on literature, own publications, by nature interactive and investigative
- Some terminology
- Content:
  1. The organic ideal
  2. Domestic organic food and farming
  3. Global market and governance of food system
  4. The role of sustainable places?

# Some terminology

- **Food supply chain:** from cradle to grave (LCA), from plough to plate, from farm to fork, from gate to plate...input industries to disposal of food (agrichemicals, machinery, seed production, work on farm, harvesting, logistic, processing, storage, global buyer alliances/wholesale/retail/catering/ restaurant (chains))
- **Food chain** – all the actors and actions above + the consumers and customers who are eaters
- **The market** exists when there are sellers and buyers; historically, the marketplace in the town, today agrichemical market, labour market, often the market in food studies means food on sale in the retail space
- **'Free market'** or the market of intense competition, power position within the food chain? **Governance of food chain**

# Some terminology

- **Conventional food**, food from integrated production (**IP**), food labelled according to particular quality schemes: **organic food**, food labelled as 'Protected Designation of Origin' (**PDO**), 'Protected Geographical Indication' (**PGI**), 'Traditional Specialty Guaranteed' (**TSG**)
- **Sustainable food** (?), **traditional food**, **historical food**, food from Genetically Modified Organisms (**GM food**), Genetically Recoded Organisms (**GR food**?)
- Bodies drafting **standards** for **quality schemes** and awarding **certificates** (labelling): state/internationally based bodies, associations, academia, industry's **private labels** (GlobalGAP, BRS, Freshcare...) Tripartite Standards Regime (**TSR**, standards, certification, accreditation), Third Party Certification (**TPC**) auditing industry – information intensity of agrifood increases
- Mutual competition for **power** within the food chain, in the market, entailing **profits** for capital and **positions**

# 1. The organic ideal 1

- Organic food and farming presents an aim at sustainable agri-food systems, the best known member in the 'family of extensive agriculture' vis-a-vis intensive one
- Critical issue: what does sustainability mean?
- Usual definition based on ecological, social and economic sustainability as integrated and synergistic continuity (forever) of the life of a community (including culture, individual life, human rights) WCED 1987
- More and less 'orthodox' understandings as weak (economic) and strong (3 dimensional) sustainability
- Logically, the 'end result' of particular measures for sustainability is never there nor can be known, therefore sustainability is probably best understood as an informed, consequential and experimental orientation for health and wealth rather than pre-fixed set of practices or measures

# 1. The organic ideal 2

- Conventional agriculture: centralization as fewer farms, concentrated resources, extensive marketing, self-interest, effectiveness, business interest, disregard of external costs, material success, standardization
- Organic agriculture: decentralization as more farms, dispersed resources, local/regional marketing, co-operation, more ineffectiveness, way of life, all costs included, non-material values, farming as a holistic system, diversification, portfolio entrepreneurs
- Organic 'reality' (life-style) for instance in Finland and organic 'lite' (technical) in California different approaches to organic

# 1. The organic ideal 3

- Organic food and framing is presented as an interest, even requirement – mostly by consumers and other actors in European directives
- Actually critique to conventional and GM practices and food systems
- Enhances dissonance within the food system between idealists and realists, belief and science, local and global
- Proposed as a global way forward in stead of GM and 'the 9 billion to be fed by 2050'

## 2. Domestic organic food and farming 1

- Local organic and organic food seen as natural, 'pure food', ecological, healthy, animal friendly, economically viable for farmers, more expensive by organic consumers and non-organic consumers
- Expected expansion of organic food and farming in Europe based on estimated demand (surveys) huge – double-figured growth numbers in early 2000
- Reality seems very different – what happened?



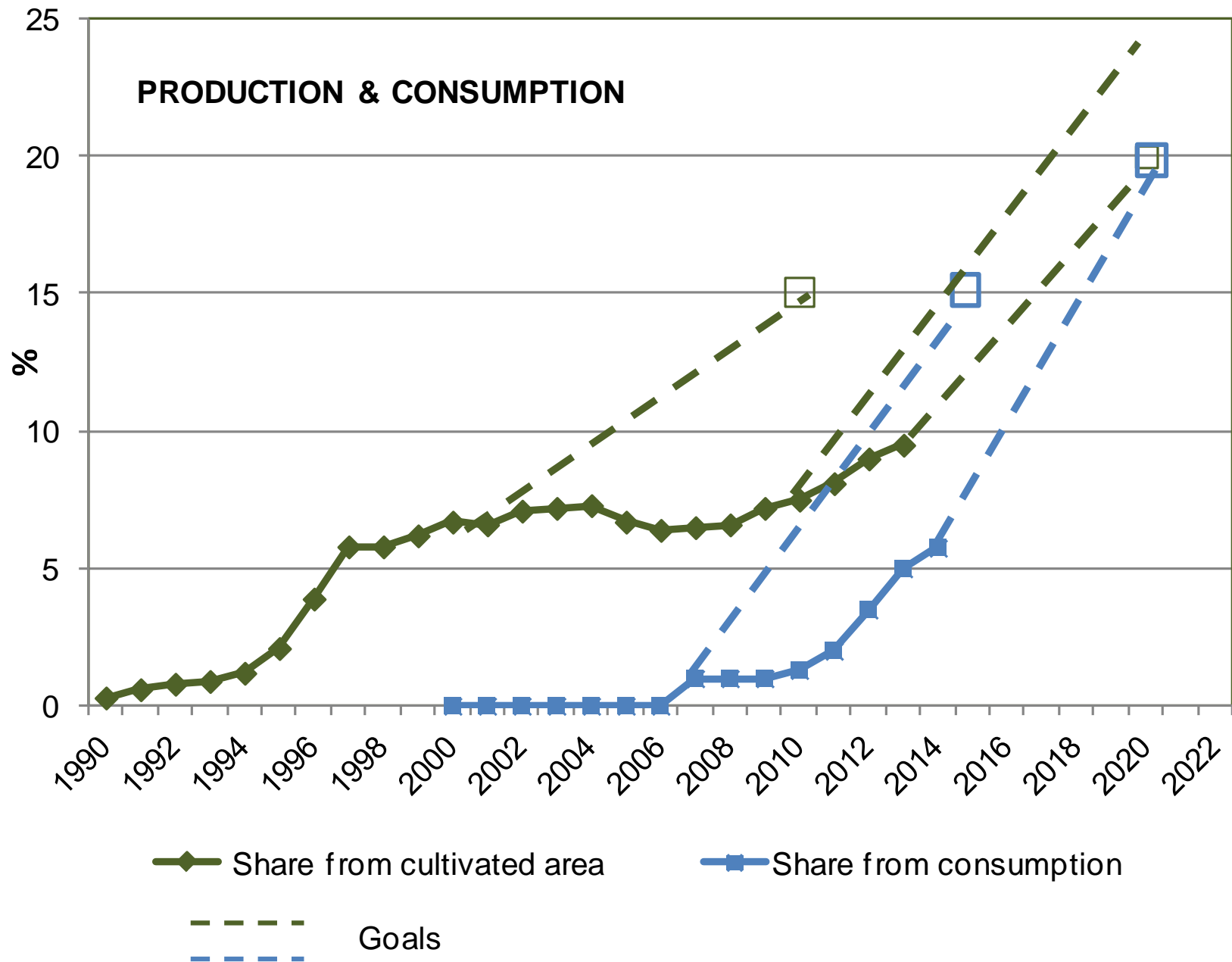


## 2. Domestic organic food and farming 2

<http://www.fibl.org/en/themen/themen-statistiken.html#c7231>

## IMPORTANT MILESTONES

- 1973 Criteria for organic and biodynamic production
- 1970'ies First commercial organic farms
- 1985 Federation of the Finnish Organic Associations
- 1990 National treaty on economic subsidies for farmers in transition to organic production
- 1994 Implementation of the EU regulation on organic production and its surveillance
- 1995 EU membership
- 2001 Strategy of renewable natural resources
- 2002 Steps-to Organic training program
- 2005 Finland's national program to promote sustainable consumption and production
- 2006 Strategic goals 2007- 2015 in developing the Finnish organic market
- 2009 Program for sustainable public procurement
- 2008 Promotion program for Finnish food culture
- 2009 Resolution of the Finnish government on promoting sustainable public procurements
- 2010 Country Brand Report
- 2010 National food strategy
- 2010 Government report to parliament on food policy
- 2011 Introduction of food policy
- 2011 Revised strategy for organic sector 2011-2015
- 2012 Revised program for sustainable consumption and production
- 2013 Foundation of Organic Research Institute
- 2013 Development program of the Finnish government for organic food





# Portaat luomuun

*Ohjelma ammattikeittiöille*

Shows the number of organic food items used in meal preparation – previously less steps and in some EU countries bronze, silver and gold levels

Step 1 – 1 ingredient twice a week

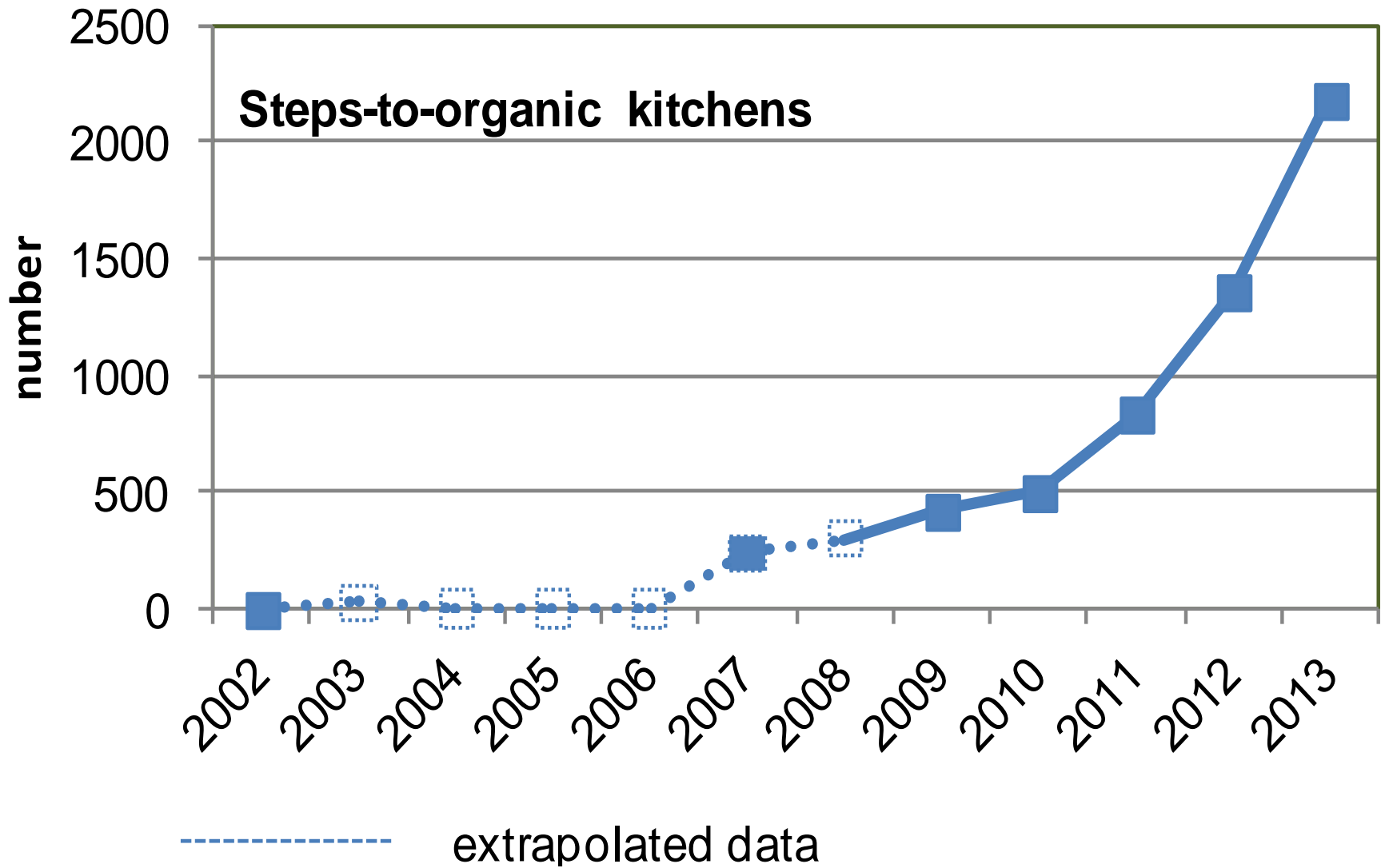
Step 2 – 2 ingredients twice a week

Step 3 – 4 ingredients twice a week

Step 4 – 8 ingredients twice a week

Step 5 – 20 organic products continuously

Stars – lots of organic products in each product category



## 2. Domestic organic food and farming 7

- Typically consumers are grouped according to their frequency of shopping: non-organic shopping, rarely, sometimes, fairly often, often or always organic shopping
- UK consumers cannot see 'what's in it for them' in the organic offer – in US the rBGH dispute made organic milk consumption grow
- Conventions theory about shoppers motives - domestic, creativity, civic, efficiency, market, opinion, (green values?)
- People have multiple goals for their behavior
- In Finland consumers and food chain actors present market, sustainability or bioregion orientations

## 2. Domestic organic food and farming 8

- Young people's discursive orientations (dispositions within food chain) regarding organic: delimiting ambivalence, critical ambivalence, self-centred interests, change oriented interests
- Moral tone of organic food consumption tends to make it an instrument to expressive individualism: to 'show off' as well as a means to express one's (more or less informed) identity for sustainability
- Sources of the self: western cultural sphere is labelled by views about justice, equality, benevolence, no-pain, achievement and identity, secular society, where sustainability steps into belief system – entailing often less in-depth elaboration of connections between words and deeds

### 3.The global market and governance of food system 1

- There have always been global interests within the food system – today's discord new due to volumes of flows, speed of changes, increased riskiness, capital intensity and competitiveness
- From local medieval food market to supermarket as a global success in the end of 20th century
- From 'feast and famine' to cornucopia
- Technological progress: agri-food sciences, food industry, logistics, business intelligence, urbanization made centralization possible
- Demand based food system repeats ancient hierarchy and power on primary production within the food chain – today's consumers and other actors outnumber farmers

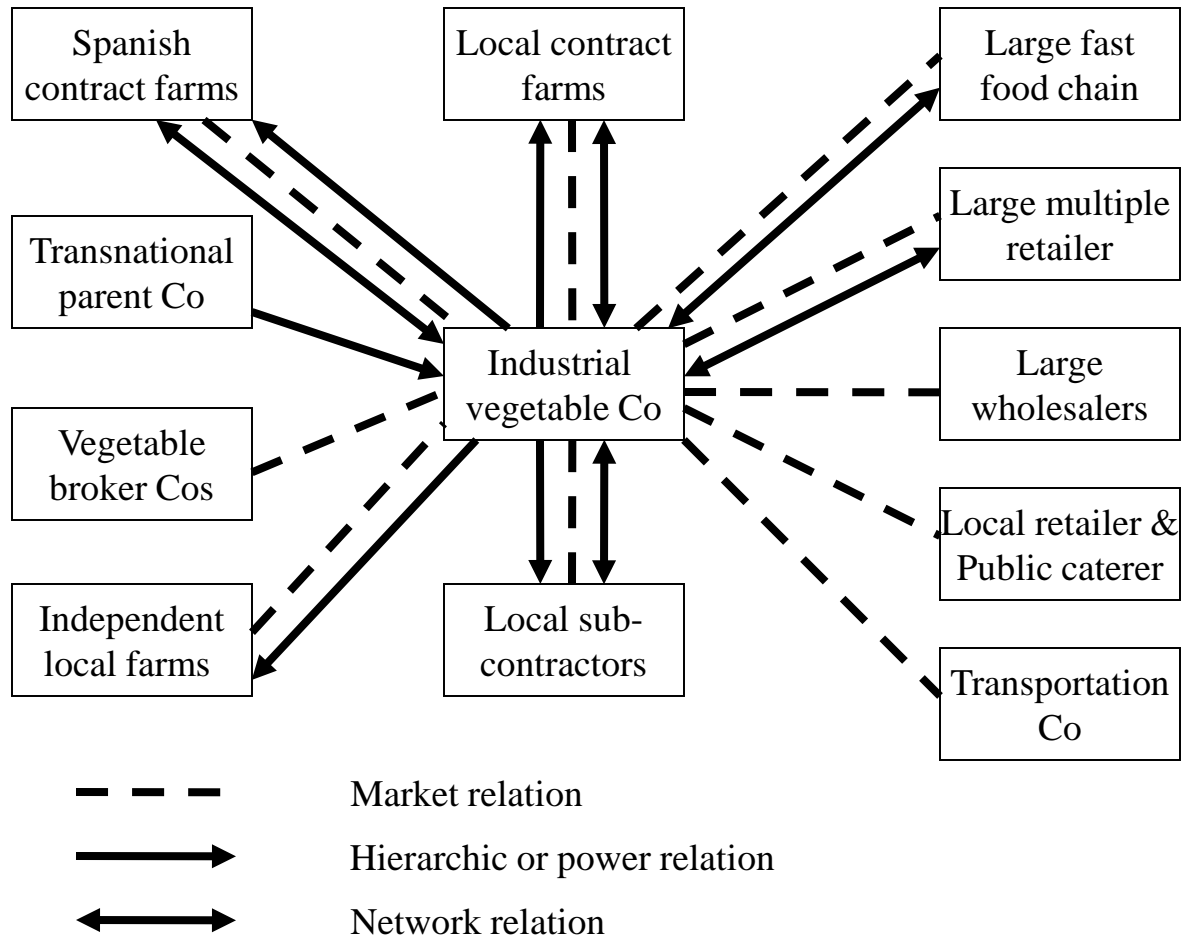


### 3.The global market and governance of food system 2

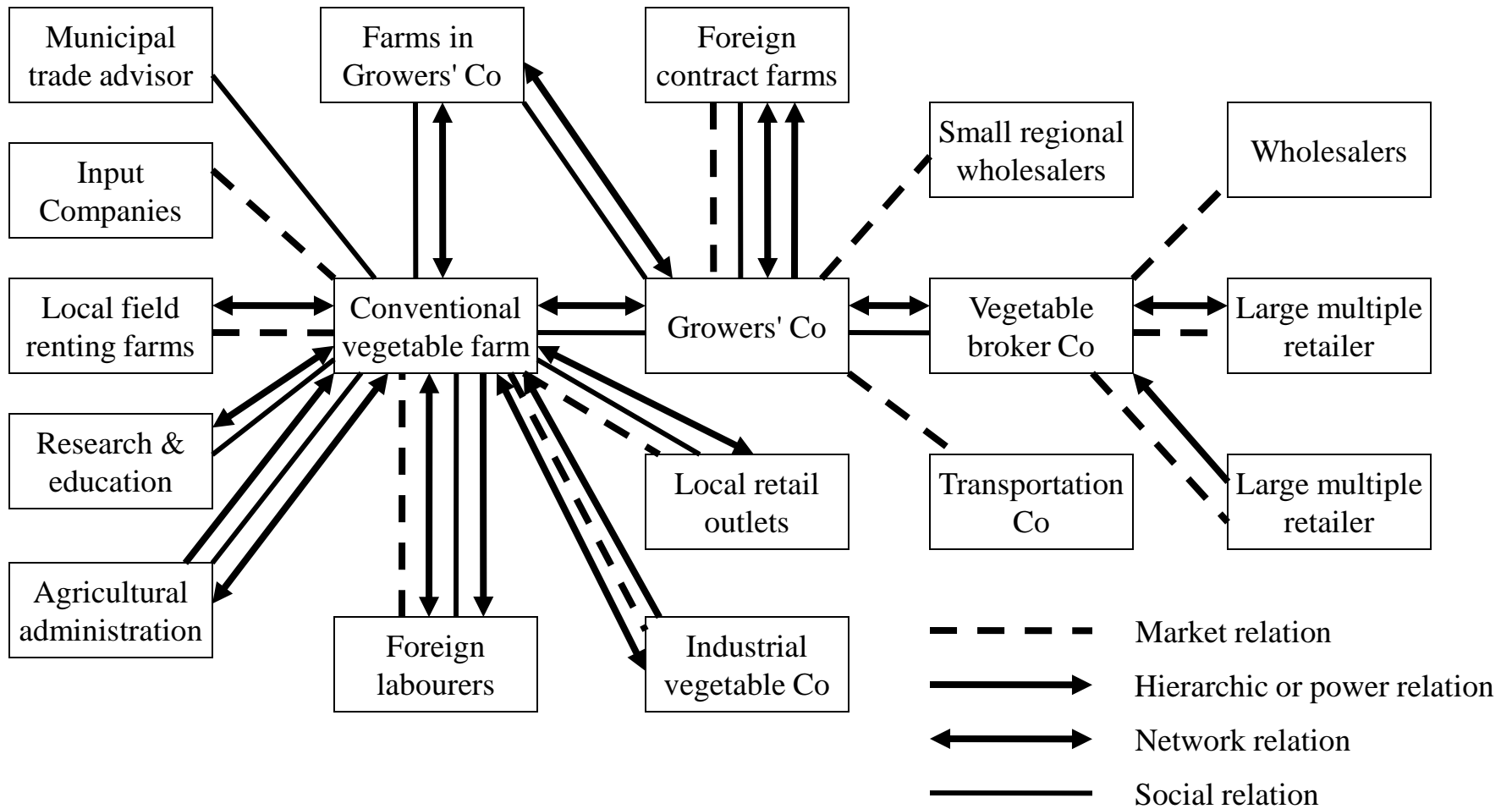
- Within the food chain the market develops towards centralization through competition (invisible hand) within the 'hour glass' of the food system – the retail sitting in the narrowest structural position > retail oligopolistic
- Retail concepts from down to up market, heavy competition by the discounters and convenience stores
- Big volume, technology, convenience, long shelf-life, fat-salt-and-sugar go often together – either conventional or organic (potato chips, ambronite.com)
- Small volume, authentic quality, low-tech, short shelf life, higher price – either conventional or organic (baby carrots, UPM)
- Standards such as state food safety and quality, private standards, organic, PDO, PGI, TSG, Mountain products, etc. no standards for local/regional food - tools for political consumption by political consumers

### 3.The global market and governance of food system 3

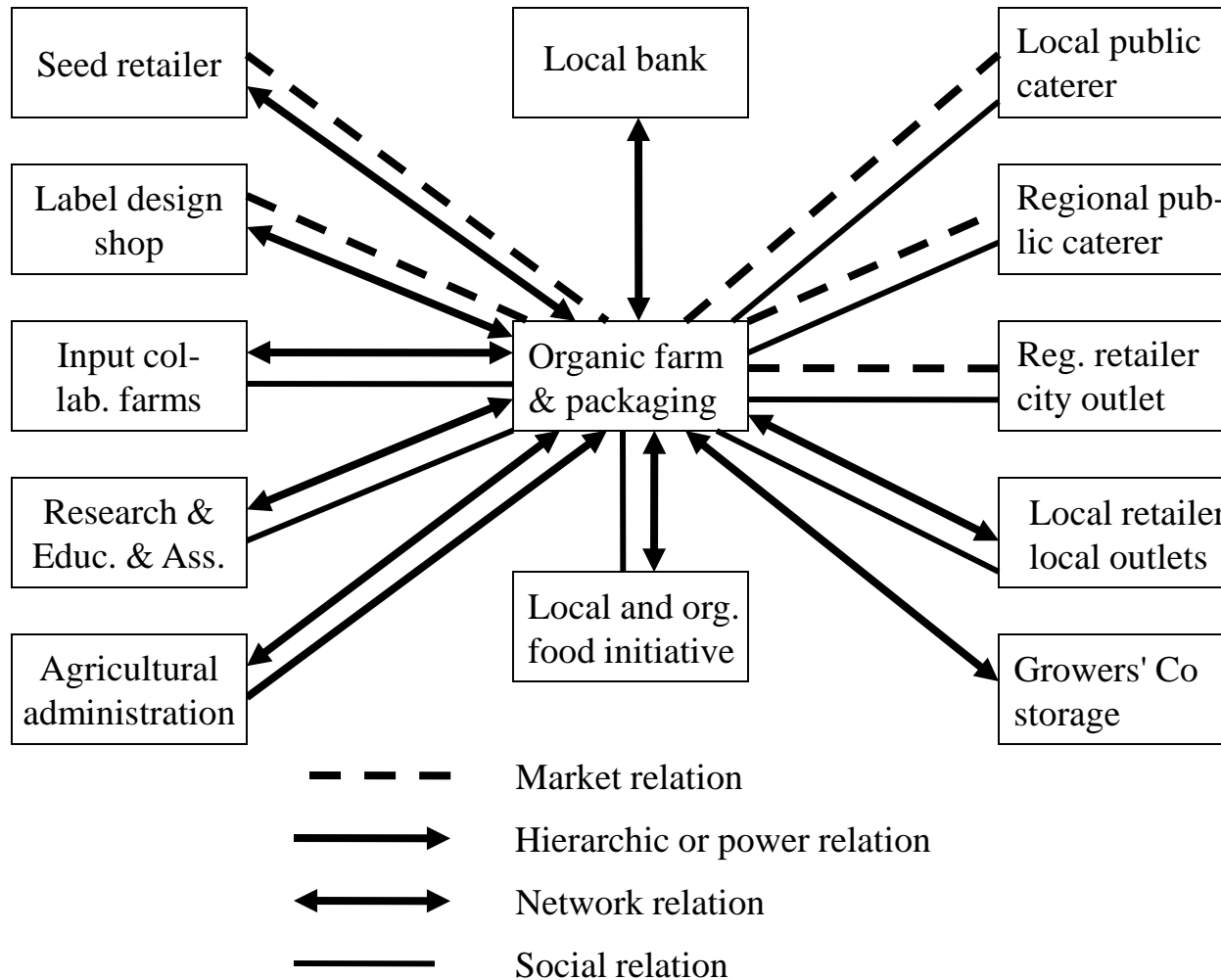
- The basic character of the exchange relations:
- Market – independent, without future perspective, unknown parties, fight for economic benefits
- Hierarchy within the organization or power in the market – operations dictated by authority or economic force
- Partnership – learning, developing and sharing risks together
- Social relations ranging from positive to negative
- Often come together and effectuate on the results of economic exchange – creating structural changes in the market



### 3. The global market and governance of food system 4



### 3. The global market and governance of food system 5



### 3. The global market and governance of food system 6

### 3.The global market and governance of food system 7

- Supermarket mode makes us consumers in the market disconnected with farming
- Free to choose – between 5 000 – 10 000, even more, labelled products
- Considered 'progress' even in agri-food regions left outside of global flows
- Physical and psychological distress due to loss of or inability to derive solace from one's home environment - 'solastalgia' felt by those left outside of agri-food economic viability and who buy their food from supermarkets
- Consumption of the huge majority of population vulnerable for economic fluctuations > call for 'race to the bottom'

### 3.The global market and governance of food system 8

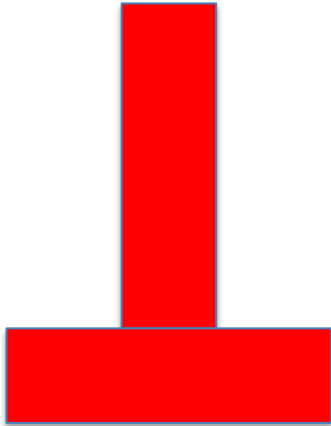
- Retail/restaurant/catering chains wield power due to their capital intensity and they settle the power relation with industry – own labels up to 50% or more
- Capital networks expand from retailers to processors who expand to developing countries
- Independent retailers trade with small producers without economy of scale – and maybe without standards and certificates
- Small people's networks – local heroes
- Ideology, identity, position are different within these models of food trade
- Business concept is a relational message for change

# 4. Sustainable places 1

- Sustainability: to be fit for survival, to foster capacity for work, quality and change, to align with values for life in terms of capital, social relations, health, and ecology
- Meshing centralization with decentralization
- Increasing educational level and human rights
- Emphasising effort and achievement entailing benefits for actors
- Identification of input, acceptance of risk and aim for human excellence by consumers, businesses and organizations within an administrative area as a cause for trading and support



Demand based  
food chain



Aim:  
To please the  
consumer

Negotiable  
Food chain



Aim:  
Joint search for  
Sustainable  
solutions

Supply based food  
chain



Aim:  
Consumption according  
To supply

Alternative models for food chain operations  
4. Sustainable place 2