Agricultural trade globalization under the present neo-liberal economic regime has disempowered and alienated farmers and producers from the rest of the commodity chain. Farmers find themselves out of the loop as soon as their produce leaves their farms. They have been reduced to being end-users of agricultural inputs produced by companies and as producers of raw materials that are processed and manufactured by other companies and thereafter sold to consumers in the domestic and export markets.

“Middlemen” and traders continue to play a significant role in transporting farmers’ produce to the markets, especially in areas where farmers are unable to do so themselves. In fact, in many rural areas across Asia, middlemen and traders do not just buy the farmers’ produce and bring it to market, but provide the production inputs. They have replaced the landlords as the farmers’ main source of credit, either in cash (in times of emergency) or in kind (usually farm inputs on credit or food during the lean seasons). Given the farmers’ dependence on them, these middlemen and traders are able to dictate farmgate prices.

Meanwhile, in recent years the world has witnessed an unprecedented consolidation of agrochemical companies into a few giant entities that now control the world’s supply of seeds and chemicals. Bayer, the biggest of these giants, sold $6.12 billion worth of agrochemicals in 2005 while Monsanto sold $2.28 billion worth of seeds. This consolidation has gone beyond mergers and the acquisition by giant corporations of smaller companies involved in the same business, has extended to expansion of their business interests, from the production of inputs to their processing, distribution and export. The integration of the forward and backward linkages in the agricultural commodity chain has made the influence of these corporations so pervasive that their smallest decisions impact on the lives of farmers everywhere.

With the ever-rising cost of agricultural inputs and the steadily declining decreasing prices of their products in the domestic and world markets, farmers have been condemned to a life of poverty. It is this situation that entices farmers to sell their lands at the first opportunity or else lease it out to corporations involved in large-scale commercial crop production. Without land to till and without viable livelihood opportunities, thousands of farmers across the region leave their farms and join the multitudes of urban poor in the cities where they continue to be economically, socially and politically marginalized. The situation sets off a bigger cycle of marginalization, disempowerment and poverty in rural and urban areas in many developing countries across Asia.
Meanwhile, the strategies that governments have taken in the past to address this poverty cycle have tended to create more problems than solutions. The monoculture production of high-value commercial crops, which governments in the region had enthusiastically promoted as a way of raising farm productivity, has made farming less economically viable, not more, and caused farmers to leave their lands or reduced them to being agricultural workers. Land management schemes, such as contract farming, have further marginalized farmers, both economically and politically.

The liberalization of domestic markets has aggravated the situation of Asian farmers still more, rather than more widely spreading the benefits of economic trade as promised. Pursuant to their commitments to the World Trade Organization (WTO), governments have eliminated trade barriers, either by substantially reducing tariffs on imported goods or slashing subsidies to farmers. Left on their own, with neither the capacity nor the resources to fend off competition from the heavily subsidized producers in developed countries and from farmers in other developing countries, local farmers find themselves more deeply in debt are eventually driven off their lands.

As a result, the income gap between rich and poor countries has widened even more in the past decade, a trend echoed by income discrepancies within developing countries. Agricultural trade liberalization under the neo-liberal economic framework has aggravated the poverty situation across the developing world. The rosy economic figures that trade enthusiasts hold up as proof of the the benefits from liberalized agricultural trade are but a mask, hiding deep inequalities among the population.

Poverty translates to food insecurity. It is ironic that food producers go hungry, yet among Asia’s farmers this is the grim reality of their lives. With very little income, their capacity to buy food also weakens considerably. While farmers can indeed grow food for their family instead of buying it, this is not always possible since much of their land has been given over to the
production of cash crops, with little land left over to grow their own food. Thus, it is not uncommon to see farmers selling their premium rice harvest then buying a much cheaper kind of rice to feed their families.

The low level of education among the rural population only aggravates the situation. Conditioned by exposure to the western media, the rural poor thumb their noses at traditional food items in favor of processed food, which they have come to regard as superior, sacrificing family nutrition and food self-sufficiency in the process. Traditional knowledge and practices, such as backyard cultivation of vegetables and fruits, have been abandoned, with serious consequences on rural health and biodiversity. The diverse food base that used to characterize the traditional rural diet is now under assault from the introduction of uniform commercial hybrid seeds catering to market demands and of cheap imported fruits and vegetables flooding the local markets.

The impacts of agricultural trade liberalization are also felt by consumers who are supposed to benefit from cheap imported products, wider choices and access to products that were not available to them before. While urban middle-class consumers may indeed reap these purported benefits in the short-term, this may not always be true for the urban and rural poor, majority of whom do not have the means to buy these goods.

While the pros and cons of agricultural trade liberalization are still subject to debate, there is no doubt that the current mode of production and consumption has severely alienated consumers from producers and from the agricultural production system itself. Consumers buy agricultural products without knowing how or where these were produced. Like farmers, consumers too do not have any active role in determining the price of the products that they buy and how they should be produced. In an era of global integration and consolidation of interests of transnational corporations, the same companies that supply agricultural chemicals and seeds to farmers are oftentimes the same ones that process or manufacture the end-products sold to consumers.

It is these harsh realities of agricultural trade liberalization that provide the common context to the five case studies that the Asian Partnership for the Development of Human Resources in Rural Asia (AsiaDHRRA) and the Asian Farmers’ Association for Sustainable Rural Development (AFA) have prepared in an effort to contribute to the search for alternatives that will free poor farmers in Asia from the bondage of poverty. The five Case Studies portraying actual initiatives in alternative agricultural trading are: (1) the successful efforts of Green Net in Thailand to market organic products; (2) the initiative by the Philippine Development Assistance Program (PDAP) to link up NGOs involved in organic production and to facilitate the development of markets for organic produce in the Philippines; (3) the direct producer-consumer collaborations in Japan under the Seikatsu Club Consumers’ Cooperative; (4) the pioneering work of Oxfam-Great Britain in Fair Trade;
and (5) the food security schemes adopted by the Association of Southeast Asian Nations (ASEAN).

The first four case studies were initiated by civil society organizations, while the last one is a regional initiative of governments in Southeast Asia. It is important to note that the efforts documented in these case studies did not all happen at the same time, but were a reaction to specific stages in the liberalization of agricultural trade. Green Net and PDAP’s models of linking production (particularly of organic products) to the market came at a time when tariffs and other protectionist measures were being abolished by governments under pressure from multilateral forums. The Seikatsu and Fair Trade models were introduced long before the WTO came into the picture but even then the effects of the General Agreement on Tariff and Trade (GATT) and the aggressive corporatization of agriculture had already started to hurt farmers and consumers in both developed and developing economies. The ASEAN food reserve scheme was introduced and revived at two different junctures in the history of agricultural trade liberalization.

On close analysis, these initiatives may be regarded as alternatives to the dominant agricultural trade liberalization model, yet they continue to operate within the neo-liberal economic system that underpins the current rules and policies of agricultural trade. All of these models adhere to the rules of domestic and international trade since they operate within the legal system. While this is the reality that they have to operate in, these alternative models seek to advance development paradigms that are fundamentally different from the current neo-liberal framework. They aim to free farmers from the different forms of dependence that the dominant trade paradigm has developed in them. By engaging the system, these alternative approaches hope to ultimately change the system and introduce radically new paradigms that serve the interests of the people.

The commonalities that cut across these five case studies are discussed in the following sections of this Synthesis Report, with particular consideration given to the differences in context and time when the alternative models were introduced. The peculiar context, strengths and weaknesses, challenges and opportunities faced by each alternative are discussed in detail in each case study. The analysis of the commonalities and distinct contributions of the case studies serves as the basis for the identification of the key elements that characterize viable alternative models to agricultural trade liberalization. The last section of this Synthesis Report discusses the common challenges faced by alternative models to agricultural trade liberalization.

**Breaking Free from the Trap**

Oxfam’s Fair Trade, Japan’s Saikatsu Club, Thailand’s Green Net and the Philippine’s PDAP all started as conscious and direct responses to the realities of the dominant agricultural system in the particular context in which they
were initiated. All involved efforts to free farmers from the debt-poverty cycle, and to provide consumers with better quality and fairly traded products. Using different approaches, the four models eliminated, or at least significantly reduced, the role of traders and middlemen by directly linking or facilitating the linkage of farmers with consumers and the market.

Oxfam introduced the Fair Trade concept in the late 1950s in a pioneering effort to give a fairer price for the products of farmers in developing countries. This was a departure from the relief mentality that characterized the activities of charity organizations at the time. The Seikatsu Club started offering fairer prices and better terms to farmers in the 1960s, mainly to sustain farming in Japan in the midst of the government’s aggressive push for industrialization after World War II. Thailand’s Green Net promoted organic production among farmers to get better prices for their produce. PDAP likewise banked on the market edge of organic products to provide higher returns to farmers.

While there are very few independent studies to verify claims of successes in terms of increasing farmers’ income through these interventions, the internal evaluations conducted by the proponents showed significant increases in the income and overall standard of living of the farmers that they have worked with. The internal assessments of these alternative models also took into account problems and challenges faced by the model which all point to the fact that breaking free from the bondage of debt and poverty takes a long, difficult process. Long years of being trapped in the debt-poverty cycle and being dependent have molded farmers’ perspectives and largely eroded their confidence in their capacity to improve their lives. Dependence on a system that provides farm inputs on credit, cash in times of emergencies and a ready market for their harvest, even at exploitative prices, has severely stunted farmers’ skills as rural entrepreneurs and as active stakeholders in the commodity chain.

Beyond offering higher prices and fairer terms to farmers, all four alternative models initiated by civil society groups encouraged farmers to add value to their products to increase their price and to expand their off-farm income sources. The Green Net and PDAP models promoted value-addition among farmers by shifting to organic agriculture. The Seikatsu Club experience encouraged farmers to diversify to the production of high-quality farm products to provide better choices to consumers. The Oxfam Fair Trade model supported farmers’ efforts to process their own produce into value-added products that command higher prices in the market, such as roasted coffee and muscovado sugar, as well as farmers’ ventures into traditional craft production.

All these efforts pointed to the direction that giving higher prices for farm produce and extending fairer terms to farmers can only be sustained by encouraging farmers to think beyond merely producing raw materials towards adding value to their products and widening their income base.
through off-farm livelihood enterprises. With increased income from various sources, farmers are able to pay off the debts that they have accumulated through decades of entrapment in the debt-poverty cycle.

**Reconnecting with consumers**

The four case studies all share the objectives of closing the gap between farmers and consumers and of eliminating, or at least significantly reducing, the influence of middlemen/traders. (See Diagram 2 for the illustration of these alternative agricultural trading models in terms of farmer-consumer relationships.)

The Seikatsu Club Consumers’ Cooperative in Japan is a shining example of directly establishing linkages between farmers and consumers through its *sanchoku* system. Through sustained efforts since 1965, the Seikatsu Club has totally eliminated the need for traders by building mechanisms that allow consumers and producers to share information, discuss their respective concerns and aspirations, and negotiate on quality, price and terms of production.

The PDAP, Green Net and Oxfam Fair Trade models, on the other hand, facilitate farmers’ access to markets either through direct contact with consumers’ groups, domestic retailers or the export market. All three models involve intermediaries between the farmers and consumers, which in general are either non-government organizations (NGOs) supporting the production efforts of farmers or peoples’ organizations (POs) directly representing the farmers themselves. Oxfam-Fair Trade has the most defined relationship with intermediary organizations, with clear standards on profit margins, relationship with farmers and concrete criteria on what constitutes “Fair Trade”. Green Net functions like a central marketing mechanism that deals either directly with farmers’ groups or with support NGOs.

Both Oxfam-Fair Trade and Green Net facilitate the marketing of farmers’ products, either procured directly from farmers or through intermediary organizations, in the export market. Oxfam-Fair Trade especially has a vast network of Fair Trade organizations in many developed countries, especially in Europe, where Fair Trade products from developing countries are marketed. In both set-ups, farmers can directly or through support organizations market their products in the domestic market if they opt to do so outside of the Green Net or Oxfam-Fair Trade channels. There are partners of Oxfam-Fair Trade too that have managed to tap the export market through other channels, hence broadening the market for their products beyond the Fair Trade network and increasing their chances of becoming independent.

A very interesting feature of these models with regard to establishing farmer-consumer linkages is their flexibility to respond to specific situations and
opportunities that arise. Farmers and intermediary organizations are not locked into an exclusive relationship with the proponents. In the PDAP and Oxfam-Fair Trade models, for example, farmers’ groups and intermediary organizations are encouraged to explore other marketing channels for their products, both domestic and export, and to establish direct linkages with consumers and retailers. It is common among PDAP partners, for example, to have their own marketing outlets or to maintain direct relationships with consumers and retailers outside of the channels facilitated by PDAP at the national level. In the case of Oxfam-Fair Trade, the most successful partners that were able to sustain their production and marketing efforts are those that have successfully opened up other channels to sell their products to consumers locally or abroad.

Some may argue that the intermediary organizations that provide the link between farmers and consumers in these alternative agricultural trading models are essentially acting as middlemen/traders. This may be true if there had been no change in the paradigm involved in the entire scheme and in the orientation of the actors involved. The Oxfam-Fair Trade model takes this concern seriously by defining clear rules and standards that govern the relationship between farmers and intermediary organizations, including the level of profit margin allowed to sustain the operations of the intermediary groups. Such may not be as clear cut in the examples of PDAP and Green Net, but the overall paradigm that underpins the agricultural trading models that they are following is undoubtedly different from the kind that governs the traditional relationship between farmers and middlemen/traders. The active participation of farmers and the transparency that characterizes the setting of prices for farm products distinctly set these alternative schemes apart from the traditional mode that has entrapped farmers in a cycle of debt and poverty.

Diagram 2: Farmer-Producer Links in Alternative Agricultural Trading Models

*Seikatsu Club Consumers Cooperative*

Farmers ← Consumer

*Green Net*

Farmers → Support POs/NGOs → Green Net → Domestic Consumers

*PDAP*

Farmers → Support POs/NGOs → Retailers → Domestic Consumers
By cutting off, or at least significantly reducing the role of middlemen and traders, farmers have a more direct relationship with consumers and better bargaining power in the commodity chain. The Seikatsu Club sets an ideal example, through the sanchoku movement, of how farmers and consumers negotiate closely and regularly in setting the price and defining the quality of farm products. The Oxfam-Fair Trade model also provides a mechanism to give farmers access to information on the factors that affect the setting of prices for their products as well as makes them active partners with the intermediary organizations in determining the price for their products.

The efforts meant to empower farmers did not come easy, as the experiences of these models have shown. Accustomed to having a string of middlemen and traders between them and the consumers of their products, farmers generally do not have the skills and confidence to deal directly and negotiate with consumers. A lot of effort went into building the capacity and confidence of farmers to deal with the actors in the commodity chain, especially with consumers whose interests are generally seen as diametrically opposed to the producers’. The Seikatsu Club model has proven that, given an effective mechanism and long years of sustained cooperation, the interests of farmers and consumers can be complementary.

**Cutting the cords of dependence**

All four case studies point to the urgency of addressing the roots of the debt-poverty cycle by weaning farmers from different forms of dependence. First is the dependence on expensive farm inputs such as agricultural chemicals, fertilizers and commercial seeds. The PDAP and Green Net models tackled this dependence by exclusively promoting organic production in agriculture among farmers. Both models, through their partner organizations working directly with farmers, actively promoted on-farm compost production, use of organic fertilizers, adoption of ecological pest management methods, revival of traditional and indigenous farm practices, among other approaches aimed at reducing dependence on commercial inputs. With less chemical inputs, the profit margin of farmers on the same piece of land would be higher even with increased labor costs. In the Seikatsu Club model, it is the demand
from consumers for high-quality, ecologically sustainable and culturally-consistent products that has actually driven farmers to reduce their use of chemical inputs and completely shun genetically modified seeds.

The other form of dependence has to do with credit, which is closely tied to farmers’ dependence on external inputs and partly due to their lack of financial capacity to meet household emergencies. PDAP addressed this concern by providing a special credit window, in partnership with a government financing corporation, for farmers involved in organic production. Oxfam-Fair Trade extends financial grants and loans directly to farmers’ groups and intermediary organizations to support their production efforts, which is the same approach adopted by Green Net. Consumer power served as Seikatsu Club’s main resource in supporting farmers’ production of high-quality and safe food.

All these financial and credit schemes are intended to support farmers’ production activities and immediately cut their dependence on usurious loans. In general, credit support for production under the alternative models comes in the form of loans which farmers, who would not normally be eligible for under the criteria set by government lending agencies and private banks, can easily access, or which do not require collateral and charge affordable interest rates. By complementing the financial scheme with marketing support involving fairer terms, farmers are expected to pay off their old debts and gradually gain financial independence.

The third form of dependence addressed by these alternative models is the farmers’ dependence on middlemen and traders to gain access to the market. The four alternative schemes tackled this particular form of dependence through various approaches described above, all aimed at eliminating or significantly reducing the role of traders and middlemen by forging closer links between farmers and consumers.

**Building capacity, confidence and trust**

Notably, all four models include various processes and mechanisms to build the capacity and confidence of farmers as the most important actor in the commodity chain, as well as to build the trust among farmers, consumers and intermediary organizations. The people-based development paradigm that guides these models is very evident in the strategies and approaches to community organizing, community development, capacity building and education that are integrated in their activities.

The PDAP, Green Net and Oxfam-Fair Trade models involve sustained development of the capacity and skills of farmers in the entire process of production and marketing. Training, forums and meetings are part of their regular activities, as well as frequent farmer exchange visits to expose farmers to successful farms and pilot areas. The Seikatsu Club model, on the
other hand, has built in exchanges and exposure between farmers and consumers into its normal operations.

All four models are undeniably based on strong community organizing strategies, with their respective successes hinging on the strengths and potentials of the farmers, people’s organizations and intermediary organizations that they work with. Seikatsu Club organizes its farmer and consumer base directly, while the other three models involve intermediary/support organizations that are directly involved in organizing farmers and communities towards development goals.

**Setting a distinct mark**

The four alternative models involve the use of distinct marks to promote the products from their initiatives. The distinct marks also come in the form of product brands or labels that reflect the alternative process of production and marketing. These brands or labels aimed to distinguish these products from mainstream goods, and also to leave an indelible mark on the consciousness of consumers, just like mainstream media advertising does.

The Seikatsu Club has a distinct product label indicating the origin, process of production and name of producer of each product, with the aim of building pride and confidence among farmers and providing information to consumers. In recent years, it has also included the “No GMO” tag in its product label to assure Japanese consumers of the integrity and safety of the food that they buy. PDAP has registered its “Healthy Rice” label to set its organic rice products apart in the mind of consumers. Green Net has its own prominent “Green Net Organic” label on its products.

Undoubtedly, the most prominent alternative brand among the four models is that of Oxfam’s “Fair Trade” mark which has been around for a few decades now. Across Europe, especially, “Fair Trade” is not just a brand but represents in the consciousness of consumers a set of standards in production, marketing and trading. The “Fair Trade” label has been so successful and widely embraced by the European consumers, and to a more limited extent by consumers in countries such as Japan, Hong Kong and South Korea, that it has evolved its own protocols and standards managed under the Fair Trade Label Organization (FLO). The “Fair Trade” label also supported the promotion of the Max Havellaar coffee brand as guaranteed fairly traded, in response to consumers’ concerns on the documented exploitation of coffee growers by traders and processors. In recent years, “Fair Trade” has also been tagged on products of known food processors as Sarah Lee and Nestle based on their adherence to the Fair Trade standards and criteria.

**Building awareness**
As part of their aim to facilitate markets for farmers’ products, all four models have adopted different approaches to building consumer awareness about their respective products and initiatives. Building consumer awareness performs the dual role of promoting the products of the initiative while at the same time educating consumers on the development paradigm that underpins these alternative models of trading. Education involves not just consumers but farmers as well, and results in terms strengthening community values and promoting self-help, commitment and socio-political awareness.

The Seikatsu Club has evolved into a consumer movement and a political forum over the past four decades of its existence. Awareness building and education among consumers and farmers are integral to the processes that led to the growth of this movement based on the *sanchoku* system of cooperation between consumers and farmers. The traditional Japanese values of community cooperation and social harmony form the foundation of this movement.

Notably, the values at the core of the Seikatsu Club model are the same values fostered in the approaches initiated by PDAP, Green Net and Oxfam-Fair Trade among farmers and consumers through such means as community organizing, information and education campaigns, and even media projection. PDAP and Green Net, for example, have enjoyed a considerable amount of media exposure in the Philippines and Thailand, respectively, in the process of promoting their products as well as the paradigm and values that underpin their initiatives. Oxfam-Fair Trade, being the oldest among the four models, has enjoyed high consumer recall in many parts of Europe over the years. The “Fair Trade” label, consistently promoted through years of sustained campaigning by Oxfam, has been an effective vehicle to raise the awareness of consumers on the concept of Fair Trade and the values that go with it.

Brand-association is the same route being explored by PDAP to raise public consciousness of their products and the inherent values that they carry. Seikatsu’s unique labeling system, which includes information on the origin of their products, the production system involved and the name of the producer, is a more straightforward means of educating the consumers on the production profile of the products that they buy as well as of bringing consumers closer to the farmers who produced the goods. This has brought pride to farmers who are no longer anonymous producers, as well as boosted the growth of the *sanchoku* movement in Japan.

Another common vehicle for the four models in promoting consumer awareness of their products as well as of the underlying messages that come with the initiative is the establishment of shops and stores where farmers’ products are sold. Seikatsu has a wide base of consumers’ cooperatives across Japan, accounting for a 7 per cent share of the food retail business in 1999. Oxfam has its own vast network of Fair Trade shops all over Europe.
Green Net has dozens of “green shops” across Thailand. PDAP does not yet have its own shop but it has managed to get the big supermarket chains in key cities in the Philippines to carry their products; at the same time it utilizes the other alternative retail channels mostly initiated by civil society organizations. These shops and stores generally function as direct outlets for farmer’s products, as information centers and as a venue to educate consumers, especially in the urban areas.

While Seikatsu products are sold exclusively in consumer cooperatives, the three other models have entered the mainstream retail marketing channels to sell their products to mass consumers, besides participating in consumer exhibitions and producers’ fairs. All four models use conventional channels of information sharing and education among consumers and farmers, such as through regular newsletters, forums and discussions.
Going beyond borders

Not all models operate within national borders. Green Net, for example, brings farmers’ products to export markets. It has also crossed national borders in terms of sharing its experiences, capacity and skills in the entire process of the commodity chain, particularly involving organic products. Being a pioneer in organic marketing and trading in Southeast Asia and a successful model at that, Green Net has conducted training and courses to organic agriculture practitioners from all over the world. Oxfam-Fair Trade definitely goes beyond national borders, being an international network of organizations that support and promote the Fair Trade concept. This vast network of Fair Trade shops, particularly in Europe, has provided the market base for products produced by farmers in developing countries around the world.

There are questions raised on the export-orientation of Green Net and Oxfam-Fair Trade’s alternative models, mostly involving concerns about the food security situation in many farming communities in developing countries. Critics say that these export-oriented approaches undermine the alternative development paradigm that these models are promoting for they do not actually veer away from the dominant trade schemes. Green Net addressed this by stressing the important contribution of its “green shops” in key cities across Thailand in its overall business portfolio. Oxfam-Fair Trade’s efforts, on the other hand, also involve non-food products of farmers and rural women and hinge on international cooperation and solidarity between consumers in rich countries and farmers in poor ones.

The fifth case study explored in this Research, the ASEAN Emergency Food Reserve schemes, in contrast, purports to be solely concerned with ensuring food security among the Member Countries of the ASEAN. It was established in 1978 specifically to support the food security requirements of Member Countries in times of food emergencies. The scheme was never implemented in reality, not even during the food shortage in Indonesia in the early 1990s. Even on paper, the ASEAN Emergency Food Reserve is very cautious about the danger of affecting trade among countries in the region, especially in rice, which is a principal export crop of countries like Thailand and Vietnam, and which others like the Philippines and Malaysia regularly import. Despite its nature as an emergency support mechanism, the rules of bilateral trade obviously govern the negotiations for volume and price of rice stocks required by a country suffering from food emergency. The scheme also did not maintain physical stocks of rice to ensure that the local price of rice will not be affected by excess supply.

The Japanese government, under the umbrella of the ASEAN+3 (which includes China and South Korea apart from Japan) has initiated efforts to revive the emergency rice reserve scheme in the region by addressing the flaws and weaknesses of the original set up. Under the new proposed scheme, physical stocks of rice will be kept in different locations across the
ASEAN to be supervised and managed by a regional body to be created for the purpose, to underline the value of regional cooperation. Japan’s interest in the new scheme is purely self-interested; by proposing to keep the physical stocks of rice elsewhere, Japan would ensure that its domestic rice supply would not be affected and thus protect its own farmers.

Unlike the four civil society-initiated alternative models, the ASEAN Emergency Food Reserve schemes do not challenge the neo-liberal trade paradigm that underpins the current agricultural trade liberalization. It is only an alternative to the dominant system in the sense that it puts food security prominently in the agenda of a sub-regional economic grouping as well as fosters regional cooperation and solidarity by providing a mechanism to support Member Countries facing food emergencies. The entry of Japan into the picture further reinforces the schemes’ neo-liberal nature. In the process of serving its own self-interests in trade, Japan has in any case paved the way for a mechanism that would benefit the poor country Members of the ASEAN in times of emergency. Yet, not even their obvious benefits can mask the self-serving motives behind these food schemes.

Commitment, skills and resources to support and sustain

A very important common factor behind the four alternative models advanced by civil society is the strong commitment and capacity of the proponents in supporting and sustaining the initiatives. While commitment to the cause of improving the lives of farmers may be a given, the capacity and competence to operationalize such commitment requires sustained hard work and significant investment. The long years of experience that all four models have gone through in implementing their approaches have allowed them to gain lessons in doing their work effectively. Each of these initiatives has built in the development of the capacity of their staff and personnel in production and marketing processes, as well as in such support components as education, information and skills development.

While financial resources are undeniably important to the success of these alternative models, they are not indispensable. Green Net, considered as the most successful civil society effort in organic products marketing, started out with a few thousand Thai bahts pooled together by its core founders. Seikatsu Club started and is still sustained by the resources of Japanese consumers who collectively believe in building a farmer-consumer movement. PDAP and Oxfam-Fair Trade, on the other hand, represent clear examples of how solid financial support can jumpstart and sustain alternative agricultural trading schemes. Both experiences nevertheless showed that external support coming from the proponents/support organizations will never be sustainable in the long-term, no matter how much resources are put into the effort.

The presence of a strong network of support organizations and constituent base together make up an important element in the success of an alternative
trading model. As an initiative of Japanese consumers themselves, the Seikatsu Club has a natural constituent for its products. Green Net and PDAP count on the growing network of civil society organizations as its primary consumers, expanding to the educated middle class, largely based in urban areas in Thailand and the Philippines, respectively, as their niche market. The increasing health consciousness and environmental concerns among the educated and middle class have contributed to the growth of the constituent base for these models. Oxfam-Fair Trade also works with the same constituency and targets the same consumer niche, but has the edge of legitimacy in the eyes of the European public, owing to its long history of charity work in Great Britain and in the rest of Europe. As one of the oldest and biggest charity organizations in Europe, Oxfam has a vast network of partners and constituents across the world, which provides a very good foundation for its Fair Trade model.

Coming from different experiences, all four models point to the conclusion that the sustainability of an alternative agricultural trading scheme rests on the strength of the constituent base, be it consumers or farmers, coupled with the long-term economic viability of the endeavor.

Earning respect and support of government

Through long years of implementing their respective alternative models, the four proponents have gained the respect and even the support of governments in their specific contexts. Such support, of course, did not come automatically or easily. The viability and successes of the models have increased the credibility of the initiatives, while the competence of the proponents has earned the respect of governments. While acceptance by and support from the government is not widely considered an important measure of the success of an alternative model in agricultural trade, it is a key factor in any attempt to mainstream an approach that has proven to be viable. PDAP, for example, has explicitly aimed to mainstream its alternative approach to developing rural enterprises, hence its conscious efforts in collaborating with relevant government agencies.

The Seikatsu Club has long been considered an institution in Japan, with the government providing incentives and support mechanisms for its various initiatives. Green Net has earned the respect and support of the government of Thailand such that its expertise in the production and marketing of organic products is regularly tapped by government agencies. Green Net was instrumental in the drafting of Thailand’s organic certification standards and even supervised the initial years of its implementation. PDAP follows the same path by engaging the Philippine government closely in the formulation and implementation of policies and programs in organic agriculture. Both are aiming for the mainstream adoption of their respective models by governments, and convincing governments to support and promote their initiatives. As an international organization, Oxfam-Fair Trade does not engage national governments in terms of development of policies and
programs to support fair trade, but is actively involved in international advocacy on the issue.

**Holistic approach**

The alternative models advanced by civil society organizations involve holistic approaches to the problems facing small-scale farmers, from inputs and production, to processing and marketing. Interventions are not solely focused on specific aspects of the commodity chain but embrace the entire system in a holistic package comprised of interconnected components. All four models involved interventions concerning agricultural inputs, credit or financial support mechanisms, production assistance, technical support, capacity building, access to markets, linkages with consumers and even facilitating exports – in a conscious effort to present a fundamentally different approach to tackling old problems.

**Challenges facing the alternative models**

Aside from sharing common elements that could serve as the foundation for other alternative approaches to challenge agricultural trade globalization, the four models initiated by civil society, and even the ASEAN scheme on food security reserve, face common challenges. While there are peculiarities in the particular contexts and environments where they are implemented, all these initiatives are happening in a world governed by the rules of the neo-liberal trade paradigm, as symbolized by the dominance of the WTO in multilateral trade and by the emergence of fair trade agreements in the bilateral sphere.

Based on the five case studies, the following are seen as the major challenges confronting alternative models in agricultural trade:

*Multilateral and bilateral trade regimes*

The increasingly stringent trade rules set in multilateral and bilateral trade regimes betray their real nature. While developing countries are being pressured to bring down all barriers to agricultural trade, industrialized countries continue to protect their own agricultural interests through innovative subsidies and such non-tariff trade barriers as sanitary and phyto-sanitary standards that limit the entry of organic products from poor countries to rich markets. Proponents of alternative trading models may not easily hurdle these technical barriers as they still need to comply with the trade rules in their quest to penetrate international markets. Similarly strict sanitary and phyto-sanitary standards are set in bilateral and regional free trade agreements despite the attraction of preferential access to developed country markets to partners in developing countries.

*Competition from corporate-led agriculture*
With the rapid growth of the domestic and export markets for organic agriculture products, vast opportunities are opening up to proponents of alternative trading models, such as Green Net and PDAP. Such opportunities are also accompanied by big challenges related to capacity to compete with the big players in the organic products market. Major agricultural transnational corporations are already engaged in organic food production in an effort to expand their business and to capture the steadily growing niche market for organic products. Alternative trade proponents engaged in marketing organic products will have to compete with these giants who have access to enormous resources, advanced technologies and a vast global network. While this challenge remains hypothetical at this point, considering that there is still much room for growth in the organic products market, it is expected to become a real challenge in the future as the market gets saturated.

Incoherent and conflicting government policies

Since alternative models also operate within national laws, they are faced with problems arising from incoherent and sometimes conflicting policies of government in agriculture. This challenge is crystallized by the current situation in the Philippines where the government actively promotes organic agriculture while channeling massive resources to chemical-based conventional agriculture and the use of genetically modified seeds. While the government claims that its policy is based on the principle of co-existence, science and the experiences of other countries have shown that the integrity of organic agriculture is undermined when contaminated by genetically modified organisms. This reality confronted Thailand two years ago when it was found that its indigenous papaya variety had been contaminated by genetically modified varieties grown for experimental purposes in government research stations. In a laudable demonstration of political will, and following pressure from importing countries, the Thai government immediately announced a moratorium on the field releases of genetically modified crops.

The same incoherence and inconsistency in government policies may also be gleaned in the area of agricultural credit. Governments in developing countries like Thailand and the Philippines claim to promote the interests of small-scale farmers and to support efforts that alleviate rural poverty. But such motherhood policy pronouncements are rarely reflected in government credit policies and facilities which are either inaccessible to poor producers because of the collateral requirements and high interest rates, or are altogether non-existent.

Balance between food security and trade

Alternative models involving the export of agricultural products are hounded by questions on their agenda vis-à-vis ensuring household food security and self-sufficiency. Criticisms are centered on the reality that while farmers’
products are exported to rich countries, rural families still suffer from food insecurity. The biggest challenge faced by such alternative trading models is how to balance the food security concerns of farming communities and households with the need to take advantage of the opportunities in the export market.

Dilemma of organic product standards and certification

The experiences of PDAP and Green Net demonstrated the viability of mainstreaming alternative models in marketing organic agriculture within specific national contexts. Both are successful, at different levels, in gaining the respect and support of the organic industry, owing to their adoption and promotion of national organic agriculture standards to ensure the quality and competitiveness of local organic produce. While they may succeed in using organic certification as a means to increase the value of farmers’ products while providing healthier and environmentally-friendly alternatives to consumers, the process involved in national certification systems may also lead to the marginalization of farmers who cannot afford the costs of third-party certification or cannot meet the volume required to absorb the cost of organic certification. Moreover, with national organic certification standards and policies in place, farmers would be prohibited from labeling their product as “organic” unless they have gone through the process of third-party certification, for example.

Sustainability

Debatably, the most serious challenge facing alternative models of agricultural trade concerns their long-term sustainability. The models explored in the four case studies were established and sustained through the solid backing and support of NGOs, donor agencies, or consumers’ movements. The ASEAN food security reserve scheme has shown that without concrete support, resources and commitment to translate altruistic objectives into actions, any alternative model, no matter how conceptually viable, will not succeed.

But even with adequate support and resources available to operationalize an alternative model, the question of sustainability remains a challenge. The Oxfam-Fair Trade model showed that resources are not inexhaustible and that there is a limit to how much a program can be expanded. At some point, resources will be exhausted, especially if the economic viability of an enterprise is compromised, or where development priorities change in response to specific situations. Sustainability is best assured by strengthening the internal capacity of the farmers and consumers themselves to stand on their own without support from intermediary organizations, as demonstrated by the Seikatsu Club model. Sustainability should undoubtedly be an integral component of the holistic package of interventions adopted by proponents of alternative models towards the ultimate goal of radically changing the current paradigm behind agricultural trade liberalization.
END NOTES

1 Action Group on Erosion, Technology and Concentration (ETC Group), Communiqué, November/December 2005, p.6