

CROPLIFE INTERNATIONAL PERSPECTIVE ON SMALLHOLDER ACCESS TO MARKETS

CropLife International supports the development of a global trading environment that allows the inclusion of smallholder farmers in agricultural markets, many of whom are in developing countries. Smallholder farmers' entry into international markets is hindered by various barriers along the agricultural value chain. These constraints must be addressed to enable smallholders to benefit from agricultural trade.

Invest in agricultural development for economic growth

Integration into the world economy has proven a powerful instrument for smallholder farmers to benefit from improved livelihoods and economic development.

Agriculture is one of the most profitable sources of export revenue for developing countries: it generates twice as much poverty reduction as any other sector¹. By improving rural incomes, agriculture stimulates economic opportunities and diversification into the non-farm sector, contributing to overall economic growth.

Agricultural value chains link farmers to markets, giving smallholders the opportunity to establish trade relationships that can lead to an increased income and ensure sustainable production.

About 70% of the world's poorest people live in rural areas and most of them depend directly or indirectly on agriculture for their livelihoods. The majority practice subsistence farming, trapped in a cycle of poverty, unable to enter the agricultural value chain.

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Enable access to markets, inputs and knowledge

Smallholder farmers face various challenges in accessing both local and global markets. These include:

- limited credit availability
- poor rural infrastructure
- transaction costs for reaching distant markets
- poor post-harvest storage facilities
- low agricultural productivity
- lack of harmonisation of regulations related to agricultural production

By giving smallholders the skills and tools with which they can sustainably produce larger quantities of high quality food, they can make their own way out of subsistence farming by 1) selling locally; and 2) participating in a strong, stable global business chain.

WHAT NEEDS TO BE ADDRESSED?

- Agriculture's contribution to food security, rural livelihoods and the economy must be promoted.
- Farmers must be supported with tools and training necessary to delivering profitable crops.
- Tariff and non-tariff barriers to farmers accessing key inputs should be overcome and a fair trading system maintained.
- Regulatory processes and standards of good practice must be harmonised across the value chain.

¹ World Bank, Growth and poverty reduction in agriculture's three worlds, 2008

Entrepreneurial skills are central to this. For instance, to meet minimum purchasing requirements set by retailers, farming cooperatives need to be encouraged whereby a number of farmers combine their produce for selling.

Improved infrastructure is important for farmer access to markets, especially in rural areas where transport is limited. Greater investment is needed in basic infrastructure, such as ports, roads, power and communications. Farmers also need access to affordable, quality inputs to produce yields that are marketable.

Operate a fair trading system of inputs

Pesticides play a vital role in controlling the pests and diseases that threaten our food supply. Quality inputs, including pesticides, fertilizers and quality seed, help farmers improve agricultural productivity, contribute to food security and alleviate poverty. A better global trading environment is needed to improve farmers' access to these technologies.

The safety of pesticides for users, consumers and the environment is carefully regulated prior to release into commercial markets. On average, for every pesticide that is registered, US\$256 million is spent on its development, over the course of ten years. Product registrations, permitting sales within a country, are based on comprehensive science-based safety assessments and defined product uses. This regulatory process is obligatory and binding.

Policies need to facilitate trade in agricultural goods through the reduction of tariff and non-tariff barriers to trade. The plant science industry supports the complete elimination of tariffs on pesticides, active ingredients and intermediates. Tariffs greatly raise the cost of pesticides, restricting farmers' access to the tools they need to deal with the adverse effects caused by weeds, diseases and pests. Elimination of tariffs would increase overall competition in the market place, allowing growers to access innovative plant science technologies and produce better quality, high-value crops with premium prices and export potential.

Non-tariff measures, such as import licenses, quotas, border fees and pre-shipment inspections should also be reduced as part of an overall trade liberalization agreement.

A fairer global trading system will improve farmers' access to technologies that have been proven to raise agricultural productivity and further economic development in developing countries.

Align and minimize private retailer standards

A further, increasingly influential barrier to smallholder's access to markets comes from requirements imposed by private retailers. Private retailer standards that ban or restrict use of approved crop protection products create an unfair obstacle for farmers, particularly smallholders. The rise in private standards is disruptive to securing a stable market for smallholder farmers.

In addition, private standards undermine confidence in the government regulatory process, which can lead to unjustified concerns over those products that conform to national regulations but not to supplementary private guidelines.

Such secondary standards do not take into account the different growing conditions and different pest pressures faced by farmers around the world, which require different volumes and types of crop protection. Setting stricter guidelines for pesticide use, as private retailer standards are, demands that farmers use lower volumes of pesticides or stop using a particular pesticide altogether, impacting on their ability to combat pests and disease. This can lead to an increase of resistance in some pests, resulting in severe crop damage. With fewer pesticides available to the farmer, yield losses and higher production costs are highly likely, which can lead to an increase in food prices.

Private standards mean that farmers must realign their farming methods to match the market demands. It is easier for large commercial farmers to make investments to institute the necessary organizational changes and technological upgrades to meet these private requirements; however, this puts small producers at a disadvantage. They also cause confusion as to which pesticides may be used. A lack of communication over pesticide regulations from retailer to exporter is creating problems for producers. Changing and confusing demands can cause wastage of crops that have already been planted or harvested.

Policies need to guard against imposition of new trade rules by private retailers that prevent smallholder farmers from exporting their produce. Smallholders need a fair, stable market to sell their produce to.

CropLife International promotes adherence to existing regulatory processes and existing standards on good practices that are understood and accepted across the agricultural value chain to secure a sustainable supply base that includes smallholder farmers. Through fair market standards, and access to inputs, technologies and infrastructure, smallholders can be given equitable opportunity to prosper in both local and global markets.