



State Secretariat for Economic Affairs (SECO)

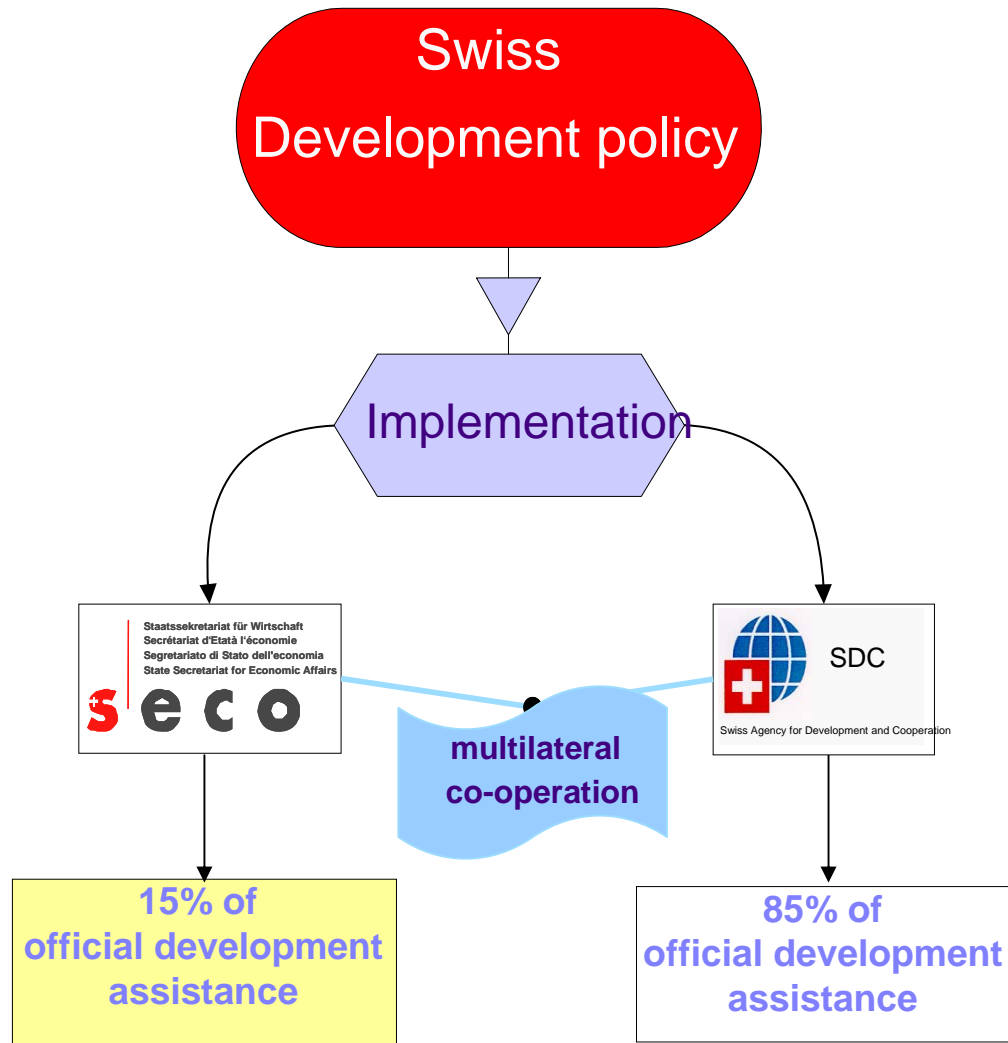
Promoting sustainable production and trade of agricultural commodities

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Strategic approach of SECO economic cooperation

- Contributing to globalisation in favor of development
- Supporting the integration of developing and transition countries into the world economy
- Promoting sustainable economic growth
- Contributing to poverty reduction



Areas of work

- Multilateral financial system
- Macroeconomic framework conditions
- Basic infrastructure
- Private investments
- Trade, including environment-friendly technologies



Starting point for SECO-trade promotion

- Central role of Switzerland as international place for commodity trade
- Importance of Food and Textile industry
- Switzerland membership in international commodities organisations (Coffee, Cocoa, Sugar, Cotton, Jute, Tropical timber)
- Role of commodity exports for developing countries
- Increased demand for sustainably produced commodities



Intervening along the value chain

Demand side aspects

- Tariff reduction
- Non-tariff trade measures (SPS)
- National and international norms, standards
- Voluntary private standards
- „Match-Making“



Intervening along the value chain

Supply Side Aspects

- Support of DC in coping with external regulations and standards
- Transparency, Market research/information
- Strengthening quality
- Customs reforms
- Risk Management



How to address sustainability goals ?

complementary approaches

- Strengthening production and value chain at the pre-certification level
- Strengthening value chain for niche markets
- Strengthening value chain for mass markets



Promotion of attractive niche markets

Objectives

- Increased competitiveness
- Securing market access for producers from developing countries
- Creation of local added value (increased quality and sustainable criteria)

Intervention

- Promotion of specialities:
 - Premium-Product (Kilicafé from Tansania)
 - AOC-Product (Wildkakao from Bolivia)
 - Fair Trade
 - Organic products

Impact

- Closer linkages between strengthened cooperatives and small farmers
 - Improved sustainability and increased income opportunities
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Multi-Stakeholder-Dialogue (MSD) to target mass markets

Objectives

- Ensuring a sustainable and quality oriented supply
- Securing and increasing market shares for producers in developing countries
- Elaboration of sustainability standards or Codes (Coffee/4C, Cotton/BCI, Soja/RTRS, Biofuels/RSB)

Intervention

- Participation of key stakeholder, Roundtable, subsidiary role of SECO
- Voluntary instead of regulatory → market mechanisms
- Capitalising on lessons learned from niche market experiences
- Pilotprojects for testing implementation of standards

Impact

- Large scale application
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Application of risk management tools for the benefits of producers

Objective

- Mitigating income loss of small and medium producers due to price volatility or weather disturbances

Intervention

- Capacity building in using market instruments (futures, index based weather insurance)
- Involvement of leading private sector actors from developed countries (Swiss RE, Rabobank etc.); Pilotprojects

Example

- Weather insurance against Monsoon impacts in India. Number of insurance sold: 230 (2003) to 150'000 (2005).



Impact of sustainable practices

SECO support to COSA project

Objective

- ❑ Training producers to measure and understand the costs and benefits of undertaking sustainable practices and adopting different sustainability initiatives

First testing in the coffee sector

- ❑ Generating science-based information on the social, economic and environmental impacts of the main coffee sustainability initiative

Expected Benefits

- ❑ Improved farm management and investment choices that make chains more sustainable
 - ❑ Information on how different sustainable practices impact producers and their communities
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Way ahead harmonisation and scaling-up

How to reduce farmer's investment needs to adjust to sustainability initiatives?

- Elaboration of joint capacity building tools that are applicable for different sustainability schemes
- Similar standards with different verification methods and requirements: mutual recognition of certification and audit
- Strengthening Local expertise in providing training and auditing
- Further work in cooperation with partners (ISEAL)



Ready to share views

