Creating a green market
Experiences from Green Net–Thailand

Vitoon Panyakul

During the last few years the organic market in Thailand has been booming and the number of green shops has increased from zero in 1992 to around 40 shops in 1997. In the long-term the national market looks quite promising. There is an increased awareness of the health and environmental issues involved in organic food consumption. Due to the macro-economic recession, consumers have had to cut down on 'luxury products' which has affected some categories of organic food and environmental products. However, increasing number of people have become health conscious and are spending more on health food. Because of the economic slump many are tending to cook and eat more at home. This has increased the amount they spend on basic food items, such as rice, vegetables, fruits.

The organic market in Thailand is a new market and there are still only a few operators in the business. A much larger market is waiting to be tapped. At the moment there is little competition among the operators and most of them can co-operate at some level. Present competition centres on product availability, assortment, and product information. In the future this may shift towards product quality and services.

Most sales take place through green shops and green corners in conventional shops. In green shops there is a personal relationship between customers and sale staffs and this is an advantage particularly when it comes to promoting new products. In conventional stores there is little communication with consumers but this type of store is better located and more accessible. A smaller volume of sales passes through regular lunch-time stalls in office buildings and through membership/home-delivery systems. These services make it possible to keep in touch with consumers and their reactions can be passed on to producers thus helping improve product quality.

Outside the domestic market, the Thai-European Fair Trade partnership on jasmine rice has shifting its focus to organic rice. Around 10-20% of a total 150 tons of rice is now inspected by Swiss-based inspectors and certified according to EC regulation. Apart from jasmine rice, the European groups have also become interested in indigenous rice varieties, non-GMO-organic soya oil, and dried fruits.

Improvements are needed
It is clear that to unlock the potential market, we need to improve product quality and quantity. First, most products are only available seasonally: at certain period there is too much and at others not enough to satisfy demand. Continuity must be guaranteed so that marketing can be planned and some degree of reliability is necessary. Second, many products are of low quality and are rejected by the A class consumers who are the largest group purchasing organic product at the moment. Third, product quality is not consistent. In one delivery the product will be good but in the next it will be unacceptable. Fourth, product assortment is limited. There is considerable scope for new product development, especially for processed food items.

Labelling to avoid confusion
Some mainstream traders have launched 'hygienic products' (conventional products contaminated with agro-chemicals at a level which is considered safe) with the support of the Ministry of Agriculture. Many consumers are misled into believing that these products are genuine organic products only to realise later that this is not the case. This confusion may have negative implications for organic trade. The Alternative Agriculture Network together with consumer organisations and concerned groups have initiated a national certification programme known as Organic Agriculture Certification Thailand (ACT). Operating as an independent inspection and certification agency, ACT could provide organic labels for organic food produced according to ACT Basic Standard. More than 100 farmers have been certified by ACT since 1997. The organic ACT-certified products label will become available at the end of 1998. However, due to lack of international recognition, the ACT label cannot yet be offered to organic exports. ACT is, in the process of building up competency with the aim of applying for IFOAM accreditation in the near future.

Fresh products
Most organic producers focus on rice production. There are also a small number of vegetable and fruit growers. Field crops are also expanding quite fast. However, there are very few organic chicken farms and there is no organic livestock production.

Following the collapse of the bubble economy, it seems that there is a growing interest among some farmers and the urban middle class to return to the land. Both Green Net and ACT as well as other NGOs in the Alternative Agriculture Network have received many enquires regarding organic farming techniques and marketing prospects. Green Net, in co-operation with Technology for Rural Ecology and Enrichment (TREE), has organised some workshop. However, due to lack of technical capacity, only basic courses can be offered. The Thai organic movement would find it very useful if there was an international exchange of technical knowledge and training curricula as well as more published materials. These could form the basis for a more comprehensive training programme and provide practical information for those interested in knowing more about organic farming.

Processed products
Food processing is strategically important for the development of organic agriculture and alternative marketing. Organic food processing adds value to raw materials, prolongs their shelf life, leads to an increase in product assortment, provides additional income for women producers and builds

Organic Market Survey
In October 1997, Green Net conducted a consumer survey in Bangkok which showed that of the green consumers currently visiting organic shops. 84% were women and 66% of them were between 21 and 40 years of age. 60% were single and 53% had had tertiary education. Their occupations varied from civil servants, to private company employees and academics. 37% has a monthly income of between 10,000 and 20,000 baht while 34% has less than 10,000 baht. 29% has more than 20,000 baht to spend each month. The average middle-class income would be around 10,000-30,000 baht per month. 43% of the respondents had been consuming organic food for more than 3 years and 27% for 1-2 years. Most of the green consumers were quite conscious of health and environmental issues.

Enquires into green consumers' interest in organic products showed that 97% claimed to be most interested in information about the product itself, while 94% wanted to know about product hygienic and 82% felt it was important to know the address of producers or distributors.

With regard to prices, 58% of consumers felt that present price levels for organic food were too high while 55% found them appropriate. Those respondents who said they were not regular consumers of organic food said this was because only a very few varieties of organic vegetables were available, they often did not cook at home, prices were too high, or Green Net shops were not within easy reach.

up grassroots community enterprises. It can also lead to developing new ways of processing perishable fresh products thus increasing the profitability of marketing operation and can create opportunities for foreign-exchange earnings

At present, local producers only use simple processing technologies such as sun drying, heating, jamming and pickling. There seems to be a large market for processed products but quality must be improved. The Alternative Marketing Network, a network of NGOs working on fair-trade of organic products, decided to focus its development efforts on 13 selected assortments with good market prospects. These products are strawberry jam, dried logan, sesame oil, soya sauce, sesame snacks, palm sugar, shrimp paste, canned water chestnut, local herb tea, dried chilli, wild honey and rice.

Food-Processing by Communities

Many factors have to be considered in setting up a processing unit. These include the issue of the quantity of the raw materials. Quality must be suitable for processing and the price of the raw material must not be so high that it endangers the competitiveness of the end product. Community enterprise needs to be based on sound financial and business plans. Financial investment has always been a stumble block in community enterprise. Local producers often have little capital to invest in such projects. At the same time, very few financial organisations are willing to lend money to local initiatives without some physical quarantees. Given the recent financial crisis, it is highly unlikely that local communities would be able to obtain a loan from private commercial firms or government agencies. Communities, therefore, depend on ethical or green finance from both local and international sources. It may, therefore, be wise simply to contract processing out to local factories.

The technical problems of food-processing and packing can be a little complicated. However, there are several universities and research institutes willing to support a community-based food processing programme. Management is also a critical factor in the success or failure of a project. Major areas to be considered are processing, personnel, finance and marketing. Processing management refers to controlling processing and ensuring that it takes place in accordance with defined objectives and standards. This means technical knowledge and skills, something that local staff and producers often lack. Also personnel, financial and marketing management need to be strengthened as they are often not part of the common culture of local communities.

Consumer campaign

Despite growing consumer awareness, many consumers continue to insist on a ‘consumerist’ approach to food consumption. They often demand that organic fruits and vegetables should look nice, be as cheap as conventional products (if not cheaper), and even that they be available the whole year round. Such demands are not compatible with the natural way of organic farming which emphasises diversity and seasonality.

Organic products must be traded fairly so that farmers can earn a decent income from a financially viable operation. Consumer education and life-style change are therefore crucial to the success of organic agriculture. Recently, Green Net has launched a ‘green consumer’ campaign to encourage health-conscious consumers to act in a more socially responsible manner.

Conclusion

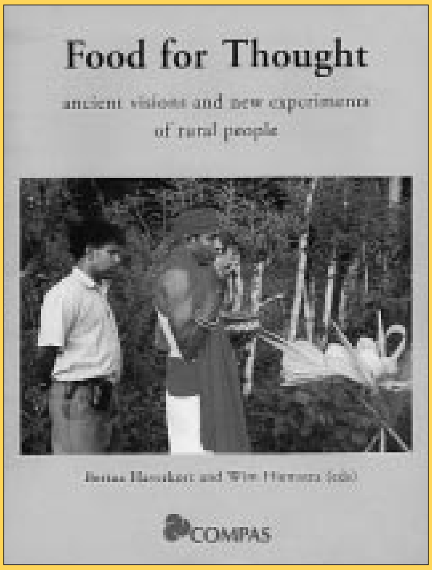
Unlike other markets, an organic market is not born naturally. It is not advisable to wait for conventional market forces to organise the organic market. From Thai experiences, an organic market requires conscious actions and comprehensive efforts to foster its development. Wholesale distributor, retail outlets, production extension, food-processing community enterprises, certification, and consumer education are among the principal pillars of the organic market. These must be developed simultaneously so that each reinforces the other and no element becomes a bottle-neck. National co-operation is certainly required to synergise efforts and avoid duplication and competition. This means that all those concerned whether consumer groups, NGOs, or farmer organisation must develop a strong political will.

■

Vitoon Panyakul, Green Net, 17/3 Soi Lad prao 43, Lad prao Road, Bangkok, 10310, Thailand.
Phone/Fax +66 2 2768023
email: greennet@bkkl.asiaaccess.net.th

References

- Panyakul, Vitoon, 1998 **Assessing Green Economy Activity Report**



Food for Thought presents new insights into the knowledge of rural people. In many societies, good harvests and good health can only be obtained if the laws of nature, community regulations and rules set by the spiritual beings are properly followed. This book hopes to stimulate development agencies to take indigenous knowledge seriously. Based on the experiences and insights of some 15 organizations in ten countries, it goes beyond the technical knowledge embodied in traditional farming, land use and health practices. The book deals with ancient worldviews or cosmovisions and the role of traditional leaders. It draws conclusions about the holistic nature, strengths and also limitations of this knowledge and describes how in various countries in Asia, Africa, Latin America and Europe some development agencies are supporting rural people in carrying out practical experiments based on local concepts. A framework for such on-farm experiments and ideas for a methodology for supporting endogenous development are presented.

Leusden: ETC/ COMPAS; Bangalore: Books for Change; London: Zed Books
ISBN 1 85649 722 4hb, ISBN 1 85649 723 pb; p/237+ color illus.

Claim a discount price by ordering directly from Zed Books, 7 Cynthia Street, London N19JF, UK. Normal price £ 14.95 /$ 25.00 Paperback plus postage. Offer price £ 13.50 / $ 22.50 Paperback with FREE POSTAGE anywhere in the World (apart from India).

In India this book can be ordered (India ISBN 81 87380 06 3) at Books for Change, No. 28 Castle Street, Ashok Nagar, Bangalore 560 025, India, fax 91 (0) 80 5586284. Price Rs. 250/-.