



# **FAO-NEDAC Seminar on Fair Trade**

**And**

# **NEDAC General Assembly 2006**

**July 24 – 28, 2006  
New Delhi, India**

**FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)  
REGIONAL OFFICE FOR ASIA AND THE PACIFIC  
BANGKOK, THAILAND**

**REGIONAL NETWORK FOR THE DEVELOPMENT OF AGRICULTURAL  
COOPERATIVES IN ASIA AND THE PACIFIC (NEDAC)  
BANGKOK, THAILAND**



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# **FAO-NEDAC Seminar on Fair Trade and NEDAC General Assembly 2006**

**24 – 28 July, 2006  
New Delhi, India**

## **SECTION-01**

### **I. INTRODUCTION**

- 1 FAO-NEDAC Seminar on Fair Trade and NEDAC General Assembly (GA) was held at NCDC, New Delhi, India from 24 to 28 July, 2006. NEDAC through a Letter of Agreement (LOA) received funding support from FAO RAP, Bangkok for organizing the seminar in conjunction with the NEDAC G.A. in India. The seminar as well as the General Assembly including a field visit to a co-operative society was jointly hosted by NCDC, NCUI, IFFCO and the Ministry of Agriculture, Government of India.

#### **Major Objectives**

- 2 A. Major objectives of the Seminar were as follows:
  - i To gather countries' experience on Fair Trade and to share/exchange the information/views on Fair Trade by selected countries of Asia.
  - ii To discuss major steps and measures, if any, taken by Government or Co-operative Movement in support of Fair Trade. Also to identify the strengths and weaknesses of the measures taken in support of Fair Trade.
  - iii To identify opportunities and options for agricultural co-operatives in enhancing Fair Trade both at domestic level and amongst countries in the region.
  - iv To develop action plans and approaches for awareness building on Fair Trade and strengthening of Fair Trade activities in the light of market demand and to suggest reforms on policies for capacity building on Fair Trade by Agricultural Co-operatives.
  - v To provide recommendations for country level activities and seeking support from Government or Regional and International bodies or FAO-NEDAC on development and promotion of Fair Trade by Agricultural Co-operatives in Asia.
- B. The objectives of the General Assembly were:
  - i To review NEDAC activities undertaken in 2004 – 2005; to examine and approve NEDAC – financial report (income and expenditure) for 2004 – 2005;
  - ii To elect NEDAC's new EXCOM for 2006 – 2008; to formulate/approve NEDAC work programme for 2006 – 2008;

- iii To discuss about ways and means for increased membership of NEDAC as well as increased funding support and enhanced collaboration with ICA, ILO, FAO and other organizations concerned with development of Agriculture Co-operatives.

### **Attendance**

- 3 The seminar and the general assembly was attended by 20 participants from NEDAC member-organizations in 8 countries (China, India, Japan, Malaysia, Nepal, Philippines, Sri Lanka and Thailand).
- 4 Mr. Shil Kwan Lee, Regional Director, ICA ROAP, New Delhi, India; Mr. G. Ghosh, NPO, FAOR office, New Delhi, India, Mr. Satish Chander, Joint Secretary, MOA, New Delhi, India and Senior Officials of NCDC, NCUI and IFFCO attended the inaugural session of the seminar. Mr. Wim Polman, Rural Development Officer, FAORAP actively participated in the seminar and the General Assembly and provided technical backstopping. The list of participants as well as the senior officials who attended the opening session is at **Annex I**.

### **Opening Session**

- 5 The opening session was inaugurated by Smt. Radha Singh, Secretary, Ministry of Agriculture, New Delhi, India. Before the inauguration, Mr. P. Uma Shankar, IAS, M.D. NCDC and Chairman NEDAC delivered welcome address and Mr. Shil Kwan Lee and Mr. Wim Polman delivered respectively ICA-statement and FAO-statement.

### **Welcome address by Mr. P. Uma Shankar, IAS, M.D. NCDC & Chairman, NEDAC**

- 6 Mr. P. Uma Shankar, IAS, M.D. NCDC and Chairman, NEDAC, on behalf of NEDAC members, NEDAC-Secretariat and on his own extended hearty welcome to all the delegates assembled there for the Seminar on Fair Trade by Agriculture Co-operatives and NEDAC General Assembly. He expressed gratitude and warm welcome to Smt. Radha Singh, Secretary, Ministry of Agriculture, Government of India for her kind consent to inaugurate the Seminar and the General Assembly and deliver inaugural address. He expressed thanks to Mr. Shil Kwan Lee and Mr. Wim Polman for their presence as well as for their support to NEDAC.
- 7 He mentioned that one of the basic objectives of NEDAC is to promote exchange of ideas and experience among member countries on policies, programmes and projects for agriculture cooperative development in the Asia and Pacific Region. To this end, NEDAC has convened a number of conclaves spanning several areas like sustainable agriculture, market information, gender issues, capacity building and legal reforms.
- 8 Several important developments occasion this Seminar on Fair Trade. International trade has become one of the powerful forces driving globalization. Trade has the potential to be a catalyst for development in general and human development in particular. In this context, trade should be seen as a means of development, rather than as an end in itself. But the evolving international trade regime bristles with inequity and

distortions. Increasing marginalization of small farmers leading to growing unrest among the farming community and increasing threat of farm trade being controlled by a few globally dominant companies are the result.

- 9 There has been growing realization that trade should be equitable and based on partnership, dialogue, transparency and respect. While efforts to achieve these goals are on, Fair Trade - a parallel citizens' movement started some 50 years ago to "give people in poor countries a place in the sun of prosperity." Fair Trade organizations aim to make the consumer aware that he has an opportunity to use his purchasing power to tilt the balance in favour of the poor. Although, these organizations initially dealt in handicrafts, they have been expanding their coverage to include a large number of products. This Seminar organized by NEDAC, is to increase the awareness of Fair Trade among the cooperatives in this region and to discuss the possibilities of tying up with Fair Trade Organizations.
- 10 Where do cooperatives come in? Well, they are the largest collections of producers of every kind of goods, be it foodstuff, be it handicrafts. Secondly, importance of cooperatives in rural poverty alleviation is well recognized, we find a mention in UN Secretary General's report to General Assembly. Thirdly, cooperatives, by their very design, with their universally acknowledged values and principles on democratic management, member-orientation, social responsibility etc. are fair trade organizations. Linking up with Fair Trade organization would therefore be logical and would further the food and livelihood securities of millions of people.
- 11 He hoped the Seminar will provide the necessary opportunity and ambience to deliberate on various aspects of fair trade and other issues of relevance for development of agriculture cooperatives. He wished everybody pleasant stay in New Delhi, India. The welcome address is at **Annex II**.

#### **ICA Statement by Mr. Shil Kwan Lee, Regional Director, ICA ROAP, New Delhi**

- 12 Shil Kwan Lee in his address reiterated ICA ROAP's support to NEDAC in its future activities aimed at development of agriculture co-operatives at the grass root level. He presented the role and share of co-operatives in development of the economy in different countries of the world.
- 13 In his verbal statement he emphasized the role of agriculture co-operatives in food security, sustainable production, poverty alleviation, agro-processing and marketing of agricultural produce.
- 14 He also stated that traditional agriculture production system should be improved through strengthening agriculture co-operatives at grass root level and this should be jointly focused in the activities of ICA ROAP and FAO-NEDAC programme of work.
- 15 He stated that ICA ROAP would be willing to collaborate with FAO-NEDAC in income-generating and increased food production activities through co-operatives in countries of this region. He wished success of the seminar.

**FAO Statement by Mr. Wim Polman, Rural Development Officer, FAO RAP, Bangkok**

- 16 Mr. Polman on behalf of FAO welcomed the participants in the Seminar and General Assembly. He stated that FAO attaches high priority to capacity building of Agric Co-operatives in FAO-Reform proposal to strengthen member countries efforts to reduce poverty and malnutrition in the region where still afflicting 500 ml. people. In this region, he further stated, FAO developed solid partnership in co-operative development through NEDAC as Regional Network. As part of this collaboration, upon demand from NEDAC-members, this seminar on Fair Trade has been organized to introduce Fair Trade to the co-operatives in the region and to identify action plan. He wished successful outcome of the seminar.

**Inaugural Address by Smt. Radha Singh, Secretary to the Govt. of India, Ministry of Agriculture, Department of Agriculture & Cooperation**

- 17 Smt. Radha Singh, Secretary, Ministry of Agriculture, Department of Agriculture and Co-operation in her inaugural address stated that Ministry of Agriculture and other organizations namely, NCDC, IFFCO and NCUI felt honored to host the Seminar on Fair Trade and NEDAC General Assembly in India and she extended warmest welcome to all participants. She mentioned that it was a privilege for her to inaugurate the seminar on the role of co-operatives in promoting Fair Trade which was taking place against the back drop of the negotiations of Doha Development Agenda. She pointed out that globalization was an inescapable reality of the present economic environment and international economic forces have driven even reluctant entities towards globalization. The globalization process has tended to strengthen those who were already strong and has fallen far short of the potential to help the world's poorest people out of poverty.
- 18 She stated that Agriculture in most developing countries is a crucial sector on which very survival of a large proportion of the population depends. Agriculture in Asia is characterized by a preponderance of subsistence and resource poor farmers who lack resources to take advantage of the opportunities created by the market. Structural constraints make it difficult for poor countries to facilitate exploitation of markets by small producers. In such a scenario the cooperatives can play a major role in organizing the small producers and thereby developing economies of scale in the marketing of their produce as well as reducing costs by common sourcing, enabling them to get a fair deal both in terms of costs of production as well as in terms of remunerative prices for their produce.
- 19 Cooperatives can impact positively on rural livelihoods through internal reform measures as well as by giving the small producers a voice in the domestic and international market place. Since the governance structure of the cooperative is participative and non-exploitative, its functioning can set the standards and norms of market behaviour towards fairer trade.
- 20 While competition remains the hallmark of a market-based economic system, undue competition among cooperatives need to be addressed. The federal cooperatives need to focus more on their principal role of providing leadership, technical and managerial

support to the member-constituents and help improve the functional efficiency of the latter. If cooperatives are to become model institutions for ushering in fair trade, these structural impediments and functional imperfections have to be overcome. In view of global trend in agri-business, the question really is whether the traditional form of a user owned, controlled and benefited cooperatives with its 5 pillar advantage of :- (i) countervailing power; (ii) access to capital markets on favourable terms; (iii) scale economics; (iv) risk management and (v) income improvement are as relevant and effective in achieving the members' objectives in an increasingly industrialized and global market place.

- 21 With the WTO Agreement on Agriculture (in 1995) it was hoped that distorting elements of agriculture trade will be phased out thereby providing a more level playing field to both developed and developing countries. But this did not happen, and agricultural surpluses in rich countries generated through protection and subsidies which are dumped in the world market have hurt agricultural development in developing countries. As a result of a range of trade barriers, developing countries are systematically excluded from a larger share in the high value added trade. This creates disincentives for investment in local processing where new jobs could be created. This pattern of agriculture trade is creating greater inequalities because developing countries continue to be producers of low quality/low value commodities with consequent implications on livelihood security and poverty.
- 22 Many asian cooperatives in our countries can act as a strong pressure group to steer the negotiations towards rules which effectively reduce protectionism and subsidies in the developed countries while at the same time building in effective and operational special and differential treatment provisions. If investor oriental business have not hesitated in emulating cooperatives in the interest of their development and growth, why should not cooperatives the world over, evolve and learn from the corporate sector? Local response to globalization would lie in strengthening cooperative identity through education programmes, introduction of new and efficient services, gender equality, and business and social alliances. Producers' cooperatives in the western world are undergoing rapid structural changes in response to the need of time. Cooperatives in developing countries must also adapt to the changing times.
- 23 She expressed her hope that the deliberations during the seminar would be enriching and useful and would look into issues/points raised in her speech/paper. She wished all the delegates to take some time off to see the old and historic city of Delhi. Full text of the speech is at **Annex III**

**Vote of thanks by Dr. G.N. Saxena, Executive Director, IFFCO. India**

- 24 Dr. G.N. Saxena, Director, IFFCO, New Delhi, India expressed gratitude and special thanks to Smt. Radha Singh, Secretary, Ministry of Agriculture, Government of India, for her excellent and thought-provoking inaugural speech which provided lot of thoughts and issues on formulation of NEDAC Workplans for the next years i.e. 2006 – 2008.
- 25 He expressed appreciation for the nice arrangements made by NCDC and team-spirit in working together with NEDAC members in India was praise worthy. He hoped that

NEDAC- members would bear in mind the speech of the Chief Guest while formulating the NEDAC Workplans for 2006 – 2008. He wished all participants a successful seminar and offered IFFCO's help in any matter.

### **Adoption of the Agenda and Time Table**

- 26 Before the start of the Seminar, Mr. W.I. Khan with the permission of the Chair briefly stated the agenda and the time table of the Seminar, field-visit and the General Assembly and requested suggestions or modifications, if any, from the participants. The programme was adopted without any change and a copy is at **Annex IV**

## **II. TECHNICAL PAPER**

- 01) Fair Trade and Co-operative – A Resource Paper by Dr. Arun Raste, Director International Resources for Fairer Trade, Mumbai, India**

### **Globalization and Fair Trade**

- 27 Human life has undergone substantial change from the mid 20<sup>th</sup> century. The technological changes and rapid globalization has changed the way to life. An urban dweller is normally seen to be trying to juggle the professional and personal lives without much success. The considerations like upliftment of downtrodden, nation building through poverty eradication have remained slogans for election purpose. Nobody bothers about lack of ethics, corruption and loss of morality in public life.
- 28 Globalization and autonomy of economic relations has also shaken the concept of nation state as a particular form of social organization. Free trade results in denationalization as some of the Trans National Corporations (TNCs) turnovers and influence are more than GDPs of Nation states and market is slowly establishing supremacy over nation state and society at large. Nation State and market are in conflict because markets don't respect human boundaries whether geographical or ethical and markets don't care about welfare and development.
- 29 Fair Trade originated as an alternative approach to evils of globalization as the civil society organizations realized that the poor countries in the south were suffering on account of distortions in international trade. "Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South"<sup>1</sup>
- 30 The Fair Trade movement seeks to use trade as a tool to address inequity in global trade, economic instability and exploitation. Trade is not a goal in itself, but a means to achieve economic and social well being of poor and marginalized. While countries are shifting their political and economic priorities, the poor people are the sufferers. The poor villagers are cut off from the development and state protection, at the same time there is a growing urban middle class that is getting the fruits of market economy. They have adapted themselves to the liberalization process and have reaped the benefit.

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<sup>1</sup> [www.ifat.org](http://www.ifat.org)

Given the large population and growing middle class, converting a fraction of domestic consumers to “Fair Trade” would build sizeable demand.

### **Co-operatives in Fair Trade**

- 31 Cooperatives are a fundamental part of the Fair Trade movement in that the majority of Fair Trade producers are members of various cooperatives. Cooperatives provide a support network for small farmers because they exist for their members by being democratically run, return profits to the producers, and provide technical training. These goals are very similar to the goals and standards of Fair Trade. Cooperatives provide a structure for farmers seeking to become Fair Trade certified through their support to farmers and collective power. As well, several cooperative principles meet Fair Trade standards, mainly, “freedom of association for farmers and workers, and democratic decision-making processes; [and] ... removal of unnecessary middlemen that decrease producer income.” Cooperatives in Northern countries often work with cooperatives in the South.
- 32 Most fair trade cooperatives provide additional social benefits to their producers and often to the whole community e.g. health care, literacy courses, low interest loans etc. These social benefits are paid for by their profits. Improving the profitability of these co-operatives will ensure they have more resources to provide these services to the producers and communities they work with and we therefore expect there to be a corresponding increase in social projects benefiting workers and their wider community.

### **Fair Trade and Cooperatives - natural partners**

- 33 The cooperative movement and Fair Trade both care for the well being of small producers and work towards sustainability. Both believe in democratic set up where the primary producers are in a position to make choices. They also believe in social commitments, and though following different paths they prefer distribution of wealth in fair manner among their constituents. The century old cooperative movement is well organized, deep-rooted and wide-spread. But the global trend is towards decline both in terms of impact of operations and numbers. The younger generation is less interested in cooperatives and there is a need to find ways to reinvigorate cooperatives. On the other hand Fair Trade has an appeal amongst the urban youth, who feel that it is necessary to be just and fair. Therefore they support Fair Trade across university campuses, trade justice campaigns etc. But Fair Trade does not have the robust systems and the vast reach and resources which cooperatives command.
- 34 Cooperatives provide a healthy alternative to manufacturing in sweatshop conditions, where unprotected workers earn below minimum wage and profits flow to foreign investors and local elites who have no interest in welfare of the communities. Fair Trade organizations work primarily with small businesses, worker owned and democratically run cooperatives and associations, which bring significant benefits to workers and their communities. By banding together, producers are able to access credit, reduce raw material costs and establish higher and more just prices for their products. Producers

earn greater return, and profits are distributed more equitably and often reinvested in community projects such as health clinics, childcare, education, and literacy training.

- 35 A co-operative offers to its members advantages of institutionalized ownership, institutional sustainability, a decision-making structure and socializations of the fair-trade premiums. If the cooperative becomes a part of a larger national or international co-operative network, there is a greater chance to avoid the so-called fair-trade trap, i.e. being dependent of a few Northern buyers. Co-operatives can also help in penetrating the domestic markets that very often remain untapped by the internationally oriented fair-trade circuits. Therefore coming together of these two would be a natural process of consolidation and strengthening of producers say in economic and social process
- 36 Since there is no existing Fair Trade market in any of the major developing countries in Asia, there is no distribution system in place. The dilemma would be either to go the Alternate Trade route and open Fair Trade Shops or align with the existing distribution networks. It is here that Fair Trade could gain in aligning with Cooperative movement in the respective countries. While for a Fair-Trade organization, the cooperatives could provide the distribution network, for the cooperatives, it would result in additional market share in the form of enlightened long-term urban middle class consumers who otherwise go to supermarkets. And if they can manage to scale up their existing operations, the cooperatives could get benefits of economies of scale as well.

<b>Fair Trade and Cooperatives common aspects</b>				
	<b>Values</b>	<b>Structure</b>	<b>Income Distribution</b>	<b>Life Quality Improve</b>
		Stakeholders		
Fair Trade	Solidarity Equity Just Reward for Labour	Participative. Small producer led	Equitable, Democratic	Capacity - Building Training
Cooperatives	Solidarity Equity Just Reward for Labour	Participative. Small Producer led	Equitable, Democratic	Capacity - Building Training Environment Protection

- 37 Developing fair trade cooperatives in Asia, will provide new market opportunities for producers and improved sales. This will ensure increased incomes, improved employment opportunities and sustainable livelihoods for the poor and disadvantaged producers. Urban consumers who will learn about the impact of their purchasing practices and be encouraged to change their purchasing practices by supporting Fair Trade cooperatives. New domestic Fair Trade consumers and existing latent demand could be translated into actual purchasing and increased volumes for cooperatives.
- 38 Fair Trade is not a panacea that can solve global inequalities but an important step, both for the producers who benefit because of it now, and for educating community

about ways to spread the benefits of trade fairly to all. If cooperative movement with its resilience, reach and resources joins hands with Fair Trade movement, it would be a win-win situation for all the poor people in the world.

### **III. SUMMARY OF COUNTRY PAPERS**

#### **CHINA (PR)**

39 Small scale and less competitive: most of the cooperative organizations are of small scale and less competitive. Especially when facing large enterprises, these farmers' cooperative organizations would be at a lower position in negotiation. These cooperative organizations are also less stable in terms of management. Fair Trade could help in these conditions:

- Scale economy is helpful for scattered small-scale production to aggregate into larger scale production.
- Promote agricultural standardized production and build well-known brands.
- Complete legal system and enforcement environment so as to promote honest trade and achieve a practical enforcement of laws and regulations against commercial fraud and give deserved penalty accordingly.

#### **INDIA**

40 Cooperatives are governed by principles and value system, which lays emphasis on honesty, equity, equality, self-reliance and fair trade. Considering the importance of the value system, cooperative fair trade would imply that the benefits of international liberal trade can be realized at the optimum level provided that all nations follow fair, equitable and transparent rules and regulations for import and export based on their natural inherent advantages and mutual benefits. In domestic term, fair trade would imply direct connectivity between the producer and the consumers through domestic market mechanism of fair rules such as quality, grading, pricing and margins.

41 The cooperatives will do their best to promote fair trade by adopting multi-faceted policy approach on professionalisation, quality improvement in their products and services; up-gradation of technology, control on management and transactions and diversification of activities. At the same time, it is also essential to lay down scientific and transparent standards and rules which clearly define the basis for the imposition of SPS standards and non-tariff barriers. The combination of these will make the cooperatives work for strengthening Fair Trade.

#### **JAPAN**

##### **Summary from Power Point Presentation by Japan**

- 42 "The area of JA had earlier depended on sericulture and arum root farming traditionally. But, because of the decline in the production of those two items, it was necessary for the JA to look for new crops which can be produced throughout the year and to develop new marketing channels.
- 43 The JA established a new strategy of marketing business which consists of "small production of many kinds of crops" and "direct sales to consumers and supermarkets." JA promoted a priority vegetable promotion project and selected eight crops (eggplant, okra, tara-no-me, leek, soft-leek, green chive, shiitake-mushroom and broccoli), as priority vegetables in the light of low cost of producing them and easy handling of keeping them fresh during transportation and promoted increase of those production.
- 44 JA appointed 24 full-time farmers as "farm advisory staff" and strengthened farm guidance activity to help part-time farmers produce crops that can sell. JA established multiple marketing channels according to skills of farmers and established 5 (five) types marketing channels as stated below:
- i Shokusaikan (farmers' markets, local consumption of locally produced products) – for amateur level farmers JA opened direct sales outlet ("farmers' markets") and made those farmers sell their products priced by themselves with their names and photographs labeled. Farmers had to bring back their products when unsold.
  - ii In-Shop (JA's retail counter in supermarkets) – for semiprofessional level farmers. JA opened retail counter in supermarkets or in consumer co-operative shops in the metropolitan area for delivering agric. products to consumers everyday. Supermarkets buy out all the agric. products. Farmers disclose production information along with producer's names and photographs.
  - iii Comprehensive Cross Trade for a Set of Various Items - for professional level farmers. Bulk of agricultural products are bought by supermarkets or consumer coop shops on agreement. Products are decided in cooperation with the Product Development Department of supermarkets.
  - iv G-Route Market Sales by Subscription - for professional level farmers. "G" stands for good route through Gunma prefecture. Sales of the highest graded products of JA by subscription on fixed amount and fixed price negotiated with mass marketers.
  - v Direct Sales of Products as Gifts – for professional level farmers. Sales of the respective best product of JA as gifts. Most value added and profitable products of JA.

## **MALAYSIA**

- 45 Agricultural cooperatives have generally been set up to support rural people efforts to improve their socio-economic conditions. Successful cooperatives generate income for their members through business transactions. Policies and practices that promote growth and efficiency have to be promoted and those that hinder progress must be discarded.

R & D activities and extension services must be strengthened to help the country to increase crop production, lower farming costs, improve product quality and enhance the sustainability of the environment.

- 46 To reinforce the marketing activities of agriculture cooperatives or farmers' organizations, a planned marketing system as like the contractual market and supply system by the BA-AFO is vital in the realization of a successful marketing process. Strengthening the local market and trade cooperation among other country will eventually help increased efficiency in production, processing and distribution. This will reflect the capability and competitiveness of agriculture cooperatives and farmers' organizations among member farmers towards trade globalization.

### **Malaysia's Fair Trade Policy**

- 47 As the 17<sup>th</sup> largest exporting nation in the world, Malaysia will continue to face challenges in the light of developments under the World Trade Organization (WTO), ASEAN Free Trade Area (AFTA) and ASEAN Investment Area (AIA). Malaysia will enact several new acts and amend certain provisions of existing legislations to comply with WTO including intellectual property rights of the Trade-Related Intellectual Property Rights (TRIPS) Agreement. The Government will continue to disseminate information to the private sector on the latest developments in international trade and support private sector efforts to adjust to the demands of a competitive trading environment.
- 48 Trade practices that would only benefits developed countries without tangible benefits to most developing countries in the context of globalization, continued to be of concern to Malaysia. In this regard, Malaysia cooperated with multilateral organizations such as the World Trade Organization (WTO) in an effort to reach a common position on trade issues among developing countries and to ensure that their interests are not left out in the rule-based multilateral trading system. Malaysia adopted trade cooperation that is balanced and sufficiently broad-based to respond to the interests of all WTO members such as investment rules, competition policy and government procurement, as well as labor, social and environment standards.

### **Objectives of Malaysia's Fair Trade Practices Policy**

- i Increase level of competition in economy.
- ii Prevent restrictive business practices.
- iii Prevent abuse of dominant positions of market power, mergers and acquisitions.
- iv Inculcate fair trade culture and competition ethics.
- v Improved market access commitments in business and professional services, education, agriculture, tourism and health related services.
- vi Expansion and facilitation of freer cross-border investment.
- vii Cooperation activities to facilitate trade, investment flows and capacity building measures.

## **NEPAL**

- 49 The concept of fair trade is unique and unknown to the majority of the policy makers, traders and the cooperators in Nepal. As many of the cooperatives are functioning alone and concentrated on production and marketing aspects only at any price, fair trade is an unheard word to them. Hence to extend the concept of fair trade widely is highly needed in the country like Nepal, where majority of the producers are small and financially weak.
- 50 Fair trade is at the origin of many southern export organizations. They do not have the monopoly for trading with the local cooperatives. Many cooperatives trade with fair trade and traditional traders simultaneously. Local fair trade organizations that are set up as cooperatives have more institutional sustainability. Fair trade is not an all in one solution for inefficiency, lack of participation or moral hazard in local organizations and cooperatives. If cooperatives support Fair Trade, it would lead to win-win situation as stated below:
- a. Internal mobilization of capital
  - b. Business development planning
  - c. Institutional strengthening
  - d. Backward and forward linkages as well as horizontal and vertical linkages,
  - e. Network with similar types of cooperatives, extension agencies as well as government departments,
  - f. Partnership and joint ventures,
  - g. Upgrading technical and managerial competencies,
  - h. Manpower development planning etc.

## **PHILIPPINES**

- 51 What Cooperative Fair Trade means to us? Fair trade, to us, means essentially one thing – fair prices for the products produced by the small farmers and cooperatives. It means paying a just price for products produced under environmentally sustainable and just social conditions. What is ‘just price’, of course, is relative to local conditions. Just prices can only be had when the producers have direct access to the buyers of their products.
- 52 We also consider fair trade as a process by which producers have the means to produce their products with a fair chance to succeed. It means that the buyer does not have to expect the producer to capitalize the entire production; but, where advances are made, and payments of balance are on time. Fair trade is getting the best for the producers so that they can get to market and bypass loan sharks, cartels, monopolies and the absence of capital.
- 53 We also view Fair Trade not just as a relationship with a group of producers who supply goods to sell for fair prices, but as an activity in itself and a goal at the same time which requires decisive action to uphold important ethical and moral principles which must be clearly and forcefully communicated to the world as the pioneers of the worldwide Cooperative Movement have done during the 1800s. It teaches also those who can be reached and will listen. Therefore, we also view it as a movement for justice and equity and human rights. Because the rights to food, shelter and other life’s necessities are impossible without a livelihood to provide them. Moreover, people need the ability to

produce and prosper because it is this that will ensure their Human Rights. Furthermore, we also consider Fair Trade as about UNFAIR trade. We cannot stand by and remain silent when the poor are being mercilessly exploited, abused and enslaved by liberal capitalism. Our organizations have a moral obligation to campaign against unfair trade practices that are destroying the environment or using child labor.

- 54 On the road to the market, there are many middlemen who are like roadblocks barring the way of the farmers from making a direct contact with the buying public thus preventing them from getting higher prices. This is an unfair system that Fair Trade can change. Fair Trade is a form of direct action that has an IMMEDIATE IMPACT and changes unjust structures that maintain poverty and economic serfdom.

### **Philippine Vision/ Mission on Fair Trade Development**

- 55 Philippines committed to renew advocacy for the immediate passage of an anti-trust law and the establishment of a Fair Trade Commission to enforce a national competition law. To promote efficiency, productivity and profitability of small farmers and fisherfolk, the following steps are currently being undertaken:
- a) In production, clustering of growers of the same or similar commodities has been introduced to transform fragmented, small holder farm production into market-focused and highly competitive business operations.
  - b) To convert products from low-value to high-value.

### **SRI LANKA**

- 56 Paddy is cultivated on large scale in Sri Lanka during the ‘YALA’ and ‘MAHA’ seasons. Based on the timely collection of harvest a massive surplus of paddy comes to the market simultaneously. Thereby causing the farmers serious problem. The farmers are landed in a miserable state due to not getting a fair and reasonable price for their produce. Further, it is unavoidable that the farmers are exploited by the middlemen as the use of technology for the preservation of their produce is at a poor level. However, the Co-operative Societies have taken the lead for a long time to control the said situation even up to a certain extent by their intervention thereby enabling the farmers to market their stocks of paddy at a stable price. Out of the annual paddy production of Sri Lanka, the Co-operatives purchase only a small percentage of about 5% - 6% but such purchasing has signification effect on the stability of the price of paddy in the market.
- 57 By purchasing tea-leaves of their members through Tea Producing Co-operative Societies, it has been possible to pay a good price to the cultivators of tea.
- More working capital is required to technology and research activities in respect of agro-product processing.
  - Rules and regulations connected to the Cooperative sector should be relaxed to reduce state intervention.

- State patronage should be extended to cooperative societies for marketing their products.
- Increased Human Resource Development program should be undertaken for the Agricultural Cooperative Societies.
- Both the Government and the Cooperatives should adopt a combined mechanism for promoting market information communication.

## **THAILAND**

58 Lack of knowledge and information of Fair Trade mechanism. Fair Trade mechanism is useful for well-educated farmers or active membership. It is also a good system for rural community development especially for cooperatives. It can be interesting options for cooperatives to get on the international market in the way that is consistent with their own values and modes of operation and could help cooperatives to respond to the increasing demand for transparency, accountability and tractability.

59 Cooperative is social and economic agent and has formal and permanent network with other organizations within the same social movement whereas Fair Trade is a form of trade, which is one mechanism, designed to modify operating system of market and people concerned are certifying.

- The benefit from this project is only supplementary income for cooperative members and it depends on the contract by each year.
- Fair Trade systems are useful for well educated or active membership.
- Fair Trade can be interesting options for cooperatives to get on the international market in the way that is consistent with their own values and modes of operation.
- Fair Trade provides commercial opportunities for cooperatives but only in one direction and generally for one product.
- Further education, information and training on Fair Trade should be encouraged by cooperative development agencies.

## **IV. WORKING GROUPS DISCUSSIONS AND RECOMMENDATIONS**

60 After presentation of the Resource Paper on Fair Trade and Country Statements, the participants were divided into two groups to discuss/prepare their conclusions/recommendations on capacity building of Agricultural Cooperatives based on issues/points raised in country papers/reports, resource paper and their own limited experience/awareness concerning Fair Trade. Each Group (Group – I – China, Malaysia, Philippines and India (Part); Group – II India (Part), Japan, Nepal, Sri Lanka and Thailand) presented their reports/recommendations to the Plenary session. Each working group prepared their reports/recommendations on the basis of some questions/queries (provided to them by the resource person on Fair Trade) as well as on their own perception of the Fair Trade. The questionnaire is at **Annex. V**

## **Conclusions and Recommendations:**

- 61 After discussions of each working group's report and keeping in view the major points/issues raised in the resource paper on Fair Trade, the plenary session adopted the following conclusions and recommendations.

### **Conclusions:**

- i Fair Trade is a new subject for most of the cooperatives and further information and research on the Fair Trade and possible relationship with cooperatives would be useful. To start with, studies could be undertaken within the Asian countries to
  - identify products and sectors which could come under Fair Trade fold
  - explore markets both within and outside the member countries
  - build suitable supply chains including logistics and infrastructure
  - identify existing capacity and strengths
  - analyze needs related to capacity building
  - find suitable partners for capacity building
- ii It would be logical for Cooperatives (Co-op) to support Fair Trade (FT) as both movements i.e. Co-op and FT have lot of commonalities. It can be interesting options for cooperatives to get on the international market in the way that is consistent with their own values and modes of operation and could help cooperatives to respond to the increasing demand for transparency, accountability and tractability.
- iii "Cooperative Fair Trade" needs enabling policy environment focusing on poor producers through cooperatives. The National governments would need to promulgate laws so as to promote honest trade and achieve a practical enforcement of laws and regulations against commercial fraud.
- iv Linking cooperative networks should be a focus of Fair Trade (FT) and Cooperatives – North–South, but also within the Asian region, and within sub-regions like SAARC and ASEAN.
- v Documentation of success stories and dissemination of such information would be crucial in promoting Fair Trade. Case studies like Kanchanjunga Tea Estate in Nepal would make ideal case study.
- vi There is need for capacity-building and support to Cooperatives to enable them to participate in Fair Trade initiatives. This could be possible over a period of time with collaborations with Fair Trading organizations, NGOs, Governments and Experts.
- vii An electronic forum and a website on Fair Trade and cooperatives could be useful to discuss FT issues and to identify opportunities for co-operatives .

## **Recommendations for National Governments**

- 62 Fair Trade should be made a national priority and be included in the plan of the governments both at Federal and Regional levels. Government should actively support cooperatives to promote Fair Trade and the departments responsible for development of Cooperatives should also be made responsible to promote fair trade among agriculture cooperatives.
- 63 The promotional activities that the government could support through a permanent mechanism would *inter alia* include labeling, brand building, training etc. The capacity building would cover cooperatives right from village to national level depending upon the level of their standards and would cover aspects such as:
- a) Innovative farming system
  - b) Cooperative management
  - c) Participatory approach inclusive of small farmers
  - d) Success case replication
  - e) ICT applications such as portal etc.

The National governments should also explore possibilities of developing country standards and monitoring mechanism in line with international standards so that cost of certification comes down.

## **Recommendations for FAO/NEDAC/ICA**

- 64 FAO/NEDAC should explore the opportunities to support the members/co-operatives for:
- Internal mobilization of capital
  - Business development planning
  - Institutional strengthening including upgrading technical and managerial competence, manpower development planning etc
  - Forging linkages, and network with similar types of cooperatives, extension agencies, experts as well as government departments, to support “cooperative Fair Trade”

FAO/NEDAC/ICA should also explore the possibilities of commissioning research/studies related to Fair Trade on:

- Supply side including constraints
- Potential and demand
- Development of new products
- Certification and labeling

The findings of such studies should be disseminated by FAO/NEDAC/ICA

## **V. SEMINAR HIGHLIGHTS**

- 65 The seminar addressed the opportunities and challenges of fair trade for agriculture co-operatives both from a producer and consumer perspective. It was clear from the country presentations that agriculture co-operatives in most of the countries are new to “Fair Trade” concept and expect to benefit from collaboration between Fair Trade and Co-operatives. Participants felt that agriculture co-operatives being social and economic agents at grass root level and as a part of network with other co-operative organizations that they have high potential to promote Fair Trade as a useful mechanism for rural community development. Speakers presented best practices and shared recommendations on how to expand the benefits of fair trade to co-operatives, especially through increased co-operative to co-operative trade.
- 66 The participants expressed the desire to create institutional bridges between Fair Trade (FT) organizations and the cooperative movement both in the South and the North so that it would create a win-win situation. They stressed on regional and sub-regional cooperative networking to increase trade among cooperatives and to enhance the number of sector/products in which Fair Trade cooperatives could cooperate. The participants pointed that since Fair Trade is relatively new in Asian development context, it would be necessary to plan a step-by-step approach for cooperatives’ involvement in Fair Trade and thus enabling them to participate in fair trade initiatives, and in networking with experts and fair trade organizations.
- 67 The deliberations also covered successful experience in India of collaboration between Cooperatives and Fair Trade movements; issues related to Fair Trade standards, cost of certification and product labeling. It was felt that Fair Trade provides opportunities to increase the income of producer cooperatives through trade. Successful FT initiatives could be expanded through diversification into agricultural commodities and products which are in demand in both domestic and international markets.

## **VI. FIELD VISIT**

- 68 The participants were taken to see a Co-operative Society at Chumuhan, District Mathura, UP. The visit provided a good learning experience regarding agricultural input and credit distribution and marketing of agricultural produce by the co-operative society which was under the overall supervision and guidance of IFFCO. The hearty welcome and generous hospitality extended to the participants by the members of the society impressed and touched the heart of the visitors. The society expressed interest to visit some co-operatives both within India and outside the country to gather experience concerning management and development of agriculture co-operatives/small farmers. A brief write-up about the co-operative society visited is at **Annex. VI**

## **SECTION-02**

### **I. Minutes/Resolutions of the NEDAC-General Assembly Session**

#### **(1) Election of New Executive Committee (EXCOM) for 2006 (part) –2008**

Mr.P.Uma Shankar IAS, M.D, NCDC acting as chairman of the session requested nominations for Chairman/Vice-Chairman/three members of the new EXCOM for the term 2006 (part) – 2008. The assembly through consensus elected a Chairman, one Vice-Chairman and three Members. The list of the newly elected EXCOM-members was circulated to all participants in the meeting and those elected as EXCOM office bearers are as follows:

<b><u>Designation/Position</u></b>	<b><u>Country</u></b>	<b><u>Name &amp; Title</u></b>
Chairman	India	Mr. P. Uma Shankar, IAS, Managing Director, National Co-operative Development Corporation (NCDC), New Delhi
Vice-Chairman	Malaysia	Haji Azhar Bin Yunus, Director, Supervision and Enforcement Division, Farmers' Organization Authority (FOA) Kuala Lumpur
Member	China	Mr. Zhang Weimin, Division Chief General Station of Administration and Management for Rural Co- operative Economy, Ministry of Agriculture, Beijing

Member	Sri Lanka	Mr. A.A. Joyatungga on behalf of Commissioner of Co-operative Development and RCS Department of Co-operative Development, Colombo
Member	Thailand	Mr. Surasak Nakswas, Deputy Director-General Co-operative Promotion Department (CPD), Bangkok.

It was agreed that CPD will act as focal point for NEDAC matters in Thailand and the person representing Thailand in the EXCOM will keep the other organization i.e. Co-operative League of Thailand (CLT) informed of the decisions of the EXCOM as well as any other NEDAC matters.

## **(2) Welcome to New Members of NEDAC**

Mr. P. Uma Shankar, Chairman NEDAC informed the General Assembly that Indian Farmers Fertilizers Co-operative limited (IFFCO) New Delhi, India and Credit Union Consulting Office (CUCO) Foundation, Jakarta, Indonesia have joined NEDAC and extended hearty welcome to the new members. IFFCO joined in 2005 and CUCO-Foundation already submitted NEDAC membership application in June 2006. NEDAC-members present in the meeting welcomed the new members by clapping their hands, Dr. G.N. Saxena, Executive Director IFFCO who was attending the session appreciated the hearty welcome to IFFCO and CUCO Foundation as new member of NEDAC. Mr. Khan informed the General Assembly that the Chairman, CUCO-Foundation, Jakarta, Indonesia wanted to participate in the seminar on Fair Trade and General Assembly but could not come due to visa-problem.

## **(3) NEDAC-Activities in 2004 – 2005**

A report on major activities of NEDAC in 2004 – 2005 prepared by NEDAC-secretariat was earlier circulated to all participants and Mr. Khan stated briefly the details of various activities implemented during 2004 – 2005. The major activities implemented during the period were : NEDAC-Members' study Tour/Exchange visit to Bangladesh, Organizing a Regional Co-operative Experts' Meeting on computerization to promote agriculture enterprise development with FAO RAP-funding, preparation, printing and dissemination of the publication of Report on NEDAC General Assembly and Seminar on computerization of agricultural co-operatives held in November, 2003 in Kathmandu, Nepal. The other activity was organizing a meeting on Integrated Pest Management on Cotton under a letter of Agreement (LOA) signed with FAO RAP for which NEDAC earned \$ 1,000 which was deposited to NEDAC Account. Major activities in 2005 were: making arrangements/seeking agreement of NCDC for hosting the NEDAC General Assembly in late 2005. Later it was decided to hold the General Assembly session as well as a seminar on Fair Trade in July, 2006. Other activity was

securing Agriterra, an NGO in Netherlands, assistance/funding support for formulation of rehabilitation plan aimed at increased income-earning or employment generation of Tsunami affected agriculture co-operative in three countries, namely India, Sri Lanka and Thailand. NEDAC will earn \$ 5,000 from this Agriterra project on post-Tsunami activities. Other activities were on membership drive for increasing NEDAC members. Indian Farmers Fertilizers Co-operative Limited (IFFCO) from India became a member of NEDAC in 2005 and Credit Union Consulting Office (CUCO-foundation) in Jakarta, Indonesia already signed the NEDAC membership application form in June 2006.

Mr. Khan informed the Assembly that NEDAC activities in different countries were hosted by NEDAC-member(s) in the country and provided board/lodging and internal transport for the participants. NEDAC-members appreciated the support of the host organizations in implementation of NEDAC-activities in the concerned country and FAO RAP funding support for organizing the Co-operative Experts group meeting on computerization of agriculture co-operatives held at Chiang Mai, Thailand.

#### **(4) NEDAC Financial Report (Income & Expenditure) for 2004 – 2005**

The Financial Report/Income and expenditure statement during 2004 – 2005 as well as the NEDAC Bank A/C Statements duly countersigned by the Bank were earlier circulated to all participants in the meeting.

Mr. Khan explained the NEDAC income/expenditure statements in 2004 – 2005. It was stated that the amount withdrawn from NEDAC A/C was \$ 45,191 in 2004 and \$ 34,121 in 2005. The NEDAC Baht A/C indicated disbursement of Baht 246,714 in 2004 and Baht 243,916 in 2005. The cash balance at the end of December, 2005 was \$ 104,894 and Baht 29,591. It was pointed out that the “Statements of Accounts” duly countersigned by the Bank authority confirms that the income and expenditure as included in this report were correctly/properly been reflected and recorded.

Mr. Khan also mentioned about FAO RAP’s funding support to NEDAC during 2004 – 2005 through Letter of Agreement (LOA) for Co-operative Experts group meeting on computerization to promote agricultural enterprise development (\$13,100); Preparation/Processing of data format/questionnaires for collection/compilation of data/information on agriculture co-operatives (\$5,000), LOA for organizing FAO-EU Integrated Pest Management programme meeting at Bangkok (NEDAC earned \$ 1,000) for servicing this meeting. Mr. Khan also informed about Agriterra funding support (\$ 65,000) for rehabilitation of Tsunami affected agriculture co-operatives in three countries – India, Sri Lanka and Thailand. NEDAC will earn \$ 5,000 from this contract with Agriterra. NEDAC-Secretariat/NEDAC members expressed appreciation to FAO RAP and host organizations for NEDAC activities in different countries for their support/assistance to NEDAC. Mr. Khan pointed out that NEDAC expenditure would have been much more had there been no funding support from FAO RAP for some activity (through LOA), meeting the cost of board/lodging and internal transport for

participants by host organization(s) of some activities in the host country and non-implementation of some less important activities in 2004 – 2005.

#### **(5) NEDAC Workplan/Major Activities for 2006 (part) – 2008**

The Draft Workplan/Major activities for 2006(part) – 2008 prepared by a group of officials comprising Dr. Bhagwati Prasad, Chief Executive NCUI, India, Mr. D.P. Baskota, Chairman NCF, Kathmandu, Nepal, Mr. Salaman D. Mangca, Administrator CDA, Manila, Philippines, Mr. Chikara Sato, JA-Zenchu, Japan, Mr. Wim Polman, FAO RAP and Mr. W.I. Khan NEDAC was circulated to all participants in the meeting. The assembly approved, in principle, the workplan at a total outlay of \$ 160,000. However, the implementation, as was decided, would be subject to funding support from FAO RAP or any other sources which should be explored by NEAC-Secretariat as well as the EXCOM. The workplan is at **Annex A**

The General Assembly authorized the EXCOM to finalize and approve the workplan for 2006 (part) – 2007 in consultation with Mr. Wim Polman, Rural Development Officer FAO RAP. It was also decided that the EXCOM should meet preferably in Thailand in January, 2007 hosted by CPD, Thailand. On the suggestion of CPD, it was decided to hold the EXCOM-Meeting at Bangkok in April, 2007 hosted by CPD.

#### **(6) Computerization of Agriculture Co-operatives**

Mr. K.L. Nalwaya, Executive Director NCUI through power point presentation emphasized the importance/need for computerization of various information/data on agriculture co-operatives to help the policy makers/Co-operative Leaders in planning/formulation of programmes/activities for development of agriculture co-operatives. He mentioned about the data format/questionnaire adopted/approved in the regional meeting of Co-operative Experts group on computerization of agriculture co-operatives held at Chiang Mai in 2004. Mr. Nalwaya stated that FAO-NEDAC has entrusted him to collect data/information on agriculture co-operatives in selected countries of Asia and he circulated the data format/questionnaire to NEDAC-members for providing the data/information to him.

He mentioned that response from NEDAC member organizations was not satisfactory. Mr. P. Uma Shankar, Chairman NEDAC requested the participants of the meeting to attend to this particular job after their return to the country and send the questionnaire duly filled-in as far as possible to Mr. Nalwaya so that he could start even partial compilation and analysis of the data as far as possible. The participants agreed to look into this matter after their return to their countries/workplace.

#### **(7) NEDAC-Secretariat Matters**

Considering the satisfactory services of Mr. W.I. Khan, Programme Adviser and Ms. Yowanat Voratira (Mrs. Toh) clerk-cum-typist/secretary, NEDAC Secretariat, the General Assembly decided to extend their assignment upto end December, 2008 and authorized the EXCOM to finalize details of their service contracts.

## **(8) NEDAC-Membership Drive and Resource Mobilization**

Mr. Khan mentioned that NEDAC funding source/income is mainly its membership fee. In order to increase the income, it was decided in the past to increase the number of members in each country and any organization engaged in agriculture co-operative development or in related fields like Education, Training and Research activities on co-operatives, could be enlisted as NEDAC member. Regular members in each country were requested to approach relevant organization in the country and pursue enlistment of such organizations.

It was also decided that regular NEDAC member(s) in each country should contract non-paying members and request them to pay the outstanding arrears/dues by the defaulter-member(s). Payment of arrears could be settled through negotiations with the non-paying member(s) at an amount mutually agreed for payment either in installments or in partial payment schedules. Mr. Khan stated that with support of regular member(s) and well-wishers in each country, it would be possible to increase the membership in each country. It was also mentioned that some rich NEDAC member(s) could be approached to contribute for undertaking some specified activity by NEDAC. Some organizations might be requested to sponsor some training activity in their training institutes. It was agreed that NEDAC-Secretariat, with approval of the Chairman NEDAC, might pursue the matter in due course first through identification of priority training needs and then which organization/country can afford to sponsor such training as identified/requested.

It was suggested that NEDAC should henceforth not provide participants' air tickets at NEDAC cost and for seminar/meetings there should be some charge (say \$ 50) as participation fee for each participant and the amount collected could be used for Resource-Person or any other cost of the meeting. For exchange visit, NEDAC should provide 50 percent of the cost of the air ticket. In case there is any financial problem of any organization to attend NEDAC-meetings/Exchange visit at own cost, they should inform the Chairman/NEDAC-Secretariat for some financial assistance.

## **(9) Special Thanks and Gratitude**

The Assembly expressed special thanks and gratitude to the Ministry of Agriculture and Co-operation, NCDC, NCUI and IFFCO, New Delhi India for hosting the General Assembly Session and the Seminar on Fair Trade and for their generous hospitality and courtesies extended to the delegates during their stay in New Delhi, India. The Assembly extended heartfelt gratitude and appreciation to Smt. Radha Singh, Secretary Ministry of Agriculture, India for kindly addressing the assembly and opening the inaugural session. The Assembly wished to put on record the efficient services provided by NCDC officials from behind the scene which led to the successful completion of the session. The General Assembly resolved to extend special thanks and appreciation to Mr. Shil Kwan Lee, Regional Director ICA ROAP for attending the opening session and to Mr. Wim Polman, Rural Development Officer, FAO RAP for attending the seminar on Fair Trade and General Assembly/Session NEDAC EXCOM Meeting and for providing technical and funding support to NEDAC-activities in 2004 – 2005.

## **II. Resolutions Approved by NEDAC General Assembly**

The NEDAC General Assembly Session held at NCDC, New Delhi, India on 27 - 28 July, 2006 approved the following resolutions :

- a) **Working Group's Recommendations on Fair Trade:** G.A. approved the Recommendations made by the Working Group on Fair Trade
- b) **Report on NEDAC activities and Financial Report for 2004 – 2005:** After having considered the Report of NEDAC activities and the financial Report for 2004 and 2005 presented by Mr. W.I. Khan, the General Assembly approved unanimously the Activities and Financial Reports.
- c) **Data-Format/Questionnaire on Computerization of Agric. Co-operatives:** Resolved that NEDAC members would complete the data format/questionnaire sent by Mr. K.L. Nalwaya for final preparation of the country profile/data base on Agricultural Cooperatives in Asia. It was also resolved that even partly filled-in questionnaire should be sent back to Mr. Nalwaya for compilation.
- d) **Membership Drive:** The General Assembly requested the delegates to make all out efforts in increasing the NEDAC membership in each country. It was also resolved that existing regular members in the country would approach the old members to become regular member and participate in NEDAC activities.
- e) **Participation Fee for meetings/Seminars:** In future, US\$50 as participation fee should be charged from each participants. The amount would be used for services of Resource Person/Consultant.
- f) **Travel Cost for Exchange visit:** In future, NEDAC should bear 50% of the travel cost for exchange visit/study tour by NEDAC-member participants. In case there is any problem, NEDAC-secretariat will seek approval of NEDAC Chairman for waiver of the 50% travel cost.
- g) **Work plan for 2006-2008:** Work Plan for 2006 – 2008 was approved. Study visit to China was included in the Work Plan. The NEDAC-secretariat would send letters to the concerned authorities in China for hosting of the Study Tour in 2008. Work plan for 2006 – 2008 is at **Annex A**
- h) **Secretariat's Extension:** Assignment of NEDAC Secretariat Staff was extended up to end 2008. EXCOM was authorized to approve the financial details for their continuation.
- i) **Expression of Gratitude and Thanks:** General Assembly expressed thanks and appreciation to NEDAC members in India (MOA/NCDC/IFFCO/NCUI) for hosting the Seminar and the General Assembly. Special thanks were given to NCDC officials who worked behind the scene and made the event successful. General Assembly also expressed gratitude and thanks to the members of the Cooperative Society, Mathura for their hospitalities and courtesies extended to the delegates during their visit to the Society. NEDAC Secretariat was

requested to explore possibilities for inclusion of one participant from that Society in the future exchange visit/study tour to other countries.

- j) ***FAO's Support to NEDAC:*** After hearing from Mr. Wim Polman, the General Assembly expressed deep concern on the abolition of the post of Rural Development Officer, FAO Regional Office, Bangkok. It was resolved that EXCOM members during EXCOM meeting at Bangkok in 2007 would seek FAO's support to NEDAC.

## ANNEX A

### NEDAC Workplan/Programme for 2006(Part) - 2008

		US\$
1.	Continuation of NEDAC Secretariat	70,000
2.	Publication and distribution of country profile/data base on Agril. Cooperatives in Asia	1,500
3.	Post-Tsunami activities on Rehabilitation of affected Agril. Cooperatives in India, Sri Lanka and Thailand	Agriterra fund
4.	Capacity Building of Agril. Cooperative: a) Exchange visit/study tour of Agricultural Cooperative Leaders/Policy makers/Experts to Sri Lanka and Japan (subject to confirmation by host organizations) b) Documentation of success stories of Agricultural Cooperatives in selected countries of Asia c) Assessment of training needs & identification of training Institutions for training/HRD of Cooperative personnel in Asia	16,500*  5,000  20,000
5.	National Action Plan for awareness building on Fair Trade and to sensitize the Government on the need for promoting role of cooperatives in development of organic farming and Fair Trade in the country (2006 – 2008)	Cost to be borne by NEDAC members
6.	NEDAC – EXCOM 2007 (to be held at Bangkok)	11,000
7.	Workshop on increased income generation and better livelihood through promotion of Herbal medicine production and Honey by cooperatives in Mountain or Remote areas of selected countries in Asia (Nepal/India/Malaysia/Thailand/Bangladesh) – Nepal to host in 2007	12,000

8.	a) Consultancy Services of Cooperatives Experts/Specialists b) Research papers + communication/advocacy strategy by NEDAC under guidance of Chair person, NEDAC-on NEDAC as Agricultural cooperatives/Asian network information sharing/coolaboration with: i) Agricultural Cooperative – ICA on Policy Legal/Institutions ii) FAO 1. On Organic Farming + Fair Trade 2. On Mountain area development & indigenous peoples. 3. On Value aided/norms/standards as part of Agricultural Cooperatives Fair Trade. 4. On Bio Fuels 5. On Rural Employment/Training. Capacity Building iii) ILO on cooperative recommendations iv) United Nations level on rural employment and poverty reduction – MDG 1	6,000
9.	NEDAC –General Assembly and FAO-NEDAC Round table on Technical topic for development of Agril. Cooperatives	18,000
		<b>160,000</b>

\* **50% Travel cost to be borne by NEDAC members**

### III. Minutes and Resolutions of the NEDAC-EXCOM-Meeting

The EXCOM meeting of newly elected members of NEDAC-EXCOM for 2006(part) - 2008 was held on 28 July, 2006 in the morning session of the last day of NEDAC General Assembly. The major objectives were to finalize the work plan for 2007 including the activities during the remaining months of 2006 (August – December), select/decide the venue of the next General Assembly in 2008 and discuss some NEDAC administrative/financial matters. The meeting was attended by the following officers:

<u>Designation/Position</u>	<u>Country</u>	<u>Name &amp; Title</u>
1. Chairman	India	Mr. P. Uma Shankar, IAS, Managing Director, National Cooperative Development Corporation (NCDC), New Delhi
2. Vice-chairman	Malaysia	Haji Azhar Bin Yunus, Director , Supervision and Enforcement Division, Farmers' Organization Authority (FOA) Kuala Lumpur
3. Member	China	Mr. Zhang Weimin, Division Chief General Station of Administration and Management for Rural Cooperative

		Economy, Ministry of Agriculture, Beijing
4. Member	Sri Lanka	Mr. A.A. Joyatunga on behalf of Mr. H.L. Tissera, Commissioner of Cooperative Development and RCS Department of Cooperative Development Colombo
5. Member	Thailand	Mr. Surasak Nakswas, Deputy Director-General Cooperative Promotion Dept.(CPD)
6. FAO RAP	Bangkok	Mr. Wim Polman, Rural Development Officer
7. NEDAC	Bangkok	Mr. W.I. Khan, Programme Adviser

At the outset, Mr. P. Uma Shankar IAS, M.D., NCDC, the newly elected Chairman NEDAC welcomed the members of the new EXCOM and expressed thanks for their as well as General Assembly members' confidence in him. He stated that the support and co-operation of EXCOM members will make NEDAC more active and visible at the grass-root level. He requested their collaboration in implementation of the NEDAC programmes/ activities in 2006 – 2008.

**(1) Finalization of the workplan for 2006 (Part) – 2007**

The General Assembly approved NEDAC Workplan for 2006 – 2008 at a total outlay of \$160,000 which included NEDAC members' study tour/exchange visit to Sri Lanka and Japan/China. The EXCOM in consultation with the delegate from Sri Lanka decided to have the exchange visit to Sri Lanka in 2007 and to Japan/China in 2008. The delegate from Japan expressed doubts to host the exchange visit in 2008, The EXCOM then requested the delegate from China to host the exchange visit to China in 2008. The delegate from China stated that he would inform his Department/Ministry about hosting of the exchange visit either before or after the Olympic in China in 2008. EXCOM requested NEDAC-Secretariat to follow-up the matter with the Department of Rural Co-operative Economy/Ministry of Agriculture, Beijing, China. Mr. Zhang Weimin was requested to provide the correct name/title and address of the concerned officer in his Department/Ministry to NEDAC-Secretariat for follow-up action. After detailed discussion, EXCOM approved NEDAC-Workplan/activities for 2006 (Part) and 2007 as shown at **Annex B**

**(2) NEDAC-Secretariat matters:**

**(a) Extension of assignment of secretariat staff**

Considering the satisfactory services of NEDAC secretariat staff, General Assembly/EXCOM decided to extend the assignment of Mr. W.I. Khan and Mrs. Yowanat Voratira for another term effective from 1<sup>st</sup> August, 2006 to 31<sup>st</sup>

December, 2008. The EXCOM further decided to raise the monthly honorarium of Mr. W.I. Khan by 10 (ten) percent (i.e. USDLRS 180 per month) and salary of Mrs. Yowanat Voratira by Baht 2,000 (approx. \$52) per month effective from 1 August, 2006 in view of the increased cost of living in Bangkok.

(b) Leave/Home Leave of Secretariat Staff

Mr. Khan informed the EXCOM-members that all regional bodies (APRACA/AFMA/ APAARI) established by FAO follow the FAO rules concerning general Leave/ Medical Leave/Home leave for their staff. Mr. Khan explained that under the provisions of home leave, an expatriate staff is allowed to travel at organization's cost from duty station to home country and back once in every two years. Mr. Polman mentioned that Mr. Khan during past 6 – 7 years of service with NEDAC availed home leave only once in 2005, next home leave during 2006 – 2008 subject to approval by EXCOM.

EXCOM approved next home leave travel once in two years time (i.e. 2006 – 2008) and decided that home leave travel during 2009 – 2010 will be subject to approval by the next EXCOM.

(c) Authorization for withdrawal of funds from NEDAC Account

Mr. Khan informed the EXCOM that withdrawal of funds from NEDAC Account is presently done by signing of the Bank withdrawal slip/cheque by two signatories – one Mr. Wim Polman, FAO Regional Office, Bangkok and the other Mr. W.I. Khan himself. Mr. Khan also informed that the practice of double signatories introduced by him was being followed since 2000 as a safe guard against any complaint or mishap. As Mr. Wim Polman informed of his likely transfer to FAO HQs or any other duty station outside Bangkok, there may be delay by FAO Senior Management, Bangkok in designating another officer to act as a signatory of the withdrawal slip of NEDAC Account.

Mr. Khan mentioned that he himself would not like to sign withdrawal slip alone. In order to avoid delay in case second signatory from FAO-Bangkok was not designated on time, Mr. Khan requested EXCOM to authorize him (Mr. Khan) for signing the withdrawal slip as a temporary arrangement only to facilitate drawing of funds mainly for payment of monthly salary and other local costs such as purchase of office stationeries etc.

After detailed discussions, EXCOM agreed in principle to authorize Mr. Khan to sign withdrawal slip for drawing funds from NEDAC Account to facilitate payment of monthly salary of NEDAC-Secretariat Staff and for purchase of office stationeries etc. EXCOM also decided that Mr. Khan should seek approval of Chairman, NEDAC each month/time for withdrawal of funds by him from NEDAC Account.

**(3) Membership Drive:**

Mr. Khan stated that NEDAC financial resource is only its membership fee received from members. Therefore active participation and collaboration of NEDAC members would be extremely important for improvement of its financial position. With a view to improve NEDAC's resources/fund position, it was decided that:

- (a) Regular member in each country should discuss with non-paying member(s) in the country and arrange/pursue payment of past membership fees. Payment of the arrears should be settled through discussions/consultations with all parties i.e. regular member and non-paying member in the country and NEDAC Chairman/Secretariat.
- (b) NEDAC Member(s) in each country will make all efforts to increase the membership in each country. Organizations involved in development of agriculture co-operatives/ agro-processing/livestock/ fishery/ agric. marketing/ agric. co-op research, co-operative education and training/development etc. should be approached for enlistment as NEDAC member.
- (c) Regular NEDAC member(s) may seek grants/donations from other rich co-operative organizations in their country and they may also donate funds, if possible, to NEDAC for special activities. Rich co-operative organizations like IFFCO/JA-Zenchu or any other similar organization may be approached for grants to undertake specific activities on selective basis for development of agriculture co-operatives with special reference to HRD and enterprise/business development.

**(4) Follow-up with host organization for Exchange visit 2008**

JA-Zenchu, Japan did not agree to host NEDAC-members Exchange visit to Japan in 2008. The General Assembly/EXCOM therefore requested the delegate from China for hosting the exchange visit in 2008. Mr. Zhang Weimin, delegate from Department of Rural Co-operative Economy/Ministry of Agriculture, China requested NEDAC Secretariat to write to the Department of Rural Co-operative Economy/Ministry of Agriculture, Beijing, China with a copy to him (Mr. Weimin) for arranging follow-up action at his end. EXCOM asked NEDAC Secretariat for taking up the matter with the concerned Department/Ministry in China with help/support from Mr. Weimin.

**(5) Follow-up with host organization (FOA, Malaysia) for hosting NEDAC General Assembly (G.A.), 2008**

It was mentioned that as FOA, Malaysia, informed its inability to host NEDAC-General Assembly (G.A.) in 2005 for which the G.A. was hosted by NCDC with support of other members (NCUI, IFFCO and MOA) in India in 2006, the G.A./EXCOM decided to request FOA for hosting NEDAC-G.A. 2008 in Malaysia. EXCOM asked NEDAC Secretariat to send a request letter to FOA seeking its agreement to host the G.A. in 2008. EXCOM also decided that NEDAC-Secretariat should send a letter addressed to the Director-General, FOA with a copy to Haji Azhar-Bin-Yunus, Director FOA, (Vice-

Chairman NEDAC) for follow-up action from his end in seeking FOA's agreement to host the G.A. in 2008.

**(6) NEDAC-EXCOM, 2007**

Mr. Khan informed that next EXCOM meeting has been scheduled to be held in January, 2007 in Bangkok. The delegates from CPD and CLT requested to postpone the EXCOM in April instead of January, 2007. Since the budget will be available in April, it would be convenient for them to host the meeting in April, 2007. Therefore EXCOM agreed to the changed timing and appreciated the offer of CPD/CLT to host the meeting in Bangkok.

**(7) Remittance of NEDAC-membership fee through Bank Draft**

Mr. Khan stated that in the past appeals were made to NEDAC members to send their membership fee \$2,000 (net) to NEDAC and Bank commission/charges for remitting the membership fee should be paid separately by the sender. In practice this was not followed by some members. In such cases, NEDAC received \$30 - \$40 less i.e. \$1,970 – 1,960 as against \$2,000. Mr. Khan requested all members to kindly send full membership fee of \$2,000 in Bank Draft raised in favour of NEDAC and the draft should be sent to NEDAC-secretariat for depositing the draft to NEDAC A/C maintained with the Siam Commercial Bank, Banglumpu, Bangkok. EXCOM members took note of the issue for taking up the matter with their own organization. EXCOM authorized NEDAC-secretariat to request the member organizations for payment of full membership fee \$2,000 and the bank charges/commission should be paid by the sender – it should not be deducted from \$2,000.

**(8) Information concerning any change in the organization**

Mr. Khan stated that during the past years (2004 – 2005) NEDAC-secretariat was not kept informed of changes in senior administrative/managerial posts in some NEDAC-member organizations. As a result, NEDAC-secretariat could not send the letters to the concerned officer of that organization. This created a communication gap as well as a delay in getting a response from the member organizations. EXCOM decided that all member organizations should keep NEDAC-secretariat informed of any changes in senior positions as well as telephone numbers, fax and E-Mail addresses.

**(9) Special thanks to FAORAP**

The EXCOM expressed special thanks to FAORAP for providing office accommodation for NEDAC-secretariat at FAORAP-premises and for funding support through Letter of Agreements (LOA). EXCOM also appreciated the presence/participation of FAORAP Officer, Mr. Wim Polman in the Seminar on Fair Trade as well as in NEDAC-General Assembly. The EXCOM expressed concern on the abolition of the post of Rural Development Officer and emphasized that FAO support to NEDAC needs to be continued/strengthened for the benefit of small farmers/agricultural co-operatives in the region.

#### IV. Venue of the Next General Assembly

The General Assembly/EXCOM suggested that the Venue of the next General Assembly in 2008 should be Farmers Organizations Authority (FOA), Kuala Lumpur, Malaysia. NEDAC-Secretariat was requested to follow up the matter with FOA, Malaysia as was decided by the NEDAC EXCOM.

#### Annex B

#### NEDAC Workplan/Programme for 2006/2007

		US\$
1.	Continuation of NEDAC Secretariat	41,300
2.	Publication and distribution of country profile/data base on Agril. Cooperatives in Asia	1,200
3.	Post-Tsunami activities on Rehabilitation of affected Agril. Cooperatives in India, Sri Lanka and Thailand	Agriterra fund
4.	Capacity Building of Agril. Cooperative: a) Exchange visit/study tour of Agricultural Cooperative Leaders/Policy makers/Experts to Sri Lanka b) Documentation of success stories of Agricultural Cooperatives in selected countries of Asia c) Assessment of training needs & identification of training Institutions for training/HRD of Cooperative personnel in Asia	8,000*  2,000  -----
5.	National Action Plan for awareness building on Fair Trade and to sensitize the Government on the need for promoting role of cooperatives in development of organic farming and Fair Trade in the country (2006 – 2008)	Cost borne by NEDAC -members

6.	NEDAC – EXCOM April, 2007 (to be held at Bangkok hosted by CPD & CLT)	11,000
7.	Workshop on increased income generation and better livelihood through promotion of Herbal medicine production and Honey by cooperatives in Mountain or Remote areas of selected countries in Asia (Nepal/India/Malaysia/Thailand/Bangladesh) – Nepal to host in 2007	12,000
8.	a) Consultancy Services of Cooperative Experts/Specialists b) Research papers + communication/advocacy strategy by NEDAC under guidance of Chair Person, NEDAC-on information sharing/collaboration with:  i) Agricultural Cooperative – ICA on Policy /Legislation/Institutions ii) FAO a. On Organic Farming and Fair Trade b. On Mountain area development & indigenous peoples. c. On Value added norms/standards as part of Agricultural Cooperatives Fair Trade. d. On Bio Fuels e. On Rural Employment/Training/Capacity Building iii) ILO on Cooperative Recommendations iv) United Nations on rural employment and poverty reduction – MDG-I (Above activities will be continued in 2008)	3,000
		78,500

\* 50% Travel cost to be borne by NEDAC member

# **ANNEXES I – VII**

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**Welcome Address**

**by Mr. P. Uma Shankar, IAS  
Managing Director, NCDC & Chairman NEDAC**

Respected Secretary to the Govt. of India, Ministry of Agriculture, Department of Agriculture & Cooperation, Smt. Radha Singh, I.C.A. Regional Director for Asia and the Pacific, Mr. Shil Kwan Lee, Rural Development Officer, FAO Regional Office, Bangkok, Mr. Wim Polman, NEDAC Programme Adviser, Mr. W.I. Khan

Distinguished delegates from member countries of NEDAC,

Distinguished Cooperative Leaders, Policy Makers, Ladies and Gentlemen.

On behalf of NEDAC-members and on my personal behalf, I extend a hearty welcome to all the distinguished delegates – from Bangkok, Bangladesh, Peoples’ Republic of China, Indonesia, Japan, Malaysia, Nepal, Philippines, Sri Lanka and Thailand besides India – who have assembled here for the Seminar on Fair Trade by Agriculture Cooperatives and NEDAC-General Assembly being held here at NCDC with the support of the Union Ministry of Agriculture, IFFCO and NCUI.

I extend a warm welcome to Smt. Radha Singh, Secretary, Department of Agriculture & Cooperation, for kindly consenting to inaugurate the Seminar and to deliver the inaugural address. I also thank Mr. Shil Kwan Lee for his kind presence at the inaugural ceremony. My thanks are also to Mr. Wim Polman for his presence and continued support to NEDAC. My special thanks to the delegates – from Bangkok, Bangladesh, China, Indonesia, Japan, Malaysia, Nepal, Philippines, Sri Lanka and Thailand who have made it possible to be here for the Seminar and the General Assembly, and also to the delegates from India. I am also thankful to Dr. Arun Raste who is being associated with the Seminar as a Resource Person.

NEDAC traces its origin to the High-level Expert Consultation of ICA at Singapore in 1988 and the Sydney Declaration of Cooperative Ministers’ Conference in 1990. It came into being with active support and initiative from FAO and has successfully completed 15 years of its existence. One of its basic objectives is to promote exchange of ideas and experience among member countries on policies, programmes and projects for agriculture cooperative development in the Asia and Pacific Region. To this end, NEDAC has convened a number of conclaves spanning several areas like sustainable agriculture, market information, gender issues, capacity building and legal reforms. Through the present Seminar, NEDAC seeks to continue its endeavor of fulfilling its mission of bringing together experts, policy makers and cooperators from member-nations.

Several important developments occasion this seminar. International trade has become one of the powerful forces driving globalisation. Trade has the potential to be a catalyst for development in general and human development in particular. In this context, trade should be seen as a means of development, rather than as an end in itself. But the evolving international trade regime bristles with inequity and distortions.

For instance, we may look at the trade practices that are being adopted by countries when it comes to market access. According to the Human Development Report, 2005, “the world’s highest trade barriers are erected against some of its poorest countries: on average, the trade barriers faced by developing countries exporting to rich countries are 3 to 4 times higher than those faced by rich countries when they trade with each other”. The Report further says that the iniquitous trade practices adopted by developed countries have the effect of “destroying the markets on which small holders in poor countries depend, driving down the prices they receive and denying them a fair share in the benefits of world trade”. Increasing marginalization of small farmers leading to growing unrest among the farming community and increasing threat of farm trade being controlled by a few globally dominant companies are the result. There are a few winners but the losers are many.

There has been growing realization that trade should be equitable and based on partnership, dialogue, transparency and respect. While efforts to achieve these goals are on, shall we say, at government to government levels, a parallel citizens’ movement was started some 50 years ago with the same goals in view. Not waiting for government parleys to conclude, buyers/traders set up Fair Trade organizations to improve the livelihoods of disadvantaged people through trade, to “give people in poor countries a place in the sun of prosperity.” There are now Fair Trade organizations both in the North and the South. These organizations not only constitute points of sale but are also very active in campaigning and awareness-raising.

From the beginning, these organizations have aimed at increasing the awareness and indignation of consumers at the problems caused by conventional trade to poor producers in politically and economically marginalized countries. They aim to make the consumer aware that he has an opportunity to use his purchasing power to tilt the balance in favour of the poor. The sale of products always goes alongside with information on the production, producers and their living conditions. Besides, consumers are mobilised in campaigning activities for global justice. These organizations aim to provide a fair price – one that covers cost of production and guarantees a living income; long term contracts which provide real security; and support to gain knowledge and skills that the poor producers need to develop their businesses and increase their sales. Although, these organizations initially dealt in handicrafts, they have been expanding their coverage to include a large number of products. This Seminar organized by NEDAC, is to increase the awareness of Fair Trade among the cooperatives in our region and to discuss the possibilities of tying up with Fair Trade Organizations.

Where do cooperatives come in? Well, they are the largest collections of producers of every kind of goods, be it foodstuff, be it handicrafts. Secondly, importance of cooperatives in rural poverty alleviation is well recognized, we find a mention in UN Secretary General’s report to General Assembly. Thirdly, cooperatives, by their very design, with their universally

acknowledged values and principles on democratic management, member-orientation, social responsibility etc. are fair trade organizations. Linking up with Fair Trade organizations would therefore be logical and would further the food and livelihood securities of millions of people.

I hope the Seminar will provide the necessary opportunity and ambience to deliberate on various aspects of fair trade and other issues of relevance for development of agriculture cooperatives. I am also hopeful that the Seminar will be found immensely useful by the delegates from all the countries present here. The purpose of this effort would be largely achieved, not only to share their own experience and benefit from that of others, but also seek to translate the recommendations and suggestions into action in their respective fields.

NEDAC, with active support and collaboration from member nations, FAO, UNDP, ILO and ICA will continue to strive for strengthening the network among agriculture cooperatives in our Region and carry forward its mandate.

Once again I welcome you all and also thank you for making this effort possible.

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**Inaugural Address**

**by Smt. Radha Singh, Secretary to the Government of India  
Ministry of Agriculture, Dept. of Agriculture & Cooperation**

Chairman, NEDAC, Shri P. Uma Shankar, Regional Director, ICA for Asia and the Pacific,  
Mr. Shil Kwan Lee, Rural Development Officer, FAO Regional Office for Asia and the Pacific  
Mr. Wim Polman, FAO RAP, NEDAC Programme Advisor, Mr. W.I. Khan

Distinguished delegates from member countries of NEDAC

Distinguished Cooperative Leaders, Policy Makers, Ladies and Gentlemen.

It is privilege to inaugurate this seminar on the role of cooperatives in promoting fair trade. This seminar is taking place against the backdrop of the negotiations on the Doha Development Agenda, and as such the subject needs to be discussed and analysed by us all. Globalisation is an inescapable reality of the present economic environment. International economic forces have driven even reluctant entities towards globalization. The issue however is whether globalization has benefited or is likely to benefit all participants large and small, developed and developing; whether the playing field is level or tilted in favour of some. Experience has shown that globalization is unequal. It has tended to strengthen those who are already strong and has fallen far short of its potential to help the world's poorest people out of poverty. So in today's world how do we define cooperative? The definition given by ICA Manchester Congress in September, 1995 is accepted worldwide: It stated that cooperatives are an autonomous association of people united voluntarily to meet their common economic social, cultural needs and aspirations through a jointly owned and democratically controlled enterprise. It is based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. This embraces equally all 5 of the transnational cooperatives: namely, consumer cooperatives, credit cooperatives, agriculture cooperatives, workers' cooperatives and service cooperatives.

Agriculture in most developing countries is a crucial sector on which not only the economic development but also the very survival of a large proportion of the population depends. Agriculture in Asia particularly, is characterized by a preponderance of subsistence and resource poor farmers. These farmers including women often lack access to adequate land, capital, information and marketing infrastructure necessary to take advantage of the opportunities created by the market. Structural and resource constraints make it difficult for our countries to facilitate exploitation of markets by the small producers.

In such a scenario the cooperative form of organization can play a major role in organizing the small producers and thereby developing economies of scale in the marketing of their produce. Cooperatives could also strengthen the bargaining power of the small producers in the market for inputs as well as the product, enabling them to get a fair deal both in terms of costs of production as well as in terms of remunerative prices for their produce.

Cooperatives thus have a role to play both in the domestic as well as in the international markets in facilitating the benefits of globalised agriculture to impact positively on rural livelihoods through internal reform measures as well as by giving the small producers a voice in the domestic and international market place. Since the governance structure of the cooperative is participative and non-exploitative, its functioning can set the standards and norms of market behaviour, towards fairer trade.

While competition remains the hallmark of a vibrant market-based economic system, undue competition among cooperatives themselves, particularly between the member-constituents and the federated trading cooperative need to be addressed. There is indeed a need for enhancing the viability of producers' cooperatives either through re-organisation or amalgamation or through an exit policy. Those that have potential need to be helped to be back on the rail. The federal cooperatives need to focus more on their principal role of providing leadership, technical and managerial support to the member-constituents and help improve the functional efficiency of the latter. If cooperatives are to become model institutions for ushering in fair trade, these structural impediments and functional imperfections have to be overcome. In view of global trend in agri-business, the question really is whether the traditional farm of a user owned, controlled and benefited cooperatives with its 5 pillar advantage of :- (1) countervailing power; (2) access to capital markets on favourable terms; (3) scale economics; (4) risk management and (5) income improvement are as relevant and effective in achieving the members' objectives in an increasingly industrialized and global market place.

With the entry into force of the WTO Agreement on Agriculture (in 1995) it was hoped that distorting elements of agriculture trade will be phased out thereby providing a more level playing field to both developed and developing countries. But this actually did not happen. Rather than the subsidies tied to production to those that are partly decoupled. Producer support estimates which include both types of subsidies – coupled and decoupled have actually increased under the AOA implementation. Studies have consistently reported that agricultural surpluses in rich countries generated through protection and subsidies and then dumped in the world market have hurt agricultural development in developing countries. Thus globalization has forced agriculture in many poor countries to contract with consequent adverse effect on rural livelihoods. Market access barriers faced by developing countries' exporters have not decreased in some of their most important products. Many protectionist instruments such as specific duties, tariff rate quotes, anti dumping measures and a range of non-tariff barriers continue to be used against developing countries exports. Within the agriculture sector high value added goods represent the fastest growing segment. But as a result of a range of trade barriers, developing countries are systematically excluded from a larger share in the high value added trade. This creates disincentives for investment in local processing where new jobs could be created. This pattern of agriculture trade is creating greater inequalities because

developing countries continue to be producers of low quality/low value commodities with consequent implications on livelihood security and poverty.

The Doha Development Agenda is being seen as an opportunity to level the playing field and make agriculture trade fair. Farmers' and agri producers' cooperatives in our respective countries can act as a strong pressure group to steer the negotiations towards rules which effectively reduce protectionism and subsidies in the developed countries while at the same time building in effective and operational special and differential treatment provisions taking into account the needs of the developing countries. Although our countries are a heterogeneous group and differences in our agriculture sectors manifest themselves at several levels we need to counter the iniquitous aspects of trade jointly. If investor orientated business have not hesitated in emulating cooperatives in the interest of their development and growth, why should not cooperatives the world over, evolve and learn from the corporate sector? Local response to globalization would lie in strengthening cooperative identity through education programmes for members, leaders and staff, introduction of new and efficient services, gender equality, business alliances vertically and horizontally integrated at national, regional and international level as also under hybrid arrangements of multinational cooperatives, and private corporations. Promotion of e-commerce and carving niche in cyber space, social alliances with employers' organizations, women groups, NGO's and other with common concerns. Lobbying for an appropriate regulatory and legal environment where government's role in function of cooperatives is limited to that of a facilitator. Producers' cooperatives in the western world are undergoing rapid structural changes, in response to the need of time. Cooperatives in developing countries must also adapt to the changing times.

With these words I extend to you, especially international participants a very warm welcome. I am sure the deliberations during the Seminar will be enriching and useful. I would also encourage you to take time off and see the old and historic city of Delhi.

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**Agenda and Time-table**

Seminar on Fair Trade and NEDAC General Assembly  
New Delhi, India, 24 – 28 July, 2006

<u>Sun. 23 July, 2006</u>	-	Arrival of participants
<u>Mon. 24 July, 2006</u>	-	
08:00 – 09:00 hrs		Registration of Participants
09:00 – 10:30 hrs		Inauguration of Seminar and NEDAC General Assembly.
.		(i) Welcome address by Shri P. Uma Shankar, MD, NCDC and Chairman, NEDAC.
		(ii) FAO statement by Mr. Wim Polman, FAO RAP, Bangkok
		(iii) ICA statement by Mr. Shil Kwan Lee, Regional Director, ICA ROAP, New Delhi.
		(iv) Inaugural address by Smt. Radha Singh, Secretary (Agri. & Coopn.), Ministry of Agriculture, New Delhi.
		(v) Vote of thanks by Dr. G.N. Saxena, Director, IFFCO, New Delhi.
10:30 – 11:00 hrs.		Coffee/ Tea break.
11:00 – 11:30 hrs.	(i)	Approval/Adoption of the Tentative Programme and Agenda of the Seminar and the General Assembly (Chairman Mr. P. Uma Shankar)
	(ii)	Introduction of the Seminar & Resource Persons : Mr. Wim Polman
	(iii)	Objectives/Procedure of the Seminar : Mr. W.I. Khan
11:30 – 12:30 hrs.		Presentation of Resource Paper on Fair Trade: Dr. Arun Raste
12:30 – 13:00 hrs.		Discussions on the Resource Paper
13:00 – 14:00 hrs.		Lunch

- 14:00 – 15:30 hrs. Presentation of Country Papers
- 15:30 – 16:00 hrs. Coffee/Tea
- 16:00 – 17:00 hrs. Presentation of Country Papers (Cont'd)

Tue. 25 July, 2006 -

- 09:00 – 10:30 hrs. Presentation of Country Papers (Cont'd)
- 10:30 – 11:00 hrs. Coffee/Tea
- 11:00 – 11:30 hrs. Brief discussions about the Working group -  
Mr. Wim Polman
- 11:30 – 13:00 hrs. Working groups discussions
- 13:00 – 14:00 hrs. Lunch
- 14:00 – 15:30 hrs. Recommendations of the Working groups  
(Mr. P. Uma Shankar, Chairman)
- 15:30 – 16:00 hrs. Coffee/Tea
- 16:00 – 17:00 hrs. FAO – NEDAC Resolutions on the Recommendations of the  
Working Groups : Dr. Arun Raste, Mr. Daniel Gustafson,  
FAOR India, Mr. Polman/Khan

Wed. 26 July, 2006 - Field visit to Agricultural Cooperatives  
(Leave Guest house/hotel at 06:30 hrs.)

Thu. 27 July, 2006 -

- 09:00 – 10:30 hrs. Feedback & Discussions on field visit
- 10:30 – 11:00 hrs. Coffee/Tea
- 11:00 – 12:00 hrs. Computerization of Agric. Co-operatives –  
Mr. K.L. Nalwaya, NCUI
- 12:00 – 13:00 hrs. NEDAC General Assembly:
- (a) Welcome of New Members: Mr. P. Uma Shankar
  - (b) Report on NEDAC Activities and NEDAC  
Income/Expenditure Statement 2004 – 2005:  
Mr. W.I. Khan

- 13:00 – 14:00 hrs. Lunch
- 14:00 – 14:30 hrs. Election of NEDAC EXCOM Members for 2006 – 2008  
(Chairman, Vice-Chairman and 3 members)
- 14:30 – 15:30 hrs. Discussions on ICA – FAO – NEDAC – Collaboration:  
Mr. Shil Kwan Lee, Regional Director, ICA ROAP  
Mr. Daniel Gustafson, FAOR, India  
Mr. P. Uma Shankar, M.D., NCDC  
Mr. Wim Polman, FAO RAP
- 15:30 – 16:00 hrs. Coffee/Tea
- 16:00 – 17:00 hrs. Discussions and adoption of NEDAC Work Plan for 2006 – 2008  
(Draft workplan will be prepared by a group comprising  
Dr. Prasad, NCUI/Mr. Baskota, NCF/Mr. Salaman D. Mangca,  
CDA/Mr. Sato, JA-Zenchu and Mr. Wim Polman, FAORAP/  
Mr. W.I. Khan, NEDAC )

Fri. 28 July, 2006 -

- 08:30 – 09:30 hrs. NEDAC EXCOM Meeting:  
Opening Remarks/Statement by the Chairman and  
Vice-Chairman,
- 09:30 – 10:30 hrs. Discussions and approval of NEDAC Work Plan for 2006/2007  
and Membership Drive
- 10:30 – 11:00 hrs. Coffee/Tea
- 11:00 – 13:00 hrs. Discussions about NEDAC-Secretariat, NEDAC Adm/  
Constitutional matters
- Contact Person/Focal point for NEDAC matters in countries  
with more than one member
  - Information concerning changes, if any, on organizational  
matters and any other important items.
  - suggestions for improving NEDAC resources/funds
- 13:00 – 14:00 hrs. Lunch
- 14:00 – 15:30 hrs. NEDAC EXCOM Resolutions

Sat. 29 July, 2006 -

Departure of participants

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**Questions for Working Groups:**

1. How do we proceed from here. What could be the possible strategy and action points specially in relation to
  - Government Policies
  - Marketing
    - International
    - National
  - Focal Point in Government
2. Which sectors/products would be interesting for your country and why?
3. What are the capacity building needs to make cooperatives fair trade successful?
4. How would you forge linkages and what would be the hindrance:

Linkage among NEDAC members  
Linkages with existing fair trade organizations  
Linkages with NGOs.

**FIELD VISIT**

**CO-OPERATIVE SOCIETY LTD., CHUMUHA  
DISTT.- MATHURA, UP.**

Name of Society	Large Size Co-operative Society Limited, Chumuha, Distt.-Mathura (U.P.)
Staff of Society	Ten employees.
Area of operation	Town Area and Six Nayay Panchayat.

**GENERAL INFORMATION:**

**INTRODUCTION**

The Society was registered on 30<sup>th</sup> January 1957 with a view to save small farmers from the clutches of big land holders so that the people should get fair price of their produce and their income level is increased. Originally the society was registered at a village level which covered one village, later on the society was re-organised on 18<sup>th</sup> February 1971 and re-registered at Nyay Panchyat level having many villages under its area of operation. Now, there are 21 villages covered in this society.

**OBJECTIVE**

The main objective of the society is to bring as many people as possible in the ambit of co-operative movement and save them from the clutches of big land holders, so that these people get the reasonable and fair return on their produce with a view to increase the level of their income. Keeping this objective in mind, the society distributes fertilizers, seeds, pesticides etc. to the members of the society at the right time and right price, provides daily needs of goods (consumer goods) at a fair price to the members, keeps deposits of the members in the minibank, so that the members earn interest on their savings.

Other objectives of the Society are

- i To develop the habit of savings among the masses.
- ii To make arrangements for marketing of their produce.
- iii To ensure reasonable price to the members of their produce.
- iv To distribute income earned equally among the members.
- v To work for all and all for one.

Population of Society Covered Area (nos)

a)	Member of families	27918
b)	Agricultural families	15605
c)	Non-agricultural	12313

Membership of Society

a)	Agricultural Member	8415
b)	Non-agricultural Member	<u>1270</u>
	Total	<u>9685</u>

Total Area covered in Society

a)	Agricultural Land	58586	Hectare
b)	Non-agricultural Land	10339	Hectare

Share Capital of Society

a)	From Individual Members	Rs. 3 1.72	Lakh Rupees
b)	State Government Share Capital in Society	Rs. 1.50	Lakh Rupees
	Total	<u>Rs. 33.22</u>	Lakh Rupees

Building of Society

a)	Office	Two
b)	Go down	Three (100 mt eah go down)
c)	Co-operative Siwer Dhawa	One

Fixed Deposit of Society

Lakh Rupees

Mathura DCB Branch, Chaumuha

Rs. 3.00

Business of Society - During the year 2005-06

<u>S.No.</u>	<u>Item</u>	In Lakh Rs.
1.	Sales of Fertilizers	Rs. 210.25
2.	Loan Distribution	Rs. 277.06
3.	Purchase of Agricultural Product (Under Support Price).	Rs. <u>15.25</u>
	Total	Rs. <u>502.56</u>

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Demand and Recovery of Society

		<u>During the year 2005-06</u>
		Lakh Rupees
a)	<u>Demand</u>	
	Principal	Rs. 227.34
	Interest	Rs. <u>24.54</u>
	Total	Rs. <u>251.88</u>
b)	<u>Recovery</u>	
	Principal	Rs. 193.35
	Interest	Rs. <u>18.75</u>
	Total	Rs. <u>212.10</u>

Percentage of Recovery

84.2%

Business of Mini Bank in Society

a)	Number of A/C Holders	2510
b)	Deposit of A/C Holder	
	i) In fixed deposit	Rs. 3.00
	ii) In savings deposit	Rs. <u>10.00</u>
	Total	Rs. <u>13.00</u>

## Comparative Business of last 3 years

Sr. No.	Item	Years		
		2003-04	2004-05	2005-06
1.	Fertilizers(MT)			
	(a) Urea	950	828	1149
	(b) NP.K	200	300	522
	(c) OAP	945	837	430
	<b>TOTAL</b>	<b>2095</b>	<b>1965</b>	<b>2101</b>
	Others (Rs. In Lakhs)			
2.	Seed & Chemicals	7.70	.20	9.70
3.	Total turnover	167.49	175.53	210.25
4.	<b>Profit</b>	<b>1.70</b>	<b>2.77</b>	<b>4.12</b>

**Rupees One Lakh = USD 2220**  
**(1 USD = 45 Rupees)**

### Rate of Interest from Society to Members

11.5 % (Rs. 1 to Rs. 25000)  
 11 % (above Rs. 25000)

### Net Income of Society

Net Income of Society during year 2005 – 2006 amount Rs. 4.12 Lakh.

(S.B. Sharma)  
 Secretary  
 S.S. Chomuha  
 Distt. Mathura (U.P.)  
 India

**List of the Documents distributed in the Meeting**

1. UN GA resolution on co-ops adopted by 3<sup>rd</sup> Committee of GA  
Mongolia: Draft resolution on Cooperatives in Social Development
2. Fair Trade and Suggested issues for discussion
3. FAO and the EC present online Export Helpdesk Facilitating market access for developing countries to the EU
4. Obesity, hunger, and agriculture: the damaging role of subsidies
5. Bill on cooperatives introduced - Kerala.com - India
6. Contribution from SDA on Organic Agriculture & Sustainable Rural Development
7. India: Markfed to undertake contract farming of export crops
8. Constitutional Amendment Proposed For Professional Functioning of Cooperatives, India
9. Cooperatives should adapt to changing times, says Pawar, India
10. Cooperative factories look to globalise tea market, India
11. Unoy farmers asked to federate, Philippines

# 1. UN GA resolution on co-ops adopted by 3<sup>rd</sup> Committee of GA

## Mongolia: Draft resolution on Cooperatives in Social Development

### Cooperatives in social development

#### The General Assembly

*Recalling* its resolutions 47/90 of 16 December 1992, 49/155 of 23 December 1994, 51/58 of 12 December 1996, 54/123 of 17 December 1999 and 56/114 of 19 December 2001 and 58/131 of 22 December 2003, entitled “Cooperatives in social development”,

*Recognizing* that cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons and persons with disabilities, and are becoming a major factor of economic and social development,

*Recognizing also* the important contribution and potential of all forms of cooperatives to the follow-up to the World Summit for Social Development, the Fourth World Conference on Women, the second United Nations Conference on Human Settlements (Habitat II), and their reviews, the World Food Summit, the Second World Assembly on Ageing, the International Conference on Financing for Development, and the World Summit on Sustainable Development,

1. *Takes note* of the report of the Secretary-General on cooperatives in social development;
2. *Draws the attention* of Member States to the recommendations contained in the report of the Secretary-General for further action to promote the greater participation of cooperatives in poverty reduction, in particular the design, implementation and monitoring of Poverty Reduction Strategy Papers (PRSPs) where they exist;
3. *Encourages* Governments to keep under review, as appropriate, the legal and administrative provisions governing the activities of cooperatives, in order to enhance the growth and sustainability of cooperatives in a rapidly changing socio-economic environment; broaden and deepen the outreach of cooperatives among poor, particular those in the rural areas or agricultural sector; and promote the participation of women and vulnerable groups in cooperatives across all sectors;
4. *Urges* Governments, relevant international organizations and specialized agencies, in collaboration with national and international cooperative organizations, to give due consideration to the role and contribution of cooperatives in the implementation of and follow-up to the outcomes of the World Summit for Social Development, the Fourth World Conference on Women, the second United Nations Conference on Human Settlements (Habitat II) and their five-year reviews, the World Food Summit, the Second World Assembly on Ageing, the International Conference on

Financing for Development, the World Summit on Sustainable Development and the 2005 World Summit by, inter alia:

- (a) Utilizing and developing fully the potential and contribution of cooperatives for the attainment of social development goals, in particular the eradication of poverty, the generation of full and productive employment and the enhancement of social integration;
  - (b) Encouraging and facilitating the establishment and development of cooperatives, including taking measures aimed at enabling people living in poverty or belonging to vulnerable groups to engage on a voluntary basis in the creation and development of cooperatives;
  - (c) Taking appropriate measures aimed at creating a supportive and enabling environment for the development of cooperatives by, inter alia, developing an effective partnership between Governments and the cooperative movement, promoting and implementing better legislation, training, research, sharing of good practices and human resources development;
  - (d) Taking steps to improve the collection and dissemination of information and data on the role of cooperatives in poverty reduction and their contribution to social and economic development;
5. *Invites* Governments, in collaboration with the cooperative movement, by, inter alia developing programmes to enhance capacity building by strengthening the organizational, management and financial skills of members of cooperatives, the elected leadership and professional cooperative management, where appropriate, and introducing and supporting programmes to improve the access of cooperatives to new technology;
6. *Also invites* Governments, relevant international organizations, specialized agencies and local, national and international cooperative organizations to continue to observe the International Day of Cooperatives annually, on the first Saturday of July, as proclaimed by the General Assembly in its resolution 47/90;
7. *Requests* the Secretary-General, in cooperation with the relevant United Nations and other international organizations and national, regional and international cooperative organizations, to render support to Member States, as appropriate, in their efforts to create a supportive environment for the development of cooperatives, to continue to provide assistance for human resources development, technical advice and training, and to

promote an exchange of experience and best practices, through, inter alia, conferences, workshops and seminars at the national and regional levels;

8. *Also requests* the Secretary-General to submit to the General Assembly at its sixty-second session a report on the implementation of the present resolution, focusing on the role of cooperatives in promoting full and productive employment.

## **2. Fair Trade and Suggested issues for discussion**

### **What is fair trade?**

- Producers receive a fair price – a living wage.
- Buyers and producers trade under direct long-term relationships
- Producers have access to financial and technical assistance
- Sustainable production techniques are encouraged
- Working conditions are healthy and safe
- Equal employment opportunities for women and other vulnerable social groups
- All aspects of trade and production are open to public accountability

### **Suggested issues for discussion**

- What are some of the central challenges that agricultural cooperatives face when trying to get involved in fair trade?
- What are some of the central organizational development challenges that confront agricultural cooperatives which are already part of fair trade?
- To your knowledge, what kinds of grassroots level governmental/NGO/private sector advisory or extension services are available that support agricultural cooperatives' organizational capacities to engage in fair trade?
- Which particular issues, themes, and processes related to the organizational capacities of rural producer organizations to engage in fair trade should be covered in training materials, extension guides and other grassroots level information products?
- Which particular policy issues are related to cooperative fair trade?
- Which particular market information, extension and education issues have to

be addressed in support of cooperative fair trade?

- What success cases in agricultural cooperative fair trade can be replicated?
- What are the priority areas for cooperative fair trade networking and alliance building?

### **3. FAO and the EC present online Export Helpdesk Facilitating market access for developing countries to the EU**

**FAO NEWSRELEASE** 05/168 e

**Contacts:**

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**Rome, 7 December 2005** - FAO and the European Commission today presented the EC's Online Export Helpdesk for developing countries to FAO member countries at FAO's Rome headquarters.

“This project will contribute to strengthening the strategic partnership between FAO and the EC. In the context of our planned cooperation on commodities and trade facilitation, it represents an important step forward,” said Alexander Sarris, Director of FAO's Commodities and Trade Division.

In his presentation, Matthew Baldwin, Acting Director in the Directorate General for Trade of the European Commission, said: “The Export Helpdesk is a clear demonstration of the EC's determination to help developing countries in their efforts to integrate further into the global economy. They deserve a fair chance to compete in the EU market, and our Helpdesk is designed to give them just that: a series of practical measures to help developing country exporters benefit properly from our preferential trade programme.”

The Export Helpdesk was initially launched in February 2004 with the goal of enhancing the economic growth of developing countries by facilitating the access of their exporters to the EU market. The online service has been providing free and comprehensive information to exporters from developing countries on how to export a product into the EU.

Confirmation of the importance of the Export Helpdesk for developing countries' exporters is provided by the impressive statistics of its use: it has been receiving an average of nearly 3 500

visitors per day so far this year. In addition, 140-160 questions have been received per month by the contact section and an average of 100-120 offers and demands have been published per month in the market place section.

The Export Helpdesk provides the following information online:

- EU and Member States' import requirements and internal taxes applying in each Member State for each particular product (Requirements and taxes section);
- EU preferential import regimes for the benefit of developing countries (Import tariffs, Customs documents and Rules of origin sections);
- Trade data for the EU and its individual Member States (Statistics section);
- A "Market Place" where exporters in developing countries can establish contacts with importers from the EU (Market Place section);
- Links to EU and Member State authorities and international organizations involved in practical trade operations and trade promotion (Links section);
- Possibility to lodge detailed information requests about real-life situations encountered by exporters (Contact section).

Users of the Helpdesk are invited to make suggestions as to further information which they consider could be usefully added to the Helpdesk to better serve their needs (email address: [export-help@cec.eu.int](mailto:export-help@cec.eu.int)).

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**For more information, visit:**

<http://export-help.cec.eu.int>

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**Radio:** Liliane Kambirigi, Radio Information Officer, (+39) 06 570 53223

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FYI: FAIR TRADE issue costly trade/agricultural subsidies work against health of EU citizens

#### **4. Obesity, hunger, and agriculture: the damaging role of subsidies**

**From:** Ag-Trade-Policy-Owner

**Sent:** Monday, 12 December, 2005 8:23 PM

**To:** Ag-Trade-Policy-L@mailserv.fao.org

**Subject:** Obesity, hunger, and agriculture: the damaging role of subsidies

**From:** Schulz, Dirk (FAOSAPA)

An interesting article from the British Medical Journal. Food for thought.

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Obesity, hunger, and agriculture: the damaging role of subsidies

BMJ 2005;331:1333-1336 (3 December), doi:10.1136/bmj.331.7528.1333 Liselotte Schäfer Elinder, associate professor<sup>1</sup>

<sup>1</sup> Swedish National Institute of Public Health, 103 52 Stockholm, Sweden

Correspondence to: L Schäfer Elinder liselotte.elinder@fhi.se

Globally, we are producing more food than the population needs. Subsidising verproduction Europe is affecting the health of people in both Africa and Europe

##### **Introduction**

Being overweight is becoming the norm rather than the exception in most developed countries, and obesity is a serious health problem worldwide.<sup>1</sup> Many people see obesity as a lifestyle issue. However, behavioural interventions to prevent obesity in both adults and children have generally been ineffective,<sup>2</sup> indicating strong influences beyond individual control. Considerable resources are currently invested in developing drugs to prevent and treat obesity. However, from a societal perspective, prevention of obesity through diet and physical activity should be given priority for both economic and ethical reasons.<sup>1 3</sup>

Chopra and DarntonHill recently suggested that we need a global strategy on food similar to the Framework Convention on Tobacco Control.<sup>4</sup> Their suggested actions are mainly aimed at reducing demand for food. But we argue it is equally important to tackle the oversupply of food, driven by agricultural subsidies.

European common agricultural policy

The societal changes causing the worldwide increase in body mass index include mass production of heavily marketed, energy dense foods, globalisation of trade and taste, technological developments in the workplace, a sedentary lifestyle, and the reduction in active transport.<sup>5 6</sup> Improvements in agricultural productivity over the past decades have facilitated a massive increase in dietary energy intake.

Actually, the main problem for the agricultural sector in many developed countries is over production.<sup>7</sup> Several studies have suggested that overproduction of food followed by excessive

consumption is the prime cause of the increase in body mass index in the United States and elsewhere.<sup>8 9</sup> Continued subsidy to stimulate production of food through agricultural policy is therefore paradoxical. Obesity and associated noncommunicable diseases cause costs for health care and lost productivity, and overproduction in agriculture causes environmental degradation. But these negative effects are difficult to influence through behavioural intervention because consumers do not bear the full costs. The World Health Organization has noted this problem, and its global strategy on diet, physical activity, and health recommends that "Member states need to take healthy nutrition into account in their agricultural policies."<sup>10</sup>

The dairy sector in the European Union is an example of how agriculture subsidies can lead to negative health effects in Europe as well as in developing countries. The European Union spends almost 2bn (£1.4bn, \$2.4bn) a year to maintain production levels at 20% above the domestic demand and at prices twice as high as on the world market.<sup>11</sup> Without subsidies, production would quickly adapt to the level of demand. However, for historical reasons, and because of strong lobbying, milk production in the European Union is highly protected.

Surplus milk is converted to the storable products skimmed milk powder and butter. Butter mountains are expensive to maintain and create negative publicity. Therefore, export subsidies and domestic consumption aids are granted in order to dispose of it. Export subsidies for milk products undermine the milk sector in many developing countries such as the Dominican Republic, Kenya, India, and Jamaica.<sup>12</sup> Domestic consumption aid for butter at a yearly cost of 500m is granted to one third of all butter produced in the European Union, corresponding to 1.5 kg of butter per European citizen a year. This butter is sold with subsidies to the food industry, which turns it into mainly ice cream and cakes.<sup>13</sup>

The European school milk scheme is another outlet of surplus milk.<sup>11</sup> Higher subsidies given to milk with a higher fat content has led to only 5% of Swedish school children drinking the recommended skimmed milk with their school lunches (Swedish National Food Administration, unpublished figures). In theory, a child who drinks full fat milk instead of skimmed milk receives an extra 1.5 kg of saturated fat each year from school milk alone.

#### Increasing dietary energy supplies worldwide

Figures from the Food and Agriculture Organization show that global per capita dietary energy supplies are rising and forecasted to grow for at least another 25 years.<sup>14</sup> A decreasing global population growth rate in combination with a strong growth in agricultural productivity has given us access to more and better food at declining real prices, in fact the lowest in history. People around the world can purchase more calories today for the same money as western Europeans could decades ago at a similar gross domestic product level. This is, of course, positive for the 850 million people who still suffer from hunger and malnutrition worldwide. However, the main reason for hunger is not a lack of global food supplies but lack of access to food, conflicts, natural and human disasters, animal and plant pests, and unfair international trade in combination with a lack of political will to eradicate it.<sup>15</sup>

A daily energy intake of 9.2 MJ (2200 kcal) is regarded as necessary to avoid malnutrition, while more than 11.3-12.5 MJ a day will lead to obesity in people with a sedentary lifestyle.<sup>15</sup> Income inequalities, the level of poverty and health care, and the fact that obesity shifts from the rich to

the poor as income rises will determine the socio-epidemiological distribution of malnutrition, obesity, and non-communicable diseases in each country.<sup>16</sup>

In a climate of tough competition, sections of the food industry develop new and healthier value added foods at higher prices, benefiting mainly higher socioeconomic groups. But what is produced is eventually eaten by someone. Fat, sugar, and cereals are cheap and constitute the raw materials for energy dense and nutrient poor foods, which lead to passive overeating and obesity.<sup>5 17-19</sup> Therefore, as long as the supply of energy dense foods is not reduced, the prevalence of obesity and social inequalities in health is likely to continue to increase. As a first step to reverse the obesity epidemic, agricultural market support promoting the overproduction of food has to be phased out.

The overproduction of food by developed countries also has detrimental health effects in other countries. The use of export subsidies by rich countries and tariffs on imported food is a serious obstacle for growth of the agricultural sector in developing countries.<sup>15</sup> Agricultural growth has an important role in alleviating poverty and malnutrition because it increases food availability locally, creates employment, stimulates the rural economy, and reduces the cost of food for poor consumers.<sup>20</sup> According to the Food and Agriculture Organization, rural development and agriculture are key to reducing poverty and hunger and reaching the millennium development goals.

Agricultural subsidies coupled to production should be phased out. The 2003 reform of the common agricultural policy, the main aim of which was to bring supply in line with demand, was a step in the right direction. It partially decoupled financial support from the amount of foods produced. However, the results of quantitative analysis by the Organization for Economic Cooperation and Development indicate only modest (less than 1%) reductions in production of most commodities such as wheat, coarse grains, oilseeds, beef, pig meat, and poultry.<sup>21</sup> Only rice production is expected to decrease significantly. Milk production in the European Union is expected to increase slightly until 2014-5 because of increases in the quota (the amount of milk eligible for subsidies). There are consequently no plans to phase out consumption aid for butter (Swedish Board of Agriculture, personal communication). Subsidised export is assumed to decrease by 4% for wheat, 6% for cheese, 8% for skimmed milk powder, and 17% for butter. This will result in falling prices on the European market and more energy available for consumption. Economists expect European consumption of butter to increase by 0.7%, cheese by 1.5%, and wheat by 0.3% by 2008. In other words, it is assumed that the population will contribute to solving the problems of the common agricultural policy by eating more. Clearly, the policy reform is a failure from the perspective of preventing obesity.

The public health sector must now engage in reform of the common agricultural policy. Health effects have been neglected despite article 152 in the Amsterdam Treaty saying that public health should be promoted by all EU policies. The ongoing discussions concerning the reform of the fruit and vegetable sector are an opportunity not to be missed.

The resources ploughed into agriculture in developed countries are enormous. The total transfers to agriculture in countries in the Organization for Economic Cooperation and Development for 2003 amounted to \$350bn (£194bn, 288bn),<sup>7</sup> half of which comes from taxpayers and half from consumers. Eliminating all agricultural policy distortions could produce global annual welfare gains up to \$165bn according to the Food and Agriculture Organization because production

would move to countries with comparative advantages.<sup>14</sup> The global cost of not eradicating hunger-in terms of conflicts, recurrent emergencies, international crime, the drug trade, terrorism, clandestine migration, and the premature death of those who are hungry-is enormous.<sup>15</sup> To this should be added the cost of environmental damage from agriculture, which might be even higher.

#### Summary points

- Current dietary energy supply is more than sufficient to alleviate starvation worldwide and is forecasted to grow for another 25 years
- Agriculture subsidies coupled to production distort the balance between supply and demand, leading to over consumption and obesity
- Overproduction of food in rich countries using trade distorting measures undermines the agricultural sectors in developing countries, hindering the eradication of hunger and poverty
- Phasing out of agricultural producer support in developed countries is the first step in the fight against both obesity and hunger
- In comparison, the estimated cost for food for the 850 million people who currently are food insecure is \$10.4bn a year, while the annual cost of ensuring sound nutrition and health in developing countries is estimated to be \$70-80bn in addition to the \$136bn currently spent.<sup>15</sup> The official development aid needs for achievement of the millennium development goals have been estimated to be \$135bn for 2006 rising to \$195bn in 2015.<sup>22</sup>

#### Two steps towards better health

Phasing out of market support for agricultural producers in developed countries is necessary as a first step in the fight against obesity, poverty, and hunger worldwide. In addition, the money saved in taxes could be used for ensuring sound nutrition and health in developing countries and for reaching the millennium development goals. Agricultural market support paid from taxes can be defended only if the food is undersupplied-that is, if the market fails-which was the case when the common agricultural policy was founded in the late 1950s.

But even if subsidies are phased out, global supplies will probably continue to be higher than "healthy" demand for many years to come. The food industry will fight for its markets and try to expand them. Therefore, as a second step, internationally binding conventions like the one on tobacco are needed. These should include issues such as marketing of energy dense foods, availability to children, labelling, and tax and price measures, as suggested by Chopra and Darnton-Hill.<sup>4</sup> Such conventions will require governments, WHO, and the Food and Agriculture Organization to take a strong role. However, government failures must be corrected before market failures can be tackled. Before we brake, we should take the foot off the gas.

LSE has worked at the National Institute of Public Health in Sweden since 1998. Her main areas of interest are nutrition, physical activity, obesity, policy development, health impact assessment, and agriculture policy. Sources of information are reports from the European Commission, the WHO, OECD, FAO as well as the scientific literature.

Competing interests: None declared.

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## **5. Bill on cooperatives introduced, India**

NewKerala.com - India / May 23, 2006

New Delhi: Government today introduced in Lok Sabha a Constitutional amendment bill aimed at ensuring the autonomous and democratic functioning of cooperatives and accountability of management to the members and other stakeholders.

The Constitution (106th amendment) Bill, moved by Agriculture Minister Sharad Pawar, said there was a need to initiate fundamental reforms to revitalise the cooperative sector which was giving poor services and low productivity due to unprofessional management.

Pawar said to bring the necessary reforms, it was proposed to incorporate a new part in the Constitution to provide covering vital aspects of working of cooperative societies like democratic, autonomous and professional functioning.

It seeks to empower Parliament in respect of multi-State cooperative societies and State legislatures in case of other cooperative societies to make appropriate law incorporating a number of provisions.

These include incorporation, regulation and winding up of cooperative societies based on the principles of democratic member control and autonomous functioning.

A cooperative society can have a maximum number of directors that should not exceed 21 and stipulates a five-year fixed term for elected members of the board and its office bearers.

An independent professional audit and right of information access to members of the cooperative societies are other measures proposed.

## **6. Contribution from SDA on Organic Agriculture & Sustainable Rural Development**

From: Bonnal, Jean (SDAR)  
To: SDA-Professionals-List  
Sent: 6/8/2006 9:52 PM  
Subject: PNTD and Organic Agriculture

FYI ,Contribution from SDA on Organic Agriculture & Sustainable Rural Development

Please have a look on PNTD and OA..... page 7  
[http://www.simoca.org/dwld/SIMOCA\\_Memorandum\\_final\\_strategy.pdf](http://www.simoca.org/dwld/SIMOCA_Memorandum_final_strategy.pdf)  
<[http://www.simoca.org/dwld/SIMOCA\\_Memorandum\\_final\\_strategy.pdf](http://www.simoca.org/dwld/SIMOCA_Memorandum_final_strategy.pdf)> , :  
(SIMOCA Project MEMORANDUM on OA& SARD in the ADSES area: Elements for a Transnational Strategy)

Eve, Can you insert on SARD Web Site ?

From: Scialabba, Nadia (SDD)  
Sent: 05 June 2006 10:11  
To: Bonnal, Jean (SDAR)  
Subject: RE: Contribution to IDWG programme activities

Merci Jean.

Nadia

From: Bonnal, Jean (SDAR)  
Sent: 03 June 2006 09:27  
To: Krell, Rainer (REUS); Scialabba, Nadia (SDD); Walter, Sven (FOPP); Allara, Manuela (AGPP); Aubert, Anne (GILW); Bammann, Heiko (FAOSAPA); Batello, Caterina (AGPC); Boedeker, Gerold (ESDG); BurgosLeon, Walter (AGLL); Dankers, Cora (ESCR); Doyran, Selma (AGNC); Gallagher, Kevin (TCOS); Hallam, David (ESCR); Halwart, Matthias (FIRI); Hodder, Alison (AGPC); Leskien, Dan (AGD); Liu, Pascal (ESCR); Mazaud, Francois (AGST); Mosoti, Victor (LEGN); Santacoloma, Pilar (AGSF); Saraceni, Marina (AFIU); Taher, Fawzi (FAORNE); Tanic, Stjepan (FAOSEUM); Tartanac, Florence (AGST); Toledo, Alvaro (AGDC); Viollier, Virginie (GILW)  
Cc: Vertecchi, Stephanie (SDRN); Mueller, Alexander (SDD); SD-Registry; Hilmi, Angela (SDD)  
Subject: RE: Contribution to IDWG programme activities

I fully agree with Rainer's contribution. Let me just add 3 additional contributions to or from Organic Agriculture, based on results of SIMOCA project on Organic Agriculture and Sustainable Development (EU/Italy and CIHEAMBari). Please see : <http://www.simoca.org/> <<http://www.simoca.org/>> and Elements for a trans-national Strategy (March 2006) with FAO contributions: [http://www.simoca.org/dwld/SIMOCA\\_Memorandum\\_final\\_strategy.pdf](http://www.simoca.org/dwld/SIMOCA_Memorandum_final_strategy.pdf) <[http://www.simoca.org/dwld/SIMOCA\\_Memorandum\\_final\\_strategy.pdf](http://www.simoca.org/dwld/SIMOCA_Memorandum_final_strategy.pdf)> , :

\* OA need to be promoted both as an individual choice and a territorial option capturing all local Stakeholders' interest and capacities, enhancing the local identity and taking advantage of local/regional trends of change. This territorial approach necessarily entails some engagements in negotiation with other actors and a common ground for discussions and action need to be found.(see [http://www.fao.org/sd/dim\\_pe2/pe2\\_050402\\_en.htm](http://www.fao.org/sd/dim_pe2/pe2_050402_en.htm) <[http://www.fao.org/sd/dim\\_pe2/pe2\\_050402\\_en.htm](http://www.fao.org/sd/dim_pe2/pe2_050402_en.htm)> )

\* OA contribute to diversify rural economies through income generation and job creation and to revitalize rural areas by opening new opportunities for the development of multiple and downwards linkages within and outside organic sector, connected to the supply of inputs and technical advice as well as to the provision of infrastructure and services for post-harvest, processing and marketing activities

\* OA can also play an important part in enhancing the territory's overall image and increasing the demand for regionally branded food and craft products and for tourism and recreation services

From: Krell, Rainer (REUS)

Sent: 02 June 2006 17:55

To: Scialabba, Nadia (SDD); Walter, Sven (FOPP); Allara, Manuela (AGPP); Aubert, Anne (GILW); Bammann, Heiko (FAOSAPA); Batello, Caterina (AGPC); Boedeker, Gerold (ESDG); Bonnal, Jean (SDAR); BurgosLeon, Walter (AGLL); Dankers, Cora (ESCR); Doyran, Selma (AGNC); Gallagher, Kevin (TCOS); Hallam, David (ESCR); Halwart, Matthias (FIRI); Hodder, Alison (AGPC); Leskien, Dan (AGD); Liu, Pascal (ESCR); Mazaud, Francois (AGST); Mosoti, Victor (LEGN); Santacoloma, Pilar (AGSF); Saraceni, Marina (AFIU); Taher, Fawzi (FAORNE); Tanic, Stjepan (FAOSEUM); Tartanac, Florence (AGST); Toledo, Alvaro (AGDC); Viollier, Virginie (GILW)

Cc: Vertecchi, Stephanie (SDRN)

Subject: Contribution to IDWG programme activities

Dear All,

After this week's IDWG discussion here is a draft on the thoughts of in-house interdisciplinary learning activities;

I know it is too long and there are elements that not only relate to the learning exchange between organic and traditional/indigenous practices, but I trust that this way something useful can be found for extraction into the final two page request.

A nice weekend to all

Rainer

From: Yabuki, Nanae (FAORAP)

To: Polman, Wim (FAORAP)

Sent: 6/5/2006 8:41 AM

Subject: FW: Will consumers be the catalyst for fair trade food policy?

From: Ag-Trade-Policy-Owner

Sent: Thursday, 25 May, 2006 4:00 AM

To: Ag-Trade-Policy-L@mailserv.fao.org

Subject: Will consumers be the catalyst for fair trade food policy?

Ag-Trade-Policy-L is a service provided by the staff of the Policy Assistance Division (TCA)

=====

Some countries in the region, Windward banana producers for example, are focussing heavily on the "fair trade" market. I wonder if there are any other examples in the region?

My own thought is that, if there were two or more "fair trade" products of a similar quality selling next to each other on a supermarket shelf- would consumers who buy this category of goods be influenced by price? If so, as this market expands, it could lead to more competition and, eventually, lower prices. Perhaps other List members would like to comment on the future development of the fair trade sector?

Michael

Source: Food Navigator

By Anita Awbi

22/02/2006 - Research suggests consumers are buying more fair trade food products than ever before, but is the attraction of an 'honorable reputation' enough to drive businesses to adapt their sourcing policy?

Ethical trading, which ensures suppliers support employee rights, provide acceptable working and living conditions and pay a decent wage, is becoming a big issue for the food industry. Consumers are taking more notice of country of origin and trading practices, while business is realising there is no easy way to ensure an ethical sourcing policy across the board.

A recent study by the UK's Co-operative bank suggests spending on 'ethical' food, including organic, fair trade and free range, was up from £3.7bn to £4.1bn in the 2004-5 period.

This prompted Melanie Howard, from the Co-op's research partner Future Foundation, to say the results should serve as a "clarion call" to business and government to take the upward trend in ethical consumerism very seriously.

But as yet the food industry has not actively supported fair trade in the same way it embraced the organic movement, nor has the government. Many close to the situation believe this may be because the practice of only sourcing from suppliers with a scrupulous labour policy takes serious logistical planning.

In the case of supermarkets and international manufacturers, ethical trading codes need to be meted out by many thousands of sources across the globe before a company can truly claim to have a secure policy in place.

Unlike the organic and anti-GM movements there is no symbol they can display to show they are fair trade compliant across the board – and even those working towards more ethical trading practices are finding it difficult to keep track of their suppliers.

Moreover, fair trade product returns are still only a drop in the multi-billion pound UK food retailing industry.

The Ethical Trading Initiative (ETI), an alliance of companies, trade unions and non-government organisations, has worked to develop an ethical code of conduct for business since 1998, and is now starting to look at the success of its implementation around the world.

It believes there has been some movement forward in this issue, as more and more big players join the organisation, using it as a sounding board for new ideas. Asda, Sainsbury's, Tesco and Premier Foods are all members, working together to establish compliance rules for their suppliers.

Companies are realising there is a win-win situation between business and ethics. If a company has a value-added long-term relationship with suppliers it can build a bond of trust – and this helps overcome supply chain hiccups.

Although results to the impact study are expected later this year, Julia Hawkins of ETI said: “It's a complex issue for food companies. In some companies it's important to have traceability. So it's all about compliance to rules. We are talking about an audit approach. But how do you make that effective?”

“What we found is the first rule of ethical trade is to know your suppliers.”

She explained that 10 years ago many companies began to develop ethical auditing systems to send to suppliers, but this often ended in a box-ticking exercise. And some suppliers around the world knew how to play the game and got very adept at keeping two employee logs painting two very different pictures of working conditions.

“Our members are asking how to make this approach develop and change. So it should now be a diagnostic requirement rather than a pass or fail system. You shouldn't just strike suppliers off because they are not 100 per cent perfect. What is critical is to work with suppliers in the long term to protect jobs. Ethical trade is a long term thing – these issues aren't going to go away overnight.”

But Hawkins explained that the food industry differs from the garments or footwear sectors, because the brand threat factor is different. The textile industry has become the focus of ethical trade activity following a series of successful slur campaigns against Nike and Gap, encouraging other manufacturers to invest in ethical sourcing policies to protect their labels.

“In the garment industry we have found workers rights are up there as a big concern. This has a lot to do with sweatshop stories hitting the headlines from far-flung corners of the world,” she said.

“The food industry is a similar business model with thousands of small suppliers, but the reputational threat is different.”

In the food sector food safety tops the bill, followed by environmental concerns such as GM and organic certification. This leaves ethical trading much further down the list of customer expectations.

“Possibly in the future we could say that if consumers were to make a difference its got to be less about products and more about which companies we should be buying from,” Hawkins said.

Industry is slowly starting to adapt, and some companies have begun working together under ETI guidance to thrash out a system that works. These firms are not communicating ethical supply issues to consumers yet though, because they are complex and could send out a confused message, said Hawkins. Organizations seem unwilling to publicise their work because there is still a lot to be done.

But how much time do they have until food industry ethics are thrust to the fore? At the moment, shoppers are likely to pick up branded fair trade chocolate or coffee, rather than actively seek out shops and manufacturers providing all their grocery staples in fair trade format.

And while this remains the case, many in the food industry are happy to quietly work behind the scenes on ethical sourcing, as if preparing for a future where these issues burst into the mainstream to catch them unawares.

## **7. India: Markfed to undertake contract farming of export crops**

Fresh Plaza - Netherlands/ July 07, 2006

Markfed, one of Asia's largest marketing cooperatives, has decided to undertake contract farming for various crops, especially those having export potential. The crops will include basmati and long grain varieties of paddy, durum wheat, oil seeds, pulses and fruit and vegetable crops. The move, for the first time, has been initiated under the crop diversification programme of the Punjab government, Markfed managing director G.S. Grewal said.

To begin with, Markfed has planned contract farming on 15,000 acres of land for growing basmati and long grain varieties of paddy. This will be done in 13 districts of Punjab: Amritsar,

Faridkot, Ferozepur, Fatehgarh Sahib, Gurdaspur, Hoshiarpur, Kapurthala, Ludhiana, Moga, Muktsar, Nawanshahr, Patiala and Ropar.

Grewal said Markfed had tied up with the Rs.23-billion Lal Mahal brand of basmati rice manufacturers for 100 percent buyback of the basmati and other paddy varieties grown under the contract farming. Markfed will create a separate contract farming division for focused attention to this area of crop production and marketing, he added.

Markfed is also planning to undertake contract farming of durum wheat in 100,000 acres of land in the next Rabi season. Tie-ups with Cargill India for durum wheat and Field Fresh Foods, a subsidiary of Bharti enterprises, for maize were also being worked out, Grewal said.

He said farmers would be given higher rates than the market for the same varieties of rice. The crop will be procured at pre-determined price, quality and trade parameters.

Markfed would also provide farmers physical and technical inputs through its field officials, scientists and agriculture experts for the growing of the paddy varieties, Grewal said.

In the tie-up with the basmati brand company, Markfed will provide the backward linkages like crop production, facilitating procurement, storage and semi-processing of paddy. Lal Mahal brand will provide the forward linkages like export of the finished products.

## **8. Constitutional Amendment Proposed For Professional Functioning Of Cooperatives**

**Indlaw.com - The Definitive Guide to Indian Law,  
New Delhi, India / 28 April, 2006**

The Ministry of Agriculture is considering constitutional amendments to ensure democratic, autonomous and professional functioning of cooperatives. This was disclosed here today by the Minister for Agriculture and Consumer Affairs, Food & Public Distribution, Shri Sharad Pawar while presiding over the 62nd meeting of the General Council of National Cooperative Development Corporation, here today.

Observing that Cooperatives today suffer from acute dependency and lack autonomy, Shri Pawar said that unless independence and autonomy is granted to cooperatives and they evolve into efficient and professional organizations, it would be difficult to sustain them as viable entities. He urged that in the interest of healthy growth and meaningful existence of cooperatives, democratic management is restored. The Ministry of Agriculture is committed to reform the cooperative system and restore to its place of pride, he added.

Shri Pawar said that the Cooperatives are presently at crossroads facing financial uncertainty and tough competition from the private sector. Due to severe constraints, they are unable to internally generate the resources to sustain themselves. Times have substantially changed since cooperatives were first established, basically to protect the farmers from exploitative elements. With the agrarian economy evolving into a near commercial enterprise, it is imperative that cooperatives

too change with the times. They need to become efficient institutions capable of meeting the needs of its members, the farmers, growers and producers including women, he underlined.

Speaking about the Credit Cooperatives Shri Pawar said that these are playing a crucial role in sustaining agricultural growth in our country, which contributes about 25 percent to India's annual gross domestic product. To sustain growth, credit cooperatives at various levels are supplying agricultural inputs in the form of credit, fertilizers, quality seeds, pesticides etc. Credit cooperatives are expected to play a crucial role in attaining the annual growth rate of 4% in the agriculture sector as visualized in the 10th plan document, he added.

Referring to report of the Task Force appointed under the Chairmanship of Prof. A.Vaidyanathan, in August, 2004 Shri Pawar said that the Committee submitted its report on short term cooperative credit structure in February, 2005. Based on consultations with state governments, a revised package of Rs.13596 crores was recommended. He said that the same has been approved by the Cabinet and the process for implementation of the package will start shortly. The package will bring the credit structure to an acceptable level of health, introduce legal and institutional reforms necessary for their democratic, self- reliant and efficient functioning and initiate measures to increase the quality of management, he said and added that the Govt. has also entrusted the task of suggesting an implementable action plan to revive the long term cooperative credit structure to the same Committee.

The Minister said that there is an urgent need to encourage employment generating investments in agriculture, agro processing, small scale industries and service sectors. He urged the NCDC to create a special cell to focus on rapid development of North-Eastern region through cooperative efforts.

Earlier the Managing Director of NCDC, Shri P. Uma Shankar told that the National Cooperative Development Corporation (NCDC) achieved an all time record disbursal of Rs.2300 crores during 2005-06 for various cooperative development programmes in the country. Similarly highest ever sanctions of Rs.3167 crores were made during the year. Both sanctions and disbursements have surpassed all the previous achievement levels and have recorded increase of more than 100 percent over the previous year, he added.

Shri Kanti Lal Bhuria, Minister of State for Agriculture, Smt. Radha Singh, Secretary (Agriculture & Cooperation) and senior officials were also present at the meeting.

## **9. Cooperatives should adapt to changing times, says Pawar** **Business Standard - India / May 10, 2006**

Co-operatives should adapt to changing times and become professional by implementing the Vaidyanathan Committee's recommendations for improving their functioning, Union Agriculture Minister Sharad Pawar said today.

Inaugurating the 'Trainers Training Programme for Special Audit of Primary Agricultural Co-operative Societies' here today, he said it was time to initiate reforms in co-operatives and it was good to see Maharashtra taking a lead in this regard.

Pawar said any improvement in the working of the co-operatives would greatly contribute to the development of the state. The Minister said the auditors have a big responsibility on them and asked them to be focused fully towards doing a quality audit. Later talking to reporters, Pawar said that ninety-one sugar factories have agreed while 21 others have shown inclination to accept a central government package.

The package envisages extended repayment period and reduced rate of interest for commercially viable sugar factories that had earlier failed to fulfill the requirements of the old scheme. Pawar said sugar factories had the option of producing ethanol like being done in Europe, Brazil and the US.

If the sugar factories begin to chart a new course for themselves like producing ethanol etc., it would help their economies a great deal, he said, adding the package has taken in consideration the Marathwada and Vidarbha regions too.

The Minister said that at present 5 per cent of ethanol is allowed to be mixed in petrol. This can be increased to 10 per cent, if such a need is felt. On the reported charge of social activist Anna Hazare that he was responsible for blocking a "revolutionary" bill in Maharashtra that sought to give more powers to "gram sabhas", Pawar said he had already written to the Hazare and thought that the issue was over. He said for the last 12 years he had not met anyone from the Rural Development Ministry of the State government and added it was for the Cabinet to take a decision on it. Pawar said things could be worked out in a meeting between Zilla Parishad Presidents, government officials and Hazare to their satisfaction. NABARD Chairman Yashwant Thorat said his organisation was complimenting the Maharashtra government for taking bold measures to improve the functioning of co-operatives. On the proposed package, Thorat told reporters that the scheme has been thought of by the Central government with a view to help the sugar factories to tide over the crisis that they are in.

"But we have some expectations from the sugar factories who accept the package like they would adhere to rules and regulations and desist from indulging in irregularities." He said 91 sugar factories have submitted their proposals and the organization has accepted them

If the sugar factories begin to chart a new course for themselves like producing ethanol etc., it would help their economies a great deal, he said, adding the package has taken in consideration the Marathwada and Vidarbha regions too.

## **10. Co-operative factories look to globalise tea market**

**Sify - Taramani, Chennai, India/ April 25, 2006**

Cooperative tea factories under 'The Indcoserve' umbrella are aiming to globalise the tea market with the co-ordination of the Tea Board. That the Indco factories are serious about this vision became evident when its teas not only cleared UPASI's (United Planters' Association of Southern India) litmus test but were also among the few identified by the Pakistan tea delegation. After

tasting the teas, the delegates indicated their liking for one, among the four entries from the Indco stable.

Indco was asking for Rs 55/kg (landed cost) for that particular CTC grade and was unwilling to relent to the visiting team's demand for a drop in the price.

The delegation appeared to have given in, although eventually nothing concrete emerged out of their discussion.

Indco sources, however, were excited about this development.

“Ooty Tea”

The special officer of The Indcoserve, P. Krishnan, recalled the initiation of the ‘Ooty Tea’ exercise and its growing market. "We are selling over 3 million kg of tea under the ‘Ooty Tea’ brand," he said and added that the teas from the co-operative sector fetched close to Rs 47 a kg even in the local market.

There are 15 operative industrial cooperative tea factories, covering about 32,000 acres of small holdings and 20,000 small tea growers.

The total production of both orthodox and CTC grades of tea from these factories is estimated at around 17 million kg/annum, against the installed capacity of 27 million kg. All these teas are offered for sale at the Government mooted electronic auction centre TeaServe. According to Krishnan, 60 per cent of these teas were being exported, though not directly by Indco.

A look at the quantities traded at TeaServe last week show that out of the 2.57 lakh kg on offer, 2.45 lakh kg were sold. The rate averaged Rs 44.51/kg.

## **11. Unoy farmers asked to federate Philippine Information Agency - Philippines/ March 28, 2006**

TABUK, KALINGA (28 March) -- There is a need for Unoy farmers to federate into cooperatives for purposes of business transactions as their product is gaining demand in the international Market.

Revitalized Indigenous Cordillera Entrepreneur (RICE) Coordinator Vicky Garcia said Unoy farmers should organize into cooperatives for them to have better business representation with their partners abroad.

This is part of preparing them into an independent business entity, because RICE will soon leave the whole export industry to them, Garcia said.

Garcia explained the aim of RICE on organizing communities is to become self reliant and capable business partners.

Kalinga province is shipping some seven tons of Unoy this October to the US. The first shipment was made last year.

Garcia said buyers at the world market deal with a business group represented by its officers, instead of individual traders.

Along this line, the Provincial Agriculturist Office conducted a pre-membership education seminar to 45 officers of the various farmers groups from the seven municipalities of the province.

This followed after RICE has fully validated the different farmers associations' profile at the municipal levels.

There are about 600 Unoy farmers in 22 barangays, who were recorded in the profile.

All municipalities of Kalinga produce the Unoy rice, except Rizal.

In a related development, Garcia who has met with SM magnate Henry Sy has informed about the offer of the latter to have the Kalinga Unoy displayed in SM malls.

This is a big opportunity for our farmers because they are also assured of a local market, Garcia said. That would mean additional business to them, she said.