



LUCAS SIMONS



CHANGING THE FOOD GAME

MARKET TRANSFORMATION STRATEGIES
FOR SUSTAINABLE AGRICULTURE



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Changing the Food Game
Market Transformation Strategies for Sustainable
Agriculture



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Guatemala, where it all began

I had been sitting in a four-wheel-drive car for hours, holding on to the door while we maneuvered abruptly around potholes and sharp curves. We had left the main road long ago and were driving on a dirt road. It was September 2002 and I was sitting in the car with Nick Bocklandt, a Belgian coffee farmer who had been living in Guatemala for more than 20 years. Nick knew the road by heart and drove the dirt roads confidently at high speed. We drove through beautiful landscapes, hilltops with spectacular views, forested areas, waterfalls, plots of land with maize, beans and chickens, forgotten villages, and isolated homes.

After an eight-hour drive from Guatemala City, there, at the absolute end of the road, we arrived at El Volcán, a mid-sized coffee farm in the Guatemalan Highlands. I got out of the car, still a bit shaken from the long, rough drive, and looked around. In front of me was an astonishing view over the hills. Behind me I heard some laughter and voices. When I turned around, I saw a group of about ten Mayan Indian women wearing beautiful traditional dresses looking, pointing at me, and laughing. I didn't quite know how to behave, so I smiled and mumbled a simple *buenos dias*, and walked away. It must have been quite a sight for them to see a sunburnt gringo with a bald head, wearing sunglasses, very out of place.

This was my very first encounter with Guatemala, with a coffee farm, and with Mayan Indian women. Two months earlier I had been hired as

the manager of an organization called Utz Kapeh, which means “good coffee” in Q’eqchi, the Mayan dialect spoken in that part of Guatemala. At the time, Utz Kapeh was a new initiative with big and bold ambitions to make the global coffee sector more sustainable by introducing a global standard for sustainable coffee production.¹ The idea was to work with the major coffee brands and coffee roasting companies. The idea was that these large coffee brands would use the Utz Kapeh standard as an instrument to source sustainable coffee and use the claim of sustainability assurance in their brand and product marketing. As the new manager, I was there on my first learning trip, and I got what I came for.

The year 2002 was the height of the big coffee crisis. For more than two years global coffee prices had been steadily declining and had fallen to their lowest levels in history. In the years preceding the coffee crisis there was a constant but significant increase in the supply of coffee, mainly from Vietnam.² With major support from the World Bank, Vietnam had rapidly developed into the second largest coffee producing country in the world. Moreover, Brazil, which is the largest coffee producer, had also increased its production. With both countries producing record volumes of coffee, world prices fell from well over \$1 per pound of green coffee to as low as \$0.40 per pound.

The Guatemalan coffee sector was (and still is) known and praised for its specialty: mountain-grown coffee with a full body, pleasant acidity, and a delicate, sweet aroma. Coffee growing normally provided income to about 90,000 farmers and their households.^{3,4} With prices plummeting, however, they fell into poverty and despair. The price collapse was a disaster for all of the Central American regional economies, causing some 600,000 people to flee the countryside and move to the cities, leaving everything behind. In total, 1.2 million people in the region required direct food aid.⁵ People were desperate, cutting down trees and occupying plots of land everywhere to grow something they could eat in order to survive.

The coffee crisis was the result of what economists call the “hogs-cycle” theory.⁶ But what I witnessed was not theory at all, but real people getting into real problems on a massive scale.

In the midst of that crisis some coffee traders continued to bargain down prices even further, thus exploiting the despair of the farmers who

were trying to survive. The government of Guatemala was struggling: it was unprepared, unequipped, perhaps even unwilling, to handle the situation and give people the proper support and basic means to cope with disaster.

It was during this journey in Guatemala that I saw and really understood for the first time what happens in a global economy when people are only interested in “what’s in it for them” and ignore the longer term effects of their collective behavior.

Nick Bocklandt was different. At that time Nick owned several coffee estates, and was responsible for the fate of hundreds of Mayan families living on the coffee farms as workers. Born in Belgium, he came to Guatemala in 1984, bringing his European point of view with him. When he became the owner of the coffee farms, he did something that was outrageous at the time. He felt personally responsible for the Mayan people who lived on the coffee estates, and he worked together with them to understand their needs and improve their lives. There, at the end of the road, on a coffee farm in the middle of trackless wilderness, Nick built a school for the workers’ children, who otherwise would never receive any form of education. There was a small hospital, a church, a community center, barracks for the seasonal workers, and wells for drinking water. Lush forests, which had been cut down for firewood years ago, were replanted again. The workers and their families were also given small plots of land to grow their own corn and beans. It was not heaven on Earth compared to our Western standards, but these people were clearly better off. Surprisingly, Nick began these activities in the early 1980s, at a time when almost nobody cared about workers on Guatemalan coffee estates or about the environment. Nick wryly observed: “It was so unique that they even thought I was a communist.”⁷

Little did he know at that time that his activities would ultimately result in a meeting with Ward de Groote (at that time the CEO of Ahold Coffee Company in the Netherlands). Later, around 2000, they joined forces to start the Utz Kapeh Foundation, an organization whose mission was to implement a global standard for responsible coffee production. Together with the great work of other sustainability standards such as Fairtrade, the Rainforest Alliance, and the Common Code for the Coffee Community (4C), Utz Kapeh ultimately grew into one of the largest certification

programs for sustainable coffee, cocoa, and tea in the world and part of a global movement that would eventually change the face of agricultural commodities.

Today, there are literally hundreds of global and local sustainability standards and product labels in the marketplace, in almost every commodity sector—tea, cocoa, cut flowers, spices, soy, fish farming, tropical timber, sugar, beef and many more. You can see them when you do your daily shopping. Standards, certification programs, and product labels have proven to be a very effective instrument of change in agriculture because they reward companies who care about where they source their products, and they make companies compete on sustainability. The lives of millions of farmers and producers have been positively affected as a result of the success of these standards. However, as we will see, the use of standards is an instrument that is very effective in a certain phase of market transformation. They also have their limitations. As the change process evolves to the next phase of market transformation, other and more holistic strategies are needed to complete the market transformation cycle.

During these years at Utz Kapeh, which later became UTZ Certified, I developed a passion to understand why markets, particularly agricultural markets, become so unsustainable, and why it is so hard to change them. When you talk to most organizations and individuals working in these agricultural sectors, each of them understand very well that the larger system they work in is unsustainable and that this situation cannot continue to go on, but then they raise their shoulders, say it is not their fault, they cannot change it and even resist change nevertheless. Why is this? How can this resistance be overcome?

This is not just a small problem that happens somewhere far away in an obscure African or Latin America country. It is a global problem that will affect you and your children on the largest scale possible. Global agriculture, and our global food producing systems, are probably the most important, most critical and most unsustainable systems we have. As you will read in this book, the way we produce and trade our food has become a classic example of failing systems on a massive scale, with unprecedented implications for hundreds of millions (in reality more than a billion) of people, for many economies, and for our planet as a whole.

In the year 2050, experts predict that we will have approximately 10 billion mouths to feed (almost 3 billion more than we have today), which means that food production will have to almost double. More food will need to be produced in the next 40 years than in the last 6,000 years combined. Growing enough food for all 10 billion mouths in a sustainable way is one of the biggest challenges of our generation. We will not get a second chance to get it right. To meet this challenge, I believe that we have to fundamentally change the agricultural and food producing systems, and that we need to do this on a massive scale. And this requires systemic change through a process called market transformation.

Luckily, the seriousness of the challenge is starting to sink in. Many important people and powerful organizations are working very hard and passionately to face this challenge, with increasing success. We have already come a long way and systemic change is slowly under way. The strategies that are used to drive this systemic change are important for everyone to understand, because these strategies will largely determine your future and your children's future.