

Local and Fair Trade Trends and Opportunities

FMI Sustainability Summit
June 17, 2008





Today's Speakers

Shawn Horton, TransFair (www.transfairusa.org) - Intro to Fair Trade - why it was established and who it is meant to benefit. How FT is a certification program and how it is applied to imported products.

Email: Shorton@transfairusa.org

David Ward, American Family Farms (www.familyfood.net) - Intro to AFF- premise and focus of AFF. Info/background on local food movement seen from the perspective of AFF. Adopting FT certification for US producers and connecting concept of "local" to Value Chains.

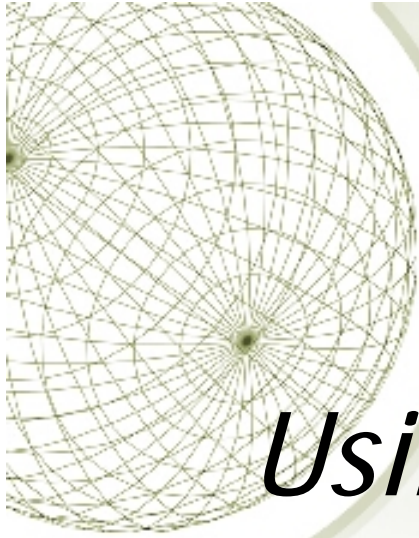
Email: David@familyfood.net

Karen Karp, Karp Resources (www.karpresources.com) – Overview of KR work. Procurement/Sourcing as key factors. Meeting local demand at every link in the chain. Obstacles of supply vs. demand. Elements of FT for helping producers and consumers raise the bar for local food.

Email: Karen@karpresources.com

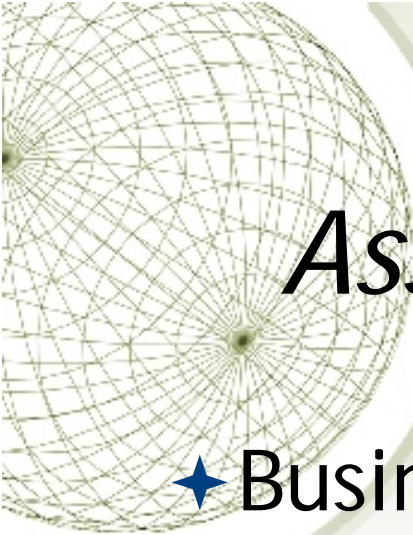
Session Objectives

- **Framing** - Consumers are crazy about local and fair trade products; identify escalating trends with the emergence of conscious consumers
- **“Fair Trade” and “Local” overview** – Definition of, organizations present to assist retailer’s with understanding what’s behind each, and how to find sources
- **Marketing strategies** - strategies used to leverage power of Fair Trade and Local
- **Review of** best practices, innovative approaches and guidelines to develop/enhance your own local and fair trade programs



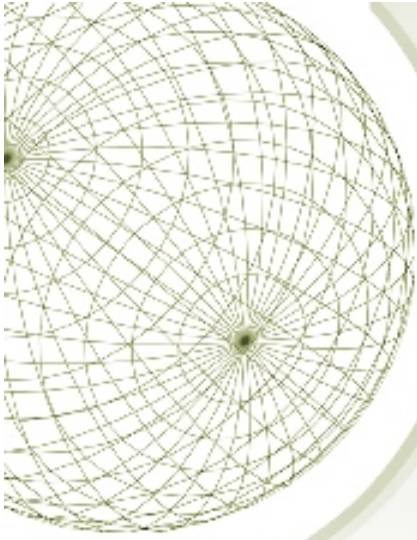
Using Fair Trade Practices to Assure Local Production

With the help of the Association of Family Farms
David Ward, Executive Director



Association of Family Farms

- ★ Business initiative of the Agriculture of the Middle task force
- ★ Dedicated to economic sustainability of production from independent family farms
- ★ <http://www.familyfood.net/>

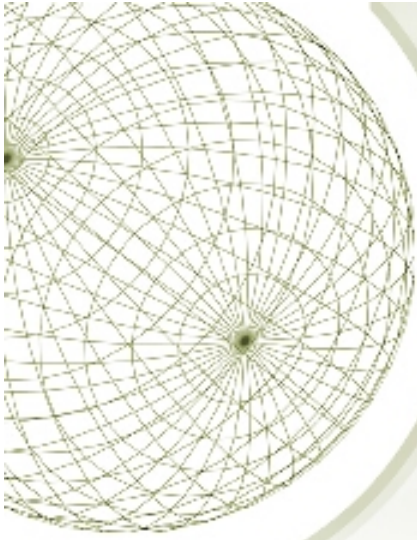


Whassup?

Wholesale buyers are scouring the country for local food products,

But farmers won't increase production to meet demand.

How come?




Farmers won't increase production

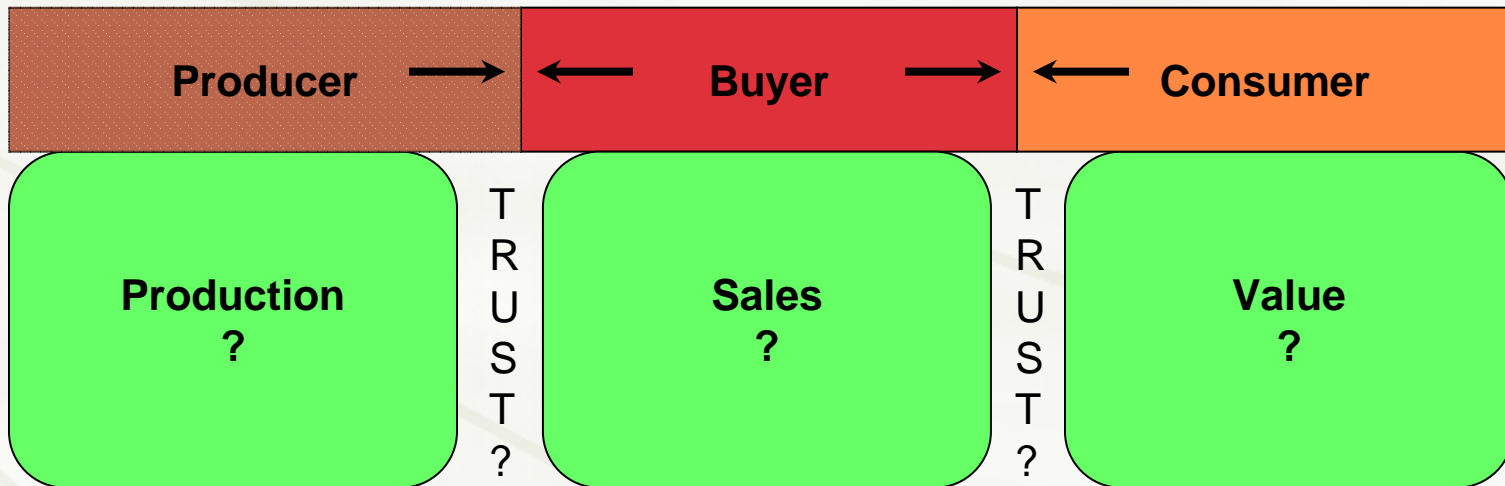
Without reasonable assurance of
a "fair" return on investment.

So, how can we "trade fair"
with local farmers

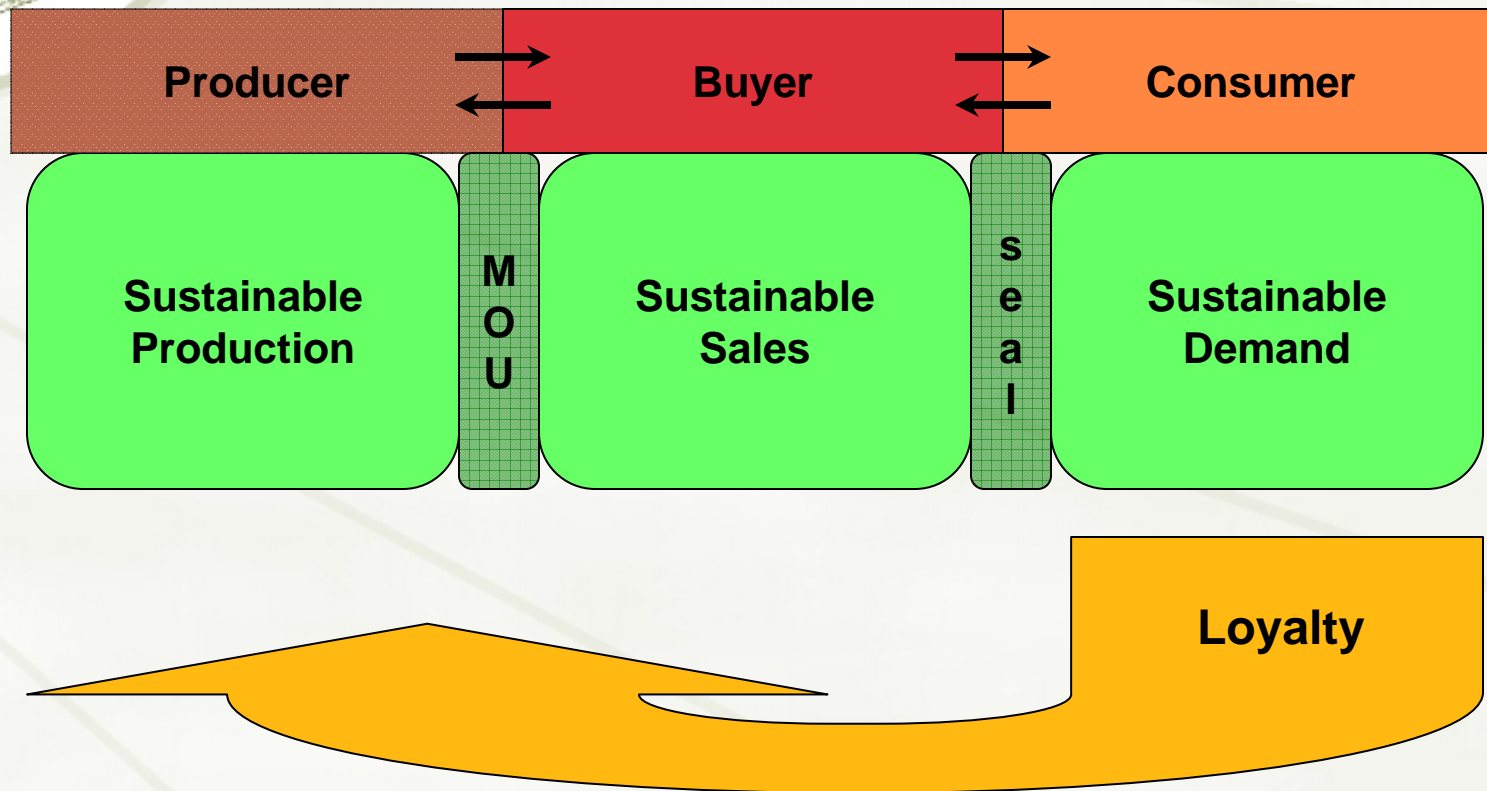
(so that they'll grow the local food we want to sell)?

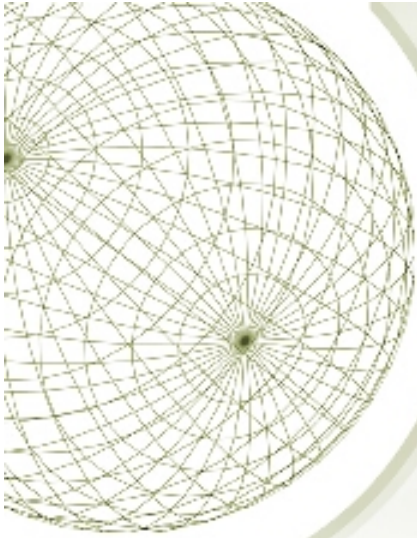


Conventional Supply Chain



Values-Based Value Chain





Results:

Increasing trust from
loyal customers drives...

Increasing production
from local farmers and ...

Increasing sales for your stores.



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Partnering for Leadership in Certified Sustainability

June 17, 2008



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What is Fair Trade?

- Fair Trade is an innovative, market-based approach to global trade that empowers farmers and farm workers in developing countries to improve their lives.
- The Fair Trade Certified™ label is the guarantee that a product was traded in a socially responsible manner.

What is our mission?

- TransFair USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by certifying and promoting Fair Trade products.



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The Role of TransFair USA

As the certifying, non-profit organization in the US, TransFair USA provides:

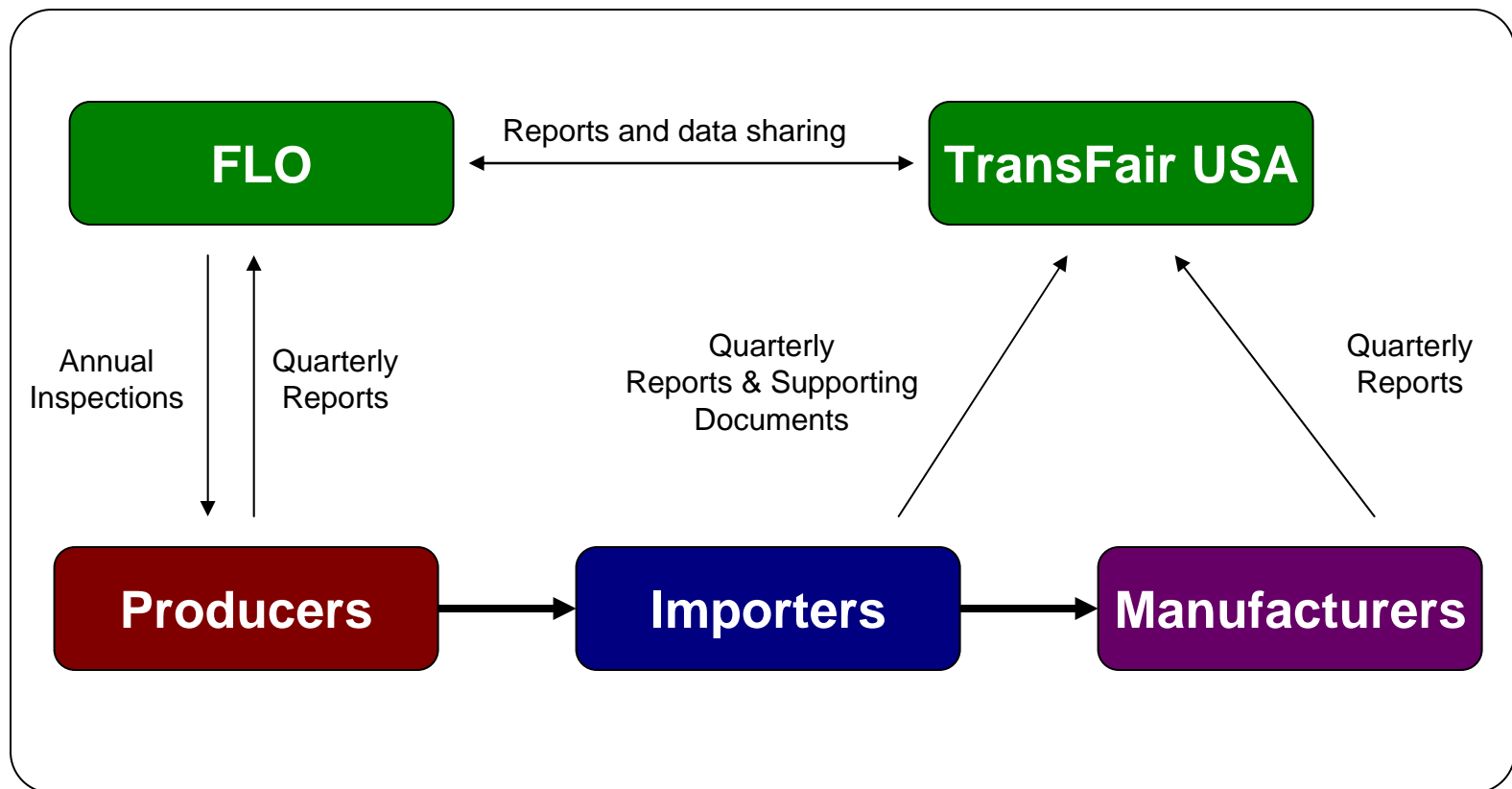
- **Certification Services –**
 - Tracks product thru import & export process into US
 - Monitors and audits Fair Trade supply chain
 - Ensures fair prices are paid
 - Enforces compliance with various stakeholders
 - Analyzes impact data
- **Business Development –**
 - Develops new sales channels
 - Creates national promotions, i.e.: Fair Trade Month
 - Increase industry awareness
 - Provide Point of Sale Materials



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How FLO (Fairtrade Labeling Organization) and TransFair USA work together to certify products

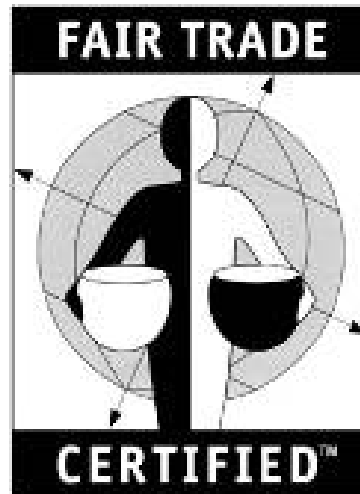




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Fair Trade benefits producers





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For producers, Fair Trade certification . . .

- **Provides** stable pricing and social premiums for community development.
- **Supports** improvements in business infrastructure, encouraging quality improvement and direct trade relations.
- **Creates** transparency and facilitates democratic decision making to empower farmers.
- **Protects** farmers from dangerous chemicals and provides economic stability so farmers can implement new environmentally friendly farming practices.



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Fair Trade producer groups also receive Fair Trade Premiums for community projects such as:

- Community clinics
- Schools and scholarships
- Local infrastructure, such as roads
- Women's projects
- Community development
- Sustainable agriculture and conversion to organic





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Fair Trade standards help producers protect the environment. Standards include:

- The prohibition of harmful pesticides
- Water, soil, habitat protection
- Integrated Pest Management
- Strong financial incentives to go organic
- An approach to environmental sustainability that begins with people





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Fast Facts about Coffee

- TransFair USA started certifying coffee in **1998**
- The estimated retail value of Fair Trade Certified coffee sold in the US in 2007 was **\$837 million.***
- The Fair Trade coffee market share has increased, on average, **57%** per year since 2001.**
- **248 million pounds** of coffee have been certified in the US to date, providing over **\$110 million** in additional income to farmers.*
- There are **270 certified producer groups** and the top five origins for Fair Trade Certified coffee in the US are Peru, Mexico, Indonesia, Nicaragua and Brazil.*



*Fair Trade Almanac, TransFair USA 2007

**Based on retail pounds sold in the US

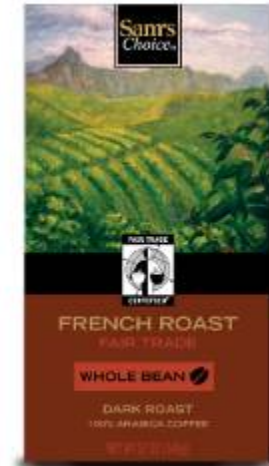
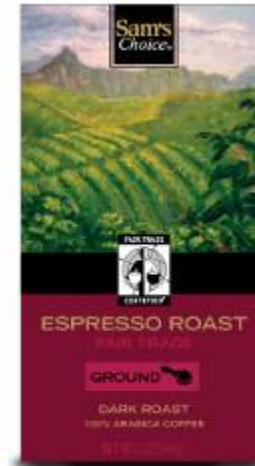
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Mainstream Retailers



Wal*Mart Incorporated Sam's Choice® Sustainable Coffee

Fair Trade Certified Available in House Blend, French Roast and Espresso Roast.

Potential Consumer Impact & Awareness

= 200 million consumers through Wal*Mart's doors each month

If every Wal-Mart shopper bought just one bag of Sam's Choice® Coffee, we would preserve 135,000 acres of land.

Equal to \$110,791 in premiums to growers



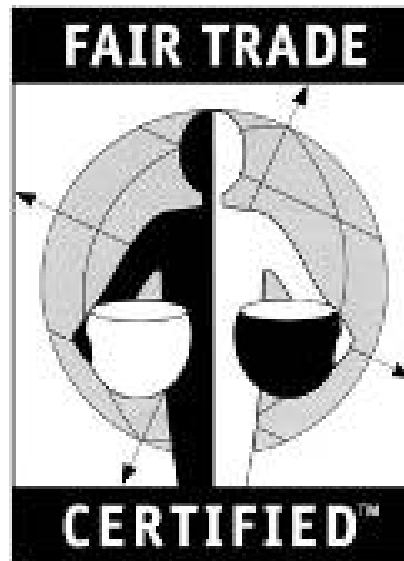
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Thank You



TransFair USA

A Study on the Development of a New York City Wholesale Farmers' Market

For New York State Department of
Agriculture and Markets

Consultant Team Leaders:
Market Ventures, Inc.
Karp Resources





KARP RESOURCES

good food is good business

Karp Resources Overview

Karp Resources is dedicated to the successful growth of food and agriculture enterprises. Our philosophy and operating units are founded on two core beliefs and disciplines, ***Good Food is Good Business*** and ***Good People are Good Business***

Karp Resources facilitates innovation among five key business sectors with effective research, business development, and project management. Our clients include Corporations, Government Agencies, Non-Profit Organizations, Small Businesses and Educational Groups.

The Karp Resources team brings over 100 years of combined domestic and international experience to support our clients to success. We are category thought-leaders, frequently called upon to speak and teach at industry seminars and trade events.

Project snapshot:

- NYC Wholesale Farmers' Market
- Louisville Metro Government/Building Local Food Economy
- NYC Office of SchoolFood/Local Procurement
- Katchkie Farm

The Problem

Tremendously popular, Greenmarkets in New York City are serving consumers well and the typically small-scale farmers who sell there...



The Problem

...but Greenmarkets are not an efficient place for restaurants, retailers, and others who want wholesale quantities of locally grown foods.



The Opportunity

Meanwhile, the demand for locally grown foods has exploded among restaurants, retailers, distributors, and florists.

Research completed in 2005 found the demand for *local fresh fruits and vegetables* from these wholesale buyers, who currently spend about \$3 billion annually on produce, is **\$649 million**.

Demand for local plants/flowers, eggs, and meats/poultry is another **\$210 million**.



The Opportunity

In addition to the private sector, public and nonprofit entities such as the NYC Department of Education, hospitals, and City Harvest are all big wholesale buyers increasingly looking to source fresh local foods.



The Opportunity

Medium-sized farmers in New York and adjacent states are struggling to access new markets where they can obtain reasonable prices for their products.

Research completed in 2005 found widespread interest among the region's farmers in a wholesale farmers' market.

Farmers stated they could initially supply \$147 million of product to a new facility in New York City.



The Concept

A new **NYC Wholesale Farmers' Market** would be a place that facilitates sales between hundreds of wholesale buyers and small and medium sized growers from New York and adjacent states.

The Wholesale Farmers' Market would restore a critical link in the city's public works infrastructure.



Farmers at Bronx Terminal Market 2005 – now displaced by redevelopment



Wholesaling by farmers at Ontario Food Terminal

Development Concept

A permanent, year-round facility within New York City that can expand seasonally to accommodate peak harvests.

Program Elements

- Temperature controlled building with space for 80 farmers (~65,000 sf)
- Outdoor/shed area for 50 farmers (~30,000 sf)
- Total land needed for farmers: ~6.5 acres
- Plus: Adjacent anchor tenants such as food processors or distributors
- Educational facilities with programs for both buyers and farmers
- Marketing and branding programs to ensure high quality and regionally produced foods only
- Amenities: bathrooms, management offices, security, waste removal



Where are the world's best
wholesale farmers' markets?

The Ontario Food Terminal in Toronto

One model of a successful wholesale farmers' market.

- 10 acre wholesale farmers' market includes covered space under 575 car parking deck
- 550 farmer stalls and 475 participating farmers
- Market attracts buyers from throughout southern Ontario, NY and Pennsylvania
- Farmer sales of \$150-200 million/yr, so average sales/farmer = \$375,000



Ontario Food Terminal, Toronto

- Greatest utilization for spring bedding plants – up to 400 farmers; only 25 farmers mid-winter
- Space leased on annual basis, and re-rented monthly or daily, as available
- Daily rent: \$30. Monthly rent (annual lease): \$131 open-air; \$163 under deck
- Buyers pay \$150 biannually, get access card
- OFT open Mon-Fri; Saturday farmers' market May - October

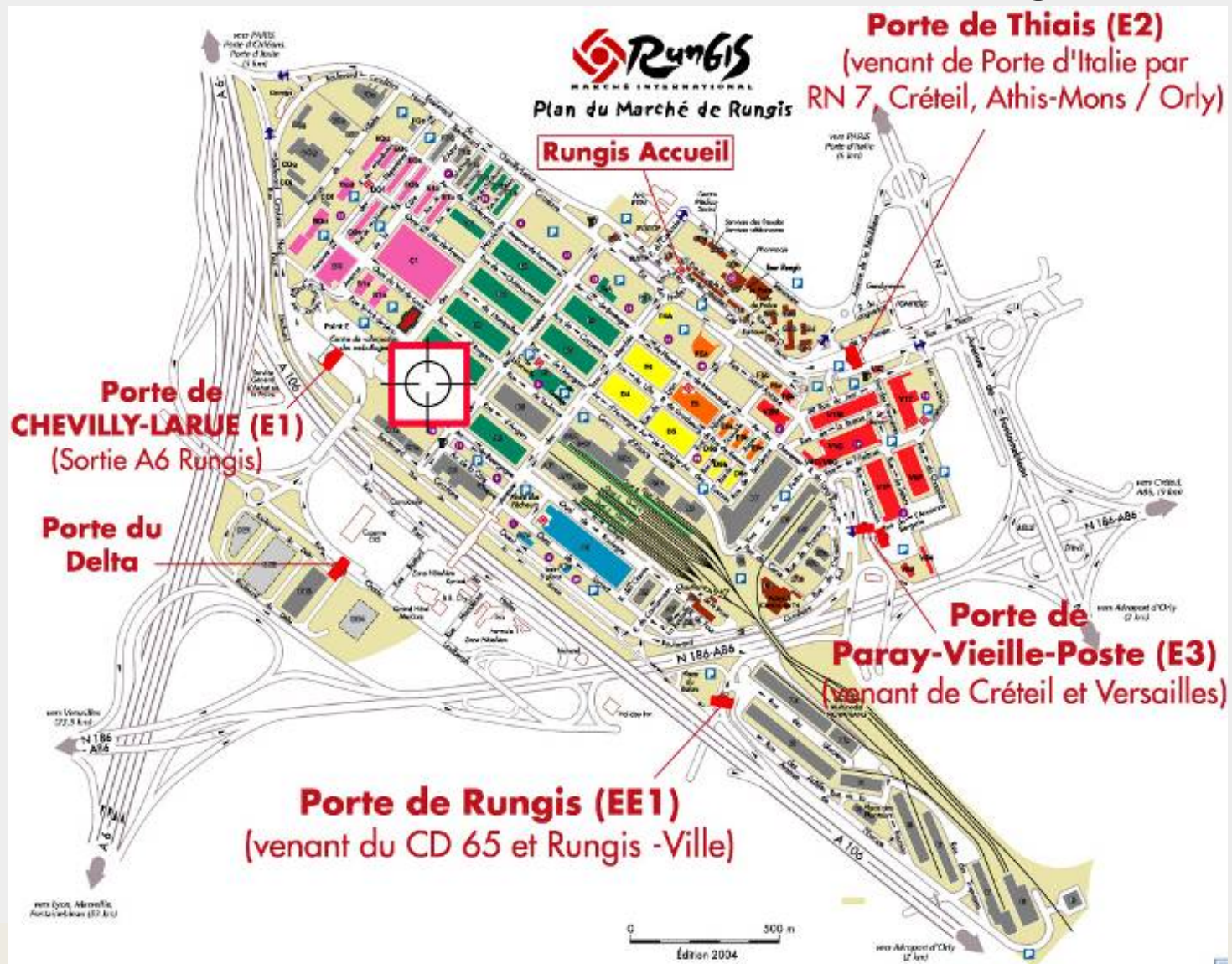


Rungis

Rungis, the largest wholesale market in Europe, recently constructed a new indoor facility *just for farmers* from the Paris region.



Comparable Facilities - Rungis



Rungis



Rungis



Rungis



Rungis Farmers' Square



Rungis Farmers Square

- Branding and consistent packing is important to buyers — they can fill large orders from multiple vendors with consistent quality goods
- Buyers expect to pay a premium for Ile de France products: known for being fresher, more flavorful and reliable; *premium* quality
- Brand promises:
 - Knowledge and conviviality of producers
 - Comfort and functionality of the facility
 - Extreme freshness of the products
 - Constant source of innovation



Rungis

- Building has 36,000 sf footprint and accommodates 82 farmers in 92 selling units
- Stall size: ~20' x 13' – 260 sf
- Produce sales have increased 30% since new building opened in 2004
- Building has no coolers or storage; everything is removed each day's end
- Development cost: 2.4 m Euros (about \$3 million)
- Property management is 25,000 Euros/month (about \$32,000, or \$350/space)



Where in NYC will this market be?

Locations explored include...

- Within Hunts Point Produce Market
- Within Hunts Point Food Distribution area (outside of the Produce Market)
- BQE Corridor (Brooklyn/Queens Expressway)

Project Status - June 2008

- \$25 million allocated to the NYCWFM in 2008-09
- NYS budget
- Location negotiation
- Operating organization forming
- Negotiations for appropriate site.



Where are the Interconnections between Local and Fair Trade?

Both systems are about mutually beneficial business relationships and direct connections between producers and merchants.

