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WORK FROM PREVIOUS ECO LABEL CONFERENCES



“Read the Label”
The Food Alliance Conference
Portland, Oregon
October 2000

<http://www.thefoodalliance.org/confsummary.htm>

“Adding Value through Environmental Marketing”
IATP Conference
Madison, Wisconsin
December 1999

www.iatp.org/labels/envcommodities/index.htm

“Exploring EcoLabeling for California Winegrapes: A Working Conference”
CAWG, SAREP, EPA, LWWC Conference
Sacramento, California
February 1998

<http://www.sarep.ucdavis.edu/pubs/other/ecolabeling/Proceedings98.html>



“ECOLABELING: AN ARROW IN THE ECOSYSTEM CONSERVATION QUIVER”

*Presentation from The Food Alliance Conference
Portland, Oregon
October 2000*

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*WWF is an eco-region based conservation organization
We identify the “farmer land steward” as an endangered species.*

5 emphasis areas

*Florida Everglades
Eastern US River Systems
Bering Sea
Chihuahuan Desert
Klamath-Siskiyou*

*Issue of concern in agriculture: Potential pesticide leaching
Recognize the value of farms as providers of clean water and air, migratory corridors
and habitat*

Elements that must be in place to transition to sustainable agricultural systems

*Vision – with goals and timetable
Research, outreach, field implementation
Documentation and evaluation
Supportive policy
Support from consumers and taxpayers*

*In 1996 the Wisconsin Potato and Vegetable Growers Association (200 farmers, 80,000
acres) approached WWF. They thought their on-farm practices were good and wanted
WWF’s support to make their claims believable.*

An endorsement/labeling program was developed with the following elements:

*Reduction of pesticide use
Adoption of bioIPM (biologically integrated pest management)*

On-farm ecological conservation
Development of field tests
Mechanisms to inform policy
Rewards for progress
Financial incentives

Indicators were developed for the growers and the industry through a stakeholder process.

- 1) Reduction of pesticide risk (5 and 10 year goals were established)*
A toxicity risk index was created to allow comparison of different pesticides.
- 2) BioIPM adoption*
“Preventative Practice Points” (PPP)

4 categories: information, disease, insects, weeds
“Knowing where you are on a scale motivates change.”

Framework for a performance based eco-label
Principles: decrease pesticide use, increase bioIPM
Criteria: toxicity units, PPP
Standards: specified scores – a threshold for label eligibility

Standards included a mix of requirements and absolute restrictions. Certain pesticides were banned. In other cases limits were established – within a maximum number of toxicity unit per year, pesticide use was at the farmer’s discretion.

Over time the standards are expected to evolve and become more rigorous.
Market forces dictate that the label be applied only to the top 10% of growers.
Higher standards = higher market value

“ECCOUNTABILITY AND ECO-LABELS: WHAT ECO-BENEFITS DID I BUY TODAY?”

Understanding the Challenges & Opportunities for Eco-labels and Eco-brands

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How does a consumer know a product has environmental qualities?

*Reading the label
Point of sale materials
Calling an 800 number for information
Visiting a website
Other*

How can the consumer believe the environmental claim?

*3rd party certification
Non-profit endorsement
Assurance of the retailer
Other*

The issue is “credible knowing.”

Assumptions behind eco-labels.

- 1) Definition of a threat: i.e. Agriculture is a primary source of groundwater pollution.*
- 2) Environmental science provides the analytical tools to measure impacts and benefits of management practices.*

3) *Products and services need to be accounted at the point of origin (quantifying leads to value).*

4) *Eco-labels create a market for accounted eco-benefits.*

Framework Concepts:

Direction (principle) : Requirements and obligations

Path (criteria) : Right conduct

Sign (standard) : Rules for evaluating

Distance traveled (metric) : Rules used to make comparisons

Chain of custody = an accounting audit trail

For the eco-label to stand it must have Integrity and Credibility.

Integrity: Is a stated principle addressed in criteria and standards? Is a metric present?

Credibility: Is it possible to be certified and not meet the stated claims?

Economic Trends in Agriculture

Increased vertical integration of value chain (farmer to processor to wholesaler to distributor to retailer)

Increased consolidation of farmland (fewer farmers)

Increased emphasis on efficiency – more control over infrastructure, content and capital

Organic farm gate prices are down

Organic retail is also experiencing consolidation

Organic farmers are also experiencing pressure for economic efficiency

Eco-label Thesis

Linking eco-benefits and accounting of content at the place of origin will maintain greater value at the farm.

Long term desired outcomes

Create markets for clean water, clean air, habitat, biodiversity, etc.

Farmers who produce X amount of clean water should be paid for the service.

How will the consumer know that the eco-benefit they are paying for actually exists?

The eco-label conducts accounting and transmits premium to the producer.

Infrastructure exists to create integrity and credibility.

“CONSERVATION, CONSUMERS AND COMMODITIES”

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Building Value in the Brand

- The Nature Conservancy has been working for over 50 years to save the last great places
- Over the years, increasing numbers of people have come to associate the TNC brand with innovation, trust and technical leadership in land stewardship.
- However, little of the potential market value has been unlocked until recently.

Evolution in Thinking - Testing the Waters

- Stopping development of land takes a lot of money and even extensive acquisitions remain at risk from various on-going threats - incompatible development on surrounding unprotected land.
- As natural areas suitable for preservation continue to shrink, there is a need to rethink strategy in the efforts to conserve biodiversity.
- Also, the science underpinning TNC's conservation efforts points to the need for an ecosystem-based approach.
- TNC has embraced the vision of community-based conservation with a 10-year goal of creating 500 landscape-scale CBC sites in the US and another 100 sites internationally
- TNC has adopted the 5-S framework for ecosystem conservation.

- And TNC has set up the Center for Compatible Economic Development (CCED) to “support the purposes of The Nature Conservancy by serving as a center for learning and teaching about ecosystem conservation and compatible development”.

Building Economic Constituencies to Conserve Biodiversity

- The CCED mission is “to work with communities to develop business products and land uses that conserve ecosystems, enhance local economies and achieve community goals”.
- The Forest Bank--An Experiment in Managing Fragmented Forests
- In Virginia, non-industrial private forests account for 77% of the forest base
- The number of tracts of less than 100 acres has been steadily increasing
- In the face of decreasing agricultural production, low and uncertain incomes, the second growth forest that is reaching maturity is becoming an economic asset
- TNC’s traditional approach to buying land in sensitive habitats seemed unworkable in the Clinch Valley
- The watershed requiring protection is too large

The Forest Bank Design

- Quasifinancial institution with explicit environmental and economic goals
- Landowners permanently deposit their right to grow and manage timber on some or all of their land
- Land can be sold, however, and enrollment in the program would transfer to the new owner
- In return, the landowner will receive guaranteed annual dividend payments (4%) based on the appraised value of the initial deposit
- To fund these payments, TNC will harvest and sell timber from these lands, using a management plan to manage the entire watershed at an ecosystem level
- Efforts will be made to process harvested timber locally to benefit local businesses and the regional economy

Results to date

- Clinch Valley Forest Bank
 - Conservation target is 30 federally listed species, primarily aquatic
 - 2,200 square mile watershed, covering 13 counties in Virginia and Tennessee
 - Central Appalachian hardwood: key species oak, yellow poplar, ash, soft and hard maple

- Began operations in January 2000
- 500+ acres deposited through June 2000 with timber value of ~\$600,000
- 10-year target of 50,000 acres in deposits
- Southern Indiana Forest Bank
 - Conservation target is suite of aquatic species, cave invertebrates, and the federally listed Indiana bat
 - 600 square mile watershed, covering seven counties in Indiana
 - Central midwest hardwoods: key species oaks, walnut, cherry, yellow poplar, ash
 - Operations to begin summer 2000
 - -10-year target of 10,000 acres in deposits

Conservation Beef

Conservation Beef -To Save the Best of the West for Future Generations

- Environmentally important western landscapes are threatened by rural subdivisions, dramatically eroding both their ecological integrity and their ability to sustain agricultural economies
- The short-term real estate development market is in conflict with the long-term ranch economies

Conservation Beef Goal

- Create a niche market for beef that will return a premium price to ranchers who commit to long-term land conservation strategies such as
 - ecologically sound land stewardship practices
 - land use planning, and
 - conservation easements

Conservation Beef Structure/Positioning

- A Joint Venture between
 - Artemis Common Ground and the
 - Center for Compatible Economic Development
- Idea conceived in 1995. Actual operations commenced in 1999
- Structure/Positioning
- CB is a sales and direct marketing organization, marketing fully mature, range-fed, healthful and additive-free beef

- CB has contracted with a custom meat processor to perform all phases of the process in compliance with CB's precise specifications for slaughter, dry-aging, portioning, vacuum-wrapping, flash freezing, warehousing and shipping to CB's customers

Conservation Beef Stewardship Standards

- Soil stability, minimal surface runoff and adequate water infiltration
- Riparian and wetland condition
- Upland condition
- Wildlife habitat

Conservation Beef Results to Date

- Budgeted sales revenue for 2000 is \$200,000 (retail to wholesale: 1:2)
- More than 20 upscale restaurants serve CB
- - Four ranching families in Madison Valley, MT supply cattle to CB at present (~50,000 acres)

Eastern Shore Enterprises

- Rural communities on Virginia's Eastern Shore face several socio-economic stresses
 - declining economy
 - out-migration of youth
 - under-employment
 - low capital investment
- Rising property taxes, often assessed at waterfront fair market value, affect long-term land-use decisions, especially the role of the family farm

Eastern Shore Enterprises

- Potential barriers to sustainable agriculture on the shore
 - Transportation to markets - the distance and
 - Chesapeake Bridge toll
 - Increased labor requirements
 - Access to knowledgeable consultant
 - Certification process
 - Financial investment needed by farmers to make the transition in production

Eastern Shore Enterprises Update

- Launched November 1999 to pursue Eastern Shore Select product line, including Hayman sweet potatoes and chips. (Hayman is an heirloom crop unique to the Shore)
- Demand for Hayman potatoes exceeded supply this season. Sold out at all 200 Stop & Shop stores, also at select Fresh Fields and other gourmet retailers
- New 5-ounce retail chips now distributed in partnership with Blue Crab Bay company; featured at four specialty food and gift shows this spring; currently selling to several dozen buyers on and beyond the Eastern Shore
- Local Advisory Board established January 2000 to provide support
- Nine growers and 83 acres currently involved in this pilot phase

EcoEnterprises Fund

EcoEnterprises Fund - Investing in Conservation

- Building a Broad Constituency to Influence Local Conservation Action
- A TNC Marketing Strategy Project estimated “conservation concerned” households to be 55 million
- It also estimated a sizeable but targeted audience of 17.2 million people who are “very concerned” about the environment and who identify “enduring projects” and “conserving land to protect endangered species of animals and plants” as their primary interest.
- These are the people who will vote with their pocketbook
- Organizations such as TNC have a comparative advantage - linking consumers with producers, while ensuring ecological sustainability, economic viability and social equity

Forest Bank - www.forestbank.org

Conservation Beef - www.conservationbeef.org

Eastern Shore Enterprises - www.esselect.com

The Nature Conservancy - www.tnc.org

“PARTICIPANT WORK SESSIONS AT THE ECO LABELING FOR WINEGRAPES CONFERENCE”

*Adapted from:
“Exploring EcoLabeling for California Winegrapes:
A Working Conference”
Sacramento, California
February 4, 1998*

<http://www.sarep.ucdavis.edu/pubs/other/ecolabeling/Proceedings98.html>



Participants met in region-specific working groups to discuss several issues associated with eco-labeling wines. It was interesting to note that there were relatively little differences in opinions based on regions. Instead, there were common themes/threads relating to whether person was a grower or winery representative.

Some of the *benefits* commonly expressed by *growers* included:

- ♦ Reducing on farm inputs
- ♦ Increased conservation of land resources
- ♦ Reduction of pesticide use
- ♦ Increased connection towards ecology and conservation practices
- ♦ Reward positive practices used on farm
- ♦ Increased cooperation between grower and winery

Some of the *benefits* expressed by *winery* personnel included:

- ♦ Improved public perception
- ♦ Market incentives for resource conservation
- ♦ Increased price for product

In addition, participants expressed several *concerns* regarding eco-labeling issues.

Common *growers’ concerns* included:

- ♦ May not be economically feasible
- ♦ Possible increased production costs
- ♦ Need for meaningful standards
- ♦ Possible resistance to change practices

Common *winery concerns* included the following:

- ♦ Cost of developing and implementing program
- ♦ Defining and developing a credible certification system
- ♦ Threat of government intervention and regulation
- ♦ Issue of who develops standards

In addition, participants were asked about their position regarding eco-labeling wines (Table 1).

Table 1. Response to question, “Where do you stand on eco-labeling?”

Region	Response to question: Where do you stand on eco-labeling? (number of respondents)					Totals
	Not at all interested	Disinclined, but still open	On the fence	Interested with reservations	Very enthusiastic	
Napa	0	0	2	2	6	10
S. San Joaquin Valley	0	0	1	3	6	10
Sonoma	(no data)					
Lodi-Woodbridge	1	0	3	6	2	12
Coastal / Foothills	0	0	0	7	2	9
Totals	1	0	6	18	16	41

For a complete discussion of these proceedings, visit:
<http://www.sarep.ucdavis.edu/pubs/other/ecolabeling/Proceedings98.html>