

Marketing Sustainably Collected Tropical Forest Products

The Problem

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During the past six months there has been considerable interest generated in the US and Europe over the destruction of tropical forests, particularly rain forests. This interest has resulted from a renewed concern about the greenhouse effect and global warming as well as its relationship to the massive deforestation of Brazilian rain forests (1,800 fires of 1 km² reported on a single day during the past summer).

As a consequence of this increased awareness and personal concern, various strategies are being pursued by a number of states, international bodies and nongovernmental organizations to halt the destruction of tropical forests. Most strategies, however, focus on stopping the destruction by highlighting the negative aspects of deforestation for the region or, more often, the world. To date, little attention has been paid to the poor whose desperate conditions lead them to cut the forests or to the countries whose indebtedness is the major cause of get-rich-quick schemes in forest areas. Even less attention has been given to the discovery of positive strategies which could protect the remaining tropical forests or reclaim those areas already devastated by the "development" schemes being spawned throughout the Amazon during the past two decades.

At this time a number of Amazonian communities--Indians, rubber tappers and long-established peasant communities--are attempting to maintain their ways

of life and expand their sources of income by intensifying and extending their sustainable extractive activities in forest areas. Botanists, anthropologists and environmentalists have long argued that healthy forests are capable of generating more income (and employment in the long term) than the same areas cleared and put into pasture or agricultural crops. While high levels of income from extractive activities in forests are theoretically possible, actual income from them rarely amounts to more than a small fraction of what is possible.

The major bottleneck to the expansion of sustainable income generation activities in tropical forests is the lack of information about forest products available to potential buyers and, consequently, the lack of markets and incentives for those who would like to expand their extractive activities. Yet, the theoretical premise for sustainable extraction led development in tropical forests still holds: through the expansion of local, national and international markets for forest products, a sound economic as well as ecologic argument can be made for harvesting from existing forests rather than clearing them for alternative economic uses.

One Solution

Cultural Survival has decided that the best way to protect the future viability of indigenous communities, and to ensure the future of the forests that they depend upon, is to expand the market for forest commodities. By helping communities organize to expand production and diversify income, we can also help them strengthen the community-level organizations which are essential for the defense of the forests. We have come to this conclusion reluctantly.

For the past decade most of our activities (and budget) focussed on land rights, local organization and resource management projects. Recently, we have seen that without income, indigenous peoples have little chance of defending themselves or their environment.

Cultural Survival waited for others to develop the markets. In fact, we avoided market oriented activities because we thought others with more experience would become involved. For all their talk, none of the conservation organizations have done so. We were also concerned that such activities would divert too much of our small staffs' attention to activities that are not central to the goals of the organization. Over the past few years, however, we have funded sustainable resource management projects with indigenous peoples which now generate commodities which could benefit from expanded markets. We have also created markets for our publications that generate nearly 60 percent of the organization's total budget, allowing us to be more independent of grants from governments or foundations. It is this same ability to generate funds without depending on outside contributions (or the values and priorities that are often attached to such grants) that we encourage among those indigenous communities that we support. Appropriate, replicable development in such communities rarely results from significant international aid.

We believe that we can serve a useful purpose not only by helping to expand the market in which indigenous peoples can participate, but by helping to shape that market so that more of the benefits accrue to producers. This can be accomplished by strengthening indigenous cooperatives and organizations which allow such groups to increase their production of rainforest products and thereby become bigger players. Stronger grassroots organizations, accompanied

by an increased international market specifically for the sustainably collected products coming from indigenous communities, will allow us to bypass many of the middlemen which have traditionally quadrupled, at minimum, the price of rainforest commodities in New York. This is the margin that we will work with in this project.

From this margin we propose to guarantee producers a higher and more stable price (in dollars) for their commodities, generate income for Cultural Survival to recover costs associated with the marketing scheme and generate income for appropriate and sustainable development projects in tropical forest areas, and provide US manufacturers with a product that is comperably priced to alternative sources. In addition, some manufactures will designate a percentage of profits for resource management projects. But even when that is not the case, significant benefits will accrue to the producing groups through the creation of markets alone. Finally, if properly managed, these intitial marketing efforts will demonstrate to other potential producers, exporters, international companies and governments that there is significant money to be made through the maintenance of tropical forests and the marketing of sustainably collected products.

Cultural Survival has been approached by progressive food manufactures (e.g. Ben and Jerry's Ice Cream and The Food Plant) in the US who wish to purchase "politically correct" rainforest products. Their desire is to identify products which they could use in current or future product lines. Their wish is to stimulate extractive production through direct purchases, to include public education material on their packaging about the product ingredients as well as the rain forests and the people who live in them and

collect the food items, and to donate a portion of their profits back to forest-dwelling groups for sustainable resource management projects. It is clear that these companies represent our most advantageous entry into the market. Because of their concern about forests, such companies will be more patient with the development of controls on product quality and quantity. They will also be more sensitive to the cash flow problems inherent in the project during its initial stages. Eventually, however, if the marketing of tropical forest products is to expand significantly, mainstream companies who have no direct political interest in tropical forest issues must become involved.

With the current all-time-high level of interest in tropical forests, other corporations can be convinced that a move to include rainforest products in existing product lines could be a wise marketing strategy. Because public interest and marketing trends shift relatively rapidly, however, it is important to move quickly to expand the use of rainforest generated materials in new markets. If we can capture a small corner of the market, in part at least due to the current interest in tropical forests, we can create a demand/taste for rain forest products that will not disappear when the latest tropical forest fad fades.

The Research Program

During the first year, Cultural Survival will undertake a survey to determine which rainforest products might have new or expanded markets in the country of origin, the US or Europe. Most people realize that tropical forest products rarely make their way into US or European markets. Few realize, however, that each country with tropical forests has large internal markets for

materials which could easily be, but usually are not, supplied by their own forests. In Brazil, for example, most people in Sao Paulo and Rio have never even heard of, much less eaten, the most common fruits from the Amazon. This is a logical place to increase the marketing of such items. Expanded markets inside the countries of origin could help to create national support for the protection of local fragile resources and fragile indigenous and environmental organizations as well. Expanded markets outside the country of origin, however, will, in all likelihood make most rainforest products more culturally acceptable within the producing country and, as a result of the overall expansion of markets and production, the products more readily available as well.

The initial survey of potentially marketable items will include the collection--in Brazil, Ecuador, Peru, Bolivia, Colombia and Honduras--of a sufficient quantity of rainforest samples for potential purchasers to be able to experiment with new product lines. Many of the initial producer groups contacted will be those that we have been assisting to expand their production during the past decade. Collection of samples will focus initially on nuts, fruits, tubers, spices, fiber and medicinal plants. With fruits, for example, the likely new markets in the US are products that could be flavored rather than made entirely with an imported fruit (e.g., ice cream, yoghurt, milk, candy, soda, snacks, wine coolers and various natural food products). Ben and Jerry's, as a result of their commitment to this project, have agreed to put us in touch with Brown Cow and Stonybrook yoghurt companies. They have also agreed to exhibit sample food items, imported by us, in their regular marketing displays at national food shows throughout the year. The fruits to be tested initially would be asai, bacuri, cashew, cupuacu, custard apple, gaviola,

guava, jack fruit, mango, passion fruit and star fruit. We will also begin to experiment with expanded markets for items [e.g. coffee, cacao (chocolate), vanilla, and alspice] produced in agroforestry production systems--where native hardwoods are interplanted with commercial tree crops--on reclaimed deforested lands.

Ben and Jerry's Ice Cream, for example, asked Cultural Survival to buy, directly from Indian or rubber tapper cooperatives, 50,000 pounds of passion fruit for a new sherbert that they would like to market this summer. They needed the fruit in May to supply the summer demand. (Fruit ice creams are in high demand in the US only during the summer months.) While we are unable to meet the deadline for passion fruit this year, we will have 15 months to locate sources for passion fruit as well as lesser known rainforest fruits before the summer of 1990.

Ben and Jerry's have also ordered, pending their testing and approval of samples, 40,000 to 50,000 pounds of Brazil nuts for use during the next five months. Since Brazil nuts only come from rain forests, any increased market would increase their demand and thus be a compelling economic reason to leave the trees standing. (Although it is against the law to cut the trees, Brazilian government officials reportedly turn the other way when Brazil nut tree logs are deliberately misidentified as a way to clear cut areas so that large landowners can create pastures for their cattle.)

Both Brazil nuts and Passion fruit are readily available internationally. Unfortunately, passion fruit, unlike Brazil nuts, is, at present, produced almost entirely on plantations which have been created by clearing tropical

forests. It is precisely this type of process that we want to avoid in this project. For this reason we are looking primarily for products that are not and cannot be produced intensively on plantations. We do not want to create markets that will lead to deforestation. For this reason during the first year we will focus primarily on determining which rainforest commodities exist in sufficient quantity so that increased extraction will not threaten their natural occurrence in the forests or create a demand that might lead to the clearing of forests to plant artificially dense stands of the items in questions.

For the most part, however, initial efforts will focus on determining which traditional rainforest products might have the most market potential. Because the tastes of most are not known and because there is a certain amount of risk involved in bringing out a new flavor, manufactures, even those politically disposed toward the project, will want to enter this market slowly. For this reason, we will need to import considerable quantities of different samples to provide potential buyers with the widest range from which to choose. From the manufacturers point of view, other major considerations are guaranteed supplies and quality. Some companies have already agreed to our suggestion of a marketing strategy for rainforest products that incorporate the seasonality of fruits in a rain forest. Thus, the limited two month supply of a fruit could be part of the sales pitch for marketing rather than a shortcoming. Ben and Jerry's, for example, want to identify enough rainforest flavors so that they can have a new one every 6 to 8 weeks throughout the summer. The seasonality of forest fruits will also be part of the blurb on ice cream containers.

During the first year, information will be collected about current production and price levels of various food and non food items that are

collected sustainably. This project will focus on materials that are not cultivated so that an expansion of markets would lead to increased value for standing forests. It is quite likely, however, that existing forests would be "upgraded" over time reflecting demand for a given product. An issue to be researched is how much "upgrading" can take place without irrevocably affecting genetic diversity. We are also concerned that local processing of commodities will not result in environmental degradation (e.g., forest destruction through the undue use of fuelwood or electricity generated by hydroelectric dams built in rain forests). The availability of each commodity throughout the year would need to be determined as well as the effect that increased marketing of an item would have on the nutrition and health of local populations. Clearly, we cannot do justice to these research topics in a year. Many will be continued over time, most by other individuals and organizations.

Preliminary research undertaken during the first year will also indicate where additional information is still needed. In subsequent years, research would need to be undertaken as other marketable commodities are identified. Much of the necessary information is already known to local researchers and food processors, but it needs to be brought together and examined in light of possible market expansion. This work will be directed, and largely undertaken by Cultural Survival's director of research and by part time consultants. Much of the research will be provided to us by academics and organizations who have been working on these issues for years and want their information to be used by a wider audience. Cultural Survival has long drawn on a network of some 2,500 social scientists and conservationists who can also help us with this research.

Marketing of the Products

To the extent possible, we will encourage, indeed give first preference, to companies that use their containers and the forest product ingredients as a vehicle to raise awareness of rainforest and indigenous peoples' issues as well as their relationship to our own lives. We will also encourage companies to incorporate remittances of a portion of profits to the rainforest groups as part of their public relations strategy. We will work with them to identify groups to receive small sums for grassroots-run, resource management projects.

Due to the food/health nature of the market we are attempting to establish, Cultural Survival is concerned that we not jeopardize the financial status of our organization through any law suits that might arise. Thus, we are presently exploring the possibility of setting up a non-profit trading company (Cultural Survival Imports) which would handle the import/export of forest products. This entity would probably be a foundation [509(a)] which would be bound by law to give any profits to Cultural Survival for projects focussing on resource management, the expansion of markets for forest products or the identification of additional marketable items.

Further Research

By the end of 1989, at least two US-based food companies will be producing rainforest product lines. A number of others, however, will still be at the stage of testing products and determining if it is possible to produce a food item given the current availability and quality of forest products. Thus, one or two years of research and marketing efforts will be required to provide the information necessary to expand production and marketing outlets. Likewise, it

will be important to begin to expand the marketing of other, non-food items as well as identifying products from countries other than those listed above.

One Year Budget--1989-1990

Travel/Product Purchase/Air Freight

Travel to Brazil and in country travel and expenses (4 trips)	\$10,000
Travel to Peru, Bolivia, Ecuador and Colombia and in country travel and expenses (3 trips)	\$12,000
Purchase and Processing of Rainforest Products	\$3,000
Transport of Products to US	\$6,000
Transport within the US	\$1,500
Travel in US to Market Materials	\$4,000
Documentation	\$3,000
Subtotal	\$39,500

Salaries/Consultancies/Benefits/Office Costs

Director of Research, half-time salary	\$17,000
Benefits (half-time health only)	\$1,650
Marketing Consultant (one month)	\$2,000
Secretarial Assistance (one month)	\$1,500
Media and Publicity advisor (two months)	\$5,000

Telephone, Fax and Photocopy Expenses	\$2,000
Subtotal	\$29,150
Total	\$68,650

Cash Flow Problems Associated with the Project

Once commodities, producers and markets are identified, the major bottleneck will be one of cash flow. In order to enter the market and provide the highest price to local producers we will need to pay producers during the harvest so that they can avoid selling produce to middlemen who will pay them less. I estimate that, initially, we will need \$50,000 to \$100,000 to cover these revolving costs.

Ben and Jerry's, for example, has placed an order for 40,000 pounds of Brazil nuts. The value of that many nuts would be more than \$50,000 in New York. By eliminating most of the middle men we can pay producers more and still bring the nuts to New York at a somewhat lower price. Even so the money needed to buy the crop will be tied up for 2 months, at least, before we would be repaid by the companies. Furthermore, this is just one item. If we are trying to import more than one item at a time we will need to ensure that we receive payment for some items when we need the cash to purchase others. This could turn out to be a considerable juggling feat. The cash flow problems should only exist only in the short term. In the long term, enough money should

be generated over the first two to three years to cover these kinds of costs if the project is to become self-sustaining.