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Marketing Sustainably Collected Tropical Forest Products

The Problem

During the past year considerable interest has grown in the US and Europe over the destruction of tropical forests, particularly rain forests. A renewed concern has arisen over the greenhouse effect and global warming, and their link to the massive deforestation of Brazilian rain forests. (On a single day during the summer of 1988, 1,800 fires of 1 km² were reported.)

As a result, a number of nations, international bodies and NGOs are pursuing various strategies aimed at halting this widespread destruction. Most proposals, however, highlight the negative aspects of deforestation and criticize the policies of governments that allow or even encourage it.

This nonetheless valid approach is often unduly negative and antagonistic. What about the poor whose desperate conditions lead them to cut the forests, or the countries whose indebtedness is the major cause of get-rich-quick schemes in forest areas? What has been done to identify and elaborate on positive alternatives, alternatives that could protect the remaining tropical forests or reclaim those areas already devastated by "development" schemes?

A number of rainforest communities--indigenous peoples, extractivists and long-established peasant communities--are attempting to maintain their ways of

life and expand their sources of income through their sustainable, extractive activities. Botanists, anthropologists and environmentalists have long argued that healthy forests can generate more income and employment than the same areas cleared and put into pasture or agricultural crops. Unfortunately, only a few of these theoreticians have worked with actual communities on expanding their income from sustainable activities, income that is vital to maintaining the resource base in the face of other pressures on the land.

The major bottleneck to expanding such work is the dearth of information on forest products, which leads to the lack of markets. People who want to expand their extractive activities have few incentives for doing so. Yet the theoretical premise still holds: through developing local, national and international markets for forest products, a sound economic--as well as ecologic--argument can be made for using the existing forests for long-term gains rather than clearing them for quick profits.

The Solution

Cultural Survival has decided that the best way to protect the viability of forest communities and to ensure the future of their forest resources is to expand the market for forest commodities. It is time to stop talking about how valuable these commodities might be and start proving it. By helping communities organize to expand production and diversify income, we can also help them strengthen the community-level organizations essential for the defense of the forests.

We have come to this conclusion reluctantly, however. For the past decade most of Cultural Survival's activities (and budget) have focused on land rights, local organization and resource management projects. We have learned that without income, indigenous peoples have little chance of defending themselves and their way of life. Helping groups to make products for markets that do not exist is a misguided activity at best; at worst, it can actually discourage the very type of community organization and development that their survival depends on. Our work in developing appropriate markets will add another dimension to the verticle integration of our human rights work.

Cultural Survival waited for others--particularly the larger environmental organizations that give such press to the value of forests--to develop these desperately needed markets. We avoided market-oriented activities in hopes that more experienced organizations would become involved. For all their talk, none of the conservation organizations have done so.

We also worried that marketing activities would divert too much of our small staff's attention to activities that are not central to our organization's goals. Over the past few years, however, we have funded sustainable resource management projects with indigenous peoples that generate commodities which could benefit from expanded markets. We have also created markets for our publications, an area that generates nearly 60 percent of our total budget and keeps us from growing overly dependent on government or foundation grants. It is this same ability to generate funds free of outside influence that we encourage among those indigenous communities that we support. Appropriate, replicable development in such communities rarely results from significant international aid.

A nonprofit trading entity not only can help expand the market in which indigenous peoples can participate, but can help reshape old markets or create new ones, shifting more of the benefits to the producers. In the past, rainforest products have become most profitable only after they leave the hands of the forest residents.

†Here is an example: During the 1989 Brazil nut harvest, remote nut collectors received only three to four cents per pound for nuts that fetched more than \$1.50 per pound in New York. We need to eliminate some of the intermediaries coming between forest residents and manufacturers, which we can do by strengthening indigenous cooperatives and organizations so that they can purchase their members' produce. Their produce will increase in value if they transport it further through the market and, in some instances, process the raw products. As a result, they will garner a larger percentage of the final price and will increase their political clout, too.

This is the margin that our trading company working with indigenous organizations will work with in this project. From this margin we can guarantee producers higher, more stable prices (in dollar equivalents) for their commodities. We can generate income for Cultural Survival to recover related costs and to promote appropriate and sustainable development projects in tropical forest areas (initially estimated at 5 percent of the gross trade). We can provide US and European manufacturers with a product that is comparably priced to alternative sources. In addition, some manufacturers have agreed to earmark a percentage of their profits for Cultural Survival's resource management projects.

During the first few years, while the output is still small, we will be able to work with only those companies that agree to pay higher prices to producers and/or give a percentage of their profits to Cultural Survival's related projects. But even when we begin to market rainforest products through more conservative companies, we can still promise significant benefits to the producing groups through the creation of markets alone.

This marketing project will generate employment not only for forest residents, but also for those living in the villages and cities in the rainforest areas. Few people realize that most people who live in rainforest areas, such as the Amazon, live in the cities. The local employment generated through transport, trade, processing and manufacturing will also help to educate people about the importance of preserving the forests. The possibility of a political alliance of urban and rural residents could be extremely valuable in generating legislation and policies to protect tropical forests.

Perhaps the most important feature of this project is that the initial marketing efforts have the potential to show other producers, exporters, international companies and governments that there is significant money to be made through maintaining tropical forests and marketing sustainably collected products. Some bi-lateral and multi-lateral development agencies have already indicated an interest in redirecting at least some of their development efforts in these regions.

Product Research and Availability Assessments--The First Year

During the first year, Cultural Survival will investigate the rainforest products that might have new or expanded markets in their country of origin or in the US or Europe. Although most people realize that tropical forest products rarely make their way into US or European markets, few see the market potential for such goods within the country of origin.

For example, most people in Sao Paulo and Rio have never even heard of--much less eaten--the most common fruits of the Amazon. Brazil offers an ideal market for such items, and could generate national support for the protection of local fragile resources and fragile indigenous and environmental organizations as well. Unfortunately, the real test of the success of such native products within the country will probably be the popularity of these items abroad--often a litmus test for cultural acceptance.

During the first year we will focus on South and Central American countries. At first we will work with groups that we have already supported; gradually we will incorporate other new groups. Our research will concentrate on products that are already being collected or produced, in quantities of at least one ton--the minimum to be sufficient for export. Product samples will then be sent to interested manufacturers in order for them to experiment with new products.

We will collect a wide variety of product samples, including nuts, fruits, oils, flour, fragrances, tubers, spices, and fiber and medicinal plants. The most likely new markets in the US for fruits, for instance, are in products

that could be flavored with, rather than made entirely from, an imported fruit (e.g., ice cream, yogurt, milk, candy, soda, snacks, wine coolers or various natural food products). About half of the companies that manufacture such products have already received samples and are conducting tests. The fruits to be tested initially would be abacaba, asai, bacuri, cacao, cashew, cupuacu, custard apple, gaviola, guava, jackfruit, mango, passionfruit, patoa and star fruit. We will also begin to experiment with expanded markets for items [e.g., coffee, cacao (chocolate), vanilla and allspice] produced in agroforestry production systems--where native hardwoods are interplanted with commercial tree crops--on reclaimed deforested or degraded lands.

Marketing--The First Year

Cultural Survival has been approached by progressive manufacturers in the US and Europe that wish to purchase "politically correct" rainforest products; they want to find ways to substitute rainforest resources in current products or to build new product lines around them. These companies share a common concern: to stimulate extractive production through direct purchases, to include public education material on their packaging, to donate a portion of their profits back to forest-dwelling groups for sustainable resource management projects, and to provide consumers with appealing, competitively priced products.

Clearly, such companies represent our most advantageous entry into the market. Because of their overriding concern about forests, they are more patient with the development of controls on product quality and quantity. They are also more sensitive to the cash flow problems inherent in the project's

initial stages. If the marketing of tropical forest products is to expand significantly, however, mainstream companies with no previous direct political interest in tropical forest issues will have to become involved.

For the most part, though, our aim is first to determine which traditional rainforest products have the most market potential. Because a certain amount of risk rides on creating a new flavor, manufacturers--even those politically disposed toward the project--will enter the market slowly. For this reason, we will need to import a large number of samples in sufficient quantity to provide potential buyers with the widest range from which to choose.

Manufacturers are also concerned with guaranteed supplies and quality. Some companies have expressed enthusiastic support for our suggestion of a marketing strategy that incorporates the seasonality of rainforest fruits. The limited two-month supply of a fruit could be part of the marketing sales pitch rather than its shortcoming. Ben and Jerry's Homemade, for example, wants to identify enough rainforest flavors so that it can promote a new ice cream flavor every four to six weeks throughout the summer. The company will also feature consumer education on the seasonality of forest fruits on its ice cream containers.

Throughout the first year, information will be collected about current production and price levels of various sustainably collected food and nonfood items. This project will focus on materials that are not cultivated, so that expanded markets would lead to increased value for standing forests. It is quite likely, however, that existing forests will be "upgraded"--that is, more valuable species will be planted in greater density, reflecting increased

demands for a given product. We need to research how much "upgrading" can take place without irrevocably affecting genetic diversity, ensuring that the use of our trademark will mean that the product is produced in a sustainable resource management system.

It is important that local processing of commodities not damage the environment (e.g., by using fuelwood or electricity generated by hydroelectric dams built in rain forests). Equally important are the effects that increased marketing of an item have on the nutrition and health of local populations. Clearly, these research topics should be maintained as long as production for external markets continues, and should be coordinated with other organizations, both nongovernmental and academic.

Preliminary research will also reveal any information gaps. As other marketable commodities are identified, more research will be required. Much of the necessary information, already known to local researchers and food processors, needs to be examined in light of possible market expansion. This work will be directed and largely undertaken by Cultural Survival's director of research and, initially at least, by part-time consultants. Cultural Survival has an extensive network of some 2,500 social scientists and conservationists upon which we can draw.

The current level of interest in tropical forests, will convince many companies that using rainforest products is a wise marketing strategy. The rapid changeability of marketing trends requires quick action. If we can capture a small corner of the market, we can create a demand and a taste for

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tropical forest products that will not fade when the latest rainforest fad wanes.

Two Examples

How the project will work is perhaps best understood by a quick review of our efforts to date with two companies, Ben and Jerry's Homemade of the US and The Body Shops of England. Ben and Jerry's, after expressing enthusiasm for the project and performing initial tests, has ordered approximately 200,000 pounds of Brazil nuts and 100,000 pounds of cashew nuts to be shipped over the next 12 months. Since Brazil nuts only come from rain forests, any market demand would provide a compelling economic reason to leave the trees standing.

Ben and Jerry's has set up a separate company, Community Products, to buy the nuts from us. That company will manufacture a nut brittle that will be sold to Ben and Jerry's and as a candy to other distributors. Both products will be available in October, in time for the Christmas rush. Because company founders, Ben Cohen and Jerry Greenfield no longer have control over the management of Ben and Jerry's Homemade, and because they would like to donate more than that company's average of 7 to 8 percent of profits to charities, they have established Community Products. The new company will give 50 percent of profits from the sale of the brittle to Cultural Survival for sustainable resource management projects. It is not our intent, nor Ben Cohen and Jerry Greenfield's wish, to fund those organizations whose produce is being marketed already. Rather, we want to fund projects with other groups, to help them enter the global market on more advantageous terms.

Ben and Jerry's also asked Cultural Survival to buy, directly from Indian or rubber tapper cooperatives, forest fruits for a new sherbet for release in 1990. The company is testing five fruits now, but will need some 50,000 pounds of canned or dried fruit to supply the demand for one summer. (Fruit ice creams are in high demand in the US only during the summer months.)

While Ben and Jerry's has agreed to purchase significant quantities of produce and to pay upon receipt, it will not advance the money for these purchases. Large sums of money will therefore be tied up for a few months while the products are shipped by boat to their final destination in Vermont.

Ben and Jerry's has agreed, however, to exhibit sample food items, imported by us, in its regular marketing displays at national food shows, and to introduce us to other progressive companies that might want to use some of these materials in their own products.

The Body Shops, a company that produces organic cosmetics, lotions and sundry other health and beauty items, is interested in starting a new rainforest line (lotions, soaps, shampoos, massage oils and scrubbers) to promote awareness among the consumers that visit its more than 400 stores. It is approaching this project from a slightly different angle than Ben and Jerry's. The Body Shops believes in paying first world prices to Third World producers. Thus, producers would receive substantially higher prices initially, but no support for ongoing projects. Groups are expected to use their higher incomes and guaranteed markets to identify and fund their own development projects.

The Body Shops is presently experimenting with 15 potential products-- flours, oils, nuts, fibers, pigments, fragrances and fruits; it will receive an additional 50 to 100 samples during the summer. The Body Shops has agreed to advance Cultural Survival the money needed to purchase products at the source, and to accept whatever quantities we can obtain initially so that we can regularize and increase marketable produce in one or several areas as producer organizations increase in number, size and organizational capacity.

In general during the first few years, Cultural Survival is looking for products that are already being produced by groups that could benefit from a more direct link to a foreign manufacturer and that already have an expandable international market. With this approach, we can create a substantial volume, over a short time period, that will in turn generate sufficient income to begin to work with less well-organized producers and products that currently have no international market.

We will also focus primarily on products that come directly from undisturbed forests. We do realize, though, that colonists who have already moved into and leveled some areas must be organized to use these areas sustainably and productively. For this reason we will also be working with peasant farmers and indigenous peoples who are establishing systems of agroforestry on degraded lands. We will not, however, work with groups that continue to cut forests as a scheme for claiming that the areas are degraded. We in no way wish to create a demand for products that would lead to the clearing of forests to plant artificially dense stands of more valuable trees.

Marketing the Products

We will encourage, indeed try to give first preference to, companies that will accommodate the producers--by paying on or before delivery, by giving some profits to support sustainable resource management practices, and by using their containers and the forest product ingredients as a vehicle to raise awareness of rainforest and indigenous peoples' issues. We will also encourage companies to incorporate remittances of a portion of profits to the rainforest groups as part of their public relations strategy, aiding them in identifying deserving groups.

Due to the food/health nature of this market, Cultural Survival does not want to jeopardize its financial status through any potential lawsuits. Thus, we are presently exploring the possibility of setting up a nonprofit trading company (Cultural Survival Imports) that 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 focusing on resource management, the expansion of markets for forest products or the identification of additional marketable items.

By the end of 1989, at least two companies will be producing rainforest product lines. A number of others, however, will still be in the testing stages. 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 take time to begin to expand the marketing of other, non-food items, and to identify products from countries other than those listed here.

One Year Budget--1989-1990

Travel, Sample Acquisition and Freight

To Brazil and in-country expenses (4 trips)	\$12,000
To Peru, Boliva, Colombia, Ecuador and in-country expenses (3 trips)	\$12,000
Within the US and to Europe to Consult With Manufacturers	\$10,000
Purchase and Processing of Product Samples	\$7,500
Freight Charges From Point of Origin to Final Destination	\$10,000
Transport within the US	\$1,500
Documentation of Products	\$3,000
Subtotal	\$56,000

Personnel and Office Expenses

Project Director (full time, including benefits)	\$40,000
Staff Assistant (full time, including benefits)	\$22,000
Marketing Consultant (2 months)	\$6,000
Media and Publicity Advisor (3 months)	\$9,000
Telephone, Fax, Photocopy and General Office Expenses	\$13,000
Subtotal	\$90,000

Assistance to Producer Groups for Market-Oriented Production

Organizational Advice and Support	\$10,000
Equipment	\$10,000
Credit for Purchase, Transport or Processing of Products	\$40,000
Subtotal	\$60,000

Project Documentation

Written Materials	\$15,000
Audio/Visual Materials	\$50,000
Subtotal	\$65,000

Cash Reserve Necessary for the Purchase of Commodities*

Revolving Cash Fund	\$200,000
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GRAND TOTAL \$471,000

*Once commodities, producers and markets are identified, a revolving cash fund will be the major bottleneck. In order to enter the market and give producers the best price we must be able to advance the money during the harvest so that they can avoid selling to intermediaries, who will pay them less. In the first year, we will need \$200,000 that can be tied up at any point in time to cover these revolving costs. After the first year, we should be able to build up a nest egg that can increase each year to cover our increased cash needs.