

Eco-labelling and Geographical Indication for better market access and inclusive growth

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Trends in the key drivers of market access, both locally and internationally, are changing at a much faster pace than before, and these include the increasing share of the population falling under the middle-income category, better consumer awareness, coupled with the emerging effects of accelerating climate change. For instance, there is a growing trend towards using natural ingredients in the cosmetics industry, which is compelling multinational cosmetic companies to seek joint ventures and acquisitions of niche, natural cosmetic companies. Furthermore, in the interest of promoting inclusive growth, there is a growing focus on fostering economic growth among indigenous communities. This article provides insights into how the use eco-labelling and Geographical indications (GI) enhance market access, while conserving nature and fostering economic growth among indigenous communities. By definition, eco-labelling refers to a voluntary method used to identify products or services that are proven to be produced in an environmentally friendly manner. Many producers, globally, are seeing eco-labelling as an opportunity through which to achieve higher prices for their products; hence, it is used as a market access tool for sustainable development.

Within the agricultural space, it is interesting to note that South Africa is among the few African countries with a national eco-labelling scheme, which is known as Ecolabel South Africa. Ecolabel South Africa verifies and certifies products in the Fast-Moving Consumer Goods (FMCG) sector, including packaged foods and beverages. A recent report by Food Stuff SA (2019) posits that the impact of humankind on the environment has become a key concern among consumers, thereby drawing their attention on packaging content. The report emphasises that with clear labelling, be it ecolabelling in this case, brands are bound to get the benefits thereof. A related sentiment was articulated in the SAWUBONA magazine (July 2018), in which it was noted that about 87% of South Africa's population categorised as the middle class would prefer to consume environment-friendly products.

Now turning to geographical indication, defined as a sign or name used on products that have a specific geographical origin and possess qualities or a reputation that are attributable to that place of origin. Geographical indications provide added value in the form of a premium price accruing to producers. GIs are increasingly becoming a market access tool, which places much emphasis on quality rather than quantity. The European Union (EU), which is South Africa's key market for agricultural products, is at the forefront of promoting the notion of GIs, and a great proportion of consumers are ready to pay a premium for high quality products. To

a great extent, South Africa's good trade performance in wines within Europe is attributable to the fact that the wine industry exhibits an outstanding footprint in GIs. Of the 2885 names of the geographical indications for wines, South Africa accounts for 35% of the third world countries involved in wine trade, and slightly more than 5% of all countries, worldwide (E-Bacchus). Unsurprisingly, over 50% of South Africa's wine is destined for the export market, of which the EU accounts for the greatest share. The use of GIs is faced with a challenge of counterfeiting, whereby other opportunistic producers, especially multinational companies, use a protected name for a similar product, but of a different origin. For instance, the descriptions of "basmati" rice, "Ceylon" tea, "Antigua" coffee, and "Rooibos" tea have been abused. Other challenges include the bureaucratic registration process, and expansion of GI protection to other key markets. In South Africa, very few agricultural products, e.g. wines, Honeybush, Rooibos, and Karoo Meat of Origin, are protected (DAFF, 2017). Given that products with protected geographical names are produced in specific areas, such communities also gain the opportunity to participate in formal markets through producing high-quality products, from which they receive a premium. This translates into inclusive growth within those specific communities. Take, for example, producers of rooibos, which only grows in the Cederberg biosphere in South Africa. Given the premium price of rooibos, the producers and processors of the product receive a good income, which if used properly, is bound to realise greater economic growth for their communities. In my view, the case of wines is self-explanatory.

Concluding remarks

Beyond the goal of enabling producers to protect the environment, eco-labelling is also a key market access tool, through which producers can receive premium prices for their products. Furthermore, geographical indications are also another tool through which South Africa can access the EU market. Policy implications: Agricultural industries, with support from government, should consider looking into using eco-labelling of products to align with changing consumer demands. Furthermore, there is a need to protect geographical names for other products that are largely exported to the EU. Moreover, regarding products like honey bush, rooibos and Karoo meat of origin that are already protected, there is a need to embark on product diversification through adding value to those products. Recommendation: Producers of agricultural products should embrace eco-labelling as a means through which to gain access to better rewarding markets.