

From soy to egg: Solidarity in the poultry sector Taking the next step towards social soy production

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Author's Background

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Summary

The Dutch organic sector aims at the use of regional ingredients in animal feed. However, feed manufacturers still depend on imports from overseas for the supply of protein rich feed stuffs for the production of organic poultry feed. In 2011 Bionext and Solidaridad, organization for sustainable trade, approached organic feed producers for an open discussion on this issue. During this conversation, the manufacturers expressed their wish to further sustainable development of their sector. They felt that imports from overseas can only be justified if, in addition to organic standards, also social standards are met. This was the start of an initiative that attracted representatives from all levels of the organic egg production chain. The project partners expressed their commitment in a Memorandum of Understanding, which was signed by the first participants in January 2013. The final goal is to upscale the use of social organic soy in organic poultry feed to 100% by the end of 2015.

Background

One of the aims of the organic sector is to use ingredients for the production of animal feed, that are regionally produced. However, the Dutch organic sector still relies strongly on imports from Asia and South-America for the supply of protein rich feed stuffs. Because of economic and technical difficulties concerning the cultivation of protein crops, the production in Europe lags behind. This provides challenges, especially for the production of organic poultry feed, that has a relative high soy content. Front runners in the organic poultry sector felt that these imports can only be justified if, in addition to the organic standards, also social standards are met. Social standards are currently not explicitly mentioned in the European organic regulation. Therefore, they started an initiative together with Bionext and Solidaridad that was financially supported by themselves and the Dutch NGO DOEN Foundation and the Dutch Platform for Sustainable Food. Bionext facilitated the process and connected stakeholders in the Netherlands. Solidaridad used their network in the South to connect with soy growers.

Main chapter

Dutch organic egg sector and NGO's join forces

In 2011 Bionext and Solidaridad, international organization for sustainable trade, approached organic feed manufacturers for an open discussion on organic soy. During this conversation the manufacturers expressed their wish to further the sustainable development of their sector by adding criteria to soy that is imported from overseas. This idea was the start of an initiative that attracted representatives from all levels of the organic egg production chain. Besides soy trader Greenfood International and feed manufacturer Van Gorp, the following companies joined the initiative: the Organic Poultry Farmers Association, egg packing firm Van Beek Group and the foundation 'Merkartikel Bio+', a strong organic brand in the market. In a discussion with all these partners, they decided which requirements they wanted to add to organic soy. This translated into the addition of criteria concerning social standards for workers in soy production for imports from overseas, on top of the organic standards.

Local growers in the lead

Preconditions for a feasible business model were also defined. First, the addition of criteria should not lead to a significant rise in the consumer price for organic eggs. Secondly, the investments should above all benefit the workers on large scale soy farms or soy farmers on family farms. Costly logistical measurements to separate the soy from the 'normal' organic soy where therefore not acceptable. Also, support of the workers should be based on trade, not on aid. Thirdly, the additional criteria should be certified by an independent inspection body.

An analysis of different seals resulted in the choice of the EcoSocial label of IBD. EcoSocial is a fair trade seal for organic producers. It focuses on the needs of the organic farmers in the South. The premium paid for the soy is invested in local projects, prioritized by a local cooperation of soy growers.

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Different strategies for introducing the social soy were studied, ranging from entirely separated production chains to mixing it with normal organic soy. The partners decided to follow the principle of 'mass balance'. This means roughly that the soy with the added criteria can be traced from the production site up to the feed mill where it is processed. This strategy prevents large investments in logistics and tracking & tracing. The down side of this strategy, not being able to claim that a certain egg is produced with social soy, was not considered a disadvantage. In the Netherlands, the egg sector is notorious for the large variety of seals used on the product, which causes confusion or indifference amongst consumers. Besides that, the majority of consumers is not aware of the use of soy in the production of eggs. Therefore, it was decided to actively communicate this initiative only on a business-to-business level.

Working towards 100% social, organic soy in 2015

During the process, the project partners felt the need to express their common goals and their commitment in a Memorandum of Understanding, which was signed in January 2013. During that time the first batches of EcoSocial soy were imported by Greenfood and processed by Van Gorp. The first year no new partners were admitted, to give the initiators the benefit as front runners. The MoU is now open for new partners to join. Currently (February 2014), around 40% of the soy used in organic poultry feed has the EcoSocial label. The final goal defined in the Memorandum is to upscale the use of social soy in organic poultry feed to 100% by the end of 2015. 'De Eendracht', an organic feed cooperative recently joined and several other companies are showing interest.

Build organic bridges and take the next step

This case teaches us several lessons concerning further development of organic agriculture and the creation of sustainable food systems. First of all, building bridges between the stakeholders in a supply chain is essential for sustainable development in the long run. Working from a supply chain perspective means involving producers, traders, processors and retail. Every link of the production chain has a supplier/customer relationship with the next one. A strong incentive for sustainable development is created when the next link (the customer) is demanding a product with additional characteristics, e.g. adding social criteria to organic soy. The more links of the chain are involved, the bigger the incentive for the other links to join in. This has several advantages which promote long term success and which could also be observed in the case of social, organic soy. It is, for example, easier to establish a viable business model, because additional costs can be divided among several parties. Also, claims can be made as a sector, the organic poultry sector in this case, in stead of a company or on behalf of just one level of the supply chain. This makes it easier to convey the message to consumers and the public in general. However, it will take more time before claims can be made, taking into account that a substantial part (close to 100%) of the soy in organic poultry feed should be replaced with social, organic soy in order to have a consistent and credible message. It was interesting to find out that the communication strategy that was chosen by the participants, was not directly focusing on consumers, which shows that active communication directed at this target group is not necessarily a precondition for companies to participate in sustainable development.

There can be a conflict between the supply chain approach and the wish of a company to stand out in the market, especially in the initial phase of a project. In order to keep front runners motivated to participate, it is important to reward their efforts and the risks they take. In the case of social, organic soy, no other soy traders and feed producers were admitted during the first year, to give the initiators a head start. Also, the role of an independent facilitator is vital to ensure progress. This role should ideally be played by someone who is not commercially linked to the parties involved. As a branch organization, with connections in all levels of the supply chain but without any trade relations with the participating companies, Bionext is in the optimal position to fulfil this role. An important aspect of the job of facilitator is to identify the interests of the different parties in the supply chain, so they can be included in the common strategy and ensure long term support of all participants. Companies in the different level of the supply chain can have different perspectives on sustainable development, though this may not seem obvious at first. Therefore, it is essential to have a clear understanding and agreement on strategy and responsibilities. In the case of social, organic soy this resulted in a Memorandum of Understanding which clearly expresses common objectives and individual tasks.

Finally, taking a supply chain approach has benefits that transcend the original scope of the project. By inviting the stakeholders to join forces in this initiative, a platform was created, which is also useful in the future, when the sector is ready for the next step in sustainable development.

References

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