Trends Driving Global Market Change

A number of major socio-economic trends, affecting market integration and trade are increasing the need for greater investment in post-harvest R&D in developing countries. This investment is needed so that producers and processors can compete more effectively in the new global economy. The macro trends are related to:-

- Phasing out of Government-controlled commodity marketing boards.
- Market reform under trade liberalization programmes.
- The reduction in tariff barriers and export subsidies, quotas and the creation of free trade zones. This has inevitably led to an increased role for the private sector, however, its effectiveness has been hampered by:
- Lack of conducive policies to support the private sector, and particularly small businesses, which are key players in developing agro-food chains.
- Failure of some governments to provide market support tools such as market information systems
- Decline in rural banks and restructuring of rural credit, making it difficult for small entrepreneurs (farmers, farmers organisations, processors) to access needed credit.

Despite slow growth in some countries, market opportunities are becoming available due to various trends:

- Population increases
- Rapid urbanization
- Increasing income of some sectors of society
- Rapid improvements in communication
- Globalisation and the associated changes in international trade conventions (WTO)
- The desire of consumers for a more diversified diet, including more animal proteins, more convenience foods and safer, healthier foods
- Rapid concentration and vertical integration in the food industry, with market power shifting from food processors/manufacturers to retailers

These factors are driving changes in the way markets operate which result in demands for agricultural products becoming ever more competitive. Thus the small – medium scale operators need additional support to enable them not only to subsist but to COMPETE in this new and globalised market place. Effective postharvest research can make a significant contribution to rural and urban poverty alleviation through activities and interventions along the supply chain.

Research Agenda

PhAction is developing a global postharvest research challenge agenda in collaboration with partners in the public and private sector. Following discussions, four major thematic areas have been selected for development within the PhAction research strategy, Viz:-

(i) Identifying market opportunities: This research theme deals with building capacity and developing tools and products, which can be used by research partners and private sector clients to identify market opportunities and analyse supply chain efficiency. At the strategic level, the products of this work will (i) foster an institutional shift to market-oriented research over the next 5 year period, such that research agendas are driven by market demands, (ii) enable private sector clients operating at the watershed, community and enterprise levels, to evaluate existing and new market opportunities within a rational framework that considers the fiscal, technical and environmental options required to capitalise on identified markets and thereby increase returns on investment. The key aim of this work is to enable entrepreneurs to make more informed decisions about markets, trade options and the research required to both identify, track and exploit existing and potential market opportunities.

(ii) Improving agri-business support services: This theme deals with building technical capacity and policy options with government and the private sector to improve the effectiveness of domestic, regional and export supply chains. Efficiencies will be achieved through (i) policy changes that support agro-enterprises, (ii) improving organizational structures in the market supply chain, (iii) developing sustainable support services that deliver reliable marketing and technical information to specific sectors and (iv) finding ways that enable small and medium-scale enterprises (SMEs) to access fiscal and technical business support tools and source advice to improve business decision making. Opportunities include the provision of market information services, development of ethical / fair trade links for products, and the development of innovative business models that foster more dynamic evolution of enterprise clusters. The key aim of this work is to improve competitiveness and market access.

(iii) Fostering technology innovation and uptake: To achieve value addition, improved quality and greater competitiveness through post-harvest activities, farmers and processors need access to new ideas, techniques and technologies. A great deal of information and technologies already exist, however technology flow is a problem in many countries. To overcome this problem new technology exchange mechanisms need to be implemented that link businesses, which are successfully using innovative technologies with enterprises that have not yet adopted them. The development of South–South collaborative links will play a major role in linking potential business partners. In cases where there are technology gaps, development strategies will be pursued in close working relations with the target enterprise and within defined business plans that can enable small-scale operators within a sector to “upgrade” technologies within an achievable credit range. The key aim in this work is to identify or develop information and technologies, which can be evaluated and implemented through and by SME networks, and trade-based businesses to increase their competitiveness within a range of market levels from local to regional to global markets.

(iv) Enhancing product quality: Internationally, the reduction of tariff barriers and quotas through World Trade Organisation (WTO) negotiations has opened markets, bringing quality-related issues to the forefront. Many developing countries are running into difficulties meeting their trading partners’ safety and other quality standards, which are becoming more stringent in response to consumer concerns. Domestically, the growth in urban markets has been accompanied by rising consumer demand for products with safety and other quality guarantees. To enable local supply chains to meet this quality challenge, participatory R&D involving governments, consumers, producers, processors and traders is needed to:- (i) develop quick and effective techniques for identifying sources of quality problems along the supply chain; (ii) develop appropriate quality standards; (iii) identify effective and lowest cost quality assurance systems; and (iv) provide information outreach and training to foster the widespread development of a “quality culture.”
Linking Farmers to markets
and making globalisation work for small-scale producers, processors and traders

The global postharvest research challenge agenda being developed by PhAction comprises four major themes, which address issues in response to the rapidly changing global market and the opportunities that will accrue from greater emphasis on market-led research with an focus on supply chain interventions.

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