

Green labelling, eco-certification and fair trade: Threats and opportunities for Namibia

A summary policy brief

Background

In recent decades rising global concerns about environmental destruction, human rights abuses, socio-economic inequalities, unsustainable agricultural production methods, pollution and animal cruelty, among other issues, have given rise to a bewildering range of “green” and/or “ethical” standards and certification schemes. Namibia has opportunities to use these standards to target niche markets for its products, but also faces potential threats, if and when these schemes function as barriers to trade that keep Namibian products out of markets.

Namibia’s vast unpolluted environment and sound conservation achievements, including a world-leading Community-based Natural Resource Management (CBNRM) programme, provide a competitive edge in markets where green labelling, eco-certification and fair trade schemes are being applied. These instruments become double-edged swords however, when they become requirements for market entry. The cost of obtaining certification can result in Namibian goods becoming uncompetitive.

Mining and mineral products, fish and fish products, meat and meat products have long been the backbone of Namibia’s economy in terms of their contribution to GDP and direct employment. Tourism is increasingly important, while other sectors such as charcoal production, horticulture, the leather industry and indigenous natural products are also growing.

Eco-certification is already being used to some extent in these sectors in Namibia, largely because of export market requirements. The country nevertheless lacks a systematic approach to this increasingly important aspect of international trade.

Commercial operators driving the *green and ethical* trend respond to market demands from (mainly western) consumers, who are in turn influenced by environmental campaigners, NGOs and the media. This is not

easily addressed at the level of international trade negotiations, especially when voters in a democracy support it. Namibia should therefore not rely exclusively or primarily on trade diplomacy to address this issue, but instead recognise it as a commercial reality and seek to exploit it to best advantage.

To make the most of the opportunities and effectively manage the threats, Namibia must develop leadership and competence in these areas, so that its products remain competitive and keep up with trends in rapidly evolving export markets.

Developing certification capacity in local institutions may lower the costs and complications associated with current eco-certification schemes. However, ‘self-certification’ schemes from developing countries have not had very much success commercially, because consumers do not trust them to be independent.

Labels serve the purpose of allowing consumers to make comparisons and informed choices from among products and or services in a category. **Environmental labels** focus primarily on consumption rather than production of goods. **Organic labels** specify a particular production method without necessarily requiring proof of environmental improvement. **Eco-labels** communicate the environmental impacts over the life cycle of the product - “from cradle to grave”

Producers who meet standards in a cost-effective and profitable manner can secure access to new and additional niche markets, driven by rising consumer demand for sustainable, healthy, ethical products.

It is necessary to:

- Identify those economic sectors that give Namibia a competitive advantage in the export market.
- Identify green labelling, eco-certification and fair trade schemes that have an impact on the identified economic sectors.
- Assess the risks and opportunities of green labelling, eco-certification and fair trade for each identified sector.

Namibia must therefore strive to understand the power of specific certification schemes in specific niche markets, make full use those that have the best “brand-name recognition” in the target market, and seek to lower the cost of independently verified and accredited certification, inter alia through enhanced collaboration and cost-sharing between producers.

General benefits of eco-labelling

Eco-labelling schemes are perceived to provide:

- economic incentives for better long-term custodianship and availability of natural resources vital for economic welfare
- competitive and comparative advantage of export products through product differentiation which is realised through price premiums, long-term contracts and market access
- a platform for innovation with the use of more environmentally friendly products such as lighting or refrigeration, with knock on benefits in other parts of the economy
- assistance to countries to fulfil commitments made under environmental agreements such as biodiversity.

Home-grown environmental schemes

The marketing potential of eco-labelling and socio-economic claims has not gone unnoticed by Namibian producers, who have responded to the opportunities by developing a number of local labels, including:

- **Cheetah-friendly**, a brand developed by the Cheetah Conservation Fund to certify beef produced by participating farmers who adopt livestock-rearing practices that avoid killing cheetahs (this is only one of a growing number of international “predator friendly” labels)
- **naturally namibian**, a label initiated by the Ministry of Trade and Industry and now administered by Team Namibia, which certifies both the Namibian origin and the natural quality credentials of selected products
- **community conservation namibia**, a co-brand owned by the Namibian Association of CBNRM Service Organisations, which can be used to signify that a product is linked to the CBNRM movement
- **Farm-Assured Namibian**, a meat brand that guarantees full traceability back to the producer and assures consumers they are getting a free-range (as opposed to feedlot) product
- **Nature’s Reserve**, a premium brand developed by Meatco to market top-quality Namibian free-range beef in export markets

General challenges of eco-labelling

Eco-labelling schemes also come with threats and challenges such as:

- the apparent lack of distinction between sanitary and phyto-sanitary, and eco-labels
- the methodology, criteria-setting and conformity-assessment in some eco-labelling schemes, which are very subjective and lack uniformity, making their attainment an impossible challenge
- discriminatory effects; where the focus on eco-labels is on the importer more than the producer who may face different environmental laws and infrastructure
- the costs of certification, which are very high for smaller economies such as that of Namibia and its small-scale producers
- the lack of capacity to attain the eco-labels. The lack of capacity could be on setting up regulatory agencies or the finance to access environmentally friendly technology.

A study conducted by the Ministry of Agriculture in 2005 estimated that Indigenous Natural Products contributed around N\$100 million to the Namibian economy, mainly in household consumption and informal trade, and that it had the potential in the medium term to grow to approximately N\$400 million a year. Exports of these products (excluding devil’s claw) amounted to about N\$2.5 million in 2008, with devil’s claw adding another N\$20-25 million. The rural and economic development potential of the indigenous natural products sector has been recognised by the Millennium Challenge Account, which plans to invest around US\$7 million in its expansion over the next five years.

Organic movements in Africa

In sub-Saharan Africa there are emerging organic agricultural movements in countries like Ghana, South Africa, Uganda and Zimbabwe that are strong in advocacy, training and support. These networks have managed to gain support from international donors on training and addressing standards and discrepancies.

Potential benefits of labelling in the Namibian economic sectors

Mining

At present no labelling is available but opportunities exist for:

- the adoption of environmental management standards
- fair trade certification for semi-precious stones
- a Business and Biodiversity Offsets programme



Agriculture

Horticulture

Existing eco-labels include fair trade certification, organic labelling, GLOBAL GAP and Naturland.

Benefits:

- limited land use - use of best management practices
- namibian identity for organic products

Fish and fish products

Existing eco-labelling includes fair trade certification, MSC, Naturland

Benefits:

- identification of more *better practices*
- EU support in tracing illegal vessels

Meat and meat products

Existing eco-labelling includes IFOAM labels, carbon reduction label and Naturland.

Benefits:

- competitive advantage for Namibian products

- marketing organic products (game/free-ranging livestock) to the EU and USA where guidelines already exist

Charcoal

Forestry Stewardship Council certification is in place

Benefits:

- carbon offsets from forestry and agriculture sectors

Leather and skins

Existing eco-labels include fair trade certification, Euro Flower, carbon reduction label.

Benefits:

- express linkage of environment to an eco-leather label

Tourism

Existing eco-labels include the eco-award, heritage label and Blue Flag.

Benefits:

Eco-marketing

Blue Flag beaches to attract European tourists

Potentially increased (and cheaper) certification for CBNRM through the local eco-award label

Indigenous natural products

Existing eco-labelling includes fair trade certification, Euro Flower and Naturland

Benefits:

- Promotion of use of indigenous products
- Ubuntu Natural hybrid standard

Other products

Existing eco-labelling includes fair trade certification and carbon reduction label

Benefits:

- turning the Team Namibia label into a green label



Policy recommendations

- 1. Adoption of credible eco-labels** that conform to new and impending market requirements. Such a policy should encourage and replicate pro-active approaches, encourage energy-efficiency labelling schemes and encourage the use of eco-labels by making them part of tender awarding criteria. It should focus on those industries and sectors where eco-labelling has the highest potential to add value, such as agriculture, fisheries, eco-tourism, built environment and indigenous natural products.
- 2. Capacity building:** Explore capacity-building opportunities in eco-labelling by making full use of international opportunities
- 3. Development of local eco-labels:** Support initiatives by the private sector such as the Namibian Organic Association to set local eco-labels; explore possibilities for creating and adopting a national eco-label and make provision for promoting the label in target markets.
- 4. Education and awareness:** Education and public awareness should always be a priority for any policy initiative to be accepted and adopted. Treat eco-labels as a communication tool for environmental and business competitiveness messages. Disseminate information on eco-labels. Make producers aware of the threats and benefits of certification. Provide information and technical support to small producers on environmental concerns associated with their practices, and the potential negative impacts in terms of trade barriers. Create platforms for information exchange.
- 5. Research:** Government needs to initiate and support further research into who would benefit economically from eco-label schemes, and to what extent in order to use the information to identify appropriate schemes. It would be necessary to develop mechanisms to monitor the environmental and economic effectiveness of eco-labels.
- 6. Mainstreaming SMEs:** Take steps to reduce the cost of certification. Encourage producers to form cooperatives or otherwise pool resources for certification. Develop mechanisms that can be used to bring small and medium enterprises into such schemes without compromising the standards.
- 7. Geographic Indications:** Explore branding strategies under Geographic Indications for Namibian indigenous natural products such as !nara oil, the Devils Claw and Karakul pelts. This could be done in the regional context given that some of these products are also found in neighbouring countries.

This brief was summarised from:
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