

# **FOLLOW UP CONTRIBUTION ON THE INTERNATIONAL TRAINING ON GI AGRIDEA-UMR INNOVATION**

**BY**

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## **1. INTRODUCTION**

1.1 This submission serves as a follow up contribution to the Geographical Indication (GI) international training module which was attended by Phumlani Sphiwo Mentani in Nyon, at the Castle of Prangins Switzerland from the 14<sup>th</sup> to the 26 of May 2007. The training was organised by the AGRIDEA and was attended by 16 delegates (agricultural economists/economists, legal advisors, GI office registrars, agronomists, environmentalist and anthropologist). Thirty one presentations were made by the experts from different organisations as well as thirteen country case studies were presented by the participants.

In the South African context, the purpose of this GI training was to strengthen an understanding on GIs development systems with the subsidiary aim of balancing and enriching the existing research capacity in the Western Cape Department of Agriculture, South Africa. An exposure to the international experiences both from the developed countries and developing countries has also been noticed as one of the important elements that can results to the establishment and maintenance of the existing synergies with other countries.

### 1.2 The objectives of the training

The objectives of the training were as follows:

To learn about:

- The conditions needed to ensure effective contributions to rural development,
- Regional and policies for the support and promotion of rural development through GIs
- The different forms of collective organisation of GI producers and how they are managed,
- The contributions of GI recognition to the development of GI supply chain,
- International rules and institutions governing the protection of GIs, and the current state of international negotiations,

- National legislations and institutions (Swiss and EU) concerning PDOs and PGIs, trademarks and indications of source,
- International programs for the establishment and implementation of GI legislation,
- The methods of setting up of specifications for GI products,
- The importance of controls and certification to assure the authenticity of products to the consumers and methods to assure their efficiency,
- The specific marketing of GI products

In this follow up contribution the honeybush case study has been identified as the project that will be advanced to the international dialog to gather some ideas on its potential on GI domain.

## **2. JUSTIFYING THE RELEVANCE OF THE HONEYBUSH CASE STUDY**

### 2.1 Tracing back the uniqueness and origin of Honeybush tea.

Within the context of geographical indications the honeybush tea can be regarded as one of the unique South African products which can be characterised as an indigenous herbal tea from the fynbos biome. Its uniqueness is as a result of its origin that can be traced back from the coastal and mountainous areas of the Western Cape and in the wetter Eastern Cape mountain areas of South Africa. This special origin of Honeybush plant has resulted to a distinguishable unique genus name called *Cyclopia*. In the Eastern Cape specific species that can be found from both the wild harvested areas and commercially grown areas are *Cyclopia Intermedia* and *Cyclopia subternata* whilst *Cyclopia sessiliflora* and *Cyclopia Genistoides* can be found at the coastal regions of the Western Cape of South Africa.

Based on the published honeybush history, the honeybush plant was first recognised in the botanical literature in 1705 by Kies in 1951 (Cerkia, 2006) of which it was found that the South African Khoisan tribes usually picked the plant from the wild for its sweet flavour and soothing properties. During those decades the South Africa Khoisan were already consuming the tea for different purposes such as coughs and for upper respiratory symptoms which can be associated with infections. To date, the South African community have used their local know how and has stucked to the required environmental conditions such as soil and climate to develop the product for the market. Though these elements provides some specific characteristics which result to the uniqueness of the product qualities there is a less formal recognition of the honeybush tea as a unique South African product.

Due to this lack of recognition versus the existence of a distinctive signs for agro-food products with specific quality, the geographical indications is perceived as an institutional tool that can

address the lack of local recognition and consequently has a potential to promote rural development. The revalorization of honeybush plant therefore can encourage production and marketing methods that are socially fair, economically viable and respectful to the environment. Hence the exploration of GI importance in honeybush supply chain is worth noting and by assumption it has a potential to bring some economic rational among the honeybush chain actors.

### **3. DESCRIPTION OF THE CASE STUDY**

The focus of this case study is on the ways in which vertical corporation in the honeybush supply chain can be enhanced, assessing the potential of GI as an incentive tool.

In the honeybush industry a clear set of supply chain can be distinguished from backward to forward integration. The nature of this supply chain is highly fragmented as there are still very few input suppliers, scatted land owners with honeybush tea material, few scatted processors, packagers and lastly retailers that are mostly situated around the vicinity of the Cape Town city.

The most important stage in the honeybush supply chain is the input supplier segment that only supplies seedlings to honeybush tea growers. What could be critical in this stage is the nature of the production material that produces seedlings. The critical concern would be the extent of uniformity and possible diversity of soil material and climate of the nursery versus the distinguishable required environment for honeybush production. This concern is as a result of the controlled environment in the nursery stages and as a result it is worth noting to discover whether the consensus around the required nursery environment and the use of particular nursery production material is necessary to be reached.

Beyond the nursery stage two production suppliers can be distinguished. This includes cultivated tea suppliers and traditional suppliers of the wild harvested tea material. These two suppliers results into two different forms of supply chain whereby the honeybush planted material is situated at the second segment of the chain while the supplier of the wild harvested tea are found in the first segment of the chain. Of interest is the possible impact of these two different production levels into the variety of the output and how to increase the potential of product uniformity.

At the processing stage two processors can be found and include traditional processors and modern processors. Consideration of good harvested tea material which meets the required standard qualities is also important at this stage as the quality of their processed tea largely depends on the nature of production site of the producers. Hence, it is important for the processors to be conscious about the production areas of the harvested product. The point of interest

therefore will be how to ensure that the processors have accurate information on how the primary production has pursued.

With regard to the retailer market such as national tea brokers, health shops and others; the consciousness about the natural qualities of the product need to be accurate. This will assist them to provide relevant information on their brands and advertisements of the honeybush tea. The use of geographical indications systems to bring possibilities of channelling such information from the nursery stages to the retailer level will by assumption provide the industry with the collective consensus on the required primary production practices, processing practises. This assurance can by implication result to uniform product characteristics and the reliable qualities. Therefore this case study attempts to gather necessary ideas on the use of geographical indication system to improve corporation and to show the importance of standardised quality practices.

#### **4. INSIGHTS LEARNED DURING THE COURSE REGARDING THE SUPPLY CHAIN.**

Undoubtedly, the objectives of the training workshop were met. This is evident with the relevant material which was presented, the group exercises as well as the level of interaction among the participants.

On the discussions, the first issue on legal framework appeared as a problem of most of the developing countries. It appeared that none of the developing countries has yet established a proper institutional system that can ensure the validation of registration.

With regard to the economic, socio economic and political issues related to South African context. As expected there were no solutions in this regard, rather a lot of experts insisted on the development of appropriate mechanisms that will enable to incite the supply chain actors. As South Africa's presentation was amongst the last ones, our critical points of discussion were incorporated in the following round table discussions which entail the following three points and their recommendations:

First point,

- What are the elements of a good agreement and product specification and delimitation?

After a long period of discussion the following points were reached:

- 1) Identifying the supply chain actors

- 2) Horizontal information sharing; each segment of the chain should meet and discussed what is good for them (e.g. what is meant by a good quality product, how to produce it and also what are the good processing processes).
- 3) Find a link between a product and an area
- 4) Established how the decision should be reached
- 5) Homogeneity etc.

Second point,

- How to ensure consistency between controls and codes of practice?

The following issues were reached:

- 1) External independent controller to be responsible for the certification.
- 2) Government should intervene as a supervisor to these independent controller
- 3) Certification costs. How to make it affordable? Government should provide incentives.

Third point,

- How to foster a fair distribution of added value on the supply chain?

This last and difficult discussion resulted to the following points:

- 1) Create equal access to information
- 2) Establish forums to create trust (professionalism with the interprofessional bodies)
- 3) Valorise local know-how in the code of practices
- 4) All levels to share risks
- 5) Create interdependency in the supply chain

The issue on the impact of GI on land reform did not raise any serious discussion as it appeared that a lot of people are not exposed to land reform issues. Nevertheless, the debate on the above issues revealed a number of similar cases between the developing countries. Amongst them include a lack of access to market information, knowledge (literacy levels are low), a lot of informal institutional setups (that can contribute to the ineffectiveness of the supply chain). In essence, these are challenges that can confront the pursuit of the collective marketing which was the core of the presentations.

Besides market related issues the challenge on the development of the appropriate legal system appeared as a severe problem. It was discussed that this problem may be as a result of a lack of

political will from the relevant government departments as well as a lack of capacity that can speed up the process of developing a legal system.

However, in South Africa, through the leadership of the Department of Trade and Industry and other relevant Industries and Departments, South Africa need to find a way of enhancing its position on GIs and most importantly establish its base by finalising its legal status on GIs.

In essence regarding the above points of discussions the recommendations have widen our understanding on the possible dynamics which can be found in the supply chain and also provided possible brief interventions that can be applied.

## **5. PENDING QUESTIONS**

Which approach to be used to introduce the geographical indication concept to the new industries that are still struggling to find their mark on the market? How to address industries that are characterised by totally diverse interest of their stakeholders and most importantly do not have the geographical indication legal system in place.

## **6. CONCLUSSION**

Theoretically, the geographical indication system can be one of the protecting mechanisms and can benefit the community by preserving their indigenous product. However, efforts to establish its base in developing consensus needs patience and more research work need to be pursued in order to supply the relevant information to the community.