

**Globalization is inevitable; inequality impacts are not!**  
**By Judith Hermanson, director, OCDC's Research Group**

Globalization, like rock and roll (as they say), is “here to stay.” Despite outcries against it (including through political expression) and the real damaging effects that it has had in some markets and economies, the power and potential of globalization means that the clock will not be turned back. At least not entirely.

However, while globalization is here to stay, that does not mean that it will retain its current characteristics. Or that there will not be modifications, such as the creation of niche markets and the ‘bringing back’ of some jobs. In fact the “demonization” of globalization provides a platform and opportunity to address its inequality impacts.

For agrifood business, globalization will remain a powerful force – despite “slow food” and “farm to table” movements with their focus on buying and consuming locally. The outcries and counter-movements will certainly shape the direction that globalized production takes, and with some luck and smart thinking, globalized business will address all segments of the global value chains (GVCs) to enhance the productivity and competitiveness of the smallholder.

In the agrifood industry, the recent history of consolidation causes concern that GVCs supported by powerful actors that rely on quantity and efficiency at all levels, has the effect of increasing inequality among some of the most vulnerable smallholders. In countries, such as Brazil and South Africa, governments have intervened with social policies, but these interventions have not yet been able to achieve the right balance between concerns about global food security — and the markets that support that — and the interests of the smallholder, who has little leverage.

Well organized, member-controlled cooperatives provide one important mechanism by which smallholders can literally take matters into their own hands through collective action, providing members with leverage and helping to mitigate risk. Cooperatives can be, should be and often are important players in GVCs. Rooted in member vulnerability, cooperatives often face problems that are difficult for them to address, such as effective management and risk management. That by no means should suggest that the mechanism itself is ill-suited. When founded on a firm footing with good management and clear member commitment, a cooperative of smallholders can shift the power equation.

Multi-level action can lessen the inequality impacts of globalization in agrifoods.

- National level policies that both *recognise and provide support* for overcoming the inherent vulnerabilities of smallholders cooperatives, especially in the early stages.
- International standards for inclusion of smallholders in value chains
- Demand side awareness-building campaigns, similar to “fair trade,” enabling consumers to have their say through purchase choices
- Provision of ISO-certified training to smallholders through the Agribusiness Market Ecosystem Alliance ([AMEA](#)), an initiative of some of the Overseas Cooperative Development Council's ([OCDC](#)) members, the International Finance Corporation and others. AMEA training will strengthen the smallholder producer enterprise making it more competitive and providing assurance to the buyer about its capacity to fulfill agreements.

The silver lining in the outcry against globalization is that it opens the opportunity to do things better, starting with its negative impacts on vulnerable smallholder agrifood producers by strengthening their positions in GVCs.