

UNIVERSITY OF COPENHAGEN

FACULTY OF SCIENCE



Master's Thesis

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The impacts of organic standards on global value chain dynamics

A case study of the organic cotton value chain in Tanzania



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Abstract

This thesis investigates the impacts of organics standards on global value chain dynamics in the Tanzanian cotton sector. This is done by examining the nature of the organic cotton sector and what role the organic standards has played in the governance of the value chain. In addition, upgrading possibilities for smallholders and ginneries and major costs and barriers in meeting the organic standards are analyzed. A case study in the Shingyanga Region was applied and the method of data collection was based on qualitative interviews with organic cotton buying companies, farmers and ginneries. The analytical approach is based on the global value chain theory with specific focus on the role of standards and the importance of the institutional context in relation to the opportunities of upgrading. The thesis finds that the dissemination of the organic cotton production is rather successful and that the enforcement of four organic standards has influenced the governance of the chain and the upgrading possibilities for farmers and ginneries involved in it. Firstly, the thesis suggests that the type of governance in the organic cotton value chain is twofold and resembles a captive form in the linkages between the organic cotton buying company and the farmers, while the linkages of the ginnery and the organic cotton buying company is of a more relative nature. Secondly, it shows how the organic standards especially require farmers to adapt to strict organic farming practices, while the ginnery primarily has to abide to certain rules regarding the separation of cotton according to the different organic standards. To deal with this, high degrees of monitoring and control are exercised throughout the chain. Thirdly, it finds that trust play a significant role in both the establishment of the organic cotton value chain, and in the ongoing relationship with farmers and ginnery which evolves from repeated and close contact. Fourthly, these changes are seen to provide the farmers and ginnery included in the chain with upgrading on one hand, while serving as entry barriers on the other hand as they excludes farmers that cannot meet the selection criteria of land size and land ownership. The thesis finally points out that the patterns of participation suggest unequal dynamics in the expansion of organic cotton production. This seems to create a spatial differentiation where some areas and farmers are preferred over others, resulting in enclaves of rural development and improved living conditions of smallholders.

Key words: Agro-food standards; organic certification schemes; cotton production; global value chains; upgrading