



Global Trade in Agrifood Commodities and Sustainable Development in Developing Countries

DeVilag Worksop Webinar – August 17th, 2020

Vivek Voora

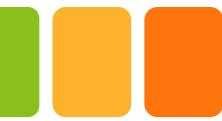




Webinar Objectives and Roadmap

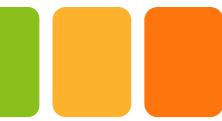
1. Introduction to global trade and its advantages and disadvantages.
2. Reflection on global trade in agrifood commodities and its sustainable development effects on developing countries.

Activity	Objective	Time Allotted
Introductions	Establish a learning network	15 minutes
General Presentation	Introduce the subject matter	15 minutes
Breakout Group Discussions	Explore the issues	20 minutes
Break	Refresh the mind	10 minutes
Group Discussion Deliberations	Learn from each other	40 minutes
Plenary Discussion	Explore potential solutions	15 minutes



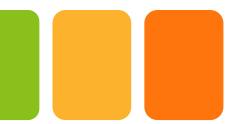
Presentation

1. Introduction to Global Trade and Globalization
2. Trade in Agrifood Commodities and Developing Countries
3. The Global Agrifood System and Supply Chain
4. Agricultural Voluntary Sustainability Standards



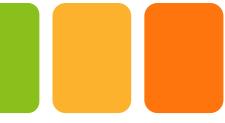
Global Trade

- What is Global Trade?
 - Exchanges enabled by technological advances.
 - The buying and selling of food products we want and need.
- Why Trade?
 - To benefit from production and service efficiencies in other countries.
 - What we want and need cannot always be produced in country.
 - We therefore import and export goods and services from and to other countries.
- What is Sustainable Trade?
 - Trade that enables global and domestic economic development, environmental protection and strengthening of social capital.
Technological advances enabled global trade.



Our food is global





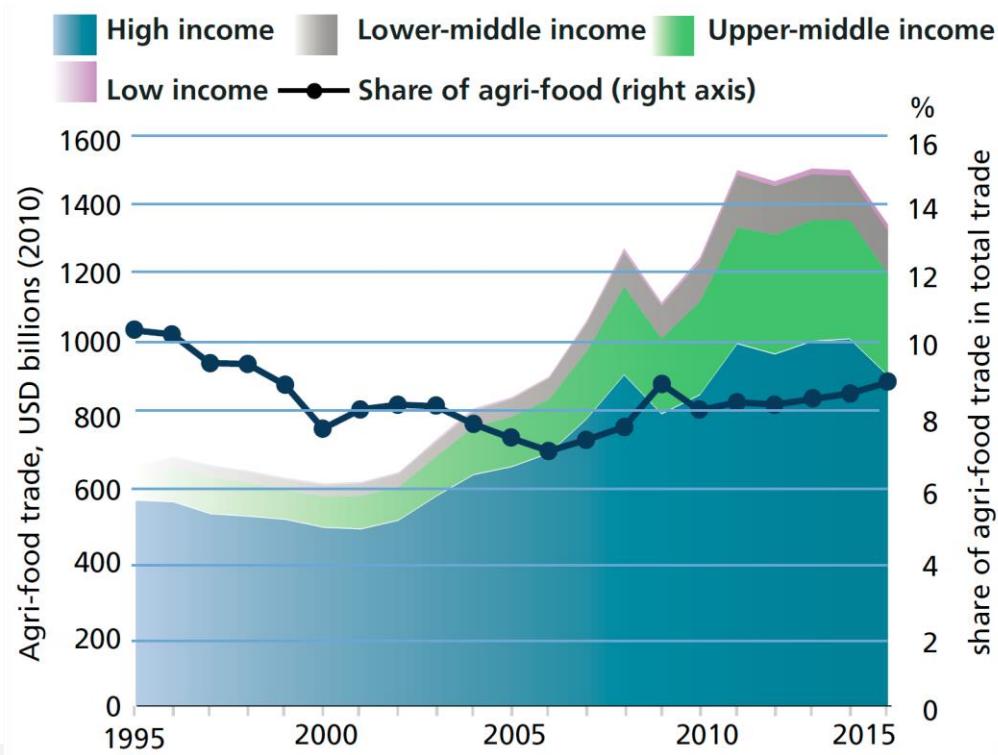
Global Trade in Agrifood Commodities

- What is the importance of global trade in Agrifood commodities for developing countries?
 - Many developing countries depend on agrifood commodity exports as their main source of foreign income.
 - 65% of poor working adults relied on agriculture to make a living in 2016 (World Bank, 2020).
 - The World Bank (2020) states that agriculture is one of the best sectors to lift people out of poverty as growth in the agriculture is two to four times more effective, compared to other sectors, to improve incomes among the poorest
 - UNCTAD and FAO (2017) warn that countries that depend on only a few exports are vulnerable to international market price fluctuations which can undermine long-term development.



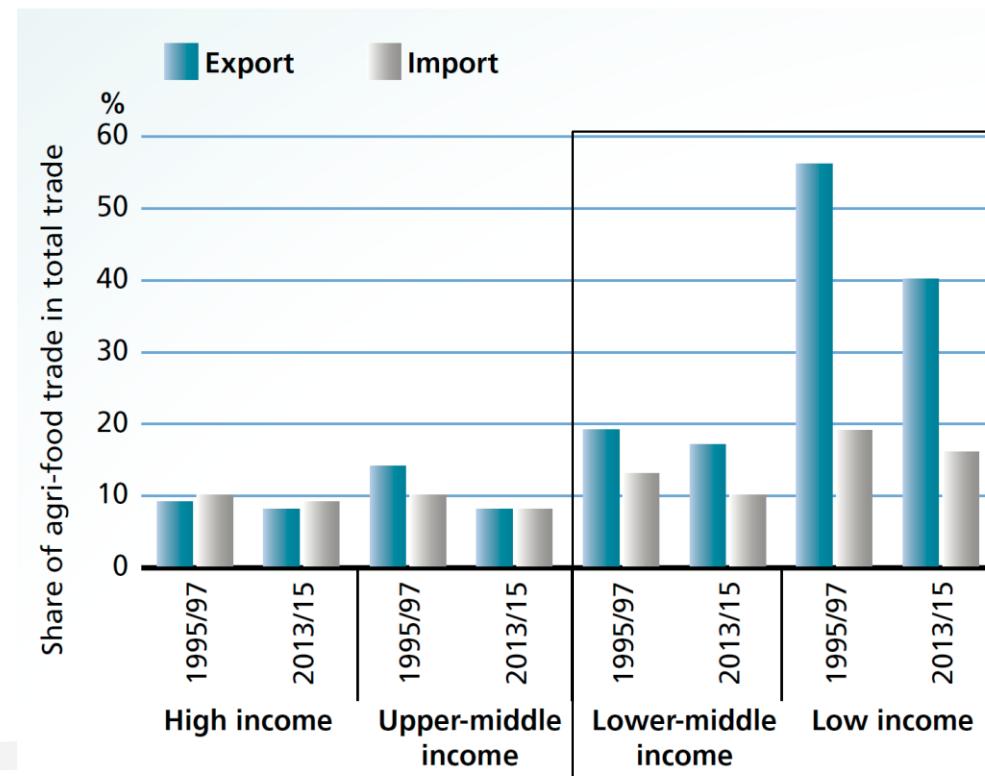
Global Trade in Agrifood Commodities Statistics

Development of agrifood trade



Source: <http://www.fao.org/3/a-i8005e.pdf>

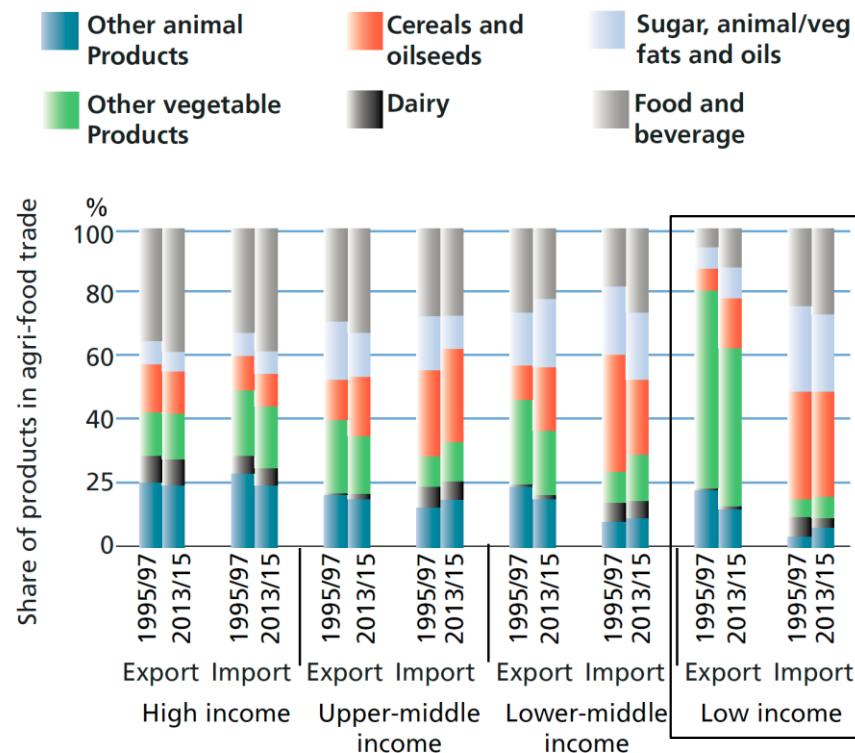
Agrifood import and export composition



Source: <http://www.fao.org/3/a-i8005e.pdf>

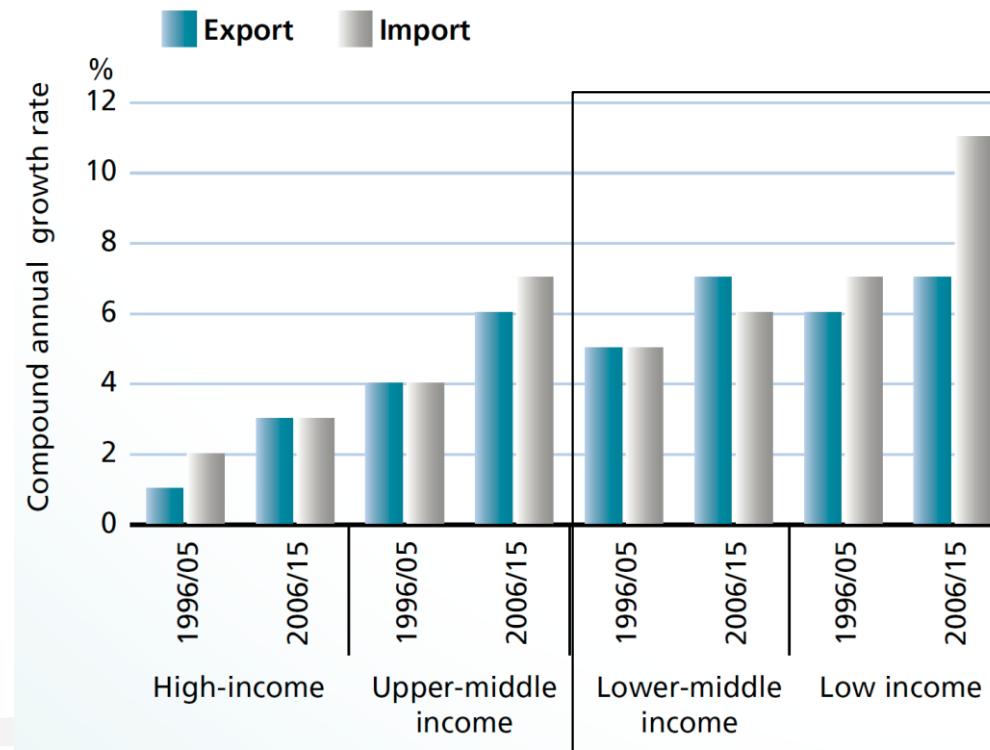
Global Trade in Agrifood Commodities Statistics

Structure of exports and imports by product type



Source: <http://www.fao.org/3/a-i8005e.pdf>

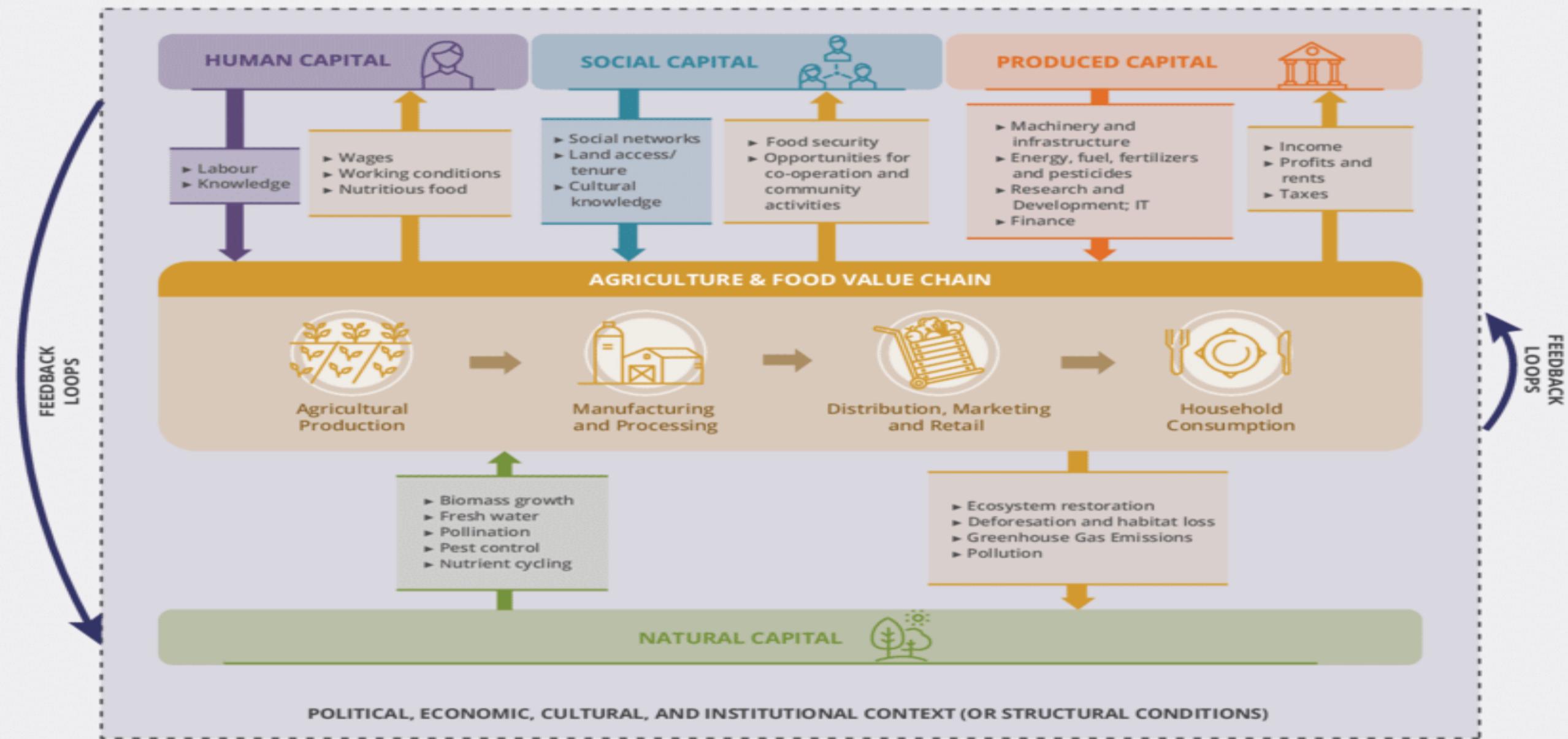
Agrifood trade growth



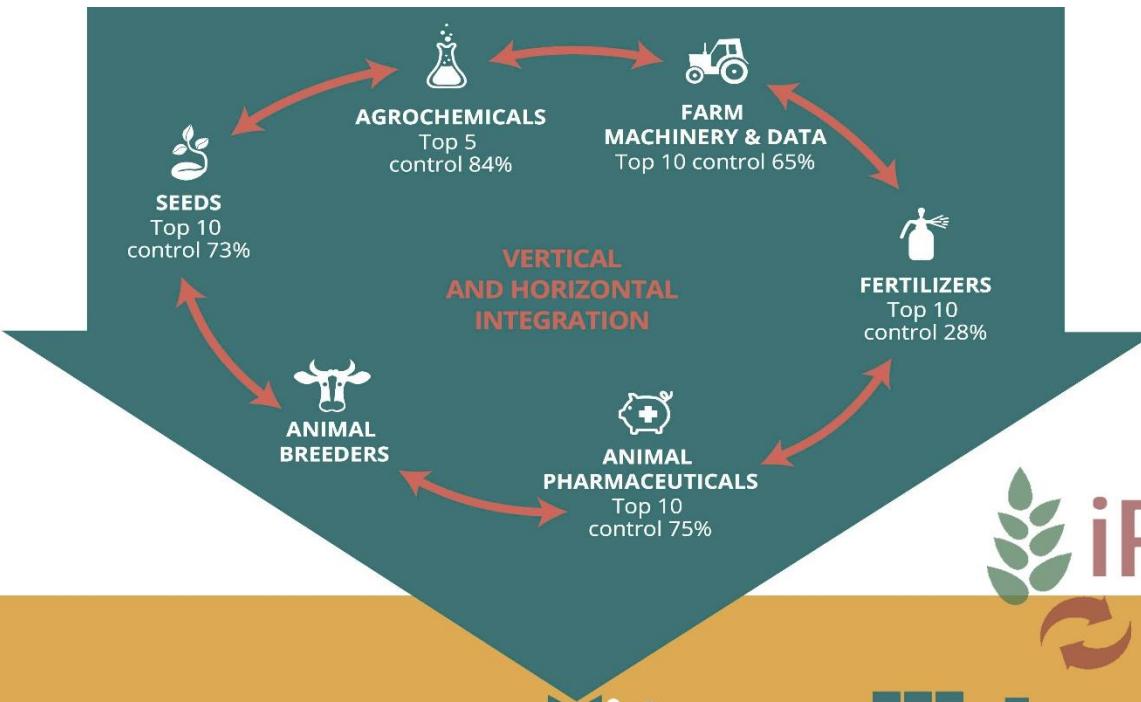
Source: <http://www.fao.org/3/a-i8005e.pdf>

Agrifood Commodity System

BIOPHYSICAL STRUCTURE AND PROCESS/ECOSYSTEM FUNCTIONS AND INTEGRITY



Global Agrifood Commodity Supply Chains



iPES FOOD



30%
LARGE SCALE
FARMS



70%
SMALLHOLDERS

1.5bn

PRODUCERS (570m. farms)



AGRICULTURAL
COMMODITY TRADERS
Top 10 control 90%



FOOD AND
BEVERAGE
PROCESSORS
Top 10 control 90%
ANIMAL SLAUGHTER
4 firms control between
53 & 75% depending
on animal type



RETAILERS

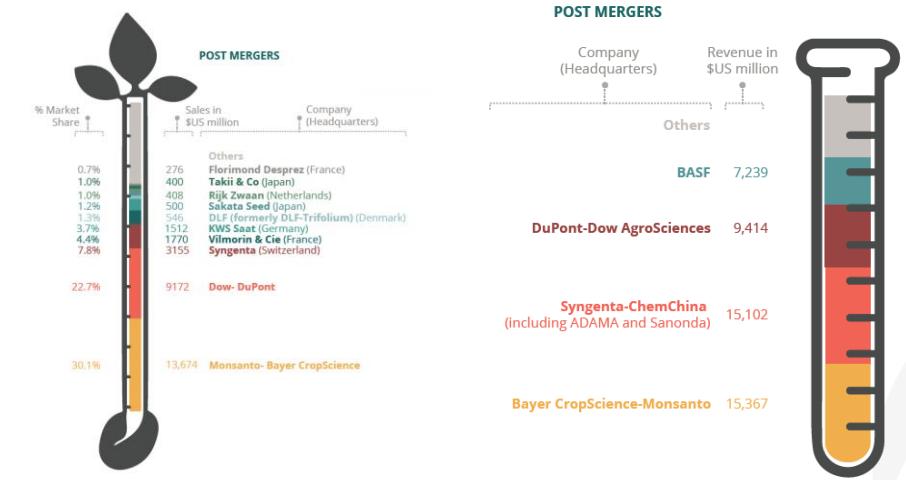
7.5bn

EATERS

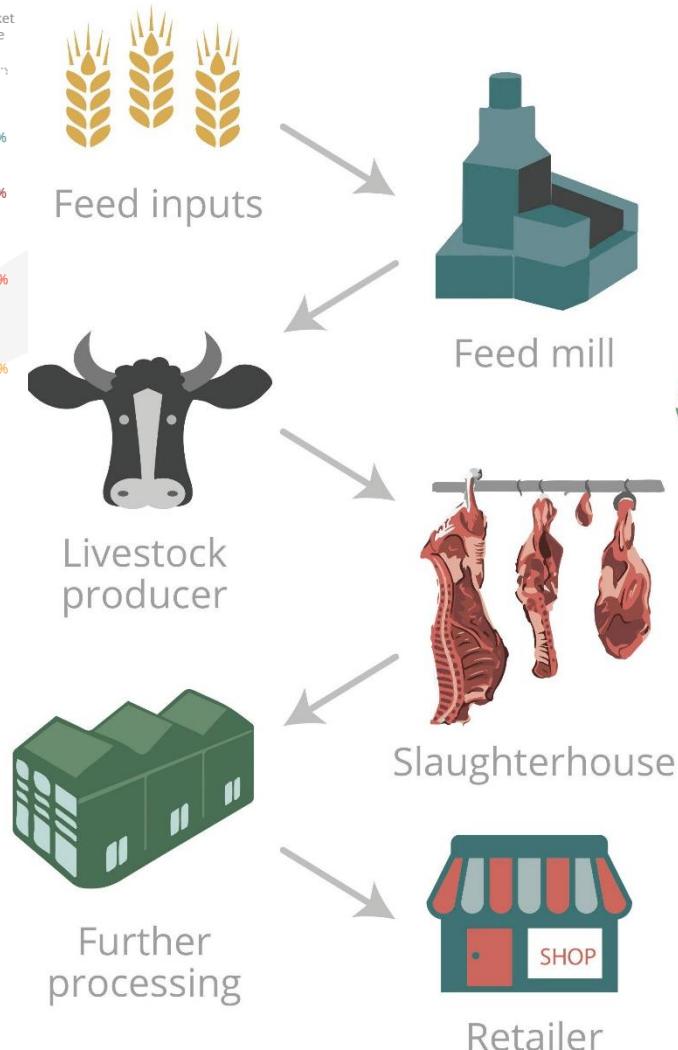
ALTERNATIVE FOOD SYSTEM INITIATIVES

Agrifood Integration

VERTICAL INTEGRATION

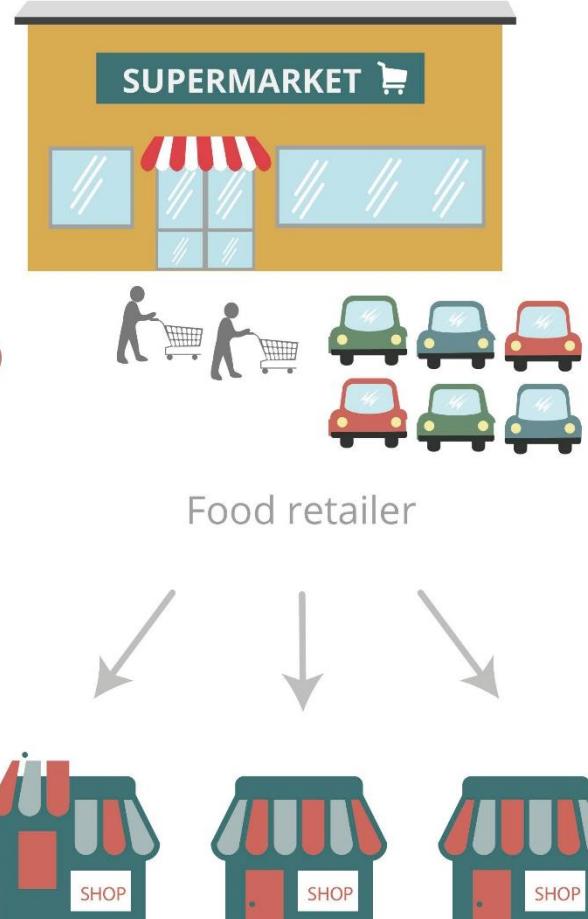


VERTICAL INTEGRATION



Company purchases one or several other companies at other levels of production within its value chain

HORIZONTAL INTEGRATION



Company purchases competitors within the same industry



Enabling Sustainable Trade in Agrifood Commodities

- Global trade links countries through exchanges
 - **Free Trade:** When nations allow their citizens to trade whatever goods and services they choose without government regulation.
 - **Fair Trade:** Trade between companies in *more developed countries* and producers in *less developed countries* in which fair prices are paid to the producers.
 - **Aid for Trade:** Helps developing countries trade by addressing supply-side and trade-related infrastructure obstacles to engage in international trade.

Less developed countries:

Lower average income and higher levels of poverty.

-Poorer average living conditions and services such as education and healthcare.

E.g. Malawi, Peru, Ecuador, Ethiopia.

Primary stages of production (farming, extraction) often take place in these locations.

TRADE links

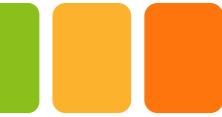
More developed countries:

Higher average income and lower levels of poverty.

-Higher average quality living conditions and services such as education.

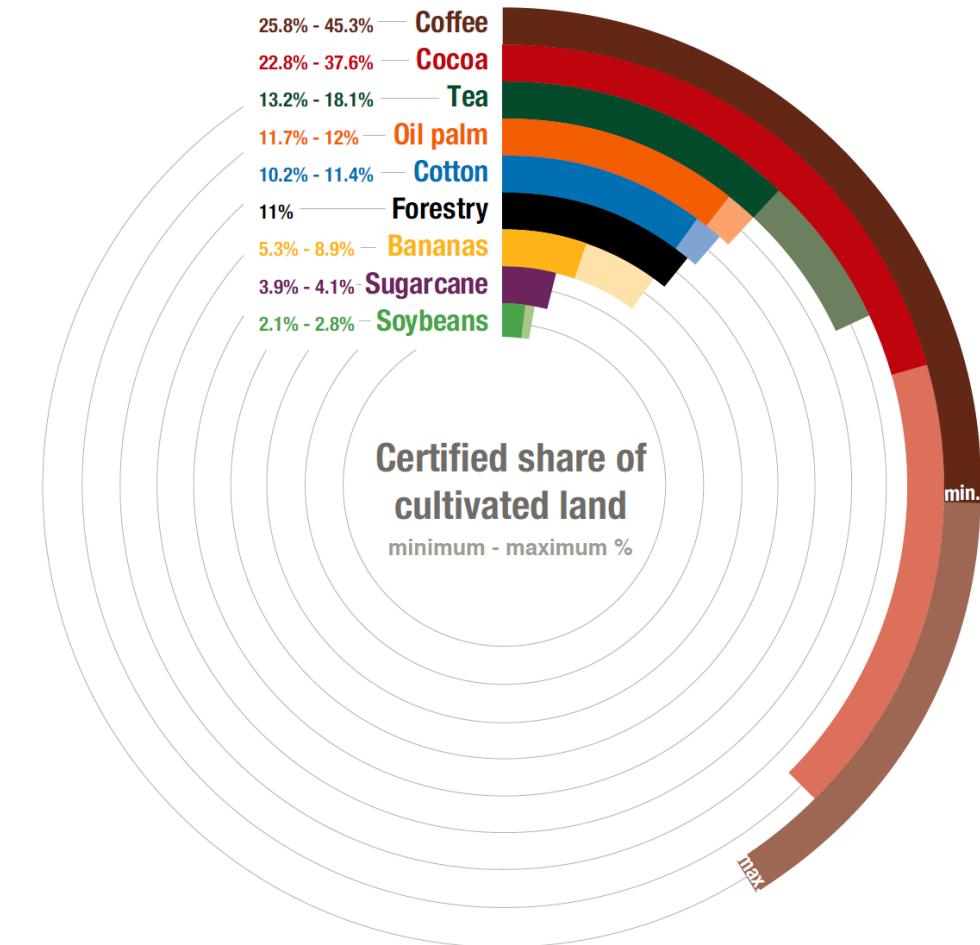
E.g. USA, UK, Denmark, Sweden.

Secondary and often tertiary stages of supply chain (manufacturing, transportation and retail).



Voluntary Sustainability Standards

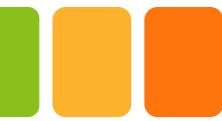
- Agrifood supply chain governance systems that work on addressing sustainability issues (i.e. Organic, Rainforest Alliance, Fairtrade).
- Farmers adopt specific production practices in exchange for the right to use an eco-label for marketing their products.
- They have grown significantly in number and in market coverage.
- They differ in their approach to achieving sustainability objectives.
- They are comprised of governance structures, production criteria and assurance systems.





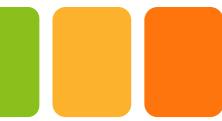
Fairtrade Features

- Helps producers **help themselves out of poverty** through global trade, selling their products to large companies and other countries at fair prices.
- Ensures workers receive a **fair price** for their work and product that is stable.
- **Protects workers' rights** and working conditions, keeping them safe and healthy.
- **Benefits and empowers** marginalized communities in developing countries.
- **Fairtrade Premium:** Money given to producers which they choose to invest in business or community projects such as schools, transport and healthcare.



Main Points to Retain

- Global trade aims to take advantage of product and service provision efficiencies.
- Global trade in agrifood commodities has great potential to lift countries out of poverty as long as it is supported by economic diversification and countercyclical policies.
- The global agrifood system has become integrated with very few companies controlling various parts of our food growing, processing and distribution systems.
- Free trade, Fair Trade and Aid for Trade are approaches that can lead to sustainable outcomes if designed properly.
- Voluntary sustainability standards are becoming increasingly important for accessing markets demanding more sustainable products.
- THANK YOU FOR YOUR ATTENTION – QUESTIONS???



References used for the presentation

- Royal Geographical Society with IBG (www.rgs.org/schools/teaching-resources/global-trade/)
- Food and Agriculture Organization of the United Nations (www.fao.org/3/a-i8005e.pdf)
- United Nations Conference on Trade and Development and Food and Agriculture Organization of the United Nations (https://unctad.org/en/PublicationsLibrary/suc2017d1_en.pdf)
- The World Bank (www.worldbank.org/en/topic/agriculture/overview)
- The Economics of Ecosystems and Biodiversity (teebweb.org/agrifood/wp-content/uploads/2018/11/Ch2.pdf)
- International Panel of Experts on Sustainable Food Systems (www.ipes-food.org/_img/upload/files/Concentration_FullReport.pdf)
- International Trade Centre (www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Sustainability%202018%20layout-FIN-web2.pdf)
- International Institute for Sustainable Development – State of Sustainability Initiatives (www.iisd.org/ssi/publications/)