



Trade

4 SUSTAINABLE DEVELOPMENT

HORIZON

2020



**Local contexts in agri-food
trade policy**

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This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

Why do we focus on local conditions?

- The variety in the local conditions impedes the implementation of generalised solutions to boost the positive linkages between sustainability and trade
- The global picture of liberalisation of agricultural trade tells little about the local preferences and consequences for sustainability at a local level
- The opinions and concerns of local stakeholders have to be investigated with a view to be integrated in the process of policy formulation and implementation
- This is one way to achieve political support and mobilise local stakeholders to contribute to sustainability

TRADE4SD Participatory approach to reveal stakeholders' views on trade and sustainability

- We have chosen to use participatory approaches:
 - To increase the relevance of TRADE4SD research
 - To achieve co-creation of knowledge
- Particularly useful when analysing complex subjects (Stock and Burton, 2011)
- Sustainability a typical example- includes 3 Pillars: Economic, Social & Environmental
- Multiple actors involved in agri-food:
 - farmers, traders, processors, civil society, public stakeholders (national, EU); NGOs
- Our case even more complex – interrelations between international trade and sustainability



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Objectives and approach

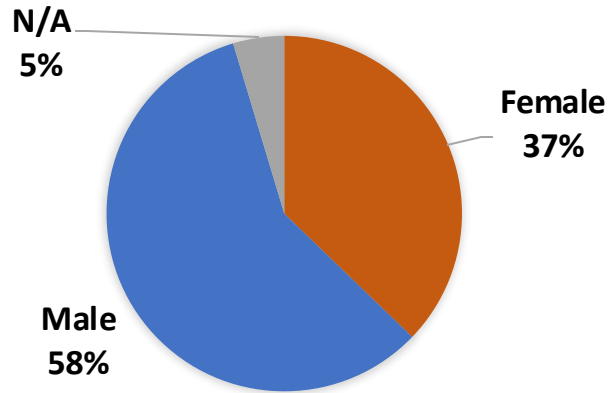
- To reveal stakeholders' priorities on pillars of sustainability, and their concerns about:
 - i/the effects of further trade liberalisation
 - ii/the shock of Ukrainian war
- To compare views and concerns of EU stakeholders and a developing trade partner country -Vietnam
- Three rounds of questionnaires
 - First – priority Pillars, effect of trade liberalisation, political economy
 - Second – more details of ranking attributes within Pillars of sustainability
 - Third – effects of Ukrainian war
- Feedback to stakeholders
 - Anonymity – different rounds of responses only electronically linked by tokens without researchers knowing who is the respondent



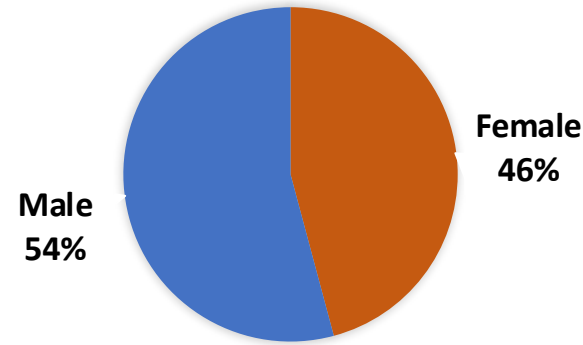
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Characteristics of the respondents

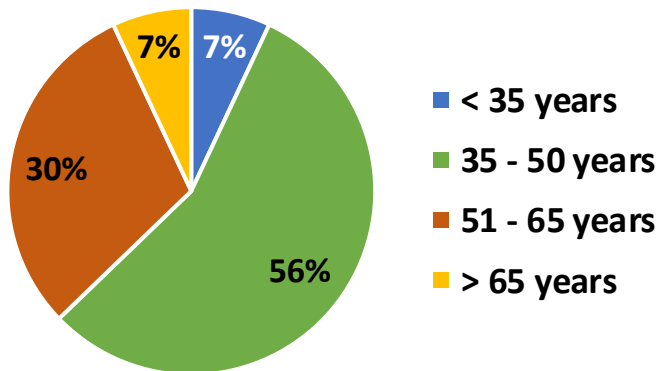
Gender: EU Respondent



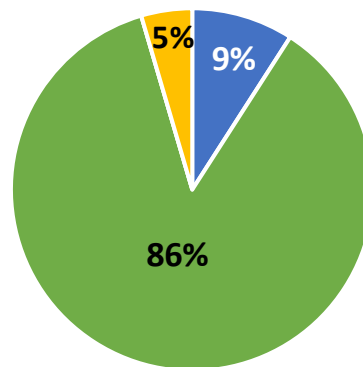
Gender: Vietnamese Respondent



Age: EU Respondent

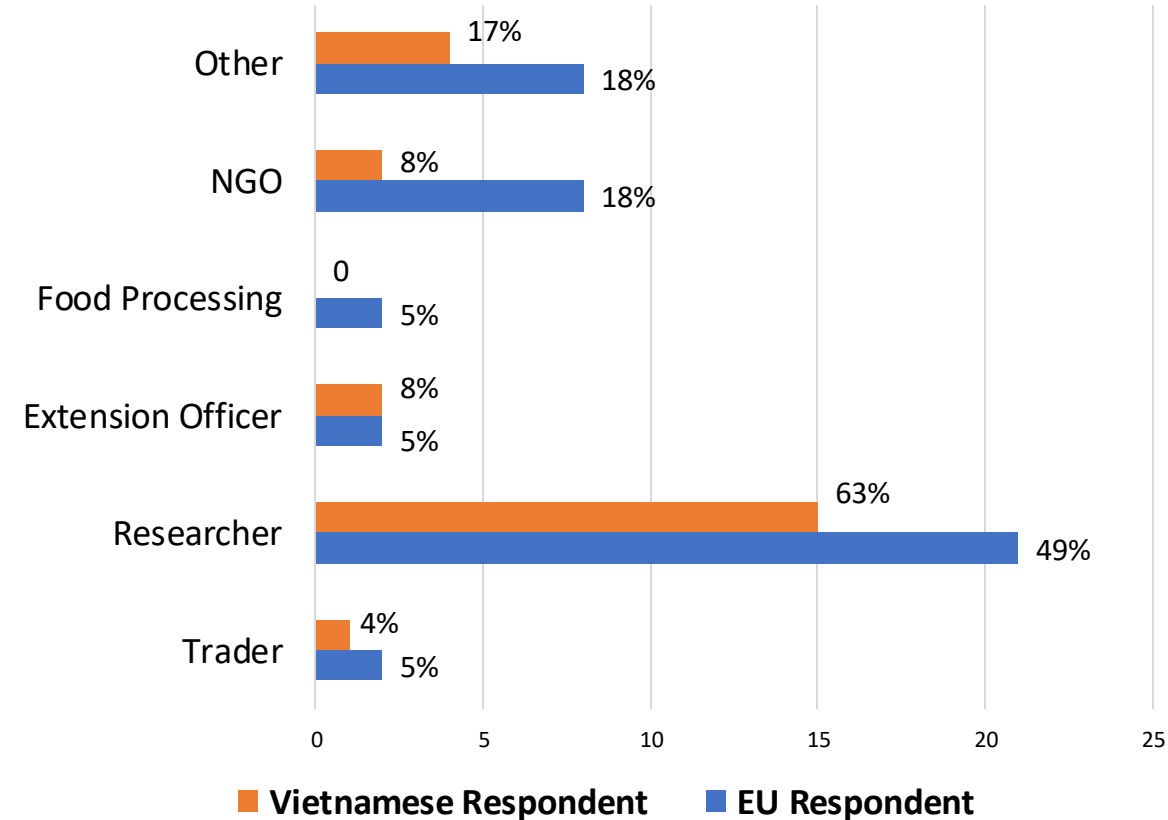


Age: Vietnamese Respondent

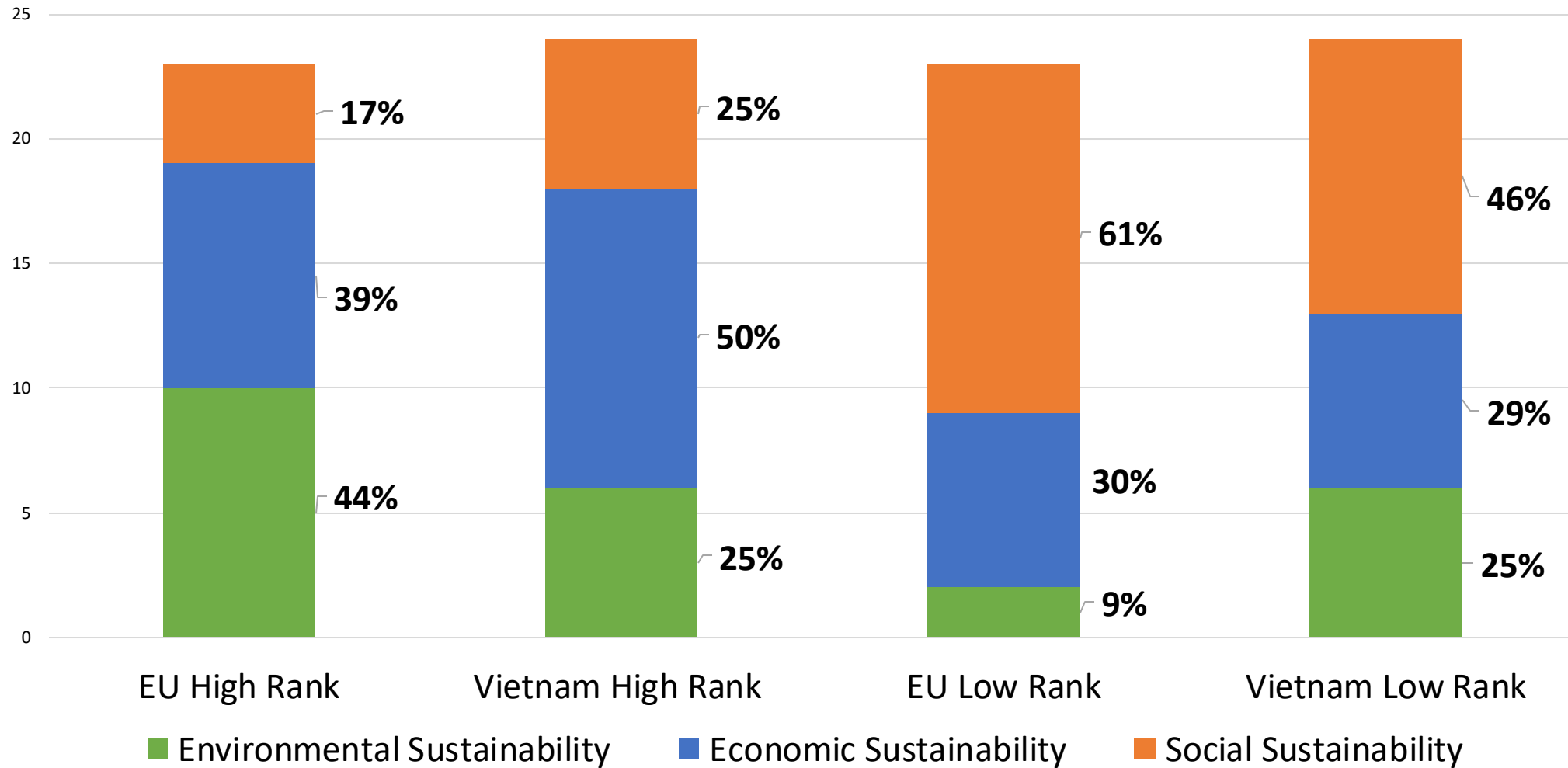


- < 35 years
- 35 - 50 years
- 51 - 65 years
- > 65 years

Area of Work Experience



Ranking of Pillars of sustainability



Implications

- Stakeholders' ranking of the pillars of sustainability is influenced by the **income level** in different countries and by the concerns about economic underdevelopment
- Local stakeholders in EU trade partners prioritise the economic dimension of sustainability at the expense of environmental and social one which can have negative consequences in a longer term
- Under the current economic and geopolitical climate:
 - EU stakeholders have changed their priorities to economic sustainability
 - both EU and Vietnamese stakeholders assessed higher the importance of social sustainability
- It appears that policy efforts of the EU towards trade partner countries and their national policies should **prioritise economic sustainability** at least in short to mid term

What aspects of sustainability are more important to stakeholders?

EU	Vietnam
Economic pillar	
1 Agricultural profitability	Per capita income
2 Per capita income	Maintain economic growth
3 Maintain economic growth	Agricultural profitability
Social pillar	
1 Societal stability	Societal stability
2 Income distribution	Income distribution
3 Level of employment in agri-food	Level of employment in agri-food
Environmental pillar	
1 Water quality and access	1_2 Water quality and access
2 Biodiversity	1_2 GHG emissions
3 GHG emissions	3 Land use for agriculture

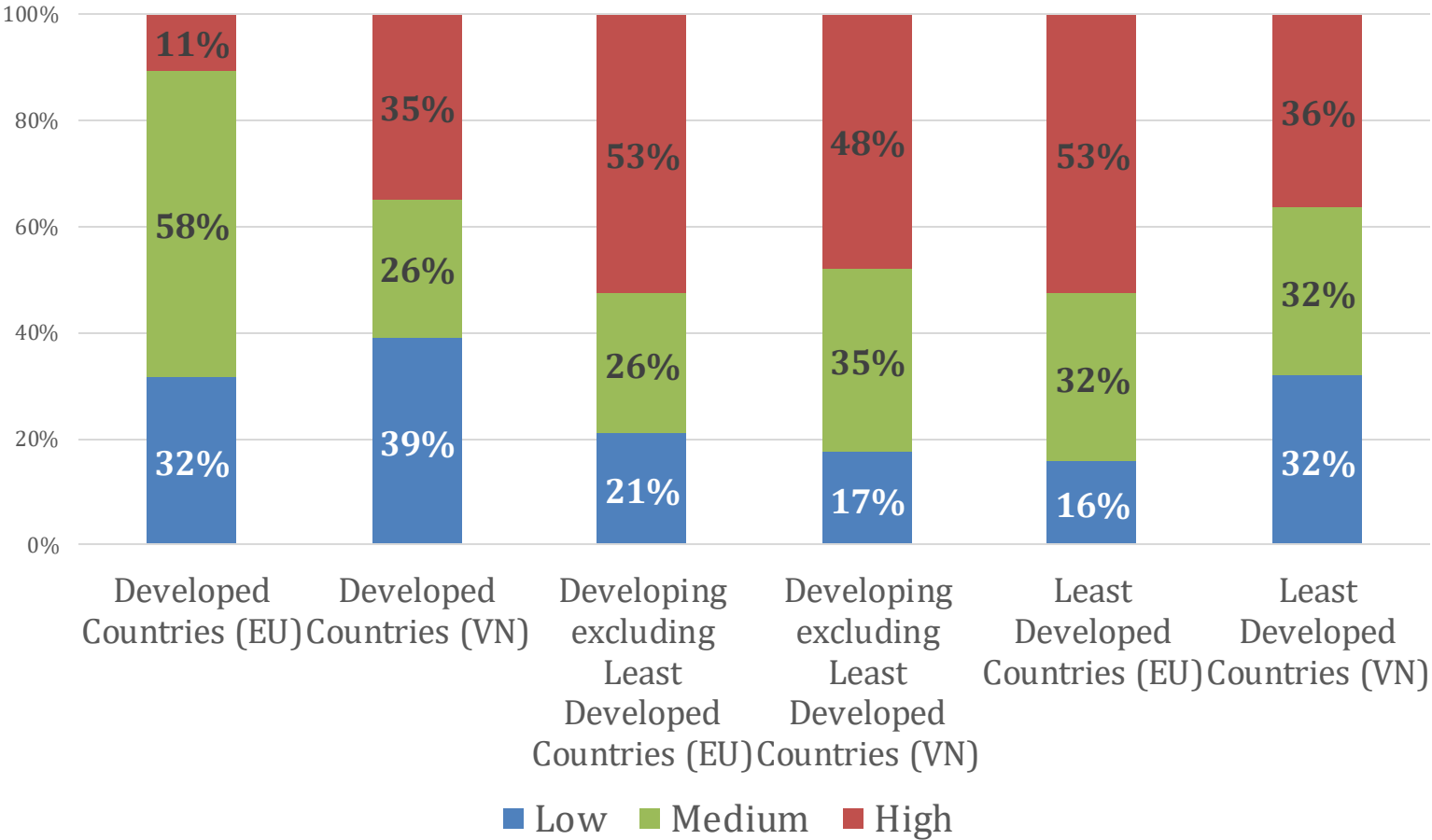
Implications

- More detailed stakeholders' opinions in the EU and Vietnam show lower importance of local conditions
- What matters are **global issues as economic growth, incomes, social stability, water availability**
- Global economic, social and geopolitical situations become more powerful shaping opinions than local conditions

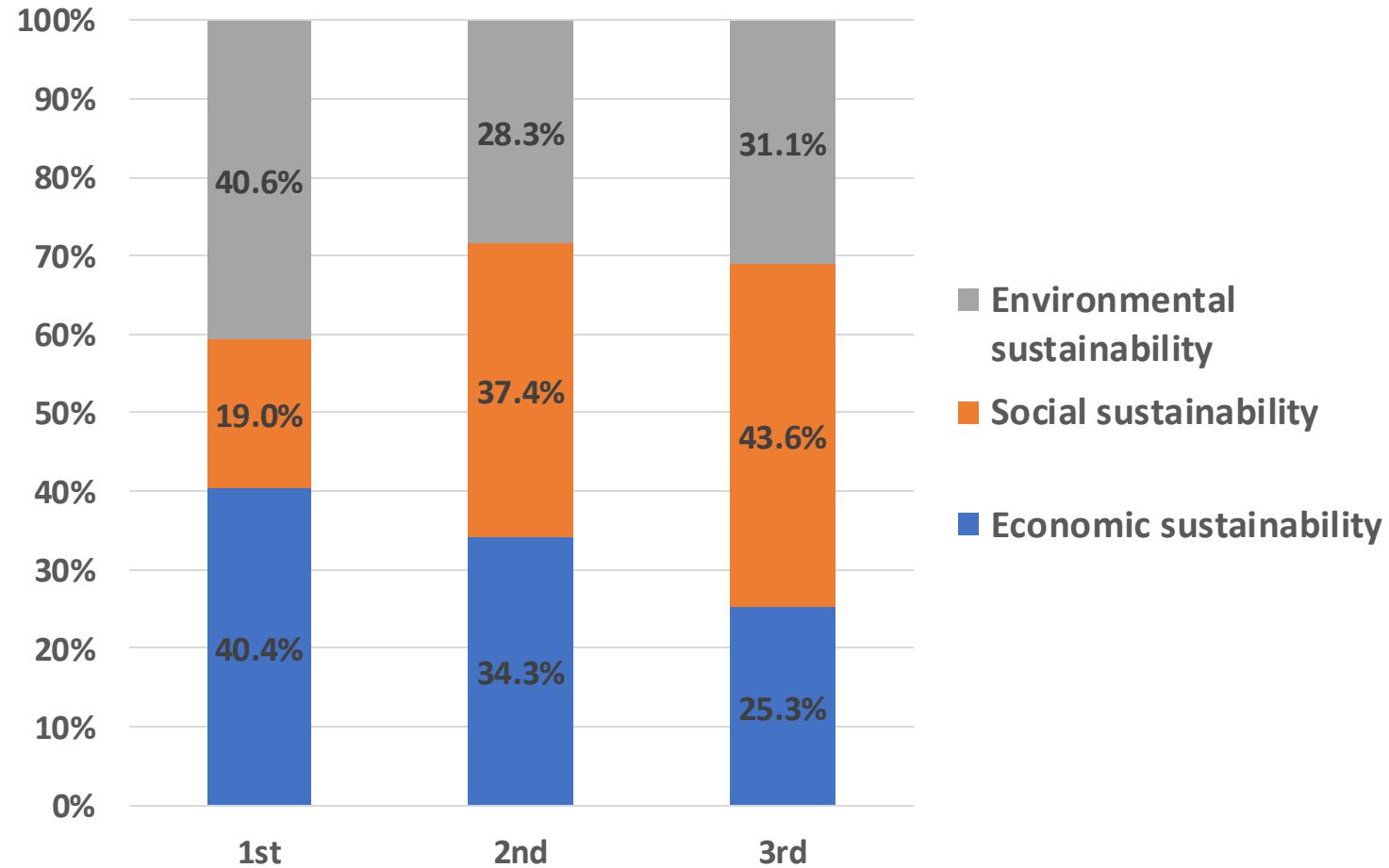
Agri-food trade: General support by stakeholders

- EU stakeholders:
 - trade in agri-food products will increase **productivity, distribute better the factors of production, and will allow countries to exploit their comparative advantage**
- Vietnamese stakeholders: **trade as a driver to increase wealth, income and efficiency in the use of resources**
 - trade will boost inter- and intra-country trading which may lead to Vietnam's economy becoming more vibrant
 - BUT trade may widen inequality between the North and South of Vietnam amid unfair trading or pricing of products
- For environmental pillar both groups expect some negative effects
 - **GHG emissions will increase** with further agricultural trade liberalisation

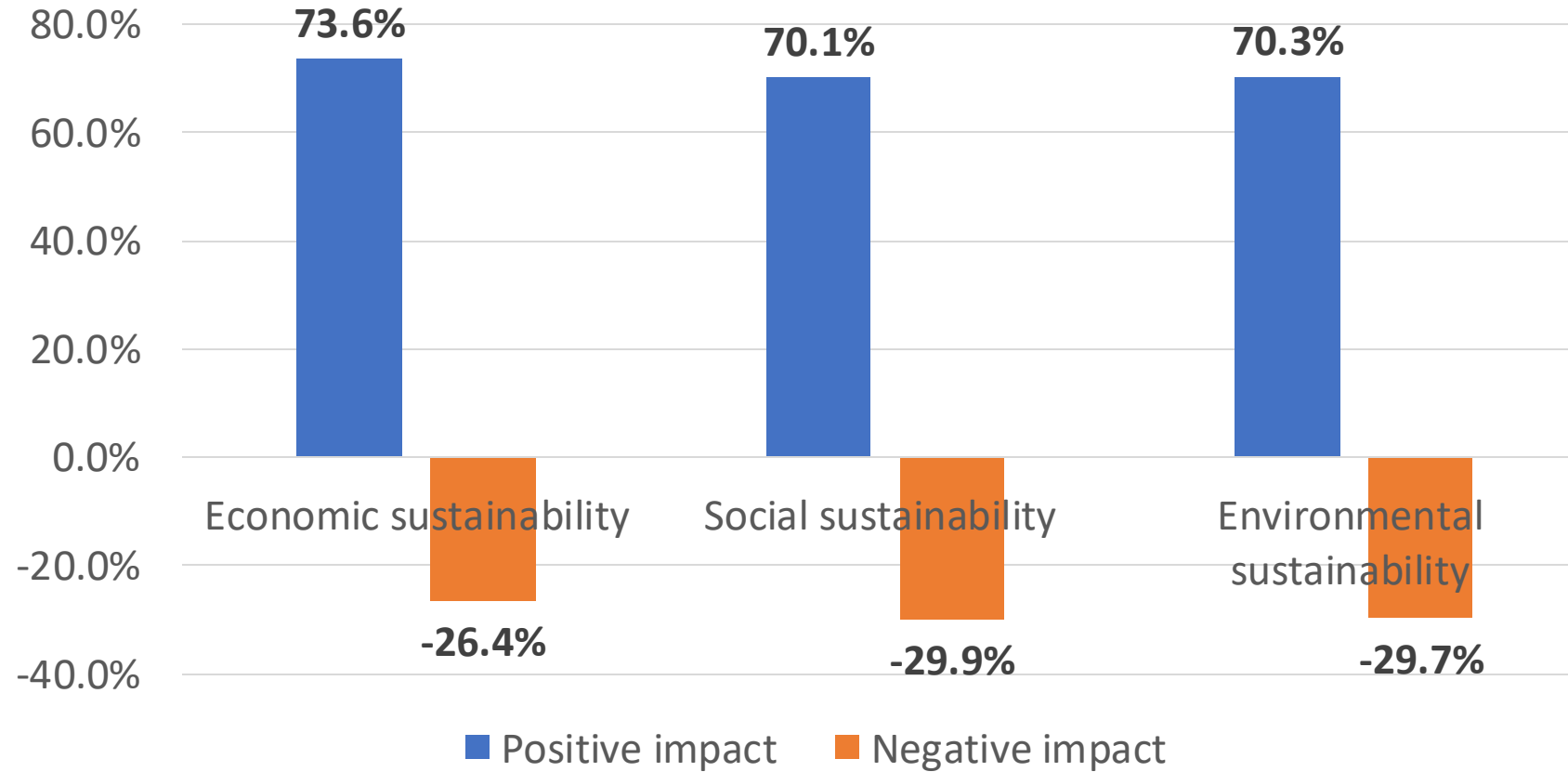
Expected environmental effect from trade liberalisation on different groups of countries (% EU and Vietnamese stakeholders)



Which pillar of sustainability will be most affected by liberalisation of agri-food trade in own country

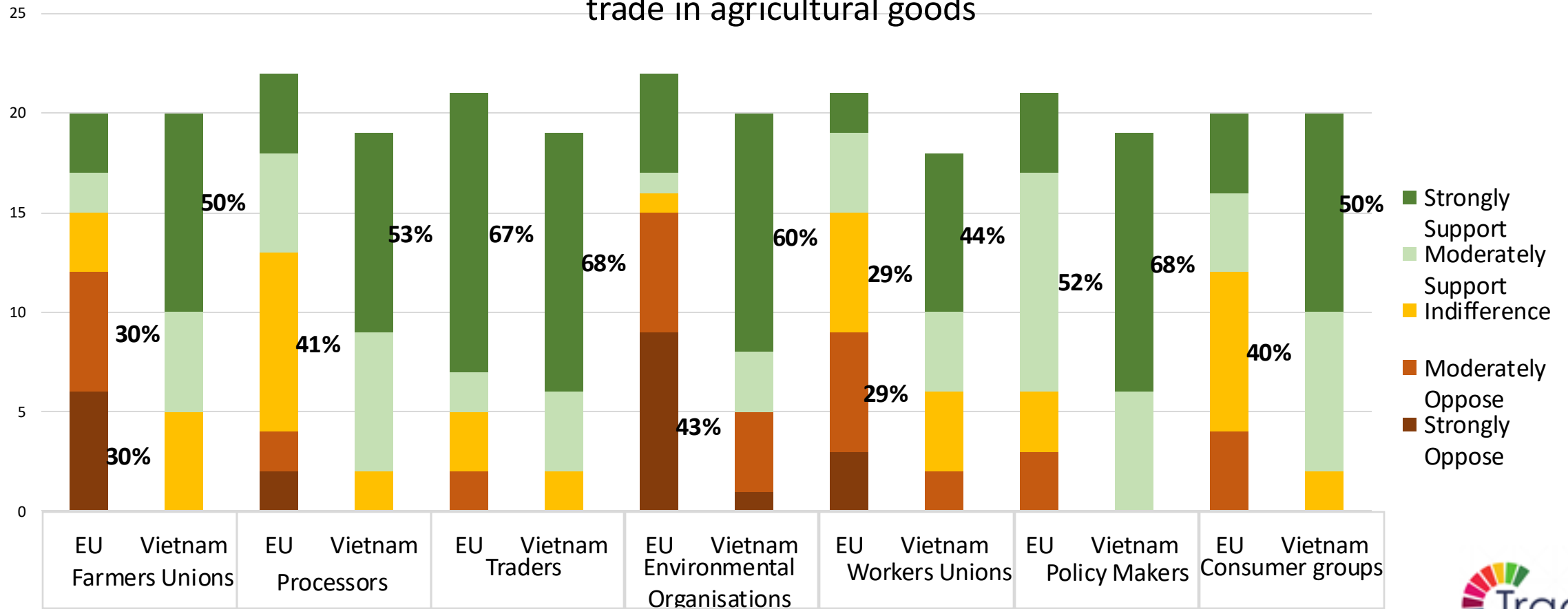


Direction of impact of agri-food trade liberalisation (% of respondents)



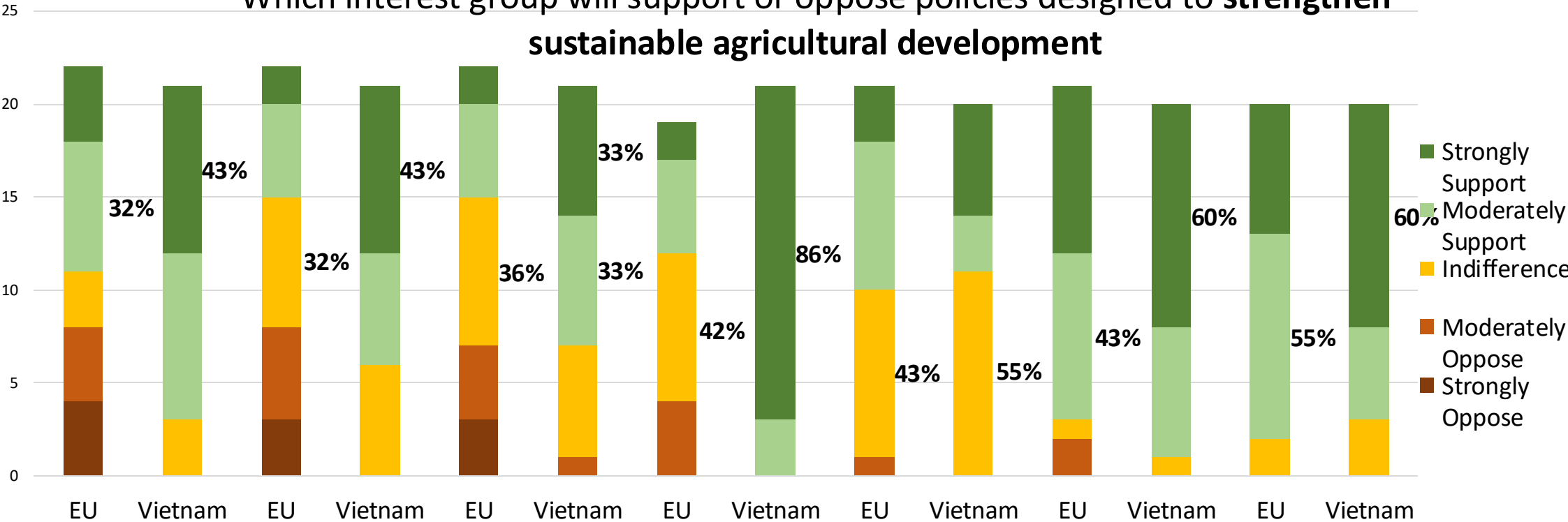
Political economy aspects: agricultural trade

What interest group will provide support or will oppose policies designed to increase trade in agricultural goods



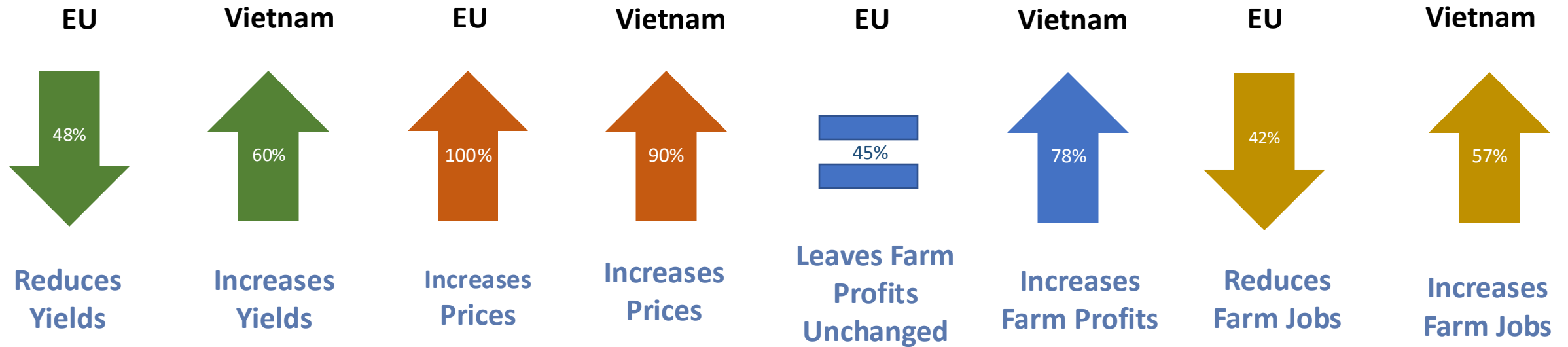
Political economy aspects: sustainability policy

Which interest group will support or oppose policies designed to **strengthen sustainable agricultural development**



Farmers Unions	Processors	Traders	Environmental Organisations	Workers Unions	Policy Makers	Consumer groups
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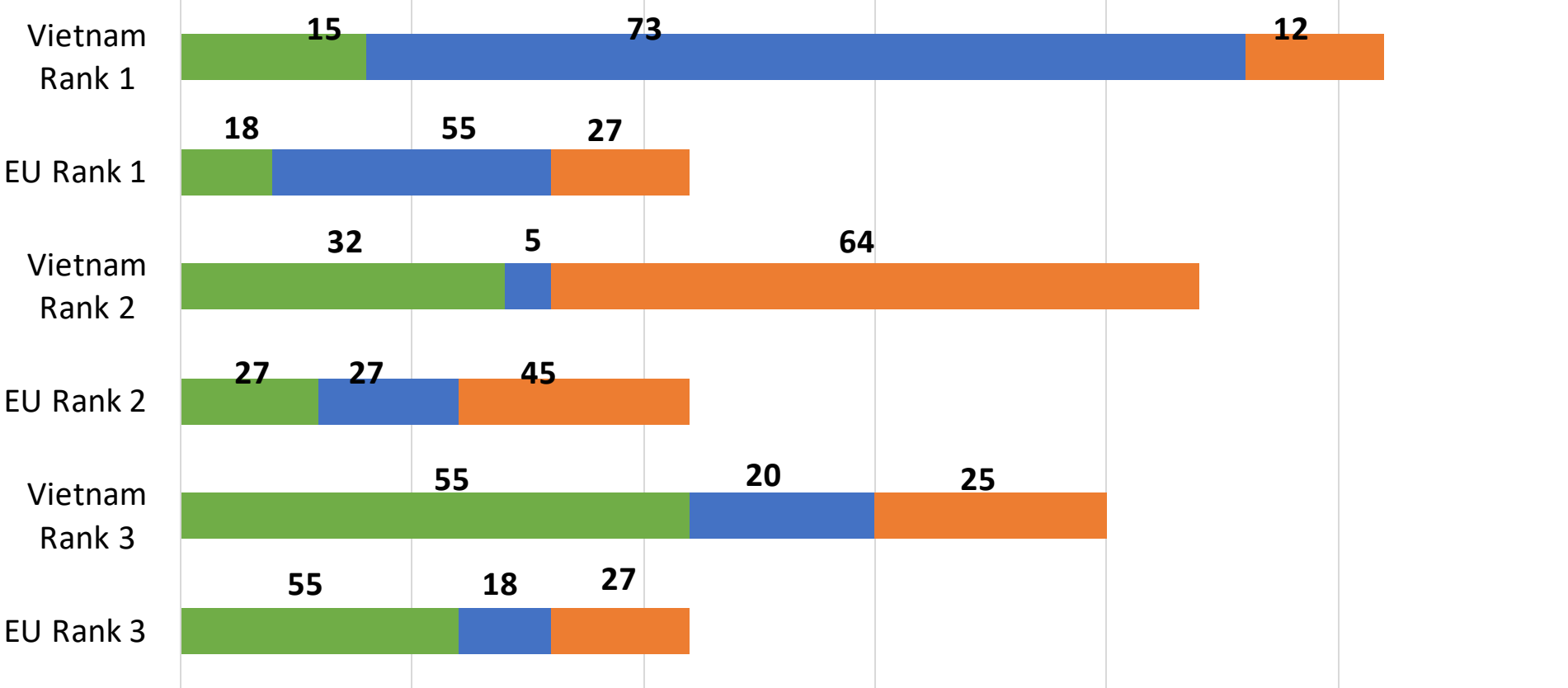
Agricultural production impact of sustainability measures: % of respondents



Implications

- Stark contrast of opinions between the EU and Vietnam concerning the effect on agriculture
- EU stakeholders: policies promoting sustainability will **suppress yields and employment**
- In Vietnam stakeholders expect **increase in yields and employment** maybe as they have observed these indicators under the conditions of unsustainable practices
- Policies designed to promote sustainability are expected to increase prices of goods
- The environment is thought to be the most affected by trade liberalization through increase in the GHG emissions
 - This requires mitigation policies, e.g. CO2 tariffs or other instruments
- Despite the positive and negative effects of trade and sustainability policies, on balance, stakeholders think that policies to increase trade and enhance sustainability are **feasible and will receive public support**

Impact on pillars of sustainability of Ukraine war (% of respondents)

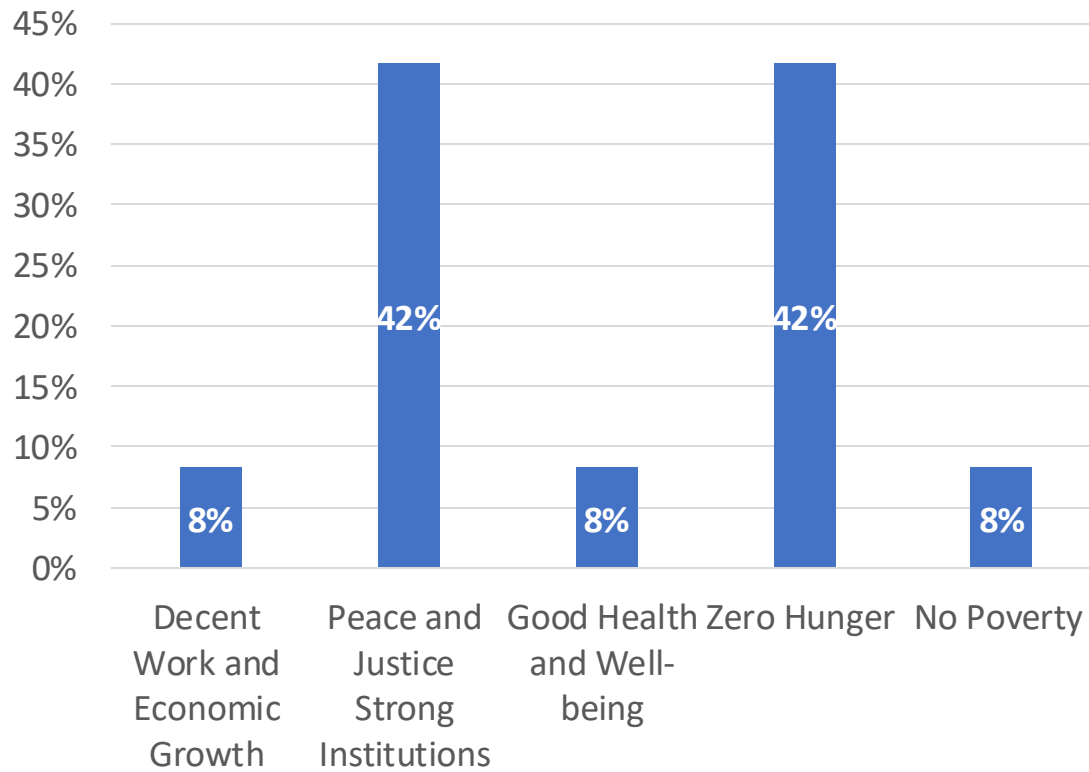


■ Environmental Sustainability
 ■ Economic Sustainability
 ■ Social Sustainability

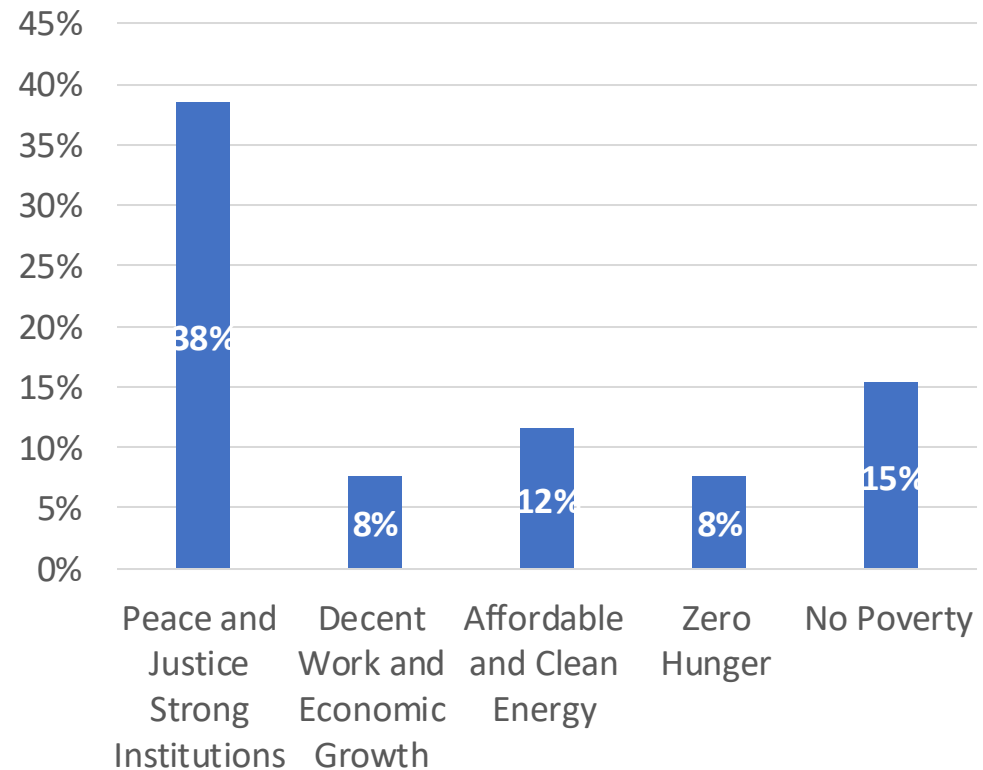


Effect of war in Ukraine 5 strongest affected SDGs

% of EU Stakeholders



% of Vietnamese stakeholders



Effect of war in Ukraine

- Striking consistency in answers between the EU and Vietnam
- **Economic** as the most negatively affected Pillar
- The value of social sustainability has increased (ranked second before environment)
- Within Pillars the strongest negative impact:
 - economic - **security of food chains** and **general economic growth**
 - social - **societal stability** and **employment**
 - environmental – EU: **biodiversity, air quality** and **natural capital stock**
- Vietnam: **air quality, water quality and access, and climate**
- **SDG 16** Peace, Justice and Strong Institutions will be **most affected** by the war
- Most at risk: **food consumers** (EU stakeholders also viewed as equally damaged agri-food importers)
- Ranking of 7 risks emanating from the war: at the top **prices and food security**

Looking at the future

- Stakeholders indicated policy aspects they thought had been overlooked and required more attention by governments in short (approximately 3 years) and long term (around 10 years).
- **EU short term** to focus mainly on **environmental policy** issues, the impact of trade policy for meat, the need to decrease deforestation and food waste
- **Vietnam short term** both **environment and economic policy** issues require - fair pricing of goods and services, appropriate land and water use, chemical disposal, cultivation certifications to signal whether human rights and environmental considerations in production have been met.
- **EU long term** policy should ensure **structural changes** in the agri-food sector that comply with sustainability objectives
- **Vietnam long term** greater focus should be given to address **poverty**

Policy implications

- In the post-Covid and the war in Ukraine environment, the major concerns are about the **economic sustainability**, where policy efforts should be focused (at least in a short to mid-term)
- Within the broad area of economic sustainability, local actions target **reducing poverty and securing employment**
- Under the conditions of Ukrainian war, the main emphasis should be put on **security of food supply chain** and the **protection of food consumers**
- In order for the EU to ensure enforcement of raising legal requirements on sustainability issues, it has to prioritise **training programs and technical assistance** to increase human capital in developing trade partners in the area of sustainability

Policy implications (cont'ed)

- Governments have to carefully balance the pros and cons of the effects of trade on environment
- Trade has potential to help environmental sustainability outcomes, i.e. through sustainability standards in the production of traded goods
- However, as economic interests are frequently prioritised over environmental objectives trade policies may promote the production of goods that lead to more GHG emissions and over-exploitation of natural resources
- Therefore, a **balanced approach is necessary** towards increased agricultural trade
- Trade liberalisation *per se*, without additional mitigating policies (e.g. a border carbon tax or output tax), may increase CO2 emissions.
- The effects depend on the scope of liberalisation – only in agri-food sector or all goods
- Looking at a longer term: EU policies should ensure **structural changes in the agri-food** sector that comply with sustainability objectives; policies in developing countries should mainly address **poverty and inequality**

Thank you for your attention.

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