

## Executive Summary

**Trade policies often overlook local realities.** While international agri-food trade is crucial for economic development, its impacts vary significantly across regions, sectors, and socio-economic groups. Current trade agreements and policies tend to prioritise global competitiveness over localized sustainability concerns.

**One-size-fits-all policies are ineffective.** Trade's contribution to sustainability is highly context-dependent. Policies must account for regional differences in production systems, social structures, and environmental conditions.

**Localization strengthens resilience and inclusivity.** By integrating local contexts into trade policy, the EU can promote sustainable rural development, enhance food security, and ensure trade benefits are equitably distributed.

**EU trade and CAP reforms should be more locally adaptive.** This requires adjusting trade rules, designing flexible CAP instruments, and fostering stakeholder engagement at local levels to align trade policies with sustainability goals.

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### Introduction

International agri-food trade is essential for ensuring food availability, economic growth, and global cooperation. However, trade policies often fail to consider the **diverse and localised impacts** they have on different communities, production systems, and ecosystems. In practice, the benefits and challenges of trade liberalisation vary across regions due to differences in agricultural structures, market access, and environmental vulnerabilities.

For the European Union (EU), ensuring that agri-food trade supports **sustainable development at local levels** is key to aligning trade policy with the Sustainable Development Goals (SDGs). The Common Agricultural Policy (CAP), trade agreements, and sustainability provisions must **incorporate local perspectives** to maximize trade's positive impacts and mitigate negative consequences. This policy brief highlights the need for **context-sensitive trade policies** and outlines recommendations for a more localized approach to EU trade and agricultural policy.

### Key Findings

#### 1. Trade's Impacts on Sustainability Depend on Local Conditions

The effects of international trade on sustainability vary widely across regions due to differences in:

- **Production Systems:** Some regions have intensive, high-yield agricultural models, while others rely on smallholder farming.
- **Infrastructure & Market Access:** Farmers in well-connected areas bene-

# POLICY BRIEF 1:

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## STRENGTHENING LOCAL CONTEXTS IN AGRI-FOOD TRADE POLICY



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fit more from trade liberalisation than those in remote regions.

- **Environmental Vulnerabilities:** Climate change, water scarcity, and biodiversity loss impact how trade policies affect local sustainability.

Without considering these local variations, trade policies risk creating winners and losers rather than fostering balanced development. For example, while trade agreements may increase exports for competitive producers, they can also expose small farmers to volatile markets, forcing them out of business or leading to unsustainable intensification.

## 2. The Role of Localized Policies in Sustainable Agri-Food Trade

A localized approach to trade policy helps ensure fairer distribution of trade benefits while reducing adverse social and environmental impacts. Key advantages include:

- **Strengthening Rural Economies:** Supporting locally adapted value chains enhances job creation and economic resilience.
- **Enhancing Food Security:** Policies that account for local food systems ensure stability in food supply and accessibility.
- **Supporting Environmental Sustainability:** Locally tailored trade measures can incentivize climate-smart agriculture and protect biodiversity.

## 3. Case Study Evidence: Local Adaptation Leads to Better Trade Outcomes

Studies show that trade policies incorporating local sustainability concerns lead to better long-term outcomes. For instance:

- EU Rural Development Programs that prioritise **locally driven projects** have shown higher rates of adoption of sustainable farming practices.
- **Regional trade policies** in Africa integrating smallholder support mechanisms have improved income stability and environmental conservation.
- **Differentiated CAP Payments** based on environmental sensitivity have helped align trade incentives with ecological priorities.

These examples illustrate that a locally informed trade policy framework is more effective in balancing economic, environmental, and social sustainability goals.

## Policy Implications & Recommendations

### 1. Tailor Trade Agreements to Local Needs

- **Introduce flexibility mechanisms** in trade agreements that allow regions to adapt trade rules based on their specific sustainability priorities.
- **Promote regional value chains and local processing industries** to retain more economic benefits within local economies.
- Establish impact assessment tools that **evaluate trade policy effects at a local level** before finalizing agreements.



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## 2. Foster Stakeholder Engagement and Local Adaptation in Trade Agreements

- **Enhance consultation and co-creation** processes with local stakeholders to adapt trade policies to real-world conditions and improve the efficiency of Free Trade Agreements (FTAs).
- **Establish regional trade platforms** where policymakers, farmers, and businesses collaborate on shaping trade agreements that align with local sustainability priorities.

## 3. Strengthen Multi-Level Governance and Stakeholder Involvement

- Foster dialogues between local authorities, farmers, and policymakers to **incorporate local perspectives into trade decisions**.
- Support knowledge-sharing platforms where **local communities can share best practices** and lessons learned from trade's impact on sustainability.
- Encourage partnerships between EU institutions and local actors to ensure trade-related **policies reflect on-the-ground realities**.

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## Conclusion

For EU agri-food trade to be truly sustainable, **policies must be adaptable to local contexts**. A localized trade approach ensures that trade benefits reach all communities while mitigating risks associated with liberalization. This requires reforms in trade agreements, CAP instruments, and governance mechanisms to better account for regional and sector-specific sustainability concerns. By prioritising local adaptation, inclusive policymaking, and sustainability-driven trade frameworks, the EU can strengthen the resilience of agri-food systems while advancing its global leadership in sustainable trade.



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Trade4SD is a 4-year project devoted to research on a topic which is high on the domestic as well as multilateral, EU and bilateral trade policy agenda. The ambition of the project is to explore and foster the positive linkages between trade and sustainable development is to provide policy recommendations for the creation of new opportunities for agents involved in the global, regional and national agri-food value chains, and to define conditions for sustainable livelihoods of farm producers in the EU and developing partner countries. Trade is a central factor in shaping global, regional and local development. Increased trade, empowered by the growth of Global Value Chains (GVCs), has boosted productivity and incomes in many countries.