

Global Financial and Economic Crunch: Likely Effects on Agriculture

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Overview of Labour in Agriculture and Rural Areas



Majority of the world's 1.5 billion poor and food insecure live in rural areas and depend on agriculture, forestry, fisheries and livestock for their livelihoods.

Agricultural and rural non-agricultural employment are critical for reducing poverty and food insecurity, as labour is often the only asset that poor women and men own.

Many rural jobs do not ensure decent levels of income and sustainable livelihoods. Often characterized by poor working conditions, un-enforced labour legislation, limited access to social security and protection.

Overview of Labour in Agriculture and Rural Areas



World wide, agriculture is considered as one of the three most hazardous employment sectors, with at least 170,000 work-related deaths per year.

More than 132 million children, 70 percent of all child labourers, work in agriculture.

In the Philippines, 70 percent of its population reside in the rural areas. As of January 2009, agriculture employs about 35 percent or 12 million of the 34.3 million in the labour force. This does not likely count the child labour which provide extra farm labour.

Likely Effects of the Global Financial Crisis on Agriculture and Food Security



1. Demand for commodities

- Slower GDP growth and prevailing uncertainty will likely dampen demand for raw materials for the processed food industry and feeds for livestock products
- Falling demand likely to push down agricultural prices.
(World prices of grain fell by over 50 % from early 2008 levels.)

2. Supply of commodities

- Cutback in agricultural production due to low prices and demand.
(Serious implication on food security)

3. Lower farm incomes

Since input prices usually fall at a slower pace than output prices, producer margins will be squeezed further.

Likely Effects of the Global Financial Crisis on Agriculture and Food Security (2)



4. Tight credit

Widely recognized as one of the major constraints to agriculture development in developing countries

5. Prevents the accelerated flow of capital to long-term investments in the agriculture sector, undermining production growth.

6. Risks of pushing many countries toward protectionism, in particular trade aspect

(Reduce export possibilities for agricultural producers from the developing countries.)

Likely Effects of the Global Financial Crisis on Agriculture and Food Security (3)



6. Reduction in Official Development Assistance (ODA)

Share of agriculture in ODA: around 18 % (80's)
3 % (present)

7. Increase the number of food insecure

Number of undernourished in the world is estimates to rise by 6- 13 percent to somewhere between 995 million and 1.06 billion in 2009 from 963 million in 2008.

Issues in the Philippines on agriculture and food security



- High poverty incidence
- Food insecurity and hunger
- Growing population requires more food
 - Expansion of land for farming. But this may cause further environmental damage and increased greenhouse gas emission.
 - Use yield-enhancing resources to double productivity. But this needs improved access to inputs, better fertilizers, better seeds, improved farming skills and expansion of land under irrigation.

Issues in the Philippines on agriculture and food security (2)



- Climate change and weather induced disasters and other natural calamities.
- Food crops competing with feedstocks for biofuel over use of farm lands
(Rising energy cost)

What needs to be done



Healthy agriculture can provide not only food but also an employment buffer in times of crisis, especially in poorer countries.

- Secure investments in agriculture to support sustainable food security and alleviate poverty in the foreseeable future.
- Improve agricultural productivity.
- Enhance livelihoods and food security in poor rural communities.
- Expand and improve rural infrastructure and broaden market access.
- Strengthen capacity for knowledge generation and dissemination.
- Ensure access to food for the most needy through safety nets and other direct assistance.

FAO on Labour in Agriculture and Rural Sector



FAO's strategy

- promoting agricultural self-employment and wage labour in small-scale and commercial farming, fishing, and forestry, agro-industries and market-oriented rural infrastructure.

This is to be achieved through the decent work framework within its comparative advantage

- Employment generation and enterprise development;
- Social protection, including worker health, work conditions and occupational safety
- Standards and rights at work; and
- Governance and social dialogue.



Thank you

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