International Labour Organization

8 Agriculture, trade and employment: A Global Green New Deal to address structural challenges

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Summary

- The agriculture sector is crucial for food security, employment, and environmental well-being, as well as for economic development. It is also highly integrated in international trade, including global value chains.
- However, the sector has a notable negative environmental impact in terms of its carbon emissions and the resulting loss of biodiversity. Additionally, it also faces a number of labour market challenges.
- Existing trade and finance policies have proven insufficient in addressing these sustainable developmental issues as they fail to consider sector-specific challenges and opportunities.
- The chapter proposes a sustainable solution based on UNCTAD recommendations for an integrated and comprehensive approach described as a Green New Deal.
- This policy approach involves integrating trade, finance, investment, and employment policies to address the structural challenges in the agricultural sector. By doing so, it aims to contribute to the development of a sustainable future for the planet and its inhabitants.

Background and introduction

No other sector is more entangled in the debate on development, labour and climate change than agriculture: the sector is crucial for food security, employment and environmental well-being, as well as for economic development. It is also highly integrated in international trade and global value chains, playing a prominent role in ensuring food security. However, the agriculture sector faces significant challenges from a sustainability perspective.

The sector has a significant adverse environmental impact due to its carbon footprint and the biodiversity loss it generates through depletion of resources (water, land and forests). There are also various labour market challenges, such as the exclusion of agricultural workers from national labour protections, low wages, hazardous working conditions, and wide prevalence of child and forced labour. According to the ILO, of all the child workers in the 5–17 age group globally, 60 per cent work in agriculture, the majority of them as unpaid family labourers.

Thus, addressing the structural challenges in the agricultural sector is crucial for building a sustainable future for the planet and its inhabitants. However, current research and policy discussions overlook the structural issues. Instead, they primarily concentrate on supply-side limitations, and risk-management strategies, such as insurance-based risk mitigation. Additionally, critics argue that existing trade rules exacerbate the issue by disproportionally affecting developing and advanced economies.

Research question and methodology

This chapter examines the potential role of trade policies, including some recent regional trade agreements, in addressing the environmental and social challenges faced by the agriculture sector. In doing so, it draws on UNCTAD's annual Trade and Development Reports as well as associated policy briefs and analyses.

The chapter expands on and includes proposals made by UNCTAD for a strategy that is integrated and comprehensive and is described as a Green New Deal. This approach brings together trade, finance, investment, and employment policies in an effort to present a development-oriented solution that is more sustainable.

Findings and policy considerations

The chapter finds that much of what has been researched in the agriculture sector and carried forward into policy design and implementation has been limited in its approach, focusing mostly on increasing output without much regard to structural, distributional and labour issues. Indeed, the most understudied aspect of agrarian production has been how labour engages within the larger framework of local, national, regional and global economic structures, and the role of such production in food security. The chapter finds this omission puzzling given that most of the world's food is produced by developing country farmers using labour-intensive production technologies. Also, agrarian households differ from non-agrarian households in that they function as both producers and consumers of the goods they produce. This dual character requires a different modelling approach for policy, including trade policy.

Trade policy plays a crucial role in agriculture and economic development through its effect on market access, division of labour, technology transfer, and employment and income opportunities. It also provides backward and forward linkages to other sectors, thereby contributing to industrialization. Finance policy is also part of this, because whether farmers or countries have the productive capacity to benefit from trade policies and to access the markets they open, depends in large part on whether they have access to sufficient investment finance, provided on reasonable terms and on appropriate long-term maturities.

However, existing trade and finance policies have been inadequate to address the developmental issues because they have failed to take into consideration the distinct organizational features of agrarian production in developing countries and have failed to address long-standing structural issues. Some trade agreements are more development-oriented, with a focus on the agricultural sector, and include clauses related to protection of local agriculture, and the promotion of regional infrastructure, food security and cooperation. African regional trade agreements, such as the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA) provide examples of such trade policy. Nevertheless, existing structural challenges in the region of Africa, ranging from insufficient capital markets to limited skills and institutional capacities, as well as lengthy and opaque customs transactions, can render the positive effects of these clauses ineffective to some extent.

Therefore, the chapter recommends greater coherence across the various but interconnected parts of trade, finance and agricultural policy in order to address the myriad challenges linked to food insecurity, food waste, and labour issues in a climate-constrained future. In this regard, the chapter presents the broad set of approaches and policies grouped under the name "Global Green New Deal" as a possible solution. This is a comprehensive approach that includes reform of financial policies to better favour productive investment rather than so-called de-risking (or rather re-risking); ensuring a progressive trade agenda that supports developing countries and development; and establishing associated income support and social policies to help ensure a just and sustainable transition. This framework aims at fundamentally changing the existing patterns of investment, redistribution, and regulation.

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