

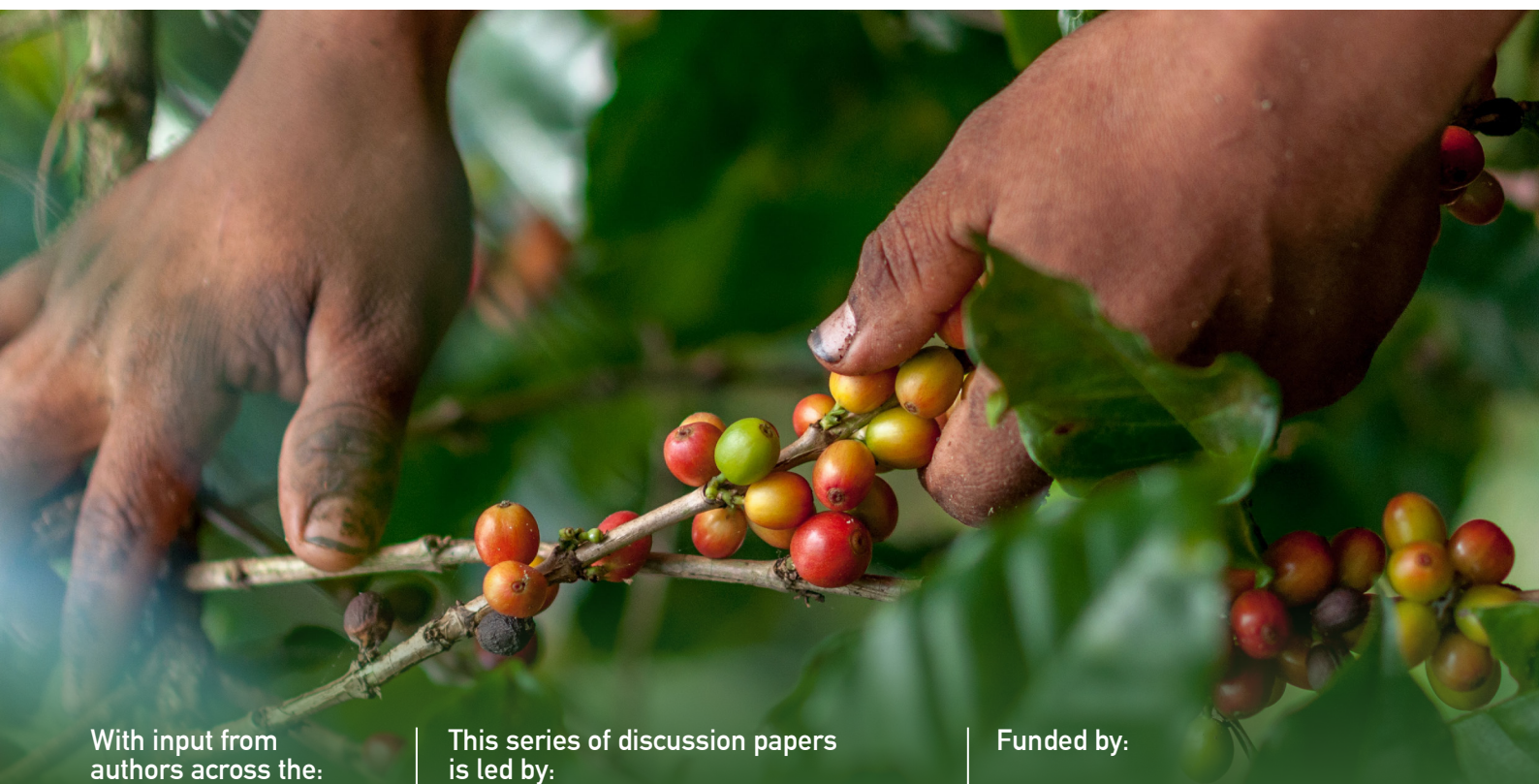


What do we need to make trade more socially sustainable within exporting countries?

The positive social impacts of sustainable trade: committing to wellbeing outcomes through and beyond market-based instruments.

The development of global agricultural value chains has been [widely promoted as an economic development strategy](#) in recent years. However useful for GDP growth, the intensification of production and global trade has imposed a heavy burden on the planet and people, with negative impacts such as deforestation and associated increase in carbon emissions, violation of human rights and impoverishment of rural livelihoods. In a single year, [‘advanced economies’ appropriated from the Global South commodities worth \\$2.2 trillion in Northern prices](#). This would be enough to end extreme poverty 15 times over. Strong, or true social sustainability principles needs to be embedded in global value chains, which cannot be detached from local sustainability. There are mixed views on the actual tools and instruments that need to be implemented to concretely achieve this goal – but this article highlights one framework to understand the social impacts of trade, underlines how mainstream value-chain approaches have a limited effectiveness, and calls for a better coordination on the delivery of global sustainable development goals.

Arguments in favour of liberal trade policies exploit elusive ideas of fairness, but mainly emphasise its impact on the expansion of the global economy. The increase of production, consumption and net exports of agricultural commodities contributes to GDP figures, and to the overall level of affluence of a given country, as well as



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increasing household incomes of stakeholders directly involved in the value chain (e.g., producers). But for trade to contribute to ending poverty and hunger (SDG 1 and 2) and shared prosperity for all – ‘leaving no one behind’ – a range of other interventions are needed along with their coordination by governments, civil society and the private sector.

■ Centre stage to multidimensional wellbeing

Understanding the social impacts associated with the production of agricultural commodities for export should first consider the multiple dimensions of wellbeing, including health, education, living conditions, safety, freedom of choice, community and emotional wellbeing. Income from traded commodities is just one consideration. The ability of households and individuals to maintain or improve their wellbeing depends on the diverse output of the living systems they rely on, which can include the direct income from commodities, as well as other on-farm and off-farm activities, such as subsistence farming from their vegetable garden, agritourism and informal or formal jobs outside of the farm. Evidence for the impact of trade in commodities such as cocoa, coffee, [palm oil](#) and [soy](#) shows that whilst trade may increase local household incomes, it also brings neutral or negative impacts on health and education, for example, and multiple problems with safety associated to land right conflicts. One of the most common approaches to tackle such a wide range of issues is through voluntary sustainability standards adopted by producers, traders and retailers in global supply chains.

■ What are Voluntary Sustainability Standards doing to reduce these impacts

In recent years, Voluntary Sustainability Standards (VSS) such as certifications and private sustainability commitments have been the preferred approach to reduce social impacts associated with production, consumption, and trade of agricultural commodities. These standards mainly operate through market mechanisms where the final consumers can choose to buy more sustainable products and therefore increase sustainability across the whole value chain. Such standards [include more than 90 social sustainability standards](#) around human and labour rights in the agricultural sector alone. However, the scope is often limited to human rights protection or support for smallholders and their access to the value chain, as well as notions of inclusion of local communities affected by agricultural expansion in decision-making processes. Indirect livelihoods impact – primarily on multidimensional wellbeing – are largely overlooked. A comprehensive [mapping of Voluntary Sustainable Standards to global Sustainable Development Goals](#) shows that many voluntary standards tackle or contribute to economic growth or decent work (SDG 8), and to responsible consumption and production (SDG 12), but few deliver on poverty eradication (SDG 1). Not only that, the scale of the impact of voluntary standards is [known to be minimal](#). For instance, [it is estimated](#) that only 2% of global soybean production complies to voluntary sustainability standards and a GCRF TRADE Hub Report calculated that the Round Table on Responsible Soy (RTRS) – arguably the biggest international certification scheme for sustainable soy – certified over 1.2 million ha in 2018, corresponding to just 0.9% of the world area devoted to soy in the same year. Our research also shows that the effects of certification are mildly positive, and better than doing nothing, but the scope of the impact is small. Despite efforts to mainstream voluntary standards, the niche-markets created by market-based instruments are unlikely to scale-up without greater involvement of diverse stakeholders and better governance and coordination of global agendas.

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Multidimensional wellbeing is the single most important aspect that needs to be considered in any serious conversation on the social dimension of sustainable trade. This ties well with considerations on intra- and inter-generational equity, as well as geographical and procedural equity, in which the lives and the wellbeing of, say, a peasant in India is equally valued as the wellbeing of a researcher in Europe. There are upcoming key moments, such as the WTO's Trade Ministerial later in 2021, together with the COPs on biodiversity, climate and desertification, to reinforce these discussions (as well as the implications of the recent acknowledgement that a [healthy and sustainable environment being a human right](#)). These should bring the trade, development and environment communities together, to innovate through and beyond market-based instruments for sustainable trade hooked to wellbeing outcomes.

The opinions expressed in this article are the responsibility of the authors (Marcello De Maria, Ilda Dreoni, Marije Schaafsma, and Thiago Uehara). Comments are welcome, and should be directed to Ilda.Dreoni@soton.ac.uk.