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Policy Coherence for Sustainable Development – how coherent is Switzerland in its agricultural and trade policies with regard to its development policies?

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Did you know that Switzerland ranks 24th out of 27 OECD countries in the Commitment to Development Index (www.cgdev.org)? This index, compiled by the Center for Global Development, an international think tank, assesses the commitment to a policy in favor of people in poorer countries in the 27 richest countries. In a sub-index for trade policy, which includes agricultural policy, Switzerland also ranks 24th, lagging behind many other European nations. Whether such rankings are appreciated or not, whether the methodology is accepted or not, there is no doubt that the policies of the industrialized countries could have a far greater impact on the development opportunities of the developing countries than previously assumed.

SDG objective 17.14 calls on nations to improve their policy coherence for sustainable development. The aim of this objective is to balance policies so as to create an environment for sustainable development at all levels, between nations and between generations, which also means that developed countries carefully design their policies so as not to harm developing countries in their sustainable economic and social development.

The agricultural and trade policies of rich countries, including Switzerland, have long been criticized for their disadvantageous and market-distorting effects on the economic development opportunities of developing countries[1]. Technological progress, massive internal support and trade barriers to limit imports have given farmers in developed countries an enormous advantage over their counterparts in developing countries. Between 2015 and 2017, the OECD countries, together with the fifteen most developed emerging economies, distributed USD 620 billion per year in subsidies to their farmers. On the other hand, the structural adjustment programmes of the 1990s forced many developing countries to remove their trade barriers, which have so far protected their agriculture from cheap imports. Current WTO[2] rules allow trade barriers to be lowered or removed as a whole, but not new ones to be introduced. At the same time, developing countries have no means to support their farmers in the same way. As an inevitable result, global agriculture today is an asymmetry: a technology-driven, highly productive, subsidized and border-protected semi-industrial agriculture on one side and a low-productive, smallholder agriculture on the other side that enjoys neither much domestic support nor protection. Africa was still a net exporter of agricultural commodities and food in the 1990s. In 2017, Africa developed into a net importer, importing food worth 35 billion US dollars. According to the African Development Bank, net imports will rise to around USD 110 billion in 2025 (Adesina, 2017). This trend is obviously not only the result of high population growth, but also undoubtedly a consequence of this asymmetry. Olivier de Schutter summarized this asymmetry as follows *"…the addiction to cheap food imports is also caused by massive overproduction in better-off exporting countries, which is stimulated by subsidies going to the largest agricultural producers in those countries, and which ensures access to cheap inputs for the food processing industry. And it is facilitated by the growth of international trade and investment and the corresponding increase of the role of large agribusiness corporations in the food systems." (de Schutter, 2014)*

[1] Bsp: Schwarz, 2004/Matthews, 2005/Brooks, 2012/OECD, 2013/Brecht, L., de Roquefueil, Q. and J. van Seters, 2014/IFPRI, 2018 etc.
[2] World Trade Organisation WTO

Switzerland does not export agricultural raw materials (with the exception of premium foods and beverages) and therefore does not compete directly with agricultural production in developing countries (in contrast to wheat production in Europe and the USA). However, it also protects and supports its own agriculture and thus contributes to the asymmetry mentioned above. Its support rate is the third highest in the world after that of Iceland and Norway (OECD, 2018). Despite the introduction of customs facilities and reduced tariffs for the least developed countries in 2009[3], agricultural imports from developing countries remain insignificant.

In line with Agenda 2030, and in particular SDG 1, it is worthwhile to aim for more trade with developing countries in the future. However not every kind of trade is automatically beneficial, but depends strongly on the quality of the trade. Environmental, social and, in some cases, cultural aspects must also be taken into account. As WTO rules do not allow a distinction between a sustainable (environmental dimension) and a fair (social dimension) production that is good compared to conventionally produced goods, fair trade and eco-labels offer a middle way to enable trade to generate income and employment while minimizing the environmental footprint and creating decent working conditions for producers in developing countries.

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[3] Within the framework of the Generalized System of Preferences (GSP) in favour of developing countries, Switzerland grants preferential tariffs for goods originating in developing countries. Preferential tariffs are customs facilities (duty-free or reduced tariff rate).