



# Promoting inclusive international trade

in ALADI member countries



Trade is part of the productive structure and contributes to the economic development of every country.

However, trade requires policies that offer the right tools and the institutional environment that assures that growth is inclusive enough to reduce the gap between big companies and **small- and medium-sized enterprises (SMEs)**.

In this context, and within the framework of the 2030 Agenda for Sustainable Development, **The Food and Agriculture Organization of the United Nations (FAO)** and the **Association for Latin American Integration (ALADI)** have joined forces to highlight the importance of **AGRIFOOD SMEs**.

In particular, family farm **SMEs** give the producer the potential to add value in two ways: by offering both a variety of food products of high nutritive value and manufactured products of agricultural origin using production methods that are more environmentally friendly.

## Some facts

- There are over 7 000 million people worldwide who are potential consumers of food (2016).<sup>1</sup>
- Only 10 countries account for 72.5% of global agricultural imports.<sup>2</sup>
- More than 80% of food producers in Latin America are family farmers.<sup>3</sup>

Many international agencies and organizations, such as Economic Commission for Latin America and the Caribbean (**ECLAC**), the **World Bank**, the United Nations Conference on Trade and Development (**UNCTAD**), the World Trade Organization (**WTO**), the International Labour Organization (**ILO**) and the Organisation for Economic Cooperation and Development (**OECD**), have been keen to come up with a format for **inclusive international trade** through various concepts and principles.

Generally speaking, the concepts aim at enabling trade capable of promoting greater wellbeing while reducing inequality, improving job conditions, pay and the inclusion of groups that until now have faced more constraints to international market access (ECLAC, 2013).

The inclusion in international trade of **SMEs** involved in family farming offers a great opportunity to promote rural development.

By taking into account both farm and non-farm activities, **inclusive international trade** can help reduce inequality and poverty; likewise, it can help improve incomes and quality of life, make technology more accessible and boost local economies.

## **Integrated training programme International market access initiative for agrifood SMEs**

**FAO** and **ALADI** have implemented a training programme in **international trade** which covers the main concepts for promoting the access of **agrifood SMEs** to intraregional markets. At the same time, the programme showcases successful initiatives that have succeeded in overcoming market-access constraints.

In consequence, agrifood SMEs in the region will have the capability for improving the processes allowing for the internationalization of their products.

The long-term objective of this programme is to help diversify the agrifood supply in each country through the incorporation of healthy, fresh food with a cultural identity.

It also proposes to strengthen trade linkages to develop integrated, efficient schemes that would help to make the best use of tariff preferences agreed under the broad spectrum of trade agreements contained under the **ALADI** framework.

**SMEs** are an important source of new employment in domestic economies. Although they tend to offer lower-skilled jobs and have lower productivity compared to larger enterprises, they do tend to be more productive and innovative once they begin to trade internationally.

**The World Trade Organization (WTO, 2016)** has identified some of the barriers confronting SMEs engaging in international trade, such as:

- Tariffs form part of the fixed costs of the enterprises and therefore, the greater the volume of exports, the less perceptible the tariff.
- Non-tariff barriers, such as technical barriers to trade and sanitary and phytosanitary measures.
- Customs procedures that are too complex.
- Limited access to data and distribution channels.
- Lack of access to financing.

In view of all this, public policies that promote the principles of **inclusive international trade** involve diffusing information and knowledge, training, implementing strategies for innovation and technological advancement, coordinating with productive and competitive policies, and making the most of the trade agreements ratified by Governments.



# Inclusion of agrifood SMEs in international trade

## A FAO-ALADI proposal

Identification of joint regional activities

2015

- **CELAC's Plan Food Security, Nutrition and Hunger Eradication 2025**, supported by FAO and ALADI. Pillar 1, Activity 2: **Intrarregional Trade Facilitation**.
- **Regional Collaboration Dialogue**. Family Farming and Public Food Storage Systems.

Proposal of a strategy for strengthening agrifood pymes

2016

- **First training course** on the internationalization of agrifood pymes.
- Participation of **45 pymes from 16 countries**, representing over **70,000 rural families**.
- Participation of 5 pymes in **EXPOALADI Business Macro-round**.

Consolidation of a process for the creation of inclusive trade arrangements

2017 en adelante

- **Training programme** in the internationalization of agrifood pymes (2nd course) **with two levels of training**.
- **50 pymes** from 16 countries.
- More than **100,000 rural families** benefiting.
- Participation in **EXPOALADI Business Macro-round**.

"Thanks to this programme and to our training in business matching, we were able to hold over 14 meetings with various companies around Latin America...Our most important achievement was creating awareness of our cooperative in various countries: we hope that some of the negotiations have positive outcomes, so enabling the dreams of the women of our cooperative to be fulfilled."

**Liliana Escurra**

Vice-President of Cooperativa de Producción Artesanal Ytaity Ltd.



### References

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