Agriculture Commodity Value Chains

Why in news?

Since agricultural commodity value chains has global significance, the sector is need of government inventions to make it sustainable.

What is an agricultural commodity of global significance?

- **Agricultural commodity of global significance** – They are the commodity crops that are primarily grown *to be sold on international markets.*
- They are defined based on the level of their orientation towards *international demand and supply* in the form of exports.
    - Example - Soybean, cocoa, coffee, tea, rubber, palm oil, and cotton
- India is one of the leaders of global agricultural commodity trade both as major consumer and producer.
- **Agricultural commodity value chain** - It refers to the entire process involved in the production, processing, distribution and consumption of agricultural commodities.
- It encompasses all the stages and actors involved in bringing agricultural products *from the farm to the end consumer.*

Agricultural and Processed Food Products Export Development Authority (APEDA) is the apex body responsible for export trade promotion.

What impact does it have on global sustainability?

- **Deforestation** - Agricultural production can lead to deforestation, as trees are cleared to make way for crops and livestock.
- **Biodiversity loss** – Conversion of forests to cultivable farms can have a number of negative environmental impacts, including climate change and biodiversity loss.
- **Water pollution** - Agricultural production can lead to freshwater depletion and water pollution, as fertilizers and pesticides run off into waterways.
- **Soil degradation** - Agricultural production can also lead to soil degradation as the soil is depleted of nutrients and organic matter.

How agriculture commodity value chains can be sustainable?

- **Considering the producer attributes** - For commodity production led by agri-businesses with a global footprint, sector-wide sustainability commitments and standards are needed.
- **Low-cost certification** - Effective and low-cost certification could improve practices throughout the value chain, simultaneously delivering price premiums to producers.

- **Regional efforts** - Regionally, some efforts have led to climate, biodiversity, and livelihood benefits while preserving the ecological heritage in production landscapes.
    - For example, evidence suggests that the introduction of biodiversity-friendly coffee in Karnataka has mitigated human-animal conflicts in the region to a significant extent.
- **Government policies -** Strong governance mechanisms and policies can support the value chains, either by providing subsidies, market access, and infrastructural support.
- Targeted regulation may be used to incentivise agri-businesses to report and reduce the environmental consequences of their supply chain.
- **Working conditions and labour rights** - The marginalized labors must be provided with adequate safety nets in the form of rewards, farm-level flexibility, and robust insurance mechanisms.
- **Understanding the global demand** - India needs to expand its understanding to include commodities that are actively imported, such as oilseeds, whose production is both for domestic and international markets.

Food and Agriculture Organization (FAO) releases "The State of Agricultural Commodity Markets" report.

References

1. The Hindu | Agri Commodity Value Chain

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