



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

Workshop Summary Report – APEC Workshop on Promoting Small Farmers’ Integration into Global Value Chains (GVCs)

Ha Noi, Viet Nam | 21 – 22 June 2023

APEC Committee on Trade and Investment

July 2023



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APEC WORKSHOP ON PROMOTING SMALL FARMERS’ INTEGRATION INTO GLOBAL VALUE CHAINS (GVCS)

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21 - 22 June 2023

Workshop Summary Report

I. Introduction

On 21 - 22 June 2023, the APEC Workshop on “Promoting Small Farmers’ Integration into Global Value Chains (GVCs)” was held in the hybrid format. The project was led by Viet Nam and co-sponsored by China; Indonesia; Japan; Russia; and Thailand. Speakers and participants came from the private sector, business associations, international organizations, research institutions, and APEC economies' relevant Ministries and government agencies.

The objectives of the “APEC Workshop on Promoting Small Farmers’ Integration into Global Value Chains (GVCs)” are to identify opportunities and overcome challenges that impede small-scale agricultural producers from integrating into GVCs through sharing experiences and best practices among APEC member economies on how governments and relevant stakeholders could help small-scale farmers overcome those challenges.

II. Background

The livelihoods of approximately 2.2 billion people are linked to small-scale agriculture, being that it is the predominant form of agriculture in both developing and developed economies. For example, in economies with high population density, like China, India, and Indonesia, there are almost 310 million small-scale farms, accounting for more than 80% of all the farms in each one of these economies¹. It is also believed that in many low-income economies, over

¹ https://www.scielo.sa.cr/scielo.php?script=sci_arttext&pid=S1659-33592017000200007

60% of the population resides in rural areas and approximately 80% of people affected by poverty are living in rural areas². Apparently, small farmers and small-scale producers can contribute significantly to poverty reduction if they are enabled to participate more efficiently in the production and value chains. However, in practice, they encounter a number of challenges given their limited resources (knowledge, network, capital, and so on), lack of enabling environment, limited access to technologies, innovation, capital, etc.

The project is aligned with the APEC Leaders' 2021 commitments on sustainability and inclusion that includes the goal of pursuing "sufficient, safe, nutritious, accessible and affordable food for all". With greater participation of small farmers and small-scale producers in the GVCs, it could help ensure affordable food for all as well as ensure that small farmers and small-scale producers could participate into the GVCs and get well paid for their work.

The project contributes to the Committee on Trade and Investment's (CTI)'s objectives to facilitate a more open environment for investment, develop initiatives to improve the flows of goods, services, capital and technology within the region as well as contribute to an enabling environment for small-scale producers to integrate into the GVCs.

III. Key Issues

1. Overview of Agriculture Global Value Chains (GVCs) and exploring small farmers' integration into GVCs

Dr Tzong-Ru Lee, Professor of Marketing Department, Chung Hsing University (NCHU); Chairman, International Association for Agricultural Sustainability (IAAS):

Under increasing impacts of globalization, nowadays, a final product can be fragmented across various economies, wherein intermediate goods and associated

² <https://www.devex.com/news/more-action-needed-to-address-smallholder-farmer-challenges-100367>

services may cross borders several times before they are assembled and sold as a final product (United Nations)³. According to Schmitz (2005), each stage of production and distribution would contribute to increasing products' values. It might be agreed that agro GVCs are composed of three (03) stages: (i) pre-farm – manufactured inputs (such as fertilizers, seeds, pesticides, machinery, etc.); (ii) on farm – cultivation and primary food processing; and (iii) post-farm – secondary and further processing to produce intermediate or final products before being delivered for domestic or foreign consumption (Memedovic, UNIDO. 2004). Since the outbreak of the Covid-19 pandemic that dramatically changed the demand and consumption patterns, the GVCs are believed to have changed from the long supply chain to the short one. In this process, many enterprises start to diversify their supply chains by looking for local suppliers, which offers opportunities for farmers to integrate into the agro GVCs more profoundly thanks to increasing demands for new and/or unique goods of high qualities, forming niche markets for small farmers.

According to the World Bank (2003) and United Nations Conference on Trade and Development (UNCTAD) (2015), smallholders are defined to have less than 2 hectares (ha) to operate on. They gain from USD1,000 to 250,000 per year on gross products (USDA, 2007). According to the Food and Agriculture Organization of the United Nations (FAO), 5 out of 6 farms in the world operate on less than 2 ha. Smallholders are projected to occupy 12% of global agricultural land and produce 35% of the world's food.

Small farmers are believed to play important roles in achieving global food security and sustainable rural development. According to the World Economic Forum (WEF), 600 million smallholder farmers worldwide producing from 28 to 31% of total crop production and from 30 to 34 % of food supply are of great importance in securing food supply, hence global food security. In that sense,

³ <https://unstats.un.org/unsd/business-stat/GVC/>

agricultural production is also believed to remain a strong impetus for rural economic growth and development (FAO, 2015) as well as play important roles in protecting and enhancing natural resources thanks to their sustainable farming practices.

In most economies, small farmers feature family-oriented since household member are main laborers and make most management decisions (FAO, 1993). They produce diverse crops and livestock to feed and support their families (Sichoonwe et al., 2014). Another characteristic of smallholder farmers is low level of mechanization since they depend largely on traditional manual farming methods rather than modern machinery (Baudron et al., 2019), which result in rather low productivity and limited competitiveness in the markets.

In GVCs, small farmers are often the first supplier in the supply chain. They can be primary producers of raw agricultural materials in the supply chains, which are then processed and distributed by intermediaries before reaching end consumers. They can sell their products directly to retailers, and consumers, or through wholesalers, processors, and cooperatives, depending on their capability to access market. They might be involved in value-added activities in the GVCs.

Their active participation in the GVCs would contribute to promoting adoption of technologies and advanced knowledge that enable to enhance farmers' productivity (FAO, 2021). It would foster farmers to access market information and diversify their market access since GVCs can offer market outlets beyond local markets (Norton, 2021) and provide more and better sales options (Frank Hartwich, 2012). Their access to finance are likely to enhance since they might have more opportunities to access domestic and international investment. In the long term, their active participation in the GVCs would enable to ensure global food security since they help secure food sources and minimize temporary supply shortages in economies that might be affected by sudden loss of traditional major suppliers. They also can contribute to diversifying supply sources, creating a

strong supply chain as a basis for a stronger GVC. In addition, small farmers are among key drivers that can incorporate local values into the GVCs through leveraging local advantages, hence reducing poverty and promoting rural development.

Given the opportunities, challenges, and benefits of small farmers' integration into the GVCs, it questions how to promote their participation in the GVCs in an efficient and effective manner. There might be at least two possible ways for farmers to find their ways to the global market. Firstly, they might endeavor to replace oversea suppliers in their own domestic market. They might have advantages in understanding local demands, accessing wholesalers, as well as receiving support from local governments, and R&D institutes. Secondly, they need to act more actively to compete with current available suppliers in foreign markets. A start with market research and other concrete activities such as attending exhibitions of target markets to find customers/wholesalers/importers will help them to produce more competitive products and access markets. Besides, it is important that small farmers are aware of and ready to adapt to global standards such as through obtaining certificates, and licenses in accordance with target markets' needs, and maintaining consistent product quality.

During this process, governments are expected to lead a supportive part in promoting small farmers' integration into the GVCs thanks to their leadership in creating an appropriate and favourable legal framework, negotiating free trade agreements with other foreign markets, fostering trade promotion (such as organizing international trade shows, exhibitions, and conferences to enhance market access), as well as providing technical support to enhance production efficiency, quality assurance, etc., in accordance with international standards,

2. Identifying opportunities and addressing challenges to promote small's farmers' integration into GVCs

Dr Tzong-Ru Lee, Professor of Marketing Department, Chung Hsing

University (NCHU); Chairman, International Association for Agricultural Sustainability (IAAS):

Farmers are believed to encounter challenges integrating into GVCs from both internal and external factors. Internally, it is rather costly for small farmers to invest into technology and apply global standards and certifications due to their restraints in finance (Langyintuo, 2020; Chandio et al., 2021); shortages of production inputs such as improved seed, fertilizer, cultivation land (Langyintuo, 2020); labour capital (Dahlin & Rusinamhodzi, 2019); as well as lack of knowledge & experience in new technology transformation (Žmija et al., 2020). As a result, smallholder farmers often fail to meet markets' demands for steady supply, high quality products with recognized global standards or certifications, and hence, more vulnerable to changes incurred due to external conditions. External challenges might include factors such as climate change, unfair trade, infrastructure, and so on. According to FAO (2018) and UN (2019) projections, 17% of the global annual harvest losses are due to climate change; and up to 5.7 billion people are threatened by water scarcity. Besides, small farmers are usually more disadvantaged in trade compared to larger buyers since the latter might have more decision power in prices, demands for quality standards and product classifications. Infrastructure is also an important factor that impedes smallholder farmers to access market. While most small farmers might reside in rural and remote areas with poor infrastructure, it makes transportation longer and costlier, affecting the quality and price competitiveness of their products before reaching end customers. In addition, while application of global standards is increasingly recognized important to make agricultural products ready for the global market, it is not always easy for small farmers to comply with given their high price and difficulties in understanding and implementing complex evaluation standards. These problems are expected not to be solved by a single action but require multiple efforts to address their multifaceted challenges.

Given farmers' restraints and disadvantages, support and cooperation from and

among governments, R&D institutes, and universities would play an important role to help address farmers' challenges. Firstly, for example, in Chinese Taipei, the establishment of production and marketing groups targeted to small farmers with support focusing on management, production technologies, marketing ability, low-interest loans, subsidies or awards, etc., is of great importance to address farmers' needs and problems. Secondly, roles of farmer-related associations should be enhanced to harness their assistance such as more relevant activities to promote bank support in rural and remote areas, auctions to promote trade, technology support, warehouses and factories for processing and packing agricultural products, and so on. Thirdly, resilience strategies should be also taken into account to promote and support small farmers especially in case of shocks and stresses. For example, in the case of Poland and Latvia, the resilience strategies might include:

- (i) Reliance on public support: Seeking additional public funding, social benefits, and project funding;
- (ii) Staying underground: Seeking cost-saving measures to reduce expenses and payments in the face of limited financial resources;
- (iii) Diversification: Diversifying activities, types of crops and animals;
- (iv) Re-profiling: Shifting the profile of their on-farm activities by downscaling and reducing farming activities compatible with health conditions: less work and less energy-consuming work;
- (v) Technologization: Implementing technological solutions on the farm is a viable approach to simplify farming processes, mitigate risks, and enhance the quality and productivity;
- (vi) Prioritization: In the face of difficult conditions, farmers cut off personal expenses to purchase animal feed, as this was a precondition for long-term productivity;

- (vii) Outsourcing: Farmers use external services in case they do not have the capacity to do all the on-farm work themselves;
- (viii) Personal upskilling: Participating in training events organized by advisory centers, agriculture chambers, or other organizations;
- (ix) Informal cooperation: Farmers engage in informal neighbor arrangements, barter relations, and mutual support during peak seasons.
- (x) Advice-seeking: Seeking qualified advice from external sources beyond the farm to enhance their knowledge and decision-making processes.

Last but not least, it is important that keeping young people working in agriculture is vital for innovation, creativity, and transformation for the future of global agriculture. In the case of Rice Valley Company, established in 2018 in Taichung, Chinese Taipei, the two young men came back to their hometown “Chin-Shang” to help their family farming. With the advantages of youth, they have been very creative and active in finding more innovative approaches to promote their household business. They have been cooperating with an IT company to build and upload the rice production information into block chain, which facilitate their domestic trade as well as exports to the US. The adoption of block chain and IoT sensing devices helps to provide customers with transparent information, granting transparency and trust to customers, hence enhancing the brand recognition. The owners are also aware of the importance of meeting the markets’ standards (regional and international standards) and e-commerce to access diverse markets.

Mr Chusak Chuenprayoth, President of KC Fresh Company Limited, Vice Chairman of Thai Chamber of Commerce/ Chairman of the Committee on Food and Agriculture business for Fruit and Vegetable, Thailand: The global agricultural market is recorded to grow from about USD12,245,630,000 in 2022 to USD13,398,790,000 in 2023 at a compound annual growth rate (CAGR) of 9.4%. The world population’s estimated increase to 10 billion people by 2050 is expected to create more demand for food. According to the Agricultural Outlook

by the Organization for Economic Cooperation and Development (OECD) and FAO, global cereal production is projected to increase by 13% by 2027. In that context, crop production, farming activities, and trade volumes will have to increase to meet the needs of the increased population. Agribusiness companies will need increase acquisitions of arable land to increase crop production, hence increasing their farming activities and growth. The positive expansion is likely to create opportunities for smallholder farmers to integrate more deeply into the GVCs.

On the other hand, small farmers encounter challenges related to food safety, environment/ climate change, labor, logistics issues, and so on. With participating into the GVCs and international trade, small farmers face challenges in implementing agriculture-related regulations. Those could include regulations on international trade such as tariff measures and non-tariff measures (NTM), sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), environmental measures, import licensing, anti-dumping, subsidies and countervailing duty, and safeguard measures, etc. The CODEX ALIMENTARIUS (Codex) is a system of international standards, guidelines and codes of practice based on the best available science assisted by international independent risk assessment bodies or ad-hoc consultation organized by FAO and WHO. While the system of these regulations is essential in ensuring the safety, quality and fairness of international food trade, the implementation of this system can maintain a big obstacle to small farmers. It is not always easy and convenient for small farmers to understand, and implement properly, hence, will be a disadvantage for small farmers who have limited awareness, knowledge, capital and experiences.

Mr Nguyen Van Tien, Vice Chairman, Viet Nam Economic Science Association of Agriculture and Rural Development:

In the case of Viet Nam, nowadays, small farmers can grab opportunities to

improve their productivity and integration into the GVCs thanks to changes related to rural development and economic – social infrastructure. Viet Nam has been consistent in leading policies to promote international economic integration for decades. Since then, laws, policies, and regulations have been increasingly improved to meet with the society demands and enhance Viet Nam’s agricultural products’ recognition in the global markets. In practice, the linkages between small farmers, cooperatives and enterprises have been strengthened to promote farmers’ participation; and high technology business models are also promoted to increase productivity and competitiveness, contributing to agricultural and rural development in Viet Nam.

However, Viet Nam’s small farmers still face with a great number of challenges. External factors such as climate changes, diseases and natural disasters, protectionism, etc., have adverse impacts on production and exports. Demands for higher quality products are increasing, making competition among economies harsher. Domestically, Viet Nam agriculture features micro production scale and scope, lack of linkages across the production and supply chains. Rural labor in Viet Nam is of tendency to be aging (the group of labor over 50 years old was increasing from 10.4% in 2006 to 15.2% in 2011 and 26.9% in 2020), hence, resulting in lack of labor, impeding economic growth and development in the long term. Limited technology, innovation capacity, and training for labor are obstacles to sustainable development. Associations, civil societies, communities have not been able to support small farmers’ integration into the GVCs efficiently.

Viet Nam has been making efforts to address those challenges through further upgrading rural labor’s skills with a focus on increasing capacity for implementing technologies advances and innovation, fair access to public services for rural development, targeted training to farmers, especially ethnic minorities in remote areas, and so on. Besides, Viet Nam continues to further review and improve policies and mechanism to promote agriculture and rural development. Those efforts include improvement in laws of land, bank loans for agriculture,

targeted incentives for remote areas, borders, islands, farms, cooperatives, etc. Promotion and adoption of technology advances, digital transformation, data collection are also among prominent priorities to promote sustainable and dynamic agriculture and rural development in general, farmers in particular given their contribution to narrow the gaps in development. Restructuring agricultural production, promotion of cooperatives and agricultural enterprises, more support for processing and consumption are expected to be in place to promote agricultural production and supply chains. Besides, it is important to focus on improving the quality, and values of Vietnamese products in accordance with Viet Nam's Standards and those of international ones to pave the ways for integration into the global market.

3. The roles of cooperatives, associations, and multi-stakeholders in supporting the integration of small farmers in GVCs

Assoc. Prof. Dr Pham Thi To Oanh, Director, Department of Policy and Cooperative Development, Viet Nam Cooperative Alliance (VCA), Viet Nam:

In her presentation, she focuses on the development, importance and contribution of cooperatives and cooperative alliance to the development of agriculture and rural development in Viet Nam. Viet Nam has attributed the importance of cooperatives with the promulgation of the 2012 Law on Cooperatives, the 2013 Law on Lands; and the Decree No. 98/2018/ND-CP dated in 2018 of the Government on policies to encourage the development of cooperatives, associations in the production and consumption of agricultural products.

Under the 2012 Law on Cooperatives, Viet Nam Cooperative Alliance (VCA) is established at central level; and Provincial Cooperative Alliances are established across provinces and cities. The Resolution No. 20-NQ/TW dated 16 June 2022 of the Central Committee of the Communist Party of Viet Nam has indicated the need to consolidate activities of the cooperative alliance systems and its representative organizations as well as represent and protect the legitimate rights

and interests of their collective economic organizations, promote collective economic development. In the value chain linkages, cooperatives and VCA play an active role in promoting linkages between farmer households and businesses along the value chains through promoting collective actions in production.

VCA provides support to farmers to participate in GVCs with focuses on trade promotion, funding credits, capital, vocational training, science & technology, and so on. Especially, VCA directs their efforts to promote the accumulation and concentration of agricultural land, formation of concentrated production areas and large-scale production areas. They are also the main intermediary agent, playing the role of connecting and promoting vertical links with enterprises, creating favourable conditions for enterprises to invest in agriculture as well as contributing to coordinating and supervising association contracts, producing large, uniform, and high quality products to meet increasing requirements and reduce production costs.

At the provincial level, provincial cooperative alliances aim to coordinate with relevant departments to integrate funds from different sources to build cooperative models, such as: New Rural Target Program; Viet Nam Target Program on Sustainable Poverty Reduction; encouraging trade promotion, and so on. Domestically, by 2020, 26/63 provinces had supported the construction of 509 models, with a total budget of approximately VND196,556,000,000.

Viet Nam's agricultural production features fragmented, low productivity, and uneven quality. Most of the farmers produce bases on their personal experiences and mainly rely on subjective calculations about the market. They mainly participate in stages such as cultivations, collection, preliminary processing and export of raw products, etc., which are of the lowest added value in the agricultural value chain.

In that context, cooperatives have not yet been able to support farmers efficiently since they have not yet efficiently harnessed large-scale commodity production,

lacked experiences in promoting branding, packaging, design, labels, and product traceability, and so on, which are of importance to promote sales, brand recognition, and competitiveness in the long term nowadays. Agricultural products from cooperatives still find it hard to enter big chains of supermarkets due to lack of information, attractiveness, diversity; and low quality, etc. They also lack access to preferential loans to expand production, apply scientific and technical advances to improve productivity and product quality.

More important, trade promotion activities have not yet enabled farmers efficiently since they are still single, small-scale, not specifically targeted to cooperatives to promote their full potential.

Mr Chusak Chuenprayoth, President of KC Fresh Company Limited, Vice Chairman of Thai Chamber of Commerce/ Chairman of the Committee on Food and Agriculture business for Fruit and Vegetable, Thailand:

With the focus on improving food safety standards, creating contract farming system, creating traceability system in the production of the farmers, Thailand has developed clusters to support farmers' integration into the GVCs. Clusters are believed to help creating consistent income for those associated in the system; ensuring implementation of food safety standards through providing knowledge and making sure that members understand and are able to comply with the regulations; controlling the use of pesticide & chemicals efficiently and effectively; reducing costs by working together; and so on. Across clusters, implementation of relevant policies and/or industrial/ agricultural standards (HACCP, Halal, GMP, Global GAP, Thai GAP, etc.,) are also promoted, with aims of increasing productivity, recognition and competitiveness of products as well as ensuring fair sharing of commitments and benefits among the members.

4. Roles of policies and trade in promoting small farmers' integration into GVCs

Ms Bui Thi Viet Anh, Development Consulting Division, Center for Agricultural Policy (CAP), Institute of Policy and Strategy for Agriculture and Rural development (IPSARD), Viet Nam:

Among the efforts to promote agriculture and rural development, Viet Nam has focused on restructuring public investment, attracting investment into agriculture with the Decision 1140/QD-BNN-KH on plan of restructuring and investment mechanism. In the period from 2016 – 2020, this plan targeted to allocate investment into regions by increasing investment to agri-advantaged areas such as Mekong Delta, highlands, south-east areas, mountainous and minority ethnic areas (northern mountainous areas, highlands, and central-south areas). Besides, the plan also encouraged investment into infrastructure, irrigation, agricultural technology advances; attracted official development assistance (ODA) and private investment into agriculture.

The New Rural Development Program established since 2018 has encouraged infrastructure investment based on participation of both the government and people; developed agricultural trade infrastructure; enhanced rural environment and living standards. With the focus on trade infrastructure, Viet Nam has made efforts to develop transport infrastructure in rural areas, enhancing linkages within and among provinces. The number of markets, supermarkets, shopping malls, convenience stores, etc., is, therefore, significantly climbing, contributing to promoting agricultural trade. Traditional markets are being continued to be upgraded and newly built to keep up with the market demands.

While the policies take effects and enable sustainable development in agriculture and rural development, contributing to improving the people's living standards, on the other hand, they still need further improvement. Some policies are not yet suitably targeted to farmers' demands. Some specific incentives and/or preferential programs do not keep up with actual developments. Policy validity is of short period while implementation and policy dissemination are not timely.

Farmers also find it hard to access and implement such policies and support from the government due to their limited capacity, lack of capital as well as the complicated procedures and requirements (deposits, production scale and scope, project sustainability, etc.), lack of in-time support and guidance; and so on.

In recognition of both the achievements and restraints in policies, Viet Nam continues to focus on improving awareness, ownership capacity and innovativeness for farmers through providing training and education to improve production and management capacity, developing and enhancing brands, hence promoting farmers' access to regional and global markets as well as adapting to changes and shocks in markets.

Mr Nguyen Anh Duong, Department for General Economic Issues and Integration Studies, Central Institute for Economic Management (CIEM), Viet Nam:

Since the 1986 “Doi moi”/Innovation, Viet Nam has dramatically undertaken economic reform which aimed at market-oriented transformation, macro-economic stabilization, and pro-active international economic integration with the ultimate goal of broadening and realizing economic opportunities for all groups including farmers. Under this process, Viet Nam has harnessed international economic integration in general, free trade agreements (FTAs) in particular to unleash opportunities for agricultural products. For example, in the period 2000 – 2007, Viet Nam joining ASEAN FTAs, ASEAN + 1 FTAs, and WTO contributed to diversifying net income sources for rural households as well as promoting their participation in income generation activities (World Bank, 2006; and Nguyen & Vo, 2010). In addition, it contributed to commercializing Viet Nam's agricultural products, further encouraging large farms and “new cooperatives” to promote agricultural trade. As a result, poverty reduction dropped from 44.9% in 1998 to 25% in 2004 and to 18.7% in 2008.

During the period of Covid-19 pandemic, development of trade-related skills for

small farmers was further boosted to adapt with “sudden changes” and meet with the GVCs’ new requirements such as trainings for farmers about utilizing e-commerce platforms to export agricultural products in the context of lockdown and disruptions in the GVCs; and training on issues related to granting planting areas codes and packing facilities to farmers, business, cooperatives, local officials and relevant departments in provinces, etc.

Mr Daniel Francisco Valiente Caballero, Product Manager, PROCHILE, Chile:

PROCHILE is an institution established under the umbrella of the Ministry of Foreign Affairs, Chile, which aims to promote the supply of Chilean goods and services through coordinating among 56 commercial offices in 16 regions across Chile. Among the priorities, PROCHILE aims to promote export of food including fresh, dried, and dehydrated products such as fruits (fresh cherries, dried plums, apples, walnuts and hazelnuts), seafood (mussels, salmon fillets and trout) and wines, among others. Under their portfolio, a specific program is developed to promote small-scale agriculture in general, and smallholder farmers’ competitiveness in the GVCs in particular (AME) in particular. In Chile, there are approximately 300,000 small farmers, 95% of which are small, representing almost 90% of the total agricultural products in the economy. In that context, the program aims at companies, producers, individuals, associations, etc. Under this program, they are categorized into three (03) groups to provide specific support and assistance, including: indirect exporters (providing products to exporting companies); potential exporters; and exporters.

In addition, strategic alliances are established to obtain proposed objectives, through establishing alliances among different public and private services and agents to support the beneficiaries, providing added values in their GVCs participation. Those alliances might include agricultural development institutes; regional secretariats of agriculture and economy; technical cooperation service –

business centers; foundation for agricultural innovation; trade associations and exporting companies; livestock agriculture service; institutes of agricultural research; universities; and others.

Chile has set up a specific program to support small-scale agriculture for the period 2022 – 2025 with the focus on communication – promotion; sustainability, social and gender; granting certifications; conducting market researches; creating and supervising business models; promoting cooperation; providing specific training by sectors; etc., to the beneficiaries (indirect exporters, potential exporters, exporters). The program is expected to strengthen knowledge, improve capacity building to enable at least 50 companies to compete at international markets under the AME; diversify Chile' added-value export products; and so on.

Mr Julio Alejandro Paredes Garcia, Chief of the Sub Unit of Agricultural Value Chains of the Rural Agricultural Productive Development Program - AGRO RURAL, Peru:

Peru's agriculture features high proportion of family farming (97%), low level of agricultural competitiveness, low access to technology, education, technical assistance, hence, labour in agriculture has lowest monthly income per capita in the economy compared to those in other industries and sectors.

Peru has set the priority to increase competitiveness for agriculture and especially family agriculture given the fact that 97% is household producers, and only 3% is enterprises.

Among those is the agrarian policy for the period 2021 – 2030 with the ultimate goals of improving competitiveness by 36% by 2030 through increasing vertical integration level of entrepreneurial and household producers in the value chain; reducing the concentration of subsistence agricultural producers; and improving the management of natural resources for sustainable agricultural production.

The Law No. 30355 focuses on promoting family agriculture, reducing poverty in rural areas, as well as providing guidance for sustainable development of family agriculture at different levels and multi-sectors across the economy.

As an economy highly affected by climate change, Peru aims to reduce vulnerability and pay attention to respond to emergencies and disasters with the development of the Disaster Risk Management Policy until 2050.

Promotion of farmers' access to markets and more efficient participation into the GVCs is among key priorities of Peru' agriculture. The Ministry of Agrarian Development and Irrigation (MIDAGRI) have issued a number of resolutions, including the Ministerial Resolution No. 0033-2023-MIDGRI on calendars of fairs and agricultural events, itinerant markets to promote agricultural trade, Ministerial Resolution No. 0244-2022-MIDGRI, Strategy for Rural and Indigenous Women's Entrepreneurship, etc.

MIDGRI is not the only agency in charge of agriculture and rural development but other such as Peru Agricultural Health Service (SENASA), Rural Agricultural Productive Development Program, Peru Water Authority (ANA), Peru Institute of Agricultural Innovation (INIA), Compensation Program for Competitiveness, Sierra Y Selva Exportadora.

Mr Shandy M. Hubilla, Philippine Rural Development Program (PRDP), and Farm and Fisheries Clustering and Consolidation Program (F2C2), Department of Agriculture, the Philippines:

In the Philippines, the total number of farmers is 12.9 million, in which 8.6 million are small farmers and the rest (1.7 million) are small fishers. The average farm size had shrunk from 3.5 hectares (ha) in 1960 to only 1.3ha in 2012. In that context, F2C2 Program was established under the Administrative Order No. 27, s.2020 and Memorandum Circular No. 21, s.2022 to provide supplemental guidelines for the implementation of the F2C2 Program, which aims to mainstream, promote and support clustering and consolidation of farmers and

fishers to become sustainable business enterprises. In particular, the F2C2 aims to achieving economies of scale, establishing better access to credit and financing, promoting strong linkages among producers and market, encouraging Big Brother – Small Brother partnership, improving bargaining and market power, as well as raising overall productivity of the agricultural sector. In that sense, clusters – groups of crops, livestock/fish producers within a community or adjacent communities are established to consolidate farmers. As a result, till 31 May 2023, the Philippines has had 679 validated clusters out of 1,055 identified ones, covering an area of 452,902ha. These clusters are viable, integrated, community-based, and value chain-oriented. With the clusters’ development plan, clusters can address their comprehensive and long-term needs for GVC’s integration with related issues such as marketing, production, operation, organizational development, and financing.

Clusters also contribute to market facilitation and linkages through promoting KADIWA Program, trade fairs, and digital marketing platforms; establishing linkages between producers and institutional buyers. Under projects called Zaccheus and Farm Konex, a digital platform for farm inventory management to promote tech-driven and data-centric clustered production has been established to foster digital marketing with the engagement of 90 farmers’ associations, 300 new farmer enrollees, and 130 ones in specific trainings, etc. They provide reliable and adaptive inventory system co-owned by farmer groups, which incorporates production management; marketing; environmental services and goods (ESG) impact metrics; technical services and grassroots based agricultural system for production and clustered production with ESG Impact metrics; platform and mechanism to enhance soft skills (team management) and agribusiness related skills for farmer groups, etc. Market facilitation and linkages are also consolidated through furthering public – private partnership (PPP). For example, the partnership between Jollibee Group Foundation and Farmer Entrepreneurship

Program has helped smallholder farmers increase their income, approach more closely on agro-entrepreneurship as well as link to markets.

Capacity building and extension support is also an important pillar of F2C2 with a focus on providing education and training to smallholder farmers on organizational development, business plan preparation, financial literacy, etc., with 990 training sessions, involvement of 71 clusters and 428 individuals.

In addition, F2C2 has closely cooperated with the Philippine Rural Development Project (PRDP), Local Government Units (LGUs), the private sector, and established a government platform for a modern, climate-smart and market oriented agri-fishery sector to raise income, productivity, and competitiveness.

Mrs Pamela Fadhilah, Expert, Agriculture Extension Centre, Indonesia:

Indonesia covers a land area of 191.09 million ha and an area of water reaching 3.26 million km². About 95.81 million ha is potential for agriculture, which consists of 70.59 million ha in dry land, 5.23 million ha in non-swamp wetlands, and 19.99 million ha in swamps. Indonesia' working population amounts to 138.63 million people, of which 29.35%, equivalent to 40.69 million people works in agricultural sector. Approximately 72.19%, equivalent to 29.37 million of farmers are small farmers.

Agriculture is of high importance in Indonesia's economy, hence the President has issued 3 Presidential Directives to strengthen the sector, including:

- Off farm: Farmers need to move from on farm to off farm by providing added value through the processing of agricultural products.
- People Business Credits: (1) Farmers need intensive financing schemes and assistance to enter the off farm side, after production; (2) Assistance includes financial management, packaging aspects, and marketing; (3) The Government has increased the provision of People's Business Credit Funds.

- Farmer Corporation: Stronger encouragement for micro, small and medium enterprises (MSMEs) engaged in the agricultural sector to collaborate and form groups or large corporations.

Indonesia establishes an agricultural extension system to promote agriculture development, and farmers' integration into GVCs with a focus on 05 pillars including (1) institutional; (2) man power; (3) management; (4) infrastructure and financing; and (5) guidance and supervision. Under the farmers' institutional transformation, farmer groups can be transformed into group associations, joint business groups and then farmers' economic institutions (cooperatives, farmer-owned enterprises, limited liability company) for longer-term development. These efforts can be consolidated by human resource capacity building activities and extension services (farmer field schools, cross-village visits, value chain mapping, assistance for the formation of farmers' cooperatives and corporations, and so on).

The Agency for Agriculture Extension and Human Resources Development (AAEHRD) is established as one of important agencies that is in charge of promotion of agriculture in Indonesia. They aim to strengthen the performance of agricultural extension and agricultural extension institutions; increase roles of agricultural vocational education and training; as well as strengthen farmer economic institutions (such as associations of farmer groups, joint business groups of young farmers, agricultural cooperatives, farmers corporations, etc.).

The Minister of Agriculture issued the regulation No. 42 of 2020 concerning the Task Force for increasing investment and export of agricultural products with the establishment of "Three Times Export Movement Program" (GRATIEKS). This program aims to increase production, fulfil agricultural product quality standards, ensure production continuity, guarantee and expand market access, as well as enhance sales competitiveness. Under this program, each village is positioned in the center to promote growth and development; each entity (farmer, private sector,

local government, Ministry of Agriculture) is promoted to harness their roles and advantages.

IV. Discussion, Recommendations and Conclusions

Through the active sharing of information and experiences at the Workshop, speakers and participants exchanged views on how to promote small farmers' integration into GVCs. Recommendations are summarized as below:

1. Recommendations for farmers

- Farmers should harness opportunities to learn good examples, case studies and best practices in agriculture to develop their business in a more efficient and effective manner.
- Farmers should be aware of the importance of integrating into GVCs and hence, explore practical ways to participate in, including but not limited to: harnessing participation into short supply chains instead of long ones, harnessing niche markets with increasing global demands for innovation, uniqueness, high quality, etc., instead of traditional specifications. .
- Farmer families should encourage their youngsters to join in their agricultural business, which on one hand, creates job and income for themselves; and on the other hand, contributes to improve the capacity for technological adoption and innovation;
- Farmers should be aware of and get trained on digitalization and e-marketing to penetrate and compete more efficiently in the market.
- Farmers should be aware of and improve themselves with updated information, knowledge, mind-set, skills, technology and innovation to adapt to increasingly fierce competition.

2. Recommendations for APEC member economies/governments

- Raising awareness of the importance of regional and global standards would be facilitative to small farmers' integration into the GVCs;

- Governments should be more serious in raising awareness and implementing “monitoring and evaluation” to ensure compliance with regional and global standards, and thus, improve products’ quality and competitiveness.
- Young labour in agriculture is essential for the future of global agriculture thanks to their youth, creativeness and innovation capacity. Therefore, their participation in agriculture should be encouraged and facilitated through various tools, such as providing favorable conditions, policies and/ or training;
- Public – private partnership (PPP) should be strongly promoted to enhance opportunities as well as productivity, competitiveness for small farmers’ integration into the GVCs.
- Classification of farmers would be helpful to customize support and capacity building to the right beneficiaries. Capacity building should be an integral part of governments’ policies to small farmers.
- Categorizing and differentiation of high value crops (industry specific, and crop specific) would be helpful to guide small farmers’ efficient participation into the GVCs.
- Gender equity and empowerment should be thoroughly considered and comprehensively acted upon to harness advantages and strengths for long-term development.
- More efforts should be made to promote small farmers’ participation in trade, which would be critical and conducive to their integration into the GVCs.
- Farmers can take advantages of FTAs if sustainable impact assessment is seriously taken into account before and during trade negotiations.

- Governments should take the leading roles in improvement of agricultural infrastructure and finance support to strengthen their productivity and competitiveness.
- There might be various approaches for small farmers support such as establishing industrial clusters, farmers' associations and production-and-marketing groups, cooperative system, etc.
- Governments should take more an active and leading role to promote closer collaboration among multiple stakeholders including governments, local authorities, research institutes, associations, non-government organizations (NGOs), etc., to improve small farmers' competitiveness and integration into the GVCs.

3. *Recommendations for APEC*

- APEC should further promote APEC MSMEs including those in agriculture and agri-business with specific initiatives, such as special recognition and awards to eminent agricultural enterprises/cooperatives with outstanding achievements in digitalization, inclusion, sustainability, etc.
- APEC should consider organizing a showcase of APEC economies' policy/program outputs and agricultural products. Successful cooperatives of economies can be invited to share their inspiring stories, as well as have opportunities for market linkages.
- APEC should continue to promote and carry out capacity building for member economies through sharing information, and experiences in how to promote sustainable agriculture and small farmers' integration into the GVCs, in alignment with the APEC's commitments not to leaving anyone behind.
- APEC should take measure to build and improve member economies' capacity in big data and digital marketing to promote small farmers' integration into the GVCs.

Hereinabove are some recommendations from the workshop's participants and speakers that require further thoughts and discussions at the upcoming CTI meetings to transform into more concrete and practical activities.

ANNEX

APEC WORKSHOP ON PROMOTING SMALL FARMERS' INTEGRATION INTO GLOBAL VALUE CHAINS (GVCS)

LITERATURE REVIEW

I. INTRODUCTION

Trade in agricultural and food products has changed over time due to the rapid change in the taste of consumers. The food we eat has been increasingly delivered by global production systems across many economies. For example, wheat produced in Australia is processed into flour in Indonesia and Turkey, then exported to China to make noodles.⁴ These global value chains (GVCs) connect food producers over the world to consumers and help deliver stable supplies of food with greater choice to consumers, and at the same time generate incomes for producers. In that sense, it is undoubted to say that integration into agricultural GVCs is inevitable and requires much effort especially for small farmers who have limited resources and experience. The emergence of the Covid-19 pandemic provided farmers and small-scale producers, both opportunities and challenges, when they have to change to adapt to the new normal and make as much profit as possible.

II. LITERATURE REVIEW

There have been a great number of research on the status of small farmers and small-scale agriculture. It is widely known that small farmers represent a huge proportion of the world's farms⁵, comprising more than 60% of the agriculture workforce. According to a study conducted by the International Fund for Agricultural Development, small farmers are a key part of the global agriculture industry and provide more than 80% of the food consumed over developing

⁴ <https://www.oecd.org/agriculture/topics/global-value-chains-and-agriculture/>

⁵ Lowder, S. K., Scoet, J., & Raney, T. (2016). The number, size and distribution of farms, smallholder farms and family farms worldwide. *World Development*, 87, 16–29. doi: 10.1016/j.worlddev.2015.10.041

economies⁶ and over the world.⁷ The livelihoods of approximately 2.2 billion people are linked to small-scale agriculture. In economies with high population density, like China, India, and Indonesia, there are almost 310 million small-scale farms, accounting for more than 80% of all the farms in each one of these economies.⁸ It is also believed that in many low-income economies, over 60% of the population resides in rural areas and approximately 80% of people affected by poverty are living in rural areas.⁹

Farmers are considered one among the vulnerable groups. Most small farmers, especially in developing economies, have low education and income, limited access to land and technical assistance, and largely depend on external support.¹⁰ Moreover, many small farmers live in remote area with low-quality infrastructure, which makes them harder to access markets, financial and technical assistance.¹¹.

According to OECD, international production, trade, and investments are increasingly organized within so-called global value chains (GVCs)¹². In GVCs, different stages of the production process are located across different economies. Globalization forces businesses to restructure their operations if they want to gain more profit by locating various stages at various economies, internationally outsource and offshore activities, which help them to harness the most of their advantages for the interest of productivity and competitiveness in the long term.

Apparently, farmers and small-scale producers could contribute a lot to poverty reduction, achieving sustainability if they are able to participate more efficiently in the production and value chains. Farmers can grasp the opportunities with positive impacts on income and employment generation. For example, Viet Nam small farmers has expanded in rice milling since it is more profitable than the

⁶ International Finance Corporation [IFC](2014). *Access to finance for smallholder farmers: Learning from the Experiences of Microfinance Institutions in Latin America*. Retrieved from: <http://www.ifc.org/wps/wcm/connect/071dd78045eadb5cb067b99916182e35/A2F+for+Smallholder+Farmers-Final+English+Publication.pdf?MOD=AJPERES>.

⁷ UNEP. (2013). *Smallholders, food security and the environment*. Rome: IFAD, UNEP.

⁸ https://www.scielo.sa.cr/scielo.php?script=sci_arttext&pid=S1659-33592017000200007

⁹ <https://www.devex.com/news/more-action-needed-to-address-smallholder-farmer-challenges-100367>

¹⁰ J.F. Morton: The impact of climate change on smallholder and subsistence agriculture

Proc. Natl. Acad. Sci. U. S. A., 104 (2007), pp. 19680-19685

Harvey, Z.L. Rakotobe, N.S. Rao, R. Dave, H. Razafimahatratra, R.H. Rabarijohn, H. Rajaofara, J.L. MacKinnon

Extreme vulnerability of smallholder farmers to agricultural risks and climate change in Madagascar

Philos. Trans. R. Soc. B: Biol. Sci., 369 (2014), p. 20130089

¹¹ Harvey, Z.L. Rakotobe, N.S. Rao, R. Dave, H. Razafimahatratra, R.H. Rabarijohn, H. Rajaofara, J.L. MacKinnon

Extreme vulnerability of smallholder farmers to agricultural risks and climate change in Madagascar

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¹² <https://www.oecd.org/industrylobal-value-chains/>

cultivation of rice only, hence improving their incomes.¹³ Besides, increasing urban demand for high-value agricultural would help create opportunities for small farms to diversify their production, gaining better income by participating in value chains.¹⁴ In addition, they can also benefit from value chain upgrading through learning and acquiring skills and knowledge that would help them improve their agricultural practices. According to Kaplinsky and Morris (2001), small farmers can upgrade their GVCs in four ways such as upgrading the production process (process upgrading), defining new product (product upgrading), functional upgrading (e.g. offering e-co tours inside the plantation for tourists); or moving to a new chain for potentially higher profitability.¹⁵

On the other hand, they encounter a number of challenges given their limited resources, capacity, and experiences. Among those is the limitation in liquidity and credits, which makes them hard to access formal finance channels, impeding their potential to invest for upgrading, despite its importance in improving productivity, providing cash flow, enabling access to markets, etc.¹⁶ Moreover, small farmers' integration into GVCs requires huge efforts to meet the standardization requirements. These regulations are usually set either by international bodies or lead firms in private sector to ensure quality, price and deliver reliability, which would challenge small farmers given their limitedness and disadvantages in technological, educational and organizational capability¹⁷.

This paper will take a closer look at status of small farmers' integrations into GVCs in some APEC member economies to have a multi-dimension view of agricultural GVCs picture.

¹³ Joselyne Nájera (2017). Integration of small farmers into global value chains: Challenges and opportunities inside the current global demand

¹⁴ Rachid Serraj, Lakshmi Krishnan, and Prabhu Pingali. Agriculture and Food Systems to 2050: A Synthesis. Chapter 1. Cited from https://www.worldscientific.com/doi/pdf/10.1142/9789813278356_0001

¹⁵ Joselyne Nájera (2017). Integration of small farmers into global value chains: Challenges and opportunities inside the current global demand

¹⁶ Joselyne Nájera (2017). Integration of small farmers into global value chains: Challenges and opportunities inside the current global demand

¹⁷ Joselyne Nájera (2017). Integration of small farmers into global value chains: Challenges and opportunities inside the current global demand

III. CASE STUDIES

1. VIET NAM

Currently, Viet Nam is one of the leading economies in the world in terms of agricultural export scale with many products such as rice, cashew, coffee, seafood, etc. In fact, Viet Nam has been able to form many synchronous value chains from production, processing, and consumption of products, in different forms of association, such as linking consumption of products and services, and providing services to customer. Some agricultural supply chains have successfully applied new technologies such as information technology, blockchain technology to connect the production and consumption, and traceability of agricultural products to increase their value.

Understanding the importance of global value chain in increasing the value for agricultural products, building and developing agricultural value chains to meet the needs of international markets is an urgent requirement in the current context of extensive international integration. Viet Nam Government has imposed many policies related to value chain development such as the Decision 80/2002/QD-TTg encouraging the consumption of agricultural products and commodities through contracts; Decision No. 62/2013/QD-TTg encourages the development of cooperation, linking production associated with consumption of agricultural products, building large fields; Decree 98/2018/ND-CP on policies encourages the development of cooperation and association in the production and consumption of agricultural products, etc.

Many provinces across Viet Nam have been encouraged to promote their key products. On May 7, 2018, the Prime Minister issued Decision No. 490/QD-TTg approving the program of one village one product (OVOP) for the period of 2018 - 2020, with the goal of standardizing at least 50 % of existing products, equivalent to about 2,400 products. In that sense, the OVOP approach is helpful to promote small farmers to integrate into GVCs in ways that they can harness their key products of advantages into larger scope and scale with the focused support from local authorities, business and community.

Despite the increasing urbanization, Ha Noi, the capital of Viet Nam, has made great efforts to promote farmers' integration into agricultural GVCs. For example,

the agricultural sector, although accounting for only a small proportion, occupies an important position in supplying agricultural products to meet the diverse, abundant, and growing needs of the city people given the dramatically high demand for fresh and high-quality products. Changing the products seasonally in line with competitive advantages and market demands, adapting to climate change and organizing production in chains for key products are also being promoted. Currently, Ha Noi has established 104 safe vegetable production areas with a scale of 20 hectares (ha) or more in the districts of Dong Anh, Thanh Tri, Phuc Tho, Hoai Duc, Gia Lam, Chuong My, etc., with the value from VND400 to 500 million/ha/year. This revenue is 5 to 6 times higher than that of rice cultivation. Many fruit products of Hanoi have trademarks and brands such as Chuong My pomelo, Phuc Tho pomelo, etc., which also help to increase the products' value.

Also by investing in technology to standardise the quality of agricultural products with international standard will help to promote the export of Vietnamese agricultural products. Joining the WTO, and other bilateral and multilateral trading systems have paved the way for Viet Nam's agricultural products to enter the international market. The synchronous policies on agriculture, trade, science and technology, etc., have contributed to improving the productivity and quality of agricultural products, improving processing value, and increasing export turnover for agricultural exports. Therefore, the position of Vietnamese agricultural products in the global value chain has been significantly raised recently.

2. KOREA¹⁸

One of the options for Korean farmers to integrate into GVCs is by participating in the Cooperative Federation. In Korea, Korean Agricultural Cooperative Federation (NACF) has been established to strengthen cooperative networks from central to provinces' level. NACF holds nearly 40% market share of domestic agricultural products in Korea. NACF also manages a network of services that transport the agricultural products from the farm to consumers. This system helps

¹⁸ <http://khuyennong.lamdong.gov.vn/tin-tuc-su-kien/2468-li%C3%AAn-k%E1%BA%Bf-chu%E1%BB%97i-gi%C3%A1-tr%E1%BB%8B-kinh-nghi%E1%BB%87m-c%E1%BB%A7a-th%E1%BA%BF-gi%E1%BB%9Biv%C3%A0-gi%E1%BA%A3i-ph%C3%A1p-cho-vi%E1%BB%87t-nam>
And <https://www.federalreserve.gov/supervisionreg/resolution-plans/nat-agricultural-coop-feder-3g-20220701.pdf>

farmers produce in accordance with the demand and requirements of market, minimizing the cost of circulation and loss. NACF also operates the largest and most competitive agribusiness system in the economy, which ensures the stability in circulation of agriculture products. What ensures the stability and development of Korean agricultural cooperatives is high-tech production, good marketing strategies, and chain management of NACF. Agricultural products, therefore, will have good brands, competitive prices and verified origin, which help to improve their competitiveness in the market in the long term. Thanks to NACF, Korean farmers will feel secure in production as they do not have to worry about the demand side and selling prices fluctuations, which would contribute to improving their income and living standards.

3. JAPAN¹⁹

Japan has rich experiences and gained significant achievements in developing the Cooperative Federation Model. Since 1947, Japan had enacted the Law on Agricultural Cooperatives and had 12,050 cooperatives in 1961. By 2015, under the merger, there were 708 multi-functional agricultural cooperatives, with no restrictions on the size and scope of activities. The biggest difference between cooperatives and corporations in Japan is that the former's primary goal is the protection and improvement of lives of its members, not the pursuit of profit. By setting up a cooperative, crops can be collected and sold in large numbers and in relatively standardized quality. Agricultural machineries and fertilizers can be bought at discount.²⁰ Up to now, Japanese agricultural cooperatives have participated in almost every stage of the agricultural chain, focusing on three main tasks: First, providing farmers with inputs for agricultural production such as fertilizers, agrochemicals, feed, production equipment and production and cultivation techniques, as well as commodities needed for household use. Secondly, helping farmers to consume products by collecting, preserving, storing and selling agricultural products and livestock based on domestic and international

¹⁹ <http://khuyennong.lamdong.gov.vn/tin-tuc-su-kien/2468-li%C3%AAn-k%E1%BA%Bft-chu%E1%BB%97i-gi%C3%A1-tr%E1%BB%8B-kinh-nghi%E1%BB%87m-c%E1%BB%A7a-th%E1%BA%BF-gi%E1%BB%9Bi-v%C3%A0-gi%E1%BA%A3i-ph%C3%A1p-cho-vi%E1%BB%87t-nam>

And https://www.jica.go.jp/jica-ri/research/jica-dsp/175nbg000019c4qr-att/case_iuj_05.pdf

²⁰ https://www.jica.go.jp/jica-ri/research/jica-dsp/175nbg000019c4qr-att/case_iuj_05.pdf

product consumption networks. Thirdly, providing services and products of the cooperatives to consumers, stores and supermarket systems.

The main activities are:

Supply services: Cooperative ensures the supply of input materials for agricultural production and other essential products for their farmers with high quality and reasonable prices.

Agricultural product processing activities: Cooperatives actively participate in the processing and consumption of agricultural products for farmers, especially smallholder farmers. These activities will help to increase the added value and diversify agricultural products, remaining balance between demand and supply of agricultural products, minimizing the situation of price falling when the crops are in good season. Small farmers, therefore, will feel secure about their production and living. Jobs for farmers in rural areas also increase.

Marketing and consumption activities of agricultural products: Cooperatives undertake the task of collecting, transporting, distributing to wholesale markets, agents, as well as processing and supplying to consumers through supermarkets and restaurants.

Credit activities: Cooperatives conduct mutual credit activities, both receiving deposits from cooperative members and lending back loans to cooperative members to improve their lives.

In summary, Japanese agricultural cooperatives are organized in a synchronous, flexible and efficient manner. By joining cooperatives, Japanese small farmers can gain many benefits and reduce the impacts of adverse obstacles.

IV. CONCLUSION

Although agriculture and GVCs is a prominent topic which has been discussed in decades, especially after the COVID-19 pandemic, the focus on small farmers' integration into GVCs are not equivalent. This background paper will serve as an integral part for discussion of the APEC Workshop on Promoting Small Farmers' Integration into Global Value Chains.

The world might witness a significantly increasing demand for food due to population increase, meanwhile many other developing and least developed

economies are still struggling for a way to place their goods on the market. Their participation would significantly contribute to poverty reduction, food security and sustainable economic development²¹. Although they might lack necessary resources and experience, support to promote their participation in the GVCs will help them to gradually come closer to the international standards, better accessing markets, increasing their incomes and living standards as well as contributing to economies' export.

Roles and close cooperation between small farmers, businesses, governments and relevant stakeholders should be strongly enforced to promote efficient participation of small famers into GVCs for the interest of food security, sustainable economic growth and development.

²¹ https://www.scielo.sa.cr/scielo.php?pid=S1659-33592017000200007&script=sci_arttext&tlng=en#B30

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