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COMMITTEE ON COMMODITY PROBLEMS

Seventy-sixth Session

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THE STATE OF AGRICULTURAL COMMODITY MARKETS (SOCO) 2024

Executive Summary

The 2024 edition of the FAO flagship publication *The State of Agricultural Commodity Markets* (SOCO 2024) explores the complex linkages between food trade and nutrition and generates evidence on how trade affects dietary patterns and nutritional outcomes. The report examines the intersection of trade policies and nutrition measures and provides policy makers and other stakeholders with a good understanding of how nutrition objectives could be properly addressed in the changing landscape of global agrifood systems.

Suggested action by the Committee

The Committee is invited to note and discuss the content of this document and provide guidance as deemed appropriate. In particular, the Committee is invited to:

- discuss and take note of the complexity of the interlinkages between food trade, dietary patterns, and nutritional outcomes;
- recognize that food trade is a crucial tool for many countries to improve the availability and access to diverse foods and meet their energy and nutrient needs;
- recognize the policy space available to pursue nutrition objectives within the rules of the World Trade Organization (WTO) and highlight that there is scope to strengthen coherence between trade and nutrition policies and measures;
- provide guidance regarding FAO's support to Members and future work on trade and nutrition.

Queries on the substantive content of the document may be addressed to:

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I. Introduction

1. Trade is an integral part of our agrifood systems, where it fulfils a fundamental function: it moves food from surplus to deficit regions, thus contributing to food security globally. World food markets connect people and countries across the globe, contribute to efficient natural resources use worldwide, facilitate the supply of sufficient, safe and diverse food, and generate income for farmers and those employed in the food and agricultural sectors. Trade is inherent to the economic, social and environmental dimensions of sustainable development. It is closely related to economic growth, interacts with people, and links with the environment.

2. Since the beginning of the 21st century, globalization and trade have increased significantly. Food and agricultural trade nearly quintupled in value, rising from USD 400 billion in 2000 to USD 1.9 trillion in 2022. Food trade makes up around 85 percent of all trade in food and agriculture. In terms of energy, trade increased more than twofold between 2000 and 2021, reaching almost 5 000 trillion kilocalories in 2021. Adjusted for global population growth, food trade increased from 930 kcal per capita per day in 2000 to 1 640 kcal per capita per day in 2021.

3. Nevertheless, the rapid globalization of food markets has raised concerns about the potential impacts of progressively increasing food trade on societies. Food production for export is seen as contributing to the depletion of natural resources, while trade is often associated with widening inequality, especially in countries in which agriculture is mostly practiced by resource-poor farmers who cannot compete globally. More exposure to global food markets is seen as resulting in increased availability of energy-dense foods with low nutritional value relative to nutritious foods, which could contribute towards unhealthy or poor diets.

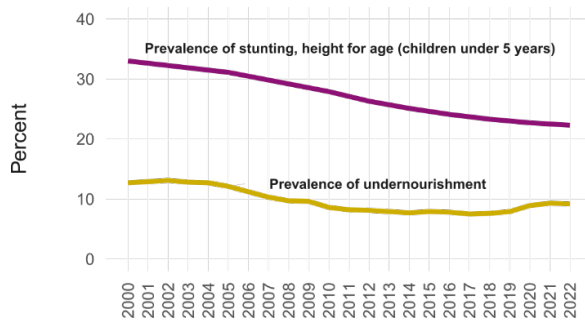
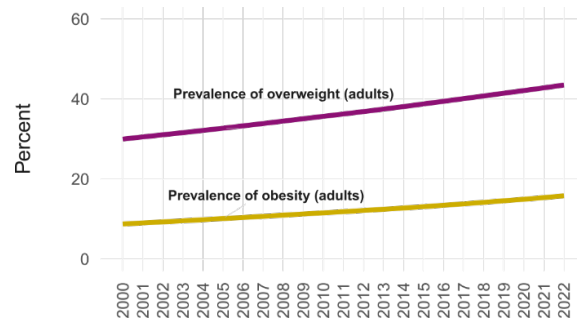
4. The 2024 edition of the FAO flagship publication *The State of Agricultural Commodity Markets* (SOCO 2024) explores the complex linkages between food trade and nutrition and generates evidence of how trade affects dietary patterns and nutritional outcomes. The report examines the intersection of trade policies and nutrition measures and provides policy makers and other interested actors with a good understanding of how to address nutrition objectives in the changing landscape of global agrifood systems.

II. The nutrition transition

5. As countries develop, the relative importance of agriculture in gross domestic product (GDP) and employment declines. A reallocation of economic activities from agriculture to other, more productive sectors, such as manufacturing and services, takes place, fueling economic growth. Historically, this shift from a predominantly agrarian economy to one in which manufacturing and services play a larger role is also associated with urbanization, deeper integration into global markets and lifestyle changes.

6. Along this development path, dietary patterns change, driven by structural transformation's economic, social, and demographic dynamics. This nutrition transition takes place with changes in the types and quantities of foods consumed and the composition of diets. It is reflected by a significant change in nutrition outcomes, most importantly, by a decline in the prevalence of undernourishment and in the prevalence of stunting in children under five years of age and an increase in the prevalence of overweight and obesity.

7. In many developing countries, this shift from undernutrition to overweight and obesity is the most significant characteristic of nutrition transition and is also evident in global averages. While the prevalence of undernourishment in the world and the prevalence of stunting of children under five years of age declined between 2000 and 2022, the prevalence of obesity and overweight in the adult population increased (Figures 1 and 2).

Figure 1. Prevalence of undernourishment and stunting in the world**Figure 2. Prevalence of obesity and overweight in the world**

Source: WHO. 2024. The global health observatory. FAO. 2024. Suite of Food Security Indicators.

8. Income growth is a major driver of the changes in food consumption and dietary patterns. For the poor, as expenditures on food make up a large part of the household budgets, diets tend to be less diversified compared with high-income consumers. Low-income consumers' diets consist of relatively cheaper staple foods to provide adequate calories, with more expensive foods making up only a minor part. As income grows, dietary patterns shift from being predominantly composed of staple foods to including a higher share of other foods such as more animal-source foods, refined carbohydrates, oils and fats, fruits, vegetables and processed foods.

9. Together with the shift towards more diverse dietary patterns, the consumption of processed and ultra-processed foods high in fats, sugar, and/or salt, increases, which is associated with higher risk of overweight and obesity.¹ Urbanization and lifestyle changes as well as the transformation of the food processing industry and the food retail sector also support this shift away from staple foods and towards pre-prepared or ready-to-eat processed and ultra-processed foods that can be conveniently consumed. The globalization of food and agriculture plays an important role. Since the 1980s, foreign direct investment (FDI) in the food retail sector and food processing industry has been a major factor in facilitating the nutrition transition in developing countries and emerging economies.

10. Trade is central to the globalization of food and agriculture. Global markets can contribute to the availability and diversity of foods, accelerating nutrition transition. By increasing the availability and expanding the variety of nutritious foods, trade could contribute towards improving nutritional outcomes. At the same time, trade can increase the availability of processed and ultra-processed foods of high energy density and high in fats, sugars and/or salt, which are associated with overweight and obesity.

11. The effects of trade can be widely heterogeneous across countries both in direction and in magnitude, depending on a country's position on the nutrition transition path, the size and structure of its economy and its agricultural sector, income per capita, demographic characteristics, and the national policy environment. This renders the relationship between trade and nutrition outcomes ambiguous and challenging to identify and measure empirically. For example, analysis suggests that

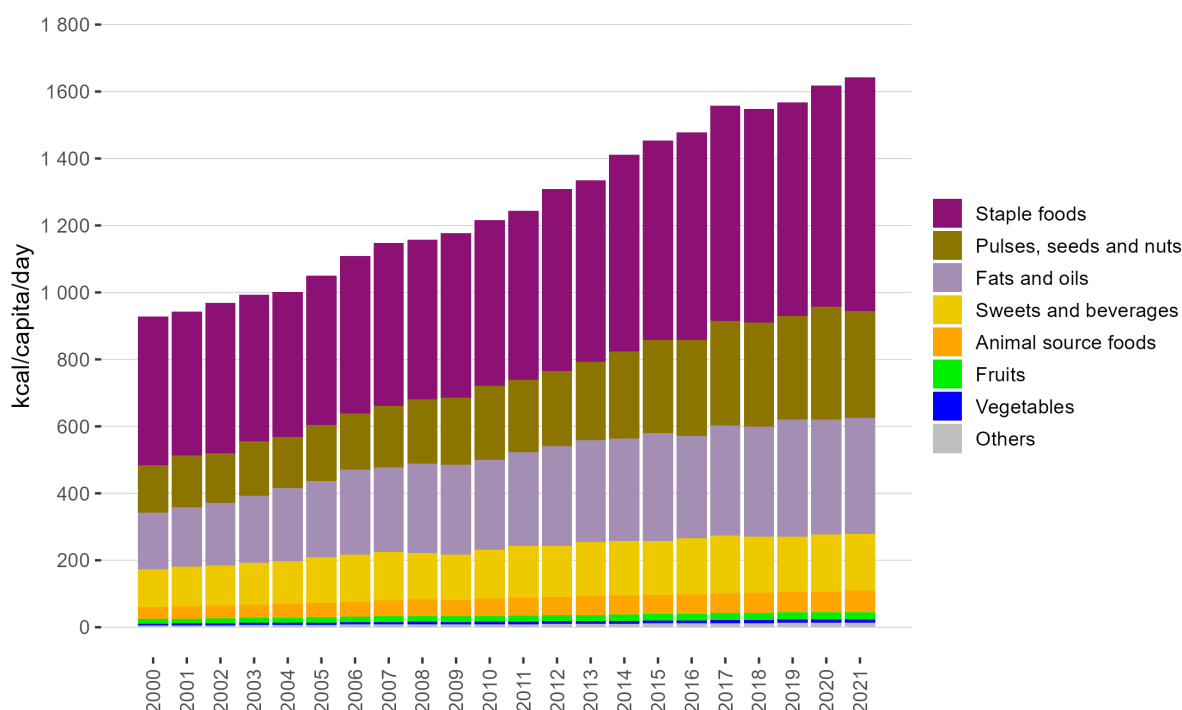
¹ According to the NOVA food classification, used for the analysis, processed foods are manufactured by adding substances such as salt, sugar, oils, or vinegar to whole foods. Examples of processed foods include ham and bacon, cheese, prepared fruits, vegetables, and nuts. Ultra-processed foods undergo a more elaborate production process. Examples of ultra-processed foods include many types of sweets, snacks, and soft drinks. Unprocessed foods are consumed shortly after harvesting, gathering, or slaughter. Minimally processed foods are unprocessed foods altered in ways that do not add or introduce any substance. Examples of unprocessed and minimally processed foods include fresh and frozen fruits, vegetables, pulses, and meat; dried and fresh milk and milk products, eggs; grains (cereals); flours and pastas. Processed culinary ingredients are extracted and purified by industry from constituents of foods, or else obtained from nature, such as salt. Examples include vegetable oils crushed from seeds, nuts or fruits (notably olives); butter and lard obtained from milk and pork. Aquatic products are not included in the analysis.

openness to trade can reduce stunting in children under five years of age at all levels of development. The association of trade with overweight and obesity appears to be highly context specific. In import-dependent countries with limited domestic food and agricultural production capacity, in particular, food trade can be associated with the increasing prevalence of obesity.

III. Trade and nutrition: Identifying the linkages

12. Staple foods account for the bulk of calories traded, however, reflecting the nutrition transition, the share of staple foods in global food trade decreased from 48 percent in 2000 to around 42 percent in 2021. During the same period, the shares of fats and oils, and pulses, seeds and nuts increased. In the other food categories, including animal source foods, the shares in global food trade remained relatively stable between 2000 and 2021 (Figure 3).

Figure 3. Evolution of trade by food category (based on daily per capita energy content), world, 2000-2021



Note: Food products are aggregated in categories building on the FAO/WHO GIFT (Global Individual Food consumption data Tool) food classification (<https://www.fao.org/gift-individual-food-consumption/data/en>). Aquatic products are not included.

Source: Based on FAO. 2024. Trade. In: FAOSTAT. [Cited 15 May 2023].

<https://www.fao.org/faostat/en/#data/TCL>.

13. As fruits and vegetables have a low-calorie content, their shares in total calories trade are very low. Between 2000 and 2021, the shares of traded calories from fruits and vegetables remained almost stable. In 2021, the share of fruit imports by high-income countries was 2.3 percent, while that of vegetables amounted to one percent. In low- and middle-income countries, these shares were even lower (0.7 percent for fruits and 0.3 percent for vegetables).

14. International food trade plays an important role in contributing to the supply of nutrients around the world. With the increase in food trade, there has been a corresponding rise in the trade of nutrients. For instance, per capita trade in vitamin C and calcium increased by almost 90 percent

between 2000 and 2021. When examining trade between different regions, Europe and Northern America stand out as the world's top importers of vitamin C in absolute terms. These imports are mainly sourced from southern hemisphere regions. Northern American interregional vitamin C imports primarily come from Latin America and the Caribbean, while Europe imports from Africa, Asia, and Latin America and the Caribbean. Asia primarily imports calcium from Europe and Northern America, with significant amounts also coming from Latin America and the Caribbean and Oceania. Africa sources calcium from all other regions, with the highest shares coming from Europe.

15. Empirical evidence on the linkages between food trade and nutritional outcomes remains scarce. Food trade can affect nutrition through a number of pathways. It allows for more food imports and thus increases the availability of foods for consumption in a country. More availability results in lower domestic prices, thus improving access to food. Openness to food trade also allows for a greater variety of food imports and a more diversified food supply, affecting nutrition outcomes. This can improve the distribution of nutrients across countries and help in closing nutrient adequacy gaps. More indirect channels in which trade affects nutrition are through its effects on the wider economy. Opening to food trade can spur economic growth in a country, accelerating the process of structural transformation. Trade can also affect consumer habits by transferring different foods and flavours between countries and regions.

IV. Trade in food and nutrients: Food diversity, nutrient supply and the cost of healthy food baskets

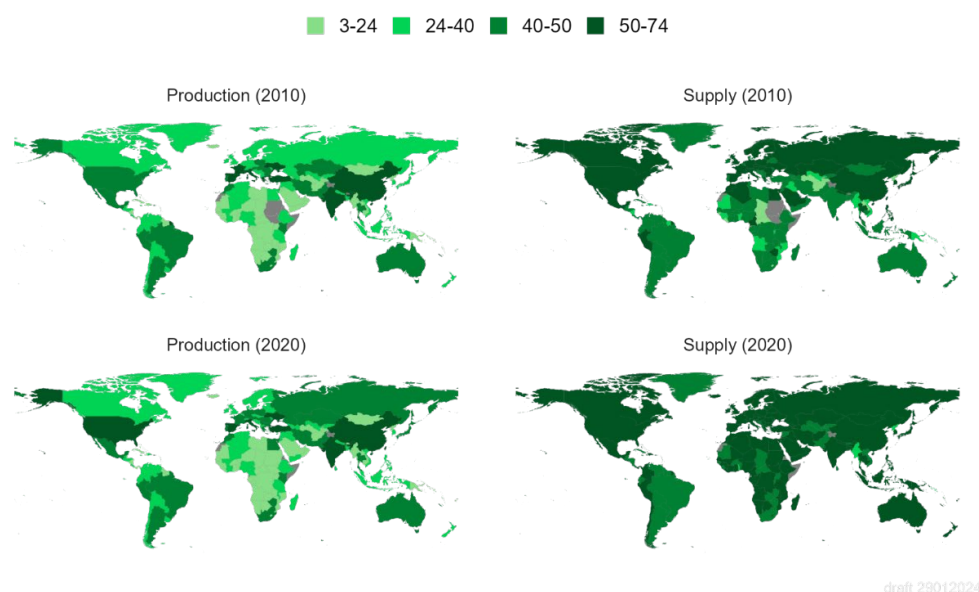
16. One of the most direct pathways in which trade affects nutrition works through its effect on the diversity of foods available in a country. Natural resources necessary for food production, such as land and water, are unevenly distributed across countries and climatic conditions vary widely. As not all foods can be sufficiently produced in all regions of the world and at all times of the year, the diversity of foods a country can produce is often limited. Some countries can produce only a small range of products, while others possess abundant natural resources and produce a large variety of foods. Trade is an important means to promote the availability and accessibility of more diverse foods.

17. The number of food items produced and supplied for consumption in a country clearly demonstrates the impact of trade on the diversity of the available foods (Figure 4). For example, China, the third-largest country in the world by area, produced around 320 different food items in 2020, as compared with Kiribati, a small island developing state, that produced only 15 different terrestrial food items. Nevertheless, trade increases the diversity of foods available for consumption. In 2020, countries produced an average of 120 different food items, while the number of food items available for human consumption amounted to an average of 225 per country (out of 445 food items considered in the analysis).

18. In most countries, the diversity of production has not changed significantly over time. However, the average number of different food items available for consumption increased between 2010 and 2020 (Figure 4). In 2010, on average, the number of foods available for consumption was almost 60 percent higher than those produced domestically. In 2020, this percentage had risen to almost 90 percent, indicating that trade, on average and across countries, increased the diversity of foods available for consumption almost twofold.

19. Beyond improving the diversity of foods, trade can contribute to increasing the availability of micronutrients, such as vitamins and minerals. Globally, food production provides adequate supply of most nutrients. However, nutrients are not distributed equally, and, at population level, nutrient gaps have been identified for several micronutrients, such as vitamin A, calcium, and zinc, in many countries. In a country, by making available sufficient quantities of diverse foods, trade can help meet the population's average nutrient requirements. Nutrient gaps are often observed for countries in sub-Saharan Africa, which are also among the least integrated in global food markets and, therefore, cannot benefit from trade's effects on nutrient redistribution across the world.

Figure 4. Share of food items produced and supplied in total items, 2010 and 2020, percent



Note: The figure shows the number of food items produced nationally (expressed as share of all food items) and the number of food items available for consumption (expressed as share of all food items) across countries in 2010 and 2020.

Source: Adapted from **Engemann, H., Jafari, Y. & Zimmermann, A.** 2024. Diversity of food supply across countries and the impact of international trade. Background paper for The State of Agricultural Commodity Markets 2024. Rome, FAO. United Nations Geospatial. 2023. Map of the World. Map No. 4651 Rev. 1

20. Across countries, there is a positive relationship between food trade openness – measured as the ratio of food and agricultural trade value over the value of domestic food and agricultural production – and the adequacy of nutrient supply that reflects the extent to which foods available meet nutrient requirements. Nutrient adequacy is affected by many factors, such as natural resource endowments, climate and population density. However, although the adequacy of nutrient supply can be high in countries that are relatively less integrated in global food markets, it is always high at elevated levels of food trade openness.

21. Food price changes are an important pathway through which trade affects nutrition. Trade can affect the relative prices of different foods, which, in turn, affect food consumption and dietary patterns, depending on how consumers respond to these price changes. Within a country, imports can increase food availability and can lower domestic food prices. This can result in gains for consumers, for whom access to more diverse foods is improved.

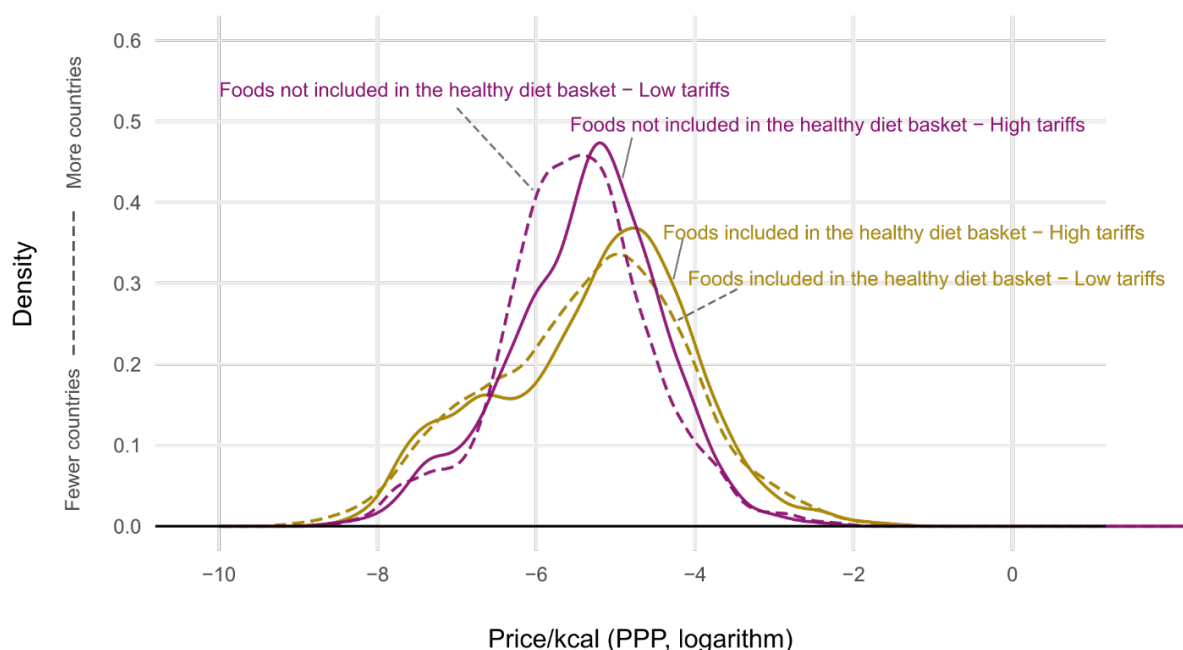
22. Trade can help narrow the differences between prices of similar foods across countries, depending on how intensively these foods are traded. In general, high-income countries appear to import more expensive foods while import prices of low- and middle-income countries are lower. Higher prices can reflect quality differences in the foods traded, different food baskets, differences in transportation costs and more stringent product standards. However, food prices across countries can also diverge systematically due to differences in income. Higher incomes and higher purchasing power results in all goods, especially those that are not traded intensively, being more expensive in richer countries as compared to those in lower income countries.

23. Trade policies, such as import tariffs, affect food prices. Tariff reductions would, in general, intensify competition and lower the food price level within the country leveraging the tariff, thus improving access to food. There are concerns that trade openness may disproportionately lower prices

for foods that are less conducive to healthy diets, leading to the displacement of higher-quality local foods with negative implications for nutrition.

24. Nevertheless, differentiating between foods that are included in healthy diet baskets and those that are not, in line with the Cost and Affordability of a Healthy Diet (CoAHD) indicator², it becomes clear that, on average, higher import tariffs are associated with higher food prices, irrespective of whether or not foods are included in the healthy diet basket (Figure 5). This suggests that trade liberalization and trade openness do not have any disproportionate effect on foods of high energy density and minimal nutritional value.

Figure 5. Distribution of prices of foods according to their inclusion in healthy diet baskets, by average tariff level, 2017



Note: Import tariffs are expressed as the weighted average applied tariff rate on primary agricultural products collected from the World Bank's World Development Indicators (<https://databank.worldbank.org/source/world-development-indicators>). Retail food prices are provided by the World Bank's International Comparison Program (2017 cycle, <https://www.worldbank.org/en/programs/icp>). These have been converted into prices per calorie, adjusted using purchasing power parities and transformed in logarithms. Foods within the healthy diet baskets tend to be more expensive than those outside as, in general, they contain fewer calories per kg. Prices tend to be higher in countries with high tariffs and lower in countries with low tariffs regardless of whether foods pertain to the Healthy Diets Basket.

V. Food trade and obesity

25. The worldwide prevalence of obesity increased from 6.6 percent in 1990 to 15.8 percent in 2022. The prevalence of obesity also grew in every region in the world, and in most countries, over the same period. Obesity has now reached epidemic proportions, and it is estimated that by 2030 over one billion adults globally will be obese.³

26. Nutrition experts point to a positive relationship between high consumption of ultra-processed foods and obesity. Ultra-processed foods can contain large amounts of free sugars and saturated fats,

² FAO, IFAD, UNICEF, WFP & WHO. 2020. *The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets*. Rome, FAO.

³ <https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight>

which contribute to a high energy intake.⁴ Studies indicate that individuals consuming higher shares of ultra-processed foods are more likely to be obese than individuals with low levels of consumption of such foods.⁵ This pattern also holds for children, indicating that a higher consumption of ultra-processed foods is associated with higher increases in adiposity in both children and youth.⁶

27. The prevalence of obesity is disproportionately high in Pacific small island developing states, where agriculture has limited production capacity. While trade has contributed significantly to increasing the availability and diversity of foods in the Pacific islands, it has also been cited as an important factor for the rapid increase in obesity and its disproportionately high levels. Integration into global food markets has helped accelerate nutrition transition with significant changes in local diets. Traditional local diets composed of mainly fruits, food staples, locally produced animal source foods and fresh fish, gave way to increasing amounts of imported animal source products of high fat content as well as processed and ultra-processed foods.

28. The debate on whether increased trade, initiated by trade liberalization and/or regional trade agreements (RTAs), promotes the availability of ultra-processed foods and contributes to high prevalence of obesity, has expanded beyond the Pacific. For example, one study suggests that RTAs in the Americas, by reducing barriers to trade and investment, were found to increase the availability of calories, which could contribute to rising obesity.⁷

29. Modern RTAs go beyond market access and tariff reductions and aim at deeper trade integration, focusing on harmonizing non-tariff measures and domestic regulations. Such deeper trade agreements can reduce trade costs related to compliance with multiple and different measures and facilitate trade among signatories. These measures include sanitary and phytosanitary (SPS) measures, which focus on additives, contaminants, residues of pesticides or veterinary drugs in foods and beverages, and certification and labelling that pertain to food safety, as well as technical barriers to trade (TBT), which reflect technical regulations and standards, such as nutrition labelling, packaging, grading and quality requirements. Both TBT and SPS measures are widespread in food and agriculture, and their effects on food trade can be much stronger than those of import tariffs.⁸

30. A global study carried out for the 2024 edition of *The State of Agricultural Commodity Markets* suggests that deeper RTAs can have a significant impact on the composition of food imports.⁹ For example, deep RTAs with a focus on SPS provisions tend to increase imports of processed culinary ingredients and ultra-processed foods, while their impact on processed foods is relatively small, and that on unprocessed and minimally processed foods insignificant. This differing impact across levels of processing arises as foods that are ready to consume, such as ultra-processed products, are generally subject to a larger number of regulatory measures than unprocessed or minimally

⁴ Del Moral, A. M., Calvo, C., & Martínez, A. 2021. Ultra-processed food consumption and obesity—a systematic review. *Nutricion Hospitalaria*, 38(1), 177-185.

⁵ Askari, M., Heshmati, J., Shahinfar, H., Tripathi, N. & Daneshzad, E. 2020. Ultra-processed food and the risk of overweight and obesity: a systematic review and meta-analysis of observational studies. *International Journal of Obesity* 44:2080–2091. <https://doi.org/10.1038/s41366-020-00650-z>. Vitale, M., Costabile, G., Testa, R., D’Abbronzio, G., Nettore, I. C., Macchia, P.E. & Giacco, R. 2024. Ultra-Processed Foods and Human Health: A Systematic Review and Meta-Analysis of Prospective Cohort Studies. *Advances in Nutrition*, 15: 100121.

⁶ Petridi, E., Karatzi, K., Magriplis, E., Charidemou, E., Philippou, E., & Zampelas, A. 2023. The impact of ultra-processed foods on obesity and cardiometabolic comorbidities in children and adolescents: a systematic review. *Nutrition Reviews*, nuad095.

⁷ Barlow, P., McKee, M., & Stuckler, D. 2018. The impact of US free trade agreements on calorie availability and obesity: a natural experiment in Canada. *American Journal of Preventive Medicine*, 54(5), 637-643.

⁸ UNCTAD & World Bank. 2018. *The Unseen Impact of Non-Tariff Measures: Insights from a new database*. (also available at https://unctad.org/en/PublicationsLibrary/ditctab2018d2_en.pdf).

⁹ Rotunno, L. 2024. Demand for processed foods and deep trade agreements. SOCO 2024 Background Paper. FAO. Rome.

processed foods, the largest part of which is made up of staple foods.¹⁰ TBT provisions in RTAs have a stronger positive impact on food imports, as compared to SPS provisions, but their impact on food imports of different processing levels is approximately uniform.

31. In the context of RTAs, income also has differing effects across foods of different processing levels. The responsiveness of processed and ultra-processed foods to income changes is much higher than that for unprocessed and minimally processed foods. For example, on average, across all countries, for all food products and RTAs considered in the analysis, a one percent increase in income can result in a 1.2 percent and a 1.1 percent increase in the demand for processed and ultra-processed food imports respectively. A one percent increase in income would result in a 0.7 percent increase in imports of unprocessed and minimally processed products. This suggests that income effects on food import demand are entirely consistent with the concept of nutrition transition.

VI. Strengthening policy coherence for trade and nutrition

32. Agricultural policies address a broad array of issues but ensuring food security sustainably and maintaining a level of farm income that keeps pace with the income trends in other economic sectors are key objectives across both developed and developing countries. Agricultural trade policy and domestic support create incentives and disincentives, impacting food production and consumption, prices, farm incomes, and nutrition.

33. Trade policies include import tariffs and non-tariff measures (NTMs), as well as export restrictions and export taxes. For example, tariffs can be used to protect local farmers from international competition and promote domestic food production. NTMs include SPS measures that ensure food safety and protect animal or plant health and TBT, including labelling, that relate to objectives such as nutrient content, environmental protection, labour health and safety, and prevention of deceptive practices.

34. Countries provide various types of domestic support to farmers, ranging from direct payments, which result in minimal distortions on production, to subsidies for inputs such as fertilizers, electricity and water. Market price support, when implemented in conjunction with border measures, creates a gap between domestic market prices and border prices of a specific agricultural product. Payments based on output and payments based on the unconstrained use of variable inputs are among the most distortive types of domestic support. Other forms of domestic support include the provision of services on research and development, and extension, which often address market failures, such as constraints faced by farmers in adopting new technologies.

35. Commodity-specific support may affect the composition of food production towards the foods that are supported, reducing diversity and impacting relative prices. As distortive support is mainly targeted at food staples, meat and sugar and not on fruits and vegetables, it is often seen as having negative implications for nutrition.

36. Several recent studies have recommended that “repurposing” agricultural support towards investments and incentives that encourage sustainable production of more diverse and traditional crops that are rich in nutrients and better adapted to environments, can significantly contribute towards the economic, environmental and social dimensions of sustainable development. An analysis undertaken by FAO and other international organizations suggests that repurposing price incentives through removing or reducing border measures and market price controls for foods that are priorities for a

¹⁰ Foods have been classified into unprocessed and minimally processed foods, processed foods, processed culinary ingredients, and ultra-processed food using the NOVA classification system as in **FAO, IFAD, UNICEF, WFP & WHO. 2023. *The State of Food Security and Nutrition in the World 2023. Urbanization, agrifood systems transformation and healthy diets across the rural–urban continuum*. Rome, FAO.**

healthy diet, could result in a 0.64 percentage point increase in the proportion of the global population for whom a healthy diet is affordable by 2030.¹¹

37. Domestic support and trade policy instruments are subject to the WTO rules and disciplines. For example, the WTO Agreement on Agriculture (AoA) places a limit on the use of several domestic support measures and prohibits the use of border measures other than ordinary customs duties while regulating import tariffs that are subject to maximum binding levels that cannot be exceeded by applied tariffs. The Agreement on Technical Barriers to Trade and the Agreement on the Application of Sanitary and Phytosanitary Measures, many of which apply to food, ensure that while the need to constrain trade may arise, any measures taken should not be applied in an arbitrary or discriminatory manner or act as a disguised restriction on international trade. Central to WTO agreements is the principle of non-discrimination, aimed at ensuring fair and equitable treatment of all trade partners. This prohibits discrimination between like products of different foreign origins (Article I of GATT), as well as between like products of foreign and domestic origin (Article III of GATT).

38. WTO rules do not constrain countries' policy space to pursue nutrition objectives, but they influence the choice of the policy instruments to comply with the principle of non-discrimination. For example, Samoa implemented a ban on imported turkey tails – an inexpensive fatty meat – in 2007 in response to concerns regarding high rates of non-communicable diseases. As part of Samoa's WTO accession agreement, implemented in 2011, the ban was removed and replaced with a tariff on frozen turkey tails imports that was set at 100 percent.¹²

39. Another example of a non-discriminatory trade policy measure to address nutritional objectives can be found in Ghana, where, in the 1990s, as a response to concerns about the low quality and high fat content of imported meats, particularly turkey tails, the government introduced food standards mandating maximum percentages for fat in meat cuts, such as poultry, beef, mutton and pork. Such standards do not violate the WTO principle of non-discrimination, as they do not discriminate between imports and domestically produced meats and apply to the main types of meat available. The measure has been reported in WTO Trade Policy Reviews as both a TBT and SPS measure, likely since it employs food standards but with the objective of addressing health issues rather than food safety.¹³

40. Policy instruments, such as excise taxes, apply to both imported and domestically produced foods and beverages and can be effective in addressing nutrition objectives. Between 2017 and 2019, the percentage of World Health Organization (WHO) members implementing taxes on sugar-sweetened drinks rose from 23 percent to 38 percent.

41. The impact of NTMs on food trade is context dependent. TBT and SPS measures can either facilitate or impede trade. NTMs can limit food trade through increased trade costs resulting from compliance, affecting food availability and diversity. At the same time, especially in the context of RTAs, they can also expand trade as they strengthen the demand for a product through better information and harmonization.

42. Food labelling is one of the primary means of communication between actors along the value chain from the producer to the consumer. Nutrition labelling is used to convey the nutritional characteristics and attributes of food products to consumers, enabling them to make informed food choices. In 2004, WHO first proposed nutrition front-of-package-labelling (FoPL) as a policy measure to improve diets and health. Policies that require FoPL are becoming increasingly common across the globe to discourage excess consumption of sugar-sweetened drinks and ultra-processed foods.

¹¹ **FAO, IFAD, UNICEF, WFP and WHO.** 2022. *The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable.* Rome, FAO.

¹² **WTO.** 2019. Trade policy review: Samoa. Available at: https://www.wto.org/english/tratop_e/tpr_e/s386_e.pdf (accessed May 29, 2024).

¹³ **WTO.** 2001. Ghana Trade Policy Review. World Trade Organization: Geneva.

43. Nutrition FoPL can improve diets and health and can affect trade. Such policies are discussed in the WTO Committee on TBTs to ensure they promote healthier food choices, while considering their impact on trade. Between 1995 and 2023, out of 77 specific trade concerns (STCs) on food and beverages regulations raised in the WTO TBT Committee, 52 STCs pertain to regulations for product packaging and labelling. This suggests that policymakers are under significant pressure to design food and beverage regulations that comply with the WTO rules, providing justification that the regulations do not pose an unnecessary barrier to trade and that their potential in supporting healthier food choices is proportional to their impact on trade.

44. Understanding the interface between trade and nutrition policies can inform the design of policies that are effective and consistent with WTO rules. At the national level, there is scope to strengthen policy coherence between trade and nutrition, for example, by establishing mechanisms to enable engagement between the health and trade sectors in the negotiation and implementation of trade agreements.

45. Building capacities among trade policymakers and nutrition officials fosters policy coherence between trade and nutrition. For example, in Thailand, coherence and transparency was strengthened through the National Health Assembly, established in 2008, as a forum for government, non-government stakeholders, civil society and the knowledge community to discuss health issues arising from wider policies, including trade policies.¹⁴ Similarly, with reference to the Common Agricultural Policy (CAP) in the European Union, clear communication of nutrition guidelines and a mandate to address nutrition-related health concerns were found to aid policy action for nutrition in the agricultural trade space.¹⁵

46. Stakeholder engagement and transparency in trade agreements' negotiations are critical in making trade improve nutrition. For deep trade agreements, policy coherence between trade and nutrition objectives, stakeholder engagement and transparency are critical in enriching the debate on trade's impacts. Promoting the engagement of all stakeholders, especially those related to nutrition and public health, and increasing transparency in negotiations for deeper trade agreements can ensure that increased trade will address food security, economic and nutrition objectives.

47. More broadly, there is an opportunity for guidance relevant to agrifood systems and nutrition based on the policy space, as this is shaped by WTO rules, with the objective of presenting good practices and innovative solutions for the trade-nutrition policy nexus. This would strengthen the interface between trade and nutrition and contribute to building agrifood system approaches towards healthy diets. In this context, the FAO e-learning Academy capacity development initiatives and e-learning courses can contribute towards building capacity in the trade-nutrition policy nexus, ensuring that new competencies are transferred to policy makers, embedded in national institutions and tailored to country-specific development and nutrition objectives.

48. The official launch of the 2024 edition of *The State of Agricultural Commodity Markets* (SOCO 2024) is expected to take place during the month of November 2024. Further information will be communicated to the Members in due course.

¹⁴ **Thaiprayoon, S., & Smith, R.** 2015. Capacity building for global health diplomacy: Thailand's experience of trade and health. *Health Policy and Planning*. 30(9): p. 1118-1128.

¹⁵ **Walls, H., Cornelsen, L., Lock, K., & Smith, R.** 2016. How much priority is given to nutrition and health in the EU Common Agricultural Policy? *Food Policy*. 59. 12-23. 10.1016/j.foodpol.2015.12.008.