

Forty-fourth Regular Meeting of IICAS's Executive Committee

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Panel “Strengthening the Contribution of Agrifood Trade in the Americas to Global and Regional Food Security”

*Presentation:
Trade and Global Food Security*

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Professor Senior INSPER*

*Costa Rica,
July 23rd 2024*



Contents



1. The state of Global Food and Nutrition Security



2. Drivers of Food and Nutrition Security



3. Fundamental Functions of International Trade



4. Structure and Trends of International Food Markets



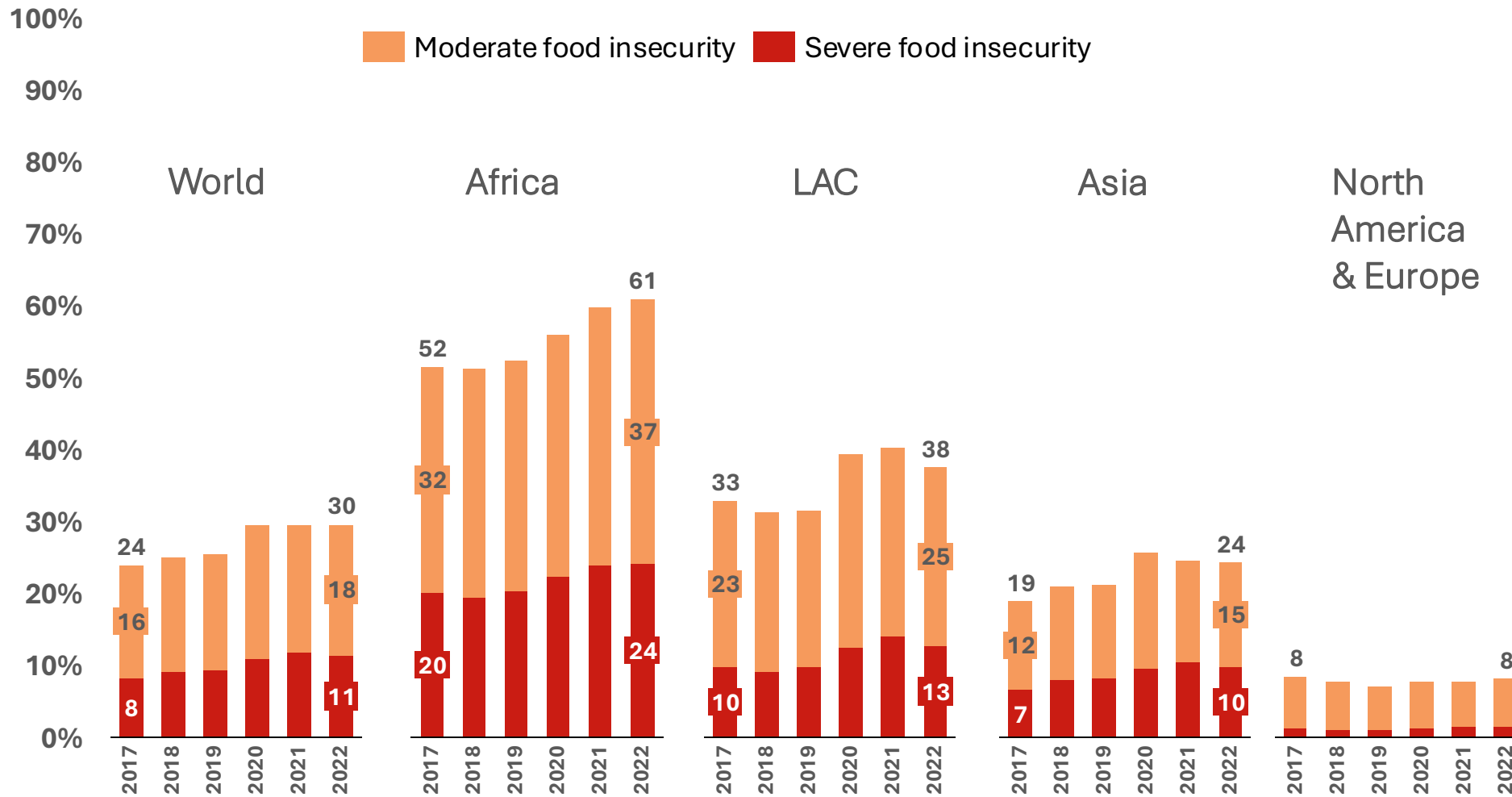
5. Public Policies To Optimize Trade and Enhance Global Food Security

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An Overview of Unbalanced Access to Safe and Nutritious Food

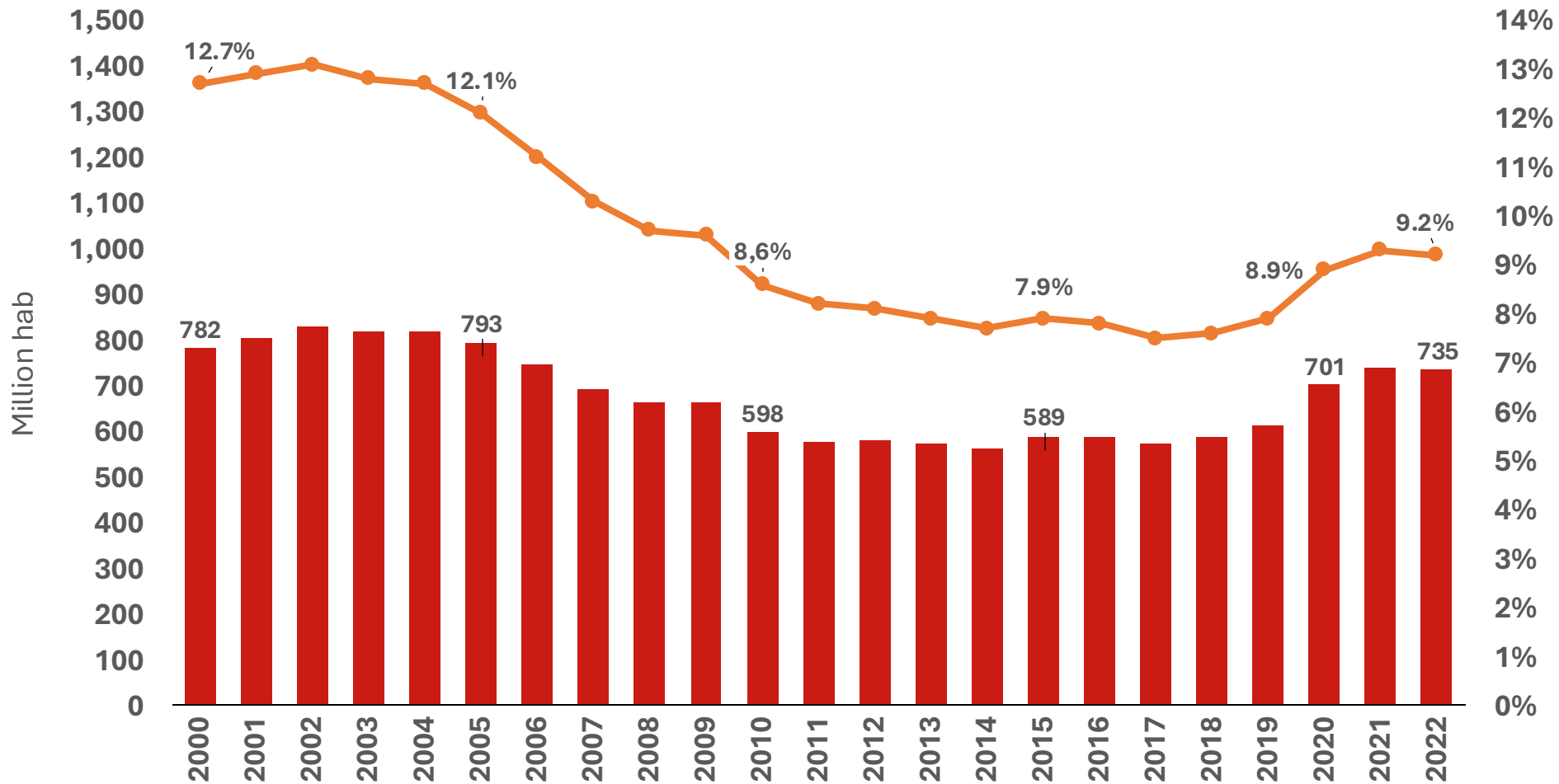
Prevalence of Moderate or Severe Food Insecurity in the Total Population (% , by regions)



Food insecurity:
“Situation when people lack secure access to sufficient amounts of safe and nutritious food for normal growth and development and an active and healthy life.”, FAO.

Global Undernourishment: rising trends after years of decline

Number of Undernourished People (in millions) and Prevalence of Undernourishment (%) Worldwide

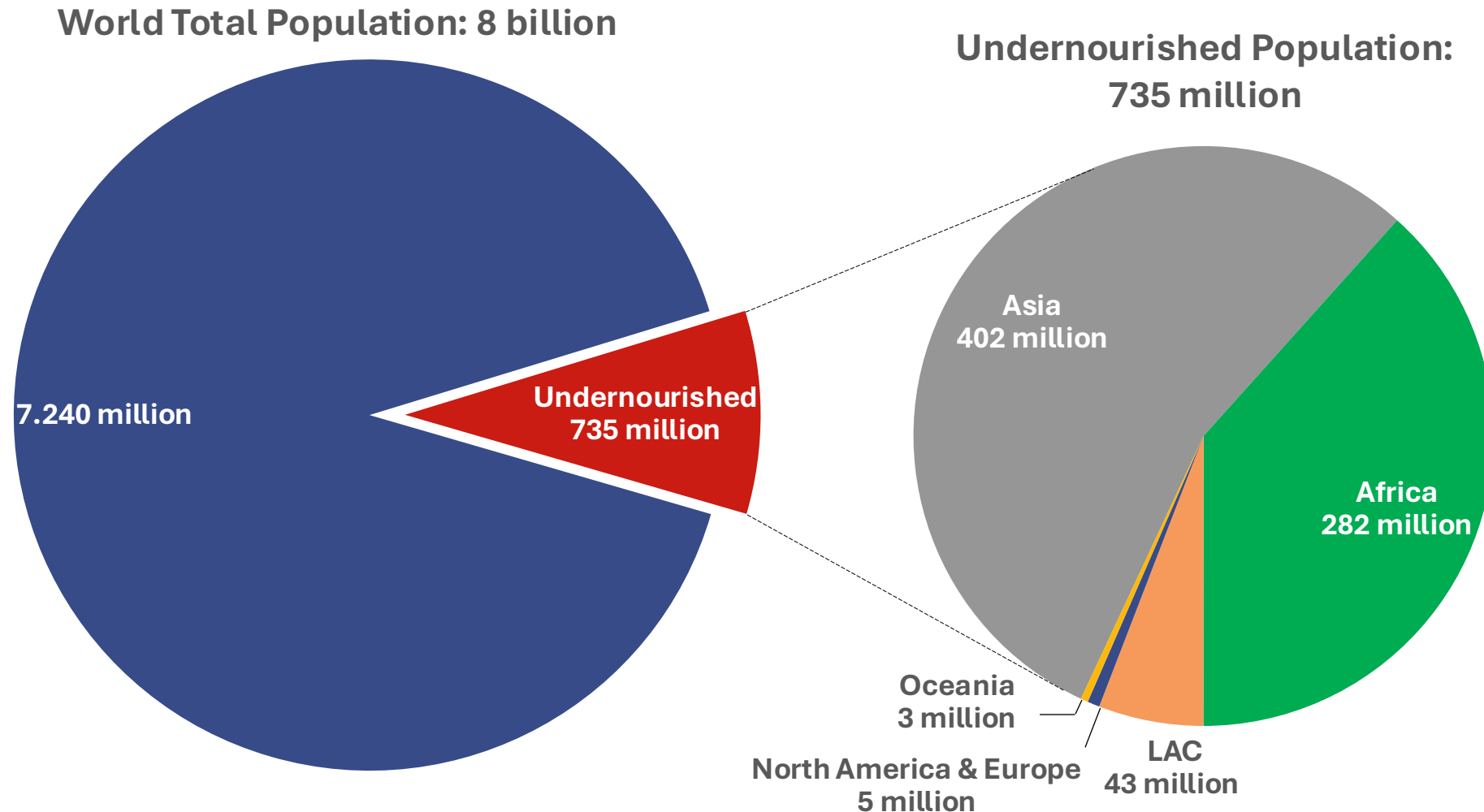


Undernourishment:

“Undernourishment is solely determined by the sufficiency of energy (calorie) intake. It does not consider the quality or diversity of someone’s diet. It is often used interchangeably with the term ‘hunger”, FAO

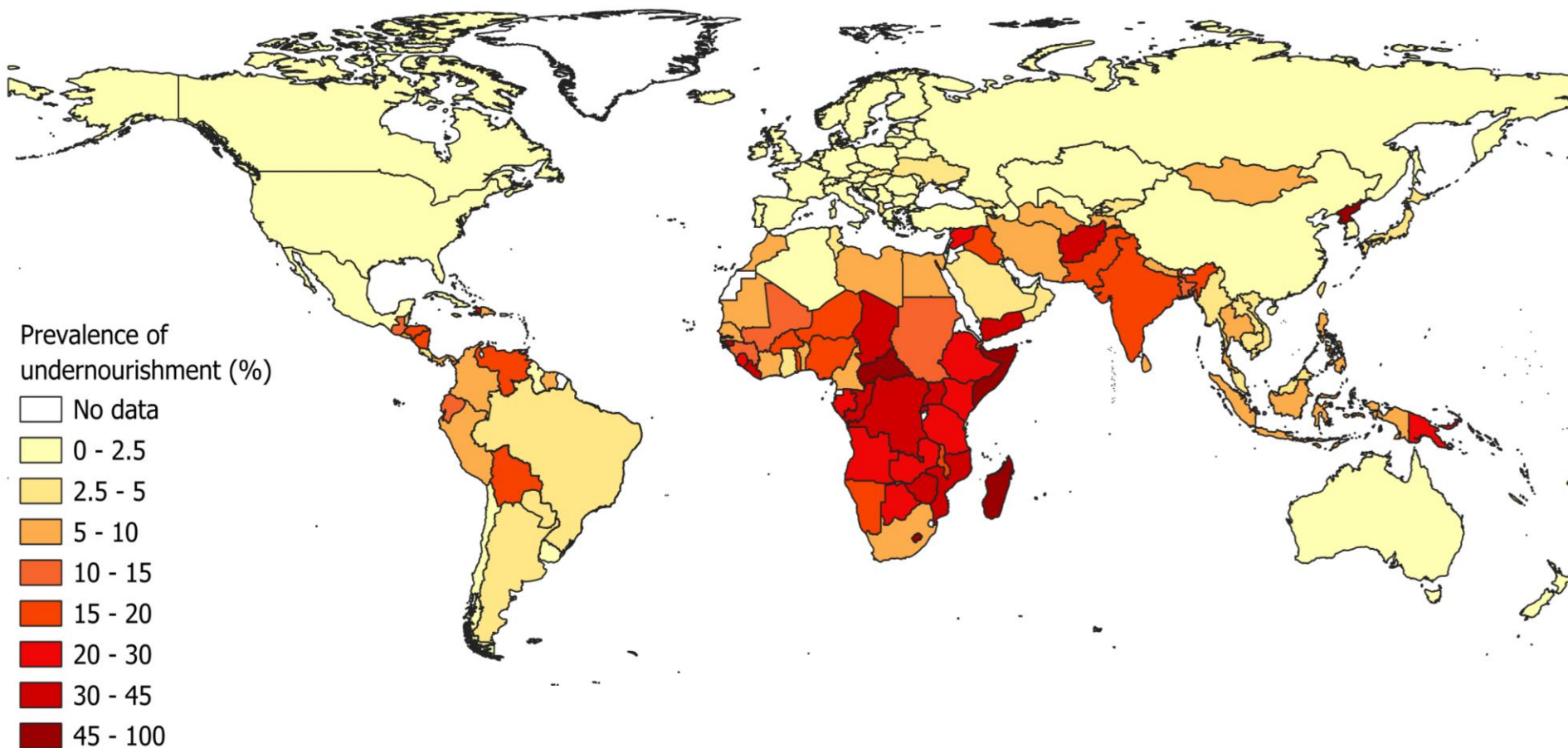
Global Distribution of Undernourishment

Undernourished Population Proportion and Key Affected Regions in Millions, 2022



Mapping Hunger: visualizing the urgency of global undernourishment

Prevalence of Undernourishment by Country, in 2021



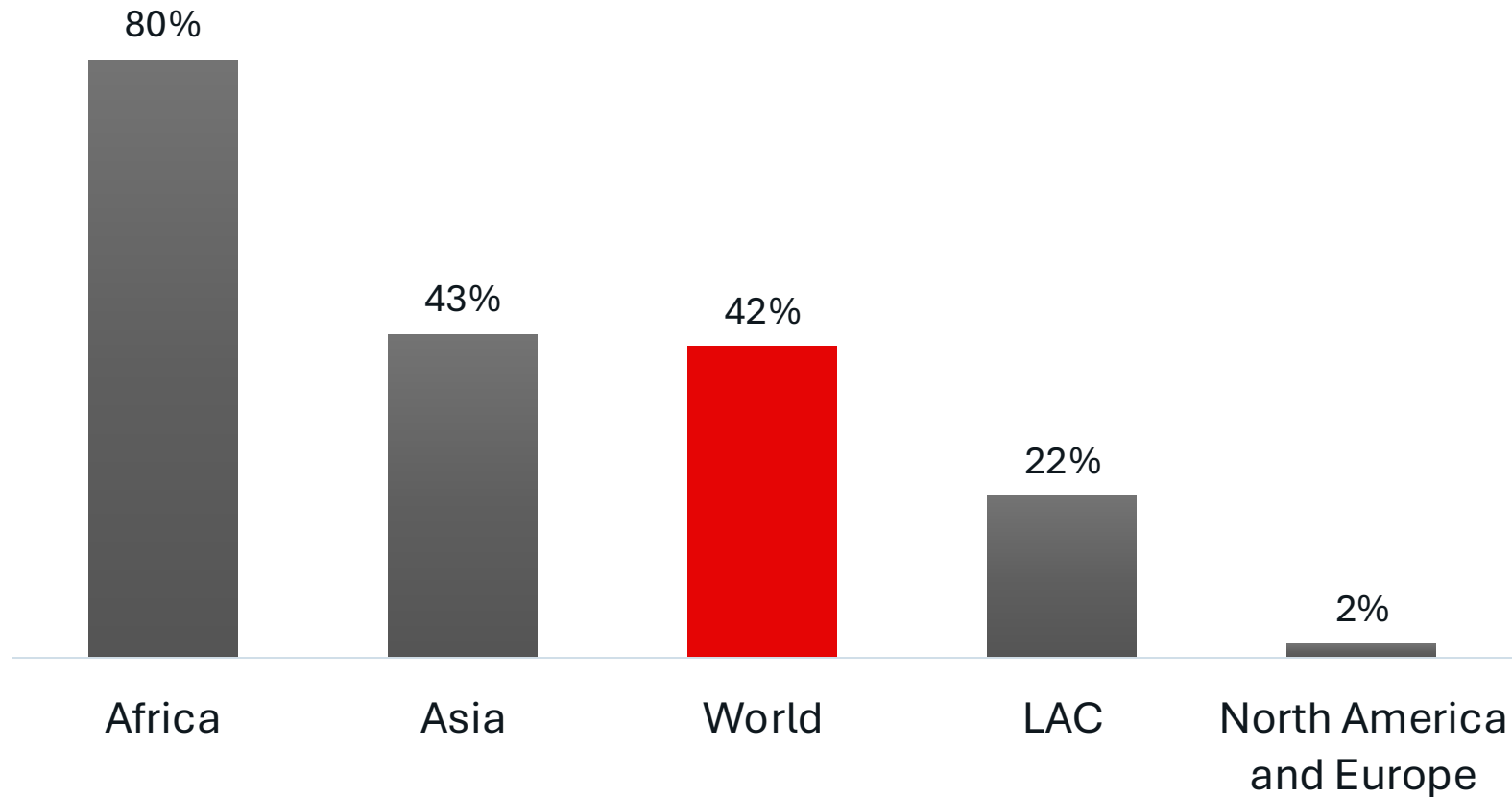
Undernourishment:

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More than 3 billion people worldwide lack access to healthy foods

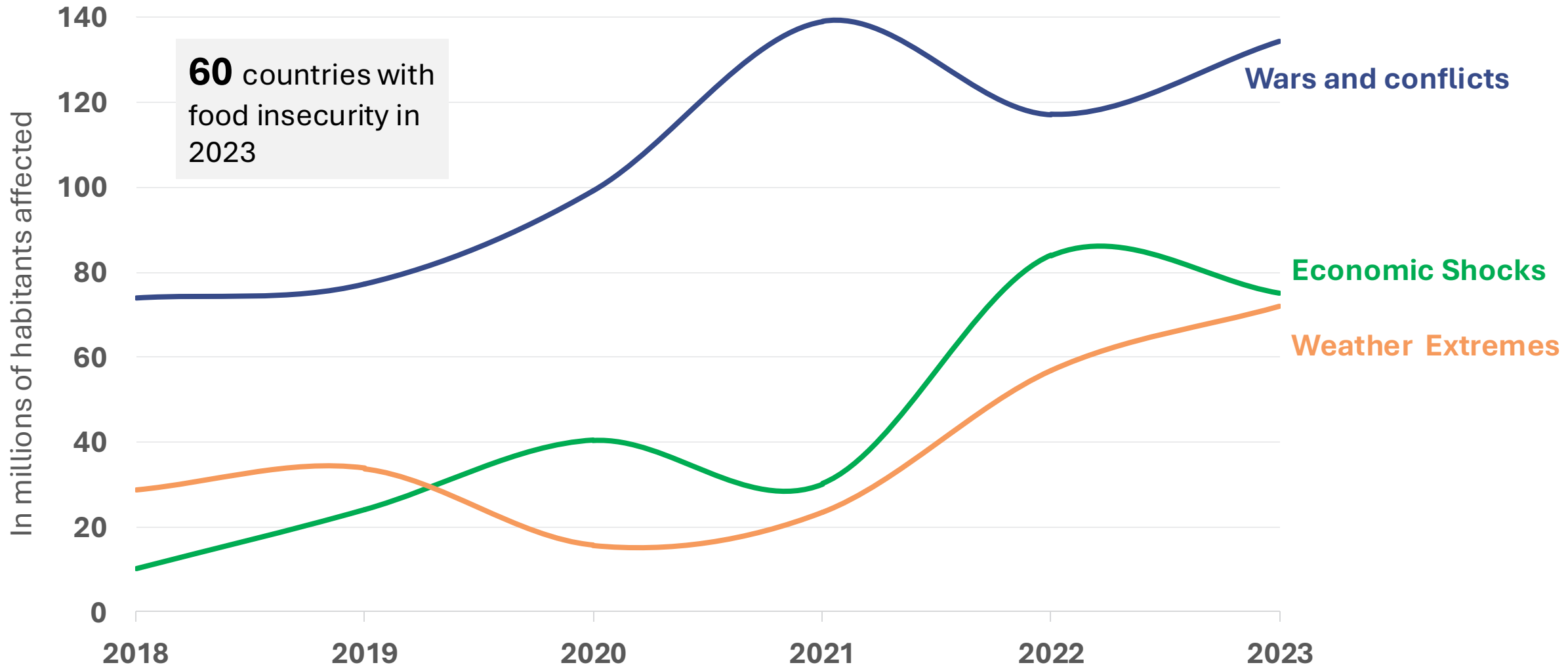
Population without access to healthy foods (%)





Primary Drivers of Food Insecurity

Number of Inhabitants Affected in Countries with Food Crisis (in millions, 2018 to 2023)

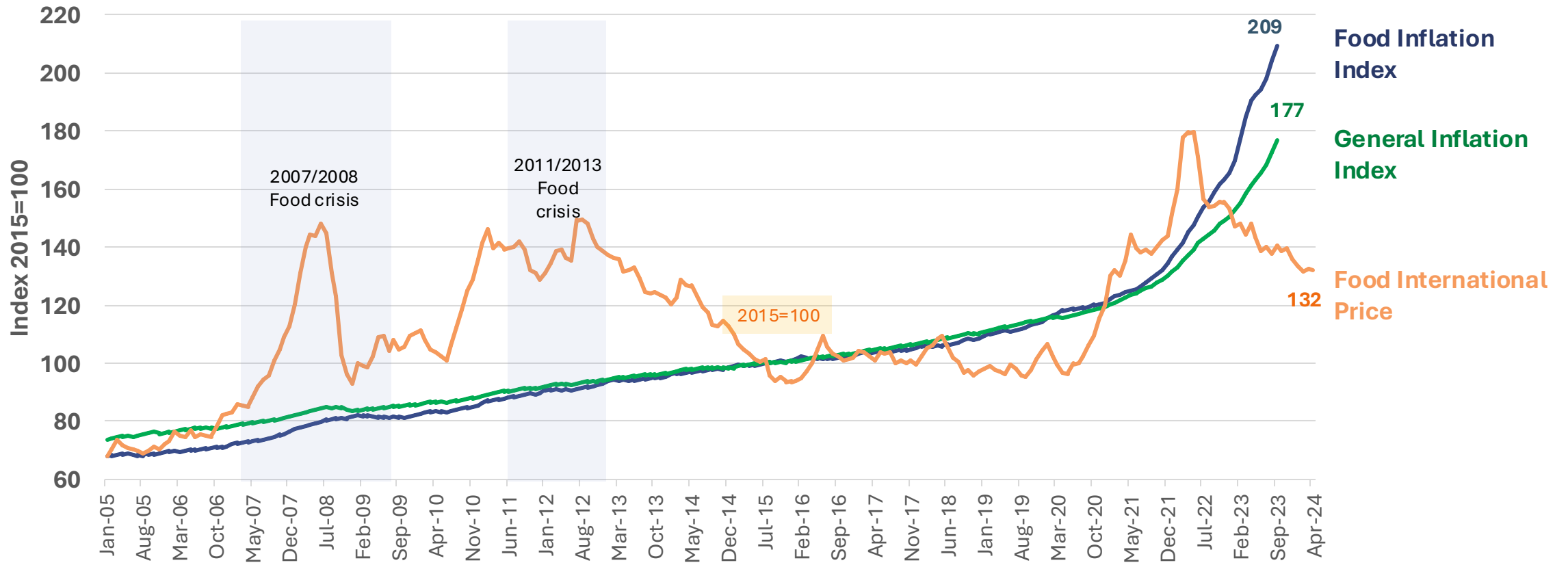




Inflation as a Key Driver of Food Insecurity

Rising food inflation disproportionately affect the poor, who spend a larger share of income on food

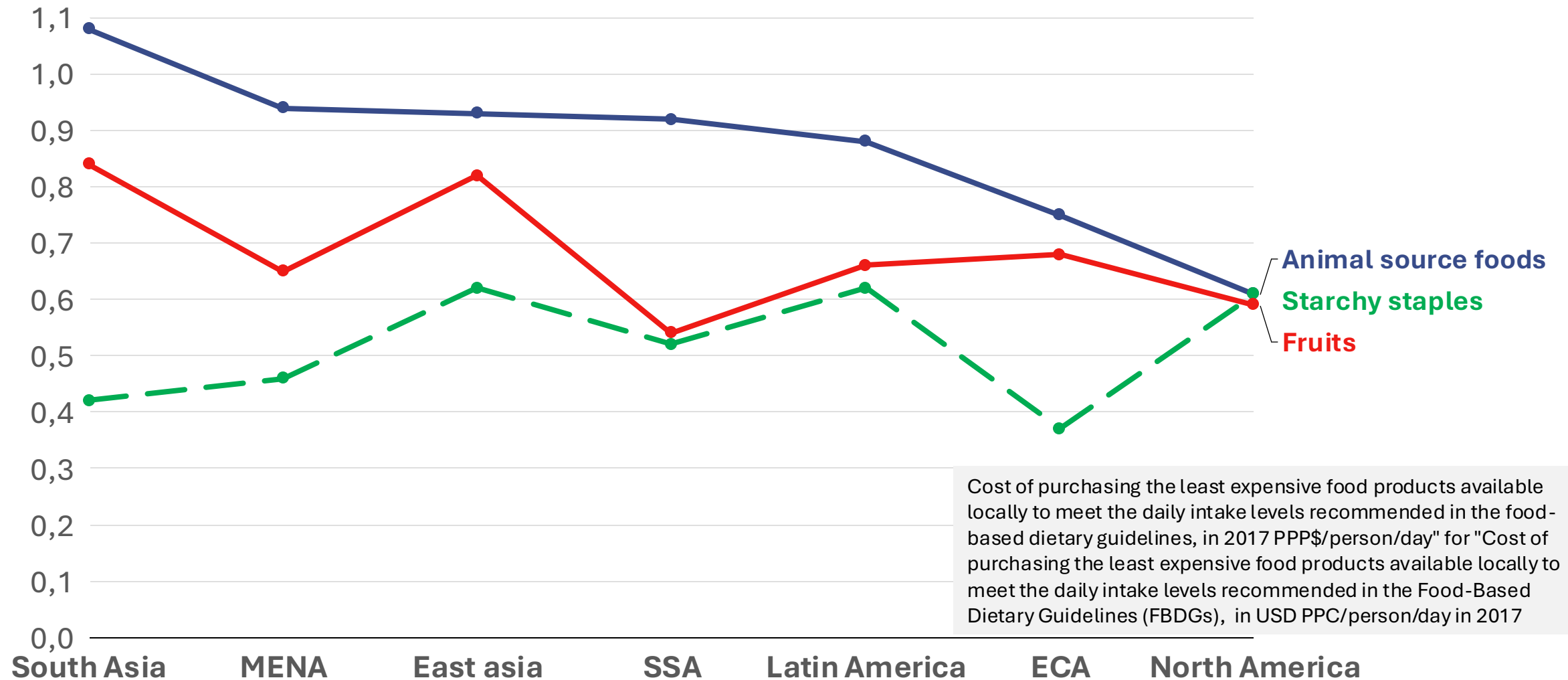
World General and Food Inflation Indexes and the International Food Price Index (2015=100; from Jan 2005 to Apr 2024)





High Food Costs Limit Access to Nutrition

Cost of Food Products in Different Regions

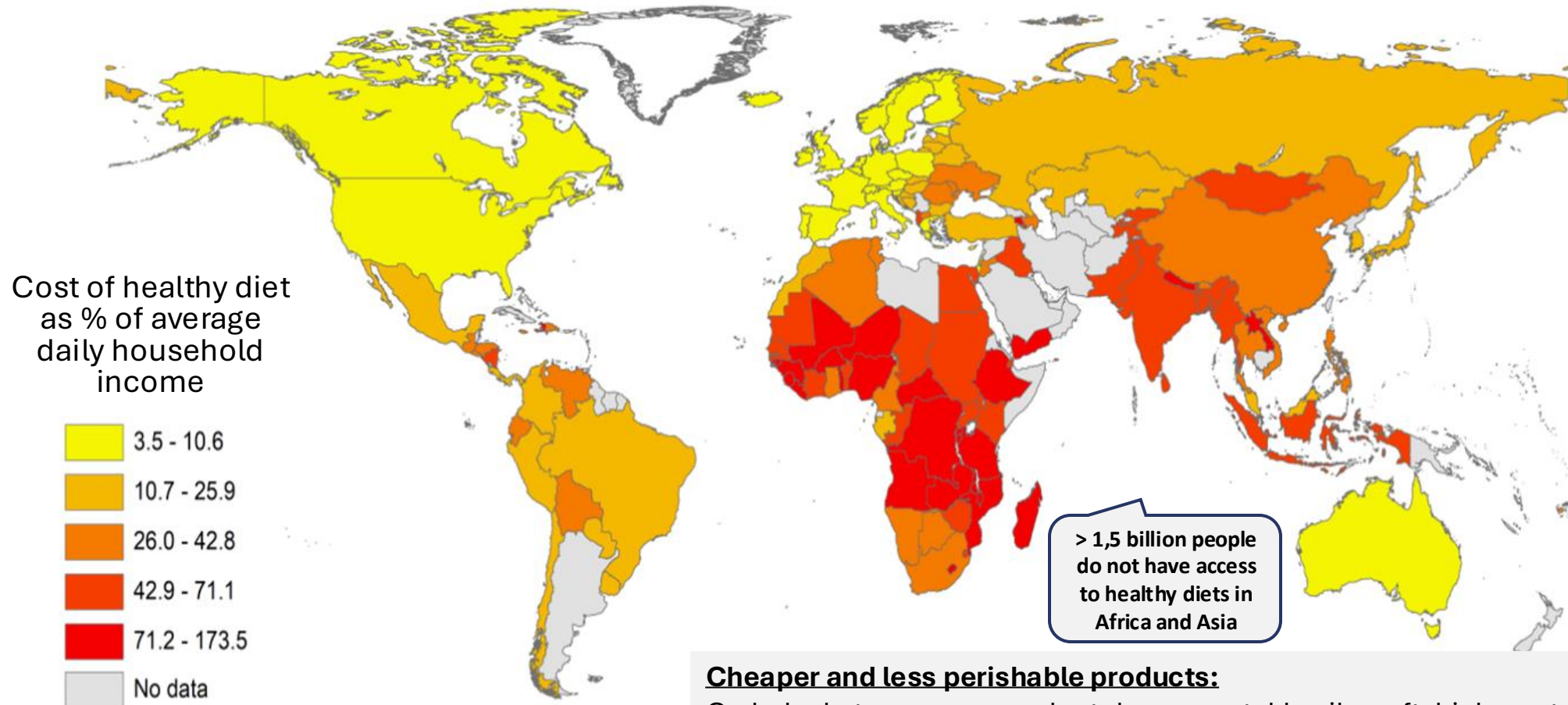


Cost of purchasing the least expensive food products available locally to meet the daily intake levels recommended in the food-based dietary guidelines, in 2017 PPP\$/person/day for "Cost of purchasing the least expensive food products available locally to meet the daily intake levels recommended in the Food-Based Dietary Guidelines (FBDGs), in USD PPC/person/day in 2017"



Healthy Diets are Relatively More Expensive Across Income Levels

The Cost of a Healthy Diet as % of Average Daily Household Income



Cheaper and less perishable products:

Carbohydrates, sugar, snacks, tubers, vegetable oils, soft drinks, nuts.

More expensive and perishable products:

Fruits, vegetables, dairy, eggs, meats in general, fresh fish.

International Trade is Essential in Enhancing Food Security and Nutrition

Seven fundamental functions of international trade

KEY ROLE OF INTERNATIONAL TRADE

- Connects national food systems
- Moves food from surplus to deficit regions
- Facilitates the formation of a sustainable global food system
- Has distributive effects



1. Redistribution of food production

- Global complementarity and availability
- Neutralize negative shocks (climate, diseases)



2. Diversity of Food Choices

- Food variety available to consumers
- Dietary diversification



3. Price Stabilization

- Affordability to vulnerable populations
- Reduces the effect of temporary shocks



4. Combats Hunger and Malnutrition

- Improves overall health and wellbeing
- Create opportunities of employment and income



5. Better Safety and Health Standards

- Ensures consumption of safe foods through regulated systems



6. Boosts Agricultural Productivity

- Spreads technologies and best practices
- Quantities and qualities

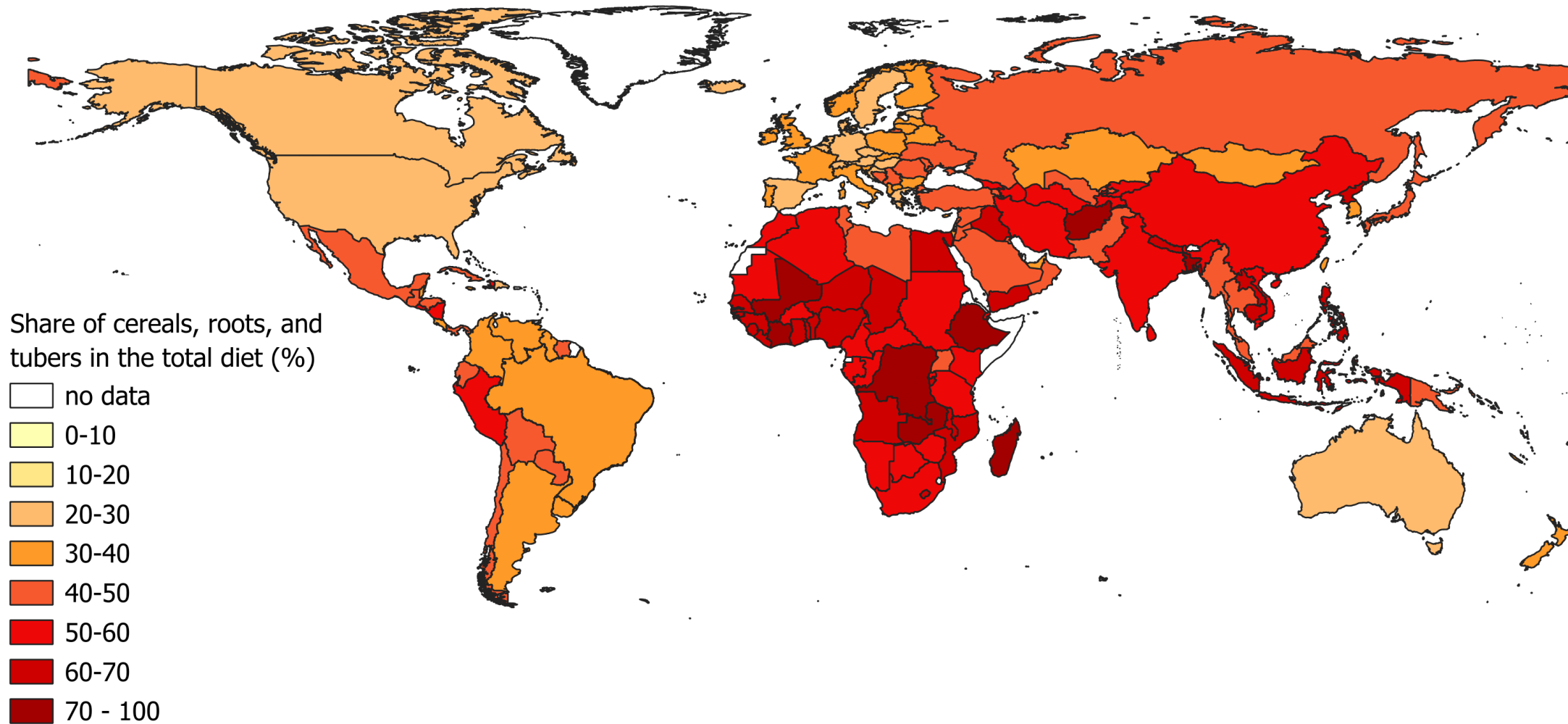


7. Efficient Resource Allocation

- Allows production to take place in more productive and sustainable regions

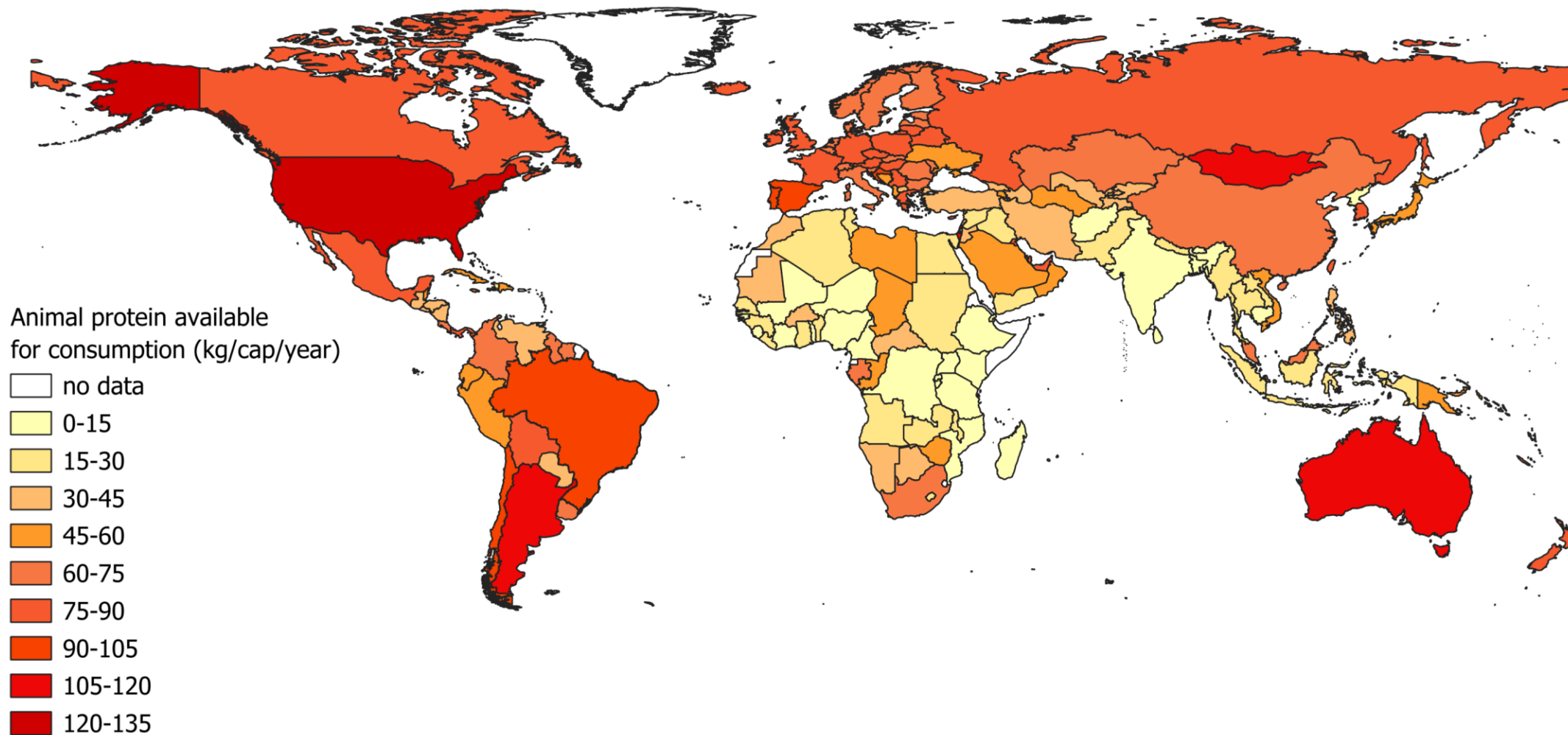
Starchy Staples: Global Consumption Dependence

Percentage of Recommended Daily Diet Available for Consumption (kcal/cap/day, 2019)



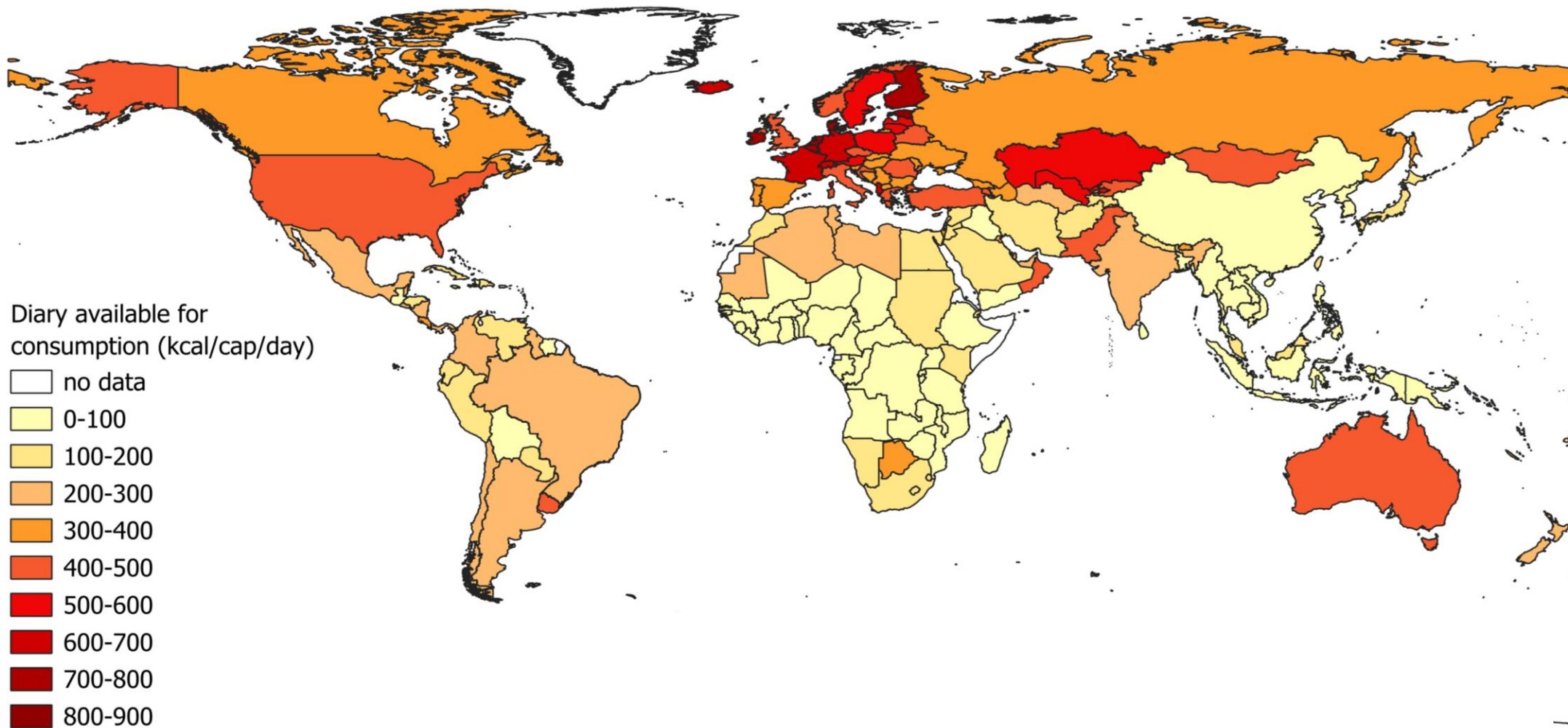
Meats: Global Consumption Patterns

Per Capita Meat Availability by Country (Kg/cap/year, 2021)



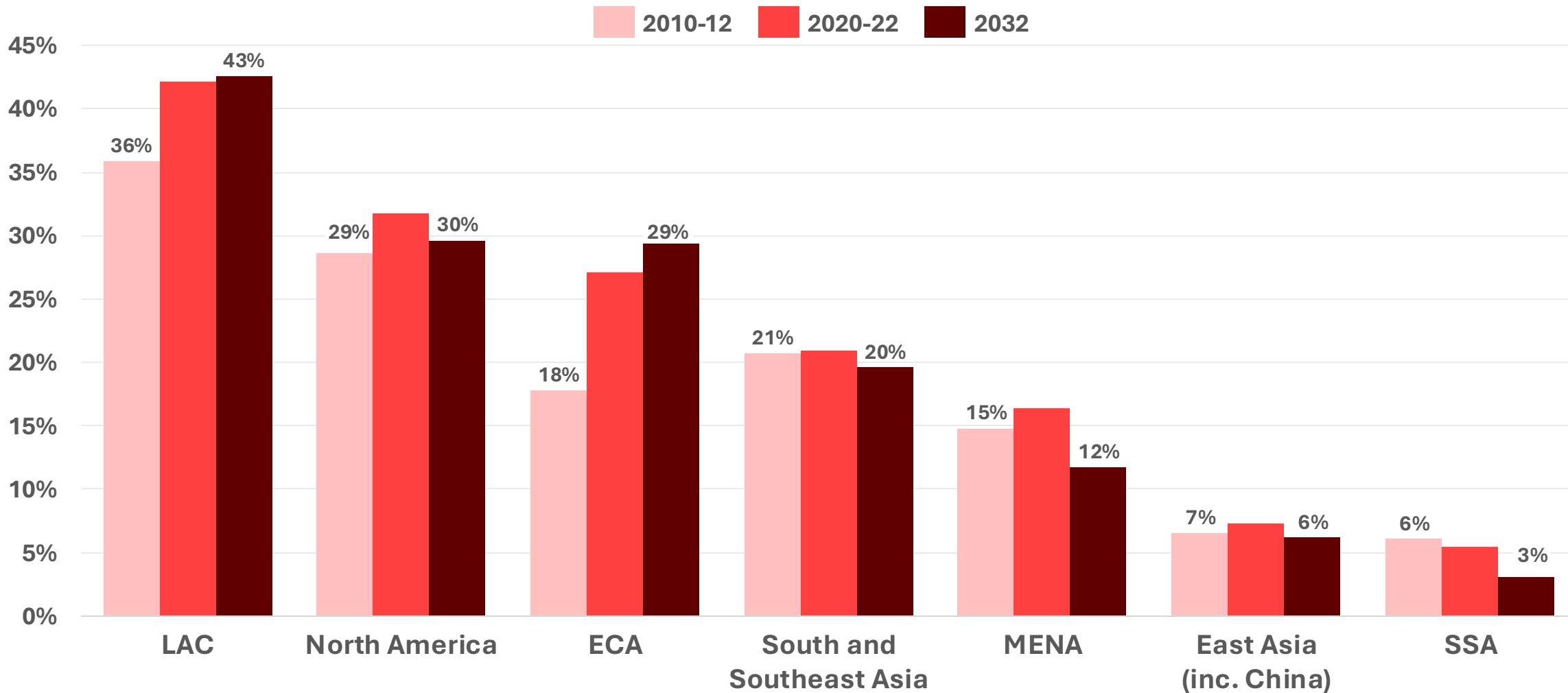
Dairy: Global Consumption Patterns

Per Capita Dairy Availability by Country (Kcal/cap/year, 2021)



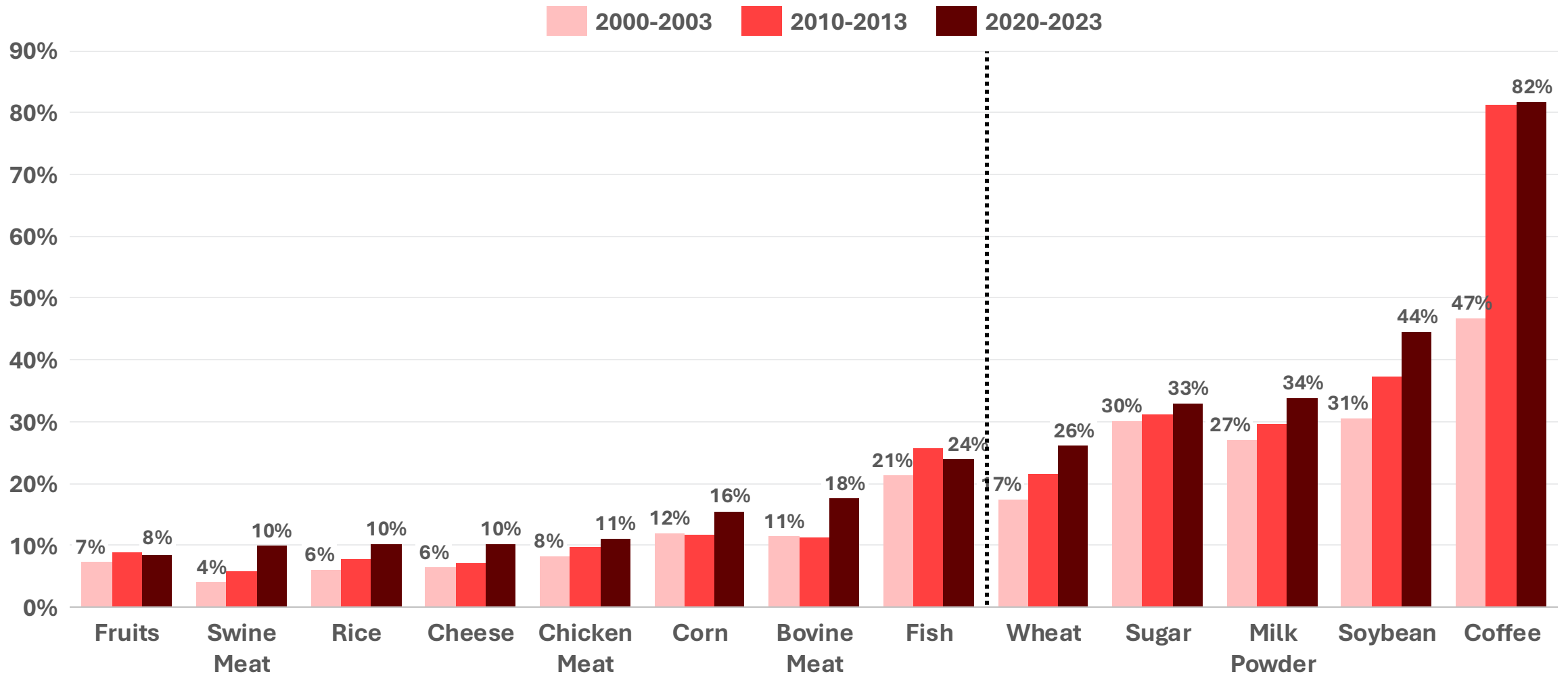
Evolving Export Contributions Across Regions

Actual and Projected Agricultural Export Shares by Caloric Production Value, 2010-2032



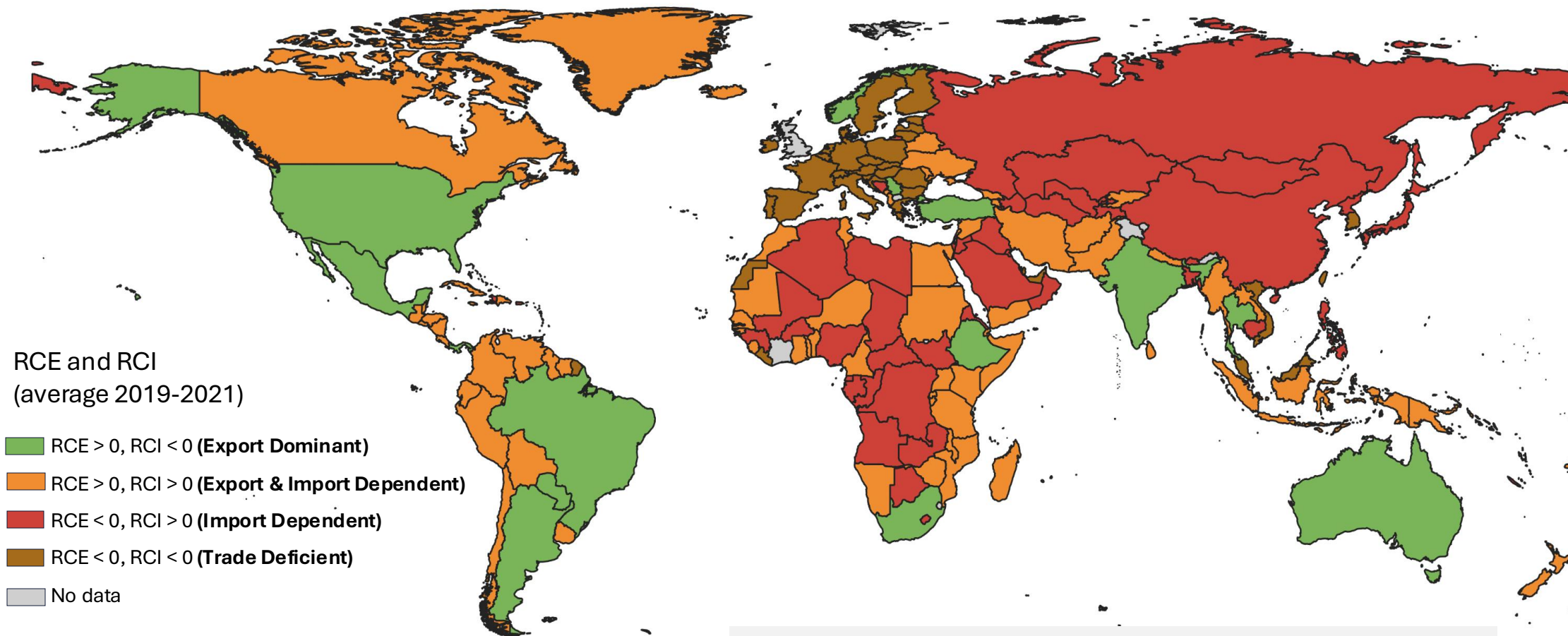
Commodity Groups: Global Import Dependency

Trends in Imports as a Percentage of Total Consumption, 2000-2023



Global Trade Dynamics Reveal Opportunities in Export and Import Capacities

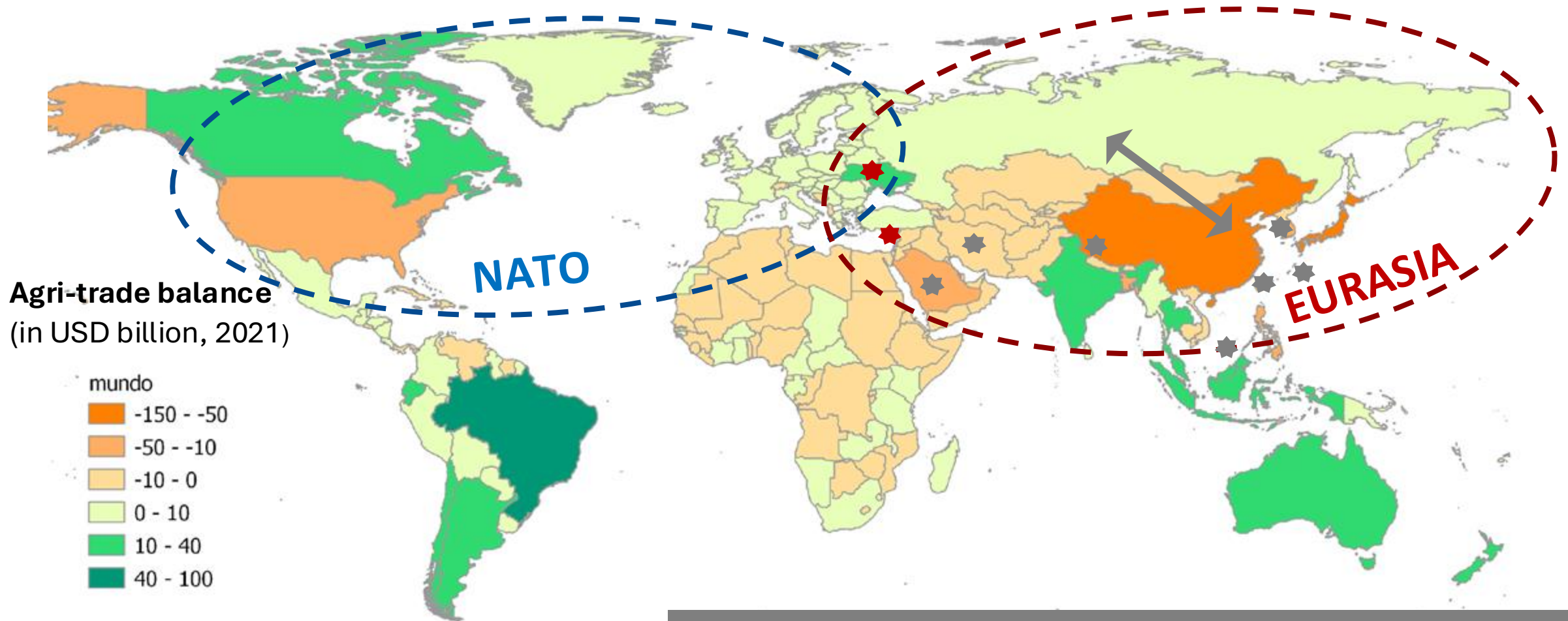
Complementarities between countries with greater export capacity (RCE >) and those more dependent on imports (RCI >0)



RCE: Revealed Comparative Advantage for EXPORTS
RCI: Revealed Comparative Advantage for IMPORTS

Global Agriculture: Trade Balances and the New Geopolitics

Volatility, uncertainty, complexity and polarization



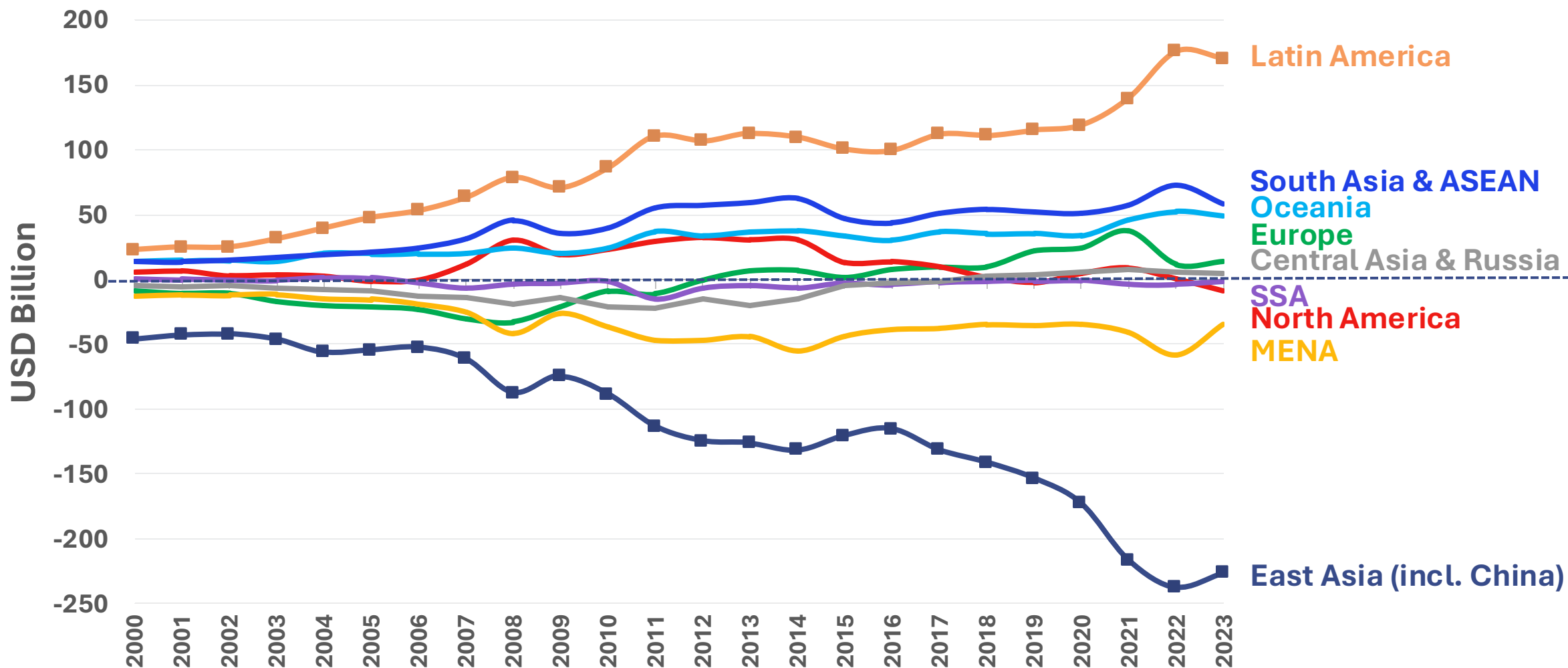
RUSSIA: NATO/Soviet Union, Russia-Ukraine war

MIDDLE EAST: Israel-Palestine, Lebanon, Iran, Saudi Arabia

CHINA: Hong Kong, Taiwan, North and South Korea, Japan, the South China Sea and India

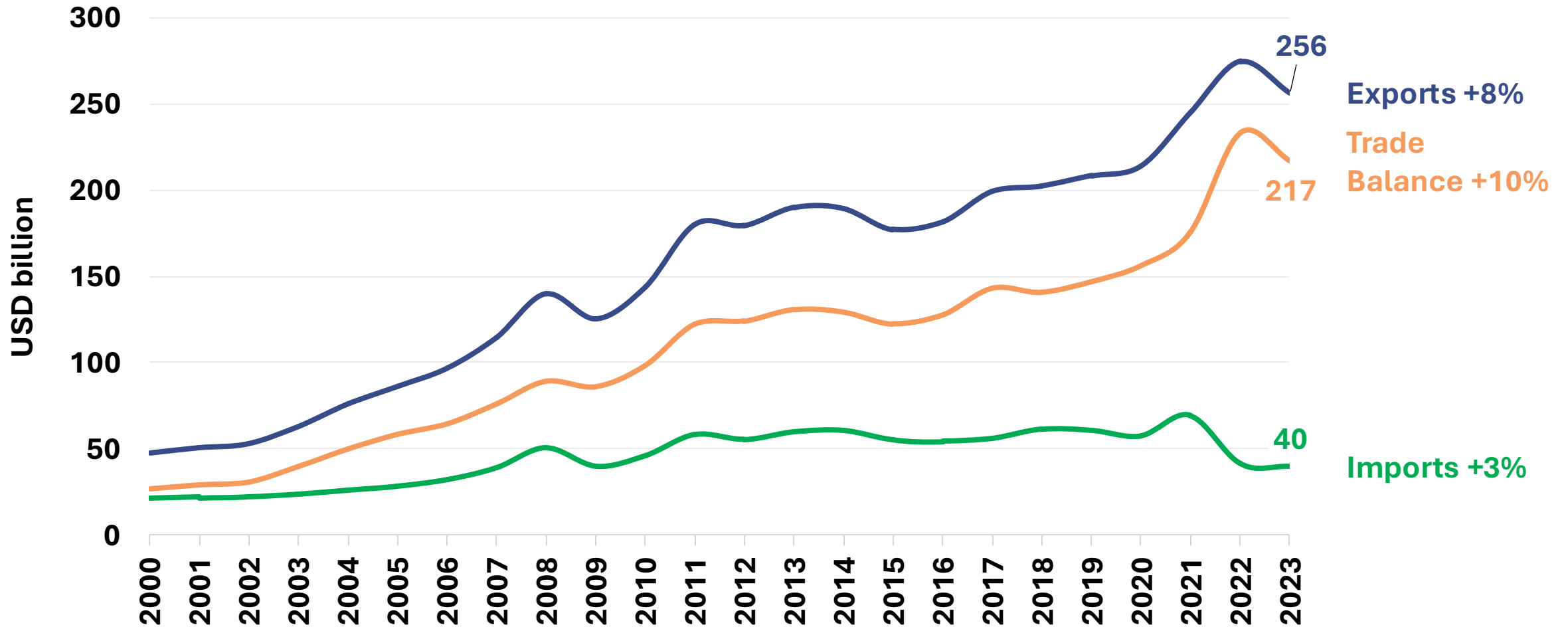
The New Geography of Global Food Trade Balances

Regional Agricultural Trade Balances (USD Billion, Constant Value)



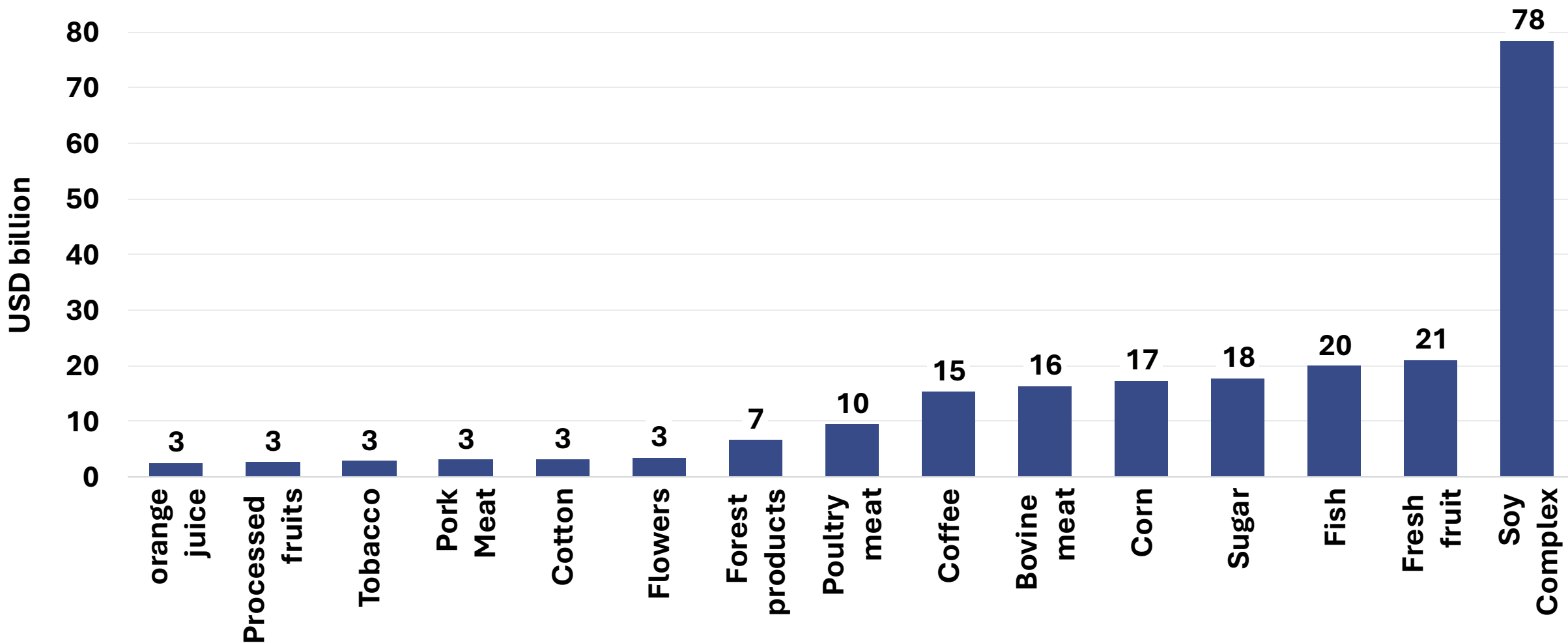
Latin America: agri-food trade balance

In USD billion, between 2000 and 2023



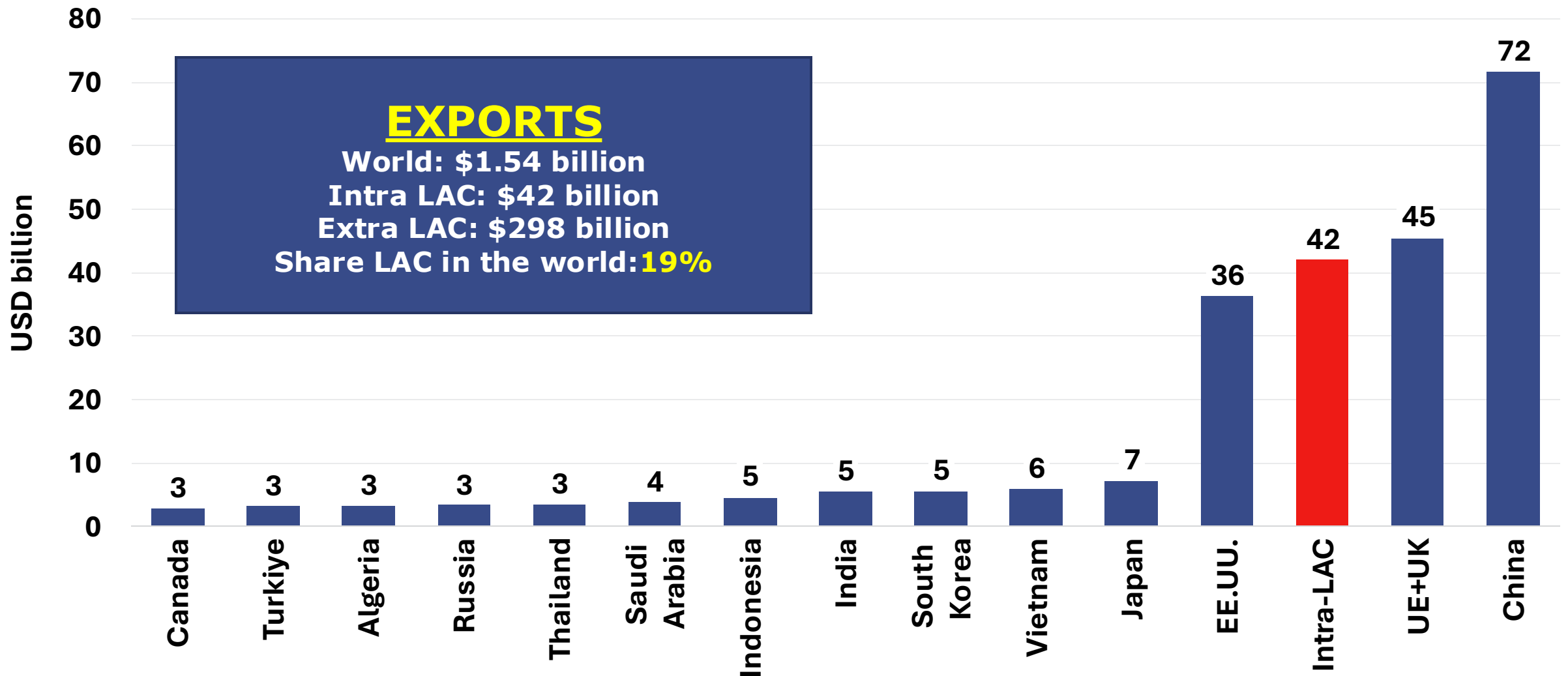
Latin America: main agro-export chains

In USD one billion, in 2023



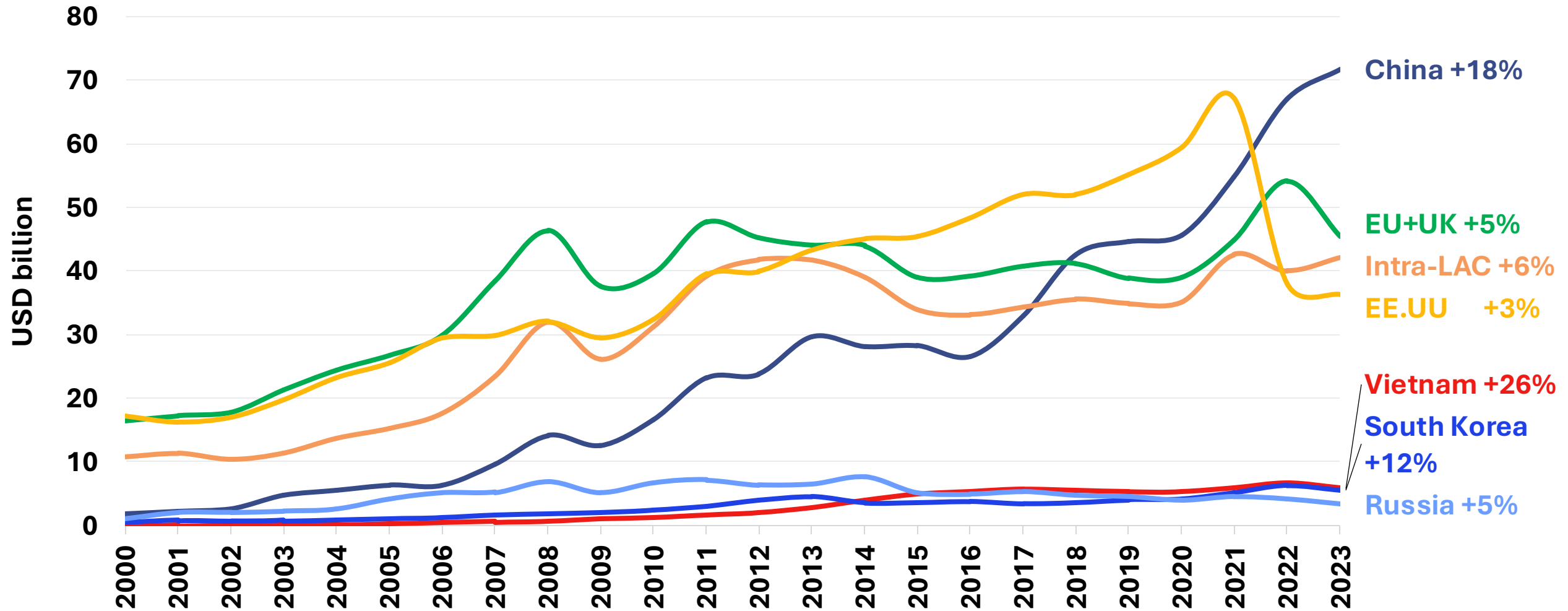
Latin America: main destination countries for agriculture

In USD one billion, in 2023



Latin America: main destination countries for agriculture

In USD one billion, between 2000 and 2023



THANK YOU

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POLICY RECOMMENDATIONS TO BOOST TRADE AND INCREASE GLOBAL FOOD SECURITY

1) Multilateral and Regional Agreements

- Strengthen WTO's Central Role:** reaffirm WTO's crucial role in maintaining an equitable and sustainable trading system, including processes related to climate action and digital transformation.
- Enhance WTO Dispute Settlement System:** aim for a more operational and effective WTO dispute resolution system
- Complete Agricultural Negotiations:** finish talks on food security stocks, domestic support, and market access
- Limit Export Restrictions in Emergencies:** seek agreements to facilitate exports of essential goods during crises.
- Develop a Global Labeling System:** implement a unified international labeling system.
- Enhance Trade Negotiations with Data Transparency:** enhance trade negotiations with transparent agricultural data and information sharing.
- Engage in mutual recognition and equivalence of science-based measures for Sanitary and Phytosanitary (SPS) and Technical Barrier to Trade (TBT),** while reducing the prevalence of trade remedies.
- Advancement of plurilateral agreements:** WTO must recognize that the single undertaking principle is no longer producing the necessary results and should promote parallel plurilateral tracks of negotiations as a second-best.
- Building trade capacity in developing countries:** decentralize the WTO's technical assistance and training function from Geneva to different regions of the Global South.

2) National Trade Policies



1. **Reduce Trade Barriers:** reduce tariffs and non-tariff barriers for agricultural trade, streamline food supply logistics, and minimize trade-related costs
2. **Digitalization & Regulatory Convergence:** enhance digitalization on origin requirements and align sanitary standards to decrease trade costs and standardize technical and phytosanitary norms.
3. **Promote Comprehensive Trade Policies:** develop policies that support trade efficiency, health and safety standards, and environmental sustainability.
4. **Leverage Trade Agreements:** utilize preferential trade agreements to improve market integration and simplify rules of origin for better market access
5. **Environmental trade standards:** international cooperation and funding can address environmental concerns that lead to trade standards negatively affecting food trade.

3) Macroeconomic and Sectoral Policies



1. **Implement fiscal, monetary and exchange rate policies** which are crucial in determining the trade balance and balance of payments.
2. **Optimize the use of country's assets** by utilizing natural resources, technology, location, and human capital to improve market reach and efficiency.
3. **Promote technology and infrastructure upgrades** to boost productivity and resilience.
4. **Align subsidies and domestic aid with sustainable food security goals to minimize market distortions.**
5. **Strengthen national trade promotion** through technology enhancement and capacity building for SMEs for better access to global markets.
6. **Encourage environmental and sustainable standards** to foster green investments, sustainable practices, and address environmental issues affecting trade.
7. **Facilitate regional food trade** through agreements, infrastructure investments and common standards.
8. **Adopting a uniform concept and position for Sustainable Food Systems (SFS)** to promote international trade involves providing financial assistance to achieve it



THINKING OUTSIDE THE BOXES

Finding balanced trade-offs and exploring possibilities for expanding the scope of negotiations

Proposals on new trade-offs and possibilities to expand the scope on contemporary challenges:

1. **Market access for products with low/zero carbon net emissions** (soy, beef, biofuels)
2. Building an agreement on “**Environmental Barriers to Trade**” (EBT)?
3. **Plurilateral agreements on essential and perishable products** for improved nutritional balance, focusing on **products with low trade levels** (i.e less than 15% of global consumption). Examples: Proteins, Fruits & Vegetables
4. **Trade-off** between allowances on PSH (Public Stockholding for Food Security Purposes) on **cereals** (wheat and rice) and enhanced market access to **animal proteins/fruits and vegetables**.
5. **Trade-off** between **increased green subsidies** vs. **reduced environmental/climate barriers**.
Example: US IRA (domestic subsidies for “green reindustrialization”) vs. global access to bioenergy.

CONCLUSIONS AND POLICY RECOMMENDATIONS

RECOMMENDED POLICIES	
INTRA-REGIONAL	EXTRA-REGIONAL
<ul style="list-style-type: none"> • Intra-regional and international logistics (including the Panama Canal). • Financing and technical cooperation. • Convergence of regulations, standards and certifications. • Cooperation to improve sanitary and phytosanitary technical procedures. • Expansion of intraregional trade. • Development of public goods and technological platforms for bioeconomy chains. 	<ul style="list-style-type: none"> • Consolidation and recognition of LAC as a reliable and sustainable global supplier of agricultural products. • Diversification of products and markets, in the commodity and specialty segments (e.g., soybean/Chinese dependence). • Fight for multilateralism (WTO) and against unilateral trade measures (food sovereignty). • Propose the inclusion of the issue of Trade and Food Security in international organizations (G20). • Communication, image and physical presence abroad. • Joint LAC advances in renewable bioenergy looking at the global energy transition.

CONCLUSIONS AND POLICY RECOMMENDATIONS

- ✓ LAC's agri-food trade is key to the region's **economic growth** and **global food security**.
- ✓ LAC currently has the **largest agricultural trade surplus on the planet**, and this share will continue to grow in the future (OECD-FAO). The region has specialized in **two main segments**.

Features	Commodities	Specialties
Main sub-region	Southern Cone	Other subregions
Main Products	Soy complex, corn, wheat, rice, meats (bovine-poultry-pork), sugar, coffee, forest products, cotton, orange juice, biofuels.	Fruits and vegetables (fresh and processed), flowers and nurseries, fish, wine-beer-distilled beverages, processed foods, snack foods
Main countries	Brazil, Argentina, Paraguay, Uruguay	Peru, Colombia, Ecuador, Mexico, CACM
Main destinations	China and East Asia, EU, MENA, ASEAN, Africa	EE. UU, EU, Intra ALC, MENA
Current agreements	No	Yes
Potential agreements	EU-Mercosur, Japan, Korea, ASEAN, China, India	EE.UU, EU Japan, Korea, Canada, EFTA, China