

Food and Nutrition Security, Income Inequality, and Trade:

Recent Trends and Considerations for Inequality and Sustainability

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INTRODUCTION

The global challenge

In 2015, as part of a commitment on food security, nutrition, and sustainable agriculture in the Sustainable Development Goals (SDGs), world leaders agreed to a bold new objective: to end hunger and malnutrition¹ by 2030².

The target was set out as part of a comprehensive package of inter-related commitments, including those on inequality and poverty – with health, education, gender, climate and energy among the other topics covered in the seventeen new goals (United Nations, 2015).

Trade also features among the issues addressed in the package – but as a “means of implementation”, rather than an end in itself (Bellmann and Tipping, 2015). Targets throughout the leaders’ declaration specify how action on trade can help achieve individual goals, including those related to food and nutrition security³ and sustainable agriculture (SDG 2), and those related to inequality (SDG 10).

For example, in SDG 2b, world leaders committed to “*correct and prevent trade restrictions and distortions in world agricultural markets*”, while in SDG 10a, they agreed to “*implement the principle of special and differential treatment for developing countries, in particular least developed countries*”. Indicators agreed subsequently seek to help governments measure progress towards these and other targets, although they may only provide a partial tool for doing so (Hepburn and Bellmann, 2018).

The inter-related nature of the goals means that actions to achieve one goal, such as inequality, can make a positive contribution to another, such as food and nutrition security – including actions affecting trade and markets. The goals and targets therefore need to be seen holistically rather than in isolation.

¹ Significantly, the pledge to end malnutrition goes beyond a narrow focus on undernutrition (or hunger, the lack of adequate calories) to include other forms of malnutrition such as micronutrient deficiencies and the problem of obesity and overweight (Díaz-Bonilla and Hepburn, 2016).

² This commitment can be seen as representing a significant step towards the progressive realisation of the right to food, going beyond prior targets agreed at the 1996 World Food Summit (halve the number of undernourished people) or in the Millennium Development Goals (halve the proportion of people suffering from hunger).

³ The 1996 World Food Summit defined food security as existing when “*all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life*”. The importance of nutrition is arguably a central component of this definition, despite the tendency until recently to focus efforts to improve food security primarily on redressing undernutrition.



THE CURRENT SITUATION

Food and nutrition security

The UN Food and Agriculture Organisation (FAO), in its most recent report on the subject with other international agencies, indicates that more than 820 million people in the world were hungry in 2018 (FAO *et al*, 2019). Worryingly, this figure has increased since 2015 by some 36 million people.

The prevalence of hunger – i.e. the share of hungry people in the population - has remained stagnant over the last four years. However, the lack of progress in recent years needs to be seen in the context of sustained progress in cutting both the number and prevalence of hungry people in preceding decades.

Meanwhile, other malnutrition indicators show a mixed picture. The prevalence of stunting among children under 5 is decreasing, although with 149 million children still stunted, the rate of progress is too slow to meet the SDG target in this area.

The FAO has also reported that the prevalence of overweight is increasing across all age groups, with particularly sharp increases among school-age children and adults. Furthermore, the increase in obesity between 2000 and 2016 was even more rapid than the increase in overweight (FAO *et al*, 2019).

Climate change and conflict are among the factors that have reversed progress in improving nutrition in recent years. However, slow and uneven economic growth has also hampered efforts to reduce poverty – a key factor in improving access to food.

Poverty and inequality

Measured in terms of calorific availability, there is no shortage of food at the global level. The prevalence of poverty is therefore an important factor in explaining the persistence of the undernutrition component of food insecurity, insofar as it compromises the ability of poor individuals and communities to access adequate food, despite its availability on global markets⁴.

In his 2019 report on progress towards the SDGs, the United Nations Secretary-General notes that income inequality is continuing to rise in many regions, even though the lowest 40 per cent of the population in many countries has experienced positive growth rates (United Nations, 2019). The report notes that, in over half of the 92 countries with comparable data during the 2011–2016 period, income growth for the bottom 40 per cent of the population was higher than the national average – a key indicator of progress on inequality under SDG 10. However, it also notes that this section of the population still received less than 25 per cent of the overall income or consumption.

⁴ Food security is affected by access, availability, stability, and use. Poverty is among the factors that can impede people's ability to access food and nutrition, even where it is available, on a stable basis, and can be used.



On poverty (SDG 1), the same report finds that global extreme poverty is continuing to decline, but that the rate at which it is doing so has slowed. While the share of people living in extreme poverty has fallen from 36 percent in 1990 to 16 percent in 2010, and then again to 10 per cent in 2015, current projections indicate that 6 percent of the global population would still be living in extreme poverty in 2030 – meaning that the world is not on track to meet the target of less than 3 percent.

Trade

The SDG framework makes clear that trade is only one tool among many that governments can and should use in order to achieve the shared goals to which they have agreed – alongside finance, investment, technology and capacity-building. However, reforming policies that affect trade and markets will be critical if the ambition of the SDGs is to become a reality.

The indicators agreed by the United Nations General Assembly provide an important yardstick for measuring progress (United Nations, 2017). However, in many areas the picture provided by these indicators needs to be complemented by additional data and analysis, and by a broader perspective on how policies affecting trade and markets can best contribute to achieving the vision set out in the goals.

For example, the Secretary-General's report notes that, in the area of food and agriculture, export subsidy outlays notified to the World Trade Organization (WTO) have fallen from around US\$ 500 million in 2010 to around US\$ 120 million in 2016⁵. The elimination of agricultural export subsidies (and other similar export measures) is an explicit target⁶ under SDG 2b. However, WTO members also continue to provide substantial levels of trade-distorting domestic support to their farm sectors, amounting to billions of US dollars per year (ICTSD, 2018a; Glauber, 2019): progress on export subsidies, while a step forward, needs to be seen in this broader context. While urbanisation and rising average incomes are expected to spur growing demand for food in least-developed countries (LDCs) and other low-income countries, distortions on global markets could prevent these trends from translating into gains for poor producers in rural areas (ICTSD, 2018b; ICTSD, 2017).

Similarly, on SDG 10, the same report notes that duty-free, quota-free market access has continued to increase for LDCs, small island developing states and developing regions more generally, with over 50 percent of developing country exports now eligible for duty-free treatment. Despite this increased access to markets, growth in exports from poorer countries has often lagged behind expectations (see for example Bouët *et al*, 2019). This may be partly due to supply-side constraints⁷ (such as inadequate infrastructure, extension services, or financial services), and partly due to difficulties that exporters have faced in complying with

⁵ Díaz-Bonilla and Hepburn (2016) note that declining use of export subsidies has resulted from a reduction in the provision of production-linked domestic support in certain major economies such as the EU, as these WTO members consequently have made less use of export subsidies to dispose of domestic surpluses on global markets.

⁶ These measures have been widely criticized for artificially suppressing global prices for farm goods, and directly undermining local production on overseas markets, including in developing countries.

⁷ Aid donors have sought to address some of these problems through the provision of 'aid for trade'.



other requirements, including sanitary and phytosanitary barriers (aimed at protecting food safety and plant and animal health), rules of origin requirements, and other non-tariff measures. Furthermore, the concentration of exports on a relatively undiversified basket of goods has tended to mean that the persistence of unusually high “tariff peaks” on products such as rice or sugar continue to impede access to markets for many developing country exporters (ICTSD, 2018a).

While policies affecting markets for food and agriculture are particularly important in affecting food security outcomes, other types of trade policies can play a role. For example, trade policies affecting goods such as farm machinery, fertilisers or seeds can have consequences for the functioning of food value chains, along with trade policies that affect services (such as access to credit or transport). By affecting incomes and employment, these measures can have an impact on access to food and nutrition; they can similarly also affect food availability, stability and use. SDG 17 contains targets on trade which are not specific to agriculture, but which may still be relevant for food security. These commit countries to promoting a “*universal, rules-based, open, non-discriminatory and equitable multilateral trading system*” under the WTO (SDG 17.10); increasing developing country and LDC exports (SDG 17.11); and providing duty-free, quota-free market access to LDCs (SDG 17.12). The Secretary-General’s report notes only weak progress has taken place in these three areas, with LDC exports growing too slowly to reach the target of doubling LDCs’ share of global exports by 2020, and progress on SDG 17.10 potentially compromised by “*significant trade tensions among large economies*”.

ACHIEVING PROGRESS

In many respects, there is a stark contrast between the visionary commitments in the SDGs and the reality of progress on inequality, poverty, and food and nutrition security. According to a number of indicators, progress is too slow to achieve the targets set out under the goals, whereas in others positive trends have even been reversed in recent years. As in other policy areas, collaboration between governments on trade has been affected by changing domestic priorities (Glauber, 2019), an increased focus on regional and bilateral trade negotiations to pursue market access objectives, and more broadly by growing disagreement between countries on how best to work together to achieve shared goals.

Several governance fora and institutional mechanisms need to contribute to overcoming these challenges. Because addressing poverty, inequality, and food and nutrition security will require concerted action across policy areas, discussions on trade need to be coherent with efforts on development financing, taxation, investment and other areas. Political leadership will be important in reasserting the importance of the SDGs as a framework for action and galvanising concerted efforts across relevant international agencies. In this respect, in addition to action in fora such as the UN, groups such as the G-20 and the G-7 potentially also have an important role to play (Hepburn, 2018). Other annual meetings (such as those each January of agriculture ministers in Berlin and trade ministers in Davos) could also galvanise action on trade’s contribution to addressing the SDGs on inequality, poverty, and food and nutrition security.



Along with the WTO, other international agencies could usefully contribute to building the evidence base for further action, by analysing in a cohesive and coherent way the connections between food and nutrition security, inequality, poverty, and trade. The FAO's 2016 report on climate change, agriculture and food security could provide a model for doing so, as could the IPCC's 2019 report on climate change and land (FAO, 2016; IFPP, 2019). Conceivably, competent international agencies such as the FAO, World Bank, WHO and WTO could collaborate on analysis that would subsequently be presented to governments in fora such as the G-20, the Conference of Parties to the UN Framework Convention on Climate Change (UNFCCC)⁸, or the Committee on World Food Security (CFS). Another model could be the interagency reports to the G-20, such as the 2011 report on food price volatility (FAO, 2011).

Despite the global nature of the SDGs, not all action areas require extensive international collaboration. Díaz-Bonilla and Hepburn (2016) highlight the importance of increasing investment in public goods, for example: while stronger collaboration through global mechanisms such as the CGIAR system could help, governments could also do much to achieve progress independently. In contrast, it would be hard to address other areas without action in global bodies such as the WTO - such as the impact of trade-distorting farm subsidies on food and nutrition security. Moving towards a clear road-map for talks at the global trade body would therefore be an important outcome that governments should aim for at the 2020 WTO ministerial conference in Nur-Sultan, Kazakhstan, along with concrete outcomes on outstanding negotiating topics⁹ relevant to inequality, poverty, and food and nutrition security.

⁸ For example, results could be presented under the Koronivia joint work programme on climate change and agriculture: http://unfccc.int/files/meetings/bonn_nov_2017/application/pdf/cp23_auv_agri.pdf

⁹ In the area of agriculture, talks are progressing on seven key areas: domestic support; public food stockholding; market access; a "special safeguard mechanism" for developing countries; export competition; export restrictions; and cotton (ICTSD, 2018a). Separate talks are also taking place at the WTO on disciplining harmful fisheries subsidies.



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