Pan American Conference on Obesity, with special attention to Childhood Obesity

June 8 – 11, 2011, Oranjestad, Aruba

AGRICULTURE, TRADE AND OBESITY PREVENTION

Vincent J Atkins

1. The interface between agriculture, trade policy and nutrition in the efforts to reduce the incidence of obesity, generally, and among vulnerable groups such as children, in particular, is a very important one which should engage the attention of both policy makers and technocrats. From the onset, it is important to emphasize the value of policy coherence in the thrust to address the problem of obesity and the non-communicable diseases which it often give rise to. Effective strategies to deal with the problem of obesity should, of necessity, be holistic and should draw upon all relevant sectors including health, education, sports, environment, agriculture and trade.
2. The link between obesity prevention and agriculture or trade should be obvious. There appears to be a preponderance of scientific evidence which suggests that aside from the influence of genetic pre-disposition, obesity is basically a lifestyle disease, linked to diet and a sedentary lifestyle. The link to diet brings food and nutrition into the equation and, given the high propensity for trade in food products, particularly trade in processed (and often nutritionally -deficient) foods, there is a causal link between the prevalence of obesity and agriculture and trade policy regimes. Adam Drewnowski, Andrew Hanks and Trenton Smith, (with whom, among others, I had the privilege of co-authoring a book[[1]](#footnote-1) on the subject of trade, food diet and health published in 2010) make the following observation:

“*International trade lowers the relative costs of energy dense foods and diets. Consuming these diets lead to obesity and groups of lower socioeconomic status are more likely to consume them. Thus, the rising prevalence of obesity among lower income people in developing countries can partly be explained by the decreasing costs of energy-dense diets. This evidence-based proposition adds to the argument that international trade has a profound influence on diet quality and, therefore, global health” pg 88*

1. International trade in food products is governed largely by liberal regimes which dissuade any effort, to restrict trade except in narrowly defined circumstances which generally does not take account of the need to address key health issues such as obesity and other food-related diseases.

Tim Lobstein , writing on the subject Tackling Childhood Obesity in an era of Trade Liberalisation, in the same publication mentioned above remarks:

“*While trade liberlisation may contribute to global wealth and economic development, the process is not without its drawbacks: in particular, the opening of markets facilitates the importation of foods and the inward investment of capital in the manufacture and retail of foods that can undermine healthy dietary patterns” pg 195*

He observes further that:

 “*The extraordinary rise in the prevalence of obesity witnessed in the last two decades cannot be attributed simply to worldwide failures in personal responsibility. The context in which choices are made must be recognised. The effects of trade and financial liberlisation on obesogenic foods popular with children form an important part of that context” pg 213*

1. The Caribbean operates at different levels of trade relations. For those countries which are members of the WTO, there is a commitment to liberalize food and agricultural markets though the non-imposition of quantitative restrictions and the reduction (though not complete elimination) of tariffs. At the bilateral level, the region faces the prospect of having to eliminate tariffs on a substantial part of its trade, on a reciprocal basis, in trade agreements which it negotiates with various countries, such as the CARIFORUM-EU Economic Partnership Agreement and the CARICOM-Canada Trade agreement, now under negotiation.

Other Caribbean countries, such as Aruba, which are not party to these multilateral and bilateral arrangements, are, like most other Caribbean countries, net- food-importing countries. The food import bill of all of these countries, with few exceptions, significantly exceeds their value of agricultural exports and the increasing focus on service industries, particularly tourism, which itself impact on the both the quantity and quality of food imports, further widens that gap. As such trade in food, and import of food in particular, is significant regardless of the nature of the regime under which that trade is conducted.

1. There is a widely held view that multilateral agreements under the WTO and a commitment to economic liberalism, in general, restrict the ability of countries such as ours, to modify trade policies in line with good nutritional practice. To be sure, there have been some constraints placed on the extent to which governments can manoeuvre in their quest to influence consumer choices. Moreover, the desire to make foods available at reasonably low costs, particularly for low income earners prompts governments to adopt fairly liberal policies which limit restrictions on food imports.

However, to address the negative consequences of such trade policies and their effects on public health one must first start from an appreciation of what the desirable consumer choices should be and determine appropriate policy instruments to influence that choice. Consideration should therefore be given to both the nutritional and public health impact of macroeconomic, trade and sector-specific policies and the potential for their use in the creation of strategies to manage obesity and disease prevention.

1. The use of economic policies, both micro and macro, to address public health concerns is not a novel idea. In fact, tax policies are widely used in the efforts to control the use of tobacco and alcohol. The use of similar policies to control the scourge of obesity and other chronic-non-communicable diseases has, however, generated a significant level of debate, primarily because, unlike alcohol and tobacco which are specific products for which the links with particular diseases are straightforward, the causal link between obesity and food consumption is more complex.

 While there seem to be little or no doubt that the over-consumption of certain categories of food, notably, energy dense foods or foods rich in fat and sugar, is a primary contributor to obesity, the link between obesity and specific food-products poses a greater challenge. Unlike alcohol and tobacco consumption, it is generally believed that overall dietary intake which matters in the case of obesity. Among the issues which arise is the identification of the specific foods, consumption of which should be controlled, or the specific thresholds beyond which consumption ought to be controlled. As such, deciding on what foods to target in obesity control can pose a challenge. In such a case, the control mechanism could only focus on broad categories of products such as oils and fats, or unhealthy snacks, definitions of which would have to be determined. Moreover, any control mechanism must take account of changes in technology, including the range of new food products which are constantly being produced and possible differences or advances in product specification. Again, any control strategy should seek to cover broad categories of products which may need to be continuously revised and flexibilities provided for in the accounting and control measures to take account of change.

1. The use of economic and trade policies in obesity control needs to also take account of the potential differential impact of such policies on different groups within society. It is widely believed that obesity is widely prevalent largely among low income earners, who also spend a disproportionate share of their income on food, mainly less expensive products which are generally the main contributors to obesity. Drewnowski and Darmon[[2]](#footnote-2) (2005) observed that ‘energy*-dense diets, rich in added sugars and fats, are far more affordable (per unit of energy) than diets composed of whole grains, lean meat, fish, low-fat dairy products and fresh vegetables and fruit”* They also noted that inexpensive starches, fats and sweets may represent the only viable option for low-income consumers and as a result, more people consume energy dense diets, especially in lower income groups.[[3]](#footnote-3) Policies to address obesity may therefore be regressive in nature, having a greater impact on low income groups than on higher income groups.

Although, it may be argued that the problem has to be addressed where it is most significant, account must be taken of the fact that the success of trade and economic measures in curbing obesity would depend on the alternatives made available to the more vulnerable groups. As, such control measures should not just be punitive but should comprise viable and accessible opportunities for change by the target groups and should take account of the characteristics and propensities of the target groups. For example, a tax on the foods consumed as a large part of the diet of low-income persons may not have the intended effect of reducing consumption of these foods unless low cost substitutes are provided or programmes for raising income and levels of awareness in these groups are implemented. In fact, such a tax may lead to lower levels of consumption of the higher priced healthy foods, as people adjust their spending partners in response to the lower levels of real income resulting from the tax on food.

It should be obvious, by now, that there are no quick fixed solutions to the problem of obesity; there are no easy answers and certainly there is no magic wand! Behavioural change is necessary but such a change can best take place through a combination of measures tailored to meet the specific circumstances of the target group, both in time and place.

I now wish to focus on the opportunities available within the global trade regime in agricultural trade, for developing countries to adopt strategies which can form part of the strategy to reduce the prevalence of obesity. I wish to re-emphasise that any strategy to deal with obesity has to be a holistic one and solutions do not lie in any one area of activity but should cut across various sectors and disciplines including food and nutrition, cultural and public health training and education, social and economic development including poverty alleviation and self-empowerment.

1. In the context of the WTO Agreement on Agriculture, which establishes the rules regarding international trade in agricultural products, including food, both primary and processed[[4]](#footnote-4), there exists some scope for countries to adopt policies which can influence consumer choices. With respect to the use of tax measures the WTO does not require complete removal of import duties on food or other agricultural products. The obligation of countries is to establish maximum rates of import duties or what are called “bound” tariffs, which in the case of developing countries are generally higher than the actual duty applied at the border. Depending on previous commitments made, countries may have considerable room between the tariffs actually applied and their WTO bindings. This is the case with most Caribbean countries.

Further, the WTO does not impose restrictions on internal taxes, which are applied to imports, as long as those taxes are also applied to domestic production of the same types of goods. Thus, a government could, conceivably, use a combination of import duties and internal taxes to adjust consumer prices in favour of more desirable types of food. Of course, there is considerable debate on the desirability or the effectiveness of using a food tax or a fat tax to regulate the consumption of specific foods – a debate which time would not permit us to engage in presently, but, where it is determined that such a tax should form part of an obesity control package, the facility exist within the scope of the WTO rules to allow for flexibility in the application of taxes and duties on food products.

1. In the current round of WTO negotiations - the Doha Round - the modalities on agriculture include a proposal that special treatment be given to agricultural products which are considered by the individual countries to be important to their food security, rural livelihood and rural development. These “special products” would not be subject to extensive trade liberalization and thus, domestic producers could be sheltered from additional external competition. In other words, domestic production of healthy alternatives to imported food products could be sheltered by means of tariffs on the imported substitutes. Jamaica, with the assistance of the FAO recently initiated a backyard farming/family gardening programme which, as the name implies, is intended to encourage farming by households which could reduce the food import bill while increasing the availability of nutritious foods at lower costs and supplementing household income. This is the example of the holistic approach involving poverty reduction and empowerment which should accompany the efforts to improved food and nutrition security in the efforts to reduce obesity and other nutrition related diseases. In bilateral negotiations, such as the Economic Partnership Agreement between CARIFORUM[[5]](#footnote-5) countries and the EU the Caribbean has succeeded in exempting a large share of its agricultural food imports from the requirement to reduce customs duties in an effort to encourage sustainable and competitive development of domestic agriculture.
2. We must nevertheless be aware that restricting access to imported food, in the interest of protecting domestic producers, can also have negative effects on nutrition, especially among vulnerable groups. A balance therefore has to be struck between the two often competing interests.
3. The WTO Agreement on Agriculture (AoA) focuses on the regulation of measures which restrict the trade in agricultural goods between countries, including those measures, such as domestic subsidies, which give countries a competitive advantage in the production and marketing of agricultural products, while eroding the competitive advantage of lower cost producers of similar agricultural products. The AoA does not discriminate between agricultural goods, whether imported or exported, on the basis of the nutritional qualities of those goods or on their contribution to overall nutritional well being. The preamble to the AoA makes reference to the need for the AoA to take into account the food security concerns of all WTO Member countries, but food security is generally defined with an emphasis on the accessibility and availability of food without reference to the nutritional or dietary attributes of these foods. As such, the commitments made, whether in the form of restrictions to be removed or measures to be implemented to facilitate reform are independent of the contribution of these foods to a country’s health and nutrition security.

 The implication of this is that WTO Member States have no obligation to ensure that goods which are deemed critical to nutritional security, or which pose a threat to such security, to be treated in a manner differently from other goods. Any Member State may, in its discretion, regulate the trade in agricultural goods in a manner consistent with the AoA. As such, if a Member State wishes to control the imports of specific agricultural goods, it may do so within the limits of what is allowed under the agreement, including the imposition of tariffs up to the agreed bound rates. Similarly, if a WTO Member State wishes to encourage the imports of foods deemed critical to nutrition security then it may do so through the implementation of lower tariffs on these food items or through the provision of support for domestic production of these foods within the limits allowed under the AoA. Caribbean countries, therefore, have reasonable scope for facilitating trade in nutritionally favourable foods by means of supportive border measures and through domestic agricultural support policies.

1. The provision on “Special (agricultural) Products”, for which developing countries would not be expected to undertake extensive trade liberalization, also makes allowance for a country to exclude foods which may be deemed critical to food (and nutrition) security from the full brunt of the trade liberalization process. This implies that domestic production of these goods may benefit from a level of protection which other agricultural goods may not enjoy. It may also mean that consumers would be denied the option of access to imports of similar goods which may be sourced at cheaper costs.

The current negotiations have also maintained the special concessions granted to developing countries in their provision of domestic support to agriculture to promote domestic production of agricultural goods among low-income, resource-poor communities or which assist in rural development. The income generating element of these proposals may also promote nutritional security through generating access to foods considered to be nutritionally desirable, whether produced locally or imported. Of course the main constraint for Caribbean countries is acquiring the necessary budgetary outlay to afford the provision of government support to aid production of suitable alternatives to imported products in an efficient and cost-effective manner.

1. The basic conclusions of this presentation are the following:
* There is a sufficiently strong linkage between obesity and trade and agriculture to merit consideration being given to the use of trade and agricultural policies in strategies to address the obesity epidemic.
* While there is need to refine the specific mechanisms which may be used within trade and agriculture to address the problems of obesity measures such as differential taxes on food imports, domestic support by governments to promote food production among vulnerable groups, training, education and empowerment of vulnerable groups can comprise part of the strategy to reduce the incidence of obesity.
* Both domestic economic and external trade policies may be necessary to regulate the availability and consumption of healthy alternatives to the foods which are known to be primary causes of obesity.
* Account must be taken of the likely regressive nature of trade and economic policies which aim to address the problem of obesity and, as such, the peculiarities of the groups most vulnerable to obesity must influence the nature of the policies undertaken.
* Greater efforts should be made to integrate the efforts to reduce obesity and chronic non-communicable diseases in the multilateral trade framework, given the nexus between these diseases and trade in food products. Obesity is more than just a public health issue; it has a significant socio-economic dimension and therefore requires intervention in all these dimensions in a co-ordinated manner.
* While the WTO Agreement on Agriculture imposes limitations on the range and scope of the policies which governments can use to regulate the trade in goods which have an impact on nutritional well-being, there is currently sufficient latitude ( or what is also called policy space) within the existing rules for these governments to adopt and implement policies aimed at meeting their national objectives for food and nutrition security and which addresses possible impacts of trade policies on domestic food and nutrition strategies or objectives.

* To the extent that liberal trade policies create greater access to cheap imports of potentially dietary harmful foods, it may also be argued that these policies may be at odds with national objectives of food and nutrition security. However, restrictive trade practices may also have a similar impact if imports of desirable and affordable goods are constrained. The key, therefore, is to arrive at a correct balance between restriction on food imports and permitting importation of food under conditions which address social and health concerns on one hand, and creating a climate conducive for domestic production of healthy foods on the other.

\*\*\*

1. Hawkes, C, C.Blouin, S. Henson, N. Drager, L. Dube (eds.). 2010. *Trade Food, Diet and Health: Perspectives and Policy Options*. Wiley-Blackwell. [↑](#footnote-ref-1)
2. Drewnowski, A and Darmon , N. (2005). Food Choices and Diet Costs: an economic analysis. *Journal of Nutrition* 135, 900- 904 [↑](#footnote-ref-2)
3. Drewnowski, A and Darmon, N. (2005). The economics of obesity: dietary energy density and energy cost. American Journal of Clinical Nutrition 82 (Supp1). [↑](#footnote-ref-3)
4. However fish and fish products are not covered under this Agreement. These are covered under the Agreement pertaining to non-agricultural products. [↑](#footnote-ref-4)
5. CARIFORUM refers to the Caribbean Forum of African, Caribbean and Pacific (ACP) states and is comprised of the Member States countries of the Caribbean Community (CARICOM) plus the Dominican Republic. The Economic Partnership Agreement with Europe was signed in December 2008. [↑](#footnote-ref-5)