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Task Force 04

TRADE AND INVESTMENT FOR SUSTAINABLE AND INCLUSIVE GROWTH

Global Labelling for Food Quality Attributes

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Abstract

Food production is a complex and varied set of activities, both agricultural and nonagricultural, involving an increasing number of sectors and actors that influence the way food is produced, processed, distributed, and consumed. Also new dimensions are being considered when food is produced, traded, and exported. The impact of agrifood systems on the environment and the wellbeing of farmers stand out, as well as concerns about the safety and nutritional quality of food.

Over the last decades, economic growth together with urbanization, social, and culinary changes resulted in a shift toward more unhealthier diets. Specially, the increased consumption of ultra processed food has led to a higher incidence of overweight and obesity. Faced with this concern, many governments have made progress in the design and implementation of policies to promote healthier diets. Mandatory labeling of processed products is rapidly growing, but its legislation varies in each country, causing confusion among consumers and affecting food SMEs' access to third markets.

International trade is essential for food security and nutrition. Given that more than one-fifth of all food consumed worldwide is imported, evidencing the global interdependence of agrifood systems, it requires countries to work together. The G20 countries have the ability to take the initiative to advance greater harmonization.

Keywords: food, food systems, food security, trade, nutrition, labeling, food quality, human health, diets, consumers, WTO, G20, FAO.

Diagnosis

Over the last decades, economic growth together with urbanization and social changes resulted in a shift toward more unbalanced diets (Popkin et al, 2012). The increased consumption of ultra processed food has led to a higher incidence of overweight and obesity, with significant economic, social, and health consequences worldwide.

According to the World Health Organization (WHO), the prevalence of overweight and obesity in adults increased by around 18 percentage points, from 25 percent to 43 percent, between 1990 and 2022, accounting for 2.5 billion people around the world. Of this total, 890 million people are obese. Children under five and teenagers, who consume 40 percent more carbonated sugar drinks, twice as much baked goods, and three times as much candy than adults, are most heavily impacted (WHO, 2022).

A balanced diet should comprise 65 percent of high nutritional quality food, 20 percent of medium nutritional quality food, and 15 percent of low nutritional quality food, according to the Food and Agriculture Organization's (FAO) food-based dietary guidelines (FAO, 2024).

Food safety has long been a concern in food production chains, and during the recent COVID-19 pandemic the issue gained prominence, when new requirements and restrictions were imposed to guarantee people's health. At the same time, concern about the nutritional quality of food and its relationship with non-communicable diseases (NCDs) is rising. An unhealthy diet is one of the main risk factors for the development of NCDs.

Concomitant with the emerging global upward trend in overweight and obesity in the 21st century, public and private initiatives to implement "front-of-package" (FOP)

nutritional labelling have proliferated, as an additional tool in policies to promote healthy eating (Kanter et al, 2018).

Over the years, food production has become more complex, requiring new and varied activities, both agricultural and nonagricultural, involving an increasing number of sectors and actors (Piñeiro et al, 2021; UN, 2024). New dimensions are being considered, such as the impact of agrifood systems on the environment and the wellbeing of farmers, as well as concerns about the safety and nutritional quality of food (Piñeiro et al, 2023). Food companies have been voluntarily implementing nutritional labels since many decades.

At a local scale, regulations are focused first on healthy food, mainly by (a) increasing and promoting the consumption of high nutritional quality food, (b) encouraging the industry to reformulate products towards healthier options, (c) increasing macro and micronutrients, and (d) reducing critical nutrients such as free sugar, sodium, and fat in processed and ultra processed food.

The second focus is on the food environment, such as improving physical and economic access to a healthy and sustainable diet or strengthening consumer information to favor healthier food choices through education, dietary guidance, and regulation of media promotion and advertising.

The third focus is on regulations, programs, and institutional actions to encourage the synergy between stakeholders (food supply chain, national and regional governments, academia, NGOs, consumers, etc.) to updating and systematized information in terms of monitoring objectives and accountability.

Regionally and globally, government regulations related to consumer behavior, such as mandatory labelling of processed foods, are slowly spreading as a specific public

policy (Thow et al, 2019). A debate has taken place on nutrition labelling[1] and how the Nutrient Profile Model (NPM) can provide general guidance to assist in the development of FOP nutrition labelling (Figure 1). Different government organizations, NGOs, and UN agencies recommend the adoption of an NPM, but more than 100 models exist (Piñeiro et al, 2023). FOP labelling is a form of supplementary nutrition information used to facilitate consumers' understanding of the nutritional value of a food product consistent with the national dietary guidance.

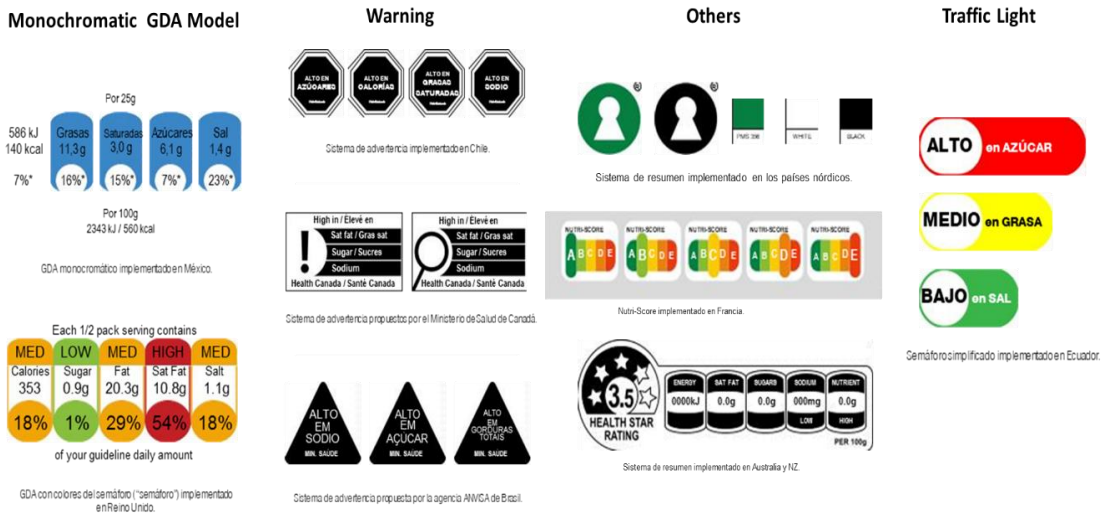

FIGURE 1. Front-of-package labelling systems

Source: Developed by authors based on countries' regulations and available information.

[1] Nutrition labelling is a description intended to inform consumers of the nutritional properties of a food. Consists of two components: a nutrient declaration and supplementary nutrition information. Nutrient declaration means a standardized statement or listing of the nutrient content of a food (CODEX Alimentarius).

Interpreting a nutritional table, located on the back or side of a product, requires mathematical and nutritional knowledge to evaluate the contents and to compare products in the same or a different category. Consumers spend a minimal amount of cognitive effort in decision making, particularly for repeated food purchases. The goal of FOP nutrition labels is trying to change behaviors throw nutrition information. True effects are still under study. It is thus necessary to develop a global standard for FOP interpretive nutrition labelling with more homogeneous criteria to enable consumers to make healthier choices.

Recommendations

Improving the nutritional quality of a country's intake also requires attention to other issues, like trade policy. International food trade not only promotes food security, but also has proven effectiveness in improving nutrition, making available both micro and macronutrients (Ge et al, 2021; Martin and Laborde, 2018). Trade policy can be used to help increase the availability and reduce the price of nutrient-rich foods (FAO, 2018), something especially important if one takes into account that most of the countries in the world do not have sufficient local production of all the food groups necessary to ensure a balanced diet (Laborde, Piñeiro, and Swinnen 2022). Approximately 900 million people in the world still face severe food and nutritional insecurity (FAO, IFAD, UNICEF, WFP and WHO, 2023).

Today, about a fifth of the calories consumed in the world come from imported foods (Ge et al, 2021; Martin and Laborde, 2018; Piñeiro et al. 2021). This global interdependence of agrifood systems requires countries to work together, both between governments and with the private sector. Cross-sectoral nutritional strategies should be designed and implemented from global to local level and vice-versa. Recent literature indicates that regional trade agreements (RTAs) can cause restrictions in the nutritional policy of the signatory countries (Barlow and Thow, 2020; Garton et al, 2021; Harris et al, 2022). Therefore, to move forward on a global scale, multilateral organizations should focus on this interdependence, given the role of international food trade in global food security and nutrition quality.

Particularly, it must be taken into account that global food security will depend on exporting food companies being able to understand, finance and implement the requirements of each market, including labeling requirements. The lack of harmonization

of FOP labelling has the risk of ending up operating as a non-tariff barrier, especially for small food companies.

When the agrifood system, food trade, and healthy diets are examined jointly, the focus should be primarily on the food and beverage industry. Nowadays, consumption of ultra processed food represents up to 60 percent of the daily energy intakes in some income-countries, and all the world is walking the same path (Cordova et al, 2023). Between 2000 and 2013, processed and ultra processed food's sales increased by 43 percent (PAHO, 2015). Sales of ultra processed products increased mainly in middle-income countries. In fact, more than one-half of sales of ultra processed products were in the expanding markets of the global south (PAHO, 2015).

Along with this trend, which increased diet concerns about health, important changes have occurred in the roles and responsibilities of states, intergovernmental organizations (IGOs), rights holders and the private sector in the governance of food security and nutrition (HLPE, 2018). However, although global governance and knowledge about food and nutritional security has increased, the imposition of measures to improve the quality of intake is still incipient. FOP labeling is one of the most rapidly spreading instruments, but the parameters applied for its regulation differ between countries.

A new global labeling system must be developed through a multilateral international agreement. This system should have the best possible design, be easy for consumers to interpret, simple to implement by food producers, and avoid imposing additional hurdles on food trade. The global labeling system should serve as a guideline for all countries. To achieve this, the following actions are proposed:

- Promote within the scope of the Codex Alimentarius the implementation of a process to harmonize the labelling system and propose a global food label. There are

previous efforts that must be resumed in pursuit of achieving a more coordinated public health policy (Thow et al, 2019).

- Improving the link between the full nutritional declaration and FOP labeling is key. A QR tool could quickly be incorporated to improve consumer understanding. Product coding systems are integrated at regional and global levels.
- Promote the inclusion of FOP labelling in the WTO agenda. The WTO has much to contribute to the discussions currently taking place at the intersection of trade and nutrition and could incorporate the food labelling system as a trade issue.
- Deepen United Nations Forum on Sustainability Standards (UNFSS) monitoring activities in line with the Voluntary Guidelines on Food Systems and Nutrition adopted by the Committee on World Food Security (CFS), at its 47th plenary session in 2021.
- Instruct FAO to advance the development of updated, dynamic, and open databases for public consultation, providing data on the sale and consumption of foods by nutritional category, with special focus on processed and ultra-processed foods. The lack of updated information on markets, the low frequency of surveys and studies and the lack of systematized, centralized, and coordinated information on nutrition make it difficult to compare available data.

The harmonization and implementation of FOP labeling will not be enough to, by itself, solve the problem of nutritional deficiency in the world. These actions should not be undertaken in isolation but as a set of measures that link agri-food systems, trade and healthy eating in a coordinated and intersectoral manner at the local, regional and global levels.

Scenarios of Outcomes

Agri-food is a complex and changing sector that must adapt to new dimensions of food production and demand. Dietary patterns interact with agri-food systems, not only because of existing production and consumption models, but also as a driver of change for future food supply chains. These challenges require policymakers to be attentive to these changes to promote improvements and correct deviations in the objective of achieving the SDGs by 2030.

Likewise, the food and beverage industry have a major role not only in the way food is produced, traded, labeled, advertised, and sold but also in its ability to face challenges related to healthy food. In recent years, there has been a higher integration of industries at regional and global levels due to their interrelation and concentration across regions and countries (Hernandez et al, 2023). The lack of international harmonization in labeling can reduce market access for SMEs and accelerate this concentration process.

It is evident that healthy food must be integrated as an explicit objective in national policies, programs, and budgets. Cross-sectoral nutritional strategies should be designed and implemented at different levels, from global to local. The main challenge is to achieve development and balance in agrifood systems, both locally and globally, linked to the new dimensions of demand and, considering how these changes will affect food trade and international insertion of SMEs especially those located in developing countries.

In relative terms, UN (2024) find that the composition of food exports originating in developing countries are dominated by products with some degree of processing. On the contrary, exports of raw food material have greater preponderance in the composition of exports from developed countries. Therefore, food exporters from developing countries would be, proportionally, the most affected by the lack of harmonization in FOP labeling.

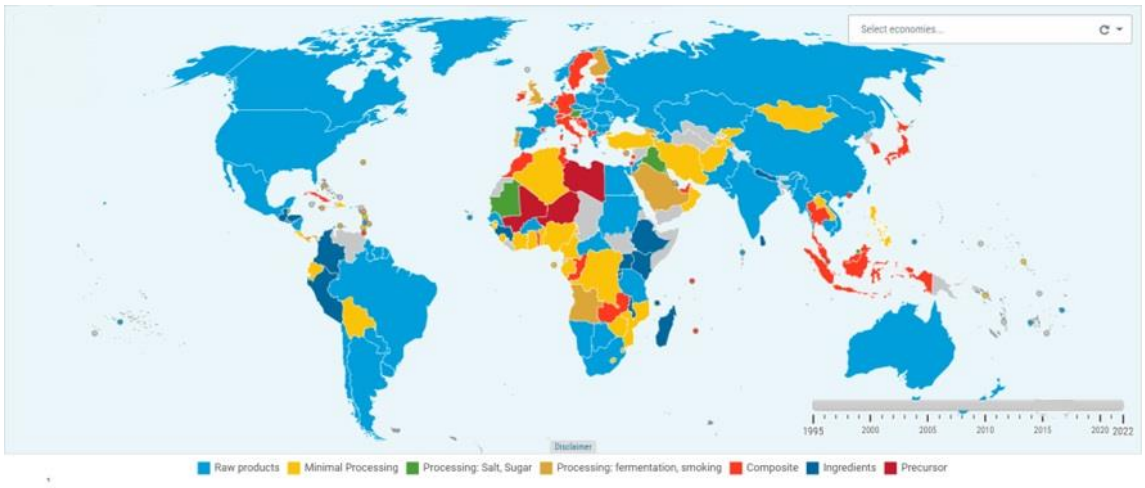

FIGURE 2: Exports by food processing level. main category by country in 2022

Source: UN, 2024.

The health risks posed by consumption of processed and ultra processed products cannot be mitigated simply by reducing overall consumption. Regulations at local, regional, and global scales are required. Global interdependence and the importance of achieving an adequate balance between supply chains, trade, and healthy diets point to the importance of countries working together. Multilateral organizations must increase cooperation.

Developing and agreeing on a global FOP labelling system emerges as a feasible proposal. Such a system should be implemented via an international agreement. The new standards should be well designed and easy for private firms to implement. Furthermore, it should not impose additional market access hurdles for food trade.

Governments and international organizations (WTO, FAO, WHO) should promote the development of new market opportunities to protect and increase the production, availability, affordability, and consumption of healthy foods. Yet this promotion must encourage a balance between agrifood systems, environment, trade, and the new dimensions of consumer demand.

Recent supply chain disruptions serve as a timely reminder of the fragility of the global food system and the urgency of fostering international coordination of a global strategic framework for food security and nutrition. Any lack of coordination in global supply chains can have significant impacts on global food and nutritional security indicators, which have been virtually stagnant, and even regressed, in the last decade. The G20 could take the lead in promoting greater transparency and harmonization in food labeling to reduce potential distortions in food supply, particularly in small, net food-importing countries.

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