

Policy tool



#8

**Food and
agriculture**

Policy tool

Improve how food and agricultural markets function, while contributing to climate action, by easing trade in food.

#8 Food and agriculture



What are some key trade-related policies affecting trade and markets for food and agriculture?

Trade-related policies that may affect trade and markets for food and agricultural products include import tariffs, domestic support measures, and export restrictions. Governments often levy import tariffs on food and agricultural products (e.g. to generate revenue or protect domestic producers). Moreover, some governments provide support to the agricultural sector, including assistance linked directly to prices, production or inputs. Finally, some governments impose export restrictions on food, which can reduce the availability of food on global markets and raise international food prices.

How do policies affecting trade and markets for food and agricultural products relate to climate action?

Climate change is expected not only to affect global temperatures and rainfall patterns, but also increase the frequency, intensity, and duration of extreme weather events (IPCC, 2023). These events are likely to affect markets for food and agriculture, both directly (impacting production and productivity) and indirectly (affecting transport and logistics, including ports). At the same time, in 2019, approximately 22 per cent of global GHG emissions came from agriculture, forestry and other land use (IPCC, 2023).

Trade already plays a key role in global food security. One in every five calories consumed around the world – and possibly as many as one in four – is traded (OECD-FAO, 2022). As climate change deeply affects agricultural yields, this role will only increase, with trade helping food flow predictably and smoothly from where it is abundant to where it is needed.

A variety of trade policies affect trade and markets for food and agriculture, including import tariffs, support measures and export restrictions. Import tariffs on food and agricultural products can raise domestic prices for consumers and input costs for producers. According to the multi-agency [SDG Trade Monitor](#), the weighted tariff average that governments applied to imports of

agricultural goods was 6.2 per cent in 2021. However, tariff peaks¹³ on some agricultural products are often much higher than average levels, at times even exceeding 1,000 per cent ([WTO, 2023b](#)).

When government support to the agricultural sector is linked directly to prices, production or inputs, it can distort trade and markets, undermining the competitiveness of producers in other regions, and often resulting in further carbon emissions and inefficient or unsustainable patterns of resource use. At the same time, other types of support are important for environmental protection and conservation, research, infrastructure development or training to help farmers improve their productivity sustainably. Data from the OECD for 2020-22 indicates that USD 630 billion per year on average was provided by governments in the form of support to producers¹⁴ ([OECD, 2023](#)).

Export restrictions on food can reduce its availability in global markets and raise international prices. While these measures can reduce prices domestically in the short term, they can also adversely affect access to food abroad, especially for vulnerable populations in net food-importing developing economies ([Bouët and Laborde Debucquet, 2017](#)). Export restrictions can also prompt other economies to introduce similar measures to keep domestic prices low, thereby raising global prices and exacerbating market volatility.

All these policies may impact governments' climate mitigation or adaptation plans. Market access barriers affecting pro-climate technologies and innovations in

“Food production and local producers are increasingly vulnerable to the adverse impacts of climate change. At the same time, recent reports have found that food systems are contributing up to one-third of greenhouse gas emissions, up to 80 per cent of biodiversity loss and use up to 70 per cent of freshwater. However, sustainable food production systems should be recognized as an essential solution to these existing challenges.”

António Guterres,
UN Secretary-General,
[Food Systems Summit 2021](#)

WTO members' experiences with climate-related agriculture measures

Since 2009, over 540 climate-related measures affecting the agriculture sector have been notified to the WTO by 67 WTO members ([WTO EDB](#)). The number of measures notified over the years has increased constantly, with a sharp rise in measures notified in 2021 (106).

Policies include different types of support measures pursuing a variety of specific objectives, including climate-smart agricultural practices, low-carbon extension and infrastructure services, afforestation and soil degradation recovery, and relief from extreme weather events and climate-related crop losses.

Some recent examples include:

- Australia's provision of regional weather and climate guides to assist farmers in risk management decisions and in adapting to climate change (2021);
- Chile's extension and advisory services on smart irrigation and Energy Efficiency Pre-Investment Programmes (2021);
- Canada's Growing Forward 2 program supports On-Farm Energy Management conserve energy and reduce emissions (2021);
- El Salvador's efforts to adapt coffee plantations to climate change (2021);
- Tonga's research services for sustainable soil, crop and livestock production and climate resilient systems (2021); and
- India's National Mission for Sustainable Agriculture (2021).

food and agriculture can also impede their uptake and use. Reforming policies that affect trade and markets can therefore strengthen climate adaptation and mitigation by improving food security and nutrition, and by strengthening the ability of producers, consumers and traders to cope with unexpected crises ([WTO, 2022g](#); [WTO, 2022j](#)).

At the same time, well-functioning, sustainable agriculture and food systems may provide game-changing ways to mitigate climate change and conserve biodiversity. Domestic climate action plans can contribute by reducing market distortions, lifting trade restrictions, improving competition and food safety standards, and – in the longer term – ensuring that the true costs of food and farm goods are reflected when traded. Governments could also support climate adaptation and mitigation efforts by strengthening environmental programmes, advisory services, research and rural infrastructure.

Moreover, reforming and repurposing support to the farm sector can represent an important contribution to strengthening the sustainability and resilience of food systems ([FAO, UNDP, UNEP, 2021](#); [FAO, WTO, World Bank Group, 2023](#)).

What could be done to align policies affecting trade in food with wider climate action policy plans?

More open, fair and well-functioning global markets for food and agricultural products, anchored by the rules-based multilateral trading system, can play a critical role in shaping and assisting global climate action and strengthening global food security, including by reducing the impact of food crises hitting net food importing developing economies and LDCs the hardest.

Governments could revisit the impact of import and export restrictions on food and agricultural markets, as well as how support policies affect various parties, with the aim of enabling consumers to access the food and nutrition they need.

Changing agricultural practices and land use patterns could lower emissions related to farm production and trade. Paired with coordinated climate action, trade could also contribute to reducing the sector's carbon footprint by allowing economies to specialize more in foods they can produce with a relatively low carbon footprint.

Use of WTO agreements in curbing trade-restrictive measures can help reduce food and fertilizer price volatility. Governments could also support the resilience of global markets for food and agricultural products by promptly sharing information about policies affecting trade, including by complying with WTO notification commitments, and by participating in other information exchange mechanisms, such as the [Agricultural Market Information System](#), an inter-agency platform aimed at enhancing food market transparency.

The WTO agreements and various WTO bodies provide members with the opportunity to mobilize market incentives (market access), fiscal resources (domestic support and export competition) and a science-based regulatory framework (sanitary and phytosanitary systems) that could be efficiently leveraged to promote climate-smart agricultural innovation, dissemination of pro-climate technologies and practices, and better use of natural resources. In June 2022, at the 12th Ministerial Conference of the WTO, trade ministers agreed to a [package](#) of measures, including a [declaration](#) confirming the vital role of trade in improving global food security, a [decision](#) exempting World Food Programme food purchases for humanitarian purposes from export restrictions, and an [Agreement on Fisheries Subsidies](#), which commits members to eliminating the most harmful fisheries subsidies.

WTO members are also currently [negotiating](#) an update to the rulebook on food and agriculture, with food security one of the priorities ahead of the 13th Ministerial Conference in Abu Dhabi in February 2024.