



# COMMITTEE ON COMMODITY PROBLEMS

## Seventy-fourth Session

10-12 March 2021

### THEMES FOR THE NEXT EDITION OF THE STATE OF AGRICULTURAL COMMODITY MARKETS

#### Executive Summary

At its 71st Session in 2016, the Committee on Commodity Problems agreed that the production cycle of FAO's flagship report *The State of Agricultural Commodity Markets* (SOCO) be aligned with the CCP cycle and recommended that the theme be discussed by the Committee. This document presents potential themes for the next edition of the report, to be published in 2022.

#### Suggested action by the Committee

The Committee is invited to discuss the proposed themes for *The State of Agricultural Commodity Markets* (SOCO) 2022, for further consideration and decision by the Director-General.

The Committee may also wish to propose additional themes for further consideration.

*Queries on the substantive content of the document may be addressed to:*

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## I. INTRODUCTION

1. At its 71st Session (4-6 October 2016), the Committee discussed *The State of Agricultural Commodity Markets* (SOCO) and agreed that its production cycle be aligned with the CCP cycle. It was also recommended that potential themes be discussed by the Committee.
2. The 2018 edition of SOCO focused on agricultural trade, climate change and food security. The report made an important contribution to the policy debate on climate change adaptation and mitigation under the Paris Agreement and the multilateral agricultural trade rules under the World Trade Organization (WTO). It discussed policies that can promote food security and climate change adaptation and mitigation, and improve the livelihoods of farmers around the world. It was launched on 14 September 2018, before the 72nd Session of the CCP.
3. SOCO 2020 addressed the subject of agricultural markets and sustainable development. It examined how policies and mechanisms can promote sustainable outcomes - economic, social and environmental - in food and agricultural markets, both global and domestic. The report covered new and emerging issues, namely the emergence of global value chains in food and agriculture, the extent to which smallholder farmers in developing countries participate in value chains and markets, and the transformative impacts of digital technology on markets. The report was launched on 23 September 2020 through a virtual high-level event.
4. The various editions of the SOCO report can be accessed at this link: <http://www.fao.org/publications/soco/en/>
5. This document presents two potential themes for the next edition of the report, which will be published in 2022, before the 75th Session of the Committee. The Members are invited to provide feedback on these proposals and may also wish to put forward other proposals, for consideration by the Secretariat and subsequent decision by the Director-General.

## II. POTENTIAL THEMES FOR THE STATE OF AGRICULTURAL COMMODITY MARKETS (SOCO) 2022

### A. COVID-19 and Agricultural Markets and Trade

6. The coronavirus pandemic and the measures to contain it have plunged the global economy into the worst downturn since World War II. In January 2021, the International Monetary Fund (IMF) estimated the global economic contraction in 2020 at -3.5 percent. The COVID-19 outbreak has caused disruptions to agri-food supply chains and created market uncertainties. Food and agricultural primary production, processing, trade, logistics (both domestic and international), and final demand have been and continue to be affected. The spread of COVID-19 has had consequences for domestic, regional and international markets, incomes and employment, as well as food security and nutrition across the world. Preliminary estimates by FAO indicate that the pandemic may add between 83 and 132 million people to the ranks of the undernourished in 2020.<sup>1</sup> In addition to negative impacts on food security, diet quality has also been affected, especially for the poor since nutritious foods (dairy products, fruits and vegetables, eggs, fish and meat) are generally more costly than staples.
7. Governments have taken various measures in response to the pandemic, generally with the dual objective of containing the spread of the virus to save lives and ensuring the food security of their populations. Across the world, a broad range of trade policies and supply chain measures was implemented to ensure the smooth operation of markets and the availability of food. These included the establishment of 'green channels' connecting food production areas with urban centres under protocols that safeguarded workers' health and food safety, temporary and limited export restrictions

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<sup>1</sup> FAO, IFAD, UNICEF, WFP and WHO. 2020. *The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets*. Rome, FAO.

to ensure domestic availability, sanitary and phytosanitary-related measures to promote food safety, but also measures to facilitate trade, such as lowering import tariffs, increasing tariff rate quotas, and the temporary relaxation of technical regulations applying to foods. Support was also provided to importers and exporters to overcome international logistics and marketing disruptions, for example, through airfreight assistance programmes. On the production side, measures to assist producers and other value chain actors differed among countries. In high-income countries, policies were mainly aimed to protect the incomes of farmers and processors through direct transfers and loans, and promote food procurement for domestic food aid. Some developing countries provided input subsidies or direct transfers to support specific groups of farmers, implemented price control mechanisms, released stocks and expanded food reserves (comprising of both imports and domestic procurement) to ensure sufficient domestic food availability.

8. The 2022 edition of SOCO could focus on the impacts of the COVID-19 pandemic on food and agricultural markets, supply chains and trade. The report would also survey innovative policy responses adopted by countries and analyse how they have affected markets and trade. In many cases, digital technology applications facilitated the trade and supply chain operations by promoting the flow of information and efficient matching between farmers, traders, processors, retailers and consumers. It is expected that the report would discuss a range of policies and innovations that contributed to the well-functioning of food markets and supply chains in the context of the pandemic and draw lessons and policy recommendations to accelerate the transformation process towards more productive, resilient and sustainable agri-food systems. It could also contain specific case studies for illustration, whether on commodities or on countries.

## **B. Agricultural Trade and Nutrition**

9. The linkages between food and agricultural trade and nutrition are complex and acknowledged in global debates on development. Trade is included as an important means of implementation for achieving the Sustainable Development Goals (SDGs), namely under SDG 2 on ending hunger and all forms of malnutrition. The Rome Declaration on Nutrition and the Framework for Action of the Second International Conference on Nutrition (ICN2) acknowledge that trade can play an important role in reaching nutritional targets. It is expected that the United Nations Food Systems Summit in 2021 will call for significant actions to ensure adequate, safe and nutritious food for all, while recognizing the connection of food systems with human health. Trade can play a crucial role in the sustainable transformation of agri-food systems.

10. As geographical and climatic factors shape the comparative advantage in food production across countries, trade can improve the availability and affordability of food, increase food diversity and broaden consumer choice, thus promoting better nutrition and healthy diets. At the same time, however, globalization and trade can influence consumer preferences, which may result in excessive consumption of nutritionally inferior products that are rich in fats, salt and sugar with negative impacts on nutrition. Agricultural and trade policies are rarely formulated to address nutritional targets. Their objectives include promoting agricultural productivity and farm incomes, safeguarding food security and the provision of dietary energy, ensuring food safety and supporting rural development. Yet, agricultural and trade policy choices can have potentially significant consequences for the diets and nutrition of populations.

11. SOCO 2022 could focus on the complex linkages between trade and nutrition. The report would present evidence on different dimensions of the relationship between trade, nutrition and policies, based on the most recent data and on state-of-the-art analysis. It could examine the role of agricultural and trade policies in shaping the availability and diversity of foods at regional and country levels, analysing, for instance, the extent to which changes in domestic support and border measures affect the quantities, range and the relative prices of different foods. Consumer policies, such as taxes on sugar content in foods, would be evaluated in terms of their effectiveness in enhancing nutrition. It is envisaged that the report would contain a number of case studies illustrating trade policy impacts on nutrition indicators and diets.