



Fifteenth Meeting of the UN Trade and Development (UNCTAD) Research Partnership Platform

**Wednesday, 3 July 2024 (10:00 - 13:00 CEST)
Palais des Nations, Room XIX (Third floor)**

Global food markets implications for international trade and competition and consumer policies

During the past couple of years, the economic transformation of the world economic trading system has given rise to the emergence of increasingly complex global value chains, whose governance poses challenges to policymakers. Among these global value chains, the food ones stand out due to the multiple efficiency, distributional, safety, environmental, developmental and other challenges and opportunities they face, potentially affecting a wide variety of public and private stakeholders around the world. In turn, these existing and constantly evolving challenges and opportunities continue to call for policymaker scrutiny in competition and consumer protection policy circles¹.

Indeed, the current food system is built on a complex system of interactions between agricultural input providers, producers, intermediaries, processors, exporters, logistic firms, sellers of different sizes, and consumers². These interactions often take the form of bilateral, repeated interactions like formal or informal contracts, rather than one-off market-mediated transactions among agents. The relevant economic dimensions of these transactions exceed price determination, including assessing and valuing quality, the form of payment, the length of the delay between transaction and delivery and payment, among other issues of relevance for competition and consumer protection policies.

These diverse stakeholders interact in markets that are often highly concentrated, where informational imperfections are the norm and where products are often vertically differentiated³. Market power at different stages of the value chain may have different welfare and distributional effects, depending on whether efficiency gains from vertical coordination (important in the presence of extensive search and contracting costs) and horizontal economies of scale result in increased overall welfare and how this is distributed across the different stakeholders. In particular, the effects of concentration are complex and vary across different agricultural value chains, highlighting the importance for policy purposes of using adequate tools to empirically

¹ See Lianos I. (2022), "Global value chains and competition law, Cambridge University Press.

² See Lampietti J & Zhang j, "No country for old regulations: Protecting dynamic competition for digital agricultural markets - <https://blogs.worldbank.org/en/digital-development/no-country-old-regulations-protecting-dynamic-competition-digital-agricultural>.

³ See Sexton R.J. (2013), "Market Power, Misconceptions and Modern Agricultural Markets", *American Journal of Agricultural Economics* Vol. 95 (2), pp. 209-219.

assess whether there is market power abuse or whether changes in market concentration, for example through mergers and acquisitions, can require policy actions by competition and consumer protection (national or supranational) authorities.

Additionally, agricultural markets in general are subject to a wide variety of temporary and persistent supply (e.g. technological, weather-related) and demand (e.g. income, preferences) shocks that affect stakeholders along the value chains in diverse ways. In turn, these shocks can modify the prices and quantities of products traded at various stages of agricultural value chains in persistent ways.

All of this has implications for competition and consumer protection policies, which are magnified by the importance of agricultural markets and food markets, in particular for consumer and producer welfare.

In a world where global food value chains are pervasive, the governance of markets involves a complex interplay between private and public sectors actors exercising power: firms within these value chains, civil society, authorities with different topical mandates and geographical jurisdictions and international regulatory bodies.

In this year's meeting of the UN Trade and Development (UNCTAD) Research Partnership Platform (RPP), we will attempt to address the following questions, in view of the mentioned issues in global food value chains:

- Which are important characteristics of agricultural value chains, including food, in term of their implications for competition and consumer protection policies?
- How should the competition and consumer protection authorities around the world identify what constitutes anticompetitive and unfair commercial practices in these markets and what actions are necessary in line with existing mandates and jurisdictions?
- How to address the specific challenges of developing countries?