UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

# The potential of the GSTP: The case of agricultural trade

## GSTP Technical Note No. 2

Technical cooperation outcome

UN trade & development
UNCTAD

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# GSTP Technical Note

This technical note is the second issue of a series tailored to participants of the Global System of Trade Preferences among developing countries (GSTP), for which UNCTAD is the Secretariat.

The GSTP is an agreement currently encompassing 42 participant countries, which aims at increasing South-South trade through preferential arrangements relating to tariffs, para-tariffs, non-tariff measures, and direct trade measures, as well as sectoral agreements. The last Round of GSTP negotiations took place in 2010 and ended in the adoption of the São Paulo Round Protocol (SPR).[1]

The series aims to provide an overview of South-South trade in sectors and areas where future cooperation can foster inclusive and resilient growth and sustainable development. This second note in the series addresses agriculture and examines possible avenues for growth, diversification, cooperation and value addition, consistent with the UNCTAD's Bridgetown Covenant (2021).[2]

[1] The São Paulo Round Protocol (SPR) in 2010, will enter into force with the ratification of at least four countries. Currently, Argentina, Brazil, Cuba, India, Malaysia, and Uruguay have already ratified the Agreement. However, ratification by all four members of Mercosur is required, as the group maintains a single schedule of tariff concessions. Pending an additional ratification, the São Paulo Round results remain to be implemented. Current geopolitics have rekindled interest in the GSTP, as shown by the ratification of Brazil in December 2022.

[2] Bridgetown Covenant.

# Abbreviations and acronyms

| | |
|---|---|
| ACTO | Amazon Cooperation Treaty Organization |
| FAO | Food and Agriculture Organization |
| G77 | Group of 77 |
| GDP | gross domestic product |
| GHG | greenhouse gas |
| GSTP | Global System of Trade Preferences among Developing Countries |
| HS | Harmonized System |
| IFAD | International Fund for Agricultural Development |
| IPCC | Intergovernmental Panel on Climate Change |
| LDCs | least developed countries |
| MFN | most favoured nation |
| NTMs | non-tariff measures |
| OECD | Organisation for Economic Co-operation and Development |
| RTAs | Regional Trade Agreements |
| SDGs | Sustainable Development Goals |
| SPR | São Paulo Round |
| SPS | sanitary and phytosanitary |
| SSM | special safeguard mechanism |
| TBT | technical barriers to trade |
| VSS | Voluntary Sustainability Standards |
| WFP | World Food Programme |
| WHO | World Health Organization |
| WTO | World Trade Organization |

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# Executive summary

## Enhancing resilient and mutually effective trade through the GSTP framework

Established in 1989, the Global System of Trade Preferences among Developing Countries (GSTP) aims to promote mutual trade and strengthen economic cooperation among developing nations. The GSTP currently includes 42 participants, including 7 least developed countries (LDCs). Its third round of negotiations culminated in the São Paulo Round Protocol in 2010, through which eight participants agreed to exchange approximately 6,000 tariff concessions each. The Protocol is yet to enter into force, pending one final ratification.

In recent years, the global trade landscape has become increasingly fragmented. The rise in trade policy uncertainty, combined with limited progress of the negotiations at the World Trade Organization (WTO) and persistent market access barriers to developing countries, continues to constrain the integration of the most vulnerable developing countries into global trade. These challenges are particularly acute in agriculture, a sector that remains central to development strategies, accounting for a large share of employment, income, and food security, especially in rural areas.

In this context, the GSTP offers a complementary, developed-focused platform for strengthening trade cooperation among developing countries. By providing a rules-based, legally binding framework, the GSTP enhances predictability, transparency, and stability – factors increasingly critical in a world market threatened by geopolitical tensions and supply chain disruptions. The framework facilitates market access, mutual cooperation, and the diversification of trade partners, thereby reducing dependency on a limited number of markets and bolstering economic resilience.

The GSTP is accepted in the WTO multilateral trading system under the Enabling Clause, offering developing countries an additional avenue to pursue shared trade and development goals. In agricultural trade, for example, the GSTP framework holds particular promise for advancing export growth, value addition, inter-regional supply chains and food security under the cooperative mechanisms which provides the opportunity to reduce tariffs, harmonize non-tariff measures, define sectoral agreements – including skills and knowledge transfer – and implement direct trade measures including long- and medium-term contracts.

## Key areas of opportunity under the GSTP framework: The case of agricultural trade

### *Tariffs and para-tariffs*

Agricultural tariffs among GSTP participants remain high, often characterized by significant tariff peaks and tariff escalation, which discourages trade from taking off. Given the complementarity in the agricultural trade structure of GSTP members, the further reduction or elimination of such tariffs could generate substantial trade gains. Lowering tariffs on processed agricultural goods could also encourage value chain development and regional industrialization, enhance food security and reduce exposure to global market shocks. Para-tariffs, charges on imports or exports typically imposed in addition to the official customs duties, are common in agricultural trade. As such, para-tariffs (e.g., import surcharges, statutory levies, or agricultural cesses) undermine the benefit of tariff liberalization. Cooperation in para-tariffs among GSTP members thus can significantly contribute to reducing trade costs among them.

### *Non-tariff measures*

Beyond tariffs, the GSTP offers a framework to address trade-restrictive non-tariff measures (NTMs). These include potential for harmonization or recognition of equivalence in sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT) requirements. Participants can adopt international standards as a baseline for domestic regulations, improve transparency, and pursue mutual recognition agreements on conformity assessment. These steps would reduce transaction costs and facilitate trade among developing countries with limited regulatory capacity. GSTP members can draw on existing regional models of cooperation, such as organic certification mutual recognition and sustainability standard alignment.

### *Direct trade measures*

The GSTP framework allows for medium- and long-term trade arrangements among interested GSTP countries, particularly relevant in times of price volatility or supply disruptions. Such contracts can stabilize trade in staple foods, reduce reliance on a small number of suppliers, and support investment planning. This is especially useful when one or more GSTP countries are major agricultural exporters.

### *Sectoral arrangements*

Innovative sector-specific partnerships can be developed within the GSTP framework to promote joint objectives beyond traditional market access. These may include cooperation on research and development, technology sharing such as cold storage and transport infrastructure, investment facilitation, and the streamlining of border procedures. Such arrangements can support the long-term sustainability and competitiveness of South-South agricultural trade.

Chapter I.

# The Global System of Trade Preferences among Developing Countries

**The Global System of Trade Preferences among Developing Countries (GSTP) was established in 1989 and currently includes 42 participant countries and entities. The Agreement aims at increasing South-South trade through preferential arrangements relating to tariffs, para-tariffs, non-tariff measures, and direct trade measures, as well as sectoral agreements. The last Round of GSTP negotiations was concluded in 2010 with the adoption of the São Paulo Round Protocol (SPR), which has yet to be implemented.[3]**

The Agreement on the **Global System of Trade Preferences among Developing Countries** (GSTP) is a unique partnership framework for South-South trade cooperation that emerged from discussions among the Group of 77 (G77) and China within UNCTAD in 1989.

The GSTP aims "to promote and sustain mutual trade, and the development of economic cooperation among developing countries, through exchange of concessions" (Art. 2) among interested members of the G77, "based on the principle of mutuality of advantages in such a way as to benefit equitably all participants, taking into account their respective levels of economic and industrial development, the pattern of their external trade and their trade policies and systems" (Art. 3.b). The agreement focuses on all products, manufactures, and commodities in their raw, semi-processed and processed forms. (Art. 3.g).

The GSTP is currently the only inter-regional South-South trade framework agreement in place and aims to complement and reinforce "present and future subregional, regional and interregional economic groupings of developing countries of the Group of 77" (Art. 3.e), taking into consideration the priorities, concerns and commitments of such economic groupings.

Under the GSTP Agreement, negotiations may be conducted at the bilateral, plurilateral, or multilateral level. These can take various forms, including product-by-product negotiations, across-the-board tariff reductions, sectoral agreements, and direct trade measures such as medium- and long-term contracts.

After a period of three years from the extension of concessions, participants may enter into negotiations or consultations to modify or withdraw a concession.

The Agreement also provides for safeguard and balance-of-payments measures. Safeguards may be applied in cases of serious injury to domestic producers of similar products, while balance-of-payments measures may be used in response to a significant decline in monetary reserves.

Participants interested in concluding medium- or long-term import/export contracts for specific commodities are invited to indicate the products for which they are willing to undertake supply or import commitments. The Committee of Participants – composed of representatives from GSTP member governments – facilitates the exchange of information and supports negotiations to finalize such contracts.

The special needs of least developed countries (LDCs) are explicitly recognised in the GSTP. In fact, these countries are not required to make concessions on a reciprocal basis (Art. 3.f), while they can benefit from the extension of tariff, para-tariff and non-tariff concessions exchanged in the bilateral/plurilateral negotiations which are multilateralized (Art. 17).

[3] The São Paulo Round Protocol (SPR) in 2010, will enter into force with the ratification of at least four countries.

The framework allows GSTP participants to make concessions on:

- Tariffs and para-tariffs[4] (Art. 4.a and b);
- Non-tariff measures (Art. 4.c);
- Direct trade measures including medium- and long-term contracts (Art. 4.d); and
- Sectoral agreements[5] (Ar. 4.e).

These arrangements have the potential to foster South-South trade, as they would make trade among GSTP members cheaper, smoother, and more stable. Reductions of tariffs, para-tariffs and non-tariff measures would bring down the costs of trade and reduce procedural or administrative bottlenecks, while long-term contracts and sectoral agreements would foster trust and long-term trade relationships among members, increasing stability and predictability of South-South trade.

The framework currently encompasses 42 members in Latin America, Africa and Asia, namely Algeria, Argentina, Bangladesh, Benin, the Plurinational State of Bolivia, Brazil, Cameroon, Chile, Cuba, the Democratic People's Republic of Korea, Ecuador, Egypt, Ghana, Guinea, Guyana, India, Indonesia, the Islamic Republic of Iran, Iraq, Libya, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Republic of Korea, Singapore, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, the United Republic of Tanzania, Uruguay, the Bolivarian Republic of Venezuela, Viet Nam, Zimbabwe, and Mercosur.

The GSTP is legally accepted within the WTO system under the 1979 Decision on the "Differential and more favourable treatment: Reciprocity and fuller participation of developing countries", also known as the **Enabling Clause of the WTO**.

## The status of the GSTP

Since its establishment in 1989, three rounds of negotiations have taken place under the GSTP. The first round held between 1986 and 1989 and led to the signing of the GSTP agreement by 48 countries. By 1991, 37 countries had ratified the agreement, allowing the GSTP to enter into force. However, the concessions were very limited, with each signatory granting concessions on an average of only 15 tariff lines. During this round, concession rates were negotiated on a product-by-product basis and ranged from 2.5 per cent and 50 per cent of the most-favoured nations (MFN) rate applied at the time of signing the Protocol.

The second round of GSTP negotiations, held between 1991 and 1997, aimed to broaden and deepen the tariff concessions granted during the first round. Of the 43 participants, 24 granted concessions covering approximately 900 tariff lines. This round of negotiations never entered into force due to a lack of ratification.

The latest round of negotiations started in 2004 and concluded in 2010, with the signature of the São Paulo Round (SPR) Protocol by eight members: Cuba, Egypt, India, Indonesia, Malaysia, Mercosur (composed by Argentina, Brazil, Paraguay, and Uruguay), Morocco, and the Republic of Korea. Compared to previous rounds, the SPR was significantly more ambitious, with an across-the-board 20 per cent reduction from the ongoing most favoured nation (MFN) rates of an average of 6'000 tariff lines granted per signatory. The SPR Protocol has yet to enter into force, as only three out of the required ratifications have been completed. Cuba, India, and Malaysia have already ratified, along with three of the four Mercosur members. Since Mercosur is

[4] Article 1 of the Agreement on the Global System of Trade Preferences among Developing Countries defines para-tariffs as border charges and fees, other than tariffs, on foreign trade transactions of a tariff-like effect, which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures.

[5] Article 1 of the Agreement on the Global System of Trade Preferences among Developing Countries defines sectoral agreements as agreements amongst participants regarding the removal or reduction of tariff, non-tariff and para-tariff barriers as well as other trade promotion or co-operative measures for specified products or groups of products closely related in end use or in production.

a single entity, ratification by all its members is necessary for the bloc's ratification to be considered complete. Any GSTP participant may request to accede to the SPR Protocol after its entry into force by submitting a proposed schedule of tariff concessions, in accordance with the parameters outlined in art. IV of the Protocol.[6]

The implementation of the SPR Protocol has the potential to increase South-South trade and provide substantial welfare gains to its members. UNCTAD's preliminary model-based estimates using a computable general equilibrium model – the Global Trade Analysis Project model (GTAP) – suggest that implementing the SPR Protocol by all eight of its current signatories will result in shared welfare gains of $ 14 billion, [7] showing a win-win outcome for all participants.[8]

## Reducing trade uncertainty through the GSTP Framework

The WTO has been at the core of the multilateral trading system since its establishment in 1995, guaranteeing predictability of rules, supporting trade liberalization, and fostering the economic growth of developing countries, despite with different degrees of success.

This predictability started to wane in 2016, when geopolitical tensions and policy developments such as the escalation of the United States–China trade conflict increased trade policy uncertainty. The increase of unilateral trade measures that emerged in the following years, such as export controls, discriminatory subsidies and carbon border mechanisms, exacerbated the ongoing uncertainty, threatening the ability of the multilateral trading system to provide benefits to developing countries, especially LDCs.

Increased trade policy uncertainty makes more difficult for firms to plan their business operations, as the cost of imported inputs and the conditions their products face when exported become more volatile. As a consequence, the export capacity of many countries, including developing countries, performed below their historical levels. Foreign direct investment (FDI) directed to developing countries and LDCs started to stagnate in the same period, after the significant growth experienced during the 1995–2015 period.[9]

While the expansion of trade has contributed to global economic growth and created high-quality jobs in those countries that successfully integrated into global value chains,[10] the increasing trade policy uncertainty can represent a source of shocks for developing economies, affecting particularly negatively those countries with high trade exposure, limited market power, or significant external debt.

## Limited market access outside the WTO

Developing countries often encounter persistent and structural barriers in securing meaningful market access beyond the framework of the WTO. These challenges are rooted in asymmetries in negotiating

[6] Article IV of the São Paulo Round – Accession to the São Paulo Round Protocol "7. Any Participant to the GSTP may, at any time after the entry into force of this Protocol, present to the Committee of Participants its intention to accede to this Protocol, through the submission of its proposed schedule of tariff concessions in accordance with the following parameters: (a) an across-the-board, line-by-line, linear cut of at least 20 per cent on at least 70 per cent of their dutiable tariff lines; or (b) in the case of Participants with duty-free tariff lines accounting for more than 50 per cent of their total national tariff lines an across-the-board, line-by-line, linear cut of at least 20 per cent on at least 60 per cent of their dutiable tariff lines; and (c) the proposed schedule of tariff concessions shall be presented in the same format as the schedules annexed to this Protocol." For more information, please see: https://unctad.org/system/files/official-document/gstp-sprncfozd3_en.pdf.

[7] UNCTAD (2019). Energizing South-South trade: The Global System of Trade Preferences among Developing Countries. Policy Brief No. 74, June.

[8] Ibid.

[9] UNCTAD (2017). Global Investment Trade Monitor No. 26; UNCTAD (2025). World Investment Report 2025

[10] World Bank (2020). World Development Report 2020: Trading for development in the age of global value chains.

power, a lack of institutional capacity, and limited participation in preferential trade agreements. The WTO has historically served as the principal multilateral institution enabling rules-based trade liberalization and dispute resolution, offering to many developing countries a unique platform where trade rules could be negotiated under a common legal framework. As a result, many developing countries now find themselves reliant almost exclusively on the WTO as their main vehicle for economic integration into global markets.

However, the multilateral system has stagnated, especially following the impasse of the Doha Development Round, originally intended to address the development dimension of trade more directly. There has been no significant progress in using the WTO framework to advance trade opportunities for developing countries. Since 2010, WTO members have been unable to bridge deep divisions on key issues central to developing countries, such as agricultural reform, special and differential treatment, and rules that address structural trade imbalances.

In recent years, the institution's capacity to deliver meaningful outcomes seems to have weakened further, as consensus-based decision-making has become increasingly complex amid geopolitical tensions and divergent priorities among members. This erosion of institutional predictability undermines the very certainty that made the WTO an engine for positive change for smaller economies.

At the same time, the global trade landscape has undergone a profound transformation. The proliferation of bilateral and regional trade agreements – many led by major economies – has created a fragmented system that often sidelines developing countries. These agreements tend to include high-standard rules on investment, intellectual property, digital trade, and labour standards, which may not align with the developmental needs or productive capacities of the most vulnerable developing countries. Moreover, the rise of protectionist industrial and trade policies in the wake of recent global shocks has further marginalized developing countries within global value chains.

While the GSTP offers a valuable framework for South-South trade, its implementation has been limited, with members primarily relying on tariff concessions—and with modest results. Progress has stalled since 2010. However, in light of growing trade uncertainty with the WTO impasse and the rise of unilateral trade measures, the GSTP can now offer renewed potential to enhance trade predictability and unlock concrete market opportunities. The following sections explore how members can leverage the GSTP to advance mutual trade and development, particularly in sectors like agriculture.

Chapter II.

# South-South trade in agriculture

**The GSTP offers a complementary framework to the multilateral trading system for developing countries seeking to deepen South-South trade integration, including in agricultural trade, which has shown an upward trend driven by rising demand in developing countries. Opportunities to reduce tariffs, harmonize non-tariff measures, establish sectoral agreements, and implement direct trade measures represent a valuable avenue to boost trade, enhance value addition, and strengthen food security for developing countries.**

Land-based agriculture provides the bulk of world calories supply and represents a critical source of food, animal feed, and fuel. It also provides livelihoods for over 800 million people worldwide.[11] However, the current food system still fails to deliver food security for all.

After significant progress in reducing both the number and share of people affected by hunger over the last couple of decades, the number of people affected by hunger has increased in recent years – particularly women and people living in rural areas[12] – to reach between 713 and 757 million people in 2023.[13] From a nutrition security perspective, the FAO estimates that 35.5 per cent of the global population was unable to afford a healthy diet in 2022.

With virtually all countries relying on imports to meet at least some of their nutrition needs, international trade and trade policies play a key role in enhancing the availability, accessibility and affordability of food.[14] Global trade in agricultural products has grown over the last 30 years to reach over $ 2 trillion annually, a trend driven primarily by demand in large emerging economies and other developing countries, which now account for around 38 per cent of world agricultural exports.[15,16]

Developing countries as a driver of agricultural trade. Over the past two decades, increases in developing countries' agricultural trade have outpaced those of more advanced economies. As a group, developing countries currently are net exporters of fruits, vegetables, fats and oils, and tropical products such as coffee, tea, cocoa and sugar, but net importers of temperate food commodities such as cereals, meat and dairy products.

Over the next decade, emerging economies are expected to drive global food market development. According to the OECD and FAO Agricultural Outlook 2024–2033, total consumption is projected to reach 20.6 million tera calories in 2033. Nearly 94 per cent of this increase should occur in middle- and low-income countries driven by faster-growing and wealthier urban populations, with South and Southeast Asia expected to account for about 40 per cent of the total increase.[17],[18] In middle-income countries, growing demand will be driven by greater consumption of staples, livestock products and fats, whereas income constraints in low-income countries are likely to slow the transition to more nutrient- and protein-rich diets based on animal products,

[11] FAO (2022). Employment indicators 2000–2021. FAOSTAT Analytical Brief No. 53. Rome.
[12] Office of the United Nations High Commissioner for Human Rights (2022). A/77/177. The right to food and the COVID-19 pandemic. Interim report of the Special Rapporteur on the right to food, Michael Fakhri.
[13] FAO, IFAD, UNICEF, WFP, and WHO (2024). The State of Food Insecurity and Nutrition in the World 2024. Financing to end hunger, food insecurity and malnutrition in all its forms. Rome, FAO.
[14] FAO (2022). The State of Agricultural Commodity Markets 2022. The geography of food and agricultural trade: Policy approaches for sustainable development. Rome, FAO.
[15] In this case, agricultural products exclude inputs and machinery, based on UNCTADStat data.
[16] UNCTADStat.
[17] OECD, FAO (2024), OECD-FAO Agricultural Outlook 2024–2033, OECD Publishing, Paris/FAO, Rome.
[18] A tera calorie (Tcal) is a unit of energy equivalent to 1 trillion (1,000,000,000,000) calories or, in scientific notation, $10^{12}$ calories.

vegetables and fruits, leading to a continuing heavy reliance on staples.[19]

While growth in GDP, population and urbanization in many developing countries and emerging economies have contributed to increasing demand for diversified products, supply-side constraints have limited the potential for domestic production to meet this growing demand, particularly in Asia and Africa, and including among LDCs.[20]

As a result, except for Latin American countries, the agricultural trade balance of developing countries has deteriorated (See Figure 1). In the next decade, Latin America and the Caribbean, and Central Asia are expected to reinforce their positions as major net exporters of agricultural commodities, while net imports by Asia and Africa will continue to expand, as the growth of demand outpaces production growth.[21] This highlights the importance of well-functioning markets and the need for resilient trading systems to ensure global access to safe and nutritious food.

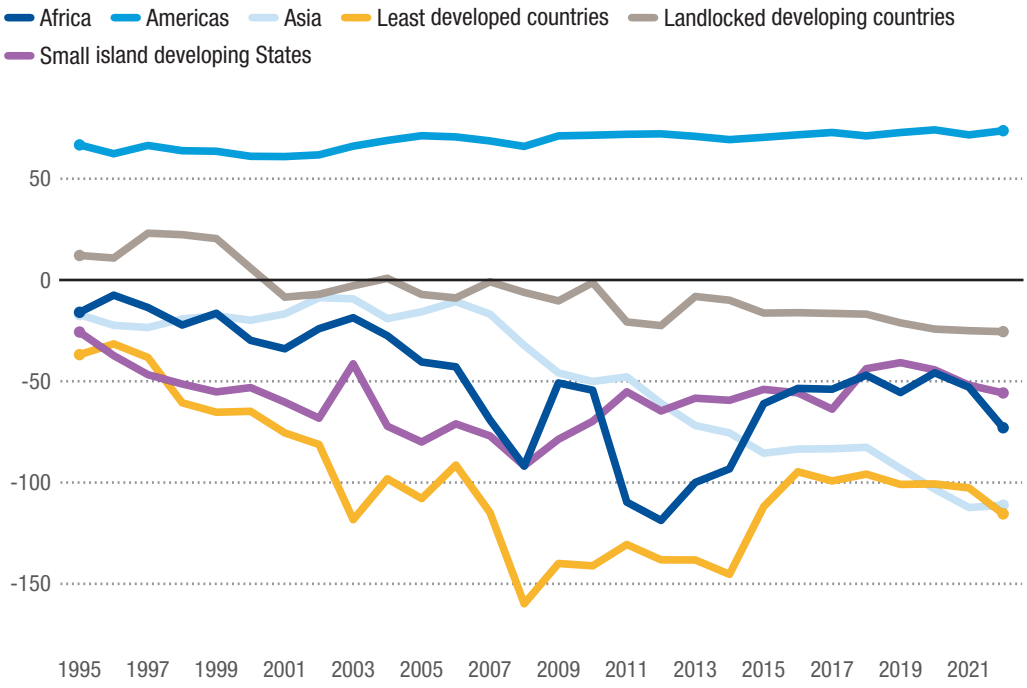
## Challenges related to agricultural price volatility

A key challenge in this area concerns price fluctuations. While agricultural markets in the 1980s and 1990s were characterised by low and relatively stable prices,[22] since the 2000s, particularly following the food price

**Figure 1.**

**The agricultural net trade balance in developing countries has been deteriorating in all regions except the Americas, 1995-2022**

(Net food exports as share of total food exports, percentage)



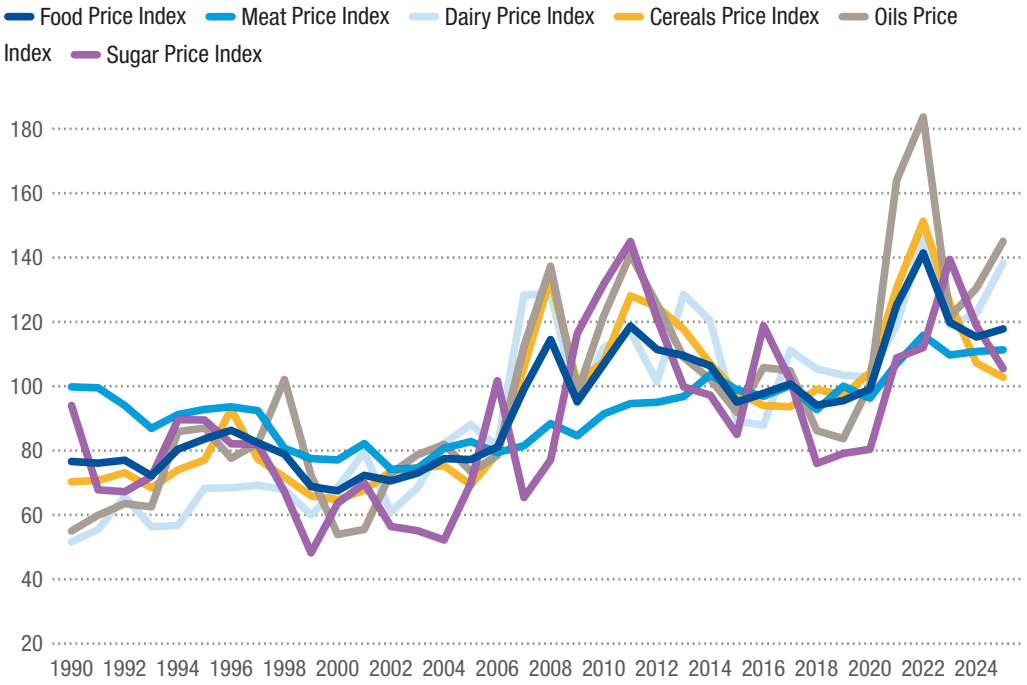

*Source:* UNCTAD, based on UNCTADStat.
*Note:* The graph represents the difference between imports and exports as a percentage of food exports.

[19] OECD, FAO (2024). OECD-FAO Agricultural Outlook 2024–2033, OECD Publishing, Paris/FAO, Rome.
[20] FAO (2022). Agricultural trade in the Global South – An overview of trends in performance, vulnerabilities, and policy frameworks. Rome.
[21] OECD, FAO (2024). OECD-FAO Agricultural Outlook 2024–2033, OECD Publishing, Paris/FAO, Rome.
[22] A phenomenon which pushed governments in high-income countries to support their farmers with high level of agricultural subsidies, resulting in production surpluses entering the world market at the expense of developing countries.

spikes of 2007–2008, the main concern has shifted to higher and more volatile prices (See Figure 2). Contributing factors include supply chain disruptions caused by extreme weather events, external shocks such as conflicts or the COVID-19 pandemic, oil price volatility, and the physical effects of climate change, often compounded by cyclical weather fluctuations like the El Niño Southern Oscillation (Box 1).

Food price spikes pose a serious threat to food security in developing countries. During the 2007–2008 and 2010–2011 spikes, large food exporting countries implemented unilateral measures in such as export restrictions to stabilize domestic prices. Paired with other measures, such as import facilitation and large precautionary imports, these measures led to the exacerbation of world price increases and generated further food insecurity in net food importing countries, while undermining confidence in international markets.[23] Ensuring access to affordable food in times of high prices is a significant challenge to many developing countries, particularly net food-importing countries and LDCs.

**Figure 2.**
**Price volatility increased for food products, 1990–2025**
(Percentage)




*Source:* Annual real FAO food price indices (2025).

[23] Anania, G. (2013). Agricultural export restrictions and the WTO: What options do policymakers have for promoting food security? International Centre for Trade and Sustainable Development (ICTSD).

## Box 1.

### Agriculture and the climate change

Agriculture contributes both directly and indirectly to climate change and environmental degradation. Its impacts include soil erosion, desertification, increasing greenhouse gas (GHG) emissions, loss of natural ecosystems, declining biodiversity, and pollution of soil and water resources. When agriculture, forestry, and other land use related to agricultural activities (AFOLU) are combined, the sector accounts for approximately 23 per cent of global GHG emissions. This share rises to 21–37 per cent when pre- and post-production activities across the global food system are included.[24] Additionally, food loss and waste contribute a further 8–10 per cent of global GHG emissions.

The agricultural sector also consumes roughly 70 per cent of global fresh-water resources.[25] According to FAO estimates, agricultural expansion was responsible for 88 per cent of global deforestation between 2000 and 2018, driven mainly by cropland expansion (50 per cent) and livestock grazing (38 per cent).[26] At the same time, agriculture is highly vulnerable to the physical impacts of climate change. Rising temperatures, shifting precipitation patterns, and more frequent of extreme weather events[27] are reducing crop yields and productivity, threatening food security and nutrition, particularly in developing countries with limited capacity for climate adaptation and response to loss and damage.

## Challenges related to food market concentration

In "thin" markets, where many importing countries rely on a limited number of exporters, as is often the case with staple foods, food-importing countries are especially vulnerable to external shocks. A growing share of agri-food trade is now taking place in global value chains that are spread over several countries, a trend reflected in the growing concentration in the agri-food sector globally.[28]

Over time, a small number of large firms with market power has increasingly come to dominate entire food value chains, resulting in asymmetries in bargaining power between producers and retailers.[29] This causes harm both to farmers at the beginning of the value chain, and to consumers at the end. These asymmetries in market power contribute to higher input prices for farmers and higher end-products prices for consumers.[30]

Recent examples include the conflict in Ukraine or transport disruptions in the Red Sea and the Panama Canal. By enabling members to diversify their sources of food imports, the GSTP can help improve the availability, accessibility and affordability of food, offering a valuable opportunity to strengthen economic resilience and food security.

[24] IPCC (2019). Summary for Policymakers. In: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems [P.R. Shukla, J. Skea, E. Calvo Buendia, V. Masson-Delmotte, H.- O. Pörtner, D. C. Roberts, P. Zhai, R. Slade, S. Connors, R. van Diemen, M. Ferrat, E. Haughey, S. Luz, S. Neogi, M. Pathak, J. Petzold, J. Portugal Pereira, P. Vyas, E. Huntley, K. Kissick, M. Belkacemi, J. Malley, (eds.)].

[25] Ibid.

[26] FAO (2022). State of the World's Forests 2022: Forest pathways for green recovery and building inclusive, resilient, and sustainable economies.

[27] IPCC (2020). Special report on climate change and land.

[28] UNCTAD (2023). Trade and Development Report 2023: Growth, Debt and Climate: Realigning the Global Financial Architecture, Chapter III.

[29] For instance, the "ABCD" firms—Archer Daniels Midland (ADM), Bunge, Cargill, and Louis Dreyfus Company—control about 90 per cent of the global grain trade. Deconinck, K. (2021-02-17), "Concentration and market power in the food chain", OECD Food, Agriculture and Fisheries Papers, No. 151, OECD Publishing, Paris.

[30] UNCTAD (2024). Twenty-Second Intergovernmental Group of Experts on Competition Law and Policy. Roundtable: UNCTAD IGE Competition Policy and Poverty Reduction Appreciating the Symbiosis.

## The South-South agricultural trade trend

South-South trade in agricultural products has grown substantially over the last two decades, rising from around $ 55 billion in 2000 to $ 525 billion in 2022.[31] Between 2000 and 2022, China's agricultural exports to developing countries increased more than tenfold, from $ 4.4 billion to $ 46 billion.[32]

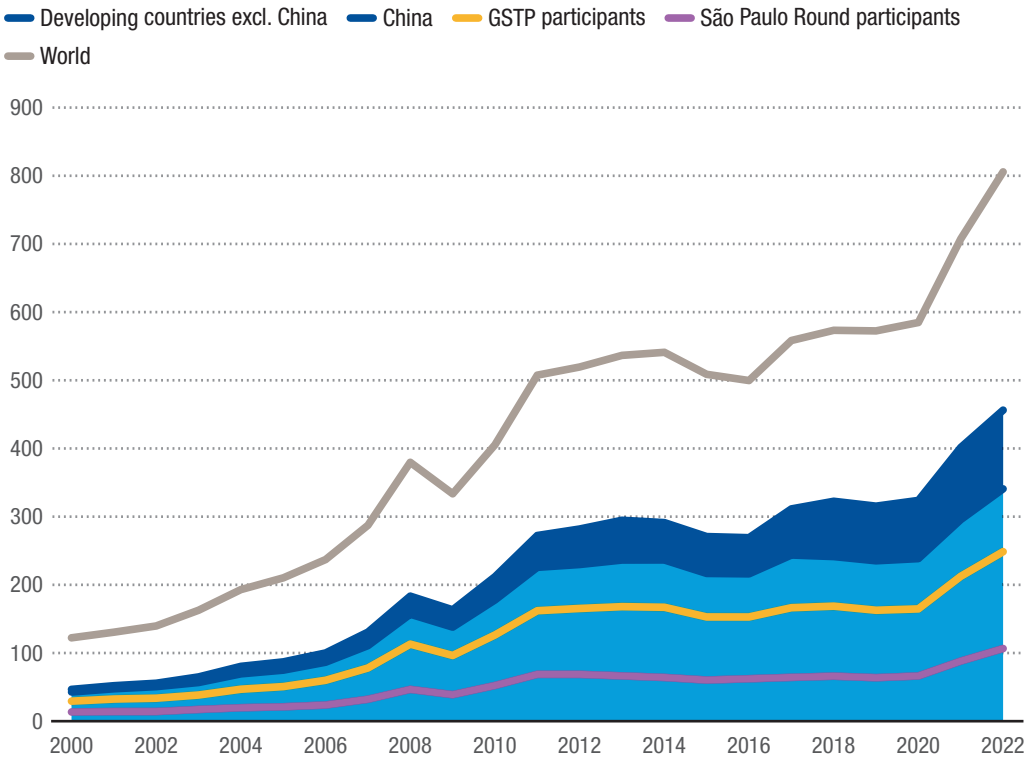
Figures 3 and 4 illustrate the evolution of agricultural exports from developing countries (excluding China) to different groups of developing countries. Overall, these exports rose from $ 47 billion in 2000 to $ 456 billion in 2022.[33] During this period, the share of South-South agricultural trade worldwide increased from 38.2 per cent to 55.5 per cent.[34] However, much of this growth was driven by China, which accounted for only 3.2 per cent of developing country agricultural exports in 2000, compared to 15.8 per cent in 2023.[35]

Rising income and improved living standards in China have driven significant shifts in consumption patterns, marked by increased demand for meat, dairy products, fresh fruits and processed food, and reduced grain consumption. Higher meat and fish consumption, especially poultry and aquaculture fish, has also led to greater imports of animal feed, particularly soybeans.

**Figure 3.**

**Total exports of agricultural products from developing countries excluding China grew strongly in the last two decades, 2000–2022**

($ billion)




*Source:* UNCTAD, based on Comtrade.
*Note:* Agricultural products as described in Annex 1 of the WTO Agreement on Agriculture excluding inputs and machinery.

[31] UNCTAD calculations based on data from UNCTADStat. 2025.
[32] Ibid.
[33] Ibid.
[34] Ibid.
[35] Ibid.

Latin American countries, led by Brazil, have become major suppliers of soybeans, while regional partners like Thailand and Viet Nam have seen significant growth in fresh fruits exports.[36]

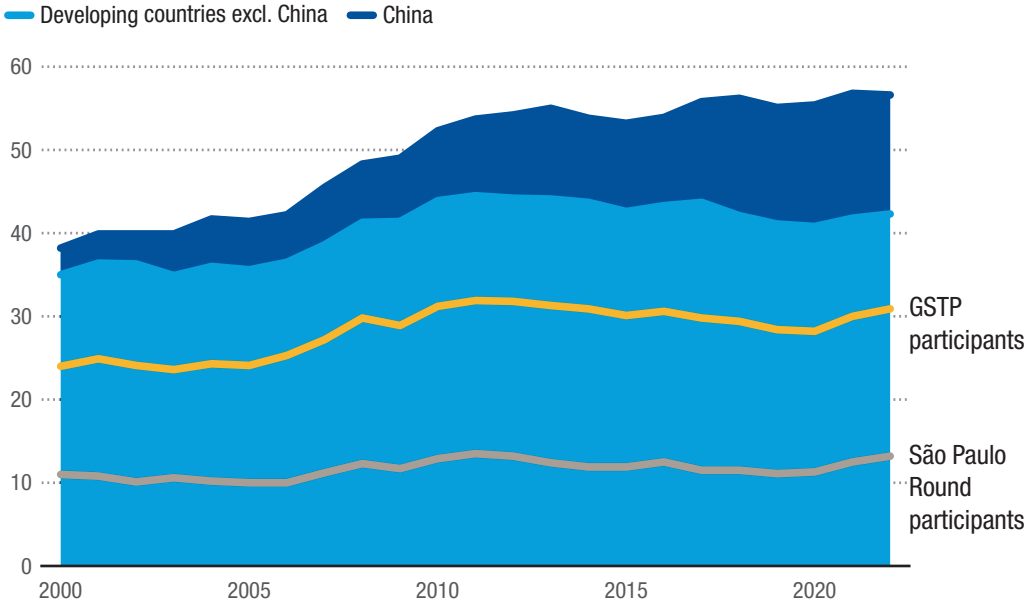
Excluding exports to China, South-South trade grew at a slightly slower pace. After strong growth between 2000 and 2010, trade value increased only modestly from 2010 to 2020, with the spike in 2021 and 2022 largely attributable to high global food prices. Between 2019 and 2023, this trade accounted for 41.1 per cent of developing countries' agricultural exports, up from 35 per cent in 2000. Growth was mostly driven by inter-regional trade, while intra-regional trade showed a mixed trend: it increased in most Asian subregions, remained stable in sub-Saharan Africa (at 24 per cent), and declined in Latin America and the Caribbean (18 per cent to 14 per cent).[37]

Figure 5 provides an overview of the main agricultural products traded among developing countries. It points to the relative importance of agricultural raw materials and staple food items in South-South trade as compared to cash crops that forms the mainstay of North-South trade. The main exports include animal and vegetable fats and oils, cereals and residues and waste from the food. The fact that residues from food industry is among top South-South exports shows a promising trend toward increased circularity in the sector among developing countries.

Table 1 identifies the 15 products that are most traded among developing countries in the years between 2018 and 2022, while Table 2 highlights the 15 fastest-growing agricultural products over the last two decades. Together, these tables provide insights into both the dominant and emerging products in South-South trade. Both tables distinguish between food and non-food products.

**Figure 4.**

**The share of South-South trade increased for agriculture between 2000 and 2022, largely driven by China**



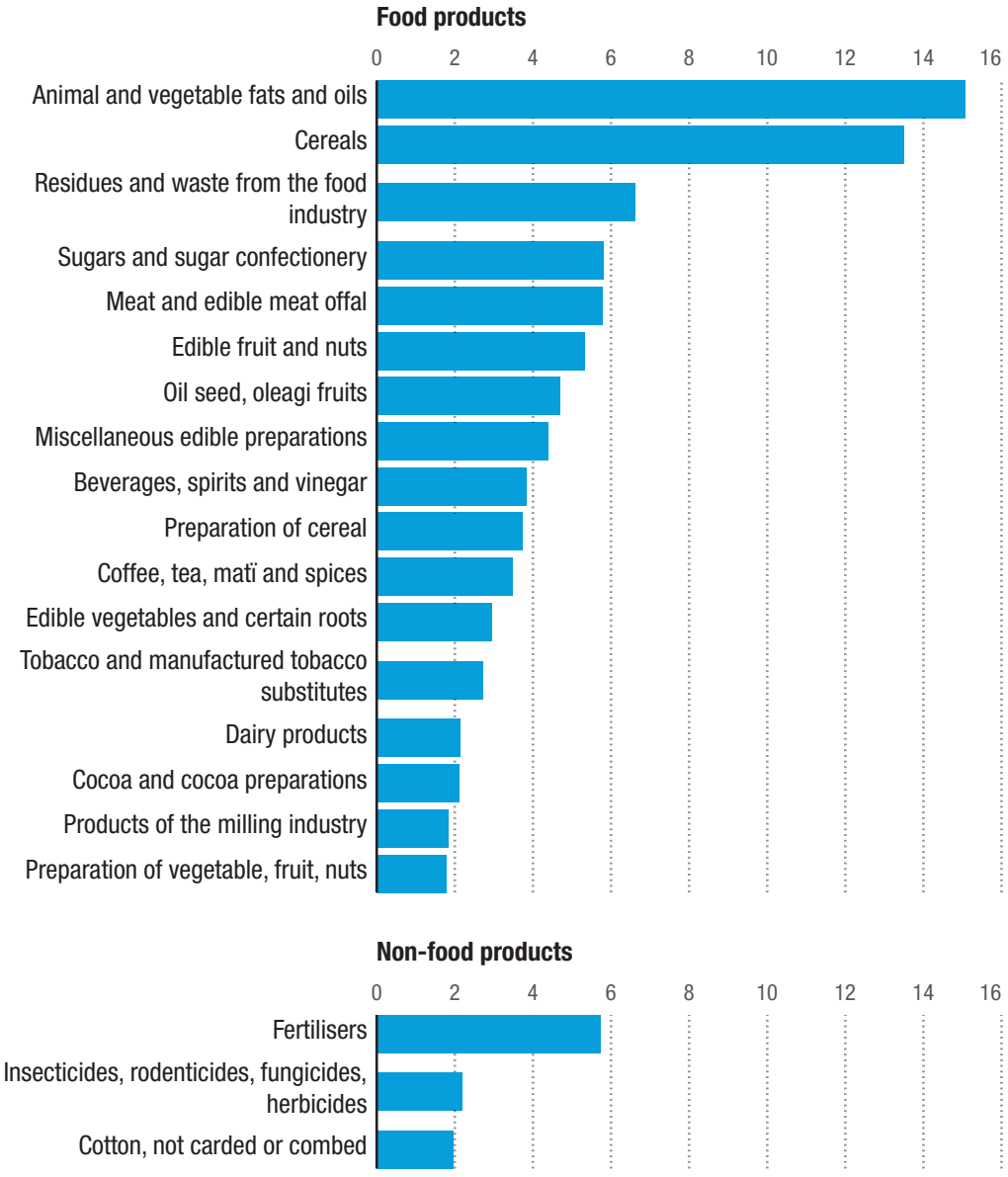

*Source:* UNCTAD, based on Comtrade.
*Note:* Agricultural products as described in Annex 1 of the WTO Agreement on Agriculture excluding inputs and machinery.

[36] FAO (2022). Agricultural trade in the Global South – An overview of trends in performance, vulnerabilities, and policy frameworks. Rome.
[37] Ibid.

## Figure 5.

**Animal and vegetable fats and oils, cereals and residues and waste from the food are the main agricultural products traded among developing countries**

(Share in total South-South trade, average for the 2018–2022 period, percentage).




*Source:* UNCTAD, based on Comtrade.

Among the most predominantly traded food products are soybean oil, wheat or meslin flour and animal fats, along with dairy products such as milk and cream. The list also includes several non-traditional exports like mate, cloves or sunflower seeds, and sausages. Key non-food items include raw silk and cotton, which are integral to textiles value chains. Emerging products in South-South trade include a diverse range of fruits, cereals, vegetables, spices and meat products. While these products showed substantial growth over the last two decades, the drivers behind this growth likely vary by product and market, warranting further investigation.

## Table 1.

### Soybean oil, wheat or meslin flour and animal fats are the food products predominantly traded among developing countries

(Percentage)

| Product code (HS) | Product description | Share of South-South trade in total exports (average 2018–2022) |
|---|---|---|
| Food Products | | |
| 1507 | Soybean oil and its fractions | 91 |
| 1101 | Wheat or meslin flour | 89 |
| 1506 | Other animal fats and oils | 88 |
| 0105 | Live poultry | 88 |
| 0903 | Mate | 88 |
| 0401 | Milk and cream | 85 |
| 1512 | Sunflower-seed, safflower or cotton | 83 |
| 0907 | Cloves | 79 |
| 1005 | Maize | 78 |
| 0403 | Buttermilk, curdled milk and cream | 78 |
| 1001 | Wheat and meslin | 75 |
| 1601 | Sausages and similar products | 73 |
| Non-food products | | |
| 5002 | Raw silk (not thrown) | 97 |
| 5203 | Cotton, carded or combed | 87 |
| 5201 | Cotton, not carded or combed | 74 |

*Source:* UNCTAD, based on Comtrade.

## Table 2.

### Fruits and nuts, cereals, pasta, and meat preparations are among emerging products in South-South trade

(Percentage)

| Product code (HS) | Product description | Average annual growth rate between 2000–2022* |
|---|---|---|
| 2303 | Residues of starch manufacture and similar residues | 19.7 |
| 0811 | Fruit and nuts, uncooked or cooked | 15.8 |
| 1005 | Maize (corn) | 14.5 |
| 0206 | Edible offal of animals, chilled or frozen | 14.1 |
| 1902 | Pasta | 14.1 |
| 2206 | Other fermented beverages mixtures | 13.7 |
| 0801 | Coconuts, Brazil and cashew nuts | 13.7 |
| 2309 | Animal feed preparations | 13.5 |
| 0504 | Guts, bladders and stomachs of animals | 13.4 |
| 0910 | Ginger, saffron, turmeric (curcuma) | 13.4 |
| 0804 | Fresh/dried dates to mangosteens | 13.1 |
| 0810 | Other fresh edible fruits | 13.0 |
| 0202 | Meat of bovine animals, frozen. | 13.0 |
| 2101 | Coffee, tea extracts concentrates | 12.8 |
| 1803 | Cocoa paste | 12.8 |

*Source:* UNCTAD, based on Comtrade.
* This excludes exports accounting for less than 0.05 of intra South-South trade.

## Complementarity in agricultural trade among GSTP members

Trade complementarity measures the extent to which two countries are "natural trading partners", based on the degree to which one country's exports align with the import needs of the other.[38]

Table 3 presents the results of the trade complementarity analysis based on two indicators: the Trade Complementarity (TC) index and the Agricultural Trade Complementarity Index (TC_Drysdale).[39,40]

The TC index, shown in the first column, measures how closely a country's export structure aligns with the import structure of a potential trade partner, reflecting the potential for trade between countries or within a region. Column 2 displays the share of agricultural products on total exports, while Column 3 shows agricultural trade complementarity using a modified version of Drysdale's (1969) formula.

The analysis reveals a moderate degree of complementarity among GSTP participants. On average, there is just under 40 per cent overlap between a GSTP member's agricultural exports and the agricultural imports of other members. India and Argentina shows the highest levels of complementarity, with scores exceeding 60 per cent. Countries such as Argentina, Brazil, Paraguay, and Uruguay exhibit both high complementarity scores and a significant share of agricultural export in their total exports. Of the 35 countries analysed, 18 recorded an Agricultural Trade Complementarity Index above 1, indicating strong complementarity with the other GSTP members.

Overall, the findings point to a meaningful potential for expanding intra-GSTP trade in agricultural products. With targeted trade policies and enhanced cooperation, GSTP members could expand agricultural trade among them, promoting deeper economic integration and shared developmental benefits.

### Table 3.

**GSTP participants exhibits a moderate degree of complementarity in product composition, 2023**
(Percentage)

| GSTP participant | Trade complementarity with other GSTP Members in agriculture (TC) | Share of agriculture in exports | Agricultural Trade Complementarity Index (TC_Drysdale) |
|---|---|---|---|
| **India** | 69.0 | 11.6 | 1.3 |
| **Argentina** | 60.4 | 51.9 | 1.3 |
| **Thailand** | 57.3 | 14.7 | 1.0 |
| **Egypt** | 53.5 | 27.1 | 1.3 |
| **Pakistan** | 53.4 | 23.2 | 1.3 |
| **Viet Nam** | 51.8 | 6.1 | 1.0 |

[38] World Trade Organization, United Nations (2012). A Practical Guide to Trade Policy Analysis.

[39] The Trade Complementarity between countries i and j is calculated as follows: Where $X^k_i$ represents the exports of good k by country i and $X_i$ is total agricultural exports of country i. Similarly, $M^k_j$ represents the imports of good k by country j and $M_j$ is total agricultural imports of country j. More specifically, the index measures the percentage overlap between country i's exports and country j's imports in agricultural products.

$$TC_{ij} = 100 * \left(1 - \sum_k \left(\left|\frac{M^k_j}{M_j} - \frac{X^k_i}{X_i}\right|/2\right)\right)$$

[40] Trade complementarity can also be measured by using a modified version of Drysdale's (1969) formula Where $M^k_w$ and $M_w$ are world good k and total agricultural imports, respectively. According to Hoang (2018), Drysdale TC index greater (less) than one indicates strong (weak) complementarity between export specialization of country i and j.

$$TC_{drysdale_{ij}} = 100 * \left(\sum_k \frac{X^k_i}{X_i} * \frac{M_w - M_i}{M^k_w - M^k_i} * \frac{M^k_j}{M_j}\right)$$

| GSTP participant | Trade complementarity with other GSTP Members in agriculture (TC) | Share of agriculture in exports | Agricultural Trade Complementarity Index (TC_Drysdale) |
|---|---|---|---|
| **Brazil** | 49.7 | 44.8 | 1.1 |
| **Tunisia** | 49.1 | 13.6 | 1.4 |
| **Bolivia, (Plurinational State of)** | 48.1 | 25.3 | 1.3 |
| **Paraguay** | 45.6 | 74.2 | 1.1 |
| **United Republic of Tanzania** | 45.3 | 34.8 | 0.9 |
| **Uruguay** | 43.2 | 67.2 | 1.0 |
| **Iran, (Islamic Republic of)** | 39.6 | 9.4 | 1.5 |
| **Republic of Korea** | 39.2 | 1.8 | 0.8 |
| **Mozambique** | 39.0 | 11.8 | 1.0 |
| **Indonesia** | 38.9 | 19.0 | 1.5 |
| **Chile** | 38.3 | 15.5 | 0.8 |
| **Morocco** | 37.9 | 26.4 | 1.8 |
| **Nicaragua** | 37.1 | 40.9 | 0.8 |
| **Malaysia** | 37.0 | 9.9 | 1.3 |
| **Myanmar** | 36.6 | 24.3 | 1.2 |
| **Mexico** | 36.5 | 10.8 | 0.7 |
| **Nigeria** | 35.0 | 5.6 | 1.3 |
| **Peru** | 34.6 | 18.0 | 0.8 |
| **Philippines (the)** | 31.6 | 7.8 | 0.9 |
| **Trinidad and Tobago** | 30.5 | 11.5 | 2.0 |
| **Sri Lanka** | 30.5 | 24.2 | 0.8 |
| **Singapore** | 30.3 | 3.0 | 0.7 |
| **Guyana** | 29.1 | 4.3 | 1.5 |
| **Ghana** | 24.4 | 17.0 | 0.8 |
| **Benin** | 22.3 | 93.0 | 1.6 |
| **Ecuador** | 21.6 | 25.5 | 0.6 |
| **Cameroon** | 21.1 | 27.4 | 1.1 |
| **Cuba** | 14.1 | 27.9 | 0.7 |
| **Zimbabwe** | 13.9 | 21.5 | 0.6 |
| **Average** | 38.4 | 24.3 | 1.1 |
| **Median** | 37.9 | 19.0 | 1.1 |

*Source:* UNCTAD Calculations based on TRAINS in WITS.
*Note:* 2022 figures for Cuba, the Islamic Republic of Iran, Trinidad and Tobago, and Viet Nam. 2021 figures for Cameroon.

Chapter III.

# The GSTP framework for the South-South agricultural trade

**While agricultural among GSTP participants show strong potential due to trade complementarity, significant trade barriers remain, most notably high tariffs and multiple non-tariff measures, including these related to environmental regulations. The GSTP framework, through concessions on tariffs, non-tariff measures, direct trade measures and sectoral arrangements, provides a mechanism to reduce these barriers and promote trade.**

## Through GSTP concessions on tariffs

Customs duties, or tariffs, on agricultural products among GSTP participants are generally high and often characterised by tariff peaks. In 2023, the average most-favoured nations (MFN) tariffs on agricultural products applied by GSTP participants was 14.5 per cent. For participants in the SPR Protocol, the average was even higher at 18.6 per cent. These rates are considerably above the global average of 11.7 per cent and far exceed the average applied by high-income countries, which stands at 7.2 per cent. However, these averages mask significant variation both across product categories and between countries, with several facing steep tariff peaks and tariff escalation.

Figure 6 illustrates MFN tariffs applied at the 2-digit level of the harmonized system (HS)41 by GSTP participants, the SPR Protocol participants, and high-income countries. While aggregation at the 2-digit level does not capture within-HS chapter variations, it still highlights categories typically subject to tariff peaks, such as meat, dairy products, beverages (particularly alcoholic beverages), tobacco, and processed products, including milling products and preparations of meat, cereals, vegetables fruits and nuts.

For most products, MFN applied tariffs in GSTP participants remain higher than those applied by high-income countries. This holds true for many of the most heavily traded agricultural products in South-south trade. With the exception of fertilisers, this also applies either to products predominantly traded among developing countries or are emerging in South-South trade.[42]

Figure 7 compares the products that experienced the highest export growth to other GSTP participants over the last decade and the average MFN tariffs imposed on those products by GSTP participants. The data suggests that products with higher export growth tend to face lower tariffs, although the relationship is not perfectly linear.

In practice, tariffs applied among GSTP participants do not always correspond to MFN applied rates. Over time, many GSTP participants have entered into free trade agreements (FTAs) with one another, either through regional integration initiatives or bilateral arrangements. Table 4 highlights these bilateral or regional trade relationships among GSTP participants (indicated by the dark squares). It is estimated that 20 per cent of bilateral trade relationships among GSTP participants are governed by additional agreement beyond the GSTP framework.

The scope and the depth of commitments in these agreements vary significantly, particularly in terms of product coverage and tariff reduction. Notably, most of these agreements – especially those in Asia and Latin America – are intra-regional, involving countries within the same geographic area. Expanding tariff concessions under the GSTP framework could help unlock new trade opportunities, particularly by fostering inter-regional trade among developing countries.

[41] With the exception of products accounting only for a subset of HS chapters at the 2-digit level like agricultural machinery, tractors, or essential oils. In other categories like hides and skins, cotton, wool, or silk, the average tariff indicted only covers the sub-items considered as agricultural products under the WTO definition.

[42] Tariff concessions exchanged among the eight signatories of the São Paulo Round could contribute to reducing applied rates among those countries when implemented. For most of the products subject to tariff concessions, the protocol reduces the applied rate by 20 per cent. However, several sensitive products remain excluded from the schedule of concessions, particularly in agriculture.

## Figure 6.

**GSTP and SPR participants faced on average higher applied MFN tariffs on agricultural food and non-food products, 2024**

(Percentage)

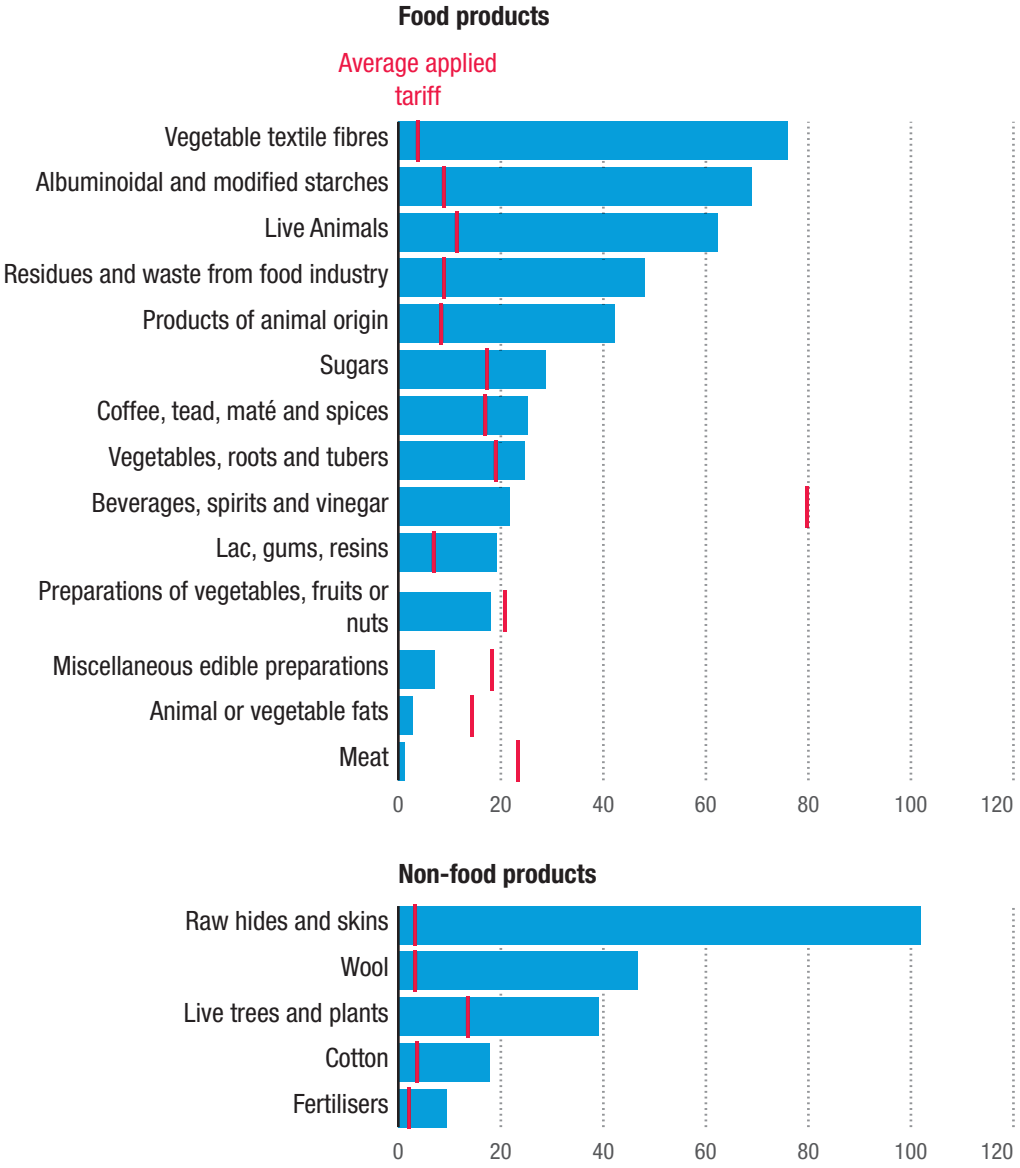
| HS/Product Name | All high-income countries | World | GSTP Members | São Paulo Round participants |
|---|---|---|---|---|
| **Average** | **7.2%** | **11.7%** | **14.5%** | **18.6%** |
| **Food products** | | | | |
| 1 Live Animals | 5 | 10 | 11 | 9 |
| 2 Meat | 7 | 21 | 23 | 20 |
| 4 Dairy products | 16 | 19 | 20 | 19 |
| 5 Products of animal origin | 3 | 7 | 8 | 7 |
| 6 Live trees and plants | 9 | 13 | 14 | 11 |
| 7 Vegetables, roots and tubers | 10 | 17 | 19 | 17 |
| 8 Fruits and nuts | 7 | 17 | 20 | 17 |
| 9 Coffee, tea, maté and spices | 5 | 14 | 17 | 14 |
| 10 Cereals | 21 | 10 | 18 | 39 |
| 11 Products of the milling industry | 20 | 13 | 20 | 36 |
| 12 Oil seeds and oleaginous fruits | 5 | 6 | 8 | 9 |
| 13 Lac, gums, resins | 4 | 6 | 7 | 8 |
| 14 Vegetable products | 3 | 6 | 7 | 6 |
| 15 Animal or vegetable fats | 4 | 12 | 14 | 14 |
| 16 Preparation of meat | 6 | 18 | 21 | 19 |
| 17 Sugars | 5 | 15 | 17 | 17 |
| 18 Cocoa and preparations | 6 | 14 | 15 | 13 |
| 19 Preparations of cereals | 8 | 17 | 19 | 19 |
| 20 Preparations of vegetables, fruits or nuts | 10 | 19 | 21 | 19 |
| 21 Miscellaneous edible preparations | 7 | 15 | 18 | 19 |
| 22 Beverages, spirits and vinegar | 9 | 38 | 80 | 196 |
| 23 Residues and waste from food industry | 6 | 7 | 9 | 7 |
| 24 Tobacco and substitutes | 22 | 26 | 24 | 18 |
| **Non-food products** | | | | |
| 31 Fertilisers | 4 | 2 | 2 | 3 |
| 3301 Essential oils | 5 | 6 | 7 | 11 |
| 35 Albuminoidal substances and modified starches | 9 | 7 | 9 | 16 |
| 41 Raw hides and skins | 3 | 4 | 3 | 1 |
| 50 Silk | 3 | 4 | 4 | 4 |
| 51 Wool | 3 | 4 | 3 | 4 |
| 52 Cotton | 3 | 4 | 4 | 5 |
| 53 Vegetable textile fibres | 3 | 4 | 4 | 4 |
| 8432 Agricultural machinery | 3 | 4 | 5 | 5 |
| 8701 Tractors | 3 | 5 | 7 | 8 |

*Source:* UNCTAD elaboration based on the World Integrated Solution Database (WITS).

## Figure 7.

**Goods experiencing a significant growth in exports tend to face lower tariff protection, 2024**

(Percentage)



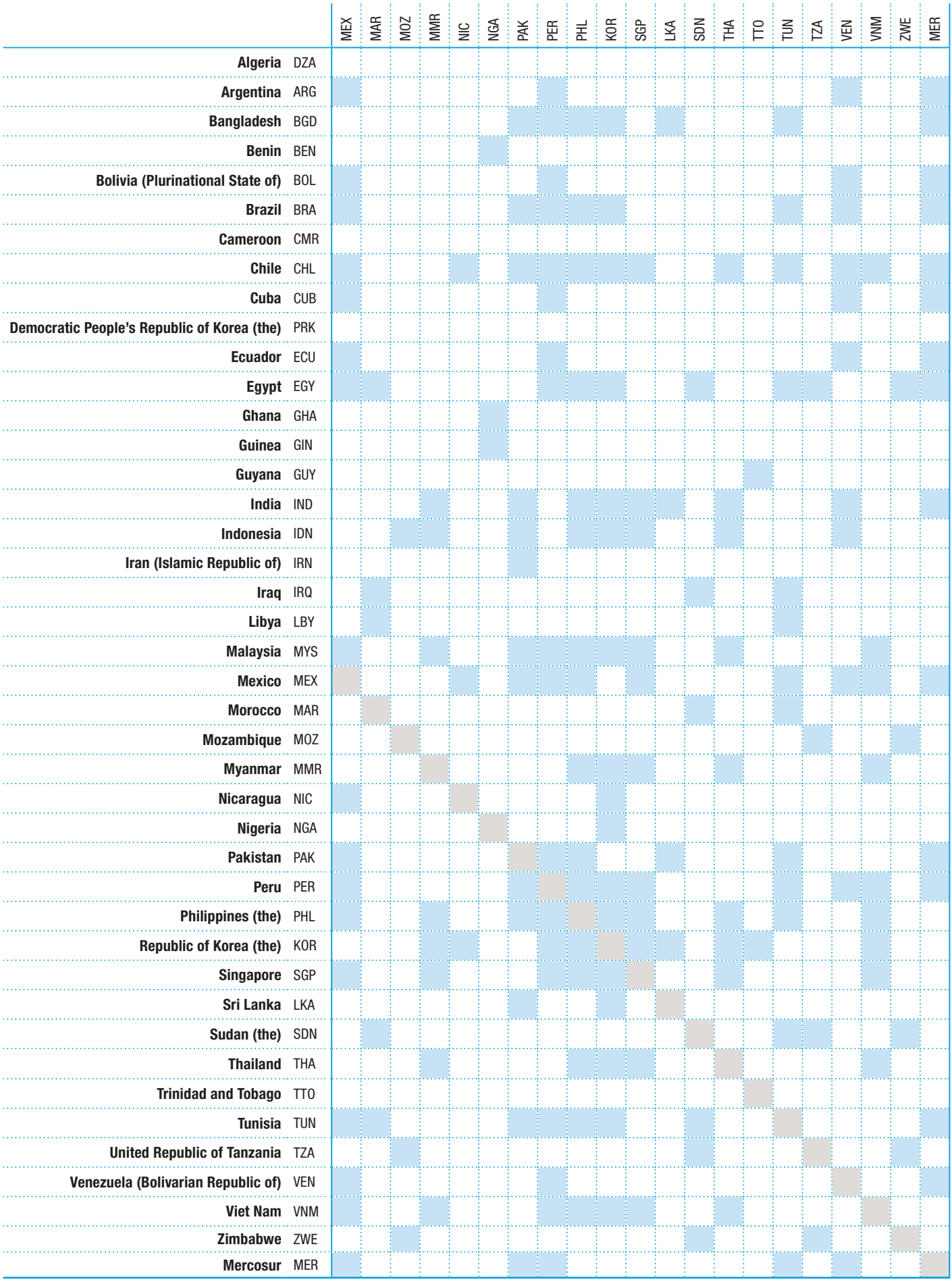

*Source:* UNCTAD elaboration based on the World Integrated Trade Solution (WITS).

## Table 4.

### Trade relations among GSTP participants are covered by regional and inter-regional trade agreements

| | DZA | ARG | BGD | BEN | BOL | BRA | CMR | CHL | CUB | PRK | ECU | EGY | GHA | GIN | GUY | IND | IDN | IRN | IRQ | LBY | MYS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Algeria** DZA | | | | | | | | | | | | | | | | | | | | | |
| **Argentina** ARG | | | | | ■ | ■ | | ■ | ■ | | ■ | | | | | ■ | | | | | |
| **Bangladesh** BGD | | | | | | ■ | | ■ | | | | ■ | | | | | ■ | | | | |
| **Benin** BEN | | | | | | | | | | | | | ■ | ■ | | | | | | | |
| **Bolivia (Plurinational State of)** BOL | | ■ | | | | ■ | | ■ | ■ | | ■ | | | | | | | | | | |
| **Brazil** BRA | | ■ | ■ | | ■ | | | ■ | ■ | | ■ | ■ | | | | ■ | | | | | |
| **Cameroon** CMR | | | | | | | | | | | | | | | | | | | | | |
| **Chile** CHL | | ■ | ■ | | ■ | ■ | | | ■ | | ■ | ■ | | | | ■ | ■ | | | | ■ |
| **Cuba** CUB | | | | | ■ | ■ | | ■ | | | ■ | | | | | | | | | | |
| **Democratic People's Republic of Korea (the)** PRK | | | | | | | | | | | | | | | | | | | | | |
| **Ecuador** ECU | | ■ | | | ■ | ■ | | ■ | ■ | | | | | | | | | | | | |
| **Egypt** EGY | | | ■ | | | ■ | | ■ | | | | | | | | | | | ■ | ■ | |
| **Ghana** GHA | | | | ■ | | | | | | | | | | ■ | | | | | | | |
| **Guinea** GIN | | | | ■ | | | | | | | | | ■ | | | | | | | | |
| **Guyana** GUY | | | | | | | | | | | | | | | | | | | | | |
| **India** IND | | ■ | ■ | | | ■ | | ■ | | | | | | | | | ■ | | | | ■ |
| **Indonesia** IDN | | | | | | | | ■ | | | | | | | | ■ | | | | | ■ |
| **Iran (Islamic Republic of)** IRN | | | | | | | | | | | | | | | | | | | | | |
| **Iraq** IRQ | | | | | | | | | | | | ■ | | | | | | | | ■ | |
| **Libya** LBY | | | | | | | | | | | | ■ | | | | | | | ■ | | |
| **Malaysia** MYS | | | | | | | | ■ | | | | | | | | ■ | ■ | | | | |
| **Mexico** MEX | | ■ | ■ | | ■ | ■ | | ■ | ■ | | ■ | ■ | | | | | | | | | ■ |
| **Morocco** MAR | | | | | | | | | | | | ■ | | | | | | | ■ | ■ | |
| **Mozambique** MOZ | | | | | | | | | | | | | | | | | ■ | | | | |
| **Myanmar** MMR | | | | | | | | | | | | | | | | ■ | ■ | | | | ■ |
| **Nicaragua** NIC | | | | | | | | ■ | | | | | | | | | | | | | |
| **Nigeria** NGA | | | | ■ | | | | | | | | | ■ | ■ | | | | | | | |
| **Pakistan** PAK | | | ■ | | | ■ | | ■ | | | | ■ | | | | ■ | ■ | ■ | | | ■ |
| **Peru** PER | | ■ | ■ | | ■ | ■ | | ■ | ■ | | ■ | ■ | | | | | | | | | ■ |
| **Philippines (the)** PHL | | | ■ | | | ■ | | ■ | | | | ■ | | | | ■ | ■ | | | | ■ |
| **Republic of Korea (the)** KOR | | | ■ | | | ■ | | ■ | | | | ■ | | | | ■ | ■ | | | | ■ |
| **Singapore** SGP | | | | | | | | ■ | | | | | | | | ■ | ■ | | | | ■ |
| **Sri Lanka** LKA | | | ■ | | | | | | | | | | | | | ■ | | | | | |
| **Sudan (the)** SDN | | | | | | | | | | | | ■ | | | | | | | ■ | | |
| **Thailand** THA | | | | | | | | ■ | | | | | | | | ■ | ■ | | | | ■ |
| **Trinidad and Tobago** TTO | | | | | | | | | | | | | | | ■ | | | | | | |
| **Tunisia** TUN | | | ■ | | | ■ | | ■ | | | | ■ | | | | | | | ■ | ■ | |
| **United Republic of Tanzania** TZA | | | | | | | | | | | | ■ | | | | | | | | | |
| **Venezuela (Bolivarian Republic of)** VEN | | ■ | | | ■ | ■ | | ■ | ■ | | ■ | | | | | | | | | | |
| **Viet Nam** VNM | | | | | | | | ■ | | | | | | | | ■ | ■ | | | | ■ |
| **Zimbabwe** ZWE | | | | | | | | | | | | ■ | | | | | | | | | |
| **Mercosur** MER | | ■ | ■ | | ■ | ■ | | ■ | ■ | | ■ | ■ | | | | ■ | | | | | |

*Source:* UNCTAD elaboration based on the WTO RTA participation map


MEX
MAR
MOZ
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THA
TTO
TUN
TZA
VEN
VNM
ZWE
MER
Algeria DZA
Argentina ARG
Bangladesh BGD
Benin BEN
Bolivia (Plurinational State of) BOL
Brazil BRA
Cameroon CMR
Chile CHL
Cuba CUB
Democratic People's Republic of Korea (the) PRK
Ecuador ECU
Egypt EGY
Ghana GHA
Guinea GIN
Guyana GUY
India IND
Indonesia IDN
Iran (Islamic Republic of) IRN
Iraq IRQ
Libya LBY
Malaysia MYS
Mexico MEX
Morocco MAR
Mozambique MOZ
Myanmar MMR
Nicaragua NIC
Nigeria NGA
Pakistan PAK
Peru PER
Philippines (the) PHL
Republic of Korea (the) KOR
Singapore SGP
Sri Lanka LKA
Sudan (the) SDN
Thailand THA
Trinidad and Tobago TTO
Tunisia TUN
United Republic of Tanzania TZA
Venezuela (Bolivarian Republic of) VEN
Viet Nam VNM
Zimbabwe ZWE
Mercosur MER

## Through GSTP concessions on non-tariff measures

Besides tariffs, imported goods need to comply with a wide array of non-tariff measures (NTMs). These include technical barriers to trade (TBTs), as defined by the WTO – such as technical regulations, standards, and conformity assessment procedures – as well as pre-shipment inspections, customs formalities, price control measures, and other market access restrictions like non-automatic import licensing. For agricultural products in particular, exports are often subject to sanitary and phytosanitary (SPS) measures designed to protect human, animal, and plant health.[43] The trade cost equivalent of NTMs for agri-food products has been estimated at around 21 per cent, significantly higher than the estimated 5 per cent for manufactured goods.[44]

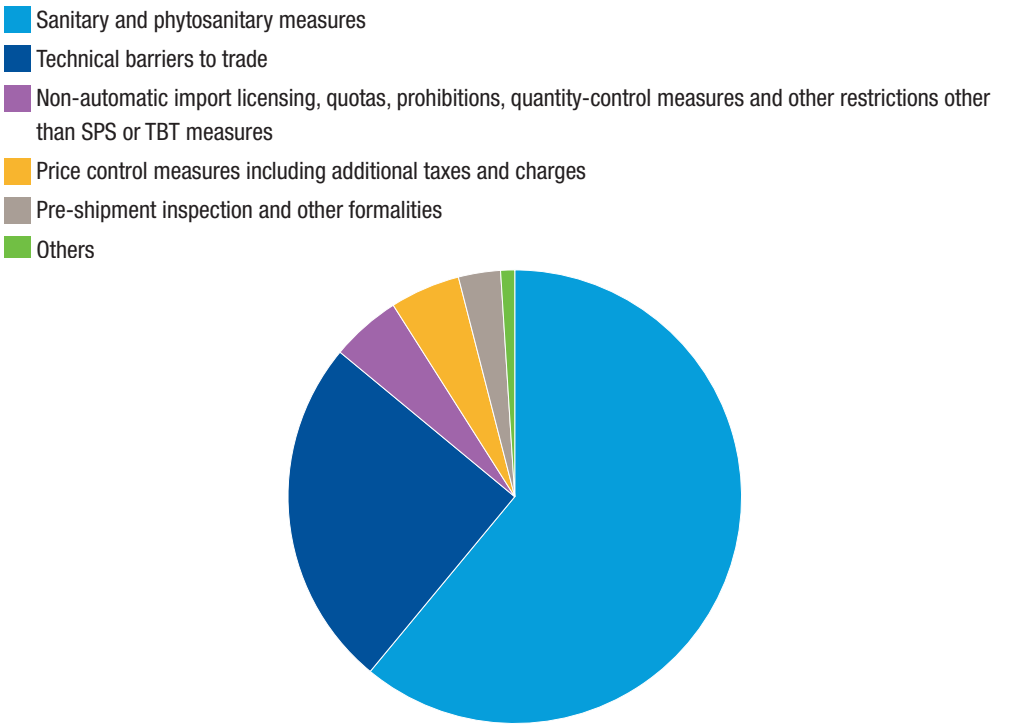
Using data from UNCTAD's TRAINS database, Figures 8 and 9 illustrate the type and number of NTMs applied to some of the most heavily traded agricultural products among GSTP participants.[45] The analysis aggregates all NTMs applicable to various product categories within each GSTP member. In many cases, a single NTM applies to multiple product categories listed Figure 8.

In terms of product coverage, Figure 9 shows that NTMs are especially prevalent in oilseeds and oleaginous fruits, fruits and nuts, dairy products, vegetables, cereals, and animal and vegetable oils. This is largely due to the high number of SPS requirements associated with these goods. Notably, many of these

**Figure 8.**

**Sanitary and phytosanitary measures and technical barriers to trade are the most common NTMs among GSTP participants**

(Percentage)

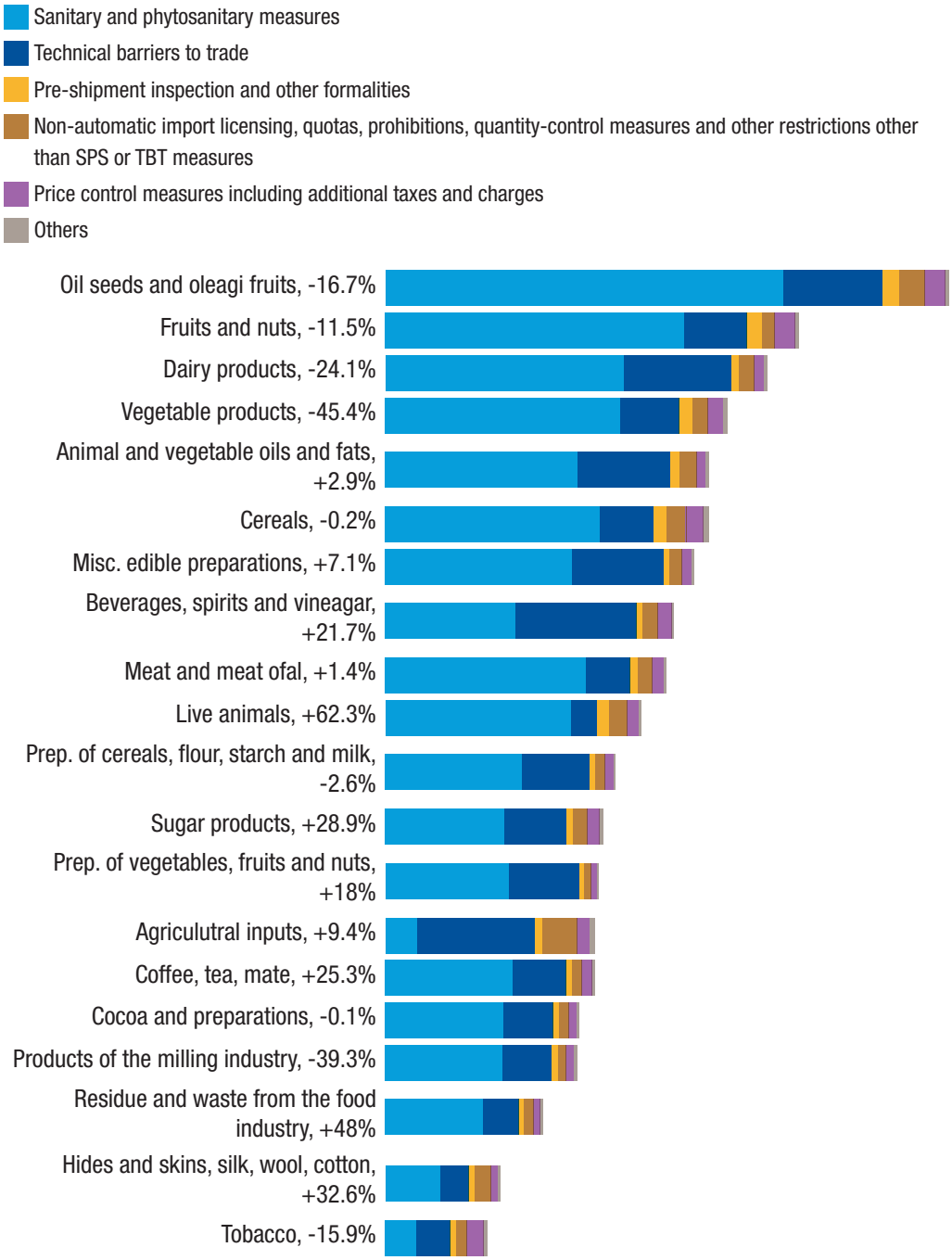



*Source:* UNCTAD, based on UNCTAD's TRAINS database (2024).

[43] For more information on NTMs, please see: https://unctad.org/topic/trade-analysis/non-tariff-measures
[44] UNCTAD (2024). Promoting food security through non-tariff measures: From costs to benefits.
[45] The analysis here does not include rules of origin, intellectual property measures or NTMs applicable to exports such as export subsidies. It rather focuses on requirements that export products have to comply with to enter the market of another GTSP participant.

## Figure 9.

**Oil seeds and oleaginous fruits are the agricultural products facing the highest number of non-tariff measures by GSTP participants**




*Source:* UNCTAD (2024) based on UNCTAD's TRAINS database (2024).
*Note:* The value after the category name indicates the growth of exports from GSTP participants, 2000–2022.

products – such as oils and fats, cereals, fruits and nuts, and oilseeds – are among the most actively traded within the GSTP. TBTs, on the other hand, are particularly common in beverages, spirits and vinegar, as well as agricultural inputs like fertilizers and pesticides. By contrast, processed products – such as preparations of vegetables, fruits and nuts, cocoa-based goods, and milling products – tend to face relatively fewer NTMs.

Figure 9 also compares the number of NTMs with the growth rate of South-South agricultural exports among GSTP members. Similar to tariff trends, products that have experienced strong export growth over the past decade – such as live animals, sugar products, hides and skins, food industry residues, and processed fruits and vegetables – generally face a lower number of NTMs.

Within the broader scope of NTMs, recent decades have seen a rapid expansion of initiatives addressing sustainability concerns in agriculture. While many of these measures have been driven by civil society groups and consumers in developed countries, developing countries are increasingly introducing their own environmental regulations, standards, and conformity assessment to address environmental challenges.

According to the WTO Environmental Database, GSTP participants notified 577 SPS or TBT measures applied for environmental concerns between 2009 and 2021. This represents 37 per cent of all such environmental SPS and TBT measures notified to the WTO. The primary objectives of these NTMs include pest and the diseases control, and the management of chemicals, toxic substances and hazardous materials.

Other environmental aims include the protection of plant and animal life, promotion of sustainable agricultural practices, and the conservation of biodiversity and ecosystems. A significant share of these measures was notified by Brazil (43 per cent), followed by Chile (10 per cent), the Republic of Korea (8 per cent), the Philippines (6 per cent), Mexico (5 per cent), Ecuador, and the United Republic of Tanzania (each 4 per cent).

Beyond mandatory NTMs, voluntary sustainability standards (VSS) are also gaining tractions as tools to access more profitable and environmentally sensitive markets.[46] These are typically private or non-governmental initiatives, such as the Rainforest Alliance Coffee Certification. Others, like the RSPO Certification for palm oil, are multi-stakeholder initiatives. At the regional level, initiatives like the East African Organic Products Standard, adopted by the East African Community, serve as official VSS for organic agricultural production.[47] International cooperation on the design, adoption and the implementation of VSS can improve the effectiveness of VSS and lower barriers to trade.

However, complying with VSS presents considerable challenges for developing countries. Certification and conformity assessment procedures often come with high administrative costs, which disproportionately affect smallholders and micro, small, and medium enterprises (MSMEs). Most developing countries lack sufficient accredited auditors and certification bodies, making these processes even more expensive.[48] Moreover, many farmers are not aware of the standards or their requirements. In the case of VSS, uncertainty around demand and potential price premiums often discourages producers from investing in compliance.[49] Additionally, distinguishing credible and effective standards from weak or non-transparent ones remains difficult.[50] All these challenges are exacerbated by regulatory heterogeneity among different jurisdictions and the diversity of requirements to access different markets.

[46] For more information on VSS, please see: https://unctad.org/topic/trade-analysis/voluntary-sustainability-standards
[47] Ibid.
[48] Bermúdez, S. and Sarmiento, F. (2023) "South–South Trade and Voluntary Sustainability Standards", International Institute for Sustainable Development (IISD).
[49] Ibid.
[50] Ibid.

Trade policy in developed countries is increasingly incorporating environmental objectives, such as due diligence requirements for deforestation-free value chains, or mirror clauses that impose domestic standards to imported goods. These policies could significantly impact the structure, geography, and intensity of trade, particularly for developing countries that face high compliance costs. In this evolving landscape, enhanced cooperation among GSTP members around NTMs could help reduce transaction costs, diversify export destinations, and strengthen South-South trade.

A promising model for such cooperation is the African Continental Free Trade Area (AfCFTA)'s online mechanism to report, monitor, and eliminate non-tariff barriers. This system allows private sector actors to lodge complaints about specific trade barriers, which are then communicated to the relevant government agencies for timely resolution. The reported non-tariff barriers also feed into national and regional trade policy improvements.[51]

Nevertheless, reducing NTMs tends to be more complex than lowering tariffs, as SPS and TBT measures serve legitimate public policy objectives, such as protecting health, ensuring product quality, or preventing deceptive practices. While harmonizing these measures typically requires advanced economic integration and deep regulatory trust, meaningful progress can be achieved if GSTP members commit to using existing international standards as the foundation for their domestic regulations and conformity assessment procedures.

Such efforts could focus on a set of selected standards that reflect shared objectives and capacities among GSTP participants. Where harmonization is not feasible, transparency and mutual recognition agreements (MRAs) on conformity assessment procedures offer an alternative. Under MRAs, countries retain their own standards and regulations but agree to accept accredited testing, inspection reports, and certificates of compliance issued in the exporting country.

This kind of cooperation is not without precedent. For example, Eco Mark Africa is a recognition system for sustainability standards in Africa and an eco-label owned by the African Organisation for Standardisation, an intergovernmental body established by the African Union and the United Nations Economic Commission for Africa. It aims to create a unified conformity assessment system to reduce administrative barriers, facilitate intraregional trade, and improve international market access for African smallholders and SMEs. Other notable initiatives include the mutual recognition agreement on organic certification between Chile and Brazil, and regional efforts under the Belem Declaration, where the eight member countries of the Amazon Cooperation Treaty Organization (ACTO) are working to strengthen regulatory cooperation on environmental issues such as deforestation.[52,53]

## Through GSTP concessions on sectoral arrangements

Among the arrangements available under the GSTP, sectoral arrangements in agriculture could foster innovative South-South partnerships around specific objectives going beyond narrow market access considerations. For example, sectoral arrangements under the GSTP framework could help GSTP members explore and cultivate sector-specific South-South trade opportunities, while at the same time cooperating and coordinating responses to the climate crisis, such as climate change

[51] See https://www.tradebarriers.africa/
[52] See Bermúdez, S. and Sarmiento, F. (2023). "South–South Trade and Voluntary Sustainability Standards", International Institute for Sustainable Development (IISD).
[53] See Declaration of Belém, (2023). IV Meeting of the Presidents of States Parties to the Amazon Cooperation Treaty.

adaptation and mitigation targets in the agriculture sector.[54]

Objectives could be in line with the COP28 Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action, which included building resilient production systems to reduce the vulnerability of farmers and other agricultural workers to climate change; scaling up the integrated management of water in agriculture; and reducing harmful impacts of agriculture by conserving, protecting and restoring land and natural ecosystems, enhancing soil health, and biodiversity, and shifting from higher greenhouse gas-emitting practices to more sustainable production and consumption approaches.[55]

To achieve these goals, arrangements may include cooperative approaches to facilitate trade and investment, joint research and development activities, access, and diffusion of technologies critical to climate adaptation and to more sustainable practices, and the exchange of experiences and good practices to support developing countries in their climate adaptation and mitigation efforts.

Sectoral arrangements under the GSTP could be introduced for joint investment in refrigerated transport and to ease transit at international borders among interested GSTP participants, reducing waiting times. Similarly, measures aimed at improving sustainable cold storage and upgrading value chains can affect diets and consumption by increasing the availability of fresh produce on markets. In a similar vein, enhanced cooperation could contribute to strengthening resilience and adaptation to climate change by helping importing countries cope with climate-induced production shortfall and access food that cannot be produced domestically. Technology transfer could also target measures to increase productivity in developing countries, with a particular focus on LDCs.

All these measures would contribute to increase availability and stability of food supply, thereby contributing to food security. Sectoral arrangements could also facilitate joint R&D in and access to technologies or seeds critical to climate adaptation, as well as to technologies for more sustainable practices. Cooperation could also take the form of South-South exchanges of experiences and best practices for climate adaptation and mitigation adapted to the circumstances facing developing countries.

## Through GSTP concessions on supply contracts

Arrangements for medium and long-term supply contracts among interested GSTP countries could play a key role in fostering food security by ensuring predictable, stable, and equitable access to, and availability of, critical food items like cereals in times of high and volatile prices and meeting the needs of net food importing countries.

Such arrangements could help importing countries reduce their dependency on a small number of export sources and therefore their vulnerability to external shocks like the COVID-19 pandemic, transport disruptions, geopolitical conflicts, or trade policy changes. Arrangements for medium and long-term contracts on a set of key food security items could help unleash investment, reduce exposure to short-term price volatility and guarantee access to food in times of disruptions in international markets.[56]

[54] Concerning agricultural trade, development-sensitive issues, such as reforming trade-distorting agricultural subsidies of developed economies, designing an accessible Special Safeguard Mechanism (SSM) for developing countries, or expanding the “Green Box” flexibility for development purposes, have not been resolved despite discussions for almost two decades.

[55] See “COP28 UAE Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action”.

[56] See "How Long-Term Contracts Can Help Drive More Sustainable Agriculture".

Chapter IV.

# The GSTP as a provider of trade certainty and resilience

**The GSTP provides the opportunity to enhance resilience among developing countries by promoting trade concessions, reducing market dependence, and strengthening South-South cooperation. It offers a platform for addressing trade challenges, especially in agriculture, and supports least developed countries through preferential access and technical assistance. Binding tariff commitments and a fast-track dispute resolution mechanism guarantee transparency, predictability, and trust. By fostering mutual understanding and equitable outcomes, the GSTP could complement the current multilateral trading system and help developing nations collaborate more effectively, especially amid global uncertainty, advancing shared development goals across diverse regions.**

The GSTP framework emerges as a critical complementary mechanism to increase resilience and certainty for developing countries. By facilitating trade concessions among developing nations, the GSTP aims to strengthen South-South cooperation and diversify trading partners and reduce reliance on a limited number of export and import markets.

The GSTP has strong potential to promote inter-regional trade dialogue among developing countries, providing an alternative-yet-complementary platform to advancing shared amid the current stagnation in multilateral trade negotiations. This is especially relevant in sectors such as agriculture, where persistent barriers and market distortions, such as subsidies in developed countries, continue to disadvantage developing countries. The Sao Paulo Round of negotiations provide substantial opportunities for increasing trade in agricultural products among developing countries. In fact, out of the 47,324 tariff lines offered by the eight signatories – which excludes tariff lines that are already duty-free, 4,244 referred to agricultural products. Concessions were made all across agricultural products, from fruit and vegetables to fertilisers, but also including agricultural machinery and non-food agricultural products such as cotton.[57] The GSTP can thus serve as a testing ground for deeper cooperation enabling more equitable outcomes. Through tariff reductions and enhanced coordination, the GSTP can also help build the foundation for broader consensus and momentum in future multilateral trade talks.

The framework is especially beneficial to least developed countries, as highlighted in Article 17, which exempts them from making concessions while allowing them to benefit from all negotiated GSTP concessions. LDCs also benefit from technical assistance by the United Nations during the process of negotiation of concessions, including access to relevant trade data, market trends, and insights on the trade regimes of other GSTP participants. This support helps these countries better identify opportunities and participate more effectively in negotiations.

The binding nature of mutually agreed tariff concessions under the GSTP provides an added layer of certainty, boosting transparency and predictability, especially when unilateral restrictive trade measures disrupt global markets. The shared development goals and mutual understanding among GSTP participants also fosters greater cohesion and reduce the likelihood of disputes. Moreover, the GSTP's expedited dispute settlement mechanism, under which the Committee

[57] The differences in the number of tariff lines offered across signatories are attributable to the amount of tariff lines already duty-free in each signatory, the desired level of market opening, and the disaggregation of national tariff schedules.

reviews and issues a recommendation within 120 days of a complaint, offers a timely and reliable means of resolving conflicts, avoiding protracted litigations that could undermine trust and cooperation.

The GSTP framework has the potential to complement the WTO in a valuable way, offering a space for developing countries to address market access issues among peers with similar challenges and priorities across different regions.

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