



Linking international trade and import barriers to the retail cost of healthy diets worldwide

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Abstract

Researchers concerned with farm production and global food security have long focused on wholesale markets for a few dozen agricultural commodities, but consumer access to healthy diets depends on retail prices for many hundreds of differentiated food items. This study links over 14,000 retail price observations from the International Comparison Program (ICP) 2017 dataset to import values, quantities and trade restrictions on the corresponding bulk commodity, if any, in 146 countries for which both retail prices and international trade data are available. We find that more than half (55%) of retail items in the food groups needed for a healthy diet are actively being imported, but the internationally traded product is a bulk commodity whose cost accounts for under one-fifth (17%) of the retail item price. Many (38%) of those products are subject to import restrictions and the average tariff is substantial (7.1%), but those trade restrictions account for under 1% of the retail cost of a healthy diet worldwide. Most of what consumers pay for food is the cost of local labor, facilities and other resources involved in transforming, distributing and retailing, rather than the bulk commodity itself. We conclude that access to internationally traded raw materials and bulk commodities is important for livelihoods throughout the food system, but retail prices and diet costs are primarily driven by market infrastructure and competitiveness with which bulk commodities are transformed and delivered to retail outlets.