The political economy of health inequities: a focus on trade and investment

Sharon Friel
School of Regulation and Global Governance (RegNet)
Australian National University
1. Moving away from the individual
2. The example of trade and investment
3. Politics & processes
Poor people behaving badly

- Major behavioural risk factors for chronic diseases are modifiable; smoking, diets high in saturated fats and refined sugars and low in fibre, fruit and vegetables, physical activity, alcohol
Beyond the proximate to the social

Dahlgren G and Whitehead M (1991)
Seven structural domains that shape health and health inequity

- Intellectual property
- Finance
- Corporate activity
- Food
- Trade and investment treaties
- Migration
- Armed conflict

People, communities and nations need to lead a life they have reason to value, prevent poor health
1. Moving away from the individual

2. The example of trade and investment

3. Politics & processes
‘ENHANCE POLICY COHERENCE for sustainable development’.

The SDGs encourage the use of TRADE as a means of pursuing various goals.
1. The malnutrition challenge

2. Drivers of global dietary change

3. What has trade got to do with it?

4. Towards policy coherence?

WHO 2017. Double Burden of Malnutrition Policy Brief

WHERE?

MALNUTRITION AFFECTS ALL REGIONS WORLDWIDE

1.9 BILLION ADULTS, 18 years and older, are overweight

>600 MILLION of these are OBSESE

41 MILLION children under the age of 5 years are overweight or obese

264 MILLION WOMEN of reproductive age are affected by iron-amenable anaemia

462 MILLION ADULTS are underweight

155 MILLION children are stunted (too short for age)

52 MILLION children are wasted (too thin for height)
3 key drivers of dietary change

1. Liberalisation of international food trade
2. Increased foreign direct investment
3. Globalised advertising and marketing

Shaping the food environment ...

AVAILABILITY
ACCESSABILITY
AFFORDABILITY
ACCEPTABILITY
Important multilateral trade agreements

Goods
- GATT
- Agreement on Agriculture
- Agreement of Application of Sanitary & Phytosanitary Measure
- Agreement on Technical Barriers to Trade

Services
- General Agreement on Trade in Services (GATS)

Intellectual Property
- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)
Emergence of the Mega Regionals

Trans Pacific Partnership Agreement (TPP)

Current TPP countries and 2013 estimated GDP per capita*

* International Monetary Fund, World Economic Outlook Database, October 2013.
Cacophony of trade

UNESCAP 2016, Asia Pacific Trade Investment Report. ‘Asia Pacific Noodle Bowl’
Pathways from trade to health

1. Nutritional quality and quantity of imports
2. Consider revenue options
3. Foreign investment
4. Domestic policy space
Import of mutton flaps into Tonga

- In 2004 mutton flap consumption was about 600 g per week per adult and 18% of total meat consumption.
- Draft legislation for import quota to any product that had >40% energy from fat.
- Under WTO trade rules quotas are highly trade distorting.
- WTO accession negotiations resulted in postponement of legislation.

Thow et al 2010 Food Policy 35: 556–564
Pacific Agreement of Closer Economic Relations (PACER PLUS)

• Elimination of substantially all import tariffs between PICs and Australia and New Zealand
• Most of the increase will be in PIC imports not exports

<table>
<thead>
<tr>
<th>Government Expend as % Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Cook Islands</td>
</tr>
<tr>
<td>Fiji</td>
</tr>
<tr>
<td>Kiribati</td>
</tr>
<tr>
<td>PNG</td>
</tr>
<tr>
<td>Samoa</td>
</tr>
<tr>
<td>Tonga</td>
</tr>
<tr>
<td>Vanuatu</td>
</tr>
</tbody>
</table>

Oxfam 2009
Sales of Foreign Sugar Sweetened Beverages in Vietnam and the Philippines

Following Vietnam’s removal of restrictions on FDI, SSCB sales growth rate increased from 6.7% per year to 23% per year.

Vietnam projected to be one of the largest growth markets for Coca cola and Pepsico.
Sales of sugar-sweetened beverages

Popkins & Hawkes. Lancet Diabetes & Endocrinology, 2016, 4:2, 174-186
Thailand Snack Food Labelling

Technical Barriers to Trade challenge

• 2006 Proposed Traffic Light System ✗

• Proposed Warning Label ✓

“Should take less, and exercise for a better health”
Challenged by tobacco industry in three forums:

- High Court
- WTO (Ukraine, Honduras, Dominican Republic)
- Hong-Kong Australia Bilateral Investment Treaty (challenge by Philip Morris Asia using an ISDS clause)
Increased protection for foreign investors in investment-related provisions

• PM challenge to tobacco regulation through IIA has raised concerns re. NCD-related food policy

• Tension between government policies
  – Promotion of national GDP by encouraging foreign investment in the domestic food supply
  vs
  – Government action to reduce the sales/consumption of highly processed foods to prevent diet-related NCDs

21stC trade and investment

More than just changes to tariff schedules. More about commercial & economic integration

1. Removal of obstacles to foreign investment

2. Enable more cross-border supply chains (i.e. globally organised food commodity supply chain of producers, importers, advertisers, distributors)

3. Targeting behind-the-border issues, i.e. domestic policy and regulations

4. Empower market players and increase their influence over government policy making
1. Moving away from the individual
2. The example of trade and investment
3. Politics & processes
1. Trade sensitive nutrition policy:
   - design of nutrition policy measures to minimise incoherence with trade policy

2. Healthy trade policy:
   - use provisions/exceptions in existing trade and investment agreements
   - re-set trade rules - institutionalise cross-sectoral dialogue and public health representation in key negotiating forums
   - HIA
Policy making and implementation occurs in a ‘cauldron’ where ‘problems’, ‘politics’ and ‘policy processes’ are swirling around.

Actors, Ideas, Structures

- Guiding institutions
- Cohesion
- Leadership

Actors

- Power of...

Issue characteristics

- Internal frames
- External frames

Ideas that are influential

Political context

- Governance
- Policy Windows

Indicators

- Severity

Feasible solutions

Shiffman and Smith 2007; Shiffman 2009
Guaging institutions  Cohesion  Leadership
Actors
Power of...
Network map of global nutrition actors

Light blue = UN system; Green = civil society / NGOs; Pink = National governments; Grey = financial institutions; Yellow = Philanthropic organizations; Red = Private industry; Dark blue = Public-private partnerships; White = Research institutes, networks, professional organizations.
Power and influence in nutrition policy in Australia

Direct Relationships Between Interest Groups and Decision Makers

Stakeholder Group

- Government Decision Makers
- Political Decision Makers
- AGGREGATED

Obesity Reviews
Volume 17, Issue 12, pages 1218-1225, 5 OCT 2016 DOI: 10.1111/obr.12459
Ideas that are influential

- Internal frames
- External frames
Food industry’s representation of TPP:
1) Bring economic and social benefits
2) Regionally resetting the multilateral trade rules
3) Increased market access
4) Regulatory harmonization
5) Investment protections

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>New Zealand</th>
<th>Canada</th>
<th>USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total submissions</td>
<td>81</td>
<td>68</td>
<td>92</td>
<td>983</td>
<td>1224</td>
</tr>
<tr>
<td>Total food industry submissions meeting inclusion criteria</td>
<td>16</td>
<td>19</td>
<td>22</td>
<td>156</td>
<td>217</td>
</tr>
</tbody>
</table>
DG World Health Organization

"International trade has many consequences for health, both positive and negative. One particularly disturbing trend is the use of foreign investment agreements to handcuff governments and restrict their policy space. For example, tobacco companies are suing governments for compensation for lost profits following the introduction, for valid health reasons, of innovative cigarette packaging. In my view, something is fundamentally wrong in this world when a corporation can challenge government policies introduced to protect the public from a product that kills.

Dr Margaret Chan speech at the World Health Assembly, May 2014

Decade of Action on Nutrition

The April 2016 proclamation

The April 2016 proclamation of the United Nations Decade of Action on Nutrition (2016–2025) provides a unique opportunity for stakeholders to strengthen joint efforts towards eradicating hunger and preventing all forms of malnutrition worldwide.
Political context

Governance

Policy Windows
| Political context               | • Broader foreign policy / geopolitical  
|                               | • Political parties / change in government  
|                               | • Politicisation of trade  
|                               | • **Priority of nutrition in governing agenda** (either national or international)  
| Strategies                    | • Attending negotiations  
|                               | • Lobbying ministers  
|                               | • Meetings with government officials  
|                               | • Public awareness raising  
| Actors                        | • **Actors promoting nutrition goals**  
|                               | • Coalition / network formation  
|                               | • Power / influence  
|                               | • Public sentiment  
| Instruments                   | • **Monitoring instruments** (e.g. general trade, health impact assessments)  
|                               | • **Supporting multilateral instruments** (e.g. TRIPS, FCTC)  
|                               | • **Supporting national policies / instruments**  
|                               | • Voluntary vs. mandatory regulatory instruments  

When structure meets agency

Doha Declaration on TRIPS and Public Health 2001

1. Good technical analysis of legal and economic issues
2. Strategic Framing – “gore’s greed kills”
3. Circles of consensus: collective vision among developing countries
4. Broad-based coalition of states integrated with NGO networks

Take home messages

• International treaties offer some legal levers for nutrition / health
• Private sector governance of [food] supply chains is now more prevalent
• Different forms of regulation – hard and soft powers
• Rebalance control - networks of actors
Questions?

Sharon.friel@anu.edu.au

@SharonFrielOz