



**POLICY BRIEF
NO. 5
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TRADE AND FOOD SECURITY (FOOD SAFETY AND TBTs)



Agriculture in the Caribbean Community (CARICOM) is an important economic activity for food production and livelihoods in rural and urban households. Recently the sector increasingly relies on the international market for raw materials, intermediate inputs and final consumer food products.

The proliferation of non-tariff measures (NTMs) has interfered with this type of agriculture trade. Several NTBs act as formidable barriers to trade, affecting international access to markets and price levels of both imported and locally produced foods. This has profound impacts on agricultural performance, community well being and household food security.

One area of direct impact is compliance with international and industry-driven agricultural health and food safety (AHFS) measures. AHFS creates difficulties for CARICOM's food and agricultural exports to enter markets. It constrains governments' abilities to regulate increasingly large and growing imports of food and agricultural products. The challenge becomes more serious as many food imports are potential threats to the health and safety of the region's citizens and even survival of the agricultural sector.

Harmonized, effective and equitable regional policies must be established. These policies are incumbent upon full consultation with producers, food importers, distributors, consumers and policy makers. Solutions must ensure the integration of macroeconomic, sector specific and industry policies. Strategies must adequately address the multi-dimensional and cross-sectoral nature of food and nutrition security. The Caribbean Agricultural Health and Food Safety Agency (CAHSFA) and firm linkages to the Caribbean Public Health Agency (CARPHA) are important regional institutions for new directions.

The CARICOM Secretariat acknowledges the efforts of the Inter-American Institute for Cooperation on Agriculture (IICA) and the Caribbean Regional Agricultural Policy Network (CaRAPN) in preparing these guidelines for agricultural development and trade for food security in the Caribbean..

Monitor trade barriers that impact on food security

Integrate public and private sector commitment

Recognise the consequences of the new international trade in agriculture on food security

Help consumers exercise their right to safe and healthy food

CAHSFA: A new agency

CAHSFA joins CROSQ

FURTHER INFORMATION

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TRADE RESTRICTING NON-TARIFF BARRIERS

NTMs are any government or business practice that is not a tariff. It tends to support the production and distribution of locally produced products. It directly obstructs imports.

NTMs include price control measures, non-automatic licensing, customs and administrative procedures that increase costs and obstruct imports. Technical barriers to trade are NTMs which require compulsory requirements for product safety, quality and packaging. Sanitary and phytosanitary measures are NTMs which safeguard human health and environmental protection.

The World Trade Organisation (WTO) outlines several agreements which address NTMs. These are as follows:

- Article VII on Customs valuation;
- Technical Barriers to Trade (TBT) agreement;
- Sanitary and Phytosanitary (SPS) agreement;
- Rules on import-licensing procedures;
- Rules of Origin (RoO);
- Pre-Shipment Inspection (PSI);
- Trade-Related Investment Measures (TRIMs);
- State-Trading Enterprises (STEs);
- Trade remedies.

These current WTO agreements still do not include all the NTMs which limit the availability of food and the access to food obtained through international trade.

There are high legal, financial, technical, infrastructural and other related adjustment costs which Governments incur in order to adhere to these agreements. Yet CARICOM countries must strengthen their capacities to implement these agreements. Compliance will strengthen participation and trade performance in regional and international markets.

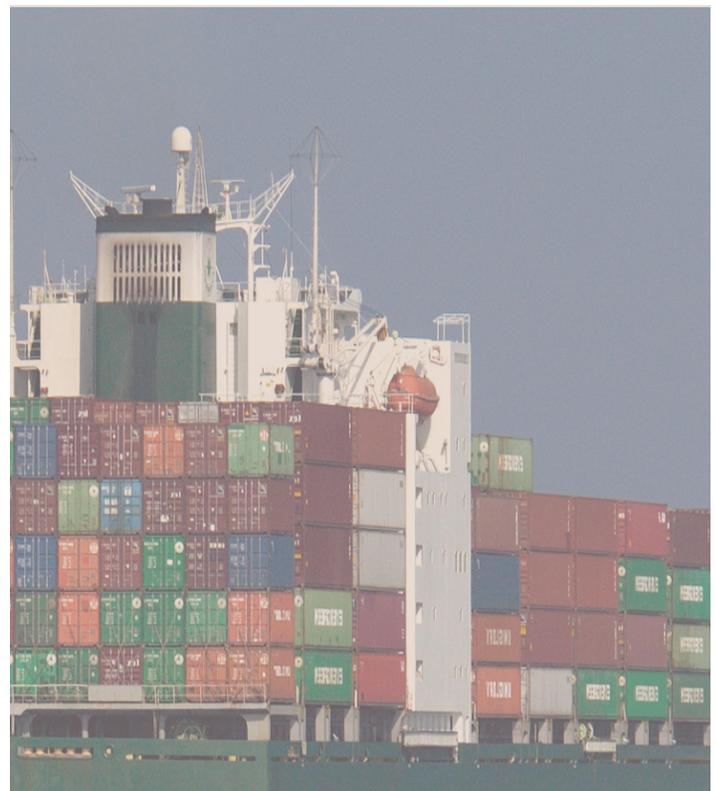
There is a WTO requirement that countries must notify changes in the use of NTMs for purposes of transparency. Globally many countries do not notify the WTO. The most popular notifications are Technical barriers to Trade (TBTs), Custom and Administrative procedures and SPS Measures. There are fewer reports of trade remedies, government participation in trade, quantitative restrictions (QRs) and other duties and charges (ODCs).

Member states have used quantitative restrictions (QR) to control the volume of both extra-regional and regional agriculture and food imports. The most commonly used

justification has been that local supply and availability are assured. Unrestrained access of competing imports to domestic markets would substantially lower prices, create gluts and cause injury to domestic producers.

Despite the fact that they are becoming more widespread, compared to tariffs, NTMs are not as easy to distinguish. Trade-related impacts of NTMs are not easy to measure. For instance NTMs may be imposed to protect domestic industry by restricting import demand (e.g. a QR). Yet NTMs may also be a side-effect of a legitimate regulatory non-tariff measure (e.g. an SPS). Consequently efforts to reduce and/or remove NTMs have either occurred unilaterally between the affected parties or at the regional level. There has been little progress at harmonisation on a multilateral level.

Regulating, monitoring and enforcing NTMs in CARICOM are relatively under-developed. CARICOM countries use internationally accepted standards as their base. This is because national and regional standards generally do not exist for most tradable agriculture products in CARICOM, particularly for fresh produce. In most instances, these international standards are domestic standards from developed WTO country members. This explains the difficulties experienced by CARICOM countries in complying with international standards and overcoming NTMs. This has also limited the region's ability to resolve NTM-related trade issues such as disputes in intra-regional agricultural and food trade.



THE CASE FOR CAHFSA

The Caribbean Agricultural Health and Food Security Agency (CAHSFA) had its genesis in the mid-1990s. It was officially launched in March 2010 in Suriname. CAHFSA will provide regional support to CARICOM countries to establish, manage, operate and implement agricultural health and food safety (AHFS) programmes along the farm to table continuum. CAHFSA will assist Member States to develop and strengthen national agricultural health and food safety systems and infrastructure. *CAHFSA meets the immediate need to build consumer confidence in domestic agriculture and food systems. It will support National Agricultural Health and Food Safety Agencies (NAHFSAs) in monitoring and assuring the safety of imported foods.*

CAHFSA has a central mandate to coordinate regional AHFS matters. It has the potential to become the most cost-effective response to the common challenge of strengthening compliance with SPS trade regulations. It will track and address an ever-increasing number of NTMs that restrict trade opportunities for agri-business in CARICOM. It must be watchful of the increased risk of pests, diseases and food-borne illnesses from imported foods. In so doing it provides consumer protection, minimises public health risk, and shields the tourism sector from health fall-outs as well as devastation to the productive sector.

CAHFSA fulfils the vision and objectives of the Nassau Declaration, the 2007 Port of Spain declaration and the 2009 Liliendaal convention.

A well functioning CAHSFA is an essential part of regional solutions to common problems because there is:

- A growing importance of the international market as a source of food, which enables CARICOM citizens to exercise their right to adequate and safe food,
- An expanding interest by non-CARICOM countries to trade in agricultural goods with CARICOM which could intensify competition in domestic markets,
- CARICOM's thrust to increase and diversify its agricultural exports, reduce dependence on traditional preferential markets and become more internationally competitive in the global trade environment.

CAHFSA will work within the framework of regional policy harmonisation and functional cooperation, to become an asset to CARICOM's farmers, food manufacturers and exporters. CAHFSA will mediate in a new trading environment increasingly characterised by NTBs. CAHFSA will facilitate CARICOM consumers when they exercise their right to food.

CAHFSA JOINS CROSQ

CAHFSA joins another regional organization, the Caribbean Regional Organization for Standards and Quality (CROSQ), whose mandate is also to support CARICOM's goal to expand intra-regional and extra-regional trade in goods and services by the establishment and harmonisation of standards for the enhanced efficiency and improved quality in the production of goods and services in the Community, thereby facilitating consumer and environmental protection and improved trade within the Community and with third states. CROSQ sets out to, inter alia:

- promote the development and harmonisation of standards, metrology, technical regulations and the mutual recognition of conformity assessment procedures covering goods and services produced or provided in the Community with the aim of facilitating trade and supporting the establishment of the CSME;
- encourage the mutual recognition of accreditation and certification systems which are based on internationally accepted criteria;
- facilitate the achievement of international competitiveness of regional goods and services by fostering a culture of quality in regional enterprises;
- support standards-infrastructure development at the national level;
- promote consumer welfare and safety;
- through its operations, contribute to the preservation of the environment and conservation of the natural resources of the Community;
- provide guidance to Community Organs and Bodies regarding matters within its competence, including disputes settlement;

- promote and protect the interests of States Parties and Associate Members in regional and international standardizing fora, including external negotiations;
- promote awareness of standards and standards-related matters in governments, commerce, industry and consumers.
- Develop action plans for crop, livestock and fisheries with secure political and private sector commitment. These plans will register information and monitor use of NTMs in CARICOM which affect a range of products. These plans would identify possible options for enhancing greater transparency, mutual recognition and harmonisation of non-tariff trade related measures. In so doing they would eliminate 'nuisance' NTMs nationally and/or regionally, as a matter of priority.

POLICY DIRECTIONS

The Thirty-Second Special Meeting of the Council for Trade and Economic Development (COTED) (Agriculture) held in Guyana, 18 September, 2009 mandated an audit of Non Tariff Measures (NTMs) that are currently being used by Member States in the process of agricultural trade. An inventory of actions from this audit provides a context for the suggested sequence of actions below:

- Establish the most important NTMs which affect the most widely-traded agricultural and food products into CARICOM and within the CARICOM region. Regional private sector agricultural input suppliers, food importers and distributors must collaborate with this effort.
- Maintain the various CARICOM Technical Working Groups (TWGs) to address agricultural trade facilitation within the region. TWGs must also address general compliance with international requirements for enhanced export competitiveness. TWGs must widen representation to include private sector agricultural input suppliers, food importers and distributors.
- Support national public and private sector actions aimed at strengthening producers' competencies which generate incomes through trade. These aims must support access to food while reducing vulnerability to volatility in international markets.
- Explore alternative and cost effective options for activating specific functions of the CAHFSA. These options must sustain the organisation and help forge firm linkages to the newly established Caribbean Public Health Agency (CARPHA) that has responsibility for food and nutrition issues as part of its public health mandate.

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