The global Food and Agriculture Organization of the United Nations (FAO) COVID-19 response programme addresses intra-regional trade as one of its action points given the unprecedented impact of the COVID-19 crisis on intra-regional and international commerce. The Latin American and Caribbean (LAC) exports have fallen by 30 percent interannually in April.\(^1\) Although the agri-food exports have grown interannually 8.5 percent in April 2020 in 14 Latin America and the Caribbean (LAC) countries,\(^2\) these export earnings have been unequally distributed among agricultural producers and subsectors. The agribusinesses that export industrial crops have registered a significant increase.\(^3\) However, smallholders producing perishable food have suffered from lower demand, less liquidity, and the shift of customers’ diet to staple low-cost meals.\(^4\)

Despite the LAC’s profile as a food exporter, the regional trade integration, that can mitigate losses due to lower demand in other regions, has been weak in volumes and value. In 2019, already before the crisis, only 13 percent of regional agri-food exports were intra-regional and these were dominated by large agribusinesses.\(^5\) The pandemic has also exposed underlying structural issues, such as food halted in the ports or delays in customs. These shortcomings point to the fragility of intra-regional trade infrastructure.

The sub-region of South America, one of the most important net exporters of agri-food products, produces 74 percent of the total LAC region agri-food exports, but only 14 percent are destined for intra-regional markets (within South America and with other subregions of LAC region).\(^6\) It has registered a stable, but not dynamic growth of its agricultural export surplus. Despite the record harvest in 2019–2020 season, restrictions adopted due to the pandemic have negatively affected trade, in particular when it comes to perishable products often produced by smallholders, leading to lack of liquidity and potential informalization.

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6 Ibid.
Central American exports comprise less than 25 percent of the total agri-food exports of the LAC region, and in general, this sub-region is a net importer. International trade is a relevant source of rural employment in productive value chains of coffee, cocoa, pulses, sugar cane, which contribute to the development of the sub-region. All value chain activities have been strongly affected by the crisis, which adds to the ongoing risks of climate change disasters, pests and diseases, and the forced migration of thousands of people from rural areas.

For the Small Islands Developing States of the Caribbean Community (CARICOM), although the agricultural trade represents both a major source of employment, and a large component of their food supply, intra-regional trade (within the Caribbean and with the other sub-regions of LAC region) remains low. Despite being a net importer, the sub-region imported only 17 percent of total imports from markets within the sub-region. At the same time, exports within the CARICOM accounted for less than 35 percent of total agricultural exports.

The key underlying issue for the limited intra-regional trade in the LAC region, has to do with the application of non-harmonized non-tariff measures (NTMs), such as sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) measures, which leads to inability of smallholders to access the regional markets.

As the crisis unfolds, the projected contraction of economic activity by 7.2 percent will exacerbate the negative impacts of the crisis on economies and livelihoods. Nevertheless, the crisis has also created opportunities to strengthen intra-regional trade (both within and between the sub-regions) with the objective to mitigate the impacts of the crisis, to reanimate economies and to trigger growth and employment. The recovery phase offers an opportunity for the region to assert its place as global agri-food actor.

The action

South America

1.1. A comprehensive assessment of trade barriers in the LAC region and in the South America sub-region will be conducted. The assessment will focus on commodities that are already exported in other markets.

1.2. Harmonization of standards and procedures between countries and sub-regional trading blocs will be supported through technical assistance to agents of the public sector to implement reforms that facilitate and promote intra-regional trade (both within the sub-regions and with countries and trading blocs in other sub-regions).

1.3. Technical assistance will be provided to facilitate (regional) market access of small farmers, cooperatives and micro, small and medium-sized enterprises (MSMEs) by meeting trade standards and regulations.

Access to relevant market information for private and public actors will be promoted.

Central America

2.1. Mechanisms for the promotion and facilitation of regional trade will be strengthened and expanded.

Access to relevant market information for private and public actors will be promoted.

Market intelligence and other digital tools will be established, and their use will be promoted through capacity building and technology diffusion.

1.4. Access to relevant market information for private and public actors will be promoted.

The Caribbean

3.1. Information, knowledge and sharing of best practices between government and private sector on intra-regional trade facilitation will be promoted and improved.

Capacity development of national and regional level on trade policy and trade agreements, promoting compliance with the World Trade Organization (WTO) rules, regional trade agreements and international instruments.

1.5. Technical support for strengthening modalities and procedures that enhance access to
Trade and food safety standards

Such as CARICOM non-tariff barrier (NTBs) system and CARICOM Interactive Market Place and Suspension Procedure (CIMSuPro).

11 Such as CARICOM non-tariff barrier (NTBs) system and CARICOM Interactive Market Place and Suspension Procedure (CIMSuPro).

3.2 Trade facilitation will be promoted through technical assistance and intra-regional discussions to implement reforms to address obstacles to trade.

- Consultative roundtables will be held to evaluate and prioritize the findings of regional groups - CARICOM, CARICOM Private Sector Organization (CPSO) and the Regional Food and Nutrition Action Plan (RFNSAP) assessments on NTMs affecting intraregional trade for priority products.
- A roadmap for the elimination of the NTMs that contravene the CARICOM Single Market and Economy (CSME) Rules is designed and implemented.
- Capacity development programs are designed and/or implemented for CARICOM Member States, competent authorities and regional border regulatory agencies, on SPS, standards and other conformity assessments that are related with NTMs for the priority products.

Expected results

This proposed programme aims to mitigate the impacts of COVID-19 on agricultural trade and food security, as well as address structural constraints to intra-regional trade (both within the sub-regions and between the sub-regions). The support will deal with issues of competitiveness and trade performance and addressing policy and regulatory coordination issues at the sub-regional level, aiming to achieve the following results at regional level:

- Improved access to regional and sub-regional markets for small farmers, cooperatives and MSMEs. This will be achieved through actions 1.2, 1.3, 2.1, 2.2 and 3.2
- Strengthening of regional networks and platforms as arenas for discussing policy priorities and promoting harmonization standards and procedures.

Partnerships

Regional institutions and economic communities, such as: Asociación Latinoamericana de Integración (ALADI), Secretaría de Integración Económica Centroamericana (SIECA), Organismo internacional Regional de Sanidad Agropecuaria (OIRSA), Instituto Interamericano de Cooperación para la Agricultura, Comunidad Andina (CAN), Mercado Común del Sur (MERCOSUR), Alianza del Pacífico, CARICOM.

National institutions and organizations: ministries of agriculture, trade, economy and health; food safety and customs authorities; chambers of commerce; private-sector associations; non-governmental and civil society organizations; research institutes and academia.

International financial institutions: Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD).

Country focus

In South America, the focus will be on the Andean Community member states (Bolivia, Colombia, Ecuador and Peru) and MERCOSUR member states (Argentina, Brazil, Paraguay, Uruguay, and Venezuela). In Central America, the focus will be on El Salvador, Guatemala, Honduras, and Nicaragua. In the Caribbean, the focus will be on CARICOM member states (Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago).

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