



Trade and food safety standards Facilitating and accelerating food and agricultural trade during COVID-19 and beyond

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The issue

The COVID-19 pandemic will have an unprecedented impact on global and regional trade. According to the World Trade Organization (WTO), world merchandise trade in 2020 could fall by as much as 32 percent. The current situation is unlike any other food or health crisis in modern times, with simultaneous supply and demand shocks that are global in nature. Labour shortages due to curtailed mobility are affecting all aspects of the food and agriculture supply chains, from production, to processing and retailing, leading to both immediate and longer-term risks for food production and availability.

At the same time, the significant scale of the economic recession, amid widespread job losses and reductions in income and remittances, is raising serious concerns about hunger and malnutrition. The most vulnerable groups are already poor and food insecure, particularly in countries affected by multiple crises (extreme weather variability, the locust plague and plant and animal disease), which are seeing significant currency depreciation (notably commodity-dependent economies), and those affected by conflict, where supply chain distribution and logistics links are already fragile. All this has prompted many countries to take various measures to protect their populations from the crisis.

Ad hoc trade restrictions have been a common feature of the immediate policy response, both import restrictions due to food safety concerns that are not necessarily science based and export restrictions due to concerns about domestic food availability and market uncertainty. Such measures have proven to exacerbate the situation and cause disruptions in supply chains. Therefore, to mitigate the impacts of shocks, such as COVID-19, instead of restricting trade, it is actually crucial to facilitate and enhance trade, both within and among regions, and improve access to markets.

This requires strategic orientation towards intra and interregional trade partners, compliance with trade requirements, in particular sanitary and phytosanitary (SPS) standards and international regulations, such as those on illegal, unreported and unregulated (IUU) fishing, and improving efficiency in moving goods across borders. In this regard, the catch-up potential could be significant for many developing countries, which face challenges in accessing key target markets, including those in their immediate vicinity as evidenced by low levels of intraregional trade.

The issue of accessing export markets typically results from policy barriers and limited policy coordination, for example, low harmonization and mutual recognition of SPS compliance procedures, limited use of digital solutions in the application of trade procedures and ad hoc and unpredictable trade restrictions. Access to markets is also hampered by physical constraints, such as low productive capacity, limitations in laboratory capacity to assess compliance with food safety standards and underdeveloped marketing and trade infrastructure.

Budget

USD 50 million

Time frame

2020–2024 (four years)

SDGs



Related FAO policy notes on COVID-19

- ▶ Agrifood markets and trade policy in the time of COVID-19
- ▶ Food Safety in the time of COVID-19
- ▶ COVID-19: Channels of transmission to food and agriculture



Addressing policy barriers and physical constraints will also be crucial for importing countries, especially net food-importing developing countries, small island developing states and landlocked developing countries, to address domestic supply disruptions, improve food availability and stabilize local prices. Countries may also lack the necessary policy and regulatory frameworks to promote social inclusion and ensure that the benefits of trade reach all.

The action

- 1 **Agricultural trade and trade-policy assessments** will be conducted, highlighting bottlenecks and opportunities to trade:
 - ▶ **Comprehensive trade assessments** will be undertaken for each region, including an overview of trade patterns, an evaluation of agricultural and fisheries export competitiveness and a regional trade policy assessment, to identify trade barriers, challenges and opportunities and to examine regional trade agreements and governance frameworks.
 - ▶ **Deep dive analyses** will be conducted as needed for specific value chains and thematic areas, for example, to review COVID-19-related supply chain adjustments, market profiles and opportunities, branding, e-commerce, trade digitalization and access to trade finance.
 - ▶ **Consultative multistakeholder roundtables** will be held to validate the findings of regional assessments and identify priorities for intervention.
- 2 **Regional multistakeholder trade networks and platforms**, such as the FAO-World Health Organization Regional Coordinating Committees, the International Food Safety Authorities Network and others, will be strengthened (anchored in regional trading blocs), to promote trade policy coordination, deter ad hoc policy responses, advance regulatory cooperation and foster private sector engagement.
- 3 **Trade facilitation** will be promoted through technical assistance to implement reforms and design national and regional programmes to address obstacles to trade.
 - ▶ **Digital solutions** promoting the exchange of electronic trade documents, such as e-certificates (for example, the e-Phyto solution for phytosanitary certificates) and the harmonization of food safety and animal health e-certification systems. Strengthening traceability systems, promoting green channels and pre-arrival clearance systems and supporting the implementation of e-commerce platforms.
 - ▶ **Food safety and phytosanitary control systems** supporting mechanisms for regulatory coherence and stakeholder engagement in regulatory and policy decisions to streamline procedures for achieving SPS compliance, promote risk-based programming and decision-making and to support participation in the setting of science-based standards.
 - ▶ **Standards and requirements** promoting the implementation and use of international standards, such as Codex Alimentarius and International Plant Protection Convention standards, including through harmonized risk communication and compliance with other international regulations, such as IUU fishing.
 - ▶ **Infrastructure** supporting improvements in laboratories for food safety analysis. The programme will also work with international financial institutions to prioritize investment needs in marketing and trade infrastructure (storage and last-mile facilities, border post equipment and customs information systems), to prepare development plans, train staff and ensure proper operation and maintenance planning of their activities.
 - ▶ **Trade policy and trade agreements** promoting compliance with WTO rules, regional trade agreements and international instruments. National legislative frameworks will be updated, as needed, and agricultural trade facilitation roadmaps for regional trading blocs will be prepared.
- 4 **Market intelligence and early warning systems** will be established, based on regional and country specificities, following the models of the Agricultural Market Information System (AMIS) and the Global Information and Early Warning System. This will be critical to identifying potential bottlenecks and logistical disruptions to supply chains, as well as intervention points.
 - ▶ **Scoping assessments** will identify product coverage, core features based on regional priorities and links with existing tools.
 - ▶ **Establishing regional/national AMIS** will include training on, and the establishment of, commodity balance sheets, regional food outlook reports and regional food price monitoring and analysis tools.
 - ▶ **Establishing regional/national early warning systems** will include training on remote sensing systems, such as the Agricultural Stress Index System, the methodology of the Crop and Food Security Assessment Missions and food security analysis.
- 5 **Capacity development of national and regional institutions** will be provided through the development of training manuals, customized capacity development roadmaps and the delivery of coordinated training sessions and workshops to national and regional institutions.



Expected results

The programme aims to address both the immediate challenges posed by the COVID-19 pandemic and the structural constraints affecting trade. The overall programme objective is to facilitate and increase international agricultural and food trade, with a focus on intraregional trade, by addressing the constraints and obstacles, namely, non-tariff barriers and other administrative procedures. The programme aims to achieve the following results:

- ▶ **Improved evidence-based decision-making and policy coordination at national and regional levels.**
This will be achieved through Actions 1, 2 and 4, above. Comprehensive trade assessments (Action 1) allow for empirically sound analyses of the challenges and opportunities faced by countries from their participation in international trade and enable the formulation of appropriate policies and strategies to avoid arbitrary trade restricting measures. The development and implementation of food safety risk analysis principles, including risk assessment and risk prioritization, facilitates the informed management of limited resources. The establishment of market intelligence and early warning systems (Action 4) further allows countries to collect and analyse trade- and market-related information, including information on price trends, at an early stage and build national and regional capacities to take appropriate policy and planning decisions to boost agricultural growth. Lastly, support for regional multistakeholder networks (Action 2) promotes trade policy coordination, potentially serving as a secretariat and discussion forum for other programme outputs (such as trade policy assessments and regional early warning and market intelligence systems).
- ▶ **Enhanced regulatory cooperation at the regional level to improve regulatory oversight in agricultural value chains, promote the implementation and use of science-based standards (such as Codex) and promote mutual recognition and harmonization of food safety systems.**
This will be achieved through Actions 2, 3, and 5, above. The establishment and/or strengthening of multistakeholder regional networks (Action 2) advance regulatory cooperation and promote the harmonization of approaches to food safety risk assessments, regulatory measures and certification. It also fosters cooperation with the private sector. Technical assistance and capacity development activities on food safety standards (Actions 3 and 5) strengthen institutional implementation capacities, leading to more resilient food safety systems, to the benefit of international trade.
- ▶ **Faster adoption of trade facilitation practices to improve efficiency and transparency in the application of SPS measures and administrative procedures.**
This will be achieved through Actions 1, 2, 3 and 5 above. Trade assessments, deep-dive analyses and business roundtables (Action 1) support the identification of non-tariff barriers and procedural obstacles to trade. The establishment and/or strengthening of multistakeholder regional networks (Action 2) advance regulatory cooperation on trade facilitation measures. Technical support on trade facilitation (Action 3) promote the adoption of digital solutions and the streamlining of procedures for achieving and demonstrating SPS compliance, risk-based programming, infrastructure investments and other trade facilitating practices. Capacity development (Action 5) strengthen institutional ability to adopt and implement relevant multilateral and regional trade agreements.

Partnerships

- ▶ **Regional institutions, economic communities, such as:**

Africa: the African Union, the Common Market for Eastern and Southern Africa, the East African Community, the Economic Community of Central African States, the Economic Community of West African States, the Southern African Development Community, the West African Economic and Monetary Union.

Asia and the Pacific: the Association of Southeast Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC).

Eastern Europe and Central Asia: the Black Sea Economic Cooperation, the Central European Free Trade Agreement, the Commonwealth of Independent States Free Trade Agreement, the Eurasian Economic Union, the Shanghai Cooperation Organization.

Latin America and the Caribbean: *Asociación Latinoamericana de Integración*, the Caribbean Community, *Comunidad Andina*, *Instituto Interamericano de Cooperación para la Agricultura*, *Integración Centroamericana*, *Mercado Común del Sur*, *Organismo Internacional Regional de Sanidad Agropecuaria*, *Secretaría de Integración Económica Centroamericana* (SIECA).





- ▶ **Near East and North Africa:** Arab Maghreb Union, the Gulf Cooperation Council.
- ▶ **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:** the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank (IDB), the International Fund for Agricultural Development, the Islamic Development Bank, the World Bank and private foundations.
- ▶ **International organizations:** the Enhanced Integrated Framework, the International Atomic Energy Agency, the Organization for Economic Cooperation and Development, the Standards and Trade Development Facility, UN Economic Commissions, the United Nations Conference on Trade and Development, the United Nations Development Programme, the World Health Organization, the World Trade Organization.

Programme links

- ▶ **Globally:** Strengthening global food safety through improved capacities for food control at regional and country level (GCP/GLO/939/USA); Codex Trust Fund 2 (and various projects funded therein) (GCP/GLO/893/MUL and UNJP/GLO/887/WHO); Strengthening national food control systems through a robust and harmonized assessment process (GCP/GLO/151/MUL).
- ▶ **Africa:** FAO support to the Common Market for Eastern and Southern Africa (COMESA) trade facilitation programme (GCP/INT/387/COM); Support for boosting intra-African trade in agricultural commodities and services to advance the implementation of the African Continental Free Trade Area (AfCFTA) Agreement (TCP/RAF/3708).
- ▶ **Eastern Europe, Central Asia:** FAO Regional Initiative 2: Improving agrifood trade and market integration; the Black Sea Economic Cooperation Centre for Sustainable Food Systems project and the Issue-Based Coalition on Food Systems in Europe and Central Asia; Regional European Bank for Reconstruction and Development-FAO technical cooperation package.
- ▶ **Latin America and the Caribbean:** Food safety risk analysis capacity building program in Latin America (STDF/PPG/716); *Herramientas y opciones para fomentar un comercio internacional incluyente y próspero* (TCP/RLA/3731); *Recuperación económica post COVID-19 y desarrollo de mercados sostenibles e inclusivos en el corredor seco y zonas priorizadas en Centro América* (TCP/SLM/3801); Memorandum of Understanding with SIECA for trade promotion, facilitation, and intelligence; Regional Market Intelligence and Agricultural Markets Monitor (SIMMAGRO); Regional Initiative 1 - promoting international trade agreements related to food; Regional Initiative 2 - economic growth and market access; Memorandum of Understanding with ALADI and IDB.
- ▶ **Near East, North Africa:** Arab Food Safety Initiative for Trade Facilitation (UNJP/RNE/010/UID).

Regional and country focus

The regional contexts described here are subject to change in line with the results of ongoing country assessments and dialogues with Governments and partner organizations. The countries listed may therefore change. The programme will be tailored to the specific needs and characteristics of each region.

Africa

With the time and costs involved in obtaining agricultural trade certificates in sub-Saharan Africa among the highest in the world, the programme will focus on strengthening food safety control systems, improving infrastructure and promoting the adoption of digital solutions. It will also promote the development of regional value chains for key commodities, linking small farmers to regional and global value chains, increasing incomes and creating business opportunities. Lastly, market intelligence and early-warning systems will be strengthened to promote evidence-based trade-policy decision-making.

Asia and the Pacific

The focus will be on supporting trade policies and trade facilitation measures to enable resilient food systems transformations for secure, safe and nutritious food for all. This includes harnessing the technologies, procedures and regulations of digitalized trade, promote mechanisms for deeper intraregional trade linkages, including through establishing context-specific trade and market information systems (for example, for the Association of Southeast Asian Nations, [ASEAN]), providing periodic monitoring of critical agrifood trade flows and stocks for specific value chains, as well as changes in policy and administrative procedure. In addition, the programme will focus on technical support to streamline administrative procedures and implement harmonized food safety standards, including the promotion of digital innovations along specific borders, for example, among South Asian Association for Regional Cooperation countries. Another focus will



be on strengthening regional multistakeholder trade platforms, promoting paperless trade and e-commerce and anchoring these in existing trading blocs, such as ASEAN, to develop regional initiatives, enhance policy coordination and provide capacity development for digital innovation and trade facilitation. The regional focus countries for this programme are Bangladesh, Bhutan, Cambodia, the Lao People's Democratic Republic, Maldives Nepal, Pakistan, Tonga, Vanuatu and Viet Nam.

Eastern Europe and Central Asia

As the European Union, Eurasian Economic Union, China and the Cooperation Council for the Arab States of the Gulf (GCC) countries are major agrifood markets, the programme will focus on export promotion, through technical support to small and medium-sized enterprises (SMEs) on compliance with food safety standards, market intelligence (price and market information systems) and digital solutions (online digital platforms to promote food trade in internal and external markets). It will also support multisectoral dialogue to promote evidence-based trade-policy decision-making.

Latin America and the Caribbean

Because of the vast differences between the subregions (net exporters in the southern cone of South America, net importers in the Caribbean), the programme will be tailored to subregional needs. Moreover, because of the low levels of intraregional trade in this region, the focus will also be on policy and regulatory coordination and export promotion among subregional trading blocs. This would entail developing public sector capacity at national and subregional level, particularly on non-tariff measures; providing technical support to subregional institutions to comply with sanitary and phytosanitary standards and related procedures; and promoting intraregional partnerships, including with the private sector, on trade promotion, facilitation, market intelligence and e-commerce.

Near East and North Africa

Because of the high dependence of countries in the region on food imports, the programme will prioritize technical assistance in the areas of trade facilitation, food safety and post-production efficiency in the following countries: Algeria, Egypt, Jordan, Lebanon, Tunisia and the GCC countries. This will entail promoting the adoption of digital solutions along food supply chains, strengthening market intelligence and early warning systems, and updating relevant national and regional policy and legislative frameworks to promote trade.

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