



Trade, intra-regional trade and food safety standards

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The issue

The COVID-19 pandemic and lockdown measures throughout Asia have had measurable impacts on trade flows, causing trade disruptions and temporary interruptions. Under COVID-19 lockdown, cross-border trade either slowed or came to a halt from border closures or direct import or export restrictions. International trade disruption also affected several countries, interrupting the flow of critical goods, staple foods, agricultural inputs (fertilizer, seeds), and equipment (food processing) needed for domestic food production, processing, and consumption. In the short-term, following COVID-19 lockdown, trade flows were more volatile for fresh produce (fruit and vegetables), live animals, livestock products, and fresh or dry fish, all of which experienced a drop in demand and cancelled exports.

The COVID-19 pandemic and concerns over how the food supply chains function focused attention on food trade critically with renewed interest in expanding intra-regional trade, as in the Association of Southeast Asian Nations (ASEAN). Strengthening trade for food security, food safety, and protection against the next zoonotic epidemic requires improved recognized standards, digital data sharing, and simplified administrative procedures to reduce non-tariff measures, trade and transaction costs, and remove obstacles to trade beyond those required by food safety.

During post-COVID-19 response and recovery, there is likely to be heightened interest in trade, driven by several COVID-19 related priorities, including rebuilding food supply chains resistant to disruptions from pandemics and similar crises, enhanced food safety, and strong safeguards against zoonotic epidemics. Food trade has taken on a new urgency driven by several priorities, including:

- 1 contributing to food supply diversification as part of rebuilding resilient food systems by removing unnecessary trade restrictions, ensuring a smooth supply of critical imports (including agricultural inputs, production and processing equipment), and meeting essential domestic consumption requirements in line with nutrition diversity and healthy diets;
- 2 strengthening food safety processes, including product quality upgrades, and compliance with food standards; promoting geographical indications; and improving traceability will allow smooth food trade flows that maintain or improve export market shares and meet stricter requirements for traceability, increased food safety, and health concerns arising from COVID-19;
- 3 boosting resilience to future pandemics or shocks by strengthening product flow monitoring and tracing, tracking, and stopping illegal trade through increased international cooperation and harmonization of health protocols and environmental standards;

Budget

USD 20 million

Time frame

Jan 2021 – Dec 2024

SDGs



Related FAO policy notes on COVID-19

- Food supply chain and trade disruptions in Asia under COVID-19: A Regional analysis with policy response options



- 4 expanding intra-regional trade, especially within trading blocs operating under preferential trade agreements (as in ASEAN), and enhancing market transparency are critical to smooth out food supply shocks and variability, minimize trade disruptions during a crisis, improve trade policy coordination and support evidence-based policy responses during crises, disasters or pandemics.

The action

1 Enhance institutional trade capacity including trade digitization for more resilient food systems

- ▶ enhance country capacity to adopt innovative administrative, logistical and digitally-enabled procedures to facilitate cross-border trade in critical products, inputs, and equipment, as part of post-COVID-19 measures to rebuild resilient food systems;
- ▶ strengthen digital connectivity and information and communications technology (ICT) infrastructure and harmonize administrative procedures and standards to promote trade in critical food products, especially fresh, perishable products, live animals and agricultural inputs, and agricultural equipment to support the agrifood sector;
- ▶ promote the development of data exchange agreements (transition to paperless trade) between countries, digital finance, improve food safety controls, monitor product requirements and standards, all of which contribute to lower certification costs and eliminate excessive delays from custom procedures and transport conditions;
- ▶ support countries with investment plans and regulatory mechanisms to use digital innovations (data-sharing platforms), and digital literacy to support traceability applications, solutions, and digital marketing platforms that monitor, measure and manage food safety and quality standards, and geographical indications that support domestic markets and trade.

2 Develop guidelines for food traceability and build country capacity in food safety to prevent zoonotic and other disease transmission through trade

- ▶ support countries to develop food traceability platforms and protocols along food supply chains and trade channels through investment in technologies, agribusiness financial and regulatory services, and support small to medium enterprises (SMEs) and women-led enterprises;
- ▶ under One Health approach, provide policy support to countries to develop, implement, and agree simplified, transparent and efficient procedures as per internationally agreed food safety standards and certification schemes (including Codex Alimentarius as well as voluntary standards and schemes), and guidelines (including the World Organisation for Animal Health standards) to monitor trade flows in products with known risk of carrying diseases.

3 Enhance capacity of ASEAN member countries to remove/reduce unnecessary barriers to intra-regional trade, strengthen regional coordination through market and trade information, and harmonization of trade customs procedures including through common digital data platforms and data sharing agreements

- ▶ improve trade policy analysis and need assessments of innovative and efficiency-enhancing technologies, procedures, and protocols to increase trade flows, reduce costs, implement robust food safety controls to ensure national and regional food security for critical food products;
- ▶ establish and build the capacity of a regional innovations hub, food trade networks; and multi-stakeholder trade platforms for trade data sharing, best practices exchanges to facilitate regional trade;
- ▶ enhance trade and market information data collection and closer market monitoring (trade flows, trade policies, administrative procedures, trade finance) for strategic value chains critical to food security (cereals, inputs, and equipment), food safety controls and zoonotic disease monitoring, early warning and prevention, especially fresh produce, animal and fishery products;
- ▶ produce digital trade needs assessments for ASEAN countries and support policies and capacity development in trade digitization including data protocols and data exchange agreements, digital-based finance and administrative procedures to harmonize food safety standards, and enhance the ability of customs agents to enact simplified and digitally enabled trade procedures.



Expected results

- ▶ established **regional trade guidelines** in food value chains, namely cereals, livestock products, fruits and vegetable and other food products traded across the region, under improved and harmonized food safety and health standards;
- ▶ enhanced efficient, transparent and lower cost trade flows through broader deployment of **digital innovations** (paperless trade), better-harmonized standards, and data exchange agreements, all of which facilitate trade, procedures, and customs controls strengthening food safety, food product traceability and reduce disease transmission risks;
- ▶ more small-scale farmers, fisherfolk and livestock producers, and SMEs agricultural entrepreneurs and traders will be able to participate in regional and global value chains through **digital marketing platforms**, and there is better **product traceability** through enhanced digital literacy as well as improved internet connectivity and ICT infrastructure;
- ▶ enhanced **country coordination**, improved data sharing and **trade and market information** platforms for trade flows and movement tracking, reporting, and monitoring to reduce the risks of zoonotic and other food-linked disease transmission through trade, including illegal trade, to minimize future pandemics and other health related crises.

Partnerships

- ▶ regional economic communities and free trade area secretariats: ASEAN, South Asian Association for Regional Cooperation (SAARC), Pacific Community (SPC);
- ▶ national and public institutions: customs authorities, ministry of agriculture, ministry of trade, food safety and health authorities; private sector associations; CSO and consumer advocacy groups;
- ▶ development partners: World Bank, the Asian Development Bank (ADB), Grow Asia, the International Fund for Agricultural Development (IFAD), the United Nations Economic and Social Commission for Asia and the Pacific, the United Nations Conference on Trade and Development.

Programme links

The programme is linked to the Food and Agriculture Organization of the United Nations-ASEAN Memorandum of Understanding and the normative programme on trade facilitation and support for market access in line with food safety within the ASEAN trading bloc. It links with the United Nations Global Survey on Digital and Sustainable Trade Facilitation. It also links to various ongoing national and regional projects on supporting institutions to enhance food control across the chain, developing and disseminating good practices and food safety standards including those of Codex Alimentarius and FAO's new initiative on digitalization of agriculture and on-going collaboration with the International Telecommunication Union (ITU).

Regional and country focus

The programme actions proposed have both a country and regional focus and aim for medium and longer-term perspectives.

Examples of Asia-Pacific countries where food trade is specifically highlighted as part of post-COVID-19 recovery:

- ▶ Bangladesh needs to upgrade food quality standards, processing capacities, cold chains and data sharing platforms to reverse or expand market shares for strategic value chains such as vegetables and fruits, dry fish and shrimp.
- ▶ Cambodia is currently developing its first e-agricultural strategy and seeks capacity development in upgrading food quality standards. This would notably support/respond to the newly emerging development of digital technologies and innovations in the country in the sector in general, and support the country's economic development and expansion of trade with China under the Cambodia-China trade agreement in particular
- ▶ Viet Nam, considered one of the most open economies in the region, is expanding trade opportunities with support from digital innovations by raising food safety and quality standards, trade policies and infrastructure, under 16 other free trade agreements including those with ASEAN and the European Union. FAO is supporting Viet Nam to formulate a ten-year strategy and five-year plan to restructure its agriculture sector.





- ▶ Nepal and Bhutan have strong cross-border trade ties with India under free trade agreements and need better harmonization of food safety protocols to meet food security under food safety safeguards.

Regional trade priorities post-COVID-19

- ▶ ASEAN member states have committed to expand intra-regional food trade during and after COVID-19.
- ▶ SAARC member countries are prioritizing harmonized guidelines and policies to enhance regional trade in livestock and livestock products in response to COVID-19.
- ▶ Small island countries of the Pacific are acutely vulnerable to trade disruptions from COVID-19 given their very high dependence on food imports for food security.

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