



Facilitate safe agricultural trade

Experiences from EU integration

Presentation for the
5th GTI Trade Facilitation Capacity Building Workshop

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Outline

- Agricultural trade
 - „Safe“ trade versus transaction costs
- Strategies for regional cooperation on food safety
- EU regional integration
 - EU institutional framework for food safety control
 - Interaction and harmonisation between EU Members
 - Harmonisation of food law





Agricultural and food trade

- Constantly increasing over time
- Nature of agricultural products (perishable, sensitive to duration of transport, special logistics requirements) require efficient transport and border processing procedures
- Products can be spoiled, contaminated or rotten during transport or at the border

=> Unhealthy for consumption: Contamination can have serious consequences for the health of end users

=> Development of country specific food safety legislation and trade rules

- Still rather „fragmented“ and non-harmonized

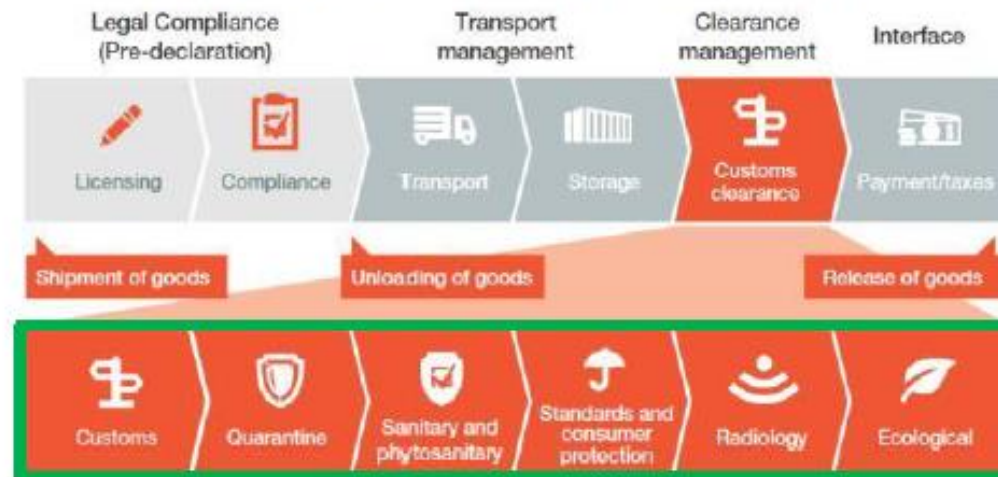




TYPICAL TRADING REQUIREMENTS



Trading Requirements For Agricultural Products





Types of public regulations that apply to agricultural trade

- **Health, sanitary and phytosanitary regulations**
=> Sanitary and Phytosanitary (SPS) regulations
- **Quality regulations**
- **Packaging and labeling regulations**
=> Technical Barriers to Trade (TBT) regulations
- **Advertising and media regulations**
- => Agricultural production, food processing and food marketing is governed by a complex system of national food safety and quality regulations





Characteristics of SPS regulations

- Public, mandatory regulations
 - In contrast to e.g. supermarket quality *standards* where compliance is not compulsory
- They may be product or process-related
- They do not have to be constant over time
 - E.g. preventing animal disease spread through temporary trade bans
- They may differ between countries
 - Perception of risk may differ (e.g. GMOs, use of hormones...)
 - Historic differences
- => They create **transaction costs**
- However, SPS measures are **not just obstacles** to trade but have the **objective to protect human, plant or animal health.**





Reduce transaction cost: Facilitate *safe* trade

- WTO SPS agreement aims to facilitate the safe trade in food
- WTO TF agreement aims to facilitate trade by expediting the movement, release and clearance of goods
 - 85% of WTO members have ratified by now
- => TF and SPS agreement both focus on reducing trade friction
 - By removing unnecessary barriers and obstacles to trade
- Need to **strike a balance**
 - Between removing unnecessary, mostly administrative barriers to trade and
 - Facilitating trade that guarantees safe food products





Examples of good practices to facilitate *safe* trade at the border

- Improve transparency on SPS requirements
- Streamline documentary requirements and control procedures
- Implement risk-based border controls
- Improve collaboration between SPS and other border management agencies
- Promote greater use of equivalence and mutual recognition

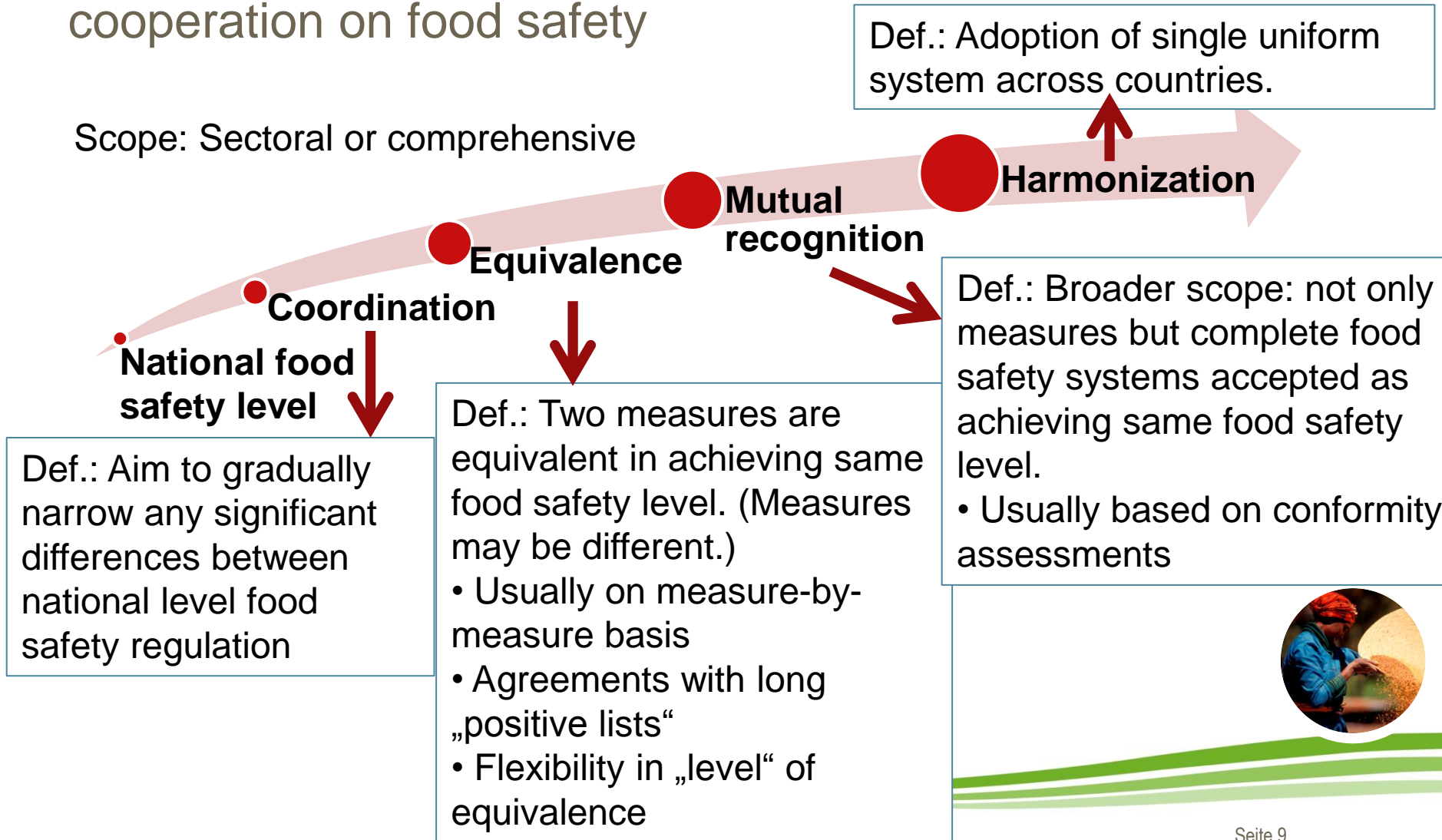


Source: <http://standardsfacility.org/facilitating-safe-trade>



Reduce transaction costs : Country strategies for cooperation on food safety

Scope: Sectoral or comprehensive



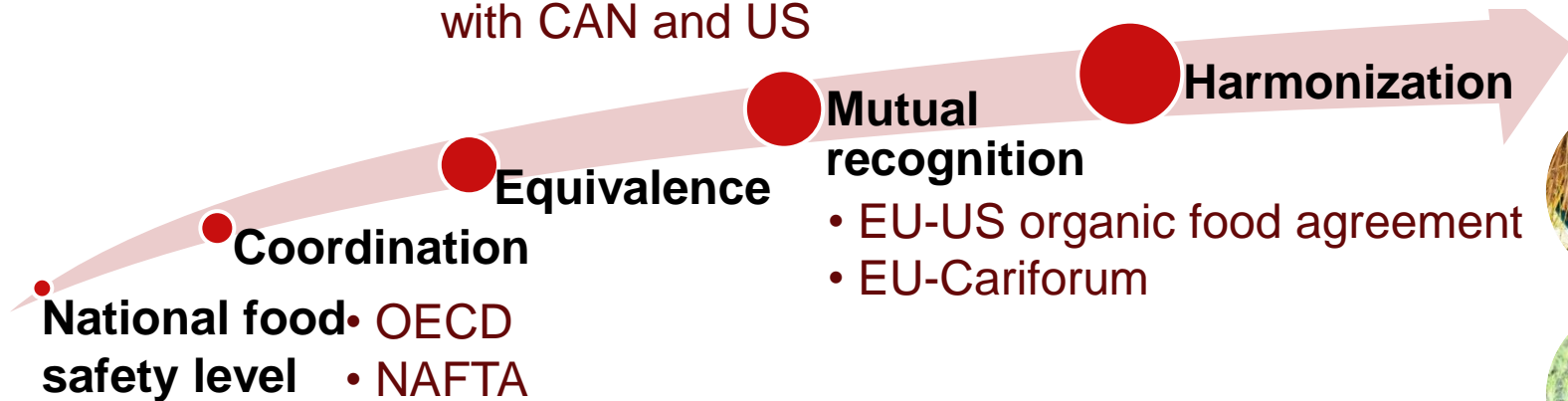


Stages of cooperation: Example EU

Scope: Sectoral or comprehensive

- EU member countries
- EU-EFTA
- EU trade agr. resulting from EU Partnership agr.

- EU Veterinary agr. with CAN and US



Where to locate the WTO?

- WTO: Tendency for harmonization of standards at level of consensus
- Risk assessment allows stricter food safety levels
 - But has never been accepted in disputes (see hormones, GMOs)



Harmonisation of trade rules within the EU Single Market – a long story

- 1957: „Treaty of Rome“ established European Economic Community
 - **All barriers to trade among members removed and a common external tariff applied => Customs Union**
 - Belgium, France, Italy, Luxembourg, the Netherlands, West Germany
- 1992: Establishment of a Single Market
 - **Free movement of goods, capital, services, and people**
 - **Common policies for agriculture, transport and trade, and others**
- By now, 28 countries are member of the EU
- Single Market is extended to Norway, Switzerland, Iceland (EFTA)
- Countries that want to join EU have to adopt the existing body of EU law, known as the *acquis communautaire*
- Customs Union is extended to Turkey and some city states (e.g. Monaco)





EU Single Market

- EU is a success story
 - Single Market with 500mio consumers
 - Economic stability and predictability
 - 70% of intra-EU trade
 - Harmonization of rules and standards
 - **EU Single Market food law is relevant for 31 countries**
- EU is a nightmare
 - 28 countries (+ 3 EFTA), 24 languages
 - Diverse traditions and expectations
 - 100.000 food businesses
 - By far biggest food importer and exporter worldwide
- => Risk from unhealthy food or non-functioning controls must be managed





EU Single Market food law is relevant for 31 countries

- Re-organization of food law after BSE crisis (1990ies)
- → EU integrated approach to food safety
 - **“Farm to table approach”**
- New law in 2002: **“General Food Law”** [(EC) No 178/2002] laying down
 - General principles and requirements of food law,
 - Establishing the European Food Safety Authority (EFSA)
 - Procedures in matters of food safety





EU General Food Law

Operators dealing with food

- Regulation on the hygiene of food stuff
- Regulation laying down specific hygiene rules for
 - on the hygiene of foodstuffs
- Regulation on microbiological criteria for foodstuffs

Official controls

- Regulation on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules
- Regulation laying down specific rules for the organisation of official controls on products of animal origin intended for human consumption



EU General Food Law

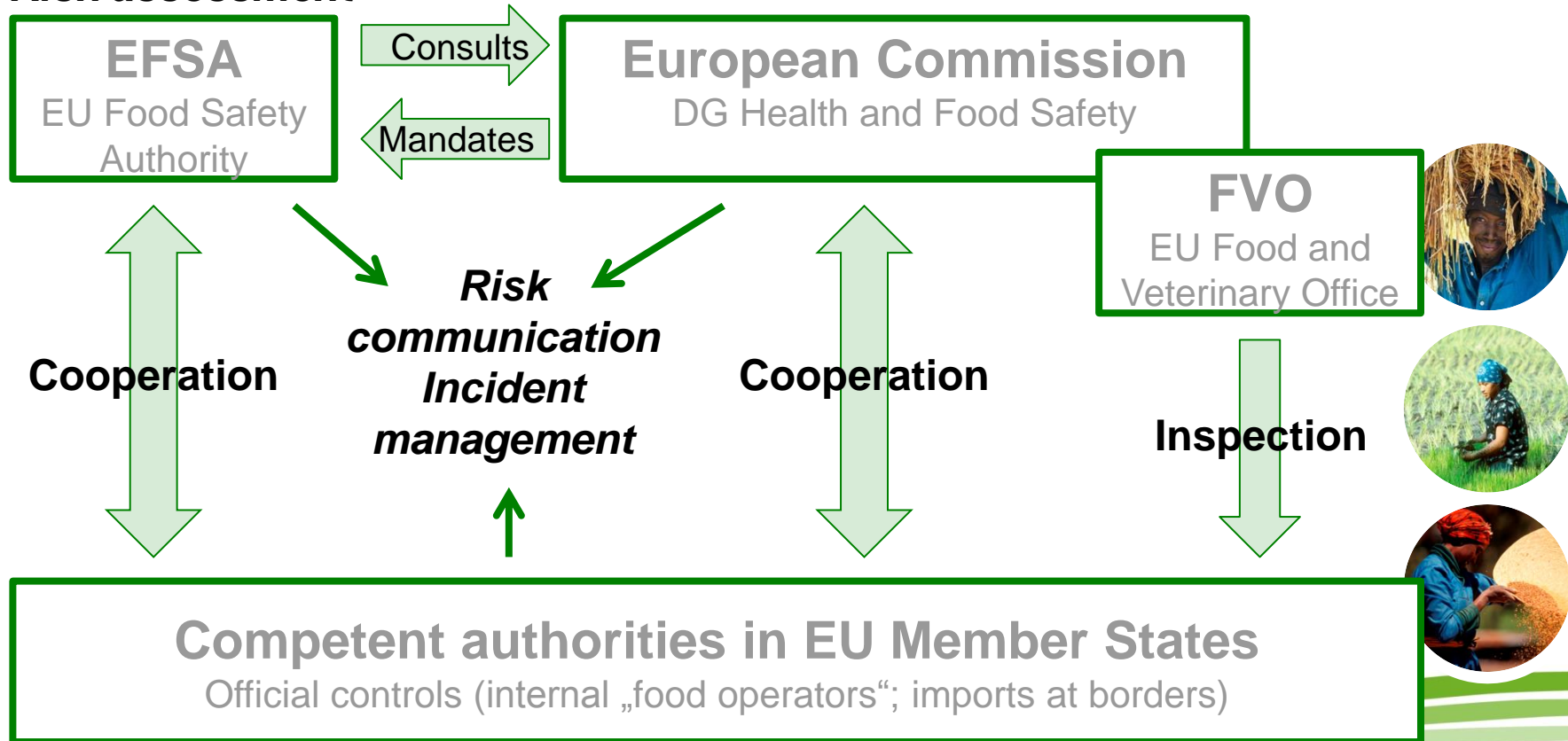
- Food policy and safety mainly managed by DG-Health and Food Safety
 - Controls from farm to table
 - Principle that feed and food operators have primary responsibility for food safety
 - Member states need to ensure surveillance
 - Commission test performance of MS' control capacities





Interaction between EU Commission and Member States

Risk assessment





Competent authorities in Member States: Germany

- **Federal level**
 - **Risk assessment:** Federal Institute for Risk Assessment (BfR)
 - **Risk management:** Federal Office of Consumer Protection and Food Safety (BVL)
 - **Scientific advice** related to food safety and food chain
 - Julius-Kühn Institute: Protect and develop cultivated **plants**
 - Friedrich-Löffler Institute: **Animal** health and welfare
 - Max Rubner – Institute: **Nutrition**, food and consumer protection
 - **Implementation and service agency:** Federal Office for Agriculture and Food (BLE)
 - Licensing of certification systems; import certificates; check of compliance with marketing standards, ...
- **Regional level (states within Germany):** Coordination, auditing
- **County level: Actual controls at food operators; border control posts**





EU Food law harmonized gradually over time

- Within the EU, **60 years of regional integration and harmonization** of food law among Member States
- In the very beginning: Focus on agriculture production support
- Very soon: Focus on the creation of a common market
- **First phase:** Emphasis on harmonization of national product standards through *vertical* directives
 - Focus on quality and identity of a product (technical or “compositional” standards)
 - It turned out that there were too many food products: not all could be regulated in detail; disagreement between Members
 - Ended in 1979 with very important lawsuit about French fruit liqueur not allowed to be marketed in Germany





EU Food law harmonized gradually over time

- Court introduced the **principle of mutual recognition** to the EU market
 - Products that have been lawfully produced and marketed in one of the Member States may not be kept out of other Member States on the grounds that they do not comply with the national rules
- Implications
 - Race to the bottom in the harmonisation of standards?
 - Product standards based on lowest common denominator between members?
- => Shift of emphasis in harmonization of food standards





EU Food law harmonized gradually over time

- **Second phase:** emphasis shifted to harmonisation through *horizontal* directives
 - Away from product-specific legislation to horizontal legislation
 - General rules addressing common aspects for a broad range of foodstuffs became important
 - Very general, very abstract, many loopholes
- Loss of trust in food safety in the 1990ies/2000
 - *BSE crisis, food and mouth disease, dioxin in feed stuff* brought many shortcomings in the food safety legislation to the light
- **Shift away from common market focus to assuring high levels of food safety**
- Development of the common EU food law as it stands today with its focus on food safety and quality



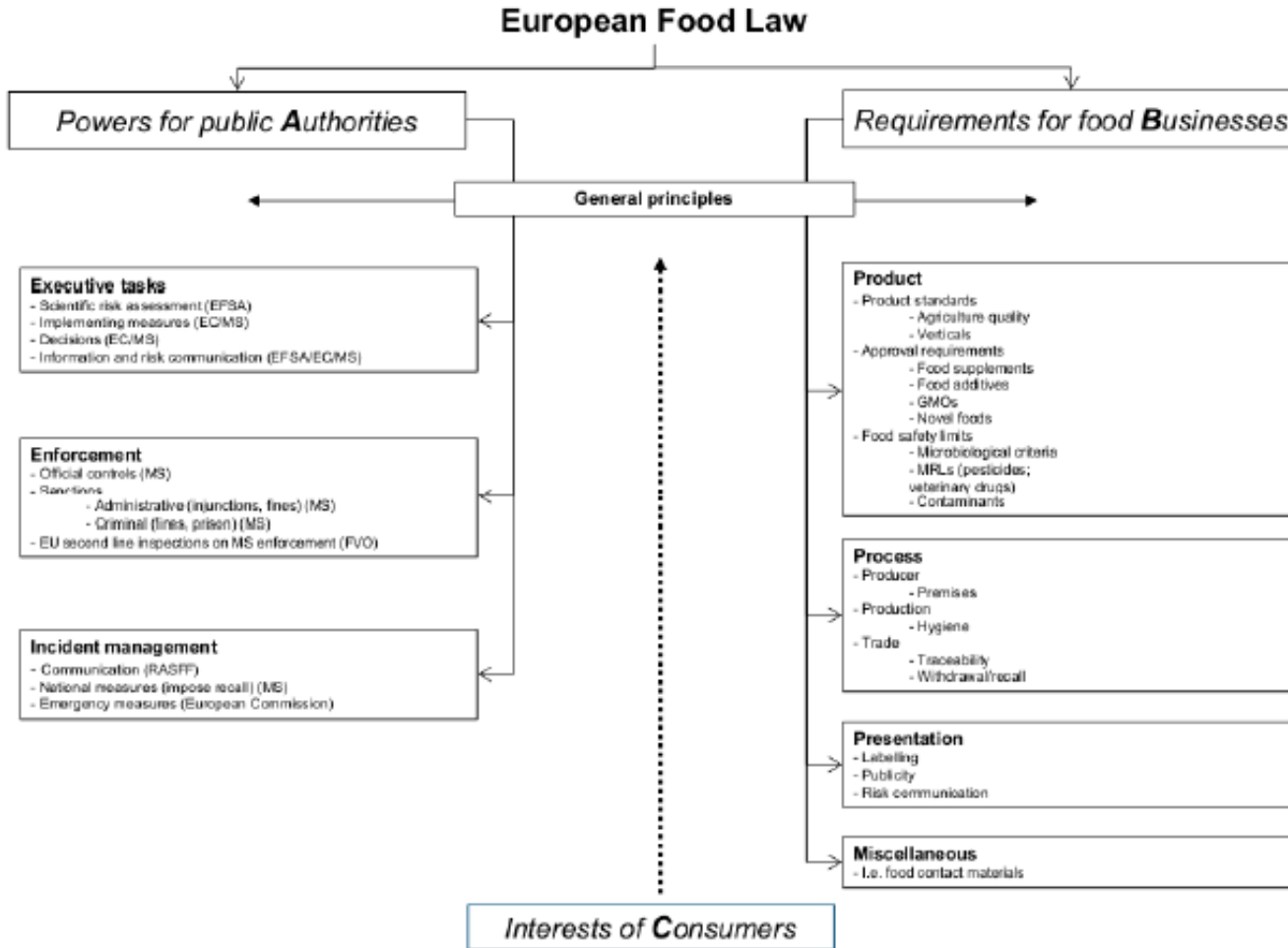


Conclusion

- Trade facilitation for agricultural and food products
 - Needs to strike a balance between safety of food and reduction of trade costs
 - => Facilitate *safe* trade
- Trade agreements of EU show
 - There are many stages of country cooperation to harmonize food regulation and to facilitate food trade
 - Approaches may differ according to product type
- Harmonization of food law on EU Single Market show
 - It takes time but can be achieved!



Structure of EU food law („ABC“ of EU food law)





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 - In shaping their own futures and improving living conditions.





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Thank you for your attention!

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