

## **. FOOD SAFETY ISSUES IN FOOD TRADE**

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### **A. Introduction**

Food safety is receiving increased attention worldwide as the important links between food and health are increasingly recognized. Improving food safety is an essential element of improving food security, which exists when populations have access to sufficient and healthy food. At the same time, as food trade expands throughout the world, food safety has become a shared concern among both developed and developing countries. Governments in many countries have established new institutions, standards, and methods of regulating food safety and have increased investments in hazard control.

### **B. Food safety**

Unsafe food contains hazardous agents, or contaminants, that can make people sick, either immediately or by increasing their risk of developing a chronic disease. Such contaminants can enter the food at many different points in the food production process, and can occur naturally or as the result of poor or inadequate production practices. Hazardous agents that are receiving attention from policymakers include microbial pathogens, zoonotic disease, parasites, mycotoxins, antibiotic drug residues, and pesticide residues. Genetically modified foods and their potential risk to contain allergens or toxins not found in conventional foods have begun to receive attention as well.

Food safety is no longer simply a public health issue. It is also a market development issue. The focus on food safety in international trade and in trade agreements has also made it a trade issue for many countries – developed and developing alike. The process of adaptation by the developing countries to standards and expectations originally set for developed country consumers could potentially yield benefits in developing countries. Looking into the future, the growth in demand within developing countries for highly valued products will increase the returns to improved food safety for both domestic producers and consumers.

### **C. WTO sanitary and phyto-sanitary agreement (SPS)**

To establish and enforce rules regarding the application of food safety, the Sanitary and Phytosanitary Agreement of the World Trade Organization (WTO) permits countries to take legitimate measures to protect the life and health of

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consumers (as well as animals and plants), provided such measures can be justified scientifically and do not unnecessarily impede trade. The Agreement requires that risks be kept to an acceptable level, however. WTO members are asked to accept the food safety measures of other members if they impose an equivalent level of protection themselves. Before any new measure is implemented, a formal notification must be submitted through the WTO and a minimum period provided for comments from other members. The SPS Agreement makes specific reference to international standards as the benchmark against which national measures are judged. In case of food safety, the key international standard-setting body is the Codex Alimentarius Commission of the Food and Agriculture Organization (FAO) of the United Nations.

#### **D. Food safety implications for trade**

Food safety regulations and standards can impede trade and significantly affect the ability of developing countries to access markets, particularly in industrialized countries. In extreme cases, countries are denied access to export markets; their exports may be banned from other countries because they fail to meet food safety standards, or the costs of compliance may be too high. Outright bans are mostly used as temporary measures when acute food safety issues are identified. Even when exporters can comply with food safety requirements, their competitiveness relative to other exporters may be diminished because of their relatively high compliance costs. Both macro- and microeconomic effects of food safety regulations can be extremely damaging for export-oriented countries. In developing countries compliance with food safety may require action by both governments and individual exporters. Introducing certification procedures would be a government action, for example, while improving hygiene and other value addition processes in processing facilities would be a private action.

Most of the effects of food safety requirements on trade stem from government regulation. It is increasingly recognized that voluntary food safety standards can also impede trade. Exporters may comply voluntarily with established standards because customers require it or to meet food safety regulations. If such standards are widely applied they in effect become mandatory within a product market, exporters may have little or no choice but to comply.

Standard setting and increased quality assurance can have positive effects in individual commodity markets. Voluntary quality assessment and standardizing accompanied with use of certified varieties and declaring them in sales have increased the sales value in commodities. There are good examples of this for instance in potato retail sales.

The regulations in developed countries certainly have implications for developing country food producers and processors, and can increase the costs of exporting. During the last decade developing countries' exports of fresh and minimally, only post harvest processed products have increased markedly, and include

vegetables, roots, tubers and fruits. The developing country exporters frequently face difficulties in meeting the increasingly stringent food safety regulations imposed by developed countries. Technical assistance, investments by producers, and new policies in developing countries has however helped the developing-country exporters maintain market access.

The food system is also changing in developing countries themselves, not least because new food safety standards required by developed countries shape also expectations among urbanized consumers in the developing countries. Also, the food processing and preparation has tended to move outside the household as economies develop. Supermarket chains increasingly dominate urban food retailing in middle-income areas, creating new supply chains, and thus also creating new income opportunities.

Meeting food safety standards has to be seen as a part of successfully developing export markets and opportunity for the food producing enterprises. Food safety issues have to be seen as important to their ability to participate in and benefit from trade. The developing countries should have enough assistance in technical issues regarding food safety and food exports within the current WTO context.

But the benefits from food safety improvement will only be captured if policymakers in developing countries understand both food safety risks and their impact on public health, and the synergies between development of the domestic food system and food export industries. In addition, developing countries must establish processes for food safety policy that are inclusive, in that they take into account the interests of many different groups; transparent, in that they use verifiable information, relate decisions to evidence-based rationales, and communicate those rationales in a widely accessible manner and in a timely way; and competent, in that they are based on the best available information about the magnitude and distribution of benefits and losses.

Efforts to meet food safety standards in export markets must be judged also by whether such efforts generate economic gains for the domestic industry or create positive spillovers for food safety in the domestic food system. The global nature of the food supply and food security will also require developed countries to consider how they might better assist developing countries to address food safety issues.

#### **E. Case of Thailand: World kitchen (PowerPoint presentation)**

#### **F. Case of Finland: From field to table (PowerPoint presentation)**