



# TRADE POLICY BRIEFS

FAO SUPPORT TO THE WTO NEGOTIATIONS AT THE  
11<sup>TH</sup> MINISTERIAL CONFERENCE IN BUENOS AIRES

No. 24 ■ OCTOBER 2017

## Trade and food standards<sup>1</sup>

### SUMMARY

- Adherence to international food safety standards makes trade transparent and efficient.
- National coordination is key for maximizing the benefits that can be obtained from Codex international food standards, as well as the World Trade Organization (WTO) agreements on the Application of Sanitary and Phytosanitary Measures (SPS) and on Technical Barriers to Trade (TBT).
- International coordination is key for improving the efficiency and impact of technical assistance related to international food standards.
- Countries must remain vigilant and prepared to keep food safe and nutritious in line with evolving scientific knowledge, products, technology and trade.

### International institutional framework on food standards and trade

In order to access markets for high-value products, producers must be able to meet food standards, which governments apply as part of their effort to ensure that food is safe.

Differences between the food standards of different countries may hinder smooth international trade of food products. WTO agreements – in particular the SPS and TBT Agreements – created a binding “system” for the development and application of international food safety standards. Before the entry into force of these two agreements, the Codex Alimentarius Commission, established in 1963 by FAO and the World Health Organization (WHO), tried to address such concerns with one of its objectives: to establish harmonized definitions and requirements for foods globally.

The SPS and TBT Agreements strongly encourage WTO members to use international standards, guidelines and recommendations as the basis for their measures. While the TBT Agreement – which covers a much wider range of products and policy objectives – does not explicitly recognize the standards of any particular standard-setting body, the SPS Agreement explicitly refers to Codex as the standard-setting body for food safety standards.<sup>2</sup> The WTO dispute-

settlement mechanism, which is available to resolve trade problems arising from food-related measures, complements the system for the development and application of international food safety standards.

An example that describes the significance of the system is the 2002 “Sardines case”. The WTO ruling found that an EU regulation – foreseeing that only sardines from a specific species could be marketed as preserved sardines in the EU market – was not consistent with relevant Codex standards and therefore was not compatible with the TBT Agreement.

As such, the WTO ruled in favour of Peru, which had made the claim that more sardines species should be allowed to be marketed and labelled as preserved sardines in the EU. A mutually agreed solution was reached whereby the EU Regulation was amended to address Peru’s concerns and allow trade to continue.

### Why participate in the system?

The system can only be maintained if countries participate in the Codex process and engage in the SPS and TBT Committees of the WTO. This means that health, agriculture, industry, trade and consumer groups need to be involved in setting a national agenda and priorities enabling countries to be better prepared. This effective preparation, will then allow countries to strategically participate in the international meetings of the two institutions and address their priority needs. As such, effective preparation enables a country to further its trade interests and ensure that its trading partners apply international standards.

<sup>1</sup> This policy brief is based on the joint FAO/WTO publication on “Trade and food standards”, published in July 2017.

<sup>2</sup> The SPS agreement recognizes two more international standard-setting bodies: the World Organization for Animal Health (OIE) concerning animal health and zoonosis, and the International Plant Protection Convention (IPPC) for plant health.

However, effective engagement requires knowledge and capacity in food safety and standards. Countries need to invest in developing these capacities. The capacity building provided by FAO, the WTO and others is essential.

Coordination at the international level (e.g. between donors) is an important prerequisite for improving the efficiency and impact of technical assistance related to international food standards. In 2004, FAO and the WTO joined forces with the World Bank, WHO and the World Organization for Animal Health (OIE) to establish the Standards and Trade Development Facility (STDF). The primary objectives are to promote increased investment in SPS-related capacity development and facilitate coordination among key players, including donors. The STDF provides seed funding to develop and deliver innovative SPS-related projects. Often, these grants work as catalysts to engage new partners and funding sources to support longer-term impact. The STDF continues to be a successful example of a partnership in which FAO and the WTO work together to identify best practices in SPS capacity development.

The example of Chile demonstrates how international collaboration together with investment in laboratory capacity can build trust among trading partners. Before 2011, Chile encountered challenges in satisfying the relevant food safety and quality requirements in its export markets. One major limitation was in testing and monitoring food contamination and drug residues. The EU, a leading trading partner, had recommended a number of improvements, including analytical capabilities. In response, FAO together with the International Atomic Energy Agency (IAEA) implemented a technical-cooperation programme to enhance the capacities of the Chilean Agriculture and Livestock Service (SAG) laboratory system. This collaboration— through technology transfer and technical advice — was key to enhancing trust among trading partners as the EU signaled its confidence and commended the new system’s effectiveness. With this support, Chile now contributes to an interregional food safety project involving 28 countries – building networks and equipping developing countries with the platform and technical capacities they need to contribute effectively to international food safety standards and guidelines, including under the auspices of Codex.

## A dynamic system requiring a dynamic response

The “standards world” must be ready to adjust to ensure that food trade can continue to flow smoothly. Stakeholders will need to be able to pick up the signals that change is taking place and to steer international guidance and national frameworks accordingly.

There are many drivers of change in a continually evolving food system. They include socio-economic factors, new technologies, demographic change or environmental factors. Challenges such as e-certification, nutrition labelling and others can only be navigated if countries remain committed to national preparation and international engagement through Codex and the WTO.

FAO, OIE and WHO have endorsed the “One Health” approach, an integrated and collaborative framework that “seeks to promote,

improve and defend the health and well-being of all species by enhancing cooperation and collaboration between physicians, veterinarians and other scientific health and environmental professionals, and by promoting strength in leadership and management to achieve these goals.”<sup>3</sup>. This approach can offer the means to attain optimal results in maintaining public health and economic stability as it allows regulators to pick up signals early. It also facilitates holistic thinking when proposing solutions so that by fixing one problem, another problem is not created somewhere else.

## Key challenges

- 1 Countries, particularly the developing ones, to effectively prepare themselves to reap the benefits of the “system” for the development and application of international food safety standards.
- 2 Countries, particularly the developing ones, to invest in capacity development that will allow more and better coordination both nationally and internationally, so that any signals of change in the food systems will be picked up and interpreted early.
- 3 To achieve effective international coordination that will improve the efficiency and impact of international funding.

<sup>3</sup> One Health Initiative Mission Statement.