

4 August 2016

Hon. José Manuel Hernández Calderón
Chair, APEC Food Security Ministerial Meeting
Minister of Agriculture
Peru

Dear Minister Hernández:

We welcome the opportunity to bring to your attention the work that ABAC has done during 2016 in the vital field of food security, which is critical to achieving sustainable and inclusive economic growth and prosperity for all economies, businesses, farmers (including smallholders) and people in the APEC region. Without food security, economies in the region are at risk of underperforming and crucial human potential may be lost. Food security is also an important prerequisite to attaining regional economic integration. In a food-insecure environment, the challenges of deepening and strengthening the integration of our economies become even more daunting. ABAC accordingly welcomes the high priority that APEC Economic Leaders and Ministers attach to the goal of achieving lasting food security in the APEC region by 2020. We believe that APEC can strengthen food security by promoting open and transparent markets.

The upcoming September meeting in Piura of APEC Food Security Ministers will be an important opportunity to inject fresh momentum into the areas that have been identified as vital for delivering on Leaders' and Ministers' expectations regarding food security. Those areas being: raising agricultural productivity and sustainability; facilitating investment and infrastructure development; enhancing trade and markets; and strengthening food production and trade-related services. These goals are important for all elements of the food system, from smallholder farmers and micro, small and medium enterprises (MSMEs) to larger producers, exporters and businesses. ABAC urges Ministers to continue to show strong leadership and ambition in setting in place sustainable and robust food system structures to meet the 2020 goal.

ABAC believes that smallholder farmers are a critical part of the agriculture sector in the Asia-Pacific. Their development is critical to the achievement of food security, rural development and farmer advancement. We stress that smallholder farmers face crucial challenges in addressing globalization, increasingly complex food value chains, pressures on natural resources and the adverse effect of climate change. We support efforts that aim to enable small shareholders to make substantial contributions to ensuring food security, poverty alleviation and the fulfillment of the 2030 Sustainable Development Goals, while not distorting production and trade.

In that connection, ABAC welcomed the establishment by APEC Ministers of the APEC Policy Partnership on Food Security (PPFS), and the adoption of the Roadmap on Food Security Towards 2020 and related commitments. ABAC has long championed the importance of business working in partnership with governments in developing sustainable solutions to food security. It is clear, however, that although the PPFS has become an important platform for dialogue, the full potential of this forum will only come through a greater level of engagement by all parties, particularly from the private sector. For that purpose, a careful re-examination and reassessment of the structure and operation of the PPFS may assist in this process. ABAC welcomes further discussions on this during the upcoming Food

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Security Week. The Attachment to this Letter includes a summary of ABAC perspectives on the broader PPFS Work Program for 2016.

ABAC urges support for a more energetic and effective participation in the PPFS from both the private and the public sectors. To that end, ABAC has established the Asia Pacific Food Industry Forum (AP-FIF) to allow the private sector to develop robust, considered and credible positions for dialogue and interaction with the PPFS, APEC Ministers and APEC Economic Leaders. AP-FIF has discussed a number of key messages relevant to food security. They include the importance of trade liberalization (notably the need to address non-tariff barriers effectively), the value of new technologies and smart farming, the necessity for sustainable food production systems and infrastructure investment, and the acknowledgment that “food is mainstream business”. These key ideas are set out in more detail in the Attachment.

We look forward to the opportunity to discuss these significant issues with you at the APEC Food Security Ministerial Meeting in Piura. In the meantime, we welcome your continued support for putting in place the necessary architecture to ensure lasting food security for all economies in the Asia-Pacific region.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Juan Raffo', written in a cursive style.

Juan Francisco Raffo
ABAC Chair 2016

Key messages from the Asia Pacific Food Industry Forum

Food industry participants in AP-FIF are conscious that recent developments in food trade and markets pose risks for achieving durable food security in the region, and emphasize the following key messages:

1. **Trade and investment liberalization matter.** Trade in food and related services play a critical role in food security. However, new trade-restrictive measures continue to emerge, while ambitious trade-liberalizing agreements lag behind. We must continue to pursue the liberalization of trade and investment flows in the region.
2. **Addressing non-tariff barriers is critical.** Many non-tariff measures (NTMs) are intended to meet legitimate objectives, but can be designed or applied in a way that is more trade-restrictive than necessary, and become non-tariff barriers (NTBs). NTBs can impose significant burdens on business, disrupt trade flows and make food more expensive. ABAC has research underway to identify the most egregious NTBs and try to come up with practical solutions: the outcomes of this research deserve careful consideration.
3. **Using new technologies (including bio-technologies) and “smart” farming are part of a process of positive disruption** to traditional agriculture and food production, which can be used to increase yields, reduce chemical use, prevent waste, optimize logistics, enhance cost efficiency and broaden opportunities for producers to adopt more effective approaches to food production. Governments and industry need to be partners in improving the way new technologies are developed and used.
4. **Effective food regulatory systems can provide increased safety and quality assurance for consumers and prevent unnecessary delays in food trade.** Food safety should not be a commercial issue. Food traceability is an important part of this picture. The concepts of “equivalence” and regulatory coherence are key to avoiding the creation of trade complexity and non-tariff barriers to trade. The adoption of global data standards can help make complex supply chains operate faster, cheaper and with greater integrity.
5. **We need better infrastructure** – including road, rail, ports, cool chain and others – to grow production and trade while minimizing waste. APEC economies should be more open to outside investment in large infrastructure projects.
6. **Addressing the sustainability of the food supply is an ongoing challenge.** Consumers are demanding greater assurances that food is sustainably produced; for business, enhanced sustainability makes good business sense. There is an ongoing debate over definitions and approaches but an international consensus on principles would be valuable. The private sector can play an important leadership role here.
7. **Food is mainstream business.** Too often food is seen as a sectoral issue which is handled by specialist committees. Food needs to be considered along with other business issues with a direct link to sustainable and inclusive economic growth.

ABAC perspective on the PPFS Work Program for 2016

1. Ensuring Sustainable Development of the Agricultural and Fishery Sectors

ABAC emphasizes the critical role of the market, the need for robust regulatory frameworks, the importance of finance, the critical role of agricultural technology including mechanization, the sharing of best practices in sustainable management, capacity building in the area of food storage and food loss and waste, close attention to control of pests and diseases, actions to improve worker training, health and safety and a close attention to developing adaptive capacities to manage complex climate change impacts. ABAC encourages APEC governments to adopt mechanisms for knowledge sharing and technical cooperation, and to identify and eliminate barriers that limit public-private cooperation. ABAC recognizes that smallholder farmers play an important role in agriculture in this region, and that such farmers face crucial challenges in addressing globalization, increasingly complex food supply and value chains, pressures on natural resources and the adverse effect of climate change. We support efforts that aim sustainably to increase smallholder farmers' productivity.

2. Facilitating Investment and Infrastructure Development

ABAC emphasizes the importance of food infrastructure development and encourages projects such as cold chain and other forms of infrastructure development. To facilitate investment in food infrastructure, ABAC recommends that APEC governments focus on establishing policies and regulatory regimes that liberalize and encourage investment flows, promote public-private ownership structures, and improve private sector input into government decision making to maximize productivity and improve regional food value chain and supply chain connectivity.

3. Enhancing Trade and Markets

ABAC affirms its conviction that open and transparent markets strengthen food security. We support policies that enable the free flow of safe, nutritious food to match supply and demand across the region. We urge APEC governments to continue to resist protectionism in all its forms, to seek to open markets and eliminate trade-distorting policies for goods and services, to deepen connectivity and to establish internationally-recognized, science-based standards for food across the region. ABAC supports efforts to create an enabling environment to facilitate the integration of both MSMEs and smallholder farmers into supply and value chains and markets to help ensure food security, poverty alleviation and the fulfillment of the 2030 Sustainable Development Goals.

In particular, ABAC notes the important research that it has commissioned this year on non-tariff barriers to food trade. This research seeks to identify the most egregious non-tariff barriers affecting trade in agri-food products in Asia-Pacific markets, and to consider ways in which these barriers might be addressed in order to foster food security. It is expected that a report on this work will be completed in time to present to Ministers at the Piura meeting. ABAC urges Ministers to give close consideration to this work.