



**Asia-Pacific
Economic Cooperation**

2015/ISOM/004
Session 2.2

Background Paper: Enhancing the Regional Food Market

Purpose: Information
Submitted by: Peru



**Informal Senior Officials' Meeting
Lima, Peru
11 December 2015**

Background Paper

Enhancing the Regional Food Market

I. Background

“Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life”.

Food security has become an increasing concern among many APEC economies. Challenges to food security come were mentioned in the 2012 PSU issues paper “Challenges to Achieving Food Security in APEC”. These challenges can be summarized as follows:

- Population growth: APEC economies will have to adapt to a global population that will reach an estimated 9.6 billion in 2050, while the proportion of the population living in urban areas is forecasted to rise from 50% to 70% and the percentage of population dedicated to agriculture and fisheries may decline
- Natural resources constraints, including land, water and environmental competitiveness: Agricultural land per capita is projected to decline from its 2012 level of 0.22 hectares in use per person to 0.18 in 2050.ⁱⁱ.
- Climate change and natural disasters: Cycles of adverse weather conditions associated with climate change can cause yield declines in some important staple food crops, especially rice, wheat and fish products. Traditional knowledge transfer and technical cooperation for innovation in issues such as plant breeding are important to meet the challenges that stem from these changes.
- Food safety issues: The current context is one of incipient harmonization between domestic and international standards and mutual recognition of standards, thus trade in agricultural and fisheries products can be difficult and expensive. Further work is needed on equivalence of phytosanitary and zoo sanitary technical standards for import and export of agricultural products in APEC
- Market access limitation in terms of high tariffs and, particularly, increasing use of non-tariff measures hinders trade in agricultural and fisheries products;
- Declining agricultural investment growth in industrialized economies and underinvestment in agricultural R&D and infrastructure in developing economies which also show low productivity and dispersion, including declining production of many staple food crops;
- Changes in food consumption, in terms of variety, quality, safety and nutritional value
- Food losses and food wasteⁱⁱⁱ.
- Increasing and competing demands for agricultural products creates rising food prices, aggravated by price distortion and periods of price volatility^{iv}.

APEC has gradually incorporated issues related to food security in its agenda since 1996, when the US National center for APEC called for an open regional food system, which in turn gave rise to the Agricultural Technical Cooperation Working Group. In 1998, ABAC advanced the initiative to build an APEC Food System. In 1999, New Zealand detailed the objectives of this system: to link together food production, food processing and consumption to meet the food needs of people, achieving sustainable growth, equitable development and stability in the APEC region. The ultimate goal of the AFS is to widen food markets into a single regional food market.

In 2007, the Subcommittee of Standards and Conformance endorsed the creation of the Food Safety Cooperation Forum (FSCF) and the Policy Training Institute Network (PTIN), in 2008.

The Ocean and Fisheries Working Group was established in 2011. The same year, APEC launched the Policy Partnership on Food Security and the High Level Dialogue on Agricultural Biotechnology,

The Asia-Pacific is part of a global interconnected food system wherein international trade of seeds, crops and food is increasing in terms of tonnage, product types and existing markets. Thus, The APEC Food System is well placed to attain a series of objectives: i) rural infrastructure development, ii) to disseminate technological advances in food production and processing, iii) to promote free trade and investment in the food sector and to iv) achieve food security, which in turn includes ensuring access, availability and safe use for nutritious diet

Peru believes that sustainable agriculture and fisheries should be promoted. Capacity building to adapt to and mitigate manifestations of climate change and to increase productivity and income amongst food producers, especially small rural holders and fisher folk. The Asia - Pacific supply chain may be strengthened through proper investment, use of technology and better management to improve efficiency. Also, many food products in our region have high nutritional value, which may help to lessen malnutrition, thus APEC could work to facilitate trade in these products.

Current issues that hinder food trade in the region can only be addressed by working together. The issues of sustainability, market access, investment, infrastructure and services in the regional food market are key to achieving prosperity in the region.

II. Continuity

The objective of achieving a fully functional, streamlined and transparent food market is in line with commitments made by the APEC Food Security Ministers.

2.1. In 2010, in Niigata, Ministers endorsed an Action Plan for Global Food Security, which addressed issues related to undernourishment, food prices, research and development and infrastructure, technology, cooperation, sustainable agriculture, food supply, rural communities, disaster resilience, food safety, facilitating trade and agribusiness environment.

2.2. The Kazan Declaration, in 2012, considered issues related to natural resources, climate change, biotechnology, research centers, access to food and illegal, unregulated and unreported (IUU) fishing. Ministers called economies to facilitate trade and develop food markets, enhance food safety and quality, improve access to food for socially vulnerable groups of population, ensuring sustainable ecosystems and combating IUU fishing and related trade.

2.3. In 2014, five important documents on food security were achieved:

- The Beijing Declaration on APEC Food Security called to i) boost agricultural productivity and food production and availability based on sustainable development, innovation, science and technology and an enabling economic environment; ii) improve post-harvest management to reduce food loss, and iii) strengthen regional cooperation to promote food security.

As noted in the Beijing Declaration, the post-2015 UN action agenda highlights the importance of the “fight against hunger and poverty with shared responsibility and sustainable development”. In the current Sustainable Development Goals, the new food system agenda revolves around three elements: i) ensuring a more climate-smart agriculture, ii) improving nutritional outcomes, and iii) strengthening value chains and improving market access.

- The Food Security Business Plan (2014-2020), prepared under the Niigata Declaration, has five main goals: i) sustainable development of agriculture and fisheries; ii) facilitation of investment and infrastructure, iii) enhance trade and markets development; iv) reduce food loss and waste, and v) improve food safety and nutrition.
- The APEC Food Security Roadmap towards 2020 and its Action Plan, envisage “APEC economies that are free from hunger and malnutrition, and contribute to the efforts of improving the living standard of all, especially the poorest and the small holder, in an economically, socially and environmentally sustainable manner”. The plan lays out goals for every PPFS working group in their search to attain food security, including through the sustainable development of the agricultural and fishery sectors; the facilitation of investment and infrastructure development, the enhancement of trade and markets; reducing food loss and waste, and improving food safety and nutrition.
- The Action Plan to Enhance Connectivity of APEC food Standards and Safety Assurance was

adopted to facilitate the implementation of the Roadmap through the attainment of universally accepted standards across the region. Its main goals include i) enhancing a dialogue and consultation for food standard and safety issues in the Asia-Pacific Region, ii) advancing cooperation on food safety and food quality assurance in the Asia-Pacific Region, iii) carrying out research and exchange on risk management and control and food specification and safety assurance, iv) work with the FSCF to strengthen coherence to internationally accepted food safety technical regulations, and v) assist farmers, fisher folk, SMEs and other stakeholders to comply with food safety regulation.

- Through the APEC Action Plan for Reducing Food Loss and Waste, member economies established a goal to reduce food loss and waste by 10% compared to 2011-2012 levels by 2020, seeking to advance beyond the Millennium Development Goals. The Action Plan also signaled a commitment for APEC to promote sustainable food systems, as well as sustainable diets and consumption.

III. Proposed Areas of Work and Deliverables for 2016

Peru shall continue to implement the Ministerial Declarations on Food security and the commitments already achieved in the field of food production, processing and trade.

The proposed thematic clusters of work shall be:

- Sustainability
- Market access
- Investment and infrastructure
- Food production and trade related Services

The main deliverable for 2016 will be the organization of the Food Security Ministerial Meeting, which should have one session dedicated to a food industry CEO's Dialogue with Ministers responsible for Food Security and another to deliberate on the regional food security agenda and the Ministerial Declaration. Peru will also host the annual meetings of ATCWG, HLPDAB, OFWG and PPFs, and possibly FSCF.

Peru would also like to take advantage of these groups' own annual agenda, as well as the ABAC process, cooperation projects and initiatives to be proposed by other economies to deal with the main themes identified under the "Enhancing the regional Food Market" priority for APEC 2016.

In addition, it will be important to strengthen linkages and synergies between APEC and international and regional organizations that work on food trade issues, such as FAO, WTO, IFAD, OECD, as well as specialized institutions such as IFPRI

3.1. Sustainability

Climate Change

- Host a Symposium on Climate Smart Agriculture and Fisheries with the APEC Climate Center and the cooperation of interested economies, with a view to draw meaningful policy recommendations that may be endorsed by the Food security Ministerial meeting in September 2016.
- Support projects proposed by economies to build capacity to implement climate mitigation and adaptation in agriculture, fisheries and aquaculture, such as Papua New Guinea's initiative on Food Security and Climate Resilience Programme
- Exchange views on how to make better use of land and water resources with the use of new technologies and/or best regulations
- Identify products that are most vulnerable to predictable natural disasters in APEC economies and develop a work agenda for the effective trade in replacement products

Development of rural communities (RD)

- Exchange views and best practices with a view to adopt a Roadmap on Rural Development
- Exchange views on alternative policies to boost rural productivity in a sustainable way.
- Identify good associative models for small holder agriculture, fisheries and aquaculture to increase their productivity and income
- Workshop on Good Animal Husbandry Practices for efficient and safe milk production based on pastures in APEC developing economies, led by Peru
- Workshop on Fostering the Benefits of Innovation in Plant Breeding and Science Communication in Centers of Origin and Agrobiodiversity, led by Peru
- Support the Seminar on Small farmer and SMEs Food Loss Reduction technology, led by China
- Support for the realization of the initiative on best practices for developing the Green Energy Smart Farm in the APEC Region, led by Chinese Taipei
- Strengthen capacity building for rural communities, including on production and trade in organic /eco food.
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The blue economy and effective control against illegal, unregulated and unreported fishing

- Information exchange on the best practices used to deter IUU fishing and illegal trade of fishery products in the economies of the region with a view to develop a system of incentives and measures to discourage IUU
- Support the realization of the 4th APEC Blue Economy Forum, led by China
- Support the realization of the training workshop on coastal eco-aquaculture model for sustaining food security, led by China.

3.2. Market Access

Working towards transparent application of SPS and food standards

- In 2016, ABAC will produce a catalogue of the most onerous NTBs for food products in the Asia - Pacific, which should serve as basis for a PPFS dialogue on critical points and possible solutions to propose policy recommendations to ease barriers to imports and exports of food products.
- Hold a session of the 11th Regulator Conference to discuss measures to enhance impartiality, non-discrimination and transparency in the case of sanitary and phytosanitary protocols for food, beverages, or feedstuff, led by Peru.
- Consider to hold meeting(s) of the FSCF in 2016 to bring together regulators of SPS food standards, possibly including organic food, with a view to advance harmonization/equivalence/ or encourage MRAs on food standards and to streamline food certification in APEC.
- Promote the equivalence of labeling standards, including eco-labeling, for access to markets and explore the possibility of creating a labeling catalogue
- Consider the adoption of a regional food traceability system (or procedures).
- Promote biosafety coordination and harmonization in APEC, including by celebrating a workshop on harmonization of biosafety standards in APEC. The outcome document would

be shared in the HLPDAB meeting in September 2016

- Facilitate trade and share best practices on the production of foodstuff with high nutritional value
- Work on the equivalence / harmonization of standards to be applied to the food industry under the Framework of the Boracay Action Plan to Globalize MSMEs
- Implementation of the workshop on Supporting Micro, Small and Medium Enterprises (MSMEs) Trade Facilitation through Standardization Activities, led by Peru
- Workshop on criteria to establish tolerance thresholds for adventitious presence of involuntary recombinant DNA Plant Material in Food and Feed (low level presence LLP) in APEC economies
- Workshop to Strengthen Capabilities in DNA Barcoding for Identification of Species of Agricultural Pests and Trade among APEC Economies, including the generation on guidelines for the use of DNA barcoding as a tool for identifying pest species and the development of databases for common use among APEC economies, proposed by Peru.

Food trade facilitation

- Exchange views on how to promote harmonization of documents, equivalence / streamlining of customs procedures (such as pre-arrival clearance) and predictability in customs procedures.
- Consider the possibility of extending the application of the model certificate for grapes and wine under the WRF to other food products in APEC.
- Exchange of experience on policies and initiatives to mitigate hunger and malnutrition in the APEC region, including through the identification of regional products with high nutritional value that could be afforded lower tariffs and less bureaucratic procedures.
- Establish a permanent SPS regulators network for direct consultations on food standards and related issues emerging during border controls.
- Encourage capacity building initiatives to train food producers and food industry MSMES on APEC wide food safety standards

Global Value and Supply Chains

- Implementation of the Project on a Manual on Good Practices to Improve the Supply Chain of Marine Products aiming to Maintain Health of the Fish Stock, Strengthening Food Security and Enhancing Trade in the Asia-Pacific Region, led by Peru
- Support the realization of the APEC Workshop on Promoting SMEs' Participation in the Food Supply Chain, led by Viet Nam
- Support the realization of the Project on Promoting Integration of SMEs into Agribusiness Global Value Chains, led by Thailand
- Support the implementation of the Multiyear Project to Reduce Food Losses in the Supply Chain, led by Chinese Taipei

3.3. Investment and Infrastructure

- Possible roadshow or investment experts meeting on irrigation and PPPs to increase food security in APEC
- Support the implementation of the APEC Public – Private Dialogue on Facilitating Infrastructure Investment to Enhance Food Security, led by Viet Nam.

- Support Public-Private Partnerships that assist and train producers on techniques to improve safety, productivity and management skills
- Support for the realization of the Initiative on best practices for developing the Green Energy Smart Farm in the APEC Region, led by Chinese Taipei
- Under the 1st High Level Forum on Urbanization, led by China, consider the issue of urban/rural connectivity or food logistic corridors or clusters

3.4. Food production and trade related Services

- Support the implementation of the Multiyear Project to Reduce Food Losses in the Supply Chain, led by Chinese Taipei
- Support the implementation of recommendations from the 2015 High Level Public-Private Forum on Cold Chain to Strengthen Agriculture & Food's Global Value Chain, led by Japan.
- Promote the use of technology for the good management and utilization of waste from the food industry
- Work to facilitate access to financial services, especially for Foodstuff MSMEs, including exchange of experience and best practices on financing and insurance for agribusiness, fisheries and aquaculture.
- Promote focused training services and internships in food production and related issues

IV. Timeframe

Consultations on this concept note and proposals by economies, relevant working groups' Lead Shepherds and Chairs, shall be received until 20th January 2016.

Activities shall be included in annual working plans whenever possible and intersessional consultations shall start after SOM1.

At SOM 2, in May 2016, taking advantage of OFWG1 and PPFS1, a preparatory meeting of the Ministerial meeting on Food security shall take place.

Further work will take place during the Food Security Week, in September 2016. Results of the annual work and commitments achieved shall be delivered mainly through the PPFS Ministerial Meeting Declaration.

ⁱ United Nations Food and Agriculture Organisation (1996) *Rome Declaration on World Food Security* <<http://www.fao.org/docrep/003/w3613e/w3613e00.HTM>> Accessed on 30 November, 2015.

ⁱⁱ APEC Policy Support Unit (2012) *Challenges to Achieving Food Security in APEC*. Issues Paper No. 2. Singapore: APEC Secretariat

ⁱⁱⁱ Asia – Pacific Economic Cooperation (2014) APEC Action Plan for Reducing Food Loss and Waste. <http://mddb.apec.org/Documents/2014/SOM/SOM3/14_som3_027anx3.pdf> Accessed on 2 December, 2015.

^{iv} Asia – Pacific Economic Cooperation (2014) *APEC Food Security Roadmap Towards 2020 (Version 2014)* <http://mddb.apec.org/Documents/2014/SOM/SOM3/14_som3_027anx1.1.pdf> Accessed on 30 November, 2015.