

TBT@20: Reducing Trade Friction from Standards and Regulations

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Bev Postma speaking notes – Panel Session 2

Why does the TBT Agreement and the TBT Committee matter for FIA?

The TBT Agreement plays an important role in our organisation. We work at the interface between the food industry and the 27 Governments of Asia. On average, we spend about one-third of our time working on issues relating to TBTs and the harmonisation of standards. The rest of our time is spent working on SPS issues and nutrition.

In many ways, our own Science & Technical Committee is the private sector's equivalent of your TBT Committee. Like you, we know the value of bringing together the region's top Regulatory Affairs professionals from different companies and different backgrounds to exchange ideas and best practices.

We work with the leading food and beverage companies across Asia and provide a non-competitive platform to identify trade barriers, while stimulating public-private dialogue on some of the toughest food issues.

What are some of the key challenges we face?

In 2009, we assembled a group of regional CEOs from the world's largest food companies and asked them which TBTs were having the biggest impact on their businesses in Asia.

We did the same thing with the leading SME groups from the 10 ASEAN countries and the results were surprisingly similar. All agreed that simple differences between the regulatory requirements between countries - and the lack of alignment to international standards, are causing unnecessary costs and hampering their ability to move their products across borders.

The biggest problems we face are in:

- Nutrition labelling;
- Pre-market product registration;
- Authorisation of food ingredients, additives and flavours;
- Contaminant limits and analytical methods; and
- Import/Export certification;

How does the industry engage with governments and other stakeholders on TBT matters?

As you have heard from other panellists, it is remarkably difficult for food companies to engage directly with Governments on regulatory matters. The TBT Agreement was designed to facilitate *Member to Member* dialogue but it does very little to bridge the gap between the public and private sectors.

For this reason, the food industry has created many non-profit industry associations like Food Industry Asia to provide a vital interface with governments and trade bodies.

In Asia, this is usually done at a national level on a country-to-country basis but, increasingly we are working with inter-government organisations on a regional level like FAO, UNIDO and the World Bank to help developing countries scale up the transfer of knowledge and expertise. We are also working with multi-lateral groups like APEC, RCEP and ASEAN to help them accelerate their own harmonisation goals.

In ASEAN, for instance, the 10 Economic Ministers have identified that the lack of integration and harmonisation of standards is the main reason why the Agri-Food sector is failing to meet its true potential.

As you know, the ASEAN Economic Community is due to go live at the end of this year and it has achieved many notable successes in other sectors. Sadly, we are still no closer to achieving harmonisation of food standards - or even mutual recognition agreements, despite the industry's best efforts to help.

Our analysis shows there is no lack of *political* will to harmonise standards and align them to international codes. In fact, our own white papers are regularly cited by Trade ministers throughout Asia.

The problem, we have discovered lies in an apparent gap between the Trade community and the Regulatory community and the lack of resources between these two groups.

In our experience, Senior Economic Officers in ASEAN tend to delegate their harmonisation priorities to specialist Working Groups and regulatory agencies. These overstretched specialists simply don't seem to have the time or resources to address regional trade priorities or harmonisation. Their priority, understandably is to protect their domestic citizens and ensure that food is safe.

So there-in lies our dilemma. In order to maximise the full potential of the food industry in Asia, we have concluded that governments and companies should work *with* the WTO to create an enabling environment for growth. This could include:

- Greater public-private collaboration and industry consultation on new and existing standards;
- A stronger coordinating role for the TBT Committee in engaging with the Private Sector;
- Enhanced cross-sectoral cooperation and capacity building for regulators; and
- Greater promotion of Good Regulatory Practice.

I hope these initial thoughts have been helpful. I am looking forward to a robust debate and I would be happy to share specific examples from Asia.

More resources:

www.foodindustry.asia

www.afba.co