Trade Policy under Regulatory Asymmetry

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Importance of trade for F&V sector

• Increasing economic opportunities for farmers when local demand is stagnant

• Trade also means:
  – Diversification of supply
  – Access to products during off-season
  – Greater price stability (?)
Example - World Grape Trade

Borrowed from DG Agri presentation - Pierluigi Loderro – Dangiris Nekrasius
Global Supply and Distribution

- Stability of supply
- Consistent quality
- Competitive price
Harvest and postharvest operations of pears
Impacts of Food Borne Illness

CDC estimates suggest that food borne illnesses in the U.S. could approach 76 million annually.

325,000 hospitalizations, 5000 deaths with a cost to society of $6.5 – $35 billion
F&V Hazards

- Chemical – heavy metals, toxins, pesticides
- Naturally occurring – aflatoxin
- Intentionally added – preservatives
- Non-intentionally added - Pesticide residues
F&V Hazards

- Biological – bacteria, insects, fungi, virus, parasites

- E. coli O157:H7
- Giardia lamblia
- Mediterranean fruit fly (Ceratitis capitata)
- Citrus canker
- Listeria monocytogenes
- Fire Blight, Erwinia amylovora
Managing Risk

- Risk analysis is as much an art as a science
- Risk assessment and risk management are conceptually distinct. These two processes should NOT be separated organizationally and carried out sequentially in time.
Managing Risk

Risk assessment

Risk management

Communication
Food Quality vs. Food Safety

- Food Quality is about making food desirable to eat – taste, color, texture, temperature, size, physical appearance.

- Food Safety is about mitigating risks, making food safe to eat – free of disease causing agents, toxic chemicals, etc…
The policy challenges of risk assessment and risk management

• We share a common objective - mitigating risks that threaten human health and native ecosystems.

• However, as we move from science to policy, our views increasingly diverge, our disagreements intensify – and as a result, our regulatory systems become more asymmetrical.

• Why?
  Despite a common objective, we often have different approaches for quantifying risks, balancing risks against others. This is usually a function of institutional arrangements and political processes.
Does regulatory asymmetry matter?

- High transaction costs
- Greater trading uncertainty that could preclude smaller firms from engaging in international trade
- Example: EU Regulation 466/2001 regarding aflatoxins

Aspergillus flavus growth on groundnuts

My problem today could be your problem tomorrow
Current and future policy options to encourage greater symmetry

- Disciplines under the WTO SPS agreement
- Ongoing multilateral discussions in Codex, IPPC and other international bodies
- Promoting mutual understanding through bilateral exchanges and discussions
- Although governments should not endorse individual private initiatives by producers / retailers, these should not be discouraged (?)
My duties at Paris were confined to a few objects; the receipt of our shade-oils, salted fish, and salted meats on favorable terms; the admission of our rice on equal terms with that of Piedmont, Egypt, and the Levant; a mitigation of the monopolies of our tobacco by the Farmers-general, and a free admission of our productions into their islands; were the principal commercial objects which required attention; and on these occasions I was powerfully aided by all the influence and the energies of the Messrs. de la Trémoille, who proved himself equally zealous for the friendship and welfare of both nations; and in justice I must also say that I found the government entirely disposed to benefit us on all occasions, and to yield us every indulgence not absolutely injurious to themselves. The Count de Vergennes had the sagacity

Thomas Jefferson’s memoirs of his time in Paris as the first “U.S. agricultural attaché”