Global Supply Chains: Sourcing, Trade and Market Access Issues

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The trade context: Multilateral trade rules and the goals of APEC

How standards and conformance measures in supply chain management support both improved food safety and facilitate trade

Building technical infrastructure to support supply chain management

The collaborative approach of the FSCF PTIN to strengthening food safety systems
APEC’s Economic Profile

- Population: World 6.7 billion, APEC 2.7 billion (40%)
- Trade: World US$40 trillion, APEC US$17 trillion (43%)
- GDP: World US$61 trillion, APEC US$32 trillion (53%)

Source: Department of Trade and Foreign Affairs, Australia (2009), "The APEC Region Trade and Investment 2009"
In 1989, the founding members of APEC set out three objectives

- To develop and strengthen the multilateral trading system;
- To increase the interdependence and prosperity of member economies; and
- To promote sustainable economic growth.
APEC's total trade has grown 395%, significantly outpacing the rest of the world.

GDP (in purchasing power parity terms) in the APEC region has tripled, while GDP in the rest of the world has less than doubled.

APEC economies have experienced an average annual growth rate of 7 percent versus 5 percent growth in non-APEC economies.

**Intra-APEC goods trade has grown an average of 8.5% per year.**

Source: [www.apec.org](http://www.apec.org)
APEC Economic Data

Source: Department of Trade and Foreign Affairs, Australia (2009), "The APEC Region Trade and Investment 2009"
The multilateral trading system of the World Trade Organization

- Agreements negotiated, signed and ratified by 153 nations
- Set the legal ground-rules for international commerce, guaranteeing member countries important trade rights
- Agreements cover many government measures that impact trade: tariffs, subsidies, customs procedures, as well as standards, technical regulations and conformity assessment procedures

**Purpose is to help producers of goods and services, exporters, and importers conduct their business.**
## APEC Agricultural Exports to World (in USD millions)

<table>
<thead>
<tr>
<th>APEC (21)</th>
<th>1998</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Agricultural products (SITC 0+1+2+4-27-28)</td>
<td>213,184.46</td>
<td>483,010.16</td>
<td>403,491.70</td>
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<tr>
<td>Food (SITC 0+1+4+22)</td>
<td>156,100.57</td>
<td>374,275.54</td>
<td>322,750.52</td>
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<tr>
<td>Fish, crustaceans, mollusc (SITC 03)</td>
<td>22,023.11</td>
<td>45,158.12</td>
<td>39,466.57</td>
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<tr>
<td>Other food products (SITC 0+1+4+22-03)</td>
<td>134,077.46</td>
<td>329,117.42</td>
<td>283,283.94</td>
</tr>
<tr>
<td>Raw materials (SITC 21+23+24+25+26+29)</td>
<td>56,291.31</td>
<td>107,756.06</td>
<td>79,778.46</td>
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What role do the WTO Agreements play in enabling and sustaining growth?

- **Technical Barriers to Trade (TBT Agreement)**
- **Sanitary and Phytosanitary Measures (SPS Agreement)**

How do cooperative efforts in APEC support the ability of those rules to enable and sustain growth?

- **Understanding best practices on implementing rules**
- **Building technical (or “quality”) infrastructure that underpin effective implementation of those rules**
WTO TBT and SPS Agreements

- **Objectives:** Preserve WTO Members’ rights to regulate to achieve legitimate objectives, including by providing a level of health protection they deem appropriate.

- **Obligations** regarding the development and implementation of technical measures (regulations, standards and conformity assessment procedures) to ensure rights are not misused and result in disguised barriers to trade.
Strengthen implementation of WTO rules to prevent unnecessary trade barriers related to standards, technical regulations and conformity assessment procedures

Promote efficient, effective regulatory systems based on “Good Regulatory Practices”

Promote alignment to international standards to lessen impact of regulatory divergences on trade

Cooperate on the development of technical infrastructure in support of trade
Food safety Incidents

- Public health impact
  - *Food and waterborne disease are leading causes of death in developing countries*

- Economic and trade impact
  - *Losses due to recalls, productivity losses and trade disruptions, restrictions and bans*
Better food safety and trade facilitation outcomes in APEC

- Strengthen food safety systems at all levels: Individuals, organizations and national food control systems
- Effective collaboration among food regulators, food scientists and the food industry
Network of government, industry and academic food safety experts in the region

Goal is to facilitate trade and improve public health

Better assure the safety of the food supply chain in the APEC region

Build capacity in the use of international standards and best practices in food safety
Food industry relies on a web of inter-company relationships

- Producers and growers
- Brokers
- Repackers
- Ingredient vendors
- Co-manufacturers

Each must undertake due diligence to assure that products received from suppliers meet required regulatory, legal and contractual standards.
Standards–related measures are the foundation of supply chain due diligence

- To meet important regulatory objectives, such as ensuring food safety and preventing deceptive practices,

- To manage the flow of product–related information through complex and increasingly global supply chains,

- To organize manufacturing or other production processes around replicable routines and procedures to yield greater product quality assurance,

- To ensure the compatibility of inputs sourced in global markets, and

- To promote more environmentally–sound or socially–conscious production methods.
Effective due diligence in the supply chain requires a fully functioning standards and conformance infrastructure linked to international systems and standards.

- **Capability in metrology and legal metrology**
- **Access to network of testing and calibration labs, inspection bodies and certification bodies**
- **Accreditation capability to recognize competent labs, certification and inspection bodies**
- **Access to appropriate proficiency testing programs and measurement audits**
- **Etc.**

Source: Strategic Plan for Technical Infrastructure Development, APEC Specialist Regional Bodies, February 2009
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