

Global Supply Chains: Sourcing, Trade and Market Access Issues

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Outline

- ▶ 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
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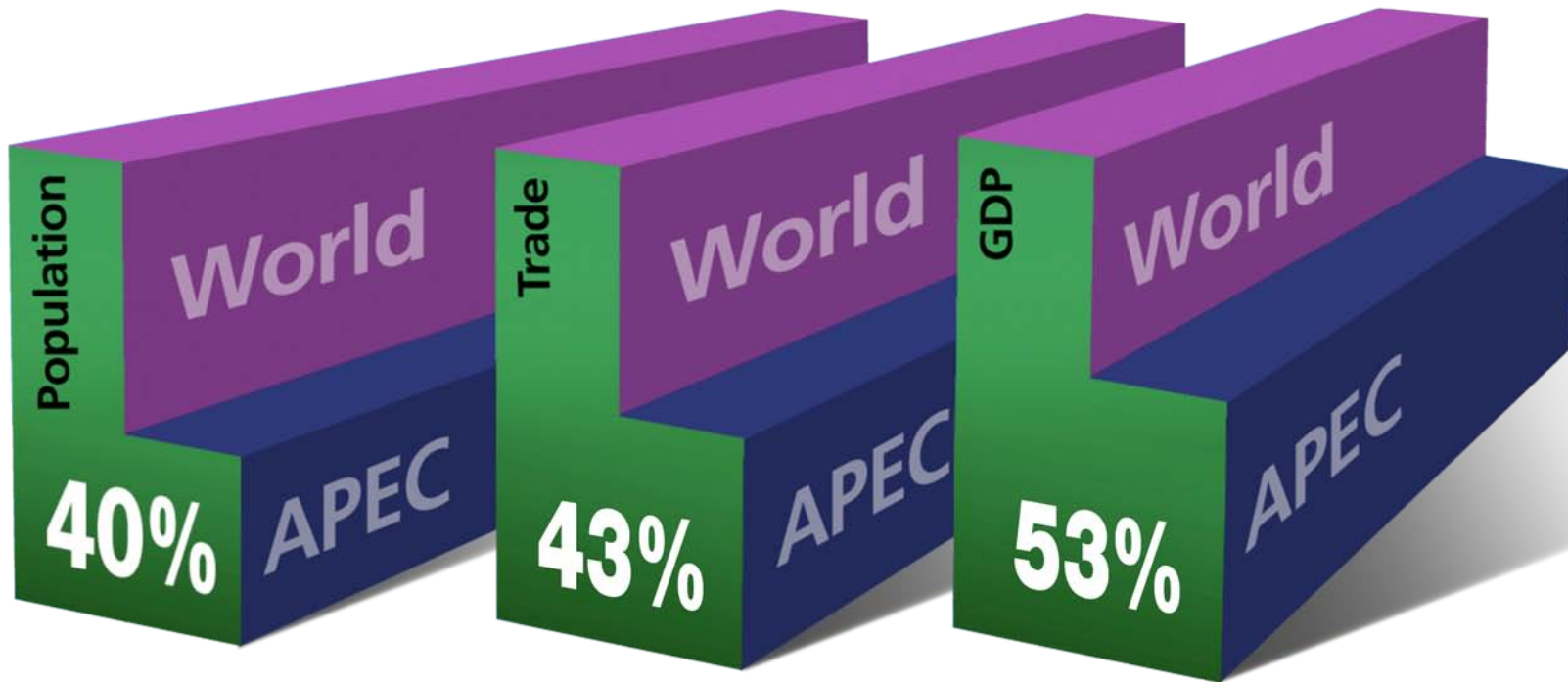
APEC Member Economies



Asia-Pacific
Economic Cooperation



APEC's Economic Profile




World 6.7 billion
APEC 2.7 billion

World US\$40 trillion
APEC US\$17 trillion

World US\$61 trillion
APEC US\$32 trillion

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*.
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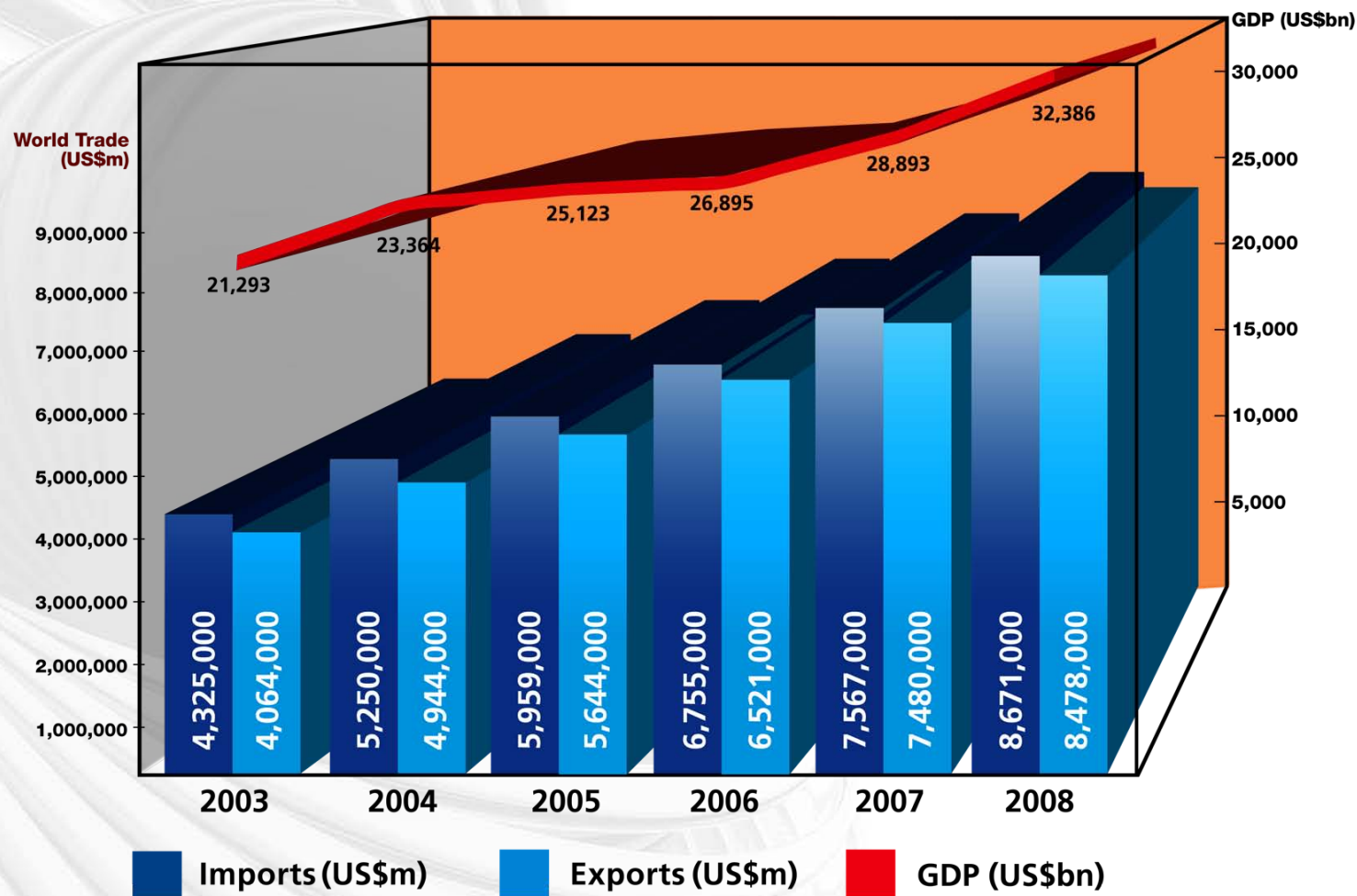
Increasing interdependence and prosperity in the region since 1989

- ▶ 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



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)

APEC (21)	1998	2008	2009
Agricultural products (SITC 0+1+2+4-27-28)	213,184.46	483,010.16	403,491.70
Food (SITC 0+1+4+22)	156,100.57	374,275.54	322,750.52
Fish, crustaceans, mollusc (SITC 03)	22,023.11	45,158.12	39,466.57
Other food products (SITC 0+1+4+22-03)	134,077.46	329,117.42	283,283.94
Raw materials (SITC 21+23+24+25+26+29)	56,291.31	107,756.06	79,778.46

Source: United Nations, Commodity Trade Statistics;
Chinese Taipei - Ministry of Finance.

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.


Goals of the APEC Subcommittee on Standards and Conformance (SCSC)

- ▶ 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
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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
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Food Safety Cooperation Forum Partnership Training Institute Network

- ▶ 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
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Supply Chain Management

- ▶ 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.
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Technical infrastructure Development

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.*

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