Asia-Pacific
Economic Cooperation

2012/SOM2/PPFS/017
Agenda Item: 4

Regional Economic Integration and Regional Food Markets

Purpose: Information
Submitted by: New Zealand

Policy Partnership on Food Security Meeting
Kazan, Russia
28-29 May 2012

Regional Economic Integration and Regional Food Markets

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New Zealand APEC Study Centre

Background

- **Food Security and the APEC Region**
  - **APEC region a major producer of key products for food security**
  - **average per capita production/consumption rising in APEC economies**

    but
  - **undernourishment persists**
  - → **Food security remains elusive for important sections of the region's population**

- **Food security requires policies on**
  - **Inclusive growth**
  - **Technology and innovation**
  - **Improved services to farmers**
  - **Infrastructure development**
  - **Reducing post-harvest losses**

    etc

  and
  - **Trade and open markets**

Motivation

- Trade's Contribution to Food Security
  - supporting efficient distribution of the region's food resources
    - facilitating efficient operation of markets and supply chains to assure secure and adequate supply of safe and nutritious food
    - role becomes more important with increasingly frequent and unpredictable localised supply disturbances
      - climate change, natural disasters etc

- Today's trade environment
  - WTO paralysed for the time being
  - Regional economic integration a key instrument for achieving APEC's goals
  - FTAs in practice the main vehicle to date for APEC economies' regional economic integration agenda – "by default"

- Question: How effective are FTAs in opening regional food markets?

FTA's and the Imperatives of Modern Agricultural Trade

- "21st Century" / "next generation" trade issues are critically import for trade in food as in other products
- To be relevant, FTAs must address these issues in food trade as well as other trade

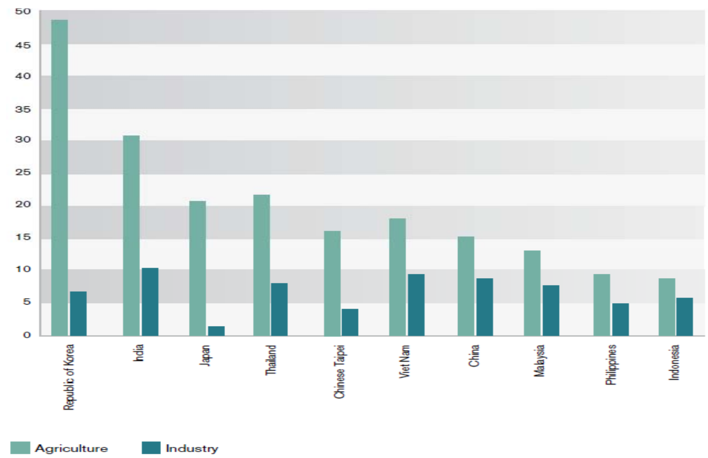
But

- Declaring victory over tariffs and other formal barriers is premature
- Barriers to trade in food remain extensive and pervasive
  - and often explicitly designed to be prohibitive

→the "traditional business" remains relevant and important for trade in food

Average agricultural tariffs are still high (….. and peak tariffs are even higher)

e.g. evidence from 2011 WTO/IDE-JETRO Study



FTAs and Food Trade Strengths and Weaknesses

- **FTAs directly address applied tariffs**
  - **typically reducing them to zero over time**

But

- **Scope for exclusions may be concentrated in agriculture**
- **TRQs and SSG measures widely used**
  - **may be viewed as trade facilitative in some circumstances**
- **Variable record in addressing regulatory issues e.g. SPS**
- **"Next generation" issues only now beginning to be addressed**

Purpose: Assessing Effectiveness of FTAs in Opening Regional Food Markets

- **Illustrative results from a larger study**
- **Focused on key food security products**
  - **Cereals**
    - **Rice**
    - **Wheat**
    - **Maize**
  - **Oilseeds**
  - **Meat**
  - **Dairy Products**

- **Components**
  - **Brief over view of production, consumption, trade trends**
  - **Review time profile of tariff elimination commitments of individual economies in their various FTAs**
    - **percentage of tariff lines reduced to zero over the implementation period**
    - **agreements/member commitments numbered to avoid individual economy identification**

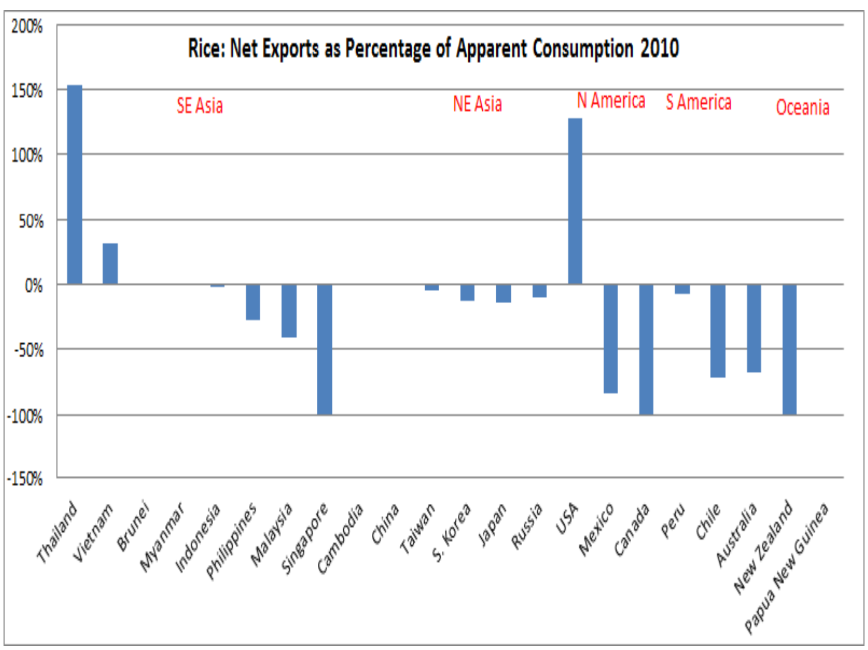
Cereals

- **Regional Supply Balances for Individual Products**
  - **How timely/reliable is the data?**

- **Analysis of FTA Commitments for**
  - **HS Chapter 10 (cereals)**
  - **HS Chapter 12 (oilseeds)**

Table 1: Rice
Production, Imports, Stock Change, Exports, Domestic Supply in 17 APEC Economies
2007
Source: FAOStat

	Production	Import	Stock Change	Export	Domestic Supply
Indonesia	38,124,012	1,438,861	-2,873,231	7,351	36,682,291
Malaysia	1,584,125	814,494	-208,544	33,861	2,156,214
Philippines	10,832,207	1,941,045	-546,659	454	12,226,139
Thailand	21,410,300	21,404	-1,313,788	9,254,105	10,863,811
Vietnam	23,973,781	2,102	-1,263,258	4,606,344	18,106,281
Brunei	734	313,930	7,280	378	321,565
SE Asia Subtotal	***95,925,159***	***4,531,836***	***-6,198,200***	***13,902,493***	***80,356,301***
China	124,994,105	999,615	172,065	1,311,757	124,854,029
Japan	7,265,631	610,133	-33,668	18,025	7,824,070
Rep. of Korea	4,027,346	254,965	-129,694	3,451	4,149,165
NE Asia Subtotal	***136,287,082***	***1,864,713***	***8,703***	***1,333,233***	***136,827,264***
Russia	***469,931***	***237,729***	***0***	***12,189***	***695,470***
USA	6,002,486	898,898	190,790	3,442,852	3,649,322
Canada		463,856	0	135,982	327,874
Mexico	196,563	602,377	0	69,841	729,099
N. America Subtotal	***6,199,049***	***1,965,131***	***190,790***	***3,648,675***	***4,706,295***
Chile	73,083	115,299	10,262	165	198,478
Peru	1,624,234	74,707	0	190	1,698,751
APEC S.America Subtotal	***1,697,317***	***190,006***	***10,262***	***355***	***1,897,229***
Australia	108,721	136,056	227,532	202,045	270,264
New Zealand		40,487	0	759	39,728
Australasia Subtotal	***108,721***	***176,543***	***227,532***	***202,804***	***309,992***
APEC-17 Total	**240,687,259**	**8,965,958**	**-5,760,913**	**19,099,749**	**224,792,551**



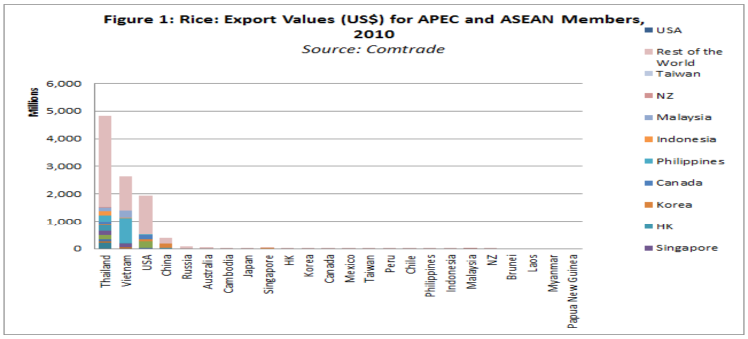


Figure 1: Rice: Export Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
6,000
5,000
4,000
3,000
2,000
1,000
0
Thailand
Vietnam
USA
China
Russia
Australia
Cambodia
Japan
Singapore
HK
Korea
Canada
Mexico
Taiwan
Peru
Chile
Philippines
Indonesia
Malaysia
NZ
Brunei
Laos
Myanmar
Papua New Guinea
USA
Rest of the World
Taiwan
NZ
Malaysia
Indonesia
Philippines
Canada
Korea
HK
Singapore

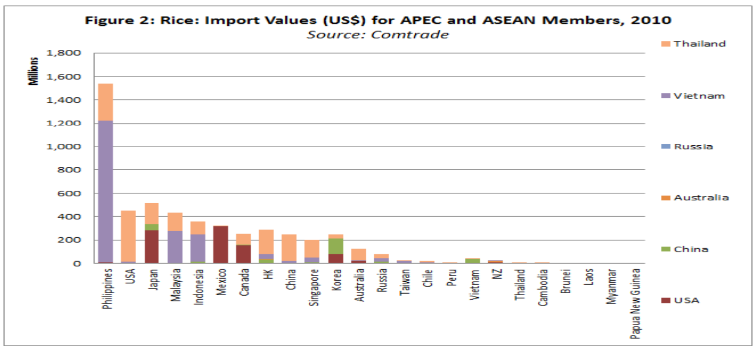


Figure 2: Rice: Import Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
Philippines
USA
Japan
Malaysia
Indonesia
Mexico
Canada
HK
China
Singapore
Korea
Australia
Russia
Taiwan
Chile
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Myanmar
Papua New Guinea
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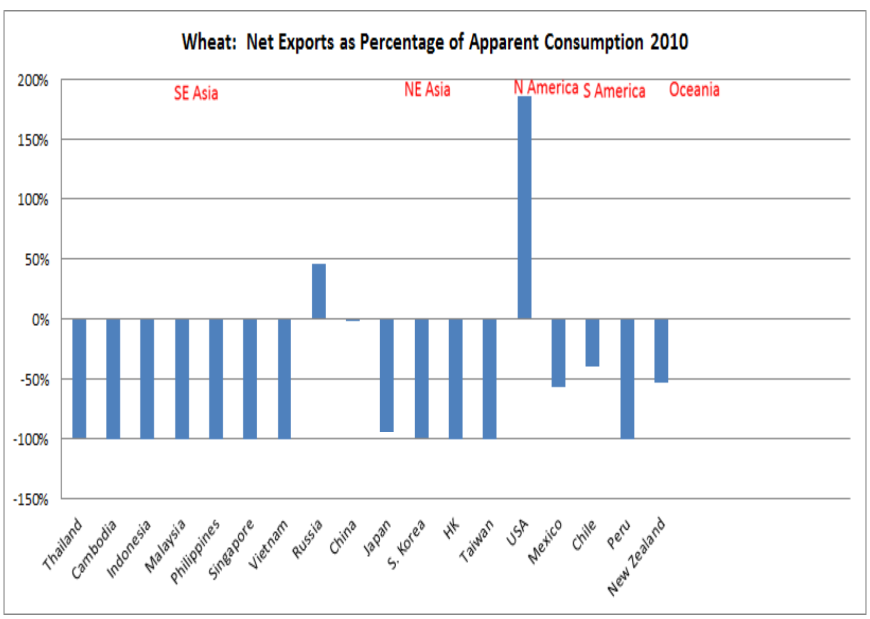
Vietnam
Russia
Australia
China
USA


Wheat: Net Exports as Percentage of Apparent Consumption 2010
200%
150%
100%
50%
0%
-50%
-100%
-150%
SE Asia
NE Asia
N America
S America
Oceania
Thailand
Cambodia
Indonesia
Malaysia
Philippines
Singapore
Vietnam
Russia
China
Japan
S. Korea
HK
Taiwan
USA
Mexico
Chile
Peru
New Zealand

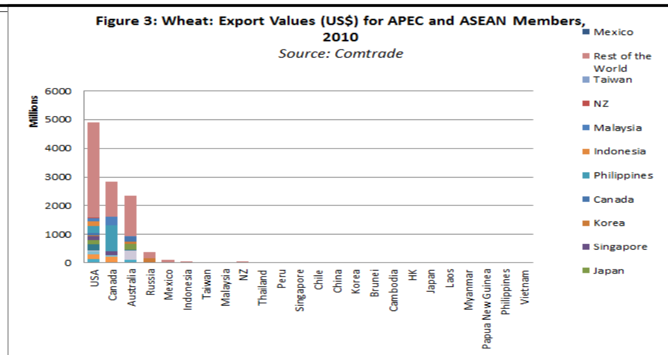


Figure 3: Wheat: Export Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
6000
5000
4000
3000
2000
1000
0
USA
Canada
Australia
Russia
Mexico
Indonesia
Taiwan
Malaysia
NZ
Thailand
Peru
Singapore
Chile
China
Korea
Brunei
Cambodia
HK
Japan
Laos
Myanmar
Papua New Guinea
Philippines
Vietnam
Mexico
Rest of the World
Taiwan
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Malaysia
Indonesia
Philippines
Canada
Korea
Singapore
Japan

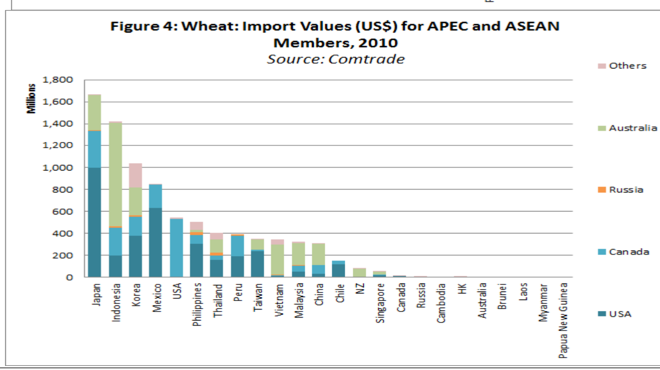

Figure 4: Wheat: Import Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
Japan
Indonesia
Korea
Mexico
USA
Philippines
Thailand
Peru
Taiwan
Vietnam
Malaysia
China
Chile
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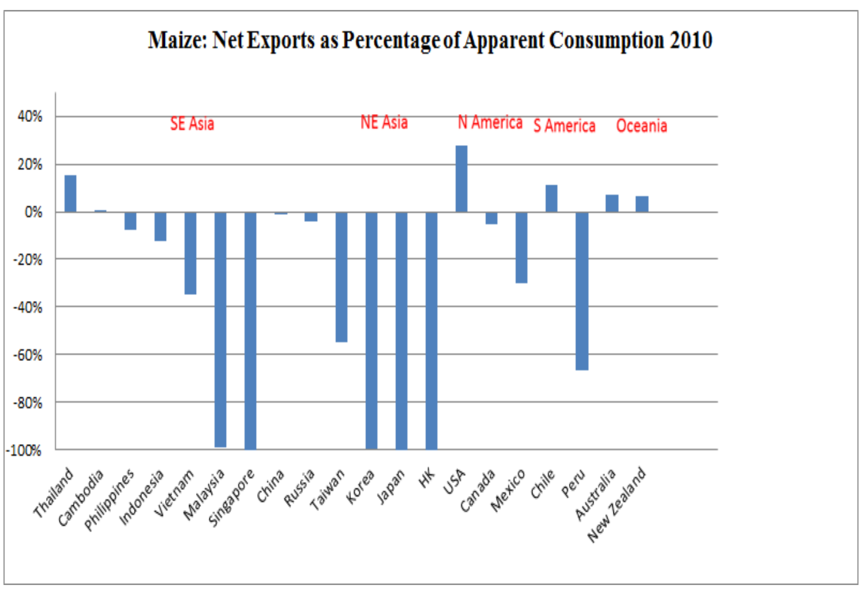
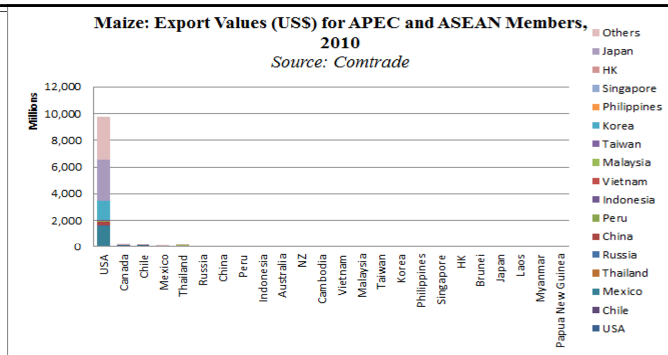
Laos
Myanmar
Papua New Guinea
Others
Australia
Russia
Canada
USA



Maize: Net Exports as Percentage of Apparent Consumption 2010
SE Asia
NE Asia
N America
S America
Oceania
40%
20%
0%
-20%
-40%
-60%
-80%
-100%
Thailand
Cambodia
Philippines
Indonesia
Vietnam
Malaysia
Singapore
China
Russia
Taiwan
Korea
Japan
HK
USA
Canada
Mexico
Chile
Peru
Australia
New Zealand


Maize: Export Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
12,000
10,000
8,000
6,000
4,000
2,000
0
USA
Canada
Chile
Mexico
Thailand
Russia
China
Peru
Indonesia
Australia
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Cambodia
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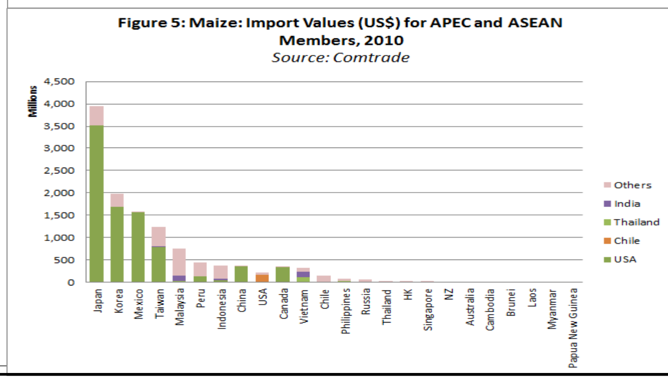
Figure 5: Maize: Import Values (US$) for APEC and ASEAN Members, 2010
Source: Comtrade
Millions
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Japan
Korea
Mexico
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Peru
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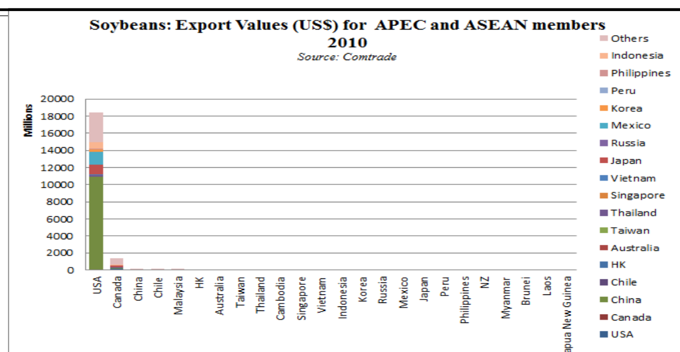
Soybeans: Export Values (US$) for APEC and ASEAN members 2010
Source: Comtrade
Millions
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
USA
Canada
China
Chile
Malaysia
HK
Australia
Taiwan
Thailand
Cambodia
Singapore
Vietnam
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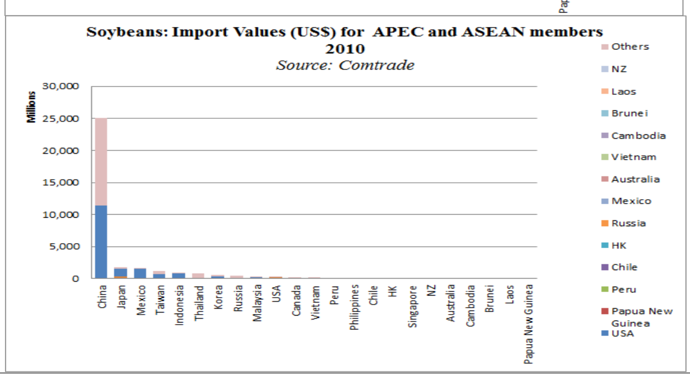
Soybeans: Import Values (US$) for APEC and ASEAN members 2010
Source: Comtrade
Millions
30,000
25,000
20,000
15,000
10,000
5,000
0
China
Japan
Mexico
Taiwan
Indonesia
Thailand
Korea
Russia
Malaysia
USA
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Chile
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Singapore
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Cambodia
Brunei
Laos
Papua New Guinea
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Papua New Guinea
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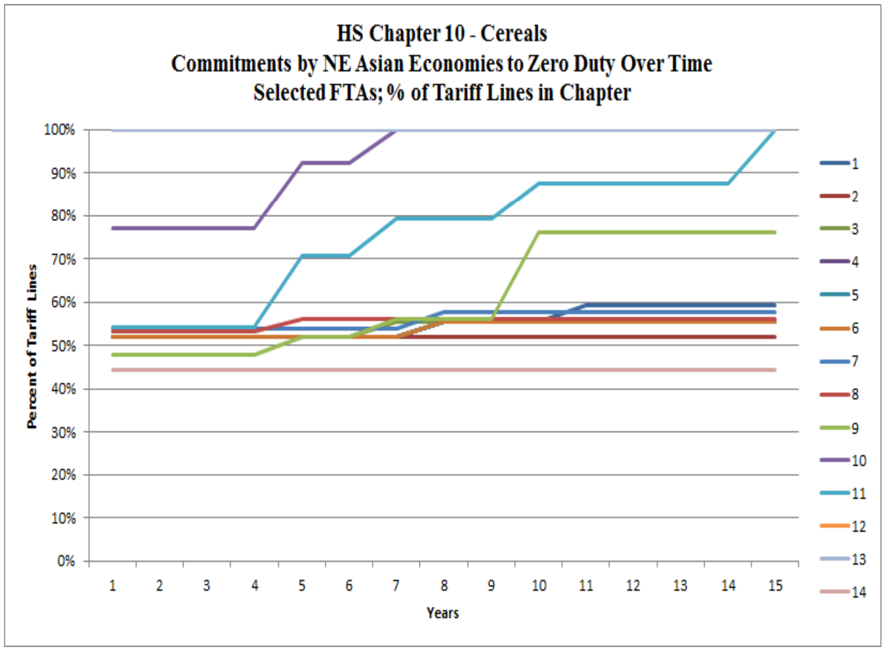
HS Chapter 10 - Cereals
Commitments by NE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
Years
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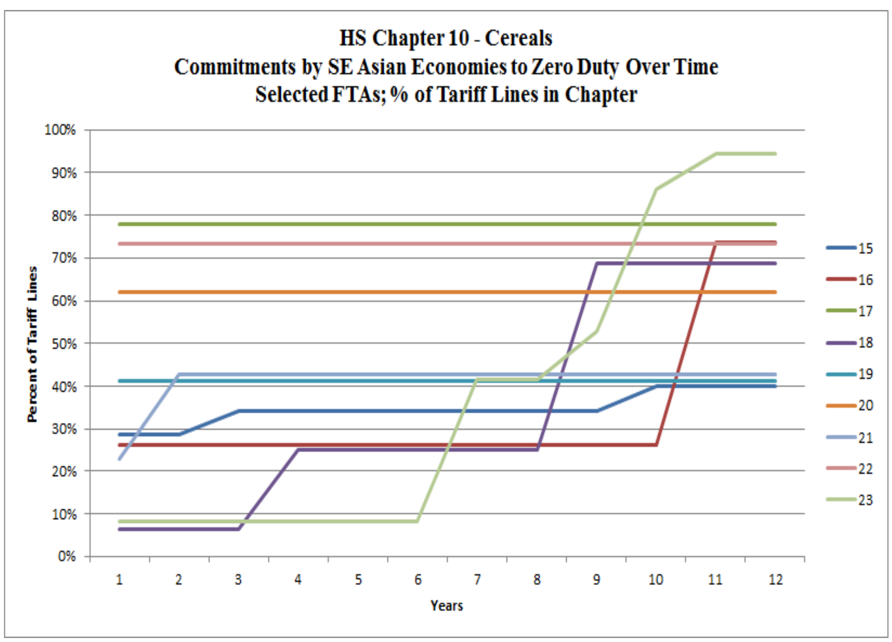
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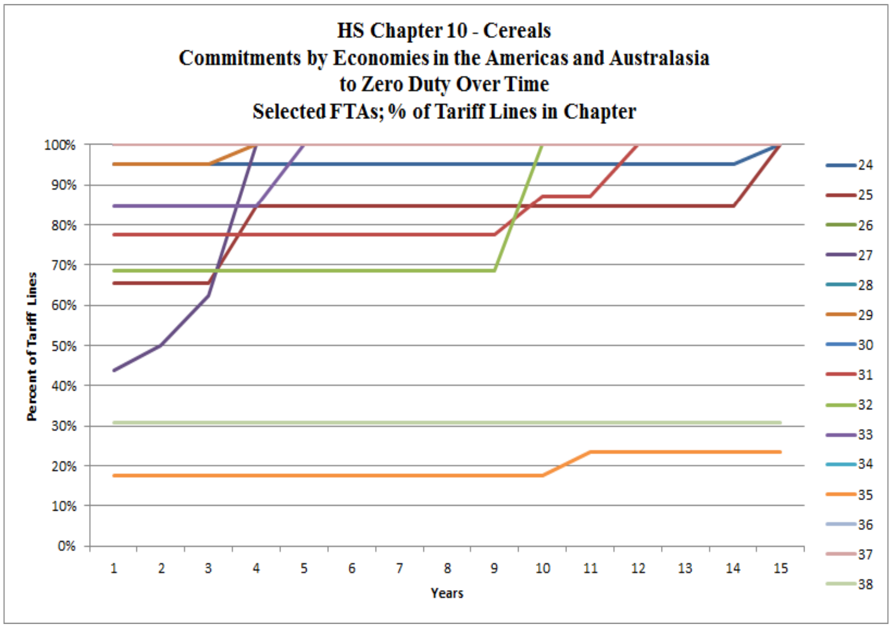
HS Chapter 10 - Cereals
Commitments by Economies in the Americas and Australasia
to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
90%
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
Years
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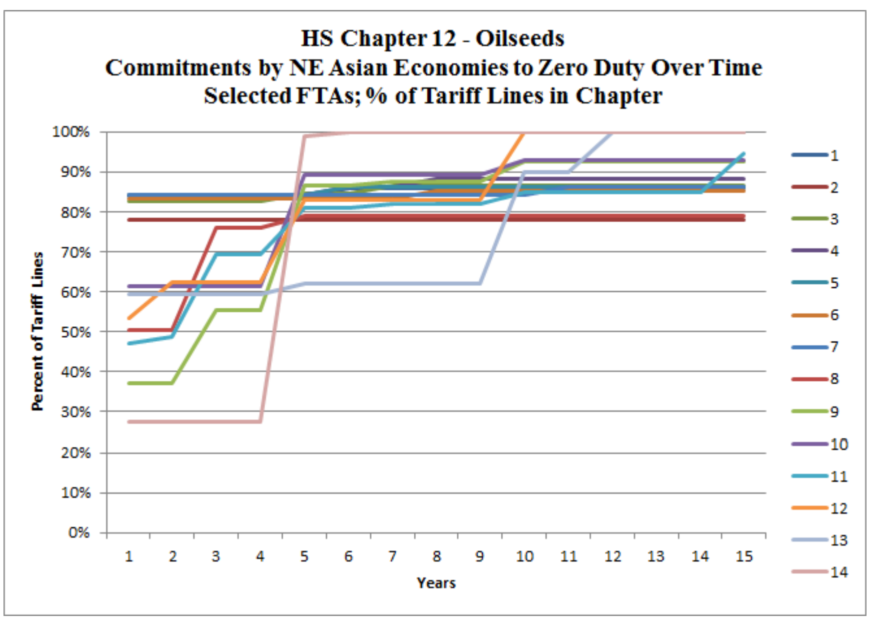
HS Chapter 12 - Oilseeds
Commitments by NE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
90%
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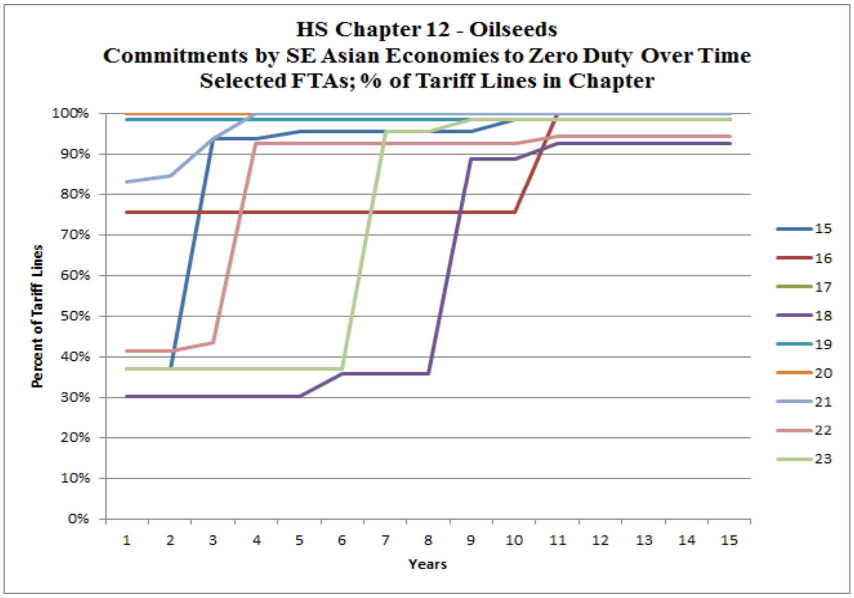

HS Chapter 12 - Oilseeds
Commitments by SE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
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Years
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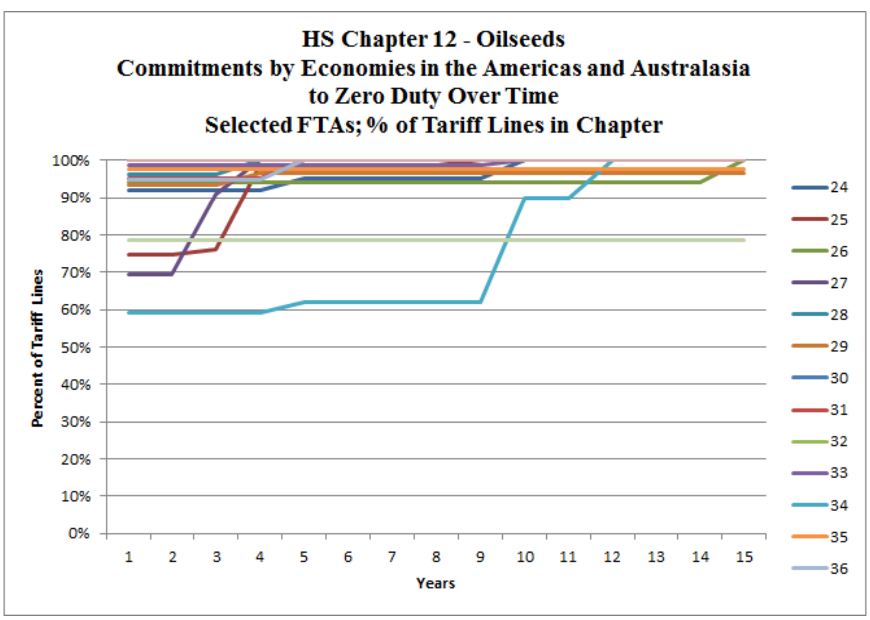

HS Chapter 12 - Oilseeds
Commitments by Economies in the Americas and Australasia to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
90%
80%
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0%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
Years
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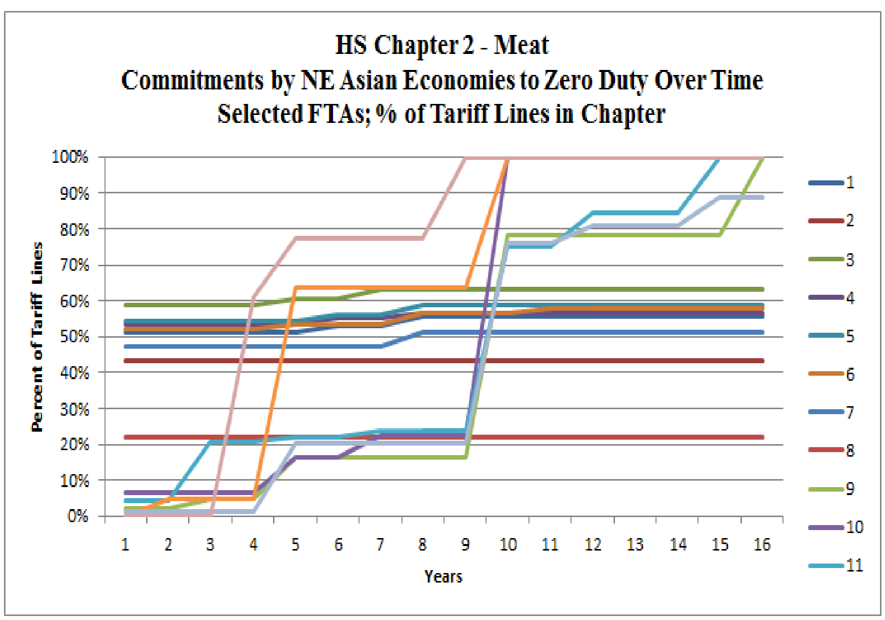
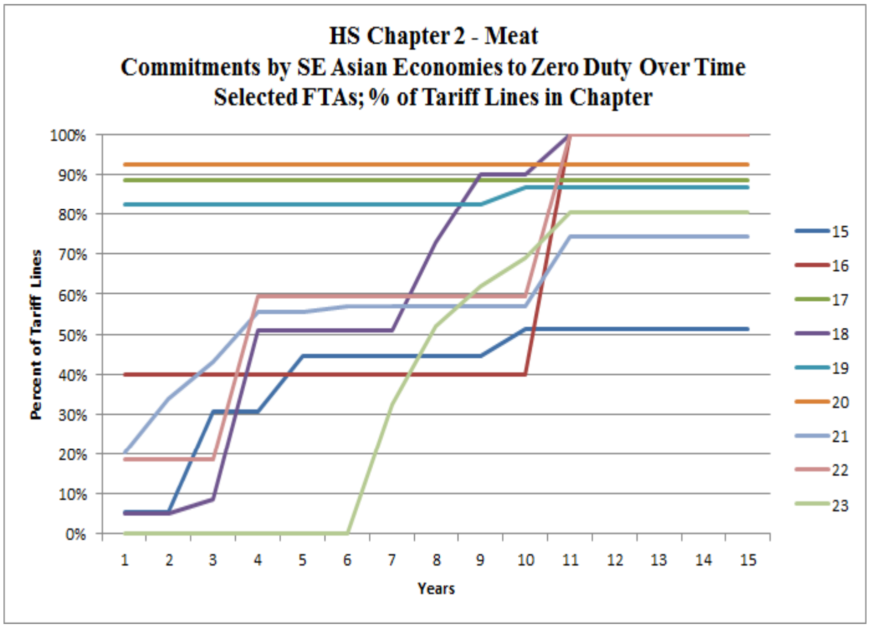
36

Meat and Dairy Products

- Analysis of FTA Commitments for
  - HS Chapter 02 (meat)
  - HS Chapter 04 (dairy products)




HS Chapter 2 - Meat
Commitments by SE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
Years
100%
90%
80%
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60%
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20%
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
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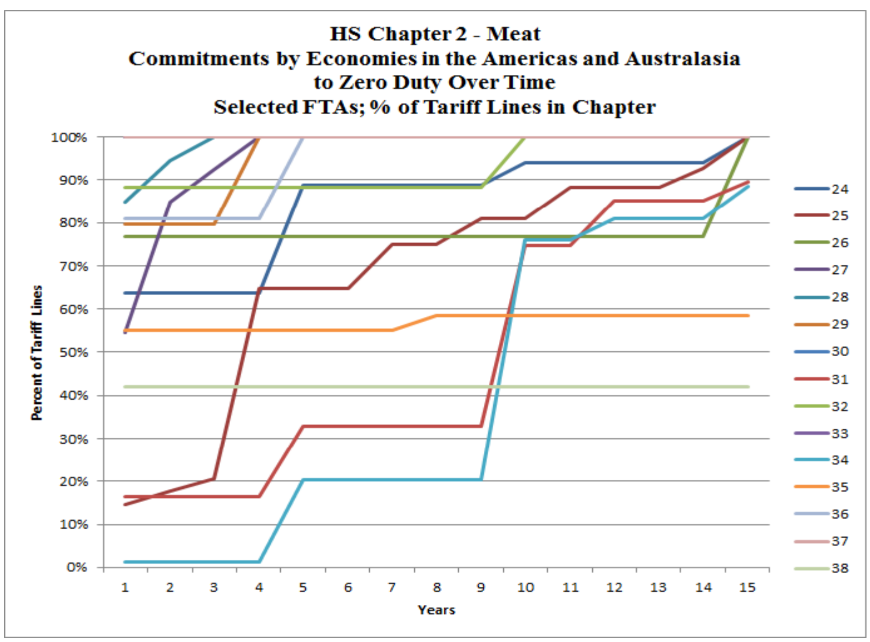
HS Chapter 2 - Meat
Commitments by Economies in the Americas and Australasia
to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
Years
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
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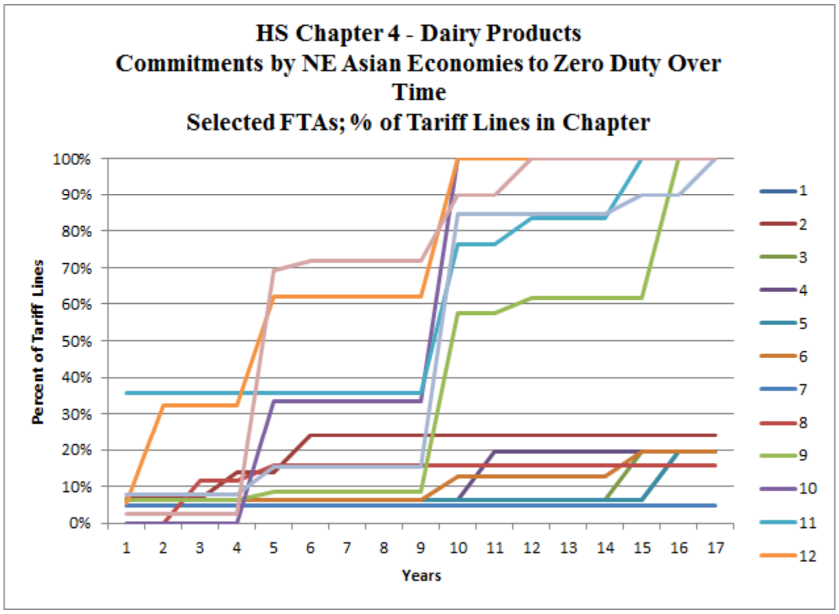
HS Chapter 4 - Dairy Products
Commitments by NE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
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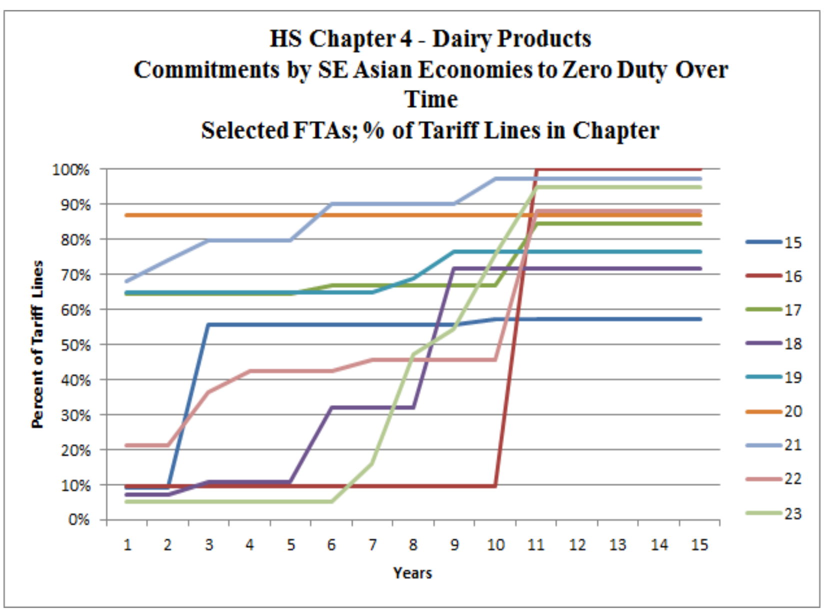
HS Chapter 4 - Dairy Products
Commitments by SE Asian Economies to Zero Duty Over Time
Selected FTAs; % of Tariff Lines in Chapter
Percent of Tariff Lines
100%
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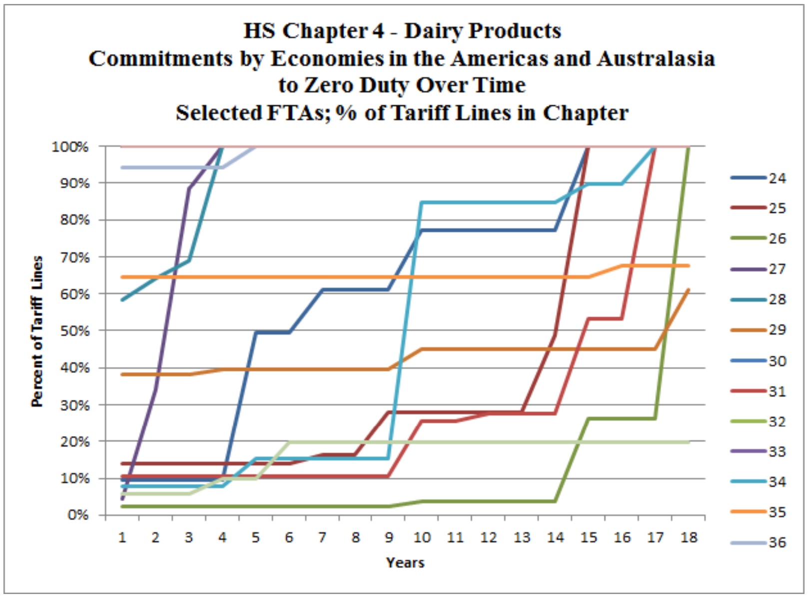

Summary

- Cereals and Oilseeds
  - stepped tariff elimination or reduction for cereals in some FTA commitments
    - time profile varies – action often delayed
  - "no change" or "minimal change" also common for both cereals and oilseeds
    - reflecting markets already open or remaining closed
- Meat and Dairy Products
  - clear sub-regional variations in balance between stepped tariff elimination/reduction and "no change"
- FTAs vary in effectiveness in opening food markets
  - some instances of comprehensive liberalisation
  - evidence of concentration of product exclusions on food chapters also widespread but far from universal
- Scope for larger and more consistent contribution of FTAs to regional food security