



**Asia-Pacific
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**Summary Report - Trade Policy Dialogue on
Understanding Non-Tariff Measures on Agriculture,
Forestry and Fisheries Sectors to Enhance Trade to
Improve Rural Development and Poverty Alleviation
in the Asia Pacific Region 2021**



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**Summary Report of the
Virtual Trade Policy Dialogue (TPD) on Understanding
Non-Tariff Measures on Agriculture, Forestry and
Fisheries Sectors to Enhance Trade to Improve Rural
Development and Poverty Alleviation in the Asia
Pacific Region**

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Summary Report

I. Introduction

The Virtual Trade Policy Dialogue (TPD) on Understanding Non-Tariff Measures (NTMs) on Agriculture, Forestry and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region was held in the margin of New Zealand APEC SOM3 Meetings via MS Teams platform on 13 August 2021. It was hosted by Indonesia and co-sponsored by Peru. The objective of the TPD was to discuss policies that can be adopted to assist APEC economies to improve their standards on Non-Tariff Measures (NTMs) specifically to agriculture, forestry, and fisheries sectors.

This TPD was an opportunity for APEC Committee on Trade and Investment (CTI) to advance discussions on NTMs issues following up the “Public Private Dialogue on Understanding Non-Tariff Measures on Agriculture, Forestry and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region” which initiated by Indonesia on October 2020. While the discussion on rural development and poverty alleviation has been addressed on the previous Public Private Dialogues, this TPD was focused more on the discussion of RTAs/FTAs’ role, business practitioners’ experiences, and governments’ best practice sharing in the implementation of NTMs.

The TPD was attended by 101 participants comprising of officials from 19 APEC member economies¹ ranging from CTI and other relevant working group such as the Expert Group on Illegal Logging and Associated Trade Meeting (EGILAT), Policy Partnership on Food Security (PPFS) and Oceans and Fisheries Working Group (OFWG). The TPD was also attended by international organisations including ASEAN Secretariat, ABAC representative and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

II. Background

International trade has achieved a long deal on tariff issues. While tariffs are relatively transparent and have been regularly compiled into public databases, NTMs should be identified strategically as it could be facilitating or restrictive to trade. Moreover, economies are still facing challenges on NTMs as this regulatory practices (for certain cases) inhabit the grey zone where trade policy meets regulation².

A study by UNCTAD (2013) stated that tariffs on international trade are generally low, as they have been progressively liberalized in the context of regional and bilateral preferential trade agreements. The decreasing importance of tariffs for market access also results from special and differential treatment schemes, such NTMs that manifestly employed as instruments of commercial policy (e.g. quotas, subsidies, trade defence measures and export restrictions) and other technical measures³.

NTMs is one of the core topics in APEC Bogor Goals to achieve “the long-term goal of free and open trade and investment in the Asia-Pacific”. As Bogor Goals has concluded in 2020, NTMs as one of the trade policy instruments is continued under the APEC Putrajaya Vision 2040. The vision highlighted that APEC members “acknowledge the importance of, and will

¹ APEC New Zealand attendees overview (2021).

² The Unseen Impact of Non-Tariff Measures: Insights from a new database p. 1
https://unctad.org/en/PublicationsLibrary/wb_unctad_2018d1_NTMs_en.pdf

³ Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries p. vii
https://unctad.org/en/PublicationsLibrary/ditctab20121_en.pdf

continue to work together to deliver, a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment”.

This session of the TPD was divided into three sections which consisted of the following session:

1. **Non -tariff measures on the framework of RTAs/FTAs in COVID-19, including its linkage to Rural Development and Poverty Alleviation (RDPA).** This session was discussed the importance of RTAs/FTAs in order to help reducing protectionism and compliance costs while facilitating transparency and adoption of international standards, including in COVID-19 era.
2. **Best Practice on identifying priority policies to implement NTMs provision in Agriculture, Forestry, and Fisheries of Business’ Sectors.** This session was discussed experiences on implementing and complying NTMs on agriculture, forestry and fisheries sectors. These include a wide range of trade measures that are related to export-import activities, including technical regulations and other mandatory standards.
3. **Non-Tariff Measures in Agriculture, Forestry, and Fisheries Sectors on The Governments’ Perspective.** This session was discussed best practices on managing and facilitating (NTMs in order to achieve good regulatory practice (GRP) and public policy.

III. Discussion

Opening remarks

Director General of International Trade Negotiations, Ministry of Trade of the Republic of Indonesia, Mr. Djatmiko Bris Witjaksono.

In his opening remarks, Mr. Djatmiko encouraged APEC member economies to strengthen coordination and sharing best practices in implementing GRP on NTMs. He hoped that the TPD could result the genuine and innovative strategy in developing NTMs, especially recommendation on how to collaborate and coordinate among governments, private sectors and academics. He also highlighted the importance on recognizing small-scale farmers and small-scale producers who relied on fisheries and forestry sectors. Mr. Djatmiko then emphasized the need to discuss NTMs in the context of COVID-19 pandemic, especially NTMs on essential goods, medical equipment and personal protective equipment (PPE).

Dialogue sessions

1. ***Session 1: Non-Tariff Measures on the Framework of RTAs/FTAs in COVID-19, including its Linkage to Rural Development and Poverty Alleviation (RDPA)***

Moderator: Tony Irawan, International Trade Analysis and Policy Studies (ITAPS)

Speakers:

1. Mr. Yann Duval (Chief of Trade Policy and Facilitation, UNESCAP)
2. Mr. Carlos Kuriyama (Senior Analyst, APEC Policy Support Unit)

Non-Tariff Measures, Sustainable Development Goals (SDGs), RTAs and Way Forward - Mr. Yann Duval (Chief of Trade Policy and Facilitation, UNESCAP)

- a. Mr. Duval highlighted the trend and implementation of NTMs in RTAs/FTAs altogether, and the linkage between NTMs and development agenda in order to help small scale producers to enter global market.
- b. He echoed the stylized facts of the increasing use of NTMs that seemingly substituting the declining ordinary tariffs. He identified that more than 25,000 out of 80,000 measures in UNCTAD TRAINS are by Asia-Pacific economies. The uses of NTMs are prevalent in high income economies (China, New Zealand, Republic of Korea and Australia) with sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBT) are considered as dominant measures.
- c. NTMs may indirectly affect sustainable development through their impact on trade and investment. Distribution of NTMs in the Asia and Pacific have been strongly linked to SDG3. *Ensure healthy lives and promote well-being for all at all ages* and SDG12 *Responsible consumption and production*, by 45 percent and 13 percent respectively. Some of the related NTMs include regulation of medicines, food safety, technical regulations on vehicle safety, and regulations on trade, and packaging of alcohol and tobacco products and regulation arising from international agreements such as the Montreal Protocol (ozone layer) for SDGs 12.
- d. Trade costs of NTMs in the Asia-Pacific region are 15.3%, higher than in US and EU (even though EU and US have more measures applied on average). This is mainly because of poor implementation of NTMs
- e. RTAs are expected to reduce protectionism and compliance costs while facilitating transparency and adoption of harmonization. He also illustrated the case study of Deep and Comprehensive Free Trade Area in 1996 between Georgia and EU in adopting 366 facts of legislation in food safety, veterinary and phytosanitary. As a result, Georgia's total exports have increased by 28 and 59 per cent to the European Union and the world, respectively during 2016-2018.
- f. Streamlining NTMs at the domestic level can be implemented via: (i) sustainability impact assessments of new and existing NTMs, (ii) increasing transparency with domestic trade portal, (iii) broader WTO TFA+ approach, (iv) Digitalization of NTM-related procedures and sector specific TF measures, and (v) Development of the quality infrastructure supported by mutual recognition of standards and accreditation.

Non-Tariff Measures on Essential Goods during the COVID-19 Pandemic - Mr. Carlos Kuriyama (Senior Analyst, APEC Policy Support Unit)

- a. Mr. Kuriyama highlighted that import tariff for essential goods eg. agricultural products and some medical products are relatively high. However, it can be inferred from Global Trade Alert database that export restrictions affecting

medical goods have decreased while export restrictions for food have been rising.

- b. The existing condition of food trade during Covid 19 pandemic is characterized with adequate global food stock, slight increase in retail food prices, falling stocks-to-use ratios of some products and rising freight rates.
- c. Numerous challenges are apparent in food production and distribution. In terms of production, it is expected that shutdowns occur to keep labor workforce safe and reducing of temporary migrants. While challenges in distribution issues consist reducing international and domestic connectivity due to social mobility restrictions affecting food supply/value chain.
- d. Issues affecting medical goods consisted complex supply chain which is extremely dependent to the cold chain equipment for vaccines, Good Manufacturing Practices, IPs and lastly trade policies eg. high MFN tariffs and export restrictions.
- e. Some of his recommendation on trade policies during Covid 19 pandemic are related to: (i) Reduction or elimination of tariffs on essential goods, (ii) Trade facilitation via diversify procurement of essential goods, investments in cold chain equipment and digitalization, (iii) intellectual property and (iv) Standards and conformance with ensuring domestic regulations incorporate WHO guidelines. It is also imperative to ensure mutual recognition of inspections and approvals to ensure quality assurance of vaccines in one economy should also be valid in other economies.

2. *Session 2: Best Practices on identifying priority policies to implement NTMs provision in Agriculture, Forestry, and Fisheries of Business' Sectors*

Moderator: Tony Irawan, ITAPS

Speakers:

1. Mr. Budhi Wibowo (Head of the Association of Indonesian Fishery Products Processing and Marketing Entrepreneurs, Indonesia)
2. Ms. Susana Yturry (Agroexport Manager of the Association of Peruvian Exporters (ADEX), Peru)

NTMs on Fisheries Export from Indonesia - Mr. Budhi Wibowo (Head of the Association of Indonesian Fishery Products Processing and Marketing Entrepreneurs, Indonesia)

- a. Mr. Budhi introduced Indonesia which consisted of 17,508 island and coastline length of 95000 kms. Its endowment has made Indonesia becoming top global exporter of fisheries products. In 2020, Indonesian export reached 1.3 million MTon with value of 5.2 billion USD.
- b. NTMs on fishery export mostly related with SPS as the International market has demanded stronger requirements on food safety, traceability, and sustainability. Some of the types of NTMs also include standard of quality, certification, and registration / approval number. Several International Certification for Fishery Processing Factory including Hazard Analysis and Critical Control Point (HACCP)

British Retail Consortium (BRC), International Register of System (IRS) and other International Certification for Fishery Farm/ Catching.

- c. It has been identified that the regulation in market destinations varied.
 - ASEAN, Japan, Chinese Taipei: requiring HACCP/ Health Certificate (HC);
 - USA: strict standard of Filthy, Salmonella, Antibiotic, and Requesting Traceability via Seafood Import Monitoring Program (SIMP);
 - EU: approval number and very strict standard on heavy metals, Histamin, Antibiotic, as well as requesting fullyintegrated food safety assurance from exporting economies;
 - Australia: Requesting Free from some virus (raw aquaculture product);
 - China: Requesting China Registration Number and free from Covid19;
 - Republic of Korea: Requesting Korean Registration number;
- d. In general, Indonesia fishery products have no significant issues in regards to standard/ quality both for Requirement by Government of Buyer (G2G) or Requirement by Buyer (B2B) such as Certification, Standard of quality and pre shipment inspection.

Identifying priority policies to implement NTMs provision in the Peruvian Food Industry- Ms. Susana Yturry (Agroexport Manager of the Association of Peruvian Exporters (ADEX), Peru)

- a. Ms. Yturry introduced ADEX as business association consisting 610+ large and small-scale business that supports domestic development and promotion of Peruvian foreign trade. Its mandate are: (i) Contribute to the competitiveness of the Peruvian companies; (ii) Promote exports, international trade and Investments, and (iii) Develop Exportable Offer; (iv) Contribute to domestic development, and the generation of well-being and employment
- b. In agrifood, Peru has been renowned as top global exporter of Blueberries (25.5%), Quinoa (40.7%), Fresh asparagus (30.1%), Grapes (11.1%) and Canned asparagus (37%). Total Exports to APEC economies reached US\$ 3,936 million in 2020 with top agrifood exports namely grapes, blueberries, avocado, asparagus, and coffee.
- c. Ms. Yturry delivered several case studies on challenges in fulfilling NTMs facing by businesses in Peru:
 - Delays in the presentation of Risk Analysis for Sanitary Authorities in Peruvian amazon nuts.
 - Lack of harmonization in labeling (eg in Mexico and Chile) which force the companies to prepare different labels for each market hence increasing the production costs. This problem occurs for packaging of products containing sugar, trans fat, heavy metals, etc that should display up front traffic lights or octagons. So that the final consumer would be informed of the nutrition fact of that product.

- Difficulty in finding health regulations or requirements to enter APEC economies. A Single Access System allowing friendly access to all the relevant requirements and information should be a priority. Moreover, notifications on changes in regulations are not informed with enough time to prepare articulated responses, causing severe damages on productive sectors.

3. *Session 3 - Non-Tariff Measures in Agriculture, Forestry, and Fisheries Sectors on The Governments' Perspective*

Moderator: Tony Irawan, ITAPS

Speakers:

1. Mr. Paul Dansted (Director of Food Regulation, Ministry for Primary Industries (MPI), New Zealand)
2. Ms. Siti Salwahanim (Senior Principal Assistant Director, Ministry of Agriculture and Food Industries, Malaysia)

Improving NTMs in agriculture, forestry, and fisheries sectors: The New Zealand Context - Mr. Paul Dansted (Director of Food Regulation, Ministry for Primary Industries (MPI), New Zealand)

- a. New Zealand agricultural policies are implemented under the authority of the Ministry for Primary Industries. The main tasks and responsibilities of the ministry are providing policy and regulatory advice, market access and trade services, and manages major regulatory systems of biosecurity, food safety, forestry, fisheries management, and animal welfare.
- b. The New Zealand government commit that the approach of implementing NTMs is to minimize the regulatory burden on industry whilst keeping consumers and producers safe. Three important principles in viewing NTMs are (i) scientifically justified, (ii) evidence based; and (iii) risk management.
- c. Mr. Dansted also pointed out that registration initiative has been implemented in order to support trade. All of food imported in New Zealand must be safe and suitable and imported by a registered importer. This initiative has been complemented with food safety related policies. The objectives are to: (i) Protecting consumers of New Zealand food, whether here or overseas; (ii) Providing effective food regulation for food produced or consumed in New Zealand, including imported and exported food products; and (iii) Developing policies and influencing behaviors that promote the safety of food
- d. The food safety related policies are translated into Food Safety Risk Analysis Framework incorporating global risk analysis practice based on CODEX principles, Standards and Guidelines, consisting risk assessment, risk management, and risk communication. This framework is consistent with World Trade Organization SPS principles and also coherent with legal and other international obligations

- e. Several observable benefits of a risk management framework including (i) Decisions are in proportion to health (food safety) risks involved; (ii) Allows innovation and flexibility in applying regulatory control measures; and (iii) Supports industry by facilitating technical advice and helping develop tools that manage food safety risks.
- f. Mr. Dansted also highlighted the hierarchy of food safety regulatory model in New Zealand. The first actor is MPI with some roles in (i) Set regulatory requirements, (ii) Verify and provide official assurances, (iii) Undertake compliance activities Monitor and (iv) audit the system. Second actor, the independent and recognized verifiers who provide independent verification and audit while the third actor is regulated Industry implementing risk-based management plans.

Non-Tariff Measures in Agriculture, Forestry, and Fisheries Sectors in Malaysia's Perspective - Ms. Siti Salwahanim (Senior Principal Assistant Director, Ministry of Agriculture and Food Industries, Malaysia)

- a. In her introduction, Ms. Salwahanim defined NTMs as a range of laws/regulations/requirements that influence the flow of goods across borders. These measures have an economic effect on international trade in goods, changing quantities traded and also prices. She also further emphasizes that NTMs in agro-food requires greater coordination among agencies such as customs and other authority which are responsible for SPS.
- b. NTMs are not necessarily Non-Tariff Barriers (NTBs). Some of characterization of NTMs are SPS measures which are based on scientific evidence documentation, certificate of origin, health certificate, and licenses used to verify compliance with safety rules. On the contrary NTBs are excessively stringent regulations or SPS measures without scientific basis. It is also identified that the purpose of the licenses used to restrict imports and in form of quotas. It is also referred as additional burden of private attestation or certification.
- c. Common issues of NTMs include. Firstly, NTMs are often badly designed and incoherent as the measures did not target the problem, too broad, and consisting cumbersome compliance verification mechanism. Secondly, the challenges of NTMs covers the lack of research, justification and scientific basis, inadequate consultations process, and limited improvements in domestic regulations NTMs. Thirdly, the transparency and coordination mechanism between WTO commitment, bilateral, regional and multilateral arrangements, and domestic policies.
- d. The way forward for Malaysia's policies: (i) Launching of National Policy on Good Regulatory Practice 2021 and providing clearer/better guidelines on the adoption of GRP focus on improving quality of both new and existing regulations (ii) Implementation of bilateral, regional and multilateral commitments such as Trade Facilitation Agreement WTO, ASEAN SPS Contact Points, and Various Bilateral Trade and Free Trade Agreements. (iii) Standards

harmonization and equivalence (iv) Capacity building on training partner standards and (v) Electronic certification and single windows.

Closing remarks

Director of APEC and International Organizations Negotiations, Ministry of Trade of the Republic of Indonesia, Mr. Farid Amir.

In his closing remarks, Mr. Farid emphasized that the implementation of NTMs should be more facilitative rather than restrictive. Having discussion on NTMs in this trying time caused by COVID-19 pandemic is timely. As an incubator of ideas, Mr. Farid hoped that this TPD contributed to the increasing of knowledge and understanding among government officials within APEC member economies. Last but not least, he highlighted that the topic discussion of NTMs could be enhanced in the spirit of cross-fora collaboration within working group, fora and sub-fora in APEC.

IV. Conclusions and Recommendations

Some main points that could be concluded from the TPD summarized into three common issues of NTMs:

1. NTMs are often inefficiently designed and incoherent as the measures did not target the problems, are too broad, and consisting of cumbersome compliance verification mechanisms;
2. Challenges of NTMs cover the lack of research, justification and scientific basis, inadequate consultations process, and limited improvements in domestic regulations NTMs and
3. The need to attain transparency and coordination between WTO commitment, bilateral, regional and multilateral arrangements, and domestic policies.

The TPD was resulted a few key takeaways as recommendations that could be taken up in future work by APEC Economies to transform those three common issues of NTMs into opportunities to enhance regional trade in Agriculture, Forestry and Fisheries Sectors:

1. The adoption of GRP and conducting sustainability impact assessments of both new and existing regulations to provide clearer/better guidelines;
2. Capacity building on training partner standards;
3. Three important principles in viewing NTMs, consisting of (i) scientifically justified, (ii) evidence based; and (iii) risk management;
4. Streamlining NTMs both at domestic level and in the Asia-Pacific region through RTA;
5. Increasing transparency with domestic trade portal;
6. Introduction of APEC NTMs Information hub and Single Windows;
7. Broader WTO TFA+ approach;
8. Digitalization of NTM-related procedures and sector specific TF measures;
9. Development of the quality infrastructure supported by mutual recognition of standards and accreditation.