

Growing Markets, Growing Incomes: Leveraging Trade Facilitation for Farmers

Andrea Durkin

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Executive summary

Investment in trade capacity and facilitation can be a key driver of agricultural development and economic growth for small and medium-sized farmers around the globe. The ability to move food efficiently, cheaply, and safely across borders is crucial to linking small commercial farmers from national markets to larger regional markets, creating a virtuous cycle of demand for increased production to meet need in international markets. An increase in efficiency at international borders also supports US farmers, potentially boosting agricultural exports.

Even though the majority of food produced in the world is consumed locally,¹ global trade in agriculture and food products has grown significantly in the last three decades. In 1980, the value of agriculture and food trade is estimated to have been \$230 billion.² By 2015, global trade had grown to \$1.77 trillion in agriculture and \$1.49 trillion in food products.³

Perishable foods have become a particularly important growth category in global trade. They are essential for improving nutrition and provide a critical opportunity to grow the incomes of smaller producers in developing countries. But perishable foods are most vulnerable to trade delays or mishandling at international borders, which can compromise safety and quality and result in both food waste and income loss.

Trade facilitation measures that improve the efficiency and transparency of procedures required to clear goods across national borders are critical to address these risks and opportunities. The World Trade Organization's Trade Facilitation Agreement (TFA) comes into force in 2017 and has already stimulated a global rush to improve border procedures, backed by significant investments in capacity-building assistance (see Table 1). However, this assistance largely neglects the food sector to date, focusing on others instead.

This report calls for a new US program to promote trade facilitation in food. It should include action to:

- Promote agriculture community participation in national trade facilitation committees sprouting up worldwide, and in donor efforts to deliver assistance.
- Implement pilot programs to demonstrate the benefits of improving border procedures and infrastructure for trade in agricultural and food products.
- Mobilize a global focal point for scaling trade facilitation assistance worldwide designed to help developing countries implement the TFA in ways that benefit the food and agricultural sectors.
- Fill the data gap by developing methods to measure trade facilitation costs and diagnosing choke points specific to food trade in order to prioritize and target assistance to support trade in food.

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Introduction

While there is still much to do, global food security efforts geared toward small holder farmers have become more efficient and effective over the past several decades in helping to bring millions out of poverty, enhancing food and nutrition security, and growing economies around the globe.

As incomes continue to rise around the world, millions of people are in a position to diversify their diets. Demand for high-value agricultural and food products such as meat, fish, dairy, fruits, and vegetables is growing worldwide as part of this nutrition transition.

It's an opportunity that farmers around the world are seizing, in the United States and in developing countries alike, by producing to meet global demand.

Box 1

What is trade facilitation?

Trade facilitation broadly refers to government measures that improve the efficiency and transparency of procedures required to clear goods across national borders.

What is the Trade Facilitation Agreement?

Member countries of the World Trade Organization (WTO) concluded negotiations in December 2013 on the Trade Facilitation Agreement (TFA). The Trade Facilitation Agreement contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. Over two-thirds of WTO members have ratified the agreement. It was officially brought into force in February 2017.

The Organization for Economic Co-operation and Development (OECD) calculates the TFA could reduce the costs of trading goods worldwide by 12.5 to 17.4 percent, depending on how fully each member country implements the provisions. By making significant improvements, low- and middle-income countries stand to gain the most from modernizing their procedures.

Exporting high-value food can be more profitable than exporting other commodities. But high-value food is often perishable, and to survive longer trips, it must be handled and stored properly, with attention to climatic controls. It's a logistical challenge compounded by border requirements that are often more complex than for other products.

There continues to be a big hole in trade facilitation capacity building, which largely overlooks procedures for clearing perishable foods. Delays and mishandling of perishable food can compromise safety and quality and result in food waste and profit loss, impacting consumers and producers.

Border procedures are only as efficient as their weakest link. While most attention is being focused on customs capabilities such as ensuring transparency and efficiency, clearing food requires participation by several agencies, a process that is often not well coordinated.

Sixty percent of lead firms responding to an aid-for-trade survey cited border delays as the main trade problem when dealing with agro-food suppliers from developing countries. More than 30 percent of developing-country suppliers cited border paperwork and delays as obstacles in connecting to value chains.⁴

Additionally, inspections at US ports of entry are widely acknowledged as insufficient to ensure the safety of millions of food products imported into the country. Focused on prevention, the FDA is increasingly engaging its global counterparts, global industry, and international organizations to promote safety and quality of food products before they enter the United States.

The United States should take the lead in trade capacity by assisting in the creation of national trade facilitation plans to promote the inclusion of food trade. Doing so would not only unlock opportunities for smaller farmers in developing countries but advance US interests by supporting well-functioning legal and regulatory frameworks in markets where demand for US products is growing. And this type of engagement promotes a global foundation of science-based standards for food safety and quality, which ultimately helps protect the US food system that relies on imports. Additionally, as US producers search for new markets, improved and standardized legal and regulatory frameworks will be beneficial.

The opportunity: Global trade in food is growing

The composition of food trade is changing. High-value agricultural and food products—fruits, vegetables, meat, seafood, and dairy—are experiencing growth in global demand as incomes rise worldwide and demand rises for nutritionally diverse products year-round. When possible, farmers will shift to high-value products for export, affording them more opportunity to become suppliers in vertically coordinated supply chains. Vertical coordination means that processors, traders, and retailers along the value chain are closely coordinated, contractually aligned, or directly integrated. For small farmers, organized contract farming can be an important opportunity to diversify, expand production, and command higher prices.

Which countries supply high-value food?

High-income countries are the largest suppliers of high-value food, but exports by lower-middle-income

countries are growing the fastest. Latin America, South and Southeast Asia, and Sub-Saharan Africa have all experienced significant growth in the value of their agricultural and food exports.⁵ Moreover, high-value products are becoming a larger part of these countries' overall exports of agricultural and food products because of the growth opportunity they present to farmers, processors, and retailers. However, the United States remains primed to grow its market share and continues to be a major provider of agriculture exports globally.

Which countries generate demand for high-value food?

High-income countries are the biggest consumers of high-value agricultural and food products, importing some three-quarters of all such traded products. But demand is increasing fastest in the lower-middle-income and low-income countries, which are experiencing 17.5 and 16.5 percent demand growth respectively. For example, Figure 2 depicts the dramatic rise in the total value of imports in four middle- and lower-income coun-

Figure 1

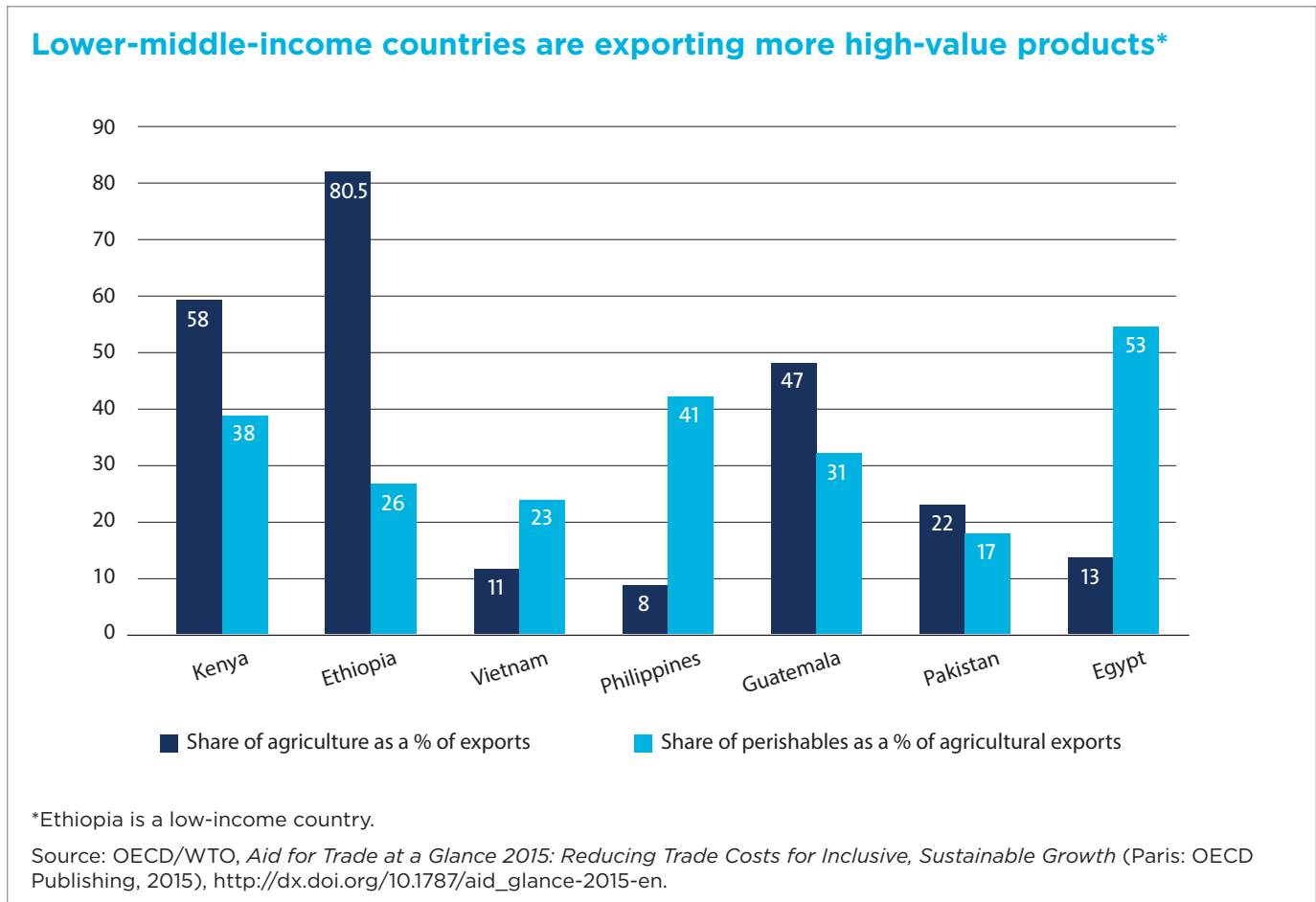
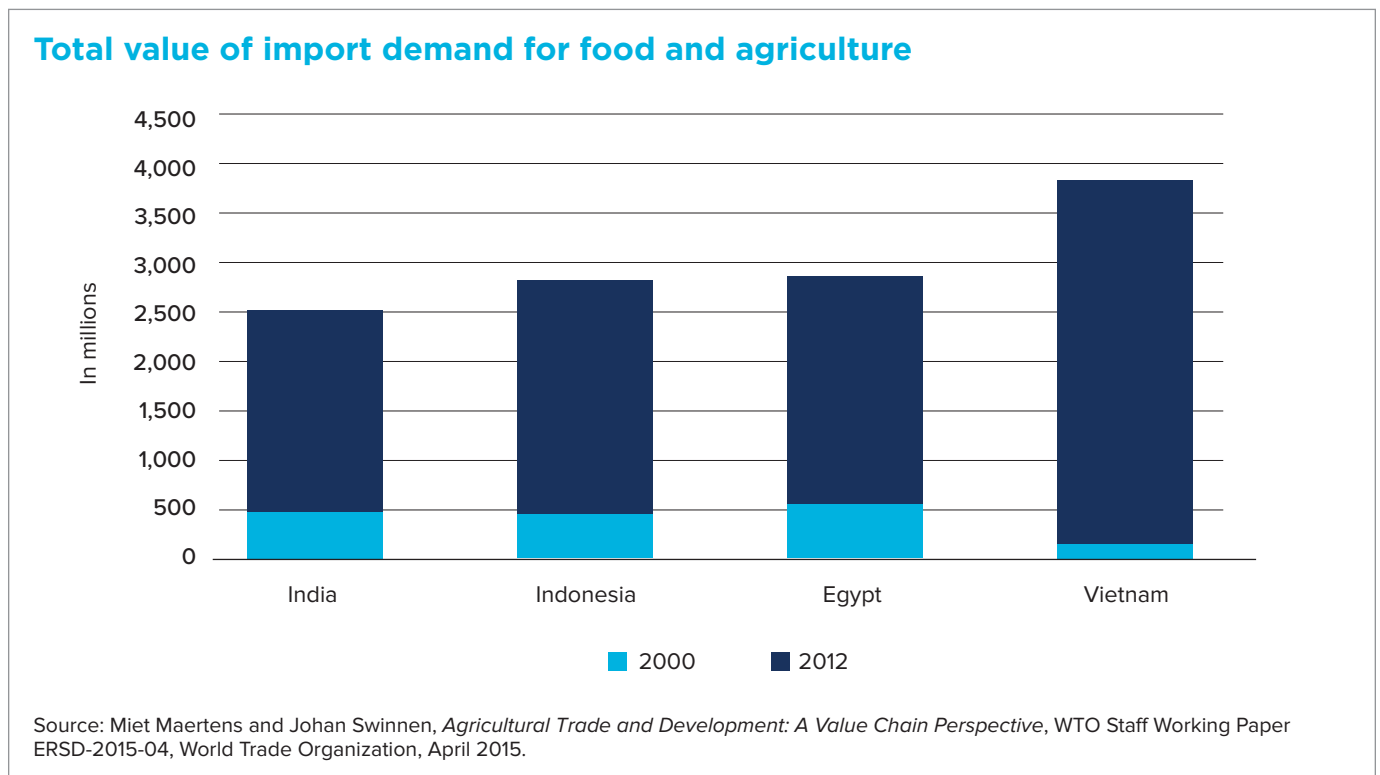


Figure 2



tries from 2000 to 2012. Despite an increase in exports, a majority of developing nations will continue to be net importers of food.

Growth opportunities for small farmers in emerging markets

In the Chicago Council paper *Grow Markets, Fight Hunger*, I argued that the expansion of cross border trade creates opportunities for small-holder farmers in developing countries to become small commercial growers, moving from informal production to formal value chains and markets where economies of scale can be achieved.⁶

Increased profitability from scale can fuel a virtuous cycle. Profitability offers the means to reinvest, further improving productivity. The ability to move food output more efficiently, cheaply, and safely across borders helps small commercial farmers link from national markets to larger regional markets, creating incentive to increase production to meet demand in international markets.

Additionally, cross border trade provides stability against domestic food price surges. Food prices are less volatile in countries with efficient border procedures in part because free trade acts as a stabilizer.

Growth opportunities for American farmers

The United States is the second largest exporter of agricultural products in the world, behind only the European Union as a whole. US productivity is growing faster than demand in the United States, which means that American farmers, ranchers, and firms in US agricultural supply chains rely heavily on export markets to increase sales and revenues. The US Department of Agriculture's Economic Research Service (ERS) expects US exports to rise to 136 billion in 2017, which would generate a 21.5 billion surplus in agricultural trade.⁷

According to the ERS, 38.4 percent of total US agriculture exports in 2015 went to countries in the Western Hemisphere, predominantly Canada and Mexico. In 2015, Canada was the largest export destination for US agricultural products and Mexico the second largest, but those trade flows could change depending on the outcome of any renegotiation of the North American Free Trade Agreement. Forty-three-and-a-half percent of total US agricultural exports went to Asia in 2015, mainly East Asia.⁸

It is critical for the United States to explore new agricultural markets. Rising incomes and increasing

urbanization are generating growing demand in the dynamic emerging markets of Asia, Latin America, and Sub-Saharan Africa. When emerging markets are counted together, they currently make up 20 percent of US agricultural exports.⁹ An important step to growing US exports to these markets will be US assistance to better facilitate the clearance and movement of food across borders.

The challenge: Border procedures can stifle growth

When dealing with agricultural trade, governments must have in place appropriate legal and regulatory frameworks to protect human, plant, and animal health while operating in a transparent, nondiscriminatory manner and applying standards and practices that are based on scientific principles and evidence. This is no small task. They must control for spread of plant pests and animal diseases, protect against importation of unsafe food, and ensure the safety of agricultural inputs such as animal feed, pesticides, veterinary drugs, and fertilizers.

Agricultural goods face complex border procedures

Food and agricultural products typically undergo sanitary and phytosanitary (commonly referred to as SPS) clearances involving import licenses and permits checked at the border. Officials will check whether the goods conform to country standards, conduct partial or full inspections, take samples, and may perform simple tests or send samples to laboratories for more extensive testing.

Shipments are subject to quarantine and treatment, and determinations are made to release or reject them.

Border inspections and controls applied depend on the risks associated with the goods so officials can prioritize their oversight efforts. Those risks must be carefully balanced with the need to move products across borders as consistently and reliably as possible to avoid wastage and introducing any new risks of spoilage from improper handling or storage. However, in many countries, this does not happen effectively, causing significant losses, which can be devastating for small farmers.

Carrying out these functions requires government capacity and staff within agriculture and public health

Box 2

Cold chain breakdown can be costly for farmers

Efficient clearance and appropriate handling of perishable food at ports is a critical link in traders' cold chains. Cold chains enable high-quality fresh food to move from farm to retail around the globe, minimizing degradation and spoilage and keeping food safe. A break in the link can be common at ports if they lack proper facilities, fail to ensure reliable power sources for cold warehouses, lack training in proper food-safety handling procedures, or incur delays, all of which undermine significant end-to-end cold-chain investments.

agencies working alongside customs agents to issue certifications, operate testing and diagnostic laboratories, and monitor and report on any hazards identified while facilitating trade in food and agricultural products. The appropriate legal framework must also be in place. Many countries fail to adequately coordinate those functions across the border agencies.

There is added cost to clearing high-value, perishable food across borders

Though we cannot easily quantify the costs inherent in trading food, high-value products must adhere in many cases to more complex border procedures than

other agricultural goods. It is reasonable to presume that the cost of trading perishable food products is higher in most instances than trading other types of

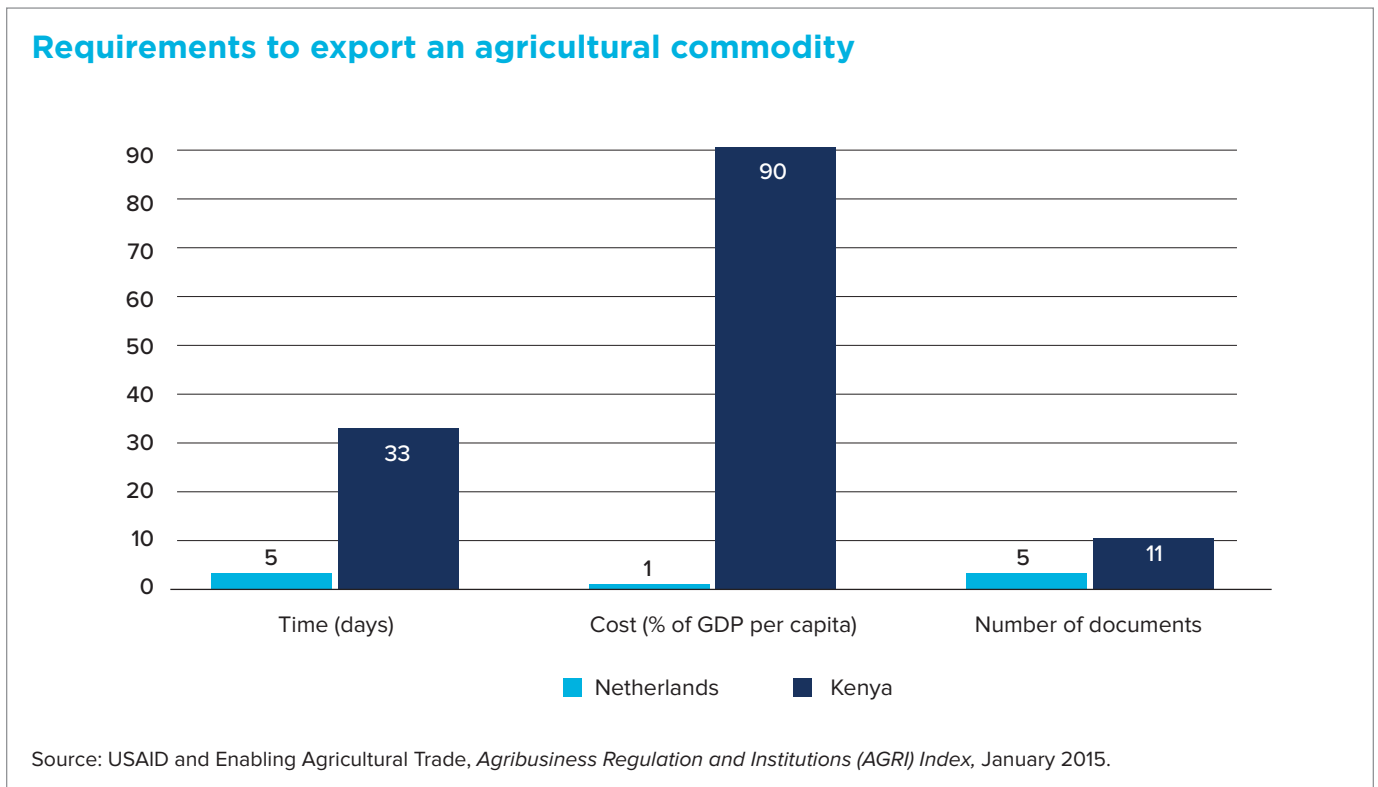
agricultural products, particularly given the need for refrigeration and specialized transportation and packaging to preserve value.

While relatively new, the World Bank's report *Enabling the Business of Agriculture 2017* begins to measure the relationships among regulations, economic growth, and agricultural transformation. In the report, streamlined trade requirements are associated with countries that also score highly for effective safety and quality controls.

In low-income and middle-income countries, the report finds that the regulatory burden, particularly for smaller exporters, can be discouragingly high, sup-

It is critical for the United States to explore new agricultural export opportunities.

Figure 3



pressing investments in marketing and storage capacity. Delays in obtaining the necessary export documentation translate into reduced export volumes and lower the value of shipments when time-sensitive agricultural products are subject to conditions that cause damage or deterioration.

Another review provides similar instructive benchmarking, finding that the Netherlands requires 20 percent fewer documents, and processes exports 30 percent more cheaply, than the low-to-middle-income countries studied. For example, Kenya (nearly 60 percent of its exports are food and agriculture) requires up to 11 documents from as many as eight agencies, costing Kenyan food exporters more time and money to export.¹⁰

Solution: The Trade Facilitation Agreement

Trade facilitation measures that speed trade in food

Improvements such as electronic processing of documents prior to arrival at the border benefit all types of goods, including food and agricultural products. However, some provisions in the TFA are particularly important

to food trade. Efficient and expedited procedures for sensitive products such as fresh produce, horticultural products, meats, and dairy products can reduce the risk that delays, improper handling, or storage conditions at ports will cause spoilage or deterioration in their quality and value.

The TFA requires that member countries adopt or maintain a risk management system for customs control, meaning that they concentrate efforts and resources on “high-risk” shipments, which eases the flow of goods that are not considered high risk. Importantly, the TFA includes additional provisions focused on “preventing avoidable loss or deterioration of perishable goods.”

Provided that all regulatory requirements have been met, members agree to prioritize perishable goods as appropriate when scheduling any examinations that may be required; to arrange or allow an importer to arrange for the proper storage of perishable goods pending their release; and to release perishable goods “within the shortest possible time in normal circumstances, and outside the business hours of customs and other relevant authorities in exceptional circumstances.”¹¹ Members also agree to release perishable goods before border

officials make their final determinations about what customs duties or other charges may apply.

Technical assistance to implement TFA

The TFA went into effect in February 2017 following ratification by over two-thirds of WTO members. Developing countries self-determine (and declare) which commitments they will undertake when the agreement comes into force and which they will implement after a transition. In addition, they may categorize some com-

mitments as those that require technical assistance in order to implement. In this way, developing countries are provided latitude to prioritize and decide a rational sequence for reforms based on their national needs and circumstances.

If low-income countries implement TFA fully, they could lower trade costs by 16.5 percent. Lower-middle-income countries could achieve a 17.4 percent reduction.

Many WTO members and international institutions provide voluntary funds for technical assistance to help

Table 1

Trade facilitation by donors, 2002–2005 average and 2010–2013, USD million (2012 constant)					
	2002-2005 avg.	2010	2011	2012	2013
United States	6	7	1	12	260
EU Institutions	13	102	171	43	31
World Bank	11	89	55	258	130
United Kingdom	-	143	5	14	36
Japan	25	22	25	49	31
Canada	1	5	12	6	21
AsDB	9	-	-	25	18
Sweden	0	11	4	18	10
Norway	0	1	4	4	8
Germany	0	2	2	0	4
Total Trade Facilitation	80	412	361	466	668
Top 10 share in total	83.5%	93.2%	77.1%	92.0%	97.0%
Total bilateral	47	214	133	138	385
Total multilateral	33	197	228	328	283

Source: OECD/WTO, *Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth* (Paris: OECD Publishing, 2015), http://dx.doi.org/10.1787/aid_glance-2015-en.

developing countries maximize and reap the benefits of implementation.

Donors reported disbursing \$1.9 billion from 2005 to 2015 to help countries address trade facilitation needs. Funds support the modernization of border procedures, the construction of transportation and storage infrastructure, as well as communications infrastructure to improve port operations.¹² Donors provided \$670 million in global development assistance in 2013 to support implementation of trade facilitation measures.¹³ The United States put \$260 million toward trade facilitation in 2013 as negotiations on the TFA concluded.

At the request of developing and least-developing country WTO members, the WTO created the Trade Facilitation Agreement Facility, which became operational in November 2014. The facility is intended to provide some level of coordination with respect to performing assessments of developing-country members' assistance needs, matching countries with donors, providing training materials, and bridging funding gaps associated with related projects. The facility received \$3 million in seed money in 2015, which was combined with approximately \$4.37 million from two existing trust funds previously established for trade facilitation assistance (to which the United States had contributed). Norway in 2016 committed \$2 million to the facility.

Another important source of assistance is the relatively new Global Alliance for Trade Facilitation (GATF). Supported by donations from the United States, the United Kingdom, Canada, and Germany, the GATF is a public-private platform involving the Center for International Private Enterprise, the International Chamber of Commerce, and the World Economic Forum. The Alliance intends to support trade facilitation reforms in 12 to 15 developing countries on an annual and rolling basis to provide a model for public-private cooperation in implementing the TFA in country.

Despite the existence of funding and ramping up of donor activities, it would appear that little effort or money is being put against assessments, training, or projects to facilitate trade in food, particularly in comparison to funds spent on other trade facilitation projects focused on non-food trade. There is a need for leadership and the US should be at the forefront. By outlining what such a program might focus on and how it would be accessed and coordinated with other agricultural

development activities, it would ensure harmonization with US standards and opportunity to support the prioritization of issues most important to US interests.

Why don't these efforts include food?

The costs and benefits aren't being measured

The OECD calculates a positive and significant impact of implementing TFA for trade overall and for trade in the manufacturing sector. But the same studies stipulate that the data are limited and results less clear for agricultural trade. In fact, agriculture-specific measures are largely absent in the OECD indicators. For example, the indicators

estimate shipping times for standard cargo of goods transported by sea, as reported by the World Bank's *Doing Business* reports, but do not include cargo

transported by air or that requires cold storage or special handling, which by definition will exclude a certain amount of shipments of high-value perishable food.

Turning to external studies to fill the data gap, the OECD finds evidence that reducing time to export by 10 percent is associated with a nearly 10 percent increase in overall bilateral agricultural trade. Better still, a 10 percent improvement in import times was associated with a 22 percent increase for overall agricultural trade, suggesting a potentially significant positive impact.¹⁴

But the impact is likely understated since most studies reviewed by the OECD focus on transport infrastructure rather than broader logistics performance. That means they capture the trade costs from lack of connectivity through roads and ports but overlook the costs to agriculture trade from inefficient border procedures. Improving trade-related infrastructure could induce even bigger gains to agricultural trade.

There is no international "champion" for trade facilitation in food

According to the World Bank's Logistics Performance Indicators which measures government efficiency, customs authorities are only responsible for about one-third of the delays traders encounter at the border, meaning other government agencies are responsible for other

There is a need for leadership and the US should be at the forefront.

inefficiencies that, if not addressed, could undermine gains from improving customs procedures.¹⁵

Unfortunately, the lack of coordination between customs and agencies responsible for food is also inherent in the international system. The World Customs Organization has been a key driver for providing guidance to customs agencies around the world. Codex Alimentarius, the International Plant Protection Convention, and the World Organization for Animal Health are separate organizations, each dedicated to a critical aspect of SPS measures—those covering food safety, plant and animal health protection. These institutions facilitate consensus by their members on science-based guidance for national standards, but they generally do not assist with capacity building in the application of those standards at the borders.

Although the World Customs Organization and other recommend a coordinated approach to border management, the World Bank points out “there is no comprehensive body of recommendations on how to harmonize the work of SPS agencies with that of customs—whether in product codes, in information technology and database systems, in electronic commerce, or in national single windows.”¹⁶ As a result, while a great deal of activity is devoted to projects to implement the TFA, most do not include components designed to achieve better coordination between customs and SPS agencies.¹⁷

Trade facilitation is a good return on investment

Trade facilitation assistance is demonstrating measurable returns on investment. Improving the effectiveness of SPS procedures in developing countries not only expands the opportunities for US farmers to secure access to growth markets, but it promotes greater harmonization of standards, thereby directly supporting major US food safety initiatives. By supporting better functioning food and agriculture markets in developing countries, trade facilitation assistance helps maximize the impact of existing agriculture development and nutrition funding and helps achieve the objectives of the Global Food Security Act.

Now is the time to invest in the trade infrastructure in growth markets. Middle income countries have become the primary source of growth for US agricul-

tural exports.¹⁸ Nine of the 10 projected fastest growing economies in the next five years are in South Asia and Sub-Saharan Africa.¹⁹ Africa’s agriculture and food sector is poised for takeoff, with the potential to reach a value

of \$1 trillion by 2030.²⁰ Rising incomes in emerging and developing markets are stimulating demand for trade in high-value food and agricultural products,

and US exports of such consumer-oriented products as meats, poultry, fruits, vegetables, and dairy products are all showing steady growth.

Trade facilitation assistance produces results

The high return on trade facilitation assistance is well documented in case studies. For example, in 2013 the OECD found that Ethiopia’s customs reforms boosted trade by 200 percent and raised tax revenues by over 51 percent. More than 80 percent of Ethiopia’s exports are agriculture and food; it’s likely that these border improvements generated income opportunities and increased consumption choices for Ethiopian producers and consumers.²¹

Box 3

What is the Standards and Trade Development Facility?

The Standards and Trade Development Facility (STDF) is a global partnership—established by FAO, OIE, the World Bank, WHO, and the WTO—that supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines, and recommendations improving their human, animal, and plant health status to gain and maintain access to markets.

STDF’s mandate is to:

- increase awareness, mobilize resources, strengthen collaboration, identify and disseminate good practice;
- provide support and funding to develop and implement projects that promote compliance with international SPS requirements.

Source: Standards and Trade Development Facility, “Vision and Mission,” accessed February 27, 2017, <http://www.standardsfacility.org/vision-and-mission>.

Middle-income countries have become the primary source of growth for US agricultural exports.

Improving trade facilitation can be a boon to developing country food processors, who are increasingly importing intermediate goods as part of their production processes, whether the final goods are for domestic consumption or export. SPS measures in Central America were calculated to cause an approximately 30 percent increase on average in import prices. The OECD reports that when Costa Rica introduced a single window for documentation, the clearance time for dairy products dropped from 10 hours to 1.5 hours, thereby reducing the cost to import.²²

Trade facilitation assistance supports food security outcomes

The United States is the largest single-country provider of trade-related assistance.²³ The United States Agency for International Development (USAID) has played a primary role among US agencies by sponsoring and facilitating WTO self-assessments, deploying technical assistance to support integrated border management such as the creation of single windows for documentation, and by supporting international collaboration among donors and the private sector to prioritize, implement, and evaluate capacity-building projects to implement the TFA. USAID created a Trade Capacity Baseline Customs Assessment Tool to help identify gaps and requirements where assistance may be required to support trade facilitation.

The US government's ProjectStarter toolkit is designed to monitor, evaluate, and learn from trade capacity-building approaches. An outgrowth of monitoring and evaluation efforts at the Bureau for Economic Growth, Education, and Environment at USAID, it provides a good foundation for creating a new repository of strategies to support TFA implementation projects aimed at enhancing SPS border activities. USAID has the expertise and experience to expand its assistance in conducting time-release studies to ensure that SPS improvements can be measured and release times publicized.

These efforts align with USAID's approach to helping developing countries integrate into global supply chains and support the objectives of the Global Food Security Act since well-functioning legal and regulatory frame-

works are critical to underpinning agricultural productivity and enhance nutrition.

Trade facilitation assistance reinforces food safety at home

As of 2011, roughly one in six FDA-regulated food products consumed in the United States was sourced abroad. Eighty percent of the seafood, around 50 percent of the fresh fruit, and about 20 percent of the fresh vegetables consumed in the United States is imported.

The mandate of the US Food and Drug Administration (FDA) is to ensure that imported food meets the same quality and safety standards as food produced domestically. Inspections at US ports of entry are widely acknowledged as insufficient to ensure the safety of millions of food products imported into the country. Focused on prevention, the FDA is increasingly engaging its global counterparts, global industry, and

international organizations to promote safety and quality of food products before they enter the United States. For example, the FDA is building relationships with trusted partners to extend oversight to high-risk overseas facilities and share laboratory and inspection information.

The FDA has been working to introduce and enhance its tools to rapidly identify food products that pose the greatest risk to public health, leveraging advances in science, engineering, and information technology. Through TFA implementation, the US has an opportunity to strengthen the regulatory capacity of countries exporting here, to promote a global foundation of science-based standards for food safety and quality, and to create a collaborative network with global regulators that will improve global surveillance, preparedness, and emergency responses to food safety crises.

USDA agencies and the Department of Commerce have championed the sharing of best practices through the Food Safety Cooperation Forum of the Asia-Pacific Economic Cooperation and in international capacity-building programs through the Joint Institute for Food Safety and Applied Nutrition, initiatives that could create the substantive basis for expanded assistance focused on SPS border controls and agencies.

"By helping countries build their regulatory capacities, we strengthen their power to improve the safety and value of goods their own people consume, while also building confidence in the imports they send to the United States."

—M. Hamburg, former FDA commissioner

Recommendations for enhancing trade facilitation of agriculture and food

1. Develop agriculture goals and metrics

National governments must make data-driven choices about the efficient use of resources for trade facilitation reforms. The United States should work within what the WTO and OECD have already created and develop trade facilitation indicators to measure the impact of costs on agricultural trade and evaluate the likely impacts of investments to improve border procedures for food trade. These indicators should take into account the particular role the agriculture sector plays in economic development, poverty reduction, and public health.

2. Diagnose and prioritize

After developing appropriate indicators and assessing the trade facilitation deficiencies, the diagnostics used to address each country's specific needs should take into account special handling, cold storage requirements, the potential to increase market access for US agricultural products, and documentation or procedural requirements particular to agricultural goods, including perishable foods.

Having created the position through the Agriculture Act of 2014, USDA should rapidly fill the now vacant Under Secretary for Trade at the USDA. The Under Secretary would work closely with US trade and regulatory agencies, USAID, and the Millennium Challenge Corporation to execute a coherent strategy for deploying trade facilitation assistance for agriculture and leverage new MCC authority to pursue regional compact agreements that can incorporate border infrastructure improvements.

3. Involve the agriculture community

The US agriculture community must play a central role in driving the trade facilitation agenda to ensure that assistance is deployed to improve border procedures for agricultural products. US agriculture stakeholders should participate in the Global Trade Facilitation Alliance to help select beneficiary countries, identify agriculture-related projects, and evaluate results.

The US government, working with US agriculture stakeholders, should also work to ensure that food producers, traders, retailers, and all the agencies responsi-

ble for border controls for agricultural and food products are integrated in National Trade Facilitation Committees established under the TFA. A whole-of-government approach is needed to reap the benefits of TFA capacity building. National Trade Facilitation Committees create a key focal point for discussions around greater cooperation among border agencies, integration of information technology systems and data collection, and fostering the sharing of good practices.

The private sector from the participating countries should also be encouraged to participate in the development and designation of agriculture-related projects in order to ensure inclusive and sustainable growth for the local and regional markets.

4. Pioneer agriculture programs

The USDA should coordinate with USAID to develop pilot projects and training modules for donors to use in carrying out more capacity building focused on implementing TFA measures for food trade. In some cases, international donors have "specialized" in providing technical assistance to implement certain aspects of the TFA. For example, USAID commissioned a set of training modules on penalties, appeals, and internet publications during the negotiations to expand understanding about these important procedures.

Similarly, the United States could develop modules and pilot programs to help countries apply diagnostics and target improvements to SPS border procedures in alignment with work by the World Bank and OECD. The pilot programs can pioneer approaches to leverage private sector expertise, including local programs and initiatives that promote ways to connect farmers to larger markets.

5. Provide the model for scale

The United States should promote wider use of the WTO Standards and Trade Development Facility to develop and deliver international guidance on applying TFA measures to SPS procedures and to provide training to agencies responsible for SPS measures. The facility has funding available to play a larger role in becoming a repository of agricultural-specific trade facilitation best practices and disseminating training assets to international donors and providers of TFA technical assistance.

Conclusion

The Trade Facilitation Agreement is poised to provide the next important source of growth opportunities in global trade for US producers and smallholder farmers.

Trade facilitation for agricultural and food products would reduce unnecessary costs in food trade, creating opportunities for food producers in developing countries while promoting market-driven pricing for food consumers. These are fundamental to achieving the overarching goals of US global food security.

The new US Administration should pursue an active strategy to promote trade facilitation reforms for food to ensure that this key sector is not left behind in border procedure reforms and border infrastructure improvements worldwide. Only by doing so will US agricultural exporters have a chance to reach their full potential in diverse and growing markets, address food safety concerns at home, and ensure US producers grow their consumer base.

About the author

Andrea Durkin served as a US government trade negotiator from 1996 to 2004 with the Office of the United States Trade Representative and the International Trade Administration of the US Department of Commerce. Ms. Durkin has taught international trade and investment policy for the past 12 years as an adjunct associate professor at Georgetown University's Master of Science in Foreign Service program, from which she graduated with distinction. She previously managed a global staff responsible for public policy and external relations at an American Fortune 100 life sciences company prior to launching an independent consulting firm, Sparkplug. As principal of Sparkplug, she advises firms in the life sciences, food, and agriculture sectors on government relations strategies that drive both commercial success and corporate citizenship. Ms. Durkin is a nonresident senior fellow, Global Food and Agriculture, with the Chicago Council on Global Affairs.

Endnotes

1. There is no consensus definition of “local” food, which might refer to food produced within a certain proximity to the consumer, including within the same region, and/or be based on marketing arrangements, such as farmers selling directly to consumers at regional farmers’ markets. For the purpose of this paper, we simply assume that “local” means the food has not crossed an international border.
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