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Committee on Sanitary and Phytosanitary Measures

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## UPDATE ON OECD ACTIVITIES OF INTEREST TO THE SPS COMMITTEE

### COMMUNICATION FROM THE OECD

The following communication, received on 7 March 2016, is being circulated at the request of the OECD.

#### 1 ALTERNATIVE FUTURES FOR GLOBAL FOOD AND AGRICULTURE

1.1. A new OECD report was published last month on the challenges and opportunities for the agricultural sector in the coming decades: **Alternative Futures for Global Food and Agriculture** (<http://oe.cd/alternative-futures>). This report sets out three contrasting scenarios for world towards 2050, developed with officials from OECD and non-OECD agricultural ministries, enriched by a large number of experts in relevant fields and quantified with a set of four different economic models. The report discusses a large number of subjects, from food security to greenhouse gas emissions and the economic sustainability of farming, and develops a range of broad strategies for policy, industry and society.

1.2. Of greatest interest to this Committee, the report finds that both food safety and trans-boundary pests and livestock diseases are likely to remain high on the agenda, but strongly depend on a number of scenario-specific drivers. Two of these factors are most relevant: first, a broad move of societies towards more sustainable consumption patterns will generally reduce pressures by lowering the use of potentially harmful substances in agricultural production, and by shortening supply chains and food miles. Second, greater international co-operation between both public authorities and private agents can help to mitigate risks, although the faster growth arising from such broad cooperation may increase threats from intensified food and livestock trade, raising pressures for both environmental and health issues.

1.3. Among other strategies, an increased coherence of food market regulations is identified as key for shaping developments and outcomes in food and agriculture over the coming decades. While differences in food-related regulations have long been identified as hampering international trade in agriculture and food products, such regulations generally help to achieve important policy objectives by responding to a range of societal concerns, often related to market failures. Enhanced coherence of such regulations is therefore required to achieve two related goals: to allow for the trade required to ensure sufficient competition in food markets and hence improve the allocation of global resources in supplying food products to a rising and more affluent population, and to improve the efficiency with which regulations achieve their stated and legitimate objectives.

#### 2 MEETING OF THE COMMITTEE FOR AGRICULTURE AT MINISTERIAL LEVEL

2.1. Ministers of Agriculture from the OECD and partner countries around the world will meet at OECD headquarters in Paris on 7-8 April 2016, to discuss **Better Policies to Achieve a Productive, Sustainable and Resilient Global Food System**. Ministers will explore the new policies needed to achieve this widely shared interest, and will exchange on how to ensure that existing policies begin to shift in these directions more quickly.

2.2. After the last OECD meeting of Agricultural Ministers in 2010, Ministers will assess whether the policies governments are pursuing are well targeted to address emerging issues and public priorities, in light of growing and changing demand for agricultural products, climate change and increased competition for limited natural resources.

2.3. The Ministerial meeting will be co-chaired by Mr Tom Vilsack, Secretary of Agriculture, United States, and Mr Stéphane Le Foll, Minister of Agriculture, Agrifood and Forestry, France. In addition to OECD member countries, key emerging and developing countries, representatives of civil society and international organisations active in food and agriculture issues will attend, bringing together an enriching diversity of views.

2.4. More information on the upcoming OECD Agriculture Ministerial Meeting can be found on the dedicated website <http://www.oecd.org/agriculture/ministerial> (available from 14 March 2016).

### 3 INTERNATIONAL REGULATORY CO-OPERATION

3.1. **Trade-related International Regulatory Co-operation** has been identified as key for reducing the costs of international trade while enhancing the ability of domestic regulations to achieve their objectives with respect to market inefficiencies in the most efficient way possible. Work on IRC is continuing at the OECD by further developing a Theoretical Framework, evaluating a number of specific cases of successful IRC initiatives, and developing a Diagnostic Tool to provide a step-by-step approach to help countries to identify and select the most favourable international regulatory co-operation mechanisms. I have updated this Committee at its meeting in October 2015 and will have the pleasure to do so again in greater detail in July, so I will limit myself to a few additional comments today.

3.2. The Theoretical Framework, which will be discussed by the relevant OECD Working Parties this spring, comprises a conceptual basis for the analysis of three main sources of trade costs: specification costs (related to the compliance with product and production requirements of the import market), conformity assessment costs (related to the demonstration of such compliance), and information costs (related to searching and identifying the relevant requirements in terms of both production and conformity assessment procedures).

3.3. The IRC research includes an in-depth analysis of several actual experiences with IRC, i.e. instances where governments have engaged in mechanisms to reduce or manage regulatory diversity and where reduction of trade costs is one of the incentives for co-operation. The cases of regulatory co-operation studied cover a range of products, collaboration contexts and geographical regions. They illustrate various IRC mechanisms, ranging from harmonisation to recognition of equivalence, which co-operation can achieve. Specific cases studied that relate to agricultural products are the World Wine Trade Group (e.g. Memorandum of Understanding on Certification Requirements), the Wine Regulatory Forum within APEC (e.g. alignment of export certificates), the International Organisation of Vine and Wine (OIV), and the North American Free Trade Agreement Technical Working Group on pesticides. On the organic products, the study focuses on three bilateral agreements of equivalency involving the European Union-United States, the European Union-Japan and Korea-United States, respectively.

3.4. Information about these cases is gathered from governments participating in these IRC cases by way of a questionnaire. The questionnaire explores how the process of cooperation evolved in each case and what considerations and factors influenced the specific IRC mechanisms agreed. Besides providing useful illustrations of possible forms and results of inter-country co-operation addressing regulatory diversity and its trade effects, the information collected will be used to test certain features of the theoretical framework under construction and feed into the elaboration of the diagnostic tool. A report on the IRC cases will become available later this year.

### 4 WORKSHOP ON THE ECONOMICS OF THE ANTIMICROBIAL USE IN THE LIVESTOCK SECTOR AND DEVELOPMENT OF ANTIMICROBIAL RESISTANCE

4.1. A Workshop on the **Economics of Antimicrobial Use in the Livestock Sector and Development of Antimicrobial Resistance** was held on 12 October 2015 in OECD (<http://oe.cd/amr2015>). The Workshop was jointly organised by the Directorate for Trade and Agriculture and the Directorate for Employment, Labour and Social Affairs. The Workshop brought

together government officials, policy makers, researchers and experts from International Organisations to discuss the growing concerns over the increase of antimicrobial resistance in human health and potential linkages to the agricultural sector. More specifically, the main objectives of the Workshop were to share information and to take stock of the global usage, and trends, of antimicrobials in the livestock sector, and to identify alternative policy approaches to mitigate the negative externalities associated with the rapid growth in antimicrobial resistance.

4.2. The overall economic costs to the healthcare system from antimicrobial resistance in North America and Europe are estimated at \$23bn annually. There is widespread use of antibiotics in intensive livestock production systems globally, with the most rapid increase expected to occur in emerging economies. Discussions focused on identifying the right policy mix between regulations and economic incentives to guide the prudent use of antibiotics in the livestock sector. The Workshop noted the serious deficiencies in obtaining comparable information and data on the global use of antibiotics in agriculture, as well as the lack of information on risk management and costs of switching to alternative production systems that minimise the use of antibiotics. The experts stressed that a holistic package of measures with a "one-health approach" is required to ensure that sustainable solutions are found on a country specific basis. Further work on estimating the economic benefits and costs of switching production systems to low antibiotic use systems will be undertaken in the coming years, as well as additional work on clarifying the policy options for the different production systems.

Contact: Martin von Lampe (E-mail: [martin.vonlampe@oecd.org](mailto:martin.vonlampe@oecd.org))

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