



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



**XII INTER-AMERICAN MEETING, AT THE
MINISTERIAL LEVEL, ON HEALTH AND
AGRICULTURE- XII RIMSA**

São Paulo, Brazil, 2 to 4 May 2001

Provisional Agenda Item 5

RIMSA12/6 (Eng.)
21 March 2001
ORIGINAL: PORTUGUESE

SPECIAL PRESENTATION:

**THE IMPORTANCE OF THE WORLD FOOD TRADE
TO PUBLIC HEALTH AND
SOCIOECONOMIC DEVELOPMENT**

by

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Acknowledgements

As its title indicates, the subject proposed to me involves two issues. One is the importance of the world food trade for socioeconomic development and the other relates to the risks of disease transmission through that trade.

It is hard to talk about the importance of world trade for socioeconomic development without lapsing into commonplaces. It is, after all, one of the relationships most firmly established in the economic literature, at least since Adam Smith wrote his classic *The Wealth of Nations* at the end of the 18th century.

Equally old—indeed ancient—are awareness of and concern about the relationship between the growth of the world food trade and the rising risk of the spread of disease, not only among those who import the foods, but also among those who produce them, primarily as a consequence of the environmental ravages wrought by production for the market. In the vast majority of cases, the world food trade imposes specialization—that is, the growing of single crops on a large scale, which fosters the emergence of pests that can be devastating. Monocultures often require practices injurious to the environment and to the health of the populations involved in their production.

Thus, it has long been known that there is a positive correlation between socioeconomic development and health risks.

Despite these risks, however, more trade is almost always preferable to less. I say “almost always,” because we are well aware that there are situations in which increases in food exports are made at the expense of local supply. These are usually isolated local occurrences, however, and in Brazil have left no traces worth noting, for our production of food for export has always been complementary to rather than substitutive of production for domestic consumption.

In the final analysis, economic isolation, lack of access to the world market, is more injurious to the health of peoples than integration into trade flows.

If we compare two countries, one poor and displaying social inequalities, and the other wealthy and with a good income distribution, we are bound to find that the factor that most decisively accounts for the differences between them is the difference between the productivity of their respective food productions.

As a general rule, the rise in productivity (not only in food but in any line of production) depends on the growth rate of production and, in the case of food production, the vigor of the world trade is crucial for its growth.

These propositions can be illustrated with just a few data. Take, for comparison, Brazil and the United States, and their performance in four products of importance in the world food trade (Table 1).

It is no accident that soybeans are the only Brazilian crop whose productivity is similar to that of the U.S.A. This is a crop that has undergone enormous expansion in Brazil, and always for the world market. None of the other products—corn, wheat, and rice—has done either of these things. We export about one-third of our soybean crop but nothing (or almost nothing) of any of the other three. Indeed we import them.

Table 1. Brazil and the United States: Productivity (tons/ha) 1999/2000

	Brazil	USA	Brazil/USA
Corn	2.4	8.4	0.29
Wheat	1.9	2.9	0.66
Soybeans	2.4	2.5	0.96
Rice	3.1	6.6	0.52

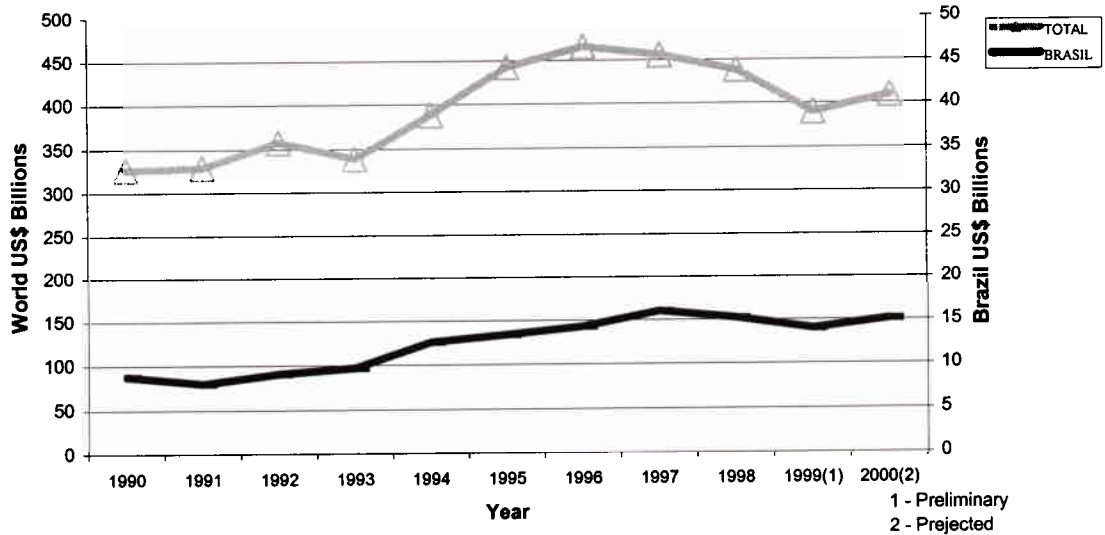
Source: USDA and CONAB

In the last two decades our performance in agricultural exports as a whole cannot be described as brilliant. Actually, we barely kept pace with the world trend. (Figure 1).

Except for just a few products, Brazil is still, as a whole, a marginal food exporter. In this market we account for no more than 4% of total world exports, which is very little considering what we are capable of.

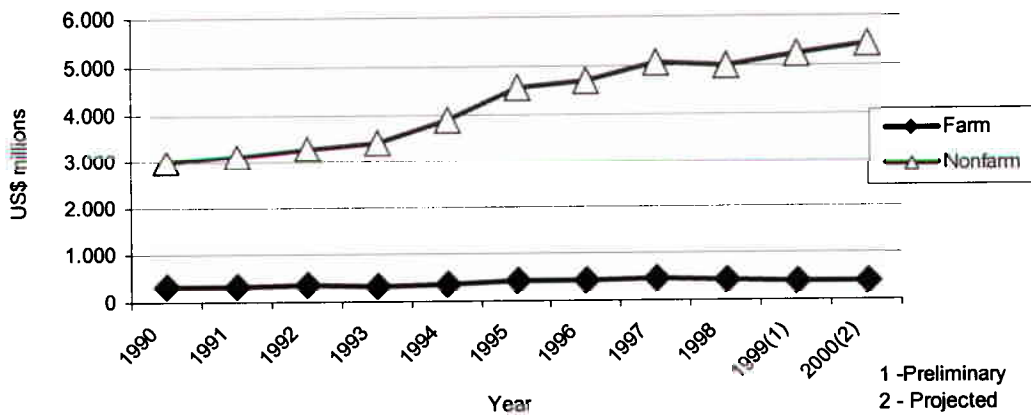
Brazil urgently needs to clear the bottleneck of external constraint and significantly increase its exports. True, we have learned from experience not to expect too much from the world food trade. As can be seen in Figure 2, the pace of growth of the world trade in farm products has fallen well short of that of the trade in nonfarm products.

Figure 1. Agricultural Exports - Totals World and Brazil



Source: FAO - Food and Agriculture Organization. (www.fao.org)

Figure 2. World Trade Share of Farm and Nonfarm Products



Source: FAO - Food and Agriculture Organization (www.fao.org)

It is precisely because of our modest rank among the participants in the world food trade that there is always the possibility of greatly increasing our share in it despite the fact that it is not, as a whole, very dynamic.

We are witnessing major technology advances in this area which, apart from the fears they are generating, as in the case of genetically modified crops, may redraw the map of the world's food supply. The territory of Brazil spans all climatic conditions, but to enjoy the benefits of this variety, the country still needs to surmount some obstacles to farm production, mainly an excessive tax burden and expensive and scarce rural credit, as Minister of Agriculture Pratini de Morais has been insisting.

The main problems, however, are generated by the stubborn resistance of commercial interests, while protectionism does not appear to be yielding to liberal rhetoric. Here we have to be more pragmatic and less ideological, as, moreover, we are learning to be with our partners.

Indeed, Canada recently put a real crimp in our trade when it imposed nontariff barriers on imports of our beef on the pretext that our herds might be tainted with mad cow disease.

However, apart from the protectionist abuses practiced in the name of health protection, there can be no doubt that one of the prerequisites to our increased participation in the world food trade is institutional strengthening in the field of sanitary and phytosanitary surveillance. It is time to provide for the establishment of effective machinery for the control and assurance of quality and safety, as required in the international agreements to which we are a party.

The holding of the XII Inter-American Meeting, at the Ministerial Level, on Health and Agriculture (RIMSA) in Brazil presents the country with an opportunity to demonstrate that it is implementing an integrated regulation and control policy in the food area, based on an approach to prevent risks to human health and grounded in the principles of transparency, nondiscrimination, and equity in the treatment of domestic and foreign producers.

In Brazil this is a joint policy of the Ministries of Agriculture and Health.

The changing volumes and increasing diversity of the food trade have prompted the negotiation among the governments of international standards for consumer health protection, the combating of economic fraud, and harmonization between national and international safety requirements so as to guarantee the safety of food products and thereby avert the rise of nontariff barriers that would impede free trade in foods. The enforcement of those standards by the signatory countries is governed by transparency and based on technical and scientific validity.

This is the context of the international recommendations of the Codex Alimentarius (FAO/WHO) which have been in development since 1962, and to which 163 countries now subscribe. In 1986, to better accomplish the purposes of international trade and rectify possible distortions, the governments of 140 countries launched a review of the General Agreement on Tariffs and Trade (GATT). This review, referred to as the "Uruguay Round," concluded in 1994 with the signing of the Final Act and the founding of the World Trade Organization (WTO). This Act included three agreements of special importance for the international food trade:

- an agreement making agriculture a subject of international commercial regulations, expanding access to the world market and reducing export subsidies;
- the agreement on the Extension of Sanitary and Phytosanitary Measures (SPS), which provides for the implementation of measures for the protection of human, animal, and plant health so that they will not constitute constraints on international trade. This agreement gives added weight to risk evaluation as a prerequisite for the determination of an appropriate level of sanitary and phytosanitary measures. In addition to the emphasis on the adoption of international standards, the standards, guidelines and recommendations of the Codex Alimentarius are also taken as basic references for food safety;
- the Agreement on Technical Barriers to Trade (TBT), which main purpose is to ensure that the regulations and standards of a technical nature, including labeling and packaging requirements and procedures for the evaluation of compliance, do not give rise to uncalled for barriers to international trade.

It is important to emphasize that the WTO recognizes the adoption of fair trade practices as basic to food safety. To this end, the SPS and TBT agreements encourage the international harmonization of technical regulations so as to minimize or eliminate the possibility of using sanitary, phytosanitary, and animal health standards and other technical standards of any nature as barriers to trade.

Accordingly, the countries have taken opening moves toward the approximation and negotiation of technical requirements at the regional and subregional levels, with due regard whenever possible for the international provisions of the Codex Alimentarius and for the experiences of other regional blocs.

As a subregional experience we could cite MERCOSUR, which has been working toward the harmonization of technical regulations in the food area in order to expand trade flows within its borders and to raise the quality and safety of the region's products to ever-higher levels. In this way MERCOSUR is contributing to the ongoing improvement of the quality and safety of the foods it produces and exports.

Several episodes, such as the contamination of foods with dioxins, mad-cow disease, genetically modified crops, and food-and-mouth disease, among others, are generating profound concern about the quality and safety of foods. As a result, the countries are implementing increasingly convergent control mechanisms based on the mutual recognition of each other's laws. This will meet consumer demands for quality and safety in foods of any origin.

In this context Brazil recognizes the importance of its participation in the international food market, but does not abdicate its right and responsibility to look after the health and well-being of its population.

It is the responsibility of government to take the initiative in discussing, defining and supporting the concept of food safety, and not just to satisfy hunger. It is also to ensure that the food supply is nutritionally adequate and of good quality.

In Brazil the Ministry of Health is taking steps and proposing policies to move forward in this area. This policy is grounded in the following premises:

- greater responsibility of the producer for the sanitary quality of his product;
- active health surveillance of the production process by means of inspections of production processes conducted by states and municipalities, and
- deregulation and debureaucratization of administrative procedures, which contribute nothing to sanitary control, thereby helping to prevent production in the informal sector.

The following measures have already been taken within the purview of the Ministry of Health:

- establishment of the National Health Surveillance Agency (ANVISA), whose functions include assessment of the dangers and risks posed by foods for sale to the consumer and the coordination of health surveillance measures in the Unified Health System pursuant to Law 8080/90. To this end ANVISA has been given a federal structure and enjoys executive support at the state and municipal levels.

The Agency can even intervene in production processes that do not conform to quality standards;

- computerization of the registry of production enterprises, which permits recourse to systems accessible over the Internet and implementation of a program for monitoring laboratory analyses exclusively of the health aspects of products found in stores. This monitoring will give direction to measures in production sectors and permit better-informed evaluation of the consumer's exposure to the hazards identified;
- training of inspectors in the latest recommended methodologies. The Agency has entered into an agreement with the Pan American Institute for Food Protection and Zoonoses (INPPAZ), which will train technical personnel from the public (federal and state) sector and generate materials for building awareness in the producing enterprises;
- adoption of nutritional labeling as a basic measure for the implementation of a policy for guidance in the choice of the most nutritionally wholesome foods. We have already approved the nutrients that must be shown on labels and the standards for the listing of ingredients in the different food categories.

While resulting in safer foods, these measures also contribute to the expansion of markets.

Finally, with a view to implementing and guaranteeing the safety of foods marketed at home and abroad, the Ministries of Health and Agriculture are setting up a National Integrated Food Safety Program to combine and rationalize the operations of the two ministries in order to:

- improve farming and agricultural processes and to disseminate the use, throughout the chain of food production and supply down to the retail outlet, of appropriate production methods that reduce losses in production, transportation and distribution;
- improve industrial processes, especially in small and medium-size enterprises;

- extend and rationalize the procedures for the sanitary control of imported foods so as to ensure equal treatment for importers and domestic producers;
- intensify and encourage the adoption of international food quality and safety standards;
- promote, in importing countries, confidence in our domestic control mechanisms;
- implement national consumer education programs that respect and encourage the consumption of regional products;
- actively participate in all international agencies concerned with the framing of standards;
- encourage of research for upgrading technology in agricultural and industrial processes.