

# TRADE BARRIERS & GLOBAL AGRI-FOOD TRADE: IMPLICATIONS FOR FOOD SECURITY & FRAUD

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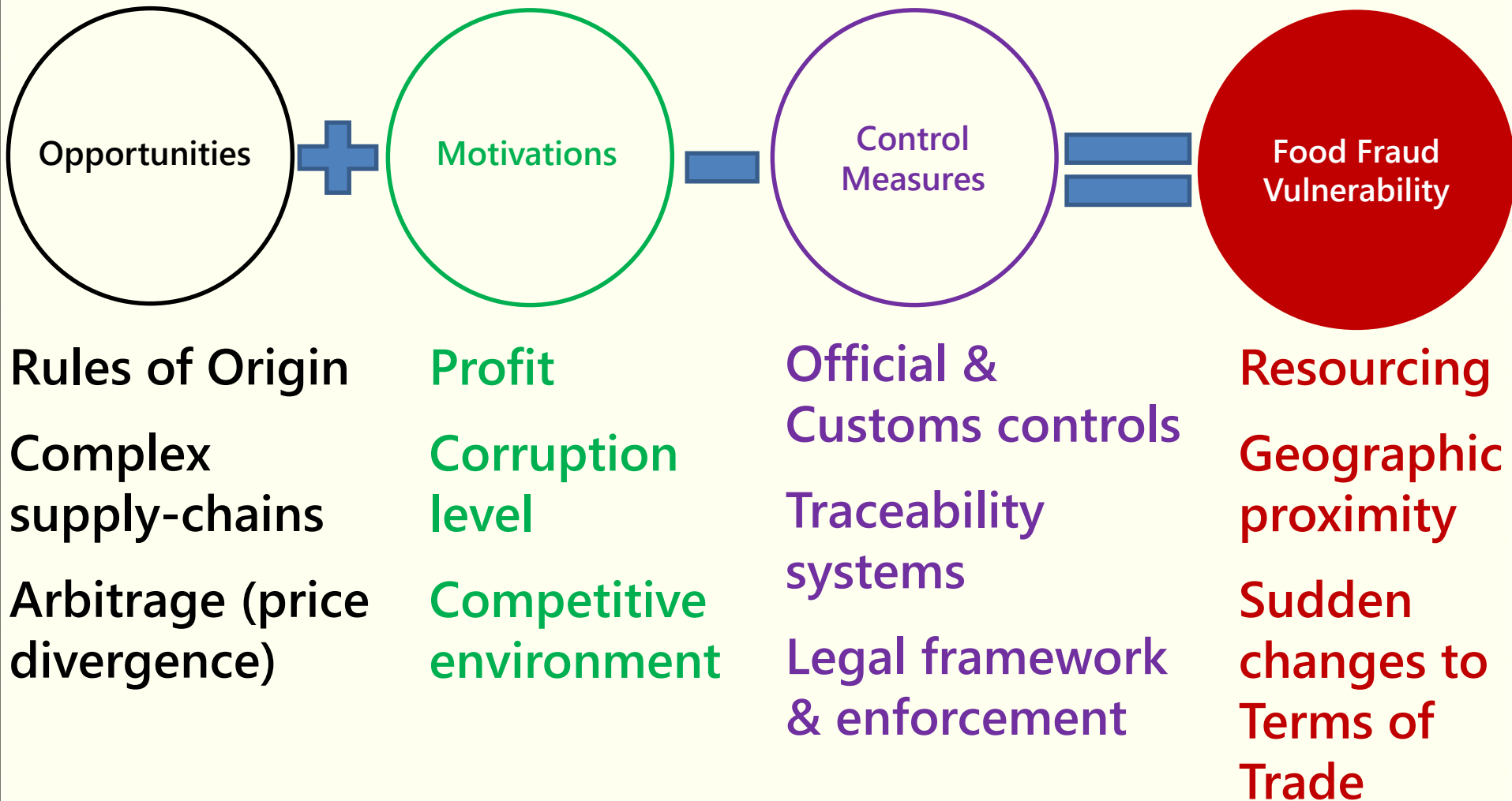


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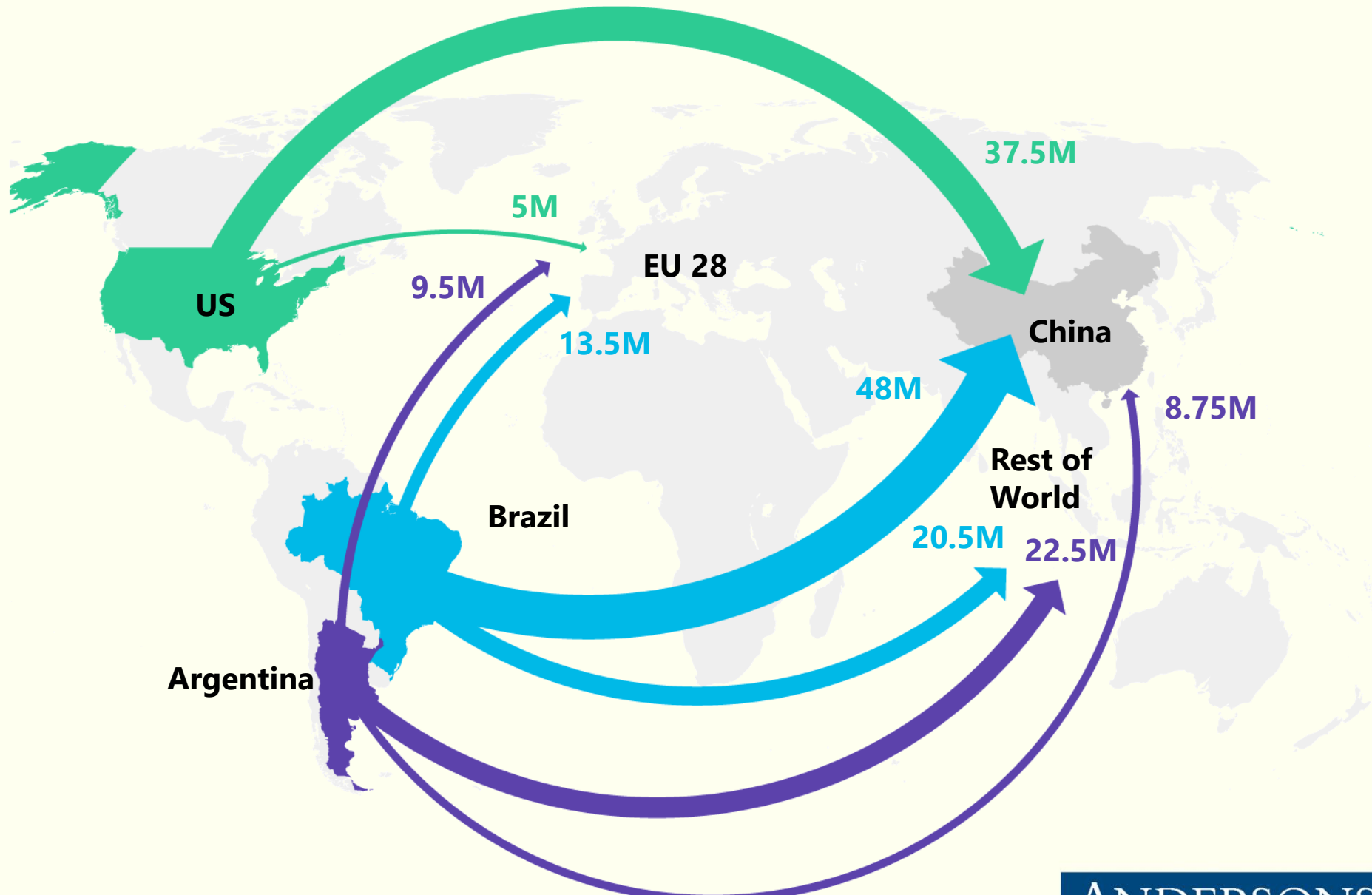
# ASSESSING FOOD FRAUD AND TRADE

## SSAFE-PwC Food Fraud Assessment Framework



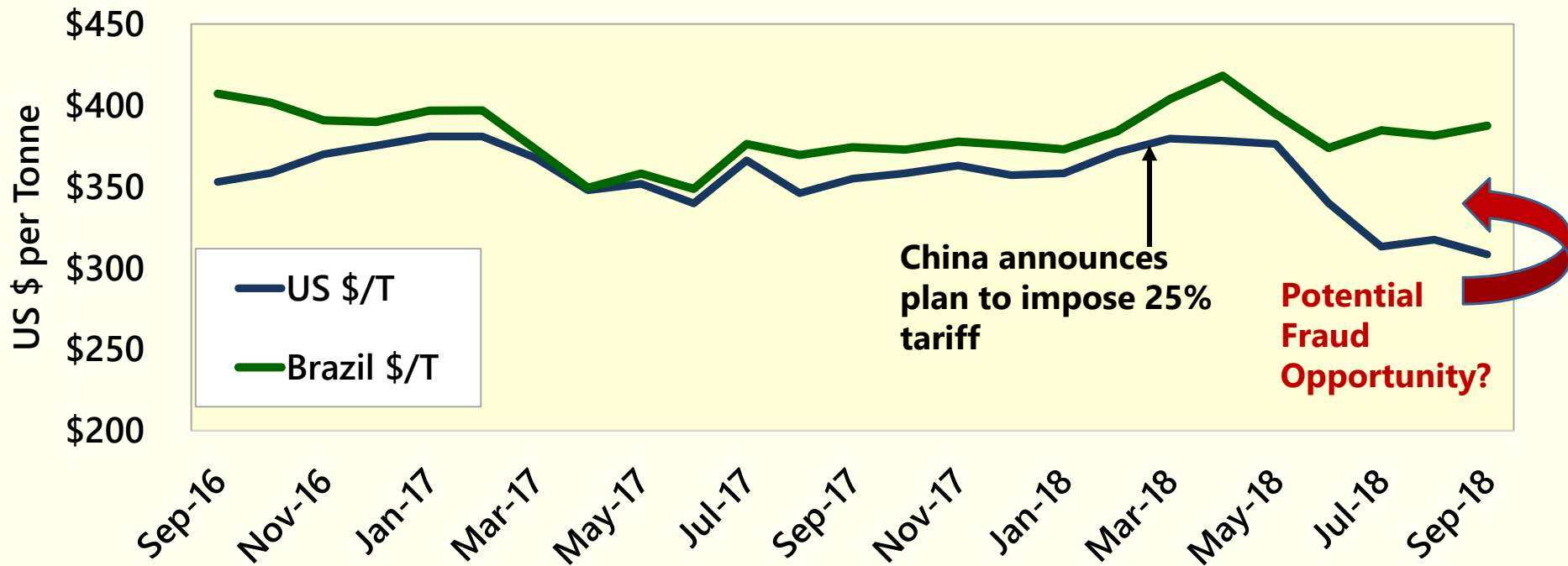
# TRADE BARRIERS - TARIFFS

# MAJOR SOYBEANS TRADE FLOWS (TONNES)



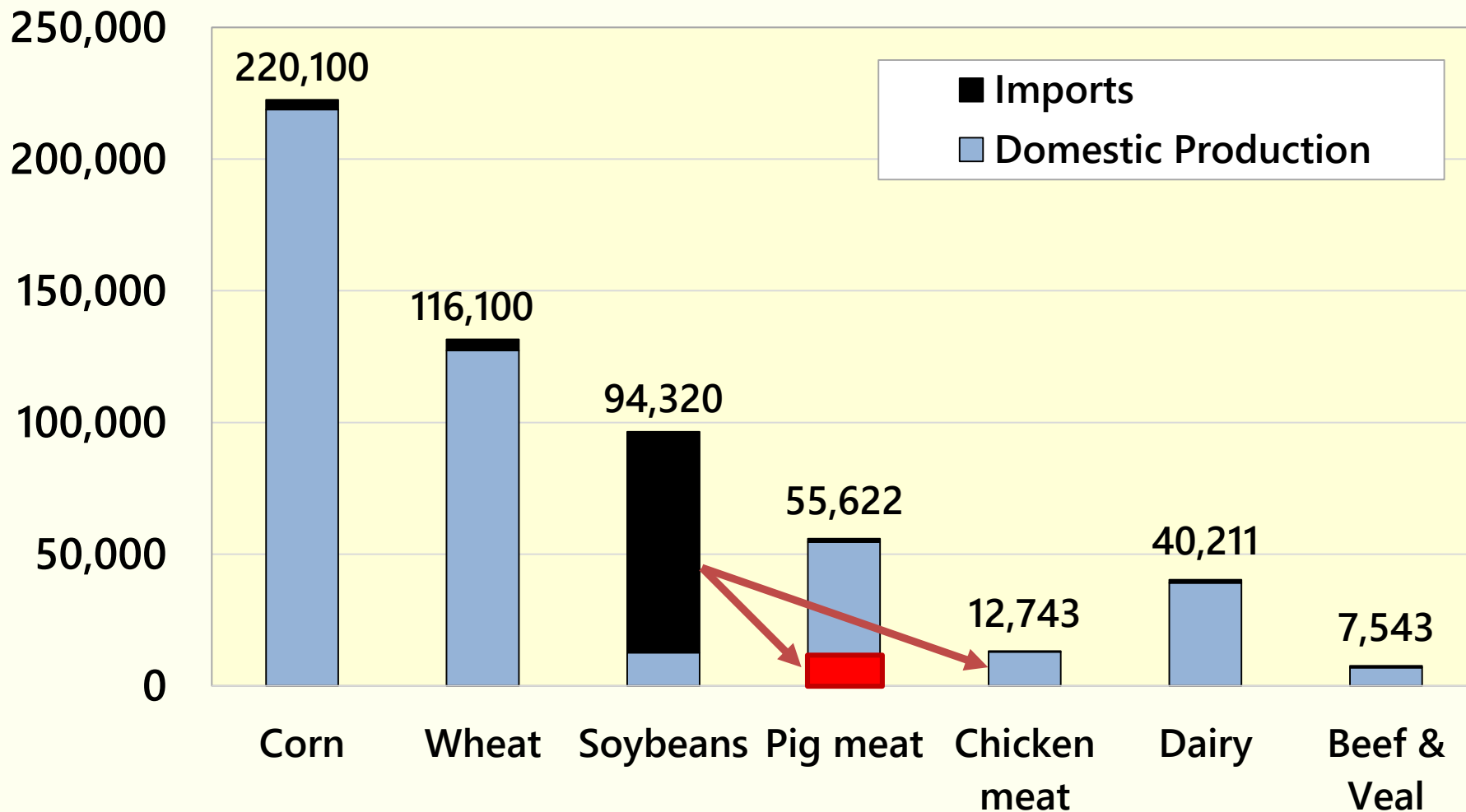
# US-CHINA TRADE WAR IMPACTS

- **US agricultural exports to China estimated at \$20 billion**
  - soybeans (\$12bn) account for 60% of this amount
  - 25% tariff projected to reduce US trade by >38% (\$4.5bn)
  - more US soybeans coming into Europe.
  - Brazil is gaining and prices are 20% higher than US.



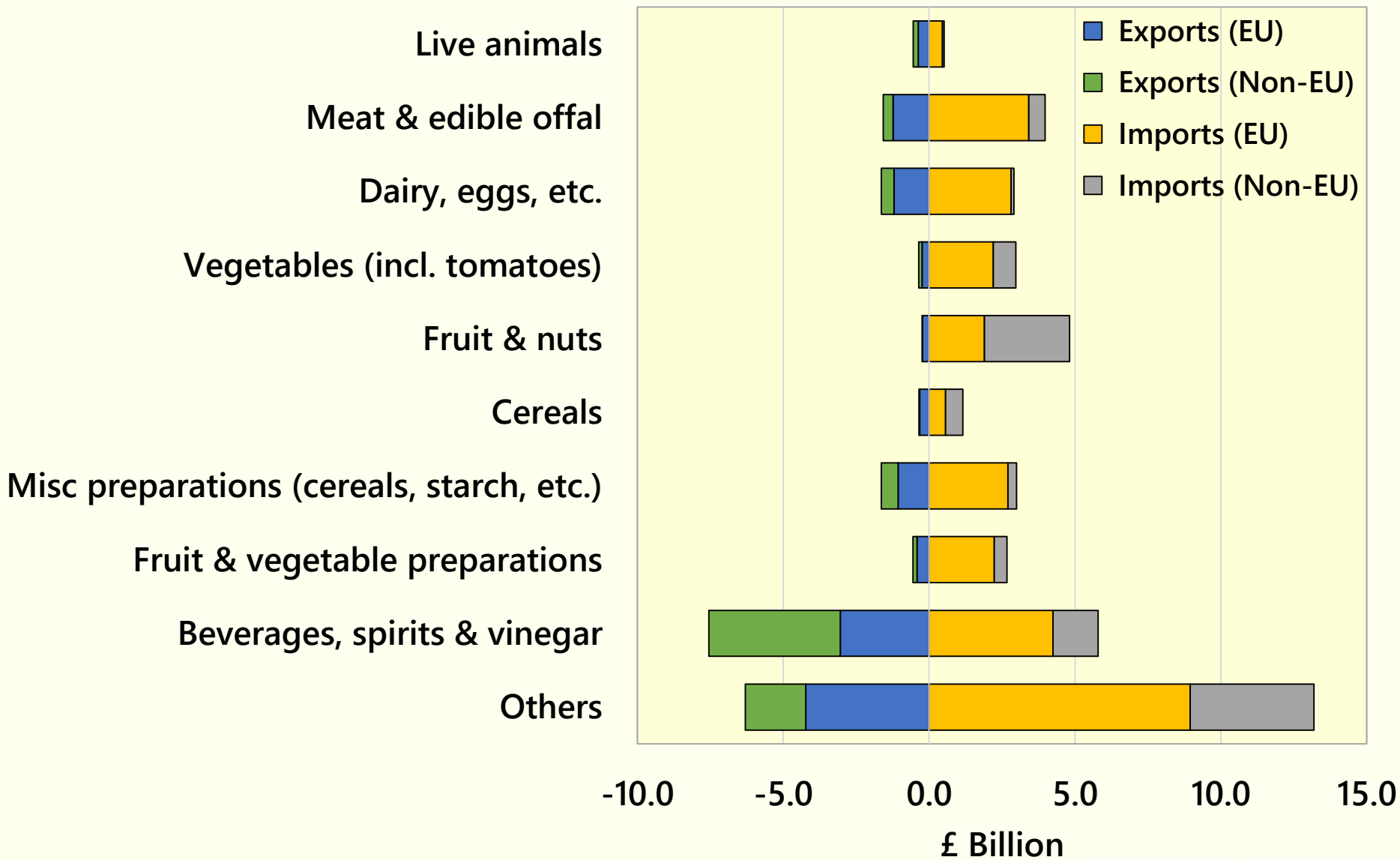
# CHINA – IMPACT ON FOOD SECURITY

## Commodity Trading (5 Year Average)



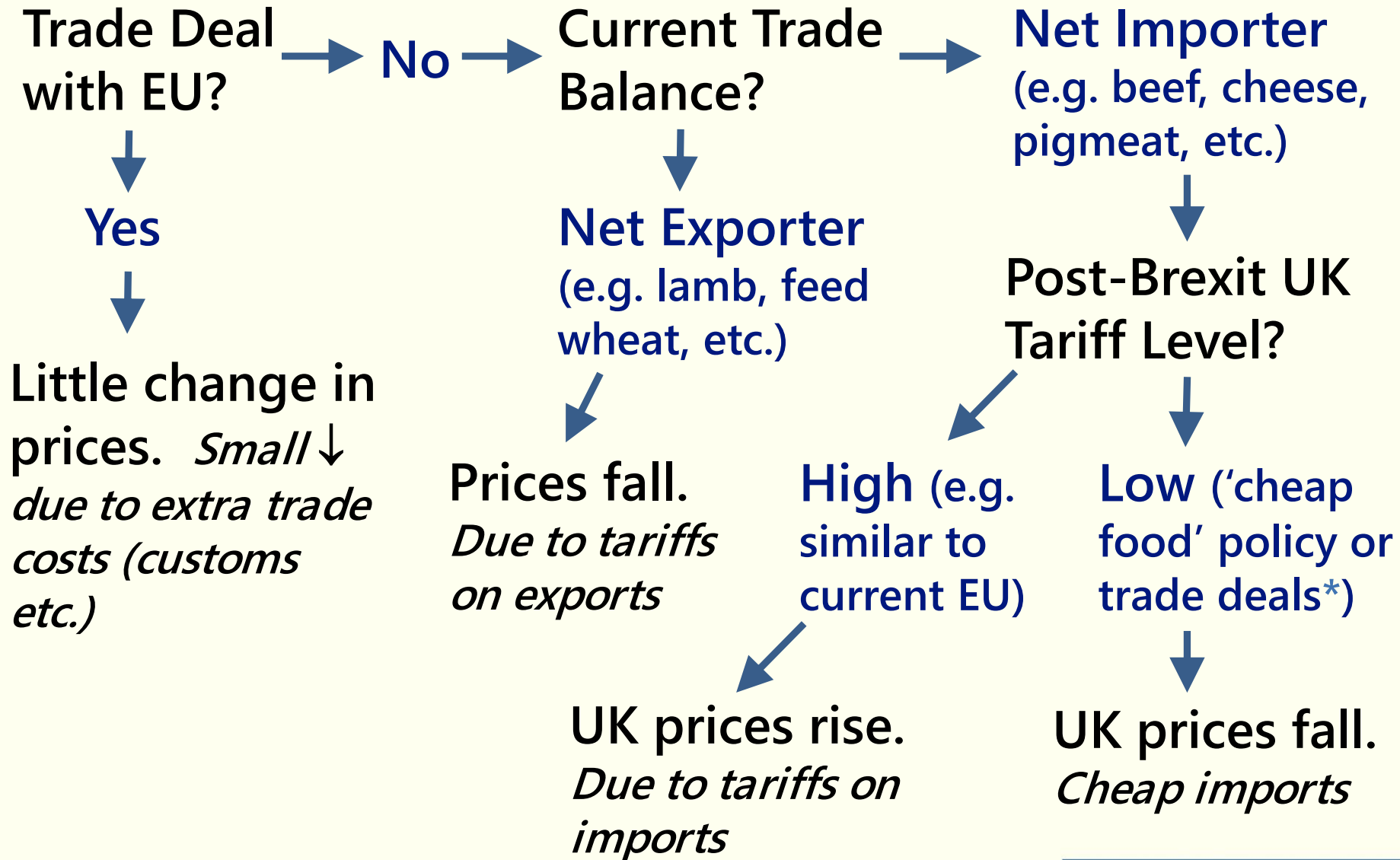
# NON-TARIFF BARRIERS (NTBs) AND BREXIT

# UK-AGRI-FOOD TRADE SITUATION 2017

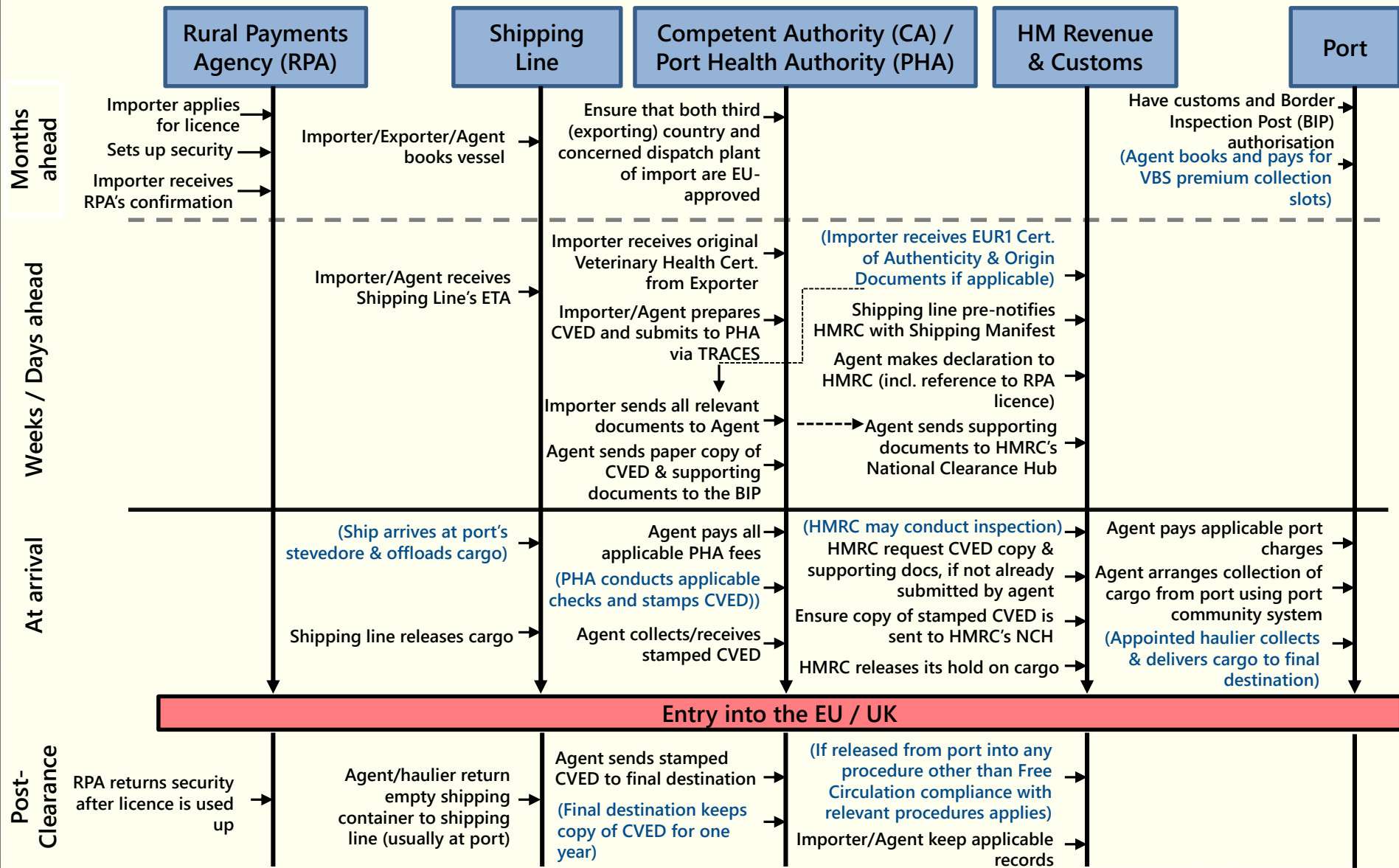




# BREXIT TRADE EFFECTS



# NTBs – MEAT IMPORT MAPPING PROCESSES



# POTENTIAL NTB IMPACTS

- **Customs and official controls would rise significantly**
  - estimates of increased checks vary from 325% - 800%
  - Official Controls require physical checks (20% red meat; 50% poultry; 5% cereals)
  - exports to non-EU require new certification processes
  - severe staff shortages, no clear plans on addressing gaps
- **Various studies on effective 'cost' of NTBs**
  - Andersons' N. Ireland meat study suggests 5.7% tariff equivalent if no agreement on standards between EU/UK
  - increases with divergence (e.g. >25% for US→EU agri-food)
  - UNCTAD suggests 131 NTBs imposed by EU on 3<sup>rd</sup> countries
- **Greater effect on 'just-in-time' products (meat) than bulk commodities (grain) - 2 min delay at Dover = 17 mile tailback**

# CONCLUDING REMARKS

- Protectionism is rising and is causing distortions which increase vulnerability to food fraud.
- Biggest impacts in geographically proximate markets vulnerable to illegal substitution, concealment etc.
- US protectionism unlikely to change in short-term.
- **Brexit:** upheaval as trade affected by new processes
  - prices for agri-food goods to be more volatile
  - cross-border trade to cost more (currency + NTBs)
  - on average, lower profitability in the industry
  - agri-food supply chains will be less 'lean' (storage, staffing etc.)
  - greater incentive to commit fraud, affect food security
- Key means to mitigate this is continued standards harmonisation (*processes and outcomes*)

# CONTACT INFORMATION

**Thanks For Your Attention!**

***Merci De Votre Attention!***

**Any Questions, Please Contact:**

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