Beef bans and food safety policy in East Asia

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Impact on Canada

• Export bans had a huge impact on Canada’s trade; cattle account for 21% of Canadian farm receipts, about $8b in 2002

• Estimated impact of BSE-related bans for Canada was $7 billion

• Although small by comparison to USA, East Asian markets were among the fastest growing for Canadian beef, and Japan was the third largest single market (HK is now 3rd and Macau 4th, despite their small size)
Beef and veal exports ↑ as % of production
## Alberta beef exports to E Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports (C$\text{m}) 2002 (% of total)</th>
<th>Exports 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>2.18 (0.1%)</td>
<td>36 (2.5%)</td>
</tr>
<tr>
<td>S. Korea</td>
<td>42.6 (2.6%)</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>67 (4.1%)</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>3.8 (0.2%)</td>
<td>3.5 (0.2%)</td>
</tr>
<tr>
<td>Taiwan</td>
<td>18.8 (1.1%)</td>
<td>0</td>
</tr>
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</table>
Basic question

• How can we explain the patterns of export bans and border re-openings in Asia after BSE discovered in Canada?

• Given the different characteristics and different patterns of response, comparing the East Asian countries may allow testing some of the alternative explanations.
Rival explanations

1) increased power of global food standards & agencies, “We were just following orders” from OIE

2) Opportunistic protectionism

Significant beef industries in Japan and S Korea may encourage the establishment & maintenance of bans

OIE – Office international des épidémies a.k.a. World Organization for Animal Health

Formed by the League of Nations in 1924 after rinderpest introduced to Belgium from India

Issue revolves around what is a ‘minimal risk’ country for BSE
Rival explanations (cont.)

• 3) Heightened citizen concern for food safety, esp. after domestic problems
• 4) Influence of trading & other bilateral relationships
• How much clout does the exporter have vis-à-vis the importer?
The problem of complexity

• Research so far has indicated that a major challenge is the large number of national and supranational agencies that are involved in one dimension or another of food safety and related politics of trade.

• Conflicts between different agencies can lead to new agencies or sets of rules such as the Sanitary and Phytosanitary Agreement under the WTO.
Producer lobbying
Trade politics
Scientific research
Risk perception
Organization of agriculture
Producer lobbying
Consumer pressures
Trade-offs with other sectors
Food Safety
CODEX Alimentarius
WHO
OIE
WTO
WTO rules

• Article 20 of the General Agreement on Tariffs and Trade (GATT) allows governments to act on trade in order to protect human, animal or plant life or health, provided they do not discriminate or use this as disguised protectionism
Sanitary and Phytosanitary Agreement

• there has been an increasing concern that food safety and animal/plant health measures are increasingly used as trade barriers as tariffs drop.

• The SPS Agreement of the WTO was adopted in 1995 to distinguish between two functions, *protection and protectionism*, and to impede their use for the latter.

• Two limits: 1) non-discriminatory, and 2) must be based on scientific evidence
CODEX Alimentarius Commission

- Deals with food safety standards
- Joint creation of the FAO and the WHO
- Created to develop food standards & codes of practice under the Joint FAO/WHO Food Standards Programme.
- Some of these texts are very general, and some are very specific.
- Concerned, e.g., with the operation and management of production processes or the operation of government regulatory systems for food safety and consumer protection.
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<th>Country</th>
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<th>Level of imports of Canadian beef</th>
<th>Regulatory Agencies</th>
<th>Domestic beef industry</th>
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</table>
| Japan      | • Border closed May 21, 2003  
   • January 2004: trade of bovine embryos allowed  
   • December 2005: border reopens to trade in cattle younger than 21 months with spinal cord, head, and other high risks parts removed.  
   • There are currently eight Canadian plants that have been approved to export to Japan | • Japan is the world’s “largest net importer of agricultural products”.  
   • 2002: $81.6 million  
   • 2003: $48.3 million  
   • 2004: $675,065  
   • 2006 (until March): $1.4 million                                                  | • Ministry of Health, Labour and Welfare  
   • Ministry of Agriculture, Forestry and Fisheries                                      | • Income produced from beef cattle production in 2001 = ~US$4 billion (Canada = $7.8 billion)  
   • Annual per capita beef consumption in 2001 = 21 lbs. (Canada = 49.4 lbs.)            |
| South Korea| • Border closed May 21, 2003  
   • April 2004: Trade of hides, semen, and tallow resumed  
   • January 2006: Trade negotiations ended following the fourth domestic case of BSE in Canada.  
   • June 2006: Beef trade for boneless beef from cattle under 30 months of age resumed between South Korea and the United States. | • 2002: $49.8 million  
   • 2003: $24.7 million  
   • 2004: $126  
   • Remains negligible today                                                                 | • Ministry of Agriculture and Forestry                                                             | • Domestic cattle population in 2001: 1.9 million heads (Canada 2003: 13.3 million heads)  
   • Annual per capita beef consumption in 2001 = 17.5 lbs.                                |
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| Taiwan  | •Border closed May 21, 2003  
         •2004: Trade of semen, embryos, and protein-free tallow resumed | •2002: $19.8 million  
•2003: $10.6 million  
•2004: $33,716  
•Remains negligible today | •Dept of Health  
•Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) | •2004: 144,793 heads of on-farm cattle; 27,617 head of cattle slaughtered |
| China   | •Border closed May 28, 2003  
         •October 2004: Imports of porcine gels continue  
         •January 2005: Trade in bovine semen and embryos, porcine semen, and blood products can resume from approved Canadian collection centres only. | •2002: $10.1 million  
•2003: $1.4 million  
•2004: $232,831  
•2005: $3.7 million | Ministry of Agriculture  
Ministry of Health | •2004: 137.8 million heads of cattle and buffalo (6.8 million tons of beef produced)  
•2004: Per capita purchases of beef per urban household: 3.66 kg. |
| Hong Kong | •Border closed May 21, 2003  
          •November 2004: Trade resumes in boneless beef under 30 months of age with high risk areas (including head and spinal cord) removed.  
          •Currently 21 Canadian plants have been approved to export beef to Hong Kong | •2002: $2.8 million  
•2003: $652,427  
•2004: $704,693  
•2005: $44.2 million | •Food and Environmental Hygiene Department | •Only 19 square kilometres of Hong Kong’s 1,103 square kilometre land area is currently being farmed. There are approximately 4,900 farmers engaged in agriculture.  
Taiwan

• Domestic political situation creates a tendency towards risk aversion
• The fact finding trip sent to investigate Canada’s beef industry was favorably impressed, much less so with the USA’s
• Yet, US beef imports re-opened because of the importance of US to Taiwan
• An initiative to reopen Canadian imports risks criticism at a sensitive time for the government
In August 2004, a Federation VIP Beef Awareness Mission brought six meat buying executives from the People’s Republic of China and Hong Kong to Canada to tour Canadian cattle ranches, feedlots and beef packing plants – and to learn about the Canadian industry’s food safety systems.

South Korea

• Are very cautious because of their large cattle industry and their current status as BSE free

• Once again, US beef seems to receive preferential treatment, presumably because of the great importance of their bilateral relationship to S Korea
Food safety system in S. Korea

**Ministry of Health and Welfare (MOHW)**
- Food policies including the Food Sanitation Act and Presidential Decree and Ministerial Ordinance

**Korea Food and Drug Administration (KFDA)**
- Major role on food safety control

**Ministry of Agriculture and Forestry (MAF)**
- Control domestic unprocessed agricultural products and all livestock products
- Charge on Processing of Livestock Products Act and related regulations

**Ministry of Maritime Affairs and Fisheries (MOMAF)**
- Unprocessed fishery products before distribution for sale to consumer
- Quarantine imported unprocessed fishery products (entrusted from MOHW)

**Other Ministers**
- Alcoholic beverages: MOFE
- Water: MOE

**National Veterinary Research and Quarantine Service**

**National Fisheries Products Quality Inspection Service**

**Food Safety Bureau**
- National master plan for food safety control, HACCP, labelling, surveillance, import control

**Center for Food Standard Evaluation**
- Standards, Health supplements, Food additives, Applied nutrition

**Center for Food Safety Evaluation**
- Microbiology, Pesticide Residues, Contaminants, Toxic Metals, Contact materials

**Regional Food and Drug Administration**

**National Institute of Toxicological Research**
- Basic toxicology research (RA)

Fig. 1 Schematic Diagram for Food Safety Control System in Korea
In place of conclusions

• Comparison requires clear info on the cases in order to make comparison possible
• Food safety issues have a high level of sensitivity – getting to the ‘back story’ of what really influences decisions is extremely difficult
• Canada has adopted a high level of transparency in light of the UK’s difficulties, but this is not common internationally. It is also likely to be more common among exporters than among importers.