

Harmonisation of Food Standards in ASEAN

A Shared Vision For Regulatory Convergence

AFBA Executive Summary

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Introduction to ASEAN Food & Beverage Alliance (AFBA)

Foreword by AFBA Executive Board

The ASEAN Food and Beverage Alliance (AFBA) is an affiliation of national associations and SME groups involved in the manufacture, distribution and sale of food and beverage products.

The launch of AFBA in 2013 was the realisation of a Vision Declaration that was adopted by industry leaders at a Food Industry Summit in Jakarta in 2012. The Declaration was welcomed by the then Secretary-General of the Association of Southeast Asian Nations (ASEAN), Dr Surin Pitsuwan, who urged the private sector to form a dedicated vehicle to work with all partners to achieve the goals of the 2009-2015 Roadmap for an ASEAN Community.

The food and beverage industry acknowledges and is appreciative of the rapid strides taken by the ASEAN Secretariat in recognising the private sector as a key stakeholder in the building of the ASEAN Economic Community (AEC). Through the AEC Blueprint, ASEAN Economic Ministers readily encourage businesses to tap into opportunities from the ASEAN agreements, free trade agreements and other schemes as well as helping to shape regional policies and providing feedback on the implementation of the Blueprint.

The AEC has listed seven priority areas for food, agriculture and forestry which include:

- Strengthening food security;
- Facilitating trade in agriculture and forestry products;
- Generating and transferring technology to increase productivity and develop agri-business;
- Developing rural communities and human resources;
- Involving and investing in the private sector;
- Managing and conserving natural resources for sustainable development; and
- Strengthening ASEAN cooperation in addressing regional and international issues.

We at the ASEAN Food and Beverage Alliance fully support these priorities and are committed to addressing the challenges that arise. In the next two years, AFBA will dedicate itself to engaging with ASEAN stakeholders on issues affecting the food and beverage industry. We are also ready to offer regulatory and technical support and market information to the relevant ASEAN committees as well as maintaining clear lines of communication between the food industry and the ASEAN Secretariat.

This Report on harmonisation of food standards in ASEAN is only the first step to show our genuine commitment to help in the AEC. We believe that ASEAN has a unique opportunity to shape regulatory frameworks and standards based on the principles set out in this Guide. Regulatory harmonisation will play a key role in trade and investment and accordingly, the success of ASEAN economic integration will depend on the consistent application of these principles.

We strongly believe there is an opportunity for the private sector to help meet the goals of the ASEAN Economic Community by 2015 and while we are

aware there are challenges ahead, we are convinced this is a journey worth taking and we look forward to a future of cooperation with ASEAN.

AFBA STRUCTURE AND GOVERNANCE

AFBA is governed by an Executive Board comprised of senior representatives from the leading food and beverage associations in the 10 ASEAN countries and elected representatives from SME groups in the region. In the first instance, the Board will be financed and supported by FIA.

MEMBER ASSOCIATIONS

- National Chamber of Commerce & Industry Brunei Darussalam (NCCIBD)
- Gabungan Pengusaha Makanan dan Minuman Indonesia (GAPMMI)
- Federation of Malaysian Manufacturers (FMM)
- Philippine Chamber of Food Manufacturers (PCFMI)
- Singapore Manufacturing Federation (SMF)
- Federation of Thai Industries (FTI)
- Cambodia Chamber of Commerce*
- Lao National Chamber of Commerce and Industry
- Myanmar Agro-based Food Processor & Exporter Association*
- Vietnam Beer Alcohol Beverage Association (VBA)
- ASEAN SME Advisory Board*
- Food Industry Asia (FIA)

* invited



Message by AFBA Principal Advisor S. Pushpanathan



The Association of Southeast Asian Nations (ASEAN) seeks to establish a vibrant ASEAN Community in the year 2015 that will ensure peace and security, economic integration, social progress and cultural development in Southeast Asia. The ASEAN Economic Community (AEC) is one of the three key pillars of the ASEAN Community where ASEAN is striving to achieve a competitive single market and production base with equitable and sustainable development plugging the region fully into the global economy. The private sector is seen as a key stakeholder in the building of the AEC and driving economic integration.

While I was the Deputy Secretary-General of ASEAN for ASEAN Economic Community from 2009 to early 2012, I witnessed firsthand the need for greater collaboration and partnership between

ASEAN and the private sector in moving forward economic integration. A wider space in ASEAN was necessary to promote such a partnership. This was made possible with the adoption of the AEC Blueprint in 2007 as well as the leadership shown by the ASEAN Economic Ministers and other sectoral ministers in engaging the private sector through sector-specific dialogues and the various industry associations. Such engagements with the business community are also taking place at the levels of the ASEAN senior officials and technical experts, which will help shape policies and regulations supporting the development of a competitive economic region under the AEC.

In this regard, the establishment of AFBA is a clear response from the food industry in ASEAN about their commitment to AEC and to partner ASEAN in building the AEC. Since it comprises the national associations involved in the manufacture, distribution and sale of food and non-alcoholic beverage products in ASEAN, AFBA will be the dedicated ASEAN partner in the food sector. AFBA intends to contribute to the facilitation of trade through harmonisation; providing inputs and feedback on ASEAN policies and regulations; addressing knowledge gaps in food issues and providing regulatory, technical and market information to the stakeholders; and disseminating scientific studies and publications and promoting dialogue with ASEAN. AFBA intends to work closely with the ASEAN Secretariat and the ASEAN Member States in the collective endeavour to achieve the goals and targets in the Roadmap on the Priority Integration Sector on Agro-Food sector.

That's why I'm pleased with AFBA's launching of this Report on Harmonisation of Food Standards in ASEAN. Harmonisation of standards is a critical aspect of the trade facilitation efforts under the AEC.

The Report highlights the strengths, opportunities and challenges for the food industry in ASEAN. It would also serve as a reference for ASEAN in shaping its regulatory framework and standards that would meet the highest international benchmarks of good regulatory practice. Regulatory frameworks will have an impact on the trade and investment regime in ASEAN and serve as a catalyst for the building of a rules-based AEC. AFBA looks forward to working with ASEAN in this common endeavour.

"The establishment of AFBA is a clear response from the food industry in ASEAN about their commitment to AEC and to partner ASEAN in building the AEC."

ASEAN and the Agro-food Industry



Founded in 1967 by Indonesia, Malaysia, Philippines, Singapore, and Thailand, the Association of South East Asian Nations (ASEAN) now has 10 members, including Brunei Darussalam, Vietnam, Lao PDR, Myanmar and Cambodia. ASEAN is a region of huge economic, political, cultural and linguistic diversity and this has significant implications for how it functions at the political, institutional and operational levels and presents considerable challenges to the realisation of its aims and objectives.

Agriculture and the food processing and manufacturing industries are important sectors in most ASEAN member states accounting for a significant share of GDP across the region. The contribution of agriculture alone to GDP in 2009/2010 was significant; for example, 50% in Myanmar and 33.4%

in Cambodia. The food processing and manufacturing industry also makes a significant contribution to GDP in ASEAN, ranging from between 3.5% (Indonesia) and 13.5% (Philippines) in 2009/2010.

Equally, agro-based activities continue to account for relatively high levels of employment in several ASEAN countries (e.g. 72% in Cambodia, 40% in Indonesia and 42% in Thailand.)

Consequently, the majority of ASEAN members rely heavily on the agro-food sector for economic growth, trade and investment. Therefore the success of ASEAN's efforts to stimulate the free flow of agricultural commodities and food products within and outside the ASEAN region are extremely important. The value of ASEAN agro-based exports overall has grown significantly in the past decade both within the ASEAN region and with external trading partners, rising from US\$ 11,761 million in 2003 to over US\$ 38,930 million in 2010, representing a share of 2.6% and 3.6% of total ASEAN exports in 2003 and 2010 respectively.

However, ASEAN members' exports of agro-based products within the ASEAN region were less than 15% of total ASEAN members' exports of agro-based products in 2010. Moreover, the share of intra-ASEAN exports of agro-based products has increased only very slowly since 2003 (up from 11% in 2003 and 12% in 2009), despite ASEAN's efforts to remove trade barriers within the region. These proportions are significantly lower than the share of intra-ASEAN trade in ASEAN members' total exports, indicating the enormous potential for growth in agro-food products if ASEAN can achieve its harmonisation objectives and successfully eliminate the most significant technical barriers to trade.

Overall, in value terms food industry exports for six ASEAN countries (Indonesia, Malaysia, Thailand, Philippines, Vietnam and Singapore) amounted to over US\$ 68.6 billion in 2009. Food exports also accounted for over 17% of total exports for Vietnam and Indonesia and over 14% for Thailand. Consequently, regulatory convergence and the alignment of regulations and standards across ASEAN with internationally recognised standards (e.g. Codex Alimentarius Standards) has a crucial role to play in the continued development of food industry exports from ASEAN to other parts of the world.

Map of the ASEAN Member States

LEGEND

- a. Total Population
- b. Total GDP (current US\$)
- c. GDP per capita (current US\$)
- d. Total trade (% of GDP)
- e. Size (value) of the agricultural sector
- f. Agriculture (% of GDP)
- g. Employment in Agriculture (% of total employment)
- h. Food exports (% of merchandise exports)



1. BRUNEI DARUSSALAM

- a. 405,938
- b. \$12.37 billion (2010)
- c. \$31,007.95 (2010)
- d. 114.3% (2010)
- e. \$93.99 million (2010)
- f. 0.76% (2010)
- g. N/A
- h. 0.09% (2006)



2. CAMBODIA

- a. 14.31 million
- b. \$12.88 billion
- c. \$900
- d. 113.6% (2010)
- e. \$3.81 billion (2010)
- f. 36.02% (2010)
- g. 72.2% (2008)
- h. 1.44% (2010)



3. INDONESIA

- a. 242.33 million
- b. \$846.83 billion
- c. \$3494.60
- d. 55.87%
- e. \$142.92 billion
- f. 16.88%
- g. 38.3% (2010)
- h. 16.36% (2010)



4. LAO PDR

- a. 6.29 million
- b. \$8.30 billion
- c. \$1319.60
- d. 81.57%
- e. \$2.41 billion
- f. 30.8%
- g. N/A
- h. N/A



5. MALAYSIA

- a. 28.86 million
- b. \$278.67 billion
- c. \$9656.25
- d. 176.8% (2010)
- e. \$25.27 billion (2010)
- f. 10.63% (2010)
- g. 13.5% (2009)
- h. 11.9% (2010)



6. MYANMAR

- a. 48.34 million
- b. N/A
- c. N/A
- d. 0.31% (2004)
- e. N/A
- f. 48.35% (2004)
- g. N/A
- h. N/A



7. PHILIPPINES

- a. 94.85 million
- b. \$224.754 billion
- c. \$2369.52
- d. 62%
- e. \$29.3 billion
- f. 13.04%
- g. 35.2% (2009)
- h. 7.35% (2010)



8. SINGAPORE

- a. 5.18 million
- b. \$239.70 billion
- c. \$46,241
- d. 391.23%
- e. \$76.27 million
- f. 0.03%
- g. 1.1% (2009)
- h. 1.98% (2010)



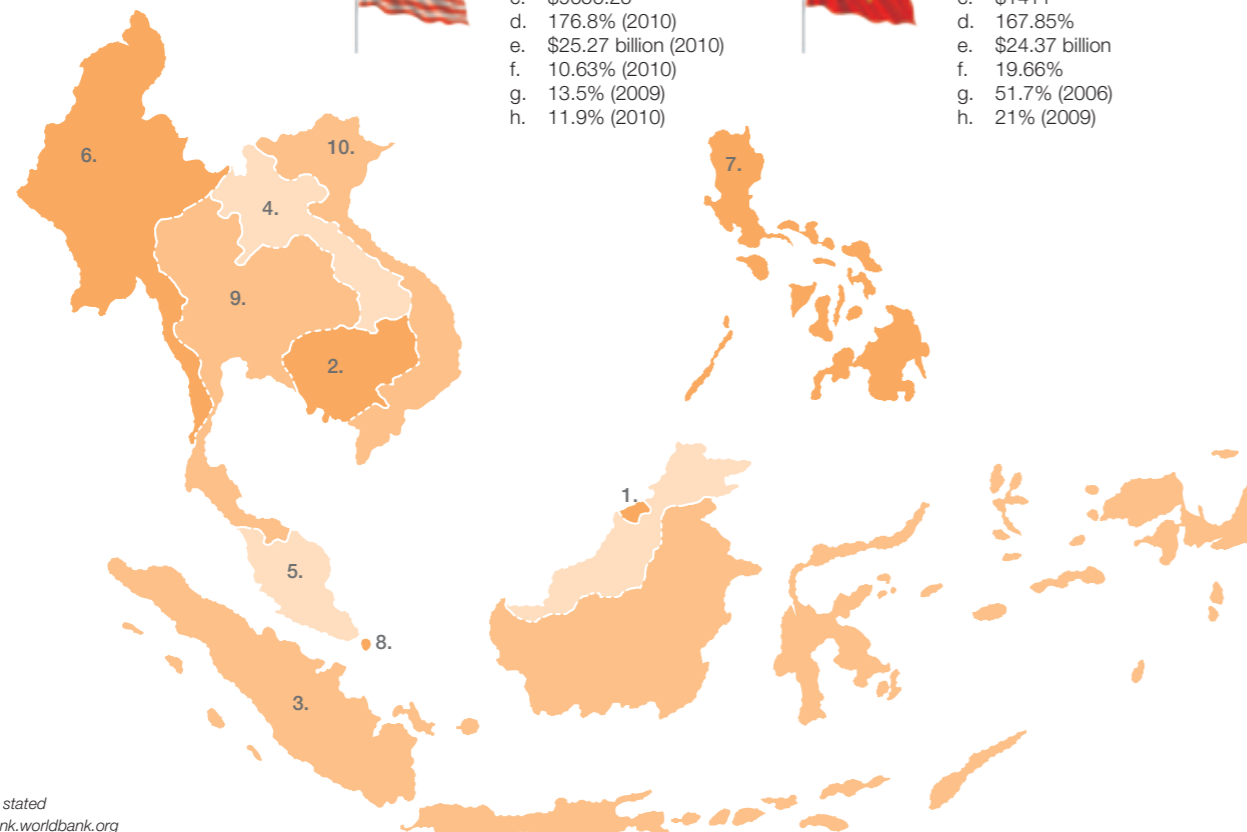
9. THAILAND

- a. 69.52 million
- b. \$345.65 billion
- c. \$4972
- d. 148.13%
- e. \$42.75 billion
- f. 12.37%
- g. 41.5% (2009)
- h. 13.23% (2010)



10. VIETNAM

- a. 87.84 million
- b. \$123.96 billion
- c. \$1411
- d. 167.85%
- e. \$24.37 billion
- f. 19.66%
- g. 51.7% (2006)
- h. 21% (2009)



The Importance of Regulatory Convergence

“The more open flow of investments, capital, labour, goods and services will pose different challenges and opportunities for our Member States. But it will also have a tremendous multiplier effect on the region. We have to maximize common grounds and minimise differences to ensure it adds value to every ASEAN Member State.”

*H.E. Le Luong Minh, Secretary-General of ASEAN
at the Transfer of Office Ceremony, 9th January 2013, Jakarta*

ASEAN has rightly set itself the ambitious goal of achieving greater economic integration and creating the ASEAN Economic Community (AEC) by 2015, in line with the Cha-am Hua Hin Declaration on the Roadmap for the ASEAN Community 2009-2015¹. This foresees the creation of an ASEAN single market that facilitates the free flow of trade in goods and services within the region and attracts inward investment. ASEAN and its individual Members have much to gain from greater economic integration and harmonisation of standards, which will provide benefits for both people and businesses.

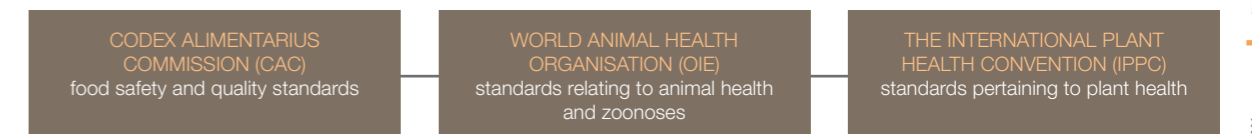
A decisive factor in the delivery of the Roadmap will be the elimination of non-tariff barriers (NTBs), especially the harmonisation of national food regulations and standards. As trade tariffs have fallen in the region across most sectors, attention has focused increasingly on the need to eliminate NTBs and technical barriers to trade (TBTs), notably product standards and certification, which are widely considered to be the most significant obstacles to expanding intra-ASEAN trade.

There are various policy options available to address technical barriers. ASEAN is committed to supporting the free movement of goods primarily through the harmonisation of members' regulations supported by mutual recognition agreements (MRAs) (i.e. the acceptance of technical regulations and standards of other countries as equivalent to domestic regulations or standards).

In this regard, science-based international food regulations and standards play a crucial role in underpinning the safety and quality of agricultural commodities and food products in order to protect consumers and to foster fair and open trade. There are several international bodies engaged in food standards harmonisation and convergence at global level that establish the global standards which ASEAN members have expressed the intention to use as the basis for their own harmonisation efforts in the agro-food sector.

While the **World Trade Organization** (WTO) does not itself set standards, it is instrumental in promoting the development and recognition of common international standards and their proper application. The WTO Sanitary and Phytosanitary (SPS) Agreement and Technical Barriers to Trade (TBT) Agreement both require WTO members to apply national SPS and Technical measures based on relevant international and national standards, guidelines and recommendations, and to adhere to basic obligations on transparency and non-discrimination. This includes a requirement that national technical regulations should not be trade-distorting, nor discriminate unfairly against third countries' businesses or exporters.

The SPS Agreement requires that SPS measures adopted by WTO members must be based on a risk assessment appropriate to the circumstances, using techniques developed by one of the three formally recognised international standard setting bodies (the 'Three Sisters'), namely:





The TBT Agreement covers regulations, standards and testing and certification procedures in general that are not covered by the SPS (e.g. packaging and labelling aspects not related to food safety). It is possible for a regulation to contain both elements (e.g. food safety provisions under SPS and quality or compositional requirements under TBT).

The WTO requires members to notify changes to their regulations and standards and to provide sufficient time for other WTO members to submit comments to the national authority designated to handle the comments prior to the entry into force of a regulation.

Harmonisation of regulations and standards alone is not sufficient. Standards must also be properly and consistently implemented and enforced. The potential benefits of good regulations and international standards are undermined by inconsistent, arbitrary or discriminatory implementation and enforcement and by complex and burdensome administrative procedures. The absence of common science-based regulations and standards, or the failure to apply and enforce consistently those measures that do exist, has a number of widely recognised negative consequences, including: the restriction of regional integration and cross-border trade; an increase in unnecessary administrative and operational complexity; and the creation of regulatory and legal uncertainty for all stakeholders.

Hence an additional challenge for ASEAN is to ensure an appropriate regulatory system, based on recognised **Good Regulatory Practice (GRP)** and governance. Accordingly, the endorsement of the ASEAN Good Regulatory Practice Guide in February 2009 is a welcome recognition that GRP is essential to the achievement of ASEAN's economic integration plans. The challenge will be implementing the principles in the GRP Guide in a consistent and comprehensive way throughout the ASEAN region.

ASEAN and its individual Members have much to gain from greater economic integration and harmonisation of standards. Key potential benefits of regulatory harmonisation and alignment with international standards include:

- A reduction in overall regulatory complexity and associated compliance costs;
- Creation of a level playing field for all economic actors; and
- The facilitation of intra-regional and external trade.

For these benefits to be achieved significant challenges will need to be addressed and overcome. In particular, it will require ASEAN members to:

- **Enhance cooperation and transparency** within and across national government departments, between ASEAN committees and bodies, and between ASEAN members;
- **Endorse science-based international standards** as the basis for regional measures and minimise specific national provisions in otherwise 'common' ASEAN or global standards (i.e. limit provisions to those that are genuinely required and scientifically justified on public health grounds in line with WTO obligations);
- **Enhance technical expertise and the related infrastructure** for conformity assessment, based on best practice within the region and taking full advantage of capacity building initiatives and support offered by public and private sector bodies;
- **Demonstrate political commitment at the highest levels** to regulatory reform and harmonisation based on Good Regulatory Practice and appropriate regulatory impact assessment; and
- **Recognise and embrace the contribution of private sector stakeholders** to the development and achievement of regulatory convergence.



Regulatory harmonisation is an essential element for the creation of a truly integrated ASEAN single market. One of the first initiatives designed to support the creation of the AEC was the ASEAN Free Trade Area (AFTA) Agreement concluded in January 1992. This aimed to improve ASEAN's competitiveness by eliminating internal tariffs and non-tariff barriers. In parallel, the ASEAN Trade in Goods Agreement (ATIGA), signed in February 2009 and in force since May 2010, brought within a single agreement all aspects of trade in goods and provides the legal framework to support the free flow of goods within the AEC. The ATIGA contains substantive chapters on a number of issues including trade liberalisation, SPS measures, and standards, technical regulations and conformity assessment procedures; the latter provides that Member States shall take measures to mitigate, and where possible eliminate, TBTs including by the harmonisation of national standards in accordance with relevant international standards and practices.

However, significant NTBs and TBTs remain in the food and agricultural sectors, arising primarily from diverse national rules and regulations. To stimulate progress, ASEAN Leaders have adopted other key initiatives, such as the ASEAN Economic Community Blueprint ("the AEC Blueprint") which was adopted during the 13th ASEAN Summit in November 2007. Intended as a comprehensive master plan for the establishment of the AEC², the AEC Blueprint includes a detailed Strategic Schedule setting out various priority actions, including harmonisation of the regulatory framework for agricultural products derived from modern biotechnology, as well as the safety and quality standards of certain agri-foods. Agri-food products are one of twelve priority integration sectors identified in the AEC Blueprint, in addition there is a detailed discussion of the sector that identifies further harmonisation of standards, technical regulations and conformity assessment procedures (TBTs) through alignment with international practices as required to enhance ASEAN trade in such products³.

ASEAN has committed to addressing NTBs in 12 priority integration sectors, including agro-food products, via increased harmonisation of standards and regulations and related activities across the region in line with its 2009-2015 Roadmap.

For regulatory harmonisation to advance in the region, much depends on the commitment and effectiveness of the bodies and individuals concerned in the process. Decisions within ASEAN are based on consensus and ASEAN itself has no enforcement powers. ASEAN is supported by a relatively small permanent Secretariat based in Jakarta, Indonesia. Sectoral Ministerial meetings oversee ASEAN cooperation in specific sectors, including agriculture. The key harmonisation activities on food fall under the leadership of the ASEAN Economics Ministers.

The harmonisation of food safety standards and technical regulations is only one element of a broader range of ASEAN activities on agriculture and food. Sustainable development, of which both long-term food security and food safety are important elements, is a core challenge for the region and ASEAN has launched numerous initiatives to address it.

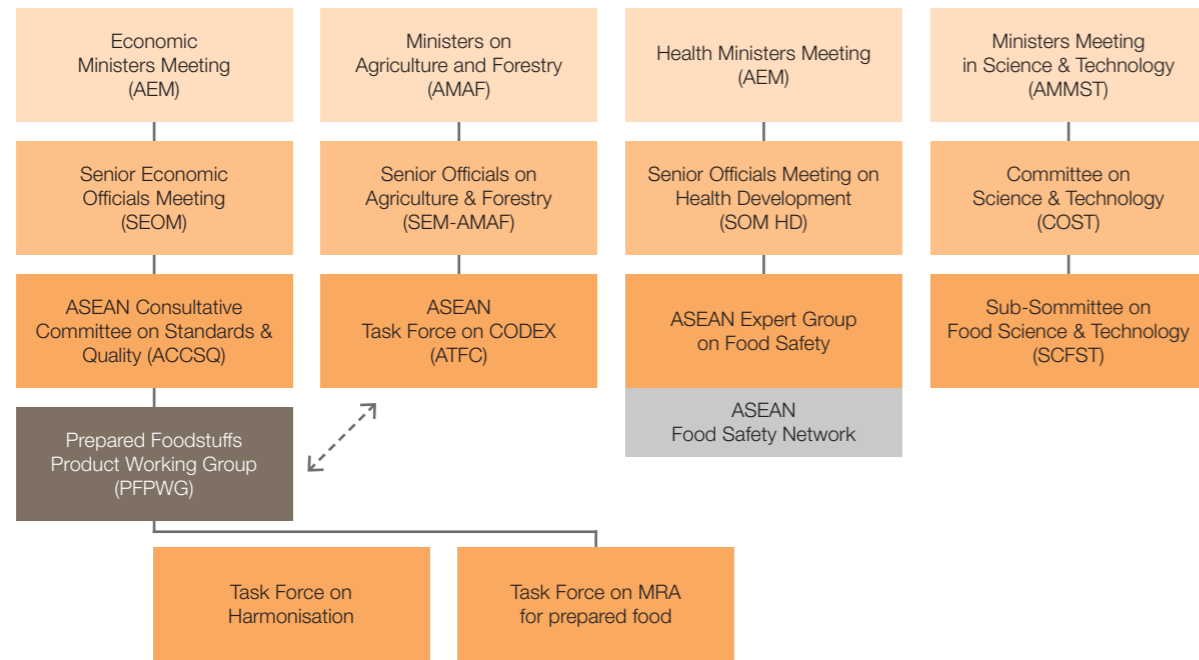
Key initiatives include:

- **The Ministerial Understanding (MU) on ASEAN Cooperation in Food, Agriculture and Forestry** (signed in October 1993). This provides the overarching framework for ASEAN work in the agro-food sector. It covers an ambitious range of activities including food security, fisheries and forestry, supporting rural communities, food safety and disease prevention.
- **The ASEAN Food Safety Improvement Plan (AFSIP)** is intended to ensure both adequate access to food and food safety, including through regulatory harmonisation.

However, responsibilities for strategic planning and delivery of these initiatives and work-streams are spread across a number of ministerial and operational bodies, both at ASEAN and at national level (as illustrated below overleaf).

² ASEAN (2009) "ASEAN Economic Community" - <http://www.aseansec.org/18757.htm>
³ ASEAN (2008) "ASEAN Economic Community Blueprint" - <http://www.aseansec.org/5187-10.pdf>

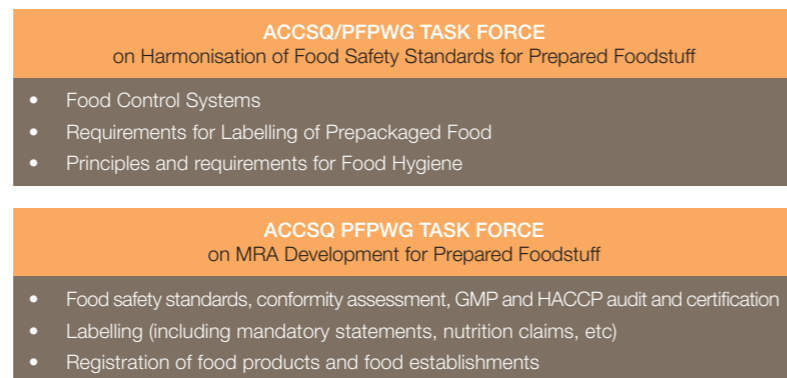
ASEAN bodies involved in agro-food sector standards and regulatory harmonisation



The main ASEAN bodies active in respect of harmonisation and convergence of food safety and quality standards fall under the leadership of the ASEAN Economics Ministers, namely:

- **ASEAN Consultative Committee on Standards and Quality (ACCSQ)** is the key body responsible for coordinating work on standards and mutual recognition, accreditation and conformity assessment and sector-specific harmonisation efforts. It operates through specific Working Groups, including the Prepared Foodstuff Products Working Group.
- **ACCSQ Prepared Foodstuff Products Working Group (ACCSQ-PFPWG)** is the main body currently engaged in regulatory harmonisation and convergence in relation to the food sector, its priority areas include: transparency of prepared foodstuffs regulatory regime among ASEAN member countries; Mutual Recognition Arrangements (MRAs); technical infrastructure for prepared foodstuffs; and food safety standards for prepared foodstuffs.

- **Two Task Forces** have been established to support the work of the ACCSQ PFPWG in respect of harmonisation of food safety standards and on MRA development for prepared foodstuffs, covering the following topics:

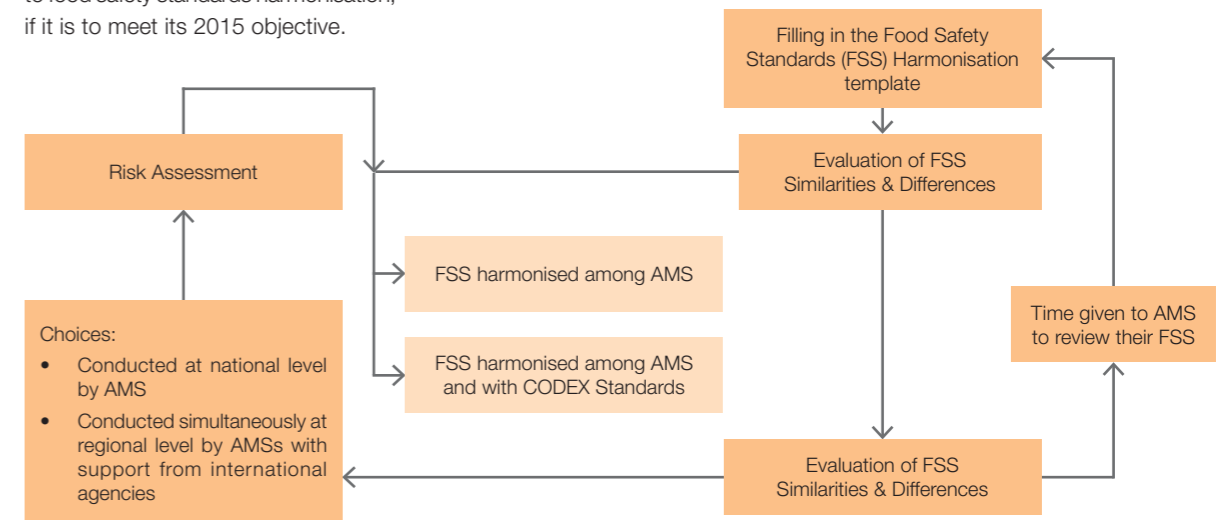


Despite its ambitious agenda, the PFPWG has struggled over the years to make significant progress on food harmonisation. A first step in rationalising ASEAN work on harmonising standards and developing an ASEAN Common Food Control Requirements (ACFCR) approach was agreed by ACCSQ in March 2005. This sought to provide a common framework for ACCSQ to work with other bodies and groups within ASEAN to co-create the single market, with each being assigned responsibilities for delivering parts of the overall outcomes. Although this has helped to improve coordination to some extent, it is recognised within ASEAN that further efforts are needed in this respect, particularly with regard to food safety standards harmonisation, if it is to meet its 2015 objective.

In the light of the 2015 target, and in order to speed up the process, the PFPWG is developing regional guidelines on Good Manufacturing Practice (GMP) and the application of HACCP in inspection and certification.

A further positive step forward was made at the PFPWG meeting in January 2012 with the adoption of a 'decision tree' for harmonising divergence on food safety standards as a tool for policymakers in ASEAN.

In addition, there are welcome moves now afoot to simplify the structure and enhance coordination of work in respect of the agro-food sector (food safety, food standards, import and export certification and inspection, elimination of TBTs, etc.). It is to be hoped that this will further improve the efficiency and effectiveness of the work being done to promote regional integration and to stimulate more streamlined activities and information sharing for the common good in advance of the 2015 deadline.



Other regional initiatives impacting ASEAN Regulatory Convergence

ASEAN does not operate in a vacuum and its regulatory convergence activities are not taking place in isolation from wider regional and global developments. Indeed, there are a number of key potential benefits that may result from alignment with international standards and also greater harmonisation of standards both within ASEAN and more widely.

In particular, seven of ASEAN's 10 member states are also participating in the **Asia Pacific Economic Cooperation (APEC)** initiative, namely: Brunei Darussalam, Indonesia, Malaysia, The Philippines, Singapore, Thailand and Vietnam. Regulatory convergence and good regulatory governance are core priorities in APEC's work and therefore it is important that the ASEAN and APEC regulatory activities are compatible and consistent.

"Building high quality regulatory environments in APEC economies is a key component of APEC's work to promote free and open trade and investment in the region. Since its inception, APEC has promoted the use of good regulatory practices and worked to reduce the negative impact of regulatory divergences on trade and investment. APEC work in this area seeks to embed the concepts of non-discrimination, transparency, and accountability into the regulatory cultures of APEC economies, which help to create jobs and promote economic growth."

2011 APEC Leaders' Declaration

In addition, at the end of 2010, ASEAN and its members were party to twenty-two bilateral and seven multilateral **trade arrangements**⁵. These arrangements link the ten ASEAN members, individually and collectively, with their closest neighbours and biggest trading partners, including the ASEAN+3 countries (i.e. China, Japan and Korea), as well as Australia, India, New Zealand, the United States of America and the European Union. As a result, overall applied tariff across all goods has dropped significantly in recent years, though this fall has not been consistent across all sectors and applied tariffs for sensitive sectors such as agricultural products overall remain higher than the average⁶.

While these Agreements provide for the reduction of tariffs and duties, many also either contain or are complemented by agro-food and regulatory-related provisions that are relevant to regulatory cooperation and convergence.

Of major significance in the future will be the conclusion of the planned multilateral free trade agreement **The Trans-Pacific Partnership (TPP)**. Negotiations are ongoing. The 16th round of talks was held in March 2013 in Singapore. Four of the ASEAN Member States, Brunei Darussalam, Malaysia, Singapore and Vietnam are involved in the negotiations along with Australia, Canada, Chile, Mexico, New Zealand, Peru, and the United States. Japan is considering its participation in TPP. The TPP is expected to commit partners to comprehensive market access and elimination of TBTs, together with cross-cutting trade issues, including achieving of regulatory coherence. TPP will include binding commitments and obligations on the partners. The TPP countries are endeavouring to complete the negotiations by the end of 2013.

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) launched by ASEAN and its FTA partners of Australia, China, India, Japan, South

Korea and New Zealand in November 2012. Negotiations are expected to commence in 2013 and conclude by 2016. It is a modern, comprehensive, mutually beneficial economic partnership agreement which will broaden and deepen the current engagement under the existing FTAs. It will also include provisions to facilitate and enhance transparency in trade, including elimination of TBTs as well as participating countries' engagement in global and regional supply chains. The RCEP along with TPP are expected to serve as mutually reinforcing parallel tracks towards a free trade area of the Asia-Pacific and contribute to building momentum for global trade reform led by the WTO.

⁴ Centre for the Analysis of Regional Integration at Sussex (2011), *Economic Integration in South East Asia and the Impact on the EU*, p.22.
See: http://trade.ec.europa.eu/doclib/docs/2011/may/tradoc_147874.pdf

⁵ See: <http://www.dfat.gov.au/publications/trade/APEC-2010-Bogor-Goals.html>

AFBA believes that under its 2015 Roadmap, ASEAN has a unique opportunity to shape regulatory frameworks and standards that, based on the principles below, can meet the highest international benchmarks of good regulatory practice. Regulatory frameworks have a key impact on trade and investment and, accordingly, the success of ASEAN economic integration will depend on the consistent application of these Principles.

AFBA members believe that science-based regulation (including food safety and quality standards), when consistently applied and properly enforced, play a crucial role in underpinning the safety and quality of agricultural commodities and food products, thereby ensuring the highest level of protection for consumers and facilitating fair and open trade.

To this end, AFBA urges policymakers and regulators to subscribe to the five core principles set out below when designing and implementing new legislation:

1. GOOD GOVERNANCE

The regulatory process – from conception to implementation and enforcement - should be in line with internationally recognised principles of good regulatory governance and practice and should be transparent and fair to all;

2. RIGOROUS IMPACT ASSESSMENT

All new regulations and standards should be subject to a regulatory impact assessment prior to adoption, based on internationally recognised principles and practices. The RIA process should provide for the possibility of legislation to be amended or even dropped if the evidence gathered during the RIA process provides clear evidence that that costs and/or negative impacts outweigh the benefits;

3. SCIENTIFIC BASIS, PROPORTIONALITY AND NON-DISCRIMINATION

Individual regulations should be clear, proportionate and non-discriminatory and be founded on sound, scientifically based criteria consistently applied;

4. OPEN CONSULTATION

The regulatory process should include a public consultation and stakeholder engagement mechanism, encouraging the active participation and contribution of all relevant private and public sector stakeholders and consumers throughout the policymaking process;

5. MINIMAL RESTRICTIVENESS

All measures adopted should, in line with WTO principles, be no more restrictive than required to achieve the appropriate level of sanitary or phytosanitary protection and have minimal, if any, negative trade effects.

AFBA Commitments for A Shared Vision in ASEAN

AFBA members welcome the ambitious objectives and programmes of ASEAN and its Member States to progress regulatory convergence and harmonisation of food safety and quality standards in the region. AFBA is committed to providing full support and partnership to the ASEAN Secretariat and to respective Member Governments in their endeavours to achieve the Roadmap objectives for the agro-food sector.

Specifically, AFBA member companies, in supporting and partnering ASEAN, make the following commitments:

- 1 PROACTIVE COLLABORATION**
To participate fully in supporting the harmonisation efforts of ASEAN and its members as a full and proactive partner.
- 2 BUILDING THE EVIDENCE BASE**
To offer our expertise and resources to assist the ASEAN Secretariat and relevant national government officials in their regulatory convergence and harmonisation efforts, including:
 - a. Analysis of existing national regulations, identifying inconsistencies and gaps, and benchmarking current provisions against relevant international standards;
 - b. Assessing the impact of key NTBs together with the benefits of regulatory harmonisation/convergence to ASEAN economies.
- 3 RALLYING REGIONAL FOOD VALUE CHAIN SUPPORT**
To leverage our local and regional contacts in the food value chain to build the necessary critical mass to support Member States in achieving their harmonisation objectives.
- 4 CAPACITY BUILDING**
To provide our scientific and regulatory expertise to facilitate capacity building initiatives at ASEAN and Member States' levels in support of the achievement of regulatory quality and harmonisation objectives and to assist the development of the related infrastructure to support such legislation.
- 5 LEVERAGING INTERNATIONAL NETWORKS**
To use our wider global networks and influence to gain both the full recognition and proactive support of ASEAN's key global partners for ASEAN intra-regional harmonisation and MRA efforts.

AFBA and its members are ready to step up and sustain their engagement with ASEAN over the long term, based on the above commitments, in support of good regulatory practice and food standards harmonisation in the region. Our commitment, support, expertise and resources would assist ASEAN and its members to achieve the required momentum towards the establishment of the ASEAN Economic Community in 2015. The realisation of the Community is our shared vision; it will bring benefits for ASEAN, its people and the business community operating in the region. The investment we are making will have lasting benefits far beyond our own businesses.

