

15 September 2020

YB Dato' Seri Dr Ronald Kiandee

Chair, APEC High-Level Policy Dialogue on Food Security
Minister of Agriculture and Food Industries
Malaysia

Honorable Minister:

On behalf of the APEC Business Advisory Council (ABAC), I am writing to share ABAC's recommendations on food security, and on the role that food and agriculture can play in reaching our broader shared goals of sustainable and inclusive growth for the region. This has become an increasingly urgent and complex task – particularly as we grapple with the impact of the COVID-19 pandemic: it is imperative that we do not compound the terrible health emergency and severe economic impacts we already face with a food security crisis. This demands that we take a fresh look at our policy settings and approach.

COVID aside, the issue of food security is a particular priority this year in any case, as we assess the progress that is still needed before we can fully realize our goal, laid out in the *Food Security Roadmap Towards 2020*, for an APEC Food System in which all, including the most vulnerable, have access to safe, nutritious and sufficient food, and in which the food sector is economically efficient, socially acceptable and environmentally sound. This of course also resonates strongly with the United Nations' Sustainable Development Goal of “zero hunger” by 2030.

These aspirations will remain fundamental for APEC as policymakers seek to finalize and then implement the new “Vision” for the region post-2020. In our view, achieving our goals will require policymakers and the private sector to work together collectively, and with renewed commitment and engagement in the APEC Policy Partnership for Food Security (PPFS) as well as in their own individual economies and other settings.

Food security seen through the lens of COVID-19

Before turning to our specific recommendations, we think it is useful to reflect briefly on some of the lessons of COVID-19.

First, the pandemic has demonstrated the importance of considering a ‘whole of system’ approach, in which food production, infrastructure, distribution, trade and regulation operate seamlessly together, and in which policymakers work closely with food producers.

Given the importance of safe and nutritious food in the face of the pandemic, it is also clear that we must prioritize good frameworks in food safety, and of enabling access to nutritious, healthy food. To achieve this, policymakers should more actively share regional best practices on food safety, including around traceability and sanitary practices, and should raise awareness of the importance of reducing food loss and waste across the food value chain.

Looked at from a broader perspective, the pandemic has also helped to reinforce the importance of our core goals sustainability and inclusion when it comes to the food and agriculture sector. Specifically, regenerative approaches to production – taking into account water, soil, carbon and waste – are crucial to the resilience of agriculture and of communities. This goes beyond merely meeting consumer preference: sustainability is foundational to enhanced food security. Likewise, the value we place on inclusion means that we must prioritize support measures for vulnerable groups who will continue to need safety nets, including food producers struggling with liquidity challenges.

Finally, the key role of trade in achieving food security remains as salient as ever. Food trade helps match up supply and demand across the region and means that essential food supplies can get to where they are needed most, even in the face of external shocks such as the pandemic. We must shore up up trade in food and agriculture by removing unjustified export restrictions and non-tariff barriers, strengthening value chains and enhancing transparency in food production, consumption, distribution and trade. APEC must also continue to demonstrate its strong support for the WTO, as the foundation for food trade in the APEC region.

Recommendations

In light of the considerations above, addressing the priority issues through the recommendations that we set out below would contribute to realizing our collective goals. In developing these recommendations, we have taken account of a meeting of APEC food industry stakeholders we convened in July to help inform our preparations for PPFs. A copy of the ‘Key Messages’ from that group is attached as an annex to this letter.

1. Ensuring Stable Production and Supply

It has become increasingly difficult in some parts of our region to access essential food supplies, as agricultural production and commodity distribution have been impacted by the pandemic, particularly in economies with less resilience and weaker responsiveness, coupled with extreme weather events and reduced income of disadvantaged groups. This means that ensuring the stability of agricultural production and supply becomes more critical than ever.

Recommendations:

- Strengthen information sharing regarding production capacity, supply and demand, in a timely, accurate and transparent manner.
- Create an enabling environment to enable diversification of supply options to help manage risks for food businesses and ensure year-round quality and supply for consumers.

2. Keeping Food Trade Flowing

There has been significant disruption to the flow of agricultural goods and related services as a result of restrictions or bans on food exports during the early stages of the pandemic, and ongoing impacts on food processing, ports and airlines due to pandemic control measures. This points to the importance of seeking to ensure that supply and distribution chains can continue unimpeded. It also shows the importance of continuing to press ahead in seeking to reduce and remove distortions in global agriculture production and trade, including through a meaningful cut in trade-distorting domestic support for agriculture, as urged in our WTO Statement of July.

Recommendations:

- Remove unjustified export restrictions and eliminate non-tariff barriers on food and agriculture products to ensure food security and stability in supply chains for agriculture products.
- Trade and supply lines, including air and sea freight, should remain open to facilitate flow of food and agricultural products.
- Expedite customs, streamline certification of products and broaden adoption of electronic documentation to facilitate trade in food and agriculture.

3. Employing Digitalization

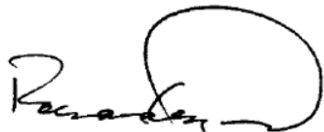
The huge potential of digitalization has been demonstrated throughout the pandemic. Online businesses have outperformed offline business by using digital tools such as online platforms and e-commerce. These tools offer important avenues to enhance food security by connecting producers directly with consumers, by increasing efficiency in production, yields and distribution, and by enabling greater resilience in supply chains during times of disruption. In that regard, digital tools have a pivotal role to play in helping stabilizing food security and propelling the development of smart agriculture, as well as furthering the inclusion of farmers and small holders in value chains and increasing their income.

Recommendations:

- Drive further investment in digital infrastructure, including access to broadband and predictive technologies.
- Upgrade capacity-building to help producers use digital tools, such as mobile money and e-commerce to enhance the digitalization of businesses.
- Leverage emerging technological innovation, such as Internet of Things, mobile cloud computing, big data, artificial intelligence, cognitive computing and block-chain to improve productivity and value chain efficiency.
- Establish an agricultural monitoring system, utilizing real-time data and big data base to track changes in agriculture, recognizing abnormalities, and predicting fluctuations and trends within and across markets.
- Enhance better quality and productivity of food under the constraints of both human and land resources against drastically changing weather through the adoption of advanced technology of AI, Big Data, Cloud Computing and IoT to enable smart agriculture as a new platform for food industry.

We look forward to discussing the above recommendations during the Policy Dialogue in October.

Yours sincerely,



Dato' Rohana Tan Sri Mahmood
ABAC Chair 2020

Business views on food security for the APEC Policy Partnership on Food Security

Key messages

Representatives from the food and agriculture sectors from around the Asia-Pacific met on 3 July and emphasized the following messages as integral to durable food security in the region:

1. **Food security** exists when all people at all times have access to affordable, sufficient, safe and nutritious food. The agriculture and food sector makes a critical contribution to all economies; food security is crucial to achieving 'Society 5.0'. The pandemic has served as a reminder of the complexity and fragility of the global food system.
 2. Achieving food security depends fundamentally on **partnership and collaboration** between policymakers and the private sector. A 'whole system' approach is needed. Policy frameworks should be shaped with input from food producers, so that people, businesses and economies can share knowledge, coordinate and collaborate to ensure that supplies can be matched efficiently with demand – producer to consumer, and exporter to markets.
 3. There are currently **adequate food supplies** in the APEC region, but some serious challenges in distribution and markets, including in the food service sector, as a result of COVID-19. Farmers and food producers remain vulnerable to **disruption in production processes, labor force, supply chains, markets and cashflow** as a result of the pandemic. There is uncertainty throughout the value chain.
 4. In many economies, policymakers have responded with useful **support measures** for producers, businesses and consumers, but this must remain a priority. Vulnerable populations will continue to need safety nets; and some producers face a liquidity crisis which could impact on food security into next year. Policymakers must keep a focus on these issues.
 5. **E-commerce and innovative digital technologies** offer important avenues to enhance food security by matching producers more directly with consumers, by increasing efficiency in production, yields and distribution, by minimizing food loss and waste and by enabling greater resilience in supply chains during times of disruption.
 6. However, in order to leverage digital technologies most effectively, **capacity-building** (to help producers to use digital tools such as mobile money, smart farming and e-commerce), **digital infrastructure investment** (including access to broadband and predictive technologies) and broad adoption of **digital trade facilitation** (such as the acceptance of electronic documentation) must all be improved. Robust systems utilizing real-time data about food production and consumption and enhanced predictive capabilities would enhance food security within and across markets.
 7. **Food safety**, and access to nutritious, healthy food, are high priorities for consumers and producers, especially in light of COVID-19. Policymakers must prioritize good frameworks in this area, working in close partnership with food producers.
 8. Trade in food makes an important contribution to food security, and trade rules matter. **The WTO provides an essential foundation for food trade** in the APEC region and must continue to be supported. Protectionism can jeopardize food security.
 9. The pandemic has also demonstrated the importance of risk management in trade. **Diversification of supply chains** can help to manage risk for food businesses and ensure year-round quality and supply for consumers.
 10. **Sustainability** is foundational to enhanced food security. Regenerative approaches to agricultural production – taking account of water, soil, carbon and waste – are crucial to the health and resilience of agriculture and of communities. We must act sustainably not just to meet consumer preferences for more sustainable production, but because it is the right thing to do. The private sector can play an important leadership role here.
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