



**Keynote Address by the Hon. Anthony Hylton MP,
Minister of Industry, Investment and Commerce
at
Launch of Food Safety & Quality Systems in Dev. Countries,
Conference Room
Jamaica Exporters Association
Wednesday, 15 July 2015 at 6:00pm**

Salutations and Preamble:

- Hon. Derrick Kellier, Minister of Agriculture and Fisheries
- Mrs. Marjory Kennedy, President, Jamaica Exporters Association
- Dr Andre Gordon, Managing Director, Technological Solutions Limited
- Dr Beverly Morgan, Head, The Competitiveness Company
- Members of the press;
- Specially invited guests... good evening

Introduction

Let me begin by saying that it gives me great pleasure to join you here this evening to give the keynote address on the occasion of the launch of this book, “**Food Safety and Quality Systems in Developing Countries: Export Challenges and Implementation Strategies**”. When Dr Gordon asked me to participate in the launch of this book, it was without hesitation that I accepted the invitation.

The fact is the subject-matter holds enormous significance for the critical initiatives being undertaken by my Ministry. Moreover, this book brings together a mass of evidence to demonstrate the case for strengthening our national quality infrastructure and contributes to the discipline of problem-solving in the critical area of export-led growth.

There is no doubt that this book is also a manual for industry, and will prove to be an invaluable tool for practitioners and the exporter community as a whole. This body of work is reflective of the kind of research that is badly needed; it offers practical solutions to urgent challenges confronting our country as we seek to implement an export-led strategy.

Ladies and gentlemen, the publication of the book represents a definitive treatment on the role of standards and technical regulations in accessing markets, using the technique of specific case study. It is, therefore, a timely contribution to our efforts to unlock Jamaica's vast potential to drive exports, and improve export performance. In this connection, I must highlight that the publication of this body of work coincides with the completion of the National Export Strategy (NES), which is set to be launched on August 20th.

A Case-Study Approach Demonstrating Challenges and Solutions to Technical Barriers to Trade (TBT)

The Book chronicles the challenges faced by ackee exporters as a result of the import ban that was placed on the product in 1973 due to safety concerns in the US market and the efforts made to facilitate the re-entry of ackee into the US market. It also draws attention to the collaborative efforts of the Jamaica Exporters Association (and the Jamaican Ackee Task Force formed by the JEA), the Bureau of Standards, the US Food and Drug Administration and the US State Department, to meet the requirements of the US Food and Drug Administration- the result of these collaborative efforts was the lifting of the ban in 2000.

Indeed, it is noteworthy that the book uses the ackee case-study, to highlight how the challenges faced in exporting a fruit were successfully addressed using a science-based approach.

Ladies and gentlemen, this experience with ackee demonstrates that a successful outcome can be achieved through effective public- private sector partnership. Indeed,

this joint campaign successfully removed the technical barriers to the entry of ackee into the US market, and paving the way for the lifting of the import ban has proved beneficial to the ackee exporter community and the country.

Technical Barriers to Trade (TBT) remain a major challenge to the implementation of a successful export-strategy. Chapters 6, 7 and 8 of the book provide an exhaustive treatment of the challenges and the measures and strategies used to address these challenges. It highlights the complexities involved in addressing TBT issues since it demands scientific expertise and discipline to correct the problem. The challenges of technical barriers may have to do with labeling, ingredients, production input, or other issues associated with the physical attributes of the product. Indeed, this can be a costly proposition for firms that must now adapt to the technical requirements but lack the capacity to do so.

The book's treatment of the impact of the Food Safety Modernisation Act of 2011 (FSMA) on the Caribbean is instructive for policy-makers and stakeholders of the exporter community. The presentation draws attention to earlier legislation between 2002 and 2006 that established the European Food Authority, which was a harbinger of the FSMA, and correctly assesses that the FSMA should not have been a surprise. In effect, the publication calls attention to the fact that regulations around food safety have become commonplace across trading partners. In this regard, it cited the Safe Foods for Canadians Act of 2012, which is to be implemented in 2015.

The book further notes that while the FSMA will prove to be a challenge for many producers, both in the developing countries and the US, it correctly points out that this will also provide an opportunity for producers to upgrade their operations to world-class levels, to achieve competitiveness and gain access to market. It also points out that across the Caribbean region, ministries of agriculture, health, and commerce and trade have increased their vigilance on domestic production, handling and sale of food based on food safety principles. This is essential if regional economies are to avoid marginalization in the global trading community.

The net effect of imposing technical requirements to trade is to significantly transform production and food handling practices of exporters. It is important for us to appreciate that without a doubt, new regulations that promulgate new standards results in positive outcomes, in the degree to which it compels us to improve the quality of our operations. This often requires innovation and adopting new practices as we adapt to the demands of competition.

Standards and Trade Facilitation

Ladies and gentlemen, standards occupy a central place in global trade, and increasingly so in a globalised economy. Standards define how products, processes, and people flow and the impact they have on their environments. They are critical to bolstering competitiveness by demonstrating that products and services conform to requirements of governments or the marketplace. When implemented and effectively enforced, standards enhance cross-border trade, contributing to the transfer of practices and technology, while protecting consumers in the marketplace. In addition, standards are safeguards against the degrading of the environment and contribute to its sustainability.

The status of food safety and quality systems in the developing countries is increasingly of interest to the global community given the increasing cross-border integration of supply-chains with the forward march of globalization. In this context, trade and market-access considerations assume a much greater significance for the economic welfare of the country. **It is for these reasons why a modern national quality infrastructure (NQI) must be established!**

The NQI is the institutional framework that determines national standards and implements standardization in the marketplace. This includes conformity assessment services, metrology, and accreditation. In this regard, our Government continues to play a crucial role in designing, developing, and implementing an effective NQI.

Creating a modern quality infrastructure calls for targeted attention to matters such as export certification and capacity building. The United States Food Safety Modernisation

Act (FSMA) has placed stringent requirements on the export sector, but we have been working to make all our industries compliant with the regulations to export our food products to the US market. Indeed, the Bureau of Standards (BSJ) in collaboration with the Food and Drug Administration (FDA) is creating greater export possibilities and increased competitiveness of the export sector.

An important element of this effort is the setting up of technical bodies, putting in place testing facilities, and incorporating standards into technical regulations for the purposes of consumer or environmental safety. Here in Jamaica we have been making strides in improving the regulatory framework for standards development and implementation.

The Government is committed to building out its National Quality Infrastructure. Only last week the Cabinet approved the restructuring of the BSJ to enable its regulatory operations to be separated from its core function of standards development to avoid conflicts inherent in the current structure.

MSMEs Access to Global Value and Supply Chains

Ladies and gentlemen, the initiatives that Government is embarked on to develop the capacity of the MSME sector provides a context for appreciating this body of work that is being unveiled here this evening into the public space. As we move forward to strengthen our SMEs to enable their participation in global supply and value chains, we have the critical task of ensuring that their products and services meet technical requirements in global markets.

The elevation of food safety and quality systems to the center of export challenges is instructive for policy-makers, especially in the era of globally integrated value and supply chains. The limited capacities of SMEs make it difficult for them to adapt their products and processes to conform to the technical requirements of trade. Moreover, SMEs encounter difficulties in demonstrating compliance due to absence of a commensurate technical infrastructure and the hurdle imposed by the costs of achieving conformity.

Building the capacity of SMEs is, therefore, critical to addressing the hurdles that are presented by technical barriers to trade (TBT), which are often the most frequent obstacles to trade. In this regard, the body of work presented by this book can greatly assist SMEs in conforming to standards requirements, and comply with regulations that obtain in the international marketplace. In this connection, this work brings into sharp focus the important challenge of building SME capacity, an area that has received significant focus in the World Bank's \$50 Million Foundations of Competitiveness and Growth Project. This area has been emphasized in the context of building SME supply-chain and linkage capacity.

Export-Led Growth and the Growth Agenda

Let me be clear, exports are the engine of our economy and export-led growth is the foundation of our country's growth strategy. Our economy was built on trade from the very inception. The foundation of a successful export strategy for the Jamaican economy rests on our ability to develop and maintain global competitiveness in our industries. When it is all said and done, our export performance is determined by the degree to which our firms are able to meet the demands of an unrelenting globally competitive marketplace. Our export strategy must, therefore, begin with improving competitiveness and addressing the ease of doing business in the economy.

Strengthening the framework for developing a modern national quality system is indispensable to facilitating trade and investment. And, if we are really serious about transforming Jamaica into a logistics-centred economy and positioning the country as the 4th node in the global trading system, we must pay attention to this matter. Indeed, strengthening our national quality infrastructure is critical to improving competitiveness, trade, and the growth of our economy. In addition, it is a measure to combat non-tariff barriers that are presented by the imposition of new safety and quality standards by our trading partners.

The End of Protectionism and Tariff Barriers: EPA II

Ladies and gentlemen, the Economic Partnership Agreement Program (EPA II) reflects the end of an old trade regime by bringing about a closure or at least the diminution to

the preferential, non-reciprocal trade regimes which previously governed trade between CARIFORUM and the EU. Hence, the private sector in the region will need to become more competitive through diversification of product lines, moving up the value chain, and adopting best practices in order to build new and existing markets. The challenge of addressing non-Tariff barriers through capacity-building will remain a focus of our attention. It is only on the basis of improving standards that we will be able to take advantage of trade opportunities in this new global environment. Let me therefore use this opportunity to thank the European Union Commission for its support in strengthening the capacity of the Bureau of Standards (BSJ).

Our ability to achieve the goals of the growth agenda rests largely on the efforts and energies of the exporter community – both large enterprises and the MSMEs. Our imperative is, therefore, to grow the number of exporters and to diversify our product offerings and markets.

Global Value and Supply Chains & Logistics

Let me be clear, the logistics-centred economy is not simply about large infrastructure projects. It is also about creating a platform for the efficient flow of business activity to the world. The Jamaica Logistics Hub Initiative provides us with the ideal opportunity to re-position our export industries, especially SMEs to benefit from more business. In this regard, the role of the SEZs as a platform (strategy) for forging backward linkages with the domestic economy is critical to enabling broad-based and inclusive growth with increased opportunities for our MSME sector.

The strategy of developing a logistics-centred economy requires that the MSMEs are transformed through sustained investment in capacity-building. This includes the adoption of globally competitive practices and standards by MSMEs to enable their integration into global production and supplier networks. The role of information and communications technology is central to this effort, as it will require the integration of networks of communities and systems that are all part of a global value and supply chain.

Partnership and Collaboration to Advance Trade Facilitation and Trade Policy

Importantly, our export strategy cannot be successful without putting in place an effective trade policy and trade facilitation mechanism. Our Trade Policy is even now being revised to reflect the realities of the changing global trade environment. Again I say, this is a matter with which the JEA can ill-afford to be indifferent.

The partnership between Government and the private sector, and the contributions of the JEA, was the basis for the development of our National Export Strategy. We therefore commend the JEA and other private sectors groups for the tireless work to make this a reality.

It is important that the JEA begins to critically think about the numerous business opportunities that the Global Supply and Value Chains in the context of the Jamaica Logistics Hub will create for the export sector. Every effort must be made to take advantage of this platform for global competitiveness. The Logistics Hub will be a key pillar in our export-led strategy and in the alignment of the country's National Export Strategy.

As we move closer to realizing the vision of a logistics-centred economy, which is buttressed by an improved business environment, strategic investments in our industrial infrastructure, and an enabling environment for our MSMEs, we remain focused on the broader mission of achieving robust export-led growth. In this we must remain steadfast in renewing our strategy to ensure that we are globally competitive.

Closing

In closing, let me commend Dr. Gordon and the Jamaica Exporters Association for conducting this critical piece of research and sharing it with the world. **On a related matter, the work that is captured in this publication has significant implications for the development of the marijuana industry in Jamaica. Indeed, it is not by accident that Dr. Andre Gordon has been appointed to serve as the Chairman of the Cannabis Licensing Authority!!**

Only this morning, I noted that there was a report in the business section of today's edition of the Gleaner on Jamaica's trade performance based on Bank of Jamaica data for the quarter ending March 31st, which indicated that ackee exports jumped from US\$2.8 million in the first three months of 2014 to US\$5.5 million. This reflected a year-over-year increase of 96.4% for the same period. This increase in ackee exports serves to highlight the continuing success of the work done years ago by the JEA in facilitating access of this fruit to international markets.

Ladies and Gentlemen, what I consider to be one of the important conclusions of the book, regarding the passage of the FDA's Food Safety Modernization Act of 2011, is summed up as follows: **"...While it has created and will create challenges for compliance for many firms involved in food handling and exports, the FSMA will also create opportunities for many. It has been a catalyst for firms to undertake upgrading operations to world-class levels of competitiveness, including improving physical infrastructure, enhancing human-resource base, and implementing a range of productivity-improving systems. This will ultimately result in the firms that make the grade gaining greater market access and market share in the United States and other markets, thereby enhancing their sustainable profitability and the livelihood of their staff"**.

Though focused on the United States, the fundamental principles of this publication can be generalized across other jurisdictions such as Canada and the European Union. I therefore commend this book as a must read for critical agencies of Government touching the export sector, starting with my Ministry.

I thank you