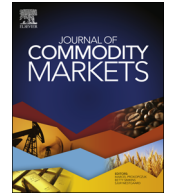




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Food safety regulations and fish trade: Evidence from European Union-Africa trade relations

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ABSTRACT

The preponderance of food regulations in international trade and the stringency in standards application has trade effects for Africa. The proliferation of preferential tariffs among trading partners has brought to fore the importance and increasing use of technical regulations in global trade. These regulations have their pros and cons for different economic agents. To this end, this study investigated the export effects of the EU fish standard regulations for Africa in a two-step [Helpman et al. \(2008\)](#) model. The study covers 52 African countries from 1995 to 2012. It finds that, fish standards are trade enhancing at the extensive margins, but not the case at the intensive margins. Thus, the quality standards' institutions must be strengthened in Africa through adequate development of science and technology in order to accelerate export intensity.

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1. Introduction

International trade has been linked with economic growth, such that countries' participation proffers the opportunity of integrating and interacting with the rest of the world. Global integration of countries, especially the poorer ones, provides the avenue for sustainable growth and reduction in poverty. Thus, trade flows have the potentials of improving foreign earnings, sustainable growth and unemployment reduction. In practice, however, is often not the case as there are various barriers to trade, especially in the commodities that developing countries and particularly Africa have comparative advantage. Due to these trade policies, Africa found it difficult to take full

advantage of the opportunities embedded in global trade.

The continuous trade negotiations and agreements among countries have led to substantial reduction in the impact of tariffs on global trade. This is because recent evidences have shown that tariffs are collapsing in which brought to prominence the relevance and the preponderance of the use of non-tariff measure (NTMs) in regulating international trade ([Fugazza, 2013](#); [WTO, 2012](#)). [Nicita and Gourdon \(2013\)](#) used a broad definition of NTMs to present a frequency index that shows that among the NTMs, technical measures are most often used. Out of these technical measures, the product standards stand out due to its ability to be used for trade protectionism and/or the enhancement of the flow of trade through food safety standards that meet the changing taste and preferences of consumers. This study deals with public product standards, which are mandatory and must be adhere and/or comply with before market access can be guarantee, while

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private standards, other form of standards, are not mandatory (voluntary) such that their compliance are voluntary but could be required at the border before market access.¹ To many least developed countries (LDC) and developing countries, standard requirements² (SPS) are trade restrictive such that it's added to the series of costs faced by their exporters, particularly in the developed markets. [Moise and Le Bris \(2013\)](#) argued that the NTMs can almost double the trade barriers effects imposed by tariffs for some products.

Besides, there are increasing incidences of technical barrier to trade (TBT) and Sanitary and Phytosanitary measures (SPS) that pose concern for developing countries' exports ([Fugazza, 2013](#)). Furthermore, he posits that on the average, about 30% of products lines are confronted with TBT, while that of SPS is 15% of trade in countries, especially the developed ones. This has implication for developing countries' export earnings, income and their quest for sustainable development through reduction in poverty, unemployment and smallholder producers' inclusiveness in the trajectory of development. The quest for sustainable development among other factors is the reason for Africa's continuous global integration, especially through trade relations. [Kaplinsky \(2008\)](#) has identified trade among other channels³ with which countries could integrate into the global market. Trade channel of global integration has been explored by African countries, however, the gains from trade as advocated by orthodox trade theories have not been fully realized due to the quality of the exports, export base and their development stages as well as the protectionism nature of standards.

Many empirical studies (see [Chemnitz et al., 2007](#); [Otsuki et al., 2001](#)) have shown that standards are trade restrictive as being used. However, studies such as [Henson and Humphrey \(2008\)](#) and [Maertens and Swinnen \(2009\)](#) conclude that, standard requirements due to change in taste and preferences will enable exporters to engage in product upgrading. Although, in the short run, the exporters might incur some compliance costs, but in the long run, these costs will stabilize and thereby enhance their exports to these markets. It should be noted that, there are many food safety standards before a product could access any given market. However, majority of the studies in this area often used single standard requirement. For instance, [Liu and Yue \(2011\)](#) used the Hazard Analysis Critical Control Point (HACCP) on EU orange trade. [Otsuki et al. \(2001\)](#) quantified the impact of EU aflatoxins on African exports of cereals, dried fruits and nuts. [Yua Yang and Findlay \(2008\)](#) investigates the effects of the maximum residue limit (MRL) standards on China's exports of vegetables (Chlorpyrifos MRL) and aquatic products (Oxytetracycline MRL). [Wei et al. \(2012\)](#) used MRL of pesticides on China's tea export. [Xiong and Beghin \(2011\)](#) used the tightening of the EU maximum residue limit

(MRL) on aflatoxins in 2002 on Africa's export of groundnut, etc.

Contrarily, this study departs from these previous studies by considering all the applicable standards for the selected commodity. All the applicable standards are standard requirements set by the EU to guide and/or regulate the content of this commodity, which for fish as at the end of 2013, are 10 requirements⁴. Also, the use of mostly unexplored Perinorm standards data in the two-stage [Helpman et al. \(2008\)](#) model, are very scarce in the literature, especially those with African trade data. Although, in every product, certain standard might be dominant⁵ among the requirements, but all the standard requirements must be complied with before accessing the market. To this end, this study inquires the following; do the EU fish standard requirements affect Africa's exports? Thus, from this research question, this study draws its objective, which is to investigate the impact of EU's fish standard regulations on Africa's exports in a [Helpman et al. \(2008\)](#) gravity model.

2. Material and methods

The issue of technical standards and Africa's exports is vital to the continent's development aspiration. Its importance has been emphasized and investigated by early empirical studies, such as [Otsuki et al. \(2001\)](#), [Okello and Roy \(2007\)](#) and [Maertens and Swinnen \(2009\)](#). However, in spite of this issue to Africa, only scanty empirical studies exist. The paucity of empirical studies which was acknowledged by [Shepherd and Wilson \(2010\)](#) has inhibited research and evidence-based policy formulation by African governments in order to solve the problem of inadequate conformity and thereby inaccessibility of African exports to the markets of its trading partners ([Kareem, 2016](#)). Only of recent that efforts are being made to mitigate the problem of aflatoxins in some commodities, but product standards go beyond this single requirement of mycotoxins. Three strands of trade impact of standards are available in the literature: first, those that concluded that standards are trade inhibiting; second, studies that found standards are trade enhancing; and finally, some studies argued the fact that standards could be trade inhibiting (in the short run) and enhancing (in the long run). Studies conducted by [Chemnitz et al. \(2007\)](#), [Wilson and Abiola \(2003\)](#), [Czubala et al. \(2009\)](#), [Otsuki et al. \(2001\)](#) etcetera, show that Africa's exports were restricted to the developed markets due to its inability to meet the standards set by these markets. For instance, [Mutume \(2006\)](#) argued that the implicit standards that are aimed at raising African countries' standards to the developed countries' levels resulted in extra layers of developed countries regulatory barriers, which has shut out cheap exports from Africa.

Furthermore, there are studies such as [Ignacio \(2008\)](#), [Jaffee and Henson \(2004\)](#), [Henson and Jaffee \(2008\)](#),

¹ Please, see [Kareem \(2014\)](#) for further reading on the conceptual issues in standard requirements.

² The type of standards is public standards, which is mandatory and different from the private standards that voluntary.

³ Other channels are investment, migration, finance, global governance and environment.

⁴ These range from Microbiological contaminants, Veterinary drug residues, Heavy metals, Product composition to Biotoxins/Contaminants (see [Kareem \(2011\)](#)).

⁵ For instance, aflatoxin in groundnut, cereal and other products.

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