

# Finding New Funds for Safe Trade



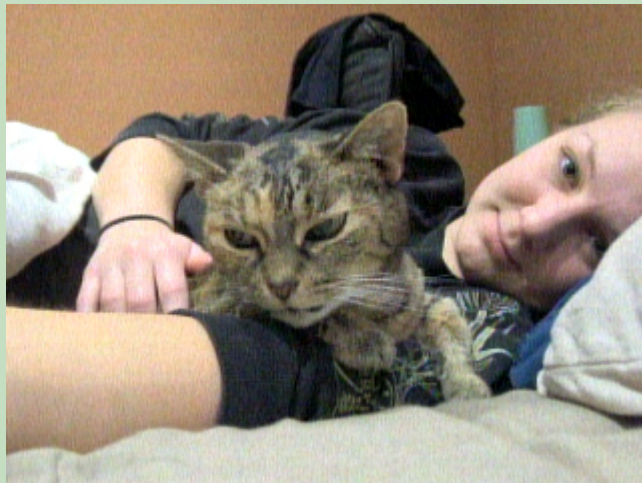
# Trade-Related Safety Problems

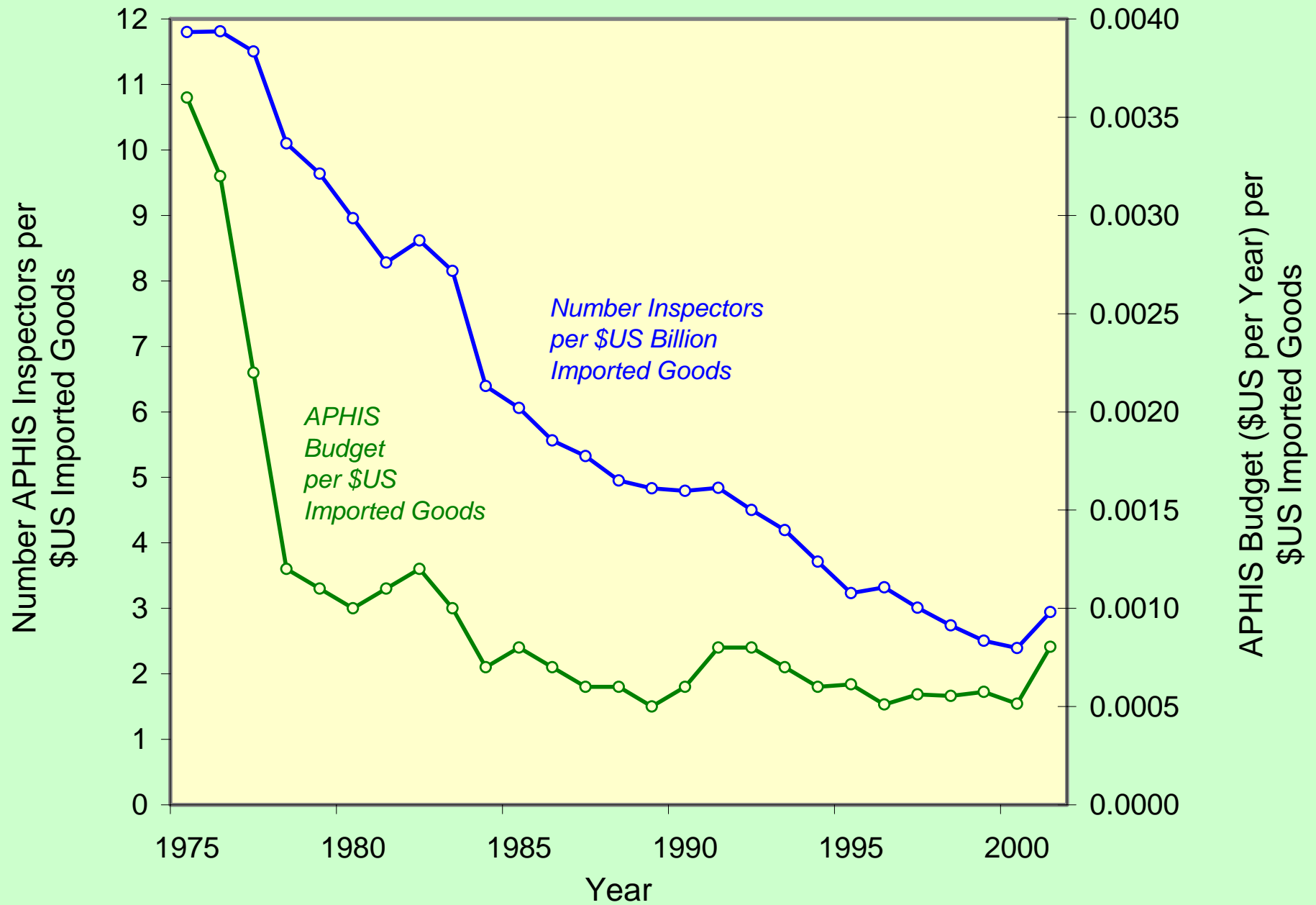
- Forest pests and diseases
- Human diseases
  - West Nile Virus
  - Bird Flu
  - “Mad-Cow” Syndrome
- Other human health threats
  - Lead on toys, bedroom sets, false teeth, etc.



# Trade-Related Safety Problems

- Other ecosystem health threats
  - VHS, zebra mussel, West Nile virus etc.
- Threats to pets
  - Toxics in pet food





# **Alphabet Soup of Agencies with Responsibility for Safe Trade**

- APHIS
- FDA
- CPSC
- CDC
- Coast Guard

# Funding vs. Beneficiaries

- All these federal agencies are funded primarily via appropriations (FDA allows regulated industry to help defray costs).
- Importers benefit— can import low cost goods, while responsibility for safety rests with programs funded by all taxpayers.



## **Costs to US take three forms**

- Emergency response costs— tend to fall most heavily on government, but losses may affect private sector players as well
- Cost of inspection and other prevention programs
- Losses to US-based producers due to overseas competitors not subject to US safety regulations.
- All 3 can be seen as externalities of trade.

## **Long-Held Principle: Costs Should Rest with Beneficiaries**

“This appropriations-based approach also fails to send the right price signals to the marketplace. The costs associated with imported goods and incoming travelers, the two primary pathways into the country for biological pollution, are not being borne by those directly benefiting from these activities.” (Jenkins 2002)



# What to Do?

- Private efforts to establish procurement standards.
- Certification as an aid to procurement standards or consumer action.
- Insurance or bonding requirements.
- Criminal or civil penalties.
- Fees or “corrective taxes” on pathways of introduction to fund government programs.



**SAM'S CLUB Changes & Additions  
to the Direct Import Packaging Standards**

# Fees, one example

- Oil Spill Liability Trust Fund.
- Paid for via a 5 cent per barrel fee on imported and domestic oil that sunset in 1994.



# One potential approach

- A fee on imports and international travel to fund multiple safe trade needs.
- Similar to Jenkins 2002 proposal regarding invasive species alone, but much broader.
- Would include human health, pet health, and consumer product safety.

# **Roles for the Dialogue**

- Commission a white paper or pro-bono legal opinion on the potential for a fund.
- Cost-benefit analysis of multiple potential solutions
- Encourage Workgroup 1 to develop partnerships with public health and consumer safety groups.
- Push for Study Language in FY 09 appropriatoin language for GAO or other agency to evaluate potential for a fund.