

WTO- SPS Agreement- and Relevant Experience & Lessons learnt and way forward

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SPS Agreement

- Nepal became 147th member of the WTO on 23rd April 2004
- Nepal will now be obliged to implement the technical regulations and standards (TRS) related agreements with some transition period.
- It includes the Agreement on Technical Barriers to Trade (TBT) and the Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures.
- Trade related SPS measures, in general, include all measures that are applied by a country to ensure the safety of food for human consumption and prevent the spread of animal and plant pests and diseases.
- SPS covers food and agricultural sectors and the issue relates to the level of microbial, toxic and physical contaminants.
- SPS measures must serve a legitimate domestic objective (i.e. protect human, animal or plant or health)
- They should be non-discriminatory or should not constitute a disguised form of protectionism.
- Usually the developing countries apply lower SPS standards, qualitatively or quantitatively, than developed countries. SPS Agreement should help to facilitate trade from developing to developed countries by improving transparency, promoting harmonization, equivalence and preventing the implementation of SPS measures that cannot be justified scientifically.

Nepal's commitments on SPS

- ❖ Nepal is a party to different international instruments and has different laws to harmonize and implement the sanitary and phytosanitary measures.
- ❖ Nepal is also a member of different international standards including Codex Alimentarius and has different laws to adopt and implement the sanitary measures
- ❖ Nepal has also informed about lack of technical expertise to implement the SPS Agreement
- ❖ Ministry of Agriculture Development has res-established SPS enquiry point in DFTQC
- ❖ As per the commitments Nepal should fully implement the SPS Agreement by 31 December, 2006

Nepal's commitments on SPS

- ❖ Nepal has confirmed to review laws and regulations relating to SPS Measures and accordingly amend necessary legislation
- ❖ Nepal has committed to apply existing measures in a non-discriminatory manner to all imports.
- ❖ Nepal has also committed to notify existing SPS measures to the Committee on Sanitary and Phytosanitary Measures.
- ❖ Nepal would fully participate in the work of the SPS Committee.
- ❖ Nepal has expressed its interest for technical assistance.

RANGE OF SPS FUNCTIONS

- Apply GAP, GMP and HACCP (farms +firms)
- Develop legislation and standards
- Register/control feed, agro-chemicals, vet drugs
- Conduct basic research, diagnosis and analysis
- Accredit labs/vets/other 3rd party entities
- Develop/apply quarantine procedures
- Conduct epidemiological surveillance
- Inspect/license food establishments
- Strategic investment in new products and markets (enterprises)
- Develop/maintain pest or disease-free areas
- Test products for residues and contaminants
- Establish/maintain products traceability
- Report possible hazards to trading partners
- Notify WTO/trading partners on new SPS measures

THREE LEVELS OF STANDARD SETTING

- International conventions

SPS agreement, based on standards set by CODEX, IPPC and OIE

National and other standards

- NS.EU, US, etc
- • Buyers standards

The “EurepGap” requirements are “good agricultural practices” (GAP) set by the Euro-Retail Produce Working Group ([Eurep](#)), which the EU described as a consortium representing major retailers, Safe Food Quality, British Retail Consortium

SPS commitments and its progress

- ❖ Up-gradation of testing labs at DFTQC, Plant Quarantine Offices are taking place
- ❖ Nepal has become a member of IPPC
- ❖ Policy, Acts, rules, directives related to food, plant and animal quarantine are being updated
- ❖ Also working in development of Food Safety Act covering Food to Fork
- ❖ Export –Import Inspection and Quality Certification System in Nepal has been established for Certification of Food Safety and Quality Management System, Phyto-sanitary Certification System, Veterinary Certification .
- ❖ Quarantine posts established in importing customs points.

SPECIFIC PROBLEMS OF LDACS

- Limited human skills, technical and financial resources
- No proper legal framework and delay in regulatory reforms.
- No data bases on human health, pests and diseases
- No recognition of “competent authority”; no market access for a range of products and markets
- Limited provision of SPS and market services
- Multiple investment climate obstacles for participating in international trade

Major SPS Measures Applied by GoN

- **Certification: food safety, animal or plant health**
- **Plant/animal quarantine (plant diseases, quarantine pests and weeds etc)**
- **Additives in food or drink (coloring matters, preservatives etc.)**
- **Containments in food or drink (aflatoxin , ochratoxin etc.)**
- **Poisonous substances in food or drink (Lead, mercury, arsenic etc.)**
- **Residues of veterinary drugs or pesticides in food or drink (Antibiotic residues, pesticide residues)**
- **Processing methods with implications for food safety (e-coli, salmonella etc.)**
- **Labeling requirements directly related to food safety(declaration of ingredients)**
- **Declaring areas free from pests or disease**
- **Preventing disease or pests spreading to a country (like bird flu)**
- **Other sanitary requirements for imports (e.g. imported pallets used to transport animals), wood packaging materials)**
- **Etc.....**

Major Items of Export from Nepal

- **To India**

- » Vegetable ghee
- » Jute goods
- » Pulses
- » Rice
- » Hazmola
- » Ginger/fresh and dry
- » Large cardamom
- » Chyawanprash
- » Instant Noodles
- » Honey

- **To other countries**

- » Tanned skins and Leather goods
- » Pulses
- » Nepalese Paper and products
- » Tea
- » Herbs
- » Nigerseeds

Challenges in international trade because of SPS

Food Safety Alerts involving Nepal some examples

EU Authorities have so far issued many alerts Informing Govt. of Nepal and also to the private exporters

- 1: Use of Allurea Red colour in Jam in Malta, a consignment of product also reaching Nepal for sales**
- 2: Excess content of Lead in one of the herbal medicine**
- 3: Excess content of arsenic in a Chyawanprash**
- 4: Gluten in Buckwheat flour exported from Nepal**
- 5: Some inedible elements in mustard oil used in preserved pickles**
- 6: Pesticide residue levels in honey**
- 7: Several consignments of herbal medicines have been detained by US Port Authority asking scientific evidences of the medicinal claims**

Export Trade of major agricultural products with India and SAARC Countries

➤ Export of Pulses, natural honey, wheat flour, live animals, oil cake, ginger, cardamom have also decreased now

Decline in export to India is :

❖ strict adoption of sanitary and phytosanitary measures by the government of India (plant quarantine and food certification)

❖ Pulse is one of the major export commodities to Bangladesh

❖ There is a gradual decrease in export in 2000/01 to recent days. Declined at the rate of 40 % in the last 2 years (5 billions NRs to 3.2 Billions in 2010-11)

➤ Decline is mainly because of lack of proper infrastructure

➤ High tariff imposed by the Government of Bangladesh

➤ SPS measures of Bangladesh needs to be understood

Export Trade of major agricultural products with Overseas countries

- ❖ Japan prefers to import not roasted coffee beans (because of Quality conscious)
- ❖ Export of green tea and black fermented tea increasing but quality and certification issues are coming up.

Export hurdles of major agricultural products in Overseas countries

USFDA rejected consignments because of following reasons (causes of detention) because of :

Filthy	Unapproved net drug without approval	Salmonella
Not listed	HACCP	List Ingredients
Nutritional label	Pesticides	Unsafe
Direction: how to use	Color labelling	Drug name
Registered	Insanitary	Lack firm's name
Saccharin	False	Usual name
Flavor labeling	Foreign object	Container
Holes	Cosmetic labeling	Dietry labeling

What Private sectors are doing in SPS commitments

- ❖ 139 industries certified in different 60 products (Nepal Certificate)
- ❖ 180 license issued
- ❖ 15 Small Scale industries- NS Certified out of 180 registered
- ❖ Food Product- 25 food industries certified in 20 different products
- ❖ Many private sector has developed code of conducts
- ❖ Raising Consciousness on quality and safety measures among all stakeholders
- ❖ As a CSR many private industries and companies are creating awareness program for farmers and consumers.
- ❖ ORGANIC Certificates .

Way forward :

Enhance roles of Public and private sector to strengthen quality standards

- **Driving Forces:** Scientific knowledge, food ‘scandals’, increased consumer awareness, increased trade, political and commercial risk aversion
- **Government Efforts on:**
 - Tightening of regulations for long-standing concerns; new standards for unknown/unregulated hazards
 - Formulation of food safety act – covering farm to fork perspective
 - Total ‘farm to fork’ perspective; more process standards
 - Intensification of enforcement/inspection efforts
 - Precaution/over-reaction in face of scientific uncertainty
- **Private Sector Efforts the Commodity Associations can play vital role in :**
 - Consolidate sourcing—‘preferred suppliers’
 - Company codes + alphabet soup requirements/audits (ie. HACCP, GAP)
 - Harmonization yet competition between private standards
 - Business people should follow GAP/ GMP to address traceability issues
 - Also focus on Promotional activities/ voluntary code of conducts etc
 - Bundling together of food safety, environmental, and social standards.

Examples: Collective Trade marks Nepal Tea. Rug Mark .

The way forward

- ❖ Nepal requires to fulfill obligations made during accession to WTO's membership
- ❖ Enhance capacity and implementation GAP/EUREP GAP, GHP, GMP, HACCP, (aid for trade can be used for this purpose)
- ❖ Brand promotion of Nepalese products
- ❖ Formulation and implementation of Code of conduct
- ❖ *Private business* company and other enterprises should do awareness campaigns on importance of plant quarantine and capacitate farmers groups and cooperatives to enrich their knowledge on SPS measures

The way forward

- ❖ DFTQC – develop pesticide residue testing mechanism and work on having its certificate accredited internationally, enhance capacity, promote private sector laboratories
- ❖ Enhance and strengthen the technical capacity of existing Plant Quarantine Offices of Kakarvitta, Biratnagar, Jaleshowr, Birgunj, Bhairahawa, Rupedia and Gaddachowki and other upcoming check posts
- ❖ Prove India and other importing countries that the Phytosanitary Certificates are issued upon thorough procedure. The certificate issued by Nepalese Govt. Labs duly comply with international test parameters and these need to be considered as valid report from the concerning authority of importing countries.
- ❖ Staffs of Plant Quarantine program needs training in PRA and Fumigation and promote private sector
- ❖ High level authorities of both India and Nepal should regularly keep in touch to address upcoming problems. e.g PRA, PFA and other food grade analysis report requirement from Indian authorities to export Tea, Cardamom. Ginger and other vegetable products.

The way forward

- Provide training to the Cooperatives and private companies involved in export of vegetable & fruits production for training in phyto-sanitary, quality, certification and support.
- SPS Enquiry point should actively monitor arising requirement for Nepalese agricultural products and should involve private institution like AEC/FNCCI in disseminating information to traders, exporters, etc.

Policy Reforms and role of government as facilitator:

- Deregulation of the agriculture input and product markets
- liberalization of agricultural trade
- Attracted FDI from several multinational companies formed partnerships
- with local companies in Manufacturing and distribution of agriculture inputs (Seed, fertilizer, agro-chemicals, machinery) and outputs
- Increased the role of private companies in performing agriculture research, particularly involving trials and testing the suitability of new technologies to the local conditions

Recommendations

Tax incentives on research expenditure

Start bi-lateral talks with India for lifting phyto-sanitary restrictions for shipment of Ginger, Tea and Cardamom.

Accreditation of the Nepalese Govt. Lab.

Research grants to private institutions as public research institutions

Improve investment confidence in country low tax, low bureaucratic hurdles.

Encourage private-public partnerships as well as partnerships with universities

THANK YOU