



Results of the SPS Assessment in CAREC Countries

Central Asia Regional Economic Cooperation (CAREC) Program
Workshop on SPS Measures

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Plan for this presentation

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- Best practice in SPS observed in countries visited
and comparison of SPS projects in GMS and
CAREC in afternoon's presentation*

'SPS Plan for CAREC'

- An SPS project was initiated as part of the Joint Transport and Trade Facilitation Strategy for CAREC. The aim was to streamline and harmonise sanitary and phytosanitary (SPS) **regulations, procedures, and standards** at border crossing points (*particularly those along CAREC corridors*) because of *observed delays in handling of (perishable) goods at borders along CAREC economic corridors that have been attributed to SPS-related procedures.*

Scope of work reported here

- Ultimately, an SPS action plan for the CAREC countries to facilitate trade by examining current SPS management systems including risk management systems of CAREC countries
- Components contributing to *SPS Plan* were
 - Broad assessment of SPS inspections and risk-based procedures
 - Broad assessment of related laboratory capacity
 - Assessment of capacity of staff to perform their functions and identify training needed to enhance such capacities

Consultant's visits to Central Asia and PRC in context

- Field visit to Mongolia, Kazakhstan, Kyrgyz Republic and Republic of Uzbekistan – January-February 2012 – for assessment of SPS but *initial emphasis on border operations*
- Visit to Beijing March 2012 – mainly to provide **briefing on CAREC** to PRC bodies (participates in CAREC and GMS)

'SPS Plan of Action'

- Plan of action required on how to address the trade facilitation issues identified through cooperation, specifically:
 - how best to minimise the use of SPS standards and inspections as a disguised political tool/trade barrier;
 - how best to reduce delays without increasing the risk of admitting unsafe food, animal diseases and zoonoses or plant pests; and
 - what sorts of investments (infrastructure, ICT, technical assistance, etc.) would be appropriate to shore up capabilities, build capacity, and encourage a regional approach in sorting through SPS matters to facilitate trade in the region.

Specific background SPS issues for CAREC

- Since 1995, the WTO's *Agreement on the Application of Sanitary and Phytosanitary Measures* ('SPS Agreement') is the normative yardstick for trade-consistent SPS measures whether or not a particular country is a member of WTO because this agreement sets rules whereby SPS measures conform to free trade rules, are justified scientifically and do not impose arbitrary or discriminating barriers to trade in goods that might pose a risk to human, animal or plant life and health.
- Border regulatory inspections and clearances for the purposes of food safety controls, animal health/quarantine inspections and plant health/quarantine inspections – now known as SPS border controls - may contribute to long waiting times for border clearance.

Background CAREC SPS issues (2)

- SPS and regulations and consequent permit issuance procedures are often complex and may not be transparent as required in the WTO's *SPS Agreement*
- There is a need to address SPS issues contributing to delays and to streamline and harmonise the procedures by increasing capacities of the regulatory agencies to perform the necessary tasks and issue regulatory documents in a timely and cost effective manner.
- Nevertheless, it is necessary to ensure the protection of human or animal life or plant health and prevent or limit other damage to the countries from the entry, or spread of pests or animal or plant borne diseases

Issues emerging from SPS assessment – Mongolia, Kazakhstan, Kyrgyz Republic, Uzbekistan

A. Border operations

1. Single Window

Plans to establish a Single Window for documentary checks (export and import) have generally been slow to implement. The same applies to Integrated Border Management.

2. Unified Inspection Agency?

In Mongolia and the Kyrgyz Republic there is a single inspection agency covering the three SPS sectors. Although this is a positive step for border operations, the **competent authority** for each sector may no longer exist in these countries as envisaged and required under the *SPS Agreement* and international frameworks for food safety, animal health and plant health.

3. Integrated Border Management

Issues **2** and **3** above both relate to IBM. The role of Customs in relation to an unified inspection agency should be considered.

Discussed further under outcome of PRC visit.

B. SPS Issues for MON, KAZ, KYR and UZB

4. WTO membership/accession

SPS capacity should be considered in relation to whether a particular country is a World Trade Organisation (WTO) member or involved in accession negotiation (active or stalled). The Russian Federation's (RF) imminent accession to WTO has great significance for CAREC because accession negotiations have been predicated on the Customs Union of Belarus, Kazakhstan and the Federation and to a lesser extent on the Eurasian Economic Community (EurAsEC).

5. GOST system

Relics of the Soviet GOST system are seen to a varying extent with 'SanPin' import controls together with requirements for certification of goods before they can be placed on the market. Although there are moves to reduce the number of fresh food items requiring certification, there is a prevalence of double controls by import permit and certification.

'Technical Regulations' for SPS matters is another relic of GOST.

Progress in adopting Codex food standards into 'SanPin' is slow with an admitted lack of technical expertise required to do so in some countries.

6. Controls not based on risk

Correspondingly, although the responsible authorities are conscious of the need for risk assessment as the basis for SPS measures that are not derived from international standards, and are making firm efforts to involve risk assessment in policy and decision-making, there is a lack of formal structures for the supervision of risk assessment to provide quality management and credibility of ensuing reports.

Different concepts of risk assessment and risk management are used in SPS measures and in Customs operations so linking Custom lists (prohibitions and alerts) with import requirements from Competent Authorities is hard to achieve.
(Relates to Integrated Border Management.)

7. Poor laboratory capacity

- There are major deficiencies in food laboratory capacity in all countries visited, particularly in testing for food-borne bacteria and in analysis of pesticides and antibiotics. Veterinary laboratories were better equipped, probably reflecting the historical importance of livestock production in these countries.
- None of the national plant quarantine laboratories visited (Mongolia, Kyrgyz Republic, Uzbekistan) has more than rudimentary facilities for identifying plant pathogens and had no capability for identifying nematodes. Hence, the countries are inadequately protected against introduction of unsafe food and plant pests in particular.

8. Slow pace of legal reform and poor governance

- A related but more fundamental problem is the slow pace of reform of primary laws on standardisation, food safety, animal health and plant health that originate from the time of the Soviet Union; primary legislation ('Laws', закон) mostly outdated.
- Instead, legal frameworks are updated through Decrees or Resolutions (Normative Acts); such legal acts do not necessarily relate to the outdated primary legislation, creating potential problems of overlap and uncertainty.
- Resistance to reform because of rent-seeking activities in inspection and testing (charging fees to pay staff salaries), made worse by bribery to supplement poor salaries

Findings in PRC

1. Food law

- Advanced state of SPS capacity in PRC demonstrated by new *Food Safety Law* (2009).
- Significantly this Law only covers food safety and includes HACPP and risk assessment, not food quality, a persistent feature of food laws in most CIS countries.
- For ***food standards***, see later

2. AQSIQ, MOA, MOH

- The General Administration of Quality Supervision Inspection and Quarantine (AQSIQ) is the main SPS-oriented agency carrying out inspections, covering food safety, animal health and plant health.
- However, this agency is also involved in risk assessment and risk management. There appears to be some overlap in risk assessment functions between AQSIQ and Ministry of Agriculture (MOA) and Ministry of Health (MOH). Nevertheless, MOA and MOH remain as the primary source of scientific/risk-based policy and are therefore identifiable as appropriate **competent authorities**.

AQSIQ, MOA, MOH (continud)

- As a consequence of overlapping functions in risk assessment and risk management, there appears to be similar overlap over food standard setting and application/enforcement between MOA, MOH and AQSIQ.
- However, the concept of standards extends further in PRC to include Technical Regulations (TRs), i.e. quality standards and specifications. This is similar to the situation in CIS as a relic of the Soviet GOST system (followed by PRC in an earlier era).

AQSIQ (continued)

- It is highly significant that the Department of Supervision on Inspection seems to be functioning in the manner of a Customs authority. Moreover, it is noteworthy that border inspections are controlled at the local level. Furthermore, specialized or reference laboratories are decentralised while routine tests may be done at border laboratories. Therefore it was not possible to make any worthwhile assessment of laboratory capacity in the mission reported here.
- Whereas there is a Single Window for maritime trade, it is unlikely that a Single Window will be established at road or rail BCPs. According to AQSIQ, having all the different agencies together in one office facilitates processing through BCPs.

Overall conclusions

- 'Border controls' or 'border operations' should be considered in a broad context because for the most part, physical inspection and sampling of perishable goods transported by road takes place not at the border but inland at holding stations and testing is done at laboratories mainly located in the major cities.
- Since many import controls on perishable goods such as meat, dairy products, fruit and vegetables are not actually risk-based they are therefore not genuine SPS measures.
- SPS-based inspections may not therefore be the main factor causing delays BUT SPS capacity is undoubtedly weak overall.

General recommendations

- Recommendations that follow were made in Final Report for this phase of the project in the overall context of facilitating trade through streamlined border operations.
- These Recommendations should only be taken as the starting point for tomorrow's discussions on the way ahead, preceded by more detail in what could be done to improve SPS in CAREC
- Possible modalities of international cooperation will be considered this afternoon. The CAREC SPS Working Group (➔) is just the start. The idea is that the WG will set priorities and take lead in requesting assistance.

1. Formation of CAREC Region SPS Working Group

This is envisaged as the main modality of regional cooperation but also tasked with overseeing the implementation of an **SPS Work Plan for CAREC** to implement improvement to SPS practices in the region

Priorities include:

- Pressing for implementing Single Window and Integrated Border Management
- First steps to improving laboratory capacity by commissioning a detailed assessment of laboratory capacity before plans are made for upgrading. This should take into account cooperation in diagnostic and analytical work where possible
- Deciding on the form of international cooperation and initiating requests for assistance with **regional projects**

2. Legal reform

2. Legal reform

Countries with relevant legal frameworks (particularly laws for food safety, animal health and plant health) from before WTO era do not have the capacity to implement border measures consistent with the *SPS Agreement*.

Legal reform should be promoted and speeded up, partly by creating more awareness of SPS issues at all levels and sectors of government, among parliamentarians and in the private sector, and partly by direct action to draft amendment or replacement of outdated laws (with technical assistance as necessary).

3. Training needs

Training needs in the technical area should be addressed, covering risk assessment, laboratory techniques, information exchange and transparency.

4. Membership of the European and Mediterranean Plant Protection Organisation (EPPO)

This has benefited plant health capacity in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan

CIS countries that have not joined EPPO should respond to the EPPO Council's invitation to do so. Mongolia would be welcome to apply for membership of EPPO.

- EPPO region more similar climatically/agriculturally to Central Asia than Asian Plant Protection Commission (APPPC) with tropical focus; and EPPO already covers much of the CIS and Central Asia
- EPPO very active in information sharing and training initiatives
- No conflict with Pakistan and PRC's membership of APPPC.

5. RASFF

5. CAREC countries should participate in the **EU's Rapid Alert System for Food and Feed (RASFF)** through the 'RASFF Window' for third countries.

CAREC Regional SPS Work Plan

Topic	Action	Implementing body/bodies	Indicative date
Establishment of SPS Regional Working Group with TOR	Proposal considered and adopted	CAREC Transport & Trade facilitation Working	June 2012 (To be discussed at CAREC SPS Workshop proposed for May 2012)
Specialist committees of SPS RWG	Committees convened for food safety, animal health and plant health, alerts	SPS RWG	August 2012
SPS Work plan	SPS Work plan reviewed and adopted	SPS RWG	August 2012 (Work plan to be discussed at above Workshop)
Implementation of work plan – priority issues	<i>(Recommendations in report. See over →)</i>	SPS RWG and specialist committees	Ongoing from August 2012
Membership of EPPO	<ol style="list-style-type: none"> 1. CIS countries to respond to invitation from EPPO Council 2. Mongolia to consider request participation at EPPO Workshop, UZB. 3. MON to request membership of EPPO 	<ol style="list-style-type: none"> 1 a: CIS participants at EPPO Workshop in Uzbekistan resolve to take this action. 1 b: Departments responsible for plant health in CIS to follow up through appropriate official channels 2. GASI to take action 3. GASI through MOFAT if Mongolia wishes to join EPPO 	<p>April/May 2012</p> <p>As soon as possible May/June 2012</p>
Participation in RAFF	Individual countries to sign up to RASFF	Departments agencies responsible for food safety	May/June 2012

Recommendations in Final Report

Recommendations ==>

Discussion