



# **Implementation of the WTO SPS Agreement in CAREC countries**

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# Outline

- Brief introduction to the WTO
- The SPS Agreement and the SPS Committee
- Some reflections on SPS situation and way forward for CAREC countries



# **World Trade Organization**

**Location:**  
**Geneva, Switzerland**

**Established:**  
**1 January 1995**

**Membership:**  
**155 countries (July 2012)**

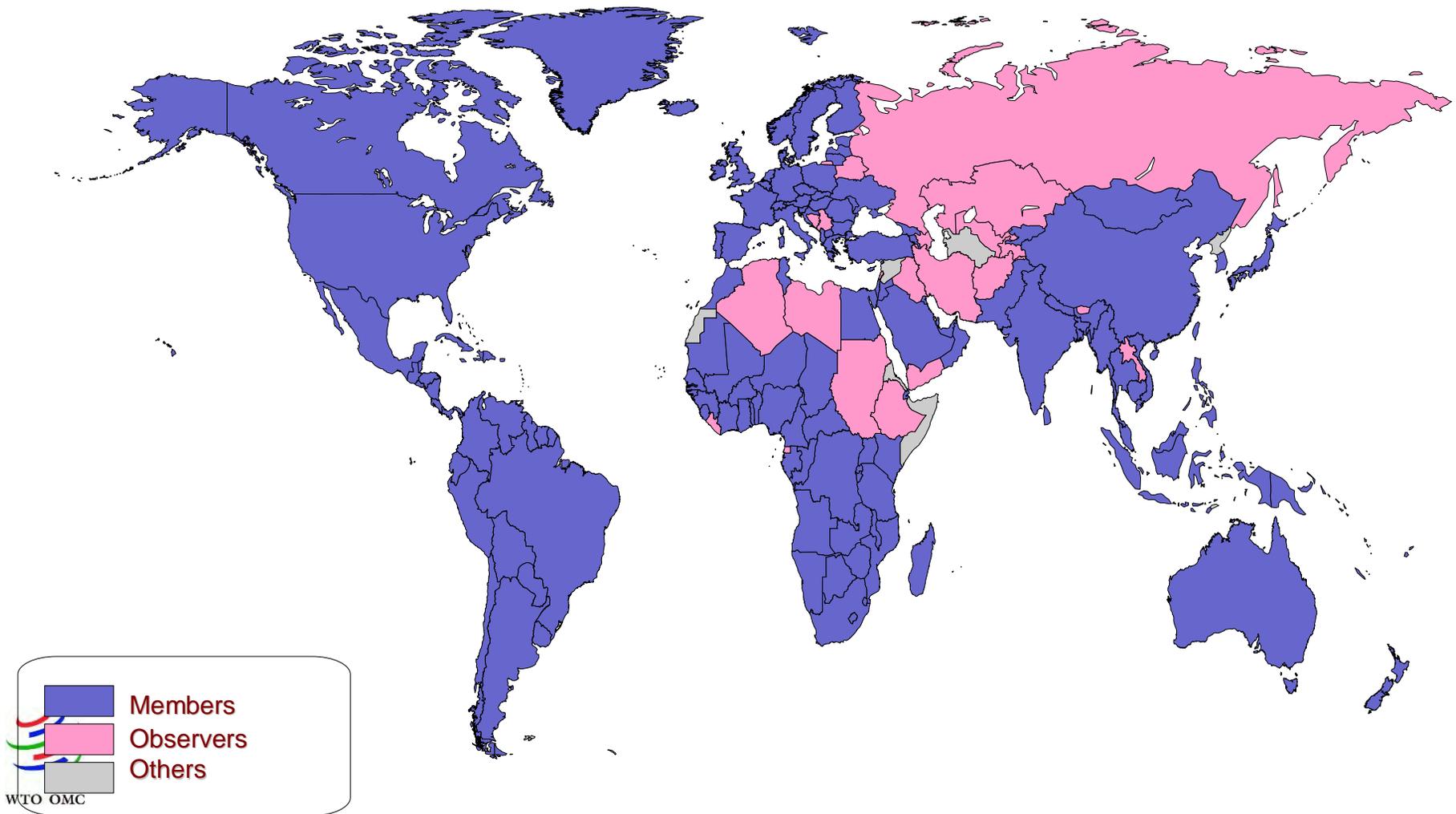
**Budget:**  
**196 million Swiss francs  
(2012)**

**Secretariat staff:**  
**~ 640**

**Director-General:**  
**Pascal Lamy**



# The 155 WTO Members



 **Members**  
 **Observers**  
 **Others**

WTO OMC

# Functions



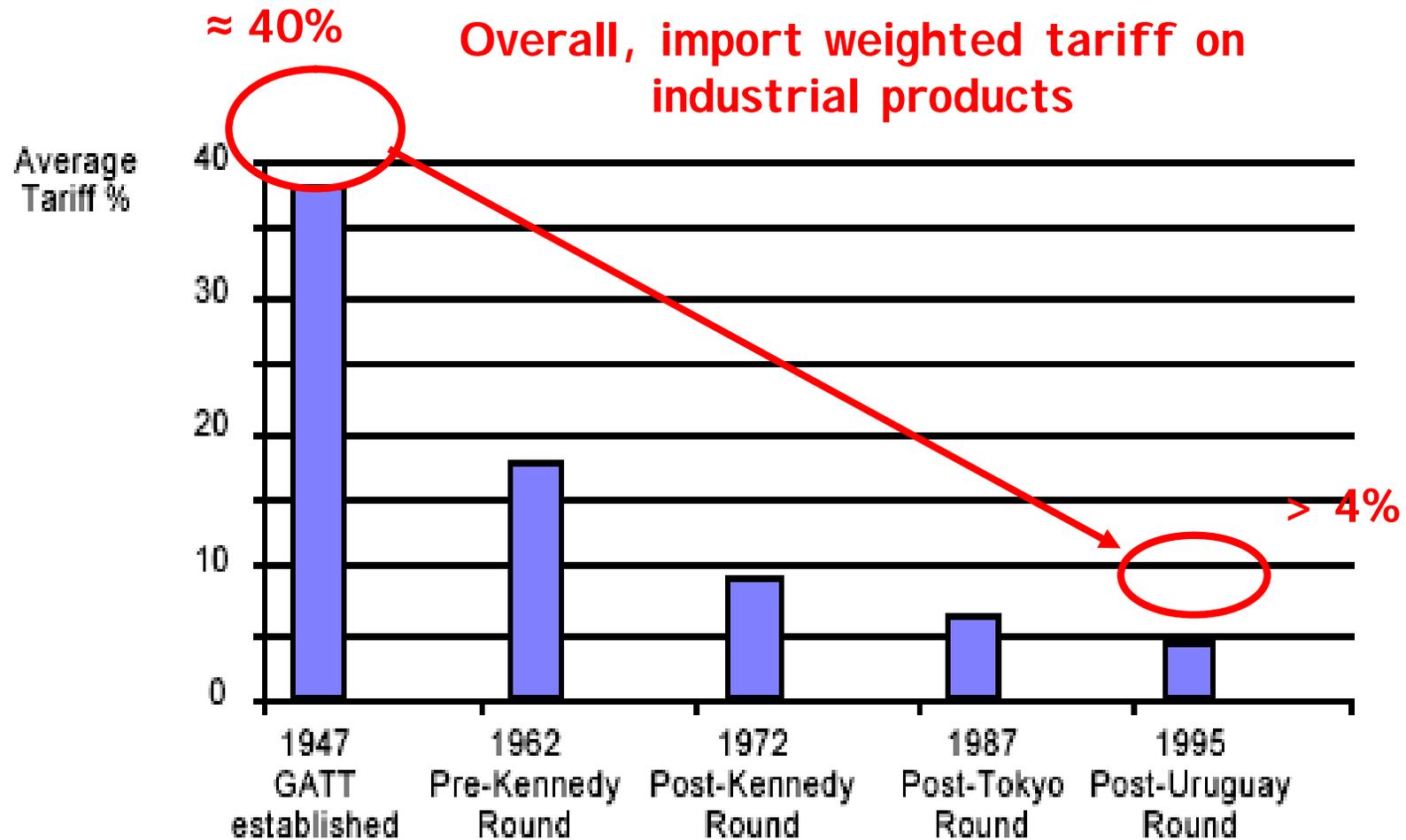
- Negotiate trade rules
- Administer trade agreements
- Resolve trade disputes
- Review national trade policies

# Basic Principles

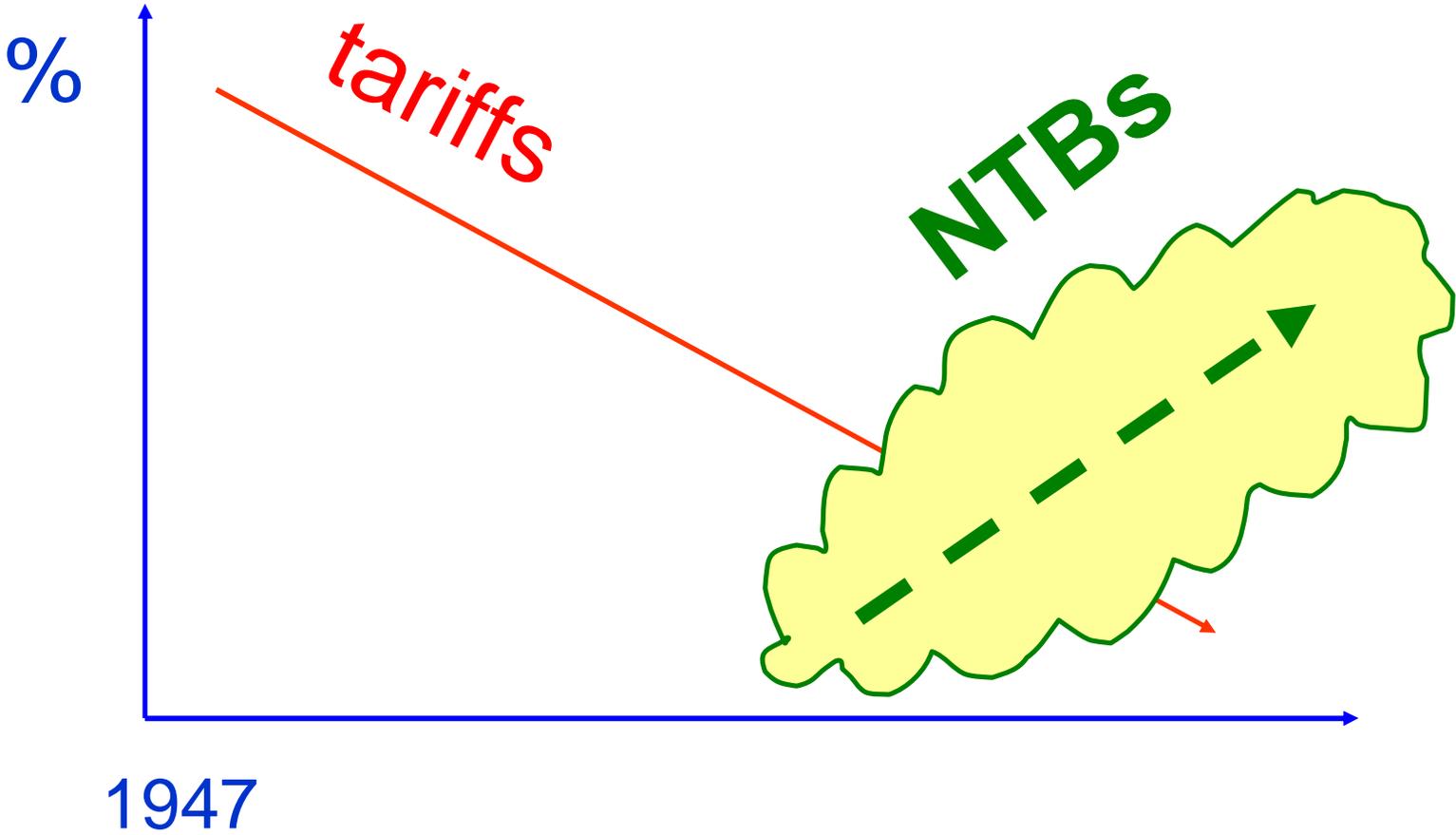
- No discrimination
  - Most favoured nation (MFN)
  - National treatment
- Predictability
  - Respect of tariff “bindings” (goods and services)
  - Transparency (notification, TPR)
- Freer trade (suppression of barriers through negotiations)
  - Tariff reductions
  - Prohibition of using quantitative restrictions (quotas)

# **The Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures**

# Why the SPS Agreement?



# Why the SPS Agreement?



# Objective of the SPS Agreement



recognizing the  
right to protect  
human / animal /  
plant life or health

avoiding  
unnecessary  
barriers to trade

# What are SPS Measures?

Any measure to protect **human, animal or plant life or health** from certain risks, and which may affect international trade, e.g.

- ✓ product criteria
- ✓ quarantine measures
- ✓ processing requirements
- ✓ certification
- ✓ inspection
- ✓ testing, etc.

**It is the objective of the measure that counts  
– not the type of measure**

# SPS Measures - **Examples**

## Definition - Annex A

*A measure taken to protect:*

Human or  
animal health

from

risks arising from additives,  
contaminants, toxins or disease  
organisms in food, drink, feedstuff

limits on  
residues  
in fish &  
shellfish



limits on  
aflatoxin  
residues  
in nuts



HACCP to  
limit risks  
from  
salmonella

# SPS Measures - **Examples**

## Definition - Annex A

*A measure taken to protect:*

Human life

*from*

plant- or animal-carried diseases

requirement that  
susceptible animals  
be vaccinated  
against rabies



avian influenza  
measures



# SPS Measures - **Examples**

## Definition - Annex A

*A measure taken to protect:*

Animal or  
plant life



pests, diseases, disease-causing  
organisms



measure to  
prevent  
introduction  
of FMD



measure to  
prevent  
introduction  
of fruit flies



# SPS Measures - **Examples**

## Definition - Annex A

*A measure taken to protect:*

A country

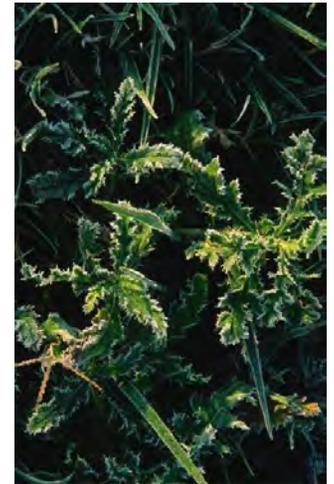
from

other damage caused by entry,  
establishment or spread of pests

measure to  
prevent  
introduction  
of zebra mussels  
through ballast  
water of ships



seed  
regulation  
to avoid  
introduction  
of exotic  
weeds



# SPS Agreement: key provisions

- Non-discrimination
- Scientific justification
- Equivalence
- Pest- and disease free areas
- Transparency
- Control, inspection and approval procedures
- Technical assistance/special treatment

*Different options for resolving trade problems*



# Scientific Justification

## Article 2.2

Members shall ensure that any SPS measure is:

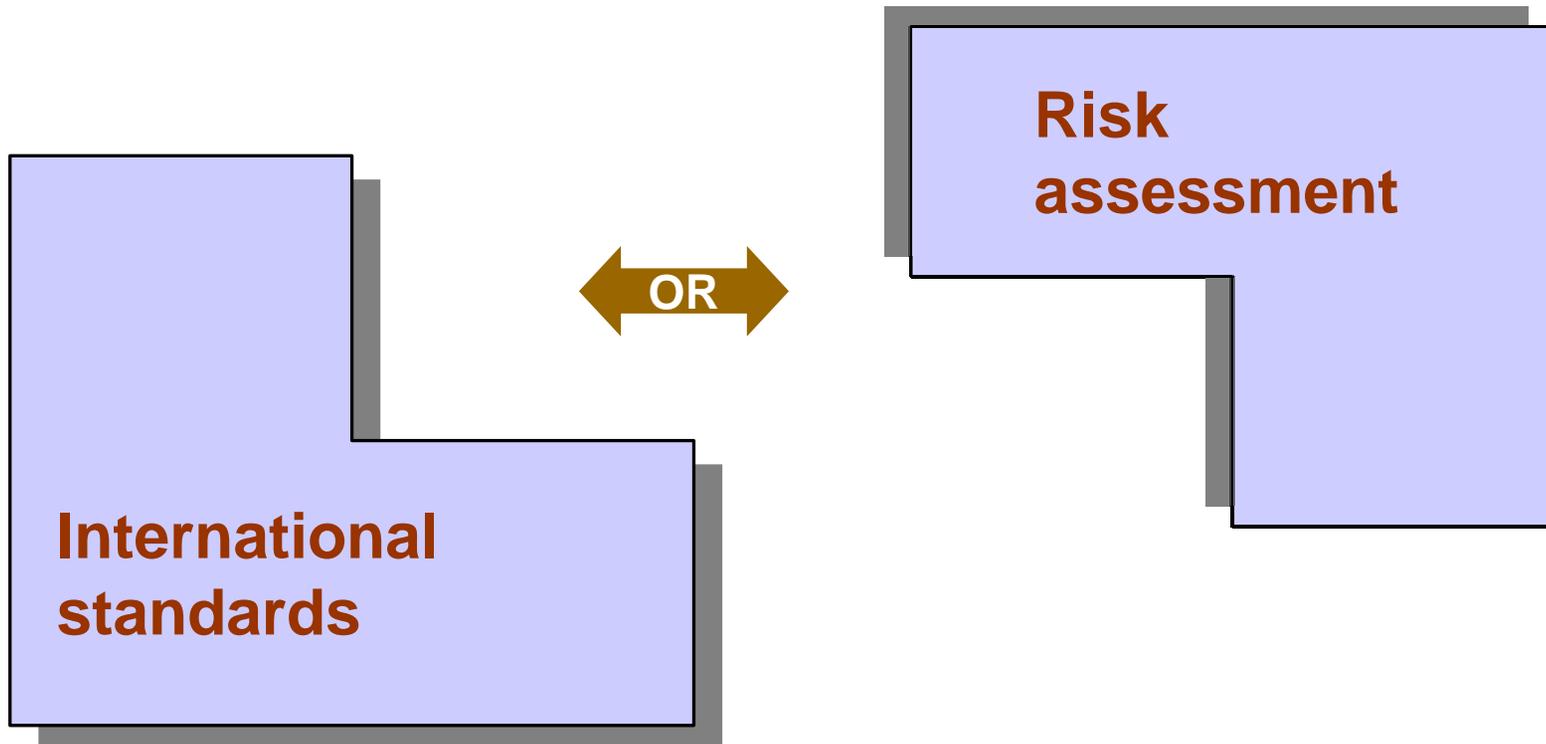
- based on scientific principles
- applied only to the extent necessary to protect human, animal or plant life or health
- not maintained without sufficient scientific evidence
- except as provided for in Article 5.7



# Scientific Justification

## Articles 3 & 5

Measures must be based on:



# Harmonization

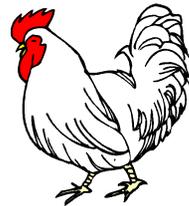
## Article 3, Annex A

### Standard-setting organizations

*food safety*  
**CODEX**



*animal health*  
**OIE**



*plant health*  
**IPPC**



# Risk assessment

## Article 5.1

Members shall ensure that their SPS measures are based on:

- an assessment, as appropriate, of the risks to human, animal or plant life or health;
- taking into account risk assessment techniques developed by the relevant international organizations.

# Technical assistance

## Article 9

- Members facilitate provision of TA to help countries:
  - ✓ comply with SPS measures
  - ✓ maintain and expand market access
- International organizations, bilateral (incl. S-S) donors, regional dev. banks, NGOs, etc.
- SPS-specific or part of broader programmes
- WTO TA programme:
  - SPS Specialized Course
  - Regional SPS training seminars
  - National SPS workshops

Standards and Trade Development Facility (STDF)

[www.standardsfacility.org](http://www.standardsfacility.org)



# SPS Committee

- Meets 3 times per year
- Reviews compliance with SPS Agreement
- Examines specific trade concerns
- Develops guidelines for implementation
- Discusses cooperation with relevant organizations



# Membership

- All 155 WTO Members
- Observer governments (acceding members)
- Observer organizations
  - Codex, IPPC, OIE
  - FAO, UNCTAD, WHO, ISO, World Bank
  - ACP, EFTA, IICA, OIRSA, OECD, regional trade bodies



# Committee meetings address:

- Activities of Members
- Activities of observers
- Specific trade concerns
- Transparency
- Technical assistance
- Monitoring use of international standards
- Specific topics, e.g. private standards
- Etc.

# For more information:

- SPS Information Management System

<http://spsims.wto.org>

- WTO SPS Gateway

[www.wto.org/english/tratop\\_e/sps\\_e/sps\\_e.htm](http://www.wto.org/english/tratop_e/sps_e/sps_e.htm)



# **Some reflections on SPS situation and way forward for CAREC countries**

- **Based on a previous report by Kees van der Meer for STDF/UNIDO on the SPS situation in UNSPECA countries (December 2010)**

# Agriculture, markets and competitiveness

- Impressive recovery of production in several countries from post-independence shock
  - Further growth and exports depend increasingly on product safety/quality and diversification
- Major commodities not demanding on SPS, e.g. grains, cotton
  - But increasing role fruit and vegetables, livestock products, etc.
- Dominant importance Russia + CIS markets
  - But increasing opportunities in China, Turkey, EU
- Food safety, animal and plant health situation unsatisfactory



# WTO accession

- Benefits from accession, but also obligations to comply with WTO principles, including the SPS Agreement
- Benefits will be affected by
  - trade mix; and
  - public and private capacities to manage SPS
- Experiences in Armenia, Georgia, Kyrgyz, Moldova show difficulty of SPS harmonization
- Present standard systems (“GOST”) not consistent with WTO SPS (and TBT) principles and constrain competitiveness

# GOST vs International standards

	GOST	International standard
Responsibility for food safety	Public sector	Private sector
Focus of control	Product 'End-of-pipe'	Process 'Chain'
Nature of requirements	Highly prescriptive and mandatory	Safety is mandatory Quality is voluntary
<ul style="list-style-type: none"> <li><input type="checkbox"/> Inconsistent procedures, methodologies, criteria</li> <li><input type="checkbox"/> Incompatible laboratory facilities, equipment and tests</li> </ul>		



# GOST standards: main problems

- Too many standards
- Prescriptive and mandatory nature stifles innovation
- Inflexible to respond to consumer demand and new health risks
- Overlapping institutional mandates
- Weak rule of law
- Continued interdependence on CIS markets
- Become gradually obsolete with WTO membership of Russia (22 August 2012) and other CIS countries

# Laboratories and GOST

- Extensive/excessive laboratory networks under the Soviet system
- High loads of testing
- Designed for GOST – planned economy; not for international standards
- Poor post-independence maintenance

# Why not simply replace GOST by international standards?

## Difficulties

- Complex legal and institutional change
- Requires much time and high budgetary cost
- Lots of vested interests
- Limited technical capacity, including language
- Need for double system till WTO accession (many CIS countries still require GOST)
- Potential impact on large informal sector

# Urgency to adopt international standards system

- Markets accepting GOST are shrinking - with low prices
- Diversification (products, markets) requires international standards
- Change is complex, costly and, requires much time
- Need to strategize and implement transition

# What are the tasks ahead?

- Create awareness on all levels throughout the process
- Assure political leadership for change
- Overhaul of legislation/regulation
- Streamline institutional mandates
- Redesign inspection, monitoring and surveillance programs
- Build technical and human capacities
- Consolidate and upgrade testing facilities
- Support adjustment in private sector

# Small-scale farmers

Small-scale farmers → high food safety/agricultural health risks??

- Not necessarily
- Adjust/improve extension/veterinary/plant protection services to support small producers
- Encourage farmer groups, supply chain coordination
- Evidence: if given the right support, small-scale farmers can produce safe products

# Private sector

## Condition of many food processing industries

- Out-of-date facilities
- Lack of knowledge of modern food safety/quality management (GMP, HACCP and ISO)
- Lack of experience with modern supply chain management

## Government could facilitate by

- Improving **investment climate** and attracting Foreign Direct Investment
- Providing adequate **infrastructure**, especially water, sewage, power
- Promoting development of cold chains, laboratories, certification
- Provide **incentives** (e.g. grants, tax breaks) for training and modernizing SPS management

# Regional cooperation SPS

## Rationale

- Similarity in ecosystems
- Shared history and language
- Similar economic challenges

## Issues to pursue

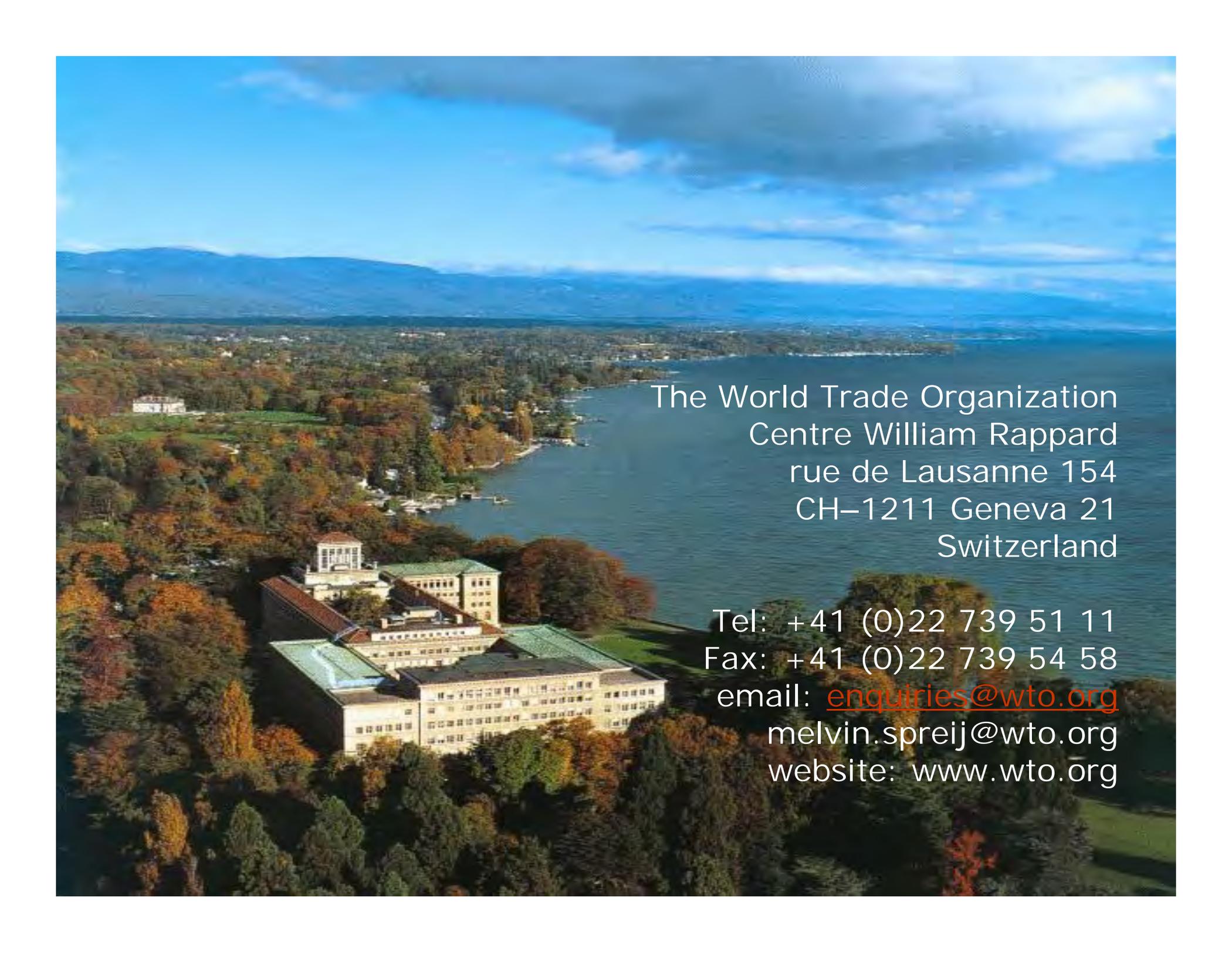
- Promote intraregional trade
  - Harmonization of SPS measures
  - Combatting cross-border health hazards
- Explore options for sharing expertise and expensive facilities
- Involve main neighbors and markets, e.g. Russia, Turkey, China



# Concluding remarks

- SPS Agreement sets out international rules for food safety, animal and plant health (Codex, OIE and IPPC standards are benchmarks)
- Present systems in CAREC countries not consistent with WTO/SPS principles and constrain competitiveness and market access
- Replacement of GOST is part of transition to market economy and integration into international trade system
- Countries recommended to:
  - establish SPS strategies and action plans, based on proper needs assessment (FAO/OIE/IPPC tools) and prioritization
  - translate activities into comprehensive (long-term) capacity building projects and programs
- Scope for regional cooperation in specific areas





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