



Standards and Trade
Development Facility

Trade facilitation in the context of the SPS
Agreement: lessons and experiences

ADB - CAREC programme

6-8 October 2014

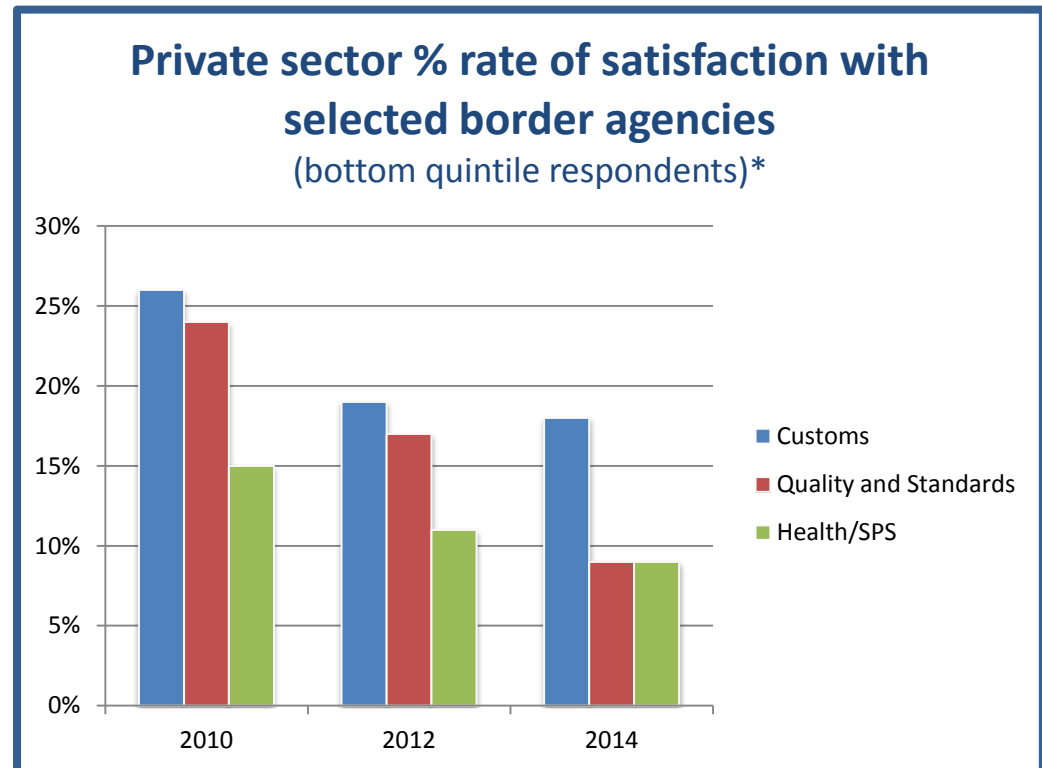
Ulaanbaatar, Mongolia

A global partnership in SPS technical cooperation

- **Coordination mechanism** among providers of **SPS-related technical cooperation** to achieve greater coherence, avoid duplication of effort and enhance results
- **Knowledge platform** for the **sharing of experiences**, identification and dissemination of **good practice**, discussion of **cross-cutting topics**
- **Support/funding** for **development and implementation of projects** that assist in complying with international SPS requirements; and in gaining/maintaining market access

SPS measures and Trade Facilitation: context

- **Outdated border clearance procedures and excessive red tape** are a greater barrier to trade than tariffs (WB, 2011)
- **Performance gap** between **health/SPS agencies** and others
- **Low-performing countries:** far higher prevalence of **physical inspection**
- **Import / export lead times twice as long for poor performers** (generally low-income countries) **as for top performers** (generally high income countries)



Source: World Bank Logistics Performance Index

*include Afghanistan, Kyrgyz Republic, Turkmenistan, Uzbekistan and Mongolia

SPS Agreement

**Protecting human,
animal, plant life or
health**



**Avoiding unnecessary
barriers to trade**

Multilateral framework of rules and disciplines to guide the development, adoption and enforcement of SPS measures which may, directly or indirectly affect international trade

Main principles

- **SPS measures should be:**
 - non-discriminatory
 - transparent
 - science-based (risk assessment)
 - not more trade-restrictive than necessary to achieve ALOP
- **Many SPS controls implemented at border and may result in – justified – trade-related transaction costs**
- **No specific provisions on Border Agency Cooperation in SPS Agreement - but any agency responsible for implementing SPS measures should comply with its obligations**

Examples of trade facilitating provisions

- **Article 8 and Annex C: Members are required to avoid unnecessary trade disruption and transaction costs for traders when performing control, inspection and approval procedures.**
- **Article 3: Members are encouraged to “harmonize” or base national measures on international standards, guidelines and recommendations developed in Codex, IPPC and OIE.**

STDF research in selected countries and for selected products

- **Objectives:**
 - Identify key needs/good practices to ensure health protection while minimizing trade transaction costs
 - Make practical recommendations to enhance technical assistance focused on SPS and trade facilitation
- **Questions:**
 - How are SPS measures applied in practice to imports and exports?
 - Can SPS-related trade costs/delays be reduced/avoided without compromising SPS objectives? How?
- **No direct link to new WTO TF Agreement – but opportunity to enhance dialogue and integrate SPS components in TF programmes**

SPS-related procedural obstacles to trade

- **Complex and lengthy procedures**
- Excessive **document requirements** (registration, licences, fees)
- **Formal / informal fees**
- **Lack of information** (transparency)
- No **complaints / appeal** procedures
- **Arbitrariness and unpredictability**

Do the procedural obstacles occur...

...before the border?

- **Duplicative document requirements** by importing/exporting countries
- **No distinction** between **mandatory** and **voluntary standards**
- **Overlapping jurisdiction** between government agencies

...behind the border?

- (Multiple) **inspections, tests and sampling**
- Repeated **document checks**
- Long **waiting times**
- **Lack of coordination** between border agencies (e.g. opening hours)

Preliminary findings: simple solutions

- **Improve transparency**
 - Use **online tools** whenever practical. **Leaflets** and **brochures** are also useful.
- **Reduce possibilities for rent-seeking**
 - *De-couple revenue-raising activity from regulatory activity.* Procedural obstacles which are not accompanied by more *effective* and *efficient* SPS protection should not be rewarded with increased revenue
- **Reduce document requirements**
 - Limit the use of (i) **company** and **product registration**, (ii) **licences** and (iii) **import/export permits** to special groups of **high risk products**.
- **Coordinate with trade partners**
 - Apply **equivalence** and seek **mutual recognition agreement** to prevent **duplicative controls** in exporting and importing countries. Do not require mandatory export certifications that are not required by the foreign buyer.
- **Reduce waiting times**

More advanced solutions

- **Risk-based SPS controls**
 - The **intensity of controls** is **adjusted** according to the **risk-profile of goods/traders**, but this depends on **consistent and reliable data collection, statistical analysis** and the procurement and maintenance of **ICT hardware**.
- **Trade information desks**
 - TIDs act as a **liaison between the private sector and the public sector, providing information and facilitating compliance** with border controls. They can be run by the **public sector**, the **private sector**, or as a **PPP**.
- **Single windows**
 - **Single windows** bring border agencies together in **one place**, allowing operators to make **one declaration** and **one payment** for compliance with **all border controls**.

Most Advanced Solutions

- **Single Electronic Windows**

- SEWs allow traders to **submit all import, export, and transit information simultaneously**
- **Developing countries** may not have the necessary **communications infrastructure, technical capacity** or **human and financial resources** for effective implementation.
- **Premature introduction** can be accompanied by **arbitrary enforcement of parallel (documents-based) procedures** that are open to abuse by officials

- **One-Stop Border Posts**

- OSBPs **streamline clearance processes** by **bringing together equivalent authorities** (in neighbouring countries) **onto one side of the border**, where controls on inbound/outbound are carried out simultaneously, saving time and resources by **coordinating similar functions**
- OSBPs must be preceded by **procedural and process reforms**

SPS performance

EFFECTIVENESS

The extent to which SPS measure or its implementation achieves a pre-defined objective

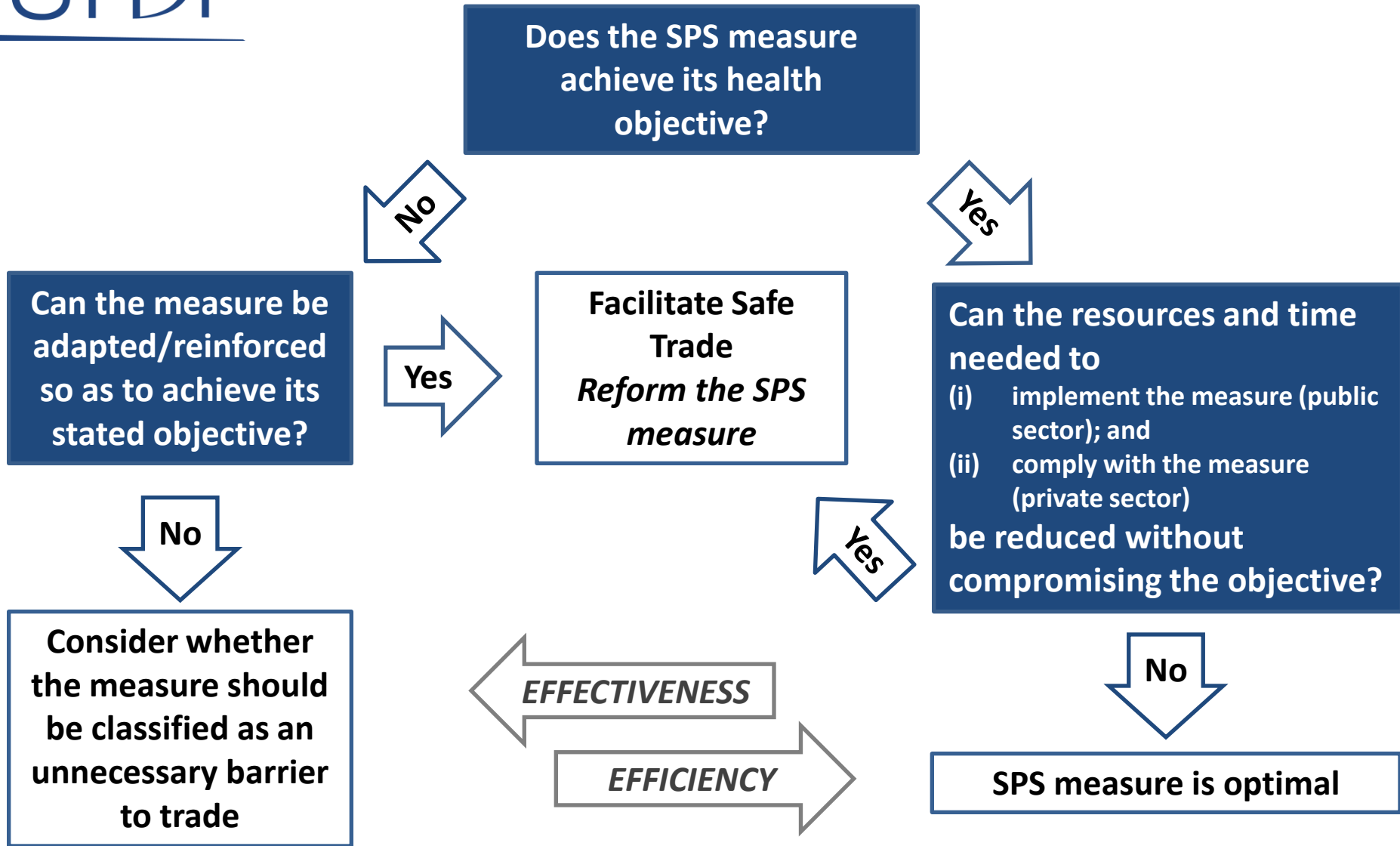
EFFICIENCY

The extent to which a pre-defined objective can be achieved at a lower cost in terms of resources and time



In order to evaluate the **effectiveness** and **efficiency** of SPS measures/ agencies one must:

- ***define objectives and develop SPS performance indicators***
- ***carry out baseline studies of current performance***
- ***Monitor indicators on an ongoing basis and carry out ex-post evaluation of performance***



Elements for consideration

- Improving implementation of SPS Agreement facilitates safe trade in food and agricultural products
 - How effective and efficient are SPS measures/agencies in CAREC countries?
 - Are there SPS protocols in place for transit goods?
- SPS/customs officials should be aware of rights/obligations under all WTO agreements – need for coordinated approaches and systems
- Involvement of SPS entities/officials in TF needs assessments – opportunities to benefit from increased funding opportunities

For more information

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The screenshot shows the STDF website homepage. At the top, there is a navigation bar with the STDF logo and links for 'ABOUT US', 'FUNDING OPPORTUNITIES', 'PROJECTS', 'THEMATIC ACTIVITIES', 'INFORMATION RESOURCES', and 'VIRTUAL LIBRARY'. Below the navigation is a large banner image of a boat on a calm lake at sunset, with the text: 'The Standards and Trade Development Facility is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines and recommendations as a means to improve their human, animal, and plant health, safety and ability to gain or maintain access to markets.' Below the banner, a grey bar states 'NEXT DEADLINE FOR SUBMISSION OF FUNDING PROPOSALS: 3 JANUARY 2014'. The main content area is titled 'RECENT THEMATIC ACTIVITIES' and features four columns of activity cards. Each card includes a small image, a title, a brief description, and a 'MORE INFO' button. The cards are: 'Facilitating safe trade', 'Invasive Alien Species', 'Fruit fly', and 'Aid for Trade'. Below this section are three columns: 'WHAT'S NEW' with links to 'Invasive alien species' and 'SPS term strategy'; 'RESOURCES' with links to 'Innovation', 'Briefings', 'Publications', and 'Videos'; and 'EVENTS' with a calendar view showing dates 29, 03, and 15, with corresponding event titles like 'Codex Committee on Fruit Flies and Trade for Special Dietary Uses' and 'WTO SPS Committee Meeting'. At the bottom, there are sections for 'DONORS', 'PARTNERS', and 'DEVELOPING COUNTRY EXPERTS'. A footer contains a 'SITEMAP', 'CONTACT INFO', 'MAILING LIST' with a 'SIGN UP' button, and a 'MEMBERS' section with 'Username' and 'Password' fields and a 'LOGIN' button. The footer also includes the text '© 2013 Standard and Trade Development Facility. All Rights Reserved.'