

CAREC COMMON AGENDA FOR MODERNIZATION OF SANITARY AND PHYTOSANITARY MEASURES FOR TRADE

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“Safer Food, Better Trade. We welcomed the initiative to strengthen cooperation in sanitary and phytosanitary (SPS) measures to complement Customs-related trade facilitation measures. We called on our Senior Officials to implement a common agenda that would facilitate the required improvements and reforms in the modernization of SPS measures consistent with international standards that facilitates safe trade.”

— Joint Ministerial Statement, 14th Ministerial Conference on Central Asia Regional Economic Cooperation, Ulaanbaatar, Mongolia, 25 September 2015

Acronyms

ADB	-	Asian Development Bank
CAREC	-	Central Asia Regional Economic Cooperation (Program)
EPPO	-	European and Mediterranean Plant Protection Organization
EU	-	European Union
FAO	-	Food and Agriculture Organization of the United Nations
GDP	-	gross domestic product
GOST	-	(Set of) State Standards (of the former Union of Soviet Socialist Republics)
HACCP	-	Hazard Analysis & Critical Control Points
OIE	-	Office International des Epizooties (World Organisation for Animal Health)
PRA	-	pest risk analysis
PRC	-	People's Republic of China
SPS	-	sanitary and phytosanitary
WTO	-	World Trade Organization

CAREC Common Agenda for Modernization of Sanitary and Phytosanitary Measures for Trade

A. Background and Rationale

1. The sanitary and phytosanitary (SPS) reform and modernization initiative constitutes part of the ongoing Central Asia Regional Economic Cooperation (CAREC) integrated trade facilitation and trade policy program. CAREC's Transport and Trade Facilitation Strategy 2020 supports this regional initiative to harmonize and upgrade SPS measures to facilitate trade in agricultural and food products within and beyond CAREC. Likewise, CAREC's Trade Policy Strategic Action Plan 2013–2017 aims to move toward World Trade Organization (WTO) consistent SPS measures and risk-based international standards so as to reduce trade impeding effects of non-tariff measures. The agriculture sector contributes as much as 28% of GDP of CAREC countries.¹ However, except for Pakistan and Tajikistan, there was a considerable decrease in the sector's value added in CAREC countries' GDP in 2013 compared to 2004.² Exports of agricultural raw materials and food products of CAREC countries (i.e., Azerbaijan, the People's Republic of China (PRC), Kazakhstan, and significantly in Mongolia) decreased in 2013 compared to 2004, while imports have increased in Azerbaijan, PRC, Kazakhstan, and the Kyrgyz Republic in 2013.

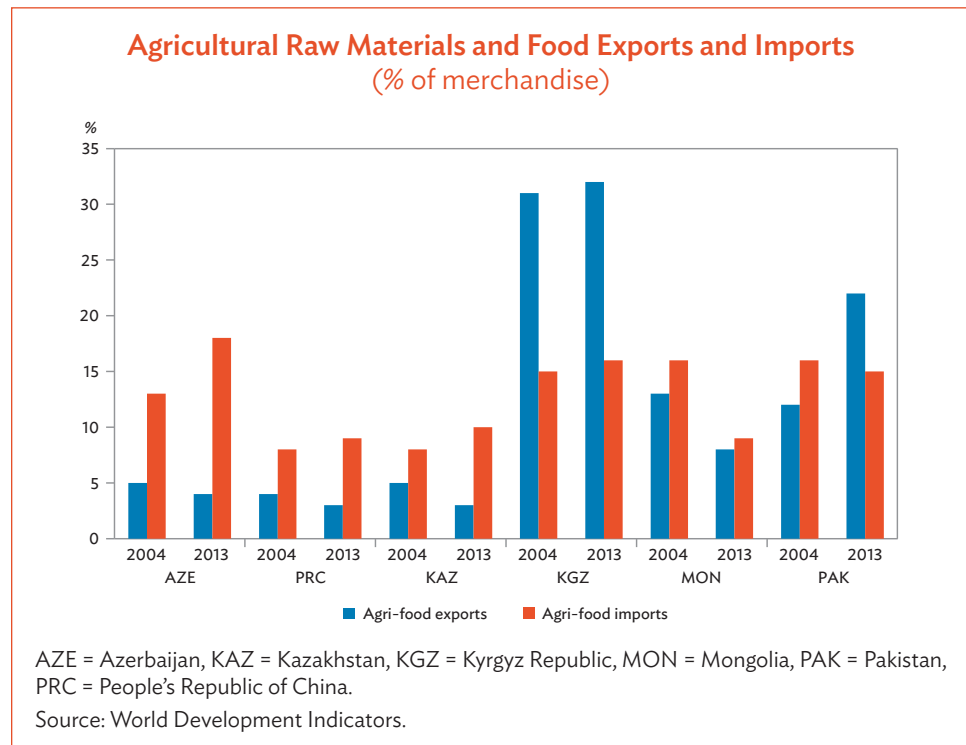
2. Trade in agricultural and food products is dependent on healthy animals, plants, and safe food production in the country of origin. An outbreak of a particular animal disease or the discovery of a pest in an exporting country will result in a ban or additional requirements from an importing country. SPS measures are needed to control these threats and their negative impacts on trade in agricultural and food products.

3. WTO Agreement on the Application of SPS Measures enables member countries to protect human and agricultural health (animal health and plant health) against risks of hazards related to trans-border trade of agricultural and food products while avoiding unnecessary trade interruptions. SPS measures, if they are not based on scientific principles (including risk analysis) or international standards, can result in measures higher than necessary to achieve a reasonable and appropriate level of protection and thus restrict trade.

4. CAREC countries face serious difficulties establishing SPS measures. Building the SPS management capacities requires sustained efforts for a range of services over extended periods

¹ Based on a 10-year average (2004–2013) agriculture value added as % of GDP for CAREC countries are: AFG, 28%; AZE, 7%; PRC, 11%; KAZ, 6%; KGZ, 25%; MON, 19%; PAK, 24%; TAJ, 27%; TKM, 16% (2003–2012); and UZB, 23%. Source: World Bank's World Development Indicators (<http://data.worldbank.org/data-catalog/world-development-indicators>).

² The decrease in agriculture value added as % of GDP in 2013 compared to 2004 follows: AFG, AZE and MON, 6%; PRC and KAZ, 3%; KGZ, 16%; TKM, 5%; and UZB, 12%. Source: Ibid.



of time as well as significant investments and technical expertise. In addition, most CAREC countries have adopted all or some of GOST³ (gosudarstvennyy standart in Russian) which is a complex and outdated system inherited from the Soviet Union era that is inconsistent with modern measures as stipulated by the WTO SPS Agreement. To address these serious difficulties, the CAREC Common Agenda (CRA) for the Modernization of SPS Measures for Trade Facilitation will (i) promote concerted reforms and modernization in the implementation of SPS measures consistent with international standards in ways that facilitates safe trade within and outside the region; and (ii) identify and prioritize investment needs to modernize SPS measures and their implementation.

B. Overall Assessment

5. A **regulatory assessment** for each CAREC member country reviewed the SPS-related legislation and identified gaps in compliance with the principles and requirements as per the WTO SPS Agreement.⁴ The assessment was made in the context of whether each country was a member of WTO or in the process of WTO accession.

³ GOST or 'state standard' which serves as the regulatory basis for government and private-sector food processing certification program throughout the CIS.

⁴ Consistent with international standards developed by: the Food and Agriculture Organization (FAO) of the United Nations, the World Health Organization (WHO), and Codex Alimentarius Commission for food safety; the World Organisation for Animal Health (OIE, Office International des Epizooties) for animal health; and the FAO International Plant Protection Convention (IPPC) for plant health.

6. The regulatory assessments concluded that:
- (i) Most CAREC countries need to formulate comprehensive national strategies to adopt and/or implement SPS measures in accordance with international standards. The absence of a national strategy results in piecemeal interventions and a lack of consistency in national institutional arrangements. It is important that SPS measures satisfy administrative and procedural requirements of the WTO SPS Agreement (Article 8/Annex C) and are scientifically justified and risk-based (Articles 2 and 5).⁵
 - (ii) **Plant Health.** Although fundamental reforms of primary plant health laws to achieve consistency with the International Plant Protection Convention and the WTO SPS Agreement have been undertaken by most countries, the main barrier to trade is the lack of rules and regulations to implement the International Standards for Phytosanitary Measures under the International Plant Protection Convention. The legislative and administrative split between plant quarantine and domestic plant protection, which is typical in central Asian countries, also impairs the application of related SPS measures.
 - (iii) Due to lack of expertise in pest risk analysis (PRA), lack of diagnostic capacity; and the potentially large number of pests to be considered, many CAREC countries have not prepared accurate, valid lists of quarantine pests and regulated-non-quarantine pests. Without these lists, risk-based phytosanitary import requirements cannot be developed and, consequently, inspection and testing requirements might be regarded as trade barriers because they are not scientifically justified. The pre-requisite for this is regionally coordinated surveillance programmes for quarantine pests.
 - (iv) **Animal Health.** Despite numerous amendments of veterinary legislation over the recent years, most CAREC member countries lag behind other countries in establishing an appropriate level of protection⁶ from external and internal risks to animal health and veterinary public health⁷. Their legislative framework are broadly compliant with the World Organisation for Animal Health (OIE) general principles of official veterinary control but cannot be effectively enforced due to lack of implementing rules and regulations; discrepancies and/or contradictions with civil, penal,

⁵ The PRC is relatively advanced in the process of implementation of SPS principles and standards in its regulatory framework and processes; Kazakhstan, Kyrgyz Republic, Mongolia, and Tajikistan have at least formally included SPS Agreement principles into their primary legislation; while Afghanistan, Azerbaijan, Turkmenistan, and Uzbekistan have made limited progress in aligning regulations and systems with WTO SPS requirements.

⁶ An appropriate level of protection is defined by FAO and WHO as the level of protection deemed appropriate by the country establishing sanitary measures to protect life and/or health within its territory.

⁷ The World Health Organization (WHO) defined veterinary public health as “the sum of all contributions to the physical, mental and social well-being of humans through an understanding and application of veterinary science” (<http://www.who.int/zoonoses/vph/en/>).

administrative, and other national legal acts; and lack of important definitions and provisions for protecting animal health, animal welfare, public health, and food safety in internal and external trade. These technical shortcomings may compromise the effectiveness of measures taken by national veterinary services to protect against internal risks in-country as well as external risks at the border.

- (v) The animal health situation in the CAREC region is generally poor and adversely affects trade in live animals and animal products. A wide range of infectious animal diseases are endemic within the region. The widespread incidence of these animal diseases and zoonoses⁸ means that veterinary services have had difficulties adjusting to changing animal health risks.
- (vi) **Food Safety.** Final product testing according to detailed prescriptive requirements is still widely applied in CAREC countries, making checks for import more challenging than necessary. The internationally recognized Hazard Analysis & Critical Control Points (HACCP) system is a process-based system to minimize the risk of hazards entering the food chain. Risk-based inspections are not widely applied in CAREC countries, with the exception of Mongolia.
- (vii) HACCP based on the recommendations by Codex Alimentarius⁹. None of the 10 CAREC countries have prepared HACCP plans. HACCP should be mandated through legislation for both imported and exported products.

7. A **laboratory assessment** was done for each CAREC country and covered three types of laboratories: plant health, animal health, and food safety. Lists of basic standard equipment and facilities necessary to perform essential tests and/or identify quarantine pests were prepared and laboratories were assessed through interviews and site visits. The following are the general conclusions of the laboratory assessment.

- (i) **Plant health laboratories.** Perhaps with the exception of PRC, none of the CAREC countries have the minimum capacity to protect their respective countries from quarantine pests beyond relatively easy-to-identify insects and a few plant diseases by symptoms or by morphology of causal fungi. SPS facilities at the border are inadequately equipped and play the role of merely ‘inspection and sampling’ stations rather than laboratories.
- (ii) **Animal health laboratories.** Except for a few relatively well-equipped and properly organized veterinary laboratories located in the capitals of almost all countries, the majority of veterinary laboratories are in poor condition and unable to implement routine surveillance, early detection

⁸ Diseases and infections that are naturally transmitted between vertebrate animals and humans.

⁹ Codex Alimentarius (the food code) provides international food standards, guidelines and codes of practice to govern the safety, quality and fairness of the international food trade.

of animal and zoonotic diseases and full surveillance, and testing¹⁰ for OIE-listed diseases. Except in PRC and Kazakhstan, there are no internationally accredited or OIE-compliant veterinary laboratories in the region and have no capacity to detect and diagnose prion and viral diseases in live animals and products of animal origin.

- (iii) **Food safety laboratories.** These laboratories, except in the PRC and Kazakhstan, do not have the recommended standard equipment or procedures necessary to analyze the entire series of chemical contaminants that present actual risks to consumers in accordance with international standards. In addition, chemical contaminant limits are not harmonized with international standards such as Codex and/or EU and outdated methods are applied in the analysis of pathogenic bacteria, taking three to four days to produce results.

8. The **SPS border services management assessment** concluded that while many CAREC countries have begun to reform and modernize border services and systems, the focus has been on the customs service while other services have been dealt with in an ad hoc manner. There is a need to involve relevant agencies operating at the border for an efficient and effective border management system. Particular findings are:

- (i) Plant origin products may, in general, be cleared inland. For planting materials, specialized testing or post-entry quarantine may be necessary at destination. Advance notification of commercial quantities and a proper risk assessment system is necessary. Small quantities of plant origin goods for personal use and genuine cross-border trade should be subject to physical inspection.
- (ii) Many CAREC countries lack the capacity to prevent introduction of animal diseases, including transboundary animal diseases, zoonotic diseases, and microbiologically or chemically contaminated products of animal origin. In particular, illegal and uncontrolled movements of live animals and animal products present a major threat to restricting the spread of major infectious diseases of economic importance. Veterinary control at the border in many countries is characterized by overlapping and/or excessive inspections, delays and/or inadequacy of general management. These gaps make cross-border trade in live animals and products of animal origin time-consuming, costly, and uncompetitive.
- (iii) Numerous bilateral and multilateral agreements are in place, potentially providing a framework for cooperation on SPS issues, but many lack the mechanisms for implementation. A CAREC-wide harmonized approach to these agreements would be more effective.

¹⁰ The OIE distinguishes two categories of diagnostic tests: “prescribed” and “alternative”. Prescribed tests are required by the OIE Terrestrial Animal Health Code for the international movement of animals and animal products and are considered optimal for determining the health status of animals. Alternative tests are those that are suitable for the diagnosis of disease within a local setting, and can also be used in the import/export of animals after bilateral agreement.

C. Priority Recommendations and Future Action

9. Considering the assessments made above, a list of proposed priority actions for follow-on cooperation are presented below. However, it should be noted that delegates from the 10 CAREC member countries must discuss priority SPS-related actions and investment needs with their respective Governments, so that they complement national strategy and objectives. It is likely to be a medium to long-term task to complete these actions for the entire CAREC region, but it is necessary to initiate action soonest possible. In this case, it may be appropriate to adopt a sectoral approach to modernizing SPS measures.

- (i) Each country needs to prepare a national strategy to adopt and/or implement SPS measures in accordance with international standards. These strategies should consider all elements of the system i.e., plant health, animal health, and food safety as well as laboratory and border crossing point infrastructure. Essential investments and regulatory reform are interdependent and can only function effectively and efficiently when coherently and comprehensively structured. Success in achieving trade facilitation objectives can most effectively be assured by addressing all elements of the system with a strategic and coordinated approach.
- (ii) Establish regular consultation dialogues to discuss SPS issues at regional level including knowledge events on economic benefits of compliance with SPS requirements e.g., harmonization and risk-based control systems.

Plant Health

- (i) Increase political awareness of the need to reform primary legislation, allocate government legal expertise for preparing and enacting laws or decrees on plant health measures;; plant quarantine and plant protection laws should be unified, together with responsible institutions, to facilitate better resource allocation.
- (ii) Hold regional workshops to develop guidelines for implementing rules and regulations to adopt priority International Standards for Phytosanitary Measures, initiate application for membership in European and Mediterranean Plant Protection Organization (EPPO) for those who are not yet members, and training on PRA.
- (iii) Develop national quarantine and regulated non-quarantine pest lists based on PRA followed by risk-based phytosanitary import requirements. National priority pests would be targets for diagnostic capacity. National priority pests should be pooled to identify common requirements for equipment and reagents, etc.
- (iv) Develop quarantine facilities at the border crossing points.
- (v) Set up a regional technical working group to design a regionally coordinated surveillance program for key quarantine pests (plant health). Unified lists of quarantine pests and regulated non-quarantine pests should be developed for CAREC. Potential partners are EPPO

and the European Union (EU) because many of these pests might be quarantine pests ('harmful organisms') for the EU. Priority zoning is also needed.

Animal Health

- (i) Harmonize and reform primary legislation and develop implementing rules and regulations including adopting definitions used in the OIE Terrestrial Code and Aquatic Code, where appropriate. An important consideration is continuously harmonizing veterinary legislation, particularly with that of the Eurasian Economic Union and EU. All CAREC countries require technical assistance with harmonization of legislation, except the PRC and Kazakhstan.
- (ii) CAREC countries, with the exception of PRC and Kazakhstan, should prepare detailed assessment and inventory of animal health laboratory facilities and equipment based on which support could be developed accordingly.
- (iii) Investments are needed in facilities for unloading and loading of animals at the border and/or premises for quarantine of live animals, and storage of animal origin products. Inspectors require adequate equipment for examination of live animals and sampling of pathological material
- (iv) Establish risk-based categories of animal diseases important to internal and external trade and risk-based categories of goods subject to veterinary control. A unified risk-based list of products is required for animal health.

Food Safety

- (v) Each CAREC country should develop plans and criteria for the selection of food safety parameters subject to international accreditation¹¹. Risk-based food inspections and risk-based assessments should be used.
- (vi) Capacity building and training initiatives must develop skills of food inspectors, including training on HACCP implementation.
- (vii) In terms of upgrading of laboratories, it is recognized that HACCP is costly and difficult to implement but at least one laboratory in each CAREC member country, with the exception of PRC and Kazakhstan, must be internationally accredited to satisfy food safety standards (ISO 17025:2005). International standards for sampling procedures need to be applied.
- (viii) Organize a regional technical working group on food safety, and conduct workshops to foster knowledge and information sharing on regional food safety priorities and recommended actions.

¹¹ ISO 17025:2005 specifies the general requirements for the competence to carry out tests and/or calibrations, including sampling. It is for use by laboratories in developing their management system for quality, administrative and technical operations.

About the Central Asia Regional Economic Cooperation Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of member countries and development partners working together to promote development through cooperation, leading to accelerated economic growth and poverty reduction. It is guided by the overarching vision of “Good Neighbors, Good Partners, and Good Prospects.” CAREC countries include: Afghanistan, Azerbaijan, the People’s Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

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