



Pests like the Mediterranean fruit fly can spread to many parts of the world in next to no time. Surveillance, pest management, research and capacity building are critical to reduce production losses and facilitate safe trade.

Photos: STDF

Closing the standards gap

Trade in food and agricultural products offers a way for farmers, processors and traders in developing countries to increase their incomes and boost economic development. But despite the potential, they face many challenges. Limited capacity to meet food safety, animal and plant health requirements is often a major obstacle. To take full advantages of trade opportunities, developing countries receive support from the Standards and Trade Development Facility at the WTO.

Except for some agricultural products, custom tariffs in international trade are generally low. Market access for goods now largely depends on countries' ability to comply with a wide range of non-tariff measures (NTMs). Governments use NTMs, such as taxes, subsidies and regulatory measures, to attain a wide range of policy objectives including health, safety, environmental protection and other social imperatives. Among NTMs, sanitary and phytosanitary (SPS) measures are particularly relevant to international trade in food and agricultural products. Since these products are often of great importance to developing countries, much of their trade is subject to SPS rules and procedures. Surveys by international organisations have shown that NTMs can be particularly burdensome for small and medium enterprises (SMEs), because they entail fixed costs independent of the size of the exporter. When a new restrictive SPS measure is introduced

in an export market, smaller exporting firms are more likely to exit that market. Large firms lose comparatively less because they are able to comply with more stringent requirements more easily and at lower costs than SMEs.

■ WTO disciplines and the benefits of harmonisation

The WTO [Agreement on the Application of Sanitary and Phytosanitary Measures \(SPS Agreement\)](#) sets out the basic rules for food safety, animal and plant health requirements. It recognises the right of governments to adopt and enforce measures necessary to protect human, animal and/or plant life or health. But it also provides rules to ensure that these measures are not misused for protectionist purposes and do not result in unnecessary barriers to trade. SPS measures must be non-discriminatory, science-based, least-trade restrictive and transparent, and comply with a number of other procedural obligations. SPS measures can take many forms, such as requiring products to come from a disease-free area, inspection of products, specific treatment or processing requirements, tolerance levels for pesticide residues or limiting the permitted use of additives in food. SPS measures apply to

domestically produced food or local animal and plant diseases, as well as to products coming from other countries.

The [Agreement on Technical Barriers to Trade \(TBT Agreement\)](#) provides related but separate disciplines that apply to all other technical regulations, voluntary product standards and the procedures to ensure that these are met (such as testing or certification). Governments use TBT measures to meet a much wider range of policy objectives such as national security or to prevent deceptive practices. TBT measures can cover any product, from car safety to energy saving-devices, but can also be relevant for the food and agriculture sector. Examples include regulations on animal welfare, food packaging, food labelling and agriculture and veterinary chemicals (unless directly related to food safety).

The SPS and TBT Agreements promote the use of international standards as the basis for regulation. The SPS Agreement is specific in encouraging governments to "harmonise" their national SPS measures with international standards developed by the Joint Codex Alimentarius Commission (CAC, food safety) of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO), the World

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Organisation for Animal Health (OIE, animal health) and the International Plant Protection Convention, based in FAO (IPPC, plant health). Estimates of the effect of NTMs, including SPS measures, on trade flows suggest that harmonisation can provide substantial gains in trade, particularly for SMEs, as it is more burdensome for them to comply with a plethora of different requirements. Other benefits of harmonisation are also evident. It significantly reduces the likelihood of countries being challenged by trading partners, since their measures are considered to be consistent with WTO rules. It can also be cost-effective, in particular for developing countries which often lack the human and financial resources to carry out their own risk assessments: instead, they can rely on the scientific work done in Codex, OIE and IPPC. And last but not least, implementing international standards will lead to higher production levels, reductions in crop and livestock losses, safer food in the domestic market, etc., and can have significant impacts on achieving food security and biodiversity goals.

■ Closing the gap

Although progress has been made, developing countries still face considerable challenges in implementing the SPS Agreement, both domestically and in terms of meeting SPS requirements of trading partners. Countries must have a proper legal and regulatory framework in place for food safety, animal and plant health and monitor their health status in these areas, operate testing laboratories, conduct risk analysis, carry out inspections, certify the safety of plant and animal products and participate in trade negotiations and international organisations. Resources, however, are limited, and hard choices will have to be made between competing investments that may all be likely to bring appreciable benefits in terms of export performance, agricultural productivity and/or health protection. Setting priorities in a coherent and transparent manner, improving transparency and economic efficiency of investment decisions and enhancing dialogue be-

Reducing trade costs and removing “red tape”

On 22 February 2017, the WTO Trade Facilitation Agreement (TFA) entered into force. The TFA contains provisions for expediting the movement, release and clearance of goods across borders, including goods in transit. It will help improve transparency and increase possibilities to participate in global value chains, in particular for SMEs. Full implementation of the TFA has the potential to reduce trade costs by an average of 14.5 per cent and increase global merchandise exports by up to a trillion US dollars per annum. In particular, developing countries are expected to benefit significantly from the agreement, capturing more than half of the available gains. Some TFA provisions (e.g. on pre-arrival processing, publication of average release times, publication of information on import/export requirements) add more specificity to the provisions of the SPS and TBT Agreements. Successful implementation of the TFA will depend on cooperation between customs and other authorities on trade facilitation, including SPS border agencies.

tween public, private and other stakeholders will be critical for developing countries in moving forward.

In terms of market access, efforts should continue to focus on helping small growers and SMEs to meet the import requirements of trading partners and to participate in global and regional value chains, including through public-private partnerships. Such efforts should be based on international standards, where relevant and appropriate. Much could also be gained

from countries checking more regularly whether their SPS measures are still fit for purpose and continue to be justified and necessary (for instance due to changes in the economic environment, new food safety, pest and disease risks, compliance with international requirements or commercial challenges). The application of good regulatory practice can provide a tool to support governments in reviewing and streamlining their SPS measures, simplifying procedures and providing services in a more user-friendly way for businesses.

The Standards and Trade Development Facility



The Standards and Trade Development Facility (STDF) assists developing countries in meeting international SPS standards and gaining/maintaining market access. The STDF is a leading SPS knowledge platform, identifying and disseminating good practices, leveraging resources and working on co-ordinated, coherent solutions. It also provides seed funding for the development and implementation of collaborative and innovative SPS projects. By the end of 2016, close to 160 projects were approved for STDF funding.

Two examples are given below:

- In Thailand and Viet Nam, an STDF project catalysed an ongoing public-private partnership to strengthen food safety management systems based on Codex standards. Reduced rejections, increased sales and access to new domestic and export markets were key results. For instance, several cooperatives and SMEs were certified to international food safety schemes opening up new markets (e.g. EU, Japan, US). Women's cooperatives also reported an improvement in their status and negotiating ability. An independent evaluation found the project had “significant and lasting impact on enhancing management of food safety risks within fruit and vegetable chains.”
- In Uganda, flower producers and exporters came together with the government to build capacity to improve compliance with international phytosanitary standards and EU requirements, and reduce the number of rejected consignments. The project also contributed to an improvement in the health and safety of some 8,500 workers in the greenhouses (80 % of whom are women) by reducing exposure to pesticides. The National Plant Protection Organization and the Uganda Flower Exporters Association committed to reinforce and sustain their collaboration through a new public-private partnership to expand flower production and exports. The livelihoods of the workers, chiefly women, and their families dependent on the flower industry in Uganda stand to benefit as exports continue.

For more information, see: > www.standardsfacility.org