



Standards and Trade
Development Facility

Trade facilitation in an SPS context:
experiences and lessons



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UNESCAP/GTI International Seminar on
Trade Facilitation in North East Asia
Incheon, Korea, 13-14 December 2016

Global Partnership

Increased capacity to implement international SPS standards to gain / maintain market access

Coordination mechanism and knowledge hub among providers of SPS technical assistance to identify good practice, strengthen coherence, avoid duplication and enhance results

Funding for development and implementation of innovative and collaborative projects that support compliance with international SPS requirements to gain and maintain market access



WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)

Recognizing
the right to protect
human, animal,
plant life or health



Avoiding
unnecessary
barriers to trade



Development of SPS measures: key principles

- SPS measures should *inter alia* be:
 - non-discriminatory
 - transparent
 - not more trade-restrictive than necessary
 - science-based (risk assessment)
- Members are encouraged to “harmonize” or base national measures on international standards, guidelines and recommendations (Codex, IPPC, OIE) → presumption of compliance



Enforcement/implementation of SPS measures – Annex C

- Members required to avoid unnecessary trade disruption and transaction costs for traders when performing control, inspection and approval procedures
 - no undue delays;
 - information requirements limited to what is necessary;
 - non-discriminatory fees (not higher than actual cost of service),
 - non-discrimination in siting of facilities and selection of samples;
 - procedure to review complaints, take corrective action, etc.

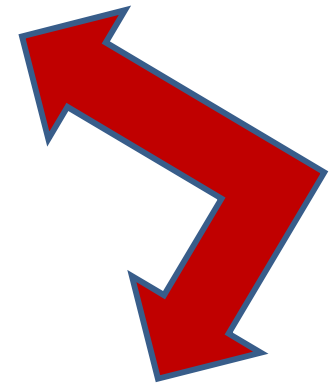
SPS Annex C closely linked to TFA



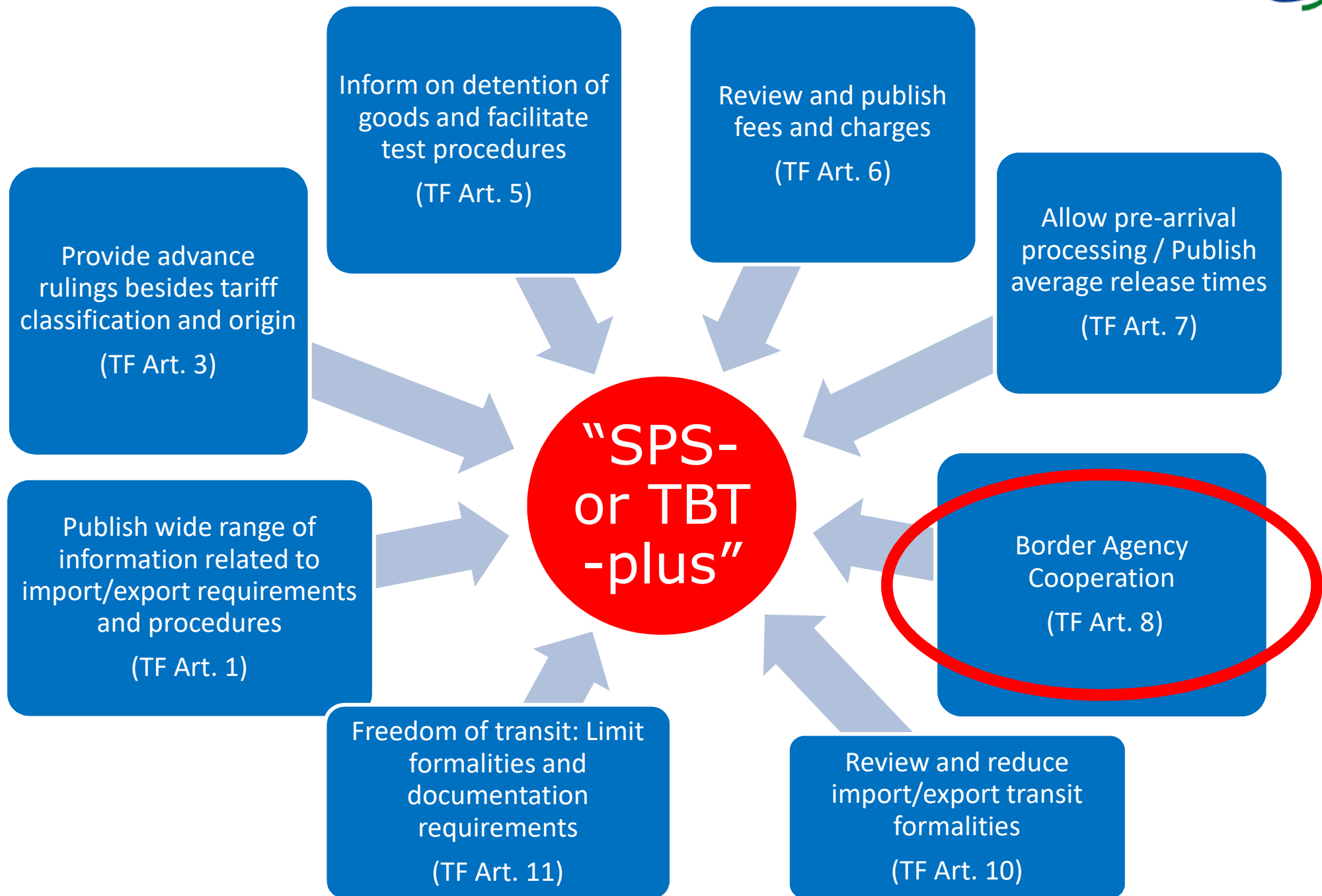
TFA Final Provisions: paragraph 6

“nothing in this Agreement shall be construed as diminishing the rights and obligations of Members under the TBT and SPS Agreements.”

BUT.....



some TRA provisions may be "SPS-plus" or "TBT-plus"
adding obligations going beyond SPS & TBT Agreements





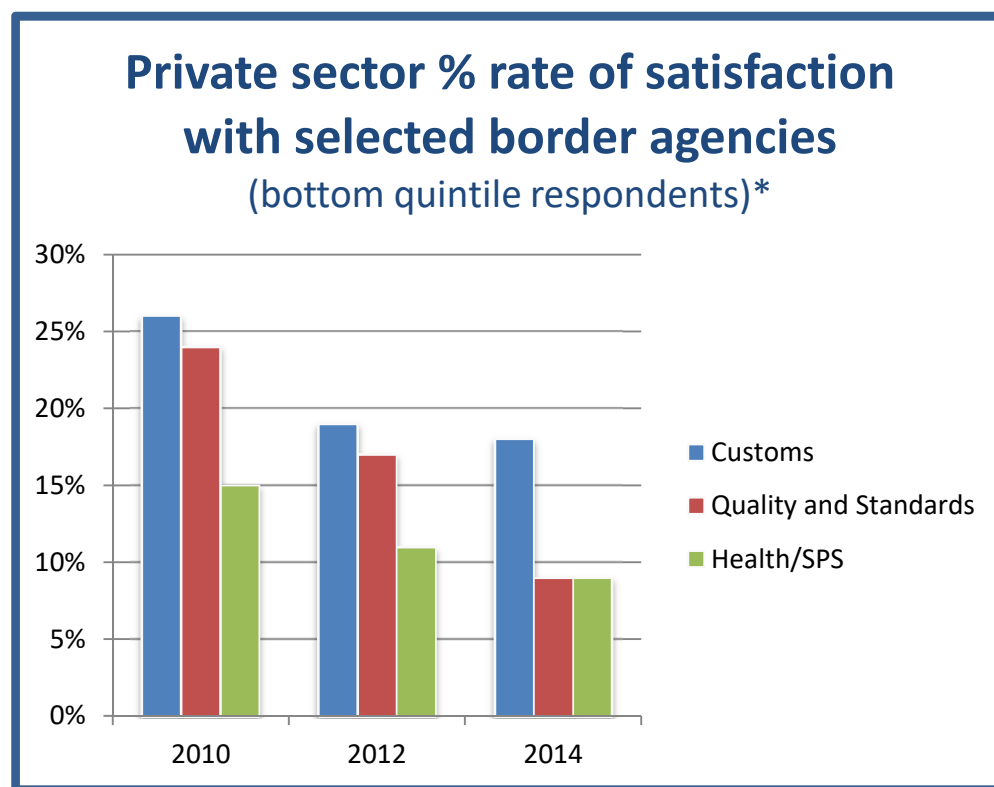
Considerations for TFA implementation

- awareness of SPS/TBT/customs officials regarding rights/obligations under all relevant WTO Agreements; need for coordinated approaches, systems
- involvement of SPS & TBT officials in TF needs assessments; opportunity for SPS & TBT entities to benefit from increased funding opportunities
- national SPS, TBT and TF committees/bodies, Enquiry Points, standard setting bodies, need to communicate, have contact points in each other's structures
- TA providers in SPS/TBT/TF areas need to have familiarity with all three topics

Facilitating trade in food and agricultural products

What is the situation?

- Trade costs in agriculture much higher than in manufacturing, affecting competitiveness (WB, AfT at Glance - 2015)
- Outdated border procedures and red tape greater barrier to trade than tariffs (WB, ITC, etc.)
- Performance gap between health/SPS agencies and others
- Lower performing countries:
 - Much more physical inspection
 - Longer import / export lead times



Source: World Bank Logistics Performance Index

STDF research in Africa and Asia

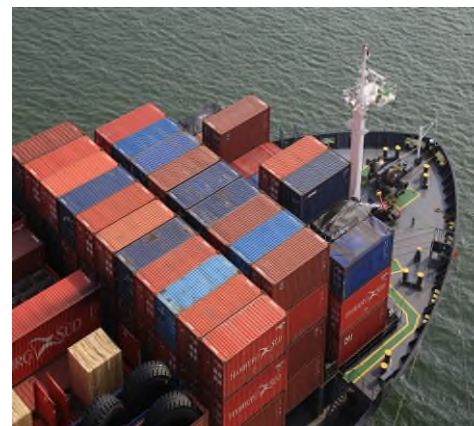
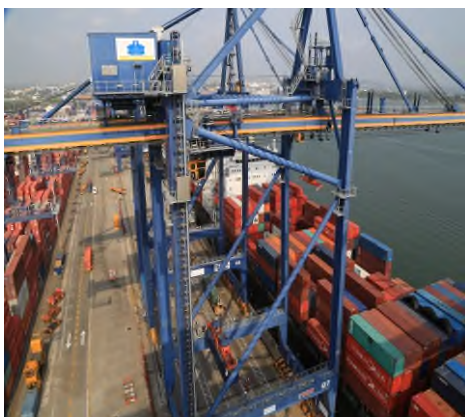
HOW ARE SPS MEASURES IMPLEMENTED IN PRACTICE?

Focus on SPS controls for specific products (Article 8/Annex C of SPS Agreement)

Are there **transaction costs** that can be reduced without compromising **health objectives**?

What are good practices to ensure health protection, while minimizing transaction costs?

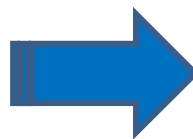
No direct link to WTO TFA – but **opportunity to enhance dialogue** and leverage additional funds to improve SPS border management



Examples of SPS-related procedural obstacles to trade

Challenges

- *Complex and lengthy* procedures
- *Excessive* document requirements
- *Limited* information
- *Multiple* inspections
- *Little coordination* between border agencies
- *No complaints / appeal* procedures
- *Arbitrariness*, unpredictability

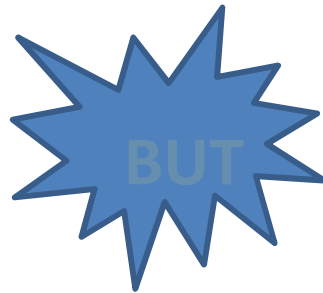


Consequences

- *More controls* than justifiable
- *Longer* than necessary *waiting times*
- *Uncertainty*
- *Increased costs* for traders, sometimes also for government

IMPLEMENTING SAFE TRADE: KEY CONCLUSION

**SPS measures may result in justifiable transaction costs based
on the need to protect health**



**Ineffective and inefficient SPS controls result in poor health
protection – and disrupt trade more than necessary**

Opportunities to reduce costs and enhance health protection

- Streamline/simplify regulations and procedures
- Implement risk-based approaches (inspections)
- Improve transparency
- Improve coordination between SPS authorities and with Customs
- Include SPS controls in national single windows
- Encourage participation of SPS authorities in national TF Committees, etc.



Future STDF work

- Dissemination of conclusions, recommendations and good practice with WCO, World Bank, WTO, etc.
- Projects (e.g. E-Phyto – FAO/IPPC)
- Good Regulatory Practice in SPS area? Ongoing discussion in STDF Working Group
- STDF seminar on electronic SPS certification (June 2016); Presentations + podcast at:
<http://www.standardsfacility.org/STDF-eCert-Seminar>
- Info session on SPS e-cert at 6th Global AfT Review (11-13 July 2017, WTO) – “Promoting Connectivity”

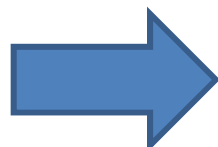
What is an electronic SPS certificate?

Electronic SPS Certification is the authenticated, non-repudiative and secure electronic transmission of sanitary and phytosanitary certification data, including the certifying statement, from the competent authority of the exporting country to the competent authority of the importing country.

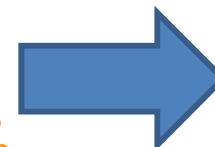
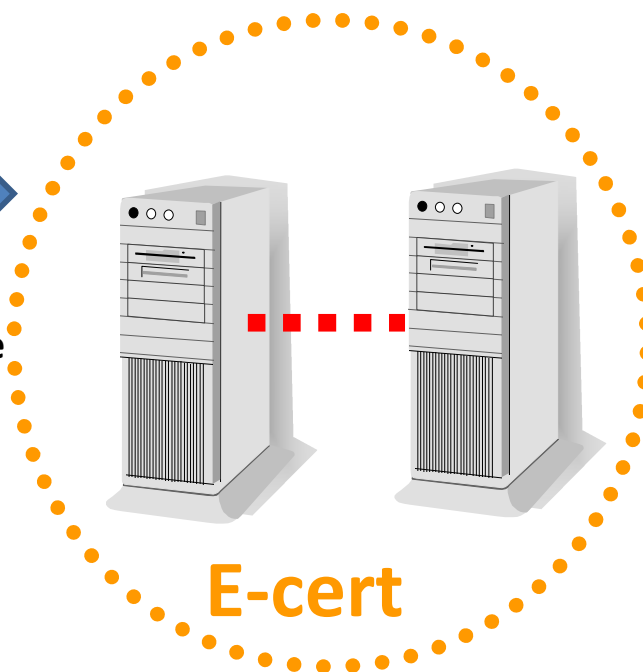
EXPORTING COUNTRY COMPETENT AUTHORITY



Certification process
Inspection procedure,
testing,...



Sending
certificate



Receiving
certificate

IMPORTING COUNTRY COMPETENT AUTHORITY



Import procedures
Inspection,
release,...

Advantages of electronic certification

Integrity

- Electronically secured certificates
- Cross-checking in real time
- Single national register of certificates

Efficiency

- Online application and processing
- Faster processing through pre-validation
- Faster processing cuts clearance time

Security & compliance

- Very difficult to forge
- Improved compliance with policies and procedures
- Online verification for third parties / importing nations

Productivity

- Single view of all relevant information
- Searchable database with all certificates
- Simple maintenance of forms

Challenges and pre-requisites

- Weak SPS systems: paper-based system needs streamlining to start with!
- Lack of standard certificate (other than phyto) makes negotiation complex
- Lack of standardized exchange protocols (considerable investment required to deal with non-standard data requirements)
- Lack of political goodwill (sometimes buy-in at top level, *BUT* resistance of mid-level management);
- Adequate legislative framework
- High costs of establishing a system (possible solutions: payment on usage e.g. Philippines, development assistance?)
- Lack of collaboration framework between relevant national agencies (Inter-agency competition)
- Weak IT infrastructure in agencies in charge of SPS matters;

Conclusions of STDF seminar

- *Electronic SPS certification* contributes significantly to *facilitating safe trade* => WTO TFA creates momentum
- SPS e-cert is a *driver for reform* (streamlining import-export business process, promoting regulatory reform and inter-institutional collaboration);
- start with *Business Process Analysis (BPA)*, then *cost-benefit analysis*
- *Include a pilot phase*, a transition phase and a fall-back plan
- Establish a *sustainable cost recovery mechanism*
- *Stakeholder consultation* (acceptance by smallholders, real gains vs. what may change)
- *Guidance and support to developing countries* (BPA and cost-benefit analysis to inform investment decision)

STDF Film: Safe Trade Solutions*

What are Chile, Peru and Colombia doing to enhance health protection and speed up trade?

- Better coordination between SPS agencies and with Customs
- Streamlined and risk-based controls
- Joint inspections
- More transparency
- Integrating SPS controls in national single windows



* See: <http://www.standardsfacility.org/video-gallery> and <https://www.youtube.com/watch?v=Eww1MsewAOk>

For more information

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- subscribe to STDF news
- view projects
- download publications, briefing notes, etc.

The screenshot shows the STDF website homepage. At the top, there is a navigation bar with links: ABOUT US, FUNDING OPPORTUNITIES, PROJECTS, THEMATIC ACTIVITIES, INFORMATION RESOURCES, and VIRTUAL LIBRARY. Below this is a large banner image of a ship on the water. The banner text reads: "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 status and ability to gain or maintain access to markets." Below the banner, there is a section titled "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:

- Facilitating safe trade:** The STDF held a thematic session entitled "Implementing SPS Measures to Facilitate Safe Trade" in Geneva on 26 March 2014, back-to-back with the WTO SPS Committee meetings.
- Invasive Alien Species:** The STDF organized a Seminar on International Trade and Invasive Alien Species (IAS) in Geneva on 12-13 July 2012.
- Fruit fly:** The STDF, the World Bank and the Economic Community of West African States (ECOWAS) initiated a coordinated multi-stakeholder approach to control fruit fly in West Africa.
- Aid for Trade:** The STDF held a side event at the Fourth Global Review of Aid for Trade entitled "Public-Private Partnership in a Value Chain Context".

Below these cards are four "MORE INFO" buttons. Further down, there are three main sections: "WHAT'S NEW", "RESOURCES", and "EVENTS".

WHAT'S NEW: Includes links for Invasive alien species and Mid-term strategy.

RESOURCES: Includes links for Newsletter, Briefings, Publications, and Videos.

EVENTS: Lists upcoming events with dates and locations:

- 29 NOV: Codex Committee on Nutrition and Foods for Special Dietary Uses (Organizer: Codex, Location: Tbilisi, Georgia)
- 03 DEC: WTO SPS Committee Meeting (Organizer: WTO, Location: Geneva, Switzerland)
- 15 NOV: Codex Committee on Food Hygiene (Organizer: Codex, Location: Hanoi, Vietnam)

At the bottom, there are sections for "DONORS", "PARTNERS", and "DEVELOPING COUNTRY EXPERTS". The "PARTNERS" section includes a "SIGNUP" button and a "MEMBERS" section with a login form (Username, Password, LOGIN button).

The footer contains a "SITEMAP" with links to ABOUT US, FUNDING OPPORTUNITIES, PROJECTS, THEMATIC ACTIVITIES, INFORMATION RESOURCES, and VIRTUAL LIBRARY. It also includes "CONTACT INFO" for the STDF Secretariat at the World Trade Organization, Centre William Rappard, Rue de Lausanne 154, CH-1211 Geneva, Switzerland. Contact details: Tel: +41(0)22 7395295, Fax: +41(0)22 739 5760, Email: STDFSecretariat@wto.org.

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