

 **RESEARCH REPORT**

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# Trade Capacity Building and Sanitary and Phytosanitary Control

**A Resource Guide**



**NATHAN**  
ASSOCIATES INC.

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**SUBMITTED TO**

USAID/Washington

**SUBMITTED BY**

Nathan Associates Inc.  
TCB Project

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# Trade Capacity Building and Sanitary and Phytosanitary Control

A Resource Guide

SUBMITTED TO  
USAID/Washington

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Sponsored by USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT) and implemented by Nathan Associates Inc., the Trade Capacity Building (TCB) Project, 2001-2004, helps developing countries assess their trade constraints and prioritize their trade-related technical assistance needs. The project provides trade experts for short-term technical assistance in developing countries and assists USAID Missions in designing, implementing, monitoring, and evaluating technical assistance that will stimulate economic growth and reduce poverty. Electronic copies of reports and materials related to trade needs assessments, resource guides, and trade training workshops are available at [www.tcb-project.com](http://www.tcb-project.com). USAID Missions and Bureaus may seek assistance and funding for activities under this project by contacting John Ellis, USAID/EGAT, TCB Project Task Manager at [jellis@usaid.gov](mailto:jellis@usaid.gov).

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# Executive Summary

Agricultural and food markets are far more globally integrated than they were a decade ago. But many developing countries find it difficult to compete in the international agricultural marketplace, and seek trade-related technical assistance, especially to help them understand and respond to both government- and consumer-driven requirements of foreign markets, including sanitary and phytosanitary (SPS) measures.

SPS measures are meant to safeguard the health and safety of consumers, and to protect animals and plants from certain kinds of risks. An effective SPS regime can also spur economic growth and job creation by protecting agricultural resources and the environment, diversifying the agricultural economy, adding value to agricultural products, and expanding and strengthening the agricultural sector.

Unfortunately, developing countries have scant resources and few personnel in the public or private sectors familiar with SPS matters. In some cases, their food laws are outdated or they lack regulations to support food legislation. Nor do they have the regulatory means to control movement of goods and people across their borders, limiting their ability to curb the spread of pests and diseases affecting plants and animals. In addition, many developing countries have neither a mechanism for ensuring coordination between government agencies involved in human, animal, and plant-related standards, nor a common method for sharing information among themselves or with the public. Some have only one or two generalists to cover all SPS-related issues. This is especially burdensome when a country needs to assess the scientific justification that other countries offer for their SPS standards or needs to grasp how a new standard might affect their export prospects. Finally, many developing countries simply lack technical resources to equip and run standards organizations and laboratories.

Defining what a particular country's SPS infrastructure, programs, staffing, and specific requirements should be is no simple matter, however. Requirements vary with each country's agricultural orientation (e.g., plants, animals, processed agricultural products), level of economic development, knowledge of SPS issues, physical and institutional infrastructure, major trading partners, and the frequency with which standards are tightened or updated in product lines of interest.

Generally, however, a country's SPS regime must be able to do three things: (1) support domestic industry's ability to meet SPS measures required by trading partners, (2) implement trade-related SPS obligations, and (3) participate in SPS-related trade discussions in international standard-setting organizations and the World Trade Organization (WTO).

- ***Meeting SPS Requirements in the Global Marketplace.*** Producers must be aware of and able to meet the requirements of export markets. Some of these requirements are formal, set by governments, while others are informal, set by market actors, such as supermarket chains, in response to consumer demand. Meeting market requirements is a function both of producer capacity and the integrity of the SPS regime in the country of origin. Importing countries expect exporting countries to provide evidence that guarantees safe trade. For instance, exporters of plant products should be able to identify all quarantine pests of the products and implement SPS measures—integrated pest control, buffer zones, fumigation, inspection or testing, certification—accordingly. Exporting countries must complement their export market access strategies with domestic SPS initiatives. Capacity building that supports a successful export program can also strengthen the domestic market; and the reverse is true. Effective planning of technical assistance, therefore, integrates domestic and international objectives.
- ***Implementing Trade Obligations.*** Developing countries are responsible for implementing obligations outlined in WTO agreements. They must ensure that the standards they formulate and implement are consistent with obligations under the SPS Agreement; follow the principle of national treatment, which requires that SPS measures be applied to domestic food, plant, and animal sources just as they are to imports; and support measures that do not conform with an international norm with an appropriate risk assessment. Many developing countries lack the capacity to do any of these things. Furthermore, least developed countries often find it difficult even to comply with transparency obligations, and most developing countries find it difficult to assert their rights under the SPS Agreement.
- ***Participating in International SPS-related Fora.*** Many developing countries lack sufficient funds as well as personnel to participate regularly in international meetings that address SPS issues, including meetings of the WTO's Committee on Sanitary and Phytosanitary Standards as well as meetings of international standard-setting organizations, such as the Codex Alimentarius Commission, the Office International des Epizooties, and the International Plant Protection Convention. Consequently, they may miss opportunities to become familiar with changes in SPS standards in key export markets or to influence deliberations. They also miss staff development and networking opportunities that engagement with international organizations affords. For these same reasons most developing countries are unable to assume leadership roles by hosting technical committees or raising their officials to senior elective positions.

USAID and other bilateral donors, and multilateral and regional organizations, including the international SPS standards-setting organizations, are funding and implementing SPS-related

technical assistance. This assistance is usually incorporated into broader assistance programs, such as programs for food security, agricultural productivity, fishing and forestry, environmental protection, and public health. To ensure that SPS-related assistance is as effective and efficient as possible, donors must coordinate among themselves to avoid duplicating work.

Experts recommend that technical assistance and capacity-building be detailed and intensive, focusing on practical, hands-on tools that can be applied to actual technical situations. To effectively build developing countries' capacity related to SPS measures, donors should

- Tailor assistance to the host country's specific needs to ensure that assistance is beneficial and to avoid duplicating donor efforts;
- Link assistance to agricultural development priorities and strategies so that SPS-related issues that affect agricultural products and foodstuffs are incorporated into national development plans;
- Take a comprehensive, integrated approach to SPS assistance that encompasses the relevant domestic government agencies, as well as the external setting and political will for change and reform;
- Plan for the expense of a comprehensive approach (i.e., one that includes aspects of food safety and animal and plant health);
- Plan for a multiyear effort, since tailoring a cost-effective program to a specific country's needs, implementing it, and ensuring its sustainability will require extended commitment;
- Foster local ownership to ensure effective implementation and monitoring of the SPS system at every level;
- Develop links between producers and buyers in target markets by providing assistance directly to producers and enlisting private sector support for such assistance;
- Coordinate with other donors and providers of technical assistance to learn about the results of past and ongoing assistance and to build on such efforts;
- Develop human capacity by training personnel to run SPS-related infrastructure, such as laboratories;
- Explore potential for regional cooperation to increase benefits while controlling costs; and
- Work with regulatory agencies in key markets to ensure that developing country producers understand the regulatory requirements and procedures of a particular market.

Donors and developing countries should aim for a functioning SPS system that meets the country's the specific SPS needs and obligations in the most cost-effective way, keeping in mind the complexity of SPS regimes, the potential for gaps and duplication in SPS capacity-building activities, and that available resources will fall well short of the aggregate requirements of worthwhile projects.



# 1. Introduction

The ability of many developing countries to generate rapid economic growth, create jobs, and reduce poverty depends heavily on the agricultural sector's competitiveness, and on agricultural producers' ability to sell their goods in major markets that have greater purchasing power than their own. Developing countries often require multifaceted assistance in tapping these markets. In the case of agricultural products and related foodstuffs and beverages, this often means that they need help understanding both government- and consumer-driven requirements of foreign markets, including sanitary and phytosanitary (SPS) measures.

But SPS measures are much more than a set of conditions that exporters must meet. Their purpose is to safeguard the health and safety of consumers, and to protect animals and plants from certain kinds of risks. This is important for developing as well as developed countries. Effective SPS regimes can also

- ***Protect agricultural resources and the environment*** by minimizing the importation and spread of harmful contaminants, pests, and diseases;
- ***Diversify the agricultural economy*** by maintaining higher animal and plant health status and thereby enhancing opportunities to produce and export a wider range and larger volume of commodities;
- ***Facilitate adding value to agricultural products*** by controlling pest and disease risks and stabilizing the environment for production and investment;
- ***Expand employment and incomes*** by making possible a larger and less vulnerable agricultural sector; and
- ***Protect public health*** by providing safer food to consumers and controlling pest and disease risks.

Developing countries typically have limited resources, personnel, and knowledge to devote to SPS-related issues—within government and in the private sector. Assistance may be required to help producers become aware of, and meet, the standards of export markets; to develop, equip, and operate standards-related laboratories and testing and certification facilities; to implement obligations of the World Trade Organization's (WTO) Agreement on the

Application of Sanitary and Phytosanitary Measures (SPS Agreement), which came into effect in 1995; and to enable effective participation in the global standard-setting process as well as in global and/or regional deliberations on trade-related SPS rules and procedures. USAID and other donors, and multilateral organizations, including the international SPS standards-setting organizations, are providing assistance in all of these areas.

In this report, we provide an overview of the importance of SPS mechanisms in international trade, describe typical weaknesses of developing countries' SPS regimes, present examples of capacity-building assistance in SPS measures provided to developing countries by USAID and other global and regional organizations, and provide guidelines for developing SPS-related programs. A descriptive listing of U.S. regulatory agencies is provided in Appendix A, and provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures are summarized in Appendix B. This report will help USAID missions identify and design SPS-related technical assistance projects that improve the SPS regimes of developing countries.

## What Are Sanitary and Phytosanitary Measures?

According to the SPS Agreement,<sup>1</sup> sanitary and phytosanitary measures are mandatory technical requirements adopted by nations to protect the health and lives of humans, animals, and plants from risks associated with disease, pests, and contamination of foodstuffs, and to prevent damage caused by the establishment or spread of pests. Sanitary measures relate to human or animal health, whereas phytosanitary measures relate to plant health. SPS measures include requirements for protecting fish and wild fauna, forests, and wild flora. SPS measures consist of laws, decrees, regulations, requirements, and procedures. These include

- Product criteria;
- Processes and production methods;
- Testing, inspection, certification, and approval procedures;

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<sup>1</sup> The SPS Agreement was negotiated during the Uruguay Round to address the concern that gains made during the round in negotiating freer trade in agricultural commodities could be eroded if countries substituted arbitrary or unjustified technical barriers to keep out imports. The agreement confirms that WTO members have the right to apply SPS measures to protect human, animal or plant life or health. But such measures can be applied only to the extent necessary and must be based on sound scientific principles and (unless provisional) must not be maintained without sufficient scientific evidence. Furthermore, measures must not arbitrarily or unjustifiably discriminate among members. The agreement states further that all measures that conform to international standards, guidelines, or recommendations, as promulgated by the relevant international standard-setting bodies, are consistent with the relevant provisions of the agreement. But if a member's measure results in a level of protection higher than would be achieved by a relevant international norm, or if no such norm exists, the measure must be based on a risk assessment appropriate to the circumstances, reflect a consistent approach to risk management, and be the least trade-restrictive means of achieving the importing member's level of protection. Mechanisms are specified to ensure the transparency of member's SPS measures, and to reflect the special circumstances of developing countries. Disagreements among members can be resolved through the WTO's dispute settlement mechanism. For the WTO SPS Agreement, see [http://www.wto.org/english/docs\\_e/legal\\_e/15-sps.pdf](http://www.wto.org/english/docs_e/legal_e/15-sps.pdf). Appendix B outlines the agreement's key components.

- Quarantine treatments, including requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport;
- Provisions on relevant statistical methods, sampling procedures, and risk-assessment methods; and
- Packaging and labeling requirements related directly to food safety.<sup>2</sup>

Some SPS measures are very simple and specific. For example, cheese cannot be made from unpasteurized milk; the maximum amount of a pesticide residue on apples is specified in parts per million; the importation of rhinoceroses is prohibited. Some complementary measures are combined in extremely complex systems with thousands of components. For example, the requirements (set out in hundreds of pages of legislation and guidance documents) governing the import of meat for sale in the European Union (EU) cover everything from individual identification of animals in the field through every detail of processing in packing houses to post-arrival checks of documentation of meat at the port of entry into Europe.

Commodity producers and traders and regulatory authorities share responsibility for ensuring conformity with SPS requirements. Businesses are typically responsible for ensuring that requirements are met, and governments monitor compliance, applying sanctions where necessary. For commodities in international trade, the relevant authorities of an exporting country might have to provide official certification that the requirements of an importing country have been met. These activities require suitable legal frameworks and enforcement mechanisms, and technical support in the form of surveillance and monitoring systems, testing laboratories, official inspection services, pest and disease databases, and so forth.

Expansion of world trade has created more integrated agricultural and food markets. Agreed on international measures for ensuring the quality and safety of traded agricultural products are therefore essential. SPS measures are meant to ensure safety, and domestic regulatory structures governing the application and regulation of such measures are necessary to ensure that only safe agricultural products and foodstuffs are distributed to the general population. While government agencies regulate the application of such measures to both domestic and imported agricultural and food products, consumer demand for safe, high quality products has been a driving force in the proliferation of SPS-related standards.

## **How Do SPS Measures Affect Trade and Development?**

SPS measures, trade, and development are increasingly interconnected. Developing countries are huge exporters of agricultural and food products, taking advantage of their abundant low-

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<sup>2</sup> Other labeling and packaging regulations or standards not related to food safety are not considered SPS measures but are subject to the WTO Agreement on Technical Barriers to Trade.

cost labor and arable land.<sup>3</sup> Recent liberalization of global trade—including reduction in agricultural tariffs and elimination of quotas—has expanded export opportunities for many of these countries. But their inability to conform to SPS measures required by trading partners has hampered their ability to take advantage of these opportunities. At the same time, SPS policies will likely become more complex and enforcement more stringent as trade becomes more liberalized.

To become and remain competitive, producers and suppliers must meet the SPS requirements set by importers' governments and by distributors and retailers in importing countries. Failure to meet government requirements prevents products from entering a market altogether. This has immediate and potentially serious repercussions for all stakeholders—producers, suppliers, buyers, foreign and domestic governments, and consumers—and severely affects industries that depend wholly on specific markets. Producers and suppliers that are able to implement SPS measures earn the trust and recognition of the importing country, potentially benefiting many stakeholders. For example, in 1999, the EU imposed a ban on Lake Victoria fish imports because of suspected toxic contaminants. As a result, approximately 200,000 people in Uganda, Tanzania, and Kenya who earned a living from fishing, processing, and supplying Nile Perch lost their jobs while factories dosed or operated at minimum capacity. After improvements were made in the fish production chain, including introduction of a fish safety assurance system and the Hazard Analysis and Critical Points (HACCP) system, the EU lifted its ban in late 2000. Uganda, Tanzania, and Kenya not only recaptured their market share in the EU, but also were able to expand fish exports to the United States and other markets.<sup>4</sup>

Producers and suppliers must also meet the requirements of private sector distributors and retailers. Buyers can help producers and suppliers in developing countries meet the quality, safety, packaging, and labeling requirements of export markets, as well as domestic markets. In many developing countries, McDonald's fast food chain, for example, buys locally produced goods and works closely with producers and suppliers to ensure that purchased inputs meet the corporation's high standards for quality and safety. Similarly, large supermarket chains are increasingly requiring domestic and overseas suppliers to maintain systems and procedures that can ensure that quality and safety specifications are reliably met.

In addition, more food exports from developing countries consist of processed food products. This means that developing countries are leveraging their comparative advantage in low-cost labor during processing to become more competitive in global markets. Producers and suppliers that can respond to international SPS measures should find it easier to expand into

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<sup>3</sup> Wilson, John S. 2000. *The Development Challenge in Trade: Sanitary and Phytosanitary Standards*. Prepared for World Trade Organization, Committee on Sanitary and Phytosanitary Standards, Geneva.

<sup>4</sup> United Nations Industrial Development Organization (UNIDO). *Lake Victoria - Good Fish*, brochure retrieved from [www.unido.org/userfiles/timminsk/ECOSOC-hrd-UNIDO.pdf](http://www.unido.org/userfiles/timminsk/ECOSOC-hrd-UNIDO.pdf).

other markets, potentially gaining a competitive advantage over those who do not meet SPS requirements (e.g., as was the case with Lake Victoria fish exports).

Failure to adopt SPS measures, in particular those based on international norms, can significantly inhibit trade. The World Bank has found that Africa could gain more than \$1 billion each year from increased exports of nuts, dried fruits, and other agricultural commodities if it developed and implemented international standards. If South Africa adopted science-based international standards for minimum residue levels of veterinary drugs, it could boost beef exports by \$160 million a year. Alternatively, if the EU applied the Codex international standard for residues of the pesticide chlorpyrifos, rather than the more stringent EU standard, developing countries could boost their banana exports to the EU by \$5 billion.

Failure of SPS control regimes in developing countries can severely damage the domestic economy or human health, or both. Developing countries need only look to the huge losses suffered by developed countries in the last decade. The Netherlands suffered an outbreak of classic swine fever and the United Kingdom, mad cow disease and foot and mouth disease (FMD). Several countries in South America and North Asia experience recurrent breakdowns in control of FMD. Other important development objectives—including protection of the health of humans, animals, and plant life—are more likely to be accomplished by strengthening developing countries' SPS regimes.



## 2. Addressing SPS-related Weaknesses in Developing Countries

The needs of developing countries for technical assistance in SPS measures vary according to each country's agricultural orientation (e.g., plants, animals, processed agricultural products), level of economic development, knowledge of SPS issues, physical and institutional infrastructure, and major trading partners, among other factors. We can cast those needs in a framework that covers what an SPS regime must accomplish broadly: meet SPS-related obligations in the global marketplace, implement agreements that involve SPS measures, and participate in SPS-related organizations. Notwithstanding their uniqueness, developing countries commonly need SPS-related technical assistance in legislative and regulatory frameworks, institutions and coordinating mechanisms, human resources, and physical infrastructure. As we shall see, moving from an understanding of what is to be accomplished and what is lacking to assessing and prioritizing unique needs for a program of targeted technical assistance is no simple matter.

### Framework for SPS-related Technical Assistance

Generally, a country's SPS regime must be able to do three things: (1) support domestic industry's ability to meet SPS measures required by trading partners, (2) implement trade-related SPS obligations, and (3) participate in SPS-related trade discussions in international standard-setting organizations and the World Trade Organization (WTO).

### MEET SPS REQUIREMENTS IN THE GLOBAL MARKETPLACE

Success in marketing agricultural products overseas often hinges on the capability of the domestic SPS regime. Importing countries expect that a country exporting plant products can identify all of the quarantine pests of the products and can implement measures—integrated

pest control, buffer zones, fumigation, inspection or testing, certification—that guarantee that trade can safely take place. The exporting country must therefore complement its export market access strategy with domestic SPS initiatives. Capacity building that supports a successful export program can also strengthen the domestic market; and the reverse is true. This suggests that effective planning integrates domestic and international objectives.

## **IMPLEMENT TRADE OBLIGATIONS RELATING TO SPS MEASURES**

As WTO members, developing countries are responsible for implementing obligations outlined in each agreement. They must ensure that the standards they formulate and implement are consistent with obligations under the WTO SPS Agreement, in particular the principle of national treatment, which requires that SPS measures be applied to domestic food, plant, and animal sources just as they are to imported products.<sup>5</sup> They must also be able to support measures that do not conform to a relevant international norm with a risk assessment appropriate to the circumstance. Many developing countries lack the capacity to do any of these things. Furthermore, least developed countries often find it difficult even to comply with transparency obligations, and most developing countries find it difficult to assert their rights under the SPS Agreement.

## **PARTICIPATE IN WTO SPS DELIBERATIONS AND INTERNATIONAL STANDARD-SETTING ORGANIZATIONS**

All WTO members can benefit from participating in activities related to the SPS Agreement and in relevant standard-setting organizations. Such benefits may include

- Greater awareness of the requirements of foreign markets;
- Transparent and clearly structured procedures for settling disputes about the legitimacy of divergent national SPS measures;
- Greater attention among developed country participants to problems that developing countries face in complying with SPS standards; and
- Greater international harmonization of national SPS measures and more technical assistance from developed countries.<sup>6</sup>

The SPS Committee holds ministerial-level meetings that may address policy issues, such as the special needs of developing countries, and gives direction for developing new

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<sup>5</sup> The SPS Agreement acknowledges that the animal and plant disease situation may differ from country to country, and that these differences can be taken into consideration when applying SPS-related trade measures. Hufbauer, Gary, Barbara Kotschwar, and John Wilson. 2000. Trade Policy, Standards, and Development in Central America. Paper presented at International Trade, Regulation, and Standards, a workshop sponsored by the World Bank Institute and the Organization for American States, June 27-29, p. 26.

<sup>6</sup> Henson, *et al.*

arrangements or procedures. It also develops guidance on implementing the SPS Agreement, monitors harmonization of national measures with international norms, facilitates liaison with international standard-setting organizations, provides a forum for reviewing technical assistance to developing countries and for identifying specific needs for additional assistance, and hears members concerns about the potential impact of new SPS measures on their trading interests and their suggested alternative approaches. WTO members also meet as the Dispute Settlement Body, which deals with, inter alia, disputes over SPS issues.

For various reasons, principally financial, developing countries may find it difficult to participate in SPS Committee deliberations. Not all developing country members are able to adequately staff permanent missions in Geneva, and staff members have many conflicting demands on their time. Because SPS issues can be highly technical, experts from capital cities should participate in SPS-related deliberations in Geneva to ensure effective input into discussions. Some developing countries, attempting to be more active, send their “positions” from capitals without commensurate direct, participation of experts in proceedings in Geneva. In one or two important instances this has actually confounded progress in the committee.

International standard-setting organizations for SPS measures participate in SPS Committee proceedings as observers. These include the

- *Codex Alimentarius Commission (Codex)*, which addresses food safety, evaluation and harmonization matters, including foodborne hazards and other technical food standards (e.g., nutrition, composition, and quality standards);
- *Office International des Epizooties (OIE)*, which disseminates information on animal health, identifies disease-free countries, develops manuals on animal diseases, develops standards for diagnosis, vaccination, epidemiological surveillance, disease control and eradication, disinfection and certification procedures; and laboratory equipment; and
- *International Plant Protection Convention*, a primary authority on plant health that prevents the introduction and spread of plant pests and promotes pest control measures.

Article 3.4 of the SPS Agreement enjoins WTO members to participate, within the limits of their resources, in the standard-setting activities of these organizations because of the importance of international standards, guidelines, and recommendations. Importing countries may apply international norms, which may severely restrict exports from developing countries, or they may apply even stricter norms. Importing countries may be challenged to justify the stricter norm on scientific or risk grounds, with the relevant international norm as the standard for comparison.

Each organization has procedures for formulating standards that provide ample scope for participation by all interested countries. But developing countries encounter the usual limitations to participation—shortage of technical expertise, inability to attend meetings consistently, lack of data needed to fully evaluate national implications of proposed new

standards. As a consequence, they also miss staff development and networking opportunities that engagement with international organizations affords. For these same reasons, most developing countries are unable to assume leadership roles by hosting technical committees or raising their officials to senior elective positions in the organizations.

## Typical SPS Shortcomings in Developing Countries

Developing countries commonly need SPS-related technical assistance in legislative and regulatory frameworks, institutions and coordinating mechanisms, human resources, and physical infrastructure.

### LEGISLATIVE AND REGULATORY FRAMEWORKS

The WTO recently surveyed its members to elicit views on where technical assistance relating to the SPS Agreement may be most needed. The survey found that many developing countries perceive a substantial need for assistance in drafting laws and developing regulatory frameworks and institutions.<sup>7</sup> This is consistent with the findings of a 2000 survey of a large number of developing countries that ranked scientific, technical, and legal expertise as areas where they need the most assistance.<sup>8</sup>

For example, many countries have outdated food laws or lack regulations to support food legislation. Many also lack the regulatory means to control movements of goods and people across their borders and so cannot effectively maintain the existing pest and disease status. Model legislation developed by international organizations can provide a useful starting point, but must be adapted to local circumstances. A necessary complement to legislation is effective enforcement mechanisms. In any country where the rule of law is fragile, enforcement of SPS legislation is unlikely to be an exception.

### INSTITUTIONS AND COORDINATING MECHANISMS

Many developing countries have neither a mechanism for ensuring coordination between government agencies involved in human, animal, and plant-related standards, nor a common method for sharing information among themselves or with the public. Lack of coordination among national authorities is often cited as an obstacle to developing countries' compliance

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<sup>7</sup> WTO Secretariat, Technical Assistance and Capacity Building in the Context of the SPS Committee, G/SPS/GEN/332, June 24, 2002 at paragraph 7.

<sup>8</sup> Henson, S.J., R.J. Loader, A. Swinbank, M. Bredahl, and N. Lux. 2000. *Impact of Sanitary and Phytosanitary Measures on Developing Countries*. University of Reading, p. 50.

with SPS issues.<sup>9</sup> In some instances, lack of coordination may be the result of rivalry between agencies or their political masters.

Communication between the public and private sector is also deficient or nonexistent in many developing countries. Such communication directly affects producers' ability to meet domestic SPS requirements and may be even more important for exports because government SPS agencies are frequently expected to play an intermediary or complementary role in international trade, especially in the export of agricultural, aquatic, and forest products. Producers must have detailed and authoritative information about the SPS requirements of importing countries. And the views of private sector stakeholders should inform all government actions related to SPS matters.

An analysis of 33 countries in Latin America concluded that communication and effective interaction are sorely lacking in most countries.<sup>10</sup> Many producers in developing countries are very small and operate under traditional systems, making it even more difficult for them to obtain information on SPS issues from their governments or from the agencies charged with ensuring human, animal, and plant safety in target foreign markets.

## HUMAN RESOURCES

Human resources for developing and implementing SPS measures are often limited. A developing country may have only one or two generalists to cover SPS-related issues –and sometimes the entire external trade regime. Without knowledgeable experts to operate a domestic SPS regime, developing countries may have difficulty assessing other countries' scientific justifications for SPS requirements, understanding how a new standard might affect their export prospects, or responding to formal notifications of proposed SPS measures in export markets within the time allowed for comment. It is harder still for many developing countries to challenge SPS measures or import restrictions in export markets bilaterally or through WTO dispute settlement procedures.<sup>11</sup> Moreover, many developing countries do not have the expertise necessary to participate in international bodies that promulgate SPS standards, guidelines, and recommendations.

In many cases, domestic SPS-related capacity needs strengthening. Identifying TCB needs and providing training to individuals to conduct pest risk assessments, testing and certifications, and develop and enforce domestic regulations could be a priority in many developing countries.

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<sup>9</sup> For example, developing countries have complained that fragmented institutional coordination in target markets makes it difficult for exporters to know what SPS requirements they must meet.

<sup>10</sup> WTO, submission by IICA to the WTO SPS Committee, document G/SPS/GEN/213.

<sup>11</sup> Henson, *et al.*, p. 70.

## PHYSICAL INFRASTRUCTURE

Many developing countries lack technical resources to equip and run standards organizations and laboratories. Facilities must be adequately equipped to assess whether items produced in-country meet foreign standards. Required resources include laboratories and related consumables, disease and taxonomic reference collections, monitoring equipment, inspection posts, port facilities, computer systems, and much more. In addition, the private sector needs convenient cold storage facilities, efficient transportation, safe and clean processing plants, and access to clean water.

### Assessing and Prioritizing a Country's SPS-related Needs

Assessing a developing country's technical assistance needs related to SPS control—and in turn developing cost-effective programs to meet those needs—is no simple matter. An SPS regime must deal with a range of imported and exported commodities coming from or going to many different countries, as well as other risks associated with the international movement of people and cargoes. Effective SPS control depends on infrastructure (legislation, laboratories, etc.), systems (food inspection arrangements), and specific technical requirements (testing compliance of a maximum residue limit). SPS needs affect and are affected by other development issues, such as increasing the value added to agricultural products destined for foreign markets and achieving market acceptance in desirable foreign markets. And the relevance of countries' self-assessments may be questionable because those seeking aid may distort needs.

Nor should we make the error of defining needs by simple reference to *developed* countries. Instead, donors and developing countries should aim for a functioning SPS system that meets a country's specific SPS needs and obligations in the most cost-effective way. If we take care to distinguish an SPS-related weakness from a *need* for technical assistance, we see that not every shortcoming requires or warrants development of domestic capacity. Some needs may better be addressed via a regional capability or selective contracting of outside assistance.<sup>12</sup> We should also keep in mind the potential for gaps and duplication in capacity-building activities and that available resources will fall well short of the aggregate requirements of worthwhile projects.

To help meet global SPS requirements in a cost-effective way, SPS capacity-building should be prioritized and planned for on a country-by-country basis, perhaps through a technical

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<sup>12</sup> For example, rather than undertaking costly investment in facilities and personnel to upgrade their risk assessment capability, developing countries should consider hiring expertise as needed to prepare a risk assessment for particular products of export significance or for products that might be vulnerable to challenge from the importing market. Or, rather than creating accredited laboratories fully equipped with calibrated machines, trained staff, consumables, and record-keeping procedures to help comply with SPS standards, developing countries should consider using facilities in the region or in developed countries.

market access plan (Exhibit 1). At the same time, some governments may also need help in implementing SPS-related trade obligations and in participating in multilateral forums at which SPS issues are discussed.

#### Exhibit 1

##### *Technical Market Access Plan*

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To help producers and suppliers meet SPS requirements in the global marketplace, a technical market access plan should be founded on two analyses: of products that a country regards as most promising for export earnings in the event that market access barriers can be overcome, reduced, or eliminated; and of the country's key SPS risks, the most cost-effective means of ameliorating those risks, and existing SPS requirements imposed on imported goods that will likely be challenged by trading partners and which may need to be revised or reinforced. Capacity building will then target SPS requirements through proper sequencing, milestones, and monitoring. Assistance for a technical market access plan may involve

- Identifying, in consultation with private sector stakeholders, domestic market access problems, particularly problems that involve technical barriers to exports;
  - Determining whether barriers are SPS measures—some measures may be subject to the WTO Agreement on Technical Barriers to Trade;
  - Clarifying technical issues with trading partner countries by communicating with the respective competent authorities working with export stakeholders and their importer contacts;
  - Consulting with government agencies and the business community to prioritize problems according to whether they can be resolved in the short or long term and whether resolution would have a small or large impact on trade;
  - Developing a market access agenda with a targeted program of bilateral activities that will achieve the largest possible increase in export earnings in the shortest time using the available technical and negotiating resources;
  - Developing market access cases for each commodity based on advice from importing countries of their (legitimate) information needs—new technical studies or information gathering may be required in some instances;
  - Facilitating a dialogue with agencies in the importing country to expedite access requests. For example, work to minimize delays in processing of requests and/or use other sources (e.g., government agencies) for advice and support of these activities;
  - Using multilateral forums when appropriate to raise access issues of specific trade interest in the WTO SPS Committee first and then, if needed, through either formal consultations under WTO's Dispute Settlement Understanding or through WTO dispute settlement panel proceedings, both of which are long, expensive, and provocative but also effective; and
  - Providing technical assistance for capacity building and for studies that support of market access requests.
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# 3. Sources of SPS-related Technical Assistance

With increasing global integration of agricultural trade, rising consumer demand for safe food and agricultural products, and developing countries' growing awareness of the benefits and obligations of the SPS Agreement, interest in SPS-related technical assistance among donors and recipients alike has increased greatly over the past five years. Technical assistance related to SPS measures, which are intended to protect human, animal, and plant health, is often provided under the auspices of broader assistance programs, including programs for food security, agricultural productivity, fishing and forestry, environmental protection, and public health. This section provides information on the many sources of SPS-related assistance. More information is available through the Internet addresses listed at the end of this chapter.

## Bilateral Donors and Providers

### U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID is the primary U.S. Government agency providing trade capacity-building assistance to developing countries. Although there is no USAID-wide survey of assistance related to SPS broadly defined, assistance pertaining to SPS-related components of larger USAID projects totaled \$21,867,908 million over the 1999–2002 period, of which \$9,552,662 was reported in 2002.<sup>13</sup> This assistance supported

- Process and production methods;
- Testing, inspection, certification, and approval procedures;
- Statistical methods and sampling procedures;

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<sup>13</sup> USAID Trade Capacity Building Database at <http://quesdb.cdie.org/tcb/index.html>

- Risk assessment methods; and
- Quarantine treatment.<sup>14</sup>

If SPS-related assistance is defined more broadly to include various aspects of agricultural production, processing, transport, and distribution needed to boost developing countries' capacity to meet international market standards, the dollar value of USAID-supported assistance would likely be several times higher than is captured by current data. Table 1 provides examples of USAID activities in 2002 specific to SPS measures.

In addition, four new global programs are being developed and/or implemented by USAID.

- The *Partnership for Food Industry Development (PFID)* is a ten-year activity designed to mobilize private and public sector expertise to assist client countries in adding value and meeting safety and quality standards in the production and distribution of food products for domestic and international markets. The expected life-of-program funding is \$50 million. The EGAT Bureau will provide "core" funding for Leader Cooperative Agreements, and Missions or other offices may fund "associate" cooperative agreements with scopes of work for particular countries or regions under the Leader and Associates mechanism. Two university-food industry partnerships were awarded four-year cooperative agreements in March 2001 and up to two more are expected to be awarded in 2003. PFID partners collaborate with USAID missions and bureaus to help client countries apply strategies to increase food quality and export earnings by promoting science-based legal, regulatory, and policy frameworks for international trade in food products. This includes global trade regime enhancements in food safety and quality under the WTO SPS Agreement, and national food code and control system improvements. Some very interesting work is being done with supermarkets and private sector purchasing standards. PFID partners are working in Guatemala, Nicaragua, Kenya, South Africa, Ghana, Ukraine, and Moldova. The program is expected to expand to more countries with the addition of two awards in 2003.
- The *Program for Biosafety Systems (PBS)*, to be funded with an anticipated \$15 million from EGAT and \$15 million from associated USAID operating units, will "address biosafety within a sustainable development strategy anchored by agriculture-led economic growth, trade, and environment objectives." Asia and Africa will initially benefit from the program, which will integrate biosafety into national policies and international obligations, such as the WTO SPS Agreement and the Cartagena Protocol on Biosafety.<sup>15</sup>
- *Rural and Agricultural Incomes with a Sustainable Environment (RAISE) PLUS Indefinite Quantity Contract*. The RAISE PLUS IQC, with a ceiling of \$500 million over five years, will focus on environmentally sustainable, market-driven development of food and cash

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<sup>14</sup> USAID. 2001. United States Government Initiatives to Build Trade-Related Capacity in Developing and Transition Countries, Main Report. October. p.10.

<sup>15</sup> *Ibid.*

Table 1  
*Illustrative USAID SPS-related Projects, 2002*

| Project   | Country  | Funding (\$)                     | Activities   |
|---|--|----------------------------------|--|
| Policy Approaches to SPS<br>International Standards and Trade Policy Implications | Angola, Benin, Botswana, Burkino Faso, Burundi, Cameroon, Comoros, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe | 675,000 (total)<br>18,243 (each) | Comprehensive training on trade policy implications of international standard-setting bodies and WTO-consistent approaches to implementation of SPS regulations.<br><br>Regional workshops for SADC, COMESA, and WAEMU organizations and involving policy officials, technical specialists, and private sector representatives from each country.                |
| Sustainable Tree Crops Project  | Sub-Saharan Africa   | 288,000                          | Aims to help small-scale coffee, cocoa, and cashew farmers in West and East Africa improve product quality, gain access to technologies, and improve income and product pricing.   |
| Agribusiness for Sustainable Natural Africa Plant Products                        | Sub-Saharan Africa   | 40,000                           | Assists collectors and small-scale farmers in collecting, growing, processing, and selling in local regional, and export markets medicinal plants, herbs, spices and botanicals.   |
| Strengthening SPS Capacity of SSA through Risk Assessment Training                | Sub-Saharan Africa   | 1,000,000                        | Helps African nations liberalize trade under AGOA by building human and institutional capacity for complying with the WTO SPS Agreement, strengthening SPS regulation and risk analysis, enhancing diagnostic laboratories and surveillance resources, and developing SPS linkages between the United States and Africa.   |
| Agriculture Technology Utilization and Transfer                                   | Egypt  | 500,000                          | Assists Egyptian agriculture and food producers in becoming more productive, decreasing post-harvest losses, meeting international standards. Also helps producers, processors, and government counterparts understand SPS/TBT and other WTO issues.   |
| Rural Organization & Environmental Conservation                                   | El Salvador  | 300,000                          | Works with small and medium coffee producers to improve their ability to compete in global specialty markets, with emphasis on quality enhancement and better business practices as well as phytosanitary capacity to obtain approval for Salvadoran agricultural commodity exports to the United States.  |
| Modernization of the Sanitary and Phytosanitary Sector                            | OECS and Barbados  | 180,000                          | Upgrades sanitary and phytosanitary legislation and trains personnel from the public and private sectors in areas related to national food safety systems.   |
| Policy Reform in Agriculture Sector   | Serbia   | 400,000                          | Helps agriculture policymakers redefine the government's role in supporting agricultural markets; in developing and harmonizing regulatory frameworks for food safety, grades and standards; in improving veterinary and plant health inspection and border control; and in improving policies and programs to facilitate integration into international markets |

SOURCE: USAID Trade Capacity Database, <http://qesdb.cdie.org/tcb/index.html>

crops, livestock, forests, fisheries, tourism, wildlife, and agribusiness to provide assistance that contributes to (1) sector strategy and program development, (2) trade strategy development, (3) policy analysis, (4) input market development, (5) sustainable production, (6) post-harvest storage and processing, (7) product market development, and (8) producer organization and enterprise development.

- ***Trade Capacity Assistance in Agricultural Standards (CAAS)***. This task order under the RAISE PLUS IQC addresses the development and application of SPS measures and other agricultural and agribusiness standards, and includes a private and public sector component. It aims to strengthen public sector regulatory regimes and help agricultural and food producers meet standards and regulations in key international markets. CAAS covers technical research on issues affecting developing countries; development of training resources and regional workshops; surveys and analyses of SPS issues in specific regions and countries; in-depth evaluation of previous or existing SPS-related projects and lessons learned; and assistance in designing SPS projects.

## U.S. DEPARTMENT OF AGRICULTURE

The U.S. Department of Agriculture (USDA) provides several types of SPS-related technical assistance.

- ***Technical Resolution Fund***. Funds technical assistance, training, exchange of expertise, and workshops on issues such as biosafety and biotechnology, meat residue monitoring, pesticide use, produce irradiation, and protocols for shipping fresh produce.<sup>16</sup> The fund has sponsored regional workshops on biosafety and plant genetic engineering in the Middle East and North Africa; assistance to Mexican meat plant managers to ensure compliance with USDA Food Safety and Inspection Services Pathogen Reduction/HAACP; and a Lithuanian State Veterinary Service study tour in which Lithuanians met officials from the U.S. Food and Drug Administration and visited processing facilities and labs to learn how chemical residues in meat are monitored in the United States.
- ***Harmonization and Commercialization of Global Seed Systems***. This project helped establish regional integration in seed trade and harmonization as well as commercialization of seed policies and regulations in Africa, Asia, and the Former Soviet Republics. For example, the African Seed Trade Association, established March 2000, provides a mechanism for communication between African countries; this facilitates regional harmonization of policies, liberalization of national markets, and integration into international markets.<sup>17</sup>
- ***Animal and Plant Health Inspection Service***. As the authority on biotechnology and disease control issues, APHIS works with foreign countries to initiate management programs that

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<sup>16</sup> USAID, 2001. p. 11.

<sup>17</sup> *Ibid.*

benefit foreign nations while keeping pests and diseases out of the United States (e.g., Mediterranean fruit fly). APHIS provides technical assistance in risk-assessment training; biotechnology, regulatory, and technical training; biological control workshops; SPS consultancies; and funding for foreign officials' participation in international standards-setting meetings.

- **Foreign Agricultural Service.** FAS provides support to African counterparts, giving briefings on U.S. agriculture policies, presenting joint working-level food-safety assessments and seminars, and sponsoring USDA plant- and animal-risk assessment training seminars.<sup>18</sup>

## AUSTRALIA, AUSAID

AusAID provides extensive assistance on rural development (A\$230 million 2001/02) and quarantine and customs projects (A\$10.3 million 2001/02) to developing countries, especially neighboring Papua New Guinea, East Timor Indonesia, the South Pacific, and countries in the Association of South East Asian Nations (ASEAN). AusAID seeks to alleviate poverty in developing countries by reducing the direct impact of animal and plant pests and diseases on the livelihoods of the poor; by increasing agricultural production and rural development through effective management of animal and plant pests and diseases; and by increasing exporting countries' capacity to comply with importing countries' SPS measures. Examples of AusAID's SPS-related assistance include the

- Sanitary and Phytosanitary Capacity Building Program (2002–2006), a A\$3.5 million program directed at ASEAN countries;
- ASEAN–Australia Development Cooperation Program Stream, (2002–2008), a A\$7.7 million program that covers quality assurance of fish and forestry products, plant health, animal health management and quarantine, risk assessment in food safety; and
- PNG Agricultural Quarantine Support Project (1995–2002), an \$11.6 million project.

## UNITED KINGDOM, DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DfID) has funded comprehensive studies that address SPS-related issues affecting developing countries. For example,

- *SPS Measures and Developing Country Exports of Agricultural and Food Products (2000–2001)* assesses the impact of SPS measures on agricultural and food product exports from developing countries; and

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<sup>18</sup> Knight, Ivor. 2002. *USAID Technical Assistance Activities to Build Capacity in the Area of Sanitary and Phytosanitary (SPS) Measures*. Briefing for the USAID Bureau for Economic Growth, Agriculture, and Trade. May 15.

- *Developing Country Participation in International Standard-Setting Organizations (2001-2002)* assesses the ability of developing countries to participate in international standards-setting organizations, such as Codex, IPPC, OIE, and ISO, and recommends ways to alleviate constraints to participation in developing countries.

## **CANADIAN INTERNATIONAL DEVELOPMENT AGENCY**

The Canadian International Development Agency (CIDA) provides trade-related technical assistance through the Trade Facilitation Office of Canada, Department of Agriculture, Canadian Food Inspection Agency, Canadian Grain and Dairy Commissions, and Center for Trade Policy and Law. Technical assistance includes seminars on rights and obligations under the SPS Agreement as well as how to improve producers' compliance with standards in export markets.

## **GERMAN FOUNDATION FOR INTERNATIONAL DEVELOPMENT**

Deutsche Stiftung fuer Internationale Entwicklung (DSE) is Germany's international aid agency. The DSE's Centre for Food, Rural Development and the Environment provides support to developing countries through training, dialogue, short and long courses, international meetings and seminars, and publications.

## **NEW ZEALAND, MINISTRY OF AGRICULTURE AND FORESTRY**

The Ministry of Agriculture and Forestry provides technical assistance on food safety, animal health, plant health, and joint animal/plant health in the form of seminars, workshops, technical advice and expertise, and grants. The ministry's technical assistance appears to be provided at the regional level (South Pacific, Asia, and Africa); it includes<sup>19</sup>

- Advice and technical expertise on an accreditation system to assist Cambodia in meeting obligations under the ASEAN Free Trade Area;
- Technical advice in coordination with Australia/New Zealand Food Authority/New Zealand Food Regulatory Review missions to Indonesia, Malaysia, Thailand, Papua New Guinea, China, Vietnam, and the Philippines;
- Animal health workshops for Botswana's government veterinarians on risk management and certification procedures for meat exports to the European Union;
- Grants for travel costs and professional fees incurred by the Pacific Plant Protection Organization (South Pacific region); and

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<sup>19</sup> WTO. Questionnaire on Technical Assistance, New Zealand Submission, G/SPS/W/101.

- Assistance, training, and technical expertise for the Animal and Plant Quarantine Laboratory in Beijing, China, to establish a quality assurance system.

## EUROPEAN COMMISSION

In September 2002, the European Commission (EC) announced plans to improve its delivery of trade-related assistance and coordination with international organizations. The commission intends to work with each country or region to assess its needs and set aside a sum for trade-related technical assistance and capacity building. For SPS-related matters, the commission is working to assess countries' and regions' conformity with standards. This entails

- Identifying priority sectors for increasing regulatory convergence to international standards;
- Intensifying countries' and regions' use of international standards and their participation in international standards-setting activities; and
- Strengthening countries' standardization and conformity assessment institutions to ensure common and compatible mechanisms at the regional level.<sup>20</sup>

## Multilateral Institutions

### WORLD BANK

The World Bank has provided funding for projects focused on implementation of SPS regulations in developing countries. It categorizes SPS technical assistance into development projects related to (1) food processing and quarantine facilities, (2) animals, (3) crop production, and (4) general agriculture.<sup>21</sup>

World Bank experts believe that technical assistance can be costly if too narrow. SPS assistance is therefore incorporated in a general development framework that integrates SPS goals with goals for food security, agricultural productivity, and protection of plant, animal, and human health.<sup>22</sup> The World Bank has provided assistance to upgrade veterinary services, build laboratories and quarantine stations, establish training facilities, and certify disease-free

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<sup>20</sup> Recent EU trade-related assistance programs include (1) capacity building to improve sanitary conditions in fisheries exports (45 million euros) in Africa and (2) a pesticides initiative to improve the competitiveness of the horticultural sector in African Caribbean, Pacific (ACP) countries (29 million euros). Commission of the European Communities, *Communication from the Commission to the Council and the European Parliament: Trade and Development: Assisting Developing Countries to Benefit from Trade*, Brussels, 18.9.2002 COM (2002) 513 final, p.22.

<sup>21</sup> World Bank. Wilson 2000.

<sup>22</sup> World Bank. 2002. *Development, Trade, and the WTO: A Handbook*. Edited by Bernard Hoekman, Aaditya Mattoo, and Philip English. p. 496.

and pest-free zones. Costs for World Bank projects for which SPS technical assistance was a primary objective or a component of larger projects are presented in Table 2.

Table 2  
*Cost of SPS-related World Bank Projects*

| Country               | Project Description  | Cost (US\$ million) |
|-----------------------|--|---------------------|
| Algeria, 1988–1990    | Locust control   | 112.0               |
| Argentina, 1991–1996  | General agricultural export reform   | 82.7                |
| Brazil, 1987–1994     | Livestock disease control  | 108.0               |
| China, 1993–2000      | Animal and plant quarantine (component of agricultural support service project)                    | 10.0                |
| Hungary, 1985–1995    | Slaughterhouse modernization (component of integrated livestock industry project)                  | 41.2                |
| Madagascar, 1980–1988 | Livestock vaccination (component of rural development project)                                     | 11.8                |
| Poland, 1990–1995     | Food-processing facilities modernization (component of agro-industries export development product) | 71.0                |
| Russia, 1992–1995     | Improvement of food-processing facilities and disease control (component of rehabilitation loan)   | 150.0               |
| Turkey, 1992–1999     | Modernization of laboratories for residue control (component of agricultural research project)     | 3.3                 |
| Vietnam, 1994–1997    | Pest management (component of agricultural rehabilitation project)                                 | 3.5                 |

*SOURCE: World Bank. 2002. Development, Trade, and the WTO: A Handbook. Edited by Bernard Hoekman, Aaditya Mattoo, and Philip English, p. 497.*

## INTERNATIONAL STANDARDS-SETTING ORGANIZATIONS

### *Codex Alimentarius Commission*

The Codex budget was amended in January 2002 to strengthen the commission's role as a standards-setting body. The Food and Agricultural Organization (FAO) and the World Health Organization (WHO)—parent organizations of Codex—are now responsible for technical assistance and are engaged in a variety of capacity-building activities tailored to the needs of the region or country, or both. The objectives remain the same—capacity-building programs focused on food safety and Codex standards, as well as assessment of food control systems. The FAO and the WHO cooperate on projects worldwide and facilitate workshops on the implementation of the SPS Agreement and Codex standards. Examples of global and regional activities, projects, and initiatives include

- International workshop on food safety management in developing countries,
- Global forum of food safety regulators,
- International workshop on the application of HACCP principles in the prevention and control of mycotoxins,

- Project on enhancement of coffee quality through prevention of mold formation,
- Subregional courses on the Uruguay Round and subsequent negotiations on agriculture (cofinanced), and
- An FAO initiative and trust fund for food security and food safety.<sup>23</sup>

### *International Plant Protection Convention*

Under the auspices of the International Plant Protection Convention (IPPC), the FAO provides training in developing and establishing plant protection structures. Areas covered include understanding and implementing trade-related principles of plant protection under the IPPC and harmonization of phytosanitary measures under the WTO SPS Agreement; support for FAO technical cooperation programs; and multidisciplinary and multinational collaboration through FAO and other organizations. The IPPC secretariat publishes documents on standards—International Standards for Phytosanitary Measures—and reports prepared by the Interim Commission on Phytosanitary Measures (ICPM). The ICPM provides funds in support of international plant quarantine and for developing country experts to participate in ICPM working groups. The ICPM has developed a tool, Phytosanitary Capacity Evaluation, to help developing countries identify phytosanitary-related technical assistance needs.

### *World Organization for Animal Health*

The World Organization for Animal Health, or *Office International des Epizooties (OIE)*, provides technical assistance for developing animal health and epidemiology networks, programs for eradication of foot-and-mouth disease (FMD), and information exchange. The OIE also harmonizes veterinary drug registration, provides training in epidemiology and control of vaccination, and assists with disease information and control, surveillance systems, and risk assessment methods.<sup>24</sup>

The OIE's support for developing countries includes

- Reduced membership fees based on a category system. OIE recently increased fees for developed countries and decreased them for developing countries.
- Working with the WTO, WHO, FAO, and the World Bank to coordinate programs on animal health standards. Programs have included training, capacity building, and establishment of more reference centers in developing countries.
- Providing financial assistance to increase participation in OIE ad hoc groups and research partnerships.

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<sup>23</sup> Joint FAO/WHO Food Standards Programme. 2002. Capacity Building for Food Standards and Regulations. FAO/WHO Regional Coordinating Committee for Europe, 23<sup>rd</sup> Session. Bratislava. September 10-13.

<sup>24</sup> SPS: Developing Countries, [www.wto.org/english/thewto\\_e/whatis\\_e/eol/e/wto03/wto3\\_31.htm](http://www.wto.org/english/thewto_e/whatis_e/eol/e/wto03/wto3_31.htm). Accessed September 24, 2002.

- Supporting field operations (e.g., Southeast Asia FMD control campaign, animal health control programs in Africa, and FMD control activities in the Caucasus).

OIE technical seminars and workshops include

- Harmonization and Control of Veterinary Medicine in Latin America—addresses improvements in the harmonization of registration and control of veterinary medicines;
- Diagnosis and prophylaxis of BSE<sup>25</sup> in the Baltic States and the Commonwealth of Independent States (CIS)—discussion on control and eradication of FMD in CIS countries and the current BSE situation in Europe;
- Risk analysis in the trade of animals and animal products in the Middle East;
- Feasibility of and strategy to develop an FMD control zone on the Malay Peninsula; and
- Animal health information systems emphasizing animal health economics in collaboration with Cambodia’s Ministry of Agriculture, Forestry and Fishery.<sup>26</sup>

## WORLD TRADE ORGANIZATION

WTO technical assistance focuses on understanding and implementing the SPS Agreement. A member may formally request technical assistance through the WTO SPS Committee and seek information and legal advice informally through the Secretariat. The Secretariat provides regular training in specific SPS provisions and notification procedures; assists members during negotiations, as requested; and provides training on member’s responsibilities, rights, obligations under the SPS Agreement, as well as dispute settlement as it relates to the Agreement.

The purpose of this assistance is to “help beneficiary countries to improve their understanding of the SPS Agreement, implement the obligations and fully benefit from rights derived therefrom.”<sup>27</sup> The WTO classifies SPS-related technical assistance as follows:

- **Information**<sup>3/4</sup> increase awareness and understanding of members’ rights and obligations under the SPS Agreement. Information is communicated through conferences, seminars, and workshops for various audiences, including government technicians and policymakers, the general public, media, and private sector.
- **Training**<sup>3/4</sup> increase understanding of the SPS Agreement. Training may provide detailed explanations and discussions of particular provisions, such as the implementation of transparency provisions, application of risk analysis, and determination of the appropriate level of protection, recognition of equivalence and regionalization, and WTO dispute

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<sup>25</sup> Bovine spongiform encephalopathy or “mad cow” disease.

<sup>26</sup> OIE, List of Seminars and Workshops organized by the OIE in 2001.

<sup>27</sup> WTO Secretariat, Committee on SPS Measures, *Technical Assistance Typology*, 2000, p. 1.

settlement procedures. This training, which targets technicians, is also delivered in seminars, workshops, and courses.

- **Soft infrastructure development**<sup>3/4</sup> builds the intellectual property required to implement the SPS Agreement. Soft infrastructure development is delivered through
  - *Education*<sup>3/4</sup> forming a critical mass of legal, technical, and scientific personnel, including food chemists and microbiologists, veterinarians, epidemiologists, and plant pathologists;
  - *Skills development*<sup>3/4</sup> training technical and scientific experts in specific techniques and procedures, such as control and inspection, surveillance, certification, laboratory practices, risk assessment, diagnostic techniques, and HACCP techniques;
  - *Regulatory framework*<sup>3/4</sup> developing national regulatory frameworks, such as harmonization of national regulations with international standards, guidelines, and recommendations; and
  - *Consumer/producer education*<sup>3/4</sup> providing or developing SPS-related electronic software or consumer education programs.
- **Hard infrastructure development**<sup>3/4</sup> provides the physical infrastructure required to implement the SPS Agreement: field equipment and facilities such as laboratories, testing equipment, veterinary services, processing and storage facilities, computer databases, disease information, and monitoring systems. Establish disease-free regions that, in addition to the experts' know-how, require substantial investments in infrastructure, such as "buffer zones," surveillance systems, and so forth.<sup>28</sup>

If a member desires additional technical advice on food, plant, or animal standards, Codex, IPPC, and OIE, respectively, can provide technical expertise.

## Joint SPS-related Technical Assistance

Multilateral donors have sponsored the following SPS-related activities:

- WTO, FAO, and UNCTAD have organized seminars and workshops on SPS measures and the SPS Agreement to build capacity and awareness in developing countries.
- The World Bank and WTO in October 2002 created the Standards and Trade Development Facility with an initial World Bank donation of US\$300,000 to help establish and operate the facility in its first year. The WTO has also signaled that it will donate to the facility from the Doha Development Trust Fund. The purpose of the initiative is to provide grants and financial support for technical assistance projects in developing countries that have

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<sup>28</sup> WTO Secretariat, 2000, p. 3.

difficulty adhering to the complex standards that developed countries apply to their food exports.

- The WTO, in collaboration with the OIE, Codex, and the IPPC, has developed regional seminars in Asia, Latin America, Africa, Eastern Europe, and the Middle East. The Secretariat also participates in private and public sector SPS workshops and seminars and ensures that the SPS Agreement is adequately covered in WTO training courses.
- The International Trade Centre in Geneva, jointly funded by UNCTAD and the WTO, sponsored a project to identify the impact of SPS measures on exports of agricultural and food products and the potential benefits of international standardization through case studies in Kenya, Uganda, Mauritius, Jamaica, Malaysia, and Namibia. This project also aims to identify problems with developing countries' participation in international standard-setting organizations.

## Regional Institutions

### ASIA PACIFIC ECONOMIC COOPERATION AGRICULTURAL TECHNICAL COOPERATION WORKING GROUP

The Asia Pacific Economic Cooperation (APEC) Agricultural Technical Cooperation Working Group is a forum for enhancing members' capacity in agricultural and related industries. It has subgroups that focus on specific issues. The subgroup on Research, Development and Extension of Agricultural Biology facilitates information exchange on new technology and capacity building. It has organized workshops on biosafety risk assessment to promote harmonization in the scientific risk assessment process. Its September 2002 workshop aimed to build capacity in APEC economies for agricultural biotechnology; risk assessment, and management leading to transparent, science-based approaches; and updates on developments in IPPC, CODEX, OECD, and WTO.<sup>29</sup>

### INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE

The Inter-American Institute for Cooperation on Agriculture (IICA) facilitates communication and coordinates activities that focus on trade of agricultural products in the hemisphere; promotes communication and analysis of the challenges and opportunities IICA members face in meeting the requirements of the WTO SPS Agreement; develops analytical capacity for decision-making on emerging issues in the Agreement; and coordinates activities with other

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<sup>29</sup> APEC, Agricultural Technical Cooperation Working Group, Sub Group on Research, Development and Extension of Agricultural Biotechnology. Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology, Taipei, Chinese Taipei, August 26-September 4, 2002.

technical agencies in sanitary, phytosanitary, and food safety. IICA works closely with the WTO SPS Committee to identify and address regional capacity-building needs. It also organizes and participates in workshops on SPS-related issues.

Table 3  
*Internet Addresses of Organizations providing SPS-related Technical Assistance*

| Organization  | Internet Address  |
|---|---|
| Asia Pacific Economic Cooperation Agricultural Technical Cooperation Working Group                  | <a href="http://www.apsecsec.org.sg/">www.apsecsec.org.sg/</a>  |
| AusAID  | <a href="http://www.ausaid.gov.au/">www.ausaid.gov.au/</a>  |
| Canadian International Development Agency   | <a href="http://www.acdi-cida.gc.ca">www.acdi-cida.gc.ca</a>  |
| Codex Alimentarius Commission   | <a href="http://www.codexalimentarius.net/">www.codexalimentarius.net/.</a>   |
| German Foundation for International Development (Deutsche Stiftung fuer Internationale Entwicklung) | <a href="http://www.dse.de/zell/zell-e.htm">www.dse.de/zell/zell-e.htm</a>  |
| Inter-American Institute for Cooperation on Agriculture   | <a href="http://infoagro.net/en/apps/index.cfm?CFID=448844&amp;CFTOKEN=24929463">http://infoagro.net/en/apps/index.cfm?CFID=448844&amp;CFTOKEN=24929463</a> |
| International Plant Protection Convention   | <a href="http://www.ippc.int/cds_ippc/IPP/En/default.htm">www.ippc.int/cds_ippc/IPP/En/default.htm</a>  |
| U.S. Department of Agriculture  | <a href="http://www.usda.gov">www.usda.gov</a>  |
| Animal and Plant Health Inspection Service  | <a href="http://www.aphis.usda.gov">www.aphis.usda.gov</a>  |
| Foreign Agricultural Service  | <a href="http://www.fas.usda.gov">www.fas.usda.gov</a>  |
| World Bank  | <a href="http://www1.worldbank.org/wbiep/trade/Standards.html">www1.worldbank.org/wbiep/trade/Standards.html</a>  |
| World Organization for Animal Health  | <a href="http://www.oie.int/">www.oie.int/</a>  |
| WTO   | <a href="http://www.wto.org/english/tratop_e/sps_e/sps_docslist_e.doc">www.wto.org/english/tratop_e/sps_e/sps_docslist_e.doc</a>                            |



## 4. Guidelines for SPS-related Assistance

Many bilateral and international donor agencies recognize the importance of building SPS capacity in developing countries. Duplication of work and uncoordinated use of resources are therefore a risk. Donors, especially international organizations, are beginning to collaborate more in devising technical assistance and capacity-building programs, beginning with identifying and prioritizing assistance needs (see Exhibit 2). Even so, systematic coordination will be difficult. The World Bank's approach, which is to identify a lead agency for each country, should be considered a model for SPS assistance. All donor agencies should strive to achieve at least informal coordination.

Assistance for SPS-related activities will be more cost-effective if provided in a multiyear plan that integrates key elements of national programs and initiatives with externally funded projects. This kind of plan is transparent to all interested parties, helps set goals and milestones, helps establish a parallel reporting procedure, and clarifies complementarities between elements of the SPS regime. The national standards-related planning framework, outlined in Chapter 2, can be an important source for this planning.

For many countries such planning may be extremely ambitious. Clearly, the planning methodology will have to be flexible enough to accommodate diverse circumstances, and may in some cases be little more than rudimentary. The methodology may include "strengths, weaknesses, opportunities, threats" analysis; scoring systems; templates and questionnaires; decision tree analysis; and so forth.

Although donors have not systematically reviewed the results of SPS assistance projects, they recognize that technical assistance and capacity building should focus less on information dissemination<sup>30</sup> and more on practical, hands-on tools that can be applied to actual technical

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<sup>30</sup> Henson, *et al.*, p. 71.

## Exhibit 2

*Doha Development Agenda and SPS*


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|---|---|
| <p>Members of the WTO launched a round of global trade negotiations in November 2001 in Doha, Qatar. Called the “Doha Development Agenda,” this round recognized the importance of developing countries’ participation in global trade negotiations.</p>  | <ul style="list-style-type: none"> <li>• Defined longer timeframes for complying with SPS measures,</li> <li>• Quantified “reasonable intervals” for standards to become effective after they have been published,</li> </ul>   |
| <p>The Doha Ministerial Declaration acknowledged the role of trade-related technical assistance in facilitating developing countries’ integration into the global trading system. Members agreed to a framework for WTO technical assistance, a work program for least-developed countries, and a plan to improve integration of small economies, and established a technical assistance fund to respond to the requests from developing countries.</p> | <ul style="list-style-type: none"> <li>• Supported new tools for implementing agreements on equivalence,</li> <li>• Called for periodic review of the Agreement to ensure its effectiveness,</li> <li>• Encouraged developing countries to participate in international standard-setting organizations, and</li> <li>• Addressed technical and financial assistance from other members for least-developed countries.<sup>31</sup></li> </ul> |
| <p>To promote and better implement the SPS Agreement, the Declaration</p>   |   |

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situations.<sup>32</sup> Anecdotal evidence also suggests that there are no shortcuts to complying with the SPS Agreement, modernizing a country’s SPS regime, or increasing understanding of SPS issues among producers and suppliers. It may be possible to achieve short-term results for a specific product, but developing countries and technical assistance donors alike must remain committed for the medium to long term.

A survey of literature on SPS technical assistance programs yields the following general observations about effective assistance:

- ***Tailor Assistance to the Host Country’s Needs.*** Just as one country’s exports may differ from its neighbor’s, so will its SPS-related needs. Tailoring technical assistance to identify and fill existing gaps is important not only in ensuring that assistance is beneficial but also in avoiding the duplication of other donor efforts.
- ***Link Assistance to Agricultural Development Priorities and Strategies.*** SPS-related technical assistance is sometimes provided as part of larger agricultural projects. Because SPS measures may directly affect agricultural products and foodstuffs exports, it is in a

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<sup>31</sup> IICA, Access IICA-SPS News Report, Agricultural Health and Food Safety, Bulletin No. 7, December 2001, retrieved from <http://www.infoagro.net/salud> on October 9, 2002.

<sup>32</sup> For example, implementation of traceability systems, Hazard Analysis and Critical Control Point Program (HACCP), certification systems, etc.

country's best interest to incorporate SPS reform and/or upgrading into its national agricultural development plan.

- **Take a Comprehensive, Integrated Approach to Assistance.** Before an SPS-related assistance project starts, the Mission should assess a country's broad SPS-related needs, as well as those that relate directly to project goals.<sup>33</sup> Equally important is an assessment of the external setting, including political will and other factors affecting the creation or reform of an SPS system. In many cases SPS-related authority is dispersed among agencies that handle health, crop, animal, food, and trade matters. Bringing that authority under one national director, or coordinating it effectively, is a delicate substantive and political proposition. Furthermore, SPS systems are complex, requiring various types of certification and testing beginning at the farm with production methods, extending to transportation methods, to storage methods, to processing methods, and ending at the table. Even when all parties understand the need for SPS measures, creating a world-class SPS system is a daunting prospect. Most developing countries, therefore, should aim not for a world-class system but one that meets their most urgent needs—including meeting SPS obligations—in the most cost-effective way.
- **Plan for the Expense of a Comprehensive Approach.** World Bank SPS-related projects over the last 15 years have ranged from US\$3.5 million (a pest management project in Vietnam) to US\$112 million (a locust control project in Algeria). And yet each project tackled only a portion of what is required to establish and maintain an effective SPS system.
- **Plan for a Multiyear Effort.** The World Bank's SPS projects in Vietnam, Algeria, and Argentina spanned three, two, and five years, respectively. In most cases, the technical assistance may be able to address only one aspect of a country's SPS system, for example, pest control. But a country may have other long-term needs, such as adopting conformity assessment procedures, that may require additional assistance.
- **Foster Local Ownership.** A multilayered SPS system cannot serve its purpose without effective implementation and self-monitoring at each level. Consequently, stakeholders must share ownership in the system rationale and design. This is particularly challenging when trying to adapt systems designed for modern, large-scale farming and food production/marketing agribusinesses to traditional, small, and widely dispersed elements of the agricultural and food production chains in many developing countries.
- **Develop Links Between Producers and Buyers in Target Markets.** Exporters should shape their actions according to what their customers and potential customers want. Increasingly, large importing entities, such as supermarket groups and restaurant chains, are following the logic of the farm-to-plate approach and setting specifications for their suppliers that incorporate SPS components. Suppliers who can reliably meet these specifications will be

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<sup>33</sup> This might be a large time-consuming task, given the need for cooperation by all relevant government agencies and for consultation with stakeholders. It would be undesirable to suspend technical assistance until the assessment was complete.

avored.<sup>34</sup> Reforming SPS systems requires significant technical assistance for the private sector and support from it, including farm producers, in developing countries. Missions should be ready to provide appropriate technical assistance directly to producers, through associations, or through coordination with another donor, such as the UNCTAD/WTO-funded International Trade Centre in Geneva. Further, Missions should enlist private sector support in providing technical assistance, which is often the most effective assistance provided by foreign buyers, such as distributors or supermarket chains.

- ***Coordinate with Other Donors and Providers of Technical Assistance.*** When a Mission identifies a need for SPS assistance, it should review past and ongoing SPS assistance projects in its jurisdiction by consulting other assistance donors, including private companies under contract; regional organizations, such as the Southern African Development Community; local government authorities, such as health and agriculture ministries at the highest levels; and the local private sector and universities. Missions should become aware of the kinds of assistance that have been attempted and the results. Documentation of past assistance should be retained for application in new SPS assistance. Where the government or a regional organization is receiving SPS-related assistance from another donor, the Mission should build on the existing program through consultation and negotiation with the government and the donor.
- ***Develop Human Capacity.*** Developing countries often seek USAID assistance to develop physical infrastructure, such as laboratory facilities, neglecting the need to staff these facilities properly. Upgrading and maintaining SPS systems requires developing and retaining a critical mass of local personnel, competent in the scientific, technical, and legal areas relevant to SPS measures. A system-wide, in-depth training plan designed to form such a critical mass should be an integral part of SPS technical assistance programming. The plan should take into account the need to create career paths buttressed by merit-based advancement.
- ***Explore Potential for Regional Cooperation.***<sup>35</sup> A regional approach to certain SPS activities—designation of pest- or disease-free areas, national accreditation, or even regional testing and certification facilities—will increase the number of beneficiaries while reducing costs that each country would otherwise have to absorb separately. At the same time, a

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<sup>34</sup> Importers may be able to influence authorities to apply measures that achieve the government's objectives for regulation as well as the industry's objectives for cost-efficiency. For example, importers may require suppliers (including exporters in another country) to use HACCP-based control systems. This requirement may recognize that the importing country authorities can also use HACCP systems to meet official requirements applicable to the same imports. Conversely, competitive domestic industries often exert political pressure on the government to limit imports. In such circumstances importers may be able to bring to bear a countervailing force.

<sup>35</sup> Regional collaboration in principle appears to be cost-effective and to benefit more than one developing country. But political issues often impede and limit the success of regional cooperation. See Nathan Associates Inc.'s "Regional Approaches to Integrating Small Economies into the World Trade System," for USAID/ Washington, September 17, 2002. Available on the USAID EGAT Trade intranet <http://inside.usaid.gov/EGAT/trade/index.html>.

shared regional infrastructure will enable countries to maximize the value of scarce public resources.<sup>36</sup>

- ***Work with Regulatory Agencies in Key Markets.*** Improvements in production and transport systems will increase trade to the extent that they are consistent with the requirements of regulatory agencies in key markets and are tested and certified as meeting those requirements. USAID must work with regulatory agencies, particularly U.S. agencies, to ensure that producers in developing countries fully understand market requirements and procedures.

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<sup>36</sup> Hufbauer, *et al.*, p. 34.



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# Appendix A. U.S. Regulatory Agencies

To provide an example of a multi-layered domestic SPS regime, the responsibilities and activities of six U.S. regulatory agencies involved in SPS activities are presented here. A foreign producer or supplier might encounter one or more of these agencies when exporting agricultural and food products to the United States. Internet addresses are provided at the end of the appendix.

## U.S. Department of Agriculture

The U.S. Department of Agriculture's (USDA) regulatory activities are primarily enforced by the Animal and Plant Health Inspection Service (APHIS), Food Safety Inspection Service (FSIS), Grain Inspection Packers and Stockyards Administration (GIPSA), Foreign Agricultural Service (FAS), and Agricultural Marketing Service (AMS). When U.S. regulations have not been met, the U.S. Customs Service coordinates with USDA by detaining imports at the border.

### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service (APHIS) is responsible for regulations governing the import and export of plants and animals and certain agricultural products. It issues regulations and conducts control programs to protect and improve animal and plant health for the benefit of people and their environment. In cooperation with state governments, APHIS administers federal laws and regulations pertaining to animal and plant health and quarantine, humane treatment of animals, and the control and eradication of pests and diseases. It protects U.S. borders against entry of foreign pests and diseases; protects endangered species; ensures that veterinary biologics are safe, pure, potent, and effective; and ensures the safety of agricultural biotechnology products.

Within APHIS, the Plant Protection and Quarantine (PPQ) Program prevents the introduction and spread of foreign pests at various U.S. ports and oversees pest risk assessments of certain agricultural commodities before they are imported into the United States. APHIS Veterinary Services is responsible for protecting the health of livestock, poultry, and other animals. When feasible and volume warrants, foreign governments and exporter groups may request preclearance inspection and/or treatment by APHIS officers in the country of origin. Preclearance can help reduce the risk of introducing foreign pests into the United States.

The Convention on International Trade in Endangered Species (CITES) lists animals and animal products transported to the United States from jungles, seas, and forests and that originate from a multitude of animals and animal products protected by the CITES treaty. These animals and animal products— Barbary apes, furs, and python-leather handbags—arrive daily at U.S. ports where Fish and Wildlife Services officers inspect them. These inspectors determine whether the importation is legal and release the cargo or take legal action against the importer.

### *Plant Protection Quarantine*

APHIS's Plant Protection Quarantine (PPQ) safeguards agriculture and natural resources from risks associated with the entry, establishment, or spread of animal and plant pests and noxious weeds. PPQ ensures an abundant, high-quality, and varied food supply; strengthens the marketability of U.S. agriculture in domestic and international commerce; and contributes to the preservation of the global environment.

APHIS PPQ staff is responsible for pest risk assessments (PRA), which evaluate pest risks associated with plant commodities entering or leaving the United States. PRAs are conducted on imported commodities and in support of U.S. export commodities. A commodity is a type of plant, plant part, or plant product moved for trade. Examples are citrus fruit, lettuce leaves, or nursery stock. A plant PRA identifies pests that may be introduced with a particular commodity, and estimates the likelihood that the pests will be introduced and the consequences of their introduction.

### *Veterinary Services*

The Veterinary Services' National Center for Import and Export is charged with several tasks including facilitating international trade; monitoring the health of animals presented at the border; and regulating the import and export of animals, animal products, and biologics.

The center safeguards the health of U.S. agricultural resources, working closely with animal health experts at federal and state agencies, foreign governments, industry and professional groups, and others to enhance international trade and cooperation while preventing the introduction of dangerous and costly pests and diseases.

## **FOOD SAFETY AND INSPECTION SERVICE**

The Food Safety and Inspection Service (FSIS) protects consumers by ensuring that meat, poultry, and egg products are safe, wholesome, and accurately labeled. To ensure the safety of imported products, FSIS maintains a comprehensive system of import inspection and controls. Annually, FSIS reviews inspection systems in all foreign countries eligible to export meat and poultry to the United States to ensure that they are equivalent to those under U.S. laws. Reinspection of all imported meat and poultry products entering the United States verifies that the country's inspection system is working.

Imported meat, poultry, and egg products must be produced under standards equivalent to U.S. inspection standards. The FSIS International Policy Staff (IPS) is responsible for ensuring that those standards are met through an equivalence process. IPS is also responsible for developing policy and procedures to ensure that imported meat, poultry, and egg products are safe, wholesome, unadulterated and properly labeled and packaged. It also facilitates the certification of exports. Information on importing to the United States can be found on the *Importing to the United States* link on the IPS webpage.

## **GRAIN INSPECTOR, PACKERS AND STOCKYARDS ADMINISTRATION**

The Grain Inspection, Packers and Stockyards Administration (GIPSA) facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promotes fair and competitive trading practices for the benefit of consumers and U.S. agricultural sector.

The Federal Grain Inspection Service (FGIS) develops the Official Standards for Grain, which buyers and sellers of grain use daily to communicate about grain types and quality. FGIS establishes standard testing methodologies that accurately and consistently measure grain quality and provides for impartial application of grades and standards through a network of federal, state, and private inspection agencies.

Packers and Stockyards Programs (P&S) is a regulatory program charged with providing financial protection and ensuring fair and competitive markets for livestock, meat, and poultry.

## **FOREIGN AGRICULTURAL SERVICE**

The Foreign Agricultural Service (FAS) coordinates and directs USDA's responsibilities in international trade negotiations, working closely with the U.S. Trade Representative's office. As the enquiry point for WTO sanitary and phytosanitary issues and technical barriers to trade, FAS is the official conduit for notifications and comments about these measures.

## **AGRICULTURAL MARKETING SERVICE**

Agricultural Marketing Services (AMS) includes dairy, fruit and vegetable, livestock and seed, poultry, and tobacco commodity programs. Specialists provide standardization, grading, and market news services for these commodities. AMS also enforces federal laws, such as the Perishable Agricultural Commodities Act and the Federal Seed Act.

The Science and Technology Program in the AMS division promotes U.S. agriculture's international interests by providing scientific expertise in export certification programs, laboratory testing for export and import, international standards setting, statistical sampling, technical services, laboratory accreditation, pesticide residue data, plant variety patents, and information technology to interested parties for a fee.

## **U.S. Department of Health and Human Services**

### **FOOD AND DRUG ADMINISTRATION**

The Food and Drug Administration (FDA) is the scientific regulatory agency responsible for the safety of all foods (except meat, poultry, frozen and dried eggs, and the labeling of alcoholic beverages and tobacco); cosmetics; drugs, biologics; medical devices; and radiological products. FDA activities are aimed at protecting the health of U.S. citizens from impure, unsafe, and fraudulently labeled foods, drugs, medical devices, cosmetics, and potential hazards from radiation-emitting equipment. The Center for Food Safety and Applied Nutrition (CFSAN), Office of Regulatory Affairs (ORA), and the Center for Veterinary Medicine (CVM) support the regulatory functions of the FDA.

#### *Center for Food Safety and Applied Nutrition*

The CFSAN, in conjunction with FDA field staff, promotes and protects public health by ensuring that the nation's food supply is safe, sanitary, wholesome, and honestly labeled and that cosmetic products are safe and properly labeled. CFSAN's primary responsibilities include

- Safety of substances added to food (e.g., food additives, including ionizing radiation, and color additives);
- Safety of foods and ingredients developed through biotechnology;
- Seafood Hazard Analysis and Critical Control Point (HACCP) regulations;
- Regulatory and research programs that address health risks associated with foodborne chemical and biological contaminants;
- Regulations and activities dealing with the proper labeling of foods (e.g., ingredients, nutrition health claims) and cosmetics;

- Regulations and policy governing the safety of dietary supplements, infant formula, and medical foods;
- Safety and proper labeling of cosmetic ingredients and products;
- Food industry post-market surveillance and compliance;
- Consumer education and industry outreach;
- Cooperative programs with state and local governments; and
- International food standard and safety harmonization.

### *FDA Office of Regulatory Affairs*

FDA's Office of Regulatory Affairs (ORA) administers the Import Program, which enforces all field activities in the Federal Food, Drug, and Cosmetic Act and other related Acts to protect consumers' health and safety, and to protect against economic fraud. All imported products are required to meet the same standards as domestic goods. Imported foods must be pure, wholesome, safe to eat, and produced under sanitary conditions; drugs and devices must be safe and effective; cosmetics must be safe and made from approved ingredients; radiation-emitting devices must meet established standards; and all products must contain informative and truthful labeling in English.

### *Center for Veterinary Medicine*

The Center for Veterinary Medicine (CVM) is a consumer protection organization under the FDA that regulates the manufacture and distribution of food additives and drugs given to animals from which human foods are derived, as well as food additives and drugs for pet (or companion) animals. CVM regulates drugs, devices, and food additives given to, or used on, companion animals, plus poultry, cattle, swine, and minor animal species. Minor animal species include animals other than cattle, swine, chickens, turkeys, horses, dogs, and cats.

## **U.S. Department of the Treasury**

### **BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

The Bureau of Alcohol, Tobacco and Firearms (ATF) enforces laws that cover production, distribution, and labeling of alcoholic beverages, excluding wine beverages—which are the responsibility of the FDA—that contain less than 7 percent alcohol. ATF and FDA sometimes share responsibility in cases of adulteration, or when an alcoholic beverage contains food or color additives, pesticides, or contaminants.

The ATF's Alcohol Import/Export Branch has a guide on the international trade of alcohol beverages. The guide contains information on import requirements for beer, wine, and distilled spirits for various countries. These requirements may include licensing, labeling, and tax considerations.

## **U.S. CUSTOMS SERVICE**

The U.S. Customs Service assesses and collects import duties and taxes and controls carriers, persons, and articles entering or departing the United States. All imports must receive clearance from U.S. Customs before entering the U.S. marketplace. U.S. Customs' field organization consists of 7 geographical regions divided into 44 districts with ports of entry within each district. Customs enforces a key provision of the Tariff Act of 1930, as amended, in addition to more than 400 agency laws governing international traffic and trade.

## **U.S. Department of Commerce**

### **NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL MARINE FISHERIES SERVICE**

The National Marine Fisheries Service (NMFS) oversees fisheries management in the United States, and, through the 1946 Agricultural Marketing Act, provides a voluntary inspection service to the industry. The NMFS Fishery Products Inspection Program offers a variety of professional inspection services to ensure compliance with food regulations. In addition, the program provides product quality evaluation, grading, and certification services by product lot. The benefits of the program include the ability to apply official marks, such as the U.S. Grade A Process Under Federal Inspection (PUFI) and lot inspection marks. The FDA is responsible for the safety of seafood products but the two agencies cooperate in regulating food-plant sanitation and product wholesomeness.

## **Environmental Protection Agency**

The Environmental Protection Agency (EPA) coordinates governmental action to protect the environment by integrating research, monitoring, standard-setting, and enforcement activities. The EPA regulates pesticides; determines the safety of new pesticide products; sets tolerance levels for pesticide residues in foods, whether of domestic or foreign origin; and establishes water quality standards, including the chemical content of drinking water. The EPA enforces and publishes directions for the safe use of pesticides and uses the EPA's water quality standards as a guide in regulating bottled water sold in interstate commerce for human use.

The Food Quality Protection Act (FQPA) of 1996 amended the Federal Insecticide, Fungicide, and Rodenticide Act and the Federal Food Drug and Cosmetic Act, fundamentally changing the way EPA regulates pesticides. The requirements include a new safety standard—reasonable certainty of no harm—for all pesticides used on foods. The FQPA website provides information on provisions and discusses some issues raised by the Act and the status of implementation of this important law.

## **Federal Trade Commission**

The Federal Trade Commission's Bureau of Consumer Protection regulates food advertising. The division of Advertising Practices protects consumers from deceptive and unsubstantiated advertising claims for alcohol, food, and over-the-counter drugs, particularly claims relating to nutritional or health benefits of foods and safety.

| Agency   | Internet Address   |
|--|--|
| <b>D E P A R T M E N T O F A G R I C U L T U R E</b>                       |  |
| Home   | <a href="http://www.usda.gov">www.usda.gov</a>   |
| Animal and Plant Health Inspection Service                                 | <a href="http://www.aphis.usda.gov/index.html">www.aphis.usda.gov/index.html</a>   |
| Plant Protection Quarantine  | <a href="http://www.aphis.usda.gov/ppq/">www.aphis.usda.gov/ppq/</a>   |
| Pest Risk Assessments  | <a href="http://www.aphis.usda.gov/ppq/pracommodity/about.html">www.aphis.usda.gov/ppq/pracommodity/about.html</a>         |
| Veterinary Services' National Center for Import and Export                 | <a href="http://www.aphis.usda.gov/vs/ncie/">www.aphis.usda.gov/vs/ncie/</a>   |
| Food Safety and Inspection Service   | <a href="http://www.usda.gov/fsis">www.usda.gov/fsis</a>   |
| International Policy Staff   | <a href="http://www.fsis.usda.gov/OPPDE/IPS/">www.fsis.usda.gov/OPPDE/IPS/</a>   |
| Grain Inspection, Packers and Stockyards Administration                    | <a href="http://www.usda.gov/gipsa/">www.usda.gov/gipsa/</a>   |
| Foreign Agricultural Service   | <a href="http://www.fas.usda.gov">www.fas.usda.gov</a>   |
| U.S. Import Program  | <a href="http://www.fas.usda.gov/import.html">www.fas.usda.gov/import.html</a>   |
| Agricultural Marketing Services  | <a href="http://www.ams.usda.gov/">www.ams.usda.gov/</a>   |
| <b>D E P A R T M E N T O F H E A L T H A N D H U M A N S E R V I C E S</b> |  |
| Food and Drug Administration   | <a href="http://www.fda.gov">www.fda.gov</a>   |
| Center for Food Safety and Applied Nutrition                               | <a href="http://vm.cfsan.fda.gov">http://vm.cfsan.fda.gov</a>  |
| Office of Regulatory Affairs   | <a href="http://www.fda.gov/ora/">www.fda.gov/ora/</a>   |
| Imports Program  | <a href="http://www.fda.gov/ora/import/ora_import_program.html">www.fda.gov/ora/import/ora_import_program.html</a>         |
| Operational and Administrative System for Import Support                   | <a href="http://www.fda.gov/ora/import/oasis/home_page.html">www.fda.gov/ora/import/oasis/home_page.html</a>               |
| Center for Veterinary Medicine   | <a href="http://www.fda.gov/cvm/default.html">www.fda.gov/cvm/default.html</a>   |
| Import and Export of Feed/Feed Ingredients                                 | <a href="http://www.fda.gov/cvm/index/animalfeed/import_export.htm">www.fda.gov/cvm/index/animalfeed/import_export.htm</a> |
| <b>D E P A R T M E N T O F T H E T R E A S U R Y</b>                       |  |
| Bureau of Alcohol, Tobacco and Firearms                                    | <a href="http://www.atf.gov">www.atf.gov</a>   |
| Alcohol Import/Export Branch   | <a href="http://www.atf.gov/alcohol/info/interrel.htm">www.atf.gov/alcohol/info/interrel.htm</a>                           |
| U.S. Customs Service   | <a href="http://www.customs.gov">www.customs.gov</a>   |
| Imports  | <a href="http://www.customs.gov/xp/cgov/import/">www.customs.gov/xp/cgov/import/</a>                                       |
| <b>D E P A R T M E N T O F C O M M E R C E</b>                             |  |
| National Marine Fisheries Service  | <a href="http://www.nmfs.noaa.gov/fisheries_trade.htm">www.nmfs.noaa.gov/fisheries_trade.htm</a>                           |
| <b>E N V I R O N M E N T A L P R O T E C T I O N A G E N C Y</b>           |  |
| Home   | <a href="http://www.epa.gov">www.epa.gov</a>   |
| International Issues on Pesticides   | <a href="http://www.epa.gov/oppfead1/international/">www.epa.gov/oppfead1/international/</a>                               |
| Food Quality Protection Act  | <a href="http://www.epa.gov/opppsps1/fqpa/">www.epa.gov/opppsps1/fqpa/</a>   |
| <b>F E D E R A L T R A D E C O M M I S S I O N</b>                         |  |
| Bureau of Consumer Protection  | <a href="http://www.ftc.gov">www.ftc.gov</a>   |
| Division of Advertising Practices  | <a href="http://www.ftc.gov/bcp/bcpap.htm">www.ftc.gov/bcp/bcpap.htm</a>   |

# Appendix B. Key Components of the WTO SPS Agreement

## *Basic rights*

Article 1 confirms the right of WTO members to take SPS measures necessary to protect human, animal, or plant life or health.

## *Justification for measures*

Under Article 2 WTO members can apply SPS measures to protect human, animal, or plant life and health only to the extent necessary, but such measures must be based on scientific principles, maintained with sufficient scientific evidence, and non-discriminatory.

## *Harmonization*

Article 3 requires that SPS measures be based on international standards, guidelines, or recommendations, where they exist. Measures that conform to international norms are deemed to be in accordance with the Agreement. The relevant international standard-setting organizations are the Codex Alimentarius Commission, the Office International des Epizooties, and the international and regional bodies operating within the framework of the International Plant Protection Convention. WTO members are enjoined to participate fully in the standard-setting activities of these organizations.

## *Equivalence*

Under Article 4 exporting countries can claim that measures different from those of the importing country are equivalent and may be used if the different measures proposed by the exporting country can be demonstrated to have the same effect in achieving the importing country's appropriate level of protection.

### *Risk assessment and consistent risk management*

Measures that are stricter than international norms or are otherwise not based on such norms must conform to Article 5, which states that these measures must be based on a risk assessment appropriate to the circumstances, taking into account risk assessment techniques developed by the relevant international organizations and relevant scientific, technical, and economic considerations. Measures should reflect a consistent approach to risk management and should be no more trade restrictive than necessary to achieve the appropriate level of protection. Measures may be adopted on a provisional basis where insufficient scientific information is available, provided that the additional information necessary for a more objective assessment of risk is sought and the measure is reviewed within a reasonable period.

### *Regionalization*

Under Article 6, adaptation to regional conditions, regions free of pests or diseases (or of low prevalence) should be recognized as such, and an importing country should set access conditions accordingly.

### *Transparency*

Under Article 7, Annex B, members must maintain enquiry and notification points and advise other members in advance of proposed trade-restrictive measures that are not based on international norms; comments received should be taken into account in finalizing the measure.

### *Developing countries*

The Agreement contains provisions for technical assistance to developing countries in SPS matters (Article 9) and in special and differential treatment of developing country members (Article 10). *Inter alia*, members are required to provide assistance to developing countries in the form of advice, credits, donations, grants, and the like, so that such countries can adjust to and comply with SPS measures that apply in importing countries.

### *Dispute settlement*

According to Article 11 standard WTO consultation and dispute settlement procedures apply under the Dispute Settlement Understanding (DSU) to matters arising under the SPS Agreement. Stages of the dispute settlement include formal consultations, hearings and findings by a dispute settlement panel, and review, limited to legal issues, by the Appellate Body.

### *SPS Committee*

Article 12 creates a Committee on Sanitary and Phytosanitary Measures to carry out functions necessary for implementing the Agreement, to provide a forum for consultations, and to maintain contact with other relevant international organizations. This committee normally meets three times a year, but may convene more frequently.

### *Second level obligations*

Article 13 deals with second level obligations, enjoining members to formulate and implement positive measures and mechanisms in support of the provisions of the Agreement by other than central government bodies.