SANITARY AND PHYTOSNAITARY AGREEMENTS ON TRADE (SPS) & TECHNICAL BARRIERS TO TRADE (TBT)

AMD

Building sustainable partnerships

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Sanitary and Phytosanitary Agreements on Trade (SPS) & Technical Barriers to Trade(TBT)

Sanitary and Phytosanitary Agreement

The SPS Agreement

The **Agreement on the Application of Sanitary and Phytosanitary Measures** (the **'SPS Agreement'** or just **'SPS')** came into being with the establishment of the WTO (World Trade Organization) on 1 Jan 1995.

It is an international treaty of the WTO that concerns the application of **food safety and animal and plant health regulations**.

It was negotiated during the Uruguay Round of the GATT (General Agreement on Tariffs and Trade)

The health aspect of SPS Agreement

The health aspect of the SPS Agreement basically means that WTO members **can protect human, animal or plant life or health** by applying measures **to manage the risks associated with imports**.

The measures usually take the form of '**quarantine'** or '**food safety' requirements**.

It recognises the need for WTO members to protect themselves from **the risks posed** by the **entry of pests and diseases** and also **minimise any negative effects** of SPS measures on trade.

The health aspect of SPS Agreement

- Under the SPS Agreement, the SPS measures are defined as any measure **applied to protect animal or plant life or health from risks** arising from:
  - the entry, establishment or spread of a) pests, b) diseases, c) disease-carrying organisms or d) disease causing organisms;
  - to mitigate the risks arising out of use of a) additives, b)contaminants, c) toxins or d) disease-causing organisms in **food, beverages or feedstuff**;
  - prevent establishment and spread of a) diseases carried by animals, plants or products thereof, or b) from the entry, establishment or spread of pests.

SPS and Indian Exports to European Union

- India is one of the largest producers of several of agriculture commodities and the European Union (EU) is one of the largest export markets for India.
- While the EU continues to be a key export destination for Indian agricultural exports, over the years a number of Indian agricultural products have been facing rejection and export bans in the EU due to ‘standards related’ to food quality, safety and health - also known as SPS measures.

Some SPS Issues with EU

There are exports from India which have been rejected or banned in the EU, and from other markets in the past, due to SPS related issues such as

- **fruit flies or thrips infestation** (in mangoes, grapes and eggplants)*

There are other products from India that were rejected by EU due to **maximum residue limits (MRLs) –** viz., levels of harmful chemicals and pesticides.

In some products **hardly any SPS related alerts** were raised by the EU

- but their export potential is also low – viz., green peas, beans and mushrooms

*These issues have since been resolved by implementing such measures as hot water treatment for the mangoes exported to the EU; the Gamma irradiation treatment for the USA

Ways to address SPS issues

- Implement Traceability to the Farm
  - considered the most successful way to address the SPS barriers on a long-term basis
- Implement Traceability to the Product
  - the most successful way of resolving the SPS issues, in the recent years, is by establishment of product traceability – viz., mangoes, fresh grapes, peanuts & eggplant
- Proactive Measures
  - When warned of rejection, stop immediately exports, put in place measures to address the problem before re-starting exports – for instance, Pakistan successfully tackled the potential rejections of its mangoes faced with the ban.
  - India took similar proactive measures for Okra to successfully counter a ban.

SPS Barriers in the EU -Where They Arise and Their Impact

- The EU has higher food safety standards
  - than those set by international organisations such as Codex Alimentarius Commission.
  - for some products such as peanuts, the standards are higher than those set by other developed countries such as the US.
- There are times when the EU has frequently revised the MRL on chemical residue levels for various products, which makes the exports more prone to rejections.
  - Frequent changes to MRL lead to an uncertain business environment for exporters.
  - Specifically, in the case of the proposed reduction in the limits of CCC in grapes from 0.05mg/kg to 0.01mg/kg in the year 2016 by EU - there were doubts about the scientific justification!

Specific Trade Concerns raised by India against the EU (between 1995 and 2016)

Year	STC Number	Description of Measure	Member Maintaining the Measure	Status*	Whether Discussed Again in 2016
1998	39	Maximum levels for certain contaminants (aflatoxins) in foodstuffs	EU	R	No
2001	96	Geographical BSE risk assessment	EU	R	No
2010	300	Regulation (EC) No. 1099/2009[218]	EU	NR	No
2010	306	Maximum residue levels of pesticides	EU	NR	No
2012	335	EU testing of pesticide residues	EU	NR	No
2014	374	EU ban on mangoes and certain vegetables from India	EU	NR	Yes
2014	378	EU withdrawal of equivalence for processed organic products	EU	NR	Yes
2016	412	EU MRLs for bitertanol, tebufenpyrad and chlormequat (G/SPS/N/EU/168)	EU	NR	No

Source: WTO Committee on Sanitary and Phytosanitary Measures Document G/SPS/GEN/204/Rev.17 Dated 7 March 2017. Available at http://spsims.wto.org/en/OtherDocuments/Search?DoSearch=True&DocumentSymbol=G%2FSPS%2FGEN%2F204%2FRev.17&DistributionDateFrom=07%2F03%2F2017&DistributionDateTo=07%2F03%2F2017&SubmittingMembers=&SubmittingObservers=&SubmittingObserverOrganizations=&Secretariat=&DevelopmentStatus=&GeographicGroups=&Title=&Keywords=&DocumentTypes= (accessed on 12 April, 2017)

Good Agricultural Practices (GAP) - Safe agriculture by addressing SPS measures

Studies show that the use of chemicals in Indian farming is high and few farms follow GAP which can lead to product rejection in export markets.

Indian farmers who use high levels of pesticides wont be able to export to high end markets or countries such as the US, the EU and Japan.

Also stop exports of pest-infected produce

GAP addresses the SPS issues by

- Reducing the use of chemicals and pesticides
- Not using chemicals and fertilisers that are banned in other countries
- Avoiding use of some chemicals that are globally banned but still available in India
- Restrict aflatoxin contamination by appropriate packaging, storage and shipping conditions.

*there is greater demand for the organic foods in the EU.

Good Agricultural Practices (GAP) - move to safe agriculture

- The strategy for farmers should be to move towards GAP and subsequently into organic farming*
- Further, follow General Principles of Food Hygiene (GPH) based on the Hazard Analysis and Critical Control Points (HACCP) system all through supply chain.
- The resource poor farmers must have access to state-of the-art infrastructure and hygienic methods – with help of the Government and or Exporters.

Process of GAP Implementation

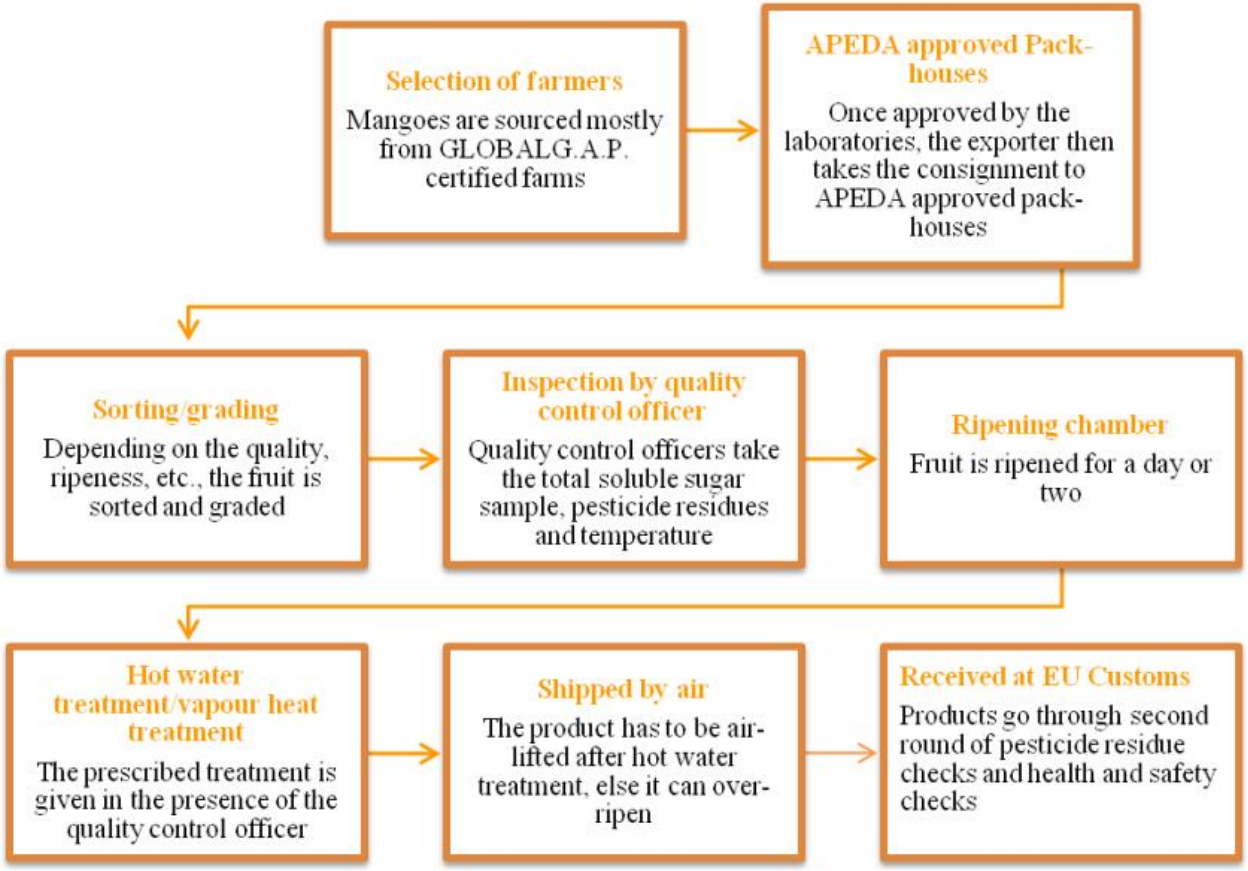
The farmer provides a GLOBAL G.A.P. or GAP certification number and details of his previous exports.

Sometimes, exporters help farmers register on the Grapenet system* – by completing all formalities and payment of a nominal fee.

- It records the full contact details of the farmers, along with the exact location of the farm.
- The registered farmer keeps a record of each chemical and pesticide used in the farm – viz., a record of the package of practices followed by him.
- The farmer is not allowed to use chemicals that are under development trials/ not registered with the Central Insecticide Board & Registration Committee

*The GrapeNet is a web based certification and traceability software system for monitoring fresh grapes exported from India to the European Union. APEDA can trace details of the consignment right upto the farm plot level. After integration Blockchain, GrapeNet will be more secure

Process of Export



Process of Export

After GAP registration, the details of the crop are provided including the variety, details of the spray schedule to check whether it matches with the schedule prescribed by the nodal/ referral agency

Once the crop is ready for harvest, the exporters contact the farmers and they notify APEDA approved laboratories to collect samples and test them for EU requirements.

The representative of the APEDA approved laboratories collect the samples from the farm and test them for EU safety norms.

Process of Export

After the samples are drawn and tests are conducted, the laboratory sends the reports to the exporter and identifies whether the product is fit for export to the EU.

If the product passes the laboratory test, his crop was certified fit for export to the EU market.

Once the exporter settles the price of the crop with the farmer, the crop is harvested and the exporters take the product to APEDA approved pack houses*.

*In the export supply chain, processing facilities such as pack houses, and pre-cooling and storage facilities have to be approved by APEDA, adhering to EU standards.

Technical Barriers to Trade (TBT)

TBT is a category of Non-Tariff Barriers to Trade

Use of Tariffs as a trade-policy tool has diminished.

At times, Governments use regulations and standards as an alternative – a less transparent means of restricting the entry of foreign products, such as TBT measures

TBTs are widely divergent measures that countries use to

- regulate markets
- protect their consumers, or
- preserve their natural resources (among other objectives).

They are also used to discriminate against imports in order to protect domestic industries.

TBT is a category of Non-Tariff Barriers to Trade

TBT Agreement aims to ensure that

- technical regulations,
- standards, and
- conformity assessment procedures are

non-discriminatory and do not create unnecessary obstacles to trade.

However, in reality, technical regulations and standards can restrict or distort trade.

- While the **vast majority** of technical regulations and standards are designed to **achieve non-trade related objectives**, they can also have the **unintended effect of restricting or distorting trade**.

Close linking of SPS and TBT

The SPS is closely linked to the **TBT (**the Agreement on Technical Barriers to Trade) - which has similar goals.

The TBT has the aim of **ensuring non-discrimination** in the adoption and implementation of **technical regulations and standards**

THANKS