



OVERVIEW OF SPS NEEDS AND ASSISTANCE IN YEMEN

Background paper
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A. OVERVIEW OF SPS SITUATION

1. Yemen's oil reserves currently provide most of its export income. As these reserves are gradually exhausted, the government's economic strategy is focused on promoting development of the non-oil sector including services, tourism, agriculture and fisheries. Agriculture remains the mainstay of the domestic economy, accounting for approximately 13% of GDP, employing about half of Yemen's population and sustaining the livelihood of two-thirds. Crops include *inter alia* sorghum, cotton, tobacco, millet, coffee, maize, pulses and qat.¹ Exports are modest, with less than 2% of agricultural output exported, mainly coffee, and fruit and vegetables. Examples include dates, melon, grapes, papaya and bananas. Honey is mentioned as a promising sector. The main features of agriculture are low productivity and high post-harvest losses. The main causes are harvesting techniques, rough handling and poor packaging and weaknesses in transport networks. Water is a core issue in agricultural production, utilizing approximately 90% of the total water resources available in the country.

2. The main markets for coffee and fruit and vegetables from Yemen are the Middle East (notably Saudi Arabia) and countries in Asia. No information is available on SPS-specific constraints hindering access to these markets. With regard to other developed country markets, notably the EU, the US, and Japan, Yemen's DTIS (validated in 2003) acknowledges difficulties in meeting SPS requirements. Diversification of exports and markets, however, requires building the country's SPS management capacities and addressing the weaknesses that undermine the safety and quality of Yemeni fruit and vegetable exports, including capacity to address plant pests and diseases. Awareness, recognition and application of basic good practices for hygiene and safety among farmers and industry will be key in providing the foundation for a strong standards system. This requires targeted training on internationally recognized systems, such as Good Agricultural Practice (GAP) and Hazard Analysis Critical Control Point (HACCP), which, in turn, would also reduce post-harvest losses.

3. Fisheries is a major source of employment and nutrition and plays an important role in alleviating poverty. It is estimated that some 400,000 people earn their livelihoods from fishing or fish related activities. Aquaculture is still in its infancy, with no operations of significant commercial scale. Reportedly, the Government ceased industrial fishing activities in 2003. This implies that the country no longer loses the industrial catch that left the country with few on-shore benefits, but also resulted in lost public income from industrial license fee payments. Two concerns counterbalance the overall bright economic picture of the sector. Fishing pressure has continued to grow rapidly, notably on some high value fish stocks. There is a need to strengthening fisheries resource management in terms of research, stock assessment, etc. In addition, the performance of public institutions, responsible for sector and resource management, quality control, monitoring control and surveillance, statistics and public infrastructure has lagged far behind the changing requirements of the sector.

4. Improving safety and quality standards is essential to maintain access to the EU as well as important Gulf and Asian markets. Since 2001, several notifications with regard to fishery products imported from Yemen were received from the Rapid Alert System for Food and Feed (RASFF). Two missions carried out by the European Commission's Food and Veterinary Office (FVO) in 2004 and 2006 respectively, revealed deficiencies in the fisheries control system varying from the lack of consistent and reliable official controls (histamine, heavy metals) to concerns over establishments and laboratories. Improving fisheries infrastructure (fish landing sites, auction areas, transport) and improving fish quality (handling procedures on-board and at landing sites, availability of ice, etc.) are key elements in establishing a quality control system consistent with international standards. A new fisheries law was adopted in 2006, defining the responsibilities of the competent authority (Ministry

¹ The DTIS estimates qat production to make up around 44% of the total value of agriculture production.

of Fish Wealth) with regard to inspection and control of establishments, auctions, vessels etc. for export. The new law also includes a chapter on aquaculture. A follow-up FVO mission is planned for early 2009.

5. Livestock is estimated to contribute about 20% of agricultural GDP and mainly constitutes of goats (8 million units), sheep (8.1 million units), cattle (1.4 million units), with camels accounting for a further 360,000 units. Systems vary from traditional pastoralist to agro-pastoral systems and, more recently, small-scale intensive animal production units. Yemen's animal health status is of primary concern. Information on OIE's website reveals the presence of various endemic OIE notifiable diseases in the country, which limits the scope to increase farmers' incomes as well as access to regional markets. Diseases include Rinderpest, Foot and Mouth Disease, Rift Valley Fever and Sheep Pox. Since 2000, Saudi Arabia has imposed a ban on much of the animal imports from Yemen. Awareness is high among farmers about the need for animal health care due to losses from diseases. Other constraints in livestock production relate to *inter alia* lack of high quality animal feed, inefficient production, etc. Although no information is available, potential shortcomings may exist in sanitary controls at slaughterhouses, handling and processing facilities for meat and dairy products. It is recommended that the results of the OIE PVS tool be used to design actions to strengthen the performance of veterinary services, establish animal disease surveillance programmes, strengthen quarantine and border inspection, etc.

6. Yemen is dependent on food imports to meet a substantial share of domestic food needs, especially cereals, sugar and dairy products. An increasing amount of food, however, is manufactured in Yemen, contributing to a growing food processing industry, mainly oils, dairy products, fruit juices, beverages and flour. The food control system in Yemen faces a number of challenges. A clearly articulated policy on food control is lacking and responsibilities for food control are fragmented across various agencies. There is no coordination mechanism between them. Records of food-borne diseases do not exist and legislation is incomplete and weakly enforced. The overall training level of food inspectors is inadequate. Field testing of food consignments is limited to sensory examination and the collection of samples for further testing. Analysis is performed in laboratories that belong to different government agencies with inadequate infrastructure and equipment. Laboratory staff have insufficient skills and experience to adequately address food testing requirements, particularly with regard to food additives and contaminants.

7. The weak capacity of the food control system in Yemen negatively affects public health and also hinders opportunities to promote economic development through trade in agricultural products. FAO has recommended the creation of a National Food Safety Council to implement and coordinate a thorough "farm to fork" approach.

8. The Yemen Standards, Metrology and Quality Control Organization (YSMQCO) is responsible for formulating technical regulations and standards of products and processes and enforcing conformity of importers, exporters and manufacturers with these regulations and standards. A draft UNIDO report on the food sector (March 2002) recommended that the organization's enforcement functions be separated from its standard formulation function to avoid conflicts of interest and the capacity of YSMQCO be strengthened with a view to certify Yemeni exporters and laboratories to meet international standards.

9. Yemen has been an observer member of the WTO since 2000 and in the process of bringing its legislation in conformity with WTO requirements, including the SPS Agreement. Support is needed to enhance Yemen's capacity to participate more actively in the international standard-setting process (Codex, OIE, IPPC).

B. OVERVIEW OF SPS-RELATED TECHNICAL COOPERATION

10. A search in the TCBDB on previous SPS-related projects and activities in Yemen results in only three entries, totalling US\$543,000, mainly concerning small FAO interventions in the animal and plant health area. Other - unreported - FAO activities in Yemen relate to development of a Fisheries Information System (2007-08, total value US\$201,000) and regional assistance on the control and prevention of avian influenza. Although not many donors in Yemen are active in areas such as agriculture and fisheries, the figures in the TCBDB do not reflect the actual status of SPS-related technical cooperation.

11. The fisheries sector has received most donor attention. The World Bank/EC funded Fisheries Resource Management and Conservation Project (2006-11, total value US\$25m) addresses many of the outstanding needs related to safety and quality, notably in the public sector. The project supports artisan fishermen through improved fish landing and auction facilities and ice plants for improved fish preservation. The project also helps the Ministry of Fish Wealth in undertaking more effective research, resource management planning and fish landing regulation activities for sustainable management and conservation of fisheries resources. The project subsumed most activities of a previous pilot project in the fisheries sector developed by UNIDO in 2002.

12. The World Bank/EC project is complemented by an STDF funded project monitored by ITC (2007-09, total value US\$463,000) to assist the Yemeni Seafood Exporters Association (YSEA) to develop capacity among its members to better meet the SPS requirements of their trading partners.

13. Since 2004, three small IF Window II projects have been launched. One project (2005-06, total value US\$350,000) aimed at upgrading the fisheries laboratory in Hodeidah through provision of equipment, technical assistance and training to laboratory staff and fishing communities. Another IF project looked at promotion of fruit and vegetable exports. In 2007, USAID signed an agreement with Yemen's Ministry of Agriculture to assist in improving the marketing and trade capacity of farming associations and cooperatives, with a focus on increasing exports of agricultural goods and, in turn, raising the income of agricultural communities. The World Bank's Rainfed Agriculture and Livestock project (2006-12, total value US\$33.8m) supports farmers in seed and livestock husbandry improvement and management. The project also supports the General Directorate for Animal Resources in improving livestock owners' access to quality services to enhance the health and productivity of their animals.

14. According to its Strategy Paper (2007-13) for Yemen, the EC will target the agriculture/food processing and fisheries sectors, amongst others, notably through private sector development. The paper specifically mentions that support in both sectors should cover aspects to facilitate trade, in particular quality control and SPS standards. Market opportunities in the Gulf countries and in the EU could expand, should Yemen succeed in guaranteeing stable flows of products and improving safety and quality standards. At the same time, the impact of agriculture development on the environment, notably the scarce water resources, should be carefully assessed.

C. STDF ACTIVITIES IN YEMEN

15. The STDF is currently providing assistance to Yemeni Seafood Exporters Association (YSEA) to improve quality and safety of Yemeni seafood products. The project was developed from an STDF project preparation grant and based on recommendations of the DTIS.