Integration and Trade Sector (INT) activities on SPS related issues

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Contents

1. IDB current strategy

2. SPS Agenda

3. SPS Areas of intervention
IDB Strategic Pillars: capital increase of US$ 70 billion

<table>
<thead>
<tr>
<th>Sector priorities</th>
<th>On-going involvement</th>
<th>Development areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Social policy for equity and productivity</td>
<td>Expansion and improvement of conditional cash transfer programs; temporary employment programs</td>
<td>Incentive-compatible design of social safety nets; articulation with labor markets</td>
</tr>
<tr>
<td>Safety nets for the poor</td>
<td></td>
<td>Design and financing of social insurance systems; expansion of social security to informal workers; functioning of labor markets and informality</td>
</tr>
<tr>
<td>Labor markets</td>
<td>Training, labor intermediation services</td>
<td>Early childhood development; school to work transition; quality of primary and secondary education</td>
</tr>
<tr>
<td>Education</td>
<td>Expansion of coverage in preschool and secondary levels</td>
<td>Preventive health protocols; tackling epidemiological transition</td>
</tr>
<tr>
<td>Health</td>
<td>Expansion of access to basic health and nutrition services</td>
<td>Labor market outcomes for women; narrowing gaps in indigenous women’s education and health outcomes; strengthening the legal framework against discrimination</td>
</tr>
<tr>
<td>Gender and diversity</td>
<td>Expansion of basic services and social safety nets to Afro-descendants and indigenous communities</td>
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</tbody>
</table>

2. Infrastructure for competitiveness and social welfare

| Basic services                                                                    | Infrastructure investment to expand access to water and sanitation                                     | Governance and efficiency of the water and sanitation sector; waste management                      |
| Productive infrastructure                                                          | Expansion of transport and energy infrastructure                                                      | Sustainable transport alternatives in urban areas; energy efficiency                                 |

3. Institution for growth and social welfare

| Financial services                                                                | Strengthening SME lending through second-tier vehicles; institutional strengthening at national and subnational levels; continued support to decentralization agenda | Institutions and policy reforms for improved credit markets and financial services                   |
| Fiscal efficiency and sustainability                                              |                                                                                                        | Tax policies and administration; public expenditure management                                       |
| Citizens’ security                                                                 | Social rehabilitation; modernization of criminal justice                                                | Multidimensional interventions in citizen’s security; anticorruption and anti-money laundering initiatives |

4. Competitive regional and global international integration

| Trade and Integration                                                             | Negotiation and implementation of trade agreements; trade facilitation and customs procedures; administration and harmonization of trade regulations; export and foreign investment promotion; regional infrastructure corridors; regional public goods | Convergence mechanisms among multiple trade agreements; trade security and logistics; regulatory frameworks for capital and labor migration; trade in services; multi-country infrastructure projects; coordination of national sovereign operations featuring cross-border externalities; large-scale regional public goods |

5. Protect the environment, respond to climate change and enhance food security

| Environment and climate change                                                     | Development of institutional and regulatory frameworks to allow investments in sustainable transport, alternative fuels, renewable energy and energy efficiency | Climate change adaptation in priority sectors such as water, agriculture and energy; development and use of sustainable (including renewable) energy sources, energy efficiency technologies and practices, and carbon finance; risk management for natural disasters |
| Food security                                                                      | Agricultural development; land tenure                                                                    | Increasing food security through agricultural productivity                                          |

Focus for SPS:

1. SPS regional integration/initiatives (harmonization regulation, institutional capacity within LAC trade blocs)

2. SPS/trade facilitation: strengthen border operations, reduce costs and speed up the clearance process of agricultural products at customs
Trade regulation simplification: Regional harmonization of NTBs

NTBs Ad Valorem equivalents faced in intra-regional trade (by product)

Source: IDB – INTRADE, based on: WTO; NICITA, KEE AND OLARREAGA (2008); FDA OASIS ONLINE DATABASE
Trade facilitation: Reduce costs of doing business across borders

Source: PORTUGAL-PEREZ AND WILSON (2010), WB (LOGISTIC PERFORMANCE INDEX, 2010)
SPS / TRADE FACILITATION

Key activities include:

• **Digitalize documentary procedures**: issuance of export/import SPS certificate on-line/single window.

• **Quarantine**: Upgrade national border quarantine services (including harmonization of laws and procedures, infra-structure)

• **Databases**: support creation of database for records of pests and diseases of plants and animals

• **Capacity building**: Foster human capacity on documentary procedures for pest surveillance, export/import certification, inspection

• **Clearance**: reduce physical inspections at the border in favor of a risk analysis management approach
Activities on SPS 2010/2011

I. Capacity Building

II. Analytical Studies and Export Guide

III. Loan and Grant

IV. Data base
I. Capacity Building Structure

“Demand-driven” trainings (public and private sectors)

- Trade Facilitation
- NTB
- Others

“Supply-driven” trainings (public sector)

- Annual IDB/WTO Program
- Annual Executive Program

SPS
Trainings “Supply-Driven” with the WTO

Trainings implemented/by subject, 2005/2010

- NAMA: 25%
- Dispute Settlement: 11%
- Trade Facilitation: 14%
- Trade and Development: 11%
- Agriculture: 11%
- Others: 16%

Trainings implemented/by region, 2005/2010

- Caribbean: 28%
- Latin America: 72%
II. Research

i) The Treatment of Agriculture in the RTAs in the Americas, IDB, Oct 2009

ii) Regional Trade Agreements Treatment of Agriculture, OECD/ IDB May 2011

iii) SPS Import Requirements to Access the EU Market, IDB, April 2010

iv) SPS Import Requirements to Access the Asian Market, IDB, August 2011

III. Loan/Grants with SPS component

<table>
<thead>
<tr>
<th>Project</th>
<th>Title</th>
<th>Beneficiary</th>
<th>Value US$</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>NI-L1016</td>
<td>Foreign Trade Support Program</td>
<td>Nicaragua</td>
<td>10,437,000</td>
<td>2010</td>
</tr>
<tr>
<td>BL-L1009</td>
<td>Agricultural Services Program</td>
<td>Belize</td>
<td>5,000,000</td>
<td>2009</td>
</tr>
<tr>
<td>JA-L1012</td>
<td>Agricultural Competitiveness Program</td>
<td>Jamaica</td>
<td>16,000,000</td>
<td>2010</td>
</tr>
<tr>
<td>RG-T1679</td>
<td>Harmonized System of Bovine Traceability</td>
<td>Central America</td>
<td>1,900,000</td>
<td>2009</td>
</tr>
<tr>
<td>DR-L1048</td>
<td>Animal and Plant Health and Food Safety</td>
<td>Dom. Republic</td>
<td>10,000,000</td>
<td>2011</td>
</tr>
</tbody>
</table>
The Integration and Trade Sector of the Inter-American Development Bank develops specialized databases, models and tools to monitor and assess the impact that integration and trade has on the Region. This portal provides public access to these data and tools.
INTradeBID | Market Access

This section comprises the main trade variables related to the preferential access of goods, such as tariffs, rules of origin, sanitary measures, quotas, and other special regimes.

Sanitary and Phytosanitary Measures (SPS)

SPS Home
SPS in Trade Agreements
Specific Trade Concerns
Rejected Exports
Private Standards
Requirements to Export
Publications
### Result/Rejected Exports

<table>
<thead>
<tr>
<th>Destination</th>
<th>Origin</th>
<th>Date</th>
<th>Company</th>
<th>Product</th>
<th>Code</th>
<th>Subject</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States *</td>
<td>Peru</td>
<td>11-10</td>
<td>ANDINO'S FOOD SAC</td>
<td>FROZEN PEPPER</td>
<td>PESTICIDES</td>
<td>Pesticides</td>
<td>The article is subject to refusal of admission pursuant to section 801(a)(3) in that it contains a pesticide chemical in violation of section 402(a)(2)(B).</td>
</tr>
<tr>
<td>United States *</td>
<td>Peru</td>
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<td>ANDINO'S FOOD SAC</td>
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</tr>
<tr>
<td>United States *</td>
<td>Peru</td>
<td>11-10</td>
<td>Labatorio Betagal E.I.R.L.</td>
<td>DRAGONS BLOOD</td>
<td>LABELING, LIST INGREDIENT, DIETARY LBL, NUTRITION LBL</td>
<td>Labeling</td>
<td>The article appears in violation of FPLA because of its placement, form and/or contents statement. It appears the food is fabricated from two or more ingredients and the label does not list the common or usual name of each ingredient; The label/labeling of the dietary supplement fails to identify the product by using the term &quot;dietary supplement&quot;; The article appears to be misbranded in that the label or labeling fails to bear the required nutrition information.</td>
</tr>
<tr>
<td>United States *</td>
<td>Peru</td>
<td>11-10</td>
<td>Labatorio Betagal E.I.R.L.</td>
<td>CORN FLOUR</td>
<td>UNAPPROVED, DIETARY LBL, LIST INGREDIENT, NO ENGLISH, NUTRITION LBL</td>
<td>Missing document or information, Labeling</td>
<td>The article appears to be a new drug without an approved new drug application; The label/labeling of the dietary supplement fails to identify the product by using the term &quot;dietary supplement&quot;; It appears the food is fabricated from two or more ingredients and the label does not list the common or usual name of each ingredient; Required label or labeling appears to be in English in violation of 21 C.F.R. 201.15(c)(1); The article appears to be misbranded in that the label or labeling fails to bear the required nutrition information.</td>
</tr>
<tr>
<td>United States *</td>
<td>Peru</td>
<td>11-10</td>
<td>Grupo Hnos Toch S.A. C.</td>
<td>DRIED ANCHO CHILI</td>
<td>LACKS FIRM, LACKS N/C, USUAL NAME, FILTHY</td>
<td>Labeling, Filthy</td>
<td>The article appears to not bear a label containing the name and place of business of the manufacturer, packer, or distributor; The article appears to not have a label containing an accurate statement of the quantity of the contents in terms of weight, measure or numerical count; It appears that the label does not bear the common or usual name of the food; The article appears to consist of a filthy, putrid, or decomposed substance or be otherwise unfit for food.</td>
</tr>
</tbody>
</table>
SPS PROBLEMS / BY REGION
TO EXPORT AGRICULTURAL
PRODUCTS TO US
Quantity of Agricultural Imports into US 2002-2010

Note: quantity measured in metric tons

Import Refusals at US Border

Source: US Foreign Agricultural Service
Share of Import Refusals at US border by SPS problem, 2002-2010

Latin America & Caribbean

Africa

Asia

Australia & Pacific

Europe

North America
SPS Problems found in the Agricultural Imports into US, 2002-2010

World Share of Import Refusals, 2002-2010

- **LAC**: Filthy 24%, Pesticide 23%, Labeling 21%
- **Europe**: Labeling 42%, Missing info. 29%, Additive 12%
- **Australia & Pacific**: Labeling 38%, Additive 19%, Filthy 15%
- **Asia**: Filthy 25%, Labeling 21%, Missing info 16%
- **North America**: 6%
- **Africa**: 2%

*Without Mexico*
Reason for the refusals at US Border

LAC

2002-2006

- Labeling: 18%
- Filthy: 26%
- Pesticide: 26%
- Bacteria: 9%
- Missing information: 7%
- Other: 5%
- Additive: 9%

Products refused:
- Products of vegetal origin: 48%
- Other processed foods: 29%
- Fruit and subproducts: 36%
- Fish and seafood: 12%
- Others: 5%
- Dairy: 6%

2007-2010

- Labeling: 24%
- Filthy: 23%
- Pesticide: 19%
- Bacteria: 13%
- Missing information: 8%
- Other: 3%
- Additive: 10%

Products refused:
- Other processed foods: 42%
- Fruit and subproducts: 28%
- Fish and seafood: 6%
- Others: 6%
- Beverage: 6%
- Products of vegetal origin: 8%
Reason for the refusals at US border

Products refused

ASIA
Comparison US/ EU

LAC: SPS Refusals by the US and EU, 2003-2006
by Cause

US
EU (scaled 39:1)

- Additive
- Missing information
- Veterinary Drugs
- Contaminants
- Packaging
- Pesticide
- Bacteria
- Filthy
- Labeling
- Others

LAC: SPS Refusals by the US and EU, 2007-2010
by Cause

US
EU (scaled 25:1)

- Additive
- Missing information
- Veterinary Drugs
- Contaminants
- Packaging
- Pesticide
- Bacteria
- Filthy
- Labeling
- Others
Thank you!

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