

SYNTHESIS REPORT

**Assessment of Cross-Border trade costs associated with SPS requirements for
groundnuts and soya beans at the Malawi-Zambia border**

ACRONYMS

COMESA	Common Market for Eastern and Southern Africa
CODEX	Codex Alimentarius Commission
DARS	Department of Agricultural Research Services
DRC	Democratic Republic of Congo
GDP	Gross Domestic Product
GMO	Genetically Modified Organism
IPPC	International Plant Protection Convention
MBS	Malawi Bureau of Standards
MRS	Malawi Revenue Authority
OSBP	One Stop Border Post
REC	Regional Economic Community
SPS	Sanitary and Phytosanitary
STDF	Standards and Trade Development Facility
STR	Simplified Trade Regime
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
WTO	World Trade Organization

Executive Summary

Regional integration within The Common Market for Eastern and Southern Africa (COMESA), other regional economic communities and the African continent as a whole, aims to increase intra-regional trade as a driver of economic growth and development. However, sanitary and phytosanitary (SPS) and other technical measures are hindering trade to such an extent that it becomes uneconomical to trade with neighbouring countries. Meeting the requirements of SPS measures certainly incurs a cost to traders. Finding ways to reduce the negative impact on trade from SPS and other technical measures has thus become a focus of trade facilitation efforts, as laid out in the WTO's Trade Facilitation Agreement (TFA).

In 2016, the COMESA Secretariat commenced a project to address this issue. The project was titled "Breaking Barriers, Facilitating Trade" and was funded by the Standards and Trade Development Facility (STDF). One of its three results was increased understanding of the costs and benefits of SPS measures. To this end, an assessment of the costs of SPS measures and their implementation in Malawi and Zambia was made at the Mchinji-Mwami border in July and August, 2017. This focussed on trade in groundnuts and groundnuts products as well as soya beans and soya bean products. Findings of this assessment were presented at a stakeholder workshop during June, 2018. Regulators from the two countries met to discuss the opportunities for reducing costs.

Groundnuts, predominantly produced by smallholders in both countries, are an important crop for the livelihoods and diets of the majority of the Malawian and Zambian populations. The two countries each produce substantial amounts of soya bean with both the large and smallholder farmers involved in production. The assessment and literature review did not identify any specific SPS risks in the trade of soya bean besides the perception of consumers on the acceptability of foods containing GMO soya bean as well as soya bean rust. Soya bean rust has however been reported in Malawi and Zambia, and does not affect trade between the two countries. For groundnuts and groundnut products, risks identified were the spread of *Caryedon gonagra*, *Trogoderma granarium* and viral and fungal diseases (although not specified). The primary food safety concern related to groundnuts is aflatoxin contamination.

The assessment found it questionable that the SPS requirements of the two countries, particularly on plant health, are technically justifiable. In the case of aflatoxins and fumonisin, the high levels of contamination observed in the two countries warrants their control measures. The impact of trade facilitating initiatives was also found to be limited, particularly with regard to the application of SPS measures. Costs of SPS measures do not appear to be significantly higher than other trade-related costs such that they result in SPS measures being a constraint to trade, or its profitability.

Recommendations made by the assessment include awareness raising on SPS among small scale traders and producers; finalisation and full implementation of planned one stop border posts; construction of appropriate infrastructure; training of border inspectors in risk-based approaches; periodic review of import and export requirements and availing SPS-related documentation both online and in hard copy.

1. Introduction

1.1 The Breaking Barriers, Facilitating Trade Project

Regional integration within COMESA, other regional economic communities and the African continent as a whole, aims to increase intra-regional trade as a driver of economic growth and development. The need for regional integration is apparent, as many COMESA countries import far more from outside the bloc than from within, including agricultural products.

There are several possible reasons why this is the case, but one hypothesis is that SPS (Box 1) and other technical measures are hindering trade to such an extent that it becomes uneconomical to trade with neighbouring countries.

Box 1. WTO SPS Agreement's Definition of an SPS Measure

Any measure applied:

- (a) to protect animal or plant life or health within the territory of the Member from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
- (b) to protect human or animal life or health within the territory of the Member from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
- (c) to protect human life or health within the territory of the Member from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests;
- (d) to prevent or limit other damage within the territory of the Member from the entry, establishment or spread of pests.

Sanitary or phytosanitary measures include all relevant laws, decrees, regulations, requirements and procedures including, *inter alia*, end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant 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 methods of risk assessment; and packaging and labelling requirements directly related to food safety.

Meeting the requirements of SPS measures certainly incurs a cost to traders, and this is recognised in the WTO SPS Agreement, which the COMESA SPS Regulations reflect. However, to minimise this restriction to trade, the agreements require that the measures are transparent, non-discriminatory, and cause the least disruption to trade necessary to achieve the country's objectives in applying the measures (Box 2).

Box 2. Requirements of SPS measures (as in the WTO SPS Agreement)

1. Consistent with international standards set by the three international standards-setting bodies-the Codex Alimentarius Commission, the International Organization for Animal Health and the International Plant Protection Convention (IPPC)
2. Based on scientific principles and evidence
3. Harmonized internationally to the extent possible
4. Transparent
5. Only as restrictive as absolutely necessary to achieve the appropriate level of protection required
6. Non-discriminatory
7. Appropriate to the conditions in the importing and exporting countries

Finding ways to reduce the negative impact on trade from SPS and other technical measures has thus become a focus of trade facilitation efforts, as laid out in the WTO's Trade Facilitation Agreement (TFA) which came into force in 2017. While stating that nothing in the agreement diminishes the rights and obligations of countries under the SPS Agreement, the TFA emphasises that ways should be found of reducing the cost of SPS and other border measures, as long as the measures still provide the appropriate level of protection.

In 2016 The Common Market for Eastern and Southern Africa (COMESA) Secretariat commenced a project to address this issue. The project was titled “Breaking Barriers, Facilitating Trade” and was funded by the Standards and Trade Development Facility (STDF), with the overall goal of increasing intra-COMESA trade in agri-food products for improved food security.

The specific objective of the project was to reduce trading costs associated with SPS measures for selected commodities on selected trade routes in COMESA, to be achieved through three results/outputs.

1. Increased understanding of the costs and benefits of SPS measures. Under this output the project examined the costs of SPS measures for selected commodities and at selected borders. The aim was to identify where implementation of SPS measures could be improved, to reduce their costs and hindrance to trade.
2. Improved understanding and formulation of SPS measures. SPS measures are designed to provide the “appropriate level of protection” against identified risks. A basis for this is thus an assessment of the risks, and selection of the appropriate risk management methods. The project aimed to ensure that the SPS measures required in relation to the selected trade routes and commodities were scientifically justifiable.
3. Simplified and coordinated implementation of SPS measures. For the selected case studies, the project aimed to improve the efficiency with which SPS measures are applied at the border, such as through involving staff of the relevant agencies in the implementation of the one-stop border posts and single window operations.

1.2 Methodology

This report is a synthesis of the work undertaken in Malawi and Zambia, which focussed on trade between the two countries in groundnuts and groundnuts products as well as and soya beans and soya bean products. This report is based on information from the following project outputs and activities, but also draws from related work and documents as appropriate.

Border assessment.

An assessment of the costs of SPS measures and their implementation was made at the Mchinji-Mwami border in July and August, 2017. Full details of the study and the methods are in the report “**Assessment of Cross-Border trade costs associated with SPS requirements for groundnuts and soya beans at the Malawi-Zambia**”. The methodology involved the administration of questionnaires at the border. The questionnaire was developed by consultants, and refined through interviews with relevant stakeholders including traders (of the specific commodities in the study), transporters, clearing agents and border point regulatory officers. The questionnaire consisted of a Template and Guidelines for assessing SPS procedure/processes behind the border and at the border, and the related trading costs. The questionnaire was administered on selected individual stakeholders and aimed to determine the actual SPS related costs incurred by the trader from the point of export until it reached the importer. Key informants on SPS related costs and procedures at the borders were the traders themselves as well as clearing agents who were familiar with processes at

the border. As far as possible the views of traders and clearing agents on the costs at the border were solicited.

Initially it was agreed that a sample size of 50 consignments would be used to collect data for the baseline study. However, only four trucks of groundnut consignments went through the border post during the duration of the study. Three of the respondents were from Malawi and one from Zambia, and they were all male. The assessment of these 4 consignments was done both at the Malawian and Zambian sides, resulting in eight questionnaires being administered. In addition to the questionnaire, the assessment team also actively observed operations at the border posts.

Border assessment validation.

Findings of the border assessment were presented at a stakeholder workshop held in Chipata, Zambia during June, 2018, as detailed in a report “**Baseline Report validation Meeting between Zambia and Malawi on Trade Facilitation under the Project “Breaking Barriers, Facilitating Trade”**”. During the workshop stakeholders were given the opportunity to comment on the preliminary conclusions, and to raise other issues that they felt had not been adequately addressed. Regulators from the two countries met to discuss the opportunities for reducing costs.

2. Background Information

2.1 Groundnuts and Groundnut Products

Groundnuts are an important crop for the livelihoods and diets of the majority of the Malawian and Zambian populations, particularly for rural households.¹ In Malawi, the crop contributes about 34% to the country’s Gross Domestic Product (GDP) and accounts for over 80% and 84% of the export revenue and labour force, respectively.² It also provides 25% of smallholder household income.

Production in both countries is dominated by smallholders. About 93% of production in Malawi comes from the smallholder sector and more than 90% producers in Zambia are smallholders. The crop is also the most important in terms of production area and volume in both instances. Productivity levels are very low in both instances with 0.79t/ha for Malawi, and ranging between 0.3 and 0.6 t/ha for Zambia.

Malawi is a major producer and exporter of groundnuts in the COMESA region. The bulk of its exports are destined for the Democratic Republic of Congo (DRC), Kenya, Burundi, Tanzania, South Africa, Zambia and Zimbabwe as well as some international markets. Furthermore, it is reported that between 50,000 and 100,000 metric tonnes (MT) of groundnuts from Malawi are informally exported to Burundi, DRC, Kenya and Tanzania (Plunkett, 2016). The groundnut subsector in Malawi comprises of the informal or non-regulated and the formal and regulated supply chains. Participants in the informal supply chain are mainly smallholder farmers and small-scale traders and vendors whereas those in the formal chain are smallholder farmers and aggregators who buy from smallholders and small-scale traders and then sell to large-

¹ (Mofya-Mukuka & Shipekesa, 2013)

² (Onumah & Nakhumwa, 2013).

scale traders as well as cottage shellers. The many ways in which the crop is used include direct consumption, boiled, roasted or as an ingredient in other foods.

Malawi was one of the major exporters of groundnuts to Europe in the 1960s and 70s but due to high incidence of aflatoxin contamination and increasing consumer food safety awareness there was a marked decrease in exports in the 1980s (Onuma & Nakhumwa, 2013). The country has not regained its export market share and remains unable to meet domestic and regional demand. In addition to poor management of aflatoxin contamination at primary production and post-harvest levels, there are several other supply side challenges that affect trade in groundnuts. These include low productivity, poor quality, poor rural road infrastructure that contribute to high transport costs, lack of efficient storage infrastructure resulting in post-harvest losses, severely under-capitalised traders who are often unable to absorb surpluses at harvest and an often-long marketing chain with several intermediaries (MAPAC, 2013 & Onumah & Nakhumwa, 2013). All of these factors ultimately affect producer prices negatively. In addition, farmers are not paid a quality premium due to a relatively small size of a quality sensitive market.

Zambia, despite its resource endowment for the production of groundnuts, is one of the countries with the lowest export. About 582 MT worth US\$154,000 were exported from Zambia in 2011. Most imports and exports of shelled and unshelled groundnuts are traded informally. Furthermore, most of groundnuts sold in Zambia are marketed through informal channels. The main participants in this channel are smallholder farmers, briefcase traders, village micro processors and informal cross-border traders. It is generally believed that groundnuts are a woman's crop in Zambia. Women are mainly involved in planting, weeding and harvesting as well as in the informal trading of the crop in rural and urban markets.

Although there are a number of seed companies, these are not easily accessible to the majority of farmers and have very little investments in groundnut seed production. The traders, often called brief case traders, provide a market to farmers and supply food processors and exporters. They too may not reach some areas as they operate along the railway line where there is easier access to markets and fairly good road infrastructure. The various processing companies buy groundnuts from traders and process these into peanut butter, roasted nuts and oils which can be exported or sold locally. Supermarkets, food service suppliers, restaurants, hotels, canteens and bars provide a major market for intermediaries and farmers by selling to the end-consumers. Other participants are exporters/importers, consumers and service providers. The end market products used by consumers are fresh unshelled nuts in bulk, dry unshelled nuts in bulk, shelled nuts in bulk, packaged unshelled nuts, processed shelled nuts with flavourings, peanut butter, oil and cake.

As is the case in Malawi, concerns over high aflatoxin levels detected in groundnuts exported from Zambia to Europe and low quality standards (size and shape of nuts) have led to trade volumes to these markets remaining low.

2.2 Soya bean and Soya bean Products

Both Malawi and Zambia produce substantial amounts of soya bean. 350,000 metric tonnes in Zambia and 132,417 metric tonnes in Malawi in 2017 (Markowitz, 2018). Production in the two countries is GMO-free (Joint Research Centre, 2018). The past decade has seen a rapid expansion in the production of soya bean driven by demand for vegetable oil and livestock

feed as well as soya bean as food.³ The Joint Research Centre report also attributes the expansion in Malawi to government policy promoting special crops such as soya bean to deal with soil fertility declines, malnutrition and poverty. This demand is expected to grow with increasing urbanisation in both instances. Per capita consumption of soya bean oil is about 1.2 kg in both cases. Government subsidies for competing crops such as maize in Malawi and Zambia are said to be reducing market incentives for smallholder farmers to grow soya.

The crop is produced by both the large farmers and smallholders. While larger commercial producers dominate production in Zambia where they account for about 80% of national production, smallholders account for 95% of production in Malawi. Smallholders in Zambia are however also taking up the crop.

The two countries both have small soya bean crushing industries. In fact, the crushing capacity in Malawi has also increased rapidly and is estimated at 400,000 tonnes. Zambia also has excess processing capacity.

Soya beans are traded in both formal and informal markets. Although production is expanding, it is not without its challenges. A report by Technoserve found that the crop is “marginally attractive” for commercial farmers due to high costs, poor transport infrastructure and uncertain export policy. Neither is it attractive for smallholders as they do not have access to inputs, expertise and a market as their production is not in the main soya bean production regions. The situation is not that different in Malawi where access to storage infrastructure, credit and inputs is limited.

Various competent authorities are responsible for the implementation of SPS measures in the two countries as presented below.

In Malawi, the competent authorities are as follows:

1. Ministry of Health and Population responsible for implementing food safety and controls on imports and exports of fresh fruit and vegetables and groundnuts in relation to human health. In the case of food products, samples are taken and sent inland for testing.
2. Malawi Bureau of Standards (MBS) implements food safety and controls on imports and exports of fresh fruit and vegetables and groundnuts. MBS implements the Import Quality Monitoring Scheme, which is designed to protect domestic consumers by monitoring the quality of imported goods.
3. Ministry of Agriculture, Irrigation and Water Development, Department of Agricultural Research Services (DARS), Plant Protection Unit responsible for the inspection of agricultural import / export goods to ensure that they are free from plant pests and diseases. Officers check to ensure that goods are accompanied by the relevant documents (Phytosanitary certificates, fumigation certificates and import / export permits) and collect samples to be sent inland for testing.
4. Ministry of Industry, Trade and Tourism is mandated to implement general import and export controls.

Zambian competent authorities are:

³ Joint Research Centre, 2018 & Markowitz, 2018.

1. Ministry of Health implements food safety measures that ensure food safety and is also the enquiry point for food safety.
2. Zambia Bureau of Standards provides standardization and quality assurance of products and services through the setting of national standards and provision of conformity assessment services for products and services
3. Ministry of Agriculture, Zambia Agriculture Research Institute, Plant Quarantine and Phyto-sanitary Service implements measures that ensure plant life and health. It is also an enquiry point for plant health. The core function of the PQPS is to prevent introduction and spread of plant pests into the country through the enforcement of several phytosanitary procedures to check and direct the movement of all plants and plant products. These procedures include phytosanitary inspections, issuance of phytosanitary certificates, plant import permits, laboratory analyses, etc.
4. Ministry of Agriculture, Agribusiness and Marketing Department enforces control of goods Act (agro-commodities).

3 Key Findings

- The author did not identify any specific SPS risks for soya bean both from the baseline assessment and literature reviewed besides the perception of consumers on the acceptability of foods containing GMO soya bean as well as soya bean rust. Soya bean rust has however been reported in Malawi and Zambia, and does not affect trade between the two countries.
- The above requirements for groundnuts and groundnut products point to the management of the spread of *Caryedon gonagra*, *Trogoderma granarium* and viral and fungal diseases (although not specified).
- The primary food safety concern related to groundnuts is aflatoxin contamination (Plunkett, 2016). A 2010 study by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in Malawi found that aflatoxin levels in most samples drawn from farmers' households, local markets, warehouses, shops and supermarkets exceeded the EU aflatoxin limit of 2ppb. Contamination levels were above 100ppb for about a quarter of all market samples of powdered groundnut. Aflatoxin contamination in Zambian groundnuts is also very high.⁴ In view of these observations, there is indeed an aflatoxin risk to be managed although the 10ppb maximum level allowable in Malawi on Zambian imports is more stringent than the Codex Alimentarius Commission (CAC) maximum level for aflatoxins on groundnuts intended for further processing which is set at 15ppb.

The Codex Standard for Peanuts recommends the following maximum levels for the moisture content, other organic and inorganic extraneous matter and broken/split kernels:

- Moisture content: 10% for peanuts in-pod and 9% for peanut kernels. It also provides for lower moisture limits required for certain destinations in relation to the climate, duration of transport and storage provided governments accepting the Standard are requested to indicate and justify the requirements in force in their country.

⁴ Plunkett, 2016 & Mofya-Mukuka & Shipekesa, 2013.

- Other organic and inorganic extraneous matter: 0.5% m/m max for both peanuts in-pod and kernels
- Broken and split kernels: 3% m/m

The maximum levels for moisture content and extraneous matter required by the Malawi are less stringent than those set by Codex whilst they are similar to Codex's for broken and split kernels.

Lists of regulated pests and diseases in Malawi and Zambia could not be found from the National Plant Protection Organisations and the International Plant Protection Convention (IPPC) to establish the occurrence of pests and diseases in the two countries. It can however be assumed that the measures taken to manage identified "phytosanitary risks" are based on the exposure to such risks. However, *Trogoderma granarium* is present in Zambia.

It is questionable that the requirements of the two countries, particularly on plant health, are technically justifiable. Furthermore, based on observations at the border, it was not clear that processes were designed to manage these risks on the basis of any risk profiling of the producers.

- Soya beans are fumigated at the farm for a period of 5 days at a maximum cost of US\$389 and a minimum of US\$278 with a mean of US\$359.38. It could not be established if this is an SPS requirement or a choice by exporters. No SPS inspection/tests were carried out in 3 of the four sampled consignments. However, SPS inspection was reported by one transporter who indicated that a visual inspection was carried out before samples were drawn.

Grading costs at the farm were reported by all transporters. The average cost was about US\$195 and the grading was undertaken over a period of 10 days. Packaging was also reported by two transporters at a cost of US\$166.67 each.

There were no costs of inspection or laboratory testing before arrival of goods at the border for SPS requirements reported on the Malawian side.

- It is worth noting that all questionnaires at the border were administered to drivers and not traders. Telephone discussions with traders took place in cases where the drivers were not able to address all the questions. The large formal traders seem to be aware of processes and requirements. Regarding aflatoxins, results of a qualitative assessment undertaken as part of this study show that the level of awareness of aflatoxins by private sector operators in food marketing is medium in Malawi and medium to high in Zambia.
- The costs considered were related to verification of documents and approvals, temporary storage, SPS procedures, other charges, duplication, rejections, inspection/laboratory procedures and staff costs met by traders.

Table 1 presents costs of SPS procedures disaggregated by competent authorities, product, border and required documents as well as the time taken to obtain the

documentation. Costs vary from being free to about USD15 (ZMW150 on 31 July 2018) while time taken ranges from 5 to 48 minutes.

Traders incur various administrative costs such as accessing application forms in addition to those related to the application of the actual measures. For instance, in Malawi, exporters have to request forms for phytosanitary and aflatoxin tests from DARS and the MBS respectively. The phytosanitary test forms have to be collected in person but are available in most districts while the aflatoxin test forms are only available from MBS regional offices. In the case of Zambia, most laboratories are in Lusaka and Chilanga, both of which are far from production areas.

Competent authorities at the border verify documents accompanying consignments. The time taken to undertake this varies from 6 to 60 minutes (see Figure 3). The mean time taken by the four transporters was 24 minutes.

No costs of inspection or laboratory testing at the border for SPS requirements were reported on the Malawian side. In Zambia, a fee of about US\$15 was paid but it is not clear what the trader was actually paying for.

None of the transporters reported temporary storage costs at and behind the border, duplication and rejections. Although no monetary costs on both sides of the border due to duplication were reported, there was document verification on the Zambian side which took 20 minutes on average to complete. None of the transporters had their consignments rejected and they reported that they had never lost any contract for non-compliance with SPS measures nor due to delays associated with SPS procedures.

With regard to other costs, three of the transporters reported being stopped on their way to the border by police. The reason stated was that the police needed to review whether the consignment was accompanied by phytosanitary certificates and plant import permits and export licence or permits. Although no problem was found in all cases, the viewing of the certificates took an average of 31 minutes. The least time taken was 5 minutes and the maximum 60 minutes. The delay was said to have been due to a misunderstanding of the documents on the part of the authorities.

- Although traders incur monetary costs which are considered high by traders, most of them are not SPS-related. The bulk of the SPS-related these costs are incurred behind the border and not at the border. Costs at the border are mainly related to the time traders take moving between the various border agencies stationed at the border. As the sample did not include women traders, the impact on women could not be established.
- A number of trade-facilitating initiatives have been put in place to facilitate the smooth flow of goods and services in the COMESA region. These include the COMESA Simplified Trade Regime (STR), the introduction of One Stop Border Posts (OSBPs), and Mutual Recognition of aflatoxin certificates of analysis (COMESA). An analysis of their impact on efficiency and costs of SPS measures is presented below.

Simplified Trade Regime

The COMESA STR was introduced in 2007 and became operational in 2010 (UNCTAD, 2019). The Democratic Republic of Congo, Malawi and Zambia as well as Zimbabwe are the only four countries in southern Africa, that together with six more countries in east Africa that have “taken steps to implement the COMESA STR.

Under the STR, traders carrying goods included in a pre-negotiated list of products, including soya beans, groundnuts and soya pieces, and worth up to US\$2,000 can clear them with little paperwork, using a Simplified Customs Document and a Simplified Certificate of Rules of Origin available directly at border posts and without the involvement of clearing agents. The STR is generally accompanied by the deployment of Trade Information Desk Officers at border posts to assist traders in clearing their goods and to sensitise them on how to benefit from this instrument.

A study by the United Nations Conference on Trade and Development (UNCTAD) found that processing fees have been reduced to US\$1 (UNCTAD, 2019). Nonetheless, import and export permits are still required for some animal and agricultural goods under the COMESA STR (UNCTAD, 2019). Such goods are also not exempt from border requirements on immigration and SPS measures.

Although the same UNCTAD (2019) study found that the cost of exporting rice from Malawi to Zambia through Mwami/Mchinji border under the STR notably reduced the transaction cost, looking at the sample data, SPS-related costs have not changed.

The UNCTAD report also highlights that the STR is not used much both in Malawi and Zambia. Traders note that information and guidance on the utilisation of the scheme are often unavailable and at times the necessary forms may also be unavailable at the border, impacting effective implementation of the STR and leading to an element of unpredictability of the processes involved. No evidence supporting the efficiency improvements specifically around SPS requirements from the introduction of STR was found other than the reduction of other transaction costs.

One Stop Border Posts.

The intention behind the introduction of One-stop border posts is to reduce the time and cost involved in moving goods across borders through coordinated border management (UNCTAD, 2019). The establishment of Mchinji/Mwami OSBP is underway but not yet operational. In some cases, OSBPs have not performed as they should have and have not improved efficiency in the implementation of SPS measures. There is still evidence of multiple checks by the various SPS/TBT agencies at this border.

Mutual Recognition of aflatoxin certificates of analysis.

Currently, the Zambian and Malawian authorities have not yet introduced or agreed on a mutual recognition of analytical results. The introduction of mutual recognition agreements will go a long way in reducing costs for traders and should be pursued as a matter of urgency.

Table 1. Costs of SPS procedures and time taken to obtain certification

Malawi – Mchinji					Zambia – Mwami				
Regulator	Product	Certification documents	Cost	Time	Regulator	Product	Certification documents	Cost	Time
Department of Agriculture Research Services	Groundnut	Inspection	Free	5 Minutes	Plant Quarantine and Phytosanitary Service (PQPS)	Groundnut	Phytosanitary Certificate	ZMK 30	5-10 Minutes
		Phytosanitary Certificate	USD7				Plant Import Permit	ZMK 50	5-10 Minutes (if no PRA needed)
		Plant Import Permit	USD7				Inspections (Report)	ZMK 150	15-30 Minutes
					Ministry of Health		Health Clearance Letter		Done in Lusaka (centralized)
Malawi Bureau of Standards		Conditional Clearance			Zambia Bureau of Standards		Inspection invoice or receipt		5-10 Minutes
Ministry of Industry, Trade and Tourism		Export license	Free		Department of Agribusiness and Marketing		Export permit	ZMK 52.50	Done in Lusaka and selected borders within 48 hrs
		Import license	Free				Import permit	ZMK 52.50	Done in Lusaka and selected borders within 48 hrs

4. Conclusions and Recommendations

4.1 Conclusions

It was not possible to determine the level of technical regulation implementation at the border given the limited number of consignments whose data was eventually captured. However, previous work on the implementation of SPS measures to facilitate safe trade in Malawi, South Africa and Zambia indicated the presence of border agencies such as Malawi Revenue Authority (MRA), Plant Health Office, Ministry of Health staff, MBS and several clearing agents at border posts in Malawi, including Mchinji. The MRA oversees all border procedures and refers SPS checks to the relevant authorities. Previous studies indicate that in some instances, up to 14 different government agencies can be present at border posts in Malawi, including Mchinji whose procedures such as document checks and sampling at and/or behind the border are functionally similar.

Furthermore, in the past it was observed that there was very little information sharing between MRA, MBS, Departments of Health and Agriculture because of the dependence on the use of hard copies of relevant documents. The Mchinji and Mwami border posts are close to each other and there is some collaboration among regulatory authorities responsible for SPS matters. It is envisaged that this situation will improve once OSBP principles are fully implemented.

The impact of trade facilitating initiatives seems to be limited, particularly with regard to the application of SPS measures. The benefit observed was with the reduction of transaction costs while SPS costs remained the same in some instances. Inefficiencies still exist in the application of SPS measures.

Costs of SPS measures do not appear to be significantly higher than other trade-related costs such that they result in SPS measures being a constraint to trade, or its profitability. They are a fraction of the other costs except for the fumigation cost which could not be confirmed if it was an SPS requirement or preference of traders.

In the absence of pest lists for the two countries, no evidence was found that SPS measures are actually reducing any genuine risks, particularly with regard to plant health. In the case of aflatoxins and fumonisin, the high levels of contamination observed in the two countries warrants their control measures.

It seems that in some cases at least, there are measures which are supposedly undertaken, but in practice they are not. This suggests that if the capacity of the competent authorities is strengthened, costs of SPS measures might actually increase. Also, it seems as though the measures are sometimes inconsistently implemented, creating an unpredictable trading environment, totally at odds with the principles of the WTO Agreement on Sanitary and Phytosanitary Agreement.

4.2 Recommendations

To ease cross border trade, the following recommendations can be made:

- Small scale traders and producers should be provided with the necessary SPS information. This information should also be available at border posts. Cross border traders and border agencies should also be trained on SPS requirements. The STR should be revisited to include simplified explanation of the SPS requirements particularly for high risk products traded by small scale traders to discourage the need for them to by-pass border. There is also a need to consolidate the fees paid into a single fee which can then be allocated to the various government agencies by the national treasury.
- The planned OSBP should be finalised and its principles fully implemented. This requires intra and inter-governmental agencies at the border to agree on a formal system of collaboration and coordination of their activities.
- Appropriate infrastructure (mainly laboratories and storage facilities) should be constructed at the border to ensure efficient implementation of SPS measures. Rapid testing kits should also be provided. Relatedly, such also need to be provided closer to production areas.
- Border inspectors should be trained in risk-based approaches. Currently, there is no risk-profiling of traders on previous history of compliance.
- Import and export SPS requirements in the two countries should be reviewed periodically to ensure that they respond to risks to avoid having measures that are not technically justified.
- SPS-related documentation needs to be available both online and in hard copy. This is to take into account of the fact that not all traders have access to the internet.

REFERENCES

Mofya-Mukuka, R & Shipekesa, A.M. 2013. Value Chain Analysis of the groundnuts sector in the Eastern Province of Zambia. Working Paper No. 78. The Indaba Agricultural Policy Research Institute.

Dr Gideon E Onumah & Ms Candida Nakhumwa, Groundnut VCs in Malawi and Zambia, at Crossroads Hotel, Lilongwe, Malawi, 24-26th April 2013
Desk review: Groundnuts value chain analysis for Zambia, 2013.

General Standard for Contaminants and Toxins in Food and Feed: CXS 193-1995.

Plunkett, D. 2016. Evaluation of Sanitary and Phytosanitary (SPS) Trade Policy constraints within the maize, soya, and groundnut value chains in Southern Africa. Leveraging Economic Opportunities Report #35.

Rathebe, J.M. 2015. The implementation of SPS measures to facilitate safe trade – selected practices and experiences in Malawi, South Africa and Zambia.

(Food loss analysis: causes and solutions Case study on the groundnut value chain in the Republic of Malawi, 2018).

Standard for Peanuts, Codex Stan 200-1995.