Implementing SPS measures to facilitate safe trade

RESEARCH IN AFRICA

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Research on Trade Facilitation in Africa

Plan of this presentation

• Key issues in objectives
• How research was conducted
• Conclusions on findings
• Moving forward on Trade Facilitation in Africa
• Acknowledgements
Background to Trade Facilitation in Africa

• Progress in implementation of SPS Agreement
  – Most African nations joined WTO at outset (1995)
  – However, much remains to be done for compliance: legislation, institutional reform, infrastructure and manpower to address SPS issues
  – Since c. 2002, many initiatives to address compliance, emphasis on technical aspects of measures – import requirements to be consistent with SPS Agreement and market access
  – In parallel, Customs-focused work on ‘Trade Facilitation’ by improving infrastructure and logistics in border operations, including ‘single window’, electronic documentation. Example: one-stop border post at Chirundu (Zambia/Zimbabwe)
Important issues in objectives

• Distinction drawn between sources of NTBs
  – The ‘technical requirements’ such as Maximum Residue Limits (MRLs) or pest risk are not justified in terms of risk
  – Lack of transparency so traders are not aware of the requirements, either because legislation is out of date and/or information has not been made publicly available.
  – Control, inspection and approval procedures such as required for conformity assessment cause unnecessary delays, are excessively costly, etc.
### How the project proceeded

<table>
<thead>
<tr>
<th>Country</th>
<th>Exported product*</th>
<th>Time frame</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>Meat of bovine animals, fresh chilled or frozen</td>
<td>Aug – Dec 2013</td>
<td>Development of methodology</td>
</tr>
<tr>
<td>Malawi</td>
<td>Groundnuts (not for oil extraction)</td>
<td>Jan – Feb 2014</td>
<td>Questionnaires /interviews</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Fish and seafood products</td>
<td>Feb 3-12 2014 22 April</td>
<td>National Workshops</td>
</tr>
<tr>
<td>Zambia</td>
<td>Maize (excluding sweet corn)</td>
<td>26 March 2014</td>
<td>Interim report @ Geneva</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Milk and milk products</td>
<td>30 April</td>
<td>Draft final report</td>
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</tbody>
</table>

* Initial selection
Methodology looking for Key Outcomes

(1) Level of transparency/availability of information,
(2) use of international standards, where applicable,
(3) whether the technical measures in themselves are non-tariff barriers (NTBs), because for example they are not risk-related,
(4) any excessive procedural requirements, avoidable costs (including informal payments) in terms of time and money,
(5) cases of lack of consistency, discrimination or arbitrariness,
(6) technical challenges (e.g. accredited laboratory),
(7) positive initiatives (existing or suggested) to facilitate trade,
(8) overall impact of SPS on trade facilitation,
(9) goods in transit or in ‘cross-border’ or local trade.

Geneva, 26 March 2014
Conduct of research

• Focal Point identified, helped National Consultants find subjects
• Questionnaires sent out in advance
• Face to face interviews wherever possible (or telephone)
• Sometimes group interviews (quasi focus groups)
• National Workshops
  – Review of results/gathering additional information
  – Brainstorming on current and future trade facilitation initiatives
Conclusions on findings (1)

• Perceptions/subjective opinions can help identify issues to be addressed, rather than apportioning ‘blame’:

• Poor transparency may be due to limited flow of information to private sector but also Traders may need to be educated or become more aware

• Fee situation complicated
  – ‘Reasonable’ fees may be too low for cost recovery
  – There may be unexpected or hidden charges (e.g. penalty payments) even when there are no fees (Botswana)
  – No substantial evidence of rent seeking
Conclusions on findings (2)

• Impact of SPS measures on trade facilitation is variable overall – as attested by both officials and traders – due to differences in infrastructure and logistics at different border crossings and general differences in capacity in different countries.

• However, poor information flows and poor coordination among officials is undoubtedly a factor in delays due to fragmented services and frequency of faulty applications.

• Trying to find ‘optimum’ direct costs and processing times may not be realistic.

• Biggest contributor to costs is probably indirect costs due to delays (USD250-500 per day in the region studied).

• ‘Informal payments’ are made but this does not appear to be a major problem in most of the countries studied – assuming traders felt free to talk.
Conclusions on findings (3)

• Significant problems encountered with goods in transit, due to a number of reasons.

• Transit through Zimbabwe presents a major problem

• Significant cases of goods supposedly in cross-border trade appearing in urban markets

• Generally results in urban markets being supplied with fruit, vegetables and fisheries products that would otherwise be rejected as over-ripe, otherwise unfit for human consumption or possibly unsafe

• Represents a loss of tax revenues to importing country
Moving forward on Trade Facilitation in Southern and Eastern Africa

• Findings point to issues to be addressed
• Research itself asked for initiatives on trade facilitation
• Taken forward in second part of National Workshops – Brainstorming to identify constraints and make recommendations
• Indicative results of brainstorming in Malawi ➔
• Several parties will be interested to take up findings and ensuing recommendations into new projects (to follow)
<table>
<thead>
<tr>
<th>Challenges/Constraints</th>
<th>Recommendations</th>
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</thead>
<tbody>
<tr>
<td>Traders have to glean information about SPS requirements</td>
<td>Provide information in suitable format/media</td>
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<td>Better coordination</td>
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<td>Re-activate SPS Committee</td>
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<td>Partnerships to be involved in info dissemination</td>
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<td>Border posts not manned by SPS</td>
<td>Data management to allow Customs to make decisions</td>
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<td>Provisional entry to inland inspection and testing station</td>
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<td>Manual processing</td>
<td>Malawi already championing single window operation</td>
</tr>
<tr>
<td>Trade Facilitation overall</td>
<td>24/7 border opening on both sides</td>
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<td></td>
<td>Provisional clearance to ease congestion</td>
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## Challenges/constraints to Trade Facilitation – Malawi (2)

<table>
<thead>
<tr>
<th>Challenges/Constraints</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Lack of risk assessment capacity</td>
<td>Capacity building</td>
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<tr>
<td>No facilitation of low/medium risk goods</td>
<td>Exempt processed food, etc. from phytosanitary certificates Avoid unnecessary inspections</td>
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<tr>
<td>Lack of capacity to adopt international standards for domestic consumption</td>
<td>Fish trade strategy Enforcement of standards for groundnuts - aflatoxin and maize; pesticides in F&amp;V Mandate of Bureau of Standards National MRL may be necessary</td>
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<tr>
<td>Extra/unnecessary payments in transit countries</td>
<td>Bilateral discussion</td>
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Other SPS TF projects in Southern/Eastern Africa

- Pipeline COMESA project – “breaking barriers-facilitate trade” – STDF
- Outcomes of Multi-Criteria Decision Analysis (MCDA) in COMESA, e.g. Malawi aflatoxin project
- Results from this project will be taken up by these and other projects