Facilitating safe trade:
going paperless with SPS e-certification

The Trade Facilitation Agreement

The WTO Trade Facilitation Agreement sets out how to speed up the movement, release and clearance of goods across borders, including goods in transit. Going paperless with electronic systems can help to cut red tape and support effective cooperation among border agencies. The Agreement, which includes provisions for technical assistance and capacity building, aims to broaden participation in global value chains and improve transparency.

Paperless SPS systems count

With the entry into force of the WTO Trade Facilitation Agreement, governments and industry partners around the world are actively seeking solutions to move goods across borders more quickly and efficiently. Paperless trade is an important way to reduce trade transaction costs and facilitate trade. In the Asia-Pacific Region alone, paperless trade is expected to generate annual export gains worth up to US$257 billion, reduce export time by up to 44% and lower export costs by up to 33%[1]. Paperless trade can promote national development, drive economic growth and competitiveness and improve food security, thereby supporting the achievement of the Sustainable Development Goals.

The exchange of regulatory documents and certificates is crucial in international trade transactions. Paperless trade means that the electronic exchange of trade-related certificates is conducted in a structured format, based on open and agreed standards. In the context of international trade, an electronic certificate is considered equivalent to a paper certificate, in that it contains the same information and gives the same guarantees.

Authorities responsible for the exchange of sanitary and phytosanitary (SPS) certificates are interested in how electronic SPS certification (SPS e-Cert) can be used to enhance national SPS systems and facilitate safe trade. A number of developed and developing countries have started adopting SPS e-Cert. Based on their experiences, e-Cert can be helpful in improving efficiency and security, cutting clearance times and reducing transaction costs. Results also demonstrate that, to be successful, optimal paper-based systems first need to be in place to effectively transition to paperless trade.

The e-Cert approach

Internationally-recognized standards facilitate the exchange of electronic SPS certificates by harmonizing requirements and exchange frameworks, reducing the resources required for trading partners to have bilateral arrangements. SPS e-Cert is a UN/CEFACT[2] standard for the secure electronic transmission of SPS certification data from the competent authority of the exporting country to the competent authority of the importing country.

At borders, SPS e-Cert can reduce the amount of time spent on paper processing and transmitting of SPS data, as well as the costs of sorting, distributing, retrieving and archiving paper certificates. Importantly, it also decreases fraudulent certificates and increases transparency around issuing, re-issuing and receipt of certificates by relevant authorities.

[1] UN ESCAP, 2014
[2] United Nations Centre for Trade Facilitation and Electronic Business

e-Cert at a glance[3]

E-cert

| Farm/Vessel | → TRANSPORT → | Processing Plant | Storage | **E-cert** CERTIFICATION | Overseas Authorities | Importer | Customer |

e-Cert in action: Kenya's journey

Experiences on the ground in a number of developing countries highlight how SPS e-Cert improves compliance with regulations and policies, reduces errors and fraud, supports risk management and builds trust.

In Kenya, since the launch of its electronic phytosanitary certification system in 2011 until June 2016, more than 892,000 digital phytosanitary certificates have been issued. This has helped to increase government revenue by 75%. At the institutional level, competence and capacities were enhanced leading to more efficient services delivery. At the industry level, time savings were recorded, as well as improvements in communication. At the international level, Kenya's SPS reputation improved, with higher levels of trust among trading partners and greater confidence in the authenticity of certificates issued by the Kenya Plant Health Inspectorate Service (KEPHIS).

Going paperless works[4]

Integrity	• Electronically secured certificates • Cross-checking in real time • Single national register of certificates
Efficiency	• Faster processing through pre-validation • Single view of all relevant information • Simple maintenance of forms
Security	• Very difficult to forge • Online verification for third parties • Searchable database with all certificates
Time	• Computer-assisted application preparation • Faster processing cuts export time • Faster management through real-time status

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[3] Ministry for Primary Industries, New Zealand: www.foodsafety.govt.nz/industry/exporting/e-cert/animal-products

[4] Implementing UN/CEFACT e-Business Standards: www.unescap.org/resources/unnext-handbook-implementing-uncefact-e-business-standards-agricultural-trade

Impact on inclusive trade

A lack of certainty in the issuing and acceptance of SPS certificates is a barrier to inclusive trade. Around 43% of exporters from developing countries have identified the issuing and acceptance of SPS certificates as a constraint for micro, small and medium-sized enterprises (MSMEs) to participate in e-commerce[5]. As such, SPS e-Cert, with its online application, faster processing and clearance times, and lower travel costs, can drive more inclusive trade, particularly for MSMEs. Women traders, who face particular barriers in cross-border trade, are also more likely to benefit.

Guiding the way on e-Cert

The international standard-setting bodies in the WTO SPS Agreement, which sets out the basic rules on food safety and animal and plant health requirements, – Codex, OIE and IPPC – have developed guidance to support the use of SPS e-Cert. The IPPC has adopted a standard with detailed guidance for contracting parties on electronic phytosanitary certification (ePhyto), including on format and content and the mechanism for exchange and guidance on harmonized codes and schemas.

The Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS) has put in place an electronic Working Group to assess and review existing guidance on electronic certification. The OIE is at an early stage of reviewing gaps in standards and guidelines on electronic certification.

The ePhyto Solution

"The STDF work on electronic certification and the ePhyto project offered the impetus for the World Bank and IPPC Secretariat to deepen their collaboration on SPS capacity building and trade facilitation."

Bill Gain, World Bank Group

A number of IPPC contracting parties have made progress in developing systems for the electronic exchange of phytosanitary certificates. This required significant resources to develop electronic tools to produce and receive certificates and negotiate agreements with trading partners.

An STDF funded project[6] is supporting developing countries, without an existing national system, with a simple generic ePhyto national system (GeNS) capable of producing, sending and receiving electronic phytosanitary certificates. It will set up a harmonized exchange tool, or hub, to facilitate electronic exchange based upon a single communication protocol, cutting both cost and complexity.

These two systems make up "the ePhyto Solution," which aims to make it easier for countries (especially those with limited resources) to start transmitting electronic phytosanitary certificates. This will be the case for export consignments and to receive certificates for imported consignments, facilitating the safe trade of plants and plant products and improving access to food. The ePhyto Solution is compatible with existing border information management systems and aims to build on these where possible.

The project further increases public-private cooperation by involving various stakeholders at the international standard setting level (including CITES, UNCTAD and WCO, among others). Donor agencies involved in capacity building, industry associations, led by the International Grain Trade Coalition, and private companies are also partnering in efforts to pilot test and refine the ePhyto Solution before it is scaled up.

The STDF vision

The STDF is working to advance the Sustainable Development Goals through its vision:
Sustainable economic growth, poverty reduction, food security and environmental protection in developing countries

STDF's SPS e-Cert seminar[7]

"The Seminar succeeded in raising awareness among developing countries about the opportunities and risks related to the implementation of electronic SPS certification systems".

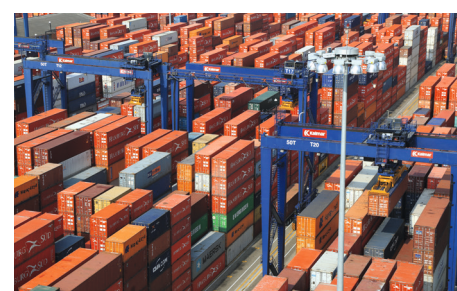**Suzanne Sabourin, Canadian Meat Council**

The STDF's seminar in June 2016 reviewed the state of play of SPS e-Cert in developing countries and recommended priorities for capacity building. Over 150 experts from governments, international organizations, industry associations and global business discussed the latest knowledge, good practices and trends on existing automated systems worldwide. The event raised ongoing challenges and needs on how to support developing countries to effectively automate SPS cross-border procedures.

The e-Cert opportunity: moving ahead

An effective paper-based certification system needs to be in place, with adequate institutional capacity and clarity on roles and responsibilities, to be able to move to an electronic SPS certification system. The first step is a comprehensive analysis of SPS and other export/import business processes to identify the needs, as well as the expected costs and benefits of automated systems. A decision to invest in an e-Cert system should be made after examining the costs and benefits involved.

Successful roll out of SPS e-Cert requires political will, effective communication and collaboration across SPS authorities, as well as with other areas of government, and the private sector. Adequate IT infrastructure and capabilities are vital. SPS e-Cert has the most potential where there is a mature export/import sector for adequate cost recovery systems and good private sector engagement.

As governments and business transition to paperless documentation, greater public-private sector co-operation is critical to make sure that data flows are harmonized and can be rolled out seamlessly between governments, from business to government and from business to business worldwide.

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[7] www.standardsfacility.org/SPS-eCert