



RIS

# Trade Issues and Traceability

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Crops

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# RIS

Research and Information System  
for Developing Countries

# Debate Continues...

There seems to be a general agreement that scientific knowledge is essential for risk assessment and management, discussions continue on:

- how to identify appropriate baselines and
- what constitute appropriate data sets for identifying risks and
- estimating the likelihood of the identified risk occurring.

# Traceability

- A traceability system is referred to the totality of data and operations
- that is capable of maintaining desired information about a product and
- its components through all or part of its production and utilization chain.

# The Organizational Structure of the WTO

## World Trade Organization

Dispute Settlement

Trade Policy review

Trade in goods

Trade in services

Intellectual property

GATT 1994

Agriculture

Sanitary/phytosanitary

Textiles and clothing

Technical barriers to trade

Trade-related investment measures

Anti-dumping

Customs valuation

Pershipment inspection

Rules of origin

Import licensing

Subsidies and countervailing measures

Safeguards

Plurilateral trade agreements

Civil aircraft

Government procurement

Dairy products

Bovine meat

## Issues at Codex

- While Codex standards are only voluntary, the Codex Alimentarius Commission is SPS for standard-setting related to food safety.
  - International Plant Protection Convention (IPPC) for plant health
  - Office International de Epizooties (OIE) for animal health
- Codex Alimentarius Commission Working Group on Safety Assessment of Foods
  - define the unique challenges posed by animal biotechnology and
  - how to take up non-food safety concerns such as environmental risks, animal welfare and ethical issues.



# SPS Agreement

- \* **The Agreement on the Application of Sanitary and Phytosanitary Measures** (the "SPS Agreement") entered into force with the establishment of the World Trade Organization on 1 January 1995. It concerns the application of food safety and animal and plant health regulations. This sets out the basic rules for food safety and animal and plant health standards.
- \* It allows countries to set their own standards. But it also says regulations must be based on science.
- \* They should be applied only to the extent necessary to protect human, animal or plant life or health.
- \* They should not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail.



# SPS Agreement

- The **Agreement on Technical Barriers to Trade** covers technical requirements resulting from food safety and animal and plant health measures, including pesticide residue limits, inspection requirements and labeling.
- The TBT (Technical Barriers to Trade) Agreement covers all technical regulations, voluntary standards and the procedures to ensure that these are met, except when these are sanitary or phytosanitary measures as defined by the SPS Agreement.
- It is thus the type of measure which determines whether it is covered by the TBT Agreement, but the purpose of the measure which is relevant in determining whether a measure is subject to the SPS Agreement.



# Technical Barriers to Trade

- The regulations and standards may sometimes operate as barriers to imports, and thereby distort international trade. Hence, detailed disciplines have been prescribed in this regard.
- Earlier, there were inscribed in the Tokyo Round Code on Technical Barriers to Trade (TBT), and now, these are contained in the Agreement on Technical Barriers to Trade which forms a part of the WTO Agreements.
- Annex 1 of this Agreement contains some important provisions for fully understanding the provisions of the Agreements; hence, this Annex should be read along with the Agreement.





# Technical Barriers to Trade

Disciplines in the field of technical regulations and standards cover three main topics,

(i) **Formulation of technical regulations**

These are formulated by governments. It is mandatory to observe them.

(ii) **Formulation of standards**

These are formulated by the standardising bodies of governments. Adherence to standards is voluntary.

(iii) **Determination of conformity** with these regulations and standards.



	Reactive	Proactive
<b>Exit</b>	Wait for standards and give up	Anticipate standards and leave particular markets
<b>Compliance</b>	Wait for standards and then comply	Anticipate standards and comply ahead of time
<b>Voice</b>	Complain when standards are applied	Participate in standard creation or negotiate before standards are applied
Source: MoC 2005, Strategy Paper on 'SPS Measures for Capacity Building and Trade Enhancement', Ministry of Commerce, Trade Policy Division, July, 12.		



	Individual	Collective
<b>Public</b>	Specific ministry or agency	Inter-Ministerial task forces Government – to – government MoU
<b>Public-Private</b>	Subsidies, co-financing Joint ventures	Joint public-private sector task forces including investments in common facilities
<b>Private</b>	Firm and farm investments Company codes of practice	Trade and industry associations Grower associations Partnership in coordinated supply chain

Source: MoC 2005, Strategy Paper on 'SPS Measures for Capacity Building and Trade Enhancement', Ministry of Commerce, Trade Policy Division, July, 12.

# NTBs

- Exporters are increasingly confronting non-tariff barriers in the form of product standards, testing requirements, and other technical requirements as they seek to sell their products around the world.
- At the WTO, standard-related measures have emerged as a primary concern to policy-makers since the trade effects of these measures can be similar to classical trade policy instruments

## GlobalGap/EUREPGAP

- All GLOBALGAP(EUREPGAP) certified products that changes legal ownership and/or is processed and/or is subject to outsourced processing, and are sold with the GLOBALGAP(EUREPGAP) claim, must be compliant with the GLOBALGAP(EUREPGAP) Chain of Custody requirements.
- The choice of a traceability system is influenced by regulations, product characteristics and customer expectations.
- A traceability system on its own is insufficient to achieve Traceability is becoming a condition to operate in European food markets.

## GlobalGap/EUREPGAP

- Retailers impose more stringent standards than what is mandatory.
- An example is EurepGAP, a quality standard for good agricultural practices that imposes traceability as a main obligation.
- For farmers selling to the UK, the odds of choosing the EurepGAP traceability level are significantly linked to membership in particular producer organizations.
- While retailers and farmer organizations seem to drive traceability, policy adjustments may be required to reduce adoption costs upstream and extend compliance among producers that sell directly to consumers and market independently food safety.

# US Position

- The debate over traceability continues to rage in the United States. Ranchers support a voluntary system while exporters say selling beef of unknown origins could ultimately bring lower prices.
- The lack of traceability is a particular stumbling block for negotiators attempting to resume trade with China.
- The U.S. Department of Agriculture backed away from a mandatory, national system last February and now promotes a voluntary program with the states and tribal councils handling most of the work.

## EU Position

- The European Union guarantees the traceability and labelling of genetically modified organisms (GMOs) and products produced from these organisms throughout the food chain.
- Traceability of GMOs allows the monitoring and checking of information given on labels.
- Regulation (EC) No 1830/2003 of the European Parliament and of the Council of 22 September 2003 concerning the traceability and labelling of genetically modified organisms and the traceability of food and feed products produced from GM.



# EU Position

- European Union has two main objectives

(1) To inform consumers through the compulsory labelling, giving them the freedom to choose;

(2) to create a "safety net" based on the traceability of GMOs at all stages of production and placing on the market.

This "safety net" will facilitate the monitoring of labelling, the surveillance of the potential effects on human health or the environment and the withdrawal of products in cases of risk to human health or the environment.

## New EU Report

- But a recent Report from the EC to the EUROPEAN PARLIAMENT and the EC on socio-economic implications of GMO cultivation on the basis of Member States contributions, as requested by the Conclusions of the Environment Council published a report in 2011.
- It talks of creating a science based framework to inform decision-makers about the appropriate co-existence and traceability measures for GM crop cultivation.
- The project developed, inter-alia, a qualitative multi-attribute model for the assessment of ecological and economic impacts.

# New EU Report

- Results obtained generally demonstrated that coexistence costs depend on the agricultural context (landscapes, cropping systems, climate, practices), the share of GM crop in the Agricultural Used Area and the willingness of farmers to cooperate.
- This indicates that coexistence management measures should be as flexible as possible and based on local information on field characteristics whereas regional and national governance provides only general guidelines and rules.

# WTO: Trade Dispute

- The US, Canada and Argentina introduced their first-time panel requests regarding EC-level measures, the moratorium maintained since October 1998 on the approval of biotech products had restricted the imports of agricultural and food products.
- Regarding the EC member State-level measures, the complainants said that a number of EC member States maintain national marketing and import bans on biotech products even though those products have already been approved by the EC.
- The US further clarified that the Sanitary and Phytosanitary Agreement recognizes that WTO members may adopt approval procedures for crops and food products, including biotech products, in order to protect health and the environment.

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# WTO: Trade Dispute

- In response, the EC expressed surprise and disappointment at the panel requests. The EC said that it had repeatedly made clear that the approval of genetically-modified organisms and genetically-modified food was possible in the EU that a number of applications were being examined and decisions would be taken shortly.
- The EC further pointed out that 18 GMOs and 15 food products derived from GMOs have been approved and that these GM products are imported each year by the EC.
- The EC said that we need to chose the path of international cooperation to build an appropriate framework for the development of biotechnology, while seriously addressing any potential risks and social concerns.

# Regulation of GMOs

Regulation of GMOs is a central part of the general GMO debate

- \* What kind of regulations they should be;
- \* What exactly they should regulate;
- \* How strict they should be;
- \* How GMOs should be regulated compared to their conventionally-bred counterparts;
- \* What impact of regulation on the trade of GM products and on the research and development climate for GMOs

## Remaining Issues

- Standards-related measures are documents and procedures that set out specific technical or other requirements for products and processes as well as procedures to ensure that these requirements are met.
- Measures that introduce requirements that increase costs can restrict trade, while the introduction of a regulation with a permanent informative character can enhance the acceptance of imported products, facilitating trade.
- India, SEC and Biosafety Protocol



## Remaining Issues

- The **TBT Agreement** governs technical regulations and standards, including packaging, marking and labeling requirements, and procedures for the assessment of conformity.
  - Labelling/Precautionary Principle
  - Growing focus on traceability and country of origin notification.
- **EFPs exporters face**
  - Certification costs
  - Technical constraints (Funding to be available)
  - SPS measures