



MODERNIZING SANITARY AND PHYTOSANITARY MEASURES TO EXPAND TRADE AND ENSURE FOOD SAFETY

2ND CAREC TRADE FACILITATION LEARNING OPPORTUNITY:
SHARING THE BALTIC EXPERIENCE

Proceedings: Mongolia, 6-8 October 2014





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Notes:

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ADB recognizes “China” as the People’s Republic of China, and “Laos” as the Lao People’s Democratic Republic.

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Foreword

Sanitary and phytosanitary (SPS) measures are critical for ensuring food safety standards and for preventing diseases and pests in plants and animals. Comprehensive management of the agriculture sector, especially in relation to product quality, is essential not only for protecting domestic markets and consumers, but also for expanding the agribusiness sector and promoting exports of products of agricultural and animal origin. However, regulations concerning customs administration, animal quarantine, food safety compliance, and plant and animal inspections can be a burden on the private sector if legislators pass them into law without consulting all the stakeholders, or without taking practical issues into account. At the same time, ensuring compliance with internationally approved SPS standards would help boost international trade, particularly for any country whose agribusiness sector is a major component of the domestic economy.

With this goal in mind, the Asian Development Bank (ADB), in partnership with the ADB Institute (ADBI) and the Central Asia Regional Economic Cooperation (CAREC) Institute, organized and conducted the second annual CAREC Trade Facilitation Learning Opportunity workshop, which took place in Mongolia (Ulaanbaatar and Zamyn-Uud) on 6–8 October 2014. The workshop, “Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety: Sharing the Baltic Experience,” focused on best practices in the area of integrated trade facilitation, one of the priorities under the refined CAREC Trade and Transport Facilitation Strategy 2020. The learning opportunity workshop brought together representatives of several of the key international institutions involved in SPS modernization: ADB, the European Union (EU), the Food and Agriculture Organization of the United Nations (FAO), and the Standards and Trade Development Facility (STDF).¹ The workshop was cosponsored by ADB’s CAREC trade facilitation program,² ADBI, the CAREC Institute,³ and the EU’s Support to Modernisation of Mongolia’s Standardisation System project. The EU’s support was instrumental in securing and funding the participation of resource experts from Latvia and Lithuania.

The objectives of the workshop participants were threefold: (i) to hear Latvia’s and Lithuania’s insights on the modernization of SPS measures and the impact of SPS modernization on trade; (ii) to visit a Mongolian border crossing point (BCP) with the

¹ Standards and Trade Development Facility (STDF) is a global partnership and trust fund established by the Food and Agriculture Organization of the United Nations (FAO), the World Bank, the World Health Organization (WHO), the World Organisation for Animal Health (OIE), and the World Trade Organization (WTO). The WTO hosts the STDF Secretariat and manages the trust fund. The STDF is supported by the following donors and entities: Canada, Denmark, European Union; Finland; Germany; Ireland; Japan; the Netherlands; Norway; Sweden; Switzerland; Taipei, China; and United States.

² ADB. 2009. *Central Asia Regional Economic Cooperation: Working with the Private Sector in Trade Facilitation*. Manila.

³ ADB. 2008. *Central Asia Regional Economic Cooperation Institute, 2009–2012*. Manila.

People's Republic of China (PRC), Zamyn-Uud, to observe the application of SPS measures in practice; and (iii) to learn more about the support provided by development partners for SPS modernization, including ADB's regional technical assistance project for promoting SPS cooperation among CAREC member countries,⁴ FAO, and WTO.

This second CAREC Trade Facilitation Learning Opportunity workshop, like the first, was designed to highlight the successful trade facilitation experiences of countries with conditions similar to those in the CAREC countries. Latvia and Lithuania, being post-Soviet states, transitioned from GOST—Set of State Standards of the former Union of Soviet Socialist Republics—similar to what most CAREC countries are going through and, thus, they could learn from Latvia's and Lithuania's experiences in SPS modernization alongside technical knowledge imparted by the WTO expert.

The workshop also served as a platform for public–private dialogue on SPS-related matters. Agricultural products, including perishables, constitute a substantial portion of the CAREC countries' imports and exports. It is, therefore, imperative that transport service providers have a clear understanding of public health requirements (e.g., food safety, animal disease and infestation prevention), so that goods in transit need not be delayed at BCPs along CAREC corridors. Analyses of CAREC corridor performance measurement and monitoring data suggest that perishables are generally accorded expeditious treatment at CAREC BCPs, but a site visit to Zamyn-Uud suggested that the limited operating hours at BCPs may be impeding the rapid delivery of perishables to market or to temperature-controlled storage facilities. A total of 75 people participated in the workshop, including senior trade and customs officials and private sector representatives from the host country, Mongolia; government officials and private sector representatives from member associations of the CAREC Federation of Carrier and Forwarder Associations from other CAREC countries (Afghanistan, Azerbaijan, the PRC, Kazakhstan, the Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan); and representatives of ADB, GIZ, the EU, FAO, and STDF. The workshop was conducted in English supported by Chinese, Mongolian, and Russian simultaneous interpretation.

The participants had the opportunity not only to learn about the challenges faced by Latvia and Lithuania during the modernization of their SPS measures (e.g., in terms of approaches, costs, and implementation), but also shared with one another the state of SPS reforms in their respective countries. Existing SPS measures often hinder trade development in CAREC countries, thus, more appropriate strategies and implementation plans together with enhanced public–private cooperation could expedite the modernization of SPS measures. The workshop also offered a practical analysis of Mongolian–PRC border administration procedures, thereby providing a useful benchmark against which to evaluate the implementation of recent reforms in other countries. The learning opportunity workshop sought to provide ideas on how to replicate in CAREC countries the success achieved by Latvia and Lithuania in modernizing their SPS measures. The key factors identified by the Latvian and Lithuanian resource persons included (i) strong political will bolstered by Latvia's and Lithuania's accession to the EU and WTO, (ii) full transposition of

⁴ ADB. 2013. *Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Manila.

the *acquis communautaire* into the domestic legislation,⁵ (iii) importance of a transparent regulatory system, (iv) regional coordination among SPS-competent authorities, and (v) consistent involvement of the private sector.

This report focuses on the learning opportunity workshop—specifically, on the experiences and knowledge shared by experts from Latvia, Lithuania, FAO, and STDF with CAREC officials and private sector stakeholders in modernizing SPS measures. Participants also observed the application of SPS measures at Zamyn-Uud, Mongolia’s principal BCP with the PRC. It is hoped that the participants from the CAREC countries will exert a positive influence over their governments’ policies, and support their own countries’ paths to successful SPS reform.

The workshop and BCP visit were ably organized by the CAREC Trade Facilitation Team, East Asia Department (EARD), ADB, under the guidance of Jeff Procak, regional cooperation specialist, Public Management, Financial Sector and Regional Cooperation Division (EAPF) with the valuable support provided by Aladdin Rillo, senior capacity building and training economist, ADB Institute; Julie Robles, integrated trade facilitation program manager, EAPF; Dalaikhuu Unurjargal, national focal point advisor, Mongolia Resident Mission; and Khaliun Batsaikhan, regional cooperation coordinator, Mongolia Resident Mission; and with the constructive comments and suggestions to this publication provided by Alisa Di Caprio, regional cooperation specialist, Regional Cooperation and Integration Division, Economic Research and Regional Cooperation Department.

⁵ “*Acquis communautaire*” refers to all the EU treaties, the legislation adopted to apply the treaties and the case law of the Court of Justice, declarations and resolutions, common foreign and security policy measures, measures relating to justice and home affairs, and international agreements.

Abbreviations

ADB	- Asian Development Bank
ADBI	- Asian Development Bank Institute
BCP	- border crossing point
CAC	- Codex Alimentarius Commission
CAREC	- Central Asia Regional Economic Cooperation (Program)
PRC	- People's Republic of China
CIS	- Commonwealth of Independent States
CPMM	- corridor performance measurement and monitoring
CPS	- country partnership strategy
EPPO	- European and Mediterranean Plant Protection Organization
ESW	- electronic single window
EU	- European Union
FAO	- Food and Agriculture Organization of the United Nations
FVS	- Food and Veterinary Service (Latvia)
GAP	- good agricultural practices
GASI	- General Agency for Specialized Inspection (of Mongolia)
GIZ	- Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GMO	- genetically modified organism
GMP	- good manufacturing practices
GMS	- Greater Mekong Subregion
GOST	- (Set of) State Standards (of the former Soviet Union)
GTI	- Greater Tumen Initiative
HACCP	- Hazard Analysis and Critical Control Points
INFOSAN	- International Network of Food Safety Authorities
IPPC	- International Plant Protection Convention
LST	- Lithuanian Standards Board
MASM	- Mongolian Agency for Standardization and Metrology
MOA	- Ministry of Agriculture (Azerbaijan, Latvia, and Lithuania)
MOH	- Ministry of Health (Azerbaijan, Latvia, Lithuania, and Mongolia)
MRL	- maximum residue level
OECD	- Organisation for Economic Co-operation and Development
OIE	- Office International des Epizooties (World Organisation for Animal Health)
PBG	- Pan-Beibu Gulf
SOP	- standard operating procedure
SPS	- sanitary and phytosanitary
STDF	- Standards and Trade Development Facility
TR CU	- Technical Regulations of the Custom Union
UNDP	- United Nations Development Programme
WTO	- World Trade Organization

Welcoming Remarks

Chuluunbat Ochirbat

*Vice Minister for Economic Development and CAREC National
Focal Point
Mongolia*

The Central Asia Regional Economic Cooperation (CAREC) Program offers Central Asian countries a framework through which to promote intraregional trade in food and other agricultural products, while addressing the challenges related to the adoption of sanitary and phytosanitary (SPS) standards in line with international requirements.

While welcoming all the participants, Mongolia is also grateful to the Asian Development Bank (ADB), the ADB Institute (ADBI), the CAREC Institute, the European Union (EU), and other parties for organizing this event in Ulaanbaatar. Our government firmly believes that a broader implementation of international standards will enable CAREC member countries to expand their role as food suppliers to large nearby markets, like the People's Republic of China (PRC) and Russia. Mongolia has a long history as a food source for Russia and other republics of the former Soviet Union. After the collapse of the Soviet Union, however, Mongolian food exports to Russia were reduced to almost zero due to insufficient compliance with SPS requirements.

This workshop represented an important forum for discussing the challenges faced by CAREC member states in adapting their domestic food chains to international standards, a necessary step toward enhancing their exports to neighboring countries and global markets. Modernizing SPS measures is a key factor in promoting the growth of the agriculture sector in Central Asia, and of the regional economy as a whole. For Mongolia, the CAREC Program has offered a genuine opportunity to develop its exports of foodstuffs to two major markets: the PRC and Russia.

Henk de Pauw

Team Leader

*EuropeAid Support to Modernization of Mongolia's
Standardization System Project*

In Mongolia, the EU is implementing two projects, one on technical and vocational education and the other on the improvement of Mongolia's standardization system (focusing on the quality of food products).

The second project, a EuropeAid initiative titled Support to Modernization of Mongolia's Standardization System, addresses changes in legislation that mainly concern the standardization, accreditation, and certification of infrastructure, capacity building, and institutional reforms. This project is being implemented over 3 years (2014–2017), with a budget of €3.7 million. The main focus is institutional change and legal reforms to improve food safety standards, especially in Mongolian trade-related institutions, including the Government of Mongolia's General Agency for Specialized Inspection (GASI). Other beneficiaries of this project include relevant Mongolian government ministries and certification bodies that are receiving support for the development of mature, high-quality infrastructure; and the private sector, in the form of better corporate governance and awareness raising for manufacturers and private food business operators.

Aladdin Rillo

*Senior Capacity Building and Training Economist
ADB Institute*

ADBI, a sister organization of ADB, is pleased to co-organize the CAREC Trade Facilitation Learning Opportunity workshop in Mongolia. Founded in 1997 and headquartered in Tokyo, ADBI is a think tank concerned with economic development in Asia and the Pacific, and one of its main tasks is to provide intellectual inputs to policy makers in the region. ADBI focuses on two main activities: research and training. In terms of research, it conducts medium- and long-term studies on issues of importance to developing Asian and Pacific countries. With regard to training, ADBI develops capacity building programs, workshops, and policy dialogues—with the objective of improving the ability of authorities in the region to draft, develop, and implement policies. One such example is the CAREC workshop in Mongolia.

A priority for ADBI is regional economic integration and cooperation, with an emphasis on the challenges arising from regional trading arrangements and the global trading system. Specifically, with today's increasing interdependence in trade, ADB members are facing challenges due to globalization that require economic adjustments, new policy frameworks, and new skills for policy makers. In terms of specific research activities, ADBI recently completed a flagship study on how to strengthen the ties between Central Asian countries and other major economic hubs in Asia. It analyzed the various linkages—in terms of foreign direct investment, trade, and financial links—that could benefit the CAREC member countries within the broader context of regional economic integration. ADBI training programs focus on the global supply chain and trade facilitation. For example, in Tokyo in November 2013, ADBI cohosted a workshop, with ADB and the CAREC Institute, on the CAREC region's development strategies and participation in global supply chains; and in December 2014, it held a similar event in Urumqi (PRC), again in cooperation with ADB and the CAREC Institute. Given the importance of Central Asia within the Asia and Pacific region, ADBI has continued to provide capacity building and training programs in 2015.

Central Asia plays a key role in regional production networks, and the benefits of regional economic integration will be huge, especially given Central Asia's role as a trade crossroads between Europe and the rest of Asia, and the importance of interregional exchanges, which,

though still limited, have been constantly increasing since 2005. Foreign direct investment has recently grown in Kazakhstan, Turkmenistan, and Uzbekistan, but the Central Asian countries as a whole still face challenges related to their full integration into global value chains, especially the required adjustments in terms of capacity and policy makers' skills.

There has been a reduction in nontariff barriers to trade, though they remain high and need to be reduced further if the Central Asian countries are to fully benefit from their increasing regional economic integration. For example, while implementing trade reforms, Central Asian governments will also need to cut red tape; streamline costs and procedures; and improve product quality, safety, and SPS standards. Finally, Central Asia stands to benefit in other economic sectors that are linked to trade, such as transport, energy, and water resource management.

To help the Central Asian countries confront the challenges posed by economic integration, three questions were addressed at the workshop:

- (i) how SPS measures and reforms could benefit the countries of Central Asia,
- (ii) how SPS measures and reforms could further regional integration, and
- (iii) how trade facilitation measures could also further regional integration.

Jeff Procak

*Regional Cooperation Specialist
Public Management, Financial Sector and Regional Cooperation
Division
East Asia Department
Asian Development Bank*

During the 3 days of the CAREC Trade Facilitation Learning Opportunity, the participants will hear about Latvia's and Lithuania's experiences in modernizing their SPS measures. Those CAREC countries that have acceded to the World Trade Organization (WTO) must comply with the WTO Agreement on the Application of SPS Measures (SPS Agreement). However, there is still scope for improvement in their implementation of the agreement's provisions. It was the hope of the workshop organizers that this learning opportunity would help the CAREC countries modernize their SPS regulations and infrastructure, as part of their efforts to fulfill the WTO standards and/or expand their market access and diversify their economies.¹

In early 2012, ADB conducted an initial analysis of SPS measures in the CAREC countries. ADB also organized a workshop to verify the results, and later published the report.² Building on that preliminary analysis, ADB has implemented a technical assistance project to examine the application of SPS measures in the CAREC region.³ The project includes

¹ It is worth noting that ADB's (interim) partnership strategy for Mongolia emphasizes the use of an agricultural-industrial complex to help grow the economy.

² ADB. 2013. *Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade in Agricultural and Food Products: Report on the Development of an SPS Plan for the CAREC Countries*. Manila.

³ ADB. 2013. *Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Manila.

a regulatory review and an assessment of laboratory infrastructure and border service management. ADB anticipates making investments under the CAREC Program to address the needs identified in the assessment.

ADB brought together experts from the Standards and Trade Development Facility (STDF), the Food and Agriculture Organization of the United Nations (FAO), and other development partners to augment the lessons from the Latvian and Lithuanian representatives. The participants will get the chance to examine firsthand the applications of SPS measures on the border between Mongolia and the PRC, and to learn about similar initiatives undertaken by other CAREC countries. ADB hopes that this experience will contribute to improved food safety in the CAREC region through the adoption of mutually recognized standards, and to a greater prosperity in the region through broader market access and economic diversification. The learning opportunity is part of ADB's ongoing work with the CAREC countries to modernize their SPS measures, and thereby contribute to their economic growth.

Trade Facilitation in the Context of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures: Lessons and Experiences

Melvin Spreij

Counsellor

Secretary to the Standards and Trade Development Facility

Agriculture and Commodities Division

World Trade Organization

The Standards and Trade Development Facility

STDF is a global partnership funded by bilateral donors such as the EU, Japan, and the United States. It supports projects that help developing countries comply with international SPS standards, guidelines, and recommendations in order to improve their national human, animal, and plant health status and enable them to gain or maintain market access for their agricultural exports. STDF was established in 2002 by the FAO, the World Organisation for Animal Health (OIE),⁴ the World Bank, the World Health Organization (WHO), and the WTO. It is funded by the World Bank and the WTO. Based in Geneva, the STDF is hosted and managed by the WTO.

STDF also functions as a coordination mechanism for providers of SPS-related technical support, allowing them to achieve greater coherence, avoid duplication of effort, and attain better results. It provides a knowledge platform for sharing experiences, and for identifying and disseminating information about good practices and about such topics as SPS-needs assessments, public-private partnerships (PPPs) for building SPS capacity, and the linkage between SPS measures and trade facilitation.

We are well aware that outdated border clearance procedures and excessive red tape are greater barriers to trade than tariffs, as is the performance gap between health and SPS agencies and other government departments and ministries. There is also evidence that low-performing countries have a far higher incidence of physical inspections, with import and export lead times that are twice as long as those for top-performing (and generally high-income) countries.

⁴ The organization was founded in 1924 as the Office Internationale des Epizooties." In 2003, it changed its name to "World Organisation for Animal Health (or Organisation Mondiale de la Santé Animale), but kept the historical abbreviation.

The WTO Agreement on the Application of Sanitary and Phytosanitary Measures

The SPS Agreement entered into force with the establishment of the WTO on 1 January 1995 and focuses on the maintenance of standards for food safety and animal and plant health. It provides a multilateral framework of rules and regulations to guide the development, adoption, and enforcement of SPS measures that could directly or indirectly affect international trade. The objective is to strike a balance between the right of WTO members to protect human, animal, and plant life or health, and the need to eliminate unnecessary barriers to trade, such as waiting times, red tape, and fees. While SPS measures may indeed result in trade-related transaction costs, they can be justified by the need to protect human, animal, and plant life or health.

The Principles of the Sanitary and Phytosanitary Agreement

According to the main principles of the SPS Agreement, SPS measures must be (i) nondiscriminatory, following the “most favored nation” principle, according to which countries cannot discriminate among trading partners; (ii) transparent, for instance by communicating new measures in advance to the other WTO members; (iii) based on scientifically sound risk assessments, which can be carried out by a trading partner or by an international organization; and (iv) not more trade-restrictive than necessary to achieve a country’s appropriate level of protection. Furthermore, many SPS controls are implemented at the borders, and thus may result in trade-related transaction costs; but, as mentioned above, these can be justified by the need to protect human, animal, and plant health. Although there are no specific provisions in the SPS Agreement regarding cooperation between border agencies of WTO member countries, any agency responsible for implementing SPS measures must comply with all the obligations that are stipulated in the agreement.

Examples of provisions in the agreement that affect trade facilitation include the first provision in Article 3, which says that “to harmonize SPS measures on as wide a basis as possible, Members shall base their sanitary or phytosanitary measures on international standards, guidelines or recommendations;” the fourth provision in Article 5, which says that “members should, when determining the appropriate level of sanitary or phytosanitary protection, take into account the objective of minimizing negative trade effects;” and Annex C, which says that SPS procedures must be “undertaken and completed without undue delay and in no less favourable manner for imported products than for like domestic products.”⁵

⁵ WTO. 1995. *The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)*. Geneva. https://www.wto.org/english/tratop_e/sps_e/spsagr_e.htm

Sanitary and Phytosanitary Research by the Standards and Trade Development Facility

Using the SPS Agreement as a foundation, the STDF has been conducting research on products in selected countries—including Cambodia, the Lao People's Democratic Republic (Lao PDR), the Philippines, Thailand, and some African states. The objectives are to (i) identify key needs and good practices and ensure health protection, while minimizing trade transaction costs, and (ii) make practical recommendations for strengthening technical assistance related to SPS issues and trade facilitation. The analysis is focusing on how SPS measures are applied in practice to imports and exports, and on possible ways to reduce or eliminate the trade costs and delays caused by SPS measures, but without compromising SPS objectives.⁶

The main SPS-related barriers to trade identified by the STDF's research are

- (i) complex and lengthy border procedures;
- (ii) excessive documentation requirements, including registration and licenses;
- (iii) formal and informal fees;
- (iv) the lack of information and transparency;
- (v) the absence of complaint and appeal procedures; and
- (vi) arbitrariness.

Some obstacles to trade are experienced before a cross-border journey even begins, for example, duplicative documentation requirements by the importing and exporting countries, the lack of distinction between mandatory and voluntary standards, and overlapping jurisdictions between government agencies. Then there are the obstacles that are experienced on the approach to borders, such as multiple inspections, tests, and sampling; repeated document checks; long waiting times; and the lack of coordination between border agencies, which often have different opening hours.

The STDF research is still in the preliminary stages, but some simple solutions have already emerged on how to

- (i) improve transparency (by means of the internet, leaflets, and brochures);
- (ii) reduce the opportunities for rent seeking;
- (iii) decouple revenue-raising activity from regulatory activity, so that procedural obstacles unaccompanied by effective and efficient SPS protection are not rewarded with increased revenue;
- (iv) decrease the number of required documents (i.e., registration, licenses, and import or export permits for high-risk products);
- (v) reduce waiting times; and

⁶ It should be noted that this research is not linked to the WTO's Agreement on Trade Facilitation, which will enter into effect once two-thirds of the WTO member states have completed their domestic ratification processes.

- (vi) coordinate better with trading partners through mutual recognition agreements to prevent duplication in the controls of exporting and importing countries, and to eliminate export-certification requirements that are not obligatory for the foreign buyer.

There are also more advanced solutions, but these would require statistical analyses; the procurement and maintenance of information and communication technology (ICT) hardware; trade information desks, which would act as liaisons between the public and private sectors;⁷ the very useful “single window” concept, whereby trade-related documents would have to be submitted only once; and extensive interventions targeting risk-based SPS controls, as well as adjustments in analyses relying on risk profiles of goods and traders (which would depend on consistent and reliable data collection).

The most advanced solutions involve “electronic single windows” (ESWs) and “one-stop border posts.” ESWs allow traders to submit all their import, export, and transit information simultaneously, but developing countries may not have the communications infrastructure, technical capacity, or human and financial resources required for its effective implementation. Furthermore, if ESWs are introduced prematurely, they could be undermined by an arbitrary enforcement of parallel procedures that are open to abuse by officials. One-stop border posts, the installation of which must be preceded by procedural reforms, streamline clearance processes through cooperation between the border authorities of neighboring countries and consolidate those processes on one side of the border. As a result, controls on both inbound and outbound cargo are carried out in the same place, saving time and resources.

Single window facilities could represent an efficient solution for transit through CAREC countries such as Azerbaijan, the Kyrgyz Republic, and Tajikistan. Uzbekistan is developing its own single window system, with support from the Republic of Korea’s International Cooperation Agency, and Kazakhstan is developing a single window system with support from the World Bank.

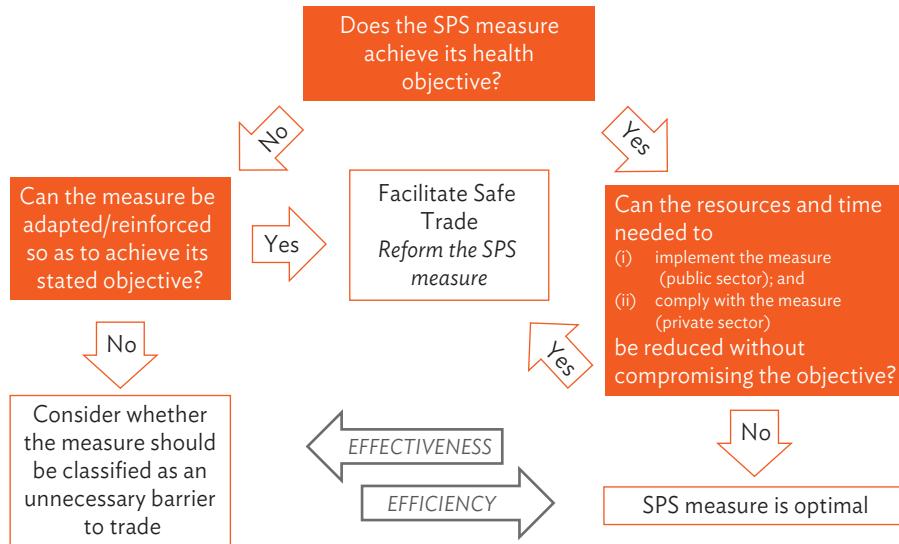
SPS agencies could intervene to promote effectiveness and efficiency at the borders, by evaluating the extent to which a particular SPS measure or its implementation is achieving a predefined objective, and by determining how that predefined objective could be achieved at a lower cost in terms of resources and time. In order to evaluate the effectiveness and efficiency of SPS measures and their implementation, it is necessary to define the goals and develop SPS performance indicators, in addition to carrying out baseline studies of current performance, monitoring indicators on an ongoing basis, and running ex post performance evaluations. Effectiveness and efficiency interventions could be simplified according to the scheme shown in Figure 1.

Elements for Consideration

Simply improving the implementation of the SPS Agreement, harmonizing the SPS-related regulations of the CAREC countries, and ameliorating the related risks will hugely facilitate

⁷ Trade information desks serve this purpose by providing information and facilitating compliance through border controls, which can be run by the government, the private sector, or by PPPs.

Figure 1: Evaluating a Proposed Sanitary and Phytosanitary Measure



SPS = sanitary and phytosanitary.

Source: M. Spreij. 2014. Trade Facilitation in the Context of the SPS Agreement: Lessons and Experiences. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

the safe trade of food and agricultural products. These actions should be considered in terms of both imports and exports. However, two key issues should also be considered: (i) how effective and efficient are the SPS measures and relevant government agencies in the CAREC member countries, and (ii) whether there are SPS protocols in place specifically for goods in transit, given that there are currently no provisions regarding transit in the SPS Agreement.

SPS and customs officials should be aware of the rights and obligations stipulated in all WTO agreements. Moreover, coordinated approaches and systems are required, as it will be necessary to involve SPS agencies and officials in trade facilitation needs assessments in order to gain more funding for building SPS capacity.

Trading Safely: Protecting Health and Promoting Development

STDF produced a video in multiple languages (www.standardsfacility.org/video-gallery) to raise SPS awareness while pointing out the advantages of SPS measures for national economies, especially in emerging countries.

Introducing the Baltic Experience in Modernizing Sanitary and Phytosanitary Measures

Highlights of a World Bank Study

Giorgio Magistrelli
Moderator

Introduction and Discussion of Key Outcomes

The Commonwealth of Independent States (CIS) came into being after the Soviet Union collapsed in 1991, and the former Soviet republics had achieved their independence.⁸ Throughout the 1990s, the CIS member countries experienced a significant contraction of their agriculture and food sectors, after which output recovered or at least stabilized. In 2002, the World Bank initiated research on the implications of food safety and agricultural health standards for the development of trade. The result was the publication in 2007 of a study titled *Food Safety and Agricultural Health Management in CIS Countries: Completing the Transition*.⁹

SPS standards are an important means of protecting human health from unsafe food, and of shielding crops and livestock from pests and disease. Indeed, the lack of compliance with SPS standards can be an obstacle to the successful participation of transition countries in international trade.¹⁰ The World Bank study reviews the shift of the CIS countries to international standards from the *Gosudarstvenny standart* (GOST)—the state system of technical, quality, agricultural health, and safety standards inherited from the Soviet Union. The study examines the costs incurred and procedures implemented during that shift, as well as the responses of interviewed stakeholders.

The main objectives of the study were to provide a general analysis, with recommendations for policy makers in transition economies (not only CIS countries), and to serve as a basis for the progressive adaptation of existing food safety and agricultural health management systems so as to comply with international standards. The study also aimed to promote

⁸ The membership of the CIS consists of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

⁹ World Bank, Agricultural and Rural Development Department. 2007. *Food Safety and Agricultural Health Management in CIS Countries: Completing the Transition*. Washington, DC: World Bank, International Bank for Reconstruction and Development (IBRD). siteresources.worldbank.org/INTARD/825826-111134598204/21422839/FoodSafetyCIS.pdf

¹⁰ A “transition country,” or “transition economy,” is one that is shifting from a centrally planned to a market-oriented economy.

trade policy reform and SPS-related training for professional staff in bilateral and multilateral agencies. Through this study, the World Bank enhanced its role in capacity building for trade and development, addressed concerns that cut across disciplines and borders, and helped redress the lack of research on transition countries.

The Extent of Legal Reforms

SPS-related legal reforms in CIS countries have focused on risk assessments and analyses of costs and benefits, given that food safety management has moved upstream and that the basic responsibilities for food safety now lie with the private sector. These reforms have been guided by two principles: (i) that the separation of policy making, policy implementation, and policy evaluation is essential for enhancing transparency and avoiding conflicts of interest, and (ii) that close cooperation among the government, the private sector, and civil society is extremely important for food safety and agricultural health management.

After the dissolution of the Soviet Union, the SPS policies of the CIS countries were still largely based on the GOST system, which is not compliant with the principles of the SPS Agreement due to the GOST system's lack of scientific risk analysis, absence of transparency, and the fact that it requires quality parameters that are voluntary under WTO rules.

Moreover, GOST-based systems provide insufficient protection for human, animal, and plant health. The standards are many and detailed, making it difficult for the private sector to comply with them fully and for government authorities to supervise and enforce them. The multiple inspections under GOST-based systems compromise the competitiveness of the food industry in the CIS countries, as they generate high costs for the private sector and the government. Inflexibility is another issue, hindering the ability to respond promptly to new and emerging food safety and agricultural health threats. Small CIS countries are especially vulnerable, as their government SPS agencies cannot keep their skills and facilities up to date due to a lack of funding. Corruption further reduces the effectiveness of these control systems.

However, replacing the GOST-based systems would not be a viable solution because of the high costs involved; limited technical capacity, especially the unfamiliarity of SPS personnel with the technical language of the field of risk management; the need for a double system if some CIS countries were to keep their GOST-based systems; a vested interest in maintaining the old system; and the potential impact on the large informal sector.

The Extent of Regulatory Agency Restructuring

The World Bank study also presents analyses of regulatory agency restructuring in four countries: the Lao PDR, Lithuania, Poland, and Viet Nam.

Poland and Lithuania

Poland and Lithuania, both non-CIS countries, have completed their transition to market-based economies, and both have been members of the EU since 2004. In less than

a decade, they were able to harmonize their food safety and SPS laws, regulations, and enforcement practices with those of the EU, with grace periods for their private sectors. Even when Lithuania was still part of the Soviet Union and Poland still part of the Soviet bloc, they were relatively advanced trading economies. Nevertheless, the transition from GOST to EU standards was a massive undertaking that required large investments before compliance with EU standards could be achieved, and before Polish and Lithuanian goods could be freely traded with the rest of the EU, which was then establishing its new eastern frontier.

Strong political leadership was an important success factor in the transition process, which was described by government officials and industry representatives in both countries as “causing tremendous changes in the regulatory framework, institutional alignments, training, and industrial and marketing management,” and as representing a huge shift in the “way of thinking about managing food safety and agricultural health.”¹¹ The lack of access to relevant information and the need for specialized language skills constituted the main bottlenecks, and standards bureaus in the two countries were initially relegated to background roles. The transition was gradual, and both countries retained significant numbers of GOST-based regulations, standards, and enforcement procedures for a long time.

Poland evolved from being a food importer before the transition into a food exporter afterward. This process involved a good deal of consolidation. For instance, the number of laboratories under the Ministry of Health (MOH) diminished from 248 to 66. In the meat industry, the number of slaughterhouses was reduced from 2,600 in 1999 to 1,200 in 2006; and the industry was consolidated, dropping from about 7,000 companies in 2001 to 3,000 in 2006. At the same time, more responsibility was delegated to the producers and processors, with fewer veterinarians performing meat inspections.

Under its Programme of Community Aid to the Countries of Central and Eastern Europe (the PHARE program), the EU invested a total of about €175 million to upgrade public food safety and SPS capacity in Poland before its accession in 2004 (Table 1), and about €1.2 billion to restructure the country’s private industry sector. The program’s budget for strengthening agricultural administration institutions in Poland amounted to about €178.5 million, of which 26% (€46.7 million) covered improvements in veterinary services and 17% (€29.9 million) was spent on plant protection institutions. To help Poland complete its transition after joining the EU, the program provided about €450 million to the food and agriculture sector in annual transfers, which offset the costs of the consolidation of the country’s food industry.

The main lessons learned were the importance of (i) a careful sequencing and timing of activities (i.e., reviewing the regulations and food processing facilities as the first step, planning the adaptation of existing institutions, with an emphasis on training, as the next step, and then introducing new legislation and regulations); (ii) clarity and transparency in drafting legislation (in the local language); and (iii) adequate time for private industry to adapt to the new regulations, with a strong emphasis on capacity building and changes in the methods of public inspection—from top-down supervision and control to a more

¹¹ World Bank. 2007. *Food Safety and Agricultural Health Management in CIS Countries: Completing the Transition*. Washington, DC.

Table 1: Expenditure on Agriculture in Lithuania and Poland under the European Union's Programme of Community Aid to the Countries of Central and Eastern Europe, 2000–2006

Country	Total PHARE Funds for Agriculture (€ million)	Share Contributed by the EU (€ million)	Funds for SPS		Total PHARE Funds for Agriculture as % of Agric. GDP (%)	EU Contribution to PHARE Agriculture Funds per Farm Labor (€)	EU Funds for SPS	
			Total Funds for SPS-related Projects	Share Contributed by the EU			As % of Agric. GDP (%)	per Farm Labor (€)
Lithuania	53	40	...	24	13.0	206	5.9	93
Poland	306	179	204	115	6.6	119	2.5	45

... = data not available, Agric. = agriculture, EU = European Union, GDP = gross domestic product, PHARE = Programme of Community Aid to the Countries of Central and Eastern Europe, SPS = sanitary and phytosanitary.

Note: The PHARE program is mainly for public sector institution building. SPS funding under PHARE is for projects concerning veterinary and phytosanitary control, veterinary and phytosanitary border control, enforcement of the EU food control system, development of animal-tracing and epidemiological-surveillance systems, strengthening of food control laboratories, and other areas.

Source: World Bank. 2007. *Food Safety and Agricultural Health Management in CIS Countries: Completing the Transition*. Washington, DC.

advisory role aligned with the Hazard Analysis and Critical Control Points (HACCP), good agricultural practices (GAP), and good manufacturing practices (GMP) codes and standards.

Lithuania started its integration into the world economy in 1990, joined the WTO in 2000, and became a member of the EU in 2004, with the entire body of EU legislation transposed into domestic legislation. The country has made a great effort to improve its food safety and SPS management in order to meet the EU's accession requirements and fulfill its obligations as a member of the WTO. Major achievements included the reorganization and streamlining of the administrative framework for food safety and agricultural health, with a very clear division of responsibilities;¹² the creation of the State Food and Veterinary Service (SFVS) to serve as an official food control and animal health agency, along with the related strengthening of administrative capacities; the introduction of the HACCP system in all food establishments; the consolidation of the laboratory system, including a reduction in the number of laboratories from 50 to 10 by 2001; and the establishment of effective border controls.

The EU provided a great deal of financial support and technical assistance. For instance, nearly €30 million was spent on new and renovated laboratory facilities and equipment. From 1997 to 2003, the PHARE program allocated roughly €40 million to agriculture, of which €30 million was spent on SPS improvements.

¹² For instance, the Ministry of Health establishes the mandatory requirements for food, such as maximum residue levels, and monitors food safety and foodborne diseases, for which it utilizes expertise from research institutions. The SFVS is responsible for the implementation and enforcement of food safety and veterinary controls, both for domestic and imported products, and risk assessments are undertaken at the Center for Risk Assessment and Information.

Among the lessons learned were the efficiency that resulted from merging three agencies for food safety control into one (the SFVS), the importance of defining more clearly the functions and responsibilities of the various relevant ministries and agencies, and the advantages of reducing the number of required inspections and the government staff performing those inspections.

Viet Nam and the Lao People's Democratic Republic

Both Viet Nam and the Lao PDR have adopted market-based economies. Both countries' economies used to function according to the principles of state planning, similar to those embodied in the Soviet GOST system, but these principles were dropped when Viet Nam became a WTO member in 2007 and the Lao PDR became a member in 2014. WTO membership in both cases required extensive legal and institutional reforms and capacity building. And both countries are examples of the success that can be achieved in international trade by adopting standards compatible with principles of the market economy, by allowing (or even promoting) the development of a private sector, and by complying with the SPS requirements of their trading partners.

The Nature and Extent of Support from Development Partners

In changing their SPS systems, the CIS countries require extensive support from trading partners, donors, and international agencies. The effectiveness of external support for SPS capacity building could be improved by helping governments to plan strategically for their transition to international SPS standards. The resulting action plans and road maps could form the basis for more effective donor coordination and support for the consolidation of food safety and SPS institutions, which would help improve the sustainability of both donor and national investments.

Donors could also provide early support for risk analyses and cost-benefit assessments of policy, regulatory, and enforcement options to ensure that priority risks (whether domestic or trade-related) are considered first; they could then consider the sequencing of their investments. Moreover, the CIS countries' smooth transition to current international food safety and agricultural health management systems could be enhanced by twinning institutions and having personnel exchanges with donors or SPS agencies in former transition countries. Donors should also improve communications and coordination among themselves, in order to promote synergy, effect a division of labor in providing technical and financial assistance, and avoid redundancy and overlap.

Another point to consider is the fact that the costs of an adjustment to international standards are much higher in the private than in the public sector. In a lower-income country, donors will need to work closely with the government to identify the proper mix of business environment improvements, incentives, and subsidies needed to induce rapid change in the food and beverage value chains, and to enable farms and firms to restructure and compete in domestic and international markets.

Most support from donors and international agencies is provided to meet formal requirements, so the recipient countries are often advised to establish systems and undertake investments that may not be the most cost-effective for their particular needs, circumstances, and goals. Ultimately, of course, the countries themselves must carefully assess what would be in their own best interests.

The Time Horizon

The transition from GOST-based to WTO-compliant systems has proven to be more complex and difficult than expected because WTO-compliant systems are based on very different principles, and the expertise, work programs, and equipment needed to operate them differ substantially from those of GOST-based systems. The transition requires changes in inspection and monitoring programs, the retraining of personnel, and an assessment of thousands of regulations and of much of the laboratory infrastructure and equipment. Moreover, as the main export markets for the CIS countries undergoing transition continue to be other CIS countries, some of which still use GOST standards, the transition countries must maintain two parallel systems for some time.

Another complication is the inability of most CIS countries to make the changes in quality and safety standards required for access to the markets of the member countries of the Organisation for Economic Co-operation and Development (OECD). With the exception of Russia and, perhaps, Ukraine, CIS countries have insufficient human and financial resources for achieving a smooth transition within a 5-year time span. And as the principles underlying international standards are still new to the CIS region, there is little knowledge in CIS countries about risk analysis frameworks. In addition, traceability systems are being introduced only very slowly in the leading food companies of the region, so they are not expected to be common in the smaller, poorer CIS countries until at least 2030 or 2035. Last but not least, one weakness shared by most CIS countries is the lack of understanding among senior policy makers and public sector managers of the scope, time frame, and complexity of the process required to change from GOST to international standards.

Cost Breakdowns of Physical Investments, Training Programs, Etc.

Estimating the costs and benefits of investing in SPS capacity building is methodologically and empirically very complicated, but it is also useful. The experience of introducing WTO compliance in Armenia and Moldova suggests that public investment levels are about \$3 per capita, and project duration has been estimated at 4 to 6 years. It is worth noting that when the Baltic and Central European countries joined the EU, they went through reform processes with much higher requirements than those needed for WTO compliance, as they had to adopt the entire body of EU legislation (i.e., the *acquis communautaire*).

The investment in public sector reform and capacity building is about 1%–2% of the agricultural GDP annually, for a period of 6 to 7 years, and the cost to the private sector of achieving compliance with international requirements is much higher than to the public sector.

The actual costs will also depend on the extent to which requirements are imposed on different market segments, such as export markets, emerging domestic urban food markets, and traditional markets.

CIS countries may decide to follow different approaches for different market segments, so as to manage the specific risks for each segment more effectively without unnecessarily raising public expenditure, further burdening small enterprises, or increasing consumer food prices (which would directly impact the poor).

Useful Lessons for the Central Asia Regional Economic Cooperation Program

The main lessons offered by the World Bank study for CIS countries¹³ include the following:

- (i) Replacing GOST-based systems with WTO-compliant systems can be difficult.
- (ii) The capacity to implement the changes in quality and safety standards required for access to OECD markets varies across the CIS countries, which differ in their prospects for integrating into trade systems beyond the CIS.
- (iii) Russia is the major trading partner of the other CIS countries, and its joining the WTO in 2012 represented a dominant factor in their economic futures.
- (iv) The transition to international standards requires a total overhaul of national laws and regulations on food safety, plant health, and animal health; as well as legal expertise, language skills, and a thorough knowledge of international experience. It also requires an upgrading of the private enterprise capacities in GAP, GMP, quality and safety management, supply-chain management, sanitary practices, infrastructure, and marketing.
- (v) It is important to prioritize the enactment of legislation focusing on market opportunities and major health and economic risks, and to establish risk assessment or risk evaluation as the basis for SPS policy making, specifically in terms of data, training, and skills.
- (vi) Transparency and the rule of law should be strengthened in order to reduce the discretionary powers and rent-seeking opportunities of the implementing agencies, while also cutting the number of institutions involved in SPS and quality management, realigning the institutions' mandates, and abolishing overlaps in areas of responsibility.
- (vii) Testing facilities must be reorganized, consolidated, and upgraded.
- (viii) Staff skills should be upgraded and new approaches adopted in all policy units and services.

¹³ Six countries out of 12 CIS member states are members of the CAREC Program: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

Lithuanian Experience in Modernizing Sanitary and Phytosanitary Measures

Vidmantas Paulauskas

Deputy Director

State Food and Veterinary Service

Republic of Lithuania

Standardization in Lithuania before and after 1990

Until 1990, the Standardization Service of the Republic of Lithuania, under the Soviet Union State Standardization Committee, was the institution responsible for enforcing all GOST standards for industry, preparing technological specifications for the production of food products, drafting technical standards for products, and for coordinating with other institutions.

In 1990, the Government of the Republic of Lithuania established the Lithuanian Standards Board (LST) and the Lithuanian Standardization Department, both under the Ministry of Environment (MOE). The Lithuanian Standardization Department supervises and coordinates 74 technical committees for the LST. The department started coordinating the technical committees after Lithuania had harmonized its food product standards in preparation for EU accession in 2004. The department has also been supervising the LST's drafting of legislation; setting the timing for the adoption of international and European standards; addressing issues and distributing LST announcements; ensuring that the copyright rules are obeyed; and informing all stakeholders about the validity of standards, technical regulations, and procedures.

In 2000, SFVS was established, which absorbed three government authorities: the State Veterinary Service, State Quality Inspection, and State Hygiene Inspection. The LST and SFVS have jurisdiction over legislation and practical implementation, information on changes in technological processes, analyses of results of official controls, and the submission of detailed proposals concerning Lithuanian standards and testing methods. The Ministry of Agriculture (MOA) drafts legislation on food quality after consulting with the SFVS. It is also responsible for evaluating food-quality improvement systems and for implementing EU requirements. The broad division of responsibility among the Lithuanian food authorities is as follows:

- (i) The MOA is responsible for food-related legislation, production, and trade.
- (ii) The SFVS, which reports directly to the Prime Minister, is responsible for animal welfare, public health, and food control.
- (iii) The LST and Lithuanian Standardization Department, both under the MOE, oversee the implementation and harmonization of food-related standards and regulations.
- (iv) The National Nutrition Center (NNC), under the MOH, supervises wellness and nutrition, and harmonizes and coordinates health-related standards.

Standardization of Milk Products

The dairy industry plays a key role in the Lithuanian economy. Until 1990, the dairy industry was operated under the Ministry of Meat and Milk Industry and the related state enterprise (the Scientific-Industrial Union). Before 2002, LST and industry standards were based on GOST, International Organization for Standardization (ISO), and International Dairy Federation (IDF) requirements, and were generally used for devising testing methods and regulating some products. Company standards applied only to particular products. Overall, some standards were coordinated with NNC and the State Quality Inspection, while others were supervised by the State Veterinary Service and then registered with the Lithuanian Standardization Service.

Since 2002, Lithuanian standards for dairy products have mainly concerned testing methods. Company standards continue to apply to particular products, though the company drafting the standards for a product will coordinate with NNC; then such standards are not publicly registered, but instead are approved by the company's general manager. The LST also organizes special groups within the technical committees, coordinates with NNC, and registers dairy standards with the Lithuanian Standardization Department. The responsibilities of the MOA have also been revised.

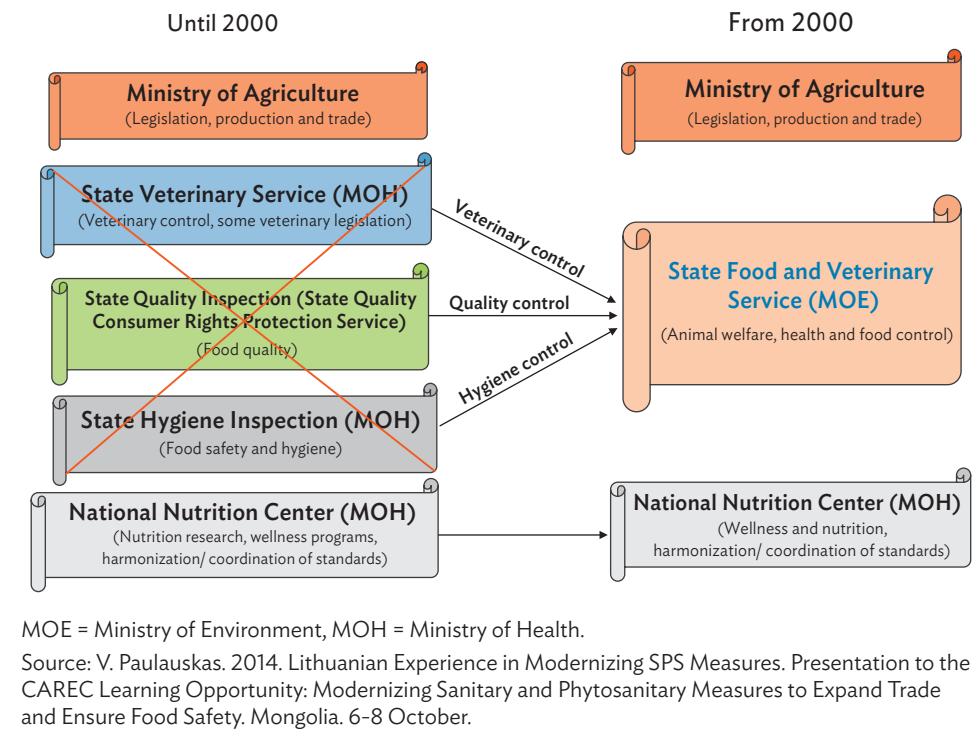
Until 2004, the quality requirements for dairy products were based on EU regulations and directives, and on the United Nations Codex Alimentarius, which encompass standards for milk, cream, fermented dairy products, fermented cheese, melted cheese, casein, butter, butter products, and other products. Since Lithuania's accession to the EU, the quality-related requirements for butter, milk, and casein have been based on EU regulations and directives, the ISO, and the Codex Alimentarius. For other milk products (e.g., cream, fermented products, and cheese), national standards dating from before Lithuania's entry into the EU are still considered valid.

To summarize the sources of Lithuania's regulations and standards since 2004, there are EU regulations, decisions, and directives; national legislation and standards; industry standards; and GOST standards, which have not been valid since 2004 except for exports to Russia.

The Reorganization and Funding of the Lithuanian Food and Animal Health and Welfare Control System

The sectoral reforms implemented after 1990 and after EU accession are based on the fundamental principle of the separation of powers: the SFVS conducts food and veterinary control in an independent, consistent, and transparent manner in order to promote consumer protection, scientific risk assessment, and interinstitutional coordination. The MOA is responsible for legislation on food quality, the MOH for legislation on food safety, and the Ministry of Economy for the general rules on labeling (Figure 2). The funding comes from the national budget, the EU, and international organizations such as the World Bank; and both the food industry and the government funded the drafting of the national standards for dairy products.

Figure 2: The Reorganization of Lithuania's Sanitary and Phytosanitary System



Major Changes in Inspection Programs and in the Laboratory System

The implementation of key inspection programs based on risk assessments, in conformity with EU regulations,¹⁴ sampling, and laboratory testing, used to follow Russia's sanitary and epidemiologic rules and regulations (SanPin), but gradually transitioned first to national, and then to EU, regulations. Similarly, in the past, laboratories that tested food products only needed to be certified, but since 2004, they have been required to obtain accreditation, at first based on European Standard EN 45001 requirements, but later based on International Standard ISO/IEC 17025. Also, EU and government investments amounting to €45–€50 million focused on upgrading facilities and equipment and on implementing the country's food-quality system. As a result, Lithuanian laboratories are now internationally recognized for their work.

There has been a significant improvement in the prevention of food diseases and related outbreaks. Lithuania's system is now capable of isolating local cases, thanks to comprehensive territorial controls and 24/7 monitoring, supported by a regional cooperation network for prevention and intervention. With regard to import controls, the

¹⁴ EU regulations stipulate three levels of risk: low, medium, and high.

duration of an inspection is typically 3–5 days as there are no provisions for submitting samples of goods in advance.

Public Funding of the Sanitary and Phytosanitary System

Since Lithuania entered the EU, the financing of official controls has been based on the general principle that each EU member state should allocate appropriate financial resources to official controls. The collection of mandatory inspection fees should be charged only for official controls of businesses handling meat, fishery products, and milk, such as approval of food establishments and controls at borders.

The Most Challenging Aspects of the Transition: Implemented Solutions and Results

The implementation of food standard reforms has faced some challenges, specifically, the implementation of a new self-control system based on HACCP principles, the compliance of the food industry with the new standards (the “hygiene package”), and the related demand for structural changes. There have been problems due to the lack of human resources in both the private and public sectors (given the relatively recent start of the transition period); and to staff resistance to the reforms, which was overcome by the government’s strong determination to integrate Lithuania into the EU, its clear strategic national action adoption plan, and its forecasts of transitional progress over 5-year intervals. The possibility of boosting international trade has been a motivating factor, and extensive educational activities have been supporting the implementation of the reforms, as have financial interventions aiding both the private and public sectors. One of the many remarkable results was the development of establishments handling animal products during 2003–2008, which is shown in Figure 3.

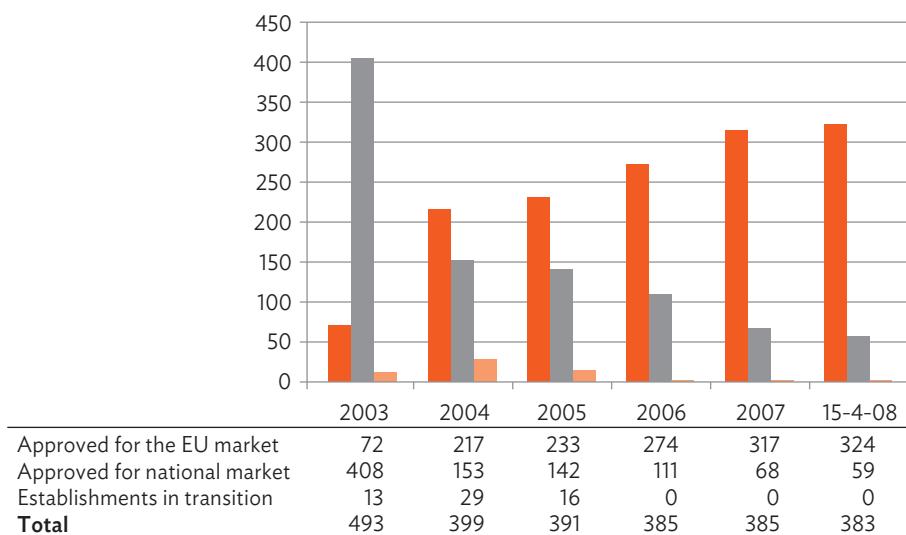
The Extent of Private Sector Involvement

A fundamental role was played by both private and public stakeholders in the adoption and implementation of the new national, EU, and international mandatory standards and requirements. Private consultancy companies were established to help the food industry implement new standards by organizing training sessions and involving all the relevant sectors in the drafting of new regulations. As a result, the local private sector came to recognize the importance of product quality, and to see inspections as a useful instrument for keeping their standards in line with domestic and international regulations while prioritizing system transparency.

Main Lessons Learned

Some of the interventions could have been better organized. For instance, it would have been more helpful if information and awareness-raising campaigns about future changes had been held earlier in the process, and if the food industry had been allowed more time to implement the new standards. Moreover, the transition could have been easier if there had been a better understanding by the private sector of the relevant legislation, a more

Figure 3: The Development of Establishments Handling Animal Products in Lithuania, 2003–2008
(number of establishments)



EU = European Union.

Source: V. Paulauskas. 2014. Lithuanian Experience in Modernizing SPS Measures. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

flexible application of the new regulations, and stronger governmental support for primary food production.

Modernization of Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety: Latvia

Biruta Amolina
*Head of Foreign Relations and the International Project Management Division
Food and Veterinary Service
Republic of Latvia*

Major Changes in the Food and Veterinary Service Standards

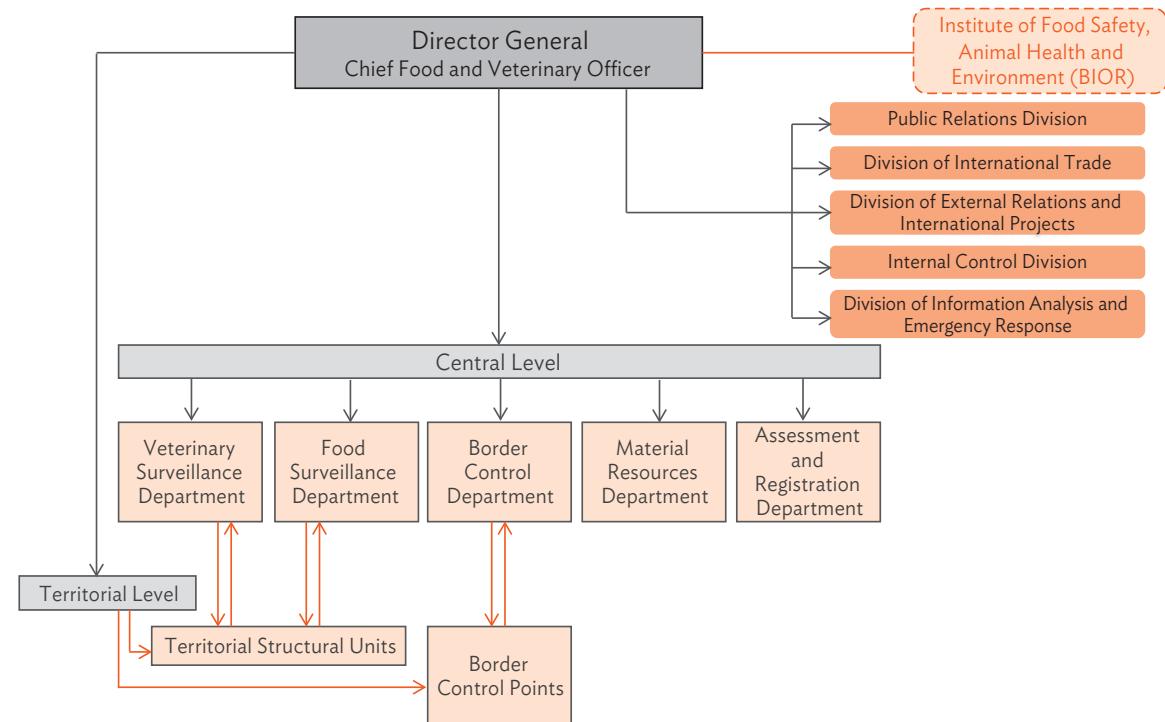
Latvia has a total area of 64.6 square kilometers and 2 million inhabitants, of which 716,000 live in Riga, the capital. It joined the WTO in 1999, after 7 years of negotiations, and then

joined both NATO and the EU in 2004. The Latvian Food and Veterinary Service (FVS) is currently headed by the chief food and veterinary officer, and it has 5 departments and 11 territorial units, with a total of 615 employees. The FVS operates as an autonomous institution, and is responsible for the surveillance and official controls for all the stages of food production and distribution “from farm to fork.” The structure of the FVS is shown in Figure 4.

Following independence, on 4 May 1990, the Government of the Republic of Latvia continued to apply legislation from Soviet times, while gradually drafting and enacting national legislation. During this period, the government was also planning to fund the upgrade of laboratories and necessary reorganization processes. When the new government was engaged in revising all the Soviet-era legislation, constitutional laws included, it prioritized the reorganization and strengthening of the food inspection system. The repealing of Soviet-era legislation including standards was completed in August 1991.

For several years after Latvia’s independence, GOST standards continued to be applied to laboratory analysis, leading to difficulties when exporters tried to expand their trade to countries outside the former Soviet Union. This was a problem until the full implementation of ISO standards in Latvia. One key milestone was in 1996, when Latvia

Figure 4: The Structure of Latvia’s Food and Veterinary Service



Source: B. Amolina. 2014. Modernization Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

first achieved international laboratory accreditation under ISO 17025. After that, Latvia gradually gained accreditation in other fields, the latest in microbiological testing, achieved in 2014 under ISO standard 15189:2008, for the testing of samples taken from humans. At present, there is one State Reference Laboratory in Latvia, four branch laboratories, and two laboratory units accredited.

Major Changes in Inspection Programs and in the Laboratory System

The overall inspection system in Latvia has undergone major changes—specifically, with regard to its inspection programs and laboratory systems. The changes concerned the selection of ministries to be responsible for elaborating policies and drafting legislation. Among them are the Ministry of Welfare, which has offered guidance on food safety criteria and general hygiene requirements; the MOA, which has offered guidance on specific hygiene requirements for agricultural products of animal and plant origin; the Ministry for Economics, which has done so on labeling; and the Ministry of Finance, which has done so on excised goods.

Before the reforms, several inspection institutions were responsible for food safety control. The MOA supervised the State Veterinary Service, which was responsible for raw materials and products of animal origin; the Sanitary Border Inspection, which oversaw veterinary border control; and the Plant Production State Quality Control Service, responsible for products of plant origin. The Ministry of Welfare supervised the Public Health Agency, which investigated outbreaks of foodborne diseases, and the State Sanitary Inspection, responsible for food safety in retail and catering and for the production of beverages (including bottled drinking water) and mixed goods. The Ministry of Economics supervised the Consumer Rights Protection Center, established to handle consumer complaints, along with various independent centers that assessed conformity with standards. The inspection and laboratory systems were prone to extensive inefficiency due to an unclear division of responsibilities among agencies; overlapping or nonexistent control; differing criteria for carrying out inspections, taking samples, and training inspectors; fragmented analysis of inspection data; chaotic crisis management; multiple laboratory networks; and high administration costs due to the involvement of numerous institutions and to poor communication between control institutions and food business operators.

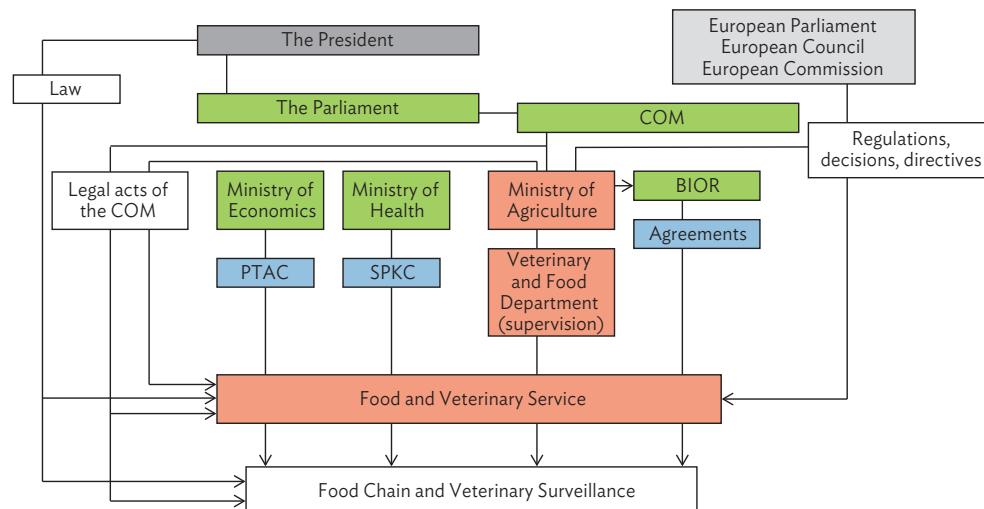
There was strong political pressure, due to the EU accession process, to develop and implement relevant legislation, upgrade food establishments, and fully and effectively enforce domestic market control systems, all deemed necessary steps toward strengthening government food controls. The private sector, however, exerted even greater pressure, given its eagerness to expand trade to EU member states and its dissatisfaction with the existing food control system. Consumers also pushed for better regulations, as they had difficulty identifying the correct authorities to contact when they had complaints.

In April 2001, the government decided to establish a unified food service, and its first step toward achieving this goal was to establish an interministerial working group responsible for drafting proposals regarding inventory management, the reallocation of policy-making responsibilities (e.g., transferring surveillance functions to the MOA), and the revision of

legislation and of the annual budgets of the relevant government ministries and agencies. The reforms were implemented in September 2001. As a result, there was a clear division of responsibility among the institutions involved in official food and veterinary control. There was also the introduction of surveillance procedures “from the stable to the table” (i.e., covering the whole food chain), with flexibility and quick responses in emergency cases; improved dialogue with nongovernment organizations (NGOs); public awareness raising; and a more rational use of human and technical resources, which enabled continued financial savings. The government structure for the implementation of Latvia’s new food chain and veterinary surveillance system is shown in Figure 5.

The reformed system focuses not only on interventions during disease outbreaks, but also on prevention activities related to food safety and quality. One key aspect of the reforms has been the transparency of FVS activities, with information about them available on the internet. FVS surveillance and laboratory control programs are approved by MOA. Moreover, there are standard operating procedures (SOPs) for inspections and sampling; annual reports on FVS activities; inspection reports, with the frequency of risk-based inspections tailored to the type of establishment in question; a comprehensive computer database on all registered food business operators (registration is mandatory); and appropriate training systems for personnel at various levels of the government. It is very important that citizens receive prompt responses to their questions, and that they have access to the services of a “single window” for sanitary and phytosanitary services. As a

Figure 5: The Structure of Latvia’s New Food Chain and Veterinary Surveillance System



BIOR = Institute of Food Safety, Animal Health and Environment, COM = Cabinet of Ministers, PTAC = *Pārētāju tiesību aizsardzības centrs* (Consumer Rights Protection Centre), SPKC = *Slimību profilakses un kontroles centrs* (Centre for Disease Prevention and Control).

Source: B. Amolina. 2014. Modernization Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

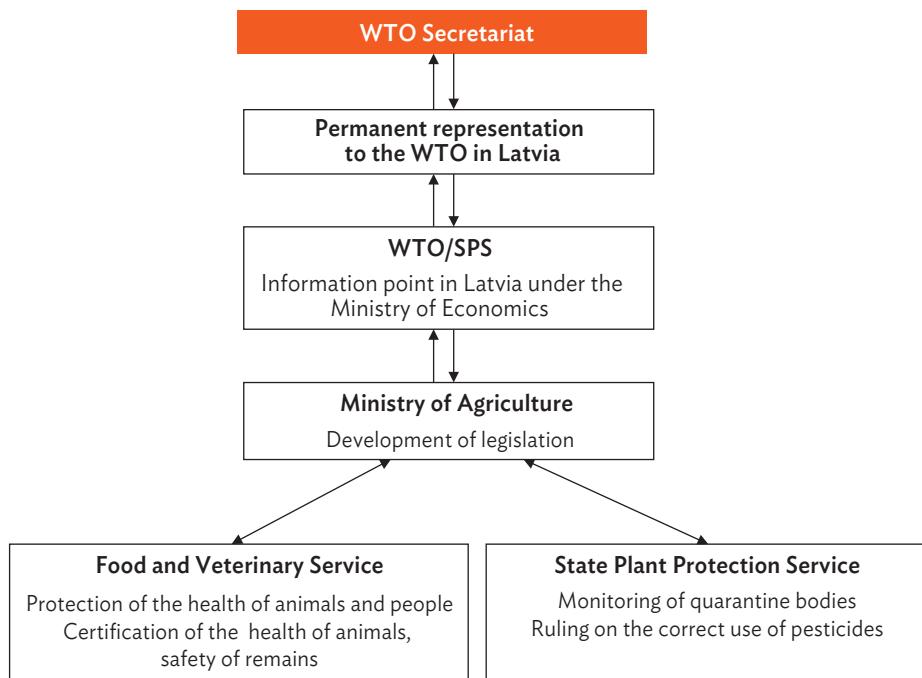
result of these reforms, foodborne diseases have dropped significantly, to the point where they have nearly disappeared, earning Latvia a top ranking on this indicator. MOH no longer participates in inspections of food companies, but in the event of an outbreak, there are SOPs for direct and open cooperation with the ministry.

Sanitary and Phytosanitary Standardization

The SPS Agreement encompasses safety rules for food products and for human, animal, and plant health. The measures are based on international standards, principles, and recommendations, and on risk-based assessment scientific findings. Transparency, a fundamental principle embodied in the WTO, is implemented through an “information point” in charge of providing documentation (on laws, decrees, orders) and answers to inquiries by WTO members, and through the National Notifying Authority, the central public agency in charge of the notification procedure. Also, notifications for EU member states are given at almost all WTO meetings. The current structure of Latvia's SPS system is shown in Figure 6.

Latvia also works with the authorities in the WTO responsible for international standards, with OIE working groups, the European and Mediterranean Plant Protection Organisation

Figure 6: The Structure of Latvia's Sanitary and Phytosanitary System



SPS = sanitary and phytosanitary, WTO = World Trade Organization.

Source: B. Amolina. 2014. Modernization Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

(EPPO), the International Plant Protection Convention (IPPC), and with Codex Alimentarius working groups. The negotiations for Latvia's accession to the WTO included discussions about the main international standards, guidelines, and recommendations concerning food additives, veterinary drugs, pesticide residues, and issues related to animal health and zoonoses. Latvia accepted the WTO membership strictures regarding subsidies for the production of export goods, including agricultural exports. Any subsidies meant to reach particular export targets or to substitute local consumption of domestic goods for imports are prohibited, as they distort trade and discriminate against trading partners. However, subsidies are permitted if they cannot be shown to be discriminatory.

In terms of "ceilings" on import customs duties, Latvia accepted the WTO requirement that agricultural goods from other countries that cannot be produced in the same climate zone must have import customs duty of 0% or close to it, while agricultural products that are also produced in Latvia, but in insufficient quantities and/or limited varieties, can have import customs duty ceilings set at 10%–30%. Vulnerable Latvian products that require market protection—for example, dairy products, meat and meat products, sugar, eggs, vegetables, and certain fish products—are allowed to have import customs duty ceilings higher than 30%.

In general, Latvia currently has no national standards for specific products. Each business establishes its own technical standards, though some international standards have been made obligatory through national legislation—for example, ISO 16140, on certifying alternative laboratory methods, and ISO 18593, on sampling. Companies used to be required to go through an accreditation process based on ISO standards, but this requirement was never established by legislation. The government simply chose to enforce it, and in doing so earned the Latvian Food and Veterinary Service ISO 17020 (for competence and impartiality of inspections) and ISO 9001:2000 accreditations (for quality management systems).

The Benefits of WTO Membership

WTO membership can help attract investment. In macroeconomic terms, foreign investors know that the products of WTO member countries do not face discrimination in the markets of other WTO member countries in the form of customs tariffs, subsidies, or harsh trade regulations. Moreover, WTO membership is an important stabilizing factor when it comes to implementing reforms, and the WTO supports the transition of countries to a market economy. In terms of legal stability, the WTO represents a kind of a "seal of approval" for a country that is integrating into the international labor distribution system. And WTO serves as a mechanism for promoting successful trade relations, whatever the prior levels of cooperation, between countries at different stages of economic development.

The Impact of Sanitary and Phytosanitary Modernization on Trade: Private Sector Perspectives

The CAREC Trade Facilitation Learning Opportunity workshop also presented perspectives from the private sector—on issues and opportunities related to meat exporting and importing industry in Mongolia, trade and logistical infrastructure linking the PRC with Central Asia focusing on the established “green corridor” for agricultural exports between the PRC and Kazakhstan, and development of BCP infrastructure linking Azerbaijan with Europe and other CAREC countries.

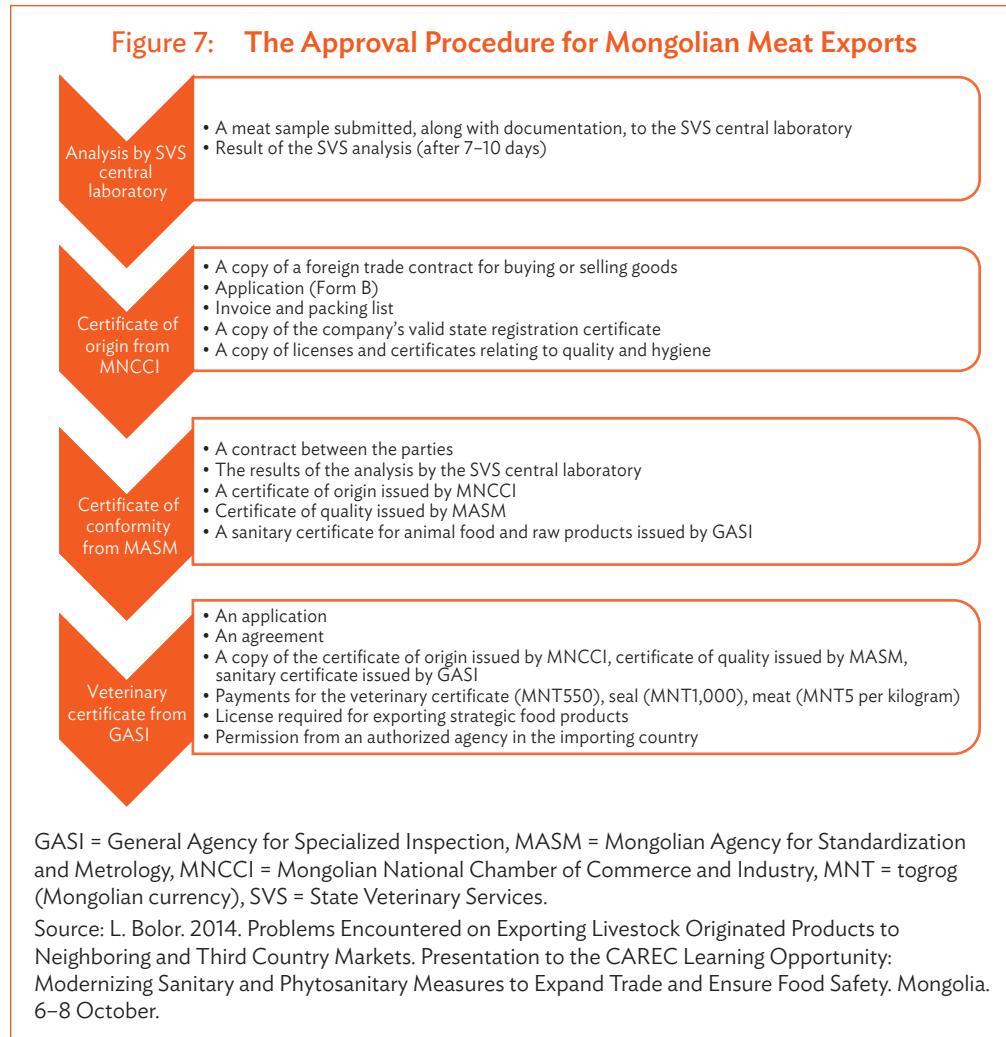
Exporting Livestock Products from Mongolia to Neighboring and Third Country Markets

Bolor Lombo
Chief Executive Officer
Makh Market LLC
Mongolia

Makh Market was founded in 2001, and is now one of the leading companies in the Mongolian meat export sector. The company operation is along the entire value chain, including the slaughtering, processing, production, sales, export, storage, and transport of semiprocessed and processed meat products. Production is based in primary processing plants and slaughterhouses that handle 1,000 animals per day, a preparatory facility (with the capacity to debone 4–5 tons of meat), a semiprocessed product processing plant (handling 2–3 tons per shift), and a processed product plant (2–3 tons), together with a cooling storage capacity of 7,500 tons, deep freezers, and contact freezers. With 180 employees and a dedicated railway track, Makh Market LLC received an AAA accreditation from GASI, and was audited according to the HACCP system by the international audit company Société Générale de Surveillance (SGS) in 2011. In 2014, the company received ISO 22000 certification for its food safety management system. Our meat product laboratory is ISO-accredited, and we are eligible to export processed meat products to the PRC.

Issues Related to the Documentation Required for Exporting

Apart from the requirements of individual private companies, regulations concerning documentation for meat exports are mainly based on the Quarantine and Inspection for



Transferring of Animals, Plants, Raw Materials and Products of their Origin through the State Border Law and on the Regulation on Export and Import Licensing of Goods Subject to State Control. The relevant Mongolian authorities are the State Veterinary Services (SVS), the Mongolian National Chamber of Commerce and Industry, and the Mongolian Agency for Standardization and Metrology (MASM). The procedures that they adhere to are described in Figure 7.

Customs clearance procedures in Mongolia used to be conducted by state inspectors from professional inspection bodies, but they are now the responsibility of GASI. This arrangement has resulted in procedures that are cumbersome and inefficient. For example, the state veterinary inspector assigned to a plant or company does not have the authority to issue veterinary certificates. And when a new inspector is appointed, the company must send a representative to Ulaanbaatar several times during the process of loading or unloading cargo. Moreover, export licenses are essential for food products, but a state inspector's report takes an average of 12–24 days after the submission of documents.

Mongolian meat producers find it difficult to export to the PRC and Russia due to these countries' high tariffs (25%) and value-added taxes (13%). There is an additional problem with the Russia Federation: a laboratory analysis is required for every truck upon its arrival there, resulting in a delay of 4–7 days before the truck can be unloaded; and this means losses in terms of time and money.

Proposals for the Improvement of the Mongolian Meat Industry, Laboratory Analyses, and Export Procedures

The meat industry plays a key role in Mongolia's economy, and one of the main goals for this industry should be the minimization of differences between international hygiene and export-quarantine regulations and those of Mongolia. The Mongolian government should, therefore, legalize only meat that is slaughtered using the methods and technologies that fulfill the basic international hygienic and veterinary requirements. The government should also rationalize the distribution chain in order to enable reductions in domestic meat prices and make exports more competitive. Factories and plants could also operate continuously, given the development of intensive livestock breeding.

The government should boost shipping and transportation by supporting the purchase of cooling sections and containers; issuing border-crossing licenses to Mongolian transport companies; and negotiating the reduction, or even cancellation, of tariffs on meat and meat products with importing countries. Mongolian companies could also benefit from the establishment of a “one-stop shop” for the submission and processing of export documents for meat, and state inspectors should visit companies on a regular basis, thereby enhancing GASI's effectiveness.

The National Reference Laboratory for Food Safety is properly run, and Makh Market has never had any problems with the quality of the laboratory's services. However, more up-to-date technologies should be introduced to enable the faster conduct of analyses, as the laboratory process is currently very time consuming, and the sampling methods should be improved. Analysis results are generally released within 5–10 days. Shortening this period would be a useful way to expedite exports. In addition, there have been numerous cases in which inspectors made requests that were not stipulated by the laws and regulations, causing delays in export certifications.

Either ADB or the WTO should support the harmonization of Mongolian SPS regulations with international standards. Mongolian law specifies that imported and exported meat products must be kept up to 21 days if any sign of contamination has been detected by border quarantine inspectors. During this period, the product must be stored in accordance with international requirements. However, there are not enough storage facilities that fulfill such requirements (including for frozen products) along Mongolia's borders, for instance, at the Zamyn-Uud and Altanbulag BCPs.

It is extremely important for the development of the meat industry that consultations be strengthened between the public and private sectors. All Mongolian meat producer associations strongly support the Ministry of Industry and Agriculture. And they support the alignment of national with international standards, specifically to address

time-related issues and to implement the “single window” concept (the process of which is currently stagnating).

A Comparison of Veterinary, Quarantine, and Hygienic Requirements in the People’s Republic of China, Mongolia, Russia, and Singapore

Based on Makh Market’s practical experience, the requirements of the PRC, Mongolia, Russia, and Singapore are generally similar. And given that Makh Market has adopted such international food safety standards as ISO 22000:2005 (including chemical and microbiological analyses at least twice a year) and HACCP CAC/RCP 1:2003, they have had less difficulty in adhering to international veterinary and quarantine regulations.

The systems of these four countries nevertheless have their own peculiarities. For example, according to Russian requirements, veterinary and hygienic inspections should be done separately by public or private entities; and the Russian government specifies the required frequency of the inspections and laboratory analyses. According to Mongolia’s regulations on food safety, analyses can be done by any accredited laboratory, whereas Russian regulations allow only analyses to be done by public laboratories. Russia requires that the residues of heavy metals, pesticides, and veterinary drugs be examined by a public entity according to a specific time schedule, whereas Mongolian authorities have no provisions with regard to frequency. The state veterinary services of the Eurasian Economic Union countries (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia) require animal slaughter to be supervised by the state. But Mongolia’s SVS is no longer responsible for the supervision of slaughterhouses; instead, the companies themselves are allowed to supervise their operations according to their own regulations.

With regard to product safety requirements, Mongolian exporters who fail to meet government standards may encounter problems, even if they meet the standards of the countries to which they are exporting, such as the PRC. For example, in the PRC, the bacteria load for heat-processed products should not exceed 50,000 colony-forming units per gram (cfu/g), according to the “Guobiao,” the set of recommended and mandatory standards implemented by the Standardization Administration of China (in the case of heat-processed products, standard GB2726-2005). In contrast, Mongolia allows bacteria load for heat-processed products of a maximum 2,500 colony-forming units per gram (cfu/g) (MNS6308-2012). In Mongolia, the deboning house temperature must be maintained at +12°C, though according to Mongolian (and Chinese) standards, it should be at +16°C. In the PRC, products are required to be sterilized after heat processing and packing because it helps prolong shelf life (GB2726-2005). Due to the lack of such requirements in Mongolia, companies in that country are not required to have any sterilization equipment, but such equipment will have to be installed if they expect to export to the PRC. Mongolian meat products could have access to very promising markets in countries with high consumer purchasing power (e.g., Japan), but these opportunities are at the moment limited by the relatively lax domestic regulations.

Mongolia's Internal Communications, Licensing, and Transparency Issues

Inspectors at the border lack problem-solving skills, communications between Chinggis Khaan International Airport and MIAT Mongolian Airlines are weak, and tariffs are high when goods are forwarded by air. The Mongolian "AAA" accreditation certificate, issued by GASI, is accepted in the PRC and Russia for Mongolian exports, but no such certificates have been issued since 2013. Domestic laboratory accreditation is not accepted outside Mongolia, though exporting is permitted upon issuance of a certificate indicating that a state laboratory analysis had been done by the MASM, which is also responsible for HACCP and ISO 22000 certification (though these are also not accepted internationally).

Importation of Meat and Meat Products into Mongolia

Sanjkhuu
Director, San Khalil LLC
Mongolia

Problems Related to the Importation of Meat and Meat Products in Mongolia

One of the key issues for Mongolian meat importers is the timely issuance of import notifications, given that various kinds of documents are required (e.g., on quality and safety issued by the manufacturers or regional governments) and that they must be channeled through a competent foreign embassy in Mongolia or organization in charge of the specific product. These requirements result in a significant loss of time. Weak harmonization among public sector organizations, along with interference in each other's power and functions, slows down the decision-making process. Government organizations related to meat importing apply differing standards, regulations, and guidelines. For instance, GASI still adheres to standards and regulations similar to those of the former Soviet republics, while the Veterinary and Animal Breeding Agency, under the Ministry of Food and Agriculture, adheres to international standards and regulations. There have also been cases in which one department prohibited the importation of a particular product from a country in which some regions had been affected by a disease, while another department authorized imports from that country, as long as the product was not from any of the affected regions.

Solutions Related to the Importation of Meat and Meat Products into Mongolia

One of the causes of the lengthiness of the import approval process could be a lack of knowledge of international quality standards on the part of the Mongolian authorities. If this is the case, training could raise the level of professionalism of these officers and make

the approval process faster and more efficient. As in other countries, public sector agencies should realize how private companies can contribute to the development of the meat industry, and appreciate the importance of fast inspection and authorization procedures. They should also understand how the application of international and exporting countries' quality standards and regulations, the use of more transparent procedures, and harmonization between government agencies and their jurisdictions could help develop a more rapid, accountable, and efficient system. Mongolian meat importers already support the State Central Veterinary Laboratory and other government bodies, sharing their goals of achieving efficiency; aligning with international standards; and, per the suggestion of Makh Market, establishing a “one-stop shop” for importers and a list of essential documents, in the interest of expediting approval procedures.

“Green Corridor” for Agricultural Products between the People’s Republic of China and Kazakhstan

Ge Ju

*Deputy Secretary General
Xinjiang Uygur Logistics Association
People’s Republic of China*

Chinese Exports and the “Green Corridor” between the People’s Republic of China and Kazakhstan

The PRC’s trade with Central Asia has been growing constantly, and the three major destinations for Chinese products exported via the Xinjiang Uyghur Autonomous Region are Kazakhstan, the Kyrgyz Republic, and Russia. In 2013, agricultural exports from Xinjiang to Kazakhstan amounted to \$211 million, representing a year-over-year increase of 23.4%. From January to July 2014, agricultural exports via ports in Xinjiang amounted to 234,000 tons, an increase by 17.1% over the same period of the prior year, for a year-over-year total of \$290 million and a growth rate of 34.3%. The three main PRC exports to Central Asia are fresh fruits, frozen meat, and ketchup.

At a meeting in 2013, Chinese and Kazakh leaders reached a consensus in favor of opening a fast-customs-clearance “green corridor” for agricultural products at the Bakhtu BCP (PRC)–Bakhty BCP (Kazakhstan). The purpose of the green corridor is to facilitate customs clearance procedures between the PRC and Kazakhstan, specifically for agricultural products. It was the PRC’s first pilot project of this kind.

During the Conference on Interaction and Confidence Building Measures in Asia, held in Shanghai in May 2014, Nursultan Nazarbayev, President of Kazakhstan, signed a joint agreement with Xi Jinping, President of the PRC, that will ensure the operation of a fast-customs-clearance green corridor at Bakhtu and Bakhty BCPs for agricultural products between the PRC and Kazakhstan. The green corridor includes special entry

and exit channels and windows for fast customs clearance and inspections, established at Bakhtu and Bakhty BCPs. Moreover, the two countries charge low rates for inspections of agricultural imports and exports. They also provide “one-stop” service to enable fast and efficient customs clearance. A common green corridor logo is posted on vehicles at both BCPs.

The Green Corridor: Customs Clearance and Administrative Procedures

Customs clearance operations at Bakhtu BCP have improved markedly since the creation of dedicated windows for declaring agricultural products, and a fast track for the storage, handling, transport, and exit of eligible exports. PRC customs, inspection, and quarantine authorities jointly send representatives to export companies that have filed applications, in order to expedite inspections later on at the shipment site. Enterprises have the option, for faster customs clearance, to load first and submit the declaration afterward or to allow the inspection at the same time as submitting the declaration.

Customs working hours have also been extended to accommodate applications from enterprises so that cargo clearance procedures can take the shortest time possible, and agricultural products such as fruits and vegetables can be given priority handling. In addition, the sequence of field operations can be adjusted to shorten the customs clearance procedure as much as possible.

At Bakhtu, the “low-risk rapid release” procedure has been adopted for agricultural exports. It is based on a new customs clearance management system, “H2000”, which classifies declarations according to three categories: high-risk, requiring examination; low-risk, requiring a review of documentation; and low-risk, allowing for a quick release (depending on whether the issues are related to taxation or documentation). Declarations by law-abiding companies and other low-risk declarations of goods can enjoy rapid and efficient online customs clearance. The Tacheng Entry–Exit Inspection and Quarantine Bureau at Bakhtu BCP launched convenient customs clearance of export of fruits and vegetables, including service by appointment outside of statutory working hours, a process of inspection and issuance of certificate that takes no more than 1 hour, the ability to inspect time-critical export shipments immediately after the declaration, and the replacement of the certificate as soon as the goods arrive at the port. The measures also include “one-stop” services: one-time application, one-time sampling, one-time inspection and quarantine, one-time disinfection, one-time charging, and one-time certificate issuance and release.

As a result, customs clearance efficiency at Bakhtu has significantly improved. According to statistics of Tacheng customs, the average customs clearance time for agricultural exports is now 0.22 hours, while for imports it is 3.7 hours. Both are lower than the average clearance time for Urumqi District customs. More than half of fruit and vegetable exports in Xinjiang are exported through Bakhtu to Kazakhstan, while the imports pass through Bakhtu via the PRC–Kazakhstan green corridor. Overall, the imports into the PRC include mainly jam, beverages, and sunflower seeds, while the exports consist of apples, grapes, citrus fruits (e.g., oranges), tomatoes, cucumbers (including West Indian cucumbers), and bell peppers, as well as frozen meat and ketchup. During January–July 2014, the PRC

agricultural exports through Bakhtu reached CNY 140 million in value, representing a 9.2% year-over-year increase.

The Modernization of Sanitary and Phytosanitary Measures and Future Plans

The SPS Agreement has been implemented in the PRC, and the infrastructure and equipment have been upgraded accordingly. Specifically, the Inspection and Quarantine Technology Centre of the Xinjiang Entry-Exit Inspection and Quarantine Bureau, has five key national testing laboratories with a total of 75 staff members, including 1 researcher, 14 people with senior professional titles, 4 people with doctorates, and 25 with master's degrees. The Technology Centre laboratory area covers 6,000 square meters, and has 629 pieces of large-scale or auxiliary equipment, worth over CNY 90 million. Further, 14 first-class ports and BCPs in Xinjiang have passed the core quarantine competency inspection by the PRC's General Administration of Quality Supervision, Inspection and Quarantine.

Future measures planned by the Government of the PRC include the following:

- (i) the construction of inspection and quarantine facilities in the Kashi and Khorgos economic development zones;
- (ii) the construction of inspection and quarantine facilities in BCPs and in special areas such as Khorgos railway station, Alashankou Comprehensive Bonded Zone, Laoyemiao port, the southern joint inspection hall in Khorgos, and the office at Irkeshtam BCP;
- (iii) the construction of comprehensive laboratory buildings at the Xinjiang and Shihezi Entry and Exit Animal and Plant Inspection and Quarantine bureaus; and
- (iv) the design and construction of a comprehensive laboratory complex at the Ili Entry and Exit Animal and Plant Inspection and Quarantine Bureau, a new laboratory building at Khorgos BCP, and a comprehensive laboratory building for the Dulata Entry-Exit Inspection and Quarantine Bureau.

The government is currently negotiating agreements for green corridors with the Kyrgyz Republic, Pakistan, and Tajikistan.

Development of Customs Infrastructure at Border Crossing Points in Azerbaijan

Ramiz Akhundov

Deputy Secretary General

*International Association of Shippers of Azerbaijan
Republic of Azerbaijan*

Border Crossing Points in Azerbaijan

Azerbaijan occupies a key geographical position with regard to logistics, as it is situated at the juncture of two continents and its territory is crossed by corridors between Europe and Asia. These routes, which run east-to-west and north-to-south, include the Transport Corridor Europe–Caucasus–Asia (TRACECA) and the CAREC corridors (Figure 8). The BCPs in Azerbaijan include Baku, for ferry transport to Kazakhstan and Turkmenistan; Red Bridge and Belakany, on the border with Georgia; SDK, on the border with Russia; and Astara and Bilasuvar, on the border with Iran.

Figure 8: Map Showing the Transport Logistics of Azerbaijan



Source: R. Akhundov. 2014. Development of Customs Infrastructure at Border Crossing Points in Azerbaijan. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6-8 October.

All BPCs are equipped with modern equipment, and they connect to the “single window.” There are no regulatory functions at the BCPs apart from border and customs procedures. All documents related to transport, shipments, and sanitary requirements are examined by customs officers. A driver can submit the documents at one window and in 10–15 minutes be ready to cross the border. The Baku–Tbilisi–Kars railway line is under construction; when it is complete it will link Azerbaijan and Turkey via Georgia, but in a broader sense it will link Asia and Europe.

Due to expansion of the capital, Baku, the Government of Azerbaijan is relocating the Baku seaport to Alyat, 50 kilometers (km) south of the city. The new location is adjacent to key road and railway connections.

The Alyat Port Project

The New Baku International Trade Sea Port, which is being developed in Alyat, will be the largest and most modern port on the Caspian Sea. It will be located on north–south and east–west TRACECA and CAREC corridors, with major highways and railway lines nearby. The seaport will cover a 400-hectare area, and will be constructed in three phases, as described below.

Phase 1 included the construction of the entry channel, which is 7.5 km long, 160 meters wide, and 7 meters deep, and has a ship turning area of 450 meters in diameter; it now accommodates all types of ships operating on the Caspian Sea. Meanwhile, the construction of a ferry terminal for roll on-roll off (RORO) shipping, bridges for dry cargo, customs and border posts, and warehouses continues. Appropriate modern navigation system and other infrastructure and communication facilities and installations are ready for operation. The first phase also encompasses the construction of passenger zones, border and customs checkpoints, a 2 km 6-lane road, and a 3 km railway line. The turnover during the first phase is expected to total 10 million tons of cargo and 40,000 twenty-foot equivalent units (TEUs) containers. The opening of the ferry terminal under Phase 1 was held on 22 September 2014, and the President of the Republic of Azerbaijan, Ilham Aliyev, took part in the opening ceremony, reviewed the pictures of the terminal’s construction and a model of the port complex, and then delivered a speech. The minister of transport, Ziya Mamedov, and the Azerbaijan branch manager of the Dutch marine engineering company Van Oord, Hans Luijnenburg, also participated in the ceremony. The bottom-deepening work in the water port area was carried out by the Dutch company Van Oord Offshore BV.

With regard to Phase 2, depending on the growth of commodities turnover, the port may be expanded to accommodate 17 million tons of cargo and 150,000 containers per year. Given the projected growth of container shipments throughout the world, Phase 3 is expected to include the building of a yard for 1 million containers, which will be equipped with modern cargo handling facilities and have the capacity to handle 25 million tons of full cargo per year. The government is currently planning what will be the largest logistics center in the region, to be located at the crossroads of the country’s transport network. The center will be equipped with cutting-edge systems, and will contribute to the country’s economic growth. In addition, a railway line to the Caspian Sea that is now being planned will boost trade even more between Asia and Europe.

Introduction of ADB Technical Assistance on Promoting Cooperation in Sanitary and Phytosanitary Policies for CAREC

Maria Cristina Lozano Astray
Regional Cooperation Specialist
Public Management, Financial Sector and Regional Cooperation Division
East Asia Department
Asian Development Bank

ADB Support for Sanitary and Phytosanitary Modernization in CAREC

The refined CAREC Transport and Trade Facilitation Strategy 2020 (TTFS) focuses on expanding trade and improving competitiveness, specifically by developing transport and logistics infrastructure and promoting trade and transport facilitation. Its implementation is based on a threefold approach to developing a multimodal corridor network: (i) developing roads, rail lines, and logistics centers, and upgrading BCPs; (ii) improving trade and border-crossing services, with coordinated border management, customs modernization, integrated beyond-customs trade facilitation, and single window service development; and (iii) expanding operational and institutional effectiveness through such measures as improved road maintenance and road safety, pilot projects involving rail corridors and policies, and institutional development.

As part of TTFS implementation, ADB is promoting SPS reforms and modernization consistent with international standards, and is supporting advances in trade facilitation. The problem is that, while all countries maintain SPS policies to ensure food safety and prevent the spread of plant and animal diseases, poorly designed SPS measures can harm competitiveness and constrain trade in the CAREC region. In these cases, the World Trade Organization (WTO) SPS Agreement could be considered a reference for international best practices. The CAREC Program held an SPS workshop in July 2012; it has also been focusing on information exchange and on the development of an SPS action plan for regional cooperation to improve SPS measures.

A CAREC publication on SPS issued in May 2013 highlights the key findings of country-level assessments, discusses emerging SPS-related issues in the CAREC region, and identifies the coordinated efforts and investments that should be implemented.¹⁵ The study on which the

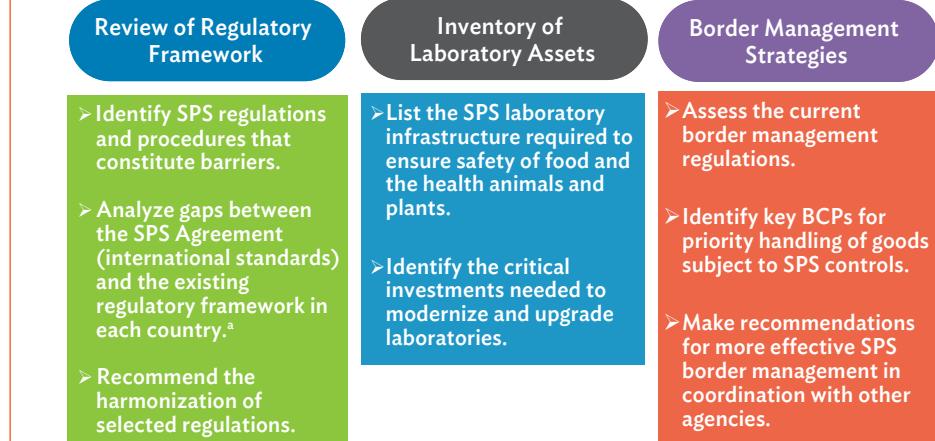
¹⁵ ADB. 2013. *Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade in Agricultural and Food Products*. Manila. www.adb.org/publications/modernizing-sps-measures-facilitate-trade-agricultural-and-food-products

publication is based found that the SPS regulatory frameworks in CAREC countries are not fully consistent with international best practices, that SPS laboratory infrastructure needs to be modernized and upgraded, and that coordination at the border between SPS agencies and customs needs to be improved.

The objectives of a regional ADB technical assistance project, Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation, are (i) to encourage SPS reforms and modernization consistent with international standards, in such a way as to advance trade facilitation; (ii) to identify and prioritize the investments needed for modernizing SPS measures and their implementation;¹⁶ and, (iii) at the regional level, to implement the Regional Upgrade of SPS Standards for Trade. As Figure 9 shows, the components of the technical assistance project are threefold, consisting of reviews of regulatory frameworks, inventories of laboratory assets, and border management strategies.

Under the regional technical assistance project, ADB has engaged a consulting firm to conduct an assessment of how SPS measures are administered and implemented in the CAREC countries, and the extent to which the implementation of these measures impedes or facilitates trade.

Figure 9: Promoting Cooperation in Sanitary and Phytosanitary Measures for CAREC: Three Components and Key Activities of ADB Technical Assistance



BCP = border crossing point, SPS = sanitary and phytosanitary.

^a The “SPS Agreement” refers to the World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures.

Source: ADB. 2013. *Technical Assistance Report: Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Manila.

¹⁶ ADB. 2013. *Technical Assistance Report: Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Manila. p. 3. www.adb.org/sites/default/files/project-document/77253/46019-001-reg-tar.pdf

Richard Moody

*Team Leader, Trade Facilitation and SPS Lead Expert
Landell Mills¹⁷*

Nontariff Barriers and Trade Facilitation

Under the regional ADB technical assistance project on Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation, and using the SPS Agreement as a point of reference, Landell Mills consulting firm has been engaged to identify nontariff barriers to agrifood trade within the CAREC region and between CAREC countries and other international markets. The project was part of an effort to evaluate the broader aspects of trade facilitation in the CAREC region. With regard to agrifood trade, the consulting team provided recommendations including legislative amendments and institutional adjustments; an investment plan to improve laboratory testing capacity and equipment; and methods for promoting coordinated border management, especially for making the border procedures for agrifood cargo more efficient. The main instruments utilized for achieving these results included detailed questionnaires on existing legislation, checklists on laboratory testing capacity, and a questionnaire on border operations for the private sector. The assessment mission and primary data collection was piloted in Azerbaijan and Uzbekistan from April to August 2014. The consulting team fielded mission to Kazakhstan and the Kyrgyz Republic in June 2014, Tajikistan in September 2014, Turkmenistan and Mongolia in October 2014, the PRC in October–November 2014, and Afghanistan and Pakistan in December 2014. The findings, conclusions, and recommendations of the regional ADB technical assistance project were presented during the final workshop in January 2015 in Bishkek, Kyrgyz Republic.

Initial Findings

Some interesting outcomes emerged from the collected data. Trade facilitation efforts often focus on customs and SPS-related measures, as they are seen primarily as barriers to trade, rather than as legitimate systems for protecting human, animal, and plant health and economic resources. Moreover, while some progress has been made in aligning agrifood requirements in the region with international standards, many unrevised GOST standards still remain in force. And the “single window” is often mistaken for just a particular border service, rather than an efficient business-friendly interface involving various border services. The lack of a coordinated, strategic, and systemic approach by the international community, and by regional and national authorities, has resulted in interventions that are reactive and ad hoc, and thus not very effective or efficient. The reason is that sectoral interventions only work well when based on approved national strategies. Furthermore, many SPS services in the CAREC region are either not yet reformed or are only partially reformed; and they are under-resourced, including their testing laboratories and border infrastructure. As a result, they are often ineffective in providing an adequate level of protection regionally and nationally, as evidenced by the current plant and animal health problems throughout the region.

¹⁷ The consulting firm engaged to implement the ADB regional technical assistance project Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation.

The CAREC countries' agrifood sectors, and their intraregional and global trade, are suffering from the challenging animal and plant health situation, particularly when it becomes necessary to introduce protective SPS measures such as bans on meat and milk imports. The deterioration of plant and animal health has resulted from the emergence and/or reemergence of transboundary pests and diseases, and has prevented sustainable CAREC agrifood sector growth and exports. The systems of conformity assessment in some CAREC countries, while using some of the terminology of the EU regulations (albeit taken erroneously from provisions on nonfood products), still enforce the mandatory certification of food, and so are both burdens on businesses and barriers to trade.

Preliminary Conclusions

There is little appreciation in the CAREC region of the importance of SPS measures as an essential and legitimate system of protection. Instead, they are perceived to be barriers to trade. This situation should be rectified in order to enable the development of regional agrifood trade, as well as the allocation of appropriate funding for the modernization of SPS systems at the borders and behind the borders, including more effective testing and inspections of infrastructure, improvements in interservice coordination, resource sharing, and transparency (e.g., the “single window” concept). Policies, legislation, regulations, and procedures that are risk-based and aligned with international standards, together with systems that are transparent and well coordinated, will ensure that the needed protection is provided without obstructing trade. Regional trade would benefit from the harmonization of SPS-related approaches and systems across the CAREC countries.

The Field Visit to Zamyn-Uud Border Crossing Point

The participants of the CAREC Trade Facilitation Learning Opportunity spent the second day of the workshop at the Zamyn-Uud BCP, Mongolia's major BCP with the PRC, to visit SPS facilities and observe the application of SPS measures at the border.

Welcoming Remarks

Robert Schoellhammer
Country Director
Mongolia Resident Mission
Asian Development Bank

The support received from the CAREC countries for the 3-day workshop was remarkable, and ADB would like to thank all the participants: the Mongolian authorities, the representatives of international institutions and of the CAREC countries, as well as the stakeholders and the attendees from the private sector.

Mongolia and the CAREC Program

The CAREC Program is a partnership of 10 countries,¹⁸ supported by six multilateral institutions, all working together to promote development through cooperation, with the aim of achieving accelerated growth and poverty reduction. The CAREC Program's long-term vision is "Good Neighbors, Good Partners, and Good Prospects." With the rapid economic expansion of the PRC and Japan to the east, Russia to the north, and India and Pakistan to the south, there is an unprecedented opportunity for the CAREC countries to emerge as centers of trade and commerce, to reach higher levels of economic growth, and to reduce poverty. The CAREC Program helps Central Asia and its neighbors realize their significant potential by promoting regional cooperation in four priority areas: transport, trade facilitation, energy, and trade policy.

¹⁸ The CAREC member countries are Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

With regard to Mongolia, the ADB country partnership strategy (CPS) for 2012–2016 has two strategic pillars: (i) competitive, sustainable, and regionally integrated growth; and (ii) inclusive social development. The CPS identifies five priority sectors: transport, energy, water and other urban services, education, and health. Since joining the CAREC Program in 2003, Mongolia has received \$256 million from ADB for eight CAREC-related projects. Under the program, Mongolia has developed a key economic corridor linking Ulaanbaatar to the PRC and Russia, and it is now building the Western Regional Road Corridor, with the goal of mobilizing private sector capital and involvement in the country's development. In Mongolia, 43% of the \$87 million in trade support received under the ADB Trade Facilitation Program was cofinanced by the private sector.

The CPS for Mongolia, approved in April 2012, focuses on (i) employment creation and support as a means of diversifying the economy, (ii) addressing priority infrastructure gaps, (iii) achieving regional economic integration, and (iv) improving access to basic urban services. The CPS also emphasizes social development, particularly in education (to address mismatches between skills and market demand) and medicine (to make health services delivery more efficient). The new government's vision encompasses agriculture, private sector and finance sector development, health and social protection, the environment, and climate change. ADB and the government have agreed on an interim CPS to align ADB operations with the government's priorities. ADB lending will increasingly support financial institutions, agribusiness, and an enabling economic environment—all to boost private sector development and investment. The government's ability to tap resources from international markets will enable ADB to further support the cultivation of technical expertise. ADB assistance, especially in power, heating, and other municipal infrastructure, will transform service delivery and create opportunities for private sector participation.

The Baltic Sanitary and Phytosanitary Experience, and the Learning Opportunity Workshop in Mongolia

Within the CPS framework, SPS measures are essential for maintaining food safety standards and for preventing diseases in animals and plants. Effective management of the agriculture sector, in addition to protecting internal markets and consumers, is critical for the growth of local agribusiness and of agricultural exports (including goods of animal origin). It is, therefore, extremely beneficial to share the experiences and the lessons learned from Latvia and Lithuania regarding their implementation of SPS measures. For this reason, ADB, the Asian Development Bank Institute (ADBI), and the EU organized this 3-day workshop, where the participants were able to learn about the experiences of the two Baltic countries in modernizing SPS measures and the impact on trade; to observe the practical application of SPS measures during a visit to the BCP in Zamyn-Uud, Mongolia; and to receive updates on ADB support for SPS modernization, including that provided under its regional technical assistance project, Promoting Cooperation in SPS Measures for CAREC.

Analysis of the CAREC Corridor Performance Measurement and Monitoring (CPMM) Sanitary and Phytosanitary Related Data at Border Crossing Points

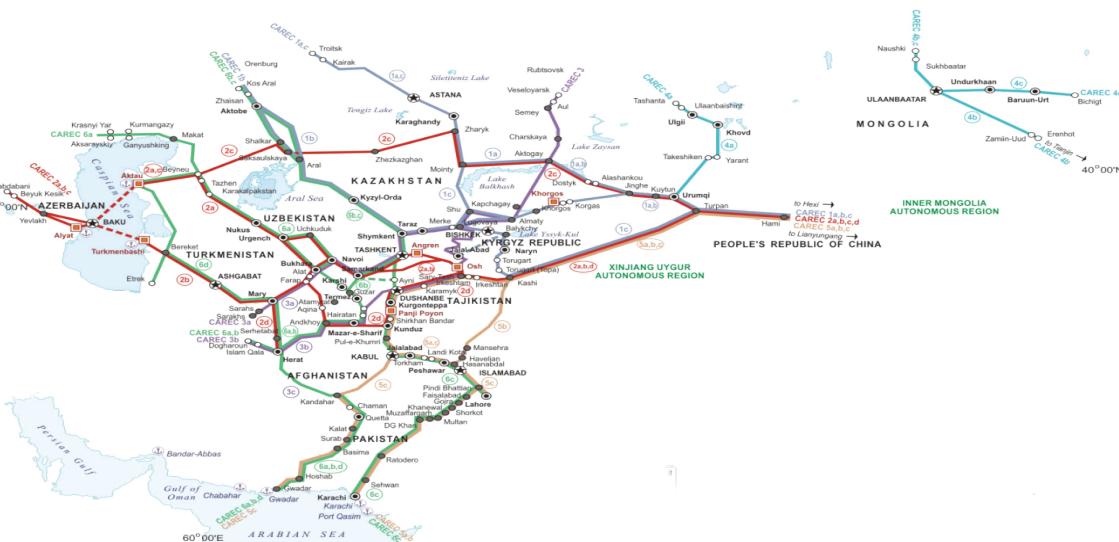
Jeff Procak

*Regional Cooperation Specialist
Public Management, Financial Sector
and Regional Cooperation Division
East Asia Department
Asian Development Bank*

The workshop in Mongolia presented a rare opportunity to share with a CAREC audience the results of the CAREC Program's corridor performance measurement and monitoring (CPMM) activities at Zamyn-Uud BCP, one of the BCPs in the CAREC region where data are collected. The CPMM data made it possible to evaluate how effective the joint efforts of the PRC and Mongolian authorities had been in minimizing the time needed to apply SPS measures to cross-border traffic.

The refined CAREC Transport and Trade Facilitation Strategy 2020 (TTFS) uses CPMM to identify transport bottlenecks and trade impediments along the six CAREC corridors (Figure 10). The TTFS mandates that corridor performance be measured and monitored

Figure 10: Map of CAREC Corridors



CAREC = Central Asia Regional Economic Cooperation (Program).

Source: ADB, 2014. CAREC Transport and Trade Facilitation Strategy 2020. Manila.

periodically to find the causes of the delays and extra costs that impact commercial traffic, including those incurred at BCPs and intermediate stops. The TTFS also helps regulators and policy makers determine the actions to take to remedy identified bottlenecks. Transport companies that are CAREC partners consult CPMM data when deciding which routes to use for shipping goods.

In 2013, 13 such partners provided origin–destination data that documented the costs incurred and delays encountered when traveling on the CAREC corridors. Many of these partner companies are also members of the CAREC Federation of Carrier and Forwarder Associations (CFCFA), a regional private-sector-led group of transport service providers that also cooperates with trade regulators in the CAREC countries to ensure that proposed policies and investments take into account the concerns of economic operators. The data obtained from the CAREC partners allow comparisons of alternative routes with the same points of origin and destination. Using the “time/cost–distance” method developed by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), CPMM gauges the full cost of delivering goods from producers to customers,¹⁹ for example, the increased cost of delivering goods from Kashi (PRC) to Dushanbe (Tajikistan) in 2013, when Karamyk BCP (on the Kyrgyz–Tajik border) was closed to transit traffic and to any vehicles from third countries. The cost increased from \$7,333, when third-country vehicles could pass through Karamyk, to \$9,212, when they were diverted to the border crossing at Batken (Kyrgyz Republic)–Izfara (Tajikistan); the distance of the trip between Kashi and Dushanbe increased from 877 kilometers (km) to 1,198 km, and the travel time from 75 to 111 hours.

Further, the CPMM trade facilitation indicators showed increased costs along CAREC corridors 3 and 5 in 2013, as well as higher exports to Mongolia along Corridor 4 that year, producing an overall cost increase at CAREC BCPs and along CAREC corridors in general. The good news is that the higher costs coincided with marginal improvements in BCP efficiency, even if they did not translate into enhanced corridor performance. Future investments in infrastructure and improvements in border management procedures will hopefully enhance border control and transport efficiency in the future.

The CAREC corridors differed in their performance during 2013. For instance, Corridor 3 had the lowest average costs for border crossings. The costs at BCPs along the other corridors were mostly on par with each other, though exports to Mongolia incurred higher levied charges. Regarding the costs of the trips along the corridors, it was cheaper in 2013 to travel on Corridor 2, but specific activities (e.g., customs clearance, health inspection, phytosanitary inspection, veterinary inspection, quarantine, etc.) were less costly on Corridor 3. The corridors also differed on the average times it took to go through the BCPs. Corridor 6 was shown to be highly efficient, the indicator being the narrow gap between its average speed without delay (SWOD) and speed with delay (SWD) percentages.²⁰ In terms of overall travel times, the SWOD estimates for corridors 1, 2, and 6 were faster than average. However, according to the Coefficient of Variation, which measures the uncertainty of speed estimates, the predictability of delivery times varied. If we look at

¹⁹ The full cost includes undocumented fees, most often extorted in conjunction with officially documented duties and charges.

²⁰ “Speed without delay” (SWOD) only measures the amount of time a vehicle is moving on the road or a train is moving along the rail line, whereas speed with delay (SWD) counts the total duration of a journey, including the amount of time a vehicle or train is stationary.

corridors 1, 2 and 6, it becomes clear that Corridor 6 had the most predictable delivery times among the three fastest corridors.

CAREC Corridor Performance Measurement and Monitoring, and the Implementation of Sanitary and Phytosanitary Measures

Of the cargo carried to, from, or through the CAREC countries, 65.9% is subject to SPS and related measures. This percentage reflects the significant role played by the agro-industrial complex in the regional economy. The importance of the agriculture sector means that SPS measures to ensure food safety are all the more critical for containing the spread of pests and diseases. At the same time, however, it is important to minimize the transit time of perishable goods. Striking this balance will require a series of key supports to producers and consumers alike.

At some BCPs, all cross-border cargo shipments are reported as being subject to SPS measures. This may not be entirely accurate, as some CPMM partners have reported that they record certain activities as SPS-related because these activities are not listed on the reporting form. But this is the exception rather than the rule. For example, the incidence of SPS measures at Yallama BCP, on Uzbekistan's border with Kazakhstan, reflects Uzbekistan's policy of channeling agricultural exports through this BCP.

Comparisons of CPMM outbound and inbound data show a broad consistency (Tables 2 and 3), and all CAREC members are invited to evaluate the data and contact the CAREC

Table 2: The Proportion of Outbound Cargo Subject to Sanitary and Phytosanitary Measures at Selected Border Crossing Points, 2013

BCP	Corridor	Pair	SPS (%)	Perishables (%)	Time (hr)	Cost (\$)
Karamyk (TAJ)	2,3,5	Karamyk (KGZ)	100	0	0.3	17
Karasu (KGZ)	2	Ak-tilek (KAZ)	78	0	0.3	20
Oibek (UZB)	3	Fotehobod (TAJ)	100	0	0.4	10
Khiyagt (RUS)	4	Altanbulag (MON)	100	46	0.5	...
Tazhen (KAZ)	2,6	Dautota (UZB)	100	24	0.5	13
Sarasiya (UZB)	3	Dusti (TAJ)	100	0	0.6	13
Erenhot (PRC)	4	Zamiin-Uud (MON)	73	8	0.8	27
Alat (UZB)	2,3	Farap (TKM)	79	0	0.8	8
Yallama (UZB)	3,6	Konysbayeva (KAZ)	88	62	0.8	9
Dautota (UZB)	2,6	Tazhen (KAZ)	99	27	1.2	6

... = no data available, BCP = border crossing point, hr = hours, SPS = sanitary and phytosanitary.

Notes:

1. "\$" refers to US dollars.
2. "%" refers to the percentage of cargo subject to SPS measures.

Source: ADB, Central Asia Regional Economic Cooperation (CAREC) Program. 2014. CAREC Corridor Performance Measurement & Monitoring Annual Report 2013. Manila.

Table 3: The Proportion of Inbound Cargo Subject to Sanitary and Phytosanitary Measures at Selected Border Crossing Points, 2013

BCP	Corridor	Pair	SPS (%)	Perishables (%)	Time (hr)	Cost (\$)
Sarasiya (UZB)	3	Dusti (TAJ)	100	0	0.4	...
Karamyk (TAJ)	2,3,5	Karamyk (KGZ)	97	13	0.4	11
Altanbulag (MON)	4	Khiyagt (RUS)	100	46	0.5	3
Fotehobod (TAJ)	3	Oibek (UZB)	100	0	0.7	13
Dusti (TAJ)	3	Sarasiya (UZB)	100	0	0.7	11
Alat (UZB)	2,3	Farap (TKM)	84	0	0.7	11
Irkeshtan (KGZ)	2,5	Yierkeshtan (PRC)	95	0	1.0	9
Chaldovar (KGZ)	1,3	Merke (KAZ)	100	0	1.1	23
Tazhen (KAZ)	2,6	Dautota (UZB)	99	28	2.5	18
Khorgos (PRC)	1	Khorgos (KAZ)	100	74	3.1	114

... = no data available, BCP = border crossing point, hr = hours, SPS = sanitary and phytosanitary.

Notes:

1. “\$” refers to US dollars.
2. “%” refers to the percentage of cargo subject to SPS measures.

Source: ADB, Central Asia Regional Economic Cooperation (CAREC) Program. 2014. CAREC Corridor Performance Measurement & Monitoring Annual Report 2013. Manila.

Program if they have any doubts or perceive any errors. Perishable goods subject to SPS measures are handled more rapidly than nonperishable goods, but at higher costs, which are then transferred to the consumers. The data suggest that there is room for improvement on this point. Regarding the specific causes of delay, a combination of infrastructure capacity constraints and inefficient border management has produced significant delays at BCPs and, correspondingly, along the corridors they serve. The two most time-consuming delays provide examples of “hard” and “soft” issues: long queuing times to enter BCPs, caused by physical limitations (hard issues) and inefficient procedures, and the time spent unloading and loading cargo at BCPs, the result of administrative prohibitions against vehicles from one country entering the territory of another (soft issues).

Border Crossing Points: Improvements and Future Development

To improve procedures at BCPs, CAREC countries and other development partners and stakeholders should provide more information on all the BCPs, to add to the existing knowledge base accumulated by ADB, the EU, and the United Nations Development Programme (UNDP). In order to modernize SPS measures, the CAREC Program is adapting and expanding CPMM to capture more data on railway traffic and on the performance of trade logistics services, with the ultimate goal of achieving improved procedures, increased cross-border cooperation, and well-targeted investments. (It is possible to keep track of CPMM data and analysis at <http://cfcfa.net/>.)

Zamyn-Uud Border Crossing Point Sanitary and Phytosanitary Controls

The participants in the CAREC Trade Facilitation Learning Opportunity workshop were invited to briefings by border management officials on SPS controls and procedures at Zamyn-Uud BCP.

S. Nyamdorj
*Senior State Inspector
General Agency for Specialized Inspection
Mongolia*

Introduction of the General Agency for Specialized Inspection (GASI)

The General Agency for Specialized Inspection (GASI) is the highest government body conducting inspections of all goods and services in Mongolia. With investigations and examinations carried out with regard to the environment, tourism, geology, mining, and finance, the agency imposes regulations, monitors legislation, and investigates public and private bodies in Mongolia. The main objectives of GASI are to develop specialized inspection-related laws and regulations; to support the government administrative inspection service through the adoption of international standards; to prevent negative impacts on human health; to promote a safe and healthy environment, as well as good-quality products and services for consumers; to create favorable conditions for business; to strengthen international cooperation; and help improve government policy making. Mongolia's Border Specialized Inspection Department has two divisions, Export and Import Inspection and Risk Assessment, Management and Regulations. It controls 26 BCPs (Figure 11), with 16 inspection terminals under inland customs and a total of 326 state inspectors.

The main measures implemented under the SPS Agreement are (i) a quarantine procedure applied to food and animal forage imports, in order to prevent disease outbreaks; (ii) controls of maximum residue levels (MRLs) in imported goods, especially of pesticides, aflatoxins, mycotoxins, and veterinary drugs; (iii) specific instructions for imported food and food ingredients, especially on packages and labels; (iv) questionnaires and certificates for imports of raw materials and related products, in order to ensure safety; and (v) the incorporation of national standards into Mongolia's risk management methodology.

The main operations, all free of charge, related to quarantine and safety inspections are as follows:

- (i) **Inspection.** This includes both quarantine and safety inspections. Quarantine inspections focus on passengers, livestock, plants, and raw materials and related products, in order to prevent the transmission of internationally quarantined diseases; to detect, separate, diagnose, and transfer to hospitals travelers who may

Figure 11: Mongolian Border Crossing Points



Source: S. Nyamdorj. 2014. Border Quarantine and Safety Inspection. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

be infected; to take measures to minimize potential epicenters of epidemics; to prevent and halt contagious animal diseases and zoonoses;²¹ to take veterinary, sanitary, or quarantine measures when necessary; and to prevent or halt the entry of quarantined foreign plant diseases, pests, and weeds. Safety inspections are concerned with risk assessments regarding imported products in conformity with international conventions and Mongolian laws and regulations.

- (ii) **Sanitation and decontamination.** Procedures related to sanitation and decontamination are performed at international and at local ports.
- (iii) **Laboratory analysis.** Laboratory analyses are implemented at six Mongolian ports, supported by a central laboratory in cases of specific requirements. After the laboratory analysis, veterinary and phytosanitary certificates permitting the importation of raw materials and products of plant or animal origin are issued in conformity with the SPS Agreement, the regulations and conventions of the OIE, and intergovernmental agreements such as the International Plant Protection Congress.

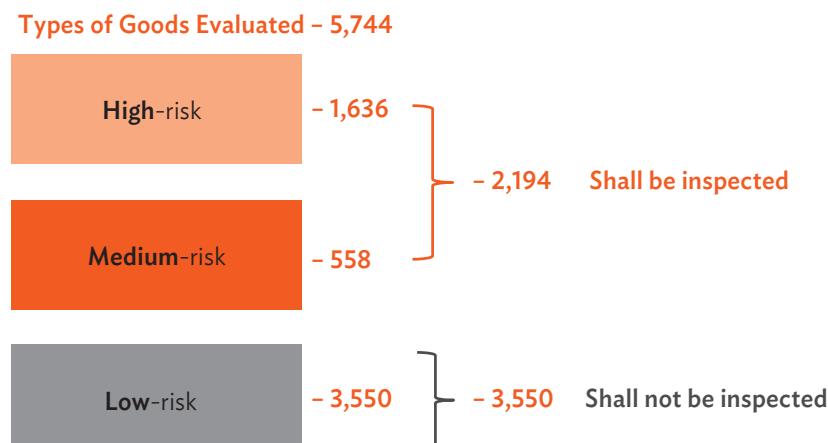
²¹ The World Health Organization (WHO) defines a “zoonosis” as a disease or infection that is naturally transmitted from vertebrate animals to humans. Zoonoses may be bacterial, viral, or parasitic, or may be spread by unconventional agents.

Recent Reforms for the Amelioration of Foreign Trade Procedures

The rationalization of Mongolia's SPS-related administrative agencies started in 2002, with the aim of achieving international standards and removing operational deficiencies. The result was the establishment of GASI, and an overall improvement in SPS standards for implementation and control.

Other actions have included the compilation and uploading onto the GASI website of a comprehensive list of risk-assessed entities permitted to import and export animals, plants, and raw materials and related products; the submission to the Cabinet Secretariat, along with comments, of a draft regulation on storage at border ports and a draft list of hazardous products and goods to be kept in storage;²² the enactment of Resolution No. 233/2014 of the Government of Mongolia, which specifies the risk-assessment criteria applicable to all goods according to the Harmonized Commodity Description and Coding System (also known as the "Harmonized System"), an international system of product nomenclature developed by the World Customs Organization (WCO); and the approval of a list of imported goods to be examined by the Border Specialized Inspection Department, per Resolution 60/2014 of the Government of Mongolia. This resolution guarantees a transparent legal environment conducive to foreign trade, focusing on 2,194 medium- and high-risk goods (both categories requiring document inspections, physical examinations, and laboratory analyses), while 3,550 low-risk goods have been released from inspection requirements (Figure 12).

Figure 12: Risk Assessments of Goods Exported from or Imported into Mongolia, Based on the Harmonized Commodity Description and Coding System



Source: Government of Mongolia. General Agency for Specialized Inspection.

²² This was in compliance with Resolution No. 2 of the Head of the Cabinet Secretariat of the Government of Mongolia dated 9 January 2013 and Article 11.3 of the Law of Mongolia on Border Ports.

Furthermore, Resolution No. 309/2014 of the Government of Mongolia, concerned with some measures on import and export inspections, introduced new guidelines based on risk classifications for the inspection of goods destined for export, a 16-page checklist for the inspection of imported goods, and a checklist of codes for the inspection of imported goods.

Future Reforms

Future interventions to ease foreign trade will include installing upgraded sanitation and decontamination facilities at border ports, in order to prevent the spread of new and existing diseases; improving the efficiency of border port laboratories with advanced inspection tools and equipment, while increasing social benefits for state inspectors; creating a comprehensive database, including data from inspection organizations operating in border zones; and taking measures to provide efficient public services to customers by installing the “one-stop” system at border inspection ports.

Other upcoming reforms will include the establishment of temporary detainment facilities for examining passengers and animals, and for taking samples for analysis, in conformity with the guidelines, recommendations, and standards of the OIE and the World Health Organization (WHO); the improvement and advance inspection of toxic and hazardous chemical substances (including radioactive substances); the development of a draft survey questionnaire to be filled out before the importation of animals, plants, and raw materials and related products; and the supply of sanitation chemicals and provision of equipment to BCPs.

Shurenculun
Director
Border Inspection Department, Zamyn-Uud
General Agency for Specialized Inspection

Introduction to the Zamyn-Uud Border Inspection Department

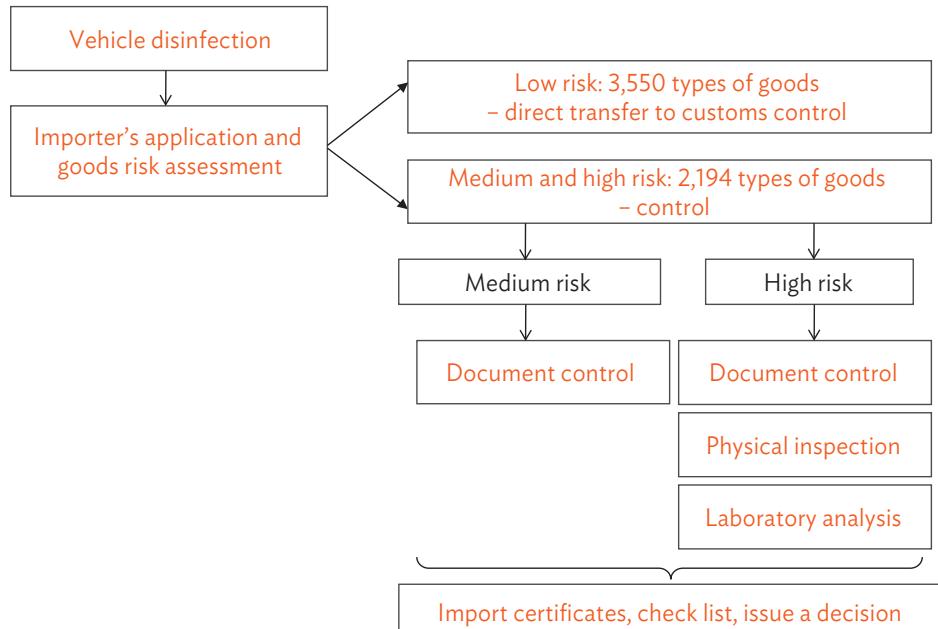
After 2003, Zamyn-Uud BCP was subject to a thorough reorganization to enhance the efficiency of border controls, with an emphasis on SPS measures. The Border Inspection Department focuses on health and infection control, veterinary inspections, plant protection and quarantine control, and food safety and quality control. The aim is to prevent disease and ensure the safety of imported and exported goods. Zamyn-Uud is accessible by road and rail. Control terminal inspection activities are performed 24 hours a day, 7 days a week for cargo transported by rail, and 8 hours a day, 6 days a week for cargo transported by road (via Highway 10).

Cooperation on Border Controls

Cooperation among foreign trade agencies is a key factor, and SPS international agreements prevent or reduce the risk of SPS-related diseases in animals and plants. The border customs post of the PRC at Erlian and of Mongolia at Zamyn-Uud cooperate on inspections and work together to maintain intensified coordinated supervision of the entry and exit of goods, so as to provide fast and efficient service. A recent mutual agreement encompassed in a memorandum of understanding has been established, and mutual visits are having a very useful impact on the efficiency of border procedures, particularly with regard to the rapid exchange of information, testing methods, and the mutual recognition of export certificates.

Since 2003, the Mongolian government has been reforming border inspection controls on all kinds of imports, and in 2014 introduced risk-based supervision, with the aim of eventually establishing an electronic database. Mongolian inspectors are also trained to discern the characteristics of specific foreign products, which are divided into numerous categories. Figure 13 shows the sequence of supervisory actions at Mongolia's Zamyn-Uud BCP for all imported goods, including animal-origin raw materials and related products.

Figure 13: The Sequence of Supervisory Actions at Mongolia's Zamyn-Uud Border Crossing Point



Source: Government of Mongolia. Border Inspection Department.

Vehicle disinfections are carried out by spraying, and the body temperatures of passengers are monitored at a distance in accordance with WHO recommendations. The necessary travel health quarantine procedures are followed to prevent the cross-border spread of disease.

Recommended precautionary actions with regard to the control of Ebola, avian influenza N7N9, and MERS-corona virus infections are made available to passengers, and action plans for emergencies related to health, veterinary medicine, chemicals, and radiation are in place and overseen by specialized units, each with its own facilities.

With regard to the importation of live animals, examination procedures in the exporting countries have been established, as have specific supervision procedures for shipment. Animal examinations, testing, sampling, and quarantine procedures are implemented in line with WHO guidelines and standards; so are the procedures for plants and for raw materials and related products. Processed food products are controlled according to the existing risk assessment checklist; and chemical, microbiological, and toxicologic laboratory procedures are in line with internationally recognized standards.

B. Khishigbat

Director

Zamyn-Uud Custom House

Mongolian Customs General Administration

Introduction of the Zamyn-Uud Customs House

The Zamyn-Uud border post dates back to the Han Dynasty. Mongolia declared its independence from the People's Republic of China in 1911, after the end of the Qing Dynasty and the birth of the PRC, thereby achieving self-rule for the first time in over 200 years. However, Mongolia was effectively under Soviet control from 1921 to 1990. After the collapse of the Soviet Union, Mongolia had to adjust its economy to free market principles. For this reason, Mongolia started the progressive harmonization of its regulations with international standards and conventions.

The Zamyn-Uud customs house focuses specifically on risk prevention, and SPS measures are implemented according to international agreements. Particularly since 1995, the Zamyn-Uud customs house and border-control officers have been very cooperative with foreign agencies, especially when it comes to the risk reduction of animal and plant diseases and the classifications of prohibited animals and plants.

ADB Regional Logistics Development Project

Enkhbaatar Demberel

Project Director

ADB Regional Logistics Development Project

The Objectives and Implementation of the Regional Logistics Development Project

The Zamyn-Uud Logistics Center is located approximately 9 kilometers (km) northwest of the border with the PRC. The distance by rail to the perimeter of Zamyn-Uud is 8.83 km, and by road to the gate it is 13.26 km. The border-crossing procedures at Zamyn-Uud are currently problematic with regard to the amount of time required to deliver goods. During normal periods the total procedure requires 6 days, while during the congested peak periods it can take 19–31 days. A more detailed description of the timing of the border-crossing procedures at Zamyn-Uud is presented in Figure 14.

The purpose of the ADB Regional Logistics Development Project is to develop an efficient, competitive, and reliable multimodal transport system at Zamyn-Uud. Based on the approved procurement plan of 4 December 2013, the project involves three on-site interventions: in the container yard (zone 1), in the heavy cargo area (zone 2), and in the warehouses (zone 3). The project is expected to cost \$71 million, to be implemented

Figure 14: The Duration of the Border-Crossing Procedures at Zamyn-Uud, Mongolia

Border Crossing of Empty Truck into the PRC	Loading of Goods at Factory in the PRC	Chinese Quarantine, Customs Inspection	Border Crossing into Mongolia	Mongolian Customs Inspection	Transfer of Goods from Truck to Train	Arrival of Goods at Ulaan Baatar Station
Normal periods 1 day	1 day	0-1 day	1 day	1 day	24-25 hours	
Congested peak periods 2 days	7-14 days	3-4 days	1-2 days	Closed train 7-8 days, half train 3-4 days	24-25 hours	

PRC = People's Republic of China.

Source: E. Demberel. 2014. Regional Logistics Development Project. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

in 5 years.²³ Regarding terminal capacity, the total amount of cargo handled during 2003–2012 was 3.04 million tons, while the maximum capacity was 3.5 million tons. A new container terminal was built under the project, and it is expected to have a capacity of 624 wagons per day.

The project has three outputs:

1. The first is the development of a multimodal facility, complete with facilities for road-to-road, road-to-rail, and rail-to-rail transshipment at Zamyn-Uud.
2. The second is the procurement and installation of terminal equipment, and of the establishment of a management system to support efficient operations.
3. The third involves the provision of consulting services to improve the institutional capacity of the implementing agency, the Mongolian Railway Authority, and to provide project implementation management support.

The proposed concept plan anticipates no manual handling for in-gauge and out-of-gauge (i.e., oversized) cargo during train-to-train, train-to-truck, truck-to-train, and truck-to-truck transshipment at the Zamyn-Uud warehouse, or for goods moved from train or truck to storage or from storage to train or truck. Regarding the progress of project implementation, a detailed design of the Zamyn-Uud Logistics Center was finalized in October 2014, based on the original conceptual design, and submitted to the executing agency for approval, the process of which is about 80% complete.

Local consultants selected by the government refused to review the cost estimates provided by the infrastructure consultancy firm SMEC, as the estimates were too rough and indefinite.²⁴ SMEC must, therefore, submit new estimates that are more detailed with regard to both Mongolian and international practices. Then the government consultants will be able to review them, taking into account Mongolian construction regulations.

Expert Reviews of the Design of the Railway Signaling and Telecommunications Network, Access Roads, and Power Supplies

According to experts advising the government, there are problems with the design of the railway signaling and communications networks, and these problems are rooted in the existing railway system. Nevertheless, the work on the access road and bridge done under the project was completed by the end of October 2014, although there were issues involving the solid waste cleanup and removal. The Ministry of Energy provided the technical specifications for the Zamyn-Uud Logistics Center's external power supply on 10 April 2014, and the month after, the Ministry of Road and Transportation approved the terms of reference for the detailed design of the external power supply.

²³ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to Mongolia for the Regional Logistics Development Project*. Manila. www.adb.org/sites/default/files/project-document/62430/41192-01-mon-rrp.pdf. The loan was for \$40 million and the grant for \$5 million. The estimated project cost and financing plan was forecast at \$71.64 million (including counterpart financing of \$26.64 million from the Government of Mongolia). The bulk of the funds were allocated to civil works, materials, and equipment (\$52.72 million).

²⁴ SMEC. www.smec.com

Central Asia Regional Economic Cooperation Program: Country Updates

Representatives of the member countries of the CAREC Program presented their SPS plans, described the progress made in the implementation of their governments' SPS measures, and discussed future strategies for modernizing their countries' SPS facilities, regulations, and practices.

Afghanistan

Jahed Ahadi

*Director of Plant Quarantine
Ministry of Agriculture, Irrigation and Livestock*

Concerning the execution of the SPS Agreement and the related modernization of SPS policies, Afghanistan modified its phytosanitary certification requirements; implemented SPS measures for fruits and vegetables; amended its plant protection and quarantine laws and regulations; and conducted a nationwide plant pest and disease survey, together with the related risk analysis. The Government of Afghanistan is also improving its infrastructure and facilities with the construction of eight new quarantine stations at the border; the purchase of advanced laboratory equipment; long- and short-term overseas training (3 months to 3 years) for 37 employees of the Ministry of Agriculture, Irrigation and Livestock; and the building of eight pest and disease diagnostic laboratories. The FAO and the World Bank have been Afghanistan's main development partners, and the country's short-term goals are to further harmonize its plant quarantine network with international regulations and to become a member of the WTO.

Azerbaijan

Taleh Shamiyev

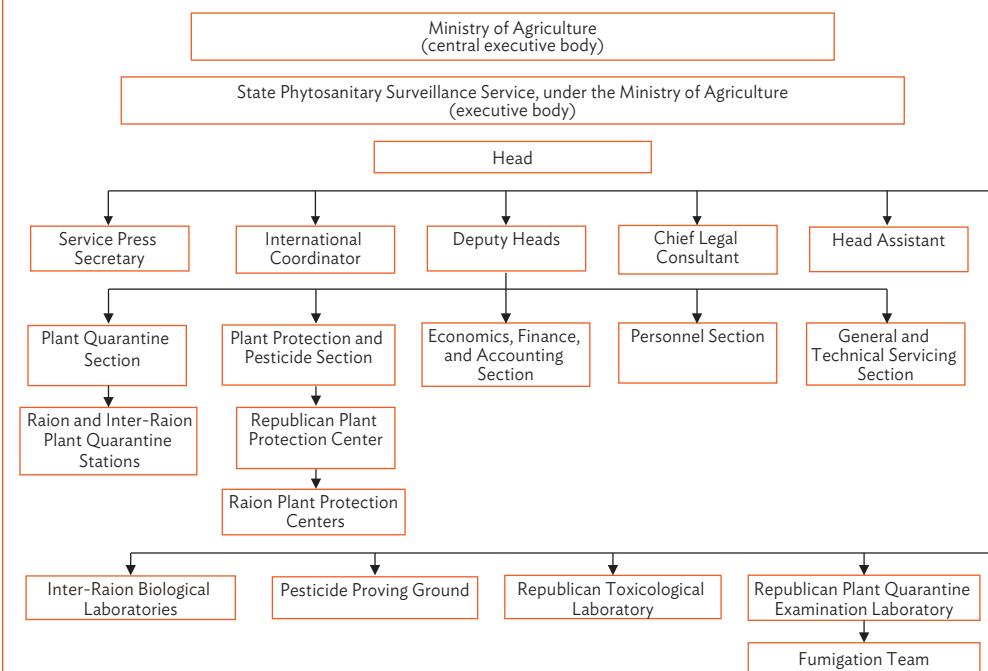
*Head of the Phytosanitary Quarantine Examination Laboratory
State Phytosanitary Control Service
Ministry of Agriculture*

Azerbaijan has been a member of the OIE since 1995. In 2000, Azerbaijan acceded to the IPPC, in 2007 to the EPPO, and to the Codex Alimentarius in 2011. Moreover, Azerbaijan has complied with most of the requirements of the SPS Agreement. Phytosanitary control

in Azerbaijan is based on the Law of the Republic of Azerbaijan on Phytosanitary Control, approved by Parliament in May 2006,²⁵ while the State Veterinary Service, under the MOA, is regulated by the Law of the Republic of Azerbaijan on Veterinary Medicine, approved by Parliament in May 2005.²⁶ All the necessary legislation relating to sanitary and phytosanitary regulation was drafted and approved by the Cabinet of Ministers, and it is in line with the International Standards for Phytosanitary Measures (ISPM) and with the standards of such organizations as the EPPO and the OIE.

The improvement of facilities and infrastructure has been at the core of SPS modernization. In addition, the single window system was implemented pursuant to a 2008 presidential decree on Application of the “Single Window” Principle during the Inspection of Goods and Transport Means Moved across the Pass Points at the State Border of the Azerbaijan Republic.²⁷ The government authorities responsible for food safety and involved in SPS-related work have been integrated into a single automated control system, the structure of which is shown in Figure 15.

Figure 15: The Structure of Azerbaijan’s Phytosanitary System



Note: “Raion” means “district.”

Source: T. Shamiyev. 2014. CAREC Country Update: Azerbaijan Republic. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Mongolia. 6–8 October.

²⁵ Law of the Republic of Azerbaijan on Phytosanitary Control, No. 102-IIQ of 12 May 2006.

²⁶ Law of the Republic of Azerbaijan on Veterinary Medicine, No. 922-IIQ of 31 May 2005.

²⁷ Presidential Decree on Application of the “Single Window” Principle during the Inspection of Goods and Transport Means Moved across the Pass Points at the State Border of the Azerbaijan Republic, No. 12 of 11 of November 2008.

Azerbaijan has nearly completed the harmonization of its legal framework with international and regional standards, and the recommendations of the IPPC and the OIE were used as a basis for the development and execution of the rules and procedures for the issuance of phytosanitary and veterinary certificates.

Other reforms are in progress, such as the structural improvement of the agencies involved in implementing SPS measures, the upgrading of the technical skills of personnel and capacity building at both central and regional laboratories, preparatory work on the identification of all types of animals, the introduction of plant passports, and the registration of producers. Moreover, programs have also been implemented to fight the most hazardous regulated organisms and to conduct analyses of the biosafety of foods of animal origin. The key stakeholders involved in the SPS reforms are the MOA; the State Customs Committee; the MOH; the Ministry of Economy and Industry; the Ministry of Ecology and Natural Resources; the State Committee on Standardization, Metrology and Patents; and the private sector, including both individuals and corporations.

The goals for 2016–2020 are to improve the facilities of the central and local quarantine and veterinary laboratories, while strengthening their diagnostic capacity; further develop the training and improvement of inspectors' technical skills; enhance the quality of services; establish a dedicated training center; involve the private sector more in SPS-related activities; raise awareness; strengthen competitiveness; and transfer some SPS-related services to individuals and private companies, except for control functions. Longer-term strategies include the establishment of (i) a nationwide electronic system for the surveillance of especially dangerous pests and animal and plant diseases, (ii) national and regional information databases covering especially dangerous pests, and (iii) electronic information and consultation services. Another strategy to be implemented concerns the modernization of SPS services, particularly the improvement of the management system and of its scientific support. The main people involved are Fizuli Gurbanov, chief consultant of the State Veterinary Service, under the MOA; and Talekh Shamiev, head of the Republican Quarantine Plant Examination Laboratory, of the State Phytosanitary Surveillance Service, also under the MOA.

Further information can be found on the following websites:

- (i) Ministry of Agriculture. <http://www.dfnx.gov.az> (in Azerbaijani only)
- (ii) State Veterinary Control Service. <http://www.vet.gov.az> (in Azerbaijani only)
- (iii) International Plant Protection Convention. <https://www.ippc.int/countries/azerbaijan>
- (iv) Food and Agriculture Organization of the United Nations. <https://extranet.fao.org/fpmis/FPMISReportServlet.jsp?div=&type=countryprofileopen&language=EN&countryId=AZ>

Kazakhstan

Aigerm Sadubayeva

Head, Control over Compliance with the Requirements of Technical Regulations, Quality and Food Safety Division, Monitoring of Compliance with the Technical Regulations Department, Committee on Consumer Protection Ministry of National Economy

The Republic of Kazakhstan is at the crossroads of the European and Asian continents, with an area of 2,724,900 square kilometers and a population of more than 17 million. Given the country's size and strategic location, its enforcement of the best SPS practices is essential, both for the health of the population and for the growth of Kazakhstan's cross-border trade in agricultural and food products. SPS-related regulations are included in the country's legal system, specifically, in the Code of the Republic of Kazakhstan on People's Health and Healthcare System;²⁸ in the technical regulations of Kazakhstan and of the Customs Union; and in specific laws on food safety, technical regulation, and veterinary and consumers' rights protection.

There are two agencies in charge of food safety in Kazakhstan: the Committee for Veterinary Control and Surveillance, under the MOA; and the Committee on Consumer Protection, under the Ministry of National Economy. The Committee on Consumer Protection encompasses its own local departments and units, local centers of sanitary and epidemiological expertise, and the Scientific and Practical Centre for Sanitary and Epidemiological Expertise and Monitoring. The standards of the Government of Kazakhstan are based on the International Organization for Standardization (ISO) and the Codex Alimentarius (e.g., Codex Stan 1-1985, for the labeling of prepackaged foods; and Codex Stan 119-1981, for the production of canned finfish).

Kazakhstan attaches much importance to transparency and to the participation of all stakeholders along the food value chain in the development of SPS standards. This includes public organizations such as the League of Consumers' Rights Protection; the Kazakhstan Union of Food Processors; the Union of Entrepreneurs and Employers; the Meat and Dairy Union of Kazakhstan; and representatives of the grain and other industries, all of whom are actively involved in the drafting of laws, standards, and technical regulations as members of related working groups.

The relevant provisions of the Technical Regulations of the Customs Union (TR CU) that came into force on 1 July 2013 are as follows:

- (i) "On food safety" (TR CU 021/2011);
- (ii) "Labeling of food products" (TR CU 022/2011);
- (iii) "Fruit and vegetables juices" (TR CU 023/2011);

²⁸ Code of the Republic of Kazakhstan on People's Health and Healthcare System, No. 193-IV ZPK of 18 September 2009.

- (iv) “Oil and fat products” (TR CU 024/2011);
- (v) “On safety of certain types of specialized food products, including foods for dietary treatment and dietary preventive nutrition” (TR CU 027/2012);
- (vi) “Requirements for the safety of food additives, flavorings, and technological aids” (TR CU 029/2012); and
- (vii) “On safety of grain” (TR CU 015/2012).

The relevant provisions of the Technical Regulations of the Customs Union (TR CU) that came into force on 1 May 2014 are

- (i) “On safety of milk and milk products” (TR CU 033/2013), and
- (ii) “On safety of meat and meat products” (TR CU 034/2013).

Concerning the regulation “On food safety,” just 0.6% of all food-processing enterprises in Kazakhstan had introduced the HACCP system by 1 August 2014. As part of the “Food Safety and WTO Accession” component of its Health Sector Technology Transfer and Institutional Reform program, the World Bank is providing advice on maximum residue levels (MRLs)—such as levels of nitrates, radionuclides, antibiotics, and veterinary drugs in food—with a view to harmonizing Kazakh food safety standards with the Technical Regulations of the Customs Union, in order to meet the international requirements of the Codex Alimentarius.

A fundamental requirement for Kazakhstan’s accession to the WTO is the development and widespread introduction of a control system for food safety that aligns with international control practices along all the food chain, and the use of the HACCP system throughout the food-processing industry. To this end, the International Financial Corporation (IFC) and the Global Food Safety Partnership (GFSP) have been providing consulting services, including for capacity building, while the GFSP and the World Bank have supported the establishment of the Central Asian Training Centre for Food Safety.

In terms of infrastructure development, all food control laboratories in Kazakhstan are accredited based on their compliance with the ISO regulation titled “General Requirements for the Competence of Testing and Calibration Laboratories,”²⁹ and are accredited by the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (ILAC-MRA) based on the sanitary and epidemiological capacity building that Kazakhstan has done. Among the laboratories of reference in Kazakhstan are the Republican Reference Laboratory on Food Safety, in Almaty; the Republican Reference Laboratory on Genetically Modified Organism (GMO) Testing, in Astana; and the National Veterinary Reference Center, in Astana.

Raising awareness among consumers also plays a key role, and the Department of Consumer Rights Protection is promoting information campaigns on food safety, targeting the various stakeholder and population groups through such means as roundtables, press conferences, seminars, and publications. Part of this effort will be the establishment of the Unified Database on Food Product Safety, which is currently in the development phase.

²⁹ ISO. 2007. *General Requirements for the Competence of Testing and Calibration Laboratories*. ISO/IEC 17025:2007.

This online information system will allow the control of all stages of product turnover and will ensure the transparency of product conformity assessments.

Kazakhstan's overall food safety system is based on nationwide cooperation among the information services of the MOA, the Ministry of Innovation and Development, the Ministry of National Economy, the Committee on Consumer Protection, and an information center³⁰ on measures regarding technical barriers to trade (TBTs) and SPS issues. Under the World Bank's Health Sector Technology Transfer and Institutional Reform Program, 70 specialists have been trained to manage the intersectoral coordination of information services on TBT and SPS measures, and to interact with the WTO Secretariat and other member countries of the WTO.

Kazakhstan's Interagency Steering Council of the Codex Alimentarius has been approved by an order of the Agency of the Republic of Kazakhstan for Consumer Rights Protection.³¹ The members of the council are all considered to be at the level of ministers, and the membership includes representatives from bodies such as government agencies, nongovernment organizations (NGOs), the Union of Food Processors, and the Kazakh Academy of Nutrition.

Kyrgyz Republic

Sabyrgul Zholdosheva

*Chief Specialist, Regulation of Evaluation of Compliance
Evaluation Systems Division*

*Technical Regulation and Metrology Department
Ministry of Economy*

The public authorities of the Kyrgyz Republic are tasked with fulfilling the obligations of the SPS Agreement while modernizing and implementing the country's SPS measures. The main government agencies involved in SPS policy making are the MOH, the Ministry of Agriculture and Land Reclamation, and the State Inspectorate for Veterinary and Phytosanitary Safety. The implementation of the SPS Agreement is the responsibility of the MOH, whose Department of Disease Prevention and State Sanitary and Epidemiological Surveillance is in charge of supervision and control, provides sanitary and epidemiological test reports of the controlled products, and oversees (with regard to radiation and health standards) imported and exported products passing through Kyrgyz checkpoints. The MOH has more than 3,000 employees, including medical, scientific, and administrative

³⁰ The Information Center for Technical Barriers to Trade, Sanitary and Phytosanitary Measures is a structural subdivision of the state-owned enterprise Kazakhstan Institute for Standardization and Certification, of the Committee for Technical Regulation and Metrology of the Ministry of Industry and New Technologies. In connection with Kazakhstan's forthcoming accession of to the World Trade Organization, the center was created to implement Article 10 of the Law of the Republic of Kazakhstan dated 9 November 2004, "On Technical Regulation," and the corresponding government resolution dated 11 July 2005 No. 718, "On Approval of Rules of Creation and Functioning Information Centre for Technical Barriers to Trade, Sanitary and Phytosanitary Measures."

³¹ Order of the Agency of the Republic of Kazakhstan for Consumer Rights Protection, No. 165 of 2 June 2014.

staff at the national level and in the 36 health, phytosanitary, and veterinary checkpoints at the borders with the PRC, Kazakhstan, Tajikistan, and Uzbekistan.

At present, the Kyrgyz Republic has 36 sanitary, phytosanitary, and veterinary BCPs consisting of 29 road BCPs, 4 railway BCPs, and 3 airport BCPs. In terms of BCP locations, there are 2 with the PRC, 12 with Kazakhstan, 5 with Tajikistan, and 15 with Uzbekistan. The Kyrgyz Republic has more than 100 laboratories, of which 58 have been accredited by the Kyrgyz Accreditation Centre after they had complied with the ISO/IEC 17025 standards. The Kyrgyz Accreditation Centre is a member of the International Laboratory Accreditation Cooperation (ILAC).

The legal framework has been improved in the areas of sanitary, veterinary and phytosanitary standards, based on the principles of the market economy and in accordance with the SPS Agreement. Among the Kyrgyz Republic's main SPS-related laws are those concerning public healthcare,³² plant quarantine,³³ application of chemicals and crop protection,³⁴ veterinary,³⁵ identification of animals,³⁶ and technical regulations.³⁷ Furthermore, on 6 August 2015, the Kyrgyz Republic joined the Eurasian Economic Union (EEU), which was established as the successor to the Customs Union through a treaty signed on 29 May 2014 by Belarus, Kazakhstan, and Russia. The Kyrgyz Republic will have to adapt its legal framework to the EEU provisions on SPS standards; upgrade its laboratory systems; and initiate appropriate staff training, data processing, and risk management.

Since May 2014, the United Nations Development Programme (UNDP) has been supporting the improvement of sanitary, phytosanitary, and veterinary safety through better control and supervision of imported and exported goods, related conformity assessments, the implementation of information systems, and related training. The UNDP's objectives are (i) to analyze the current state of health, phytosanitary, and veterinary security (including the laws, regulations, structure of government agencies, technical equipment, and qualified personnel) and provide recommendations; (ii) assess whether the laboratory technical equipment at the checkpoints satisfies international requirements; and (iii) prepare for the introduction of a single-window system, and for an integrated system for implementing SPS measures, with closer interaction among government departments.

In addition to contributing to the removal of administrative and technical barriers to trade, the Government of the Kyrgyz Republic plans to implement regulations concerning products of animal origin, which will enhance the safety and trade of these products.

³² Law No. 248 of 24 July 2009 on Public Health Care System.

³³ Law of the Kyrgyz Republic on Plant Quarantine, 7 June 1996.

³⁴ Law on Application of Chemicals and Crop Protection, April 1997.

³⁵ Law of the Kyrgyz Republic About Veterinary Science, 30 December 2014.

³⁶ Law No. 91 "On Identification of Animals," 6 June 2013.

³⁷ Law of the Kyrgyz Republic "On the Basics of Technical Regulation in the Kyrgyz Republic" #171, dated 22 May 2004 (as last amended 14 October 2011).

Pakistan

Muhammad Tariq Khan
Deputy Director (Quarantine)
Department of Plant Protection
Ministry of National Food Security and Research

Qurban Ali
Animal Husbandry Commissioner
Livestock Wing
Ministry of National Food Security and Research

Concerning SPS modernization and the implementation of the SPS Agreement, Pakistan has been among those countries that export less and import more and thus suffer economic and ecological losses, while being highly exposed to the risks of exotic pests and diseases. At the same time, high production costs, invisible input subsidies, and the absence of a regulatory regime have created a fertile ground for a further increase in imports. Pakistan, in particular, has problems meeting the quarantine and SPS requirements of the developed countries, and its exports of agricultural and food products are reduced as a result.

Sanitary and Phytosanitary Policies and Concerns in Pakistan

Developed countries do not consider the needs of Pakistan when setting SPS requirements, and do not provide technical assistance when there is insufficient time allowed between the notification and implementation of SPS requirements. The process of harmonization with international SPS standards does not take into consideration the needs of developing countries, and the developed countries are also unwilling to engage in bilateral negotiations with Pakistan and other developing countries to address these needs. Current SPS-related regulations in Pakistan are based on the Plant Quarantine Act (1976), the Pakistan Animal Quarantine Act (1979), the IPPC, the OIE, Codex Alimentarius, and the International Standards for Phytosanitary Measures (ISPM).

The government agencies in Pakistan that enforce SPS measures are the Ministry of National Food Security and Research, including the Department of Plant Protection and Animal Quarantine Department (both for OIE compliance); the National Animal and Plant Health Inspection Service (NAPHIS); and other government health authorities (for compliance with the Codex Alimentarius). In terms of progress, the European Commission-funded Trade Related Technical Assistance I program was completed in 2007, while other projects are ongoing, such as the NAPHIS Project, under the Ministry of Food and Agriculture (PRs500 million, 2007–2015); the establishment (at Umerkot and Khunjerab) or upgrade (at Multan, Lahore, Sialkot, Islamabad, and Peshawar) of animal quarantine stations (PRs336 million, 2007–2015); Bovine Spongiform Encephalopathy (BSE) Surveillance and Capacity Leading to OIE Negligible Risk Country Status for Pakistan

(PRs 27million, 2013–2016); the EU-funded Trade Related Technical Assistance II; and the information technology (IT) enablement and online linkage of the Department of Plant Protection and Animal Quarantine Department with Pakistan Customs through the Web Based One Customs (WeBOC) system. The key stakeholders come from both the private and the public sectors, including animal and crop farmers, importers and exporters of agricultural products and by-products, government regulatory bodies, chambers of commerce, government ministries, testing and certification laboratories, associations of exporters and importers, and preshipment inspection agencies.

The Government of Pakistan's top three short-term goals are (i) the improvement of production methods and harvesting techniques; (ii) the improvement of transportation and storage methods, transportation time, artisanal technique, and storage facility sanitation; and (iii) better access to compliance resources, technical assistance, information resources, laboratories, and quarantine stations. The top three long-term goals are (i) access to international negotiations, (ii) establishment of inquiry points and contact points in the WTO to promote Pakistan's participation in multilateral negotiations, and (iii) the balanced development of a centralized quality control system and a competitive market system for exports.

Tajikistan

Sherali Vazirov

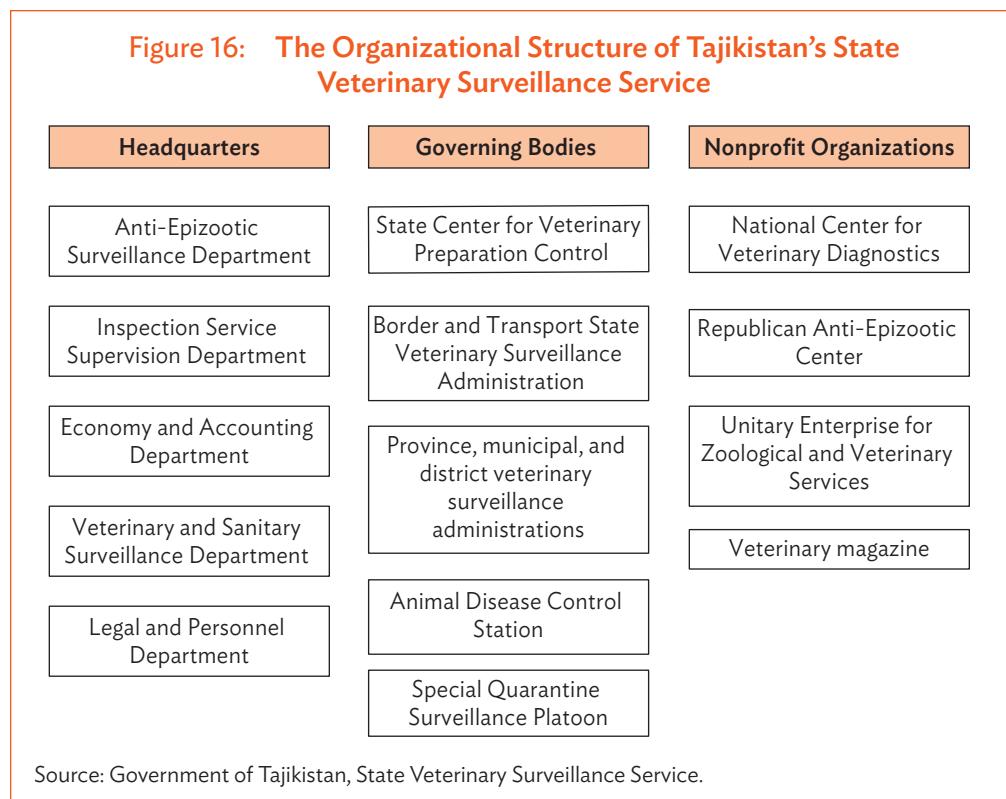
Head

*State Veterinary Control Inspection
Ministry of Agriculture*

Tajikistan shares a 1,206-kilometer (km) border with Afghanistan to the south, and is bordered on the northwest by Uzbekistan (1,161 km), on the north by the Kyrgyz Republic (870 km), and on the east by the PRC (414 km). The total length of the country's borders is 3,651 km. Infectious diseases are common among animals and humans, though the sources are generally animals. Such diseases have various causes, but are divided into two subgroups: diseases of humans due to epizootic processes (animal disease epidemics) and diseases transferred from humans to animals (zooanthroposes).

According to the World Health Organization (WHO), there are currently 150 zooanthroposes and zoonoses, with more than 12 diseases registered in Tajikistan: anthrax, brucellosis, tuberculosis, foot-and-mouth disease, rabies, leptospirosis, chlamydiosis, salmonellosis, trichinellosis, echinococcosis, toxoplasmosis, and trichophytosis. In 2011, the country suffered serious outbreaks of anthrax, brucellosis, rabies, salmonellosis, and other diseases. The animal population of the Republic of Tajikistan includes about 2.0 million cattle, 4.4 million sheep and goats, 4.4 poultry, 76,000 horses, and 1.4 million bees. With regard to SPS management, the structure of Tajikistan's State Veterinary Surveillance Service is presented in Figure 16.

The State Veterinary Surveillance Service aims to prevent animal diseases and ensure the safety of livestock products by means of prevention, detection, and suppression of



violations of veterinary legislation. According to the existing regulations in Tajikistan, the phytosanitary requirements for exports are the veterinary certificate, the certificate of origin of goods, the certificate of conformity to regulations, the customs declaration, and the consignment note. The country is facing significant SPS-related barriers to exports, specifically, the lack of skilled personnel, of an intranet, of laboratory equipment, and of risk assessment software; as well as the inadequate identification of the bovine and small cattle, and the absence of standard operating procedures (SOPs) and of a zoonoses-control system.

With the specific goal of modernizing SPS policies and implementing the SPS Agreement, the Government of Tajikistan established the National Information Center, under the MOA; the National Notification Authority, under the Ministry of Economic Development and Trade; the Codex Alimentarius Commission (CAC) Center; and a CAC, OIE, and IPPC “contact point center.” It has also provided training in food-security strategy development and in the implementation of SPS, HACCP, OIE, CAC, and IPPC standards. In terms of Tajikistan’s SPS-related achievements, legislation on veterinary and food safety standards and on veterinary services and requirements have been passed into law, while regulations concerning inspections, diagnostics, disease control, and product control in marketplaces are now being put into place. The key stakeholders have been the MOA (specifically, the Tajik Research Veterinary Institute and Biological Safety Institute); the MOH (State Nutrition and Institute of Epidemiology and Sanitation); the Ministry of Industry and New Technologies (Institute of Nutrition); and the Agency on Standardization, Metrology, Certification and Trade Inspection.

The short-term goals are to complete the gap analysis in the veterinary sector by incorporating the OIE Performance of Veterinary Services (PVS) exercise, broader scope of assessment, breed improvement and artificial insemination, and access to market and zoning; while the medium- and long-term goals are increased access to financing, the improvement of outdated technical facilities, and personnel training.

Turkmenistan

Hojanazar Orazdurdyyev
*Deputy Chief
Sanitary Department
State Sanitary Epidemiological Service
Ministry of Health*

The State Sanitary and Epidemiologic Service, under the MOH and Medical Industry of Turkmenistan, is the central agency responsible for the surveillance of food quality and safety. From the earliest days after its establishment in 1998, the State Sanitary and Epidemiologic Service, together with other agencies, has exercised consistent sanitary surveillance at different stages of food production. The key goal of any society is to improve the people's standard of living, and important aspects of that are human health and the quality of products, services, and the environment.

There are almost all types of industries in Turkmenistan: meat processing and semifinished meat, milk processing, butter and fat production, juice and vegetable processing, fish processing, bread, confectionery, pasta, flour, cereal, iodized salt, and sugar processing, among others. State surveillance and control bodies monitor the quality and safety of food raw materials and products. Numerous authorities are involved in monitoring the implementation of SPS regulations, such as the State Sanitary and Epidemiologic Services; the Chief State Service “Turkmenstandartlary,” the MOA; State Veterinary Service; and the State Inspection on Trade, Quality of Goods and Protection of Consumers' Rights, under the Ministry of Trade and External Economic Relations. Bodies such as the State Association of Food Industry of Turkmenistan, State Fishery Committee of Turkmenistan, and the Turkmengallaonumleri State Association (Turkmen Association for Bread Products) exercise authority within their areas.

Turkmenistan has also taken important steps to prevent iron-deficiency anemia among girls and women of fertile age; and, adhering to a presidential decree in 1996 on “Salt Iodization and Flour Fortification with Iron,” the salt-processing enterprise Guvly Duz produces 100% potassium iodate-enriched salt.³⁸ To improve production efficiency, in 2006, the President of Turkmenistan signed the decree on “Fortification of Wheat Flour with Iron and Folic Acid,” according to which all upper-grade flour produced in Turkmenistan must be enriched with iron and folic acid.³⁹

³⁸ Decree of the President of Turkmenistan on Salt Iodization and Flour Fortification with Iron, No. 2626 of 28 May 1996.

³⁹ Decree of the President of Turkmenistan on Fortification of Wheat Flour with Iron and Folic Acid, No. 7855 of 24 April 2006.

The system of sanitary and epidemiologic control of food quality and safety includes preventive sanitary surveillance in the allocation of plots of land for the construction of food-processing plants, allocation of plots for catering businesses, as well as review of projects pending issuance of conclusions regarding sanitary issues. The surveillance of compliance with sanitary and hygiene requirements is routine during the production, storage, transport, and sales of food products. This surveillance covers all the technological processing requirements during production, as well as laboratory controls of food quality and safety. The state requires the registration of new types of imported foodstuffs, raw materials, and finished products imported into the country, and of goods produced in the country for the first time; also required is a certification of compliance with health and sanitary requirements.

Food quality control is performed at production, agency, and state levels. General principles of conducting control include entry controls for the quality and safety of raw materials and food products delivered to an enterprise, as well as controls of food-product storage, the technological aspects of production, sanitary conditions of the premises, equipment, and the personal hygiene of the staff. Domestic controls over the quality of produced and grown food products are carried out by the laboratories of government agencies, individual enterprises, and legal entities according to the established procedures. In the case of imports, agencies at the borders authorized by the State Sanitary and Epidemiological Service review documents and take and analyze samples. To assess food quality and safety, as well as compliance with regulatory and technical standards, laboratory tests are conducted based on physical, chemical, bacteriological, radiological, and toxicological indicators. Food products of plant origin are also tested for the presence of GMOs.

During 2012–2014, the State Sanitary and Epidemiological Service developed and introduced modernized methods of evaluating food quality and safety indicators. In addition, laboratories under the service have introduced new gas and fluid chromatography methods, as well as atomic absorption spectrometry. The future expansion of the laboratory facilities of the State Sanitary and Epidemiological Service will focus on the construction of a new sanitary, epidemiology, and nutrition center, which will utilize highly skilled personnel, modern equipment, and the most advanced research methodologies to verify food quality and safety.

Development Partners' Support for Sanitary and Phytosanitary Modernization: Experience Elsewhere and the Willingness and/or Ability to Consider CAREC Proposals

**Food and Agriculture Organization
of the United Nations**

Sheikh Ahaduzzaman
Deputy Representative in Mongolia

The Food and Agriculture Organization's Vision for Food Safety

According to a statement of the World Food Summit of 1996, “Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.”⁴⁰

Achieving this vision of food security is the *raison d'être* of the FAO. Food safety activities under the FAO are based on the principle that consumers have the right to expect that the food sold at their local markets will be safe and of good quality. The FAO works with government authorities, local industry, and other stakeholders to ensure that this expectation is met. The overall goals are to improve food safety and quality management systems, using scientific methods to reduce foodborne illnesses, and to support fair and transparent trade, thereby contributing to economic development and improved livelihoods as well as to food security.

The FAO's approach to food safety involves an evaluation of the food chain, taking into account the hazards that can arise at various stages of food production and distribution. This is a preventative risk-based approach, as opposed to a reactive one that relies on sampling and testing food and food products. The FAO's approach looks at the soundness of a country's food control and regulatory systems, specifically in terms of standards and implementation, based on GAP, GMP, and the HACCP system. It also identifies the appropriate roles and responsibilities of everyone along the food chain who could affect food safety, including farmers or producers, processors, handlers, government departments, and consumers.

⁴⁰ FAO. 1996. World Food Summit Plan of Action. World Food Summit. Rome. 13–17 November. www.fao.org/ag/againfo/programmes/en/lead/toolbox/Indust/romedec.pdf

Under its Food Safety and Quality Programme, the FAO is running 15–20 projects and programs on food safety and quality at the national and regional levels. It broadly covers food safety policies, legislation, and governance (including coordination mechanisms); SPS standards and norms; activities related to the Codex Alimentarius; enforcement, surveillance, and inspections; testing procedures and techniques; food safety along the various agricultural and food supply chains (including street food and retail), considering the linkages to primary production; food safety emergency management and recall systems; certification and accreditation; and training, awareness-raising, and educational activities. There are ongoing FAO projects in the ASEAN region, such as Support to Capacity Building and Implementation of International Food Safety Standards in ASEAN Countries (with workshops, a training course, case studies, and instructional materials); and a project in the Greater Mekong Subregion (GMS), Promotion of Rural Development through Development of Geographical Indications at Regional Level in Asia. In the South Asian Association for Regional Cooperation (SAARC) area, the FAO is operating a technical cooperation program, Development of Standards and Scheme for Good Agriculture Practice (GAP) Implementation and Certification in Countries of SAARC.

Country projects have included Improving Food Safety in Bangladesh; Enhancing Sanitary and Phytosanitary Capacity of Nepalese Ginger Exports through Public–Private Partnerships; Policy Assistance for Secure Agro-Food Supply Chain for Enhanced Market Access and Food Security for the Small Holding Rural Sector (Nepal); Developing Food Law in Laos; Strengthening of Food Safety and Standards in Bhutan; Strengthening of National Codex Capacity in Mongolia; Certification Bodies to Improve Market Access for Fish and Fishery Products (Myanmar); Strengthening Vietnamese SPS Capacity for Trade—Improvement of Safety and Quality of Fresh Vegetables through the Value Chain Approach; Institutional Strengthening of Food Safety and Quality Control in Supply Chain Management of Livestock Products and INFOSAN in Thailand;⁴¹ and Strengthening the Food Safety Information, Education, and Communication Capacity to Assist Efficient Implementation of the Food Safety Law and the National Strategy on Food Safety for Period 2011–2020 with Vision Towards 2030 (Viet Nam).

The Main Food Safety Challenges in Asia

The main food safety challenges in Asia are related to the low importance attached to food safety by the government and other stakeholders. The importance of food safety is not generally recognized; food safety is poorly measured, and problems often go unreported. Further, the responsibility for food safety cuts across several areas, so there has to be coordination among multiple agencies. National legislation and food control systems are often outdated and suffer from a lack of resources, resulting in inadequate surveillance of foodborne diseases, food monitoring, and traceability. The application of food safety regulatory, voluntary, and private standards is unclear. There is no suitable infrastructure, and the resources in terms of financing and personnel are insufficient. Furthermore, although regional trade is important, the standards of food safety differ from country to country. It is unclear how a preventative risk-based approach to food safety is being applied across entire food chains, and there are varying levels of awareness among stakeholders regarding food safety and what their own roles are supposed to be in promoting it.

⁴¹ INFOSAN = International Food Safety Authorities Network.

The FAO is therefore focusing on some important key areas, including the following:

- (i) food safety policy dialogue and development;
- (ii) strengthening coordinated actions and mechanisms through multidisciplinary approaches and partnerships;
- (iii) the development of a sound database offering access to information such as evidence, indicators, standards, and agreements with regard to SPS problems and TBTs, with a view to promoting harmonization, expanding stakeholder participation in the setting of international standards, strengthening the role of voluntary and private standards in regulation (certification and accreditation), and supporting trade facilitation (equivalence and recognition);
- (iv) risk-based approaches and risk analysis;
- (v) strengthening preventative approaches based on GAP, GMP, and the HACCP system by developing schemes and certification systems and strengthening small and medium-sized enterprises (SMEs) in food retail (street food, retail shops, and catering);
- (vi) strengthening food control systems in domestic markets with imported-product and risk categorizations;
- (vii) developing procedures for food safety emergencies, recalls, and traceability;
- (viii) improving the institutional capacity of the food safety-control infrastructure with regard to testing, storage, and transportation;
- (ix) improving branding in agriculture, for instance, by incorporating geographical indications;
- (x) promoting public-private partnerships (PPPs) for strengthening food safety;
- (xi) increasing intraregional trade through greater collaboration and communication in the interest of sharing regional expertise, knowledge, information, and laboratory facilities;
- (xii) developing food safety platforms and databases (i.e., the FAO GM Platform, INFOSAN, and databases for retail food safety);
- (xiii) improving food safety intelligence and foresight; and
- (xiv) addressing other challenging issues, such as those concerning GMOs, nanotechnology, and new detection and testing methods.

The Food and Agriculture Organization in Mongolia

During 2012–2014, the FAO implemented a technical cooperation project in Mongolia titled Strengthening Capacity of Mongolia to Implement Codex. The main goal of the project was to strengthen the national codex through capacity building to improve food safety at the national level; improve national standards, bringing them in line with international trade requirements; and increase the access of domestically produced food products to international markets. The main outputs were the development of the National Policy and Strategy for Codex Implementation, as well as the improvement of institutional capacity for implementing the Codex Alimentarius, the technical capacity of the National Consultative Committee members, and the stakeholders' understanding of the importance of codex standards.

The project's achievements were the completion of a situational analysis of Codex activities in Mongolia; the establishment of the National Consultative Committee, the National Consultative Committee Secretariat, and the secretariat's working procedures, together with a related website; and the setting up of the National Policy and Strategy for Codex Working Group. Furthermore, 47 priority Codex standards for adoption at the national level have been identified and translated into Mongolian, and several training of trainers on codex functions and activities have been organized.

In 2013, the Ministry of Industry and Agriculture requested FAO assistance in reviewing the current state of the country's food safety system, and asked the FAO to provide advice on the necessary steps toward the establishment of an agency similar to the United States Food and Drug Administration.

Current Food Safety Management in Mongolia and Potential Developments

The Food Safety Law of Mongolia, which went into effect in March 2013, regulates the safety and hygiene of food and food products during preparation, production, processing, packaging, labeling, storage, transport, selling, serving, and exporting; it also regulates imported food and food products. The major government agencies involved in food safety and hygiene in Mongolia are the Ministry of Industry and Agriculture; the MOH; GASI; MASM; and the departments of animal production and health, plant protection and quarantine, public health, and local administration.

One future development may be the adoption of an integrated system centered on a newly established “national food safety authority” or “national food safety agency,” which would be responsible for Level 1 and 2 activities. As a result, the ministries and government agencies involved in food control (e.g., GASI, MASM, MOH, and the Ministry of Industry and Agriculture) would see their roles redefined in certain areas—policy formulation (i.e., risk assessment and management, development of food legislation), food control coordination, monitoring, and auditing—with the purpose of ensuring consistency and complementarity. The redefinition of their roles could be realized along the lines shown in Figure 17.

Another option would be to have the new national food safety agency (or authority) report directly to the Prime Minister's office. This agency would be similar to that of the first option, except that the Prime Minister, as chair of the National Food Security Committee, would provide oversight for the agency. This link with the Prime Minister's office would give the agency more visibility, while ensuring better coordination among the various stakeholders in food safety policy making, as shown in Figure 18.

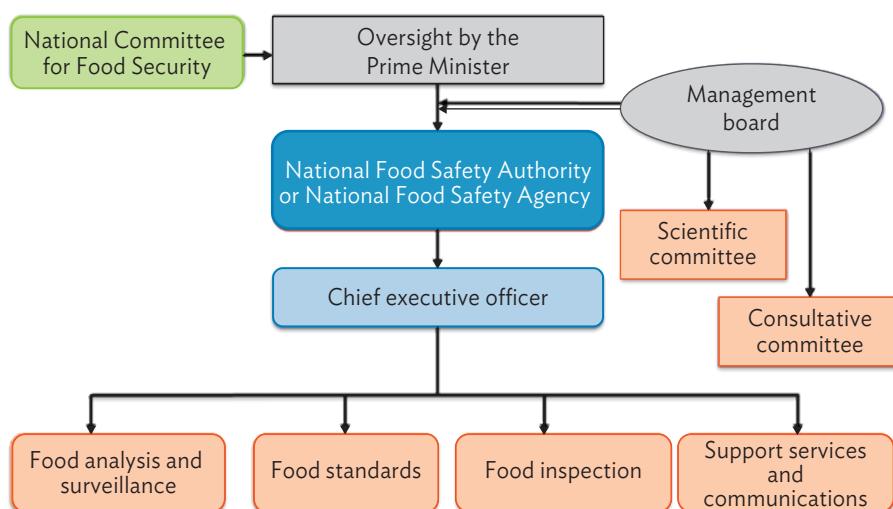
A third and last option would focus on the establishment of a national food and drug administration to cover both food and drug control. This agency would implement modern approaches to food safety, with an emphasis on preventing food contamination and adulteration throughout the food chain (“from farm to fork”). It would also concentrate on making all stakeholders responsible for food safety through the application of good practices at all stages of the food chain, and would allow the gradual introduction of third-

Figure 17: The First Option for Food Safety Reform in Mongolia



Source: S. Ahaduzzaman. 2014. FAO and Food Safety. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Ulaanbaatar. 6–8 October.

Figure 18: The Second Option for Food Safety Reform in Mongolia



Source: S. Ahaduzzaman. 2014. FAO and Food Safety. Presentation to the CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety. Ulaanbaatar. 6–8 October.

party certification by accredited bodies at every stage of the food chain, from primary production to the retail market.

More information on the FAO is available at the following:

- (i) Food Safety and Quality. www.fao.org/food/food-safety-quality/home-page/en
- (ii) Veterinary Public Health and Feed and Food Safety. www.fao.org/ag/AGAinfo/programmes/en/A6.html
- (iii) INFOSAN Community Website (International Network of Food Safety Authorities, which disseminates important global food safety information).
http://www.who.int/foodsafety/areas_work/infosan/en
- (iv) FAO Regional Office for Asia and the Pacific. www.fao.org/asiapacific/en
- (v) Capacity Building and Implementation of International Food Safety Standards in ASEAN Countries. <http://foodsafetyasiapacific.net>

GIZ

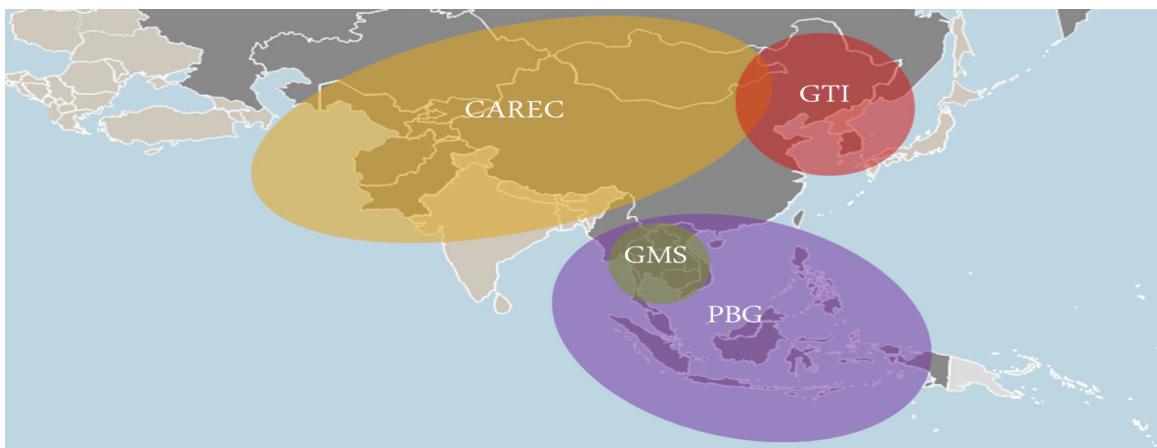
Khulan Lkhagvasuren
Senior Program Manager, Regional Economic Cooperation and Integration in Asia
GIZ

As a state-owned enterprise, GIZ supports the efforts of the Government of Germany to promote international cooperation for sustainable development. GIZ's main activities in Asia are geared to reducing administrative and technical barriers to trade. With regard to administrative barriers, GIZ supports the implementation of the single window system by providing business process analysis (BPA), optimizing the procedures for certificate issuance at state agencies (e.g., using veterinary risk management and Simbase software, including veterinary and quarantine-based software), and simplifying the procedures for goods requiring mandatory certification. With regard to technical barriers, GIZ's interventions focus on strengthening adherence to National Quality Infrastructure standards; contributing to institutional reform strategies; and promoting capacity building, harmonization of legislation, and the implementation of international standards.

Regional Economic Cooperation and Integration in Asia Project

Commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), the Regional Economic Cooperation and Integration in Asia project provides capacity building for initiatives in trade and transport facilitation, port cooperation, and local cross-border cooperation; it also supports the implementation of regional strategies and plans in these areas. The focus is on introducing best practices in regional cooperation and integration into four Asian regional programs and initiatives: the CAREC

Figure 19: The Geographic Foci of Regional Economic Cooperation and Integration in Asia



CAREC = Central Asia Regional Economic Cooperation (Program), GMS = Greater Mekong Subregion (Program),
GTI = Greater Tumen Initiative, PBG = Pan-Beibu Gulf (Economic Cooperation).

Source: Asian Development Bank and the United Nations Development Programme.

Program, GMS Program, Greater Tumen Initiative (GTI), and the Pan-Beibu Gulf (PBG) Economic Cooperation (Figure 19).

In terms of regional impact, the CAREC region includes Afghanistan, Azerbaijan, the PRC (Inner Mongolia and the Xinjiang Uygur Autonomous Region), Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. The GTI area includes the PRC, the Republic of Korea, Mongolia, and Russia, with the Democratic People's Republic of Korea (DPRK) involved at an informal level and Japan in the status of observer. The GMS includes Cambodia, the PRC (Guangxi Zhuang Autonomous Region and Yunnan Province), the Lao PDR, Myanmar, Thailand, and Viet Nam. And the PBG area covers Brunei Darussalam, the PRC (Guangxi, Guangdong, and Hainan provinces), Indonesia, Malaysia, the Philippines, Singapore, and Viet Nam.

These regional cooperation programs and initiatives emphasize five main activities:

- (i) the transfer of best practices among the four Asian regional initiatives, supported by study tours focusing on the implementation of the ESW system in the Kyrgyz Republic, Senegal, and Tajikistan, as well as an annual hearing of regional experts;
- (ii) the implementation of Mongolia's national single electronic window program, supported by the GTI, and the related master plan, developed with the participation of Mongolia's GASI; Mongolian Customs General Administration; Mongolian National Chamber of Commerce and Industry; Ministry of Road, Transport and Tourism; MOH; Ministry of Economic Development; border authorities; and others.
- (iii) capacity building, including a multideestination tourism study to gain international expertise, as well as training for the GTI Secretariat (in such areas as project cycle management and intercultural and digital communications);

- (iv) economic cooperation among the ASEAN countries, the PRC, and the members of the PBG Economic Cooperation, mainly centered on capacity building in Cambodia, the Lao PDR, Myanmar, and Viet Nam with regard to maritime cooperation, port management, trade facilitation (specifically, in the ASEAN–PRC Free Trade Area and in cross-border special economic zones), and on support for the ADB PBG road map for maritime cooperation and trade facilitation.

More information can be found in the GIZ newsletter *Connect Asia* and related materials, distributed to 25,000 readers.

World Trade Organization and Standards and Trade Development Facility

Melvin Spreij
Counsellor
Secretariat, Standards and Trade Development Facility
Agriculture and Commodities Division
World Trade Organization

The STDF provides SPS e-learning courses, which are prerequisites for participation in other activities; as well as an advanced SPS course with related follow-up on such areas as the Codex Alimentarius, OIE, and IPPC. The STDF can also organize regional SPS workshops and national seminars. All the relevant information can be found at www.standardsfacility.org, along with information on grants of up to \$50,000 for project preparation and up to \$1 million for project implementation. The SPS Agreement offers a multilateral framework and tools, but it is up to each country to internally implement the provisions. The STDF has prepared a useful “SPS Agreement Consistency Checklist” for government regulators.

Replicating Best Practices of the Baltic Experience in the Central Asia Regional Economic Cooperation Program

The last session of the CAREC Trade Facilitation Learning Opportunity workshop was a discussion among the participants from CAREC member countries on how to replicate the best practices of Lithuania and Latvia concerning food safety, hygiene, and quality control. This session had two moderators: one from the CAREC Program's Trade Facilitation Team, and the other from the Standards and Trade Development Facility (STDF) of the WTO. Before starting the session, two moderators offered some thoughts of their own about the lessons learned during the 3-day event, and their statements are presented below followed by the contributions of the country representatives.

CAREC Trade Facilitation Team

Maria Cristina Lozano Astray
*Regional Cooperation Specialist
Public Management, Financial Sector
and Regional Cooperation Division
East Asia Department
Asian Development Bank*

The issues pertaining to institutional restructuring that were highlighted by numerous participants from the CAREC member countries could be addressed by ADB through specific projects, consultancies, and interventions. This would be tough, considering that, as in the Baltic experience, political support would be very important. Raising food safety awareness would also be fundamental to replicating the Baltic successes, as it would help strengthen domestic political support for SPS measures. Another commonly required intervention is technical assistance in evaluating existing laboratory capacity, and the subsequent capacity building and staff training. ADB will incorporate all the ideas that emerged during the CAREC Trade Facilitation Learning Opportunity workshop, as well as those produced during the regular policy dialogues with the governments of the CAREC countries.

Grigor Grigoryan
Animal Health Expert
Landell Mills⁴²

Armenia was the first country to establish economic relations with the Baltic countries after the collapse of the Soviet Union; it was immediately followed by Georgia and Moldova. The reforms in Lithuania and Latvia were done in parallel with the development of the required infrastructure, which was also essential for enhancing trade in the Eurasian context. In terms of food safety, it is essential to intervene on issues regarding animal and plant health, with a focus on prevention.

However, while it is extremely useful to evaluate which lessons learned in Latvia and Lithuania could be applied in the CAREC countries, national peculiarities and traditions should be taken into account. For instance, regulations concerning halal slaughterhouses need to be aligned with national priorities and maintain the best health conditions; such a goal could be achieved just by concentrating on efficient training programs. STDF instruments would be very helpful in accomplishing this. In terms of priorities, it would be preferable to focus first on strengthening sectoral controls and related institutions, and then merging SPS-related services at a later stage. Once the market and production are in line with international standards, a country's exports, and its economy as a whole, could strongly benefit.

Standards and Trade Development Facility

Melvin Spreij
Counsellor
Secretary to the Standards and Trade Development Facility
Agriculture and Commodities Division
World Trade Organization

Food trade facilitation is surely very important for the CAREC countries. For this reason, the implementation of the SPS Agreement, and administrative efficiency in doing so, is of fundamental importance. The CAREC countries should comply with WTO principles and refer to the SPS webpage on the WTO website (www.wto.org) for all the related information.

Numerous country representatives at the workshop pointed out the need for specific institutional reforms, while underlining the scarcity of public funding. Considering that all the SPS-modernization reforms are predicated on the rationalization of a country's SPS system, it might be preferable for each country to focus on its key food and animal-origin products, so as to better prioritize SPS interventions and more efficiently target diagnostic capacity assessments. Staff technical training is also essential and, during the development

⁴² The consulting firm engaged to implement the ADB regional technical assistance project, Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation.

of specific financial interventions, OIE laboratories could be points of reference for training purposes.

Domestic public dialogue and coordination are critical, and required in some countries, to prepare for the establishment of centralized administrative and/or regulatory authorities and to adapt the existing authorities to SPS-related requirements. The examples presented at the workshop by the Mongolian private sector stakeholders were extremely useful. As in the Baltic countries, the private sector in the CAREC countries plays a fundamental role, and should become even more involved through public-private partnership pilot projects.

There is also a need, however, to intervene at the regional level, in order to have a uniform approach to common issues. Further, countries should be more active in terms of international communications, to avoid SPS-related discrimination in favor of domestically produced goods over foreign products with the same characteristics.

CAREC Country Representatives

The participants from the CAREC countries discussed how to best mobilize political will, involve all stakeholders, develop appropriate strategies, implement plans, and foster interagency cooperation in order to modernize their SPS policies, regulations, and practices. This section presents major points made by CAREC government representatives regarding SPS and food safety issues in their own countries.

Jahed Ahadi

*Director of Plant Quarantine
Ministry of Agriculture, Irrigation and Livestock
Afghanistan*

Afghanistan is still on a learning curve, and so has to focus on legal reforms that will support the modernization of SPS policies. Conferences and training seminars like this one in Mongolia are extremely useful for a country such as Afghanistan, which is reforming its food chain and—thanks to the support of the FAO and the World Bank—is reshaping its legal landscape in preparation for its accession to the WTO.

Taleh Shamiyev

*Head of the Phytosanitary Quarantine Examination Laboratory
State Phytosanitary Control Service
Ministry of Agriculture
Azerbaijan*

The Azeri SPS system is very similar to the system Latvia had before reforms were implemented in preparation for Latvia's accession to the EU, so Azerbaijan requires a coherent reorganization of its SPS and food safety authorities. At the moment, the responsibilities related to SPS and food safety measures are too widely dispersed.

EU consultants drafted a new food safety law for Azerbaijan, but the government did not adopt the draft law or implement any regulations based on it. There is an ongoing debate in Azerbaijan on how to reorganize the relevant government authorities. One option would be to establish a single control body under the Cabinet of Ministers, while another would be to distribute the functions between the MOA and MOH.

Aigerm Sadubayeva

Head of Control over Compliance with the Requirements of Technical Regulations, Quality and Food Safety Division, Monitoring of Compliance with the Technical Regulations Department, Committee on Consumer Rights Protection Ministry of National Economy Kazakhstan

In Kazakhstan, the continuous consultations with, and involvement of, the private sector has enabled the acceleration of the modernization of SPS measures. Based on what we have learned from the Baltic experience, we see that Kazakhstan needs to standardize its testing methodologies and improve the technical skills of its laboratory personnel, especially when it comes to dairy and meat-based products.

Sabyrgul Zholdosheva

*Chief Specialist, Regulation of Evaluation of Compliance Evaluation Systems Division
Technical Regulation and Metrology Department
Ministry of Economy
Kyrgyz Republic*

The recent difficult political situation has prevented the country from maintaining the course it had adhered to in prior years, and from further implementing the provisions of the SPS Agreement. Protecting animal health is essential for protecting human health, and one of the priorities is still to implement the institutional restructuring of government authorities in line with the SPS Agreement. In addition to political will, the Kyrgyz Republic will require support and assistance from international consultants to finalize the reforms of the institutional structure that could support SPS modernization. Technical assistance, workshops, and seminars will be also extremely useful for training the staff of public departments and private companies in regional integration and in the development of intraregional trade.

Muhammad Tariq Khan

*Deputy Director (Quarantine), Official IPPC Contact Point for Pakistan
Department of Plant Protection
Pakistan*

In the short term, one of the reforms that could be implemented, even without legislation or government spending, is better coordination among the customs, SPS, and quarantine

authorities. In the long term, however, an acute deficit of technical skills is predicted for Pakistan, highlighting the need for training and technical assistance projects.

While it is urgent that we review our existing regulations and coordinate the actions of SPS-related authorities, Pakistan also needs to include more private stakeholders in periodic consultations, given that food safety should be ensured through interventions between 2015 and 2020. The role of the private sector is also important from the SPS point of view, on three levels: (i) the production of food products, (ii) local consumption, and (iii) imports and exports.

Sherali Vazirov
*Head, State Veterinary Control Inspection Department
Ministry of Agriculture
Tajikistan*

Latvia and Lithuania have, without a doubt, been very successful with their SPS, food safety, and food quality policies, and the lessons learned could be applied in the CAREC countries. However, a major challenge would be financing. For instance, the reform of Lithuania's laboratory system cost about €50 million. In Tajikistan, it could cost only 25% of that amount, which is surely much lower, but that would still be very high. A centralized laboratory system for food safety could be a complementary reform supporting SPS modernization. Like other countries, however, Tajikistan would require a redistribution of functions and responsibilities, and external support for carrying out that redistribution.

Along with the eventual establishment of a regional coordination office, another important intervention would be the development of a system to ensure the full traceability of cattle and goats, with a focus on raising pedigree animals. This reform could boost exports, but here again, the problem is the lack of domestic funding.

Hojanazar Orazdurdyyev
*Deputy Chief, Sanitary Department, State Sanitary
Epidemiological Service
Ministry of Health
Turkmenistan*

The CAREC Trade Facilitation Learning Opportunity workshop in Mongolia has been extremely useful for gaining information about the legislative interventions implemented in Latvia, Lithuania, and in the CAREC region, and about new technologies that could support the SPS modernization.

Baltic States' Experts

Biruta Amolina

*Head of the Foreign Relations and International Project Management Division
Food and Veterinary Service
Latvia*

For Latvia, a key investment was the technical upgrade and consolidation of its laboratories, together with technical assistance programs for specialized training. Other important lessons learned were to develop the domestic market, provide greater support to the private sector, and focus on the prevention of animal diseases.

Regional cooperation and the sharing of experiences were crucial for supporting SPS modernization, and for eradicating diseases such as rabies, which has now disappeared from Latvia and the neighboring EU countries. The registration of animals is also an important instrument for preventing disease, and it is preferable to implement an uncomplicated system supported by a rationalized network of efficient laboratories.

Vidmantas Paulauskas

*Deputy Director
State Food and Veterinary Service
Lithuania*

In Lithuania, the adoption of a new set of SPS-related standards, the implementation of measures based on those standards, and the full transposition of the EU's *acquis communautaire* into domestic legislation were all required by the EU as conditions for membership. There were numerous challenges, but the business and political sectors offered strong support and led the process efficiently and successfully. Considering the whole EU accession process, we actually overcame the difficulties in a relatively short time.

Lessons Learned: Concluding Remarks and Observations

Aladdin Rillo

*Senior Capacity Building and Training Economist
ADB Institute*

During the 3-day learning opportunity workshop, the participants were able to identify some common outcomes of their countries' SPS, food safety, and food quality measures. The modernization of SPS and trade facilitation infrastructure and policies, together with an efficient regional supply chain, is essential worldwide, but especially in the Central Asian countries, where trade facilitation is pivotal. All stakeholders need to focus on the implementation of regulatory reforms and to support each country in its efforts to sustain SPS-related interventions. ADB and the ADB Institute are in the best position to implement related capacity building projects and supports.

At the workshop, representatives from all the CAREC countries spoke about their countries' SPS-related histories and existing legislation. A major point that emerged from their talks was that, although food safety measures require legislative reform and intervention in various sectors, it is also crucial to avoid inefficiency and duplication. This can be accomplished by coordinating the work of all the relevant agencies and ministries and by increasing the participation of the private sector. Food security interventions should be market-driven, considering the importance of regional trade. There is also the need for uniformity in SPS measures, standards, and technical requirements, so as to enable the eventual establishment of a single regulatory regime. With regard to these objectives, it was extremely important to learn about how Latvia and Lithuania coped with the process of EU accession, including their successful implementation of institutional reforms to improve SPS standards and facilitate trade.

Jeff Procak

*Regional Cooperation Specialist
Public Management, Financial Sector and Regional Cooperation Division
East Asia Department
Asian Development Bank*

ADB thanks every participant in the CAREC Trade Facilitation Learning Opportunity workshop, where all the stakeholders had the opportunity to share their experiences and learn from each other. The workshop offered a concrete, practical, and comprehensive

learning opportunity, so it is extremely important that the dialogue initiated there continue among the CAREC country representatives.

The results were remarkable. First of all, just managing to get all the CAREC countries to send representatives to the workshop was an achievement in itself. Secondly, the representatives participated in an extremely open manner, and together they realized the objective of the workshop: to evaluate the best possible strategies for modernizing SPS regulations and measures, for expanding regional and international trade, and for ensuring food safety. These issues were discussed in light of the details learned at the workshop about the successful implementation of SPS-related reforms in the Baltic states of Latvia and Lithuania. The contributions of the Latvian and Lithuanian colleagues were extremely important, as were the evaluations offered by all the workshop participants with regard to each CAREC country's existing reforms, past and future challenges, and potential for emulating the Baltic states' successes.

ADB also acknowledges the support of the Government of Mongolia for its development of SPS measures; overall support for SPS-related CAREC projects; and for the organization of this workshop, including the active participation of representatives of various ministries and departments of the Mongolian government.

Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety
2nd CAREC Trade Facilitation Learning Opportunity: Sharing the Baltic Experience
Proceedings: Mongolia, 6-8 October 2014

The Asian Development Bank (ADB), in partnership with the ADB Institute, the Central Asia Regional Economic Cooperation (CAREC) Institute, and the European Union's Support to Modernization of Mongolia Standardization System Project, organized and conducted a second annual Learning Opportunity focused on best practices in the area of integrated trade facilitation, one of the activities implementing the refined CAREC Trade and Transport Facilitation Strategy 2020. The Learning Opportunity brought together several of the key international institutions involved in sanitary and phytosanitary (SPS) modernization, including the World Trade Organization (WTO), Food and Agriculture Organization (FAO), ADB, and the European Union.

This report summarizes the knowledge shared and obtained by government officials and private sector representatives from CAREC member countries.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to approximately two-thirds of the world's poor: 1.6 billion people who live on less than \$2 a day, with 733 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

About the Central Asia Regional Economic Cooperation Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a practical, project-based, and results-oriented partnership that promotes and facilitates regional cooperation in transport, trade, and energy.

CAREC comprises 10 countries: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Six multilateral institution partners support the work of the CAREC member countries: the Asian Development Bank (ADB), European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank. ADB serves as the CAREC Secretariat.



CAREC SECRETARIAT
www.carecprogram.org

Asian Development Bank
6 ADB Avenue, Mandaluyong City 1550
Metro Manila, Philippines
www.adb.org