



Abt Associates Inc.

**Model Arrangements for
SPS Stakeholder Involvement
at the National Level**

STDF 19

**Phase One Report (Rev.3)
(Including interim progress on Phase Two)**

Submitted to:

SPS Secretariat
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Phase One (Inception) Report

Model Arrangements for Stakeholder Involvement at the National Level

Introduction

In response to requests received from various member governments for technical assistance in the area of sanitary and phytosanitary (SPS) standards, and cognizant of the need to fortify trade capacity in the SPS area among relevant governmental institutions in many developing countries, in 2004 the World Trade Organization formulated a pilot project for Sri Lanka and Paraguay entitled “Model Arrangements for Stakeholder Involvement at the National Level (STDF 19).” In early 2005 WTO signed a contract with the U.S. private firm Abt Associates Incorporated to carry out STDF 19 in both countries.

WTO has defined the overall objective of this activity as “improvement in the institutional capacity of the member country to work in an international trading system that applies demanding standards in food safety as well as animal and plant health”. The intended beneficiaries are both public and private sector stakeholders. Collectively, their improved capacity is expected to translate into improved export performance.

The stated objective of STDF 19 is to improve SPS-related information flow as well as information sharing between the public and private sector with positive spin-offs for market access. In a later communication, the SPS Secretariat elaborated as follows:

“In essence, the SPS Agreement tells a country it has to provide information, it does not set out clearly the mechanism by which countries should handle the information which is generated by other Members meeting those obligations. WTO document G/SPS/7/rev.2 talks about recommended procedures for notification. The agreement is silent on the national procedures that need to be in place to request information from other countries or to make comments on notifications. There is no guidance on how to comment or handle this information. One of the major aims of this project is thus to give some guidance as to what might constitute model arrangements to handle this information at national level, not just for the information generated by the WTO, but more generally in relation to that generated by OIE, Codex and IPPC. [In other words,] SPS writ-large.”

Ideally, the NNA in each country will be supported by a mechanism through which stakeholders can be informed of the newly notified SPS measures of other countries so as to be able to comment on them before entry into force. Aside from a vehicle to request the full legal text of a notified measure, which is not provided in the WTO notification, or to ask for details on implementation or on the scientific basis underpinning the new or amended measure, the notification procedure can act as way to request special and differential treatment e.g. a longer time frame for compliance or for technical assistance to be able to comply.

According to the STDF 19 terms of reference, these are the goals of the project:

- (1) To identify parameters for best practice in order to improve the co-ordination of SPS activities in government departments and in the private sector at a national level;
- (2) To improve the technical capacity of government bodies to assimilate and respond to flows of SPS related information;
- (3) To improve the technical capacity of government bodies to assess the implications for national exports of new SPS measures or international standards developed by Codex, IPPC, and OIE; and
- (4) To establish consultative mechanisms between government and the non-governmental actors, particularly in the private sector.

Results expected at the end of the project include:

- ◆ A marked improvement in the co-ordination of SPS activities in the two selected developing countries (Sri Lanka and Paraguay) as demonstrated by the establishment of a national SPS coordinating body (including public and private sector stakeholders)
- ◆ Better communication between stakeholders, including: National Notification Authority; National Enquiry Points; the OIE, IPPC and Codex national contact points; government departments; the private sector and consumer groups), as demonstrated by the submission of comments on notifications of particular interest to the private sector and increased participation in the development of international standards of interest.
- ◆ Making National Enquiry Points (NEPs) operational in these countries (e.g. able to screen notifications and identify potential problems, in consultation with stakeholders)
- ◆ An improvement in the quality of "hard" infrastructure for the NEPs
- ◆ Provision of a manual and training material on best practice parameters for improving SPS co-ordination

The **first phase** of this 18- month project called for a preliminary assessment of the needs of the people and institutions who would be involved in each country in improving the flow of information, analysis and dialogue on SPS standards and issues, especially between WTO and the stakeholder at the national level. The **second phase** is to be implementation of improvements. The **third phase** will involve reassessment and final reporting. The **fourth and final phase** will consist of an ex-post evaluation.

This particular report summarizes initial findings from Phase One only, for both countries

Phase One Activities

Tasks defined for the Assessment Phase included: (a) identifying all relevant SPS issues—whether technical, institutional, regulatory, or political; (b) finding and interviewing organizations that have a legitimate stake in SPS matters; (c) identifying development shareholders who might want to collaborate; (d) reviewing the history of similar efforts to bring the public and private sectors together around SPS issues; and then (e) defining and assessing alternative models of organization, coordination and information management that might improve the handling of SPS issues.

In order to accomplish these tasks, within a month of signature of the contract, Abt Associates Incorporated formalized intermittent consulting arrangements with a lead host country consultant in both Sri Lanka and Paraguay. Independent professionals with both governmental and non-governmental experience were preferred in order to maintain objectivity and to bridge the apparent gap between public and private sector. Both individuals actually hired had been proposed in the original Abt Associates submission to WTO.

In the case of Paraguay, the person chosen was/is Ing. Agr. Jorge Gattini. He holds a B.S. degree in agriculture from the National University of Asunción, an M.S. degree in agricultural economics from Kansas State University, and an M.S. in Applied Environmental Economics from Imperial College at Wye, which is part of the University of London. Ing. Gattini has had fifteen years of broad experience in production, agricultural marketing and trade. He is very familiar with the whole range of crop and livestock products produced in Paraguay, and also with all of its domestic, regional and international markets. He has strong analytical, design and negotiating skills, and enjoys the respect of a wide range of Paraguayan agricultural stakeholders. As a private consultant, he has done work for private clients, FAO, the EU, IDB and the World Bank. While with the Ministry of Agriculture for a decade, he filled increasingly responsible positions, focused on agricultural market and trade.

In the case of Sri Lanka, the person selected was/is Dr. Srilal de Silva. He holds an undergraduate degree from the University of Ceylon in Colombo, Masters and Doctoral degrees from the University of Technology in the UK, and also a post-graduate Diploma in Industrial Quality Control from Bouwcentrum International Education in Rotterdam. A Chartered Chemist within Sri Lanka, he is a recognized expert in food technology and quality assurance. Dr. de Silva offers more than 30 years of experience at the national and international levels, culminating in the role of Deputy Director of the Sri Lanka Standards Institute (SLSI). He was the first ISO 9000 registered lead auditor for Sri Lanka, and at SLSI was directly responsible for developing an ISO 9000 certification scheme for the whole country, which received RVA accreditation in 1996. Earlier, in the mid-Nineties, Dr. de Silva developed and maintained the Sri Lankan scheme for inspection of processed seafood products based on EU Directive EU/94/943. This activity involved the development of physical and institutional infrastructure, policies and legislation. Separately he developed the system now used in Sri Lanka to issue certification based on ISO 14000 standards, and he also designed a HACCP certification program that is now in the process of getting international certification by UKAS. Since retiring from the government, Dr. de Silva established and now manages a consulting

firm that specializes in quality assurance and certification. His firm operates training and certification programs based on ISO 9000 and ISO 14000 certification; HACCP; EU Directives; product certification, CE mark and various accreditation systems.

National Project Coordinator Jorge Gattini and Abt Associates Project Director John Lamb began the fieldwork in Paraguay in March of 2005. Although the original intent was to start up activities in both countries in reasonably quick succession, the Tsunami disaster that struck Sri Lanka just after Christmas of 2004 forced a delay in start-up of STDF 19 for that country. National Project Coordinator Srilal de Silva and SPS Expert Dr. Percy Hawkes were not able to begin actual fieldwork in Sri Lanka until May of 2005.

In both countries, substantial desk analysis preceded the initial interviews. This was needed in order to gain a general understanding of the trading environment and historical trends in food and agricultural exports, to start defining stakeholder categories and entities in both the public and private sector, and to begin identifying the main SPS-related issues.

Then actual interviews were conducted. For both countries the initial interviews took about two weeks of intensive effort by the start-up teams, followed by a 6-8 week period of more intermittent interviewing of distant or hard-to-reach stakeholders, and then another intensive week of follow-up interviews by the National Project Coordinator and the Abt Associates Project Director. Achieving a representative sample of interviews took longer than originally expected, because of the distances to some production areas and the travel schedules of some key informants

In both countries more than fifty key informants were interviewed, mostly two or three at a time. Moreover, in the case of Paraguay, at the request of the Vice-Minister of Agriculture the team delivered a seminar on food and agricultural standards in general, and SPS in particular, to about 40 additional people who were mostly from the government.

Within the public sector, the interview process generally began with the entities officially designated as National Notification Agency and National Enquiry Point for WTO SPS matters. The national contact points for animal health, plant health and food safety were interviewed next. Then came interviews with senior management and technical staff from the national standards institute. After that, interviews were carried out with relevant officials from the various line ministries (agriculture, fisheries, environment, health, and/or trade) that deal with SPS issues. Finally the directors and information services managers of the export/investment promotion organization(s) were visited, if appropriate.

Within the private sector, meetings were first arranged with both apex organizations for agriculture, commerce, and trade, then with sub-sector, industry, or commodity-specific associations, and lastly with an occasional regional or rural development entity.

To the extent possible, an effort was also made to identify private advocacy organizations

in civil society that might have interest in SPS issues. In both Paraguay and Sri Lanka, the team found a few environmental non-governmental organizations (NGOs) concerned with pesticide use, biodiversity, environmental protection, or genetically modified organisms, but no consumer advocacy organization of significance could be identified in either country.

Lastly, the field teams had fruitful exchanges with officials and/or project managers representing various international agencies of relevance, among them the World Bank, Inter-American Development Bank, Asian Development Bank, FAO, the European Union, USAID, DFID, GTZ, and IICA. In both countries major donor-funded programs were identified in the areas of competitiveness and agricultural diversification. The project leadership expressed interest in collaborating, which could be important for capacity building, outreach, and ultimate sustainability.

Phase One Findings

Since findings specific to each country are presented in detail in separate country assessment reports that feed into this one, this summary report will compare and contrast what was found, highlighting what similarities that might suggest best practices in the management of SPS and other trading standards, while noting differences that might make it difficult to define one model approach.

National Notification Authorities

Under the WTO Agreement on Sanitary and Phytosanitary Measures, the National Notification Authority (NNA) in each member state is a single governmental authority responsible for the procedures related to notification to other Members (e.g. notification to the WTO itself concerning new or changed SPS measures, correspondence with Members, taking comments into account, etc). Although legally speaking, there is no obligation for the NNA to act as a filter for information on notifications made by other Members, in the view of the consultants not to do so would reduce its relevance to stakeholders.

The NNA in Paraguay is located in the Ministry of Foreign Relations (*Ministerio de Relaciones Exteriores*), specifically in the Office of Multilateral Economic Organizations (*Dirección de Organismos Económicos Multilaterales*). The office is well staffed and equipped with necessary computer and Internet connections. It receives notifications from WTO on a regular basis and forwards them electronically within a day or two to the main stakeholders within the government. Depending on the content, these may include the Ministry of Agriculture and Livestock (*Ministerio de Agricultura y Ganadería*), the Ministry of Public Health and Social Welfare (*Ministerio de Salud Pública y Bienestar Social*), Paraguay's two National Enquiry Points, or other governmental agencies.

As explained below, the National Enquiry Points for SPS matters in Paraguay are located in what are now two autonomous agencies. The national contact points for the international SPS standard-setting bodies OIE, IPPC and Codex Alimentarius (the so-

called “Three Sisters”) include these same two agencies as well as an entity within the Ministry of Public Health and Social Welfare.

Virtually no feedback on SPS measures proposed or enacted by other WTO Members has passed from the Paraguayan NNA back to WTO or its Members. Nor has the Office of Multilateral Economic Organizations yet notified WTO of any proposed or actual changes in SPS measures by Paraguay itself. The Paraguayan officials who manage this office are well aware of this, and have therefore requested training through STDF 19 that will help them to better fulfill NNA commitments under the SPS Agreement.

In the case of Sri Lanka, according to WTO records the official NNA is the Ministry of Health, Nutrition and Welfare, specifically the Office of the Director of Environmental and Occupational Health (E&OH). However, consultant interviews revealed an apparent consensus among relevant stakeholder ministries that the Department of Foreign Trade (DFT) within the Ministry of Commerce and Trade has become the *de facto* NNA. Although this could simply be a choice of modalities on the ground, the consultants have recommended that the Government of Sri Lanka formally advise WTO of a change of NNA (if that is the official position now).

Notifications generally reach the DFT in Sri Lanka in hardcopy form via diplomatic pouch, even though DFT has a computer with Internet connection available in its “WTO Conference Room”. The individual responsible for WTO matters as of this writing has had good relevant experience, including a prior posting to Geneva in the Sri Lankan diplomatic service. However, she will soon be leaving for a post in Australia, which presents a succession problem. Even now the notifications are simply piling up, for lack of lower level staff or technical capability to sift through and allocate them by main topic area. Apparently little or no information on SPS matters emanating from WTO or its Members is being sent out by DFT to governmental stakeholders, even to the NEPs or contact points for OIE, IPPC and Codex. Nor is feedback coming back. As far as the consultants could determine, the DFT has never notified WTO of proposed or actual changes in SPS measures by the Sri Lankan government.

National Enquiry Points

Under the SPS Agreement, each Member must designate a National Enquiry Point (NEP) that can answer questions from WTO itself or other Members. Although from a legal point of view, there is no obligation for the NEP to act as a medium for passing on notifications or for co-ordinating national positions on notifications received, once again in the view of the consultants, to not carry out or at least participate in the latter functions would lower the NEP’s perceived value in the eyes of stakeholders.

While in theory there should be a single NEP for all three SPS areas, over time many WTO Members have elected to designate two (i.e. human health and life versus plant/animal), or even three (i.e. one each for human, plant and animal matters). Since fisheries and derived products straddle concerns of both human and animal health and life, it is not inconceivable that a country such as Sri Lanka that has a strong and

independent fisheries/aquaculture sector might elect to name a fourth NEP.

So far, Sri Lanka has notified WTO of a just one NEP for all three topical areas within the SPS Agreement, while Paraguay has designated two. Neither arrangement appears fully satisfactory in terms of topical coverage.

In the case of Paraguay, the WTO lists the Office of Animal Protection (*Dirección de Protección Pecuaria*) and the Office of Plant Protection (*Dirección de Defensa Vegetal*) as its two NEPs. However, governmental reorganization in the past year has changed the name and legal status of these two entities, making them somewhat independent of the Ministry of Agriculture and Livestock (although still housed there). The *de facto* NEPs are now called SENACSA (*Servicio Nacional de Calidad y Sanidad Animal*) and SENAVE (*Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas*). They are also the national contact points for OIE and IPPC.

Since SENACSA and SENAVE are both specialized agencies, they naturally tend to concentrate on their respective mandates and domains, which are animal and plant health respectively. It is probably not clear to other WTO Members which entity should receive a question about human health. For zoonotic diseases, presumably SENACSA would be the one to contact, while for pesticide-related matters SENAVE would be more logical. Ambiguity to the outside world is one cost of having multiple NEPs.

Still, the CODEX contact point for Paraguay is INAN (*Instituto Nacional de Alimentación y Nutrición*), which belongs to the Ministry of Public Health and Social Welfare, so as far as NEP roles in Paraguay are concerned, there is a certain imbalance among the three main SPS areas of interest to WTO.

Both NEPs in Paraguay, and all three SPS contact points have well-equipped offices with computers and Internet connections (at least dial-up speed). They also have staff designated to handle international and domestic SPS issues, including standards and notifications. However, additional public sector capacity building is needed and desired, especially for SENAVE, which was only legally constituted in April of 2005. SENAVE also has other disadvantages: a mandate that covers many more product categories; less of a history of collaboration with and fee-for-service funding from the private sector; absence of a single or several strong private sector counterpart associations; the need to deal with threats that are generally neither life-threatening nor industry-threatening; and weaker relationships with homologous organizations in target markets. Except possibly with respect to avian flu, there is no clear need for STDF 19 to provide anything other than information and international networking support to SENACSA. INAN should probably not be a major client for STDF 19 either, for several reasons. First it function as a national contact point rather than a NEP, secondly it has received considerable FAO help already, and thirdly, there is already a working committee structure for Codex in Paraguay.

In the case of Sri Lanka, the Office of the Director of Environmental and Occupational Health (E&OH) within the Ministry of Health, Nutrition and Welfare serves as titular

NEP as well as NNA. However, it does not appear to have the mandate, the inclination, or the resources necessary to really play that role.

At the present time, enquiries coming into Sri Lanka about SPS matters from other WTO Members (or non-members for that matter) seem to come more frequently via the Three Sisters or direct communication between national contact points for the main SPS areas.

The national contact point for food safety and CODEX matters in Sri Lanka is the Office of the Chief Inspector of Food and Drugs within the Food Control Administration Unit of the Ministry of Health, Nutrition, and Welfare. This office does receive all CODEX notifications, but lacks the funds necessary to attend CODEX meetings. Nor does it have the permanent staff needed to handle all three WTO SPS areas.

Since seafood and aquaculture products are major exports for Sri Lanka, some time back all responsibility for that sector passed to the Ministry of Fisheries. This included not just extra-SPS matters such as resource conservation and biodiversity, but also food safety as it relates to fish products for export. The Sri Lankan government seems to want to have a split arrangement for food safety, with the Ministry of Fisheries taking care of both WTO and CODEX food safety concerns for exported seafood and aquacultural products, while the Ministry of Health, Nutrition and Welfare retains responsibility for all other food safety matters. Yet it is not entirely clear how something like a cholera outbreak in estuarine areas and rivers would be handled between the two ministries.

The OIE contact point for animal health in Sri Lanka is the Office of the Director of Animal Production and Health in the Ministry of Agriculture. That office receives regular communications from OIE, both electronic and in hard copy, and it seems to have adequate human and physical resources to play its desired role.

Meanwhile, for plant health matters the IPPC contact point is the Office of the Director of Seed Certification and Plant Quarantine, again part of the Ministry of Agriculture. This office lacks regular access to IPPC materials, has only intermittent Internet service, and does not have the resources to manage required plant health information or to deal effectively with all of the private stakeholder groups involved in crop production and trade.

Given the imbalance in resources and the apparent decision to have what is in effect a fourth national contact point, for Sri Lanka something must be done to rectify the last NEP designation notified to WTO. If the Ministry of Health is to keep that role, it will need a clearer mandate and more funding. If not, one or more additional NEPs must be named and notified to the WTO. Because of the prominence of fisheries, Sri Lanka may well become the first WTO member to nominate four NEPs.

SPS Committee Arrangements

Neither Paraguay nor Sri Lanka has a national mechanism for engaging in public-private dialogue and consensus building around SPS matters. Nor does either country possess a

standing, fully functional National SPS Committee that brings together for policy analysis and decision-making all government agencies that are cognizant of and responsible for the full range of SPS matters. Nor do the countries have a permanent, functional inter-agency SPS committee within the government alone.

While Sri Lanka has nominally created an inter-ministerial SPS committee, which is supposed to meet on a quarterly basis, that does not happen. In the case of Paraguay, a new EU-funded project called Strengthening the Competitiveness of the Agroindustrial Sector has an ambitious quality improvement strategy that might support the formation of a national SPS committee, most likely of mixed character. However, that project's focus on technical barriers to trade other than SPS may limit its ability to intervene in the SPS arena.

On the other hand, having a mixed public-private or even purely public National SPS Committee as originally envisioned in the STDF 19 terms of reference does not appear to be a felt need in either Paraguay or Sri Lanka. There is much more interest in national coordination in a vertical sense, i.e. plant health vs. animal health vs. food safety.

In both countries national coordination between government and private sector is already happening for at least one major subsector. The best example in Paraguay is the cattle industry, which set up an emergency committee after the 2001-2002 outbreak of hoof-and-mouth disease (HMD). Having succeeded in saving the industry and reopening regional and global export markets, it now meets once a week to deal with any and all SPS issues that affect beef or dairy, and sometimes other livestock-based value chains. The best example in Sri Lanka is arguably the seafood industry, which formed a strong public-private coordination mechanism in response to EU requirements to adopt and guarantee the use of HACCP for all incoming shipments of fresh chilled or processed seafood products.

The strongest conceptual argument for having a National SPS Committee is probably the need for emergency preparedness and response capabilities. Diseases such as avian flu truly represent a crosscutting challenge. Animal health concerns are the most obvious, human health concerns are the more serious. Plant health is an issue as well because the location and vitality of natural bird habitats can lessen or worsen the threat of their passing the flu to domesticated birds. During implementation of STDF 19 the consultants will explore whether this particular threat can help galvanize the establishment of a standing National SPS Committee in each country.

SPS Information Management

As noted above, WTO notices do reach the NNAs in both countries, but more quickly in Paraguay than Sri Lanka. The Paraguayan NNA does not really sort or filter the notifications before passing them on, but does send them out fairly quickly to the NEPs and other agency stakeholders. As explained previously, the NNA in Sri Lanka apparently has not been passing them on at all.

In neither country did the consultants find evidence of SPS-related information flowing back from the NEPs and other stakeholders to the NNAs. Neither NNA routinely collects, assembles, interprets, repackages or communicates reactions to WTO or Member proposals or actions. The only exception found was that of EU sulfur dioxide limits for cinnamon, where the Sri Lankan NNA was in fact instrumental in bringing the issue before Codex, and through Codex to the WTO SPS Committee. However, this was probably an anomaly, mostly attributable to the personal qualities and history of the NNA head.

In general, SPS information flows more easily between the national contact points and their respective standards-setting body (whether OIE, IPPC or Codex). In both countries, information exchange with the corresponding standards-setting entity seems stronger for animal health matters than for food safety, and for food safety more than plant health. Yet this can vary quite a lot depending on the commodities being traded, and especially those being exported.

Not surprisingly, SPS information flow is more effective between national contact points in the source and destination countries when significant trade occurs. For example, if Brazil's oilseed crushing industry needs Paraguayan soybeans to maintain high levels of capacity utilization, the bilateral dialogue between plant health agencies in Brazil and Paraguay on soy-related phytosanitary issues such as rust will tend to get energized.

As was to be expected, information flow also tends to get better in response to emergency situations, especially when the survival of the industry is at stake, or when market access is suddenly curtailed or threatened. The obvious example in Paraguay is HMD in cattle. Salient examples in Sri Lanka include sulfur levels and use of colorants in cinnamon and aflatoxin levels in other spices.

In all countries both the government and private industry have a shared interest in: (1) resolving animal or plant quarantine or food safety issues that prevent initial access to market access; (2) dealing with an outbreak of a pest or disease that can close the market; (3) knowing about and trying to prevent a change in regulations in an important end-market that could reduce competitiveness in a given market. Yet cooperation in resolving such issues is not at all automatic, even with respect to the sharing of critical information. Past history, political philosophy, and personalities all have an effect.

Thus far, Paraguay seems to have developed more effective public-private partnerships for dealing jointly with the information needs surrounding such issues than Sri Lanka. However, this also varies by industry. The cattle industry in Paraguay has been much more successful than the soybean industry at achieving a productive internal dialogue on SPS matters, in part because it avoided a confrontational negotiating strategy.

Generally, it is the bigger problems that have stimulated the greatest advances in public-private dialogue and action around SPS challenges. The threat of extinction (of an industry) or economic catastrophe (such as sudden contraction in the export of a vital commodity) tends to focus attention and force collaboration.

Time is of the essence for some SPS issues. Market access can change suddenly due to pest or disease or safety problems. Yet notifications of changes in SPS regulations or their application that pass through WTO often lag behind what is really happening in the marketplace. When a shipment is stopped at the border, the source countries tend to interact first with cognizant authorities in the target market and with the standards-setting bodies, rather than with WTO.

Notwithstanding legal obligations under the SPS agreement, some countries may perceive notification back to WTO as less important, or at least less urgent, than dealing with the trading partner country directly. In intra-regional trade especially, much of what happens in SPS matters takes place just between homologous government agencies in the source and target countries.

Although WTO does offer a dispute resolution mechanism, which some government officials and industry leaders in countries like Paraguay and Sri Lanka may be generally aware of, they tend to see it as a last resort. Judging from their behavior, it seems that private stakeholders believe that by elevating SPS disputes to the political level, reforms can be achieved faster than by going all the way to WTO. It may therefore be more important and urgent to get the critical information to front-line negotiators and the politicians who back them, rather than to WTO.

Although accurate and timely information about SPS measures proposed or adopted is crucial to opening up and preserving foreign markets, stakeholders and shareholders alike express great concern about accessing it promptly, interpreting it correctly, and dealing with it appropriately. Thus the STDF19 challenge goes far beyond information dissemination and feedback between the NNAs and WTO or its Members. This is really a management information systems (MIS) challenge for stakeholders and shareholders in international agricultural trade.

Governmental agencies and individuals involved in SPS matters generally see their roles as predominant, and sometimes become defensive or territorial about them. Not all officials are willing to share information or solicit feedback in an entirely open and transparent way. This can impede public-private dialogue, as well as cooperation across public agencies.

Official standards do still predominate in the animal health arena, partly because there are no gray areas: the product either passes government inspections at the border or it doesn't. The situation is a little different for plant health. Receivers of plant products generally still rely on governmental inspection at the border, but when the response to a problem is a quarantine treatment such as fumigation, the private actions that must follow are a major preoccupation of exporters and importers alike. In the food safety area, private standards are gradually eclipsing public one. Unofficial yet very real private requirements for GAP, GMP, HACCP, and third-party certification are becoming de facto market access and competitiveness issues. As a result, especially during the last decade, food export enterprises all over the world have been devoting as much or more

time to private standards as to official public standards. It follows that an exclusive focus on WTO SPS information flows, or even flows of SPS information between the Three Sisters and the national contact points, would miss a significant portion of what interests and engages the private sector.

While the NEPs in Paraguay and Sri Lanka may be clear about the distinction between quality and SPS standards, most stakeholders are not. They perceive them to be synonymous, or at least bundled. As a result, STDF19 emphasis on SPS matters alone does not always resonate with the private sector, with trade development programs, and with potentially supportive donors. They are worried about the broader challenge of dealing with emerging standards of all kinds, not only SPS.

Toward a New Model for Stakeholder Involvement and Information Management

While the original intent of WTO and of the present contractor was to keep separate the assessment and implementation phases of STDF 19, in practice that has proven infeasible. The process of examining the situation has already begun to change it in both Paraguay and Sri Lanka. In the course of interviews, discussions concerning the nature of the challenge led naturally to discussions concerning possible solutions, and a consensus-building process has already begun.

Before describing a tentative new model for SPS stakeholder involvement and for related information flows, it is necessary to summarize the implications of key findings so far:

1. Since dealing more effectively with SPS requires not just better information flow but also better interpretation and ability to take appropriate action, this is fundamentally a trade capacity challenge.
2. Improvement in the capacity of NNAs to receive, filter, allocate and distribute information arriving from WTO or Member States, then provide feedback in the other direction, is desirable and necessary. Yet this is just part of a larger challenge, because much of what officially occurs in the SPS arena happens between national contact points and the three standards-setting bodies, between contact points in two countries that trade with each other, and between the national contact points in a single country and the technical agencies and private stakeholders.
3. Improvement in the capacity of NEPs to deal with SPS matters is not just a matter of better management of queries received from WTO or Member States, but also two-way information flows with counterpart NEPs in export markets, as well as interactions with private stakeholders within their own countries.
4. In both Paraguay and Sri Lanka, some NEPs are more capable than others, so a different level and mix of trade capacity building assistance is required in each case.
5. The trade capacity-building needs of some NEPs exceed the resources available under STDF 19, so an effort must be made to arouse interest among other donors—

especially the EU, then IDB or ADB, then bilateral donors such as USAID—and to leverage their funds.

6. The proper and legal role of national government in dealing with WTO, the Three Sisters, and other governments must be respected, along with the responsibility of government to protect human welfare and the environment. Yet the role of the private sector in appropriately shaping and then complying with SPS standards must also be respected. There must be a balance between public and private objectives and capacity building.

7. Since SPS matters encompass public, private and mixed goods, responsibility for them should also be mixed.

8. More meaningful engagement by the private sector in the SPS arena will require better information flow and coordination of resulting actions. Yet consciousness-raising regarding the importance of SPS and other standards to success in international food and agricultural trade is a pre-condition to improving information exchange and coordination of actions.

9. As a general principle, access to and control over information of economic relevance should reside within or close to those who are most affected economically, whether positively or negatively. That means that the private sector should have much greater responsibility over SPS information than it has had historically, at least as far as official standards are concerned.

10. Since better management of SPS information requires resources, any proposal to change mechanisms has to take into account the likely investment and recurring costs associated with the new model, and also seek to identify likely sources of financing, whether public, private or from donors.

11. WTO content on SPS matters is not sufficiently robust, frequent, compelling, or actionable enough to warrant a dedicated management information and feedback system. While content coming from the Three Sisters is much more substantial and relevant, even then it does not justify a new system, because it is already flowing to the national contact points fairly well, and there is usually some feedback occurring. Adding SPS content issued by the target markets—for instance how to gain admissibility for a new crop or labeling and licensing requirements for a processed food product—might be enough to justify a dedicated system. Broadening the scope even further to cover all standards that affect trade in food and agricultural products would certainly make a new system sufficiently important and useful to justify a significant effort, because key informants in both countries express interest in a one-stop shop customized to their country's needs.

12. Yet an entirely new information system, however comprehensive it might be with respect to SPS matters in particular or food and agricultural standards in general, is not likely to work because it will not attract sufficient “traffic”, i.e. visits from private or public stakeholders. It seems preferable to link the new system seamlessly to other web-

based private association sites that already get considerable traffic, and to feed standards-related content into their pre-existing distribution systems in order to better reach association members and other interested publics.

13. In both Paraguay and Sri Lanka, various web-based information services are already set up and managed from within the private sector, both by apex organizations such as the Chamber of Commerce in Sri Lanka or sector-specific organizations such as the *Asociación Rural de Paraguay*. Since they already provide content of many different kinds to a broad constituency, the incremental costs of feeding additional SPS content into their system would be relatively low. And they seem interested in adding such content, because it will enhance the relevance of their already existing communications vehicles.

14. While web-based information delivery is increasingly effective, to some extent in Paraguay and even more in Sri Lanka, not all economic actors of significance have ready access to or make use of the Internet. Ideally then, even a web-based system should be supplemented by additional means of reaching members, which may mean SMS text messaging alerts that draw people into a central office or documentation center, or else broadcast faxing.

15. Since the hope is not only to push information farther out into the private sector, but also to pull responses back from them, the ideal system would also make provision for easy response, probably in the form of point and click email feedback.

16. Both the push and pull functions require intermediate filters, part automated and partly accomplished by human intervention, to assess relevancy, assign priority, and provide value-adding interpretation. This is true at all points in the system: NNA, NEP, national contact point, apex organization, and private association.

17. Precisely because SPS has a public goods character in most cases, and because it is so important, it is very difficult and probably not appropriate to charge for it. Therefore any system has to be supported financially either by the government, by the private sector associations, by donors and/or by advertising revenue that seeks to take advantage of web-based traffic. The ARP in Paraguay has a very interested website (www.arp.org.py) that is more or less self-sustaining through advertising. It make be a good model to test for SPS purposes.

Given all of the above, at this point in the evolution of STDF19, the model arrangement for SPS stakeholder involvement at the national level that seems to make most sense is one with the following characteristics:

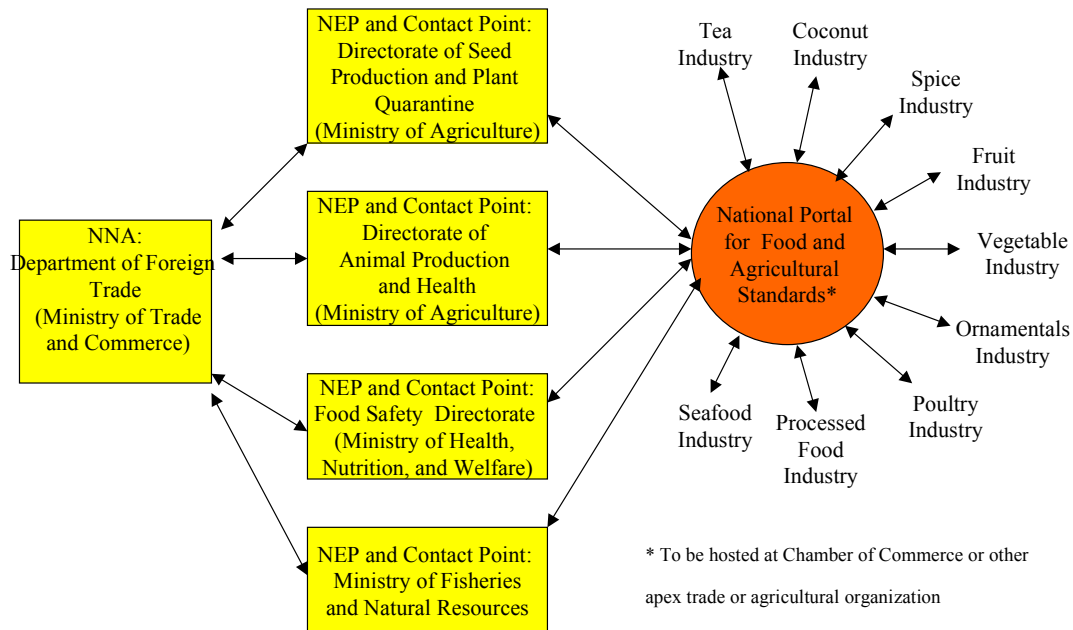
- ☞ Provision of traditional trade capacity-building (i.e. training and technical assistance) for the NNA and some of the NEPs

- ☞ Provision of non-traditional trade capacity-building on SPS matters especially with key private sector organizations, leaders and technical staff
- ☞ Support for the establishment in both Paraguay and Sri Lanka of a web-based portal tentatively dubbed National Portal for Food and Agricultural Standards. Each one would be linked: first, to relevant external sites already managed by WTO, the Three Sisters, FAO's International SPS Portal, and other resources; secondly to the NNA and NEPs in that country; thirdly, to relevant apex organization sites in that particular country; and fourth, to private associations that represent key trading sectors or value chains or regions of the country. (see enclosed powerpoint slides, in which current or likely NNA, NEP and focal point roles are assumed, but linkages to WTO and the Three Sisters are assumed but not drawn because of visual complexity)
- ☞ As necessary, support for the establishment of new websites for weaker associations, or for the fortification of existing sites to make them work better within this new system
- ☞ Very targeted training of the gatekeeper staff at each choke point in the above system, so that they can better perform the functions of relevancy checking, allocation by topic, response to questions, analysis of responses, and management of a consensus-building process on key issues where the entity in question chooses to take a position
- ☞ Support for the establishment of regular SPS working group meetings between public and private sector at the level of key commodities or subsectors, and possibly at the level of the three main SPS areas (except in animal health, where it is already working), but not necessarily across all SPS areas (except perhaps around the theme of crisis management)

Phase Two (implementation) for both Paraguay and Sri Lanka will begin by further refining these findings and premises, formulating an action plan for technical assistance and training to both the public and private sector, creating the prototype standards portal (and in some cases individual websites for less evolved associations), and building consensus and support.

The latter will require a fairly large and high profile a conference in each country, built around the theme "Dealing with Emerging Standards in Food and Agricultural Trade". This conference would be used as the mechanism for presenting and explaining the new model within a broader context of competitiveness. Framing it that way is likely to attract much more attention and interest than just inviting people to discuss an information dissemination system or the SPS challenge as such.

Model Arrangement for the Management of Information on Agricultural, Livestock, and Food Safety Standards in Sri Lanka



Model Arrangement for the Management of Information on Agricultural, Livestock, and Food Safety Standards in Paraguay

