

**EU TRADE-RELATED TECHNICAL ASSISTANCE PROJECT:
STANDARDS HARMONIZATION AND SANITARY AND
PHYTOSANITARY (SPS) CONFORMITY**

Communication from the Philippines

The following communication, received on 4 March 2010, is being circulated at the request of the Delegation of the Philippines.

1. The Department of Agriculture (DA) as the country's primary rural development agency places great importance on initiatives which will contribute to the competitiveness of the agriculture and fisheries sector in today's highly globalized trade. One of the principal concerns of the DA in this regard is to stimulate and support the sector's trade capabilities through the formulation and implementation of internationally recognized and accepted sanitary and phytosanitary (SPS) standards and measures.

2. The commitment to observe consistency and compliance with the WTO SPS Agreement is well-recognized and is being given due attention by the DA. Such commitment is embedded in the Department's efforts to continually develop its capabilities in this field. The participation of the DA in the Trade-Related Technical Assistance (TRTA) Project of the European Union (EU) is one such means for moving towards this goal.

3. The DA and its relevant regulatory agencies have been direct and active participants in the SPS component of the TRTA Projects: TRTA 1, first undertaken in 2005-2007; and TRTA 2 being implemented from 2009-2012.

1. What is the TRTA 2 Project?

4. The Trade-Related Technical Assistance Project 2 (TRTA 2) is a development cooperation initiative by and between the Republic of the Philippines (RP) and the Commission of the European Union (EU). Its implementation arrangements, including the role of the National Economic and Development Authority (NEDA) as requesting authority and coordinating agency, are prescribed under Financing Agreement DCI-ASIE/2007/018-950.

5. The overall objective is "to support sustainable poverty reduction in the Philippines through further integration into the international trade system". The specific purpose is "to enhance the capacity of selected Government agencies and state actors" for deeper integration into the system. It has four components, as follows:

- (a) Capacity building for trade policy and export development – to support development and implementation of a coherent and effective international trade strategy; and implementation of international commitments including those to be made in the framework of the ongoing EU-ASEAN FTA negotiations;
- (b) Standards harmonization and SPS conformity – to facilitate adoption of, and compliance with, international standards and regulations for selected product and service exports;
- (c) Trade facilitation – to enhance competitive, transparent, and efficient movement of traded products within the international and regional trade facilitation systems;
- (d) Rapid response facility – to enable rapid, efficient and effective response to unforeseen problems and issues in trade-related areas through provision of short-term technical assistance.

6. The project has an operational implementation period of four years – from 23 August 2008 to 22 August 2012 - and an estimated cost of EUR 7,475,000, of which EUR 6,500,000 and EUR 975,000 are to be contributed by the European Union and the Philippines, respectively. It is to be implemented through "decentralized management" under which NEDA will be the contracting and paying authority for certain expenditures including for training, seminars, workshops and operating costs.

7. The SPS sub-component of TRTA 2 takes off from the gains of TRTA 1. As in the first phase, DA is the lead implementing agency of the SPS sub-component of the TRTA 2. The sub-component involves a number of key activities which specifically support the capacity building of key SPS agencies of the DA, namely, and the Bureau of Fisheries and Aquatic Resources (BFAR), the Bureau of Plant Industry (BPI), the Bureau of Animal Industry (BAI) and the National Meat Inspection Service (NMIS).

8. We are now on the second year of implementation and given the magnitude of capacity building needed in the field of SPS, which involves all players in the agriculture and fisheries sector, the implementing agencies are expected to have their hands full attending to the numerous activities concerning their respective sectors.

2. What are the key activities of the SPS component?

9. There are seven key activities which address cross-cutting as well as agency/commodity-specific concerns, namely:

- Review all SPS related regulations and recommend strategy for their harmonization, streamlining and consolidation;
- Implement the SPS management and control system for fishery products developed in TRTA I to partly fulfil BFAR commitments to the EU Food and Veterinary Office (FVO);
- Develop and implement an ISO 17020 system for the Fish Inspection Unit (FIU) of BFAR to fulfil part of its requirements to the FVO;
- Harmonize and strengthen the farm to fork inspection and enforcement service for poultry and poultry products;
- Strengthen the capacity of DA to identify and select appropriate traceability systems for fishery and poultry products, mangoes and bananas;

- Develop and train a central ISO17025 training / technical support entity to benefit DA laboratories; and
- Formulate and implement a programme of support to the MSMEs, to enable them to meet SPS and other requirements of international markets.

3. What is the relevance of the TRTA 2 Project to the DA and what is expected of the project?

10. The DA envisions that at the end of this four-year project, the participating agencies will have further upgraded their capabilities on SPS management and control systems that are aligned with international standards and requirements. The private stakeholders, particularly micro-, small-, and medium-scale enterprises (MSMEs) in the agricultural and fisheries sector, are also given attention in this project to help them meet SPS and other requirements of the international market.

11. Specifically with reference to the EU market, the European Union continues to be an important trading partner of the Philippines. Currently, our major exports to this market are fishery products (tuna, skipjack, carrageenan), coconut products (crude oil, desiccated) , and some fruit products (pineapple juice concentrates and banana chips) but we also see potential for exporting live birds, poultry and meat and meat products, and other fruit products. The TRTA is providing the necessary assistance to realize market access opportunities for these agricultural products by addressing SPS and food safety requirements.

12. In general, the TRTA 2 should help pave the way for sustaining and increasing market shares of current exports and opening more trade opportunities for our other exportable agricultural and fishery products, and therefore contribute to the poverty reduction goals of the project.
