

Committee on Sanitary and Phytosanitary Measures

**SUMMARY OF THE SPECIAL MEETING ON ARTICLE 6 (REGIONALIZATION)
HELD ON 30-31 JANUARY 2006**

Note by the Secretariat¹

I. INTRODUCTION

1. An enhanced informal meeting on Article 6 of the SPS Agreement was held 30-31 January 2006. The purpose of the meeting was to identify how the SPS Committee should proceed in the future on the issue of regionalization. A number of speakers made presentations providing information regarding their experiences with the recognition of pest- or disease-free areas. These powerpoint presentation slides are available on the WTO website http://www.wto.org/english/tratop_e/spse/meet_jan06_e/meet_jan06_e.htm.

2. The Chair of the SPS Committee gave an oral report of the enhanced informal during the formal meeting of the SPS Committee. This report is included in the written summary of formal meeting of the SPS Committee held on 1-2 February 2006 (G/SPS/R/39).

II. EUROPEAN COMMUNITIES (G/SPS/GEN/632)

3. The representative of the European Communities noted that the European Communities often applied the concept of regionalization in its trade relationships with developing countries. The application of the concept facilitated trade even when a country was not completely free of a pest or disease. The European Communities stressed the importance of the work of the international standards-setting organizations, particularly in relation to providing guidance on timeframes for recognition in this area and noted that a review of EC animal health policy, including the application of regionalization, was underway.

III. EUROPEAN COMMUNITIES (THE EUROPEAN COMMUNITIES' APPROACH TO REGIONALIZATION)

4. The representative of the European Communities commented briefly on EC phytosanitary policies which are based on IPPC provisions. EC legislation covers a list of harmful organisms for quarantine purposes, phytosanitary measures to be met for import, internal movement within EC member States and mandatory inspection at the EC point of entry. An overall control regime ensures that Members are implementing the measures. With regards to animal health, the EC has harmonized legislation which is binding on all EC member States. Given the single common market within the European Union and the reduced border controls, a zero risk approach may be unattainable. In this type of situation, more emphasis is placed on veterinary controls for managing risks associated with

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¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

animal diseases. Traceability is needed for animals and animal products, including farm registration. Comprehensive rules exist to control specific disease, including compulsory notification of particular diseases. Regionalized disease control measures are applied to minimize trade disruption while rapidly dealing with outbreaks. The EC import rules on regionalization reflect EC international rules and OIE standards. Regionalization and a high level of protection are compatible, if it is imbedded in an overall strategy for disease control.

IV. SWEDEN (NEWCASTLE DISEASE OUTBREAK IN SWEDEN 2003 & 2004)

5. The representative of Sweden described how applying the EC measures allowed outbreaks of Newcastle disease to be contained quickly and then eradicated. Sweden has a strict non-vaccination and stamping out policy with regards to Newcastle disease. Nation-wide surveillance and notification of disease allows rapid responses to disease outbreaks. To address a small outbreak of Newcastle disease in 2003, Sweden applied the EC legislation, including stamping out upon suspicion of the disease. Sweden informed the EC member States and the Commission upon suspicion of the disease outbreak and the OIE upon confirmation. In 2004 a larger outbreak occurred in two commercial flocks situated near each other. On suspicion of the disease, Sweden decided to stamp out the flocks. Epidemiological investigations indicated that there were a few contacts with hobby flocks but no other flocks were infected. Wild birds were suspected as the source of the infection. On suspicion of the disease, the Swedish authorities notified poultry organizations, other Nordic countries, and the EC Commission. Upon confirmation of the disease, all countries and the OIE were informed and EC legislative measures were implemented. In the 2004 outbreak the concept of regionalization was accepted and applied in a few days. In contrast, in the 2003 outbreak it took one month before regionalization was accepted. The aim for the future would be that third countries would accept measures applied in accordance with the EC legislation as sufficient, rather than imposing import restrictions on a whole region regardless of the presence of the disease.

V. BRAZIL (BRAZILIAN EXPERIENCE ON REGIONALIZATION, G/SPS/GEN/608 & G/SPS/GEN/609)

6. The representative of Brazil presented several documents which included information on scientific procedures related to the process of regionalization and work that had been carried out on regionalized approaches to Classical Swine Fever. The presentation provided details of the various efforts to achieve and maintain disease-free status, stressing the importance of private and public sector partnerships. Recognition of disease-free status by the OIE had positive effects on exports. In the process of achieving recognition by the OIE, the private sector upgraded primary farms and increased feed production. The positive productivity impacts of these efforts of the private sector enhanced the benefits achieved through increases in exports. Excessive import requirements based on lack of harmonization with international requirements create import requirements which hinder trade. While the OIE's work is important because it increases reliability of the recognition process and provides objective evaluation of information, the process of recognition still suffers from undue delays. The representative of Brazil called on the SPS Committee to address these administrative questions and to develop guidelines for timeframes for recognition of a pest- or disease-free area. Discussions following this presentation highlighted the difficulties in measuring costs and benefits of achieving and maintaining pest- or disease-free status particularly given that benefits include improvements in domestic health status and domestic production and costs may be incurred by both the private and public sectors. The representative of Brazil noted that in situations where initial costs are high and recognition of free status is delayed, the private sector might be reluctant to invest due to the uncertainty of the potential benefits which might arise from their investment.

VI. JAPAN (G/SPS/GEN/605)

7. The representative of Japan noted that as the largest food importing country, Japan seeks to facilitate imports while, at the same time, protecting health. In Japan's experience setting specific timeframes is unrealistic because the time required to complete evaluation depends upon the technical characteristics of pests and diseases. This issue was particularly relevant in the context of providing adequate time for risk communication. Japan stressed the importance of waiting for the international standards-setting bodies to complete their work, so as to avoid erroneously including other issues in the regionalization deliberations. For Japan, timeframes were not an issue relating to investment, but rather about maintaining plant or animal health. In response to questions, Japan noted that it does not accept FMD-free with vaccination status because while vaccination can control clinical symptoms it does not eliminate the virus. Therefore, Japan argued, when cattle have virus without clinical indications of the disease, it would be impossible to expeditiously identify the virus. Japan did not oppose the future development of guidelines, but stressed its continuing strong concerns about the development of timeframes in the SPS Committee and maintaining the importance of allowing the international standards-setting bodies to complete their work in this area.

VII. COLOMBIA (G/SPS/GEN/611 & G/SPS/GEN/ 612)

8. The representative of Colombia began with a discussion of the FMD situation in his country, noting that Colombia complies with the standards of OIE, but has still experienced undue delay in recognition of its FMD-free status. The uncertainty of recognition and access to markets jeopardized the disease-free status of Colombia. Obtaining and maintaining free status had required very high investments. Without recognition by trading partners and improved market access, no benefits were achieved from these investments. To eliminate uncertainty relating to recognition, Colombia proposed that the SPS Committee should establish harmonized procedures for the recognition of pest- and disease-free zones. Colombia suggested that administrative questions, as well as technical and scientific questions should be also considered. While the technical and scientific questions were under remit of the OIE and IPPC, Colombia considered that the administrative matters must be under the responsibility of the SPS Committee. Colombia had been working with other Members to develop admin procedures for practical implementation of Article 6. The document G/SPS/GEN/611 proposed a procedure to arrive at recognition of free zones with time frames.

VIII. ARGENTINA (REGIONALIZATION – PRACTICAL CONSIDERATIONS & G/SPS/GEN/606)

9. The representative of Argentina observed that undue delays in the recognition of pest- and disease-free areas led to lack of trust among parties which may have a spill-over effect in other areas of negotiations. The documents prepared by Argentina considered legal, administrative, and procedural issues. Document G/SPS/GEN/606 focused on undue delays, and sought to identify the underlying reasons behind the delays. Recognition and maintenance of pest- and disease-free status required sustained human resource and financial investments. Without improved access to external markets, some stakeholders may disagree with these investments given that they divert resources from other areas of the state budget. Information at all stages of the process of recognition was critical, including understanding of the current pest status of importing countries, knowledge of pest and monitoring/surveillance system, accurate and taxonomic identification. Lack of communication and updated information led to lack of trust between public services of different trading partners. There was a need for fast track for recognition, if an international standards-setting body had already recognized free status. The requirements for audits needed to be explicit, including justifications for additional information requests. Argentina suggested that the SPS Committee should develop guidelines in order to enhance cooperation among the WTO Members and to ensure the full implementation of the SPS Agreement.

IX. PERU (G/SPS/GEN/607)

10. The representative of Peru presented general experience in the area of implementation of regionalization. Peru had built up a legal framework for the maintenance of pest- and disease-free areas and areas of low prevalence. Access to international markets was the main objective of Peru's health policy and investments. Uncertainty in the area of recognition by importing countries jeopardized the sustainability of these investments. Between 1990-2004 Peru invested about US\$12 million to eradicate foot and mouth disease and continued to invest in this area to maintain disease-free status. OIE recognized about half the national area as a disease-free area where vaccination is not applied. Despite international recognition by OIE, importing countries had not always recognized this status. Therefore, it had not been possible to pursue a "fast-track" procedure. Peru had also invested substantial financial and human resources in achieving and maintaining recognition of pest-free areas in the plant health area. Peru submitted proposals to the Committee which included a flow-chart of procedures and time frames in 2004 and supported the idea of the establishment of a working group to pursue work in this area.

X. NETHERLANDS (AVIAN INFLUENZA IN THE NETHERLANDS – OUTBREAK 2003 - REGIONALIZATION)

11. The representative of the Netherlands described efforts to manage the 2003 outbreak of H7N7 avian influenza. Both government and the private sector incurred high costs related to the control of this outbreak. The area around the outbreak was split into a protection zone and a surveillance zone in which for 72 hours no movement of animals or feed was allowed. In this case measures were taken on the basis of suspicion of the disease, rather than waiting for confirmation. Effective crisis organization was set up immediately, with a control centre in the Hague and a regional crisis centre to permit measures to be tailored to regional characteristics. Within buffer zones all poultry was culled to avoid disease spread to other areas. AI –free compartments could trade to the EU member states before they achieved official OIE recognition. The response of the Netherlands was effective due to crisis management efforts of the Ministry of Agriculture working in close collaboration with Ministry of Health, Ministry of Defense and police and local authorities, as well as the coordination assistance of the European Commission.

XI. GERMANY (APPLICATION OF REGIONALIZATION: ERADICATION OF CLASSICAL SWINE FEVER IN WILD BOAR- RHINELAND-PALATINATE – GERMANY 2002-2005)

12. The representative of Germany gave a presentation on Germany's efforts to manage Classical Swine Fever, a very infectious disease affecting both domestic and wild pigs. To address the issue of virus reservoirs, Germany implemented a system of oral vaccination in which bait containing vaccine are introduced to wild pig populations. The process to implement a regionalized approach to managing this disease included defining the area, implementing effective control measures and surveillance, conducting risk assessments for specific commodities for trade, conducting audits and inspections, and supporting high quality of veterinary services. The vaccination strategy which included distribution of bait in the forest about three times a year, at a density of 30-40 baits per square kilometre, reflected the epidemiology of the virus. Trade of certain categories of animals and animal products was not allowed. In order to enhance mutual trust and transparency, throughout the process all stakeholders were kept informed and a database was established containing results of tests for the disease. The efforts to regionalize the control of this disease allowed trade from non-infected areas while at the same time supporting the eradication of classical swine fever.

XII. CANADA (G/SPS/GEN/613)

13. The representative of Canada commented on this topic from the perspective of both an importer and an exporter. From the perspective of an importing country, Canada had implemented measures that recognized the concept of regionalization with trading partners including Brazil, Mexico, the United States, and the European Communities. Canada perceived the use of regionalized measures to be a practical way to achieve obligations to ensure that trade measures were no more trade restrictive than necessary as described in Article 5.6. From the perspective of an exporter, Canada's experience had been mixed, with some, but not all, trading partners regionalizing their measures. Canada agreed with exporting countries that guidelines are necessary to provide predictability regarding how and when measures should be regionalized. Mutual confidence among veterinary authorities and familiarity with procedures and the integrity of the veterinary professionals, was essential to this recognition. Without this familiarity, recognition takes more time. Canada would like to see the work of the international standards-setting organization concluded, because technical guidelines generated by these bodies would have relevance to the development of administrative guidelines. After this work has been concluded Canada would like the SPS Committee to review the results of this work, and decide whether further work was necessary.

XIII. CHILE (G/SPS/W/181 & G/SPS/GEN/610)

14. The representative of Chile described the ten documents which Chile had submitted since 1996. Several of these documents described Chile's experience in the area of regionalization, including in relation to the eradication of fruit-fly, classical swine fever, and avian influenza. While Chile has recognized disease-free status of its trading partners, Chile's disease free status is not always recognized. The representative of Chile described his country's proposal for notification of requests for regionalization. This notification procedure could capture relevant information concerning requests for recognition, including which Member requested recognition, the Member to whom the request was addressed, the disease or pest of concern, the zone in question, whether the request had also been communicated to OIE and if so when, the date of OIE recognition if it had occurred, information about the reintroduction of a disease, response to a request, and reason for the rejection, if relevant. This type of notification would improve transparency and could reflect the experience of countries in the implementation of Article 6. Although undue delays was recognized as a sensitive subject, Chile argued that a working group should be established to develop guidance in this area.

XIV. MEXICO (G/SPS/GEN/440/REV.1 & G/SPS/GEN/622)

15. The representative of Mexico shared his country's experience with respect to fruit-fly regionalization and noted that while Mexico has requested recognition from many Member countries, not all have accepted. Mexico further recognized the importance of the work of the international standards-setting bodies. While Mexico understood the problems related to administrative rules, Mexico also recognized the right of WTO Members to establish adequate levels of protection. To further the discussion in this area, Mexico had submitted a revision to G/SPS/GEN/440 which included a number of proposals contained in paragraphs 6, 7, 8, and 9. To improve the mutual recognition process and to avoid duplication of activities, Mexico stressed the need to distinguish between technical and administrative guidelines.

XV. ECUADOR (G/SPS/GEN/623)

16. The representative of Ecuador noted that regionalization provided potential opportunities to gain market access. Members faced uncertainty due to the lack of a clearly-defined administrative procedure for the recognition of disease-free areas and areas of low disease prevalence. This uncertainty made investment risky and limited market access expectations. The problem was even

more acutely felt in the developing countries. Work of the SPS Committee on developing harmonized administrative procedures could complement the work of the international standards-setting organizations.

XVI. EGYPT (G/SPS/GEN/630)

17. The representative of Egypt noted that Egypt had experience in this area and could apply the concept of regionalization between developing countries and trading partners. In 1996, the European Communities asked Egypt to export potatoes free from brown-rot. Egypt established areas free from brown rot with help from EC member States. Since the establishment of these areas, Egypt had been able to produce potatoes free from this disease. Egypt noted some difficulties implementing the concept of regionalization arising from challenges of adapting to EC regulations. Egypt also faced problems gaining access to markets but had success solving these problems through bilateral discussions.

XVII. UNITED STATES (G/SPS/GEN/631)

18. The representative of the United States noted that regionalization decisions must consider the strength and credibility of the veterinary services of exporting countries since this information influenced the depth of the analysis and time that the analysis of regionalization might require. Furthermore, the US regulatory system treated decisions to regionalize as SPS measures, and these were therefore subject to all the relevant disciplines, including obligations to be based on a risk assessment and to be notified to the SPS Committee. After these measures were submitted for comment to domestic stakeholders and evaluated, final rules were published. Given this regulatory system, the United States was constrained in its ability to make distinction between technical and administrative decisions. The United States stressed the importance of keeping other obligations of the SPS Agreement, particularly transparency, in mind in the discussions of regionalization. The United States had had mixed results as an exporter in the implementation of Article 6.

XVIII. IPPC (G/SPS/GEN626)

19. The representative of the IPPC reported that at the seventh meeting of the ICPM the membership decided to initiate two activities related to the recognition of pest-free areas: (1) the development of a concept standard "Guidelines on the recognition for the establishment of pest-free areas"; and (2) the elaboration of a feasibility study in this area. To progress work on the standard a working group had developed a draft which would be considered by the Standards Committee in May 2006, and then sent out for country consultation. After consultation the draft standard would be sent back to the Standards Committee in November 2006 with the goal of presenting the standard to the CPM in 2007 for adoption. The IPPC representative stressed that the intended rapid progress of this standard reflected the high priority given to this work in response to the SPS Committee. The Feasibility Study was intended to examine the potential feasibility of developing a process by which international recognition of pest-free areas in the area of plant health could be achieved. The IPPC's document, G/SPS/GEN626, includes appendices detailing outstanding legal, technical, and economic issues.

XIX. OIE (THE OIE'S APPROACH TO ZONES AND COMPARTMENTS & G/SPS/GEN/625)

20. The representative of the OIE highlighted the fact that compartmentalisation (a concept described in G/SPS/GEN/625) and zoning would be discussed at OIE General Session in May 2006, with the goal of obtaining feed back from the Chief Veterinary Officers on these concepts. The OIE had adopted a heavily revised chapter in the Terrestrial Animal Health Code on zoning and compartmentalisation, following calls from SPS Committee for guidance on how to implement these

types of measures. Currently this chapter included a mixture of technical and administrative information. The OIE representative noted that some diseases, due primarily to the way in which they were transmitted, were not suited to the application of the concept of zoning or compartmentalisation. While the implementation of compartmentalisation required substantial involvement of the private sector, with a high level of trust between the private and public sectors, it did not take responsibilities away from the veterinary administration.

21. Many factors influenced the amount of time required for the recognition of pest- or disease-free status. The OIE representative stressed the need to consider many factors in the context of decisions for recognition, including disease specific characteristics, the competence of veterinary services, the ability to obtain accurate information about disease occurrence within the country requesting recognition, and the extent to which countries had a history of "doing the right thing" regarding their reporting obligations. From the OIE's perspective, there was no distinction regarding a country's rights and obligations between the official recognition of pest- or disease-free status and recommendations regarding other aspects of animal health. The OIE representative encouraged WTO Member countries to discuss this issue with their Chief Veterinary Officers before the next General Session.
