
Committee on Sanitary and Phytosanitary Measures

**REVIEW OF STANDARDS RELATED ISSUES IDENTIFIED
IN THE INTEGRATED FRAMEWORK DIAGNOSTIC
TRADE INTEGRATION STUDIES**

Note by the Secretariat¹

I. INTRODUCTION

1. The aim of this document is to review standards related issues identified in the Integrated Framework (IF) process which may constrain the ability of Least Developed Countries (LDCs) to improve their export performance. A complementary objective of this document is to ensure synergy in the work of the Standards and Trade Development Facility (STDF) and the IF. The partners in the STDF have committed to devote at least 40 per cent of facility resources to projects from LDCs. Exploitation of synergies with the IF will assist the STDF partners (the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organization (WTO)), in meeting that target. As such, the exercise is not an exhaustive identification of SPS needs, but rather a review of IF literature to highlight where such needs have been expressed.

2. The Integrated Framework (IF) is a process that was established in 1997 to support LDC governments in trade capacity building and integrating trade issues into overall national development strategies. It is an international initiative through which the IMF, ITC, UNCTAD, UNDP, the World Bank and WTO have combined their efforts with those of LDCs and donors. It enables countries which have been designated as LDCs to work with these six agencies, as well as with other development partners and the donor community, to ensure that national trade policies are integrated into their respective development strategies. The IF facilitates a coordinated response to the trade related assistance and capacity building needs identified by each LDC government.

3. The IF is a four-part process comprising:

- Awareness-building on the importance of trade for development;
- A Diagnostic Trade Integration Study (DTIS) to identify constraints to traders in sectors of greatest export potential, and a plan of action;
- Integrating the plan of action into the national development plan, such as the Poverty Reduction Strategy Process (PRSP); and
- Implementation of the plan of action in partnership with the development cooperation community.

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.

4. At the heart of the IF process lies the Diagnostic Trade Integration Study (DTIS). The DTIS aims to identify sectors of export potential, identify supply side constraints to trade, recognize human and institutional constraints, identify measures to be taken to apply international and regional trade agreements and analyse implications for growth and poverty reduction. DTIS recommendations are grouped into an action matrix which serves as a basis for co-ordinating priority actions and integrating them into national development plans. During the DTIS Validation Workshop, the government and other key stakeholders analyse the results of the proposed draft DTIS and action matrix and make recommendations. The DTIS and its action matrix are then validated by the government at a later stage. Once any recommendations have been incorporated into a revised final draft, the DTIS is a document endorsed by the entire government (and private sector).

Table 1: Implementation of the IF in LDCs

Countries that have completed the DTIS process	Countries that have started the DTIS process	Countries commencing the DTIS process	Countries where IF work is currently in abeyance	New Applicants to the IF
Burundi	Benin	Angola	Central African Republic	Liberia
Cambodia	Chad	Burkina Faso	Equatorial Guinea	Democratic Republic of Congo
Djibouti	Lao P.D.R.	Uganda	Sudan	
Ethiopia	Rwanda	Niger	Comoros	
Guinea	Sao Tome and Principe	Maldives	Haiti	
Lesotho	Tanzania	The Gambia		
Madagascar	Zambia	Sierra Leone		
Malawi				
Mali				
Mauritania				
Mozambique				
Nepal				
Senegal				
Yemen				

Note: Bangladesh was part of the IF when launched in 1997 but has not been involved in the revised IF process to date. Eritrea has decided to take a pause in the IF process.

5. The IF Trust Fund was created in 2001 with two funding instruments, Window I and Window II. Window I finances the preparation of DTIS. Window II provides bridging funds for capacity-building activities that are part of the DTIS Action Matrix. Funding of the Action Plan comes primarily from bilateral donors as part of the overall response to national poverty reduction strategies.

II. DTIS OVERVIEW

6. The objective of the DTIS is to assess the competitiveness of the economy and of the sectors that are engaged in international trade or have such potential. Preparations of the study include in general a preliminary mission and a main field mission lasting three weeks. Each DTIS typically has six components: (i) a review and analysis of the country's economic and export performance; (ii) a description and assessment of the macroeconomic environment and the country's investment climate; (iii) an assessment of the international policy environment and specific constraints that exports from each country face in international markets; (iv) an assessment of a small number of key sectors believed to have significant potential for expansion in output and trade in benefit of the poor; (v) an assessment of national capacity (public and private) to formulate and implement trade policy; and (vi) a pro-poor trade integration strategy.

7. The DTIS exercise is not an evaluation of the capacity of the country surveyed to meet import requirements, or the country's ability to protect itself from SPS challenges. As such, in a number of countries, notably Lesotho and Yemen, standards issues are not touched on in the DTIS analysis. Where standards issues do arise (e.g. Djibouti and Ethiopia with livestock exports or Senegal with fumigation of fruit and vegetable exports), further analysis of technical issues is likely to be necessary. To assist further analysis, three potential actions can be foreseen:

- The development of a common methodology for use by IF study teams when they begin the DTIS process to ensure adequate reporting of standards' issues;
- The use of in-depth capacity evaluation tools developed by the FAO, IPPC and OIE to establish priorities in the food safety, plant protection and animal health areas; and
- The financing of project preparation grants to turn highlighted priority action areas in DTIS into projects.

8. The STDF is currently funding the development of a project (STDF 20) to establish a methodology for "Country-based plans for SPS related Development". This project will yield a methodology on standards issues which can provide guidance for IF teams as they embark on DTIS missions. In addition, the STDF has funded the development of a veterinary capacity evaluation tool by the OIE. This tool, which should be finalized in 2005, will complement the IPPC's phytosanitary capacity evaluation tool and a similar tool on food safety currently in development by FAO.

III. STANDARDS ISSUES ARISING FROM NATIONAL DTIS

Burundi

9. Agriculture provides over 94 per cent of employment, more than 50 per cent of the Gross Domestic Product and over 90 per cent of export earnings for Burundi. Exports are heavily concentrated in one sub-sector, coffee, which accounts for some 70 per cent of all export revenues. Other exports include tea, cotton and sugar. Efforts at export diversification, especially into cut flowers, various fresh fruits and vegetables, have to date had little impact, in part because Burundi is still struggling to revive its economy after the damage caused by the civil conflict of the 1990s. GDP is estimated to have fallen by 30 per cent between 1993 and 2000. As the DTIS underlines, assuring peace and security in the first challenge in reviving the Burundian economy.

10. Two main needs are identified for the coffee sector: the introduction of measures to strengthen the competitiveness of the coffee sector and a strengthening of quality control systems. Actions to strengthen quality are focused on ensuring that Arabica and Robusta retain their quality through washing and other processing. However, specific problems with diseases, in particular

antestiopsis and Coffee Berry Disease, are also identified, as are the increasing demands of coffee importing countries on quality control and residue monitoring, although no specific examples are given or remedial actions identified. The collapse of extension services during the civil conflict has not helped farmers in this regard. In the absence of commercial estates, coffee is grown by semi-subsistence households for cash income. Efforts to assure quality and to control coffee diseases will therefore have a direct impact on rural poverty.

11. Cultivation of tea is also focused on poor rural households, but unlike in the coffee sector, tea exports appear to have grown in the past years. One suggested action to bolster this export growth is the introduction of a "Burundi tea" quality label that would advertise Burundi's compliance with export standards.

12. The DTIS identifies fruits, vegetables and cut flowers as areas where Burundi has climatic and geographical advantages. Production of these items had started in the 1980s but was interrupted by the civil conflict. The authors of the DTIS are clearly of the view that export diversification activities should be focused on these areas. To this end, a number of Integrated Framework Window II projects have been approved in this area, notably projects:

- Project Rugofarm to develop the production and export of essential oils;
- Project Trading Business greenhouse cultivation of flowers;
- Project BBN for the establishment of an ISO9000 quality management scheme; and
- Project Cotirex for the drying of fruits and vegetables for export.

13. The DTIS alludes to standards issues and the funding of projects with standards components under Window II would suggest that problems exist in this area. However, clear recommendations do not emerge in this regard from the DTIS.

Cambodia

14. The DTIS for Cambodia contains detailed analysis of the rice and fisheries sectors, with reference also made to opportunities in "niche" products such as spices, herbs, speciality fruits and other products. One message to emerge clearly from the analysis is that diversification of household production away from a simple dependence on rice cultivation is a key component of any strategy to alleviate poverty.

15. The DTIS notes a movement away from rice as a simple source of food security to also a source of income and trade, but notes that a number of factors (poor transport infrastructure, arcane export procedures and informal payments) are holding back the further evolution of the sector. Standards are not referenced as a constraint. Similar constraining factors are quoted as holding back the development of diversified agriculture and agro-processing (poor transport links, inadequate telecommunications infrastructure, high energy costs, limited market information, little private sector capacity and insufficient access to credit). One recommendation made is to examine the potential benefits of an export quality identity scheme tied to quality management programmes, with an accredited certifying body.

16. Detailed analysis is given to the fisheries sector. Despite government intervention in all stages of fish production and sale, there is no management regime to control over-fishing. With respect to the export of fish products, particular analysis is given to arrangements on the Thai border. SPS concerns are not raised directly, but technical assistance is recommended to assist the Cambodian government to develop a regulatory system for exports to the United States and European Union. The

DTIS reports that exports of fish to the European Union have ceased pending the establishment of a regulatory structure to ensure safe hygiene.

17. The DTIS makes passing reference to standards issues, but does not identify them in detail. For example, reference is made to detailed International Trade Centre studies on opportunities and constraints in a series of product markets (bananas, organic products, coconut, cut flowers etc.), but conclusions on standards' constraints which may have emerged are not reflected in the main body of the DTIS. Further analysis is needed before possible projects can be identified.

Djibouti

18. The DTIS for Djibouti identifies three products where growth prospects may be inhibited by standards' issues: salt, fisheries and livestock.

19. The DTIS identifies salt as a profitable commodity in bilateral trade with Ethiopia, but notes that low iodine content and high production costs relative to the world price may inhibit growth of the sector and penetration of other markets.

20. Development of fishery exports is recommended by the DTIS. The target market suggested is the European Union. The DTIS recognises that Djibouti must upgrade its facilities to be able to meet European Union import requirements and that significant capital investment may be necessary to achieve this goal. In May 2004, Djibouti's Department of Agriculture, Animal Husbandry and Veterinary Services was awaiting the construction of a laboratory to be financed by the African Development Bank. The DTIS identifies laboratory staff training and the establishment of the authority which will provide accreditation services to European Union requirements as a priority, along with expansion of Department of Veterinary Services (at the port and the airport) and the Department of Fisheries.

21. Re-establishing livestock exports to the Arabian peninsula and other regional markets is identified as a priority action. In the mid-1990s, the port of Djibouti was shipping up to 350,000 animals per year. However, Rift Valley Fever (RVF) outbreaks in the Horn of Africa have meant that, with the exception of Yemen, regional markets have closed to livestock exports. The DTIS recommends a reactivation of livestock trade to be achieved through a strengthening of the national veterinary services and measures to build confidence among trade partners.

22. Work has already begun to try and reactivate regional exports, notably with the establishment of the Red Sea Livestock Trade Commission. The DTIS also indicates that efforts have been made to establish a quarantine and transit centre. However the DTIS also points to continuing problems, notably slaughterhouse and refrigeration facilities that are in need of major renovation and export formalities that are overly bureaucratic. Donor support programmes are playing a role, with the European Union and United States running programmes in the livestock sector. In particular, a project funded by the United States government, the Regional Agricultural Trade Expansion Support programmes (RATES), has been active in the development of a pilot livestock holding facility and other activities designed to assist in the re-activation of the regional livestock trade.

Ethiopia

23. The DTIS for Ethiopia highlights the critical role that agriculture plays in the Ethiopian economy and the opportunities that trade can offer in transforming this sector. Agriculture accounts for 55 per cent of GDP, 85 per cent of employment and 90 per cent of all exports. Non-tariff barriers are recognised as a serious problem for Ethiopian exports, in particular for the livestock sector. A strong conclusion from the DTIS is that these barriers are inhibiting Ethiopia from reaping the

benefits offered by the European Union's Everything But Arms initiative, the United States' African Growth and Opportunities Act and through the Common Market for Eastern and Southern Africa.

24. The cereals, horticulture, sugar, coffee, and livestock sectors are given detailed analysis in the DTIS. In the cereals sector, technological handicaps, poorly functioning markets and land tenure emerge as the primary concerns, with actions suggested to tackle these problems. Prospects in the horticulture sub-sector are reported as positive, but under-exploited. The analysis of this sector is centred on how to establish a thriving horticulture sector, rather than SPS problems encountered. One recommendation made is that training programmes in the horticulture sector should be strengthened. An important component of these issues also needs to be attention to SPS constraints².

25. The Ethiopian sugar sector differs from other crops in that cultivation is centred on commercial holdings rather than smallholders. Technological constraints leading to poor productivity, low investment and continued state ownership, along with poorly functioning markets, are identified as constraints. Some of the same constraints, combined with a global downturn in prices, also affect the coffee sector.³ The DTIS reports potential in niche markets like organic, fair trade and ecological coffee, as well as by publicising Ethiopia as the origin of Arabica coffee. The key to unlocking this potential is identified as a system which allows producers to certify origin.

26. The DTIS identifies the livestock sector as critical both to the livelihoods of millions of rural poor and to external trade, in particular when the informal market is included. It is also a sector with considerable SPS challenges, not least as a result of the presence of a range of animal diseases such as rinderpest, foot and mouth disease and Rift Valley fever.

27. Market opportunities are identified for livestock and meat in the Middle East and for leather products worldwide. However, to maintain and expand access to these markets, the DTIS recommends urgent actions to: (a) improve sanitary controls; (b) simplify administrative requirements; (c) improve infrastructure; and (d) empower the main stakeholder organizations. Key to improving sanitary controls is strengthening the animal health infrastructure, in particular in disease surveillance and quarantine. One particular recommendation is the establishment of disease-free zones according to OIE guidelines.

28. Given the importance of Djibouti for Ethiopia's formal trading links with the Middle East and other markets, improvements to port facilities and the establishment of an internationally recognized pre-export quarantine centre in that country would have positive spin-off effects for Ethiopian livestock exports.

29. Within the DTIS, the following priority actions are recommended:

- Invite specialized expertise from OIE to carry out a sanitary audit and develop an action plan to improve sanitary coverage, including promotion of private professional and public professional services;
- Assist the live animals, meat and the tanners associations with technical assistance, and funds to enable them to promote Ethiopian livestock products, and participate actively in the policy discussions on SPS in WTO;

² Kenya's experience of compliance with EC Regulation 2002/36/EEC may be instructive in this regard. See paras. 286-289 of document G/SPS/GEN/204/Rev.4.

³ A number of coffee exporters have raised concerns over Germany's maximum tolerance levels for Ochratoxin A in ground coffee and EU plans to introduce a harmonised EU-wide maximum tolerance level. See paras. 240-242 of document G/SPS/GEN/204/Rev.4

- Provide technical assistance to explore infrastructure improvement through Port of Djibouti (rail-road, port facilities);
- Provide technical assistance to government in assessing the feasibility of establishing disease free zones (land rights, costs, operation, etc);
- Provide technical assistance and funds to eradicate key diseases, first on a regional and possibly in the long term on a countrywide basis; and
- Provide technical assistance to improve administrative procedures, reducing the number of institutes involved, and exploring the potential of greater use of electronic documentation.

30. A number of donors are currently involved in technical assistance in the livestock sector - the African Development Bank, the European Union and the United States all have projects underway. The World Bank has included Ethiopia within its Cost of Compliance work. With IF Window II funding, a project is also being established of which one component will be to enhance the capacity of the Ethiopian Quality and Standards Authority and the Ministry of Agriculture and Rural Development.

Guinea

31. Guinea's exports are concentrated on the mining sector which accounts for over 90 per cent of export revenues. However, agriculture remains the biggest employer accounting for two-thirds of all employment and some 17 per cent of GDP. Despite a range of advantages in climate and natural resources, the development of the agriculture sector has been held back by market distortions or defects (notably input markets), the high cost of credit, insufficient agricultural support services and shortcomings in the legal and regulatory framework. Due to the weak Guinean exports of agricultural and food products, barriers to market access created by SPS measures are not reported as directly affecting the sector's performance. Nevertheless, the DTIS recognises that insufficient attention to quality and safety issues could in future hamper the development of trade. In this context, a number of concerns are raised with respect to European Union legislation on mycotoxins for coffee and fruit and vegetable exports, although, as yet, consignments have not been rejected. Livestock and meat product exports are marginal and are confined to the informal sector. Expanding these exports would mean re-organizing the sector, especially in terms of compliance with export health standards.

32. UNIDO has been active in providing Guinea assistance through a programme with the Institut National des Normes et de la Métrologie (INNEM) in the areas of standardization and quality control for products with high export potential. The National Service for Quality Control and Standards (NSQCS) has also benefited from assistance in training and equipment designed to allow it to verify conformity with Codex standards. The DTIS recommends that investment be made in the necessary resources for INNEM and NSQCS to allow them to ensure that exporters comply with international standards and promote quality through farmer's and exporter's awareness and training programmes.

33. The fishing sector is another area where export could be improved with attention to quality and safety issues. The DTIS reports that for fresh and frozen products, Guinean operators are currently allowed by European health authorities to export only lightly processed products, excluding high value added products like filets. With assistance, the Guinean sector may be able to expand into higher value fish products.

34. The Guinean DTIS makes passing reference to the need to pay attention to SPS and quality issues, but does not make any clear recommendation in this regard. A more comprehensive overview of how standards may impact Guinean exports now and in the future is necessary before technical assistance opportunities can be identified.

Lesotho

35. The DTIS for Lesotho is devoid of detail on the agriculture sector. No analysis is provided of agricultural production, whether on a subsistence or semi-subsistence basis, and no mention is made of any barriers to trade faced by Lesotho's agricultural exports. Where brief reference is made to SPS or TBT concerns, the recommendation is that Lesotho adopt the relevant South African legislation. Agriculture is clearly a priority action sector since a two-year IF Window II project focusing on product and market development of agro-based products has been approved.

Madagascar

36. The agricultural and fisheries sectors account for nearly 43 per cent of GDP and just under 50 per cent of total exports, and employ more than 75 per cent of the active population. Efforts to reduce poverty depend on reversing the long-term downward decline in production, improvement in the competitiveness and local value-added of both traditional and non-traditional exports and raising the general productivity and sustainability of production systems. Encouragement is to be found in the fact that while agriculture has stagnated, the fisheries sector has boomed, in particular shrimp and canned tuna.

37. Much of the DTIS analysis is concerned with explaining the reasons for agricultural stagnation, with factors such as poor transport infrastructure, degradation of natural resources, production related meteorological risks, lack of modern input use, limited access to credit, ill-defined property rights and deteriorating irrigation infrastructure all highlighted. In the analysis of specific sub-sectors (vanilla, cotton, sugar and rice), the focus is on stimulating production and productivity.

38. Where standards issues emerge in the DTIS is with respect to the seafood industry which has grown over the past ten year and become the second biggest generator of foreign exchange after tourism. The seafood industry is an example of how standards issues can be positively resolved. In this respect, technical assistance from the European Union has been essential in ensuring that quality and sanitary standards are met.

39. One area where the DTIS points out a failing is in penetration of the largest regional market, South Africa. Low export volumes are particularly pronounced for agricultural sector products. Unlike neighbouring Mauritius, Madagascar is not a member of either COMESA or SADC. Co-operation with neighbouring countries or territories, notably Mauritius and Reunion, both within the framework of the Indian Ocean Commission and with specific projects such as the European Union-funded Regional Crop Protection Programme covering Mauritius, Comoros, Madagascar, Reunion and the Seychelles, would seem to have much to offer.⁴

Malawi

40. Agriculture and agro-processing contribute 57 per cent of GDP and 85 per cent of all employment. Agricultural exports account for 85 per cent of Malawi's export trade. These exports are heavily concentrated on three commodities (tobacco, sugar and tea) which together account for 90 per cent of all exports. This product concentration is also matched in market concentration, with five companies accounting for 85 per cent of tobacco, sugar and tea exports. Declining or stagnant yields combined with declining commodity prices internationally have reduced profitability, incomes and investment in these three key products. Standards are not mentioned as a factor constraining growth prospects.

⁴ For more information see document G/SPS/GEN/526.

41. There is a general consensus that the country must diversify its agricultural product and export base. Two particular products are mentioned as offering scope for diversification: groundnuts and paprika. Past success in exporting the Chalimbana nut variety has convinced a number of companies to revive production. Expanding trade will require more reliable production, improved post-harvest and storage practices to prevent aflatoxin contamination and improvements in seed quality and productivity. Similar issues with aflatoxin contamination threaten to constrain the development of production of paprika. The DTIS recommends that producers in both sectors establish codes of practice, quality and other standards to deal with this issue.

Mauritania

42. Fisheries, livestock and other agricultural product exports all have the potential to make an impact on poverty alleviation in Mauritania. However, the DTIS reports that non-tariff barriers to trade in the form of SPS measures and technical regulations are a substantial impediment to trade with developed country markets. These constraints are most obvious in the livestock sector where Mauritania's disease status, lack of modern slaughterhouse facilities and weak veterinary services are limiting trade to informal transactions within regional markets. The ability of Mauritania to meet complicated sanitary legislation for fish exports is a cause for optimism. Furthermore, where other agricultural export products have been developed (for fruits and vegetables) these products appear to have met import requirements. In these latter cases, private sector foreign ventures seem to have assisted in ensuring that products meet the necessary import requirements.

43. Informal livestock exports to the region are well-developed. Anecdotal evidence cited by the DTIS suggests that up to 30 per cent of all livestock is traded with neighbouring countries. Revenue from livestock is a major source of income for the rural poor and contributes some 80 per cent of the income of the agricultural sector as a whole. The low quality of livestock for international markets and predominance of live exports are impediments to the development of the sector, as is the absence of modern slaughtering facilities and a local tannery. The DTIS reports that efforts to export camel milk and cheese to the European Union have been unsuccessful due to zoosanitary problems. Technical assistance for the livestock sector has been offered from a number of sources, notably the World Bank, FAO, GTZ, OPEC and the African Development Bank.

44. Fisheries account for approximately 40 per cent of all foreign exchange receipts. As noted, the ability of Mauritanian exported to meet stringent sanitary controls for export is a cause for optimism. The DTIS reports that the sector's impact on the economy could be further expanded in terms of growth in value-added, employment creation and sector sustainability through the preparation and implementation of a comprehensive fisheries action plan. Key to the plan will be sustainable exploitation of reserves and co-operative efforts with neighbouring countries to ensure better market presence for products such as fresh cephalopod exports to Japan.

45. Non-livestock agricultural diversification is constrained by climatic constraints. Positive results have been reported for products such as okra, melons, sweet potatoes and green beans, particularly in niche organic markets. No specific standards constraints are reported in this sector.

Mozambique

46. Exploitation of diverse agricultural resources and sustainable development of fisheries offers great opportunities for Mozambique to expand export revenues and on which to construct a pro-poor trade strategy. Agriculture employs around 80 per cent of the workforce, with the vast majority of farming on a semi-subsistence basis. Cotton, cashew, coconuts, tobacco and maize are all cash crops produced by smallholders that are traded for export. Other exported commodities such as sugar, wood and prawns are concentrated in a small number of commercial operations.

47. The DTIS paints a picture of long-term opportunity. At present, less than 15 per cent of arable land is under cultivation and yields are low, even by regional standards. Problems of low education levels, poorly developed transport networks, high port costs, weak farmers' organizations, lack of access to finance and insecure land rights currently inhibit agricultural development, but the DTIS finds cause for optimism in evidence that some of these problems may be easing. Key to reaping the benefits of overcoming these constraints will be an outward-looking trade strategy.

48. Mozambique enjoys preferential access for its agricultural products in SADC, the European Union and United States markets. Despite these preferences, market barriers remain significant in many agricultural products of greatest interest to Mozambique, such as cotton, sugar, and maize. Such barriers include quotas, high out-of-quota tariffs, export subsidies, and domestic support programmes. Meeting SPS requirements in foreign markets is cited as an obstacle, in particular for plant and fishery products. The DTIS states that Mozambique needs to urgently survey and update its pest status report and needs help in eradicating or isolating some pests and in meeting other SPS requirements. For example, problems with plant pests have stopped banana and mandarin exports to South Africa. Mozambique's phytosanitary services are reportedly very weak and need strengthening. The DTIS reports that exports of groundnuts could be feasible once measures are in place to control possible aflatoxin contamination. The DTIS reports that Mozambique has approached FAO for assistance in strengthening its plant services.

49. National actions to strengthen the plant protection services in Mozambique might also be complemented by assistance to SADC members in removing technical and sanitary barriers to trade among members. In this context, it is useful to note that the UK's Department for International Development is currently funding a Regional Trade Facilitation Programme based in Botswana to assist with the development of Southern African trade. Within the framework of this project, specific inventories of SPS measures have been prepared and a framework for the development of an Annex to the Trade Protocol dealing with SPS measures is being developed.

50. The fishing sector is also an important source of food, employment, and revenue - with three percent of the population economically dependent on the sector. It is also a leading source of foreign exchange earnings. The DTIS identifies opportunities for export expansion of non-traditional marine exports such as farmed seaweed, fresh fish, and shrimp aquaculture. However, constraints are identified in sustainable fisheries management, the capacity to certify products for export and the ability of industry to comply with the strict SPS requirements of trading partners. Key to this development, as it has been in neighbouring Madagascar, will be the European Union-Mozambique Fisheries Access Agreement, which took effect on 1 January 2004.

Nepal

51. According to the DTIS, Nepal is one of the most open economies in the South Asian region, with a trade to GDP ratio of around 50 per cent. Nepal is dependent on three main markets: Germany (carpets), North America (clothing) and India. India accounts for some 45 per cent of Nepal's exports and is the most important partner in agricultural trade accounting for 80 per cent of all Nepalese exports.

52. Agriculture is the backbone of the economy, employing 75 per cent of the labour force and providing around 40 per cent of GDP. For 90 per cent of the poor, agriculture is the only income generating activity. The fortunes of the agriculture sector are intertwined with those of the rural poor. Encouragingly, agricultural exports showed dynamism in the late 1990s growing at an annual average rate of 35 per cent.

53. The DTIS reports Nepal as enjoying comparative advantage in a variety of products such as honey, horticulture products, livestock, fisheries products, fibre, off-season vegetables and forest

products, including medicinal herbs and aromatics. To address constraints to growth in these markets, strategic investments are suggested in: i) capacity building in agriculture-related agencies, ii) facilitation of border transactions, iii) infrastructure improvements to promote commercialization, and iv) enforcement of quality standards and SPS requirements at both farm and processing stages.

54. The DTIS was finalized before Nepal became a Member of WTO on 23 April 2004. Actions necessary for SPS requirements are thus seen through the optic of compliance with the SPS Agreement.⁵ Independent of the accession process, the DTIS stresses that for Nepali exporters to meet the standards and regulatory requirements used in importing countries, extensive awareness-raising activities about foreign standards will be necessary, along with improved laboratory and testing facilities.

55. Reference is made to government agencies that have received technical assistance to improve domestic SPS measures, including an FAO/WHO project to introduce international standards in the dairy industry, FAO support for food control systems, and regional training workshops on the SPS agreement. In addition, a number of other donors are active in Nepal, notably the World Bank, which is in the process of developing an action plan to mainstream SPS activities into Bank operations in Nepal.

Senegal

56. Fisheries and agricultural exports together account for nearly 60 per cent of export revenues. Both sectors face very serious challenges. In the fisheries sector, the DTIS refers to an incipient crisis with the depletion of fish stocks which if not corrected could lead to the collapse of a large part of the industry. The focus of the DTIS within the fisheries sector is how to design and implement a sustainable fisheries policy with broad-based support. No attention is given to standards' issues. In the agricultural sector, the DTIS seeks strategies to address declining revenues for key export products, notably groundnuts, and strategies for diversification into products with more dynamic growth prospects, in particular horticulture and fresh fruit and vegetables. In this respect, the DTIS notes that stringent quality and other standards are a major challenge cutting across the full spectrum of Senegal's agricultural exports.

57. Agriculture accounts for 17 per cent of GDP, but employs approximately 70 per cent of the population. Declining international groundnut prices combined with problems related to poor seed quality, inadequate storage facilities and practices, as well as a range of other constraints have depressed export revenues in what was once the backbone of the Senegalese agricultural economy. The DTIS recommends focus on higher value segments of the market such as groundnuts for confectionary, but cautions that farmers will need better information on appropriate post-harvest and storage practices along with monitoring systems to ensure quality and prevent problems with aflatoxin contamination.⁶

58. The Agricultural Export Promotion Project of the World Bank has had success in stimulating exports in the fruits and vegetables sector – exports volumes increasing 41 per cent between 1998 and 2001. Exporters in the fruit and vegetable sector reportedly trade opportunistically, on a consignment-by-consignment basis, with little investment in systems for quality control. This presents problems in accessing certain markets and in relation to other more quality-focused suppliers. For example, fumigation requirements for fruit and vegetable exports to the United States and Japanese markets are quoted as a constraint as are new pesticide regulations in the European Union.

⁵ Action Plan on the Implementation of the Agreement on Sanitary and Phytosanitary Measures WT/ACC/NPL/12.

⁶ With support from the World Bank, the Food Technology Institute is monitoring mycotoxins and greater attention is being given to grading systems at farm level.

The DTIS reports a need to put in place Good Agricultural Practice (GAP) and Hazard Analysis and Critical Control Point (HACCP) principles in their supply chains.

59. To help exporters in the fruit and vegetable sector, technical assistance to assist in the establishment of a quality control unit and certification system is recommended. In the nascent horticultural sector efforts to build awareness of quality and food safety management tools are suggested. In particular, the development of a pool of local experts in SPS and quality issues able to provide consultancy services to the horticulture sector is recommended.

Yemen

60. Although the DTIS for Yemen covers a number of sectors where growth prospects could be hampered by SPS issues, no specific problems are referenced as needing attention in the document. Discussion of prospects in the fisheries and agriculture sectors is focused on issues related to the establishment of sustainable fisheries management systems and the complex social and economic issues related to qat production. Where standards issues arise in the DTIS, they are with respect to the performance of the Yemen Standards, Metrology and Quality Control Organization (YSMQCO). This standards body is a relatively recent creation, having been established with assistance from UNDP and UNIDO in the late 1990s. The DTIS also references a March 2002 draft report from UNIDO which highlights shortcoming in local food laboratories. However, it appears that these failings have not detrimentally affected the ability of fish processing companies to export to the European Union amongst other markets. Assistance on standards is being undertaken through an IF Window II project on quality control in a project being executed by UNIDO. A further Window II project is also being undertaken on fruit and vegetable export promotion by UNIDO and FAO.
