

STATEMENT BY ECUADOR ON REGULATION (EC) NO. 258/97

Statement by Ecuador at the Meeting
of 27 and 28 June 2006

The following communication, received on 6 July 2006, is being circulated at the request of the delegation of Ecuador.

1. Ecuador would hereby like to express its support for the statement by Peru (G/SPS/GEN/713). It also wishes to advise the European Communities that the impact study relating to the inclusion of what are known as "novel foods" under Regulation No. 258 is close to finalization. The preliminary phase of this study establishes that the implementation of this Resolution as it stands could have adverse economic and social repercussions on Ecuador's production system on at least two fronts: an actual impact on exports which currently enter the European Union and a potential impact on products which enter other markets, such as the United States, but have as yet been unable to enter the European market and which afford considerable potential.

2. With regard to actual economic impact, Central Bank of Ecuador export data show that, in 2005, the products identified as novel foods in this study represented approximately US\$67,504,330, US\$504,000 of which correspond to primary products and US\$67 million to processed products.

3. In spite of the fact that processed products, in particular fruit juice and notably passion fruit concentrate, account for the largest share of export value, the exports most seriously affected are primary products, which have a high labour factor content given that they are labour-intensive. This exacerbates the potential social impact of the implementation of the European Regulation on novel foods.

4. Let us turn now to the social and productive impact. If, in order to consider the possible social impact, a representative sample is taken of only five primary products considered as novel foods - *abacá* (Manila hemp), *naranjilla* (lulo or Quito orange), *tomate de árbol* (tree tomato or tamarillo), *chocho* (Andean lupin) and *malanga* (cocoyam or taro) - and exports of these products are affected, a regressive impact would also be felt on the income of around 38,538 agricultural production units which, according to the most recent agricultural census, directly depend on these crops.

5. Consequently, these five products are sources of income for at least 38,538 head-of-household farmers, each with an average of four direct dependents, and the social impact could therefore extend to some 154,000 people.

6. Although health protection, as specified in the SPS Agreement, is a legitimate objective, it is inappropriate for requirements, tests and procedures which are disproportionate in terms of time and

cost to be established for products which, merely because of their origin or of different consumption habits, are subject to formalities and procedures which would be unnecessary in the normal course of trade.

7. Finally, Ecuador wishes to thank the European Communities for all its efforts in this matter and to request that the comments made before this Committee and any impact studies submitted with a view to reviewing this Regulation be taken into consideration.
