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COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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REVIEW OF MARKET ACCESS REQUIREMENTS

SUMMARY

This paper reports on recent developments in fish and seafood safety, quality and traceability, including development of private standards and describes FAO activities in this field. Guidance is sought from the Sub-Committee on how to strengthen FAO's work in this area.

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INTRODUCTION

1. While noting the increasing complexity of safety and quality requirements and the burden it imposes on developing countries fisheries, particularly small-scale fisheries and small and medium enterprises, the Tenth Session of the COFI Sub-Committee on Fish Trade¹ (COFI:FT), renewed its support of FAO's work in the field of fish trade. It particularly requested FAO to provide technical assistance and capacity building on fish quality and safety, including risk analysis and traceability, and to facilitate market access for products from developing countries. FAO was also asked to widen and expand the implementation of HACCP-based (Hazard Analysis and Critical Control Point) safety and quality systems and the use of risk assessment as the basis for development of fish standards; to promote equivalence and harmonization, to monitor border sanitary and quality controls used to regulate, restrict or prohibit trade and their economic consequences and develop a traceability application for small-scale fisheries.
2. The 26th Session of COFI² confirmed these priority areas and asked FAO to further pursue its work in this field. It also recognized the importance of traceability for fish trade and the need for simple traceability schemes for small-scale fisheries and expressed the view that such schemes should be compatible with WTO rules.
3. The objectives of this paper are to i) report on recent developments in market access requirements related to consumer protection, traceability, labelling, certification and domestic marketing, ii) describe FAO activities in this field, and iii) seek the guidance of the Sub-Committee on how to strengthen FAO's work in this area. The paper complements agenda item 3, which addresses other market access requirements.

RECENT DEVELOPMENTS IN FISH SAFETY AND QUALITY

4. During the last session of COFI:FT³, the secretariat reported on developments in the field of fish safety and quality during the past decades. The highlight of these developments included the worldwide adoption of HACCP-based systems and of scientifically-based risk assessment methods, the enactment of the SPS/TBT (sanitary and phytosanitary measures/technical barriers to trade) agreements as the international regulatory framework for food safety and quality and the ensuing development and adoption of standards, guidelines and recommendations by the *Codex Alimentarius* Commission. These safety and quality concepts are enshrined in the Code of Conduct for Responsible Fisheries, particularly Articles 6 and 11.
5. These developments have continued as a result of further globalization, increased demand for fish and seafood and increased consumer awareness and scrutiny by civil society. They are gradually affecting the entire fish and seafood supply chain, thus ensuring that the responsibility for the supply of safe, healthy and nutritious seafood is shared by all involved with the production, processing, trade and consumption of food.
6. The major importing markets, namely the European Union, United States of America and Japan, which account for 75 percent of imports by value, have continued the implementation of their national import regulations. These require that fish products be produced, prepared/processed in vessels, farms and establishments that implement programs of good practices and HACCP-based quality control programs. These vessels, farms and establishments

¹ FAO. 2006. Report of the Tenth Session of the COFI Sub-Committee on Fish Trade. Rome. Italy.

² FAO. 2007. Report of the 27th Session of the Committee on Fisheries COFI. Rome. Italy

³ Safety and quality requirements in international fish trade. 2006. Tenth Session of the COFI Sub-Committee on Fish Trade. Santiago di Compostella, Spain. 30 May – 2 June 2006

are certified as meeting these and other product requirements. Where necessary, national surveillance programs of the harvesting areas should be in place to control the threats of biotoxins and other biological and chemical pollutants.

7. The EU has continued implementation of the food and feed hygiene legislation and regulations which entered into force on 1 January 2006.^{4,5,6,7,8,9, 10,11} Many EU and non EU countries have been visited by the Veterinary Commission to evaluate the degree of harmonization with EU requirements and assess how to achieve better harmonization and conformity.

8. In the USA, while continuing implementation of the current seafood safety and quality regulations^{12,13}, the FDA has recently developed a *Food Protection Plan* (FPP) that aims to generalize the use of science and risk-based approach of prevention, intervention and response to improve the safety of foods consumed in the USA. It expands the provisions of the *Import Safety Action Plan* to both domestic and imported food. Regarding imports, the FDA's FPP envisions to "push the border out" and build in safety at the point of production and manufacture in exporting countries. For this purpose, the FDA plans to enter into agreements with food control agencies in exporting countries to use their certification as assurances for product safety based on mutually accepted parameters. Collaboration to establish such an agreement with China is underway. Likewise, the FDA is developing a Memorandum of Understanding (MoU) with NMFS, which is conducting onsite inspection programmes in exporting plants of many countries. This will permit the FDA to increase the volume of certified products.

9. Japan applies HACCP-based food control regulations, including sanitary and hygienic requirements for fish handling and processing establishments, and for storage and transport. Incorporation of risk analysis principles continues, along with spot checks at the entry border and quality control schemes of the Japanese fish industry. The Japanese industry is responsible for import controls at the source. Bilateral consultations with exporting countries to clarify the Japanese sanitary requirements and to assist in their implementation at the early stages of the food chain are continued. The Japanese Ministry of Health, Welfare and Labour provides information on the imported food monitoring plan and the results of monitoring. The plan for 2007-2008 provides a list of foods from all exporting countries, method of sampling, method of inspection and reasons for ordering inspection. Further, certain foods from designated countries are subjected to inspection of specified items.

10. Exporting countries, especially developing countries, have encountered difficulties in meeting the requirements of the major import markets and many have had access restricted to some markets, while others have seen their products rejected or detained at the borders. Further harmonization and equivalence agreements will increase transparency and promote science-based consumer protection and lessen the disruption of international fish trade flows.

⁴ Regulation 852/2004 on the hygiene of foodstuffs;

⁵ Regulation 853/2004 laying down specific hygiene rules for food of animal origin;

⁶ Regulation 854/2004 laying down specific rules for the organisation of official controls on products of animal origin intended for human consumption;

⁷ Regulation 882/04 laying down health rules governing the production, processing, distribution and importation of products of animal origin;

⁸ Directive 2004/41 repealing 17 existing Directives;

⁹ Regulation 183/2005 laying down requirements for feed hygiene.

¹⁰ Guidance on the implementation of specific articles of Regulation 178/2002 on general food law.

¹¹ Guidance: key questions related to import requirements and the new rules on food hygiene and official food control.

¹² FDA, 1997. Procedures for the safe and sanitary processing and importing of fish and fishery products, Final Rule. Part 123. (Available at: http://www.access.gpo.gov/nara/cfr/waisidx_02/21cfr123_02.html).

¹³ FDA, 2007. Public health security and bioterrorism preparedness and response Act. 21 CFR 1.279 and 1.280.

11. At the international level, the *Codex Alimentarius* Commission has continued its reform to strengthen its role for the development of internationally agreed standards that are based on scientific principles and fulfil the objectives of consumer health protection and fair practices in food trade. To this end, the Commission has developed its strategic plan 2008 – 2013 aimed at promoting sound regulatory frameworks, consistent application of scientific principles and risk analysis, cooperation with other international organizations and maximum and effective participation of members. Effective participation by developing countries is essential, noting that they account for an increasing proportion of global food and seafood trade.

CERTIFICATION AND PRIVATE STANDARDS IN FISHERIES

12. Although wholesale and restaurant chains still play an important role in fish distribution in many developed countries, influence has increasingly been shifting to the end point of the supply chain, with an increased consolidation of retailers and the growth of retailer or private labels. Supermarkets have been expanding rapidly to developing countries in Latin America, Asia and Africa¹⁴.

13. These global developments have been taking place against a setting of increasing influence by civil society and consumer advocacy groups over the agendas of governments, companies and international organizations on different aspects of the food systems. Food demand has been changing with the evolution of lifestyles, demographics and increase in household incomes. Consumers expect transparency through traceability systems as the product moves from the producer to the consumer, in order to make it possible to trace the origin, the quality, the environmental and social impacts of food production and distribution.

14. As the last link in the supply chain between producers and consumers, retailers translate and transmit consumer preferences back through the supply chain to producers and processors. To convey preferences, retailers have developed standards which encompass quality and safety as well as other factors such as environmental protection, labour conditions and animal health and welfare, to reflect their increased responsibility towards consumers and to prevent any risk to their reputation. The standards may also cover commercial requirements such as quantity, quality consistency, delivery punctuality and flexibility.

15. This unprecedented development in market standards raises the following issues;

- If trade liberalization is to bring benefits to all, including to developing countries, then rising market standards should not constitute an unnecessary barrier or additional impediment for entry to major markets by producers and processors from developing countries.
- How are the boundaries defined between public regulations on the one hand and private market standards on the other? And who is responsible for what? While governments that use standards as trade barriers can be challenged through the rules of the WTO, what mechanisms are available to deal with companies whose standards constitute technical barriers to trade?

16. Some argue that meeting and adhering to market standards can have a positive effect, including for developing countries, in particular by spurring new competitive advantages and investments in technological capacity. But some governments and producer groups fear that these standards may disguise measures intended to protect domestic industries and restrict market access or add a new layer of constraints that will affect their competitiveness by duplicating or adding to existing regulatory requirements (e.g. food safety and quality). Also, the burden of complying with these standards may fall disproportionately on small suppliers for whom the cost of achieving certifiable status is relatively higher.

¹⁴ OECD, 2004. Private standards and the shaping of the agro-food system. AGR/CA/APM (2004) 24.

17. Furthermore, as certification programs proliferate, consumers and producers face choices as to which certification programs carry the most value. Competing certifying claims may confuse consumers causing them to lose confidence in standards and labels and thus depriving the approach of its value. It also raises questions about which certification programs best serve consumer protection, the environment, the public and the producers. Thus, the credibility of the standards and of their certification and accreditation bodies is of paramount importance.

18. These concerns and drawbacks can be mitigated through:

- *Increased transparency:* For some exporters, business can be riskier and uncertain because of market standards imposed by importers. Increased consultation and transparency in the development and application of these standards would reduce the risks that exporters face and would enhance market access.
- *Harmonization and equivalence:* Regional and international cooperation is necessary for the development of harmonized and transparent standards and compliance procedures, building on the work of the *Codex Alimentarius* (safety and quality), FAO (eco-labelling, organic fish farming, certification in aquaculture) and ISO (certification, accreditation). More attention should be given to opportunities for mutual recognition of standards, simplification of compliance procedures and synergies between government and private certification schemes. This in turn should lead to cost reduction, especially for developing countries and small-scale producers.
- *Technical assistance and phase-in for developing countries:* International efforts to manage the negative impacts of standards could be coupled with similar efforts in regional and bilateral economic arrangements. External funds are needed to support implementation and compliance in developing countries. Where possible, standards could be accompanied by phase-in periods for producers in developing countries.

FAO ACTIVITIES

19. The FAO Fisheries and Aquaculture Department (FI) has continued its support to the normative work of FAO, by:

- providing scientific advice to the 28th and 29th Sessions of the Codex Committee on Fish and Fishery Products (CCFFP), which further advanced several standards and sections of the Code of Practice for Fish and Fishery Products, including final endorsement for some;
- contributing to the completion of FAO/WHO risk assessment for *Vibrio* species in seafood;
- providing support to the FAO/WHO Expert Consultation on Viruses in Food, the FAO/WHO/OIE Expert Consultation on the Use of Antimicrobials in Aquaculture and Antimicrobial Resistance and the FAO/WHO Expert Consultation on Balancing Risks and Benefits of Fish Consumption; and
- organizing several expert workshops to develop international guidelines for certification in aquaculture.

20. Likewise, FI, in collaboration with the United Nations Industrial Development Organization (UNIDO) and the International Association of Fish Inspectors (IAFI), organized the 7th World Congress on Seafood Safety and Trade, held in Dublin, Ireland, 25-28 September 2007. Scientific advice and future seafood safety strategies were debated by participants from the major seafood nations, including many from developing countries.

21. In capacity building, FI has continued its assistance to developing countries to broaden the application of good hygienic practices (GHP), good manufacturing practices (GMP), HACCP, traceability and for the implementation of the Codex fish standards, guidelines and codes of practices. A number of workshops and training programmes were held in different regions covering areas such as assurance of seafood quality and safety, trade policy and fisheries, impact

of multilateral trade agreements and of current WTO negotiations in fisheries sector, developing fisheries practices in line with CODEX, WTO/SPS legal framework and FAO Code for Responsible Fisheries, marketing of seafood products: trends and challenges, safety of shellfish from harmful algae and biotoxins. Assistance to capacity building involved personnel from fish inspection services, competent authorities, fish industry and researchers in the area of post-harvest fisheries and trade.

SUGGESTED ACTION BY THE SUB-COMMITTEE

22. The current situation with respect of fish trade calls for a harmonized and scientifically-based approach to ensure consumer protection, fair trade practices and elimination of unjustified technical barriers to trade. The Sub-Committee may wish to discuss the developments in the area of fish safety, quality and market access and implications for fish trade both domestically and internationally. The Sub-Committee is further invited to comment on the work of FI with reference to Codex, capacity building and institution strengthening, and recommend future directions in the area of GAP/GHP/HACCP/traceability implementation, SPS and TBT measures, certification and how private certification schemes can add value to government undertakings, with a particular attention to small-scale fisheries and aquaculture.