

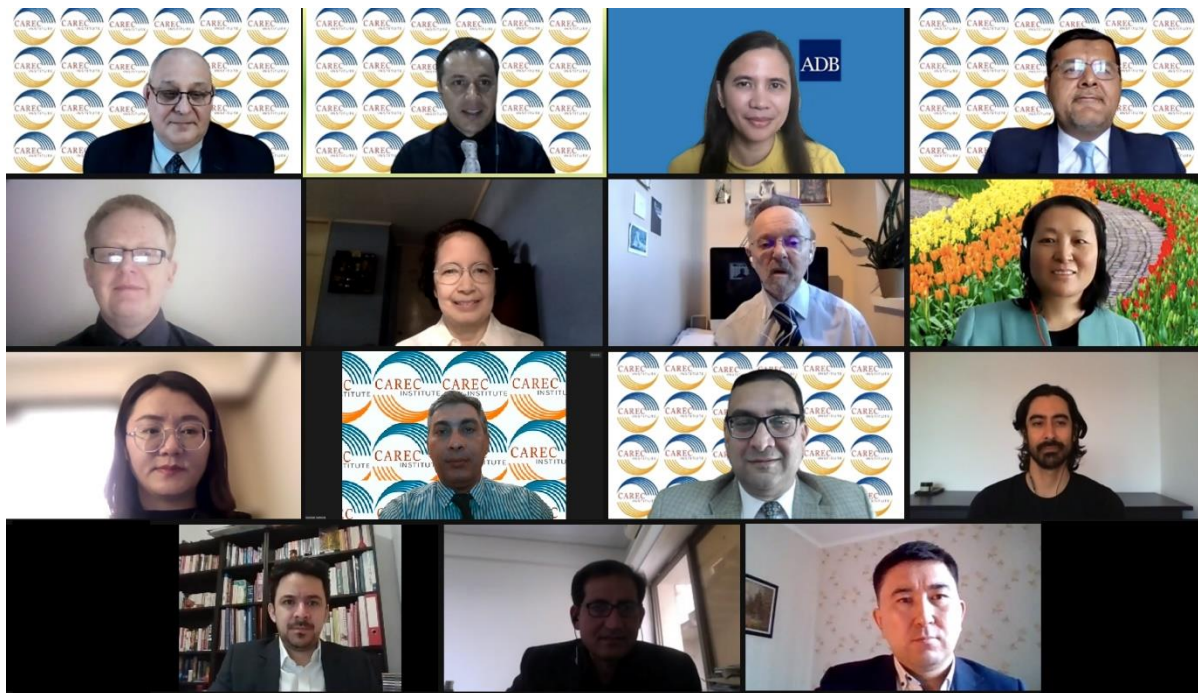


**CAREC Institute**

**Workshop Report**

**Knowledge-Sharing Modules on CAREC Trade:  
Modernizing SPS Measures in CAREC and Use of Digital Certification  
(1<sup>st</sup> Phase)**

**24 February 2021**



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The CAREC Institute workshop report and policy brief series is a forum for stimulating discussion and eliciting feedback on ongoing and recently completed research and workshops undertaken by the CAREC Institute staff, consultants, or resource persons. The series deals with key economic and development issues, particularly those facing the CAREC region, as well as conceptual or analytical issues relating to program or policy design and implementation.

This report is one of the outputs of the virtual workshop on “Modernizing SPS Measures in CAREC and Use of Digital Certification Blended Workshop (1<sup>st</sup> Phase)” jointly organized by the CAREC Institute and the Asian Development Bank (ADB).

The workshop was delivered on 24 February 2021 with the aim of sharing research findings of the CAREC Institute, ADB and the WTO on good practices and emerging trends for modernizing SPS systems and adopting digital SPS certificates in CAREC region; to engage in policy dialogue with senior CAREC officials to identify areas for further regional or bilateral cooperation.

The report is drafted by Ms. Rose Shao, Capacity Building Specialist, the CAREC Institute and edited by Mr. Eisa Khan Ayoob Ayoobi, Chief of Capacity Building Division, the CAREC Institute. Rovshan Mahmudov, Senior Capacity Building Specialist and Gary Huang, E-Learning Specialist of the CAREC Institute have contributed to the report.

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## Abbreviations

ADB	Asian Development Bank
CAREC	Central Asia Regional Economic Cooperation
CAST	Common Agenda for Modernization of Sanitary and Phytosanitary Measures for Trade
CI	Central Asia Regional Economic Cooperation Institute
ECAC	Electronic Certification Advisory Committee
e-Phyto	Electronic Phytosanitary Certificate
IPPC	International Plant Protection Convention
ISPM	International Standard for Phytosanitary Measures
SN	Single Window
SPS	Sanitary and Phytosanitary
STDF	Standards and Trade Development Facility
TFA	Trade Facilitation Agreement
NPPO	National Plant Protection Agency
UNICC	The United Nations International Computing Center
WTO	World Trade Organization

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## Introduction

Sanitary and phytosanitary (SPS) measures are applied to agriculture, fishery, food, or forestry products to protect humans, animals, and plants from pests, disease, or contaminants. These measures are implemented in three sectors – food safety, animal health and plant health – which are governed by international standard-setting bodies, namely, Codex Alimentarius Commission ('Codex'), World Organization for Animal Health (OIE), and the Secretariat of the International Plant Protection Convention (IPPC). SPS measures may be applied at international borders or inland freight terminals where goods entering a country are released. The World Trade Organization (WTO) Agreement on application of SPS measures (SPS Agreement) provides the normative framework for such measures, emphasizing that these should not result in unnecessary barriers to trade.

In this context, the CAREC Ministers endorsed in 2015, the Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade. Since then, the CAREC Secretariat has implemented initiatives to modernize SPS to ensure protection while facilitating trade. This includes the need for a comprehensive approach based on effective information-sharing, streamlining of procedures, and genuine collaboration among all trade-related agencies including customs and SPS agencies at the borders. This remains relevant and consistent with the WTO's Trade Facilitation Agreement, which provides for use of international standards, Single Window (SW) and uniform documentation requirements (Article 10 on formalities connected with importation, exportation, and transit). A central feature of documentation for goods subjected to SPS measures is the certificate giving assurance that the goods comply with the appropriate SPS requirements.

Under the CAREC Integrated Trade Agenda 2030, identified interventions include the study of a potential mutual recognition of SPS certificates to facilitate trade. The aim is to tap the tremendous potential for increased agriculture trade and support CAREC countries in integrating further into the global economy.

At the inaugural meeting of the CAREC SPS Regional Working Group in Tashkent on 24-25 June 2019, participants underscored policy coordination and improved cooperation, especially in the area of interoperability with the national SW and risk assessment and management. The meeting also discussed the potential for digitalizing SPS certificates. Suggestions included the assessment of business process analysis and cost-benefit of these proposed initiatives, leveraging on existing global initiatives. For instance, Codex, OIE and IPPC each prescribe an international format for certificates of food safety, animal health, and plant health, respectively. In terms of digitalization, the e-Phyto project of the WTO Standards and Trade Development Facility (STDF) provides a simple generic system for the production, sending, and receipt of electronic phytosanitary certificates (e-Phyto) and a harmonized exchange tool to facilitate electronic exchange.

The CAREC Institute, in collaboration with ADB, undertook a survey that explored certification for plant and plant products only, leveraging on e-Phyto solutions by the IPPC. It was to assess the potential of digital SPS certificates and to analyze the underlying mechanisms for recognition and use of such digital certificates.

The knowledge-sharing module – **“Modernizing Sanitary-Phytosanitary (SPS) Measures in CAREC and Use of Digital Certification”** – is based on initial findings of the joint research to promote evidence-based policy dialogues and support decision-making among the CAREC countries as well as exchange

knowledge and best practices led by development partners like WTO.<sup>1</sup>

The following list of topics reflects session-wise structure of the 24 February 2021 workshop:

## Opening Remarks

**Dr. Iskandar Abdullaev**, Deputy Director Two, CAREC Institute, facilitated the opening remark session by giving a brief introductory statement on the importance of SPS, including background of the conducted SPS research and the objectives of the workshop. He pinpointed the crucial roles SPS standardization and e-certification play in fostering trade and cross-border regional cooperation. He also gave general information on the CAREC Institute overall research, capacity building and knowledge management activities in this area to help member countries accelerate regional cooperation.

In her opening remarks, **Ms. Emma Fan**, Director at the Asian Development Bank (ADB), shed light on the role of agriculture in sustainable development and regional cooperation. She said that agriculture has been an area of high importance for the CAREC region. Facilitating agricultural trade through digital SPS certification will surely impact overall trade and socio-economic development in the region. She listed some of the main difficulties and advantages of the e-Phyto for CAREC and concluded that member countries understand the importance of SPS mechanism, and its digitalization and they are working towards achieving tangible results on this front.

In his turn, **Mr. Syed Shakeel Shah**, Director of the CAREC Institute, highlighted the cooperation between CI and ADB, especially in the trade facilitation area. He emphasized that CI as an intergovernmental knowledge institution, provides innovative knowledge support to member countries and all stakeholders around priority areas outlined by the CAREC Program. The workshop is based on CI's timely research on Regional Sanitary and Phytosanitary Regulatory Regime: Developing a Framework for Mutual Recognition and Electronic Exchange of SPS Certificates in the CAREC region. At the end of his opening remark, Mr. Shah again referred to fostering a spirit of partnerships, in which CI and ADB would make a difference through joint efforts. Mr. Shah concluded his remark by wishing workshop participants productive and fruitful discussions.

## CAREC Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade (CAST)

The first session was moderated by **Dr. Qaisar Abbas**, the CAREC Institute Chief of Research Division. He opened the session with a brief moderation remark on how SPS modernization was shaping up in the CAREC region. Subsequently, he introduced the session presenter. He also posed some key guiding questions to the speaker for further clarification of points presented.

**Ms. Dorothea Lazaro**, Regional Cooperation Specialist, ADB, delivered the first presentation of the workshop on modernizing SPS measures for facilitate trade in CAREC. She mentioned that SPS measures is a priority area in CAREC 2030 Strategy under Trade, Tourism & Economic Corridors Cluster and introduced the footprint of SPS activities since 2013. She also discussed the Common Agenda for Modernization of Sanitary and Phytosanitary Measures for Trade (CAST). Her presentation highlighted that although agriculture is the important sector in the CAREC region, with high value-added in GDP, in total employment and share in export value, it still faces a lot of common challenges in plant health, animal health and food safety areas. In her presentation, Ms. Lazaro detailed the overall approach and framework for SPS globally, regionally/sub-regionally and nationally. She stated that ADB has done a

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<sup>1</sup> Expert presentations and discussions taken place during this knowledge sharing activity (phase one) will form the foundations of the next phase activities, including design and delivery of face-to-face workshops on SPS in the CAREC region.

lot of work through policy dialogues and cooperation, investment projects, knowledge product & services to advance the implementation of the SPS measures in CAREC region.

## Safe Trade through SPS Digital Certification

**Ms. Loreli De Dios**, an ADB Consultant and Trade Economist, moderated this session. In her moderation remark, she touched upon some of the key elements of SPS digital certification and drew the attention of workshop participants to the session presentation for further details. She also posed a few key questions to the session speaker to get more details.

**Mr. Simon Padilla**, Economic Affairs Officer, Standards and Trade Development Facility (STDF) of the WTO delivered the second presentation on “Facilitating Safe Trade through SPS Electronic Certification.” He firstly provided information on the background and goals of the STDF. He emphasized that SPS Agreement is a trade facilitation agreement. It is not only about developing SPS measures but also how we implement those measures. He said that among member countries, although obstacles in SPS procedures remained, there are opportunities for cooperation. Mr. Padilla gave reasons why the e-Phyto solution is relevant to the STDF and discussed the advantages of SPS e-Certification. At the end of the presentation, he used a metaphor to describe the relationship between paper-based SPS certification systems and e-Certification. The e-Certification is like cherry on the cake, it does not solve systemic failures in national SPS import/export control processes by itself. Therefore, governments may need to avoid becoming complacent with the belief that automation alone can deliver a system or a process on its own if the system and process do not exist and are not conceptualized properly. Stakeholders shall not expect cherry without the cake.

## ADB-CAREC Institute Joint Research on Digital Phytosanitary Certification in CAREC

**Ms. Rose Shao**, a CAREC Institute Capacity Building Specialist, moderated this session. She opened the session with a brief introduction to the session presentations. She introduced the two session speakers and handed them the floor. At the end of the session, Ms. Shao also asked key guiding questions, which offered the presenters more time for detail and provided more information on their research findings.

In this session, **Dr. Ghulam Samad**, Senior Research Specialist, CAREC Institute, gave a presentation on CI’s recent research jointly with ADB on Developing a Framework for Mutual Recognition and Electronic Exchange of SPS Certificates in CAREC. According to him, the objectives of the research were 1) to assess the potential of digital SPS certificates; 2) to analyze the underlying mechanisms for recognition and use of such digital certificates; and 3) to identify the potentials for paperless exchange of SPS certificates to facilitate trade in CAREC countries. He presented findings of the research and provided recommendations at both policy and technology levels.

**Professor Rob Black**, Consultant (Plant Health Expert), ADB, in his presentation, introduced research findings under the ADB technical assistance (9500 REG) titled Modernization of Sanitary and Phytosanitary Measures to Facilitate Trade in CAREC countries. He discussed certain aspects of the data presented in Dr. Samad’s presentation. Professor Black fully agreed that the STDF has been offering major support for e-Certification and e-Phyto initiatives worldwide. He also introduced the IPPC’s e-Phyto Solution and how electronic system could work with national SW. He detailed research methodologies for the joint CI-ADB research. He also provided information on the data analysis, including questionnaire for CAREC member countries. According to him, CAREC countries were making progress in SPS digitalization and automation. He highlighted the progressed made by Uzbekistan recently, as it is the only CAREC member country to adopt e-Phyto to date. He suggested that future

workshops should explain the findings of the research, build awareness, and facilitate cooperation for further data collection.

## Closing and Wrap-Up

**Dr. Qaisar Abbas**, Chief of Research Division, CAREC Institute, wrapped up the workshop by thanking all the speakers and participants for the engaging presentations and discussions. He summarized the workshop sessions and put forward the future research plans of the CAREC Institute on SPS and related fields.

**Ms. Dorothea Lazaro**, Regional Cooperation Specialist, ADB, gave three points as takeaways: 1) CAREC countries have opportunities to improve digitalization and adopt e-Phyto, but more needs to be done; 2) Efforts towards e-Phyto solution have been made, they need to be sustained and countries need to cooperate in their boarder trade facilitation initiatives; and 3) SPS program shall continue strengthening regional cooperation across sectors.

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## Appendices

### Agenda



CAREC Trade Knowledge-Sharing Series

## Webinar on Facilitating Trade Through Digital SPS Certification

24 February 2021

The webinar will share the findings of the ADB-CAREC Institute study on the potential for digital phytosanitary certification in CAREC – an initiative of the Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade (CAST) under the CAREC Integrated Trade Agenda 2030's Rolling Strategic Action Plan 2020-2022. The Standards and Trade Development Facility of the World Trade Organization will share insights on facilitating safe trade through digital certification, leveraging on the ePhyto solutions developed by the International Plant Protection Convention.

**15:00 – 15:10**

Chinese Standard  
Time

### *Opening Remarks*

**Emma Fan**, Director, Public Management, Financial Sector, and Regional Cooperation Division (EAPF), East Asia Department (EARD), Asian Development Bank (ADB)

**Syed Shakeel Shah**, Director, CAREC Institute (CI)

Facilitator: **Iskandar Abdullaev**, Deputy Director II, CI

**15:10-15:30**

### *Session 1: CAREC Common Agenda for the Modernization of Sanitary and Phytosanitary Measures for Trade (CAST)*

**Dorothea Lazaro**, Regional Cooperation Specialist, EAPF/EARD, ADB

Moderator: **Qaisar Abbas**, Chief of Research Division, CI

**15:30-15:55**

### *Session 2: Safe Trade through SPS Digital Certification*

**Simon Padilla**, Economic Affairs Officer, Standards and Trade Development Facility, World Trade Organization

Moderator: **Loreli de Dios**, ADB Consultant/Trade Economist

**15:55-16:40**

### *Session 3. ADB-CAREC Institute Joint Research on Digital Phytosanitary Certification in CAREC*

**Ghulam Samad**, Senior Research Specialist, CAREC Institute

**Rob Black**, ADB Consultant/SPS Expert

Moderator: **Rose Shao**, Capacity Building Specialist, CI

**16:40**

### *Wrap Up and Closing*

**Qaisar Abbas**, Chief of Research Division, CI

**Dorothea Lazaro**, Regional Cooperation Specialist, EAPF/EARD, ADB

Supported by *KSTA 9500-REG: Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade*, co-funded by the People's Republic of China Poverty Reduction and Regional Cooperation Fund and Regional Cooperation and Integration Fund.

## List of Participants

### Asian Development Bank

1. Ms. Emma Fan, Director, Public Management, Financial Sector, and Regional Cooperation Division (EAPF), East Asia Department (EARD)
2. Ms. Dorothea Lazaro, Regional Cooperation Specialist, EAPF/EARD

### CAREC Institute

3. Mr. Syed Shakeel Shah, Director
4. Dr. Iskandar Abdullaev, Deputy Director II
5. Mr. Eisa Khan Ayoob Ayoobi, Chief of Capacity Building Division
6. Dr. Qaisar Abbas, Chief of Research Division
7. Dr. Ghulam Samad, Senior Research Specialist
8. Mr. Rovshan Mahmudov, Senior Research Specialist
9. Ms. Tamar Berdzenishvili, Senior Knowledge Management Specialist
10. Ms. Rose Shao, Capacity Building Specialist
11. Mr. Gary Huang, E-Learning Specialist

### World Trade Organization

12. Mr. Simon Padilla, Economic Affairs Officer, Standards and Trade Development Facility (STDF)
13. Mr. Pablo Jenkins, Economic Affairs Officer, STDF
14. Mr. Fabrizio Meliado, Economic Affairs Officer, Agriculture and Commodities Division
15. Ms. Aichetou Ba, Economic Affairs Officer, Agriculture and Commodities Division

### US Agency for International Development Competitiveness, Trade and Jobs activity in Central Asia

16. Mr. Sabit Narbayev, C5+1 Initiative Lead

### SPS Experts

17. Prof. Rob Black, Consultant (Plant Health Expert), ADB
18. Mr. David McKellar, Consultant (Plant Health Expert), ADB

### CAREC Secretariat

19. Mr. Abdul Khaliq Sarabi, Consultant, ADB
20. Mr. Sabit Abdullayev, Consultant, ADB
21. Mr. Malkhaz Adeishvili, Consultant, ADB
22. Mr. Nuritdin Djamankulov, Consultant, ADB
23. Ms. Sugar Ochir, Consultant, ADB
24. Mr. Kamal Shahryar, Consultant, ADB
25. Mr. Samiev Shukhrat, Consultant, ADB
26. Ms. Leyli Shamyradova, Consultant, ADB
27. Ms. Umida Khaknazar, Consultant, ADB
28. Ms. Loreli de Dios, Consultant, ADB
29. Ms. Camille Cyn Isles, Consultant, ADB
30. Mr. Julius Irving Santos, Consultant, ADB
31. Ms. Karmina Ong Pantig, Consultant, ADB
32. Ms. Aiken Tafgar, Consultant, ADB