

New barriers hinder African trade

Health standards in rich countries limit continent's ability to export

By **Gumisaal Mutume**

Just as developing countries are beginning to overcome some major hurdles in their quest to expand trade with industrial countries, another is rearing its head. As a result of agreements negotiated at the World Trade Organization (WTO), traditional trade protection measures such as tariffs and quotas are falling away. But to some extent they are being replaced by domestic technical regulations that permit countries to bar products from entering

phytosanitary rules, further limit goods" exported to the Organization for Economic Cooperation and Development (OECD), a grouping of 30 wealthy nations.

Technical barriers

The use of technical barriers has grown during the last two decades. In an effort to regularize such standards, the 149-member WTO's Agreement on the Application of Sanitary and Phytosanitary Measures came into force in 1995. The agreement was designed to provide uniform rules for all laws, regulations and requirements regarding how a product is produced, processed, stored or transported, to ensure that its import does not pose a risk to human, animal or plant health. Sanitary measures are aimed at safeguarding human and animal health, while phytosanitary ones are intended to protect plants.

The SPS agreement requires, for instance, that goods be imported from disease-free areas, inspected prior to export and not exceed maximum levels of pesticide or insecticide use. Health risks posed by fresh foods and agricultural goods include salmonella poisoning, foot and mouth disease and sugar plant pests.

they can provide scientific justification for their actions.

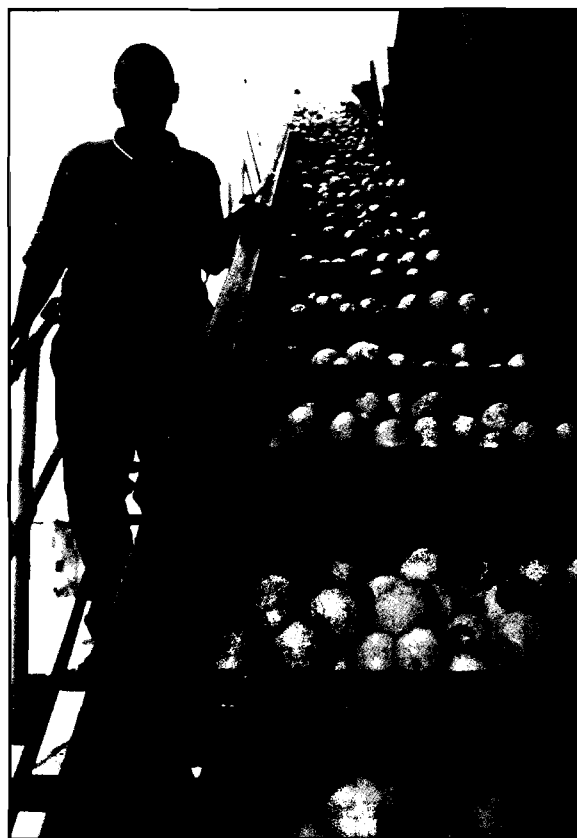
Mr. Hezron Nyangito of the Kenya Institute of Public Policy Research and Analysis notes that while the agreement aims to safeguard the health of citizens, it "also provides a loophole that allows countries to introduce measures that result in higher levels of protection" than the international norm.

Studies by the US Department of Agriculture and the OECD show that questionable technical barriers were reported in 62 countries in 1996, leading to estimated trade losses of \$5 bn. Such analyses of SPS trade impacts most frequently focus on developed countries, despite suggestions by the World Bank and other agencies that the effects could be greater for developing countries, since they are highly dependent on agricultural exports.

"The problem is not that international trade is inherently opposed to the needs and interests of the poor," says Mr. Manuel, "but that the rules that govern it are rigged in favour of the rich." The international trading system "is not a force of nature," he says, but "a system of exchange, managed by rules and institutions that reflect political choices."

Because the standards were set mainly by developed countries during the last series of trade negotiations, the Uruguay Round, they mainly reflect the interests of those nations. During the Uruguay Round, which ended in 1994, many developing countries either could not afford to send negotiators to represent them or focused on areas of greater or more immediate concern, such as Northern agricultural subsidies. Many still are not part of the international standard-setting agencies that govern this area, nor do they have the money, manpower or infrastructure needed to abide by the standards created.

While there is a clear need for SPS measures to protect consumers, the benefits of trade liberalization in the agricultural sector achieved by the Uruguay



*Citrus in Zimbabwe:
African agricultural exports
often face excessively strict health
standards to enter Northern markets.*

their markets if the products do not meet certain standards.

These obstacles include measures ostensibly aimed at protecting citizens from everyday food hazards, known in WTO language as sanitary and phytosanitary measures (SPS). High tariffs remain a significant barrier, says South African Finance Minister Trevor Manuel, but "non-tariff barriers, such as arbitrarily imposed

The agreement is also meant to prevent countries from using SPS measures simply to block trade, stating explicitly that the measures cannot be employed in "a manner which would constitute a disguised restriction on international trade." But although importing countries are encouraged to use existing international standards, they are nevertheless allowed to adopt stricter regulations if

Round "could be undermined by the protectionist use of sanitary and phytosanitary measures," warns Ms. Simonetta Zarrilli of the UN Conference on Trade and Development.

Banned fish

There are many examples of SPS measures being used to restrict African goods from overseas markets. For several years in the late 1990s, for example, European countries banned fish from Kenya, Mozambique, Tanzania and Uganda due to concerns about these countries' sanitary standards and control systems. Uganda lost \$36.9 mn in potential earnings during the ban. In Tanzania, where fish and fish products accounted for 10 per cent of annual exports, fishermen dependent on EU sales lost 80 per cent of their income, the World Bank reports.

"Some of the requirements are legitimate with respect to food safety," notes Mr. Nyangito, the Kenyan researcher. "But many African countries find it difficult to meet the standards because of technical and resource-capacity constraints." Studies in Kenya show that to comply with high EU standards, farmers would have to spend 10 times more than they currently do. To comply, Uganda would need to spend \$300 mn upgrading its honey-processing plants and coffee producers would spend 200 per cent more to produce coffee at the required standard.

If the EU were to use international standards on pesticides on bananas, rather than its more restrictive ones, annual African exports would increase by \$400 mn, according to the March 2005 report of the Commission for Africa, a high-level panel established by UK Prime Minister Tony Blair.

African meat exports to the US, dairy products to the EU and animal products destined for Japan often face restrictions on health grounds, notes Mr. Nyangito. Affected countries regard these hindrances as discriminatory, "because the restrictions are not specific, but depend on the inspections that are undertaken at the time," says Mr. Nyangito.

The EU's commissioner for health and consumer protection, Mr. David Byrne, agrees that "there is an image that the EU,

along with other developed countries, uses food-safety standards for protectionist ends." However, he maintains that SPS measures in the EU are not intended to block trade, but to safeguard the region's health standards. "I fully accept that the EU sets very high food-safety standards and that these are difficult to meet, in particular for developing countries. I make no apology for these high standards." The region, he says, has invested too much in systems for safe food production to compromise them. "Food must conform to our very high safety standards, irrespective of its origins."

Costly contaminants

According to Action for Southern Africa (ACTSA), a non-governmental organization based in London, African horticultural producers are finding it harder to penetrate the EU market because of overly restrictive rules on the levels of contaminants permissible in food, known as maximum residue levels.

The WTO allows countries to stop food entering their borders if it does not meet certain standards for biological and chemical contaminants. A UN organ, the Joint Expert Committee on Food Additives (JECFA), composed of experts from the World Health Organization and the Food and Agriculture Organization, makes recommendations on appropriate global standards to a body called the Codex Alimentarius Commission.

"The EU, however, frequently chooses to ignore Codex recommendations and is often much stricter, only permitting very low levels of residues to be left on produce," reports ACTSA. "Many producers and activists in Southern Africa feel this legislation is a form of back-door trade protectionism."

One example involves residues of aflatoxins, which cause cancer, found in processed nuts and dried fruit, among other foods. Since 1998, the EU has demanded that food entering its market meet stricter standards for aflatoxins than JECFA recommends. This is despite stud-

ies that show that cutting the levels to EU standards would lead to only two fewer deaths per billion people per year. The World Bank estimates that for African exporters of cereals, fruits, vegetables and nuts, the annual cost of complying would be about \$670 mn.

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The bar has been raised so high that even industrialized countries such as the US also complain about EU standards for aflatoxins. For dairy products, the EU demands the lowest level of aflatoxins that can be detected using existing technology — a standard much stricter than those used by the

US. Farmers in the US charge that this impedes trade in dairy products with the EU, since it is difficult to reach the EU standards in certain parts of the US for climatic reasons.

SPS measures can become especially complicated when different countries make different assessments of the nature of the risk or have different degrees of risk tolerance, notes Mr. Leonardo Lacovone, an economic adviser in Mozambique's agriculture ministry. "In some cases there are differences in the views expressed by experts and in other cases we may essentially be faced with political pressure based on a widespread but not universal public fear."

The EU's campaign to "harmonize international standards" from intellectual property rights to environmental regulations presents a major challenge for the WTO, notes Mr. Razeen Sally of the London School of Economics in a study on EU policy. Europe's proposals are adding complex and intrusive regulations to the WTO agenda, which could be too burdensome for many poor countries, he says.

"This implicit standards-harmonization agenda, aimed at raising developing country standards to developed country levels, is now the most insidious force in the WTO," he notes. "The result could be an extra layer of developed country regulatory barriers that would shut out cheap developing country exports." ■