



Exporting Agricultural Goods to China

Challenges and Opportunities of Sanitary and Phytosanitary (SPS) Measures

Proceedings of Regional Workshop on SPS

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Content

I. Introduction	5
II. Public Sector Perspectives: Status of SPS Policies and Challenges	7
2.1 Cambodia.....	7
2.2 Lao PDR.....	10
2.3 Viet Nam.....	12
2.4 China	14
III. Moderated Discussion and Group Work.....	16
IV. Regional SPS Practices: Inputs on China’s Experiences	17
4.1 The Meaning of Sanitary and Phytosanitary Agreement for China and Related Information Resources.....	17
V. Private Sector Perspectives: Needs and Challenges	20
5.1 Viet Nam.....	20
5.2 Lao PDR.....	21
5.3 Cambodia.....	22
VI. Recommendations and Way Forward.....	23
6.1 Solving technical issues.....	23
6.2 Capacity Building	24
6.3 Exchange of information and communication.....	24
GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)”	26

Workshop Agenda

Day I	
Wednesday, 06 December 2017	
08:30-09:00	Registration
09:00 – 09:10	Opening and Welcome Remarks Magnus Brod, GIZ SCSI Programme
09:10 – 09:45	Introduction of Participants and Expectations from Workshop Supported by Facilitator (Mr. Thorsten Trede, APPLICATIO Training & Management GmbH)
09:45 – 10:15	Group Photo, Tea & Coffee Break
Session 1: Country Perspectives	
Status of SPS Policies and Challenges by Public Sector	
10:15 – 11:15	Perspectives from Cambodia, China, Lao PDR, and Viet Nam Mr. Ker Monthivuth, Directorate General of Ministry of Commerce, Cambodia Ms. Vansilalom Viengphet, Department of Agriculture, Ministry of Agriculture and Forestry, Lao PDR Mr. Vuong Truong Giang, Ministry of Agriculture and Rural Development, Viet Nam Ms. Ma Lie Zhen, SPS Research Centre, AQSIQ, China
11:15 – 12:30	Moderated Discussion and Group Work Outcomes mapped by Facilitator
12:30 – 14:00	Joint Lunch
Session 2: Regional SPS Practices Exporting/Importing Agricultural Goods	
Presentations by Chinese Experts	
14:00 – 15:00	Inputs on China's Experiences Ms. Sheng Ji Ping, Renmin University China Ms. Li Li, University of International Business and Economics China
15:00 – 15:30	Questions & Answers
15:30 – 15:45	Tea & Coffee Break

Session 3: Private Sector Perspectives	
Elaboration on Private Sector Needs and Challenges	
15:45 – 16:30	Perspectives from Cambodia, Lao PDR, and Viet Nam Mr. Nguyen Manh Hung, Trade Promotion Agency (VIETRADE), Ministry of Industry and Trade (MoIT) Ms. Latsamee Phommaly, Lao National Chamber of Commerce and Industry (LNCCI)
16:30 – 17:00	Moderated Discussion Outcomes mapped by Organiser
17:00 – 17:15	Summary and Conclusion of Day I By Organiser
18:00 – 19:30	Welcome Dinner

DAY II	
Thursday, 07 December 2017	
09:00 – 09:30	Recap of Day I and Introduction to Day II Florian Miss, GIZ SCSi Programme
Session 4: Recommendations and Next Steps	
Finding Mutual Strategy Recommendations for the Way Forward	
09:30 – 10:15	Moderated Discussion and Group Work Identifying Recommendations to improve Agricultural Exports to China Supported by Facilitator
10:15 – 10:45	Tea & Coffee Break
10:45 – 11:15	Group Work Supported by Facilitator
11:15 – 11:45	Presenting recommendations and identifying GIZ's support Supported by Facilitator/Organiser
11:45 – 12:00	Way Forward and Evaluation Summarised by Organisers
12:00 – 12:15	Closing Remarks Magnus Brod, GIZ SCSi Programme
12:55 – 14:00	Joint Lunch
14:00 – 17:00	Field Trip China National Agricultural Exhibition Centre

I. Introduction



From 6 to 7 December 2017, the “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)” Programme of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH convened a workshop on “SPS Challenges and Opportunities in Exporting Agricultural Goods to China” in Beijing, China.

1.1 Background

The ASEAN China Free Trade Agreement (ACFTA) has since it came into effect in 2010 eliminated a large part of tariffs in trade but stays underutilised. Against this backdrop, the GIZ programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)” commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) facilitates regional cooperation between Cambodia, Lao PDR, and Viet Nam (CLV) with the PR China. With measures including trade mapping and capacity building for both the private sector as well as government agencies, the programme aims to improve regional integration and private sector involvement.



The CLV countries heavily rely on the agricultural sector and regarding agricultural trade a lot on China as the biggest trading partner in the region. Therefore, sanitary and phytosanitary (SPS) measures from China continue to be a challenge for the CLV countries, as shown by previous programme interventions (www.connecting-asia.org). Even though ASEAN and China signed two Memorandum of Understandings (MoU) on SPS and strengthening cooperation in the field of technical barriers to trade (TBT) respectively in November 2007 and October 2009. Furthermore, both sides established an annual Ministerial Meeting on Quality Supervision, Inspection, and Quarantine on SPS and TBT to implement the cooperation laid out in the MoUs. Despite these efforts SPS measures remain a central obstacle to successful exporting agricultural goods to China. Relying on regional cooperation to address this issue, SCSi organised the SPS workshop inviting participants from Cambodia, the Lao PDR, Viet Nam and China to share information and experiences as well as to enhance the capacity of public and private stakeholders involved.

The following pages summarise the contents and outcomes of the event. Detailed information including the perspectives from each country and moderated discussion can be retrieved from the respective summaries on the following pages.

1.2 Objectives and Expectations of the Workshop

The workshop aimed to support Cambodia, Lao PDR, and Viet Nam in their SPS cooperation with China by providing capacity enhancement for involved actors. It functioned as a platform of open dialogue among the participants from different countries to share knowledge on their export practices and experience. A variety of issues of the participants were addressed within the workshop including updated information on China's SPS related regulations, import processes, as well as lessons learned.

With special regard to the export-oriented agricultural sector, the participants mapped ongoing SPS challenges for exporters from the CLV countries. At the same time, Chinese experts provided inputs and updates on current SPS measures and procedures in China. The workshop served as a platform for knowledge exchange on national SPS Contact/Enquiry Points as well as recent certification and document requirements to enter the Chinese market.

II. Public Sector Perspectives: Status of SPS Policies and Challenges

In the first session, participants from Cambodia, Lao PDR, and Viet Nam held presentations updating each other on the current status of their respective SPS regime and specific issues from their public sector perspective. Representatives from the Chinese Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) updated participants on its current SPS framework. The key points of the presentations are summarised below.

2.1 Cambodia

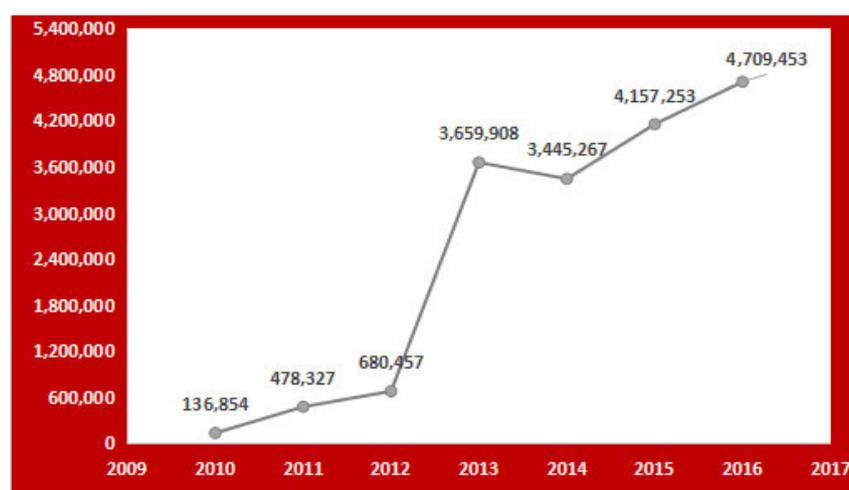
Mr. Ker Monthivuth, Ministry of Agriculture Forestry and Fisheries (MAFF)

Current status on SPS and agricultural exports

The overall outlook for agricultural exports to the regional and global market, especially to China, is positive for Cambodian businesses. Cambodia has signed an updated SPS Protocol with China for Rice and Cassava. As of late, exports have been focusing on Cassava starch. Figure 1 indicates a sustained growth of agricultural export from Cambodia to the global market over the past seven years. Table 1 shows the rapid growth of China importing agricultural products from Cambodia between 2010 and 2016 in more detail.



Figure 1 Export of agricultural products in 2010-2016



Source: Country presentation Cambodia, GIZ SPS Workshop

Table 1 China's imports of agricultural products from Cambodia, 2011-2015

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Cereals	2	3006	19033	31690	68946	3447200%
Edible vegetables and certain roots and tubers	0	5343	12846	25654	22080	313%
Products of the milling industry; malt; starches; inulin; wheat gluten	0	1964	349	4040	8561	336%
Residues and waste from the food industries; prepared animal fodder	0	0	0	1930	4905	154%
Fish and crustaceans, molluscs and other aquatic invertebrates	2564	3828	3343	3852	2401	-6%
Sugars and sugar confectionery	0	1	0	898	1039	103800%
Tobacco and manufactured tobacco substitutes	27	0	0	0	814	2915%
Cocoa and cocoa preparations	0	0	0	568	746	31%
Edible fruit and nuts; peel of citrus fruit or melons	120	310	2	460	172	43%

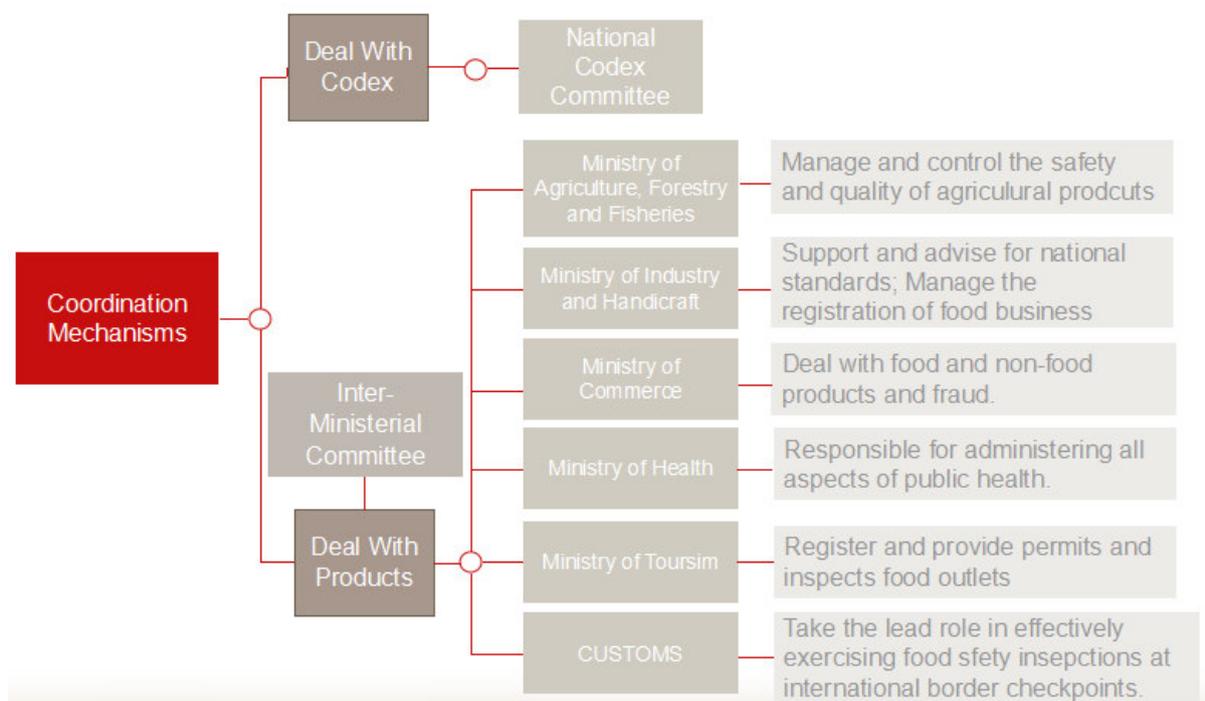
Source: Country presentation Cambodia, GIZ SPS Workshop

Since Cambodia joined the World Trade Organization (WTO) 2003, the country committed to implementing the [The WTO Agreement on the Application of Sanitary and Phytosanitary Measures](#) (SPS Agreement) by the year 2008. Therefore, the Cambodian Government took on improving the legal framework and food standards. However, many of the measures are not yet fully implemented, and Cambodia's SPS system is facing multiple challenges.

To improve the national SPS regime, Cambodia has issued several laws to establish the legal framework. From 2000 to 2016, nine laws addressing different aspects of agriculture and food production came into effect. Additionally, Cambodia is currently in the process of drafting two new laws on plant protection and quarantine as well as food safety.

The Cambodian Import-Export Inspection and Fraud Repression Directorate-General of the Ministry of Commerce (CAMCONTROL) acts as the national SPS enquiry point. The administrative organisations listed in Figure 2 are together in charge of the food safety issues. Regarding the administrative arrangement of the Food Safety System, the Inter-Ministerial Committee and the National Codex Committee coordinated multiple government agencies and stakeholders to supervise and implement SPS related issues in Cambodia.

Figure 2 Coordination Mechanisms of Cambodia Food Safety System



Source: Country presentation, Cambodia, GIZ SPS Workshop

Issues and Challenges

Even though Cambodia has made some progress in SPS capacity building, it still faces issues as a new player in the commercial agricultural trade. The involved government agencies often lack up-to-date knowledge on export requirements and standards from the Chinese market. Moreover, ineffective information exchange between the public and private sector has made the system sclerotic and slow.

Due to its proximity to China and abundant agriculture resources, Cambodia has a comparative advantage to export various products to the broad Chinese market. However, high export costs, import quota, as well as a limited number of officially appointed import companies by the Chinese government have raised obstacles to export. Furthermore, limited inspection and laboratory testing capacities have made an adverse impact on product quality and safety. Although the government of Cambodia invested two million dollars to purchase sophisticated laboratory equipment, the lack of training of government officials and technical staffs remains a challenge.

Suggestions - the way forward

The importance of product specific guidelines on how to export agricultural goods to China to support Cambodian businesses was emphasised.¹ At the same time, provision of translated Chinese national standards and SPS regulations into English or Khmer would be a tool to improve exports from Cambodia to China. Furthermore, Cambodia and China need to strengthen the communication between respective agencies and departments. Cambodia would like to conduct frequent, regular multi-stakeholder dialogues with China, ideally involving both, the public and private sector. At last, Cambodian officials need technical assistance building through training, workshops, and seminars to build up their SPS related human capacity.

2.2 Lao PDR

Ms. Vansilalom Viengphet, Department of Agriculture, Ministry of Agriculture & Forestry (MAF)

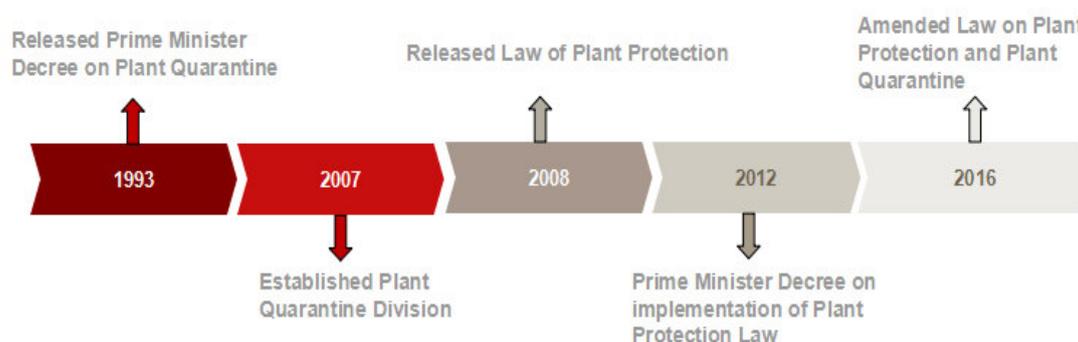
Current Status on SPS

Lao PDR is continuously improving SPS legislation and enhancing food quality and standards since the first approaches through the [Prime Minister Decree on Plant Quarantine](#) in 1993 (Figure 4). As of now, the Department of Planning and Cooperation from the Ministry of Agriculture and Forestry (MAF) serves as the national SPS enquiry point. The MAF has set up the framework for national legislation and policy setting between the Department of Agriculture (DoA), Department of Livestock and Fisheries (DoLF) and Food and Drug Department (FDD) of the Ministry of Health (MoH). In 2016, an amendment law on Plant Protection and Plant Quarantine came into force. A new “Agricultural Development Strategy to 2025 and Vision to the year 2030” has been issued by the [MAF Lao PDR](#). It aims to improve food production, production of agricultural commodities, agricultural infrastructure and technical support facilities, cooperation and investment in the as well as human development in the agricultural sector.



¹ GIZ SCSi is currently in the process of issuing export guidelines for banana, mango, and longan to support Cambodian SMEs exporting to China. Please visit www.connecting-asia.org for updates.

Figure 4 Legislation and Regulation Development of Lao PDR



Source: Country Presentation Lao PDR, GIZ SPS Workshop

Lao PDR improved its protocol of phytosanitary requirements for the export of the following five designated crops: dried cassava root, watermelon, banana, corn, and rice. Additionally, ordinances and notifications were issued to implement the phytosanitary requirements of the Chinese market. These policies aim to attract more investments from Chinese companies, especially in banana and watermelon production.

Table 2 Export 5 commodities to China via Plant Quarantine international checkpoint

No	Commodity	2015 Value (US \$)	2016 Value (US \$)	2017 Value (US \$)
1	Banana	63m	126mil	151.8m
2	Cassava	0.36m	55mil	3
3	Corn	131m	35m	16.9
4	Watermelon	25.6m	12m	16

Source: Country Presentation Lao PDR, GIZ SPS Workshop

Issues and Challenges

Lao PDR is still facing many challenges related to SPS measures, and technical obstacles are impeding the agriculture export growth. Farmers often can't afford or don't know how to use the right chemicals for controlling pests and diseases. As a result, the cheaper chemicals they use are not only associated with higher risks for themselves and local consumers but also fail to meet the test standards of China. Another deficiency of the national SPS system is the lack of human capacity; especially the SPS border checkpoint officials and technical staff lack adequate training. Limited processing capacity and lack of storage facility,

result in increased export cost, especially for small and medium export companies. Furthermore, reliable data regarding SPS and agricultural trade are so far only available from two international border check points, but not provincial ones.

Suggestions - the way forward

To overcome the challenges mentioned above, Laos needs to extend the export period of the five crops to fully implement the protocol of phytosanitary requirements. Also, the country has further nine priority crops with the potential to export to China including coffee, tea, inca bean, sorghum, rubber, mango, pomelo, and vegetables. Support is needed to improve the technical preparation for market access of these crops to China to meet the phytosanitary requirement. Translation of Chinese standards and publications on SPS could support this process. Moreover, information exchange of SPS enquiry and notification points between China and Lao PDR can intensify the cooperation.

2.3 Viet Nam

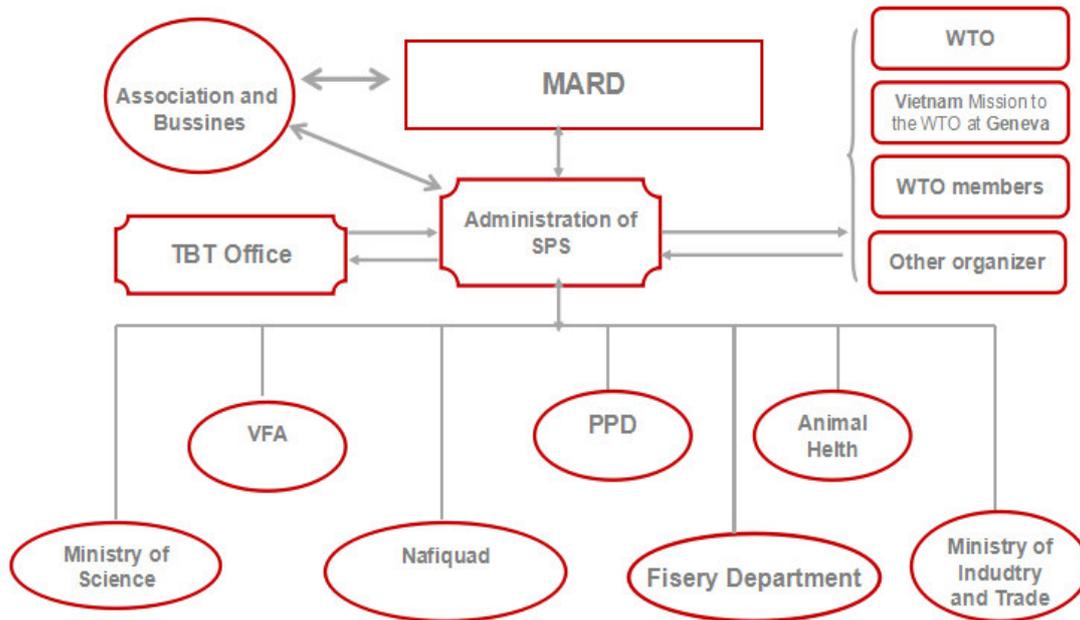
Mr. Vuong Truong Giang, Ministry of Agriculture and Rural Development (MARD)

Current Status on SPS

In Viet Nam, the administration of SPS related issues is a shared matter between several ministries and agencies (Figure 5). MARD designated by Prime Minister as a focal Ministry and SPS contacts in further relevant ministries have been identified. [The Vietnam SPS Notification and Authority and Enquiry Point](#) was set up under the MARD. It also notifies about new and revised SPS measures to and from the WTO SPS Secretariat. Their responsibilities furthermore include the research on the development of relevant international standards and providing answers to queries from other government agencies. New SPS measures are developed constantly to react to new trends and demands in international trade. As an example, the [National Food Safety Strategy for 2011-2020](#) was approved in 2012. It sets to provide a general objective to improve the food safety from production to consumption by 2015. The strategy also aims to tackle food safety issues over the entire food supply chain by 2020.



Figure 5: SPS Organization flow chart of Viet Nam



Source: Country Presentation Viet Nam, GIZ SPS workshop

Issues and Challenges

Viet Nam has issued a variety of legal documents related to food safety. However, the legal system for implementation is still not sound. Also, some policies overlap, yet fail to synchronise with each other. As a result, of a heterogeneous SPS information system, small household farmers, who cultivate the majority of the land, are having difficulties in collecting data from export destinations. Viet Nam is furthermore facing the problem of insufficient resources and techniques in risk analysis. At the same time, the government lacks funding for capacity building on SPS related issues.

Suggestions - the way forward

To overcome the challenges mentioned above, the Department of Food and Plant protection from MARD – which is responsible for cooperation with China in this regard – aims to improve cooperation with Chinese counterparts. Regarding export of fresh fruits and fresh fruit safety, it is for example envisaged to exchange and register respective products with the Chinese Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) to enhance coordination and facilitate cross-border trade.

2.4 China

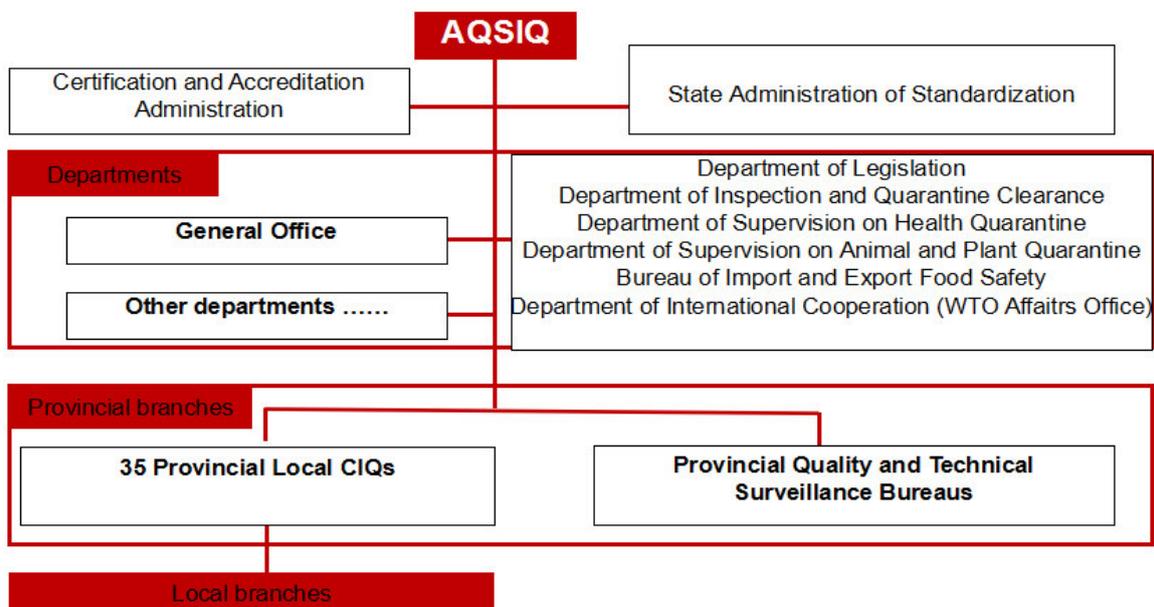
Ms. Ma Liezhen, Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)

Chinas Current SPS system

As a ministerial, administrative organ under the State Council of China, the AQSIQ bears the overall responsibility for product quality, metrology, inspections and quarantine, the safety of import and export food, standardisation and accreditation. Additionally, AQSIQ comprises of 35 local Entry-Exit Inspection and Quarantine Bureaus (CIQs) and more than 200 local offices across the country (Figure 6).



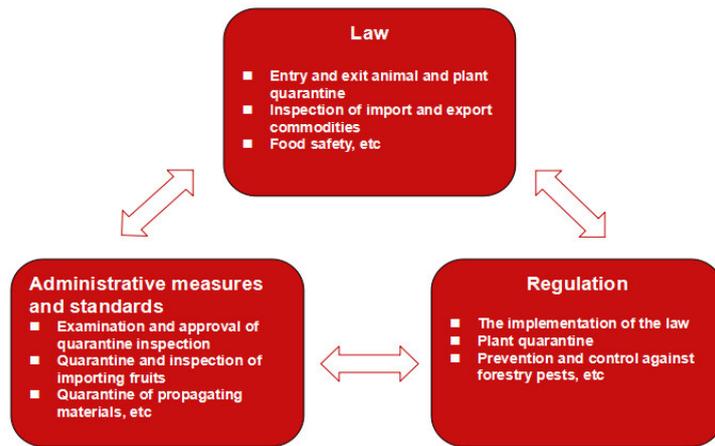
Figure 6 Organization Structure of AQSIQ



Source: Country Presentation China, GIZ SPS Workshop

China's safety law system for food import and export is composed of four kinds of legal instruments: International agreements, laws, regulations and administrative rules. Until 2017, China issued 12 laws, 20 regulations and some 695 administrative measures under the quarantine legislation system. The rules and other governing documents issued by AQSIQ such as ordinances and notices of AQSIQ are legally binding (Figure 7).

Figure 7 China's Quarantine Legislation System



Source: Country Presentation China, GIZ SPS Workshop

Exploration and practice over the years have enabled China to set up a complete framework of food quality and supervisory system to ensure the safety of imported food. The Chinese government adopted an inspection and quarantine entry system based on risk management for high-risk imported agricultural products. When the imported food arrives at the entry port, the entry-exit inspection and quarantine authorities carry out inspection and quarantine measures according to the law. Approval for import is only given when they meet the required standards. Meanwhile, corresponding measures are applied immediately if there are problems regarding safety and hygiene in the imported food.

Figure 8 Supervision and administration system on the imported agricultural products and food



III. Moderated Discussion and Group Work



To discuss the challenges and possible solutions, participants engaged in group work. Each group comprised of participants from all four involved countries to discuss further on the SPS issues presented before. After narrowing down the challenges, they developed possible solutions. The output of the group work is summarised below:

Challenges	Solutions/Activities
<ul style="list-style-type: none"> • China's requirements are not fully known • Standards and requirements are not harmonised between countries 	<ul style="list-style-type: none"> • Translate China's standards and regulations into English and other languages • Enhance regional communication to ensure information update on new standards and requirements
<ul style="list-style-type: none"> • Low level of awareness on SPS of farmers and SMEs 	<ul style="list-style-type: none"> • Organise training for farmers and SMEs
<ul style="list-style-type: none"> • Lack of testing facilities • Limited capacity of staff in testing • 	<ul style="list-style-type: none"> • Attract investment • Organise training for further capacity development
<ul style="list-style-type: none"> • Underdeveloped value chains 	<ul style="list-style-type: none"> • Undertake value chain mapping • Set up value chain promotion projects Undertake value chain mapping
<ul style="list-style-type: none"> • High logistics and transport cost • Limited storage, warehousing, and packaging capacities 	<ul style="list-style-type: none"> • Attract new investment on logistics improvement • Provide training to related staffs to enhance capacities

IV. Regional SPS Practices: Inputs on China's Experiences

In the third session of the workshop, two Chinese experts provided inputs and updates on current SPS measures as well as some observations from China's view regarding new SPS related challenges. The following chapters summarise their main points.

4.1 The Meaning of Sanitary and Phytosanitary Agreement for China and Related Information Resources

Ms. Sheng Jiping, School of Agricultural Economics and Rural Development, Renmin University of China

The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) is adopted or implemented to protect the life and health of humans, animals or plants. As a big agricultural country with a huge consumer market, China is fully aware of the high concern from other WTO member countries towards China's SPS measures. Since the establishment of the Review Committee of National Standards for Food Safety (SPS Committee) in 2010, China has carried out a wide range of formulation and revision work on food safety standards. In 2015, the newly revised [Food Safety Law](#) came into force. This most stringent food regulation aims at solving the problem of food safety to ensure the safety of people's diet. Concerning international standards, China has established a food safety standard system that complies with the principles of the [Codex Alimentarius](#). China is paying a lot of attention to food safety and applies SPS measures within bilateral agreements or protocols (e.g. China-Korea FTA, China-Cambodia Food Safety and Health Protocol for the import of Corn, etc.). As a tool to overcome barriers to trade, mutual recognition agreements (MRAs) are often used by China with its trading partners.

China recognises that especially developing countries may encounter difficulties in complying with the SPS measures of more developed importing WTO members. In this regard, China could support market access endeavours as well as formulation and application of SPS measures in their territories with respective training. Language is big obstacle to information access to Chinese SPS measures. In this regard AQSIQ, MoF and other Chinese ministries and agencies responsible for SPS are already offering respective national laws and regulations in English on their websites. The following box shows selected links to find information on the Chinese SPS regime.



Information on China's SPS related standards and requirements

[Administration of Quality Supervision, Inspection and Quarantine \(AQSIQ\)](#)

<http://english.aqsiq.gov.cn> (Chinese/English)

[Ministry of Agriculture \(MoA\)](#)

<http://english.agri.gov.cn> (Chinese/English)

[National Standard Literature Sharing Infrastructure \(NSSI\)](#)

http://www.cssn.net.cn/cssn/cssn/search/search_base.jsp (Chinese/English)

[Standardization of Administration of the PRC \(SAC\)](#)

<http://www.sac.gov.cn/sacen> (Chinese/English)

[Food Mate](#)

<http://down.foodmate.net/standard/index.html> (Chinese)

There is still need for further translation of Chinese requirements and standards regarding respective products. At the same time, it is a huge task, since standards are usually interlinked with other standards and requirements so that it is difficult to have standalone translations for specific products.

With the Chinese governments focus on improving the national ecosystem and strengthening environmental protection, the SPS Committee pays growing attention to organic food. It has worked on organic food standards since 2010. That might also offer a niche for exporters from the CLV countries, but standards are high and are especially interlinked to requirements regarding soil, water, pesticide use, and packaging among others.

4.2 New SPS Related Challenges - Observations from China's View

Ms. Li Li, University of International Business and Economics



In addition to the traditional SPS measures – displayed in the WTO SPS Agreement or other official international, regional, or national agreements and protocols – there seems to be a new development of SPS related measures. Non-governmental bodies often introduce standards without the respective governmental supervision or authority. In effect they form a group of quasi private standards. These new types of SPS measures are usually applied together with other trade barriers, for example, SPS and anti-dumping measures or traditional SPS measures. More and more multinational or national private companies, producers and consumer associations, civil society groups or a combination of them actively develop their own standards. That includes, but is not limited to,

quality, safety, health, social, and environmental issues. Especially private companies (e.g. big retailers) might create and adopt standards in their supply chain, which do not necessarily comply with international standards and often consist of even higher requirements or duplicate standards. Various kinds of different SPS standards may cause problematic overlapping, making it difficult for exporters to remain an overview of various standards and regulations. Additionally, these new or further requirements are often less transparent, raises barriers to market access, increases costs, and redistributes benefits in the value chain. That makes it harder for SMEs and other smallholders to be competitive and enter a value chain or cooperating with big retailers.

Initiatives like the [*United Nations Forum on Sustainability Standards \(UNFSS\)*](#) trying to tackle these issues to improve public participation and transparent requirements. With more businesses and Non-governmental organizations (NGOs) becoming involved in these processes, the overall impact of new developments in trade and SPS measures could also have positive effects such as:

- sustainable development becoming an important part of regulations (esp. regarding labour and environmental issues);
- increasing need for, and higher emphasis on, transparency;
- changing traditional trade patterns and giving developing countries more opportunities to participate in global value chains;
- affecting exclusive business models and patterns of international enterprises, thus influencing more stakeholders throughout the global value chain towards more inclusive trade;
- linking trade and investment with labour standards and environmental issues, which will influence the competitiveness of developing countries.

To support these processes, especially with regard to SPS challenges, communication and cooperation on SPS related issues has to be improved between government and businesses on national as well as regional level. Furthermore, information exchange on private standards in the field of SPS and further requirements has to be improved as well as complying with regional or international standards. Additionally, enhanced involvement and capacity building regarding e-commerce could support exporters and importers from developing countries to overcome SPS challenges easier.

V. Private Sector Perspectives: Needs and Challenges

In this session, participants from private sector shared their views on needs and challenges regarding agricultural export to China. The main points of the presentations are summarised in the following paragraphs.

5.1 Viet Nam

Mr. Nguyen Manh Hung, Trade Promotion Agency (VIETRADE), Ministry of Industry and Trade (MoIT)

Viet Nam continues to improve its capacity on SPS related issues to adopt SPS rules and regulations and promote economic growth. Vietnamese trade promotion focuses mainly on five goals:

- comprehensively implementing the WTO SPS Agreement according to the commitments;
- minimising negative effects while tapping the potential of Vietnam's comparative advantages in the fields of agriculture, forestry, fisheries and food processing industry;
- assuring food hygiene and safety for domestic and foreign consumers through the supply of good quality agricultural products and foods free of toxic chemicals and harmful micro-organisms;
- promoting the commercialisation of agricultural, forest and aquatic products and improving the competitiveness and marketability of Vietnamese products on the international market;
- Protecting domestic agricultural production, forestry and fisheries from pests and diseases borne by imported products, and protecting the ecological environment and the diversity of fauna and flora resources in Vietnam.



As a neighbouring country, China is an obvious destination for the export of agricultural goods. The two-way trade is easier and cheaper than with most other countries. The Chinese market has a huge demand for processed and unprocessed foods, and Vietnamese businesses have certain advantages, as the consumption habits of customers are quite similar.

Issues and Challenges

Despite the advantages, Viet Nam still faces challenges, especially related to SPS measures. China is both, a consumer and competitor for many Vietnamese agricultural export products and Chinese prices are often lower. Moreover, Vietnamese exporters, cannot learn good practices of quality management in trade if

their exports to China are not in conformance with international standards. In general, Vietnamese exporters need to improve their professional market research and market planning when exporting to China. When informal distribution channels prevail, there will be no market education for Vietnamese companies which renders them not-competitive on the international market. Overall, the transparency between Chinese buyers and Vietnamese companies must be improved.

Suggestions - the way forward

To improve SPS capacity among the private sector, the government needs enhance its general SPS implementation policies with enhancing its respective institutions and building capacity of SPS personnel. Within an intensified public-private dialogue the SPS Agreement and the importance of compliance with the agreement's provisions in trade need to be disseminated. Further measures like building a database on SPS requirements in Vietnam and its trade partners, regularly updating information on the SPS Portal of Vietnam, and printing step-by-step manuals on SPS implementation would support private sector education. To improve knowledge about technologies and raising the capacity of technicians and farmers, trainings need to be offered on regular basis from agencies, chambers and associations. To expand to new markets, it is envisaged to build integrated supply chain models for certain agricultural export products according to internationally accredited technical processes (GLOBAL GAP, fair trade and internationally accredited private certification standards). With special regard to China, ASEAN and its neighbours must intensify the coordination on business-to-business cooperation within the field of SPS.

5.2 Lao PDR

Ms. Latsamee Phommaly, Lao National Chamber of Commerce and Industry (LNCCI)



In 2009, Lao PDR and China signed a cooperation agreement on agricultural and commerce for further development. The bilateral cooperation between two countries ensured normal quantity and quality of goods exportation, especially for the five designated crops (dried cassava root, watermelon, banana, corn, and rice). Since then, many legal activities and registration of plantation were undertaken by the government. Till now, the plantation industry has introduced compulsory registration of cultivation and product packing site for exports to China.

Issues and Challenges

Although Lao PDR has achieved much progress on SPS related issues, challenges of exporting agricultural products to China still exist. The registration of the plantation and product packaging site has not been fully implemented. There are large areas that are still not registered. In addition, farmers still lack the knowledge to use proper fertiliser and pesticide. The chemical residues of export products then used usually do not meet China's standards.

Suggestions - the way forward

To further enhance the SPS capacity, Lao PDR needs support from China. Firstly, Lao needs to improve its technical standards for Chinese market access. By teaching farmers how to use fertiliser and pesticide properly, the product would be able to meet the importing SPS standards of China. Secondly, the two countries need to enhance the exchange of information from the respective SPS enquiry and notification points. An efficient information sharing system can reduce the cost of time for private exporters.

5.3 Cambodia

Mr. Ker Monthivuth, Ministry of Agriculture Forestry and Fisheries (MAFF)

Within the presentation on the public sector in the beginning of the workshop, the Cambodian delegation already covered issues faced by the private sector. Apart from challenges connected to public and private sector exchange as well as quotas by China on official export companies, the underdeveloped agricultural value chains in Cambodia are the main obstacle for agricultural exports.



VI. Recommendations and Way Forward

To guide further cooperation activities, the participants brainstormed ideas based on the previous discussion to improve the SPS-related issues with a special focus on exports to China. The participants discussed along three three main areas of interventions: solving technical issues, capacity building and exchange of information and communication. The main outcomes are summarised below.

6.1 Solving technical issues

Objectives	Steps
Certification of production sites	<ul style="list-style-type: none"> Supporting technical staff with trainings in more advanced countries Improving technical skills for processing products
Developing online certification systems	<ul style="list-style-type: none"> Upgrading related IT programmes Capacity building for technical staff
Developing additional storage and packing facilities	<ul style="list-style-type: none"> Develop guidelines for storage and packaging Investment promotion such as tax exemptions
Accreditation of testing laboratories (ISO-17025)	<ul style="list-style-type: none"> Financing and building laboratories Providing experts to support accreditation process and establish quality and technical manuals
Improving compliance with international standards	<ul style="list-style-type: none"> Collect relevant information on international standards and setup of databases Harmonise standards and training of experts
Reducing export costs	<ul style="list-style-type: none"> Implementing one-stop-services for customs procedures and related documents / Expanding online certificates Tax exemptions for agricultural transport service

6.2 Capacity Building

Objectives	Measures
Improving risk management	<ul style="list-style-type: none"> • Provide training for ministries, chambers, and associations on risk management and mitigation
Developing of value chains	<ul style="list-style-type: none"> • Designing product specific trainings for production processes
Strengthening monitoring	<ul style="list-style-type: none"> • Establishing reporting channels and regional knowledge sharing
Strengthen inspections	<ul style="list-style-type: none"> • Developing specific standard operating procedures (SOP) • Promoting international training on SPS
Correct and safe use of chemicals/pesticides	<ul style="list-style-type: none"> • Establishing guidelines and training on good agricultural practices (GAP) for farmers • Upgrading of testing laboratories • Adding maximum residue limits/levels (MRLs)
Improving lab/testing capacities	<ul style="list-style-type: none"> • Providing lab equipment training with long-term expert on site • Training of technical staff in developed countries

6.3 Exchange of information and communication

Objectives	Measures
Exchanging information on China's Import requirements	<ul style="list-style-type: none"> • Promote regular meetings and business matching events with China
Exchanging information on China's market information	<ul style="list-style-type: none"> • Conduct market research and identify China's import needs • Collect information on products and possibly related land planning
Informing on export processes and SPS requirements	<ul style="list-style-type: none"> • Establishment of a traceability system • Develop export procedure and guidelines for specific crops • Adopting and training on ISO and GAP
Timely notification on new policies	<ul style="list-style-type: none"> • Setting up a regional website like the Lao Trade Portal

6.4 Recommendations and way forward

As can be retrieved from the gathered inputs of participants during the group work, the discussed obstacles vary from specific challenges to very broad issues. Hence, the identified interventions vary accordingly.

To guarantee a sound legal framework as well as implementation of all SPS agreements in action, national governments have to ensure an efficient and stable intergovernmental cooperation. Responsibilities and power of decision with regard to SPS measures need to be clearly defined among respective public actors involved. That also refers to updating SPS requirements according to China's latest SPS policy. Therefore, improved and sound national as well as regional exchange mechanisms are necessary. As a digital information distribution platform, the [Lao Trade Portal](#) could serve as an example. Vietnam is already quite advanced with regard to infrastructure for implementing international SPS standards and could serve as a best practice in some areas on a regional level for Cambodia and Lao PDR.

GIZ will further support Viet Nam, Lao PDR, and Cambodia with trade capacity building measures in order to overcome barriers to trade within the framework of the ACFTA. As a first step, a status report on SPS regimes in Cambodia, China, Lao PDR, and Viet Nam was compiled. The document can be downloaded from the [SCSI Programme website](#).

Based on the outcomes of the Regional SPS Workshop, GIZ SCSI aims to focus on recommendation 6.3: strengthening exchange of information and communication between China and the CLV countries. With regard to the remaining duration of the SCSI Programme, interventions in that field are most likely to facilitate exchange and improve capacity of respective stakeholders. As suggested, translation of selected Chinese standards connected to SPS measures are a first step; further involvement of main Chinese actors like AQSIQ and China Certification & Inspection Group (CCIC) are envisaged. As a result of the SCSI predecessor programme, the translation of Chinese national rice standards can already be found and downloaded [here](#).

Additionally, the programme is working with partners in Cambodia, Lao PDR and Viet Nam on step-by-step export guidelines to China for SMEs that include SPS documents/requirements to certain extent. So far, the guidelines in Viet Nam for dragon fruit, watermelon, longan, and lychee have been published and can also be downloaded from the [SCSI Programme website](#) (in Vietnamese only).

Participants and relevant actors will be informed about further activities in 2018 as well as outcomes regarding agricultural trade with China. For any remarks and questions, please contact Mr. Florian Miß (florian.miss@giz.de).

GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)”

Background

Initiatives in support of regional cooperation and integration have increasingly come to be understood as key to Asia’s future development as they enhance the region’s division of labour, its capabilities to attract investments, as well as its access to global markets. Moreover, sub-regional initiatives improve the connectivity between interior lands and peripheral areas, whereby they not only contribute to the reduction of regional disparities and thus poverty, but also facilitate the development of regional competitive advantages.

Our Approach

Sub-regional initiatives foster regional economic cooperation and integration and play an important role for economic as well as social development in Asia. Apart from dismantling trade barriers, the initiatives promote cross-border investment and improve the capacity of regions to connect to the global market, thus, establishing new economic corridors. By boosting less developed areas in border regions, they contribute to economic development and job creation. The GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)” works with regional economic communities (RECs) like the Greater Tumen Initiative (GTI) and the ASEAN-China Free Trade Area to strengthen selected core processes of regional integration between Cambodia, Lao PDR, Viet Nam, and Mongolia with the PR China.

The goal is to contribute to sustainable and inclusive development in the region.

Commissioned by

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Focus Countries

Cambodia, Lao People’s Democratic Republic, Viet Nam, Mongolia

Overall Term

2015-2019

Volume

4.5 mio EUR

Focus Areas

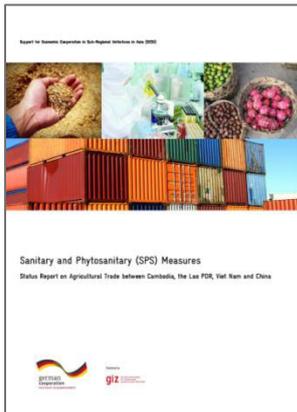
- strengthening the organizational structure of sub-regional initiatives by the provision of international expertise, setting up knowledge sharing platforms and technical training regarding internal institutional processes
- strengthening the implementation capacity development of actors involved in sub-regional initiatives regarding project planning, implementation, and monitoring within the frame of RECs
- improving the private sector’s utilization rate of the ASEAN-China Free Trade Agreement (ACFTA) in cooperation with export-oriented business associations and chambers to overcome barriers to trade

Other publications by SCSi

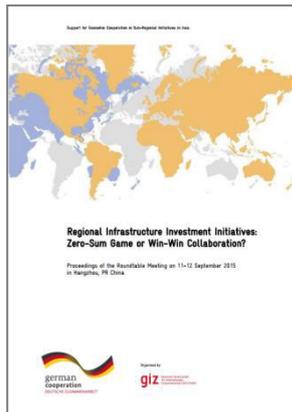
The GIZ SCSi Programme publishes regular updates on its activities to offer insights and disseminate regional knowledge on integration processes in Asia. To download, please refer to

<http://connecting-asia.org/scsi-in-asia-phase-2-2015-2019/>

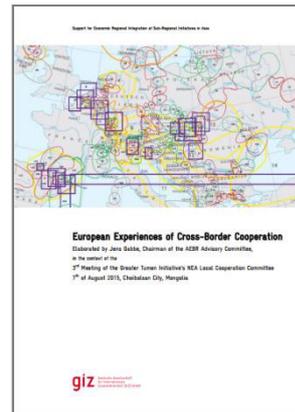
Inputs and Materials



Sanitary and Phytosanitary (SPS) Measures: Status Report on Agricultural Trade between Cambodia, the Lao PDR, Viet Nam and China



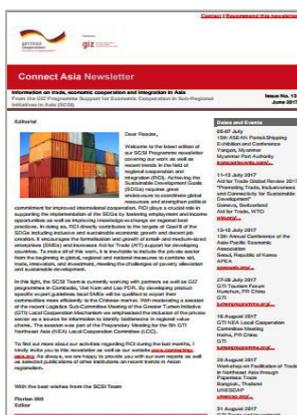
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