



Technical Trade Report

Updates on Key Trade Policy Issues Affecting APHIS

December 1998

CONTENTS

- **Letter from the Director**
- Chinese Wood Packing and the Asian Long Horn Beetle
- Consultative Committees on Agriculture with Argentina and Chile
- The Biosafety Protocol: Implications for Trade
- Countries Establish New Commission within the IPPC
- Update on NAPPO
- The European Union and BSE

Technical Trade Report is on the Trade Support Team Home Page
<<http://www.aphis.usda.gov/is.tst>>

Letter from the Director

Welcome to our third and final 1998 *Technical Trade Report*. We plan to provide three issues in 1999. As always, our report focuses on the international responsibilities of APHIS for critical trade policies. This issue updates recent events in the Americas, the NAFTA Committee, the International Plant Protection Convention (IPPC), and other important SPS-related activities.

In October, APHIS participated in meetings with its Argentine and Chilean counterparts. These meetings were part of a new formalized trade relationship, the Consultative Committee on Agriculture (CCA). Separate CCAs exist for Argentina and Chile. These CCAs will set priorities for specific SPS issues, including certain import requests currently under review by APHIS. Also, these CCAs should serve to develop closer cooperation between the United States and its partners on critical international issues, including standard setting priorities at the IPPC and OIE.

Additional CCAs with other countries may come in the future. The CCA, a mechanism to handle various agricultural trade concerns in an integrated fashion (i.e., marketing, SPS, TBT, subsidy, and other questions affecting bilateral trade relations), elevates the strategic importance of certain U.S. trade relationships. Some consideration has been given to establishing a CCA with Brazil. Maybe, we will witness this event next year.

We are continually clarifying and strengthening our approach to address SPS trade problems and complaints. In a

previous *Technical Trade Report* issued this year, one article described the *ad hoc* criteria APHIS uses to evaluate and set priorities for SPS problems facing U.S. exporters. We noted that some SPS cases are more winnable than others depending on the availability and strength of scientific data to support our claims about a commodity's safety. We also emphasized industry's responsibility to share pest and disease data necessary to support APHIS negotiations to resolve the pest and disease concerns of other countries.

Along these lines, the Office of the U.S. Trade Representative (USTR) published a November 9 *Federal Register* notice in the which describes criteria and a methodology to evaluate and set priorities for SPS trade barrier issues. This notice outlines questions to guide the collection of information necessary to examine specific SPS complaints and to determine possible policy options, including WTO action, for resolving them. Industry is expected to play a substantial role in sharing the needed information with the Interagency team which will evaluate and set priorities for SPS trade complaints.

The *Federal Register* notice describes nine areas of information needed for review and analysis of a particular SPS issue. These pieces of needed information include:

1. Description of the SPS barrier : What are the specific measures, controls, restrictions, etc ., which your product faces?
2. Description of the Market impact : What is the value of impaired trade?

3. Health objective of the measure :
What does the foreign government say is the purpose of the health measure?

4. Scientific basis for the measure : Is the measure based on a risk assessment? Is the measure based on a relevant international standard?

5. Consistency of the measure : Is this measure applied to domestic and other foreign suppliers in nondiscriminatory fashion?

6. Transparency and other procedural issues : Was the measure formally notified to the WTO? Is the measure published as a regulation or law in the foreign country?

7. Previous or ongoing negotiations : Has this issue been subject to bilateral discussions in the past? Which agencies were involved?

8. Comparable measures : Do we have U.S. measures in place to address the same or similar risk? If yes, are our measures more or less restrictive?

9. Other information : Do you have any other pertinent information which will aid in the evaluation and resolution of the issue?

When you submit an SPS complaint, please answer these nine questions.

In an effort to appraise our effectiveness, the Trade Support Team (TST) held a retreat on October 29 to evaluate its performance over the past year and develop a work plan for the coming year. Representatives of other agencies (PPQ, VS, and FAS) were invited to comment

on TST performance, the role of TST analysts, and emerging issues in the SPS arena. Deputy Assistant Administrator Beverly Simmons of FAS characterized the relationship between FAS and TST as improving communication on SPS trade issues.

The TST solicited input from various APHIS and FAS units about TST's role and the quality of its work. These units generally highlighted TST's collaborating with FAS and USTR, particularly on WTO cases; developing strategies; coordinating briefing papers; providing logistical support for international meetings held in Washington; and informing all parties of developing trade issues.

At the retreat we discussed FY 1999 deliverables for and agreed on the following: TST will produce the *Technical Trade Report* (three issues for 1999), the annual *SPS Accomplishments Report*, the annual *NAFTA report*, monthly calendars of significant international meetings, and other quick response briefing papers and analyses as needed. Also, an important focus in FY 1999 will be strengthening the AT-BAT system (i.e., APHIS SPS data base) to update it and improve its accessibility. This system provides the ability for APHIS to effectively track and manage SPS trade issues. Finally, I will continue to look to my staff to ensure use of a team approach to address issues facing the Agency. Our goal is continuing the innovation which enables us to communicate and collaborate across organizational and disciplinary lines to forge integrated strategies for resolving problems.

John Greifer

Director

Trade Support Team

Chinese Wood Packing and the Asian Long Horn Beetle

On September 18, 1998, the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture published an interim rule on solid wood packing material from China. After a 60-day comment period through November 17, the rule became effective on December 17, 1998. This "interim" rule, often called an "emergency" rule, is unusual, because it did not immediately take effect. Rather, a 90-day period to implement the rule reflected USDA's awareness of the rule's significance for Chinese exporters (and U.S. importers) which need to prepare for the rule's requirements.

In the past several years, the United States and other importing countries have frequently intercepted the Asian long-horned beetle (*Anaplophora glabripennis*) and several other closely related genera of beetles in shipments of Chinese goods. After a period of increased detections in the United States, inspectors discovered two infestations of the Asian long-horned beetle in New York and Chicago. Responding to a request from the National Plant Board, APHIS on September 18, 1998 published the interim rule, which will significantly alter future handling of solid wood packing materials from China. With a 60-day comment period ending November 17, 1998, this interim rule entered into force December 17, 1998, 90 days after publication. Specifically, the interim rule requires

that one of two documents accompany solid wood packing material from China. Chinese exporters must supply official certification from the Chinese government that the packing material received heat treatment, fumigation, or treatment with preservatives before arriving in the United States or the exporter's certification that the shipment contains no solid wood packing material.

The Illinois and New York infestations pose a significant risk to U.S. forests. The Asian long-horned beetle, a large insect, bores fatal holes into trees, particularly maple, horse chestnut, poplar, willow, elm, mulberry, and black locust trees. The Asian long horned beetle could prove to be more devastating than Dutch elm disease and chestnut blight combined. Besides two very old obscure references in Korea and Japan, the Asian long horned beetle is known to be native only to China. The rule change would affect an estimated \$17 to \$32 billion in U.S. imports from China, or 28 to 51 percent of total imports.

On November 13, USDA announced emergency quarantine action effective December 6 to add three new zones in the Chicago region and to restrict movement of regulated articles such as various trees, nursery stock, or firewood from these quarantined areas. This action should prevent the spread of the Asian long-horned beetle to non-infested areas.

The announcement and subsequent publication of this rule has generated a great deal of activity. Under Secretary Michael Dunn traveled to China in September to brief Chinese officials on the rule. APHIS has stationed another

person in Beijing on a temporary basis to assist the APHIS Attaché and to collaborate with the Chinese to implement the rule. Most recently, Deputy Under Secretary Isi Siddiqui went to China and Hong Kong to provide and receive further updates on the rule and its implementation.

During October 11-23, APHIS hosted Chinese quarantine officials from the State Administration for China Exit and Entry Inspection and Quarantine to tour U.S. infestation sites (Chicago and New York) and port facilities and warehouses (Long Beach, CA and Charleston, SC). On October 15 in Washington, DC, the delegation met for technical discussions with USDA Under Secretary for Marketing and Regulatory Affairs, Michael Dunn and Deputy Under Secretary Isi Siddiqui. While China agreed to implement the new quarantine requirements, the Chinese delegation said that implementation will take longer than the effective rule date of December 17 and requested a delay in implementation until March 17. China has stated that it lacks the kiln-drying facilities to comply with the new requirements and suggested alternative methods to control the beetle, such as soaking the wood in water for 30 days. While APHIS is reviewing the data about China's suggested alternative methods, there will be no delay in the effective date of the rule. The Chinese delegation also participated in the first public hearing on the rule on October 16 in Washington, during which Chinese officials submitted formal written comments on the rule.

On October 23, the Department clarified the interim rule's effective date. All shipments containing solid wood

packing material leaving China for the United States before December 17 are not affected by the interim rule "even if they arrive in the United States after December 17," said Michael V. Dunn, Assistant Secretary for Marketing and Regulatory Programs. The USDA official explained, "However, shipments that depart China on or after December 17 are subject to this interim rule." Mr. Dunn also noted "any shipment that departs one port in China prior to December 17, but subsequently enters and then departs another port in China after December 17, will be subject to the interim rule."

According to the rule, all shipments from China containing solid wood packing material must be accompanied by a signed Chinese government certificate stating that the solid wood packing material was treated with preservatives, heat treated, or fumigated before leaving China. Commercial shipments from China without any solid wood packing material must include an exporter statement verifying this claim.

This rule has many implications beyond stopping pests. The action demonstrates that quarantines increasingly transcend traditional boundaries and have a significant impact on international trade. This rule comes at a particularly critical time for China and all Asia due to the severe economic slump. While some countries, such as Korea and Thailand, have improved economic climates, the crisis as a whole remains unresolved. Simultaneously, China has emphasized "behaving responsibly" in the face of the economic downturn. China has not devalued its currency, while other nations in Asia have been devaluing theirs to compete for the U.S. and other

export markets. Such a devaluation policy would partially offset the increased costs of export goods using solid wood packing materials complying with the new regulation. A Chinese currency devaluation could precipitate a new round of Asian devaluations which, in turn, could significantly threaten the U.S. economy. Therefore, the Chinese reacted by commenting that this rule would not only hinder trade but "bilateral relations" as a whole.

The new rule will affect the costs of Chinese exports as Chinese companies purchase additional fumigant and preservatives. More expensive wood or other alternatives will be needed for packing materials. Consequently, U.S. producers of slipsheets and other alternative packing materials have frequently contacted the Chinese embassy and USDA while posting information on the World Wide Web to generate new business due to the rule's implementation.

In the last 13 years, trade with China has increased tremendously, to over \$62 billion in 1997--up from \$5 billion in 1985. As a result, the volume of pallets and crates passing through ports of entry has grown exponentially. In 1998, the United States imported \$80 billion worth of goods from China, packed in 1.15 million shipping containers. For example, during the past 12 months, 6,500 sealed shipping containers from China have passed through the Port of Portland--equivalent to 11,000 20-foot-long containers. A quarter to a third of the containers have wood packing. Approximately two-thirds of the wood packing is untreated. A third to a half of all Chinese exports to the United States arrive packed in solid wood. These

materials can conceal a broad spectrum of pests. Current regulations do not require treating these materials before export to the United States. Trade involving 288,000 to 383,000 containers could be at risk if most Chinese exporters cannot meet the 90-day compliance deadline.

Immediate official Chinese reaction to the rule proved negative as reflected in leading Chinese daily newspapers. Spokespersons from the Chinese Ministry of Foreign Economic Relations and Trade noted the regulation would "severely affect normal Sino-U.S. trade and damage bilateral economic cooperation." Nevertheless, a Chinese technical delegation traveled to the United States within two weeks of the announcement to review the damage being done in the Illinois and New York infestations as well as to consult with APHIS quarantine experts. Regrettably, while the Chinese delegation acknowledged that the beetle does pose a very serious threat to the United States, these authorities still remained unconvinced that China was the source of the infestations. The Chinese made this statement despite evidence clearly showing that the largest single source of interceptions of pests listed in the interim rule was China and insect-damaged packing materials from China. Despite this reaction, the Chinese have welcomed another APHIS expert to Embassy Beijing to collaborate on implementing the rule and to explore alternative methods for dealing with the beetle.

The first shipment to the United States under the new regulation should arrive around January 5, 1999. Shortly thereafter, we will learn how the

implementation has taken place. The Chinese have been making a concerted and sincere effort to implement the regulation. Nevertheless, the Chinese government has been recently reorganized, and as of late August 1998, the Ministry of Agriculture transferred the Administration of Animal and Plant Quarantine of China to the Customs Administration. Consequently, the bureaucratic transformation may hamper the new regulation's smooth implementation in China.

Consultative Committees on Agriculture with Argentina and Chile

Introduction

To strengthen bilateral relations, Secretary Glickman hosted two meetings of the Consultative Committees on Agriculture (CCA) with Argentina and Chile in Washington, DC, October 5-6 and October 13, respectively. These meetings aimed to improve understanding between the United States and the target countries on the full range of common agricultural and agricultural trade issues. The governmental framework facilitated discussions and cooperation in the following areas:

Agricultural trade and market access

Collaboration in international standard-setting bodies

Agricultural marketing, regulation, and safety of food products

Agricultural research and technical exchange.

Each CCA comprises three working

groups: the Technical Working Group on Sanitary and Phytosanitary Issues, Agricultural Market Information Working Group, and Agricultural Trade Policy Working Group.

The technical working group on sanitary and phytosanitary (SPS) issues serves as a forum for regulatory experts to collaborate in upcoming meetings of international standard-setting bodies-- primarily the International Plant Protection Convention (IPPC), the International Office of Epizootics (OIE), and the Codex Alimentarius. This group also examines SPS issues affecting trade. Dr. Craig Reed, Administrator of the Animal and Plant Health Inspection Service, and his respective Argentine and Chilean counterparts head these groups.

The market information working group allows countries to exchange price information on fruits, vegetables, specialty crops, and livestock, as well as promote technical cooperation on regulatory issues. Enrique Figueroa, Administrator of Agriculture and Marketing Services, leads this group.

The trade policy working group coordinates trade policy issues in bilateral and multilateral trade organizations by developing policy recommendations for future agricultural negotiations. Lon Hatamiya, Administrator of the Foreign Agriculture Service, leads this group.

CCA Meeting with Argentina

Meeting for first time on October 5-6, the U.S.-Argentine CCA participants developed and signed terms of reference outlining the scope and functions of each

working group. Following the signing of the terms of reference, participants raised substantive bilateral and multilateral issues.

Within the SPS working group, discussion centered around collaboration international standards-setting bodies, and the U.S. side presented its vision for the new IPPC. Bilateral regulatory issues under consideration included the status of Argentine import requirements for U.S. fresh citrus and stonefruit, fresh pork, the status of U.S. import requirements for Argentine citrus, official recognition of regional fruit-fly free and animal disease-free zones. The U.S. delegation provided an overview of new HACCP rules and the status of the President's Food Safety Initiative with its potential impact on trade. Officials briefly discussed collaboration on biotechnology regulatory decision making. Both sides agreed to continue to work closely to finalize pending regulations of each country.

The trade policy working group covered three main topics: biotechnology and global trade, negotiations of the Free Trade Agreement of the Americas (FTAA), and agricultural trade negotiations of the World Trade Organization (WTO). Both sides recognized the need for various ongoing reforms under the WTO. The United States emphasized the necessity of greater discipline under the FTAA for price bands and high agricultural tariffs.

The marketing information group discussed promoting technical cooperation about marketing and economic analysis. The group agreed to establish assessment teams to evaluate current market information systems, to

encourage assistance for the collection, analysis and dissemination of market information, to explore opportunities for electronic exchange of market information, and to improve access to agricultural statistics.

CCA Meeting with Chile

On October 13, the second CCA meeting with Chile convened in Washington, DC. Building on the results of the previous meeting, both sides sought to move forward on several issues, including technical/regulatory topics and collaboration in international organizations.

The SPS group first addressed the issue of food safety, modifying the terms of reference to include food safety as a permanent agenda item. Both sides explained their preferences for governing the new IPPC. Chile sought to obtain a vice-chair position in the newly organized IPPC, while the United States solicited Chile's backing of a New Zealander as chairman of the new IPPC. The United States offered alternatives to using methyl bromide as a quarantine treatment, and both sides recognized the urgency of finding substitutes due to a global phase-out of the fumigant. Participants briefly discussed collaboration on biotechnology regulatory decision making and acknowledged that both countries have a converging perspective on this issue.

The trade policy group signed a joint "Statement of Intent" on agricultural biotechnology. Officials at the meeting explored the FTAA negotiations and ways Chile and the United States can cooperate bilaterally and in regional organizations to facilitate trade

liberalization. During the next round of WTO negotiations, both sides agreed to more fully integrate Central American, Caribbean, and African countries into the WTO process. Chile asked for U.S. support in requesting WTO consultations on canned peaches with the European Union and shared a status report on its new safeguards, anti-dumping laws, and proposed tariff reductions.

The marketing information group covered several issues. Both sides discussed methods for exchanging domestic, as well as third market, prices and market information for fruits, vegetables, livestock, and grain products. Officials exchanged proposals for a technical assistance project on economic modeling, data exchange, research, and analysis. The United States provided a status report on the establishment by the Agricultural Marketing Service of the National Organic Program, and Chile outlined its national organics campaign. Finally, the United States provided an update on its proposed country of origin labeling requirements.

Discussions Underway with Brazil

Still pending is the creation of a Consultative Committee on Agriculture with Brazil resembling those with Chile and Argentina. The United States and Brazil have concurred in the mutual benefit of such a mechanism and hope to finalize an agreement as soon as possible. The signing of an agreement could occur in Brazil early next year. Several issues of mutual concern between our countries include biotechnology and trade in grains and horticultural products.

Conclusion

Through the October CCA meetings, the U.S. Department of Agriculture committed to engage key South American countries in positioning the Western Hemisphere for broad on-going global negotiations affecting SPS measures, biotechnology, food safety, and tariffs. Such meetings strengthen relations and provide a forum for more open and timely discussions of key bilateral and multilateral agricultural issues, helping to liberalize international commerce while also protecting consumers and producers from harmful diseases and insects associated with trade.

With FTAA negotiations already underway in Miami, the importance of these frameworks for exchanging information and building coalitions with key Latin American countries is evident. From an SPS perspective, the CCA provides a means to reach consensus on such matters as international standards serving ultimately as benchmarks for the national import and export regulations of WTO members. Finally, the CCA can serve as a bilateral forum to resolve SPS trade irritants.

U.S. Agricultural Trade in FY1998

Countries

U.S. Exports

U.S. Imports

Argentina

\$341,519,000

\$ 750,187,000

Brazil

\$535,004,000

\$1,675,205,000

Chile

\$146,002,000

\$1,388,636,000

SOURCE: Department of Commerce,
Bureau of Census.

The Biosafety Protocol: Implications for Trade

At the second meeting of the Convention on Biological Diversity in late 1995, the delegates decided to begin negotiating a protocol on biosafety "specifically focusing on transboundary movement, of any living modified organism resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological biodiversity." Drafting of the treaty text, based on legal documents from the United States and more than 20 other nations, began in February 1998. Negotiators convened most recently in Montreal in August 1998, and the final negotiating session is scheduled for February 1999.

At this time, there exists substantial support for provisions that would impose new export requirements for living modified organisms (LMOs). These rules would apply to trade in genetically engineered commodities, rather than just LMOs intended for release into the environment. Some provisions would also impose further burdens, such as labeling, packaging, and segregation, throughout the marketing chain.

The United States remains outside the Convention on Biological Diversity (CBD) but participates in the

negotiations as an observer. However, because the United States is the leading exporter of genetically-engineered products, the Protocol could significantly reduce U.S. exports. For example, implementing the Protocol could affect U.S. corn (estimated at \$6 billion in 1998), soybean (\$6.7 billion), and cotton (\$2.7 billion) exports.

Advance Informed Agreement

The Advanced Informed Agreement (AIA), the heart of the Protocol, contains international notification and consent procedures requiring an exporter to notify and receive consent from an importer before shipping an LMO. Many countries propose that the notification and consent procedures apply to each LMO shipment. Others insist that notification apply only to the first shipment of any living modified organism to a given country.

Under these proposals, the notification and consent procedures would apply to agricultural commodities intended for consumption or processing -- products not for introduction into the environment and therefore pose little threat to biological diversity. Given complex production, processing, and distribution systems for such commodities with commingling of genetically-engineered and non-genetically-engineered products, the proposals for the protocol would require identity-preservation of these products through the food chain and will further restrict their trade.

The United States favors a much narrower scope for the AIA, dividing LMOs into two categories. The first and larger category consists of LMOs deliberately introduced into the

environment for growth or propagation in the country of import (e.g., seeds for planting, fish for release, microorganisms for bioremediation). The second category comprises those LMOs, regardless of use, banned by the exporting country. Except for LMOs deliberately introduced into the environment for field testing, the U.S. approach would subject only the first shipment of LMOs in these categories to the AIA procedures.

This more focused AIA procedure ensures that notification of countries before shipment of LMOs which may actually pose significant risk to biodiversity but is practical regarding the operation of an international AIA procedure. A broad AIA would inundate importing countries with notifications (commercial trade as well as researcher exchanges), overwhelming countries with limited capacity. Countries may simply not have the resources to develop and maintain structures to fulfill their obligations to review notifications for first shipments of LMOs, let alone for all shipments. In addition, many countries will not be able to focus on the decisions involving notifications raising substantive concerns.

By excluding shipments of LMO-containing agricultural commodities intended for processing or consumption, an AIA of narrow scope imposes far fewer restrictions on international trade. As the proportion of agricultural trade involving LMOs increases, minimizing trade restrictions will assume greater importance.

Trade Provisions of the Biosafety Protocol

Some parties to the negotiations support provisions that would restrict or ban trade with nonparties to the Protocol. Such proposals could significantly disrupt international agricultural trade, affecting prices and production globally. The U.S. Senate has yet to ratify the Convention on Biodiversity. Consequently, the United States is unlikely to be a party to the protocol at the time it enters into force. Therefore, provisions in a Protocol which ban or restrict imports by major, non-party suppliers (possibly including the United States) could very well have a seriously affect market supply and prices throughout the world.

Genetically engineered products are becoming important in U.S. agriculture. For example, the United States is a major world supplier of feed grains and oilseeds, accounting for more than 30 percent of world wheat exports, 65 percent of maize, and 66 percent of soybeans. A protocol prohibiting trade with non-parties would, for the foreseeable future, force parties to deny access to most U.S. pharmaceuticals, medicines, and agricultural commodities.

Some multilateral environmental agreements do address trade with non-parties to multilateral environmental agreements, but a non-parties provision in a multilateral environmental agreement is designed for a situation where the non-party reaps the environmental benefits of the agreement, without assuming any of the obligations. The few environmental agreements which include a non-parties provision normally are aimed at addressing a global environmental problem (e.g., depletion of the ozone layer, extinction

of species). This situation does not apply to the Biosafety Protocol and the AIA, which would address regional or local impacts.

Preservation of WTO Rights and Obligations

The relationship of the protocol with other international agreements needs clarification. Currently, three options exist for this provision. The first option affords no clarification of the relationship between the protocol and other international agreements. The second option advocates inclusion of a "savings clause" explaining that the protocol is not intended to affect the rights and obligations of parties under other international agreements. The third option would have the biosafety protocol prevail over the Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) agreements in the WTO in a conflict among them.

The inclusion of a savings clause would mean implementation of the protocol consistent with existing agreements. This approach would prevent ambiguity about whether countries must meet their WTO obligations when making decisions to permit LMO imports. Absence of a savings clause could put at risk many accomplishments of the Uruguay Round, and jeopardize the future of science-based decisions and the achievements of the SPS Agreement. The principle of scientifically sound SPS measures likewise underlies the International Plant Protection Convention (IPPC) and the International Office of Epizootics (OIE).

Conclusion

Many proposals for the Biosafety Protocol would create considerable obstacles to trade without producing commensurate environmental benefits. For the most part, representatives of the environment ministries of the participating countries have negotiated the Biosafety Protocol. Minimal participation from agricultural and trade ministries means inadequate consideration of the possibly negative effects on agricultural trade.

However, more agriculture and trade officials participated in the most recent negotiating Montreal session in August, 1998. The CBD Secretariat also attended an informal session after the September SPS Committee meeting.

Countries Establish New Commission within the IPPC

The International Plant Protection Convention (IPPC) is a treaty, dating back to 1951, for promoting global cooperation to prevent spreading plant pests. In 1996-97, countries belong to this Convention modernized it to better reflect changing plant quarantine practices and the increasing need, from the growing trade community, for international standards. IPPC phytosanitary standards are and will be recognized by the World Trade Organization (WTO) as benchmark international phytosanitary standards to harmonize WTO members' phytosanitary measures.

The revised IPPC will become effective once two-thirds of the contracting parties deposit at least 71 letters of acceptance with the FAO. Thus far, FAO has received an acceptance from Barbados, and Bangladesh has officially indicated

transmission of its acceptance. The IPPC Secretariat urged countries to send letters of acceptance as soon as possible, hoping that the entry into force of the revised Convention text would occur by 2001, the fiftieth anniversary of the IPPC.

Besides incorporating updated plant quarantine principles, the revised Convention also established a Commission on Phytosanitary Measures. The Commission should play a vital role in developing and adopting phytosanitary (plant health) standards as well as promoting implementation of other basic plant protection objectives in the Convention. The first meeting of the Commission, currently referred to as the Interim Commission, occurred during November 3-6, 1998 at FAO headquarters in Rome. Alfred Elder (Deputy Administrator of Plant Protection and Quarantine) and John Greifer (Director of APHIS' Trade Support Team) led the U.S. delegation.

The first meeting primarily focused on electing a chairperson and two vice chairs, developing procedures for this newly created body, approving two specific phytosanitary standards, establishing ways to develop and adopt standards, and outlining a work program. An all day pre-meeting among plant quarantine officials from the Americas, held in the U.S. Embassy just before the formal Commission meeting, proved critical in coordinating shared positions and advancing U.S. objectives.

IPPIC delegates elected New Zealand's John Hedley, the candidate preferred by the United States, chairperson of the Commission. In addition, plant quarantine officials from Chile (U.S.

supported) and India were elected to the vice-chair positions. The Commission provisionally adopted procedures, pending completion of an annex containing the rules for the elaboration of global phytosanitary standards. Separately, the Commission adopted two new standards. The Commission established two working groups to address two critical areas of the Convention. One working group will review the existing standard setting procedure to recommend improvements for expediting the current process. The second working group will develop rules and procedures for dispute settlement, a non-binding IPPC dispute avoidance mechanism. Recommendations from these working groups will be presented to the next meeting of the Commission scheduled for October 4-8, 1999 at FAO headquarters.

Standard Setting Procedures

The Commission did not agree on establishing specific rules for the development and adoption of standards. The EU favored retaining the current standard setting procedure. The United States, along with members from the Americas, Australia, and New Zealand, want significant modification of the existing standard setting system to make it more efficient by bringing it under the Commission's direct control. Given the stalemate on this matter, the Commission appointed a working group to examine the current standard setting procedure to recommend strengthening this system. The working group will present its recommendations to the next meeting of the Interim Commission, scheduled for October 1999.

Significant discussion centered on voting

procedures to adopt standards. Delegates particularly responded to an Argentine proposal, suggesting that draft standards presented to the Commission for adoption, but lacking consensus, be automatically returned to the appropriate technical committee for further work. Then, the second time that a particular standard resurfaces for adoption, and consensus still has not been reached, delegates would vote on the standard. This proposal involves the potential of undue delays in standard setting and the possibility of one country blocking a vote, at least the first time a standard goes to the Commission for adoption. After considerable debate and negotiation, members agreed to adopt the Argentine concept which includes language giving the Commission, rather than an individual member, final authority on how to proceed in such matters (i.e., taking a vote or returning the draft standard for further work).

Also, the U.S. delegation successfully in focused attention on the need to lengthen the country review phase to ensure adequate analysis of draft standards well before consideration by the Commission for adoption as well as the need to select appropriate experts able to develop, circulate, and finalize draft standards to meet needs and expectations of Commission members.

Adoption of Two New Standards

Commission members adopted two new phytosanitary standards. The standards pertain to *Determination of Pest Status in an Area* and *Guidelines for Pest Eradication Programs*. This action proved a success for the Interim Commission which has only approved seven standards during the last seven

years.

Key components for the United States of the Pest Status standard included international recognition of “transience” as pest detections (a regulatory incident in U.S. parlance) which do not denote or imply a pest introduction requiring quarantine action. Such pest detections occur periodically in California and Florida with various exotic insects such as Mediterranean and Oriental fruit fly. Transient fruit fly detections in these states often significantly disrupt U.S. fruit exports. Another important issue involves erroneous pest records in data bases used by trading partners to assess risk for U.S. agricultural products. The United States often devotes considerable effort correcting pest reports which mistakenly assert that certain pests occur in U.S. jurisdictions. Such reports seriously compromise U.S. attempts to open overseas markets. The pest status standard adopted by the Interim Commission provides the opportunity to correct inaccurate pest reports hampering U.S. ability to demonstrate the low pest risk of its products.

Other Issues

The Interim Commission formed a committee, schedule to meet in March 1999, to develop rules and procedures for the non-binding dispute settlement provisions of the Convention. The revised IPPC carried over the dispute settlement provisions contained in the existing text. The revised Convention directs the Commission to develop rules and procedures to guide the operation of the dispute settlement provisions. A member of the U.S. delegation was elected to this committee, chaired by a Finnish delegate. The working group

will present recommendations to the Interim Commission at its second meeting in October 1999.

The Secretariat requested countries to provide the name, address, and other data of its current official IPPC contact point. The U.S. delegation informed the Secretariat that the official U.S. official contact point will continue to be the USDA, APHIS, Deputy Administrator for Plant Protection and quarantine (PPQ), currently Mr. Al Elder. A formal U.S. letter regarding its official contact point will follow.

Representatives of developing countries emphasized the difficulty to establish the regulatory framework and infrastructure to meet the international phytosanitary requirements. They stressed in particular the need for technical assistance to establish infrastructure, documentation, and access to electronic information. These delegates noted the need for coordination of assistance with FAO and regional plant protection organizations. The developing countries obtained language in the final report of the Interim Commission which recommended sufficient funding to developing countries to meet the phytosanitary requirements of importing countries, thus allowing them to equally participate in world trade. the Convention. The revised IPPC carried over the dispute settlement provisions contained in the existing text. The revised Convention directs the Commission to develop rules and procedures to guide the operation of the dispute settlement provisions. A member of the U.S. delegation was elected to this committee, chaired by a Finnish delegate. The working group will present recommendations to the

Interim Commission at its second meeting in October 1999.

The Secretariat requested countries to provide the name, address, and other data of its current official IPPC contact point. The U.S. delegation informed the Secretariat that the official U.S. official contact point will continue to be the USDA, APHIS, Deputy Administrator for Plant Protection and quarantine (PPQ), currently Mr. Al Elder. A formal U.S. letter regarding its official contact point will follow.

Representatives of developing countries emphasized the difficulty to establish the regulatory framework and infrastructure to meet the international phytosanitary requirements. They stressed in particular the need for technical assistance to establish infrastructure, documentation, and access to electronic information. These delegates noted the need for coordination of assistance with FAO and regional plant protection organizations. The developing countries obtained language in the final report of the Interim Commission which recommended sufficient funding to developing countries to meet the phytosanitary requirements of importing countries, thus allowing them to equally participate in world trade.

Update on NAPPO

During October 18-23, 1998, APHIS officials participated in the annual meeting of the North American Plant Protection Organization (NAPPO) in Halifax, Canada. Al Elder, Plant Protection and Quarantine (PPQ) Deputy Administrator; Nancy Klag, NAPPO Working Group Member, and other PPQ staff represented APHIS. Delegates

devoted October 18 to NAPPO business issues including signing two NAPPO standards (Laboratory Accreditation and Potato).

The October 19 Strategic Planning Session resulted in development and acceptance of a Vision and a Mission Statement.

Vision - NAPPO's world leadership in protecting plant health and plant resources and in facilitating trade contributes to healthy, vibrant North American agriculture and forests.

Mission - The North American Plant Protection Convention, a regional plant organization of the International Plant Protection Convention, coordinates efforts among Canada, the United States and Mexico to protect their collective plant resources from the entry, establishment and spread of regulated plant pests, while facilitating intra and inter-regional trade.

To accomplish this mission, working in partnership with its stakeholders, NAPPO:

- * develops regional standards for phytosanitary measures and promotes hemispheric and global harmonization;

- * provides for the timely identification, discussion and resolution of existing and emerging phytosanitary issues;

- * provides technical assistance to the Sanitary and Phytosanitary Committee of the North American Free Trade Agreement.

NAPPO Guiding Principles:

As an organization, NAPPO is committed to a set of values which will guide our actions. These values recognize the primary importance of our people as the driving force behind NAPPO.

We will provide leadership through innovation and achievement recognizing the patience and persistence required to excel.

We will foster relationships recognizing the importance of building personal and professional relationships and the commitment required to create an atmosphere which allows NAPPO to achieve its goals and objectives.

We will cooperate and communicate with each other, recognizing the importance of credibility, fairness, diversity, openness and inclusion in the conduct of NAPPO activities.

We will establish clearly defined and open processes ensuring that all stakeholders are aware of how they can participate in NAPPO activities.

The other major accomplishment involved developing Strategic Goals in four major areas--Industry Group Involvement, the Environment, World Trade Issues, and NAPPO Reputation. The Executive Committee and Working Group Draft will further develop preliminary Action Plans for each area by providing time frames for implementation and benchmarks for progress to be reviewed next year.

On October 20, the morning events included a poster session on the NAPPO Country General Reports and Regional Phytosanitary Issues and Industry

Advisory Group reports. The afternoon session consisted of presentations on "Changing Industry/Government Relations."

The October 21 morning session consisted of industry meetings by commodity, country meetings, and a reporting session to add industry issues to the 1998 NAPPO Work Plan. The Executive Committee and Working Group members considered these issues under during a lunch meeting and the Executive Secretariat provided nine responses to their concerns during the afternoon session. These replies covered issues ranging from the NAPPO dunnage standard to the Exotic Forest Pest Information System.

The afternoon session focused on the Regulated Non-Quarantine Pest (RNQP) issue. Several talks expressed how certain pests might be included in this category. Reinouw Bast with CFIA presented an update on the development of an international standard for this issue. During the Q&A session APHIS expressed concern about the term "official control" and what it means in context to the RNQP issue. We provided her with a discussion paper on the issue.

October 22 marked the NAPPO Symposium on Pests Associated with Wood Dunnage and Other Wooden Packing Material. Numerous presentations dealt with regulating wood packing material, and one specifically addressed the new NAPPO dunnage standard. APHIS representatives clearly explained the rationale for regulating these products. Representatives from Australia, New Zealand, China and EPPO at this session commented on the

NAPPO standard and also questioned the new APHIS regulations. Two questions ignited particular interest.

Q. Mr. Luo from China asked, "How come the NAPPO standard does not allow for alternative treatment options, especially in light of the danger of methyl bromide to the ozone layer?"

A. From several responders stated that the NAPPO standard is a general guideline. Other treatments can be approved by each individual countries. This alternative will be made clearer in the final version of the standard. In the case of the U.S. regulation for wood products from China, any alternative treatments will have to be submitted during the comment period and added to the regulation if appropriate.

Q. One questioner inquired about why the NAPPO standard does not contain a list of quarantine pests. Developing alternative treatments or procedures to ensure quarantine security is difficult if the specific pests are not known.

A. The standard responds to the recognition that introduction of exotic pests through wood package and dunnage poses a threat. A multitude of insects can be found in packing material or dunnage in almost every shipment of goods containing these products. Inspectors cannot adequately examine wood either because it is inaccessible in containers or the insects are difficult to find until adult emergence. NAPPO will eventually added a list of insects to the standard.

The European Union and BSE

On January 6, 1998, APHIS published

an interim rule in the *Federal Register* , effective as December 12, 1997, prohibiting import of live ruminants, their meat, and other ruminant products from all countries in Europe. APHIS took this action due to its determination that bovine spongiform encephalopathy (BSE) might be present, but as yet undetected, throughout Europe.

The interim rule also included procedures for countries to request removal from the blanket prohibition. As part of each request, a country must submit information regarding its BSE history, disease control capabilities, import practices, veterinary infrastructure, and surveillance.

Following publication of the interim rule, a number of European countries requested removal from the prohibition, and submitted the necessary information. APHIS reviewed the information closely, and is currently developing rulemaking based on the requests. Any changes to the existing regulations will be published in the *Federal Register* .