

South Asia Subregional Economic Cooperation Program

Session 2: SASEC SPS-TBT National Diagnostic Study for India

**SASEC Subregional Workshop on
Sanitary-phytosanitary and Technical
Barriers to Trade Diagnostic Studies**

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Presentation Outline

- India's Trade with SASEC, Export Potential & NTMs
- Export Potential & Associated SPS-TBT Measures
- Overview of SPS and TBT Measures, Institutions, and Infrastructure in India
- Identification of Standards, Regulations, & Procedural Obstacles Facing India's Exports – Critical Analysis
- Recommendations for India and SASEC

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Pattern of India's Trade with SASEC Countries

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Pattern of India's Export to SASEC Countries

- India's exports to SASEC countries have increased at relatively higher pace than its exports to world.
- Share of exports to SASEC countries accounted for 5.58% of its global exports in 2015.

India's Exports to SASEC and World (US\$ billion)			
Year	Exports to SASEC	Exports to World	Share of SASEC in World
2001	1.91	43.88	4.35
2006	4.83	121.20	3.98
2010	8.49	220.41	3.85
2015	14.76	264.38	5.58

Data Source: UN Comtrade, WITS

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Pattern of India's Imports from SASEC Countries

- India's imports from SASEC countries has grown at relatively slower pace than its import from the world.
- Share of imports from SASEC accounted for 0.54% of its global imports in 2015.

India's Imports from SASEC and World (US\$ billion)			
Year	Imports from SASEC	Imports from World	Share
2001	0.50	50.67	0.99
2006	1.17	178.21	0.65
2010	1.60	350.03	0.46
2015	2.18	390.74	0.54

Data Source: UN Comtrade, WITS

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Export Potential & Associated SPS-TBT Measures

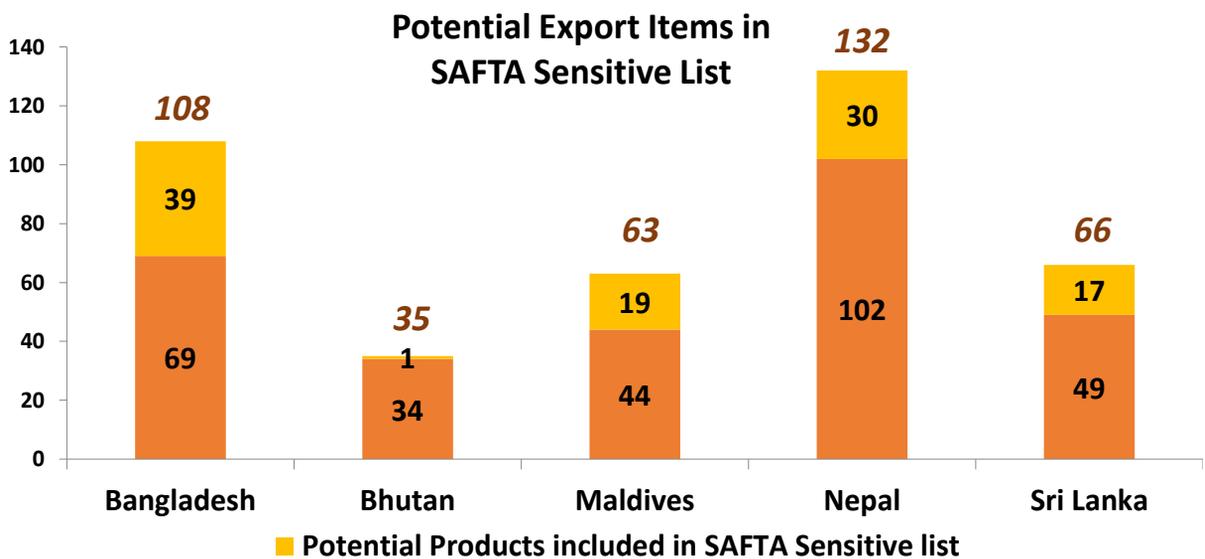
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Country Specific Potential Products

Potential Products at Chapter-wise		
Bangladesh	108 products	Chapter 84, 85 – machinery and mechanical appliances
Bhutan	35 products	Chapter 84, 90, 85 – machinery and mechanical appliances, Optical products, medical or surgical instruments
Maldives	132 products	Chapter 84, 85, 94 – machinery and mechanical appliances, furniture
Nepal	63 products	Chapter 85, 84, 39 – machinery and mechanical appliances, plastic products
Sri Lanka	66 products	Chapter 84, 85, 39 – machinery and mechanical appliances, plastic products

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SAFTA Sensitive List



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SPS-TBT Identified on Potential Products

Bangladesh	93.5 % or 101 out of 108 products are subject to SPS-TBT	<ul style="list-style-type: none"> • Labelling requirement (31) • Conformity assessment related to TBT (B8)
Bhutan	94.2 % or 33 out of 35 products are subject to SPS-TBT	<ul style="list-style-type: none"> • TBT regulation on production process (B41) • Product quality or performance requirement (B7) • Conformity assessment related to TBT (B8) • Testing requirement (B82)
Maldives	Data is not available	
Nepal	84% or 53 out of 63 products are subject to SPS-TBT	<ul style="list-style-type: none"> • Authorisation requirement for TBT reasons (B14) • Conformity assessment related to TBT (B8)
Sri Lanka	51.5% or 34 out of 66 products are subject to SPS-TBT	<ul style="list-style-type: none"> • Special authorisation requirement for SPS reasons (A14) • Registration requirement for importers (A15) • Restricted use of certain substances in food products (A22) • Labelling requirement (A31)

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Brief Overview of SPS and TBT Measures, Institutions, and Infrastructure in India

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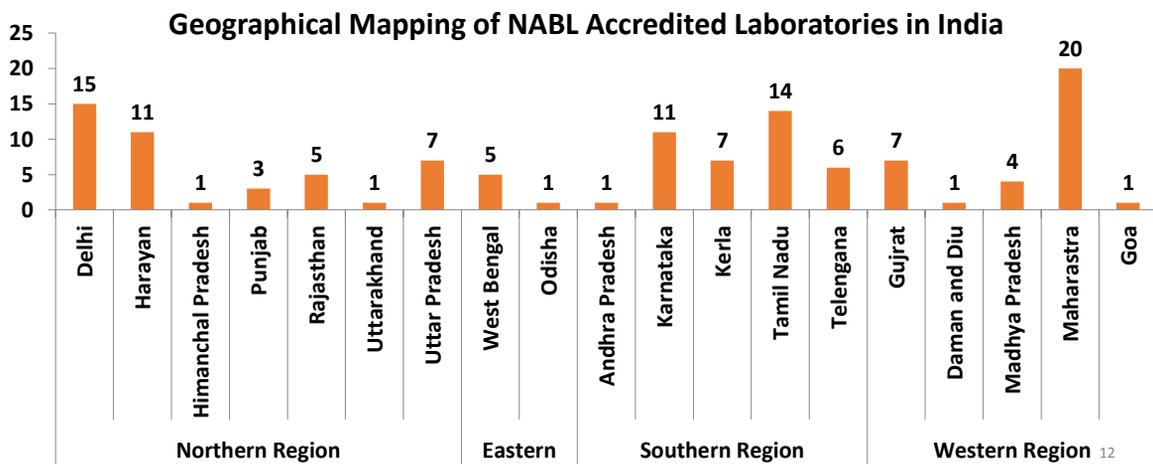
Current State of SPS Laws

- **The Destructive Insects and Pests Act, 1914** and amendments, 1992 (The Plant Quarantine Order 2003 – Amendments)
- **Agricultural Produce (Grading and Marking) Act, 1937** (Act No. 1 of 1937) (as amended up to 1986)
- **Export (Quality Control and Inspection) Act, 1963** and its amendments
- **Livestock Importation Act (Act No. IX. of 1898)** as amended by the Livestock Importation (Amendment) Act, 2001 (5.7.2001)
- **Food Safety and Standards Act, 2006** – amendments, 2011 and 2017 and 2018

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SPS – Infrastructural Facilities

- There are only 121 National Accreditation Board for Testing and Calibration Laboratories (NABL) labs in the country, of which, nearly 17% are present in Maharashtra alone and another 45 percent are located in five states, viz, Delhi, Uttar Pradesh, Gujarat, Karnataka and Tamil Nadu.



TBT – Legal Framework

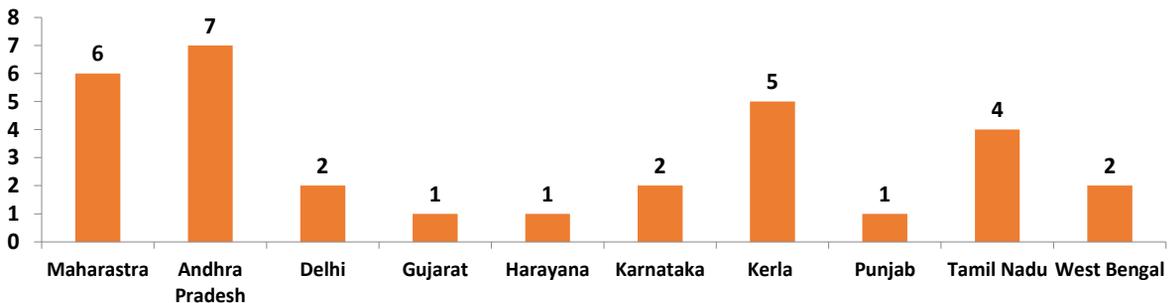
- **Agricultural Produce (Grading and Marking) Act**, 1937 (Act No. 1 of 1937) (as amended up to 1986)
- **Standards of Weight and Measures Act**, 1976
- **Export (Quality Control and Inspection) Act**, 1963 - amendments
- **Water (Prevention and Control of Pollution) Act**, 1974
- **Energy Conservation Act**, 2001
- **Bureau of Indian Standards (BIS) Act 1986, 2016 and BIS Rules** 1987,
- **The Infant Milk Substitutes**, 1992
- **Feeding Bottles and Infant Foods Act**, 2002,
- **Food Safety Standards Act** 2006- amendments, 2011 & 2017
- **The Legal Metrology Act**, 2009

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TBT – Infrastructural Facilities

- The state-wise distribution of export inspection labs is skewed
- States like Andhra Pradesh, Maharashtra, Tamil Nadu and Kerala have 70% of the laboratories while other states have only 30% of the laboratories

Geographical Mapping of External Approved Laboratories, EIC



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Gaps in Current SPS and TBT Infrastructure

- Information asymmetries
 - ✓ India, Bangladesh, Nepal and Sri Lanka have trade portals that provides information on SPS and TBT measures while Maldives and Bhutan are yet to set up.
 - ✓ Gaps in the availability of information across SASEC countries
- Absence of National Single Window System
 - ✓ India and Sri Lanka have established NSW while Bhutan, Bangladesh, Maldives, Nepal are yet to make progress in this regard.
- Absence of Accreditation Bodies
 - ✓ Bangladesh, India and Sri Lanka have accreditation bodies while other SASEC countries do not have accreditation bodies.
- Gaps in testing and laboratories infrastructure
 - ✓ significant asymmetries in quality of infrastructure
 - ✓ severe shortage of quality of manpower

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Critical Analysis of Standards, Regulations, & Obstacles Facing India Exports

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SPS-TBT Related Impediments for India's Exports to Bangladesh

- Majority of India's potential export items face SPS and TBT measures in Bangladesh are related to:
 - ✓ labelling requirement (B31)
 - ✓ conformity assessment related to TBT (B8)
- Some of major SPS and TBT impediments faced by India's potential export items are product registration related requirement, mandatory certification scheme, labelling related requirement and language related barriers.
- Other barriers include infrastructure and procedural hassles at land ports.

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SPS-TBT Related Impediments for India's Exports to Bhutan

- Key SPS and TBT measures faced by India's potential export items:
 - ✓ TBT regulations on production processes (B41),
 - ✓ product-quality or -performance requirement (B7)
 - ✓ conformity assessment related to TBT (B8),
 - ✓ testing requirement (B82),
 - ✓ certification requirement (B83)
- Exporters do not face any major SPS and TBT related impediments but there are capacity constraints (delays in testing, inadequate facilities and shortage of human resources)

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SPS-TBT Related Impediments for India's Exports to Maldives

- Indian exporters do not face any major problems in the Maldivian market
- Some of domestic problems of Maldives act as barrier some time for Indian exporters. These include:
 - ✓ overlapping regulators
 - ✓ weak coordination among various agencies
 - ✓ language barriers

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SPS-TBT Related Impediments for India's Exports to Nepal

- Key SPS and TBT measures imposed by Nepal on India's potential export items:
 - ✓ authorization requirement for TBT reasons (B14)
 - ✓ conformity assessment related to TBT (B8)
- Some of the major SPS and TBT related barriers are divergent limits for fly ash content, product registration requirement, restriction of registration and only four accredited labs
- Other hurdles includes shortage of warehouses, sensitive lists cold storage, procedural hurdles at land ports

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SPS-TBT Related Impediments for India's Exports to Sri Lanka

- Key SPS and TBT measures imposed by Sri Lanka on India's potential export items:
 - ✓ special authorization requirement for SPS reasons (A14)
 - ✓ registration requirements for importers (A15)
- SPS and TBT measures imposed by Sri Lanka on India's potential export items include mandatory standards under SLS mark scheme, special import license, divergent fat content requirement for milk products, registration requirement for cosmetic products and labeling requirement

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Recommendations for National Actions: India

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Legislative and Regulatory Environment : India

- Upgrade as well as consolidate existing Acts Agricultural Produce (Grading and Marking) Act, Essential Commodities Act in the light of changing realities of global trade
- Develop additional necessary technical regulations
- Enhance supporting infrastructure for standards development

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Institutional : India

- Consolidate regulations under One Single Act
- Improve access to information on SPS and TBT measures of trading partners/other Countries
- Create synergy between standard-setting bodies, domestic regulators, and industry.
- Bolster coordination between state and central government institutions
- Correct structures for industry demonstration of regulatory compliance
- Complete recruitment processes at FSSAI to Ensure adequate technical expertise

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SPS and TBT Infrastructure : India

- Upgrade existing testing laboratories (States) with better infrastructure facilities
- Set up new testing labs in Eastern region to address existing asymmetries
- Address the Imbalance of Plant Quarantine Stations

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Recommendations for Regional Actions: SASEC

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Legislative and Regulatory Environment :SASEC

- Upgrade existing laws with a particular focus on coherence with global standards
 - ✓ a majority of laws in SASEC countries are outdated and needs to be upgraded
- Review of food regulations as first step toward MRAs product specific harmonisation
 - ✓ (contaminants, preservatives, toxic, residues, sampling analysis and packaging labelling) of food laws is critical to facilitate cross border trade
 - ✓ promote coordination across food regulators to reduce information related asymmetries
- Harmonisation of technical regulations
 - ✓ product specific harmonisation (performance requirement, scale, specification, size, labelling requirement)

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Institutional : SASEC

- Consolidate multiple regulators with a clear set of roles and responsibilities.
- Mutual Recognition Arrangements (MRAs) and Conformity Assessment could be possible option to promote harmonisation of standards across SASEC.
- Upgrade existing trade portals
 - ✓ product level information needs to updated on trade portals
- Strengthen national accreditation bodies standards
- Collaborate to better align national standards with global standards
- Establish joint task force to address procedural and registration related hurdles

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SPS and TBT Infrastructure : SASEC

- Build laboratory, institutional, technical capacity to international standards
- Undertake in-depth review of existing gaps in human resource skills and develop time-bound programs
- Conduct in-depth assessment of laboratory facilities, including SOPs

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Comments and Feedback?

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Thank You!