International standards in mitigating trade risks

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Summary

This paper describes the role of the World Organisation for Animal Health (OIE), as a science-based and democratic standard-setting organisation that provides guidance on preventing the spread of animal diseases, including zoonoses, in international trade. The World Trade Organization is identified as the international institution with the legal power to encourage adherence to international standards and mediate trade disputes. The importance of assuring good governance and the credibility of national Veterinary Services through a process of official certification is identified as an essential component in the safety of trade. Private-public partnerships and the evolution of responsibilities are also identified as essential for the implementation of health guarantees such as compartmentalisation. The rapid emergence of private standards is described as a potential complement to the implementation of sanitary standards, as long as they are applied globally and in support of the OIE standards. Ultimately, the biggest challenge is for the international community to create the incentives and generate the political will for fair trade and for the universal recognition and application of the established international sanitary standards.

Keywords


Introduction

Historically, there have been many cases of pathogens being spread through international trade (1). However, with the development and implementation of international sanitary standards, including those of the World Organisation for Animal Health (OIE), the spread of human, animal and plant pathogens through international trade has been significantly reduced, at a time when other forms of spread are becoming more frequent. Most recently, many of the introductions of transboundary animal diseases have been the result of smuggling and other illegal movement of animals or their products.

World Trade Organization Sanitary and Phytosanitary Agreement

The OIE has been promulgating international sanitary standards for the control and prevention of animal diseases, including zoonoses, since its founding in 1924. However, the serious recognition and adherence to these standards did not occur until the establishment of the World Trade Organization (WTO) and the signing, in 1994, of the Agreement on the Application of Sanitary and
Phytosanitary Measures (the ‘SPS Agreement’) (2). This international agreement recognises the OIE as the organisation responsible for promoting and adopting international sanitary standards for the management of animal diseases, including zoonoses. The OIE does not have the legal power to enforce compliance with these standards, but WTO members are obliged to comply with the requirements of the SPS Agreement and the WTO can take legal action if a country fails to do so. (In practice, disputes are usually resolved through informal talks and legal action is rarely needed.)

The volume of international trade and the diversity of commodities traded is growing and products are being shipped across increasingly vast distances. Consequently, the adoption of science-based standards and strict adherence to these standards continue to be essential for safe international trade in animals and animal products.

The OIE international standards

The significance of the international standards developed by the OIE is not limited to the fact that they are recognised and endorsed by the WTO. These standards are based on science and have been adopted democratically by the 175 OIE Members. These standards are first drafted by ad hoc groups of internationally recognised experts, brought together by the OIE and representing the different regions of the world. The recommendations from these experts are then forwarded to the Terrestrial Animal Health Standards Commission or the Aquatic Animal Health Standards Commission. Those specialist Commissions then examine the recommendations and draft them into a standard format appropriate to either the Terrestrial Animal Health Code (Terrestrial Code) or Aquatic Animal Health Code (Aquatic Code). The specialist Commissions then circulate these proposed texts to the OIE Members for critical comment. The Members’ comments are then re-examined by the Commissions which, if necessary, may consult further with experts prior to revising the draft texts and circulating them once again to the Members. This process is repeated twice per year, and continues until all Member comments of a technical nature have been addressed and the Commission considers that the text is ready for adoption.

New or revised standards are proposed for adoption in May each year at the General Session of the World Assembly of Delegates, when the 175 Members meet at OIE Headquarters to deliberate on and approve the proposed standards. This democratic and fully participatory mechanism is the only pathway for the adoption of OIE standards.

The OIE is unique among the standard-setting organisations in that existing standards can be reviewed and improved yearly. At the request of Members and on the basis of new scientific information, the Commissions regularly propose revisions of standards at their biannual meetings, and then seek their adoption at the following General Session.

Evolution of standards: from recommendations on recognition of country disease-free status to risk-based recommendations on trading in certain commodities when disease is present

There are two different types of standards in the Terrestrial Code: the so-called ‘horizontal chapters’ and the ‘disease-specific chapters’. The ‘horizontal chapters’ address broad and overarching issues, such as risk analysis, the quality of Veterinary Services, and disease prevention and control measures.

The ‘disease-specific chapters’ describe the pathogen and provide recommendations on how to trade animals and animal products safely without the risk of introduction of the pathogen in question. Traditionally, the greatest emphasis had been given to providing recommendations on how to obtain disease-free status for a country or part of a country (zone). While this is still the ultimate goal in disease control, the OIE has been balancing recommendations of that type with risk-based recommendations on a commodity-by-commodity basis. These latter recommendations allow for the safe trade of specific commodities under well-identified conditions, namely in situations where the disease is present in the country or zone, or the freedom thereof cannot be declared, but where the mitigating measures certified by the Veterinary Services render that commodity sale.

This change in emphasis has been welcomed by Members and is helpful in facilitating safe trade from countries where a disease is still present. Often this commodity-specific approach has enabled trade that would previously have not been possible, particularly from developing countries. The ability to provide recommendations for trade of commodities, under very specific conditions, from countries not free from a specific disease, such as foot and mouth disease, has had another great advantage: it has reduced the political pressure for countries wishing to gain access to international markets to declare themselves free from diseases before disease freedom can be guaranteed.

Regionalisation

An additional tool for facilitating trade, while at the same time guaranteeing the safety of such trade, has been the application of measures to separate animal sub-populations with different health statuses. For the purpose
of trade, as well as for disease control purposes, countries can separate animal sub-populations into ‘zones’ or ‘compartments’. ‘Zoning’ refers to the separation of animal sub-populations primarily on the basis of geographical barriers, such as mountains, rivers, or administrative boundaries, such as provinces or states. ‘Compartamentalisation’, on the other hand, is the separation of animal sub-populations primarily on the basis of management and husbandry practices relating to biosecurity. However, in practice, spatial considerations and good management practices are important in the application of both concepts.

These are extremely useful concepts, especially in larger countries and in situations where it is difficult to guarantee the absence of disease in the entire territory. Disease control and eradication campaigns in larger territories are often only possible when the goals are attained progressively on a zone-by-zone basis.

There are other disease situations, such as the presence of avian influenza, where the absence of the virus, particularly in wildlife, cannot be guaranteed, but where the health status in certain domestic animal sub-populations, particularly in industrial poultry production, can be protected and guaranteed by the application of compartamentalisation. This approach, of course, requires the application of strict biosecurity measures. This recent concept, while not fully implemented in any country, has been given serious consideration by several OIE Members, particularly for industrial poultry and swine production systems.

The need for enforceability of the implementation of standards by Members

While the international standard-setting process of the OIE is transparent and fully participatory, and while the legal obligations under the SPS Agreement are clearly understood by Members, there are still serious problems in the consistent application of these standards by many countries when establishing their import regulations. The failure of countries to adhere to the OIE standards in the application of import trade rules is frequently reported to the SPS Committee of the WTO and to the OIE. The WTO is the organisation with the legal power to convene and manage the dispute resolution panels. However, these panels are not often used to resolve trade disputes arising from failures to adhere to international standards, as the procedure is lengthy and extremely costly. While the OIE does not have the legal mandate to enforce the implementation of its standards, it offers a mediation mechanism for those Members wishing to find a mutually satisfactory resolution to a trade dispute.

Dispute mediation by the OIE

The OIE has a long-established science-based mediation process to assist Members in resolving trade disputes. Disputing countries can take advantage of this simple, confidential process at any time by contacting the OIE Director General. Once the conditions have been accepted by the disputing Members, the process is facilitated by technical experts selected by the OIE. The aim of the OIE mediation process is not to identify the country in violation of international obligations, but rather, by means of confidential bilateral talks, to find a science-based interim solution to the dispute and to enable trade to be resumed as soon as possible. While this is a rapid and inexpensive solution, the mediation process has not been used very often by Members.

Governments alone can no longer afford to pay for disease control and eradication

In most countries, it has historically been the responsibility of governments to fund the control and eradication of animal diseases. However, this paradigm has been changing in recent years. Not only are national budgets often insufficient to fund these activities, but it has also become evident that the sharing of responsibilities with the various stakeholders results in better outcomes.

As the private animal production sector in many countries becomes more sophisticated and technologically advanced, it has also demonstrated the ability to contribute to the control and eradication of animal diseases and the improvements of the animal health status overall. The private sector has been more willing to share the costs of these activities and to assume a greater responsibility in their execution.

The efforts of the private sector in several countries to implement compartamentalisation are a good example of this new approach. The overall certification of the proper implementation of compartamentalisation and the resulting health status of the animal population will remain the responsibility of the Veterinary Services. However, the private sector will be assuming a greater responsibility in the surveillance, sampling and testing of such populations.
This evolutionary process will not only change the responsibilities of the private sector, it will inevitably also result in an evolution in the role of the traditional Veterinary Services from that of a strict inspection service to one of an auditing body.

Private-public partnerships

As first experienced in the meat inspection sector, the partnership between the public Veterinary Services and the various private partners has been expanding. This transition is being observed in the animal production sector, and the involvement of the private sector goes far beyond involvement in the implementation of the compartmentalisation concept. For example, the private sector has frequently developed competent and modern diagnostic and residue-testing laboratories. Through reliable and well-established certification and auditing procedures, public Veterinary Services can avail themselves of these laboratories to conduct part of the testing required for official veterinary certification. Another example is where Veterinary Services have accredited independent and impartial private practitioners and expert consultants for various inspection and monitoring activities. However, for these innovative private-public approaches to be effective and acceptable by the international community, they will have to be conducted in a disciplined and transparent manner. Both the private and the public sector will have to gain the trust of each other and eventually of the international community by sharing results and inviting trading partners to verify them.

The need for credible and reliable Veterinary Services

There are many new tools available today to improve the safety of traded commodities and access to markets. However, none of these can be implemented effectively or accepted internationally if they are not accompanied or endorsed by effective and credible official Veterinary Services. Ultimately, it is the credibility of the Veterinary Services and the competence of its professional personnel that can make the application of these concepts acceptable to importing countries.

Good governance

It is beyond doubt that the partnership between the private and the public sector is evolving and a high degree of trust will soon be achieved in most countries. However, for the trade in animal and animal products to remain safe and credible internationally, this partnership will have to be accompanied by competent and credible Veterinary Services. The good governance of the official Veterinary Services will be critically important to the credibility of any private-public partnership.

In order to evaluate and certify the competencies of Veterinary Services, the OIE has established an official evaluation tool, as well as an accredited body of expert evaluators. The Tool for Evaluation of Performance of Veterinary Services (OIE-PVS Tool) is based on the Terrestrial Code recommendations on the quality of Veterinary Services. This OIE-PVS Tool has been an excellent official mechanism for certifying the strengths and weaknesses of Veterinary Services. So far, over 100 Member Countries have been evaluated, and some of them have already undergone ‘Gap Analysis’, i.e. the analysis of the resources required to improve the weaknesses ('gaps') identified in the OIE-PVS evaluation.

Private standards: friend or foe?

During recent years there has been a rapid proliferation of so-called ‘private standards’ which, at least on the surface, may appear to conflict or compete with the international health standards of the OIE and the Codex Alimentarius Commission (CAC). These standards first appeared as a result of efforts made by the private sector to meet consumer preferences and demands on the quality and safety of food.

Private food companies began to develop their own standards in order to provide their consumers with quality assurances on issues such as organic production or free-range farming, and later these expanded into other areas, as individual retailers attempted to gain competitive advantage by making their producers and suppliers meet even stricter conditions.

This proliferation of private standards has resulted not only in added production costs for producers, but it has also added to the confusion of consumers, who must try to judge the merits of the various different standards being offered by competing supermarket chains.

At times, these private standards have gone beyond the area of quality and begun to address issues of food safety and animal welfare and their requirements sometimes exceed those of international public standards.

Private standards will not go away. There is a need, therefore, for the private standard-setting bodies to organise themselves and collaborate in order to avoid interfering with existing international public sanitary
standards while providing consumers with a well-informed choice of quality and personal preferences.

The increased consumer confusion and unnecessary costs to producers created by the escalation in the number of private standards has to be dealt with by a more global approach, limiting them to legitimate and clearly identified issues of consumer preferences. The potential conflict between private and public standards in the area of health and animal welfare also needs to be examined in order to seek complementarity rather than a conflict with the international public standard.

Not all private standards should be viewed as conflicting with those of international organisations such as the OIE. Global private standards addressing issues of health, food safety and animal welfare could complement existing international public standards by enforcing compliance of public standards at points of production and processing, as long as they do not exceed the requirements identified by the public standards.

So how can safe and fair trade be improved?

It is evident that the international community was serious about promoting rules for safe and fair global trade when it agreed to the expansion of the rules contained in the General Agreement on Tariffs and Trade. This commitment to fairness in trade led to the development of the WTO SPS Agreement, which incorporated the vital issue of the protection of public, animal and plant health. This Agreement recognises the OIE, the CAC and the International Plant Protection Convention (IPPC) as the only relevant standard-setting bodies. The SPS Agreement also established the SPS Committee for the oversight and facilitation of the implementation of the provisions of the SPS Agreement. Following the signing of the SPS Agreement, the international standard-setting organisations reviewed their procedures and developed mechanisms for a more participatory process, in particular by providing assistance to developing countries. The WTO, in conjunction with the OIE, CAC, IPPC and the World Bank also established the ‘Standards and Trade Development Facility’. This joint initiative is aimed at attracting resources from donors to fund specific projects that will result in tangible benefits in developing countries in terms of international trade facilitation.

All of these actions are clear indications of the will and commitment of the international community to make international trade fair and safe. However, we find that many of the countries which actively contributed to this worthy goal are the same ones who today fail to adhere fully to the international rules when establishing their own importation regulations. Additional science-based international standards or an improved dispute resolution mechanism are not what is really needed to resolve today’s trade impasses. What is needed is a global commitment, and the necessary political will, to adhere fully to agreed international public trade standards.

Les normes internationales et l’atténuation des risques associés aux échanges internationaux

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Résumé

L’auteur décrit le rôle joué par l’Organisation mondiale de la santé animale (OIE) en tant qu’organisation chargée d’élaborer démocratiquement des normes fondées sur la science, et qui fournit des orientations destinées à prévenir la propagation des maladies animales, zoonoses comprises, dans le cadre des échanges internationaux. L’Organisation mondiale du commerce, quant à elle, est une institution internationale ayant la capacité juridique d’inciter au respect des normes internationales et de régler les différends commerciaux par la
Normas internacionales para mitigar los riesgos ligados al comercio

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Resumen
El autor describe la función de la Organización Mundial de Sanidad Animal (OIE) como organismo normativo que, de forma democrática y basándose en datos científicos, proporciona pautas para prevenir la diseminación de enfermedades animales, incluyendo las zoonosis, como resultado del comercio internacional. La Organización Mundial del Comercio es reconocida como la institución internacional con potestad jurídica para alentar el cumplimiento de las normas internacionales y mediar en las controversias comerciales. La importancia de garantizar la buena gobernanza y la credibilidad de los Servicios Veterinarios nacionales mediante un proceso de certificación oficial, es reconocida como un componente esencial de la seguridad de las actividades comerciales. También se observa que la colaboración público-privada y la evolución de las responsabilidades son fundamentales para poner en práctica medidas de garantía sanitaria, como la compartimentación. La rápida aparición de las normas privadas es descrita como un potencial complemento a la aplicación de las normas sanitarias, siempre y cuando se apliquen a escala mundial y a modo de apoyo a las normas de la OIE. En última instancia, el mayor desafío para la comunidad internacional estriba en crear los incentivos y suscitar la voluntad política que se requieren para un comercio justo y para el reconocimiento y la aplicación universales de las normas sanitarias internacionales establecidas.

Palabras clave
References

