



## Global momentum for electronic phytosanitary certificates - Ensuring implementation for everyone

The Fruit and Vegetables Sector's contribution to global connectivity

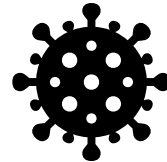


## Structure and Objective: Ensuring implementation for everyone



### Market situation evolution:

- Global F&V market
- ACP market evolution
- EU import evolution



### Impact of Covid-19:

- Key challenges for f&v during the pandemic
- Lessons learnt for ePhyto



### ePhyto solution

- Impact of the Industry Advisory Group
- Benefits for ePhyto / electronic phytosanitary certificates
- Onboarding situation & current state of play

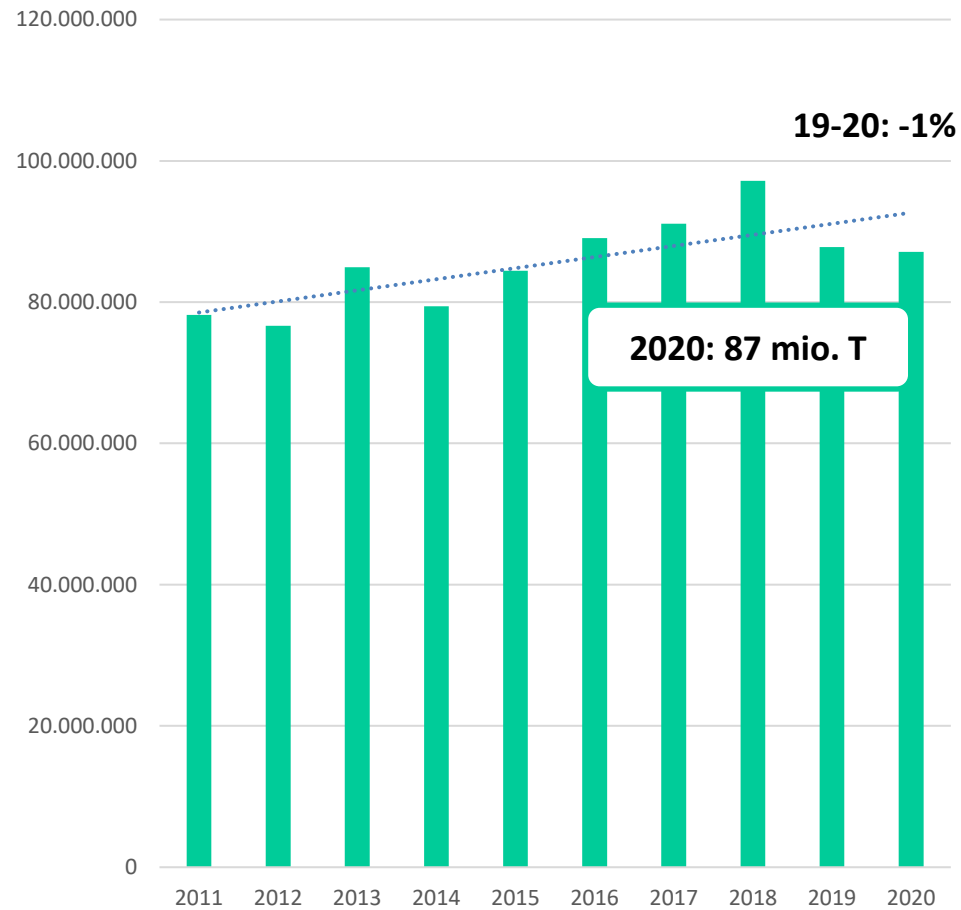


### Was forward

- Key challenges for implementation
- Opportunities identified by the f&v sector

## Key features of global fruit trade

World exports - Volume in T



- ❖ Global market value of \$ 99.2 billion USD, 5 year annual average growth: 3%
- ❖ Structure of the fruit and vegetable trade defined by 3 features:



Highly perishable



Fragmented in format and size of shipments: 200 origins – 200 destinations

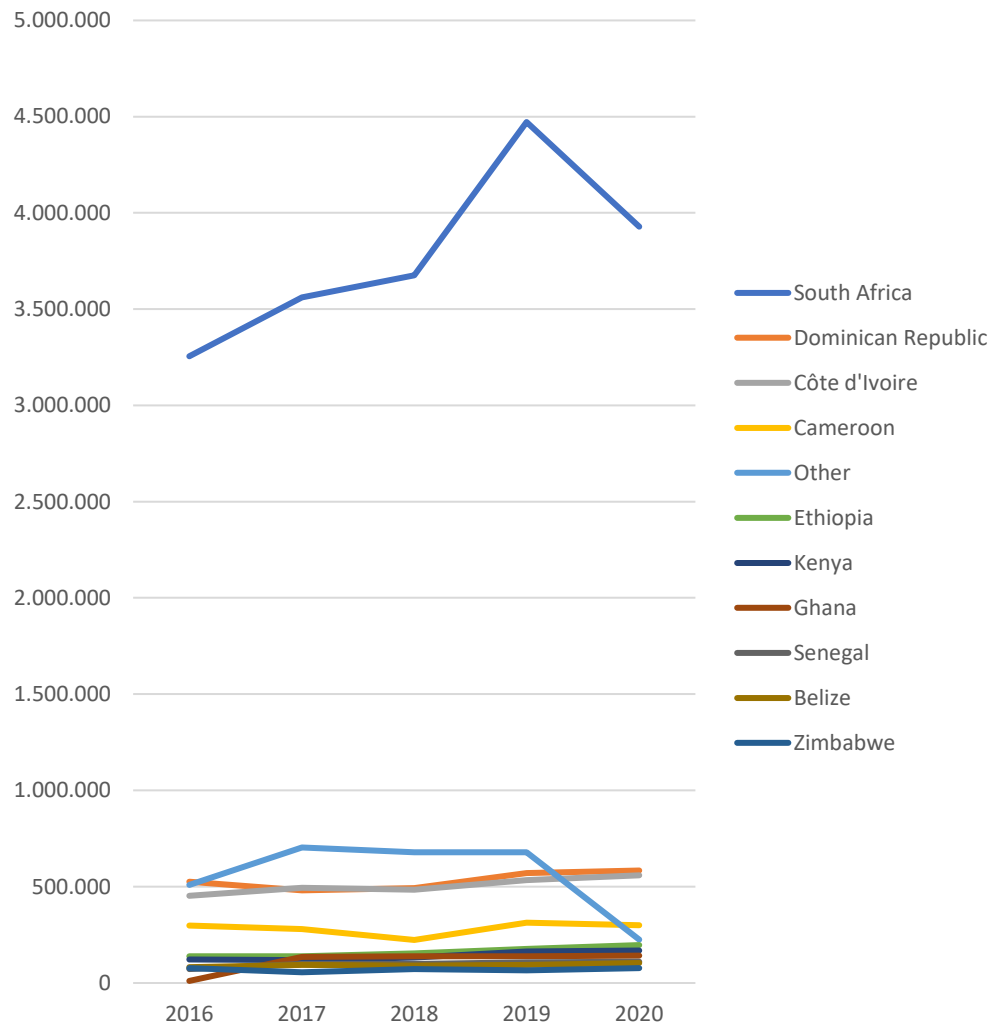


Diverse: multifaceted commodities with different quality requirements



# The specific ACP - situation

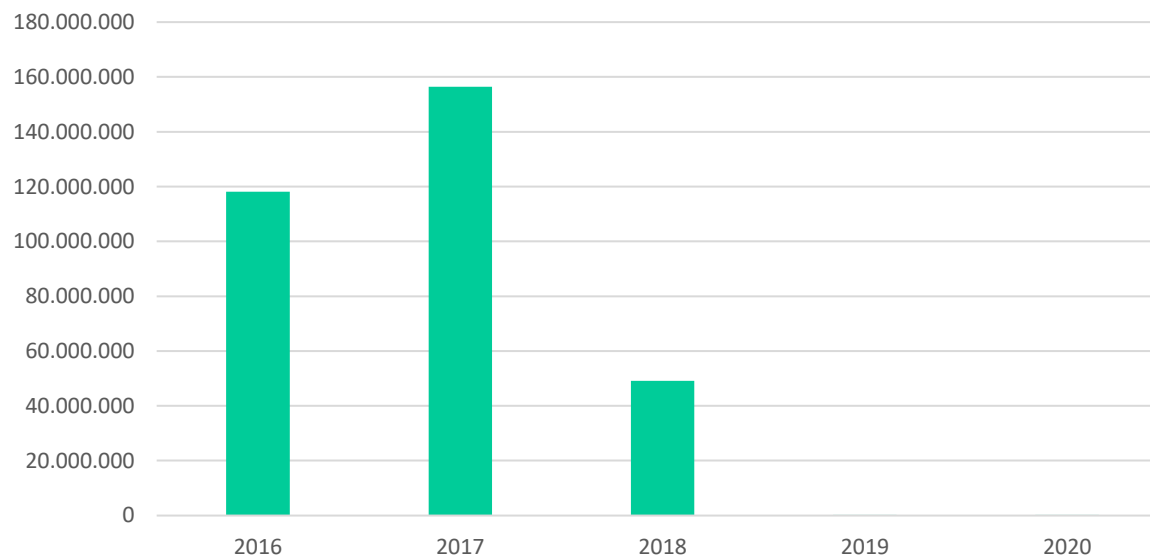
ACP Global Exports - Volume in T



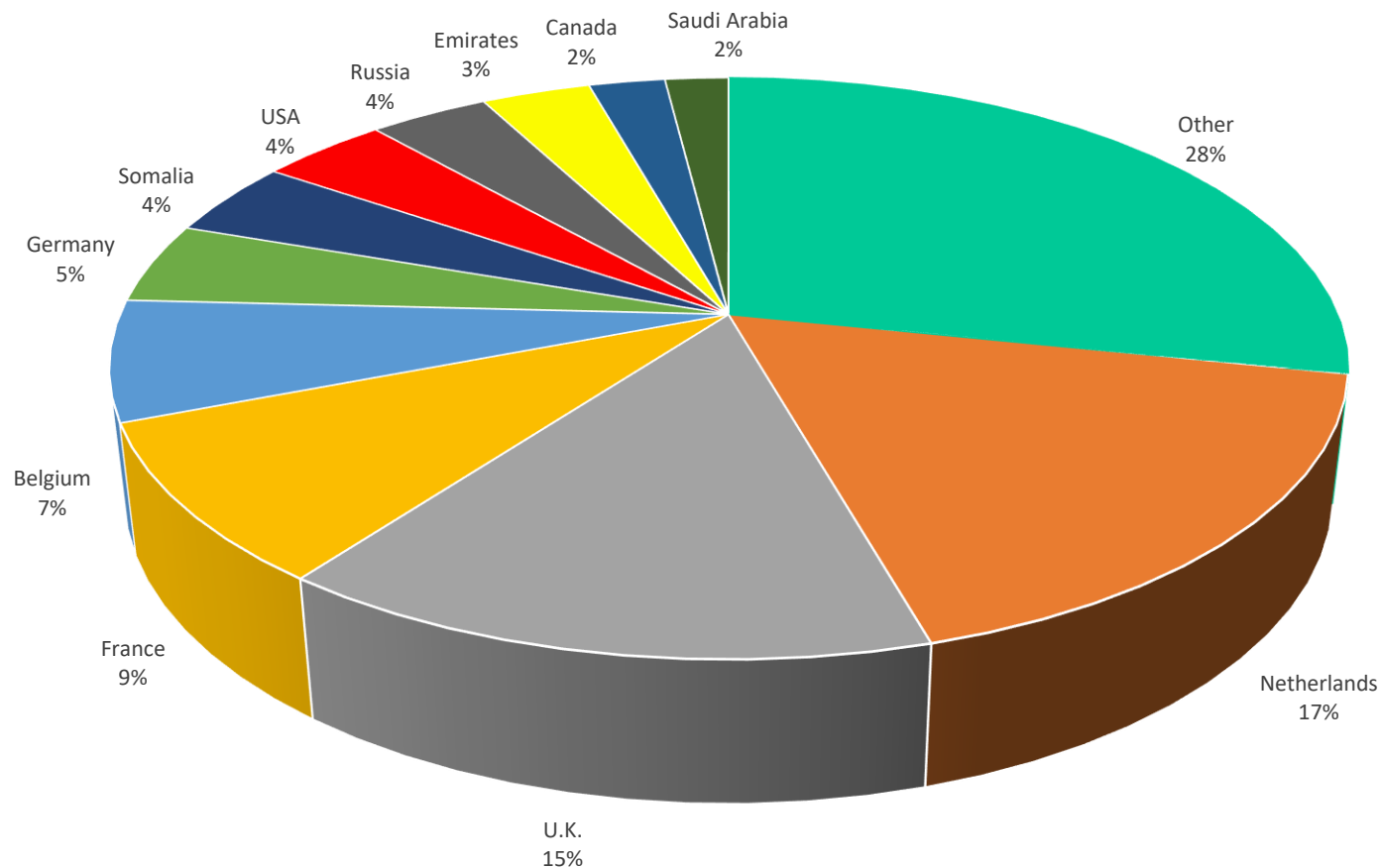
## ACP-country specifics:

- 77 origin – 6.4 mio. T of export with a market value of \$ 6.4 billion USD
- 10 key players with high volume trade
- 67 exporters with low volume trade
- Covid-19 situation impacted in particular the low volume exporters
- 222 export destinations - partially with very small sized trade

Mozambique - Volume in T



## Major importing partners for ACP fruits and veg (value in billion USD – 6.4 billion USD in 2020)

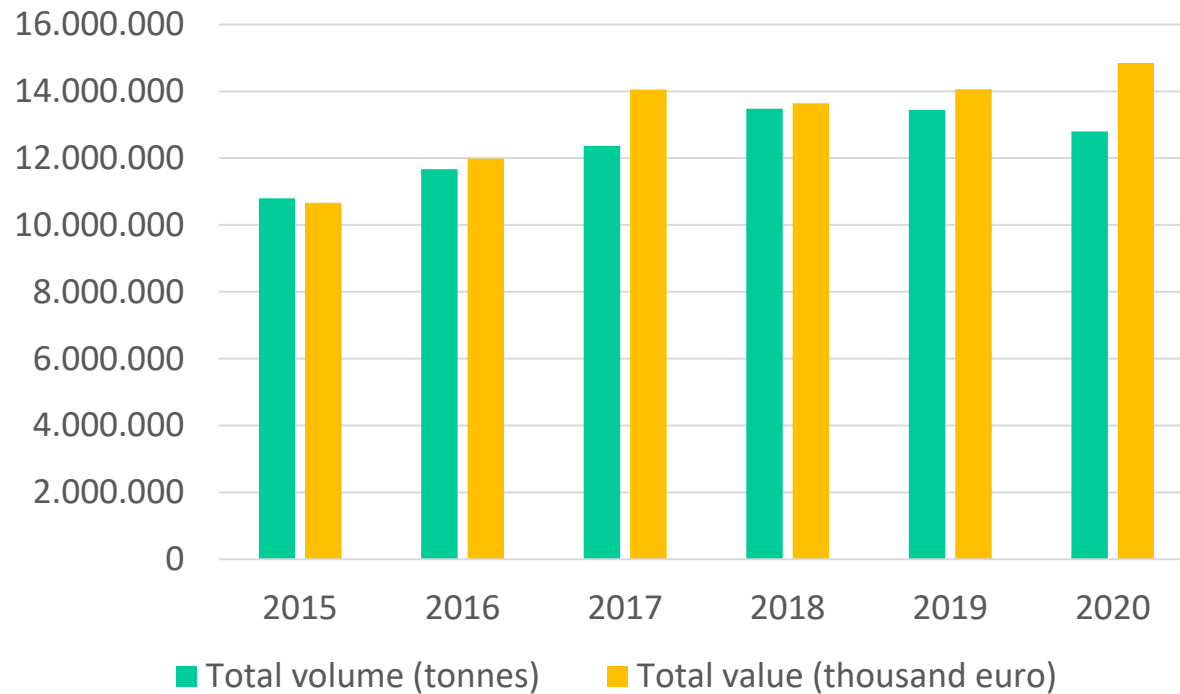


### Key facts:

- Total market value of 6.4 billion USD
- 45% destined to EU-27 market destinations
- 9% destined to Asia Top 15
- 9% to Middle East
- 4% to Russia
- 11.3% intra-ACP trade

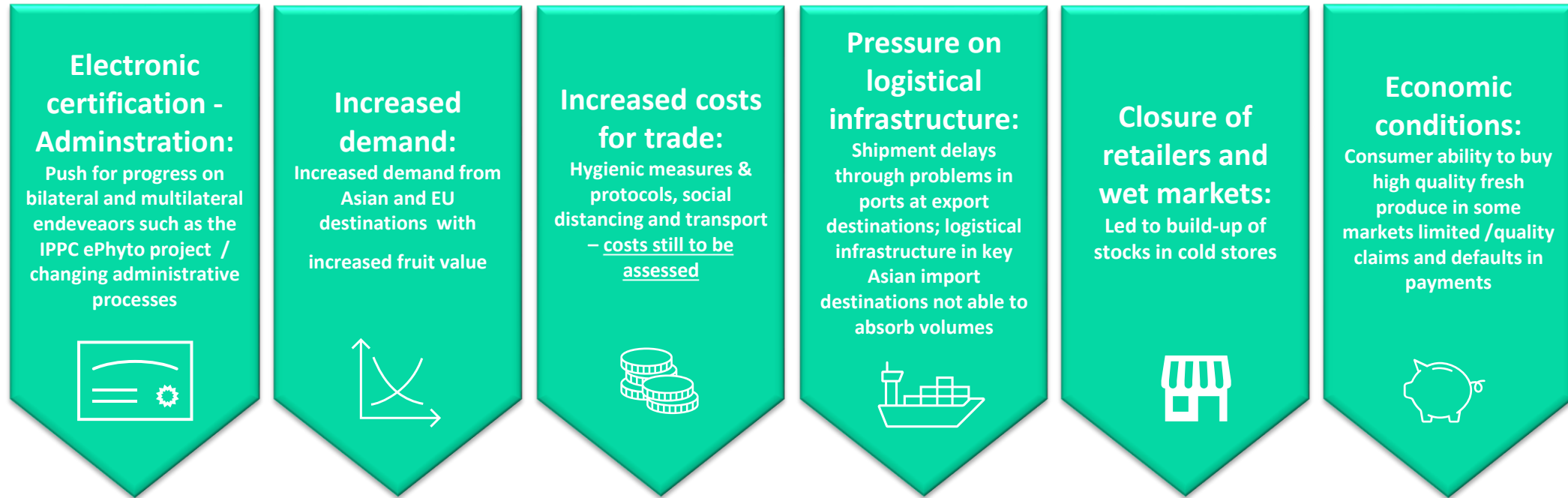
## EU IMPORT: Overall trends

Evolution EU import volume & value



- ❖ Volume decreased by 5% vs. 2019
- ❖ Value growth 19-20: +6%
- ❖ 5 year evolution volume: 4% annual average growth with slow down
- ❖ 5 year evolution value: 7% annual average growth – no slow down

## Trade under pandemic conditions: General observations & impact of Covid-19 on trading operations to key destinations in Asia, North America (and the EU)



- Diverging effects for the global fruit trade sector: with impact on the most vulnerable countries
- Global fruit trade experienced a decline in volume's traded (-1%), but continued growth of value (3%)

# Outlook and arising trade barriers...

## Country specific conditions:

Already existing trade barriers remained in place / some access conditions hardened (Indonesia)



## Domestic protectionism:

Slowdown of economies resulting in slow down of import markets / calls for local consumption



## Food security:

Continued concerns on food security and introduction of related measures



## Market access:

Negotiations on pending market access neglected due to emergency situation / still not on track



## Logistics:

Absence of air cargo, Calls at some ports being cancelled with delayed arrivals



## China customs procedures:

To cater for detections of Covid-19 on food products – did not affect food products



## Pre-Clearance/Pre-Inspections:

Delayed or cancelled



### Outlook 2021:

- Continued reduced air transport impacting the delivery of customs- and non-custom documents
  - Season will depend on the developments of global quarantines
- Continued matters of access to seasonal workers / work forces
- Global move towards electronic certification – no wish to return „back to normal“



## Digitalization in the supply chain – lessons learned in the pandemic – A common view from global plant trade sector

### Lesson learnt:

- Acceleration of digitalisation in many areas

### Lesson learnt:

- In countries where the plant products production and certification processes were supported by digital tools the impact of disruption was less severe

### Way forward:

- Governments should support digitalisation of the international plant product supply chain & should aim to reduce the digital divide holistically

### Way forward:

- Intergovernmental digitalisation initiative
- Resilience in the plant supply chain by more open data policies



# The IPPC Industry Advisory Group: Collaboration – Cooperation and Communication



## Plant sectors involved:

- Federation of Cocoa Commerce Limited;
- International Community of Breeders of Asexually Reproduced Ornamental and Fruit Varieties (CIOPORA);
- International Grain Trade Coalition (IGTC);
- International Seed Federation (ISF);
- International Wood Products Association (IWPA);
- Union Fleurs (International Flower Trade Association);
- European Seed Association (ESA);
- Europatat – European potato trade association;
- Freshfel Europe – European fresh fruit and vegetables chain; SHAFTE – The Southern Hemisphere Association of Fresh Fruit Exporters
- National Alfalfa and Forage Association (NAFA)
- The Global Express Association
- International Cotton Advisory Committee
- The IAG observers includes representatives of:
  - Global Alliance for Trade Facilitation (GATF)
  - Wine Institute



## Technical Advisory & Supply Chain Analysis

Help to facilitate conversations between importers, exporters, NPPOs in the adoption process of the IPPC ePhyto solution

Understand current status of the ePhyto implementation in each country – help to foster the relationship with the „enabling“ parties

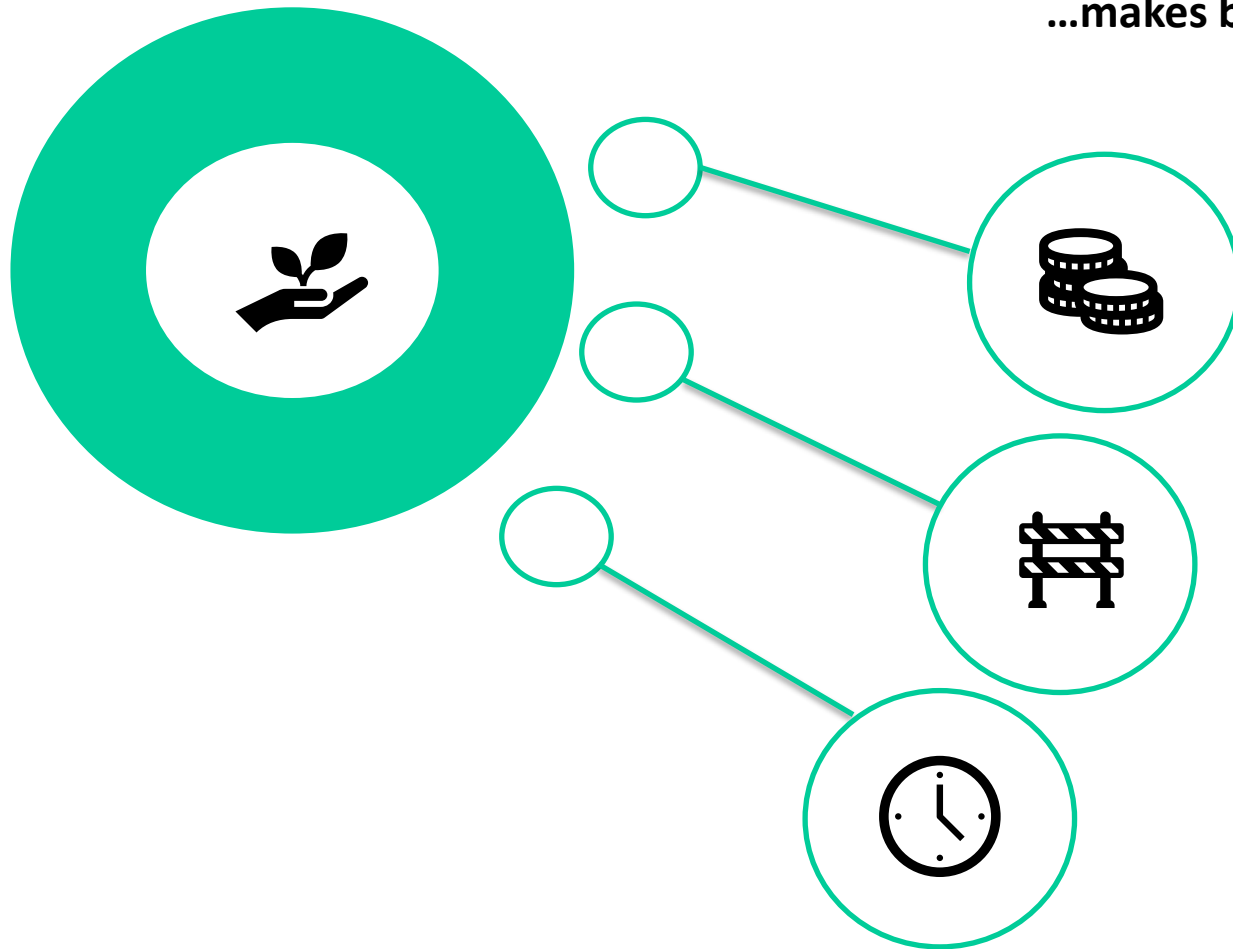
### Implementation support workshops:

- Korea, Dominican Republic, Bahamas, Central Europe, Costa Rica....

**Case-studies:** Identifying bottlenecks in the functionality of the system

# Benefits of ePhyto for the fruit and vegetable industry

...makes bilateral NPPO negotiations obsolete...



## Cost-Saving:

- \$ 25 USD per shipment in mailing cost for courier
- Grain-case study: shipments released within hours: saved \$ 36.000
- Maintenance of shelf-life

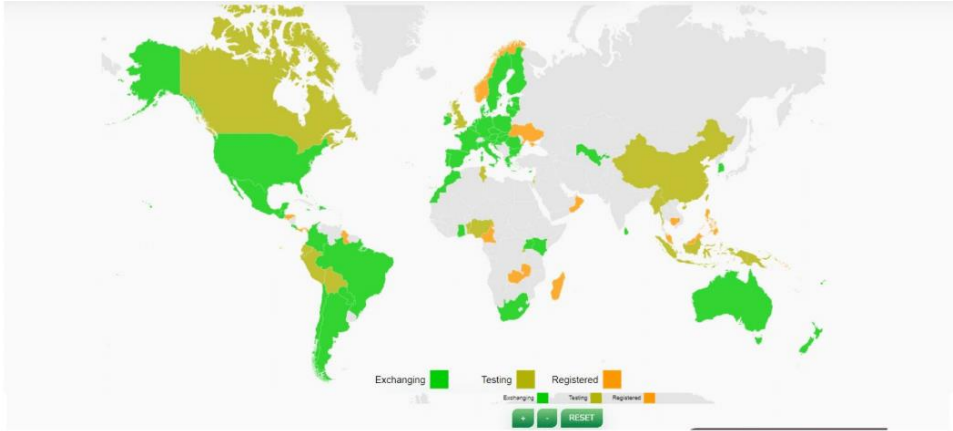
## Less interceptions

- Missing or fraudulent certificates one of the main interception reasons
- 1/3 of EU Interception based on certification mistakes
- Ability of fast-track correction

## Timing and resilience

- Crisis resilience
- Fast-track controls

# State of play: onboarding IPPC ePhyto HUB



## Challenges for the fruit and vegetable case-studies:

- Fragmented supply chain – Match between importer & exporter challenging
- Small and medium sized companies: finding a matching connection from country to country
- System remains abstract

## MORE WORK NEEDED!

- 44 case studies completed or are currently underway (May 2021)
- A limited number of sectors have been covered: seeds and grain
- A limited number of countries have been covered: Argentina, Netherlands, New Zealand, USA, Mexico
- Multimodal transport: vessel, container, rail, truck, and air freight



# Global fragmentation is challenging the swift implementation: at policy level



**Missing pro-activeness at NPPO-level, understaffing, and missing technical infrastructure:** missing capacity building, national administrative structures slow down the building of implementation infrastructure



**Competing solutions complicating overview:** different bilateral channel, reinforced through manifold emergency measures on electronic/digital phytosanitary certificates during the acute Covid-19 restrictions, have been complicating the understanding on the actual available connections and the conditions under which the electronic or digital phyto should be submitted.



**Non-enabling regulatory environment:** Regulatory environments, which e.g. require additional safety features or the negotiation of bilateral security conditions for the transmission of electronic phytosanitary certificates are significantly slowing down the onboarding procedure



**Top-down implementation from NPPO to customs control level:** Often the availability of the system has not yet been communicated top down to regional or sectoral authorities, which may need to adjust their internal procedures or implement additional technical elements or features, to enable the usage of the solution

# Global fragmentation is challenging the swift implementation: at operational side



**Knowledge building on operational procedures for PC's:** there is still a strong absence of the concrete flow of operational procedures while handling PC's in practice and the total costs attached including the concrete analysis of costs involved in the preparation and handling of the phytosanitary certificate through the value chain



**Discrepancies in security measures to release the PC's:** Depending on the specific national regulatory environments, the sending and receiving electronic PC's is connected to certain security measures such as an electronic seal or QR code. This is in particular the case for the EU TRACES system, where the safety of transmission is regulated by the EIDAS regulation



**Missing case-/field studies:** The high fragmentation of the fruit sector in combination with the seasonality of fruit trade and the limited availability of connections have been challenging the successful implementation of cases studies so far. Therefore, the evidence for practicality of the system remains abstract at least at trade side



**Incomplete cost-benefit-analysis / procedural mapping:** No concrete cost-benefit analysis has been conducted, to underline the efficiency of the system.

## ePhyto's to the EU – A specific situation

TRACES-NT

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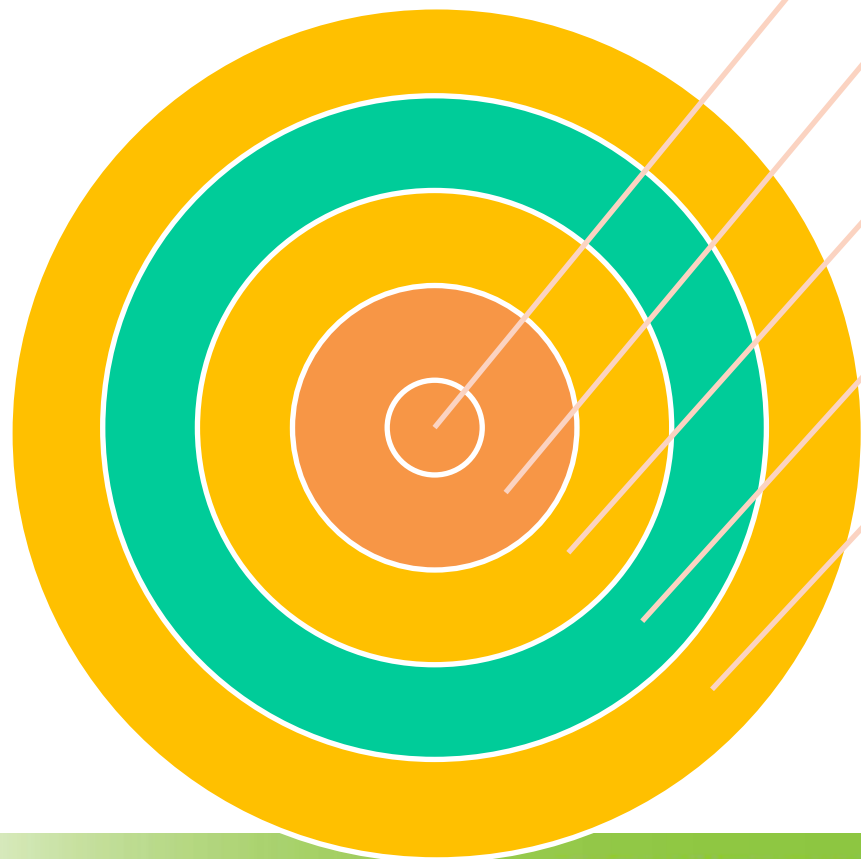
ePhyto

**Longterm:** Bilateral connection to TRACES: PC's directly in the system, eSeal with annual operational cost implications (EIDAS regulation)

**Shortterm:** Covid-19 emergency regulation: IPPC ePhyto hub connected to TRACES without eSeal until 1st of September 2021 (emergency measures need to be prolonged)

**TRACES-NT:** sending possible since February 2021 – but only France progressing so far

...but also lot's of opportunities...



**Strong NPPO engagement of leading countries**, to enhance the solution (Chile, ARG, U.S. already exchanging with 48 countries.... )

**Global evolution is opening roads for expansion**: synergy effects creating an acceleration of the onboarding momentum – bilateral negotiations slow down acceleration of one system

**Enabling regulatory environment** needed to accelerate onboarding

**Onboarding to the hub at minimum costs**: While concrete onboarding costs depend on individual country conditions, the costs for the onboarding to the ePhyto hub only include the costs for the IT-staff to connect the existing national system to the ePhyto hub or if no system in place, training costs for the personal to use the GENS system

**Awareness in the fruit and vegetable sector growing**: recognition of value of digital solution creating momentum and understanding top-down and bottom-up





...to continue the debate please contact:



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