Meeting of the EPHYTO Project industry advisory group

North American Export Grain Association

1400 Crystal drive, 22202 arlington, va, usa

27 june 2017

MEETING REPORT

# Participants

Craig Fedchock, International Plant Protection Secretariat (IPPC)

Nelli Hajdu, Freshfel Europe – European fresh fruit and vegetables chain

Raquel Izquierdo de Santiago, Europatat

Jingyuan Xia, Secretary of the International Plant Protection Secretariat (IPPC)

Gary Martin, International Grain Trade Coalition (IGTC)

Gerard Meijerink, International Seed Federation (ISF), Chair, ePhyto Industry Advisory Group

Peter Neimanis , Chair, ePhyto Steering Group, Australian Ministry of Agriculture and Rural Affairs

Shane Sela, IPPC

Orlando Sosa, IPPC

Cindy Squires, International Wood Products Association (IWPA)

Jan van Hoogen, Europatat

Kyu-Ock Yim Korean Ministry of Agriculture, Food and Rural Affairs

# Observers

Christian Dellis, United States Department of Agriculture, Animal Plant Health Inspection Service (APHIS)

Bill Gain, World Bank

Katy Lee, International Grain Trade Coalition (IGTC)

Michael Perry, APHIS

Terry Townsend - Executive Head of the International Cotton Advisory Committee (ICAC)

Andrea Zizack, APHIS

# Welcome and opening of the meeting

The Chair welcomed members and thanked the representatives of the North American Export Grain Association (NAEGA) and the International Wood Products Association (IWPA) for acting as the local hosts of the meeting. The IPPC Secretariat also thanked the hosts. The Chair reviewed the purpose of ePhyto Industry Advisory Group (IAG) and the overall need to provide guidance and advice to the IPPC Secretariat in the development of project.

NAEGA welcomed the group and reiterated that the grain trade is keen to see progress in the development and implementation of the hub to facilitate trade and global food security.

The members introduced themselves.

# Review and adoption of agenda

The agenda was slightly amended to include items on membership of the IAG, and preparation for the embassies meeting on November 28th.

# Selection of rapporteur

Ms. Lee agreed to act as rapporteur.

# Update on progress since last meeting

Hub

IPPC Secretariat provided a recap of project developments and a description of the technical components of the hub. Participants were reminded that phytosanitary certificates are government-to-government documents but it is well recognized by national plant protection organizations that traders also require certificates to support trade activities and the Secretariat acknowledged that facilitating trade requires that ePhytos serve both purposes.
IAG members agreed to define more specifically how phytosanitary certificates support trade activities and which data on the certificate is needed and/or used for that purpose. A survey to collect such information will be initiated.

It was noted that countries such as Canada and Mexico, who have developed systems to exchange electronic phytosanitary certificates, are likely to participate on the hub once the pilot is completed.

Regarding the technical specifications for the hub, the Secretariat noted that the hub does not store any information related to the content of certificates. It will only read the header information of the XML which includes the country of orgin code; the country code of the destination country; the certificate type; the certificate status and any included free text in the header. “Business” information contained in the certificate will not be read or stored. Security measures have been prioritised as part of the hub operation and a 24/7 help-desk will assist national plant protection organizations.

Data access in support of industry needs

IAG participants reiterated concerns raised at previous meetings that value chain actors need timely notification about whether an ePhyto has been exchanged and approved/rejected/delayed. IPPC and the ePhyto Steering Group which is supporting the technical development of the Solution is aware of these concerns. IAG members also expressed interest in the possibility of ePhytos supporting pre-arrival risk assessment and data sharing across government agencies that would facilitate countries to move towardsrisk-based border procedures, since less time would have to be spent on administrative checks and correction of certificates.

The Secretariat and ESG Chair emphasized that the hub project is a step-by-step process with the principle focus currently on establishing the exchange of certificates between NPPOs. The hub will not establish “new” protocols for communication with the rest of the value chain and therefore it remains the responsibility of NPPOs to communicate receipt/approval of certificates. Priority has also been placed on communication with customs authorities and the value chain. Flexibility has been built into the system in order to accommodate: developing needs; “scalability”; and to be able to exchange other certificates such as those relating to animal health and food commodities. This was welcomed by IAG members, who underlined the need for guidance on how existing national systems – beyond those involved in the pilot project – can interact with the hub. It was acknowledged that the more sophisticated the system becomes, the more expensive it will be which may impact on cost recovery of the Solution.

The ESG members in attendance stated that they would like to know more about the specific needs of value chain actors. For example, they questioned whether in the development of the system, tools such as “barcodes” should be included to allow for confirmation of ePhyto exchange and notification of banks and other supply chain actors of the approval of the certificate at the point of entry.

Members noted that Single Window systems currently being used by customs authorities provide notices about delays and the status of documents. Multiple government agencies have access to this system. The Secretariat noted that a key element of the development of the hub is the need to integrate ePhytos within the Single Window systems. In this regard, the Secretariat is working with the World Customs Organization (WCO) to validate whether the XML data proposed for electronic phytosanitary certificates marries with the WCO data model used in Single Windows. The members were also advised of guidance developed by the World Bank, The United Nations Economic and Social Commission for Asia and the Pacific and by the World Trade Organization on implementing Single Windows. Some of the documents may be accessed at:

<http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/22/090224b082eb7aa6/1_0/Original/Implementing0E00Accession0Countries.doc>

<http://www.unescap.org/sites/default/files/0%20-%20Full%20Report_5.pdf>

<https://www.wto.org/english/tratop_e/tradfa_e/case_studies_e/escwa_e.pdf>

Generic ePhyto national system

Members asked about the potential for duplicate numbering of certificates being issued by countries. The Secretariat noted that the potential for duplicate certificate numbers currently exists with paper documents and that other identifiers on the certificate (e.g. country of origin, country of destination, etc.) make each certificate unique. Furthermore, most countries include unique identifiers within their certificate numbering systems. The GeNS will be designed to ensure that numbers are not replicated.

The Secretariat explained the selection process for the countries chosen to pilot the GeNS. The Secretariat noted that the countries were not selected based upon trade volumes solely but also their ability to implement in a timely manner, there state of development and ability to support the development of capacity building tools that could be used to support implementation in other developing countries in the future.

Some members of the group felt that the inclusion of Egypt in the pilot is especially important given the large volumes of plant and plant product trade that pass through the country.

Pilot planning

The pilot of national systems connected to the hub is expected to commence with some initial testing in July 2017. The pilot of the hub is expected to occur between September and December 2017.

The GeNS pilot is expected to occur in the first quarter of 2018. Samoa, Sri Lanka and Ghana are expected to participate as the first “GeNS” countries, followed by Egypt and Senegal.

The funding for the project is approximately US $2 million based upon the Standards and Trade Development Facility (STDF) funding and donations from several countries. There was a considerable delay in receiving the STDF funding as the project plan was reviewed and reworked multiple times. Although the overall objectives of the project remained as originally described, the project details were revised to address specific concerns raised by one or two members of the STDF working group.

Planning on cost recovery

The IPPC has engaged a consultant to carry out an analysis of potential options for cost recovery that could be used in developing a sustainable business model. Countries including Australia, Canada and USA continue to provide funding, as well as in-kind support including supporting the capacity building efforts in the GeNS countries on the pilot.

IAG participants remain concerned about the business model of the hub and its potential impact on trading businesses. Members acknowledged that US $ 2 million would not be sufficient to ensure the long term sustainability of the Solution and ongoing capacity development support.

IPPC Secretariat confirmed that cost recovery is needed to support the operational costs of the hub and GeNS and not the investments into the development of the system which is covered by Project funds. The amount thus to be recovered could be less than 0.5 million $ annually.

The IAG agreed that a transaction based cost recovery model appeared to be inappropriate as it would add administrative costs to fee overall administration of the solution. Members noted that many modern systems work on a subscription basis and this should be considered.

Members of the IAG emphasized that a successful ePhyto hub does promise significant cost reductions for industry if operated successfully. One estimate suggested that 1 day of reduced time could represent a 1% increase in trade. However, some members felt that greater understanding of the benefits to individual companies would facilitate greater support from national industries. Members agreed to collect more information regarding the benefits of implementing automation to the trading community.

It was noted that national regulations will impact the potential options for cost recovery and that some countries do not possess the necessary legislative framework to charge for the issuance of certificates which would affect their ability to support a recovery model. The time and costs of legislative changes required to complete necessary changes in legislation by countries could substantially delay the adoption of the Solution by countries lessening the overall benefits.

Other issues in development

The Secretary of the IPPC expressed satisfaction about how the whole project has matured and expected that the positive progress would continue.

Long term, there was agreement that collaboration with CITES, Codex, WCO is important to ensure an integrated solution that supports overall trade.

A number of legal challenges need to be addressed including fee collection, operation of the system by countries, acceptance of e-signatures, etc. Additionally developing countries in particular will require support over the long term to make the business changes necessary to implement electronic certification and to use the system to facilitate trade. The IPPC Secretariat is receiving support from the FAO Legal Office in assisting with national regulatory changes in support of adoption of electronic certification.

# Working with pilot countries

Members agreed that NPPOs will see immediate benefits from implementing exchanges through the hub However, the implementation process for countries will differ... Some countries may only initially implement one way transfers of certificates since some national import systems are operated independently of export systems. However final objective and engagement of countries will be to implement a two-way exchange process using the hub. Configuration of systems will also take time and countries may have differing capacities to complete re-configurations.

The Chair of the ePhyto Steering Group reported that ESG members are working with developing country pilot participants to assist them in making the necessary business and technological changes required to implement the GeNS once it is ready. Australia for example is substantively supporting these business change efforts as a means in advancing its trade facilitation agenda, as well as its foreign aid programmes.

ESG members noted that to support NPPO efforts nationally, industries within the country will require more information on how countries are planning (or not) for automation/digitisation. For example, members proposed that a “dashboard” on country efforts outlining progress and development would allow national industry prepare for transition and to better engage with NPPOs in support of their implementation efforts.

**International Seed Federation survey of members**

ISF provided a presentation on the results of the industry survey on phytosanitary certification. The survey conducted in June/July/August 2016 provided information on the costs of certification, the time required to complete certification, the time required to access certification information, and other parameters. The survey can be repeated in future to measure the impact of ePhyto.

**Involvement of IAG in pilot countries**

Following a discussion on how members could support the ePhyto Solution pilot, the IAG proposed to make a company available to respond to the testing phase of the pilot. This would involve a trade exchange within one company that has operations both at import and export in two hub Pilot countries. A test of international ePhyto transactions on a shipment-specific basis would therefore be possible. The purpose would be to demonstrate how a cross-border ePhyto can support trade activities from the point of certification to the point of release of the commodity in the importing country and thereby describe more thoroughly the benefits of implementing automation to the trading community.

# Capacity development and outreach strategy

The Chair of the ESG provided a summary of efforts to engage with Sri Lankan and Samoan quarantine agencies to prepare them for implementing the GeNS. The members noted that communication efforts are effective in reaching out to the NPPO and industry constituents by the ESG and IAG. However, IAG members encouraged the IPPC Secretariat to engage with national industry associations through national meetings.

The Secretariat noted that the GeNS and Hub training information will be written and available in English initially, but translation will occur as the solution moves from the pilot to full implementation.

# Engagement of industry electronic data providers

The ESG proposed that this item to consider the potential for information to be transferred from service providers to national systems or the GeNS to support phytosanitary certification or import control. IAG members noted that many companies are developing products to provide electronic exchange of trade documents both for industry and Single Window purposes. The companies are worldwide and there are a substantial number of them. Some are developing these technologies in response to the block chain environment. The members therefore felt it would be inappropriate to engage with one or two electronic data providers on linkages between national phytosanitary (or plant protection) systems and their services. The IAG proposed also that NPPOs may be undertaking such discussions based upon the technology that they operate. An association such as the customs brokers could be approached as an intermediary to discuss the business needs of traders. The members felt that such a discussion should occur after the pilot.

 **Other issues**

The IAG reviewed its preparations for an outreach meeting to trade commissioners on ePhyto taking place at the Canadian Embassy on 28 July 2017.

Members noted that several important plant and plant industries are currently under represented on the IAG. These include the ornamental plant and trees sector, the hay/straw/forage sector, the tropical fruits sector and the cotton sector. The ICAC participant at the meeting agreed to provide a member to represent the cotton sector on the committee. The IGTC participants agreed to follow up with the remaining sectors to seek their representation. The members agreed to include these members on the IAG.

The members requested that the IPPC Secretariat provide more regular updates for the IAG now that the pilot is entering the testing phase. .

# Next meeting

The next meeting was proposed for 22-26 January 2018, in Kuala Lumpur, Malaysia to coincide with a proposed international symposium on ePhyto being organized by the Secretariat, the Asia Pacific Plant Protection Organization, the Australian Ministry of Agriculture and Rural Affairs and Malaysian Ministry of Agriculture. It is expected that during the symposium the ePhyto Steering Group will be able to demonstrate both the hub and GeNS in operation.

# Action Items

| **Description** | **Responsibility** | **Due Date** |
| --- | --- | --- |
|  |  |  |
| Review the option of developing an information portal outlining country readiness for implementing the components of the ePhyto solution (e.g. preparedness to export, import, GenS, transition, etc.) to allow industry to implement its own readiness. | IPPC Secretariat | August 2017 |
| Seek the participation of the ornamental plant and trees sector, the tropical fruits sector and the hay/straw/forage sector on the IAG  | IGTC | August 2017 |
| Seek the participation of the cotton sector | ICAC | August 2017 |
| Provide detailed written updates to the IAG on ePhyto Solution progress | IPPC Secretariat | September and November 2017 |
| Provide update on ePhyto Symposium to IAG and linking next meeting of the IAG to the Symposium | IPPC Secretariat | November 2017 |
| IAG members to provide information on the potential trade benefits of implementing automation | IAG members  | December 2017 |
| Draft survey to determine the data on certificates that supports trade activities and circulate to IAG members | IAG Chair | December 2017 |
| Review and outline the parameters for a detailed analysis of a specific trade to identify benefits and impacts  | IAG members | December 2017 |
| Consider the inclusion invitation of brokers and industry technology service providers to provide input into linkages to trade data systems | IAG members | Following pilot conclusion |