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Concept paper:

# Development of Risk-Based Integrated SPS Border Controls for Pakistan

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Associated Agencies



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## 1 Introduction

An important part of the official control system for sanitary and phytosanitary (SPS) measures is the application of controls to consignments of internationally traded food and agriculture products at the points of entry and exit.

However Pakistan's system of sanitary and phytosanitary border controls is not able to prevent the import and export of consignments of food and agricultural products which do not meet technical conditions for product safety. As a result the country is exposed to food safety, animal health and plant health risks in imported consignments, and suffers rejections of exported consignments.

There is a recognised need to upgrade Pakistan's system of SPS border controls. Such systems typically consider the hazards which may be present in a consignment and link this to information regarding the origins of the consignments to generate an assessment of the risks to food safety, animal and plant health. This paper sets out the current situation and proposes a road map for the development of such a system in Pakistan.

The paper is prepared by the EU funded TRTAll Programme, as part of the technical assistance provided to the Government of Pakistan for the strengthening of the SPS regulatory system.

## 2 Current situation

### 2.1 Limited SPS Scope of Export and Import Policy Orders

International trade in agro-food products is subject to the Export Policy Order and Import Policy Order under the Ministry of Commerce. These sets out conditions for import and export of different products and origins, and Schedule 2 contains goods permitted for trade subject to conditions. This includes SPS conditions.

However the detail is scant, with many sections of these orders simply referring to the requirements set by the Animal Quarantine Department of the Department of Plant Protection. Neither of these departments have set out fully documented import and export requirements. Where the orders are more specific it is clear that the controls are not risk based. The only food safety conditions are contained in reference to 40 product standards published by PSQCA, which correspond to processed products subject to national mandatory certification. These 40 standards do not cover all food products, they are not exclusively focused on food safety conditions (containing many conditions relating to grading standards, labelling and compositional quality, as well as those relating to food safety).

### 2.2 Lack of integration of SPS clearance procedures

The customs clearance procedures are fully computerised within the Web Based One Customs (WEBOC) system. The system allows for electronic filing of manifests & goods declaration, paperless workflow, workload scheduler, a duties calculation engine and a messaging engine. It includes functionalities for assessments, review filing, and customs examinations, as well as laboratory test results and non-compliance actions. Implementation of eCustoms application has resulted in drastically slashing customs clearance time while facilitating importers and exporters through web based interface.

WEOC includes reference to the SPS measures contained in the Export and Import Policy Orders. However, the SPS clearance procedures by the mandated relevant authorities (Animal Quarantine Department, Plant Protection department of the Ministry of Food Security and Research, and the Marine Fisheries Department of the Ministry of Ports and Shipping) are not integrated within this system. They continue operate paper based systems, responding to specific notifications from the Customs Authority for clearance.

### 2.3 Export and import control systems not risk based

A number of specific bans set out in the Import and Export Control orders. Exports of fishery products to the EU from MFD approved establishments and export of meat from AQD approved slaughterhouses are the only products exported from Pakistani subject to controls linked to their origins.

Otherwise SPS controls on import and export are presently substantially based on an assessment of the condition of the consignment at the time at which it is presented for trade, rather than controls linked to the origin of the consignment. No animal health or plant health compartments of Pakistan have been defined and national origin conditions to export controls are not applied. There is no comprehensively documented set of controls on imports of food, plants or animals which indicate what controls must be applied based on their origin. The regulatory response to the presentation of a given consignment therefore does not reflect the SPS risks based on its nature and origin.

### 2.4 Risk of non-professional influences on SPS decisions

The consequence is that existing customs officers and AQD/DPP officers located on the borders are not provided with sufficient information regarding the types of checks and conditions to be applied to import and export. This leaves much to the discretion of the officer, and means SPS controls are therefore not applied consistently or effectively, and their application is not based on risk. Excessive discretion creates opportunities for external non-professional influence on entry/exit decisions.

### 2.5 Lack of SPS Border Inspection Post infrastructure

At the same time no port areas are properly equipped for inspection of food and agricultural products. There are no specialised facilities for discharge of containers, for temporary storage of goods, animal and plants in suitable conditions, for inspection and sampling, and for on the spot rapid measurement and testing if required. Containers are opened by sanitary and phytosanitary inspectors, customs officers and Anti-narcotics Force officers in any location, and inspected in unsuitable conditions, with additional risks of contamination or deterioration of the consignment.

### 2.6 SPS control failure

As a result of these deficiencies, Pakistan is exposed to the potential introduction of serious hazards, with attendant significant risks to animal, plant and human health. Since export SPS conditions are not under control it also risks the export of goods which do not meet the SPS requirements of the importing countries.

Whilst these problems are recognised by the Customs authority under the Federal Board of Revenue and the relevant authorities (MFD, DPP and AQD), there is no long term policy to guide the development of the SPS import control system.

### 3 Launch of a National Food Safety, Animal and Plant Health Regulatory Authority

At the time of writing the Government is considering the Bill to launch the National Food Safety, Animal and Plant Health Regulatory Authority. This will be mandated, under section 6.1 (iii) to:

*“administer all legislative and regulatory acts adopted by the Federal Government with regard to SPS/TBT measures in relation to import and export of, and inter-provincial trade in, animals, plants and agricultural products, food and feed”*

The SPS border controls, whilst being implemented under the overall supervision of the FBR and Customs, should be subject to more detailed technical conditions specified by the NFSAPHRA. This means that for each product category, (defined by HS code) and each origin (country or compartment within a country), whether imported or exported, there should be a border control response, depending on risk. It is not necessary that every consignment be subject to a full range of checks on all parameters. These should be selectively applied based on risk assessment.

These conditions will be assessed and specified by the food safety, animal health and plant health directorates of the new Authority, and will be line with the national requirements (for imported consignments) or those of the importing country (for export consignments).

However, the three SPS functions and the expressions of these SPS import/export control policies should be integrated into a single border control system implemented within the WEBOC database.

An integrated approach is required since:

- Some SPS checks (ie.documentary checks) can be made by customs officers based on information provided in the database (origin, specimen certificates, stamps and signatures).
- Some products are of interest for more than one SPS function eg. raw meat is of interest for animal health/food safety reasons; it should not require that two separate officers conducting separate inspections be undertaken.
- Integration of the SPS controls within the customs clearance system speeds up communication and decision making and transfers some of the discretionary powers from the inspector on the spot to system managers.

Part of the database will indicate who the authorised officer for the SPS clearance is. Because the controls will be structured by risk, in many cases, this can be the Customs Officer (for example on the basis of documentary check). In others it may need an officer from the Authority to provide a technical assessment. It is foreseen that the Authority will operate a dedicated Border Control division, which will be staffed by inspectors responsible for implementation of the animal health, plant health and food safety in line with the control policies set out in the database.

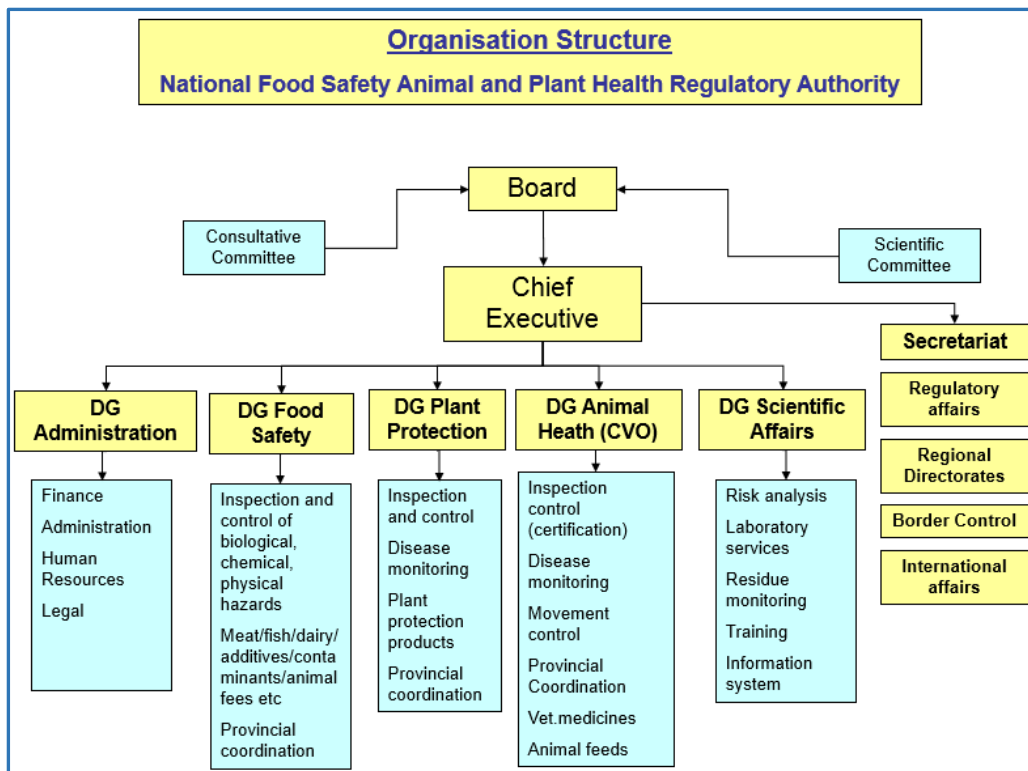


Figure 1: Provisional structure of the NFSAPHRA

## 4 Vision for a risk based integrated system of SPS border controls

### 4.1 Structure of controls

The design of the control system will need to be expressed within a new border control regulation. This should be modelled on the EU system which represents an example of international best practices. This means that SPS checks should consist of three levels of check;

- i) documentary check
- ii) integrity check and
- iii) physical checks.

Documentary checks confirm that all required documents are provided and are of correct provenance. They should be applied to all consignments and in most cases can be applied by a person who is not specialised in the subject, for example by a customs officer. They involve checking that the documents are internally consistent and that certificates, signatures and stamps are present, and that they confirm with the models set out in the database. It should also contain contact details for the relevant certifying authority (either in Pakistan or in the exporting country). An example (imports of fishery products from Tristan da Cunha) is provided in Annex 1.

Integrity checks confirm that the consignment corresponds to the description in the documents. It requires that consignment be inspected to ensure that the product is as described. SPS hazards are highly specific to the origin, species and process treatment, and a key part of SPS controls is ensuring that the high risk products are not being passed off as one with lower risk. Integrity checks therefore should be undertaken by a qualified specialist (food inspector, veterinarian, plant pathologist).

Physical checks require investigation of the condition of the consignment, which will involve making some measures. This may range from a visual check on condition, taking a temperature of some of the contents, or taking a sample for a rapid spot check in situ, or for sending to a laboratory for more detailed testing. Integrity checks and physical checks should not be applied to all consignments; only some consignments should be checked, according to a risk assessment.

There is also a need to specify the technical conditions to which imported consignments of animals, food and plants are subject. This will be a core responsibility assigned to the NFSAPHRA, which will have the overall responsibility to ensure consistency of domestic and import controls (in line with WTO requirements), and to protect domestic agricultural producers and consumers from hazards in imported goods. The technical conditions should be expressed in terms of the type of product (defined by the Harmonized System tariff code) and the country of origin and will be determined by an assessment of risk.

It is recommended therefore that there is developed a comprehensive schedule of import conditions which sets out these requirements, for use by the SPS clearance officers. These requirements will, for each product/origin combination, specify the requirements for documentary, integrity and physical checks. For physical checks they will specify the national legal standard to be complied with, and sampling and testing procedures to be applied.

## 4.2 Physical infrastructure required for SPS checks

In the medium term, border inspection post (BIP) infrastructure will need to be developed, to allow integrity and physical checks to be undertaken in secure conditions which will not impact on the quality or safety of the goods concerned and which provide biologically safe conditions. Facilities include a building for secure unloading inspection of containers, temporary storage of goods, and cold stores, inspection rooms etc.). Special requirements will need to be made for live animals which may need unloading and lairage to comply with animal welfare requirements during inspection and detention. If decisions are made to quarantine plants and animals for longer periods, then special additional facilities will be required.

Clearly the presence of such specialised facilities will determine the BIPs at which the corresponding consignment types may be presented, leading to the stratification of BIPs.

## 4.3 Stratification of border inspection posts

BIPS can be classified according to SPS control capacity, with restrictions on classes of goods permitted to be presented at those BIPs which have limited capacity. Only certain posts designated for the highest risk products. Priority risk areas are live animals, live plants and fresh/frozen meat and poultry which might be classed as Level 1 SPS BIP, with only a limited number of points of entry and exit permitted, where suitable facilities and inspection capacity is provided in anticipation of the need for actual physical inspection of consignments.

On the other hand, other BIPS may be authorized for example only for low risk items such as food products not of animal origin, and canned or heat treated products of animal origin (Level 3 SPS BIP).

In some cases, pre-notification could be a requirement, to allow the presence of the authorized veterinarian or the phytosanitary inspector at the time when the consignment is presented to the border.

In the longer term to avoid delays at the border, where appropriate import consignments may be released under seal for storage at the consignee premises, meaning that they cannot be released by the importer until the results of physical checks are known.

#### 4.4 SPS Risk Management

The requirements applied should be risk-based; low risk consignments may be allowed to pass directly to the market after a documentary check at the border (i.e. they will be classified as “Green channel” within the WEBOC system. Medium risk consignments might be subject to integrity and physical checks according to a given frequency of sampling of consignments (amber channel).

High risk consignments (red channel), including those from known suppliers with a record of non-compliance would be subject to higher frequency or even 100%, sampling and testing. The content of the technical import conditions applied should be able to modified, on a frequent basis if required, to account for rapid changes in the SPS border controls. An example is the recent requirement to close borders to trade in dried milk and its products from China in response to the melamine hazard.

To ensure that the SPS conditions are kept up to date, it will be necessary to establish a standing committee between the NFSAPHRA and the FBR Customs Service (WEBOC and Risk Management Division). This would review new or modified risks of SPS hazards on a regular basis (or in case of a crisis on an *ad hoc* basis), and make decisions regarding:

- a) the modification of the Regulatory orders passed to be adopted by NFSAPHRA Board and to be entered into the WEBOC database (based on the recommendations of the relevant food safety, animal and plant health specialists from NFSAPHRA) and;
- b) assess the needs for the implementation of the controls at the BIPs (since there will be potential manpower and resource implications for both the Customs Service and Border Control Division of the NFSAPHRA).

#### 4.5 Links to Pakistani SPS inspections of conditions of production

The compliance of a specific product in terms of SPS conditions is not determined only by the composition or content of the product, but increasingly, by the conditions extant during its production, processing and distribution. Origin controls (otherwise expressed as the farm to fork concept of control) are therefore an essential element of the future export control system for agro-food products from Pakistan.

The National SPS border conditions in terms of origin will need to be established and linked to national programmes for animal and plant health and food safety. For exports of food, the conditions should be integrated with a unitary system of food control covering registration or licensing of export establishments and pack houses, and inspection of conditions along the supply chain to ensure that they meet minimum export requirements (as set by the regulations to be passed under the NFSAPHRA).



For animal and plant health the conditions will be linked to the declaration of disease free compartments within the country (consignments from a disease free area do not need to be checked for that disease) and to approval of pack houses, slaughterhouses which are subject to the relevant supervision (by Federal or, if feasible by a delegation arrangement, Provincial Authorities).

There will be an opportunity to link the National SPS database to be operated by NFSAPHRA (which will contain records on authorised export establishments, inspection records, laboratory test results, certification history etc) to the WEBOC SPS component. This will ensure that customs/NFSAPHRA Border control officers have access to the relevant data for export clearance.

It will also mean that export SPS certificates can be issued electronically by the NFSAPHRA database system, and automatically entered in to the WEBOC system. Also where there is an assessment that a physical inspection is not required, the certificate may be issued on the basis of the data contained in the database. Where there is an appropriate low level of risk indicated by the system (e.g. good compliance record, low SPS risk product, recent inspection and test results all satisfactory) there are even possibilities for self-certification, further streamlining the transaction process. Risk assessment in the export supply chain provides the potential for significant opportunities for streamlining the SPS export certification based on the one-stop principle.

## 5 Conclusions and Recommendations

### 5.1 Conclusion

The present arrangements for sanitary and phytosanitary controls on the borders of Pakistan present many significant challenges. They are not effective in preventing import and export of unsafe consignments, and even if the major gaps were addressed, their poor level of efficiency would probably have a negative impact on trade and transaction costs. There are significant gains available in food safety and plant health conditions and in transaction costs for Pakistani operators, through an upgrading of the system to apply risk management principles and integration with the WEBOC system.

In the short term, there is a need for a more detailed planning exercise, which should be undertaken jointly by the relevant government agencies involved, to ensure that the system develops in a coherent manner.

### 5.2 Recommendations

1. It is recommended to establish an SPS Border control working group under the auspices of the MoC, comprising the following:
  - Ministry of Commerce
  - FBR (Customs Authority)
  - Min NFSAR (DPP, AQD, NAPHIS)
  - Min Ports and Shipping (MFD)

2. The recommended Terms of reference of the Working Group are shown below:

**Objective:** Agree and implement a series of reforms of the SPS border controls in Pakistan, with a view to improving their effectiveness and efficiency.

**Specific tasks:**

- Propose procedures and organisation structures for SPS risk management functions in the mandated authorities (currently MFD, AQD and DPP, in future the proposed NFSAPHRA) and communication with FBR and MoC
- Prepare and approve a fully documented set of risk management controls for a) imported and b) export consignments of foods, plant and animals and their products, based on specified risk (probability and severity) of specific hazards classified by HS Code and origin.
- Review and establish more effective and efficient procedures for implementation of SPS inspection and control activities undertaken at the border inspection posts, and in particular to consider the scope for integration with other border control functions
- Review, recommend and support implementation of steps towards the integration of the SPS controls within the WEBOC system, to provide an efficient risk based controls at classified SPS border inspection posts.

**Monitoring indicator**

Risk—based stratified SPS controls set out in WEBOC database for Pakistan’s top 1000 export and 1000 import lines (by product/origin) of food and agricultural products by end of 2014.


3. In the longer term, this WG is recommended to become a formally recognised standing committee responsible for inter-Ministerial decisions regarding SPS border controls and their implementation. It would meet on a regular basis, or in emergencies (for rapid implementation of controls).
4. TRTA II is recommended to support the activities of the working group with a programme of SPS Border control capacity building. This is recommended to include technical assistance and training for:
- specification of models and options for the SPS risk management system for imports and exports
  - integration of border inspectors controls (between different SPS areas and with customs)
  - integration of SPS controls within the WEBOC system

## Annex 1: Example of Documentary checks


### Data base entry

<b>Country of origin</b>	<b>HS Codes</b>	<b>Authorised signatories</b>	<b>Model health certificate</b>
Tristan da Cunha	0301 0302 0303 0304 0305 0306 0307 1604 1605	See below	See blow

Competent Authority authorised signatories

Function: Point 3 of Annex 3. Attest the veracity of information provided in the catch certificates referred to in Article 13 and validate such certificates; <span style="float: right;">27</span>			
Public Authority	Names of Authorised Signatories	Specimen signature	Official stamp
Fisheries Department, Tristan da Cunha, South Atlantic.  Tel: +44 (0)203 014 5013 or 5015 E-mail: <a href="mailto:fisheriestdc@gmail.gov.com">fisheriestdc@gmail.gov.com</a> or <a href="mailto:fishopstdc@gmail.gov.com">fishopstdc@gmail.gov.com</a>	James Glass	<i>J Glass</i>	
	Tanya Green	<i>T Green</i>	
	Warren Glass	<i>W Glass</i>	
	Sarah Glass	<i>S Glass</i>	
	Rodney Green	<i>R Green</i>	

## Model Export Health Certificate

TRISTAN DA CUNHA							
HEALTH CERTIFICATE FOR EXPORT OF FISHERY PRODUCTS INTENDED FOR HUMAN CONSUMPTION Non-EU Destinations							
Part I: Details of dispatched consignment	1.1 Consignor Name Address  Postal Code Tel No			1.2 Certificate reference number :		0001	
				1.3 Central Competent Authority <b>FISHERIES DEPARTMENT, TRISTAN DA CUNHA</b>			
				1.4 Local Competent Authority <b>NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS, SOUTH AFRICA</b>			
	1.5 Consignee Name Address Postal Code Tel No			1.6			
	1.7 Country of origin <b>TRISTAN DA CUNHA</b>	ISO code <b>SH</b>	1.8 Region of origin <b>SE Atlantic</b>	Code <b>47</b>	1.9 Country of destination	ISO code	1.10
	1.11 Establishment of origin <b>Fish Processing Factory Edinburgh of the Seven Seas TRISTAN DA CUNHA Approval No: TDC01</b>			1.12 Establishment of despatch <b>V&amp;A Cold Store (Pty) Ltd 3 South Arm Rd, Table Bay Harbour, Cape Town EU Approval Code: CC (NRCS, South Africa)</b>			
	1.13 Date loading			1.14 Date of departure			
	1.15 Means of transport Airplane <input type="checkbox"/> Ship <input type="checkbox"/> Railway wagon <input type="checkbox"/>  Road Vehicle <input type="checkbox"/> Other <input type="checkbox"/>  Identification  Documentary reference			1.16 Entry BIP in EU			
	1.18 Description of commodity			1.17			
				1.19 Commodity code (HS code)			
				1.20 Quantity			
	1.21 Temperature of product Ambient <input type="checkbox"/> Chilled <input type="checkbox"/> Frozen <input type="checkbox"/>			1.22 Number of packages			
	1.23 Identification of container / seal number			1.24 Type of packaging			
	1.25 Commodities certified for  Human consumption <input type="checkbox"/>						
1.26			1.27 For import or admission into EU <input type="checkbox"/>				
1.28 Identification of the commodities							
Species (Scientific name)	Nature of commodity	Treatment type	No. of packages	Net weight	Batch code	Notes	

COUNTRY: <b>TRISTAN DA CUNHA</b>		Fishery products	
Part II: Certification	<b>II. Health attestation</b>	II.a Certificate reference number	II b.
	<p>II.1. Public health attestation</p> <p>I the undersigned, certify that the fishery products described above have been inspected and found fit for human consumption and that they:</p> <ul style="list-style-type: none"> <li>• come from (an) establishment(s) implementing a programme based on the HACCP principles</li> <li>• have been caught and handled on board vessels, landed , handled and where appropriate prepared, processed, frozen and thawed hygienically in compliance with the requirements laid down in <i>Codex</i> Code of Practice for Fish and Fishery Products</li> </ul>		
Official inspector			
Name (in capitals)		Qualification and title	
Date		Signature	
Stamp			