

South Asia Subregional Economic Cooperation Program

## Session 2: SASEC SPS-TBT National Diagnostic Study for MALDIVES

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

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### OVERVIEW OF PRESENTATION

- ▶ Unique situation of Maldives
- ▶ Patterns of Trade
- ▶ Potential Export Products
- ▶ Impediments to Potential Exports
- ▶ SPS & TBT Environment
- ▶ Recommendations

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## UNIQUE SITUATION OF MALDIVES

- ▶ Study focus on intraregional exports in South Asia
- ▶ Maldives has very few exports
- ▶ Maldives exports are not varied – broadly, ALL fishery products.
  - ▶ **Lack of available Contiguous Land.**
  - ▶ **Transport & Logistics issues / costs** resulting from natural geography => small islands dispersed over large distances
- ▶ Maldives study focus adjusted to include export/import regulatory framework of Maldives; product diversification, value-addition export products

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## WHY ONLY FISHERY EXPORTS ?



L Gan

S Hithadhoo

### Largest islands – still small !

- ▶ L Gan; length 4.5km, Area 5km sq.
- ▶ S Hithadhoo; length 4km, Area 4.5km sq.
- ▶ Average island area < 1km sq. (1190 islands)

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## WHY ONLY FISHERY EXPORTS ?



### Transport & Logistics Issues / Cost

- L Atoll;
  - left to right 35km
  - top to bottom 45km
- White areas are reefs – they are not dry land
- L Gan located under marker

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## WHY ONLY FISHERY EXPORTS ?

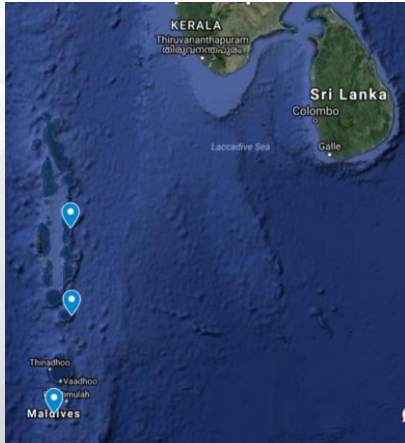


### Transport & Logistics Issues / Cost

- Distance ; ~250km
- Either via
  - Sea
  - Air

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## WHY ONLY FISHERY EXPORTS ?



### Transport & Logistics Issues / Cost

- The 3 pins (top to bottom) ;
  - Capital Male' (int. port/airport)
  - L Gan
  - S Hithadhoo
- From S Hithadhoo, the internal transport distance is approximately same as that to India or Sri Lanka

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## WHAT ARE OUR EXPORTS ? (2016, \$ millions)

Rank	HS-Code	Description	Value
1	030343	Frozen <b>skipjack</b> or stripe-bellied <b>bonito</b> "Euthynnus - Katsuwonus- pelamis"	36.3
2	030449	Fresh or chilled fillets of <b>fish</b> , n.e.s.	30.4
3	030232	Fresh or chilled yellowfin <b>tunas</b> "Thunnus albacares"	25.7
4	160414	Prepared or preserved <b>tunas</b> , <b>skipjack</b> and Atlantic <b>bonito</b> , whole or in pieces (excluding minced)	15.5
5	030342	Frozen yellowfin <b>tunas</b> "Thunnus albacares"	10.3

- ▶ Primary exports are fishery products **ONLY**.
- ▶ About **85%** of exports concentrated in 5 products.

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## PATTERNS OF TRADE

### MALDIVES TRADE PATTERNS (EXPORTS)

- ▶ All significant non-fishery exports (scrap metal / reusable items) go to SASEC countries
- ▶ About ~90% of fishery exports go to Europe, North America and South East Asia.
- ▶ Of the ~10% of fishery exports to SASEC countries.
  - ▶ Vast majority is imported by Sri Lanka only.
  - ▶ Generally, these are lower value exports (comparatively).
  - ▶ Notably, there are 4 fishery exports (of low total volume) that are majority exported to SASEC countries.

## MALDIVES TRADE PATTERNS (IMPORTS)

- ▶ About ~19% of imports come from SASEC countries ( #4 India, #5 Sri Lanka mostly).
- ▶ The ~81% imported from; #1 UAE, #2 Singapore, #3 China, #6 Malaysia, #7 Thailand.
- ▶ General (but volatile) trend shows increase in imports from SASEC countries -- driven by significant import increases from India.
  - ▶ Recent investment in infrastructure and housing developments -- Construction material such as cement, granite, basalt, stones, gravel etc. are imported from India.
  - ▶ Staple foods, fruits, vegetables and meat significant imports from India.
- ▶ Significant imports from Sri Lanka, although recent stagnation.

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## POTENTIAL EXPORT PRODUCTS

## IDENTIFICATION OF EXPORT PRODUCTS

Step 1

- Generate full list of exports above a minimum volume

3 / 6 products are fishery export products

Step 2

- Remove products that are widely exported to SASEC countries

All 6 products were fishery export products

Step 3

- Remove products that are minimally imported to SASEC countries

Step 4

- Candidate list of potential exports – **8 potential exports** from 20

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## IDENTIFICATION OF EXPORT PRODUCTS

- ▶ We looked at how these potential export products were traded by SASEC countries. 7 of the 8 products were **strong export products** of SASEC countries.
- ▶ We looked at the export markets for these products. Generally, all SASEC countries, incl. Maldives exported to the **same destinations**: EU, North America, SE Asia.
- ▶ We also looked at **intra SASEC trade linkages** for these products. While there were linkages, they were very small in volume.

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## IDENTIFICATION OF EXPORT PRODUCTS

- ▶ We looked at how individual countries traded in these products. There were 3 products with limited export potential to Sri Lanka.
- ▶ Generally, SASEC was not a favorable market for Maldives' fishery exports.

HS-Code	Product Description
030342	Fish; frozen, yellowfin tunas ( <i>Thunnus albacares</i> )
030343	Fish; frozen, skipjack or stripe-bellied bonito
160414	Fish preparations; tunas, skipjack and Atlantic bonito

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## IDENTIFICATION OF EXPORT PRODUCTS

- ▶ Because the list of potential export products were so limited, specifically for this study, **product diversification** and **value addition** was looked as options to increase exports.
- ▶ Discussions with relevant authorities and exporters on product diversification did not yield a new product as a potential export. A pilot **aquaculture** project is active, but farms no new products.
- ▶ Discussions on value addition were more productive but would probably yield in the **long term** – starting with international markets.

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## IMPEDIMENTS TO POTENTIAL EXPORTS

## IDENTIFICATION OF NTMS – REGULATOR INTERVIEW

- ▶ Question: The regulator was interviewed about NTM issues/complaints regarding exports to SASEC region.
- ▶ Response: There were **no NTM related issues/complaints** from exporters or the exporters association regarding fishery exports to SASEC region.

## IDENTIFICATION OF NTMS – EXPORTER INTERVIEWS

- ▶ Exporters were interviewed about NTM issues regarding exports to SASEC region.
  - ▶ Response: All 4 consistently stated that there were **no NTM issues** to fishery exports to SASEC region OR were **confident of meeting any NTM requirements**.  
*(in lieu of SASEC countries exporting the same product to the same destinations – hence the same or similar quality standards).*
- ▶ Post NVM, more exporters were interviewed for broader exporter perspective: all of them consistently repeated the same message.

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## IDENTIFICATION OF NTMS

- ▶ Against this backdrop of:
  - ▶ Regulator not raising any NTM based issues.
  - ▶ Exporters not raising any NTM based issues.
  - ▶ There existing 4 (low volume) fishery export products (within the top 20 exports) which are majority exported to Sri Lanka.
- ▶ This study has taken the **extraordinary step of NOT naming any specific NTMs** as trade hindering.

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## IDENTIFICATION OF NTMS

- ▶ We proceeded to conduct an “independent” comparison of applied NTMs.
- ▶ Comparing the 2 major SASEC trading partners to Germany (major destination)

Product	Product Description	India	Sri Lanka	Germany
030232	Fish; fresh or chilled, yellowfin tunas (Thunnus albacares)	20/47	14/37	1/12
030342	Fish; frozen, yellowfin tunas (Thunnus albacares)	20/47	14/37	1/12
030343	Fish; frozen, skipjack or stripe-bellied bonito	20/47	14/37	1/12

Selected 3 of top 5 exports

Applied regulations / requirements

## IDENTIFICATION OF NTMS

- ▶ Sri Lanka and India define multiple NTMs of the same type. Germany does not.
- ▶ Germany, Sri Lanka and India each have 1, 6, 10 unique NTM types.
- ▶ While Germany’s NTMs were all listed as either SPS or TBT, both Sri Lanka and India had other types of NTMs in their list of requirements.
- ▶ Both Sri Lanka and India had fee payments whilst Germany had none.
- ▶ Both Sri Lanka and India had multiple authorizations and registrations for importers in their list of requirements.

## IDENTIFICATION OF NTMS

Taken together, these observations indicate that there is **ample opportunity to further reduce the existing NTMs** in (these) SASEC countries, specifically with regards to the import of fishery products.

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## SPS AND TBT ENVIRONMENT IN MALDIVES

## EXPORT & IMPORT REGULATORY FRAMEWORK

- ▶ Maldives has a total of **18** identified NTMs.
- ▶ The lack of NTMs, especially in areas of legitimate concerns, has increased the **risk** of the importation of **substandard products**.
- ▶ This study **recommends** that certain **NTMs be created** and applied, for high risk products that affect human health.

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## EXPORT & IMPORT REGULATORY FRAMEWORK

- ▶ As a specific country requirement, a **full inventory of NTMs** applied in Maldives were compiled. This was the first instance of such a compilation.
- ▶ Legal and institutional framework issues, as well as infrastructural issues were identified.

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## BACKGROUND INFORMATION

- **Parent Act** – A shell act whose sole purpose is to empower existing orphan regulations. This study has considered it a gap, wherever the Parent Act is cited.
- **BPA-Report** – A study which was concluded in Feb 2017 which studied and made recommendations on all significant regulatory processes.
- This study considered **all regulatory processes**.

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## LEGAL FRAMEWORK GAPS – EXISTING MEASURES

- **Environment Protection Act**
  - **Endangered Species Regulation (2 SPS)**
- **Plant Protection Act**
  - **Plant Import Regulation (1 SPS)**

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## LEGAL FRAMEWORK GAPS – EXISTING MEASURES

- **Food Safety Act**
  - High Risk Food Import Regulation (1 SPS)
  - Food Labelling Regulation (1 SPS)
  - Halal Food Import Regulation (1 SPS)
  - Export Food Safety Compliance (1 SPS)
- **Livestock Import Act**
  - Livestock Import Regulation

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## LEGAL FRAMEWORK GAPS – EXISTING MEASURES

- **Medicine Act**
  - Medicine Regulation (2 TBT)
- **Prohibited Imports Act**
  - Dangerous Items Imports Regulation (1 TBT)

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## INSTITUTIONAL FRAMEWORK GAPS

- ▶ **No national standards body.**
- ▶ A basic metrology laboratory exists, but lacks qualified staff to manage it and is **NOT accredited.**
- ▶ **No accreditation body.**
- ▶ **No certification body.**

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## INSTITUTIONAL FRAMEWORK GAPS

- ▶ Overlapping institutional mandates.
- ▶ **Regulator Coverage of Entry Points to Maldives.**
- ▶ **Technical Skills Training** requirements.
- ▶ Regional Engagement; with **SARSO** and **Testing Laboratories.**

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## INFRASTRUCTURAL GAPS

- ▶ National **Health Laboratory** requires equipment, new testing capability as well as expansion of its accreditation scope.
- ▶ Lack of **cold storage** facilities at “tier 1” entry points.
- ▶ Lack of an **animal quarantine facility**.
- ▶ Upgradation of facility, purchase of new equipment for the Agriculture Department **testing laboratory** at the plant **quarantine facility**.

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## RECOMMENDATIONS

## PRIORITIZED RECOMMENDATIONS

- ▶ Note: Study contains a prioritized set of recommendations based on the following criteria:
  - ▶ Affects both **export** and **import**.
  - ▶ Affects **several NTMs**.
  - ▶ Affects a significant number of **traders**.
  - ▶ Affects a significant volume of **trade**.

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## LEGAL RECOMMENDATIONS

- ▶ **Enactment of the Food Safety Bill (Prioritized).**
  - ▶ Will also provided need enforcement powers, the current procedures currently lack.
- ▶ **Enactment of the National Standards Bill. (Prioritized)**
  - ▶ Align standards development with wider national objectives.
  - ▶ Affect/lead regional standards development / trade negotiations.
- ▶ **Repeal of the General Import and Export Licenses (Prioritized).**
  - ▶ Voids pre export/import permits, payments and transactional submission/ processing.

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## LEGAL RECOMMENDATIONS

- ▶ A **number of laws** are required to empower metrology, importation of livestock, importation of Halal certified products, medicines etc.
- ▶ A **number of regulations** are also required to empower active NTM measures including; importation of plants and plant parts, importation of high risk products such as eggs, raw meat, etc., importation of Halal certified products, food labelling, export and import of endangered species, importation of dangerous goods.

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## LEGAL RECOMMENDATIONS

- ▶ Use the **HS Code System** to Identify affected products in existing and new regulations.
- ▶ Improve **Management of WTO Enquiry Points** for NTMs.

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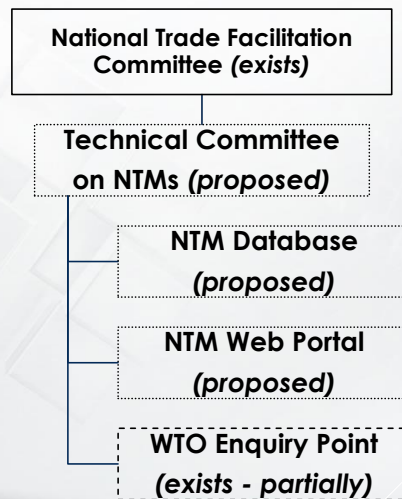
## INSTITUTIONAL RECOMMENDATIONS

- ▶ **Automation of Regulatory Services (Prioritized).**
  - ▶ Vast majority of regulatory services from regulators are mostly manual processes. These include forms, payments, multiple in person visits etc.
- ▶ **Creation of a Technical Committee on NTMs (Prioritized).**
  - ▶ Crosscutting technical body mandated to oversee the lifecycle processes of export or import NTMS.
  - ▶ Fills a significant gap in the management structure.
  - ▶ Has significant responsibility and work.

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## INSTITUTIONAL RECOMMENDATIONS

### NTM Management Structure



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## INSTITUTIONAL RECOMMENDATIONS

- ▶ Expedite the **Accreditation** of National Metrology Laboratory.
- ▶ Review and Clarify Institutional **Mandates**.
- ▶ Establish a **Time Bound Roadmap** for the creation of the National **Standards Body** and **Certification Body** in Maldives.
- ▶ Enhance Engagement with **SARSO**.
- ▶ Conduct Review of **Regulator Coverage of Entry Points** to Maldives.
- ▶ Develop Comprehensive **Technical Skills Training** Program.
- ▶ Develop **Regional Network of Laboratories**.

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## INFRASTRUCTURAL RECOMMENDATIONS

- ▶ **Upgrading of the National Health Laboratory at MFDA (Prioritized).**
  - ▶ Conducts testing for all food products in Maldives.
  - ▶ Exports, imports and general consumer issues.
  - ▶ Must perform to the requirements of multiple importing country testing regimes.
  - ▶ Equipment, new tests, expansion of accreditation scope.
- ▶ **Cold Storage Facilities at Major Ports (Prioritized).**
  - ▶ Lack of any cold storage facility at two “tier 1” ports.
  - ▶ Upgrade of existing cold storage facility at the main international airport (VIA).

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## INFRASTRUCTURAL RECOMMENDATIONS

- ▶ Lack of an **animal quarantine facility**.
- ▶ Upgradation of facility, purchase of new equipment for the **Agriculture Department testing laboratory at the plant quarantine facility**.

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## OTHER RECOMMENDATIONS

- ▶ Develop **One-Stop-Shop Web-Portal** for all export and import Regulatory Requirements.
- ▶ Create national **Database** of all NTMs.
- ▶ Review SPS related import procedures to **prevent** import of **Substandard Products**.

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**THANK YOU!**



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