



*“Working Together to Make Trade Work”*

## **NAEGA MAP Trip Report – IPPC ePhyto Symposium - Kuala Lumpur, Malaysia 22-26 January, 2018**

### **Names of Travelers:**

Katy Lee, Secretariat, International Grain Trade Coalition - IGTC

### **Dates of Travel:**

January 22-26, 2018

### **Purpose of Travel:**

Consistent with advancing NAEGA UES objectives, Katy Lee, Secretariat of the IGTC, travelled to Kuala Lumpur, Malaysia on January 22-26. In Kuala Lumpur, Ms. Lee was able to make progress with governments and international trade flow representatives on one of the most important GRNOS related international cooperative efforts of the moment: the pilot project of ePhyto exchange among 14 governments around the world.

The meeting was attended by representatives of global bodies such as the International Plant Protection Convention (IPPC) and the World Trade Organization (WTO). In addition, the international private sector was present, including those with knowledge of trade flows impacted by phytosanitary certificate exchange, including grains, cotton, seed and horticulture.

The IGTC has been closely involved with IPPC efforts to establish ePhyto solutions through its participation as a member of the IPPC ePhyto Hub Industry Advisory Group (IAG). Currently, a global ePhyto solution is being tested in 2018 in a number of countries around the world. The Symposium, titled “ePhyto and Trade Facilitation”, is directly relevant to the NAEGA’s MAP objectives of facilitating the use of electronic documentation in trade. During the Symposium, the IGTC has been granted a 30 minute speaking spot, during which decision makers and international private sector colleagues will hear the needs and aims of the grain trade in relation to ePhytos. Information will be provided by governments regarding national and regional priorities for ePhytos, with a focus on Sri Lanka, Samoa, Ghana, New Zealand, Netherlands, Kenya, Malaysia and Japan.

To accomplish these objectives, Ms. Lee engaged in the following activities:

1. Representation of the GRONS sector at the IPPC’s 3<sup>rd</sup> ePhyto Symposium
2. Representation of the GRONS sector at the Industry Advisory Group of the ePhyto solution
3. Relationship building with the International Plant Protection Convention (IPPC) and its members – National Plant Protection Organizations (NPPOs)
4. Relationship building with IGTC member associations working on ePhytos.

### **Summary of accomplishments:**

#### *ePhyto Symposium*

The IGTC Secretariat was accompanied at the Symposium by key IGTC association members – Grain Trade Australia (GTA) and the Grain and feed trade association (Gafta). Together, the group



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were able to make significant progress in placing the grain trade at the center of solution building on ePhytos.

A summary of findings from the meetings is as follows.

### **1. Update from governments**

- Four of the pilot countries signed up to the government-to-government initiative are currently sending and receiving ‘test’ ePhytos via the IPPC system (Argentina, Chile, Kenya, USA – [for the live IPPC dashboard, click here](#)). USA and Argentina are apparently now testing ePhytos across the board for all commodities.
- Among the wider group of pilot countries, there was clear evidence that South Korea, China, Australia, the United States and Argentina are already putting government structures in place to support the long-term transition to ePhyto. The more invested the country, the more invested in the wholesale transition to paperless ePhyto among all trading partners.
- Canada and Mexico are perceived to have the mechanisms in place to participate in ePhyto exchange via the hub but are allowing adequate time for the pilots to be completed among the other countries.
- The ePhyto conversation is pushing governments to face other issues, such as the need for a transparent database of import requirements, and delays in issuance of import permits.
- An important factor to consider is the different levels of preparedness among countries. Some of the Least Developed Countries (LDCs) will have additional resourcing issues to face before coming fully on board. There is a strong need for industry liaison in these countries to promote the need to engage in the project.

### **2. Testing of ePhyto exchange**

- The ‘testing phase’ is already underway in 2018 and it will continue through much of 2019. This testing phase includes:
  - “technical” pilot exchanges between governments (already underway);
  - exchanges with the involvement of companies;
  - evaluation of findings;
  - decisions about the cost structure of the ePhyto solution.
- Even if exchanges are successful from an IT point of view, there are many issues that need to be addressed among governments. For example: are the necessary legislative frameworks in place? Are there enough human resources to oversee the transition at the national government level? Can NPPOs and customs authorities cooperate effectively?

### **3. Industry presentations at the ePhyto Symposium**

- Gerard Meijerink, Chair of the Industry Advisory Group (IAG)/International Seed Federation
  - Outlined composition and mission of the IAG.
  - Gave an overview of volume of phytos issued to/from countries around the world – Australia and the United States are by far the largest issuers of import certificates.



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- Statistics from EuroFleurs: non-compliant certificates trigger a higher number of import rejections than actual plant health issues,
- Gerard McMullen, IGTC/Grain Trade Australia (GTA), presentation [here](#)
  - Mission of IGTC was outlined, as well as motivation of the grain trade for pursuing a broad range of opportunities in the innovation of electronic trading documentation.
  - Features of the global grain trade were outlined: well developed and highly globalized; large, growing and increasingly complex; utilization of sophisticated infrastructure and processes to provide safe, cost effective, reliable supply.
  - IGTC has already conducted global surveys on the digitization of the grain trade, which covered e-Bills of Lading, e-certificates of origin, etc.
  - Digitization is a significant opportunity for both importers and exporters in the grain trade.
  - Cooperation between industry and governments is key to implementing long-term, practical solutions.
- Peter Wakefield, International Cotton Advisory Committee (ICAC)
  - Outlined the role of a merchant and trader, as well as the risks that are assumed in the business.
  - Signaled availability to support the project with industry expertise.
  - Made a strong call for a system that is practical, viable and has interoperability with commercial transactions.
- Cindy Squires, International Wood Products Association (IWPA)
  - Outlined the profile of the wood industry, the variety of products involved, and the relevance of phytosanitary requirements.
  - Highlighted importance of any industry investment needing to be valid and have a return.

#### **4. Company testing of ePhyto**

- In Kuala Lumpur, the IGTC reaffirmed its stance in backing company testing as one way to ensure that a system is developed with adequate interoperability with the grain trade.
- Until companies test, it will be difficult to understand whether the system can: a) reduce cost and improve efficiency of trade transactions; and b) maintain important tried-and tested trade practices already in place, such as the ability of companies to have an appropriate level of control over the release of a phyto.
- The methodology for companies testing ePhyto exchange is not yet fixed, this is dependent among other things on conversations between NPPOs and the grain trade at country level.

#### **5. Industry Advisory Group (IAG)**

- The IAG meeting was held after the Wednesday session on January 24 and was attended by 18 people including six industry representatives (grain, cotton, seed), governments, World Bank, IPPC and the UN computing center (UNICC).
- The IGTC was successful in calling for the repeal of unclear and misrepresentative elements of the report resulting from the 2017 ePhyto survey led by the IPPC. The IGTC was backed by industry representatives and governments in its proposal for amendments.



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- As a result of consultation with the IAG, the Business Model of the ePhyto solution will now be based on an approach more strongly rooted in a cost benefit analysis.
- In addition, there was clear acknowledgement from the government leaders of the project that company testing of ePhyto exchange is necessary – no realistic cost-benefit analysis can be established without this.
- Governments understood that the private sector is unlikely to provide any financial support for the project as long as the benefits are unclear.

#### **RECOMMENDATIONS:**

- Improve the accuracy and timeliness of information about the ePhyto project flowing to the grain trade via IPPC Secretariat, IAG colleagues, and IGTC members and Corporate Stakeholders “in-country”.
- Establish IGTC regional focal points in key grain trading ePhyto pilot countries to: a) manage company testing of ePhytos; b) ensure information flow about the project among the global grain trade actors; and c) provide for adequate liaison even in countries “outside” of IGTC association constituencies – South Korea being a priority.
- Drive progress on company testing of ePhyto exchange, including opportunities for “live” information availability for the grain trade e.g. via screen sharing of non-commercially sensitive xml data, etc.
- Ensure that the company testing opportunity is not exclusive to one or two grain trade companies – all must have the opportunity to contribute as they feel appropriate.
- The GRNOS community may wish to come up with some kind of ‘check list’ that all companies can use during testing.
- The IGTC should renew commitments to working with other sectors such as seeds, horticulture, and cotton as part of the Industry Advisory Group. IGTC will help lead a call with IAG colleagues in February or March 2018.

#### **ATTACHMENTS:**

- *Agenda of ePhyto Symposium*
- *Presentation given by IGTC to Plenary (23<sup>rd</sup> January)*
- *Report of the Industry Advisory Group meeting (24<sup>th</sup> January)*
- *Scanned copy of participant list at ePhyto Symposium*
- *IGTC response to draft ePhyto Business Modelling report*