

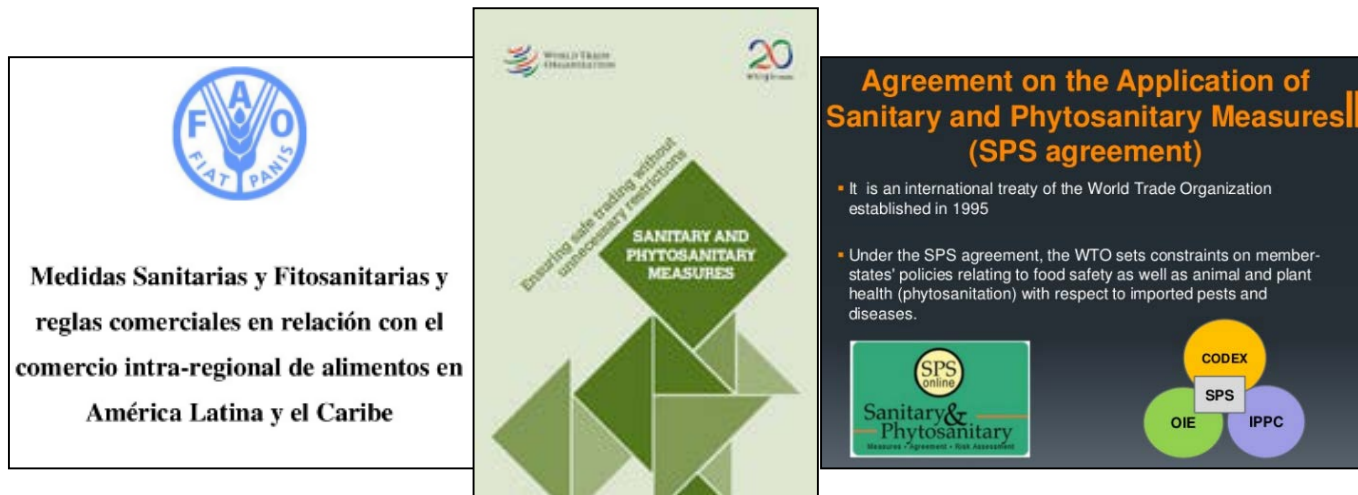


Impact of the implementation of "Sanitary and Phytosanitary Measures (SPS)" in the cocoa chain



SPS IN THE COCOA CHAIN

There is currently a demand for quality products, through the imposition of **Sanitary and Phytosanitary Measures (SPS)**, in developed countries due to changes in trends and consumption profiles.



However, these measures have shown **adverse effects on foreign trade**, finding standards of cocoa products improved in a certain way, while **the frequency of exports declines**.

PHYTOSANITARY AND SANITARY REGULATIONS

- **Japan 2-4D:**

The use of 2,4-D in agricultural products is restricted. Japan has rejected shipments of Ecuadorian cocoa in which there has been a presence of 2,4-D, which caused a heavy financial burden for Ecuadorian producers and exporters of this product.

- **EU Cadmio:**

Regulation (EC) No 1881/2006 of the European Commission establishes the maximum content of cadmium in a series of food products. In 2009, the Technical Commission of Contaminants of the Food Chain (Contam) of the European Food Safety Authority (EFSA) adopted an opinion on cadmium in food (3). In this opinion, the EFSA established a tolerable weekly intake (IST) of 2.5 µg / kg of body weight for cadmium.

- **New SPS :**

Ecuadorian exports of cocoa beans to the US during 2018 have been reduced by up to 59%. What causes losses for the cocoa chain and the country.

PHYTOSANITARY AND SANITARY REGULATIONS

These regulations imply that, with more requirements and regulations, the entry into certain countries is limited and the possibilities of new exporters are limited, due to the requirements in the different regulations or norms.

In the case of Japan in particular, it is a very demanding market and Ecuadorian exports of cocoa beans by the presence of 2,4-D are made by very few companies.

In the case of the requirements of the new Cadmium limits that will enter into force for entry into the European Union, it has generated greater demands on the part of the buyers.

SPS IN THE COCOA CHAIN

The quality of cocoa products
it must be improved through research and technology.
For which it is necessary to have machinery, equipment and resources, what
many of the developing countries do not have these facilities



**Pests and diseases cause serious yield losses
to the production of cocoa throughout the world.**



IMPACTS

- The impact appears when the exporter can not meet the standard of the target market.
- The impact is greater for the smaller exporting companies given that they do not usually have sufficient resources and it is a more difficult cost to face given their scale of production.
- There is a risk of losing regional competitiveness due to the sudden decrease in the flow of exports.
- There is an increase in costs due to the control tasks necessary to carry out, as well as costs for the implementation of machinery, labor costs, cost of inputs for use, campaign costs and technology transfer.
- The impact is stronger, when these regulations suddenly come out and can not be controlled and mitigated with the necessary time for the country that they demand.

IMPACTS

- Sanitary and phytosanitary measures and technical regulations affect trade in agricultural products, when they are not handled bilaterally between the countries involved.



- These results depend on the product and the exporting country, but a common feature is that the hardest-hit exports tend to be from the developing countries and the least developed countries.

IMPACTS

- The implementation of MSF seeks to take care of human health, as well as consumers in a country or region and the products available.
- When a country and its exporters are able to reach and meet the new quality standards, implemented through Sanitary and Phytosanitary Measures (MSF), this manages to improve the level of quality of their products, allowing to achieve commercial benefits and regional competitiveness.
- However, this route to comply with the measures implemented is difficult for exporters in developing countries.

SUPPLY CHAIN

The entire cocoa chain is affected by the imposition of SPS in cocoa, due to the inter-relacionability of the links in the chain.



Affected from the farmer, the collection centers, the exporting companies, the processing plants, and the chocolatiers

INVOLVED



Being 90% of the country's farmers, small farmers, low-income, it is difficult to change their daily work practices, which entails a great effort and constant training, investment for the farmer. This generates stoppage of the marketing flow. Stop perceiving income.



The collection centers slow down their sales. The product begins to be stored nationally and a local over-supply of cocoa begins. The prolonged supply generates diseases or deterioration in the products. Local prices start to decrease.



Cocoa export plants stop the normal shipment of cocoa to the outside due to the measures imposed. The country begins to have losses in foreign currencies that are generated through foreign trade. Direct impact to the Commercial Balance of the country.



For local chocolatiers it becomes more difficult to compete internationally, due to the new standards and technical standards that must be met in order to internationalize. The local industry is affected.

LIMITATIONS

- Little agro-technological development in the developing country.
- Lack of national resources allocated to research for prevention.
- High number of farmers within the cocoa crop nationwide.
- Customs and cultural work previously established within the crop.
- Number of collection centers in the country.
- Lack of access and opportunities to different markets.

ACTIONS DONE

The public sector through the Ministry of Agriculture and the Institute of Quality - Agrocalidad, is in campaigns of awareness, prevention and remediation before Collection Centers for cocoa, exporting companies and processing plants.

Trying to control the current situation, in addition to doing research in collecting samples for studies that help to mitigate the phytosanitary problem, actively working on conjunctural issues with peer institutions.

In conjunction with other institutions, training in BPAs is maintained, strengthening the programs, evidencing the commitment to protection, farmers, as well as compliance with International Codes of Conduct for the Distribution and Use of Pesticides and national regulations.



ACTIONS DONE

The private sector has carried out training programs in various cocoa producing areas, transmitting and including the producer on the topics of SPS measures. Imparting firsthand the correct way to handle the crop, harvest and post-harvest, as well as dealing with the new established standards.



PRIVATE SECTOR ACTIONS

In Ecuador, the private sector works in training and campaigns at the level of exporting companies and cocoa processing plants, on issues of SPS measures, correct practices and prevention. Encompassing the different stages that cocoa beans carry for later external marketing



SPS IN CACAO CHAIN



The National Association of Cocoa Exporters of Ecuador is working both with the corresponding authorities of the local government, as well as international entities, to be able to solve in an effective manner for all the parties, this type of technical trade limitations and thus be able to normalize the flow of exports to countries that have implemented SPS measures..

At the national level ANECACAO is in a campaign of establishment of proper agricultural work and practices for the elimination of diseases and pests in the cultivation of cocoa, at all levels of the cocoa chain.



SPS IN CACAO CHAIN

In the light of the reduction of tariffs, quotas and prohibitions due to bilateral agreements,
Non-tariff measures such as sanitary and phytosanitary (SPS) measures are increasing.



Sanitary and phytosanitary

THANK YOU



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