

## EPF NEWSLETTER (14/12/2009)

### Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU: Food Safety-Sanitary and Phytosanitary Measures

Eurasia Partnership Foundation, through its European Integration program, organized a roundtable discussion dedicated to streamlining the policies necessary for launching negotiations with the European Union (EU) on a deep and comprehensive free trade agreement (DCFTA). This roundtable focused on food safety and the reinstatement of sanitary and phyto-sanitary (SPS) measures. The roundtable brought together representatives of the government and civil society sector as well as business communities and international organizations.

#### Main Speakers at the forum

Mr. Robert Liddell, Minister Counselor of the EC Delegation to Georgia, highlighted the significance of Georgia's food safety policy for DCFTA negotiations with the EU, stating that the country's underdeveloped SPS system hinders the export of Georgian agricultural products to the EU. Currently, only those products that meet the certification standards are being exported, mainly wines and hazelnuts. Georgia took some steps towards aligning with EU standards. The Law on Food Safety and Quality, elaborated with the help of the EU and other donors and adopted in 2005, introduced the concept of traceability systems and requirements for food production process quality management. The suspension of food safety legislation, however, demonstrates a lack of commitment to food safety. Concerns remain about animal health issues. The outbreak of African Swine Fever in 2008 is an example of Georgia's vulnerability in the area of animal health safety. Georgia does not have established systems for animal registration and traceability systems. Mr. Liddell stated that the government's food safety strategy still requires fundamental revision. The political will has to be translated into concrete action. The EU is committed to supporting the development of SPS systems in Georgia. (Full text of the Counselor speech can be found on EPF website at [www.epfound.ge](http://www.epfound.ge) in the *Towards European Integration* program subsection).

Ms. Tamara Kovziridze, Chief Advisor to the Prime Minister, stressed that food safety is a crucial issue for DCFTA negotiations. One of the DCFTA's chapters will be dedicated to food safety. Georgia has to identify its own method of development, especially in terms of sensitive agricultural issues. At the same time, Georgia must follow the EU's recommendations in order to be prepared for the formal phase of the DCFTA negotiations. Georgian legislation still requires significant improvement to comply with EU regulations/directives before a comprehensive food safety system can be introduced. For this reason, the Georgian government decided to roll out implementation of the law in stages. For example, from 2011, traceability and the Hazard Analysis and Critical Control Point (HACCP) system shall be introduced in companies producing foodstuffs for export to the EU market. Later, food safety production management systems will be obligatory for high risk food production (processing products of animal origin, baby food, etc.) and other types of

food production and animal feed from 2013, 2015, and 2017 respectively. Moreover, the gradual launch of state control and inspection tools shall not impede the development of the food business sector. Studies show that the majority of food businesses are not aware of or ready for full implementation of the food safety law requirements.

Ms. Ketevan Laperashvili, Head of the Food Safety and Risk Analysis Department within the Ministry of Agriculture (MoA) of Georgia, stated that in 2009 the MoA brought 21 drafts of secondary legal acts in line with EU and international norms. Among them is the regulation on additional labeling requirements for food stuffs (i.e. marking products containing more than 0.9% of genetically modified components) according to the *Codex Alimentarius* standards. Further, Ms. Laperashvili stressed the need to build institutional capacity, improve laboratory facilities, and develop professional and communication resources for introducing the solid food safety system and meet the international obligations in terms of SPS surveillance measures.

Mr. Kakhaber Koniashvili, Director of the *Promoting Food Safety Standards in Georgia* project, shared feedback received from the business community that attends the seminars organized within the project. Food producers are concerned by the lack of veterinary surveillance facilities at the primary production level. One of the objectives of the project is to produce recommendations for the public authorities on developing a food safety strategy. Mr. Koniashvili recommended that the provisions of the Food Safety Law on entities that produce high risk food be enforced from 2010. Further, the government must start registration and monitoring of primary production to have data on the capacity and needs for developing the agricultural sector and ensuring a comprehensive food safety system.

Mr. Matti Lamp, food safety expert from the SIDA funded *Support to Milk and Dairy Sector in Georgia* project, highlighted the basic goals for the food safety system:

- Protection of public health from farm to fork with unbroken traceability;
- Free movement of food stuffs;
- Competitiveness of Georgian food-related businesses;
- Adopting food safety legislation based on scientific evidence and risk mitigation;
- Making enterprises responsible for quality management;
- Establishing a coherent, rational, and user friendly food safety system including regular public consultations.

The expert pointed out that the food safety system should govern not just specific food stuffs, products, exports, or types of production, but the whole national food production, processing, and marketing chain. This system should be applied immediately, but controlling sanctions should be applied gradually, be business friendly, and adopted in collaboration with private producers.

Ms. Maya Metreveli, Head of the National Service for Food Safety, Veterinary, and Plant Protection (NS), reported that the NS took 2,499 samples of 34 types of food products from the market in 2009 and revealed 548 violations. In 101 cases, samples were submitted to the Investigation Department of the Ministry of Finance. In another 126 cases, the food items were banned from the market. Further, the NS identified 346 cases throughout the country of drinking water that was incompliant with the technical regulation (namely in Kutaisi, Lagodekhi, Mtskheta, Poti, Akhaltsikhe, Zugdidi, Martvili, Senaki, Dmanisi, Lentekhi, Ambrolauri, Ozurgeti, Baghdati, Tsqaltubo, and Zestaponi districts) and the local authorities

were advised by the NS on measures to avoid spread of infectious diseases among the population. As of fall 2009, 257 shops and 94 agrarian markets selling meat products had been inspected and 38 entities were fined for violation of sanitary rules. Further, investigations were conducted on entities selling agrochemical and pesticides and 323 samples were checked and 13 cases of fake and outdated products were removed from the market. Through the so called voluntary inspection plan, 18 companies, including 'Populi' supermarkets and seven wine producers, were inspected based upon the companies' request since 2008. In 2009, the NS issued 288 hygienic certificates for exported products. The NS plans include construction of 15 regional offices equipped with modern communication facilities. The NS continues to recruit new staff on a probationary training program with international assistance.

Mr. Soso Uridia, Deputy Head of the Customs Department of the Revenue Service within the Ministry of Finance, presented about SPS control procedures and ongoing reforms in the Customs Department (CD). SPS control was delegated to customs in 2007. A joint decree of the Ministers of Agriculture and Finance from December 2008 defined border quarantine procedures. The monitoring plan for SPS control was developed and guides for customs inspectors have been published by the NS. According to the plan, the CD SPS inspectors can choose from the following options: a) checking documentation attached to food stuffs (e.g. SPS certificates and permissions issued by the NS); b) verifying data for seals and transportation requirements (data of the cargo should be identical to the permit issued); c) unpacking containers and boxes as needed during physical inspection; or d) providing microbial testing of food stuffs on location or in laboratories. The monitoring plan envisages periodic testing of food samples without seizing the main cargo. Under this plan 178 samples of food products were taken since July 2009 (*results from this sampling were not provided – N. Jashi*). In addition, 16 samples were taken that were suspected to be of substandard quality and subsequent tests proved that three samples violated food safety standards. SPS control facilities are not available for three border crossing points (two checkpoints with Azerbaijan border and one with Armenia). CD has received EU technical assistance, which includes funding for improving SPS infrastructure.

The Customs Department has regular communication with the contact point of the Rapid Alert System for Food and Feed (RASFF). The latter informs the Customs Department about extant risks and various inspections needs (*information on CD actions based on RASFF notification is not available – N Jashi*).

Responding to a question regarding the Georgian labeling requirement for food stuffs, Mr. Uridia explained that food stuffs that do not have a label in the Georgian language are not restricted for imports as the Food Safety Law or the Customs Code do not explicitly ban importation of such products.

Ms. Eka Kimeridze, Director of Growth Development and Continuous Improvement (GDCI), presented the findings of a survey of food producing companies. The majority of the respondents indicated that increasing the competitiveness of a company was among the main reasons to introduce a food safety management system that meets consumer requirements. Three main components need to be addressed when introducing food safety systems: improving infrastructure, maintaining sanitary norms, and improving the mentality and working habits of the personnel. Setting up the needed infrastructure will require a large financial investment. However, the majority of companies reported that the introduction of a food safety system did not impact the end price of their products, while operational costs

increased by less than 2%. These costs were associated with buying soap, installing or maintaining hot water, etc. Half of the companies with new quality management saw an increase in sales after having introduced the food control system. Evidently, the precise impact of the system on the company performance will be assessed during the next several years.

According to Kimeridze, the foremost problem for establishing a proper food safety system is related to the uncontrolled primary production of food stuffs and raw materials. The food safety law should also cover primary production of food for the traceability system to function. The nonexistence of farm registration facilities and a respective database of food producing companies hinders the establishment of a traceability system.

Mr. Rezo Kobakhidze, Vice President of the Consumers Federation, highlighted that food safety and control has gained more significance on a global scale, especially after the financial crisis. Unfortunately there is a lack of political will within the GoG to deal with food safety policies and enforce the Law on Food Safety. Already in 2007, CSOs and experts involved in food standards addressed the Georgian government with a memorandum advocating for the adequate enforcement of the law. Further, Mr. Kobakhidze referred to the limited capacity of Georgian laboratories, which are mostly located in Tbilisi. Because neither the government nor businesses comply with food safety standards, Georgian consumers are left unprotected. Even though the National Service conducts random testing of food stuffs on the market, the producers of unsafe food are never revealed and consumers remain unaware of what products are unsafe. Hygienic certificates are issued by the National Service on the basis of laboratory testing documents, rather than having National Service staff conduct a physical check of the product.

Mr. Zurab Tskitishvili, a former member of the Georgian Parliament and one of the initiators of the food safety law, stated that the primary goal of the law was to protect the health and economic interests of consumers in terms of safety of the food placed on the internal market. When applying food control requirements for EU exporting companies (from 2011), due consideration has to be given to ensure that producers are supplied with proper food stuffs from primary production. The food safety law stipulates that the state has to ensure disease control and veterinary and phytosanitary control throughout the country, irrespective of the timeline for the full implementation of the provisions related to traceability and HACCP systems.

Mr. Juan-Jose Echanove, Agricultural Attaché of the EC Delegation, explained that the EU believes Georgia's food safety strategy has to be fundamentally revised. Enforcement of food safety legislation is an important point for attaining a DCFTA. Staged implementation of SPS control means that a comprehensive food safety system cannot be established in the country. As the food safety law already contains provisions for gradual application to food production of different risk levels, it should be enacted in full. This does not mean that inspection of food producing entities will be initiated immediately. He considers that while some provisions of the law have been suspended, Georgia should have been preparing businesses for introducing food safety management systems.

Mr. Paul Clark, President of Tbilisi Business Service Center, presented practical ideas on the process of food safety dialogue. Project implementation, however, is pending funding from international donors. The main idea is to have well structured public-private dialogue promoting government engagement with civil society.

Main recommendations adopted during the roundtable:

To the Government of Georgia

- The draft food safety strategy should be made available for public discussion.
- The deferrable approach that distinguishes between food stuffs produced for export and for domestic consumption should be withdrawn, as it neither ensures the establishment of a comprehensive food safety system in the country nor facilitates growth of trade potential, while leaving the local consumers at a greater threat for health.
- Guidelines and tools for the registration of primary production should be developed.
- The legal requirement to label food stuffs in Georgian should be adhered to with regard to imported goods.

To the European Commission

- Provide capacity building tools for both the public, private, and civil society sector to contribute to formulating, implementing, and monitoring food safety policies at the national and regional levels.

To Civil Society

- Promote wider public debate on food safety issues allowing adoption of recommendations for the food safety strategy of the country through regular meetings, expert panels, and professional networks.
- Pursue further regional cooperation on food safety issues, including in the transfer of new technologies and exchange of experience of agricultural and food production policies.