CHAPTER – 8

IMPLICATIONS OF SANITARY AND PHYTOSANITARY MEASURES

Considerable progress has been made since the Second World War, through various rounds of GATT negotiations, in lowering explicit barriers to trade such as tariffs. In the case of agricultural and food products, the most recent Uruguay Round in particular resulted in significant commitments to liberalise trade. Specifically, significant reductions in tariffs were achieved for tropical agricultural products that are of greatest interest to developing countries.

As tariff barriers have declined, however, the emphasis placed on non-tariff barriers has increased, both due to the global proliferation of non-tariff measures and because of wider recognition of the impact non-tariff barriers can have on trade. There is now concern that such technical measures can act, either explicitly or implicitly, as a barrier to trade in a similar manner to tariffs and quantitative restrictions.

Sanitary and Phytosanitary (SPS) measures have grown in importance in the last few years. Intended to protect consumers, animals and plants, SPS measures can cover production areas, inspection of goods,
production procedures or the content of pesticide residues. The Agreement on Agricultural refers explicitly to the SPS Agreement.

A number of relevant international standards are provided by specialised institutions, such as the Codex Alimentarius Commission for Human Health, the Office International des Epizooties (OIE, World Organisation for Animal Health), and the International Plant Protection Convention (IPPC). These standards are recognised by WTO and the protection measures pertaining to them are accepted. On the other hand, any national legislation leading to a stricter protection of trade must be justified scientifically. A Committee on SPS has been set up within the framework of WTO to ensure the effective application of the Agreement.

An example:

It is difficult to hamper the marketing of a product if the country does not prove scientifically that its consumption carries certain risks. For example, in August 1997, WTO decided that the European regulations banning the production and import into Europe of hormone-treated meat (mainly from the United States) were contrary to the provisions of the SPS Agreement because the health risks caused by meat containing hormones were not scientifically proved.

A second example:

In 1999, Europe stopped imports of certain fish and fish products from Uganda and Kenya on the pretext of an epidemic of cholera. It was later shown that cholera is not transmitted through fish.

A third example:

Beef from certain regions of Africa cannot be exported to European markets because it is produced in areas where the World...
The Organisation for Animal Health has declared that animals suffer from certain diseases.

The Agreement on Technical Barriers to Trade (TBT) has also importance with SPS Measures. The TBT Agreement covers all technical regulations and procedures to evaluate conformity other than those concerning the human, animal and plant health covered by the SPS Agreement. This includes, for instance, the obligation of producers to indicate the nutrition facts of their products on the packaging, a ban on selling products that can cause certain allergies, or standards for packaging and labelling.

**An example:**

Imports of mangoes can be stopped if the cardboard boxes do not respect certain composition standards.

8.1 **The Agreement on Sanitary and Phytosanitary (SPS) Measures**

The international community has addressed the impact of SPS standards on trade in agricultural and food products through the WTO's SPS Agreement. The Agreement grew out of several trade disputes, most notably between developed countries, that could not be resolved under the existing Technical Barriers to Trade (TBT) Code or through the then existing GATT dispute settlement procedures.

The first time national food safety, animal and plant health measures were the subject of an international agreement at the time GATT Agreement 1947. The new Agreement on Sanitary and Phytosanitary (SPS) Measures as part of the GATT Agreement 1994 entered into force with the
establishment of the World Trade Organisation on 1 January 1995. The SPS Agreement prevails over the GATT Agreement 1994. The aim of the Agreement was to minimise the negative trade effects of SPS measures and the abuse of these measures as trade barriers.

The key feature of the SPS Agreement is risk assessment and risk management in determining appropriate measures which provide an acceptable level of risk to the importer and which can be justified on technical and trade terms. Thus the major objectives are:

- **To protect and improve the current human health, animal health, and phytosanitary situation of all member countries.**
- Protect the members from arbitrary or unjustifiable discrimination due to different sanitary and phytosanitary standards.

Thus, the Agreement permits individual nation states to take legitimate measures to protect the life and health of consumers given the level of risk that they deem to be 'acceptable', provided such measures can be justified scientifically and do not unnecessarily impede trade.

However, they are required to recognise that measures adopted by other countries, although different, can provide equivalent levels of protection. The key elements of the Agreement are detailed below:

### 8.1.1 Harmonisation

In many circumstances the harmonisation of SPS standards can act to reduce regulatory trade barriers. Therefore, Members are encouraged to participate in a number of international standards-setting organisations, most notably Codex Alimentarius, the International Office of Epizotics (OIE) and the International Convention on Plant Health (IPPC).
Members are expected to base their SPS measures on the standards, guidelines or recommendations set by these organisations, where they exist. They are, however, entitled to adopt measures that achieve a higher level of protection, provided this can be justified scientifically.

8.1.2 Equivalence

Members are required to accept the SPS measures of other members where they can be demonstrated to be equivalent; they offer the same level of protection. This protects exporting countries from unjustified trade restrictions, even when these products are produced under simpler and/or less stringent SPS standards. However, in practice, the right of the importing country to test imported products limits the right of equal treatment.

8.1.3 Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection

Members are required to provide scientific evidence when applying SPS measures that differ from international standards. This evidence should be based on a risk assessment, taking into account, when possible and appropriate, risk assessment methodologies developed by the international standards organisations. Further, Members are obliged to achieve consistency in the application of SPS measures, to avoid arbitrary or unjustifiable distinctions in the levels of protection it considers to be appropriate if the distinctions would act to distort trade.

8.1.4 Adaptation to Regional Conditions, including Pest- or Disease-free Areas and Areas of Low Pest or Disease Prevalence
The Agreement recognises that SPS risks do not correspond to national boundaries; there may be areas within a particular country that have a lower risk than others. The Agreement, therefore, recognises that pest- or disease-free areas may exist, determined by factors such as geography, ecosystems, epidemiological surveillance, and the effectiveness of SPS controls. A good example in this respect is Foot and Mouth Disease (FMD)-free areas within countries that do not have a FMD-free status overall.

8.1.5 Transparency

The Agreement establishes procedures for enhanced transparency in the setting of SPS standards amongst Members. Members are required to notify the SPS Secretariat of all proposed and implemented SPS measures. This information is relayed to the 'Notification Authority' within each Member Government. Moreover, Members are required to establish an 'Enquiry Point' which is the direct point of contact for any other Member regarding notifications of SPS measures.

8.1.6 Consultation and Dispute Settlement

The Agreement establishes detailed and structured procedures for the settlement of disputes between Members regarding the legitimacy of SPS measures that distort trade. This takes the form of a dispute settlement body consisting of Member representatives.

8.2 Provisions for Developing Countries under the SPS Agreement

Given that developing countries typically implement qualitatively or quantitatively lower SPS standards than developed countries, in principle the SPS Agreement should help to facilitate trade from
developing to developed countries by improving transparency, promoting harmonisation and preventing the implementation of SPS measures that cannot be justified scientifically. Much of this is dependent, however, on the ability of developing countries to effectively participate in the Agreement. The Agreement itself tries to facilitate this by acknowledging the special problems that developing countries can face in complying with SPS measures and allowing for special and differential treatment:

- Members are instructed to take account of the special needs of developing countries, and in particular least-developed countries, in the development of SPS measures.

- To maintain opportunities for exports from developing countries, where the appropriate level of protection permits scope for the phased introduction of new SPS measures, longer periods should be given for products that are of special interest to developing countries.

- The SPS Committee is permitted to grant developing countries time-limited exemptions from obligations under the Agreement, taking into account their financial, trade and development needs.

- Members should encourage and facilitate the active participation of developing countries in international organisations such as Codex Alimentarius, OIE and IPPC.

- Members are encouraged to provide technical assistance to other Members, in particular developing countries, for the purpose of allowing such countries to meet the level of SPS protection required in their export markets.
Further, the Agreement permits additional time to developing countries to implement all or some of its provisions. Developing countries are permitted an additional two years (until 1997) to comply with all the provisions except those associated with transparency. The least developed countries were permitted an additional five years (until 2000) to comply with the Agreement in its entirety.

8.3 SPS Measures and Trade

It is widely acknowledged that SPS standards can act to impede trade in agricultural and food products. The trade impacts of SPS measures can be conveniently grouped into three categories:

- Those which prohibit trade by imposing an import ban or by prohibitively increasing production and marketing costs.
- Those which divert trade from one trading partner to another by laying down regulations that discriminate across potential supplies.
- Those which are trade reducing measures that increase costs or raise barriers for all potential suppliers.

In certain cases higher food safety standards are applied to imports than domestic supplies, for example where higher risks are associated with supplies from other countries. However, even where food safety standards are neutral, they can impede trade in agricultural and food products. This potential to distort trade flows relates to two separate (although inter-related) elements of the standardisation process:

- **Technical standards**, whereby qualitatively or quantitatively distinct technical standards are laid down for a particular product in different countries.
• **Conformity assessment procedures**, whereby separate and/or distinct procedures are required to demonstrate compliance with product standards in different countries.

The rationale is that if businesses are required to comply with different technical requirements in an export market to those in their home market, they will face additional costs that will act to reduce their competitiveness relative to domestic suppliers in that export market. Thus, attention is paid to costs of compliance in an attempt to assess the extent to which differences in technical standards and conformity assessment procedures might act as an impediment to trade.

In assessing the impact of technical standards and conformity assessment procedures on trade, the key issue is whether such measures are discriminatory. If we consider two suppliers, one domestic and the other an importer, who produce an equivalent product and have comparable levels of efficiency, technical standards and conformity assessment procedures are nondiscriminatory if the costs of compliance are the same for both domestic suppliers and importers.

Technical standards and conformity assessment procedures are discriminatory if they impose greater production and/or compliance costs on importers than domestic producers. In certain cases discrimination is explicit - additional requirements are imposed on importers over and above those imposed on domestic suppliers. In the case of meat products, for example, this might occur where it is judged that imports pose greater risks to human and/or animal health than domestic supplies. Even where equivalent requirements are imposed on domestic and imported supplies, however,
these can act in a discriminatory manner if production and/or compliance costs are systematically greater for importers.

The scope for standards, which are applied in an equivalent manner on domestic suppliers and importers, to be discriminatory occurs when there are differences in technical standards and/or conformity assessment procedures between markets. These differences can be of both a quantitative and a qualitative nature.

In the former case, there may be differences in the number of samples required for product testing, permitted levels of ingredients, performance thresholds etc. In the latter cases, there may be differences in permitted test methods, types of ingredient allowed, performance criteria etc. In either case, suppliers are required to comply with different technical standards and/or conformity assessment procedures in different markets, distorting the relative cost structures of domestic and imported suppliers:

- **Costs of compliance**: Costs of compliance are those costs that are necessarily incurred by a business in complying with technical standards. These may include the costs of adapting the product to meet local requirements and/or undertaking conformity assessment procedures both prior to export and/or at the port of entry.

- **Production costs**: Differences in technical standards and/or conformity assessment procedures can also impose additional production costs on importers. Firstly, economies of scale may be reduced because of the need to produce a separate product to that sold in the importer's home market. Secondly, capital designed to produce to standards in the importer's home market may be less efficient at producing to local technical standards.
The tendency of differences in technical standards and/or conformity assessment procedures between markets to discriminate against imports relates to the duplication of compliance efforts and the associated costs. In undifferentiated product markets, technical standards and conformity assessment procedures will act as an absolute barrier to trade whenever they result in the total costs of supply of importers exceeding that of domestic suppliers. In the case of differentiated products for which imported products are sold with a price premium, additional costs of compliance will act as an absolute barrier whenever they exceed the magnitude of the price premium. Even where imports do take place, however, additional costs of compliance will act to reduce competitiveness and/or returns to the importer.

To a certain extent, technical standards and/or conformity assessment procedures will naturally discriminate in favour of domestic suppliers and against foreign suppliers. National technical requirements generally reflect the institutional structures within that country. Domestic suppliers will be more accustomed to operating within these structures, indeed they will have themselves developed in response to them. Overseas suppliers, however, may have to learn and become accustomed to very different procedures to those in their own country. The costs associated with this will be particularly high where there are language differences and where assessment procedures lack transparency or are subject to relatively frequent change.

Whereas much of the concern about the impact of SPS standards on trade has concentrated on mandatory government requirements, there is growing awareness that voluntary standards can also impede trade. If
voluntary standards are so widely applied that they become *de facto* mandatory, there may in practice be little choice but for foreign suppliers to comply. For example:

- Compliance with established voluntary standards may be essential because consumers require compatibility with complementary products or services (for example plastic containers and microwave ovens).

- Voluntary standards may be closely related to consumer preferences (for example safety marks that are seen by consumers as an essential guarantee of minimum product quality).

- Voluntary standards may be considered crucial for compliance with mandatory standards (for example ISO 9000 as a means to satisfy the requirements of food safety regulations).

For example, if we take the case of the European Spice Association’s (ESA) quality and sanitary standards for spices. These standards are widely implemented as minimum requirements by spice traders within the EU. In a case such as this, the impact on trade will be little different to that of mandatory standards laid down by governments. This is, however, a particularly problematic area since voluntary standards are largely beyond the traditional spheres of international negotiation and regulation.

Conformity assessment procedures can also impose significant costs on exporters. For example, exporters of fish and fish products to the EU are subject to a system of prior approval whereby a ‘competent authority’ in their home country must certify that they comply with sanitary
standards that are at least equivalent to those of the EU. Furthermore, individual product consignments may need to be certified and/or are subject to inspection at the EU border. This multi-tiered system of conformity assessment potentially imposes significant costs on exporters of fish to the EU.

In general, developed countries typically apply stricter requirements than developing countries, reflecting their greater economic means to control human, animal and plant health and the demands of their populations. Therefore in meeting the SPS standards of any market, developed country suppliers will tend to have lower costs of compliance than developing countries suppliers - the standards with which they must comply domestically will be closer to those of the potential export market and in some circumstances could even be lower.

The foregoing discussion suggests that the costs incurred by developing countries in supplying developed country markets tend to be greater than the costs incurred by developed countries in supplying the same markets. This asymmetry in costs of compliance will clearly favour trade flows from developed to developing countries. It clearly demonstrates the potential benefits to developing countries of greater international harmonisation of SPS standards.

In the case of intra-developing country trade, SPS standards may be less of an issue. On the one hand, differences in SPS standards between exporting and importing countries will tend to be smaller. On the other, to the extent that higher SPS standards increase costs of production, developing country suppliers may have a competitive advantage over developed country suppliers.
Differences in systems of conformity assessment will also influence the costs of compliance imposed on developing versus developed country suppliers to any export market. To a large extent these will reflect the technical capabilities and institutional structures of individual countries, but also the type and level of standards that are applied. For example, countries that do not apply standards will, by implication, have no systems of conformity assessment in place. Developed countries tend to be sceptical about the efficacy of conformity assessment systems in developing countries and rely heavily on border inspections.

Thus, few Mutual Recognition Agreements (MRAs) on conformity assessment procedures have been signed between developed and developing countries.

8.4 Problems Faced by Developing Countries

This section explores the factors that explain the degree to which SPS standards impede exports from developing countries.

8.4.1 Access to Compliance Resources

A major problem faced by developing countries is access to the resources required to comply with SPS standards in developed countries. These include information on SPS standards themselves, scientific and technical expertise, appropriate technologies, skilled labour, general finance etc. If these resources are not available locally, they may need to be obtained overseas, significantly increasing the costs of compliance. For small and medium-sized companies these costs are likely to be prohibitive.
8.4.2 Compliance Period

The period allowed for compliance with developed country SPS standards is an important factor influencing compliance costs. In many cases developing countries require longer to comply due, in part, to limited access to compliance resources. If suppliers do not comply within the specified period they may be prevented from exporting. In the short term, the costs in terms of lost revenue can be significant. They may also lose customers and/or market share that can affect their long-term export performance. This is illustrated by Case 1.

Case 1. Shrimp Exports from India to the EU

One major exporter of shrimps from India suffered significant economic losses as a result of problems complying with the EU’s sanitary standards. Following the lifting of the general ban on exports to the EU in December 1997, the company applied for approval to export to the EU from the recognised Competent Authority in India.

However, the changes required by the Authority before approval would be granted took a considerable period of time to implement. As a result, the company was prevented from exporting for a further period of three months, during which time its major competitors, who had obtained approval, started to trade with the EU. The economic cost was so great that it has threatened the commercial viability of the company.

8.4.3 Response by Developing Country Governments

Developing country governments had been slow to react to changes in SPS standards in major export markets. As a result, the period within which they had been required to comply had been significantly
reduced, increasing costs and, in extreme cases, limiting their ability to export.

8.4.4 Nature of Marketing Chain

In certain cases the conformity assessment procedures associated with SPS standards can be difficult and costly to put into practice within supply chains in developing countries. Supply chains tend to be longer and more fragmented than in developed countries and, as a result, the cost of establishing systems of traceability and supplier quality assurance can be prohibitive, in particular for small producers.

8.4.5 Production Methods

In certain cases the SPS standards of developed countries are not compatible with the production systems employed in developing countries. In certain cases, these systems need to be radically changed in order to comply. In others, significant levels of new investment are required to overcome indigenous problems, for example due to the climate, poor local infrastructure etc.

8.4.6 Logistical Problems

Logistics, in particular airfreight for perishable products, can represent a major barrier to products which otherwise might have met all necessary SPS measures. Such problems effectively represent a lack of access to the facilities or resources that are required to ensure the product still complies with the required measures at all levels of the marketing chain.

8.4.7 Awareness

A major problem in many developed countries is the level of awareness and/or understanding of SPS measures in general and the SPS
Agreement in particular. Considerable efforts have been made by organisations such as WTO, FAO and UNCTAD to raise awareness of SPS standards and the SPS Agreement amongst government officials in developing countries.

Furthermore, many developing country governments have organised seminars and workshops in an attempt to enhance awareness amongst personnel that are responsible for SPS matters on a day-to-day basis, for example port inspectors, and within the food supply chain. However, in many instances recognition of the importance of SPS standards and their impact on export performance remains poor. As a result, initial reaction to new SPS measures is often delayed and/or inappropriate.

8.4.8 Internal Regulatory Structures

The extent and nature of existing regulatory structures for SPS matters in developing countries affects their ability to comply with standards in developed countries. If SPS standards are in place domestically, the food supply chain will be accustomed to operating in a regulated environment and will better appreciate the need to comply. Furthermore, public authorities may find it relatively easy to implement conformity assessment procedures required by developed countries given that they have an existing enforcement structure. Developing countries that will find it most difficult to comply will be those with little existing domestic SPS legislation and/or weak systems of control.

In general, it was suggested that the SPS measures adopted by developed countries are incompatible with the (traditional) systems of production and marketing in developing countries and, as a result, costs of
8.5 Potential Benefits to Developing Countries of the SPS Agreement

Generally, developing countries face the same problems associated with divergent SPS measures and/or conformity assessment procedures as developed countries. On the one hand, suppliers may face additional costs in meeting different national standards of the importing country. On the other hand, domestic suppliers may face additional costs in meeting international standards that are required to be competitive not only in the international market but also in their domestic market. The framework of the SPS Agreement puts in place a number of institutional innovations that will aid in reducing the trade distorting effect of SPS measures. The potential benefits to developing countries based on the commitments of Members under the Agreement include:

- Enhanced transparency, reducing transaction costs associated with exports to countries with divergent SPS measures.
- Transparent and clearly structured procedures for the settlement of disputes on the legitimacy of divergent national SPS measures.
- Greater account of the specific situation and problems faced by developing countries in the promulgation of SPS standards by developed countries.
- Greater international harmonisation of national SPS measures.
- Potentially enhanced levels of technical assistance from developed countries.
8.6 Impact of SPS Measures on Developing Countries

The aim of this section is to identify the particular problems that developing countries can have in meeting SPS measures, particularly when exporting to developed countries.

The products for which SPS requirements had been a particular problem were meat/meat products, fish/fish products and fruit and vegetables/fruit and vegetable products. In many cases where SPS requirements had not impeded trade, for example dairy products, the countries concerned did not currently produce sufficient volumes of the product to export to the EU.

In certain cases developed countries prohibit imports of agricultural and/or food products from particular countries because it is judged that the risk to plant, animal or human safety is unacceptably high. Thus, for example, India is not currently approved to export fresh and frozen meat to the EU because of its current FMD (Food and Mouth Disease) status (Case 2).

Case 2. Indian Meat Exports to the EU

India was deemed to be Rinderpest free by the OIE in 1995. However, the EU only considers India to be provisionally Rinderpest-free. Further, a number of production areas conform to the OIE’s standards for exports from countries with FMD. However, the EU lays down stricter requirements than the OIE for exports from countries with FMD - FMD must have been eradicated in a 100 kilometre area around the production area. At the current time, India is deemed not to satisfy these requirements and exports of fresh meat and meat products are not permitted.
In certain cases, the SPS standards laid down by developed countries are incompatible with the normal methods of production in developing countries. In this case, the costs of compliance act as an absolute barrier to trade; whole systems of production and distribution may need to be changed in order to comply. This is illustrated by Case 3.

Case 3. Milk Production in India

India is one of the world’s largest producers of milk and dairy products. Much of this production, however, is by smallholders who milk by hand and are members of cooperatives that collect milk for processing and further distribution. There are relatively few large-scale producers with mechanised milking facilities. EEC lays down sanitary standards for milk production within the EU and Third Countries. These standards require that dairy products be manufactured from milk derived from cows that have been kept on farms and which have been mechanically milked. Given the predominance of hand milking in India, this effectively precludes smallholder producers and much of India’s milk output from exports to the EU.

The nature of SPS requirements is an important factor influencing the impact on developing countries. Of particular importance is the system of conformity assessment applied. In certain cases, for example the United States, conformity is assessed through border inspection at the point of entry. In other cases, for example the EU, systems of prior approval and process-based inspection are employed. Responsibility for these is frequently delegated to approved ‘competent authorities’ in developing countries. If the competent authority is not able to undertake this task to a standard that is acceptable to the importing country, suppliers may be
prevented from exporting, although their product may be in compliance with SPS requirements. This is illustrated by Case 4.

**Case 4. Shrimp Exports from India to the EU**

India has had problems exporting shrimps to the EU relating to the need for processing establishments to be approved by the Export Inspection Council of India (EIC), which is the ‘competent authority’ recognised by the European Commission. This system of prior approval not only requires that suppliers of fish products comply with SPS requirements, but also that the recognised public authorities implement approved systems of conformity assessment.

The EU inspected a number of approved production facilities in 1997 and identified problems with the inspection and approval systems implemented by the EIC. As a result, imports from India were suspended for a period of four months whilst new systems were implemented to ensure that products exported to the EU were in full compliance with sanitary requirements. Thus, even though certain production facilities were of a satisfactory standard, they were prevented from exporting to the EU because existing public institutions were not considered competent to certify that this was the case.

Exporters of developing countries face problems due to the length of time necessary to demonstrate compliance with SPS measures. Delays might be as a result of hold ups at the border of the importing country, or of domestic government or exporter dilatoriness.

Further and most important, perhaps, is the change in attitudes of national regulator agencies that has followed the SPS Agreement. In most
countries, it is now recognised that domestic regulations can not be put in place without considering the nation’s obligations under the SPS Agreement. The emphasis of basing national standards on internationally agreed criteria should reduce future disputes arising from incompatibilities in standards. The increased flow of information arising from national implementation of the SPS Agreement will facilitate the resolution of incompatibilities long before they become trade disputes.

8.7 Haryana and SPS Measures

Haryana state is deficient in minerals and forests resources and agriculture plays an important role in its economy. Haryana has remained unexploited in the field of horticulture due to major thrust on foodgrains so far. Now, Haryana state is the fast emerging as one of the leading states in the field of horticulture. The three important components of horticulture are fruits, mushrooms and vegetables. Given the diverse nature of agro-climatic zones, rainfall, temperature and soil textures, Haryana has got considerable potential for developing horticulture.

The area and production under fruits increased considerably from 12640 hectares and 99.8 thousand tonnes during 1990-91 to 30715 hectares and 232.0 thousand tonnes by the end of 2000-01 respectively. Likewise, area and production under vegetables have also increased from 55360 hectares and 802.2 thousand tonnes in 1990-91 to 133000 hectares and 2100.0 thousand tonnes during 2000-01 respectively.¹

The demand for mushrooms has increased in the domestic as well as the export market. Mushroom cultivation was introduced in the Haryana state around 1980. At present, Haryana is a leading state in the production of mushroom. The mushroom production increased from 850 tonnes in 1990-91 to 4,200 tonnes by the end of 2000-01. There is a high potential to increase in the production of mushroom. The Haryana Government has set up a technology centre for this purpose at Murthal (Sonepat) and at the Hisar Agriculture University.

Haryana has much potential in the area of milk and dairy products. Now, if we see the potentiality of export from Haryana, the horticulture and dairy products are emerging as an exporting item. But, there are various types of obstacles to export such items because of the measures adopted by developed countries. With the help of SPS measures and Technical Barriers on Trade (TBT), developed countries protect their domestic producers. For example, in case of milk production, much of this production is by smallholders who milk by hand and are members of cooperatives that collect milk for processing and further distribution. EEC lays down sanitary standards for milk production. These standards require that dairy products be manufactured from milk derived from cows that have been kept on farms and which have been mechanically milked. Such types of measures are not possible for Haryana state where the numbers of smallholder producers are much high.

The WTO Agreements on standards seek to prevent them from being used for the discrimination and protection of internal markets. With

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the reduction of tariff and non-tariff barriers, standards can in fact become very effective instruments of protection. These agreements therefore reflect the principle of national treatment (non-discrimination between foreign and national products) and define a certain number of criteria to ensure that standards avoid unnecessary obstacles to trade.

Haryana state in particular and developing countries like India in general feel that technical standards and sanitary and phytosanitary measures are, first and foremost, protection tools. In addition, they do not always have sufficient material, financial and human resources to apply the standards imposed by developed countries. For instance, it can be very expensive to modify fishing methods, as well as the preservation, processing and transport of fish, and to be able to guarantee almost zero risks for consumers. International standardisation systems are very complex and restrictive and developing countries like India participate very little in their elaboration. This is why their interests are rarely taken into account.

So, it is suggested that the existence of standards for traded goods is nonetheless necessary. These standards increase only the cost of production. Therefore, due to high cost of production, it is much difficult to compete at international level to export their products for the state like Haryana and for the developing countries like India.