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Animal and Plant Health Inspection Service

SPS Issues with China

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Roundtable Briefing

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Thank you very much for asking me to take part in this roundtable discussion this morning. My name is Dr. Peter Fernandez, and I am the Associate Administrator of the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, or APHIS.

Within USDA, APHIS is charged with protecting the health of U.S. agriculture. In doing so, our Agency works to prevent foreign agricultural pests and diseases from entering the country through regulatory controls, the development of sound animal and plant health policies, and anti-smuggling programs aimed at keeping risky agricultural products out of the United States. The Agency also conducts domestic surveillance and monitoring programs for serious pests and diseases and works with State and industry cooperators to eradicate economically significant ones. These activities allow us to ensure that U.S. agricultural products are healthy, abundant, and welcomed in international markets.

As the primary Federal agency that addresses animal and plant health issues, APHIS also plays an important role in international trade. Officials with our Agency convey information to U.S. trading partners regarding the pest and disease status of U.S. livestock, meat products, plants, and plant products. In turn, we also evaluate the same information submitted to our Agency by other countries when they want to export a new agricultural product to the United States. APHIS evaluates such requests by analyzing the information submitted to us; working to collect and evaluate related scientific data; preparing risk assessments that evaluate any potential pest or disease risks to U.S. agriculture; and then, if appropriate, conducting public rulemaking to change our import regulations to allow the animal or commodity to enter the United States in such a way that any pest or disease risks are mitigated.

In a nutshell, this is how APHIS conducts our business when it comes to international trade, and, generally speaking, it is also how our trading partners operate. I am able to say this because APHIS, as well as our counterparts in many other countries, all work under terms outlined in a very important international trade agreement—the World Trade Organization's Agreement on Sanitary and Phytosanitary Issues. In the international trade arena, sanitary and phytosanitary issues, commonly referred to as SPS issues, are the technical terms for animal and plant health issues.

The SPS agreement is critical to APHIS' work because it allows us and our trading partners to speak a common language when discussing trade issues. The SPS agreement encourages cooperative, instead of competitive, work. It has been our experience that the agreement is a highly useful and effective tool for opening new markets and making other important agricultural decisions. The agreement allows

governments to take necessary protective measures with regard to imports of agricultural products based upon sound science. However, it also provides the rules and structure to prevent the arbitrary use of such measures to impede trade.

As I said a moment ago, APHIS officials have the needed technical expertise and regulatory authority to address SPS issues. For instance, APHIS personnel with our Veterinary Services, Plant Protection and Quarantine, and International Services programs assist U.S. agricultural exporters by negotiating the plant and animal health requirements for U.S. products destined for foreign markets. They also review the scientific merits of other countries' agricultural health requirements and issue the necessary health certificates to accompany U.S. shipments. APHIS also meets constantly with our counterparts on a bilateral basis to help negotiate resolutions to technical disputes, and we are also active participants in international agricultural health standard-setting bodies like the International Plant Protection Convention and the International Office of Epizootics.

APHIS' trade support activity has increased tremendously in recent years as a result of trade liberalization and international trade agreements. Quite simply, agricultural health issues are important to every nation's ability to seek and maintain international trade markets. Through trade agreements, the United States strives to open markets for U.S. producers. However, as trade agreements open the potential for trade, agricultural health issues emerge as critical hurdles that need to be cleared if active and reliable trade is to occur. This is precisely APHIS' job—to supply the technical agricultural health information that our colleagues with the U.S. Trade Representative's Office, USDA's Foreign Agricultural Service, and other Federal agencies need.

APHIS officials work on critical SPS issues during trade negotiations with other countries and also during interruptions to trade caused by domestic situations in the United States. As you all know, international agricultural markets are highly sensitive to pest and disease outbreaks, and such situations can significantly affect access to those markets. Take, for example, the impact that the detection of BSE in Washington State in December has had on U.S. beef exports, not to mention the impact of the recent detections of avian influenza have had on the U.S. poultry export market. Considerable USDA efforts and resources have been committed to addressing these diseases domestically, as well as to conducting export negotiations to retain market access for U.S. poultry and poultry products.

With that background, I'll turn now to more specific SPS issues APHIS is working to address with China.

China's accession to the WTO in November 2001 was accompanied by a great deal of excitement: new export opportunities were expected to emerge, with significant gains particularly in the area of fresh produce. Almost 3 years later now, some of these new market opportunities have been realized by U.S. producers, but others, due to SPS concerns expressed by Chinese officials, have stalled.

To meet these SPS challenges, APHIS has actively engaged our Chinese counterparts at the technical level. In 2003, our interaction with the Chinese increased significantly as we relocated our regional office for Asia from Tokyo to Beijing. APHIS now has two Foreign Service officials working in Beijing and is slated to post a third Foreign Service officer at a new office in Shanghai. The new Shanghai office will be specifically responsible for monitoring the status of plant and animal pests and diseases in Chinese ports and production areas that ship agricultural products to the United States.

Also, last year, USDA Under Secretary for Marketing and Regulatory Programs Bill Hawks and APHIS' Administrator hosted the first U.S.-China Plant and Animal Health Regulatory Symposium in Beijing. This Symposium was designed to begin consistent, effective dialogue between regulatory officials from

the United States and China. Agenda topics included a range of different issues related to agricultural health and trade, and the meeting was very successful.

In addition to our annual SPS bilateral meetings with China, APHIS is also working to schedule routine monthly meetings with appropriate technical counterparts from China to help resolve outstanding SPS issues in a timely manner. We believe strongly that regularly scheduled monthly bilateral technical meetings will be an effective way to sustain our dialogue with China and help bring about mutually agreeable resolutions to outstanding SPS technical issues.

In the last several years, working in this way, we've achieved some notable accomplishments. U.S. citrus (with continuing dialogue on China's prohibition on imports from 4 counties in Florida) and tablestock potatoes from Alaska are now shipped to China. In terms of imports, APHIS has approved the entry of longans and lychees from certain areas in China.

Under Secretary Hawks likes to say that agricultural trade is a two-way street. In similar fashion, APHIS' experience in working with China on SPS issues has been that our accomplishments have been equaled by a number of significant challenges. As I mentioned a few moments ago, we are working very hard to convince China to ease their restrictions on U.S. beef and poultry, and we also continue to supply China with information attesting that U.S. stonefruit and potatoes from the Pacific Northwest do not present any pest risk to domestic Chinese agriculture. For their part, Chinese officials have requested that APHIS consider allowing imports of Chinese apples, and China also expressed a great deal of concern after APHIS suspended that Ya pear export program last fall due to detections of an exotic *Alternaria* on imported fruit being sold at commercial markets.

APHIS will continue to address these SPS issues with China in the way I described a few moments ago—by continuing our dialogue and actively engaging our counterparts on technical issues. APHIS will participate in a U.S.-China Plant and Animal Health Technical Planning Session next month, followed by technical talks in China on phytosanitary issues associated with exports of U.S. soybeans. Tentative arrangements have also been made to convene the first U.S.-China Animal Health Bilateral Technical meeting in May in Ft. Collins, Colorado.

We all know that in terms of SPS issues, China is a “work in progress.” As in any trade relationship, there has been progress with China on SPS issues, and there have also been a number of setbacks. But with these thoughts in mind, APHIS is staying engaged with our Chinese counterparts and we continue to encourage China to participate fully in international agricultural health forums by becoming full members of the International Plant Protection Convention and the International Office of Epizooties. We feel very strongly that these steps will help to improve our relationship with China on SPS issues.

With that, I will turn things over to the other participants. I look forward to answering any questions you may have. Thank you.