

# Update on MRL Policy Developments in the Asia-Pacific Region

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## Background on BCI

- Bryant Christie Inc. (BCI) helps companies and organizations open, access and expand international markets. Founded in 1992, we focus on the agricultural, food, and beverage sectors.
- BCI is retained by trade associations, private companies, and registrants to work with government officials, regulators, and registrants in order to address international MRL issues.
- Retained by USDA and EPA to update and maintain <http://www.mrldatabase.com>

## Trends in Asia-Pacific MRL Policy Developments

- MRL standards are constantly changing and these changes are not always favorable to US exporters. **Why?**
- Many countries rushing to develop MRL systems in order to differentiate themselves from bad actors in the trading system.
- Consumers in these markets are becoming more aware of food safety issues. New demand for food safety.
- Unfortunately, often poor communication to public of true risk of pesticides compared to other food safety issues. Pesticides frequently indicated as top consumer concern.

## Trends in Asia-Pacific MRL Policy Developments

- Increase in testing technology coupled with capacity building initiative has led to more frequent testing than in past years
- Additional challenge lies in use of limited regulatory resources in these markets
- Domestic growers requesting access to new products; exporting countries also requesting import tolerances to facilitate trade.
- Regulatory authorities must balance competing requests – not always to the favor of US exporters

## Taiwan

- Current issue: Very few MRLs; slow progress; lack of Codex deferral policy
- First market to initiate full-scale reform of MRL standard in 1999
- US specialty crop industry worked with USDA, registrants, others to respond in coordinated manner
- Despite large number of data packages submitted in response to 1999 transition, backlog of MRL reviews remains large

## Taiwan

- Despite backlog of data packages and limited list of MRLs, rejections were not widespread
- Current spate of rejections began in 2007. Since then, at least one moderate-to-significant disruption each year.
- EPA engaged on technical cooperation; USDA worked with commodity groups on priority pesticide lists

## Taiwan

- While rate of new MRL proposals has increased over past 1.5 years, backlog still remains.
- Also, tension between Taiwan's domestic needs and import tolerance requests
- Most recent effort to secure comprehensive agreement occurred during fall 2010 bilateral. No agreement reached.
- Future round of USDA priorities

## Japan

- Current issue: MRL violation sanctions policy & post-harvest approvals
- Implemented new MRL system in 2006; three year lead-in
- Extensive comments provided by industries and USG in the three years prior to transition.
- Groups that engaged issue early were able to harmonized many Japanese MRLs with US MRLs

## Japan

- 2006-2009: Three years of negotiations culminated in Memorandum of Understanding (MOU) on MRL sanctions.
- MOU restricts industry-wide sanctions to cases where Japanese MRL is more restrictive than US and when violations come from multiple exporters.
- However, application of MOU has been problematic. Rejections continue to occur on a regular basis.
- March 2010 MHLW visit to CA growing areas and regulatory authorities

## Japan

- Additional issue: post-harvest approvals
- Post-harvest approvals entail costly and lengthy process: must be approved as fungicide and food additive
- Additional challenge in jurisdiction of new Consumer Affairs Agency (CAA) over post-harvest labeling
- First new approvals under CAA expected shortly

## South Korea

- Current issue: Increased testing of imported product; revocation of existing MRLs; likely wide-scale reform
- Current system fairly comprehensive, also generous deferral policy to cover cases where no Korean MRL exists
- While non-issue for many years, concerns over Chinese product result in increase testing in 2010.
- Visit by Korean officials in November 2010 to help educate on rigor of CA pesticide regulations.

## South Korea

- Intent to transition to positive-list system over course of next five years
- Currently re-reviewing existing registrations in Korea, leading to removal of existing MRLs
- Interest by KFDA in second visit with US regulators and CA growing areas in mid 2011. Potential training with EPA.
- Important to proactively engage on transition; likely adoption of US-Korea FTA will only increase value of this market for US producers

## Hong Kong

- Current issue: transition away from full Codex deferral
- Currently defers to Codex. Initial positive list proposal issued in 2008.
- Final proposal expected to be notified to WTO June 2011, implemented by end of 2011 with two year transition period
- Several import aspects: tolerance-exempt list, import tolerance process, no default tolerance.
- April 2011 discussion between industry, US government, and HK positive in tone

## China

- Very outdated MRL standard. Only 1-2 updates in past decade.
- Area of high priority for Chinese food safety reform.  
Chairmanship of Codex Committee on Pesticide Residues
- Indications of large set of revised MRLs this year. Regulators have indicated transition likely to begin in next three years
- Likely to look closely at how Hong Kong transitions to a new positive list system

## Australia

- Current issue: formalization of import tolerance process
- Fairly comprehensive MRL standard; no Codex deferral policy
- Testing does occur, but primarily driven by private sector
- MRL list actively updated and several US commodity groups have petitioned Australian regulator for new MRL
- System works well, but discussions of formalizing import tolerance process

## Other markets active in pesticide residue issues

- **Indonesia**
  - 2008 food safety law required certificates of analysis – US has temporary exemption, but potential recurring issue in long-run
- **Thailand**
  - Similarly, Thailand in 2009 intended to require 100% testing of imported using questionable test method. Again delayed; however, could show up in future.
- **Vietnam**
  - Food Safety Law to be implemented on July 1 – increased testing and verification measures

## Moving forward

- Trend of markets moving toward proprietary MRL standards likely to continue
- Paths to avoiding trade irritations and increase regulatory costs:
  - Consistent industry engagement
  - Increased involvement in Codex, possible coordination of standards through regional bodies such as ASEAN
  - Global work-sharing programs are also critical – decrease in regulatory costs and less asynchrony

Thank you for your time.

Questions welcomed.