ANNEX 1

Report of mission in Peru

Project on Seed Multiplication and Production for flowers and vegetables in PERU

November 4 – 9, 2019

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Objectives

This mission has been performed as part of Phase 1 of the Project on Seed Multiplication and Production for flowers and vegetables in Peru. Its objectives have been to check in situ the interests and possible limitations or advantages of American companies, for the development of vegetable and flower seed production in Peru. After performing a survey and individual interviews with American companies producing or interest in producing vegetables and flowers seeds in Peru, as well as gathering and researching information and knowledge of the regulatory frameworks of the Peruvian agencies involved, this mission was planned to check and compare results "in situ". This diagnosis process will allow defining the most important challenges to be addressed in order to improve seed trade (imports and exports).

In November 3-9, Mr. Diego Risso, Mrs. Ma. Inés Ares and Mrs. Ana Peralta made a visit to Lima, Peru, where they met various companies importing and producing vegetable seeds, two associations (APESemillas and ADEX) and at official level, with INIA and SENASA.

Operational issues of the mission

Visits were planned according to an Agenda developed with the support of APEsemillas.

Both consultants and the SAA Executive Director, Mr. Diego Risso, explained in detail the objectives of the first Phase of the project and the reasons for the visit in each meeting, as well as performed the necessary questions to each company/organization to clarify or obtain more information needed by the project.

The following consideration of each visit is going to be presented in the same order as in the Agenda.

General conclusions

1. On the interpretation of the survey responses after this mission

   One of the most important benefits of this mission was to help clarify comments received during the survey part of project Phase 1. Many operational and technical particularities of the import/export processes in Peru had not been identified through the responses to the survey or had not been explained correctly. There is no doubt that the visit to Peru has helped to identify and raise the main challenges to trade for vegetable and flower seeds.

2. On the organizational changes in Peru

   A new Seed authority and the consideration of seeds under a higher-level Unit in a regulatory agency (SENASA), are envisaged in Peru. These issues could help raise the need of establishment of specific regulations for flower and vegetable seeds production in Peru.

3. About the current situation of production/import/export/re-export in Peru

   Companies consulted raised advantages of the country in terms of seed production, as presence of isolated valleys and water, cost and availability of hand labor and climatic conditions permitting two crop seasons a year. No significant impediments were identified by the industry currently operating in Peru. More than that, they reported an increasing volume of business and the possibility to undertake special techniques, as for instance handmade production of hybrids.

   a. Companies

   Different companies with different business models were interviewed, from multinationals to national entrepreneurships.

   It was evident the success of a particular business model in which a company provides services to more than 97% of big companies producing seeds for them in Peru. To accept to produce seeds for others, they consider first how serious is the company requesting their services and take into account phytosanitary issues, even performing by themselves testing in all cases for quarantine pests for Peru that could affect in the future their own business. They take also precautions, using single compartments for each client and other sanitation measures.

All companies shared their experiences and opinions on phytosanitary issues related to import/export of vegetable and flowers seeds.

They highlighted:

For import:

- The reasons to require PRAs in case of change of the country of provenance of the seed (country from which the seeds are finally imported, probably under a re-export certificate).
- The long list of plants as pests (weeds) that contains the list of regulated pest by Peru (more than 80) and the possible presence in Peru of some of them or the doubts on their categorization as quarantine pests.
- The time needed for ending the process of import, considering estimated times of 1 year for the PRA, plus what is needed to obtain the crop in case of post entry quarantine (CPE) and if it is requested by the user, or around 21- 25 working days for the case of opting for analysis.
- The fact to perform the analysis sequentially and not simultaneously increases the delay on releasing the consignments
- Sampling methods were quite destructive for consignments, opening each package or a sachet from each line and the amount extracted makes impossible the introduction of certain types of lots, for instance small lots for breeding purposes or parental seed. It was also mentioned the lack of sampling facilities in the main airport.
- The variations in operational issues related to sampling and analysis that differ from the procedure established by SENASA.
- The lack of knowledge on the decision to initiate a new PRA on a combination species/origin.
- The surprising issue of classifying countries of origin as high and low risks and to report on that in the procedures.
- The absence of a list of quarantine pests on seeds.
- The impression that SENASA staff is totally overloaded by tasks.
- The fact that decentralization of SENASA services causes variability in the criteria used by their inspectors for inspection and sampling or for inspection in the case of CPE.

For export:

- The need of follow up for market access negotiations to export seeds, since it happens that dossiers get lost in the possible country of destination of the seeds.
- The need of procedures to consider export, considering the possibility of re-export.

It was mentioned by the companies that SENASA was a very serious and credible organization, always opened to discuss with them their concerns but not fully reactive to solve them after discussion.

b. Associations

APESemillas.

It was raised that the Peruvian Seed Association (APESemillas) members covered only the 21.5 % of the market share for vegetable seeds. Other companies, covering the other portion, were operating without being members of the organization. That means that most part of the companies (importers, distributors, etc.) dealing with vegetable and flowers seeds are currently receiving support of other associations (CropLife national program aand/or export chamber).

The presentation about SAA 2019 achievements, goals for 2020 and objectives of the mission in Peru, made by Mr. Diego Risso was received with high interest by the association members who discussed the benefits of being a SAA member.

APESemillas is currently concerned about their membership as some important companies are leaving the association (mostly those multinationals), bringing this lack of representation, weaken of their voice at regulatory and government bodies while having more voices and positions within the same industry. They found themselves in a challenge of creating new services to be provided to their members and having the ability to be self-financed. They felt very concerned about a new association being created under the umbrella of CultiVida (CropLife national program).

Their work focus for the past recent years has been almost 100% dedicated to lobby efforts on the Biotech moratorium, so some members felt that it has forgot other interest of the seed business.

They raised the need to reactivate the National Seed Commission and include APPES, they see that this project could contribute somehow, so they welcomed the project for Peru.

ADEX

ADEX is a business organization founded in 1973 with the purpose of representing and providing services to partner organizations such as exporters, importers and trade service providers

There are some companies as: NATUPERU, Bayer, H.M. Clause and others that have been working into its Agricultural Committee.

During the meeting with them, the consultants explained the details of the project and the future possible actions under Phase 2. APEX participants appreciated the importance and benefits of the project and even suggested possibilities of coordinating their training activities with some of the suggested as a possibility for Phase 2. They explained their interest in establishing contact with SENASA to speed and improve processes related to import/export. In particular they were interested in decreasing the time needed for sample extraction and diagnostics. About this issue they explained that their associated seed companies had requested them to help to address the issue, through the creation of an accredited lab network working on detecting quarantine pests.

At this respect they had contacted INACAL, planning to accredit third parties by INACAL (that is under ISO 17025) and making these labs work for SENASA. It was also mentioned that meetings at this respect were going to be performed a few days after this mission.

The consultants mentioned issues directly related to this strategy:

- under the International Plant Protection Convention (IPPC) , there is no need to implement the international standards for phytosanitary measures (ISPMs), including the ones related to diagnostics, after operating labs under ISO rules or rules of any other organization. This issue had been established by the governing body of the Convention in 2012 and dully clarified by the Secretary of the IPPC to ISO.

- On the other hand, accreditation is everywhere a costly process that could limit the possibilities of developing countries to trade, and to require it could be used as a trade barrier.

- accreditation by INACAL under ISO rules is not enough or appropriate for quarantine phytosanitary diagnostics. Most part of diagnostics performed for quarantine purposes require staff with personal expertise and are not related to calculation or measurement of chemical or physical characteristic, they are based on expertise to use taxonomic keys for identification.

- in fact, it was informed that a draft IPPC standard was under preparation and the word accreditation hadn't been accepted and that terminology had been switched to authorization. It was considered that National Plant Protection Organizations (NPPO) are not accreditation organizations but, under their official nature, they are able to authorize and audit third parties working for them.

For sure those parties must be fully capable and skilled, not having any kind of conflict of interest.

A copy of the draft standard on authorization, as well as the recently approved on seed movement, ISPM 38, were provided to ADEX.

c. Official organizations

INIA

Main issues addressed were the need to establish regulations to implement the current Seed law (Law No 27262) and the imminent change of authority for seeds since it was determined that in the future the Seed authority was going to be in SENASA. It was raised that there is no specific regulation for seed production in the cases of flowers and vegetables. Currently existing regulations, applicable to nationally grown and imported seed covered only cotton, rice, maize, potato, cereals and a few others. It was also mentioned the possible need to revise the list of regulated plant pests.

The visit finished knowing the recently built seed quality labs of INIA. These labs were equipped and totally functional for its purposes. Nevertheless, it was informed that it is not planned to transfer it or its staff to the new seed authority.

During the visit to the labs a presentation was performed about the Functions of the Seed authority and it was mentioned that there is a national standard for vegetable seeds and grasses that covers at least the cases of 44 vegetable species.

SENASA

The first visit was one of the key activities of the mission and the issues addressed with Mr. Pineda were related to the location and level of hierarchy of the new Seed authority in SENASA. It was informed that in less than one week, the transference form INIA to SENASA was going to be initiated and meetings with the industry were planned to discuss a new Seeds Law that was in preparation under a FAO TCP project.

On the case of Mrs. Vilma Gutarra, the exchange was linked to all areas present in the meeting and the consultants had the occasion to get more understanding of some significant issues and particularities of the phytosanitary procedures in Peru. A second meeting for Thursday was planned on technical issues related to import/export of vegetable and flower seeds.

A second meeting was planned for Thursday morning with the consultants and the areas of Quarantine, PRA, Surveillance and Laboratories.

This meeting was also of substantive importance to know in detail phytosanitary procedures in Peru and consider the most relevant technical problems raised by the industry to the consultants.

A systematic comparison of the issues addressed by the industry and the explanations received by SENASA is performed below.

- *The reasons to require PRAs in case of change of the country of provenance of the seed (country from which the seeds are finally imported, probably under a re-export certificate).*

After a long discussion, SENASA informed they were not performing a PRA for new countries of provenance of seeds. In fact the problem to issue import permits for new combinations Origin/Provenance was that opening a new combination was not automatically allowed in the computer system operating the permits for any kind of commodities, including seeds and the decision to authorize a new combination was located at the level of the General Director in SENASA, what required some time for internally processing the request.

- *The long list of plants as pests (weeds) that contains the list of regulated pests by Peru (more than 80) and the possible presence in Peru of some of them or the doubts on their categorization as quarantine pests.*

Consultants were informed that in the past they had planned to perform a joint surveillance work SENASA/APESemillas on weeds associated to seed production. SENASA budgeted the work to be performed but the industry didn't react to the proposal because of the amount budgeted. Both sides were conscious of the need to reconsider this proposal.

SENASA staff mentioned the list of quarantine plant pests was under review and it was clarified that specific surveillance programs were not performed except for the case of surveillance of CPEs.

- *The time needed for ending the process of import, considering estimated times of 1 year for the PRA, plus what is needed to obtain the crop in case of post entry quarantine (CPE) and if it is requested by the user, or around 21- 25 working days for the case of opting for analysis.*

- *The fact to perform the analysis sequentially and not simultaneously increases the delay on releasing the consignments*

The two previous comments were linked, as one of the causes of the delay is the sequential performance of the analyses. No clear answer or suggestion was obtained from the meeting since SENASA is legally covered by its procedures and does not look as open to discuss new arrangements with the industry.

On the other hand, and from a legal point of view, it is not mandatory to take samples and make analysis for all consignments from all origins. SENASA manages the need of sampling and analysis, taking into account what is mentioned below: the qualification of countries as low or high-risk countries.

- *The surprising issue of classifying countries of origin as high and low risks and to report on that in the procedures.*

A High-risk country is considered to be the one that exported to Peru a consignment on which a quarantine pest was intercepted.

It was explained that performance of an interception of a regulated pest was the cause of changes in the status of High/ Low and in sampling and analysis frequency. As they are using a random sampling method, with possibilities to decrease sampling frequency, if nothing was intercepted after sampling a certain number of consignments, the status could be switched from Low to High or vice versa.

Consultants expressed their concern with the use of this categorization of countries, not considering the situation in the country of origin and exchanging information as required in ISPM No. 13.

SENASA presented information on the interceptions performed in the past two years on vegetable seeds. Four quarantine pests had been detected on carrot, cilantro and pepper; two of them were plants as pests (weeds).

- *The absence of a list of quarantine pests on seeds.*

  This kind of list (even if they are not mandatory under the IPPC), are quite useful for the industry. Till now it was not provided to the consultants that requested it.

- *Sampling methods were quite destructive for consignments, opening each package or a sachet from each line and the amount extracted makes impossible the introduction of certain types of lots, for instance small lots for breeding purposes or parental seed. It was also mentioned the lack of sampling facilities in the main airport.*

SENASA staff explained that in 2008 they organized a sampling test on 2% of the seed sachets and cans imported and they were able to diagnose quarantine pests. For this reason, they have set a system that selects randomly the lots to be tested for vegetables and flowers and includes extraction of samples from all types of packaging.

- *The lack of knowledge of the industry on the decision to initiate a new PRA on a combination species/origin*.

Even if SENASA Web Site is quite complete, this kind of information is not present and could be strategic for the seeds industry.

- *The variations in operational issues related to sampling and analysis at the borders that differ from the procedure established by SENASA.*

It was mentioned that inspectors operate under another line of authority, and under the current legal basis they are able to rule procedures at the borders.

It was mentioned in the second meeting with SENASA that it should be possible to revise the current import procedure.

- *The impression that SENASA staff is totally overloaded by tasks.*

It was surprising that staff reported their activities as percentages of their time and for instance for the case of PRA, they reported that members of staff of the PRA Unit were using more than 50% of their working time and not 100% of it. In the case of the quarantine lab, the staff of 20 members total, composed by 2 professionals for each discipline, plus support staff, looked as insufficient for a high volume of samples and considering the length of the list of quarantine pest for Peru.

- *The fact that decentralization of SENASA services causes variability in the criteria used by their inspectors for inspection and sampling or for inspection in the case of CPE.*

This concern is related to a previous one expressing that under the current legal basis, inspectors can rule procedures at the borders. No reaction was recorded.

<u>For export</u>

- *The need of follow up of market access negotiations to export seeds, since it happens that dossiers get lost in the possible country of destination of the seeds.*

SENASA was very open minded and interested in working with the private sector for setting dossiers and prepare follow up procedures. It was informed that this was the usual practice. Nevertheless, private sector could wish to be periodically informed and have a more participative role on the requests and problems of the dossier after being presented to the importing country.

- *The need of procedures to consider export, considering the possibility of re-export.*

Even if not specifically addressed with SENASA, a solid agreement between the NPPO and the seeds sector is necessary to position Peru as an important candidate to be a strong seeds exporter. Part of it should contain a policy of how to prepare the issuance and issue phytosanitary certificates including the requirements of future re-exporters. These matters deeply influence the competitive capacity of Peru in producing seeds and are also part of the implementation of ISPM 38.

- Other contacts

Meeting at the US Embassy

During this meeting, a face to face report was presented explaining the objectives of the project and its scope, the mechanics of Phase 1, including the performance of surveys, the data collected, the mission to Peru and the interviews performed, as well as, some of the possible activities suggested for Phase 2. On the same lines, some of the concerns pointed out by the companies in terms of operational and technical issues were mentioned, as well as issues related to human resources.

The report was welcomed and the staff participating expressed their agreement with issues detected and their will to support possible needs of the project.

Other activities.

During the meetings with the companies and with SENASA the consultants performed confirmatory questions with the intention to ratify and confirm the information received in the surveys and researched and collected at the beginning of Phase 1. Data collected is going to contribute to obtaining conclusions of Phase 1 and identify clear suggestions for Phase 2.

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