

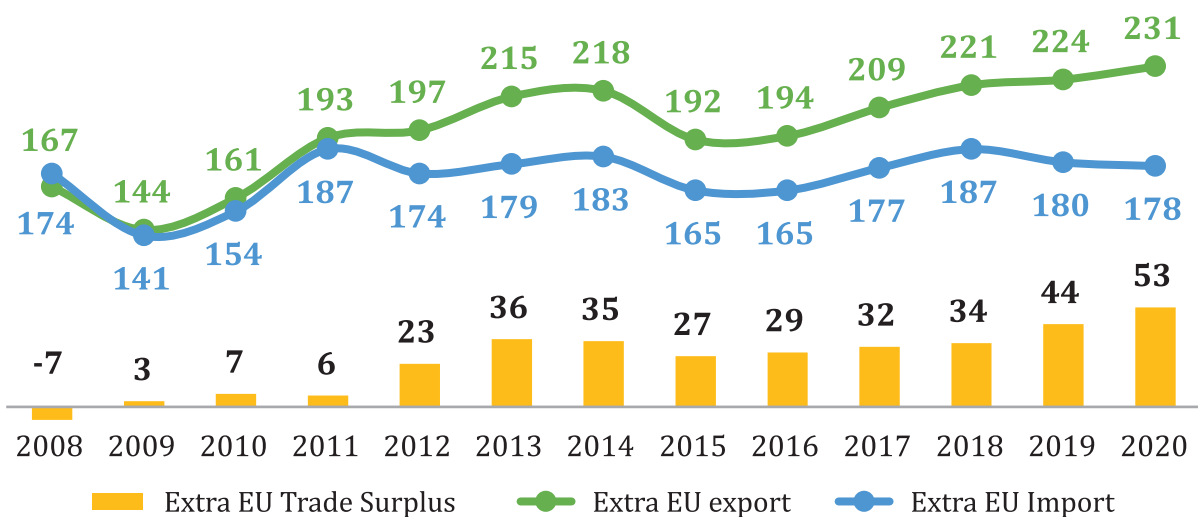
# Disguised trade protectionism fetches EU windfall gains in agricultural trade!

\$ €



## The economics behind EU Pesticide MRLs!

### Extra-EU trade in agricultural products - **Rising Trade Surplus**



Source: WTO Database (Accessed on 8th September 2022)

Unit: \$ bn

\*Extra-EU trade means trade between the EU (27) and all countries outside the EU (27)

Since the **EU pesticide MRL harmonization** and introduction of **import tolerance MRL of 0.01 ppm** in 2008, extra-EU trade balance has skyrocketed.

Extra- EU agri. trade balance jumped from **(-) 7 Bn USD** to whopping **(+) 53 Bn USD**. Hail the protectionist measures of the EU!!!

The EU uses unilaterally enhanced Sanitary and Phyto-Sanitary (SPS) measures in ways to keep out low-cost producers of agricultural commodities (such as India) so-as-to protect their domestic producers and favour their regulatory science governing pesticides. It is pertinent to note that the EU is the world's largest pesticides producer and exporter.

The EU uses 5 times more pesticides (3,45,970 tons per year) as against India's 62,193 tons per year. Yet their agricultural output is 50% less than India's output.

The EU uses the hazard-based **import tolerance MRL of 0.01 ppm** to globally discourage & eliminate the use of pesticides that are not currently registered in the EU.

The hazard-based **import tolerance MRL of 0.01 ppm** imposed on most generic pesticides used in developing countries is a major **Non-Tariff Barrier (NTB)** to access the EU market.

The hazard-based **import tolerance MRL of 0.01 ppm** is totally different from “risk assessment” required under **Article 5 of the SPS Agreement**. Besides it does not meet the obligation of the WTO Members under **Article XX(b) of the GATT 1994**. This stipulates that SPS measures are not to be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

**Article 2** of the SPS Agreement requires Members to ensure any SPS measures be based on scientific principles and not be maintained without sufficient scientific evidence.

By no stretch of the imagination, it can ever be established that the **import tolerance MRL of 0.01 ppm** (effectively zero tolerance) is meant to protect *bona fide* risks to human in the real world.

**Final Word:** It's time to drag the EU into a WTO dispute. The **import tolerance MRL of 0.01 ppm** which equals 1 gram of pesticide residue in 100 tons of agricultural commodity is arbitrary, unscientific, more trade restrictive than necessary to fulfil a legitimate objective, and violative of the SPS Agreement on several counts.

