

# Accelerating implementation of the AfCFTA to achieve policy goals: What's at stake

## Incidence and impact of SPS measures

Accra, 21 September 2023

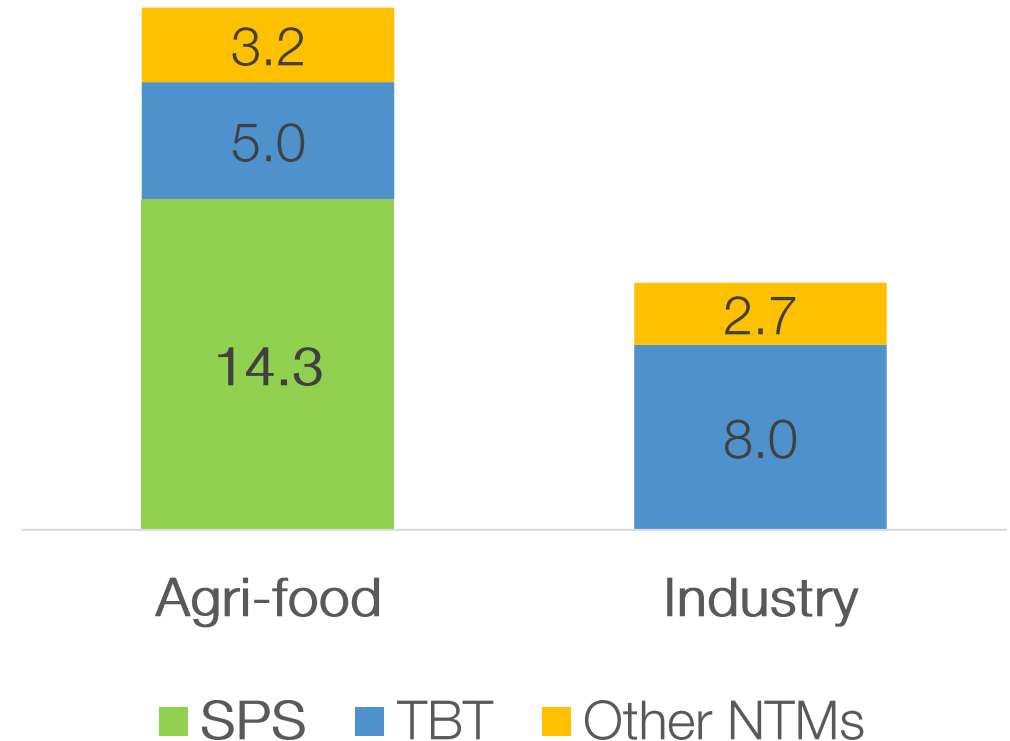
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# Cost and benefit

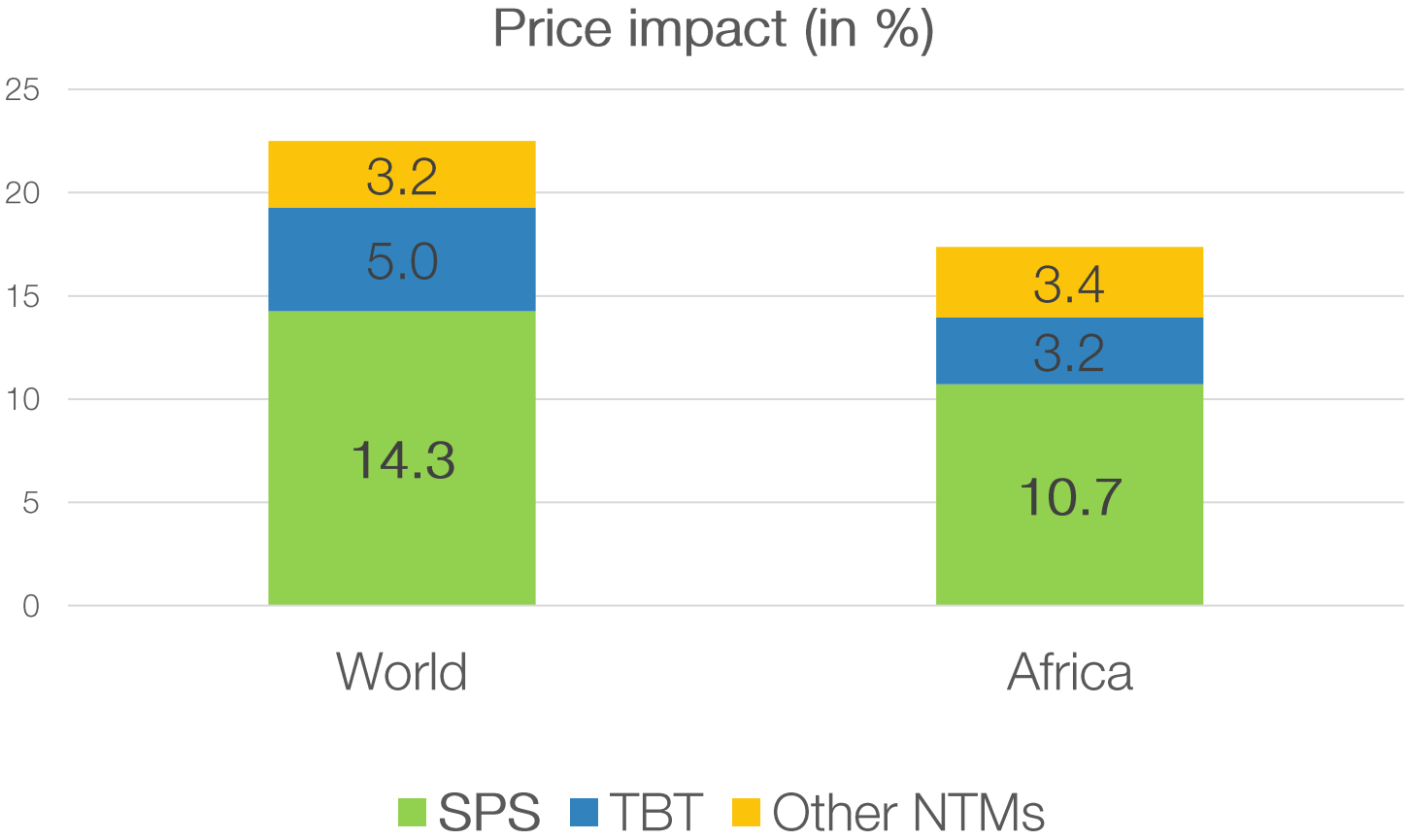
- While the costs of SPS measures are tricky to estimate, at least they can be expressed in monetary impacts
- Benefits are multi-dimensional and highly case-specific... maybe impossible to generalize (e.g. compare cancer risks with chances/impacts of invasive species)

Price impact (in %)



UNCTAD, 2015

# Comparison of global average and Africa



While the average aggregate cost of SPS measures in Africa is low in global comparison, there are also less SPS measures applied in Africa.



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# Why we need SPS measures!

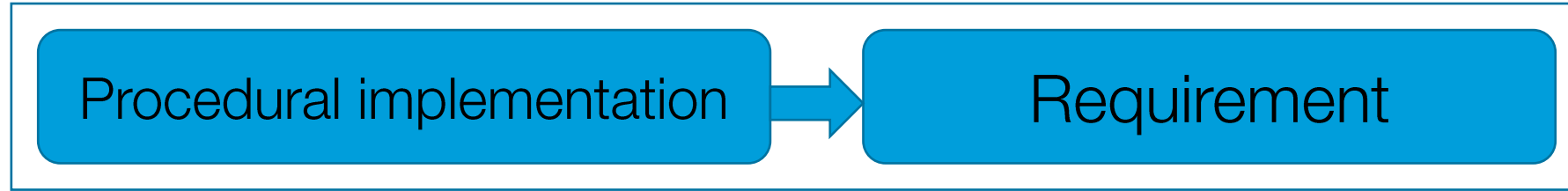
- **SPS measures** protect human, animal and plant health
- They **directly** impact on sustainability
  - food security/safety (SDG 2),
  - nutrition and health (SDG 3),
  - protect endangered species and the environment (SDGs 14&15),
  - ensure sustainable production, consumption (SDG 12) and energy (SDG 7)

## Examples:

- Limits on the use of pesticides ensure safe food → SPS
- Fumigation requirement to eliminate pests → SPS

**CONCLUSION: no elimination/reduction of SPS measures!**

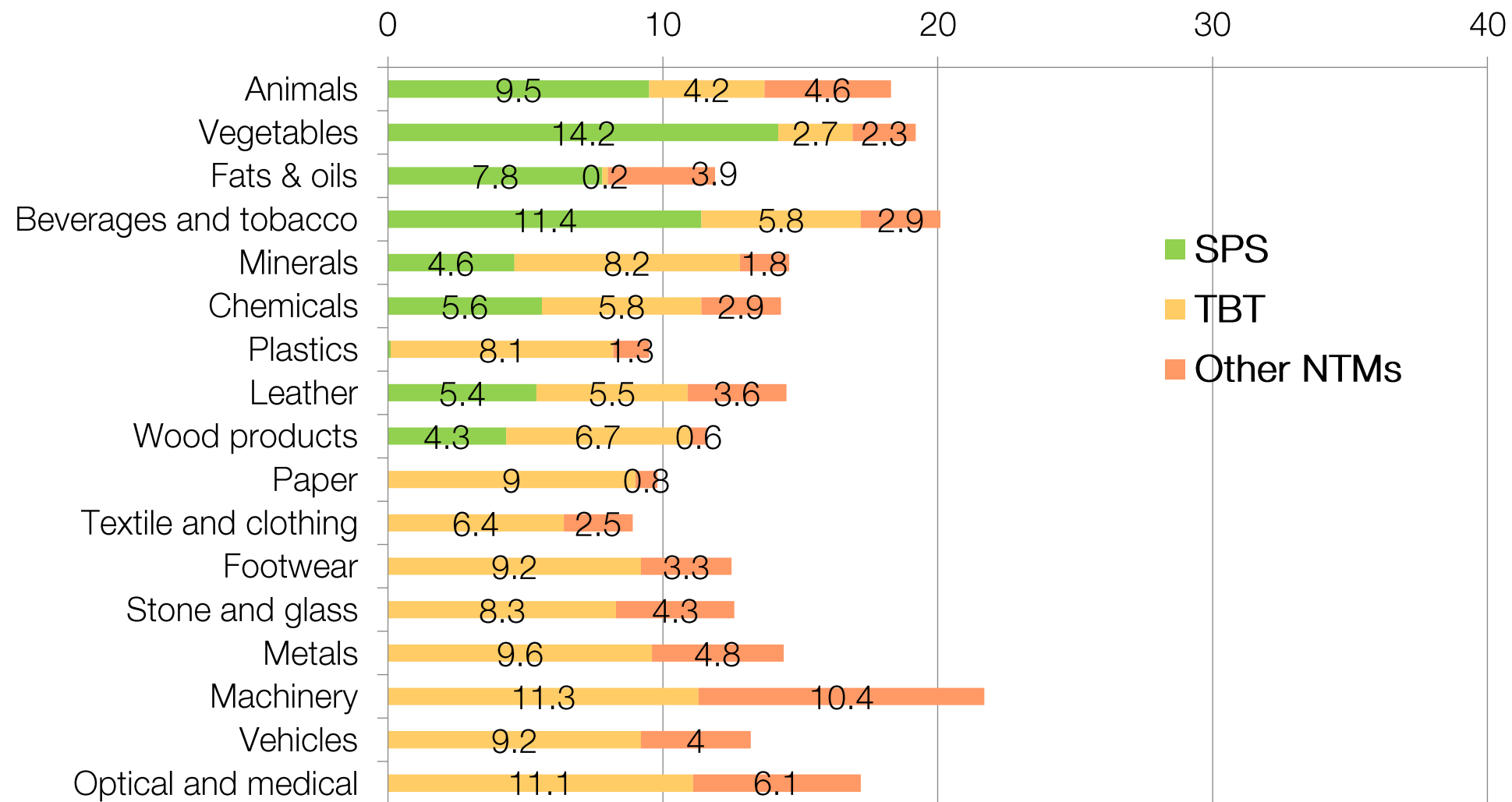
# What may turn SPS measures into barriers?



- **Lack of transparency/ information costs**
- **Conformity assessment**
  - Lack of domestic technical infrastructure
  - Lack of mutual recognition
  - Redundant checks
- **Excessive documents**
- **More stringent requirement than international standards**
- **Not science-based**
- **Lack of harmonization of requirements**
- **Discriminatory**

These barriers affect women disproportionately  
UNCTAD 2022: “Neutral policies, uneven impacts: Non-tariff measures through a gender lens”

# Cost of African NTMs – by sector



# Who pays the price?

## Looking at obstacles *at home*

### CONSUMERS

- Increased cost of imported food / consumer products
  - Protection of domestic producers, but...
- Pass-through of **higher prices to consumers** = wide population

### COMPANIES (value chains)

- Increased cost of imported production inputs (*e.g. pesticides*)
  - Increased production cost of final product (*food*)
  - **Loss of competitiveness** of domestic producer in final product market (*food exports*)
  - Pass-through of **higher prices to consumers**

### GOVERNMENTS

- Needs to pay for inspectors, administration staff and infrastructure to handle:
  - Redundant inspections
  - Excessive paperwork
  - ...

# What can be done?

## □ Good Regulatory Practices: next session! *...but some info on specific aspects:*

### □ Regulatory convergence

- UNCTAD analysis shows that regulatory convergence can reduce SPS-related costs by ~20% (Knebel & Peters, 2019; UNCTAD 2018)

### □ International standards

- Following the “three sisters” guidelines promotes intra- & extra-regional trade + guarantees health protection. [UNCTAD 2018 on **ECOWAS: welfare +1.6bnUS\$**]
- Regional standards only promote intra-regional trade, often at the expense of extra-regional trade. [UNCTAD 2018 on **ECOWAS: welfare +0.3bnUS\$**]
- Copying regulations of highly-developed export markets can promote export to those destinations but can have significantly detrimental effects for domestic production and regional trade.

### □ Transparency: next slide

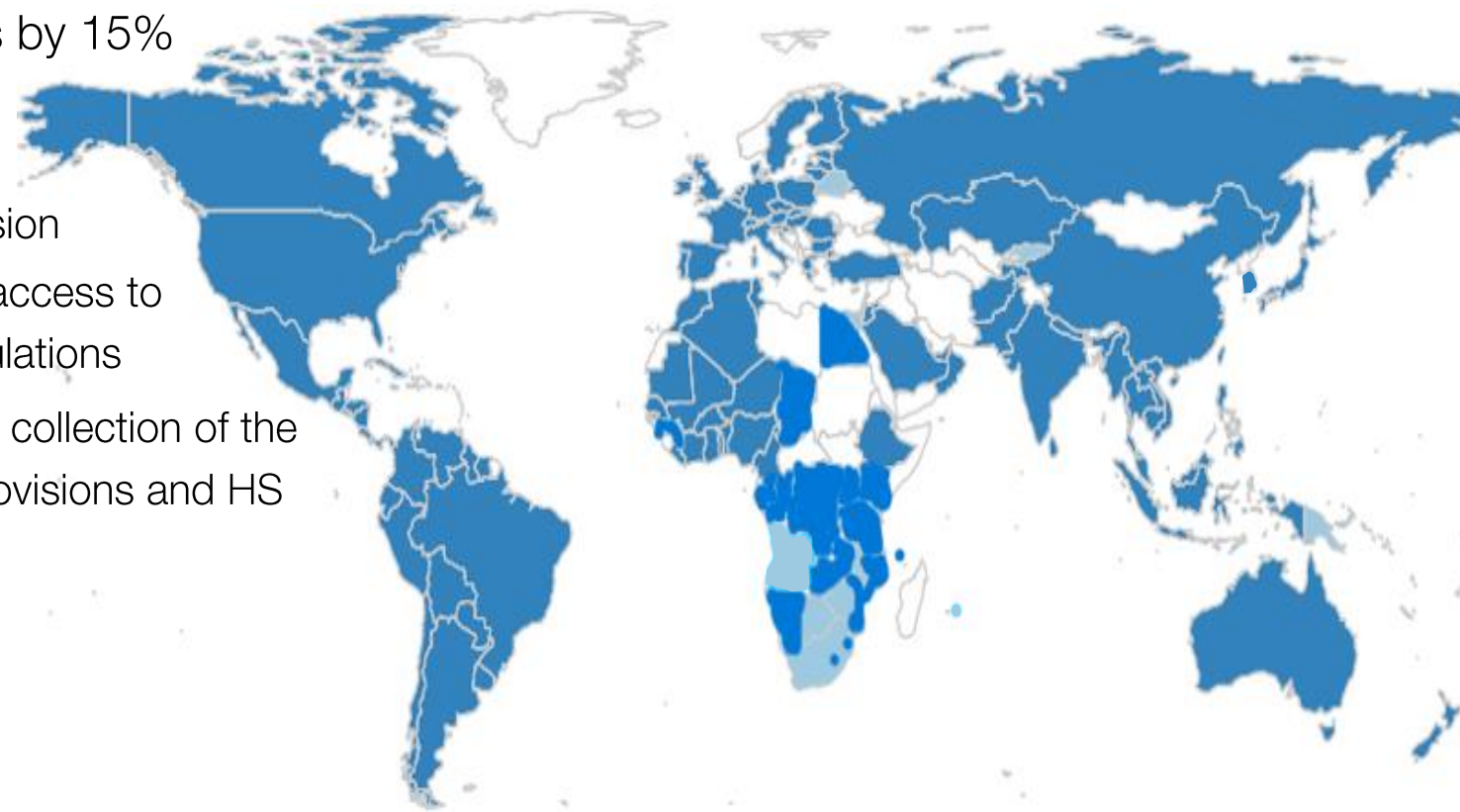


# Global NTM transparency initiative

- Transparency can cut costs of SPS measures by 15%  
(Cadot and Gourdon, 2016).
- WTO notification system is not enough
  - Good for new policies and gov-to-gov discussion
  - Not good enough for traders who need easy access to comprehensive information on *all* applied regulations
- UNCTAD+partners contribution: extensive data collection of the *stock* of NTMs, including SPS + classification of provisions and HS product codes → free public access

Same comprehensive data available at:

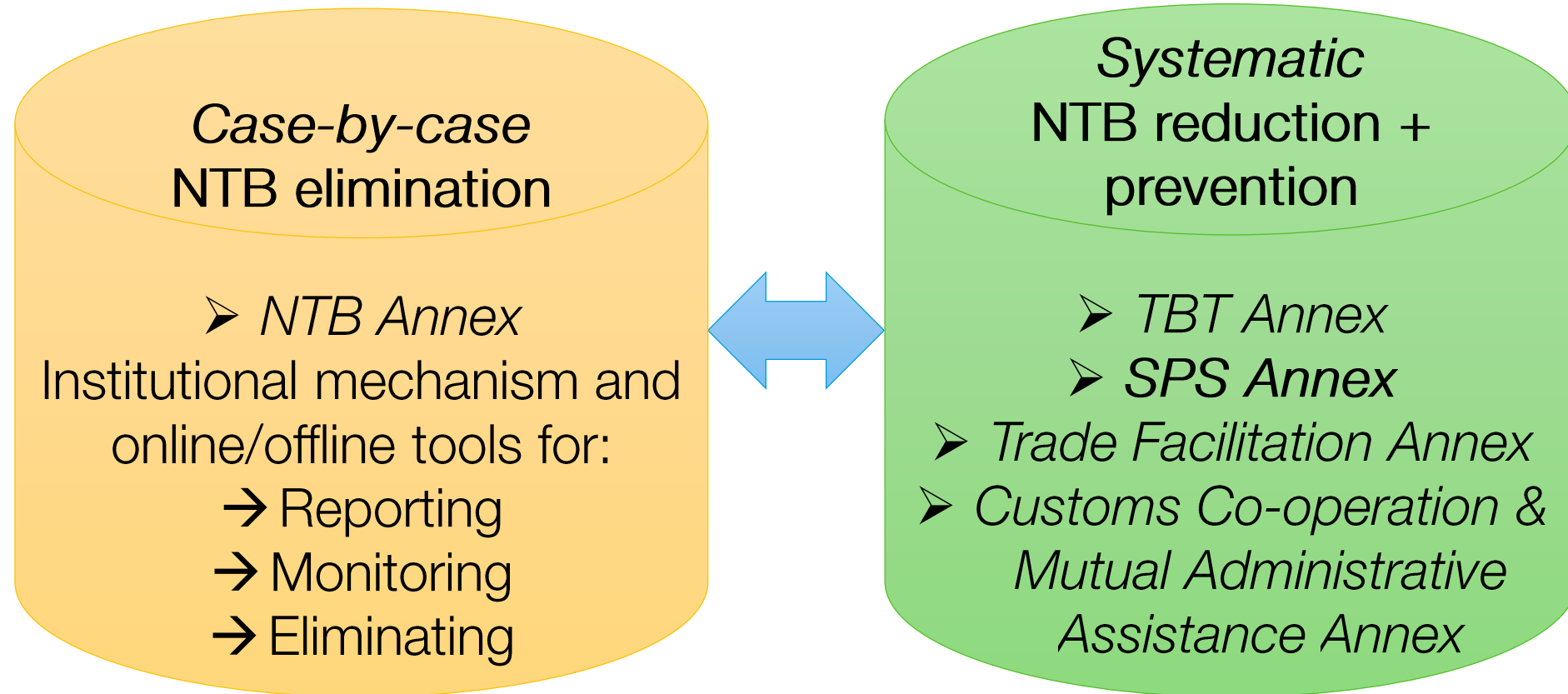
- ❖ [trainsonline.unctad.org](http://trainsonline.unctad.org) → for policy makers
- ❖ [globaltradehelpdesk.org](http://globaltradehelpdesk.org) → for traders
- ❖ [macmap.org](http://macmap.org) → for traders
- ❖ [wits.worldbank.org](http://wits.worldbank.org) → for researchers



● Data is available ● In progress



# Two-pronged approach to reducing NTBs in the AfCFTA



Potential welfare gains in the region of +20 billion USD (UNCTAD, 2017)

**Thank you!**

