

Reducing Non-Tariff Barriers to facilitate safe trade

STDF Working Group

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Why we need SPS measures (and TBT)!

- ***SPS and TBT directly*** impact 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)
 - climate change (SDG 13)

Examples:

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

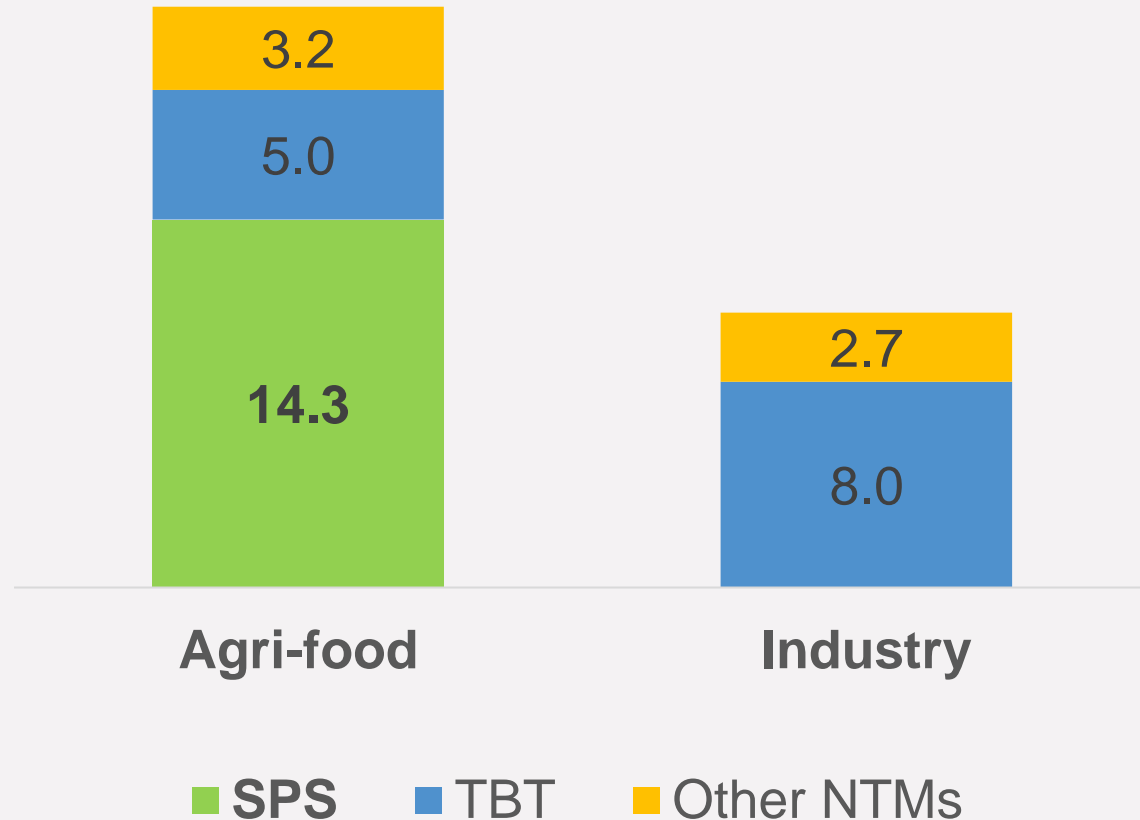
CONCLUSION: no elimination/reduction of SPS measures!

Cost and benefit

On aggregate, SPS measures and TBT are the costliest of all non-tariff measures

- *a part of these costs is unavoidable and worth paying*
- *however, some costs could be avoided*

Price impact (in %)



UNCTAD, 2015

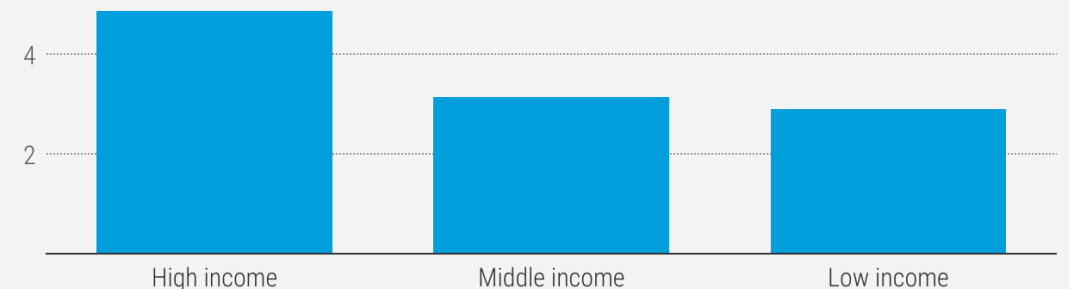
Fixed-cost element of many SPS and TBT measures, disproportionately affects...

- **...LDCs:** UNCTAD 2017, “G20 Policies and Export Performance of Least Developed Countries”
- **...Women:** UNCTAD 2022, “Neutral policies, uneven impacts: Non-tariff measures through a gender lens”
- **...MSMEs:** UNCTAD 2017, “On the heterogeneous effects of non-tariff measures: Panel evidence from Peruvian firms”



Measures in high-income countries are the most costly

Estimated ad-valorem equivalents of Sanitary and Phytosanitary Measures and Technical Barriers to Trade (simple average across all products)

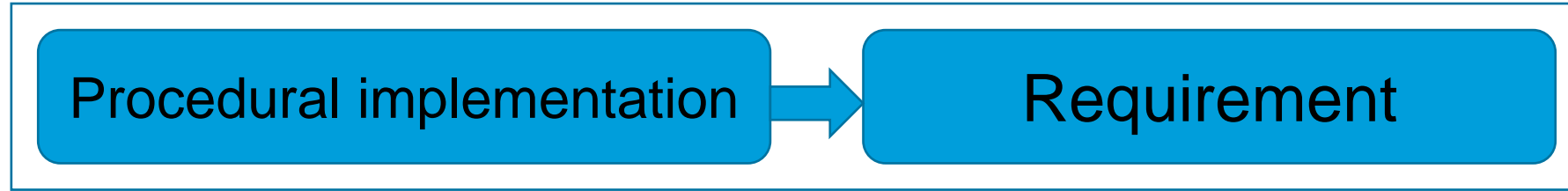


Source: UNCTAD illustration based on UNCTAD and World Bank (2018). The Unseen Impact of Non-Tariff Measures: Insights from a New Database (Geneva).

Some solutions

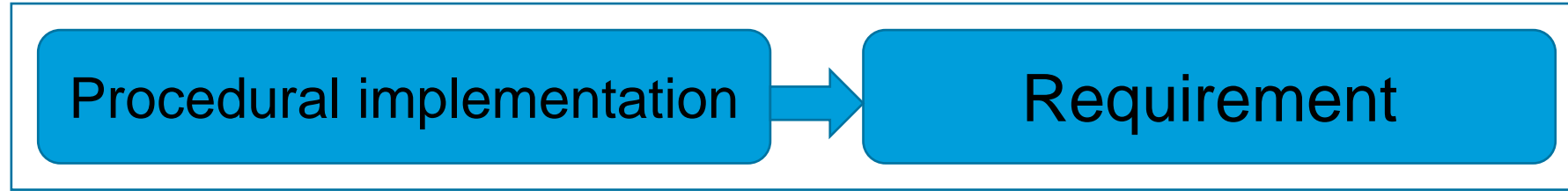


What may turn SPS measures into barriers?



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

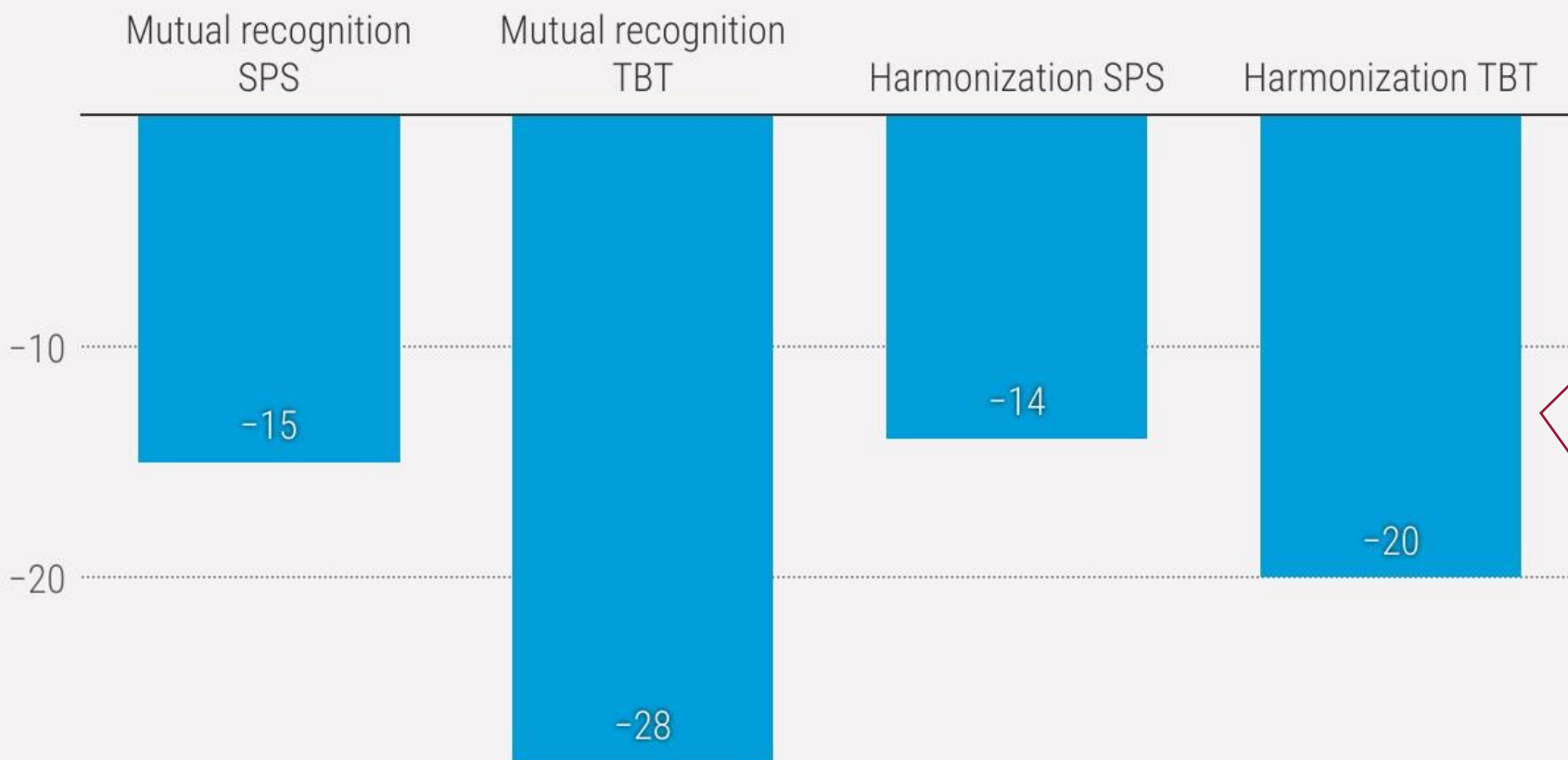
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Often considered the most important & avoidable costs
→ Closely linked to trade facilitation

Mutual recognition promises even more gains than harmonization



Estimates indicate that traders/producers ***struggle more with conformity assessment*** procedures than with the technical requirements themselves

→ **Strong case for technical cooperation**

Transparency can cut costs of SPS and TBT measures by 15% and 21%, respectively (Cadot and Gourdon, 2016).

➤ WTO notification system is not enough

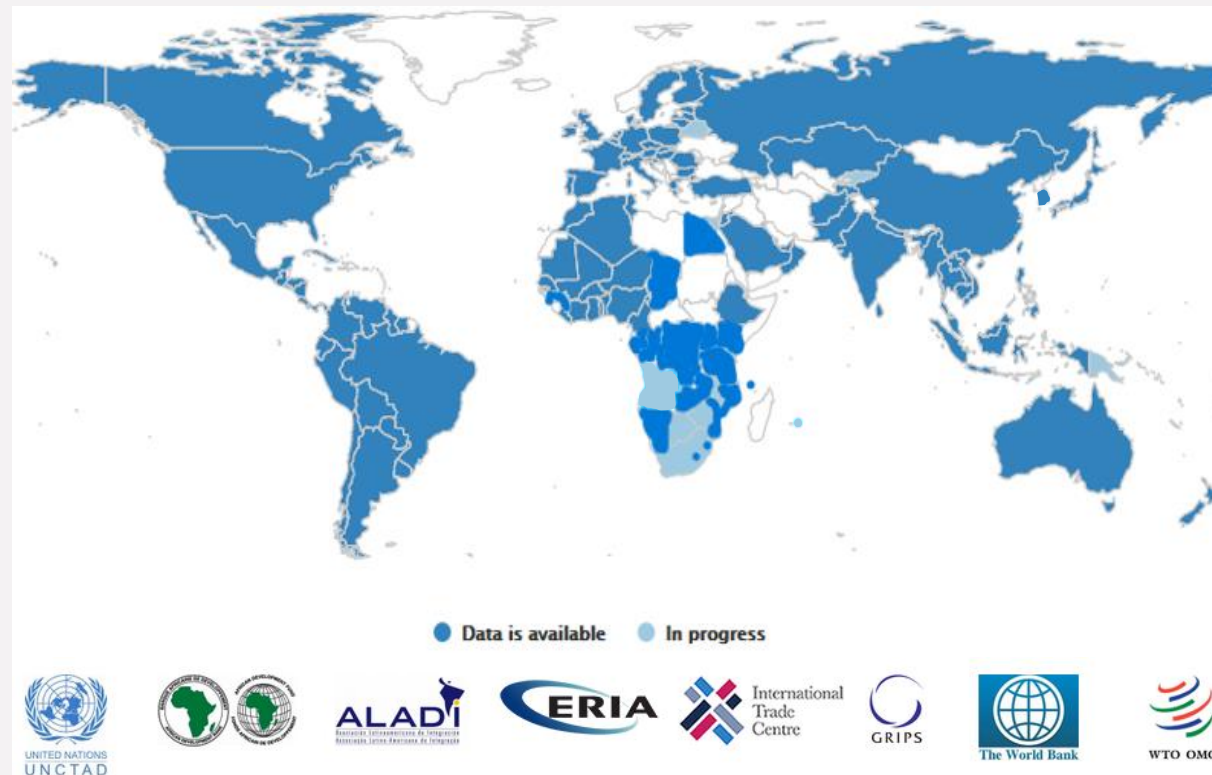
- Good for new policies and gov-to-gov discussion
- Not good enough for traders

➤ UNCTAD+partners contribution:

- comprehensive collection of the *stock* of regulations → → → → → →

➤ KEY LESSONS FROM DATA COLLECTION:

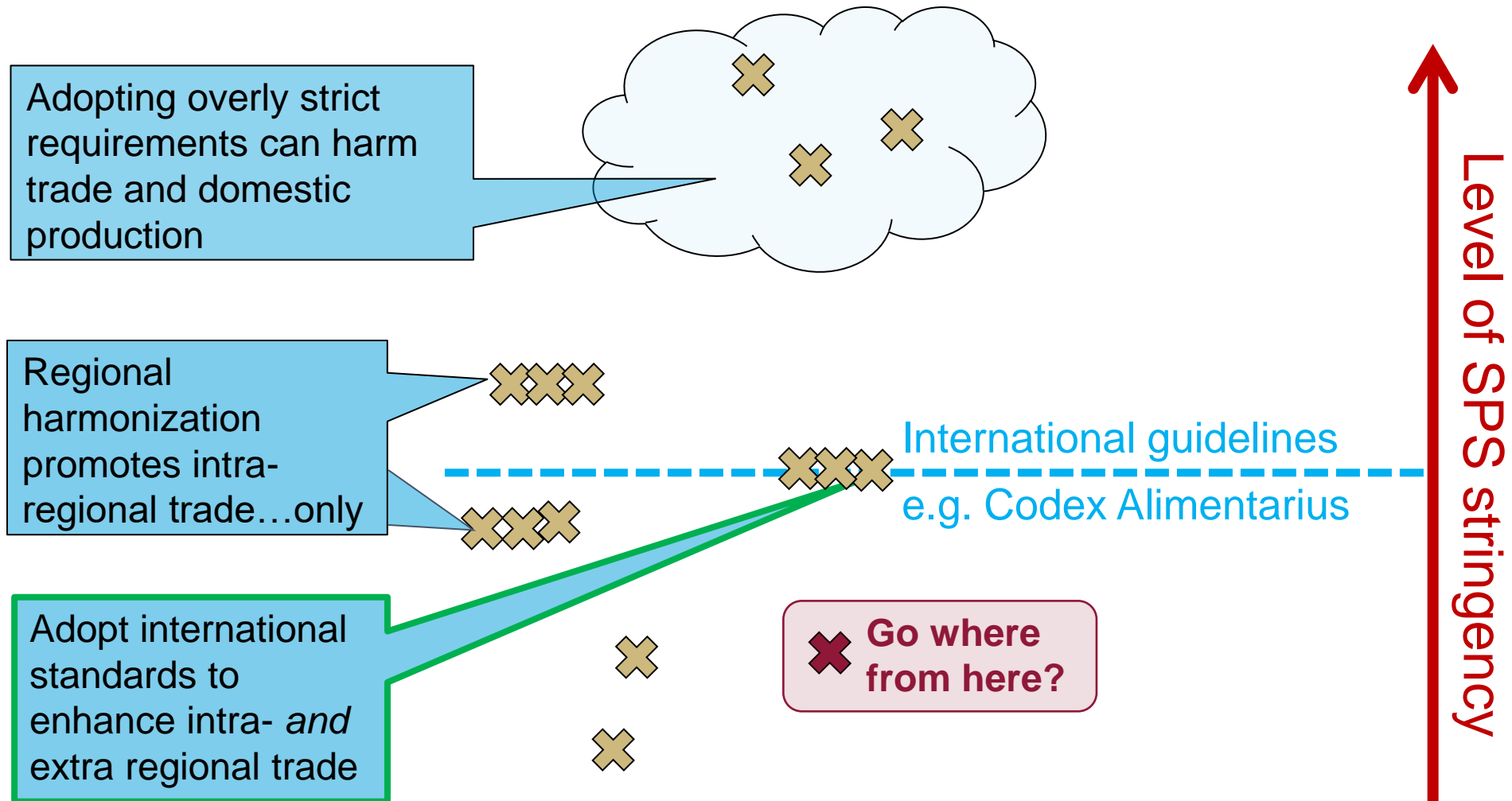
- transparency is lacking, particularly for SPS/TBT
- often *unclear* whether measures are **standards=voluntary** or **regulations=mandatory**
- often *pay-per-view* access even for *mandatory measures*
- → Important role for National Standards Bodies to promote transparency and receive support in GRP



Data freely available at:

- ❖ trainsonline.unctad.org → for policy makers
- ❖ globaltradehelpdesk.org → for traders
- ❖ macmap.org → for traders
- ❖ wits.worldbank.org → for researchers

Convergence: towards where?



Conclusions

- On aggregate, SPS measures and TBT are the costliest of all non-tariff measures
 - LDCs, developing countries, women and MSMEs are disproportionately affected
- Transparency reduces trade costs significantly
 - Need for clarity between standards (voluntary) and technical regulations (mandatory); avoid pay-per-view for mandatory regulations
 - Support for National Standards Bodies
- Evidence suggests that technical cooperation could be particularly impactful for:
 - Efficient conformity assessment with effective risk management systems; promote mutual recognition where feasible
 - Quality infrastructure, accreditation
 - Trade facilitation to reduce documents; support effective participation of SPS/TBT regulators in single windows
- Further promotion of the use of international standards is needed
 - Harmonization/convergence towards international standards is the most trade-promoting solution for unilateral and regional initiatives
 - Avoids costs of unnecessary national/regional standards development

Thank you!

