Reducing Non-Tariff Barriers to facilitate safe trade

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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
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”
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

Source: UNCTAD illustration based on Cadot and Gourdon (2016).
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?

Adopting overly strict requirements can harm trade and domestic production.

Regional harmonization promotes intra-regional trade…only.

Adopt international standards to enhance intra- and extra-regional trade.

International guidelines e.g. Codex Alimentarius

Based on estimates by Disdier, Fontagné and Cadot (2015)
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!