



NTMs Week 2019

International standards-setting bodies: international regulatory cooperation, harmonization and transparency in standards setting

Ralf Peters

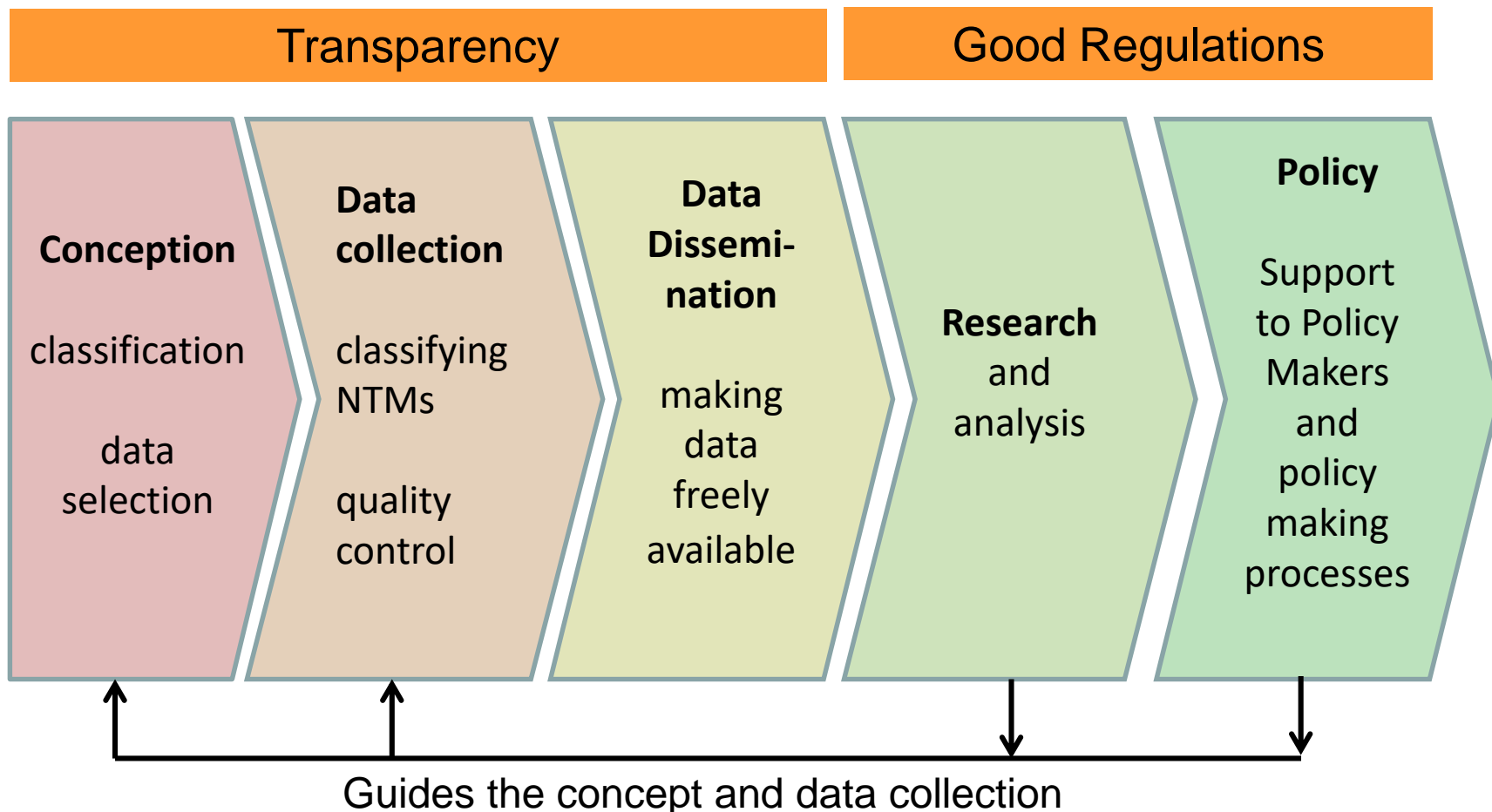
UNCTAD

**joint work with Narmin Khalilova, Christian Knebel,
Seul Lee, Samuel Rosenow and ESCAP**

Geneva, 14 October 2019

UNCTAD NTM Programme

unctad.org/ntm



International Classification of NTMs: The common language

Multi Agency Support Team
(FAO, ITC, OECD, UNCTAD,
UNIDO, World Bank, WTO)
And experts from countries
and organisations



| | | |
|----------------|-------------------------------|---|
| Imports | Technical measures | <p>A SANITARY AND PHYTOSANITARY MEASURES</p> <p>B TECHNICAL BARRIERS TO TRADE</p> <p>C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</p> |
| | Non technical measures | <p>D CONTINGENT TRADE-PROTECTIVE MEASURES</p> <p>E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS</p> <p>F PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES</p> <p>G FINANCE MEASURES</p> <p>H MEASURES AFFECTING COMPETITION</p> <p>I TRADE-RELATED INVESTMENT MEASURES</p> <p>J DISTRIBUTION RESTRICTIONS</p> <p>K RESTRICTIONS ON POST-SALES SERVICES</p> <p>L SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7)</p> <p>M GOVERNMENT PROCUREMENT RESTRICTIONS</p> <p>N INTELLECTUAL PROPERTY</p> <p>O RULES OF ORIGIN</p> |
| | Exports | <p>P EXPORT-RELATED MEASURES</p> |

International Classification of NTMs:

Tree structure – Example

unctad.org/ntm
Classification

- A SANITARY AND PHYTOSANITARY MEASURES
 - A1 Prohibitions/restrictions of imports for SPS reasons
 - A2 Tolerance limits for residues and restricted use of substances (...)
 - A8 Conformity Assessment related to SPS
 - A81 Product registration requirement
 - A82 Testing requirement
 - A83 Certification requirement
 - A84 Inspection requirement
 - A85 Traceability requirement
 - A851 Origin of materials and parts
 - A852 Processing history
 - A853 Distribution and location of products after delivery
 - A859 Traceability requirements n.e.s.
 - A86 Quarantine requirement
 - A89 Conformity assessments related to SPS n.e.s
 - A9 SPS Measures n.e.s.
- B TECHNICAL BARRIERS TO TRADE
- C PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES
- D CONTINGENT TRADE PROTECTIVE MEASURES
- E NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS ...
- F PRICECONTROL MEASURES INCLUDING ADDIT. TAXES ...
- G FINANCE MEASURES
- H MEASURES AFFECTING COMPETITION
- I TRADE-RELATED INVESTMENT MEASURES

At this level of coding: 177 measures in the classification



Official NTM data collection

● From here...

...to here

The Gazette of the Democratic Socialist Republic of Sri Lanka EXTRAORDINARY

අංක 1376/9 - 2005 ජනවාරි 19 වැනි බදාදා - 2005.01.19
No. 1376/9 - WEDNESDAY, JANUARY 19, 2005

(Published by Authority)

PART I : SECTION (I) — GENERAL Government Notifications

L.D. - B. 11/80 II

FOOD ACT, No. 26 OF 1980

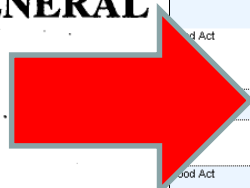
REGULATIONS made by the Minister of Health in consultation with the Food Advisory Committee under No. 26 of 1980.

Colombo.
17th January, 2005.

Regulations

01. These Regulations may be cited as "Food (Labelling and Advertising) Regulations 2005."
02. No person shall sell, offer for sale, expose or keep for sale, transport or advertise for sale, any food in a container unless such package or container is labelled in accordance with these regulations.

Provided however that, these regulations shall not apply to any package of food if the food is of the national brand requested by the purchaser and is weighed, counted or measured in the presence of the purchaser.



NIMAL SIR
Minister of Health
Uva Weillas

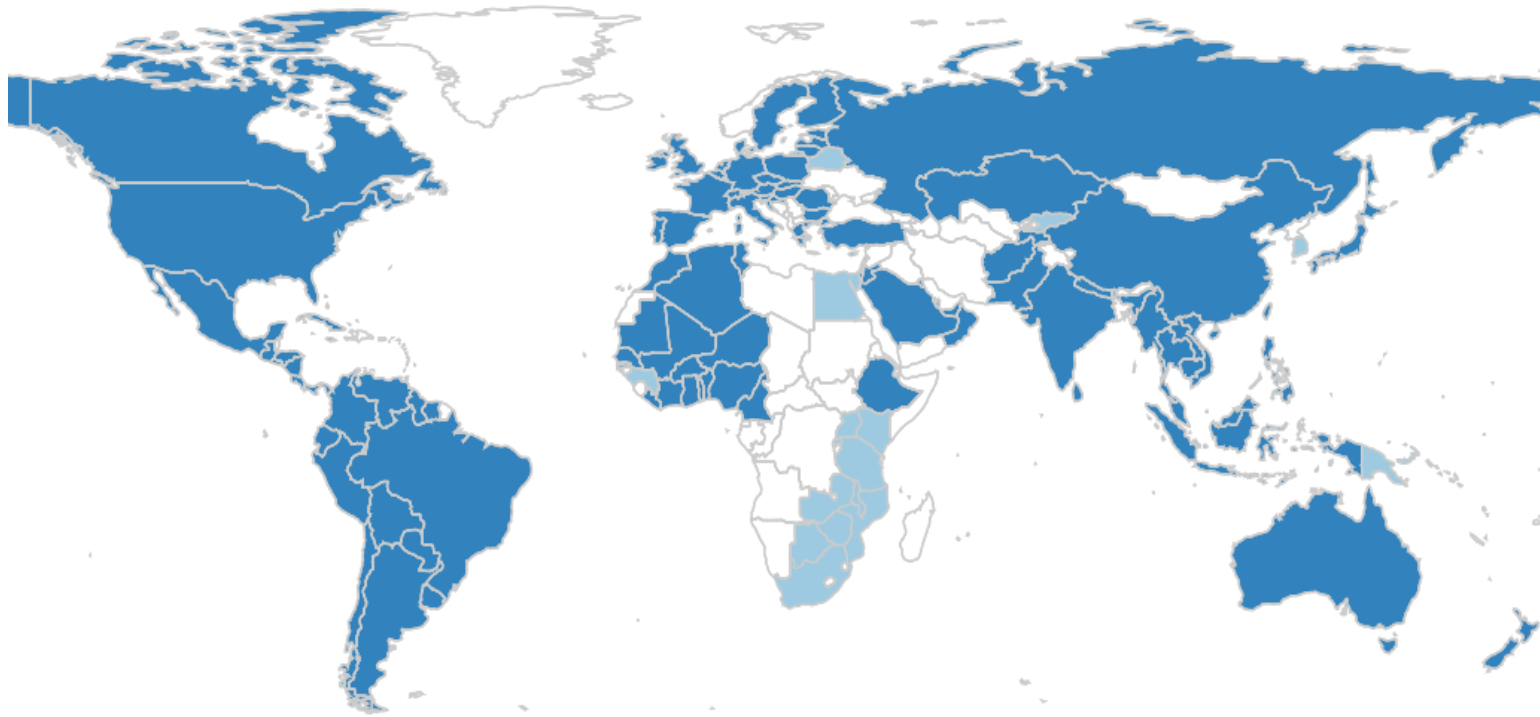
Consumer Affairs Authority Act

Measures
Enter the list of non-tariff measures you found in the official trade regulations you collected. These must be linked to...

| Document Title | Regulation Title_Short | NTM Code | Measure Implementation Date | Measure Repealed Date | Measure Description | Affected Products Description | Affected Countries |
|----------------|---|----------|-----------------------------|-----------------------|---|--|--------------------|
| Food Act | Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006 | B14 | 01/01/2007 | | Needs to get approval of the Chief Food Authority in order to import | Food products | All countries |
| Food Act | Food (Control of import, labelling, and sale of genetically modified foods) Regulation 2006 | B31 | 01/01/2007 | | Labelling Requirements | Food products | All countries |
| Food Act | Food (Irradiation) Regulations 2005 | A31 | 01/05/2006 | | Labelling Requirements | Food products that had been treated with irradiation | All countries |
| Food Act | Food (Irradiation) Regulations 2005 | A83 | 01/05/2006 | | Certification by the competent authorities of the country of origin that the food has been inspected | Food products that had been treated with irradiation | All countries |
| Food Act | Food (Irradiation) Regulations 2005 | A89 | 01/05/2006 | | Documentation that the Food Irradiation Facility concerned is approved, licensed, authorised by the competent national authority of food irradiation | Food products that had been treated with irradiation | All countries |
| Food Act | Food (Irradiation) Regulations 2005 | P62 | 01/05/2006 | | Certification by the competent authorities of the country of origin that the food has been inspected | Food products that had been treated with irradiation | All countries |
| Food Act | Food (Melamine in Milk and Milk Products) Regulations 2010 | A22 | 01/01/2011 | | Specifying permitted ppm levels of melamine in milk and milk products | Milk and Milk Products | All countries |
| Food Act | Food (Melamine in Milk and Milk Products) Regulations 2010 | A83 | 01/01/2011 | | A health certificate required from the National Food Safety Authority of the country of origin that the products conform to the levels of melamine specified | Milk and Milk Products | All countries |
| Food Act | Food (Packaging materials and articles) Regulation 2010 | A32 | 01/06/2011 | | Marking requirements - need to print the words "FOR FOOD USE" or any other relevant words or symbols as indicated in the regulation | Food packaging material | All countries |
| Food Act | Food (Packaging materials and articles) Regulation 2010 | A83 | 01/06/2011 | | Certification by the manufacturer that the material meets required quality standards | Food packaging material | All countries |
| Food Act | Food (Packaging materials and articles) Regulation 2010 | A22 | 01/06/2011 | | Restricted use of certain substances in food packaging material | Food packaging material | All countries |
| Food Act | Food (Preservations) Regulations | A19 | 01/01/1991 | | Prohibited to import, manufacture, sell or distribute food preservatives other than those specified in the regulation & food which has in or upon it any preservative that is permitted by the regulation | Food preservatives | All countries |

Cover / Sources / Documents / Regulations / Measures / Measures_Affected_Products / Measures_Affected_Countries / Measures_Objectives

Map of Data Availability – A global initiative



● Data is available ● In progress



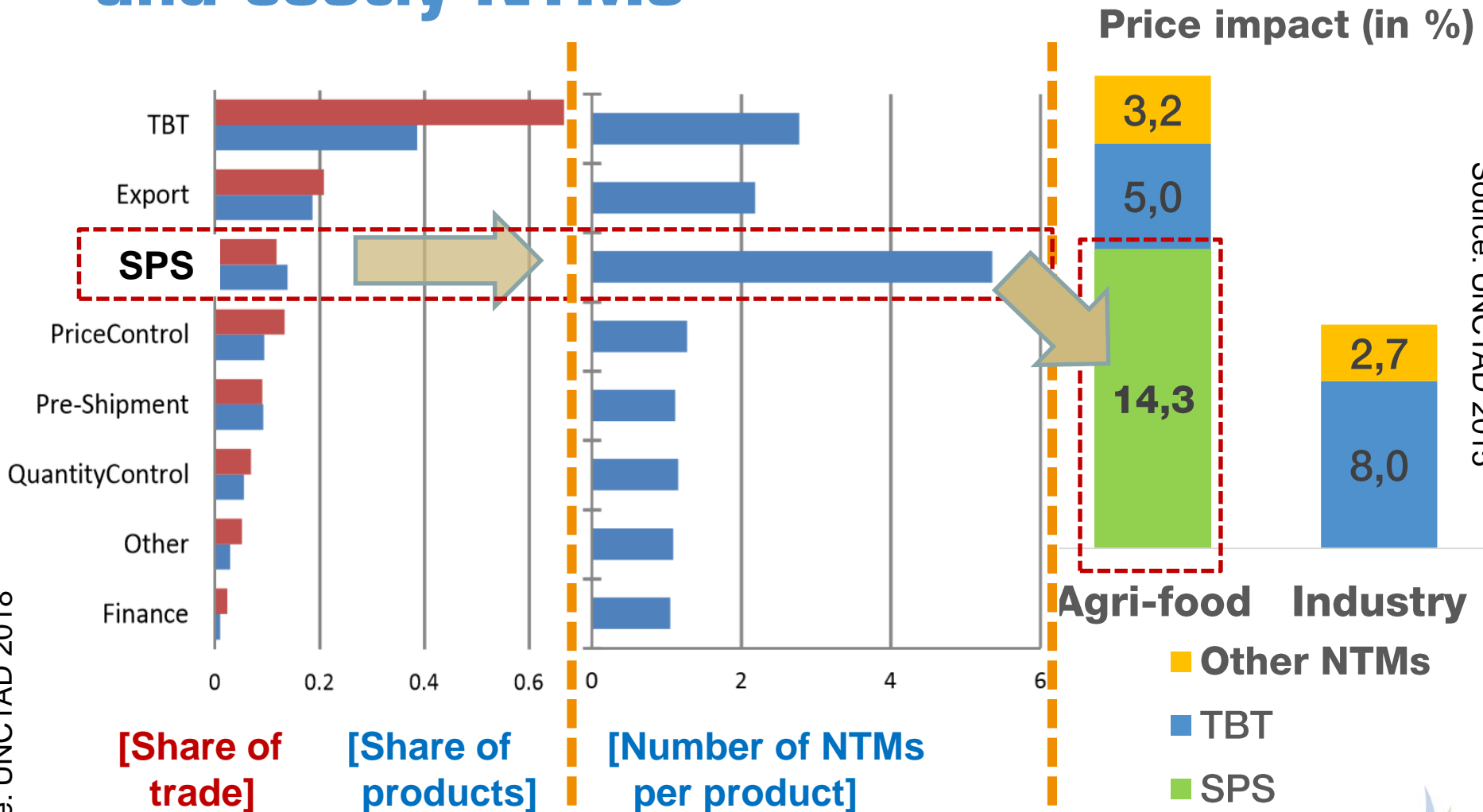
International Trade Centre



ED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

SPS measures: the most common and costly NTMs



Source: UNCTAD 2015

Source: UNCTAD 2018

International Standards

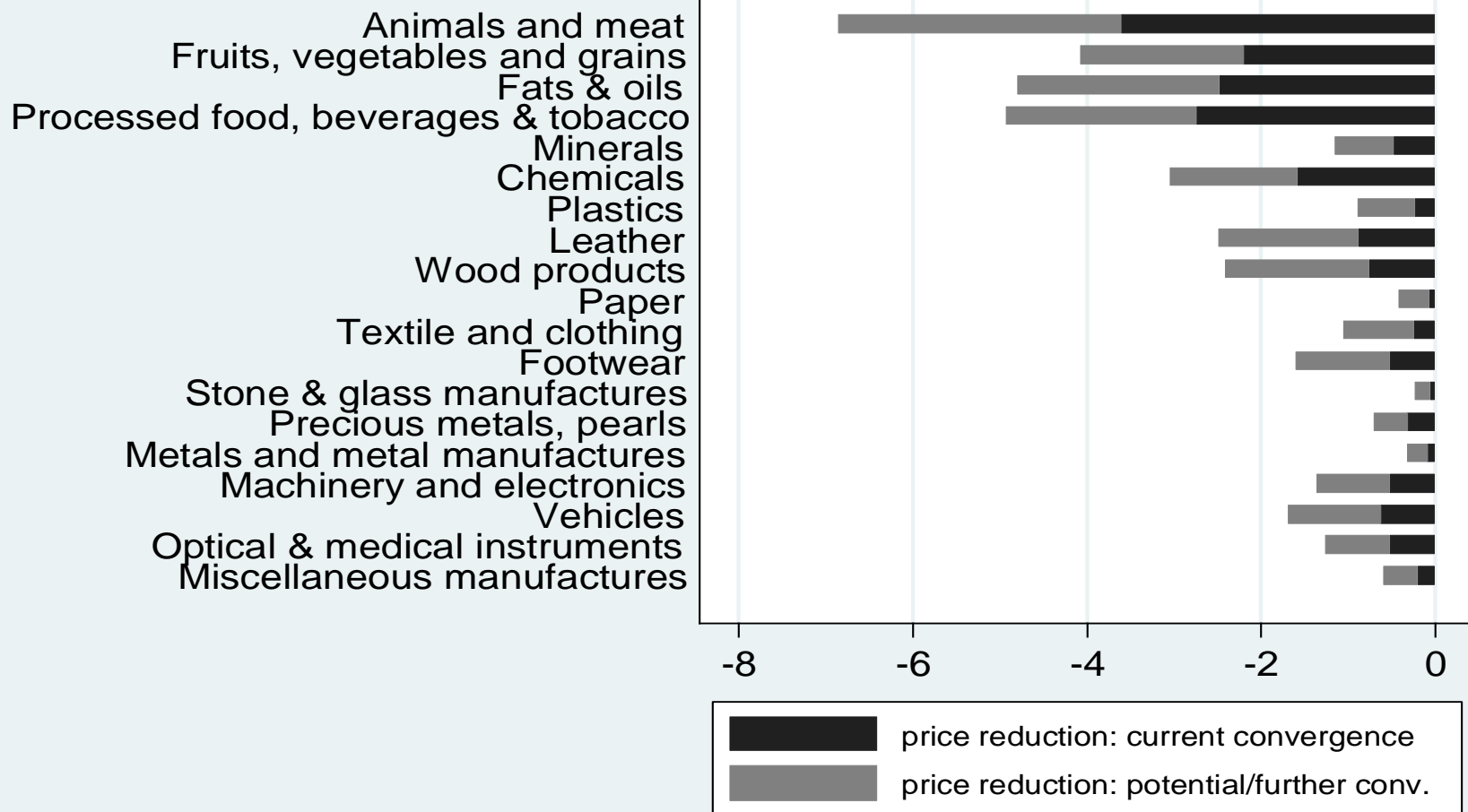
- A significant share of such costs stems from the fact that technical regulations are often very **different between countries**
- Regulatory cooperation can have different forms, ranging from **coordination to harmonization**
- **International standards** are one way of overcoming challenges related to technical regulations in international trade caused by differences in regulations and standards developed independently and separately by each country



Impact of a possible reform scenario

% effect on c.i.f. trade unit values

Current and potential price-reducing impact of regulatory convergence in ASEAN



International Standards: Example SPS

- **WTO SPS Agreement**
 - Members shall base their sanitary or phytosanitary measures on international standards to achieve a broad harmonization
- **Three sisters mentioned:**
 - Codex Alimentarius Commission
 - International Office of Epizootics (OIE)
 - Offices of the International Plant Protection Convention (IPPC)
- **The General Principles of the Codex Alimentarius state:**
 - "The publication of the Codex Alimentarius is intended to guide and promote the elaboration and establishment of definitions and requirements for foods to assist in their harmonization and in doing so to facilitate international trade."



Some Statistics

- **Coding NTMs in Three Sisters**
- **International standardizing bodies ISBs**
 - **Mostly sanity and phytosanitary (SPS) measures**
 - **TBT requirements in some instances**
 - **87% of all observations fall under chapter A on SPS measures**
 - **Affect a limited scope of tradeable products**
 - **animal, vegetable and foodstuff products make up 95% of all observations**



Similarity of National Regulations with ISB

- Due to the complexity of SPS measures and TBT, it is extremely difficult to assess the similarity of these measures with international standards
- We are therefore applying two approaches here:
 - The Regulatory Similarity Index can compare at a broader scale the structure of national regulations with international standards.
 - Three case studies compare at a very detailed level national regulations with international standards for specific products.

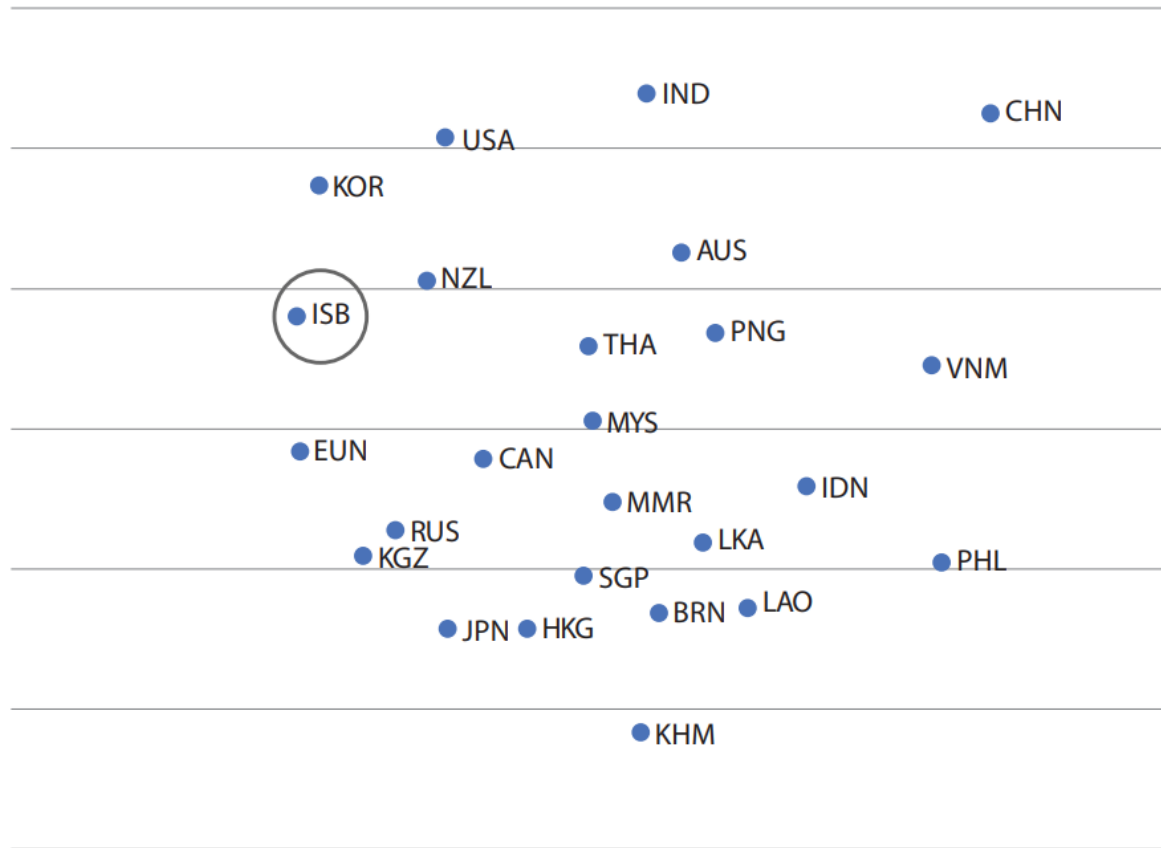


Example: Similarity with Codex

| NTM types and codes for a specific product at HS-6 level: e.g. beef | Importer Y | Codex | Importerrter Z* |
|---|------------|----------|-----------------|
| A21: Maximum residue limit | 1 | 1 | 0 |
| A62: Animal raising processes | 1 | 1 | 0 |
| A83: SPS certificate | 0 | 1 | 0 |
| A14: Special authorization | 0 | 0 | 1 |
| | | | |
| | | | |



Regulatory distance plotted onto 2-dimensional space: only agriculture



Modern MDS (loss = stress; transform = identity)



Similarity versus Stringency

- The structural regulatory similarity shows how similar NTMs of a country and an ISB are in terms of their type, based on the NTM classification
- However, having a same type of NTMs does not mean that they have a similar level of stringency
- **Example: A31 on labelling requirement for SPS reasons on prepackaged food.**
 - international standard requires an importer to label the country of origin on the product
 - Country A's regulation requires to label not only the country of origin, but also expiry date, ingredients and name of the importer in black color in the country's national language



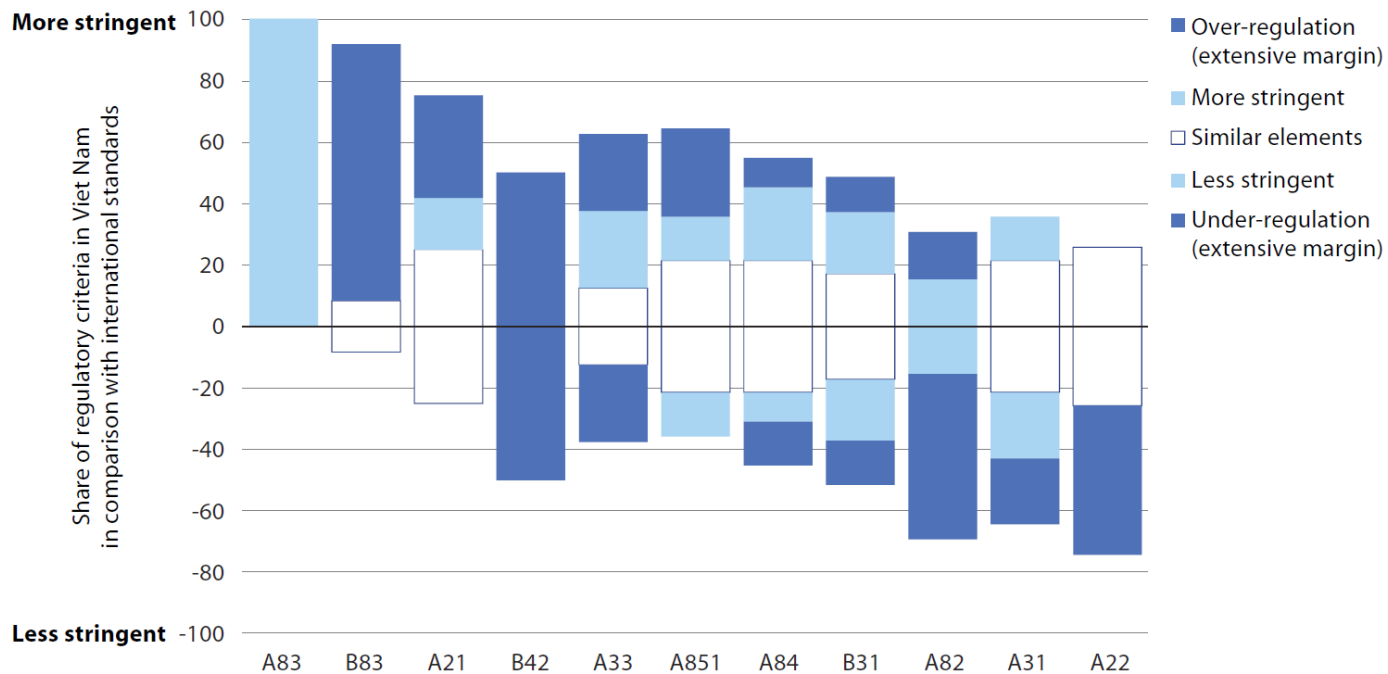
Case Studies

- **Vietnam:** cashew nuts in shell
- **Bangladesh:** fresh apple
- **Lao PDR:** animal feeds



Results

- Regulatory stringency in Vietnam's cashew nuts in shell, by NTM type



Source: UNCTAD and ESCAP calculations.

Conclusions

1. International Standards are intended to overcome costs related to variance of regulations
2. Potential: Int. Stand. could reduce costs significantly
3. It appears that only very few countries follow Three Sisters closely (i.e. difference in extensive margin: add or leave out measures)
4. Where they follow there can be differences in stringency and that seems to be the case in Asia
 - Less differences where in global value chains
 - Some consumer markets may be underregulated
5. Potential of Int. Standards not yet used
6. Support to countries when they design new regulations



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