



## United Nations Conference on Trade and Development

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### Fourteenth session

Nairobi

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## Ministerial round table: Lowering hurdles for trade: Trade costs, regulatory convergence and regional integration

### Summary prepared by the UNCTAD secretariat

#### The importance of non-tariff measures

1. All panellists emphasized the crucial role of non-tariff measures in a world of falling tariffs. Many panellists, particularly those from the private sector, noted that behind-the-border non-tariff measures and regulatory policies caused significant real-life challenges to exporters. One panellist highlighted how the global economic downturn had led to more protectionist tendencies and therefore worsened the crisis.

#### Effects on the most vulnerable

2. Many panellists stated that the restrictive effects of non-tariff measures were most pronounced for the most vulnerable – small companies from developing countries. Sanitary, phytosanitary and technical measures, especially, turned into barriers through the divergence of regulations across countries, the lack of technical infrastructure and the lack of productive capacity.

#### Fine line between trade-promoting standards and trade-distorting regulations

3. Many panellists noted that common voluntary standards and common mandatory regulations had the potential to create trust between traders and to increase trade. Compliance with standards and regulations could actually connect companies to global markets and facilitate the creation of regional as well as global value chains. Furthermore, some panellists highlighted the beneficial and crucial public policy and sustainability objectives of regulations. However, the de facto divergence of regulations and standards caused major trade distortions, as many panellists noted.

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4. Increasing regulatory convergence and transparency were suggested by all panellists as the most important method for lowering the trade costs of non-tariff measures and regulations. In this context, UNCTAD work on increasing transparency, research and policy support was commended by many panellists and participants.

#### **Regional and multilateral dimensions of regulatory convergence**

5. The panellists debated the most effective and equitable venues for regulatory convergence. Some panellists proposed regional convergence as an effective solution and examples of success stories under the Trans-Pacific Partnership, North American Free Trade Agreement, Eurasian Economic Union and East African Community were noted.

6. Some panellists stressed that regulatory convergence should take place at the multilateral level and be strongly guided by international standards. One delegate expressed reservations with respect to certain regional and particularly megaregional trade agreements, in which developed countries took the role of standard givers, and developing countries the role of standard takers. This undermined the multilateral system and the opportunities of developing countries. Instead, the role of international standards, such as the Codex Alimentarius, should be strengthened, and stronger disciplines should be developed against unjustified divergence from such international guidelines.

7. As a compromise, a few panellists highlighted how regional agreements could and should be open and supportive of the multilateral trading system. Multilateral coordination and collaboration was described as crucial in this respect.

#### **Towards regulatory convergence and good regulatory practices**

8. The debate on regional and multilateral approaches to regulatory convergence also led to the question of good regulatory practices. The following aspects of regulatory practices were proposed to decrease the trade-distorting effect of non-tariff measures:

- (a) Most panellists reiterated the important role of international standards;
- (b) Some panellists advocated that regulations needed to be based on scientific analysis;
- (c) A few panellists underscored the fact that transparent and consultative processes between many stakeholders, including the public sector, private sector and consumers, should be part and parcel of standards development and regulatory practices. At the multilateral level, this included the notification of proposed measures through the World Trade Organization;
- (d) One panellist suggested that discussion forums, such as Asia-Pacific Economic Cooperation and the Organization for Economic Cooperation and Development, were also contributing to the identification of best regulatory practices.

#### **Transparency: Crucial and lacking**

9. All panellists agreed that transparency on regulation was fundamental. First, transparency benefited the private sector directly, as it reduced information costs. Second, it supported regulatory collaboration between policymakers and supported better regulatory practices.

10. Despite agreement on the importance of transparency, some panellists noted the existence of a substantial transparency gap. UNCTAD efforts to bridge this gap were emphasized and recognized by several panellists. The strong and ongoing support of UNCTAD for African regulatory transparency and regional integration was lauded in particular.

11. At the end of the meeting, UNCTAD launched the largest global database on non-tariff measures and regulations, covering 56 countries and 80 per cent of global trade. The database is publicly available at <http://i-tip.unctad.org>.

**An increasingly critical role for private standards**

12. Beyond government regulation, a few panellists noted the increasingly critical role of private standards. It was stressed that private standards not based on scientific evidence created hurdles to trade. One panellist expressed concern with regard to the proliferation of private standards driven by large private companies and not subject to a democratic system.

**A need to expand the scope of attention towards services**

13. Finally, several panellists highlighted the crucial role of services and the need to look at non-tariff measures in services. While a few panellists noted successful regional approaches to reducing barriers to trade in services, one panellist suggested the need for a multilateral trade facilitation agreement for services.

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