

Introduction to the WTO Non-tariff Measures and the SPS & TBT Agreements

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Introduction to the WTO

1. General Introduction to the WTO
2. Non-Tariff Measures and the WTO
3. Introduction to the SPS & TBT Agreements
 - Why the SPS & TBT Agreements?
 - What are their objectives? What do they cover?

What is it all about?





Multilateral trading system

1948–94: GATT

General Agreement on Tariffs and Trade

Goods

1995–now: WTO

**Goods
+ Services
+ Intellectual
property**

**Members are governments → now 161
'member-driven' → about trade policies**



'Multilateral' trading system

Result:

- Freer-flowing trade
lower trade barriers
- Less trade friction between governments
agreed rules
- Growth, access to goods + services, welfare
- Economic stability





Multilateral trading system

Objectives:

Freer-flowing trade
lower trade barriers

Less trade friction between governments
agreed rules, 'rules-based'



Multilateral trading system

The means:



- **Negotiations ...**

... resulting in **agreements**: principles and commitments



- **Implementation, monitoring** ('regular' work): agreements and protectionism in general



- **Dispute settlement:** rulings and legal interpretations (of agreements)



Negotiations



Starting point of all WTO work

Agreement only by **consensus**

Everyone has to be persuaded
No one forced by a majority

Everything else **follows from negotiations ...**

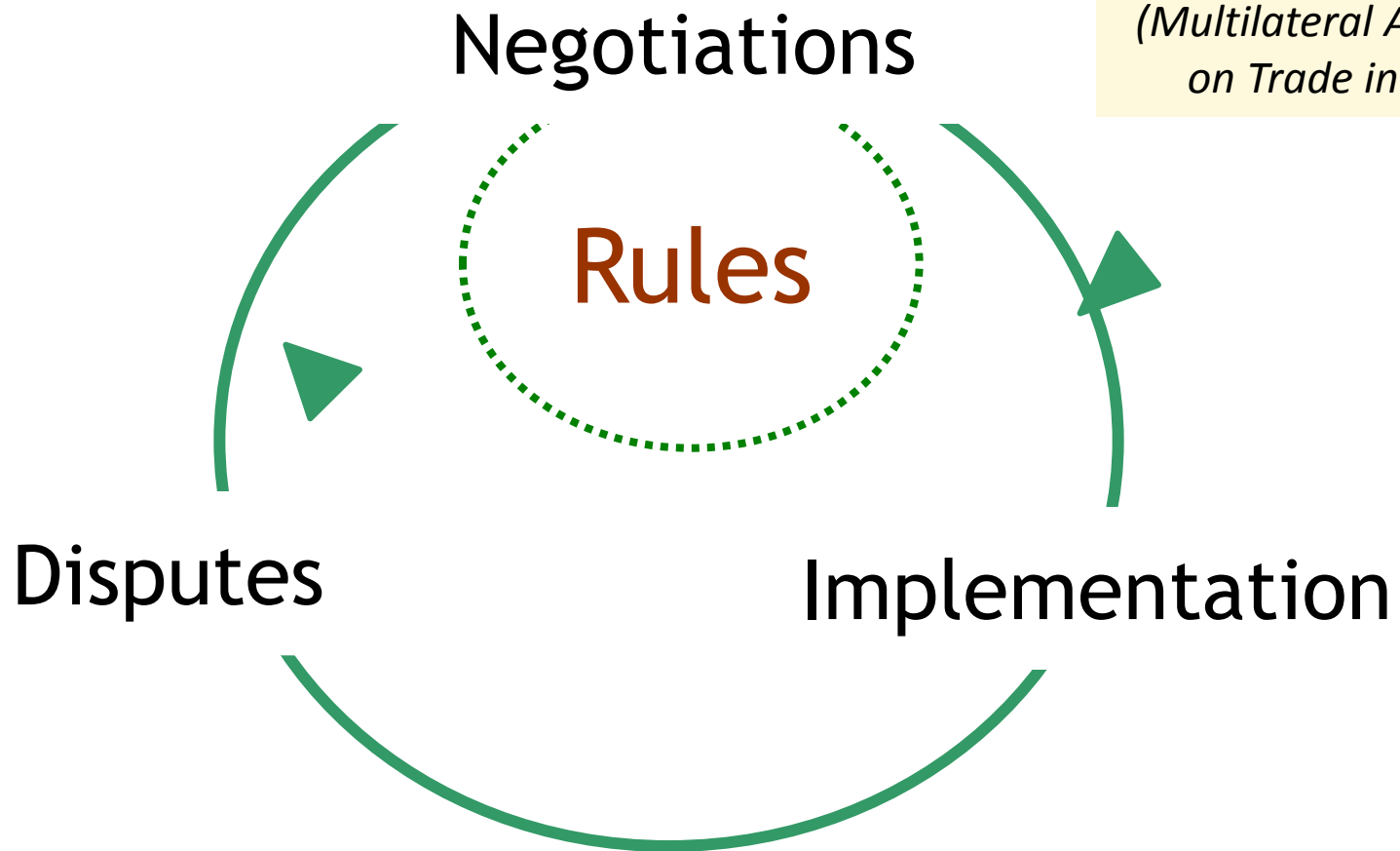




Negotiating Trade Rounds

Rounds: 1947(Geneva) ...

1948 - General Agreement on Tariffs and Trade
(Multilateral Agreement on Trade in Goods)





Negotiating Trade Rounds

Year	Place / name
1947	Geneva
1949	Annecy
1951	Torquay
1956	Geneva
1960-1961	Geneva (Dillon Round)
1964-1967	Geneva (Kennedy Round)
1973-1979	Geneva (Tokyo Round)
1986-1994	Geneva (Uruguay Round)
2001 -	Geneva (DDA)
Source: WTO	

1995: WTO



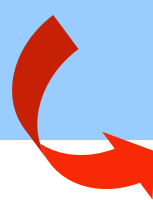
“WTO Contract”

Decisions: consensus



30 negotiated agreements

- Status of international treaties
- WTO Members must modify their commercial policies to conform with their WTO obligations.
- When Members disagree, WTO rules have priority.



Dispute
settlement



WTO Basic Principles

1. No discrimination

- **Most favoured nation principle (MFN):** *treating other countries equally*
- **National treatment principle:** *treating foreign & domestic producers equally*

2. Predictability

- Respect of tariff “bindings” (goods and services)
- Transparency (notification, TPR)

3. Freer trade (suppression of barriers through negotiations)

- Tariff reductions
- Prohibition of using quantitative restrictions (quotas)



Decision-making

‘Member-driven’



Ministerial Conference

Topmost, political. ... At least once every 2 years

General Council

In charge between ministerials
Meets in Geneva

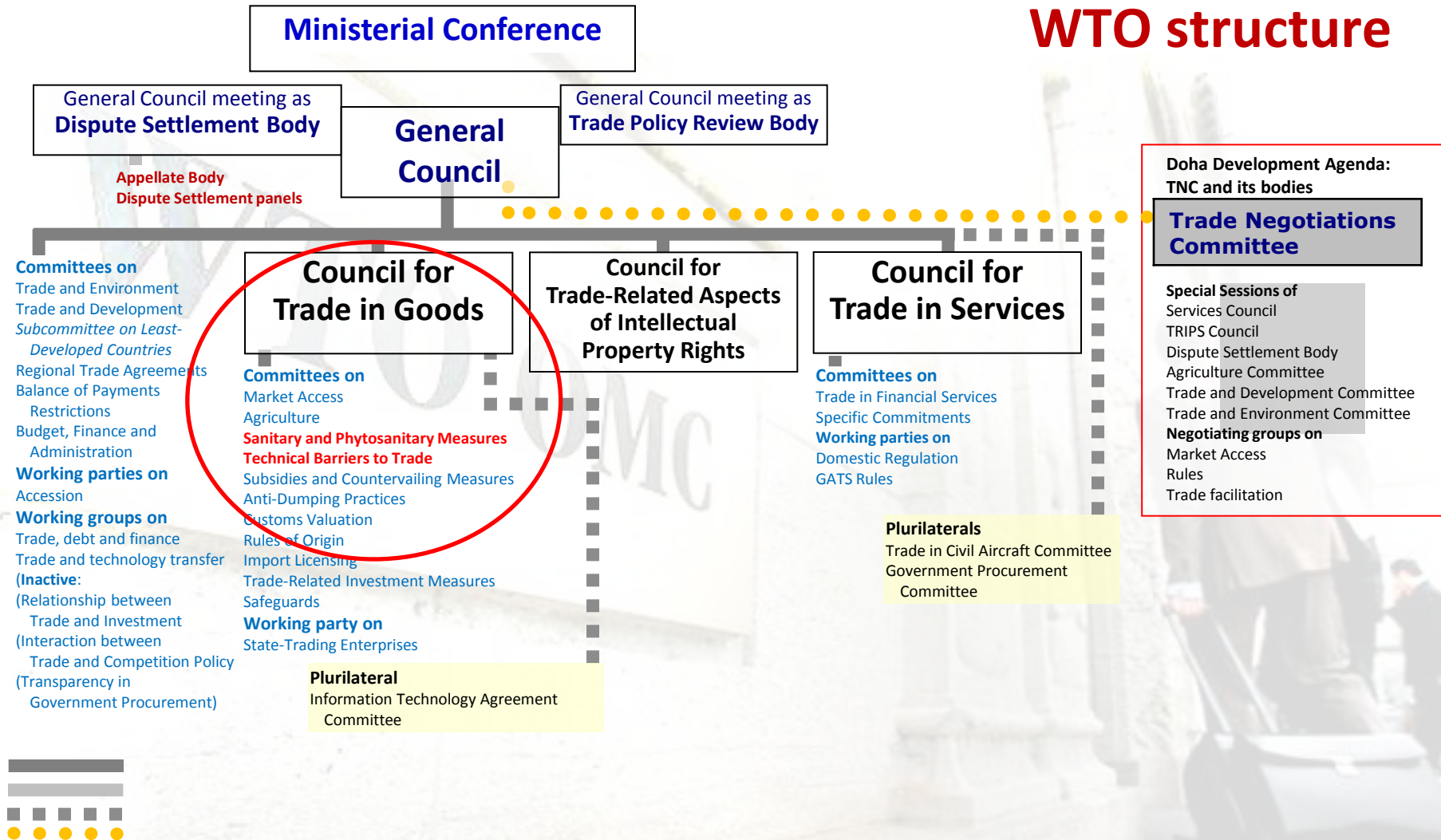
Councils and committees

Cover all WTO agreements and related issues

... include **all members** ... decisions **by consensus**

All WTO members may participate in all councils, committees, etc,
except Appellate Body, Dispute Settlement panels, and plurilateral committees.

Decision-making WTO structure





Dispute Settlement

The WTO is **not** a policeman



**Disputes: handled by members in
...Dispute Settlement Body**

Cases are brought by governments ...

...based on 'broken promises'
i.e. agreements or commitments violated

Aim: consult, settle 'out of court'
Dispute starts with 'request for consultations'





Negotiations



IN THE END:

Trade agreements
do not create
trade



They create
trade opportunities

The WTO Fact File

- **Location:** Geneva, Switzerland
- **Established:** 1 January 1995
- **Membership:** 161
- **Budget:** 197m Swiss francs for 2014
- **Secretariat staff:** ~640
- **Director-General:** Roberto Azevêdo



Non-Tariff Measures

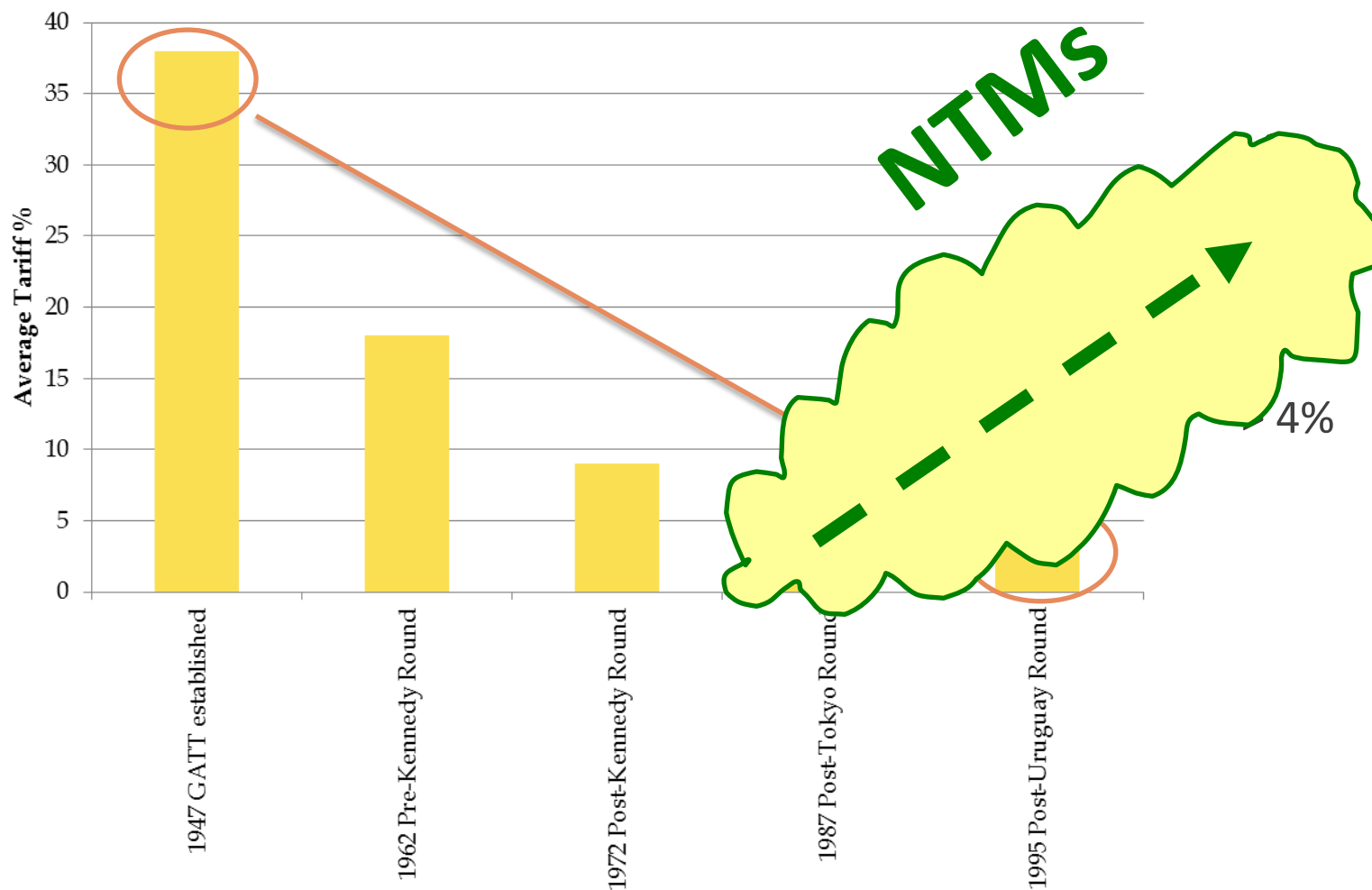
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Use of Non-tariff measures

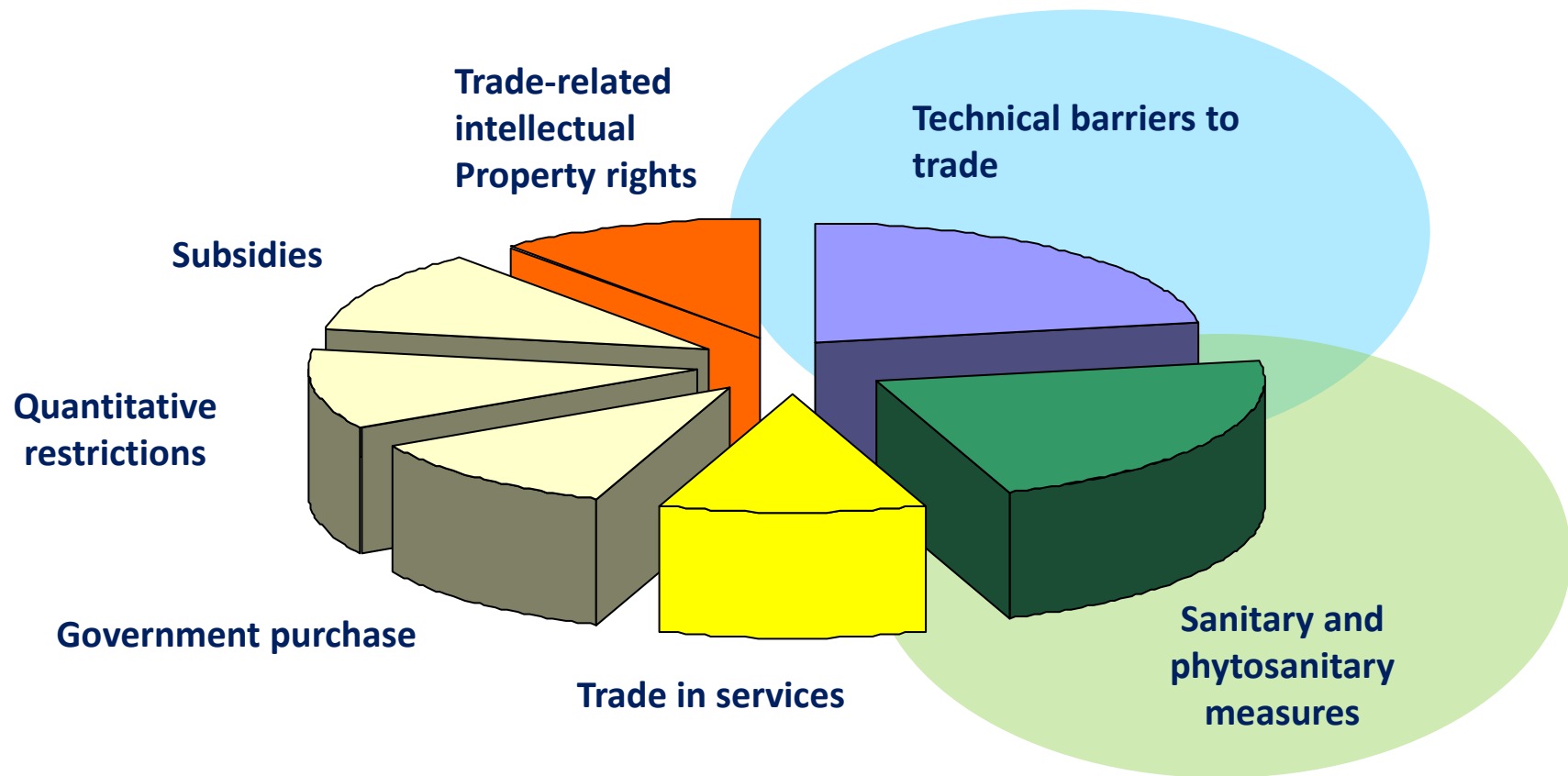
Overall, import weighted tariff on industrial products

≈ 40%





Non-tariff measures





Characteristics of NTMs

There is a problem with transparency

NTMs more opaque than tariffs

- **difficult to quantify**
- **difficult to negotiate (no numbers and formulas)**
 - **less predictable**

The effects on trade are complex ...

**... difficult to assess impact(s), and
difficult to compare across countries**



Characteristics of NTMs

Even NTMs solely motivated by public policy objectives can cause trade problems (even when not intentional!).

differences between countries in social preferences, level of development and governance,
can lead to divergences between regulations



Different costs for different Members may affect or divert trade



Approaches to precaution can be difficult to reconcile



e.g. what is “fresh” poultry?



Characteristics of NTMs

TBT and SPS measures often perceived as major impediment to exporters, particularly for developing countries ...

... measures often associated with burdensome (not always transparent) procedures to demonstrate conformity (e.g., certification, inspection) that rely on an established technical (quality) infrastructure (metrology, laboratories, accreditation bodies)



WTO Disciplines on NTMs

WTO disciplines on NTMs are essentially about resisting protectionist pressures

legally binding treaty obligations
international disciplines that cannot be broken or
only at a high cost
(formal dispute settlement, retaliation)

Important in times of crisis!



WTO Disciplines on NTMs

But you cannot always eliminate NTMs (Ø-tariff equivalent)! ...

You cannot bring a measure aimed at achieving a legitimate public policy objective with an effect on trade to Ø.





Introduction to the SPS & TBT Agreements

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SPS & TBT Agreements

Agreement on Technical Barriers to Trade

- 1979
- 1995

Agreement on the Application of Sanitary and Phytosanitary Measures

- 1995



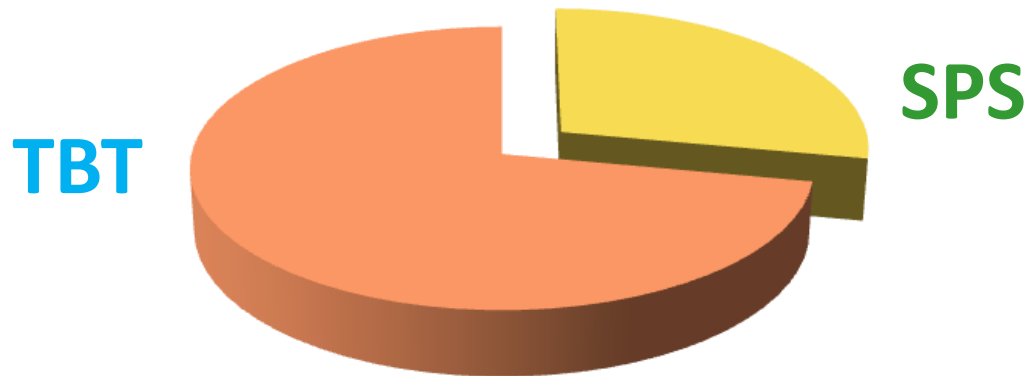
TBT Agreement - Coverage

TBT Annex 1

It applies to all:

- technical regulations (mandatory)
- standards (voluntary)
- conformity assessment procedures

For all products,
industrial and
agricultural



But: its provisions do **not** apply to SPS measures (*TBT Article 1.5*)



Why an Agreement on SPS?

World food and agriculture trade:

- In 2014, **US\$ 1746 billion** of agricultural products traded
- **9.5%** total goods traded (2014)



But, on the other hand...

Bird Flu



BSE



Plant Pests



BIRD FLU...



ME??
I FEEL
GREAT!
HONESTLY!
JUST FINE.
NOT EVEN A
HINT OF A
SNIFFLE...
NEVER BEEN
BETTER...

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SARS



MRL



WTO OMC



Uruguay Round: Negotiations on Agriculture

- Objectives to eliminate quantitative import restrictions
- Eliminate other non-tariff barriers (variable levies)
- Reduce tariffs
- Reduce domestic production subsidies
- Reduce export subsidies
- Establish sanitary and phytosanitary rules



Objectives of the SPS and TBT Agreements

*Pursuit of trade
liberalization to...*

avoid unnecessary
barriers to
international trade



*Recognizing Members'
right to...*

- ❖ **fulfill legitimate objectives**
- ❖ **protect human, animal, plant life or health**

at levels they consider
appropriate



SPS vs. TBT

So how to determine whether a measure falls under the:



SPS Agreement

OR



TBT Agreement

OR



any other WTO Agreement?



SPS Measures - Definition

SPS Annex A

A measure taken to protect:

Human or
animal health



risks arising from additives,
contaminants, toxins or disease
organisms in food, drink, feedstuff

Human life



plant- or animal-carried diseases

Animal or
plant life



pests, diseases, disease-causing
organisms

Territory of
Member



other damage caused by entry,
establishment or spread of pests

SPS or TBT ?

SPS Measures

- ❖ human or animal health from food-borne risks
- ❖ human health from animal- or plant-carried diseases
- ❖ animals and plants from pests or diseases
- ❖ examples:
 - pesticide residues
 - food additives



TBT Measures

- ❖ human disease control (unless it's food safety)
- ❖ nutritional claims
- ❖ food packaging and quality
- ❖ examples:
 - labelling (unless related to food safety)
 - pesticide handling
 - seat belts



THANK YOU !

Questions ?

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WTO OMC

SPS Gateway

<http://www.wto.org/sps>

TBT Gateway

<http://www.wto.org/tbt>