

**Alleviating Hidden Technical Barriers to Trade
during the Crisis Period**

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and Pandemic in Regional and other Trade Agreements**

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I. Executive Summary

Covid-19 has affected all phases of the global value chain, particularly trade. According to WTO, World trade is expected to fall by between 13% and 32% in 2020 due to COVID 19 Pandemic impacts. As a response, countermeasures such as tariff exemption and simplification of customs clearance procedures mostly are being taken by many countries. Also, these simplified measures are mostly focused on medical goods. However, besides tariffs and customs clearance, there are hidden challenges that exporters are facing. One of them is product quality and safety certificates, which is a mandatory requirement for the most of merchandise goods export.

In times of crisis, production, logistics, and certificates tests are disrupted which essentially disable exporters to sell their products as export requirements are not met without certificates. However, since product quality and safety are directly related to consumers' human health, it is somewhat difficult to simplify procedures including tariffs and customs clearance.

Through case studies, practical facilitation measures were found to alleviate this issue, such as extending the validity period of certificates and rescheduling implementation date and transition periods of new product quality and safety standards. These methods are expected to reduce issues due to expired certificates and provide time to exporters to prepare extension or renewal of certificates.

II. Case study of China on Certificates Regulation during the pandemic period

In order to sell or export products to China, CCC(China Compulsory Certificates) certificates for electric and electronic products and household goods are required, and the process of certification consists with two steps: Sample product tests and Factory audit based on standards.¹

However, during the pandemic period, not only production and logistics of products are disrupted, but also testing laboratories are not able to offer its testing service due to the expansion of work from home and logistics issues. In response to such difficulties, the State Administration for Market Regulation(SAMR) of the People's Republic of China announced three measures on

¹ Standards refers to quality and safety standards for each products. In China, national standards is called Guojia Biaozhun (GB).

February 4th as below².

a) Extending the validity period of certificates

According to SAMR, the governmental authority of China for market regulation, it shall extend the validity period of product certificates whose validity has almost expired or which has been stopped production due to Covid-19 until three months after the quarantine period is over. The end-point of the quarantine period was not stated, as the Covid-19 situation continues. This measurement allows manufacturers who are not able to extend its certificates' validity to keep supplying to the Chinese market.

b) Rescheduling implementation date and transition periods of new standards

Standards that are the basis for product testing under the Covid-19 situation continue to be established, revised, and enforced. Once the standards are implemented, both test results based on existing standards and test results based on new standards will be recognized for one year from the date of implementation. Only test results based on new standards are accepted after the transitional period.

However, the implementation of these standards and the termination of transition can be a major obstacle to the product distribution process for many producers in situations where testing is difficult due to the influence of corona.

In response, the Chinese government preemptively prevented such inconvenience by adjusting the implementation date of the newly introduced electric vehicle standards³. Also end date of the transition period of new energy efficiency standards has been postponed to six months later⁴.

a) Using global certificates scheme for new certificates issuance

Despite the crisis, there are still demands for new issuance of product certificates. For those

² “Measures to facilitate the certification during the quarantine period”, State Administration for Market Regulation of the Republic of China, last modified July 27. 2020, accessed Mar 3. 2020, http://gkml.samr.gov.cn/nsjg/rzjgs/202002/t20200204_311019.html

³ “Introducing electric vehicles safety requirements”, Standardization Administration of the People's Republic of China, last modified July 27. 2020, accessed May 29. 2020, <http://std.sacinfo.org.cn/gnoc/queryInfo?id=FEDAA26657EDA7D0D095FF07DE911907>

⁴ “Postponement of the end date of the energy efficiency standard transition period”, State Administration for Market Regulation of the Republic of China, last modified July 26. 2020, accessed April 7. 2020, <http://www.samr.gov.cn/bzjss/tzgg/202004/P020200402516686077925.pdf>

new certificates issuance requests, certification bodies shall provide product certification services online as much as possible including application for certifications, submission of related documents, and certificates issuance information.

In this process, international cross-certification shall be recognized as much as possible according to the, such as IECEE test report⁵, to prevent duplicate testing and to reduce test costs. Normally, Chinese standard(GB) based reports have been preferred type of reports for a smooth certificates issuance process as GB is the standards for Chinese certificates. Therefore, this announcement represents that international cross-certification and report could be accepted as a substitute of Chinese standards based reports.

III. Policy Recommendation

China has taken the above three measures in the wake of the Corvid-19; Extension of the validity period of certificates, Rescheduling the implementation date and the end of the transition period of new standards, and simplification of new certification procedures based on international multilateral acceptance scheme. This could prevent several challenges to exporters and suppliers in terms of market requirement.

This seems to be one of the best practices that can be implemented in other countries in order to facilitate trade and normalize suddenly chain by alleviating hidden trade barriers in terms of certificates. However, in line with the measures taken by China, it would be much clearer if the exact period of extension is stated explicitly and then modified up to the Covid-19 situation. Also promoting such information is the key given that companies cannot be benefited by this trade facilitation measures without acknowledging them.

⁵ the IECEE CB Scheme is an international system for mutual acceptance of test reports and certificates dealing with the safety of electrical and electronic components, equipment and products. It is a multilateral agreement among participating countries and certification organizations, which aims to facilitate trade by promoting harmonization of national standards with International Standards and cooperation among accepted National Certification Bodies (NCBs) worldwide. By achieving this, it brings product manufacturers a step closer to the ideal concept of "one product, one test, one mark, where applicable".