

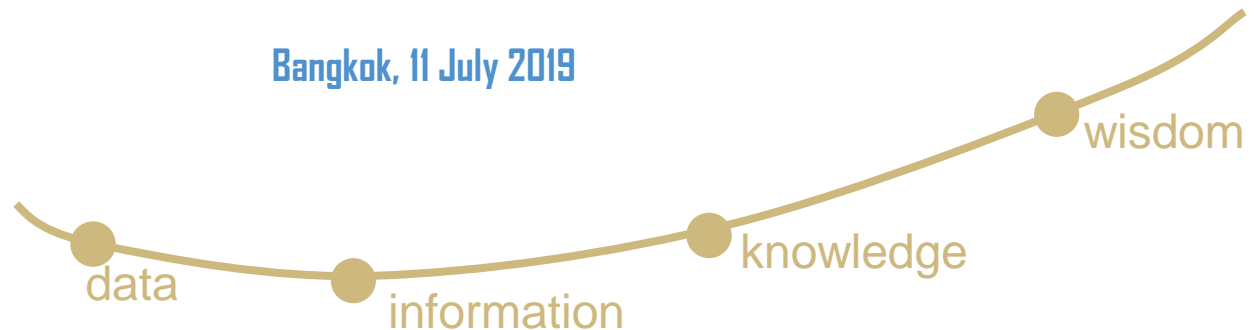


APTIR EGM

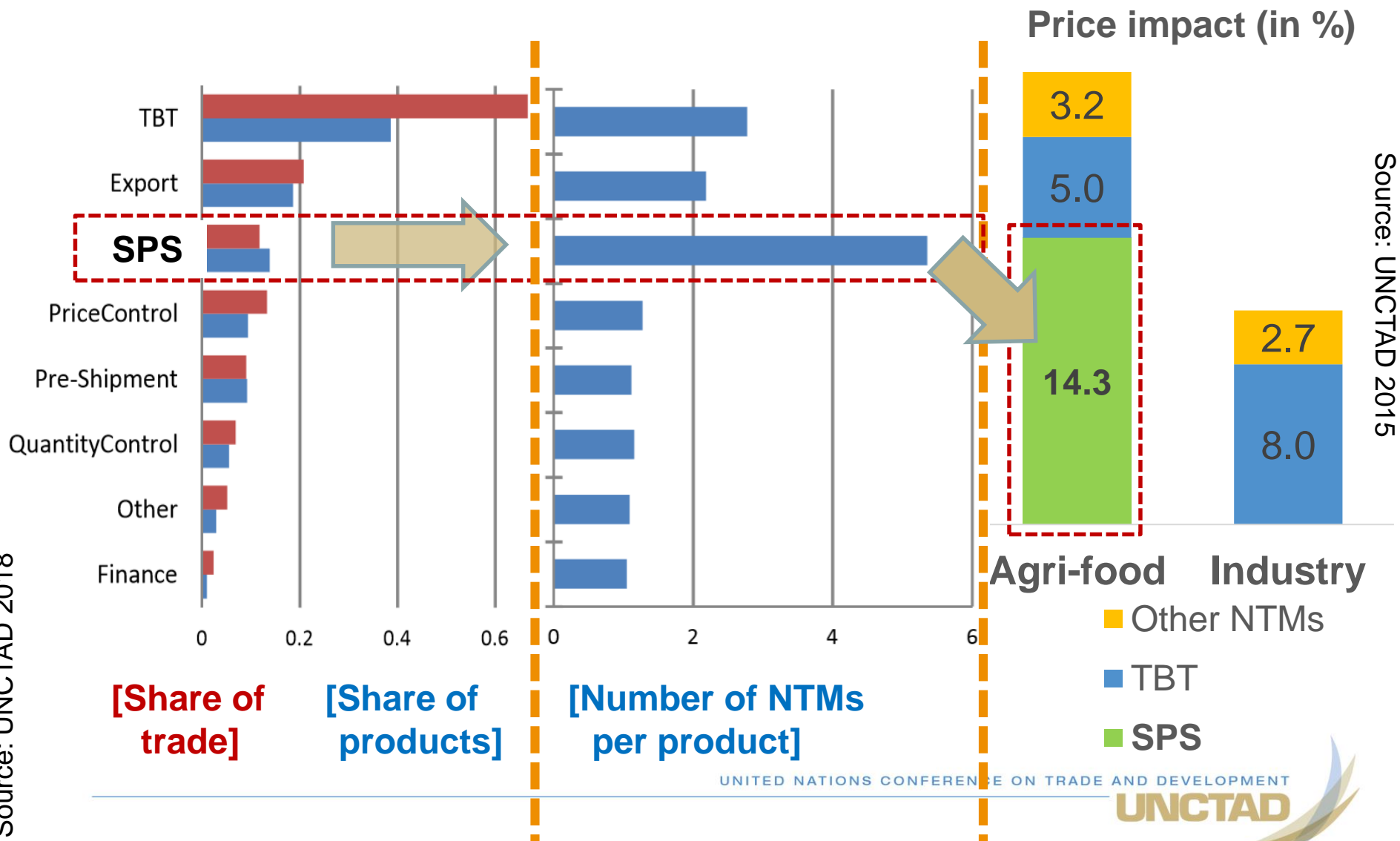
NTMs and their relationships to international standards

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UNCTAD

Bangkok, 11 July 2019



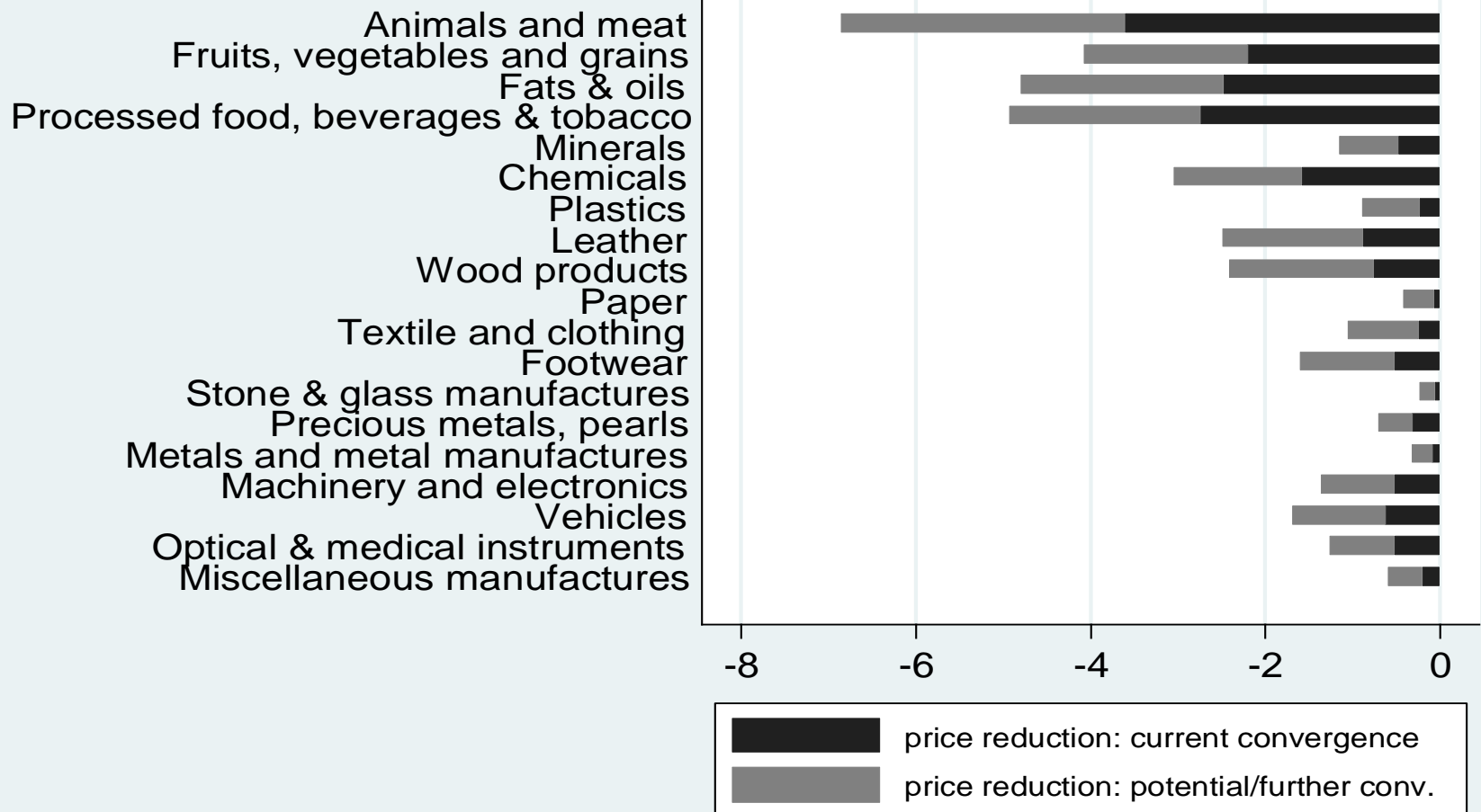
SPS measures: the most common and costly NTMs



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



Two different challenges

- a) Traditional non-tariff *barriers*:** Quotas, contingent protection, ...
- Strongly regulated already under WTO agreements
 - Direct economic objectives
 - elimination conceivable
- b) *Technical measures to trade*: SPS and TBT**
- Partially addressed by WTO
 - *Usually regulated as (domestic) market policy by ministries for agriculture/health/...and Bureaus of Standards*
 - *Primary objectives not trade-related*: to protect human, animal and plant health, or the environment, etc.
 - elimination *not* an option



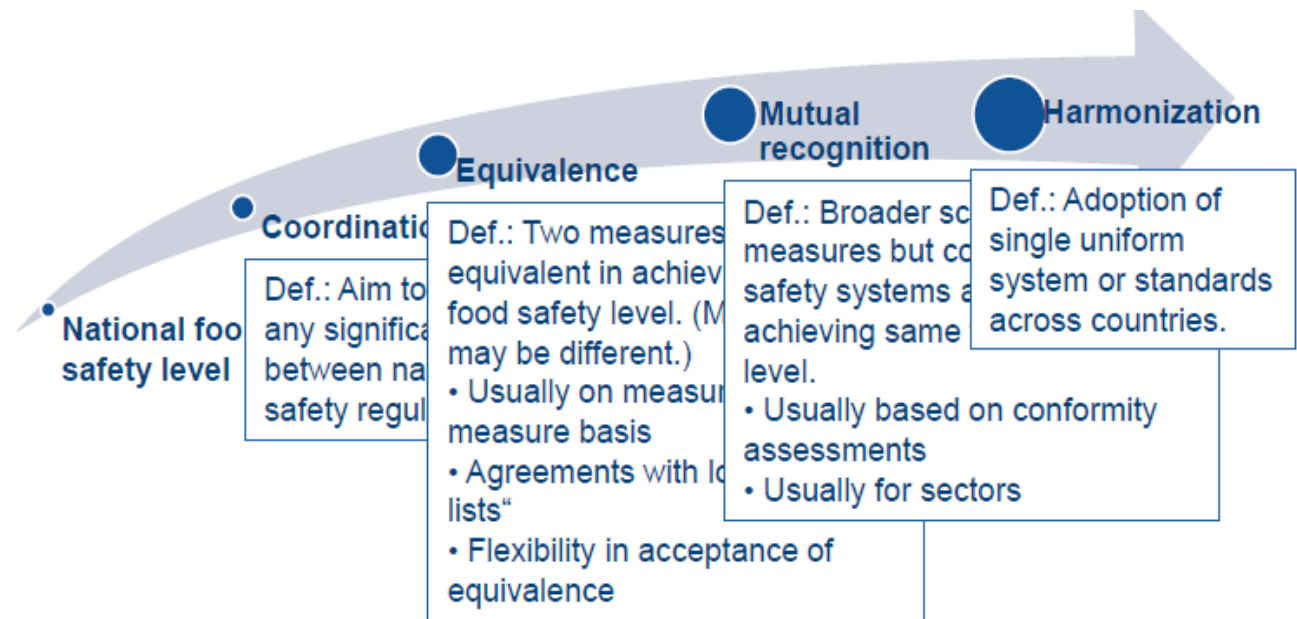
What are the Options

- **Transparency**
- **«Good Regulations»**
 - **Regulatory coherence (national)**
 - **Regulatory cooperation (international)**



Regulatory cooperation at the Regional or International Level

- From Coordination, Equivalence, Mutual Recognition, to Harmonization
- International Standards one form of harmonization



International Standards

- **Private Standards**
- **International Standards**
- **Voluntary Sustainability Standards**



International Standards

- Technical standards developed by international standards organizations
- Many standard developing organizations
 - World Standards Cooperation (WSC)
 - Agriculture: WTO AoA
- 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."



SPS and TBT

- SPS
 - 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)



SPS and TBT

- TBT
 - Where technical regulations are required and relevant international standards exist or their completion is imminent, Members shall use them, ... , except if
- NO definition of International Standard or Organizations mentioned
- Annex 1 on Terms and Definitions: the agreement provides the definition of a standard



Coding NTMs in Three Sisters

- Like NTM coding of national legislation

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.

NIMAL SIR
Minister of Health
Uva Wellas

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 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.

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	NTM Code	Measurement	Measure Description	Affected Products	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	PE2	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 (Metastasis in Milk and Milk Products) Regulations 2010	A22	01.01.2011	Specifying permitted ppm levels of metastasis in milk and milk products	Milk and Milk Products	All countries
Food Act	Food (Metastasis 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 metastasis 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 (Preservatives) 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

Some Statistics

- International standardizing bodies ISBs
 - Mostly sanitary 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

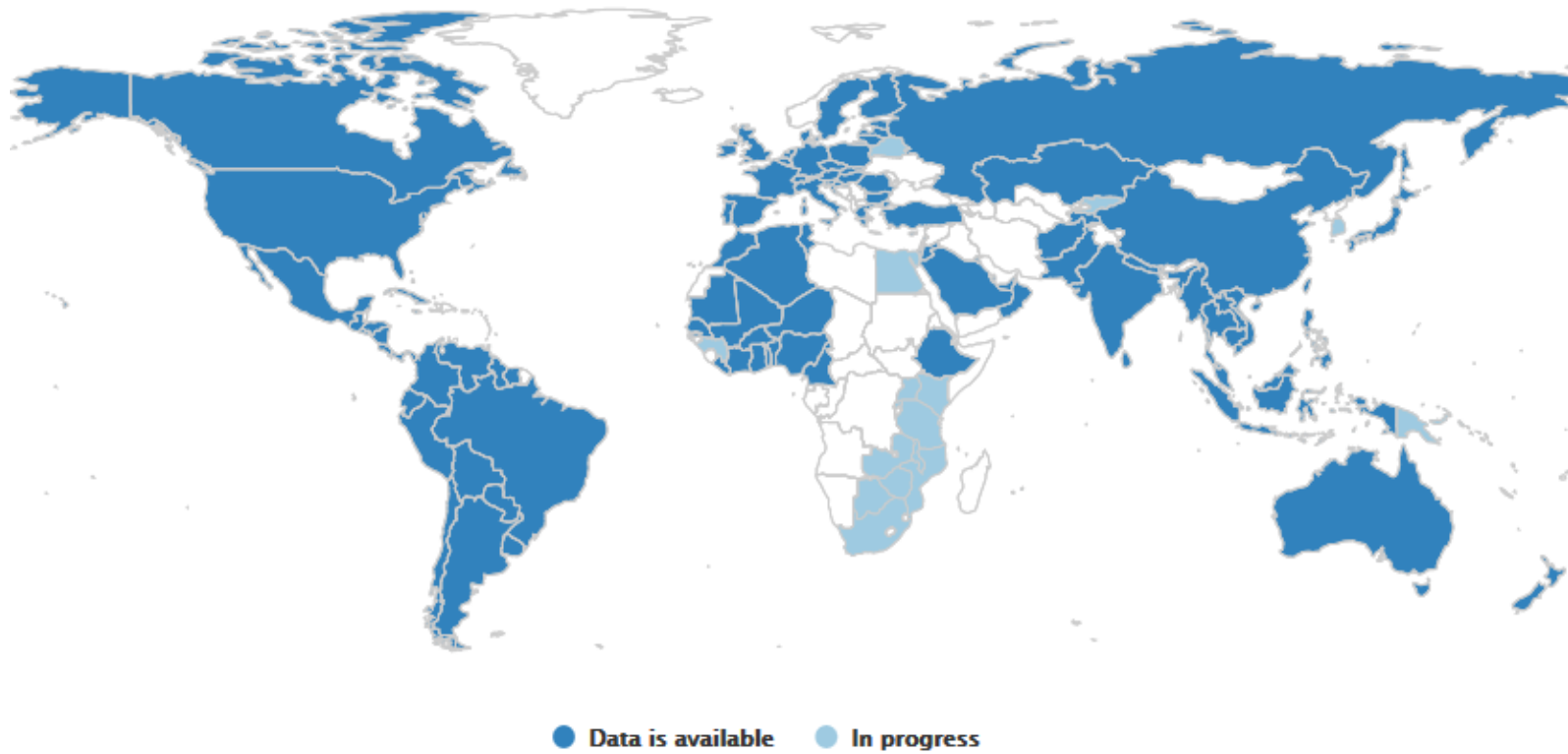


Similarity of National Regulations with ISB

- 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. (Section 3)
 - Three case studies compare at a very detailed level national regulations with international standards for specific products. (Section 4)



Global NTM transparency initiative

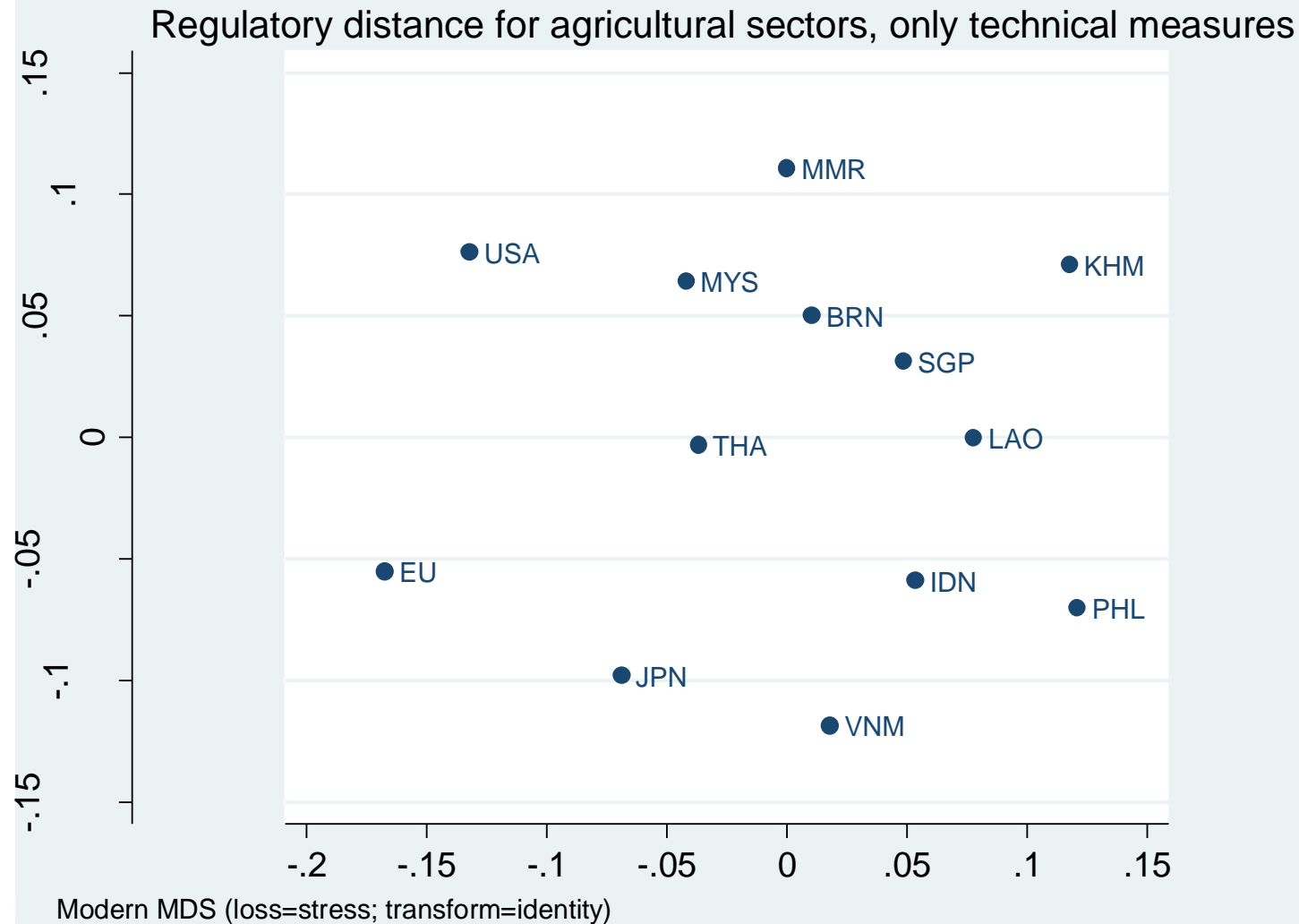


Example: Similarity with Codex

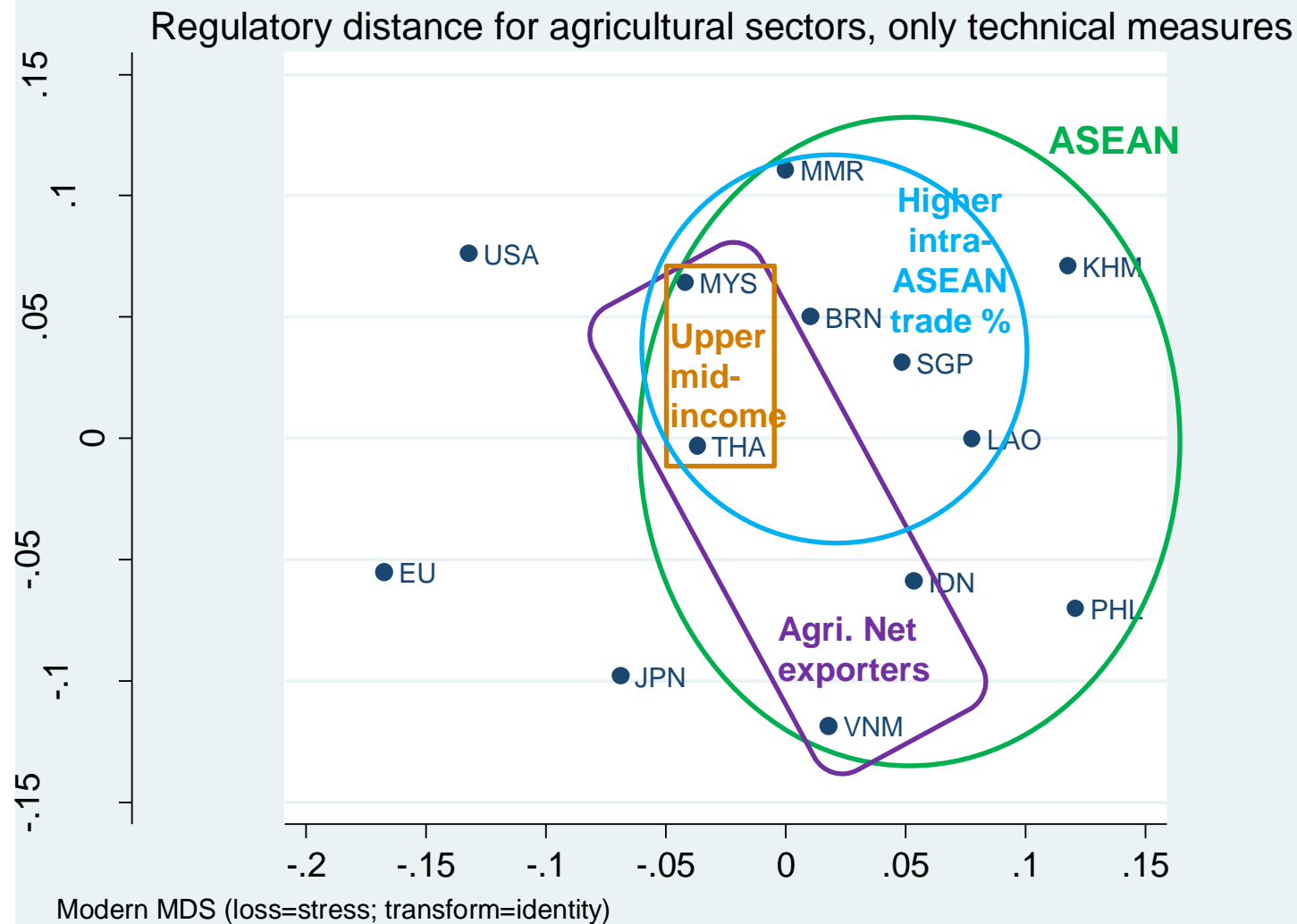
NTM types and codes for a specific product at HS-6 level: e.g. beef	Importer Y	Codex	Exporter Z* after reform
A21: Maximum residue limit	1	1	0
A62: Animal raising processes	1	1	0
A83: SPS certificate	0	1	0
A14: Special authorization	0	0	1



Regulatory distance plotted onto 2-dimensional space: only agriculture



Regulatory distance plotted onto 2-dimensional space: only agriculture



Similarity versus Stringency

- The structural regulatory similarity shows how similar NTMs a country and an ISB impose 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



Methodology: Stringency

- **Over-regulated criterion:** When the criterion exists only in national regulations.
E.g. Maximum residue limit of a harmful substance, Aflatoxin B1, exists only in Vietnamese regulations.
- **Under-regulated criterion:** When the criterion exists only in international standards.
E.g. Maximum residue limit of harmful substance, Aflatoxin B1, exists only in the Codex Alimentarius.
- **Similar criterion:** When the criterion exists in both national regulations and the international standards and it is similarly strict.
E.g. Maximum residue limit of harmful substance, Aflatoxin B1, exist both in Vietnamese regulations and the Codex Alimentarius. The limit is same as 5µg/kg.
- **Stricter criterion:** When the criterion exists in both national regulations and the international standards but the criterion in the national regulations is stricter.
E.g. Maximum residue limit of harmful substance, Aflatoxin B1, exist both in Vietnamese regulations and the Codex Alimentarius. However, Vietnamese regulations sets up the stricter limit of 1µg/kg.
- **Less strict criterion:** When the criterion exists in both national regulations and the international standards but the criterion in the international standards is stricter
E.g. Maximum residue limit of harmful substance, Aflatoxin B1, exist both in Vietnamese regulations and the Codex Alimentarius. However, the Codex Alimentarius sets up the stricter limit of 1µg/kg.

Methodology (cont.)

Step 1: Identify a single product of interest for a given country at HS 6-digit-level.

Step 2: Find all the country NTMs and international standard NTMs imposed on the Step 1's product of interest. Then, identify the types of NTMs that commonly exist in national regulations and the international standards.

Step 3: From the international standard NTMs, compile measure description and if necessary, source documents of the commonly existing NTMs per type. Then, decompose the compiled measure description into detailed requirement criteria. Repeat the same with respect to the country NTMs.

Step 4: Per type, compare the detailed requirement criteria that are decomposed from country NTMs and international standard NTMs.

Step 5: Sort out the stringency of the detailed requirement criteria decomposed from country NTMs into five stringency categories – over-regulated, under-regulated, similar, stricter and less strict.

Step 6: Present one NTM type that applies to one product in a country with as a proportion of five stringency categories.



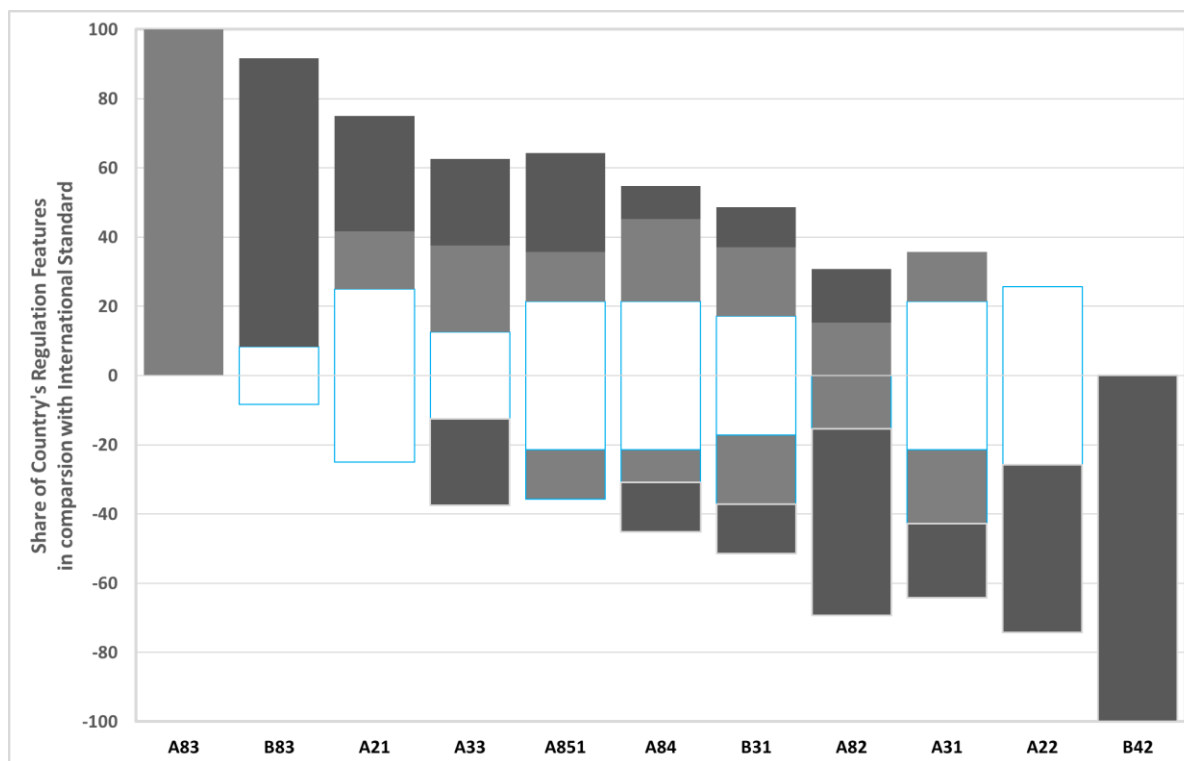
Case Studies

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



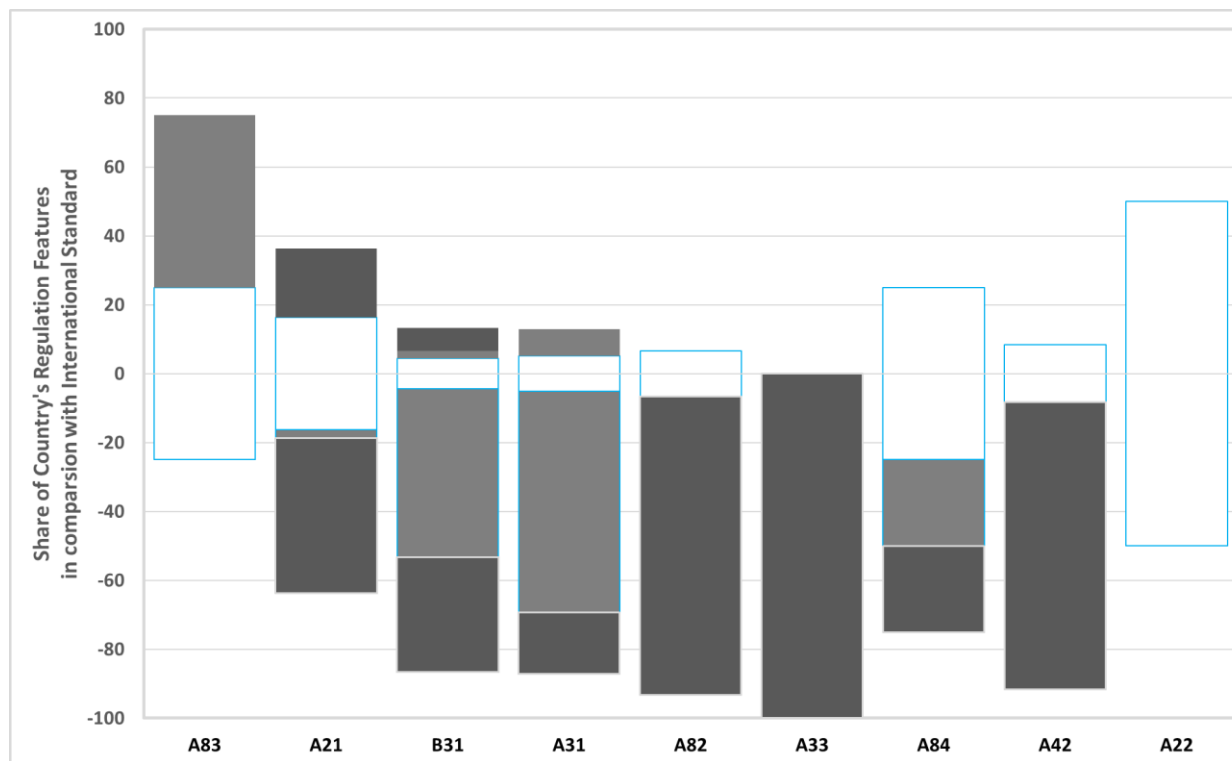
Results

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



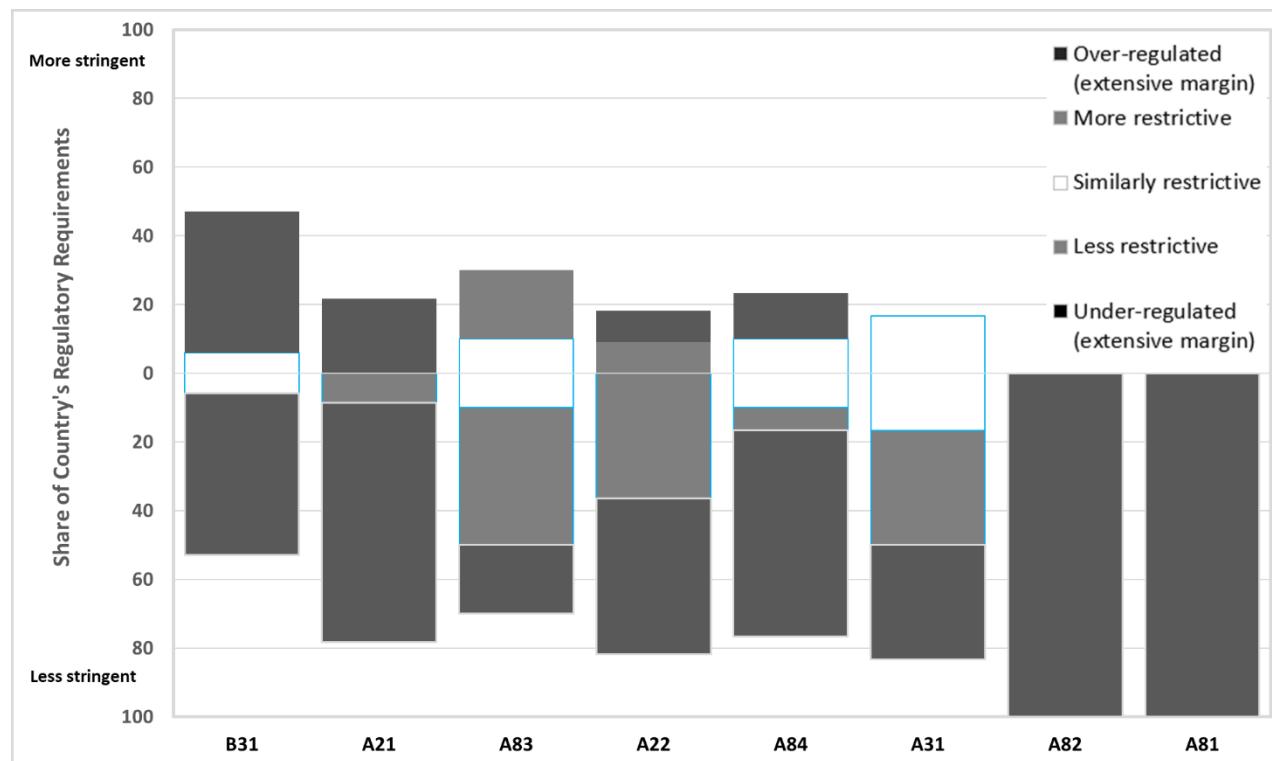
Results

- Regulatory stringency in Bangladesh's fresh apples, by NTM type



Results

Regulatory Stringency in Lao PDR's animal feeds, by NTM type



Conclusions

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



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