SPS Measures, technical regulations, Standards and related technical assistance

Joint presentation of ITC and UNCTAD to STDF Working Group
Plan

1. Non-Tariff Measures and SPS requirements:
   - Background
   - Data collection
   - Research to support policy making

2. Technical assistance related to Non-Tariff Measures data:
   - Improving transparency through web tools
   - Building capacity
   - Addressing concerns of enterprises

Christian Knebel, UNCTAD

Olga Solleder, ITC
Part 1.
Non-tariff measures and SPS requirements

STDF WORKING GROUP

WTO, 24-25 March 2015

Christian Knebel, UNCTAD
christian.knebel@unctad.org
unctad.org/ntm
Definition of NTMs

• NTM definition by (UNCTAD / GNTB-MAST):
  – “Non-tariff measures (NTMs) are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.” → neutral concept!

• NTBs are a subset of NTMs...
  – with proven negative effects,
  – and/or protectionist intent,
  – or based on complaints (e.g. Tripartite)
NTMs in 1999 and 2010 -- simple count

- Technical Measures
- Price Control
- Quantity Control
- Other Measures

Frequency Index

1999 2010
Primer: SPS measures are needed for crucial public objectives

- "necessary to protect human, animal or plant life or health" (WTO SPS Agreement)
  - SPS regulations are important and here to stay
  - SPS objectives supersede economic/trade objectives
  - "elimination" not an option

→ that's why we call them "measures" (a priori), not "barriers"

However, SPS-related issues may cause significant trade barriers that disproportionately affect developing countries
Average ad-valorem equivalent of NTMs

- Animals: 16.1 (SPS), 6.4 (TBT), 4.8 (Other NTMs)
- Vegetables: 19.3 (SPS), 3.9 (TBT), 2.5 (Other NTMs)
- Fats & oils: 10.2 (SPS), 1.7 (TBT), 3.2 (Other NTMs)
- Beverages & tobacco: 11.4 (SPS), 8.1 (TBT), 2.4 (Other NTMs)
- Minerals: 5.2 (SPS), 1.2 (TBT)
- Chemicals: 9.5 (SPS), 2.3 (TBT)
- Plastics: 8.5 (SPS), 0.7 (TBT)
- Leather: 5.6 (SPS), 5 (TBT), 3 (Other NTMs)
- Wood products: 4.3 (SPS), 1.9 (TBT)
- Paper: 4.1 (SPS), 1.6 (TBT)
- Textile and clothing: 8.9 (SPS), 4.9 (Other NTMs)
- Footwear: 11.7 (SPS), 2.8 (TBT)
- Stone & glass: 7.8 (SPS), 1.8 (TBT)
- Pearls: 3.4 (SPS), 2.1 (TBT)
- Metals: 7.7 (SPS), 2.9 (TBT)
- Machinery: 12 (SPS), 4.5 (TBT)
- Vehicles: 10.9 (SPS), 3.5 (TBT)

Not included:
- Subsidies/domestic support
- Export restrictions

Source: UNCTAD 2015
What may turn SPS into "barriers"?

- Lack of transparency/information costs
- Conformity assessment
  - Lack of domestic technical infrastructure
  - Lack of mutual recognition
  - Redundant checks
- More stringent requirement than international standards
- Not science-based
- Lack of harmonization of requirements
- (fulfilling SPS Agreement..)
Transparency

**Conception**
- classification
- data selection

**Data collection**
- classifying NTMs
- quality control

**Data Dissemination**
- making data freely available

**Research and analysis**

**Policy**
- Support to Policy Makers and policy making processes

Guides the concept and data collection
NTM data collection -- why?

- **Transparency needs to be strengthened**
  - Empowers private sector and reduces corruption
  - Facilitates cooperation between countries’ policy makers
  - Informed decisions through sound analysis

- **Complementing and re-enforcing WTO notifications**
  - Established WTO notification mechanisms not used sufficiently...
  - ...and only informs about policy *changes*
  - Our data collection adds the *full stock* of measures
  - Notifications remain important: participative law-making (nationally and internationally), addressing measures *before* implementation, etc
UNCTAD-MAST Classification: The common language

- Initiated by UNCTAD,
- the Multi Agency Support Team (FAO, IMF, ITC, OECD, UNCTAD, UNIDO, World Bank, WTO) developed an NTM classification

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

<table>
<thead>
<tr>
<th>A</th>
<th>SANITARY AND PHYTOSANITARY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Prohibitions restrictions of imports for SPS reasons</td>
</tr>
</tbody>
</table>
| 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 |

<table>
<thead>
<tr>
<th>B</th>
<th>TECHNICAL BARRIERS TO TRADE</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>D</th>
<th>CONTINGENT TRADE PROTECTIVE MEASURES</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>E</th>
<th>NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS ...</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>F</th>
<th>PRICE CONTROL MEASURES INCLUDING ADDIT TAXES ...</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>G</th>
<th>FINANCE MEASURES</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>H</th>
<th>MEASURES AFFECTING COMPETITION</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>I</th>
<th>TRADE RELATED INVESTMENT MEASURES</th>
</tr>
</thead>
</table>

At this level of coding: 122 measures in the classification
Official NTM data collection

From here to here...

The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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 Wellass

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 name or brand requested by the purchaser and is weighed, counted or measured in the presence of the purchaser.
## Data Availability

<table>
<thead>
<tr>
<th>Latin America and the Caribbean</th>
<th>North America</th>
<th>Europe and Central Asia</th>
<th>Middle East and North Africa</th>
<th>Sub-Saharan Africa</th>
<th>South Asia</th>
<th>East-Asia and the Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>US</td>
<td>E.U.</td>
<td>Egypt</td>
<td>Burkina Faso</td>
<td>Afghanistan</td>
<td>China</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Canada</td>
<td>Kazakhstan</td>
<td>Lebanon</td>
<td>Cote d’Ivoire</td>
<td>India</td>
<td>Japan</td>
</tr>
<tr>
<td>Brazil</td>
<td>Russia</td>
<td>Morocco</td>
<td>Guinea</td>
<td>Nepal</td>
<td>Hong Kong, C</td>
<td>Australia</td>
</tr>
<tr>
<td>Chile</td>
<td>Turkey</td>
<td>Tunisia</td>
<td>Madagascar</td>
<td>Pakistan</td>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td></td>
<td>Algeria</td>
<td>Mauritius</td>
<td>Philippines</td>
<td>New Zealand</td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Jordan</td>
<td>Namibia</td>
<td>Sri Lanka</td>
<td>All ASEAN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td>Palestine</td>
<td>Senegal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td></td>
<td>Tanzania</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td></td>
<td>Kenya</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td></td>
<td>Malawi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td>Rwanda</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paraguay</td>
<td></td>
<td>Nigeria</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td></td>
<td>Benin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td></td>
<td>Cape Verde</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela</td>
<td></td>
<td>Gambia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td></td>
<td>Ghana</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honduras</td>
<td></td>
<td>Guinea Bissau</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nicaragua</td>
<td></td>
<td>Liberia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td></td>
<td>Mali</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barbados</td>
<td></td>
<td>Mauritania</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominica</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suriname</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Caution: partly «old Data»
Red colour indicates work in progress*
Data availability – cont.

- **NEW**
  - Top 25 country project (UNCTAD-WB)
  - ASEAN (ERIA – UNCTAD)
  - Southern Mediterranean countries (Euromed TIFM project, ITC)

- **COMING**
  - Africa Tripartite (AfDB – UNCTAD)
  - Selected Caribbean countries (ITC)
Data available for free at:


**Accessibility:**
- by NTMs classified
- by products classified by Harmonized System
- by affected countries
- Full regulation detail
What else to do with the data? Assessing "regulatory distance"

Where are countries regulations already "close", where "distant"?

a) Distance in regulatory structure
   - Benchmark and identify potential and priorities of harmonization
   - Identify "shortest harmonization distances", by country, by sector, by sub-sector... then..

b) Distance in stringency: details matter...back to full documents

<table>
<thead>
<tr>
<th>NTMs at HS6, e.g. oranges</th>
<th>Country A</th>
<th>Country B</th>
<th>Country C</th>
</tr>
</thead>
<tbody>
<tr>
<td>A21: MRL</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>A81: SPS Inspection</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>A83: SPS Certificate</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>E11: License</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
Conclusions

- SPS measures are crucial for public health objectives and are here to stay; *elimination is not* an option
- However, related trade costs are substantial and consumers usually pay the price
- Addressing SPS measures in other ways:
  - Procedural obstacles
  - Conformity assessment: building technical capacity and infrastructure; reducing redundant assessment procedures
  - Harmonization: Strengthening of international standards vis-à-vis "murky" protectionism despite SPS/TBT Agreements
  - Transparency and benchmarking are crucial drivers
Part 2.
Technical assistance related to Non-Tariff Measures data

STDF WORKING GROUP
WTO, 24-25 March 2015

Olga Solleder, ITC
solleder@intracen.org
www.intracen.org/ntm
The ITC programme on non-tariff measures

- Identifying and eliminating trade obstacles linked to NTMs

| Information transparency | Collection and dissemination of import regulations imposed worldwide (under the lead of UNCTAD)  
|                         | Integration of data into ITC’s Market Access Map: www.macmap.org |
| Business perception     | 26 business surveys on NTM-related obstacles and their origins  
|                         | +10 in 2015-2016 incl. Benin, Ecuador, Jordan, Kyrgyzstan, Mali, Uganda |
| Impact through follow-up| Tailored initiatives to address identified trade obstacles  
|                         | In collaboration with other ITC sections & international organisations |
| New initiatives         | Trade obstacles alert mechanism (TOA)  
|                         | NTM data collection tool and mechanism; NTM in services; Analyzing the buyers’ perspectives on sourcing from developing countries; Survey database and studies |
Live demo of webtools related to SPS measures

(WITS) World Integrated Trade Solution
http://wits.worldbank.org

ITC Market Analysis Tools

• Market Access Map (MAcMap)
  www.macmap.org

• Standards Map
  www.standardsmap.org

Trade Obstacles Alert (TOA)

• Trade Obstacles Alert
  http://www.tradeobstacles.org
Capacity building activities and customized studies using NTM data

Face-to-face and E-learning capacity building for
- Private sector
- Trade support institutions
- Government agencies

Examples of studies
- Non-Tariff Measures and the Fight Against Malaria: Obstacles to trade in anti-malarial commodities
  http://www.intracen.org/publications/ntm/Anti-Malaria/
- Facilitating trade in Arab States – Insights from the ITC business surveys on Non-Tariff Measures, ITC, 2014 (available in English and Arabic)
Survey objectives: capture companies’ perceptions of NTMs

• Identify burdensome NTMs and related trade obstacles:
  ➢ ONLY those NTMs which companies experience as barriers to trade
  ➢ Underlying reasons making NTMs turning into barriers for companies (regulatory obstacles vs. procedural obstacles)
  ➢ At most detailed level: by product (HS6) and partner country

• Be systematic and representative:
  ➢ NTM surveys cover all sectors that cumulatively account for 90% of national export value (excluding minerals and arms)
  ➢ Stratification based on national registers (and development of those registers if necessary)
  ➢ 2 steps survey process: phone screen and face-to-face interviews
As of 1 January 2015

26 countries

14,300 phone interviews

4,300 face-to-face interviews

(plus 7 pilot countries)
What NTMs are burdensome in CIV?

Who applies burdensome NTMs?
- Partner countries: 70%
- Home country (Côte d'Ivoire): 30%

What are burdensome NTMs applied by partners?
- Technical requirements: 52%
- Conformity assessment: 6%
- Pre-shipment inspection and other entry formalities: 12%
- Quantity control measures: 28%
- Rules of origin and related certificate of origin: 2%

Source: ITC survey on NTMs in Côte d'Ivoire, 2012
Why are SPS/TBT burdensome in CIV?

SPS/TBT type of obstacles

- Technical requirements
- Product certification
- Other conformity assessment

PO related to product certification

- Large number of different documents: 2%
- Delay related to reported regulation: 20%
- Unusually high fees and charges: 23%
- Informal payment: 6%
- Limited facilities: 49%

Source: ITC survey on NTMs in Côte d’Ivoire, 2012
Testimonial of domestic obstacle in CIV:

M. Assahouré N’Goran, an Ivoirian exporter, use to wait six months to get the weight certificate required to export cocoa to Belgium:

“The weighting certificate delivered by the Chamber of Commerce and Industry is problematic. The responsible service signs the certificate only twice a day which can create unnecessary delays. It can take up to six months.”

- A certification requirement imposed by the partner country creates time delays at home
Survey Follow-up: examples

**Sri Lanka**: survey results were used to support application to STDF with a view to improve product quality and cost of exporting.

**Mauritius**: elimination of the need for Tea Board clearance of Rooibos tea imports resulting in reduced time for importing.

**Côte d’Ivoire**: continued public-private interaction through the creation of an online trade obstacles alert.

**Jamaica**: request to ITC for assistance in addressing capacity building needs of SMEs as well as customs officials to increase compliance with NTMs and reduce procedural obstacles.

**Morocco**: creation of an inter-ministerial steering committee to address the identified obstacles.
The Trade obstacles alert (TOA) mechanism

1: User
Reports an obstacle

2: National Focal
Point
Reviews and publishes the report

3: Relevant agency
Analyses the obstacle and finds a solution

4: National Focal Point
Publishes the answer

TOA Platform

Communicates the actions taken

Exchange of information (if necessary)

Sending the report

Exchange of information

National Monitoring Committee
Supervises the mechanism
The TOA platform allows...

1. **Trade operators** to voice their concern and alert the competent authority;

2. **National authorities** to get instantaneous information on the private sector’s problems and answer to it;

3. **All users** to be alerted of the obstacles and corresponding answers/solutions.
…through 3 main functionalities

1. **Report a trade obstacle**: allows user to capture the details of the problem faced. The user must be registered to be able to send a report.

2. **Receive trade alert**: allows users to get email alerts on the obstacles reported by other users and solutions provided by the authorities according to different criteria.

3. **Analyse the trade obstacles**: allows users to see all trade obstacles reports created as well as summary statistics.
TOA pilot in Côte d’Ivoire (2014)

- Launched in June 2014 (project started in May 2013)
- Set up of a NMC through an inter-agency Protocol (signed in October 2014)
- President of the NMC is the Ministry of Trade and the NFP is the Chamber of Commerce and Industry
- 27 member agencies
- 250 registered users (150 companies)
- 100 companies trained
- 50 reports of obstacles
Our Ivoirian exporter of cocoa:

Assahouré N’Goran used to wait six months to get the weight certificate required to export cocoa beans to Belgium. Thanks to the TOA his waiting time has dropped to just two weeks:

‘Having the certificates issued quickly makes a huge difference for us. It increases our competitiveness and will lead to higher exports. What is good for our company is good for employment and the growth of Côte d’Ivoire.’
TOA live demo – www.tradeobstacles.org/demo
Forthcoming ITC activities in the area of NTMs

• Continue developing tailored initiatives to address trade obstacles identified through NTM surveys

• Launch Euromed Trade and Investment Facilitation mechanism consisting of data portal and trade helpdesk

• Identify and analyze NTMs in services

• Analyze the buyers’ perspectives on sourcing from developing countries

• Make survey results available through a dedicated portal (in addition to country reports already available)