

## Non-tariff measures in agricultural trade

### SUMMARY

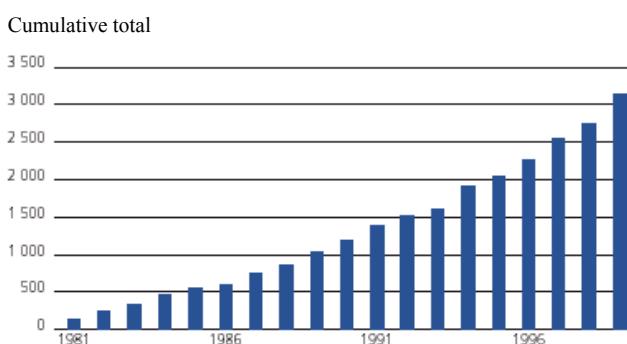
- Increasing non-tariff measures (NTMs) may act as a critical barrier to the participation of developing countries in growing international trade.
- Standards to protect human, plant and animal health are necessary but should comply with SPS and TBT Agreements of WTO. Harmonization of international standards is encouraged.
- Developing countries should be active participants in standards-setting; they demand access to full information on these and other regulations and measures. Developing countries need assistance to meet rising standards.

A new food and agriculture trading environment, with increasing focus on non-tariff measures (NTMs), has emerged from the Uruguay Round of Multilateral Trade Negotiations and agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) measures.

### Facilitating trade

International trade has increased dramatically in the past 30 years, contributing to an increase in gross domestic product (GDP), including that of developing countries. The WTO SPS and TBT agreements set the criteria for distinguishing justified from unjustified barriers to trade. The proliferation of NTMs in the past 20 years, particularly in developed countries, and differing standards between trading partners have increased the number of notifications of technical measures to GATT/WTO (see Figures 1 and 2).

**Figure 1: Notifications of technical measures to GATT/WTO**



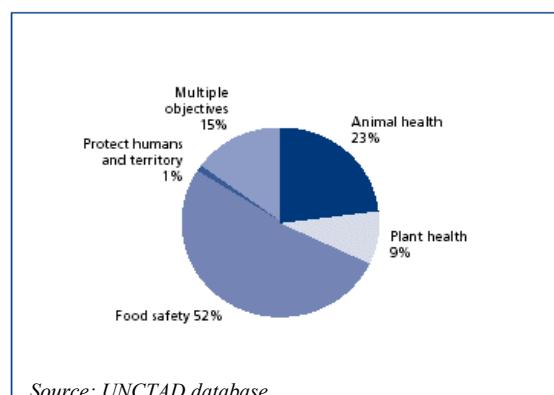
Source: S. Hensen et al (2000). University of Reading.

### Potential impacts are large

Non-tariff measures affect many food and agricultural products, and have a great impact on export revenues. In 1996, the USDA estimated that NTMs decreased the value of United States exports by nearly US\$5 billion. As a percentage of national GDP, the effects of NTMs on developing countries' economies could be even higher.

To take another example, according to a World Bank study, a strict EU standard allowing only 4 ppb of total aflatoxins in cereals, dried fruits, and nuts for direct human consumption is estimated to decrease African exports of these products by 64 percent or US\$670 million, in contrast to a less stringent 15 ppb total aflatoxins established by Codex Alimentarius. Compared to the Codex, the EU standard is estimated to achieve 1.4 fewer cancer deaths associated with aflatoxin intake per billion per year.

**Figure 2: NTMs in the agro-food sector by type of measure**



### Some key facts

- Between June 1996 and June 1997, the United States had to reject an average of 3 percent of total food imports from developing countries due to unacceptable food additive levels.
- The compliance cost with SPS-related obligations on some least developed countries can exceed total governmental development budgets for all expenditures.
- 81 percent of respondents to a year 2000 survey of developing country Codex and/or ISO members considered their

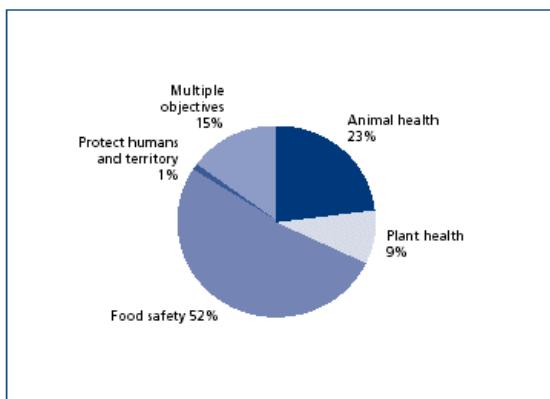
involvement in international standard-setting bodies was less than necessary to meet the needs of their country/organization.

- ▶ 105 specific trade concerns have been discussed during regular meetings of the SPS Committee: 27 related to food safety, 38 to animal health, 37 to plant health, and 3 to other SPS issues.
- ▶ More than two-thirds of SPS notifications are from OECD countries and more than half relate to food safety.

### **Protecting consumers, ensuring plant and animal health**

The WTO SPS and TBT Agreements allow countries to adopt appropriate protection of human, plant and animal health (Figure 3). To reduce compliance costs and minimize disputes, countries are encouraged to base their domestic technical regulations or standards on those developed by international organizations, including the Joint FAO/WHO Codex Alimentarius Commission (Codex) for food safety; the *Office International des Epizooties* (OIE) for animal health; and the International Plant Protection Convention (IPPC) for plant health. However, the WTO Agreement allows members to have more stringent guidelines if there is a scientific justification, as determined by a risk assessment.

**Figure 3: Objectives of SPS measures, 2000-01**



Source: OECD Secretariat based on WTO information (documents G/SPS/N).

### **Participation in standard setting**

To ensure their particular needs are reflected in international standards, developing countries must participate fully in the standard-setting processes.

FAO/WHO have established a Trust Fund to widen and strengthen participation of developing countries in Codex. FAO has also set up an IPPC trust fund to assist more delegates from developing countries attend meetings and training sessions on drafting and implementing standards. FAO has also a large programme to assist developing countries in building their capacity to participate more effectively in standard setting work.

### **Information access**

To comply with non-tariff measures and take advantage of international trade opportunities, countries need access to a wide range of international and national information on standards, regulations, and other measures. FAO is leading an inter-agency initiative involving Codex, IPPC, OIE and WTO to provide a single access point to this information through an internet-based portal ([www.ipsaph.org/](http://www.ipsaph.org/)).

### **Tools to increase trade**

FAO and its partner agencies are developing manuals, guidelines and training materials to assist member countries meet the requirements of the SPS and TBT agreements. International, regional, and national workshops, conferences, and field projects help them participate in standard setting and comply with non-tariff measures.

### **Key challenges**

- ▶ Enable developing countries to be more involved in standard setting so they can participate more fully in world trade;
- ▶ Provide developing countries with the information, training and resources needed to comply with new standards and regulations governing their exports;
- ▶ Ensure NTMs comply with the TBT and SPS Agreements;
- ▶ Develop international food safety, animal and plant health standards for the largest number of food and agricultural products traded in world markets.