

IPC Alert

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Policy Council



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MAKING SENSE OF NON-TARIFF MEASURES IN THE FOOD AND AGRICULTURAL SECTOR

This policy alert provides a brief overview of the key findings of two IPC Issue Briefs, “Tracking the Implementation of Internationally Agreed Standards in Food and Agricultural Production,” and “Measuring the Impact of SPS Standards on Market Access,” both by Tim Josling and Donna Roberts. Both briefs are available at <http://www.agritrade.org/Publications/SPSandNonTariffMeasures.html>. These briefs serve as background papers for a conference on Non Tariff Measures in Food and Agriculture: Which Road Ahead? being organized by IPC and the OECD in Paris on September 13, 2011. For more information on that seminar, please visit www.oecd.org/TAD/NTMSept2011.

Market access for food and agricultural products depends on a number of factors, but with the lowering of tariffs and trade distorting domestic support, non-tariff measures (NTMs), such as standards and regulations play an increasingly important role. IPC’s two newest policy briefs focus on sanitary and phytosanitary (SPS) measures, which are promulgated by governments in order to protect human, animal and plant health in importing countries, but can also be formulated or implemented in such a way that makes it unnecessarily difficult for foreign producers to compete.

Tracking and Estimating the Economic Impact of NTMs

In “Measuring the Impact of SPS Standards on Market Access” authors Tim Josling and Donna Roberts review ongoing efforts to gather information about NTMs and their economic impacts, and call for more systematic and compatible efforts to track NTMs and to provide quantitative assessments of their impact on trade, in order to “help illuminate a dark corner of international commerce.”

Assessing Harmonization

A key principle of the SPS Agreement urges countries towards greater harmonization of health and safety standards and calls upon them to base their SPS measures on international standards, guidelines or recommendations. “Tracking the Implementation of Internationally Agreed Standards in Food and Agricultural Production,” also authored by Roberts and Josling reviews the extent to which this encouragement of the use of international standards has been successful and concludes that the use of international standards has remained low despite the endorsement and encouragement of the WTO. A recently carried out examination of 2,340 notifications to the SPS Committee from 2007

through 2009 shows that while 36% indicated adherence to international standards, some 59% indicated that there was no international standard on which to base the national measure on (and 5% providing no indication). Yet, when comparing across country income groups, the same examination showed that 22% of high-income country measures were based on international standards, whereas 76% of lower-middle income countries make far greater use of international standards.

Private Standards

Both papers refer to the recent rise of private food and agricultural standards, which have become benchmarks in global trade: “It is not surprising that food exporters are turning to the use of private standards in the absence of globally recognized public standards.” Although private standards can create new market opportunities, they have also drawn criticism from some developing countries and caused concern among those who advocate the use of public standards as a means to increase market access as well as confer WTO legal approbation. Roberts and Josling also call for a better tracking of private standards, and argue that the increasing trend of private standards suggests a new urgency for the development of criteria for setting priorities for international standards organizations, and a candid assessment of what they can deliver.

OECD/IPC Seminar on Non Tariff Measures in Food and Agriculture

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About IPC

The International Food & Agricultural Trade Policy Council promotes the role of trade in creating a more open, equitable, productive and sustainable global food & agricultural system. IPC makes pragmatic trade policy recommendations to help solve the major challenges facing the global food & agricultural system in the 21st century—the need to promote global food security, to sustainably increase productivity, and to contribute to economic growth and development.

IPC convenes influential policymakers, agribusiness executives, farm and civil society leaders, and academics from around the world in order to clarify complex issues, foster broad stakeholder participation in policy deliberations, and build consensus around pragmatic policy recommendations. More information about the organization and its membership can be found on our website: www.agritrade.org.