



INTERNATIONAL
TRADE
ADMINISTRATION

Standards & Regulations

Measuring the Link to Goods Trade

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Standards and Technical Regulations

Why are they important?

- Set the rules on entering the market
- Can lead to increased costs for exporters
- Tough to measure impact
- Trade agreement disciplines can be limited

Outline

- **WTO TBT Agreement**
- **Assumptions**
 - Data Source: WTO Member notifications
- **Findings**
 - Size of the link
 - Leading countries
 - Leading industries
- **Robustness test: UNCTAD NTMs**
- **Why does it matter?**
- **What is ITA doing about it?**

WTO TBT Agreement

- Seeks to ensure regulations, testing procedures, and certification procedures do not create unnecessary obstacles to trade
- Obligates members to notify pending technical regulations that
 - “may have significant effect on trade”
 - not “in accordance with relevant international standards”

WTO TBT Agreement - Notifications

- Notifications are NOT necessarily TBTs
- Only cover new measures
- Many contain information on products affected

Assumptions

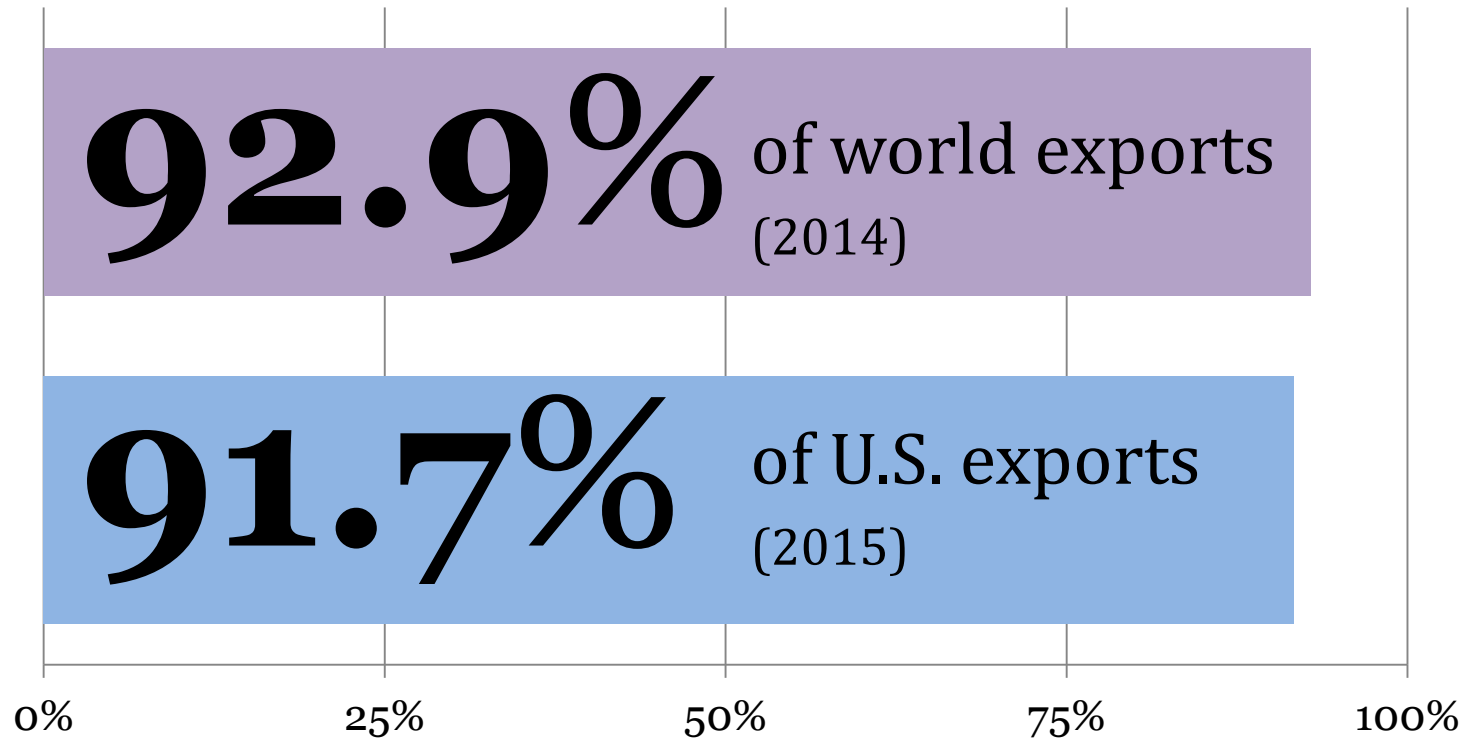
- WTO notifications
 - underrepresent the stock of regulations with trade impact
 - are a good proxy for the overall global regulatory environment
- **KEY ASSUMPTION:**

A notification by one economy for a particular product can be linked to all global exports and U.S. exports.

Data Source: WTO Member Notifications

- WTO notifications from
January 1, 2006 to August 18, 2015
- Commodity classification information at
Harmonized System 4-digit or 6-digit level

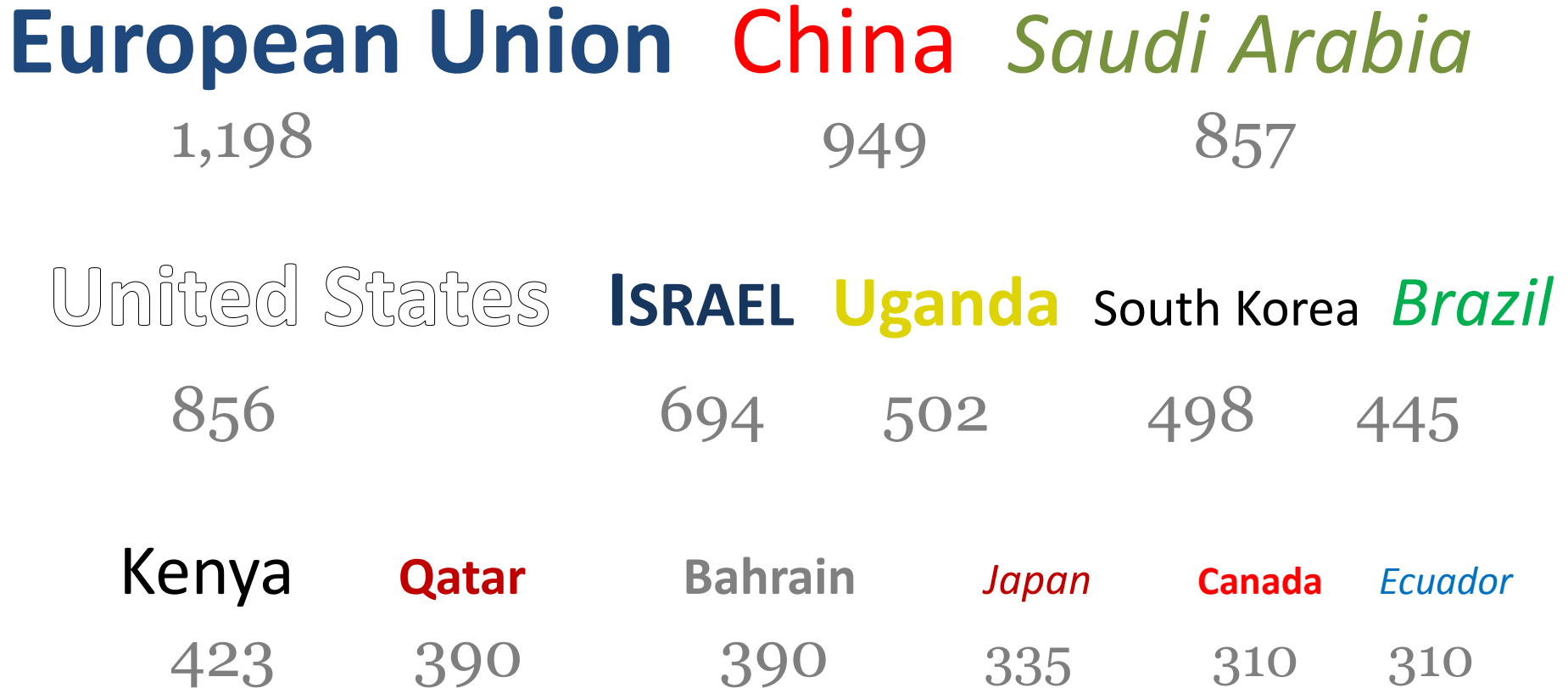
Findings: Goods Exports Covered by WTO Notifications



Calculations based on WTO notifications from January 1, 2006 to August 18, 2015 by all WTO members

(Source: WTO notifications from WTO I-TIP database; 2015 U.S. export data from U.S. Department of Commerce; and 2014 global exports data from UN Comtrade.)

Findings: Leading Countries by Number of Notifications



Calculations based on WTO notifications from January 1, 2006 to August 18, 2015 by all WTO members.

* includes notifications made by the EU and its member states.

excludes Hong Kong and Macao, which made a combined 25 notifications.

(Source: WTO notifications from WTO I-TIP database)

Findings: Leading Countries by Number of Notifications

Economy	Number of Notifications
European Union*	1,198
China#	949
Saudi Arabia	857
United States	856
Israel	694
Uganda	502
South Korea	498
Brazil	445
Kenya	423
Qatar	390
<i>All others</i>	<i>6,028</i>
<i>Total</i>	<i>12,840</i>

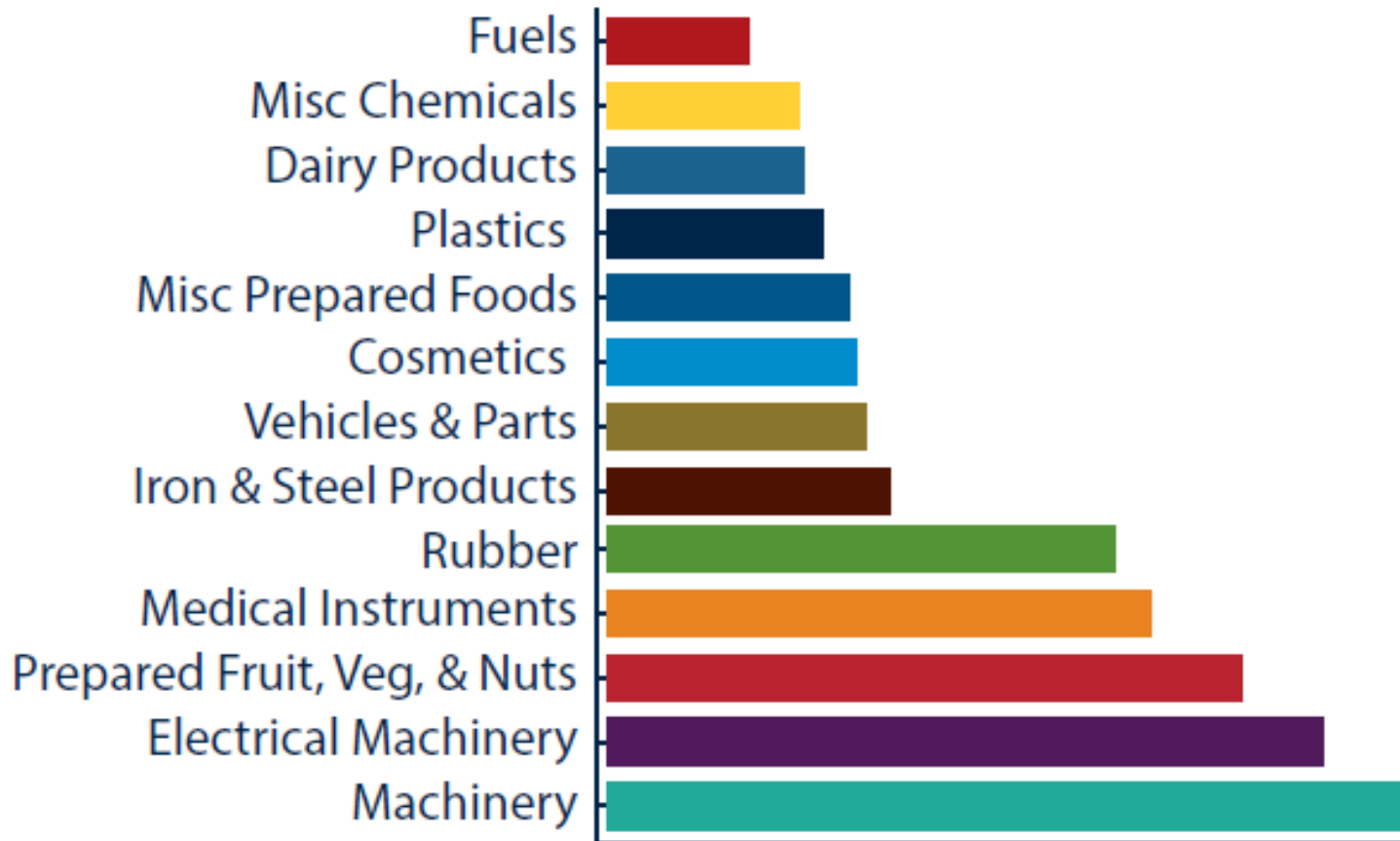
Calculations based on WTO notifications from January 1, 2006 to August 18, 2015 by all WTO members.

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excludes Hong Kong and Macao, which made a combined 25 notifications.

(Source: WTO notifications from WTO I-TIP database)

Top Commodities by Number of Notifications



Note: Based on entries created from notifications by all WTO members except the United States from January 1, 2006 to August 18, 2015. Only entries with an HS-4 or an HS-6 code were used. One measure may have multiple entries under the same HS classification. (Source: WTO notifications from WTO I-TIP database.)

Finding: Notifications in Each 4-digit Category

- **Textiles and Shoes**
 - Furniture/bedding
 - Apparel, fabrics, fibers, filaments
 - Footwear
- **Foods and agricultural products**
 - Meat, prepared meat/fish
 - Coffee/tea, sugar, vegetables, fruits
 - Milling products and cereals
- **Other chemical products**
 - Explosives
 - Fertilizers

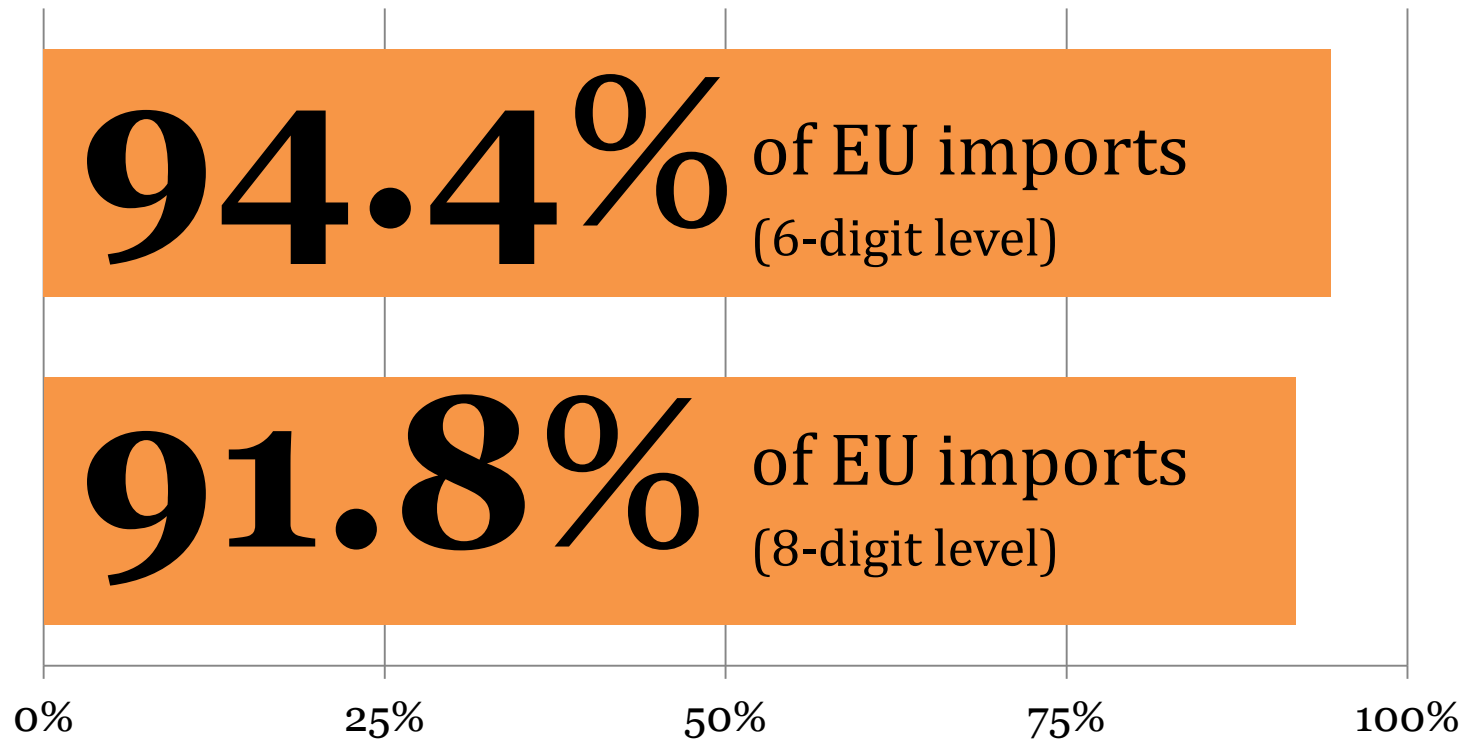
Findings: What is NOT frequently notified?

- **Certain raw or natural materials**
 - Nickel and tin goods
 - Cork and wood pulp
 - Straw goods
 - Live trees/plants
 - Pearls and precious stones
- **Certain consumer goods**
 - Photography/cinematography goods
 - Artworks and antiques
 - Clocks and watches
 - Umbrellas
 - Musical instruments

Robustness Test: UNCTAD TBT NTMs

- Classified by UNCTAD experts
- Based on official government documents
- Only available for selected economies
 - **Focus:** *European Union (2012-2014)*

Robustness Test: Goods Exports Covered by UNCAT TBT NTMs



Assumptions about WTO Notifications seem reasonable

(Source: EU TBT NTM Data from World Bank WITS; 2015 U.S. export data from U.S. Department of Commerce; 2014 HS-6 EU import data from UN Comtrade; and 2014 CN-8 EU import data from Eurostat.)

Recap

- **Assumptions**
 - WTO notifications are a good proxy for the overall global regulatory environment
 - One economy's notification can be linked to all exports
- **Findings**
 - Size of the link: **92 to 93 percent**
 - Leading countries: **EU, China, Saudi, U.S.**
 - Leading industries: **Machinery, food, vehicles, cosmetics, fuel, textiles, etc.**
- **Robustness test: UNCTAD NTMs**
 - Size of the link: **92 to 94 percent**
 - Our assumptions seem reasonable

Why does it matter?

Standards and Technical Regulations are Important!

- Technical regulations are pervasive
- Differing regulations can create challenges for exporters
- Useful information to convince leadership to get more involved or devote more resources

What is ITA doing about it?

- **Engaging on standards issues**
 - *Success Story: ASEAN Conformity Mark*
 - *Success Story: Automobiles in South America*
- **ITA Messaging and Data Analysis**

Success Stories: ASEAN Conformity Mark

- ITA leads standards cooperation work with the ASEAN Consultative Committee on Standards and Quality (ACCSQ)
- Priority sectors for regulatory alignment include:
 - medical devices
 - building products
 - processed food
 - electrical products
 - autos
 - pharmaceuticals
- Engagement helps ensure U.S. products have access to the ASEAN regional market

Success Stories: ASEAN Conformity Mark

- **Issue:** Proposed ASEAN mark to verify conformance with harmonized requirements for low voltage electrical and electronic products
- **ITA response:**
 - Stakeholder engagement
 - Workshop for ACCSQ Conformity Assessment Group
- **Result:** ASEAN opted not to proceed with a mark

Success Stories: Autos in South America

- U.S. auto industry faces challenge as many markets shifting to accept EU-only auto standards
- **General Approach:** Ongoing engagement with the governments of the GCC, Israel, Algeria, Egypt, Morocco, Colombia, and Ecuador
 - ITA-led interagency meetings
 - Formal engagement through WTO TBT committee

Success Stories: Autos in South America

- **Issue:** Colombia & Ecuador propose new regulations that could have blocked U.S.-built autos
- **Response:** ITA and Industry Partnership with ANSI and Standards Alliance
 - April 2016 COPANT meeting: workshop on Automotive Standards and Regulations in the America
 - *Message:* set rules in the least trade-restrictive manner
- **Result:** Colombia & Ecuador continuing to accept both U.S. and European standards

ITA Messaging and Data Analysis

Goal: make the case for devoting more resources and attention to standards

- Partnership with Stakeholders
- Messaging Documents
- Data Analysis and Visualization



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