

Standards as Drivers and Disrupters of Trade

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Standards New Challenges

- ▶ Rising Importance of Standards in:
 - ▶ Domestic Market
 - ▶ Regional Markets
 - ▶ Global Markets

- ▶ Therefore:
 - ▶ Solutions Needed at Each Level

Standards

- ▶ Standards Needed for (Increasing Number) of Public Objectives:
 - ▶ health
 - ▶ safety
 - ▶ environment
 - ▶ social objectives
 - ▶ international agreements

Standards New Challenges

- ▶ Different Forms/Aspects of Standards:
 - ▶ Technical Regulation
 - ▶ Private Standards
 - ▶ Government **Increasingly Accepting** Private Standards as Relevant for Public Activities
- ▶ Therefore, solutions needed in the context of each of them.

Standards New Challenges

- ▶ Factors Propelling Increase in Scope of Standards:
 - ▶ CSR
 - ▶ Other new social objectives
 - ▶ New regulatory requirements (goods/services)
 - ▶ New product areas linked to new technologies
 - ▶ Rise in Number of Market Leaders that Determine Standards
 - ▶ Additional criteria for private standards (next slide)

Recent Additional Focus: Part of ISEAL's Ten Credibility Principles

- ▶ Truthfulness
- ▶ Efficiency

- ▶ Improvement ???
- ▶ Rigour ???

- ▶ How will these be defined? Will the requirements add to the burden, i.e will they go beyond reasonable performance criteria?

Standards New Challenges

- ▶ Therefore, not only is there a **proliferation of Standards** (many countries, many firms);
- ▶ There is also a **proliferation of the criteria** that standards may require being fulfilled

Standards Ease of Trading

- ▶ Steps to Ease Trading Become Crucial for
 - ▶ Procedures
 - ▶ Costs incurred
 - ▶ Technical Content
 - ▶ High Payment of fees and charges
 - ▶ Requirements for Value Chains
 - ▶ New Emerging Conditions
- ▶ For each factor, **different (though overlapping) policies** required
- ▶ Multiple products and markets with different standards imply a need to:
 - ▶ **Prioritise**

Standards

New Challenges and Ease of Trading

- ▶ Need to address, for standards:
 - ▶ Content, Internal Compliances
 - ▶ Conformity, Acceptance
 - ▶ Procedures, Timeliness
 - ▶ Costs
 - ▶ Market Links and Perceptions

Standards New Challenges

- ▶ For Standards, Important Fact That:
 - ▶ Procedural Obstacles Have Largest Impact on Producers/Markets, due to
 - ▶ Associated paper work
 - ▶ Waiting period
 - ▶ Interactions with officials
 - ▶ Another High Impact Factor is Informal and Unusually High Payments

Standards Ease of Trading

- ▶ How to Achieve Practical Results:
 - ▶ The Task is **HUGE**
 - ▶ Create **SYSTEMS**
 - ▶ Co-ordinated Inclusive Approach, with stakeholders
 - ▶ Information sharing, improving procedures, sharing costs, training firms to better meet content requirements, conformity assessment
 - ▶ Standards and Their Impact **Vary Across Products and Markets**
 - ▶ Multiple products and markets with different standards imply a need to:
 - ▶ **Prioritise Solutions**

Standards

Policy Action / Collective Steps

- ▶ Create SYSTEMS through:
 - ▶ Co-ordinated inclusive approach, with all stakeholders
 - ▶ Information sharing, improving procedures, sharing costs, training firms to better meet content requirements, conformity assessment

Standards Policy Initiatives

- ▶ Identify Products Which Have A Huge:
 - ▶ Impact on objective to be achieved
 - ▶ Huge Potential for growth
- ▶ Identify Markets Which Are More Important
- ▶ Identify Actions Which Fill The Gap

Standards Policy Initiatives

- ▶ Identify Which Of These **Actions Are Already In Place, Or Underway**
 - ▶ Domestically (at the level of system, industry level, firm/producer level)
 - ▶ Regionally
 - ▶ Internationally (G20, WTO, ISO, ISEAL, any other)
 - ▶ Consider Additional Steps In Ongoing Initiatives
- ▶ Identify **Other Actions That Can Help (Or Be Models For) Practical Steps**
 - ▶ Domestically (e.g. which infrastructure required)
 - ▶ Regionally
 - ▶ Internationally
 - ▶ Platforms (including with Lead Firms)
 - ▶ Guidelines (e.g. APEC), Coherence (Bilateral, Plurilateral, WTO), Provisions in Major Trade Agreements (existing or being negotiated)

Standards Policy Initiatives

- ▶ **Firms Have Different Capabilities and Feasibilities**
 - ▶ Range of Different Tasks To Support Different Firms / Needs
- ▶ **Build Synergy From Range of Ongoing Initiatives**
- ▶ **Identify Tasks Which Have Large Impact for Each Group**
- ▶ **Prioritise and Strategise. Suggested Priority Ranking:**

	Large Impact	Small Impact
Effect Takes Place Quickly (say Two Years)	1	2
Effect Takes Long Time	2 / 3	4

Standards Policy Initiatives

- ▶ **Which Sectors Have High Burden**
 - ▶ Consider operational detail which may give different picture
 - ▶ Range of Different Tasks To Support Different Firms / Needs

Standards: Ease of Trading

General Perception Of Procedural Burden Associated With Technical Regulations: Exports

Fresh Food	74	Leather Products	40
Processed Food	70	Transport Equipment	37
Chemicals	59	Basic Manufactures	37
IT & Consumer Electronics	50	Textiles	32
Electronic Components	44	Clothing	32
Wood Products	43	Non-electronic Machinery	29
Misc. Manufactures	42		

Share of Imports Affected By Technical Regulations (% imports covered in general; source: ITC)

Processed Food	97	Clothing	85
Fresh Food	96	Chemicals	84
Transport Equipment	93	Minerals	84
Electronic Components	91	Leather Products	71
IT & Consumer Electronics	89	Misc. Manufactures	58
Non-electronic Machinery	86	Basic Manufactures	55
Textiles	85	Wood Products	53

Average Number of Technical Regulations Per Imported Product (source: ITC)

Fresh Food	20.6	Minerals	2.8
Processed Food	18.3	Leather Products	2.7
Chemicals	5.4	Misc. Manufactures	2.7
IT & Consumer Electronics	5.0	Textiles	2.3
Electronic Components	4.3	Transport Equipment	2.3
Clothing	4.2	Wood Products	2.0
Non-electronic Machinery	3.5	Basic Manufactures	1.6

Perceived non-tariff barriers index by EU businesses exporting to the United States (index 0-100)

Aerospace and Space Industry	56	Wood and paper, paper products	30
Machinery	59	Pharmaceuticals	23.8
Medical, measuring and testing appliance	49.3		
Cosmetics	48.3	Construction	45
Biotechnology	46.1	Communication	44.6
Chemicals	45.8	Other Business Services	42.2
Food and Beverages	45.5	Transport	39.9
Office, information and communication equipment	37.8	Personal, cultural and recreational services	35.8
Textiles, clothing and footwear	35.6	Financial services	29.7
Iron, steel and metal plates	35.5	Travel	35.6
Automotive industry	34.8	Insurance	29.5
Electronics	30.8	ICT	20
Source: ECORYS, Non-Tariff Measures in EU-US Trade and Investment, an Economic Analysis			

INDIA: IMMEDIATE BUSINESS ENVIRONMENT (Normalized scores) (source: ITC)

	Small	Medium	Large	All
Dealing with regulations	82	77.6	71.6	78.4
Power Reliability	41.7	41.7	39.4	40.9
Domestic shipping reliability	70.7	64.4	70.7	64.4
Customs clearance efficiency	53.8	59.5	58.8	58.8

Way Ahead: Examples of Diversification Opportunities

- Automatic data processing machines and units
- Wrist-watches, battery/accum powerd w opto-electronic display only
- Other cyclic amides (including acyclic carbamates) and their derivatives; salts...
- Air conditioning machines, window or wall types; other air conditioning...
- Angles, shapes and sections, as, o/t stainless
- Fans: table, roof etc w a self-cont elec mtr of an output not excdg 125W
- Reception apparatus for television
- Tiles, cubes and sim, unglazed ceramics
- Radio-broadcast receivers, for mains operation only
- Electrical capacitors, fixed, tantalum

(Source: ITC)

Way Ahead: Unrealized Potential: Existing Export Products

- Rice, semi-milled or wholly milled, whether or not polished or...
- Articles of jewellery and parts thereof, other than silver
- Mucilages & thickeners derived from locust beans & seeds or...
- Pharmaceutical products
- Motorcycles with reciprocating piston engine displacement > 50 cc to...
- Frozen shrimps and prawns
- Cotton, not carded or combed
- Soya-bean oil-cake & other solid residues, whether or not ground or...
- Copper cathodes and sections of cathodes unwrought
- Articles of jewellery & parts thereof of silver w/n plated/clad w/o...

(Source: ITC)

Focus: Coherence

- ▶ Avoid development of **conflicting international standards**
- ▶ Avoid **duplication/ overlap** of work
- ▶ **Co-operate and coordinate** with others:
 - ▶ **Harmonize / Adopt** standards on as wide a scale as possible

Way Ahead: Coherence and Engagement

- ▶ Identify Which Parts of the Standards Requirements Are ESSENTIAL
- ▶ Seek Solutions
 - ▶ Collect Information For Discussion on Identifying Essential Requirements To Achieve Objectives
 - ▶ Develop Database on Concerns and on Success Cases For Addressing Those Concerns
 - ▶ The concerns could be modelled on the Specific Trade Concerns expressed in WTO's TBT Committee
 - ▶ Use Collaborative Mechanisms To Provide Support With Solutions For Firms
 - ▶ Use New Yet Established Methods to Identify key Focus Areas

Way Ahead: Facilitation

- ▶ Facilitation Must Be Part Of The Approach Through:
 - ▶ Good Governance Regulatory Principles (transparency, inclusiveness, and other WTO principles)
 - ▶ Supportive Efforts (Government, Standard Setting Body, Consumers, Producers)
 - ▶ Collective or Group Participation to Reduce Costs
 - ▶ Move Towards Regional Standards (Concentric Circle Approach)

Standards-Related Steps That Improve Development and Trade Opportunities

- ▶ Make **information accessible** to firms
- ▶ Support firms **technically and financially to adopt and comply** with standards
- ▶ Strengthen technical infrastructure
- ▶ Improve certification process and quality institutions
- ▶ Improve **governance** at home

Standards-Related Steps To Improve Development and Trade Opportunities, contd.

- ▶ **Leverage** international mechanisms that facilitate trade
- ▶ **Combine** and aggregate:
 - ▶ **Regional Standards** to help spread of voluntary sustainability standards
 - ▶ Allow **group certification** wherever possible

Way Ahead: Working Together To Use Existing Platforms And To Develop New Ones

- ▶ **Coherence to Achieve Convergence**
 - ▶ Step-wise movement towards a Vision
- ▶ **Establish Mechanism For Collaborative Engagement**
- ▶ **Develop Network of Research Institutions to Support Above Mechanism With Data and Analysis**
- ▶ **Identify Standards Established By Firms With Significant Market Influence**

Thank You