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**Committee on Sanitary and Phytosanitary Measures**

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## **UPDATE ON OECD ACTIVITIES OF INTEREST TO THE SPS COMMITTEE**

### **COMMUNICATION FROM THE OECD**

The following communication, received on 30 October 2017, is being circulated at the request of the OECD.

#### **RECENT WORK ON TRADE-RELATED INTERNATIONAL REGULATORY CO-OPERATION BY THE OECD TRADE COMMITTEE**

1. Building on OECD's Council Recommendation on Regulatory Policy and Governance (OECD, 2012) and complementing recent work in trade-related IRC undertaken by the OECD Trade Committee (notably von Lampe et al., 2016), the OECD Regulatory Policy Committee (see for instance OECD, 2013; Basedow and Kauffmann, 2016; Correia de Brito et al., 2016), and joint work by the two Committees (OECD, 2017a), the OECD has finalized an analysis of several IRC Case Studies and made it available online (OECD, 2017b).

2. The report provides an empirical analysis across 12 different IRC initiatives, covering various sectors (including wine, organic products, seeds, agricultural products subject to pesticides regulation, household appliances and vehicles) and focusing on different IRC mechanisms. The analysis is based on a statistical evaluation of data provided by participating countries through a structured questionnaire.

3. Key messages of the report include:

- Prior to engaging in co-operative initiatives, trade costs and barriers related to regulatory heterogeneity are frequently perceived as very significant. This is particularly true for trade in organic food products and agricultural products subject to pesticide residue regulation. Perceptions of the significance of trade costs also differ, however, across reporting countries. As a consequence, IRC approaches need to be specifically tailored to the sector in question and the problems traders face;
- Trade costs are not systematically quantified. Notably in the context of more formalised and long-standing co-operation initiative, a quantitative assessment of trade costs is rarely undertaken. Similarly, countries often do not assess the trade facilitating effects of the IRC outcomes achieved. While trade facilitating is often just one of several objectives for co-operation, increasing awareness of the importance of assessing trade costs in detail and an improved availability of tools for such assessment may have contributed to a greater focus on quantifying trade costs and the trade facilitating effects in more recent IRC initiatives;
- Findings suggest that IRC often can reduce costs and burdens for international trade. Among the mechanisms examined, mutual equivalence of rules and mutual recognition of conformity assessment procedures are reported particularly frequently by participating countries as cost-reducing;
- As a specific case, the study finds that the OECD Seeds Schemes have distinct and positive effects on both volumes and values of traded seed. Accession to one of the schemes is shown to increase the acceding country's seed exports by more than 8% and also raises the average unit value of its exports. This positive trade effect is further increased if the importing country is a member of the same scheme. Some trade diversion effects are identified as well.

4. The report is accessible at

[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/TC/WP\(2016\)17/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/TC/WP(2016)17/FINAL&docLanguage=En).

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