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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 11 October 2018, is being circulated at the request of the OECD.

OECD WORK ON TRADE-RELATED INTERNATIONAL REGULATORY CO-OPERATION

1 RECENT WORK ON INTERNATIONAL REGULATORY CO-OPERATION BY THE OECD TRADE COMMITTEE AND THE OECD COMMITTEE FOR AGRICULTURE

1.1 Estimating Ad Valorem Equivalents of Non-Tariff Measures

1.1. The OECD Trade Policy Paper No. 215 uses a novel econometric method to estimate trade effects of non-tariff measures for roughly 5000 traded goods and 80 countries. It explicitly distinguishes several types of measures and ascertains their distinct effects on trade volumes and prices. The latter feature allows disentangling trade-cost effects associated with non-tariff measures from possible demand-enhancing effects that come from reducing information asymmetries and strengthening consumer confidence in imported products. The volume-based estimates yield information on how NTMs ultimately affect trade: the trade cost associated with NTMs, as captured by the ad valorem estimates, often reduces trade volumes, as expected, but not always. In a number of cases, in particular in the sanitary and phytosanitary (SPS) area, trade is found to expand, even though trade costs rise. This is likely explained by closer regulatory environments between the countries examined, but the trade-enhancing features of such measures merit further study.

- Cadot, O., J. Gourdon and F. van Tongeren (2018), "Estimating Ad Valorem Equivalents of Non-Tariff Measures: Combining Price-Based and Quantity-Based Approaches", OECD Trade Policy Papers, No. 215, OECD Publishing, Paris. <http://dx.doi.org/10.1787/f3cd5bdc-en>

1.2 Estimating the trade-enhancing effects of IRC mechanisms within preferential trade agreements

1.2. Current and ongoing work looks at the implications of different IRC mechanisms within preferential trade agreements (PTAs). This econometric assessment explicitly disentangles the effects of PTAs as such from those to be had from IRC mechanisms related to SPS and TBT measures, and also looks at the implications of their enforceability. Preliminary results suggest that TBT and notably SPS related IRC mechanisms generate the bulk of the positive trade effects to be gained from PTAs. Importantly, however, the positive trade effects of SPS- and TBT-related IRC mechanisms remain small unless agreed mechanisms are backed by the relevant enforcement mechanisms.

1.3. The work is expected to become publicly available as an OECD Trade Policy Paper in early 2019.

2 RECENT WORK ON INTERNATIONAL REGULATORY CO-OPERATION BY THE OECD REGULATORY POLICY COMMITTEE

2.1. On 10 October 2018, the OECD launched the 2018 Regulatory Policy Outlook. Second in a series started in 2015, the Outlook monitors good regulatory practices against the principles set out in the 2012 Recommendation on Regulatory Policy and Governance. It is based on the results of the extensive 2017 OECD Regulatory Indicators Survey (iREG). Beyond the monitoring of changes in country practices over time in the areas of regulatory impact assessment, stakeholder engagement and ex post evaluation of laws and regulations, this second edition of the Outlook covers a number of new topics that have come to the forefront of policy makers' attention, including international regulatory co-operation. In this area, the report takes stock of country practices to embed international considerations in domestic rule-making.

- OECD (2018), OECD Regulatory Policy Outlook 2018, OECD Publishing, Paris. <https://doi.org/10.1787/9789264303072-en>
- OECD (2012), Recommendation of the Council on Regulatory Policy and Governance, OECD Publishing, Paris. <http://www.oecd.org/gov/regulatory-policy/2012-recommendation.htm>

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