Confronting Technical Barriers to Trade: Achieving NEI through Regulatory Coherence that Strengthens Rules on SPS Measures

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Achieving NEI through Regulatory Coherence that strengthens rules on SPS measures

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U.S. Dairy Export Council

….working world-wide to promote U.S. dairy exports

Caribbean
Central America*
China
Europe
Hong Kong
Japan
Mexico
Middle East
South America
South Korea
Southeast Asia
Taiwan
United States
Vietnam

*Programs Only
Outline

• Importance of trade to U.S. dairy and agriculture
• Injury caused by unjustified SPS measures
• Ways to address SPS barriers
• Using the TPP talks to strengthen rules
SPS Barriers Hinder Exports and NEI Goals
…. but it would be worse without the WTO SPS Agreement

• Only existing tool to deal with SPS issues
• Anchors SPS issues in WTO for dispute resolution
• Focuses SPS on scientific evidence and risk assessment
• More a set of principles rather than specific rules

WTO building, Geneva, Switzerland
U.S. Dairy Exports On Long-Term Growth Trend
Reliance on Exports Is Transforming Industry

U.S. DAIRY TRADE BALANCE, 1996-2010

- Exports
- Imports

Total Milk Solids, % of U.S. Production


Importance of Exports in U.S. Dairy Production:
- 1996: 3.7%
- 1997: 2.7%
- 2010: 12.8%

$ in Billions

- **All Agriculture Imports**
- **All Agriculture Exports**
Increased Incidence of SPS Barriers

... protectionism is one of the key drivers

- As tariffs decline, SPS barriers rise
- Industries threatened by imports are creative in ways to keep out competition
- More stringent health and safety standards -- driven by technology and consumer concerns -- add requirements for imports
Meeting NEI Goal Requires New Rules: Regulatory Coherence

- **Priority**: U.S. regulatory agencies must see exports as part of their mission
- **Coherence**: Better coordination across agencies—APHIS, FSIS, FDA, AMS, FAS, USTR, EPA, OMB/OIRA and State
- **Aggressive**: Proactive responses need to replace wait-and-see reaction to other countries trade barriers
- **Timely Action**: Quick responses to problems before new barriers are entrenched
SPS Barriers Come in Many Forms

• Measures not based on scientific evidence or process
  – Arbitrary risk assessments not using rigorous standards
  – International standards not taken into account
  – Non-science considerations
SPS Barriers Come in Many Forms

- Measures not based on scientific evidence or process
- Measures are imposed without taking into account interests of exporters
  - Requirements imposed without notice
  - Needs of the trade not taken into account
  - No explanation of reasons for adjustments
SPS Barriers Come in Many Forms

• Measures not based on scientific evidence or process
• Measures are imposed without taking into account interests of exporters
• Discrimination against U.S. product to favor other suppliers
  – Other governments work more expediently with importing country to provide assurances or certifications
  – U.S. system so transparent, and detection technology so precise, U.S. product may appear worse than competitors
SPS Barriers Come in Many Forms

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- Measures are imposed without taking into account interests of exporters
- Discrimination against U.S. product to favor other suppliers
- Documentation issues
  - Lack of standardization across countries
  - Some countries ask for unjustified data requirements
Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
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• Increase the role of science-based international standards organizations
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- New rules need to reflect comments of stakeholders and implemented only after industry has a time to adjust
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- Increase the role of international standards organizations
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- Harmonization of import documentation
Trans-Pacific Partnership Countries
Conclusion

- Regulatory Coherence will require all parties to adjust
- Dependence on global markets and trade will remain
- Continued proliferation likely of unjustified SPS barriers
- Achieving NEI requires adjusting SPS rules to 21st century trade conditions
Thank You

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