Non Tariff Measures with Market Imperfections: Trade and Welfare Implications

Organizer- John Beghin (Iowa State University)
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Overview

• Collective book project to be published by Emerald Press (Frontiers of Economics and Globalization series)

• Context of the emergence of standard-like NTMs, both public and private

• Departure from traditional protectionist prior on NTMs in the context of imperfect markets

• More ambiguous prior raises interesting issues (consumer valuation of information or quality, optimality of NTM, how to characterize protectionism....)
Book Structure - Part 1

- Part 1: Five chapters providing conceptual and methodological foundations for NTM analysis with externalities and asymmetric information

- Sample of chapters follows
Part 1. Chapter sample

- Chapter 1. A Cost-Benefit Approach for the Assessment of Non-Tariff Measures in International Trade (Beghin Disdier, Marette, van Tongeren)
- A welfare-based conceptual framework assesses costs and benefits associated with NTM in presence of market imperfections (asymmetric information and environmental or health externalities)
- Allows for evidence-based comparative assessments of alternative regulatory approaches addressing these imperfections
- The conceptual work is illustrated with an empirical case study of labeling of internationally traded fish products
Part 1. Chapter sample

- Chapter 2. The Economics and Potential Protectionism of Food Safety Standards and Inspections. An Application to the U.S. Shrimp Market (Beghin, Disdier, Marette)
- Investigates the effects of an inspection system influencing safety of imported and domestic food products in the domestic market in presence of potentially unsafe food going undetected
- Protectionist inspection frequency imposed on foreign producers set by a domestic social planner (in a Fisher-Serra sense)
- Calibration to the U.S. shrimp market incorporating key stylized facts of this market. Also investigates how to finance the inspection policy
Part 1. Chapter sample

- Chapter 4. Transparency in Non-Tariff Measures: Effects on Agricultural Trade (Lejarraga, Shepherd, van Tongeren)
- Can transparency mitigate the distortive effects of NTMs in agricultural trade?
- Explores the trade impact of greater transparency in NTMs, using a new database of transparency provisions in over one hundred Regional Trade Agreements (RTAs)
- Surveys the incidence and scope of transparency provisions in RTAs, and econometrically assesses the trade effects of these instruments on bilateral agricultural and food trade.
- Transparency provisions in RTAs associated with greater agricultural trade flows
Book structure – Part 2

• Part 2: Seven specific cases studies for particular countries and industries and NTMs
• A strong but not unique focus on North-South trade and agricultural and food industries
• Sample follows
Part 2. Chapter sample

- Chapter 6. Investigating the Impact of MRL Standards’ Similarity on Trade (Liu and Yue)
- A similarity index of MRLs regulations is introduced into a Variable Elasticity of Substitution (VES) model to analyze the impacts of MRLs regulation similarity on trade flows and social welfare.
- Consider the case of requirements set by the importing country are stricter than those of the exporting country.
- The more similar the MRLs regulation between trading partners is, the more substitutable their goods are.
- Developing countries upward harmonizing their MRLs standards to developed countries, could expand exports.
Part 2. Chapter sample

- **Chapter 12. Building Trust through Certification and Accreditation in Trade Relationships. Evidence from the Food, Beverage and Tobacco Industry** (Blind, Mangelsdorf, Wilson)
- Examines how third party certification with the ISO 9000 quality management standard and mutual recognition of certification the IAF-MLA forum. Econometric investigation using gravity approach
- Quality management certifications are positively correlated with bilateral trade. Certifications help to reduce information asymmetries, signal commitment to quality production processes and to build bilateral trust.
- Mutual recognition of certification has a positive and significant effect on trade
- Show the importance of technical assistance in conformity assessment services in developing countries
Today’s presentations

• Choosing the Best Model in the Presence of Zero Trade: A Fish Product Analysis  Nhuong Tran, Norbert Wilson, & Diane Hite

• Trade Integration and Firm Export Status: The Case of EU Harmonization of Food Regulations  Mark Vancauteren

• Private Food Standards and Firm-Level Trade Effects: the Peruvian Asparagus Case  Monica Schuster & Miet Maertens

• NTMs, Protectionism, and the International Competitiveness of Agri-food Industries in Canada and the United States  Bo Xiong & John Beghin

• The Participation of Smallholder Farmers in High-Value Export Markets Governed by Standards: The Role of Exporter Procurement Practices  Spencer Henson, Steven Jaffe, & Oliver Masakure