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

Thomas M. Suber



U.S. Dairy
Export Council®

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Confronting Technical Barriers to Trade

Achieving NEI through Regulatory Coherence that strengthens rules on SPS measures

Agricultural Outlook Forum

February 24, 2011



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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

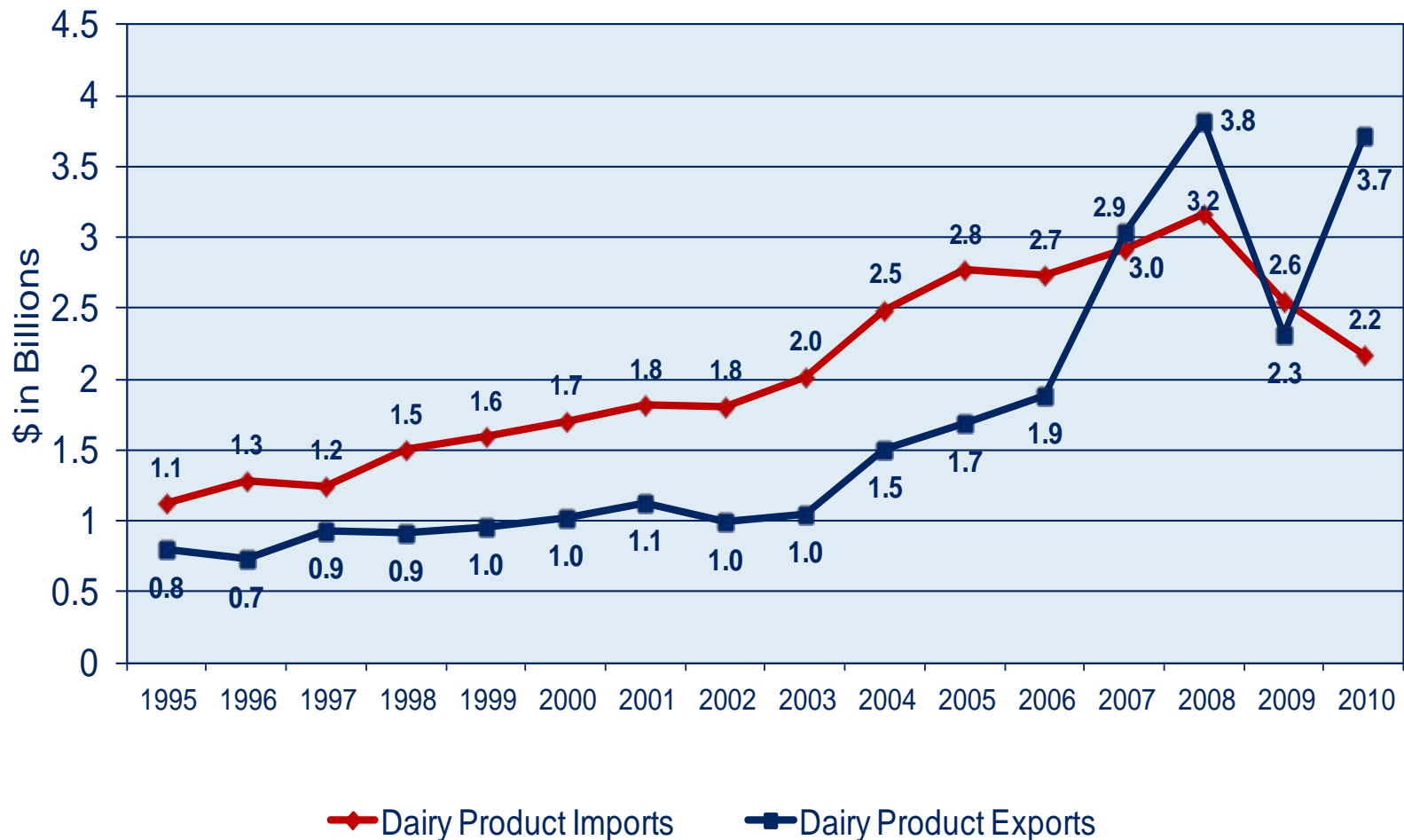
- Only existing tool to deal with SPS issues
- Anchors SPS issues in WTO for dispute resolution
- Focuses SPS on scientific evidence and risk assessment
- More a set of principles rather than specific rules



WTO building, Geneva, Switzerland



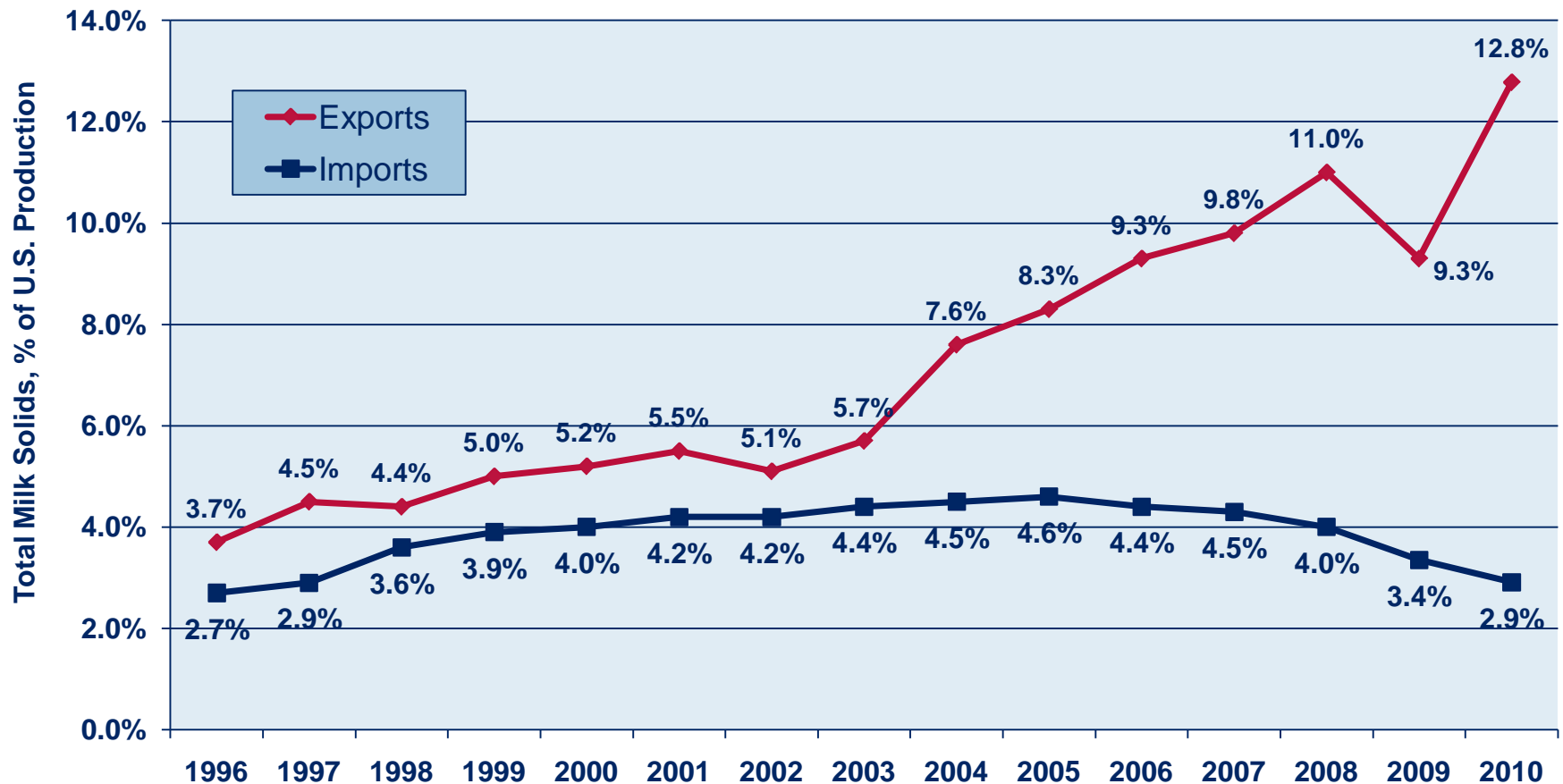
U.S. Dairy Exports On Long-Term Growth Trend





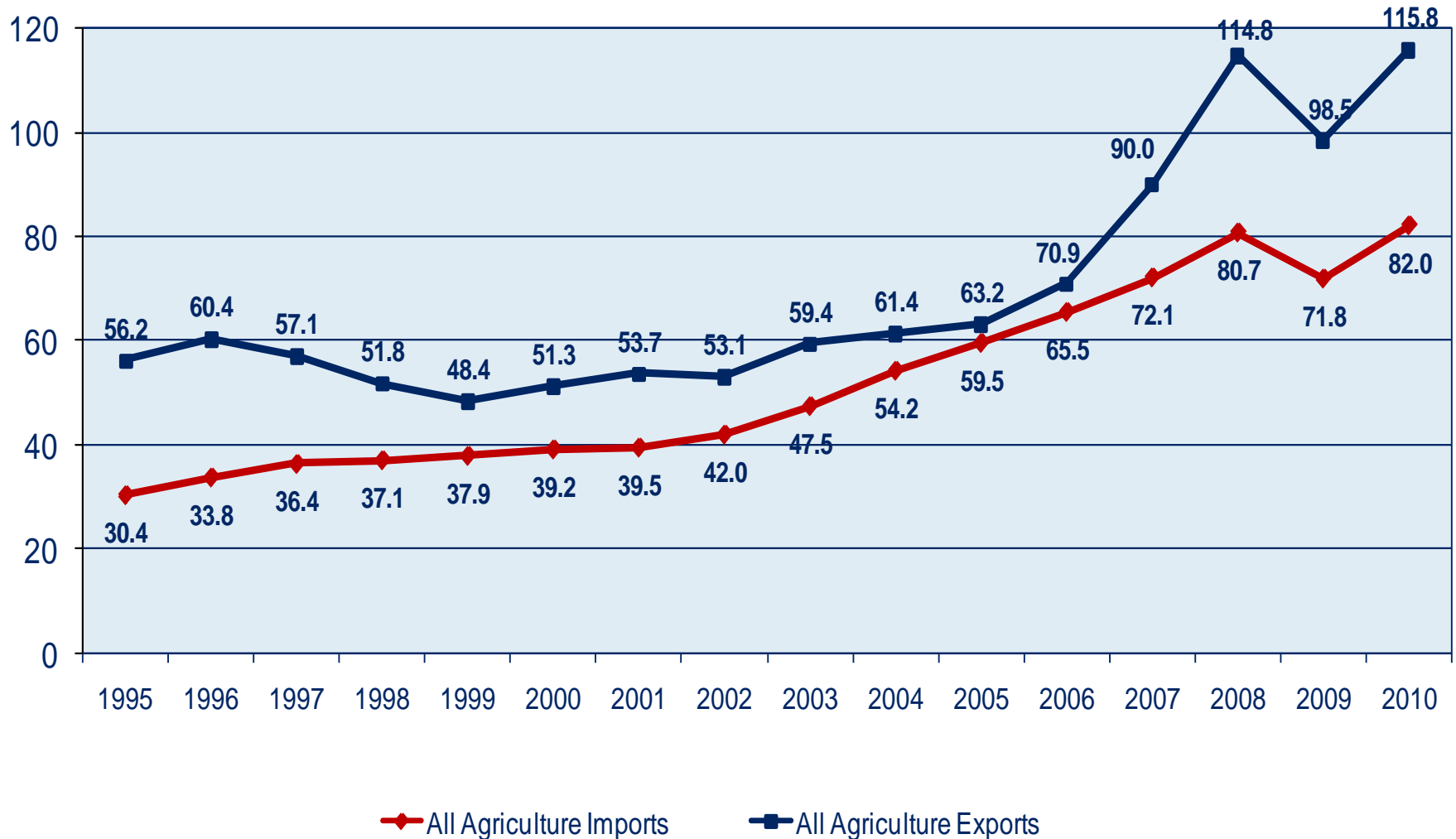
Reliance on Exports Is Transforming Industry

U.S. DAIRY TRADE BALANCE, 1996-2010





U.S. Agricultural Trade (1995-2010)





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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





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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

- 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
- **Documentation issues**
 - Lack of standardization across countries
 - Some countries ask for unjustified data requirements



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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified





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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
- Proactive engagement from U.S. government



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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
- Proactive engagement from U.S. government
- Reaffirm science as the core



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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
- Proactive engagement from U.S. government
- Reaffirm science as the core
- **Increase the role of science-based international standards organizations**



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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
- Proactive engagement from U.S. government
- Reaffirm science as the core
- Increase the role of international standards organization
- **New rules need to reflect comments of stakeholders and implemented only after industry has a time to adjust**



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Elements of an Improved Global System

- WTO SPS agreement is a good start, but needs to be amplified
- Proactive engagement from U.S. government
- Reaffirm science as the core
- Increase the role of international standards organizations
- New rules need to reflect comments of stakeholders and implemented only after industry has time to adjust
- **Harmonization of import documentation**



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Trans-Pacific Partnership Countries



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



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Thank You

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