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Agriculture Outlook 2012



SPS Issues and Free Trade Agreements

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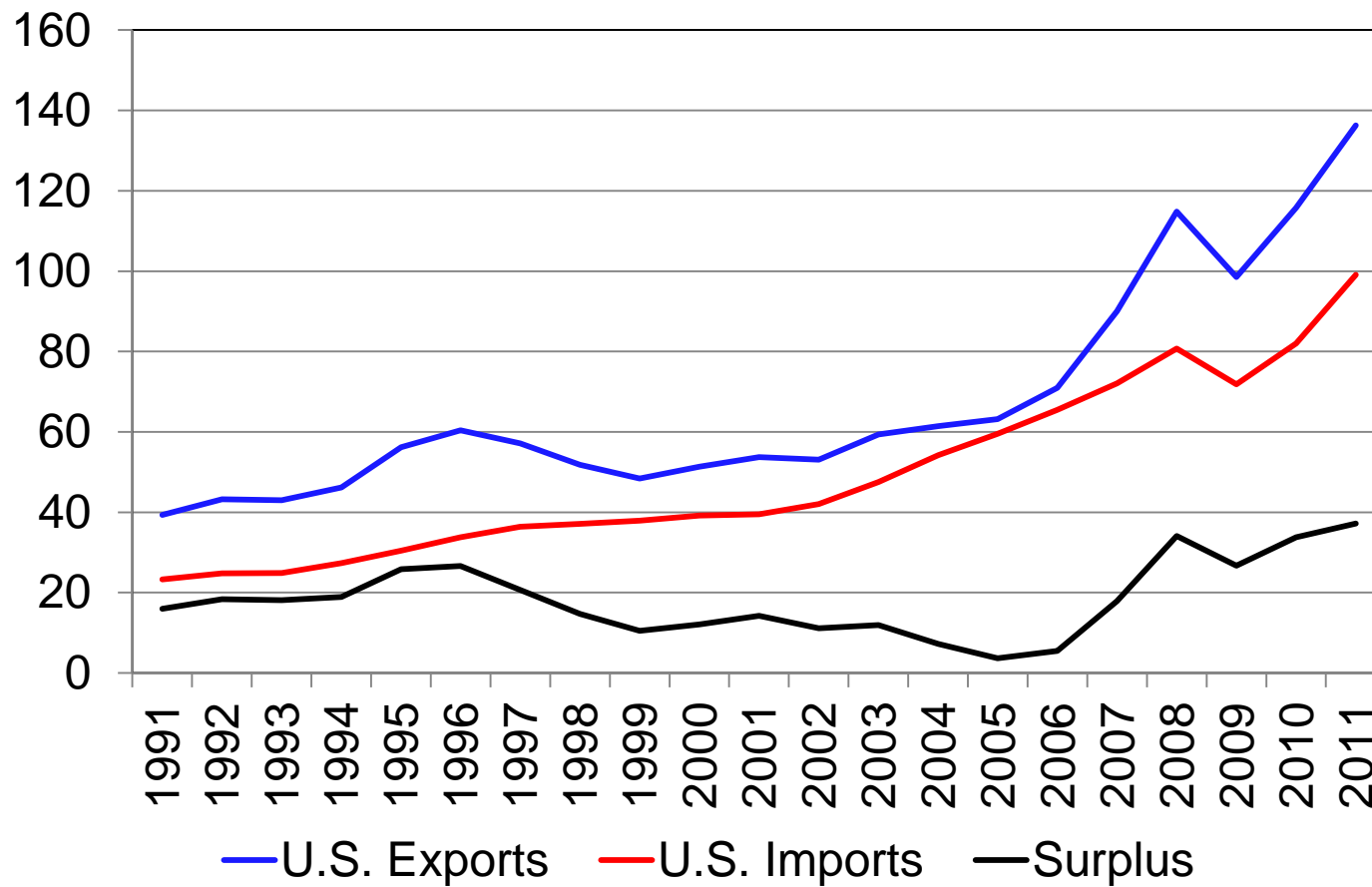
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Agenda

- a. Introducción
- b. SPS rules in the here and now
- c. Where SPS rules need to go
- d. Where SPS rules are going

- Sanitary and Phytosanitary (SPS) Measures defined
 - any measure, procedure, requirement, or regulation,
 - taken by governments
 - to protect human, animal, or plant life or health
 - from the risks arising from the spread of pests, diseases, disease-causing organisms, or from additives, toxins, or contaminants found in food, beverages, or feedstuffs.
- Growing importance of SPS measures in agricultural trade
 - Decline in tariffs and other overt trade barriers leads protectionists to look for disguised barriers to trade.
 - Advances in food safety science and technology, and lower risk tolerances, make it easier to identify potential threats.
- The importance of rules.
 - The process can be more important than the letter of the law – how interagency discussions are supposed to discourage bad choices.

- What's At Stake: U.S. Agriculture Exports and Imports



Billions of U.S. dollars

Who Makes and Enforces the Rules?

- World Trade Organization

- Set of rules
- Dispute settlement
- Negotiating forum



- NAFTA

- bilateral arrangement
- rules and procedures follow basic outline of the WTO

- Other Free Trade Agreements (FTAs) -- nothing much to say

- No new substantive obligations
- Consultations
- Technical capacity building to support trade

What Are the WTO Rules?

- The 3 ½ Rules of the GATT
 - Most Favored Nation (MFN) treatment
 - Non-discrimination
 - No non-tariff measures, protection is supposed to be through tariffs and they can't exceed bound rates
 - Subsidies are discouraged
- And lots of exceptions
 - Regional trade agreements
 - Safeguards
 - Environment
 - Balance of payments
 - Technical regulations
 - Health and safety



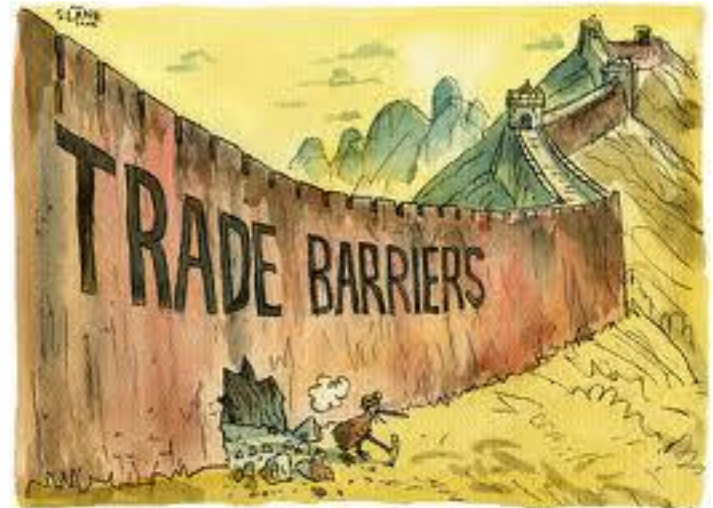
What Are the WTO SPS Rules?

- SPS Agreement: Key Themes
 - Balance of rights and obligations
 - Principles, not technical details
 - The sword of science
- Core Elements
 - Right to take measures
 - Obligation to discipline measures
 - Scientific basis and use of risk assessments
 - International standards
 - Non-discrimination
 - Practical ideas



What's Wrong with the WTO SPS Rules?

- First step in a long process
- Principles, not detailed commitments
- Reliance on international organizations



How Have the Rules Worked for U.S. Agriculture?

- Well:
 - Cases won include EU hormones, Japan apples, Japan varietal testing, and EU biotech
 - Numerous bilateral access problems negotiated short of litigation
 - Numerous trade barriers stopped in internal discussions
- And yet
 - Still lots of trade barriers
 - Current rules may not help solve all our problems

What's is the TPP Anyway?



Trans Pacific Partnership Countries

Why does the TPP matter?

- A number of influential countries
- Several markets of interest
- Potential for other countries joining (Japan, Mexico, Canada,)
- Objective to improve the 'state of the art' in trade agreements
- The only game in town



What are they talking about in the TPP?

- Core problem: countries respond to non-scientific pressure to establish bogus import restrictions, put them into place without providing adequate prior notice, and decline to adjust requirements to facilitate trade.
- Possible Solutions:
 - Can we strengthen role of science and international organizations?
 - Can we increase scrutiny of new measures?
 - Can we require countries to take into account suggestions from their trading partners?
 - Can we delay implementation to allow industry to adjust?

Good Ideas for Trade Negotiators

- Can we extend the comment period before rules are finalized?
- Can we require governments to provide answers to questions posed by other governments about draft rules?
- Can governments be required to provide a reasonable period of time for the trade to adjust to the implementation of new measures?
- Can risk assessment principles be agreed?
- Can new measures that are inconsistent with international standards be subject to stricter scrutiny?
- Can a more rigorous standard for basing measures on scientific evidence and risk assessments be set?
- Can governments facilitate recognition of common export certifications?
- Can governments facilitate recognition of equivalence?
- How can harmonization of standards be encouraged?