Seminar on Trade Facilitation in East Asia
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TBT Development and impacts on China’s exports

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Main Contents

I. Eight Characteristics and trends of technical barriers to trade (TBT)
II. TBT being more and more important barriers to China’s export
III. Measures to break through TBT
Meaning of TBT

- **TBT** means any mandatory or voluntary technical measures which has restrictive impacts on trade.
- **Objectives:** protecting life or health of human, animal or plant, and the environment; preventing deceptive practices; ensuring quality of products.
- **TBT** is one of the important parts of non-tariff barriers.
TBT increases cost and risk of trade, distort comparative advantages

- US and EU’s studies show 15-25% of world exports reduced owing to technical regulations, 3.75-6.25% of world exports reduced owing to technical standards and certification.
- American Ministry of Commerce estimated US$150 billion of US exports have been affected directly by EU’s TBT
- ITC’s report: 88% of world trade is potentially affected by environment-related trade barriers
1. Quick increase in numbers

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<td>44</td>
<td>1121</td>
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<td>Textiles &amp; clothing</td>
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<td>126</td>
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<td>Total</td>
<td>1314</td>
<td>1439</td>
<td>1778</td>
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<td>2043</td>
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<td>% of TBT-SPS</td>
<td>44.7</td>
<td>51.6</td>
<td>64.3</td>
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<td>64.9</td>
<td>65.7</td>
<td>62.6</td>
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2. Complexity

- Various forms
- Increasing requirements
Various forms

- Mandatory technical regulations
- Voluntary standards
- Various conformity assessment (testing/certification)
- labeling;
- Packaging;
- IT barriers,.
Increasing requirements

- Processes and production methods (PPMs);
- Life-cycle-related requirements
- Shift from risk management to risk minimization or avoidance
- Maximum residue levels (MRL): from ppm to ppb
- Producers’ extending responsibility
- Internalization of environmental costs
3. Strong spread effects

- From one products to many products, or whole industry even related industry: WEEE Directive (2002/96/EC); EU’s REACH; EU’s animal-source food prohibition on 30 Jan. 2002: shrimp meat to 100 products
- From one country to other countries: EU’s animal-source prohibition; Oze dye directives;
4. Systematic control: from one indicator to sets of indicators, to whole system

- Tea in EU: 118
- Rice in Japan: from 20 in beginning of 1990 to 123
- Vegetables in Japan: over 60
- Apple juice in USA: 108
- Eco-textiles in EU: so many indicators
Systematic control

- ISO9000/ISO14000
- HACCP
- SA8000
- OHSAS18001
- Traceability
- Organic food
- EUREP GAP
5. Combination of Various requirements

- Safety: UL, CE
- Environmental protection
- Social standards: SA8000
- Protection of intellectual property rights and patents: Japan’s Law on Seedling; China’s Law on Seedling;
- Export of VCD
6. Combinations of green barriers with tariff and other NTBs, etc.

- USA’s case of apple juice: from anti-dumping to green barriers
- EU’s lighters: CR to anti-dumping
- Eco-textiles: green barriers to replace coming finished quota system?
- Combination of voluntary measures with mandatory regulations
- Combinations of producers, consumers, industrial associations, NGOs, media with governmental bodies
## 7. More and more trade disputes

<table>
<thead>
<tr>
<th>Year</th>
<th>TBT</th>
<th>SPS</th>
<th>TBT&amp;SPS</th>
<th>Total</th>
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<td>2002</td>
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<td>8</td>
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<td>Total</td>
<td>28</td>
<td>28</td>
<td>14</td>
<td>42</td>
<td>50</td>
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8. Trade protectionism is very active in Utilizing TBT

- As the reduction of tariff, traditional NTBs, TBT is replacing them and becoming more important, effective and high-level tool of trade protectionism
level of protection

- Scientific evidence: International standards plus; Testing equipment can test stories
- Discriminatory stories: how to monitoring developed countries’ own producers’ ability
- CAP(chloramphenicol): EU-o.1 PPB; USA-0.3 PPB; Canada-1PPB
- Tea: level of pesticides remaining decreasing from 100 to 1000 times
- Chlorpyrifos in frozen spinach: Japan’s story
Story of Chlorpyrifos

- Frozen spinach: 0.01 PPM
- Celery: 0.05 PPM
- Tomato, young soya bean: 0.5 PPM
- Chinese cabbage: 1PPM
- Rape, cauli-flower, leaf mustard: 2 PPM
- Radish: 3 PPM
- Poisoning vegetable V. Super poisoning vegetables
II. TBT’s Impacts on China’s Exports

- Basic trend: TBT is replacing tariff and other NTBs
- Questionnaires by Ministry of Commerce in 2002 and 2003
# Summary of exports affected by technical barriers to trade

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of enterprises limited</th>
<th>Proportion of export products limited</th>
<th>Loss (US$100 million)</th>
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<tbody>
<tr>
<td>2000</td>
<td>66%</td>
<td>25%</td>
<td>110</td>
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<tr>
<td>2002</td>
<td>71%</td>
<td>39%</td>
<td>170</td>
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Impacts on specific sectors

- Agricultural and food sector
- Textiles and clothing
- Toy with PVC, lighter, bikes
- Machinery and electronic industry
IV. Some recommendations

- Establishing new ideology and development strategy
- Structural adjustment, developing green products
- Establishing own system of technical measures to trade
- Actively participation in pre-establishing of TBT measures, especially international standards
- Establishing international clearing house of TBT and early warning and quick response mechanism, make full use of mechanism of TBT notification, assessment and enquire points
- Try to avoid environmental measures used by trade protectionism and make full of WTO’s dispute mechanism
- How to realize the special and differential treatment of developing countries, esp. the least developed countries
Thank you all!