OVERCOMING BURDENSOME REGULATORY TRADE COSTS: HOW VALUABLE IS THE WTO TBT COMMITTEE WORK?

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Disclaimer: the views expressed herein are those of the author should not be interpreted as an official position of the European Commission
HOW IMPORTANT ARE REGULATORY ISSUES AND TBTs FOR EU EXPORTERS?

- The trade effects of TBTs can be very complex, and influenced by many factors.
- Ghodsi, Grubler and Stehrer (2016) found that the average ‘tariff equivalent’ effect on trade from existing TBT STCs raised by all WTO members was between 9-19%
THE ECONOMIC VALUE OF STC SUCCESSES OVER TIME

- **Year 1**: STC raised
- **Year n-1**: STCs are (fully or partially) resolved
- **Year n**: STC raised (again)
- **Year n+1**: Trade previously affected by STCs benefits from removal
- **Today**: Benefits from all previously solved STCs continue to apply

The economic value of STC successes over time involves a sequence where STCs are raised, resolved partially or fully, and trade benefits from their removal continue until today.
METHODOLOGY

- We examined 69 STCs on TBT issues raised by the EU that were successfully addressed in the WTO TBT Committee between 2009 and 2020
- For each successful STC, we identified the product range that potentially benefited from the removal of the barrier, using the standard HS classification
- We used a multi-pronged product identification method and managed to assign a total of over 900 HS codes to the list of STCs successfully addressed by the EU in the WTO TBT Committee
- We used an algorithm to ensure that each individual HS6 code was included only once and to avoid duplication by the same products being counted twice
- If an EU product exported to the same third country may have benefited from the removal of more than one STC during the period covered, we have included that product only once
WHICH SECTORS BENEFITED THE MOST FROM SUCCESSFUL STCs?

EU Benefits - but not only
The distribution of EU exports that benefited from interventions in removing technical barriers to trade-related concerns in the WTO context

- Medical devices and pharmaceuticals
- Automobile
- Food products
- Electrical appliances
- IT products
- Beverages
- Cosmetics
- Other sectors

€83 billion worth of EU exports were facilitated by successful STCs in the WTO TBT Committee over the past decade

Source: Lucian Cernat, David Boucher. “Multilateral cooperation behind the trade war headlines,” Centre for European Policy Studies 2021

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SUCCESSFUL STCs: MAIN TRADING PARTNERS
KEY MESSAGES

- The important technical work carried out in specialised WTO committees is often overlooked.
- We need to showcase the significant economic importance of such regulatory cooperation work.
- It is important to acknowledge that the successful removal of STCs happened thanks to the engagement of other trading partners and their commitment to multilateral rules and their proper implementation.
- The benefits stemming from resolving such STCs did not accrue only to EU exporters. In many cases, such TBT concerns were jointly raised with other WTO members. Trade facilitation effects were both de facto and de jure implemented vis-à-vis all WTO members, so even if not all WTO members associated themselves with such STCs, the trade benefits were multilateral in nature.
Multilateral cooperation behind the trade war headlines

How much trade is freed up?

Lucian Cernat / David Boucher

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