

NON-TARIFF BARRIERS THAT BLOCK TRADE

Exporters often find that it is not only tariffs but other issues, such as customs rules or import standards, which block them from selling products in other countries.

These so-called non-tariff barriers (NTBs) are so serious that they are specifically under negotiation within the World Trade Organisation Doha Round. The aim is to ensure that such obstacles are subjected to effective rules and, where possible, reduced or eliminated.

The negotiations deal principally with pushing forward trade facilitation issues, such as clarifying or simplifying customs rules and procedures. In addition, the reduction or elimination of non-tariff barriers (NTBs) to trade in industrial and manufactured goods is a major part of the non-agricultural market access (NAMA) negotiations in the current WTO Doha Round.

New Zealand fully supports this objective, having found that these non-tariff barriers have cost exporters more than \$1 billion annually.

The top 10 barriers faced by New Zealand exporters, in order of frequency, are identified as:

- standards and certification.
- customs procedures.
- food safety or health requirements.
- distribution constraints.
- high internal taxes or charges.
- import quotas or prohibitions.
- inadequacies in intellectual property protection.
- cargo handling and port procedures.
- subsidies or tax benefits for domestic firms.
- import licensing.

The issues

In some overseas markets, New Zealand trade officials spend a great deal of time and effort seeking to ensure that products can enter the market and compete fairly with domestic products. The work being done on NTBs at the WTO provides an opportunity to encourage WTO members to find the least trade restrictive ways to meet their regulatory objectives.

Although work to address NTBs has been underway for some time now – both by the general membership as well as by New Zealand – it has tended to take a back seat to the other NAMA issues, notably the negotiations around the formula for determining the size of tariff cuts. To some extent, this reflects the greater historical importance of tariff reductions to securing trade liberalisation, but it also highlights the inherent difficulty in dealing with a broad range of often unrelated NTBs.

One of the difficulties in dealing with NTBs is that they are often linked to legitimate public policy objectives such as health and safety or environmental protection. They may therefore be in place for valid regulatory reasons. At the same time, however, it is important to ensure that these NTBs do not become unnecessary obstacles to trade.

The negotiations

New Zealand has made a number of submissions to the WTO, suggesting a range of ways that NTBs could be addressed. Submissions have included a specific proposal aimed at tackling standards and technical regulations that restrict the use of timber in building construction. This proposal, submitted in January 2005, was co-authored with the United States.

As with the rest of the NAMA negotiations, the Hong Kong Ministerial meeting in December 2005 delivered less on NTBs than New Zealand would have wanted. Ministers at Hong

Kong directed members to submit precise negotiating proposals for NTBs as quickly as possible. Members subsequently submitted proposals by 30 April 2006 on a range of issues such as export restrictions, export taxes, NTBs affecting textiles and clothing, and a horizontal mechanism to mediate on NTBs in future. New Zealand and the US are working on a refined 'Timber Standards' proposal that would propose specific outcomes from the NAMA negotiations in this area.

Where to next?

The onus is now on members, including New Zealand, to build support for their respective proposals.

New Zealand is paying close attention to the initiatives being suggested by other members, and remains open to supporting any that could deliver tangible results, especially those that do so in a simple, transparent manner.

For a glossary of trade associated words please go to:
http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm