

TECHNICAL BARRIERS TO TRADE

Regulations and standards have an important role in protecting human health and the environment, and in preventing deceptive trade practices. However, when they are more onerous than necessary, lack transparency, or arbitrarily discriminate against products from particular countries, they can act as de facto trading obstacles, or technical barriers to trade.

The issue

The term 'technical barrier to trade' (TBT) is used to describe a government regulation or a voluntary standard which implicitly restricts or disadvantages the import of goods from another country, despite having a seemingly legitimate purpose to, for instance, regulate the health and safety implications of a particular product.

Such regulations may have the effect of protecting domestic industries in the importing country, and add additional burden to exporters wishing to sell on an equal footing with those domestic companies.

The Agreement on Technical Barriers to Trade

One of the key goals of trade negotiations under both the General Agreement on Trade and Tariffs (GATT) and the World Trade Organisation (WTO) has been to place stricter disciplines on technical regulations and standards.

The Agreement on Technical Barriers to Trade, concluded when the WTO was established in 1995, places even more rigorous disciplines on technical regulations and provides a framework for reducing trade barriers. This agreement ensures that domestic measures relating to how a product is designed, manufactured or used do not become de facto barriers to trade and it also covers procedures for verifying compliance with regulations and standards.

Main functions of the Agreement on Technical Barriers to Trade:

- Requires WTO members not to discriminate in favour of domestically produced goods, and to apply equal treatment to 'like products' from other members.
- Encourages members to adopt international standards, or at least accept the equivalent regulations from other countries.
- Urges countries to base regulations on requirements in terms of the performance of a product, rather than focusing on the design, or other descriptive characteristics.
- Introduces a code of practice, which outlines procedures for the preparation, adoption and application of standards. This Code encourages countries to recognise each others' testing procedures. This would allow exporters to test their products against an importing country's standards at home.
- Implements a 'National Enquiry Point', which gives exporters a 'one stop shop' for information on the latest international standards. Through this point, other WTO members may obtain information on that country's technical regulations, standards and testing procedures. The enquiry point also covers that member's standards-related agreements and involvement in regional standardising bodies and conformity systems. New Zealand's enquiry point is Standards New Zealand (www.standards.co.nz).

What is in it for New Zealand?

As a small exporting country, New Zealand stands to benefit significantly from improved disciplines on technical barriers to trade. These disciplines help both by making international trade easier and by providing a framework for raising concerns with trading partners when our own exports face arbitrary or overly restrictive requirements and regulations.

Stricter disciplines also help the New Zealand government ensure that New Zealand's domestic regulations are in line with international practice, and that New Zealand consumers are not deprived of their right to choose from a broad range of domestic and international products.

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