

2010 APEC Initiative on Standards and Technical Barriers to Trade

A central element of APEC's agenda is work to accelerate regional economic integration [REI] in the Asia-Pacific. In order to achieve that goal, APEC Leaders' instructed officials to "intensify our work on initiatives to promote greater convergences among economies in key areas of APEC's REI agenda, including in...standards/technical barriers to trade." In order to fulfill the APEC Leaders' instructions to increase convergences in a key aspect of our trade and investment agenda, we propose that the Committee on Trade and Investment (CTI) launch an initiative on standards and technical barriers to trade (TBT) in 2010.

BACKGROUND

Standards, technical regulations, and conformity assessment procedures serve many purposes and their use underpins trade. Standards-related measures are essential to meeting critical objectives, such as protecting health, safety, and the environment, and preventing deceptive practices. Standards can also increase the efficiency of production and facilitate the conduct of international trade, resulting in more rapid trade flows, reduced costs, and greater integration of production networks.

However, unless developed and applied properly, standards, conformity assessment procedures and technical regulations can also serve as unnecessary or discriminatory barriers to trade. In addition, divergences in technical requirements across economies can negatively impact trade and investment flows by making it difficult for producers and exporters to access information on, and comply with, these diverse and evolving requirements and guidance. Further, standards, technical regulations, and conformity assessment procedures can be misused as a disguised form of protectionism. In the current trading environment, in which great strides have been made in reducing and/or eliminating tariffs, ensuring that these measures are genuinely useful in achieving legitimate objectives and not arbitrary or an excuse for protectionism, and reducing unnecessary divergences in technical regulations, standards, and conformity assessment procedures, is essential to our efforts to strengthen regional economic integration in the Asia-Pacific.

Increasingly, APEC economies consider addressing technical barriers to trade [TBT] as a critical aspect of their own trade and investment agendas. The TBT section of the APEC Study on Convergence/Divergences in APEC FTAs/RTAs concludes that most "new-generation" APEC RTAs/FTAs have "included provisions regarding technical barriers to trade in their bilateral and regional trade agreements"; however, the approaches that are taken by economies in these agreements do show some divergences in the extent to which they support WTO principles, as well as whether they contain WTO-plus disciplines.

APEC has had a robust agenda to address issues related to standards and conformity assessment procedures at a technical level under the Sub-Committee on Standards and Conformance (SCSC), which was established in 1994. The SCSC brings together trade policy, standards, and technical experts to advance cooperation on policy priorities and capacity-building on trade-related standards issues. The SCSC's efforts seek to promote greater alignment of international standards, technical regulations, and conformity assessment procedures, facilitate the acceptance of the results of conformity assessment, improve technical infrastructure on standards- and conformance-related issues, including those related to measurement and testing, and advance good regulatory practices and regulatory cooperation. The SCSC has made important contributions in advancing progress and understanding on the trade aspects of standards-related measures, both in the Asia-Pacific region and around the globe.

In 2006, New Zealand and Singapore proposed to the CTI that APEC take on a greater and more focused role on standards (2006/SOM2/CTI/015), including by fostering regulator-to-regulator dialogues; increasing private sector involvement in standards discussion and sectoral dialogues on standards issues; and improving coordination among the standards bodies in the region covering issues like conformance and standards development. While some of these issues were incorporated into the Trade Facilitation Action Plan II, and the SCSC and other subfora (such as the Chemical Dialogue) have taken work forward in these areas, the CTI has not delved into the substance of these issues since its 2006 discussions, despite their importance to the APEC REI agenda.

OBJECTIVES FOR 2010

Under this initiative, we propose to advance work in four main areas in 2010:

- 1) **Advance Regulatory Cooperation as a Tool to Prevent Technical Barriers to Trade:** Establish a process mechanism in APEC that will encourage regulatory cooperation aimed at preventing and addressing unnecessary technical barriers to trade. The 2007 Leaders' mandate to strengthen food and consumer product safety standards and practices brought key regulators to the table for the first time in APEC, and resulted in greater transparency and better alignment of technical requirements and standards, and robust cooperation on capacity building. The CTI should build on this success facilitate the creation of an institutionalized process to provide in APEC early dialogue on emerging regulatory issues, with the goal of producing better regulatory outcomes and preventing unnecessary technical barriers to trade.

Timeline: Following endorsement of this proposal by the CTI in June, the United States will circulate a paper intersessionally for discussion at the SCSC and other relevant subfora and CTI 3 in September. The goal is to gain Ministers' and Leaders' endorsement in November 2010.

- 2) **Action Plan on Business Engagement in Standards and Conformance:** Develop a strategy and implementation plan to promote the sustained engagement of business stakeholders on standards and conformance issues in APEC economies to ensure that standards and conformance solutions in the region reflect the APEC goals of market-driven interdependence and open regionalism. Robust participation in the development of standards by business in the APEC region helps ensure that standards reflect the trade and economic demands of the region. Greater business engagement in the work of APEC on standards and conformance is an important part of the SCSC's Collective Action Plan in Trade Facilitation. Engaging with businesses ensures that APEC officials understand the on-the-ground realities of complying with technical requirements, and enables those officials to formulate positive initiatives to address the technical aspects of trade issues. This work was approved by APEC Ministers in 2009, and will be undertaken by the SCSC in conjunction with the CTI.

Timeline: The SCSC is currently doing a survey of its member economies on their priorities and practices related to increasing business engagement in standards and conformance. The results of the survey will be reported at SCSC 2 and CTI 3 in September, and will include recommendations for improving business engagement in SCSC projects and mechanisms for how businesses are currently engaged in SCSC activities. Following CTI 3, the Business Engagement Strategy and Implementation Plan will be drafted, and circulated for SCSC and CTI agreement, and Ministers' and Leaders' endorsement in November 2010.

- 3) **Discussion of Issues Associated with Conformity Assessment:** In cooperation with the SCSC, begin a dialogue in the CTI on trade issues related to conformity assessment to

address unnecessary, duplicative, and unclear testing and certification requirements in the region. Conformity assessment enables buyers, sellers, consumers, and regulators to have confidence that products sourced in global markets meet specific requirements. However, the costs and delays attributable to unnecessary procedures are frequently cited as a key concern for suppliers and exporters in the region. The CTI dialogue will cover the role of international standards, guides, and arrangements, as well as sound rationales and risk management techniques, for choosing and implementing appropriate conformity assessment procedures to facilitate trade.

Timeline: Following endorsement of this proposal by the CTI in June, the CTI will begin discussing issues related to conformity assessment at SCSC 2 and CTI 3 in September, with a view to continuing this dialogue at CTI in 2011. Seeking input from the conformity assessment experts (such as APLAC and PAC), the United States and other interested economies will table a paper outlining the relevant issues intersessionally to facilitate discussion at SCSC 2 and CTI 3.

- 4) **Capacity-Building on Standards/Technical Regulations Issues:** Capacity building in the areas of standards, conformity assessment, and technical regulations is critical to increasing the ability of APEC economies to provide open, transparent, and effective processes for the development and implementation of these measures. Ensuring that APEC stakeholders can provide input into these processes will enable economies to make the best decisions possible with regard to developing and implementing these measures without creating unnecessary technical barriers to trade. The goal of the capacity-building is to increase policy level understanding of the significance of standards, conformity assessment, and technical regulations to APEC's work to strengthen regional economic integration in the Asia-Pacific.

Timeline: A Trade Policy Dialogue covering standards /technical regulations issues will take place at CTI 2. Current capacity-building activities, and need for possible additional capacity-building, will be discussed at CTI 2, and the United States will table at CTI 3 a proposal for subsequent work in this area, taking into consideration the work of the SCSC, at CTI 3.

It is our intention that the pursuit of work in these four areas will achieve two main goals. First, we will improve our collective understanding of trade-related issues associated with standards, conformity assessment, and technical regulations, as outlined above, and how they impact our efforts to strengthen regional economic integration, particularly in a trading environment where non-tariff barriers pose one of the greatest obstacles to free and open trade and investment. Second, we will seek to increase convergences in how we approach these issues by agreeing to take specific actions in the areas outlined above.