

## UNCTAD 14

### Lowering Hurdles for Trade: Trade Costs, Regulatory Convergence, and Regional Integration

Statement by the Deputy Secretary-General of UNCTAD

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Tsavo 2, KICC, Nairobi, Kenya

*AS PREPARED FOR DELIVERY*

Honorable Ministers,  
Distinguished Panelists,  
Excellencies,  
Ladies and Gentlemen,

Let me begin by thanking all of you for coming today on behalf of UNCTAD and our co-host ISO.

As tariffs have fallen to historic lows, non-tariff measures are increasingly the more significant hurdles to developing country exporters.

But because many regulatory measures serve primarily non-trade-related purposes, they cannot be readily abolished like tariffs. They often serve a range of public health, labor, or environmental concerns - such as Sanitary and Phytosanitary measures or Technical Barriers to Trade.

They are needed to respond to the concerns of our citizens. And when based on international standards, they can promote trust between nations and a common language between traders.

These kinds of measures are also becoming increasingly widespread. Sanitary and Phytosanitary measures, for example, cover more than 60% of agricultural trade. Technical Barriers to Trade cover almost 70% of world trade.

Such regulatory measures disproportionately add to trade costs of SMEs and developing countries, particularly the LDCs. According to our estimates, for example, the trade impact of the EU's SPS measures amounts to a loss of about US\$3 billion for low-income country exports. That's equivalent to 14 percent of their agricultural trade with the EU.

Similarly, according to our calculations, the non-tariff measures applied by the G20 countries reduce LDC exports by \$23 billion. To put that in perspective, that is more than *twice* the effect of current tariffs.

Small firms - those that are incidentally most likely to create jobs - are often the most affected. It's no secret that highly technical regulations often deter small firms from global markets.

We must do much to mitigate such effects:

- 1) We can do more to coach and train small developing-country exporters.
- 2) we should be better at fostering regulatory convergence, especially at regional level, based on international standards.
- 3) we must also work at the multilateral level to simplify and improve the transparency of procedural and regulatory requirements.

The ability of developing country exporters to comply with non-tariff measures, and in particular with SPS measures and TBTs, hinges at the very least on the relative clarity of the measure in question.

And even on this basic point, serious hurdles emerge.

Despite the widespread use of non-tariff measures, there remains a significant "transparency gap."

This is where UNCTAD fills the gap.

In collaboration with several partners, we collect comprehensive data on non-tariff measures. Our hope is that we can bridge the transparency gap and make it easier for developing country exporters to navigate these obstacles to trade.

And it is my pleasure to announce that UNCTAD is launching today, during this session, the largest single global database on Non-Tariff Measures. The database covers 56 countries accounting for 80 per cent of world trade.

In UNCTAD, we aspire to reduce the costs that prevent developing countries from capitalizing fully on the opportunities of greater trade and investment. Non-tariff measures, therefore, is a key priority for us.

Ladies and Gentlemen,

Let me stop here, wish you a productive and engaging session and turn over the floor to our moderator, Kevin McKinley of ISO.

Thank you for your attention.