WORLD TRADE ORGANIZATION

TN/MA/W/104
11 April 2008

(08-1695)

Negotiating Group on Market Access Original: Spanish

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Negotiating Proposal on Non-Tariff Barriers in the Chemical Products and Substances Sector

Communication from Argentina

The following communication, dated 10 April 2008, is being circulated at the request of the delegation of Argentina.

I. INTRODUCTION

Pursuant to paragraph 16 of the Work Programme adopted at the Doha Ministerial Conference and paragraph 22 of the Decision adopted at the Hong Kong Ministerial Conference, Member States agreed to conduct negotiations to reduce or eliminate tariff and non-tariff barriers, particularly with regard to products of export interest to developing countries. This document is a specific negotiating proposal by the Argentine Republic on non-tariff barriers in the chemicals sector.

Non-tariff barriers distort international trade inasmuch as they impede access to markets of vital importance to developing and least developed countries, increase export-related transaction costs and place domestic industries at a clear disadvantage at the expense of other WTO Members' producers. Consequently, the elimination of non-tariff barriers is essential to achieve a fairer distribution of the benefits of opening up international trade.

In the chemicals sector, the continued existence of non-tariff barriers acts as a disincentive to participation in international trade, to the point of preventing any type of commercial exchange. This has a seriously adverse impact on the international competitive environment in a sector of vital importance for developing countries, whose chemical industries are mainly composed of small and medium-sized enterprises.

The global chemical industry is essential to a broad range of manufacturing and agricultural industries, which use chemical inputs for practically all their products. By virtue of their capacity to transfer state-of-the-art technology to all parts of the world, chemical industries in countries at all levels of development can be internationally competitive.[1] The global output of this sector for 2006 is estimated at US$3 billion, 41 per cent of which – US$1.2 billion – is traded internationally. Chemical exports account for 10.6 per cent of total world goods exports and 15.1 per cent of world trade in manufactures. Moreover, this sector employs more than 7 million people throughout the world.

[1] Based on the United States communication in the NAMA negotiations (TN/MA/W/58).

Developing countries' share of world trade in chemicals has increased considerably in recent years, from 16.5 per cent in 1990 to nearly 2 per cent in 2006.[2]

The negotiating proposal set out below is aimed at addressing distortions in the international trade in chemical products. A coherent and reasonable line of action would provide guarantees for trade in chemical products and substances, enabling other industrial sectors to diversify and produce finished goods at lower cost.

II. PRODUCT COVERAGE

Given the complexity of the sector, this proposal covers only chemical substances and preparations on which sufficient information is available and which pose minimum risk to human health and the environment. The list of such substances should be agreed by consensus between WTO Members and their minimum risk status should be substantiated by technical reports with appropriate scientific authority.

III. PRINCIPAL OBSTACLES TO NAMA NEGOTIATIONS ON NON-TARIFF BARRIERS

On the basis of an analysis conducted for the chemicals sector, a number of obstacles have been identified which could usefully be considered in the NAMA negotiations on non-tariff barriers.

1. Substance labelling requirements

Although the labelling of chemical substances and preparations has the function of informing the consumer and/or user of essential product characteristics, labelling requirements may in many instances be excessive. This problem in exacerbated by the multiple requirements of certain Members, which bear no relation to internationally agreed standards. It is further compounded by constant changes in labelling regulations for such substances, which leads to a considerable increase in production costs.

2. Requirements with regard to conformity assessment procedures

Conformity assessment procedures play an important role in ensuring that products pose no risk to human health or the environment. They may, however, create unnecessary trade barriers by virtue of: (i) the use of standards that are not internationally recognized; (ii) non-recognition of third party tests and certificates; (iii) wastage of samples due to excess sampling; and (iv) unnecessary testing and certification procedures. All these requirements constitute a major obstacle to trade, particularly for small and medium-sized enterprises.

3. Substance registration and cost of registration

The registration requirement for chemical substances and preparations may constitute a complicated and costly market access procedure. If the costs of conformity assessment, laboratory accreditation and labelling are added to the registration cost, the feasibility of market access is practically undermined.

4. Laboratory accreditation

In some cases, laboratories are required to comply with national regulations which often go beyond the national requirements, thereby placing an additional obligation on enterprises through

[2] Based on WTO statistics.

increased market access costs. At the same time, laboratory accreditation becomes a *sine qua non* for the products to gain access to the markets concerned.

IV. PARAMETERS FOR DISMANTLING NON-TARIFF BARRIERS IN THE CHEMICALS SECTOR

1. Substance labelling requirements

Labelling requirements should be should be kept to the minimum necessary to meet the policy objective sought. Members should agree on the maximum coverage of compulsory labelling requirements. In addition, as regards the content of their respective requirements, Members should undertake to start negotiations in order to define new standards where none exists.

2. Requirements with regard to conformity assessment procedures

Members should undertake to:

- Agree on the nature of minimum risks for which a supplier declaration may be regarded as sufficient; as mentioned under heading II (Product Coverage), the list of minimum-risk products should be substantiated by sound scientific evidence;

- gradually phase out conformity assessment procedures for products posing no serious risk to human health and/or the environment;

- use internationally recognized test methods for conformity assessment;

- recognize third country test methods, to the extent that they comply with international standards;

- abolish re-certification and re-declaration requirements for products which have not substantially changed.

3. Substance registration and cost of registration

The mandatory registration of chemical substances and preparations should be standardized in such a way that each Member's domestic regulations comply with internationally accepted standards. Once approved in the producer's country of origin, registration should be valid internationally, with no need for re-registration in third countries. The excess costs that affect international trade in such products would thus be eliminated.

4. Laboratory accreditation

Agreement should be reached on laboratories being required to comply with internationally agreed standards and to phase out requirements based on national regulations. The principles of good laboratory practice (GLP), adopted under Decision C(97)114/Final of the Organisation for Economic Co-operation and Development (OECD), are a good benchmark for harmonizing laboratory accreditation on the basis of the procedures set forth in Standard ISO 17025.