

Myths of Non-Tariff Barriers: How to Get Ahead of the Curve

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What does the United States Export?

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U.S. Top Exports

- **Travel and transportation:** \$236 billion.
- **Food, beverage and feed:** \$133 billion. Soybeans were the number one product in this category, with sales of \$22 billion, followed by meat and poultry at \$18 billion.
- **Crude oil, fuel and other petroleum products:** \$109 billion.
- **Civilian aircraft and aircraft engines:** \$99 billion. Boeing the nation's largest single exporter.
- **Auto parts, engines and car tires:** \$86 billion. Many of these are shipped to assembly plants owned by both U.S. and foreign automakers in Mexico and Canada.
- **Industrial machines:** \$57 billion.
- **Passenger cars:** \$53 billion. American auto plants supply much of North and South America with cars, and also ship to other markets as well.
- **Pharmaceuticals:** \$51 billion.
- **Finance and insurance:** \$76 billion.
- **Sales from intellectual property:** \$49 billion. This includes software, movies and television shows.

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Where do we export?

Top U.S. Export Markets

Year	Canada	Mexico	China	Netherlands	Germany	South Korea	Japan	United Kingdom
2010	15	10	10	5	5	5	5	5
2011	15	10	10	5	5	5	5	5
2012	15	10	10	5	5	5	5	5
2013	15	10	10	5	5	5	5	5
2014	15	10	10	5	5	5	5	5
2015	15	10	10	5	5	5	5	5
2016	15	10	10	5	5	5	5	5
2017	15	10	10	5	5	5	5	5
2018	15	10	10	5	5	5	5	5

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What is the Goal of a Trade Agreement?

- Reduce barriers to U.S. exports (Tariff and Non-Tariff)
- Protect U.S. interests competing abroad (U.S.-based multinational companies)
- Enhance the rule of law in the FTA partner country or countries (predictability)

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What is a Non-Tariff Barrier?

- Certificate requirements
- Licensing
- MRLs, MCLs
- Product labeling
- Rules of origin
- Determination of eligibility
- According to United Nations Conference on Trade and Development (UNCTAD)
 - Non-tariff barriers SPS and TBT
 - Affect 77% of global trade
 - Mostly stemming from developed countries and Members within their territory
 - Most agricultural-related products

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Myth #1

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government makes trade happen.

- People and businesses make trade happen
- Government should act as an agent of its constituency & ensure that the rules are fair, in terms of consistency with international treaty obligations
- Government exists at the will of the people

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Myth #2

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governments that put in place illegitimate trade barriers are always bad actors

- Legitimate authority to remove an illegitimate trade barrier doesn't mean it's easy
- Governments that try to do the right thing, when not aligned with the will of the people, often find themselves voted out
- In most cases where a nontariff barrier is put in place unintentionally, it is because constituents are exerting political pressure on their governments to implement a particular measure
- The decision-makers are there at their constituents' behest. After all, democratic governments are by the people and for the people.

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Myth #3

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regulators are always looking for ways to overregulate

- Regulators don't understand how industry works
- Regulations are put in place to address a legitimate concern
- Seeking input:
 - Don't wait for regulators to make the first move!
 - Don't wait for a proposed rule!
 - Follow instructions and provide data!
 - Be aware of sequestration!
 - Be aware of pressures facing rulemakers!

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Myth #4

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it is the government's responsibility to educate consumers about the intricacies of risk-based systems and to ensure that consumers receive accurate information at all times.

- Mandate, yes? Resources, no.
- Shift resources to grassroots
- Self-regulation—you set the standard
- Sustainability and problem-solving has multiple benefits

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Myth #5

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the most effective way to address a nontariff barrier is through political maneuvering

- Assumption that Executive Branch interaction should take place with political appointees
- Political pressure is an effective tool to make your issue a priority
- **However**, SPS and TBT measures are highly technical in substance and require a technical response and feasible solution
- The most important question you can ask when interacting with regulators?
"What do you need to know from us?"

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Questions?

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