



CONFORMITY ASSESSMENT

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BETWEEN RISK MANAGEMENT AND TRADE COSTS

Thematic Session on Conformity Assessment Procedures

TBT Committee

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Context (1): IRC in OECD work

International Regulatory Co-operation in OECD work

Regulatory Cooperation for an Interdependent World
(1994)

Council Recommendation on Regulatory Policy and
Governance (2012)

International Regulatory Co-operation: Addressing
Global Challenges (2013) (incl. typology of IRC approaches)

The Role of International Organisations (2016)

Assessing the Trade Impacts of Regulation (2016)

... and many others

➔ mostly looking at this from the (domestic)
governance side

Non-Tariff Measures in OECD sectoral and trade work

Cost-Benefit Framework for the Assessment of NTMs
in Agro-Food Trade (2009) and related cases (2010)

Trade Facilitation Indicators (2011ff.)

Strengthening Transparency Disciplines in Trade
(2013)

Services Trade Restrictiveness Index (2014ff.) and
The Trade Effect of Regulatory Differences (2016)

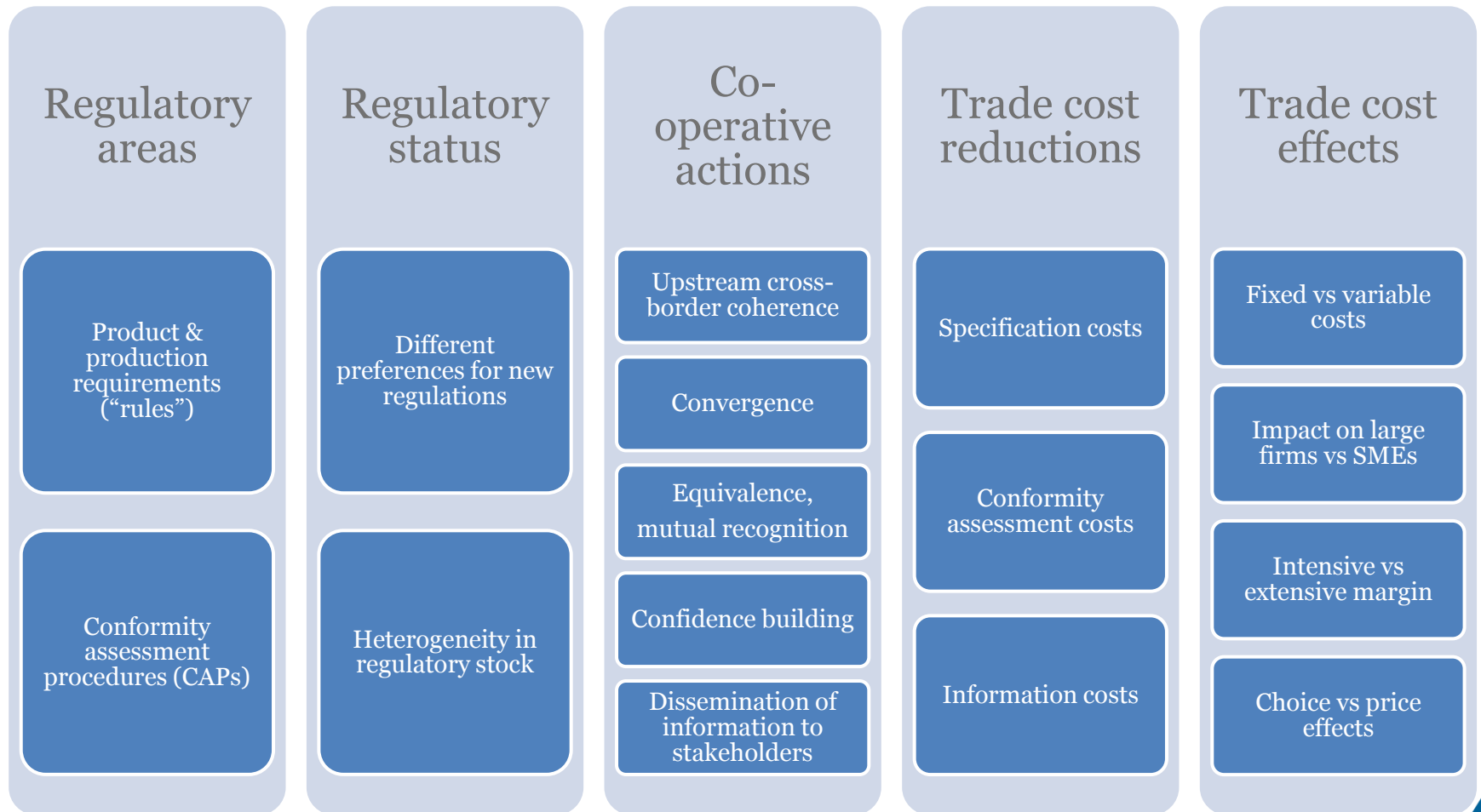
Voluntary Environmental and Organic Standards in
Agriculture (2015)

... and many others

➔ various angles to better understand NTMs and
their trade effects

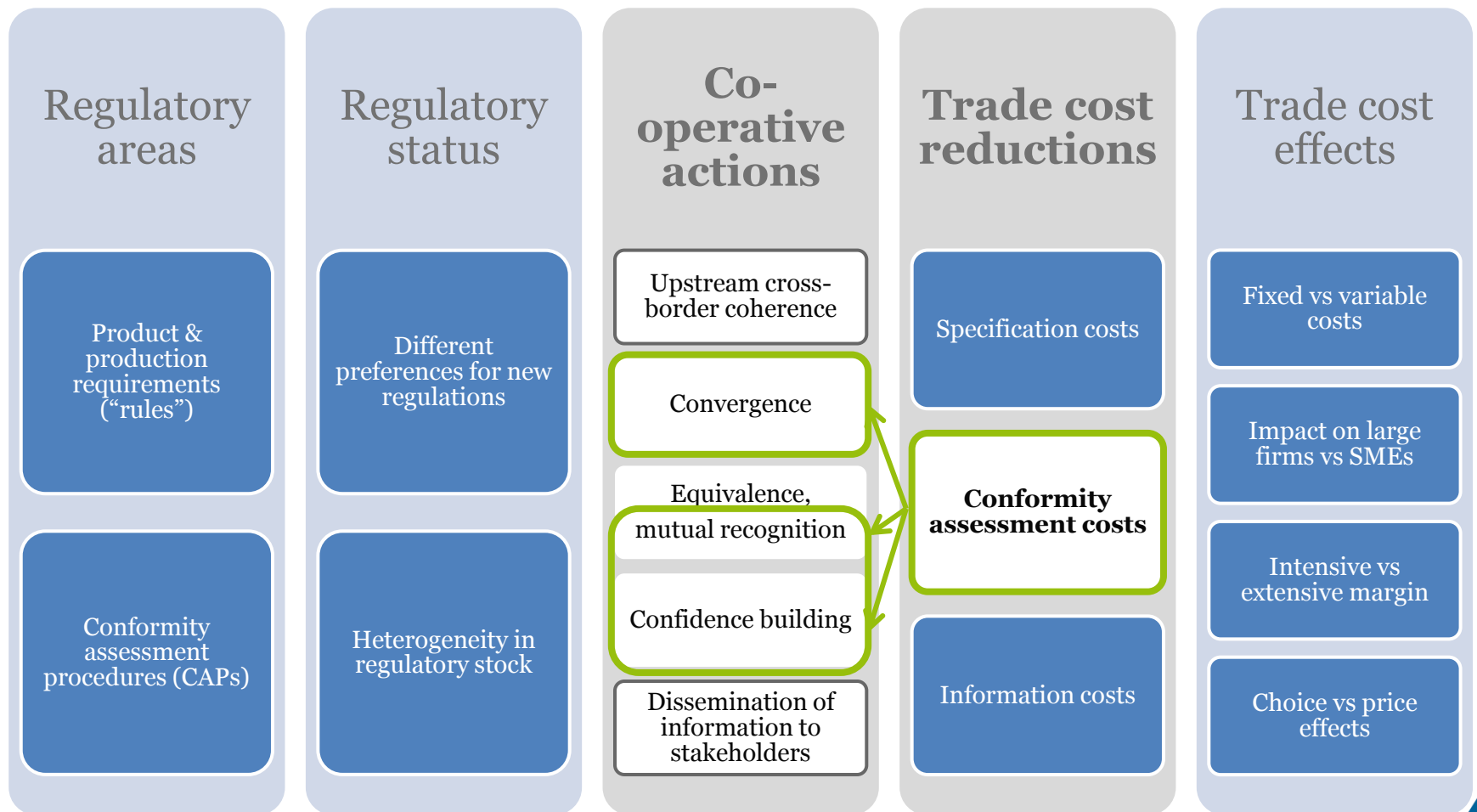


Context (2): Dimensions of an IRC Framework





Context (3): Tackling conformity assessment costs





Conformity assessment procedures (**CAPs**)

a) CA-methods (the WHAT)

- Methods for testing, examination and inspection, incl. sample sizes, documentation
- Purpose: provide objective measurement of product characteristics
- Significance of (scientific) evidence
 - Less related to countries' "preferences"
 - Analogous to "horizontal" rules with limited domestic costs due to deviation
- Harmonisation or mutual recognition
 - Potentially develop "conversion" of results



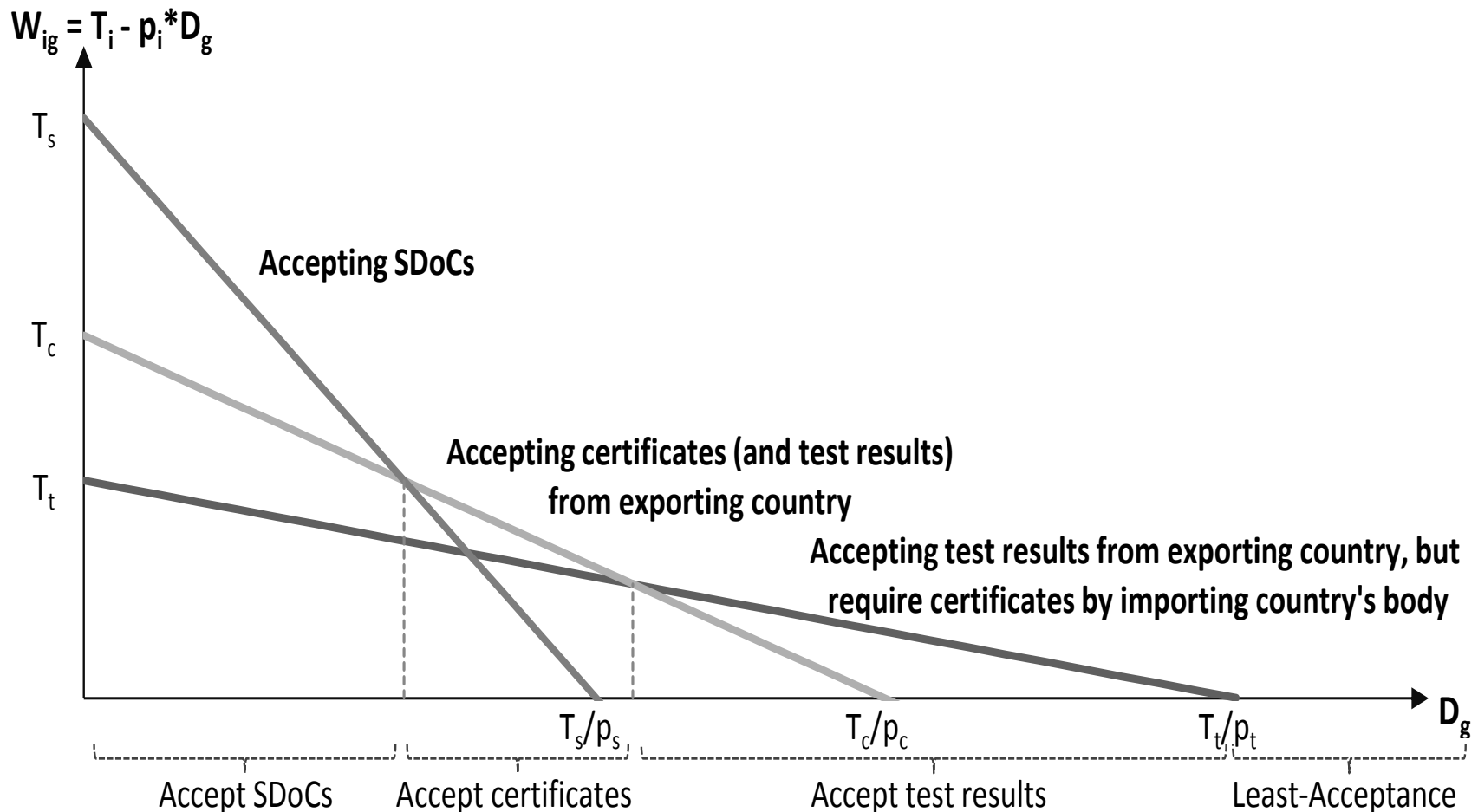
Conformity assessment procedures (**CAPs**)

b) CA-systems (the WHO)

- Conformity assessment systems as a risk management tool
- Domestic costs due to reduced **confidence**, more market surveillance etc.
 - Expected damage from non-compliant imports
 - “Perceived certainty-equivalent” damage, function of
 - Perceived probability of non-compliance
 - Estimated damage of non-compliant products
 - Risk aversion
- Increasing trade costs
 - More restricted **choice** for suppliers
 - **Shipment of samples** to importing country for testing etc.
 - Possible **duplication** of testing
- **Balance** trade costs and non-compliance risk
 - markets with **low potential damage**: allow for flexible and least-cost CAPs
 - in markets with **high potential damage**: maintain control
 - Reduce damage potential through **co-ordinated market surveillance** and **information exchange**



Net benefits of switching to less restrictive conformity assessment systems

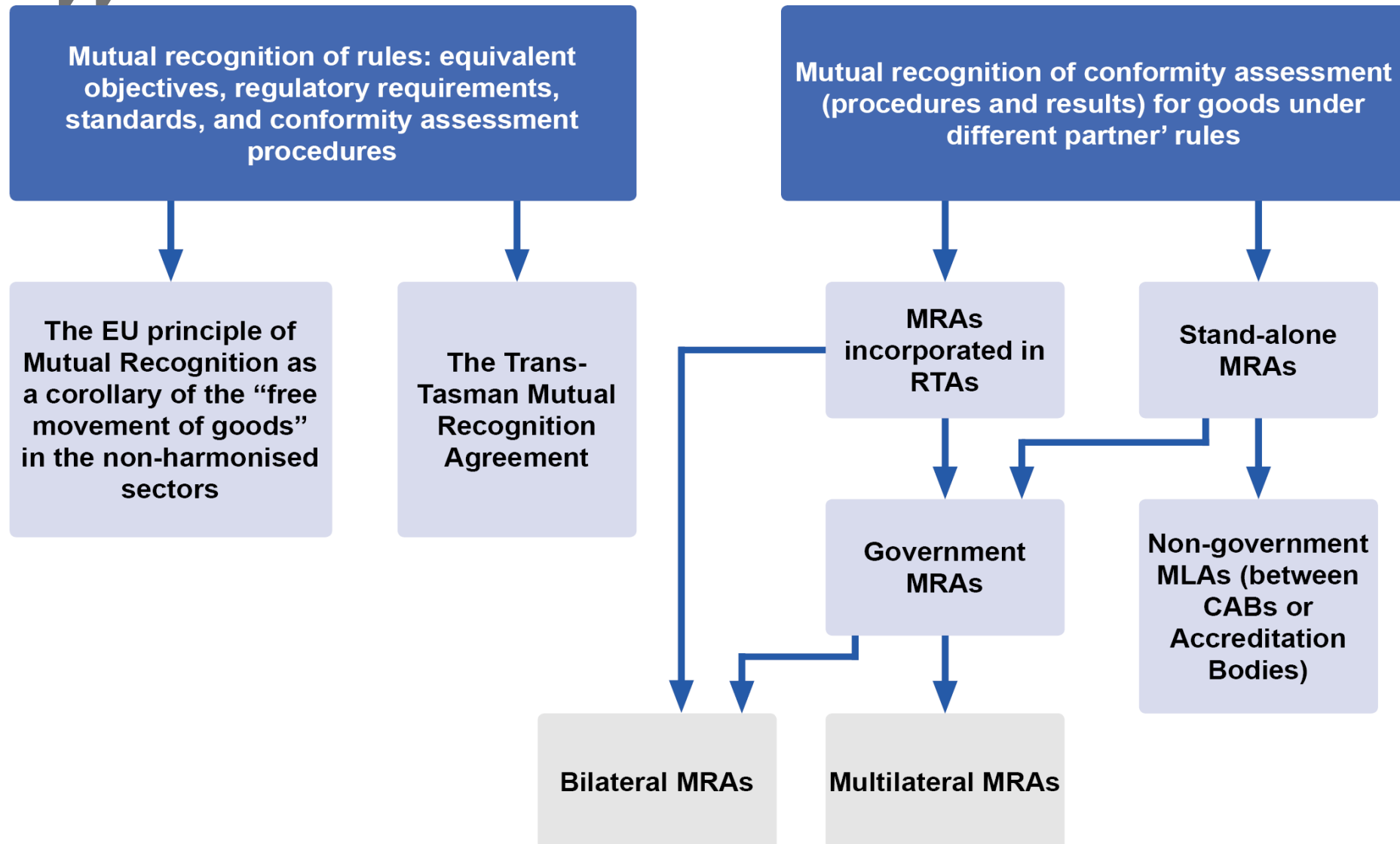




Mutual recognition can help to lower conformity assessment costs

- Does not require changes in regulations
 - Addresses regulatory stock
- Reduces conformity assessment costs in GVCs
 - Streamlining the administrative process for market admission
- Requires establishing conformity assessment infrastructure
 - Shift costs to market surveillance, enforcement?
- Seen as costly by regulators and administration
 - Negotiation, maintenance of MRAs
- Works best in science-driven domains, large GVCs, low regulatory divergence, institutional proximity
 - Facilitated by GRP

Spectrum of mutual recognition





Questions? Comments?

Thank you !

Read the Framework on IRC:

<http://oe.cd/IRC-TheoreticalFramework>

Contact us:

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