



Negative effects of equivalence

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Equivalence is good!

- However ITF expressed concerns that there might be some negative effects as well
- Clear from experience that other functions are needed
- Paper is only about the potential negative effects – not the benefits
- Hard to find any literature on the topic – even from outside the organic sector



Issues

- Hard to distinguish between inherent effects and effects caused by HOW equivalence might be reached – most identified issues are related to HOW.
- Negative effects compared to WHAT? – Multilateral agreements, total harmonization, no regulation, direct approval of certification bodies
- Almost all EA in organic sector are one way only, which have their particular potential disadvantages.

Lack of transparency

- Equivalence is about negotiations with another country and therefore often secretive, compared to domestic procedures and multilateral negotiations
- Stakeholders are often kept outside of the process
- There has not been proper notifications to the WTO of EA for organic, e.g. in the case of the EU

Potential discrimination of third parties

- Competitors from countries without EA have an obvious disadvantage
- EA agreements can have extra-territorial effect, e.g. limit imports from third parties

Cumbersome process



- Takes a lot of time and energy of both sides
 - Therefore it will be applicable to main trade flows only – or politically strategic relations
 - Very few agreements concluded so far

Unequal power of the parties



- Especially for one-way EA the “exporting country” have a weak position (SPS Committee)
- Negotiations don’t always take place between equal parties, developing countries normally have the weaker hand.

Costs for implementation/compliance can be high

- Use of not applicable standard in exporting country cause increased costs or lost competitiveness
 - US compost rules in DCs
 - EU seed rules in DCs
 - No group certification in Argentina
- May hinder domestic market development and potential exports to other countries with less onerous demands (many of the existing regulations).
- Different requirements from different markets adds costs.

Conditions may lock countries in commodity production and old trade links

- When limited to products of origin, it hinders value-addition and development of regional trade channels.
- Trade will flow more easily to markets where equivalence is organised

Effects on harmonization



- May hinder the development of international standards (TBT C)
 - Can of course also act as a stepping stone for harmonization
- May lock up the participants' standards so that they are less inclined to revise (sub-optimal) standards (GR)
 - Any revision causes re-negotiations of agreements. The more agreements the more daunting the task.

Summing up

- Not so easy to sum up....
- Many IFs, HOWs and BUTs
- Perhaps awareness of the effects is mostly needed