



**National Training**  
**On preparing to negotiate a potential CAREC-wide FTA**

**Session 1:**  
**Preparing for Negotiations |**  
**Substantive Considerations**

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# Outline

**01**

**Trade in  
Goods**

**02**

**TBT and  
SPS**

**03**

**Trade in  
Services**

**04**

**Digitization and  
E-Commerce**

**05**

**Summing  
Up**

# 01

## Trade in Goods

01

Tariffs, Quotas, Tariff-Quotas

02

Transition Periods

03

Rules of Origin

04

Customs formalities and procedures

# Tariffs, Quotas and Tariff-Quotas

01

01

## Tariffs

Both an offensive and defensive issue that requires you to know what you want to obtain and what you're willing to pay for it – as well as what your sensitivities and redlines are.

02

## Quotas

These have been generally replaced by tariffs so that today only a few reasons justify the use of import quotas such as the balance of payments exception.

03

## Tariff-Quotas

These are used quite extensively under WTO rules to manage agricultural market access but also play an important role in FTAs.

# Transition Periods

01

**Importance**

Transition periods are important because they help manage what can be a turbulent transition to a new zero-tariff regime, but they should be used sparingly.

02

**Offensive Concerns**

Few to no transition periods is your negotiating objective and you should only concede them if your counterpart gives you a good reason for doing so.

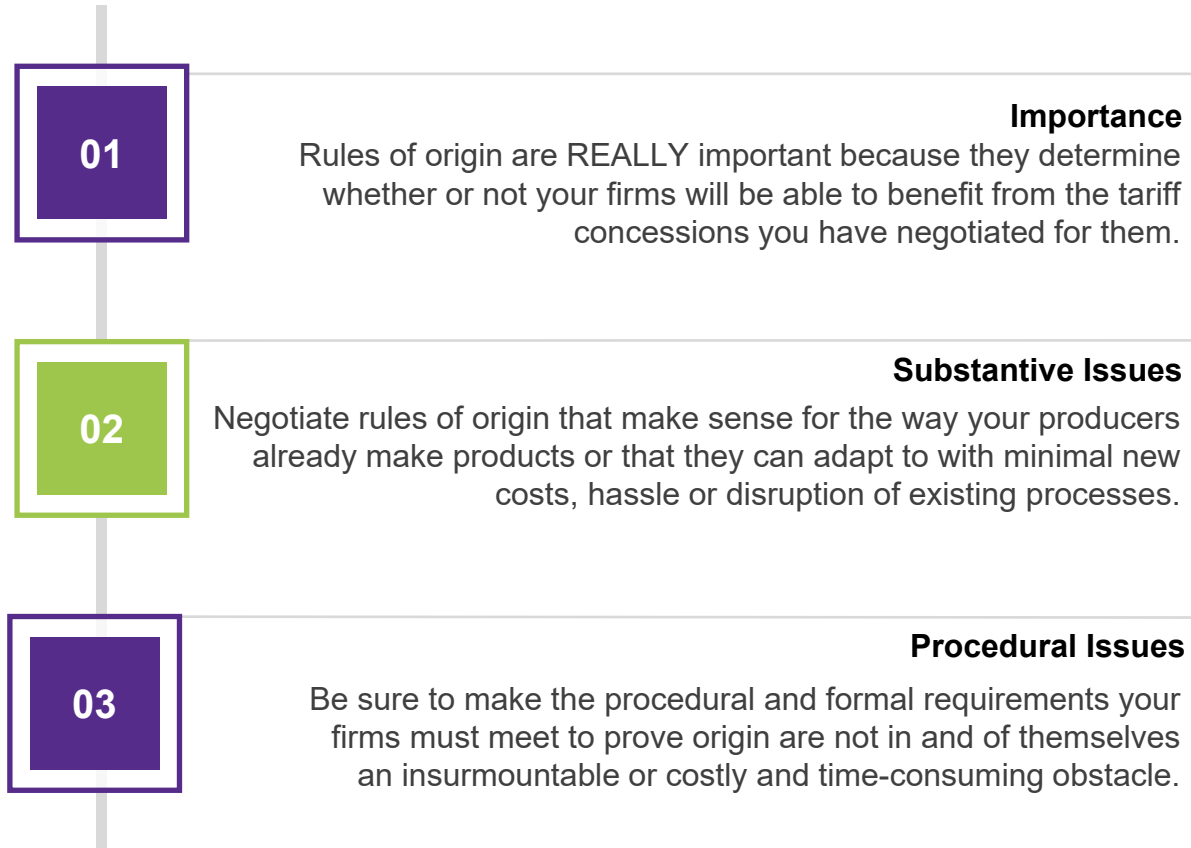
03

**Defensive Concerns**

You should be seeking to impose transition periods for sensitive items and prepare a strong case for why they're needed as well as contingencies for when they're resisted.

# Rules of Origin

01



# 01 Customs Formalities and Procedures

01

## Relevance Today

Most modern and comprehensive FTAs have a chapter on customs formalities, procedures and trade facilitation.

02

## Kinds of Issues Addressed

Single window, authorized operator, paperless trade, or advance rulings are the kinds of commitments contained in these chapters.

03

## The Value of Ambition

These chapters can make a significant contribution to reducing trade costs, improving national competitiveness and better integrating countries into regional and global value chains.

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# 01 TBT and SPS

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Technical Barriers to Trade

04

Sanitary and Phytosanitary Measures

02

Most Common TBT Measure

05

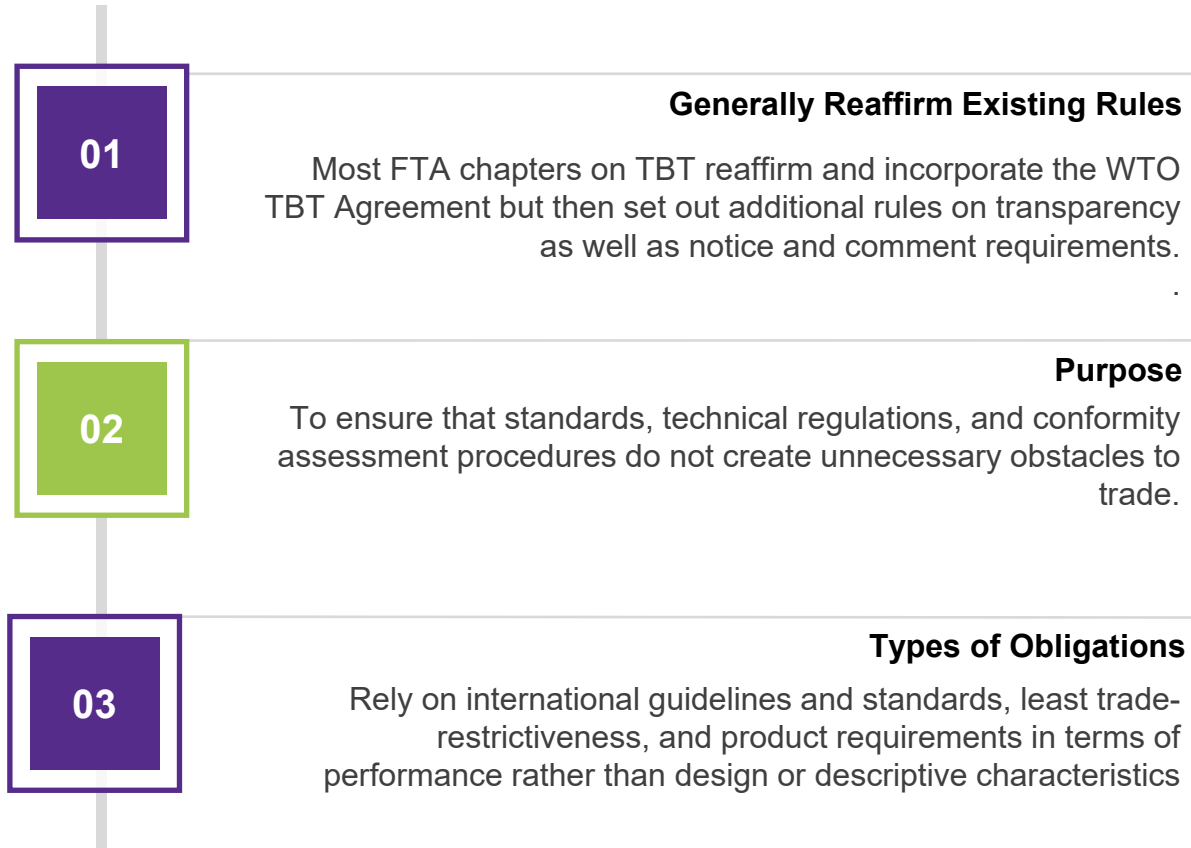
SPS as a Negotiating Issue

03

TBT as a Negotiating Issue

# Technical Barriers to Trade

02



# Most Common TBT Measures

01

## Labelling Requirements and Technical Regulations

Labelling requirements, or energy-efficiency requirements, or technical requirements in the area of cybersecurity that tilt the playing field against foreign producers.

02

## Conformity Assessment Procedures

Only specifically designated testing labs in the country of import are recognized as being able to assess an import's conformity with mandatory technical regulations.

03

## Lack of Sufficient Notice

New technical requirements introduced, without sufficient notice for producers to adapt their production processes.

# TBT as a Negotiating Issue

02

01

## **The Importance of Consulting the Private Sector**

You will need to hear from your exporting private sector whether they are having TBT-related concerns in any of the markets with which you are negotiating.

02

## **Cooperation, Harmonization and Technical Assistance**

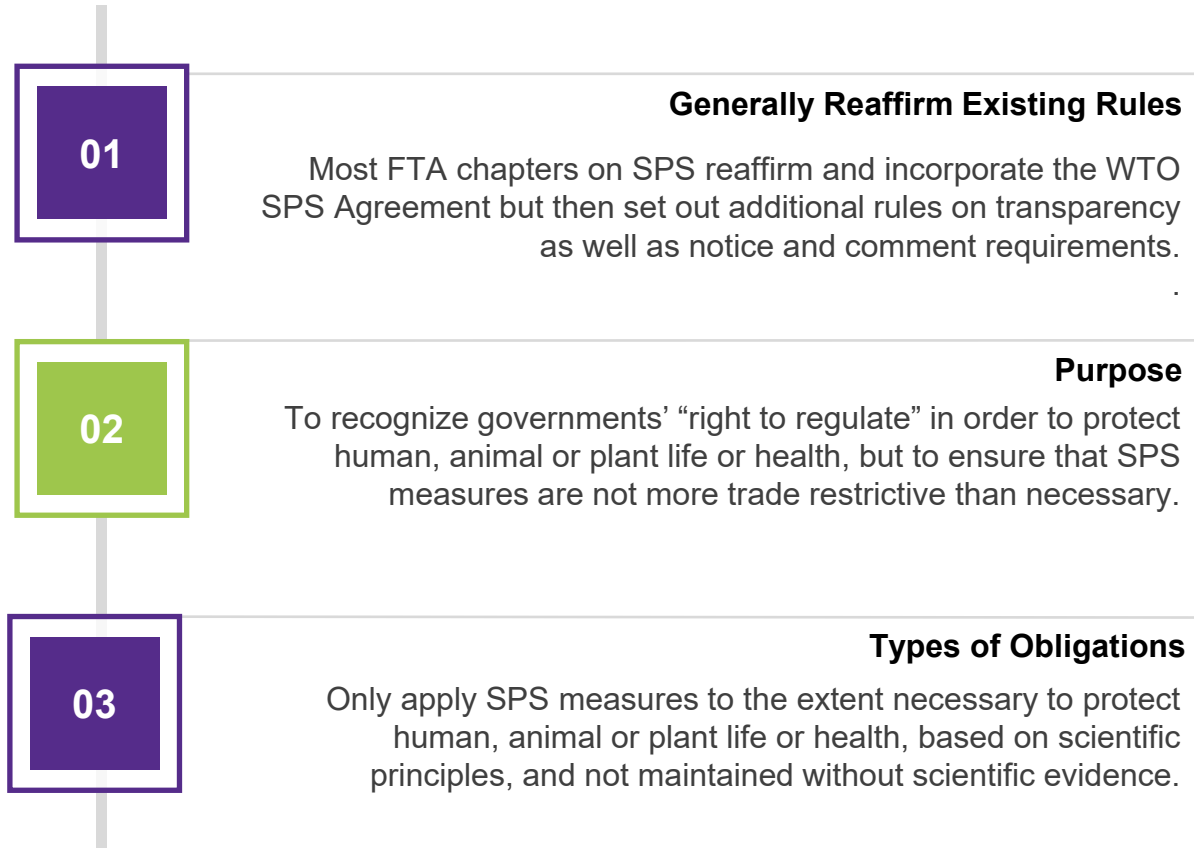
FTAs can also be a good opportunity to obtain commitments for closer cooperation, harmonization and possibly even some technical assistance.

03

## **Implementation Costs and Institutional Buy-In**

New rules can impose implementation costs and other burdens on impacted institutional actors, which is why it's important to secure their buy-in.

# Sanitary and Phytosanitary Measures



# SPS as a Negotiating Issue

02

01

## The Importance of Consulting the Private Sector

The private sector is best placed to inform government trade negotiators about what kind of SPS barriers exporters are facing and in which markets.

02

## Cooperation, Harmonization and Technical Assistance

Like with TBT, FTA chapters on SPS contain provisions on economic cooperation and can be harnessed to secure technical assistance and capacity building commitments.

03

## Implementation Costs and Institutional Buy-In

In order to secure proper implementation of new rules, ensure buy-in from the relevant actors and institutions domestically.

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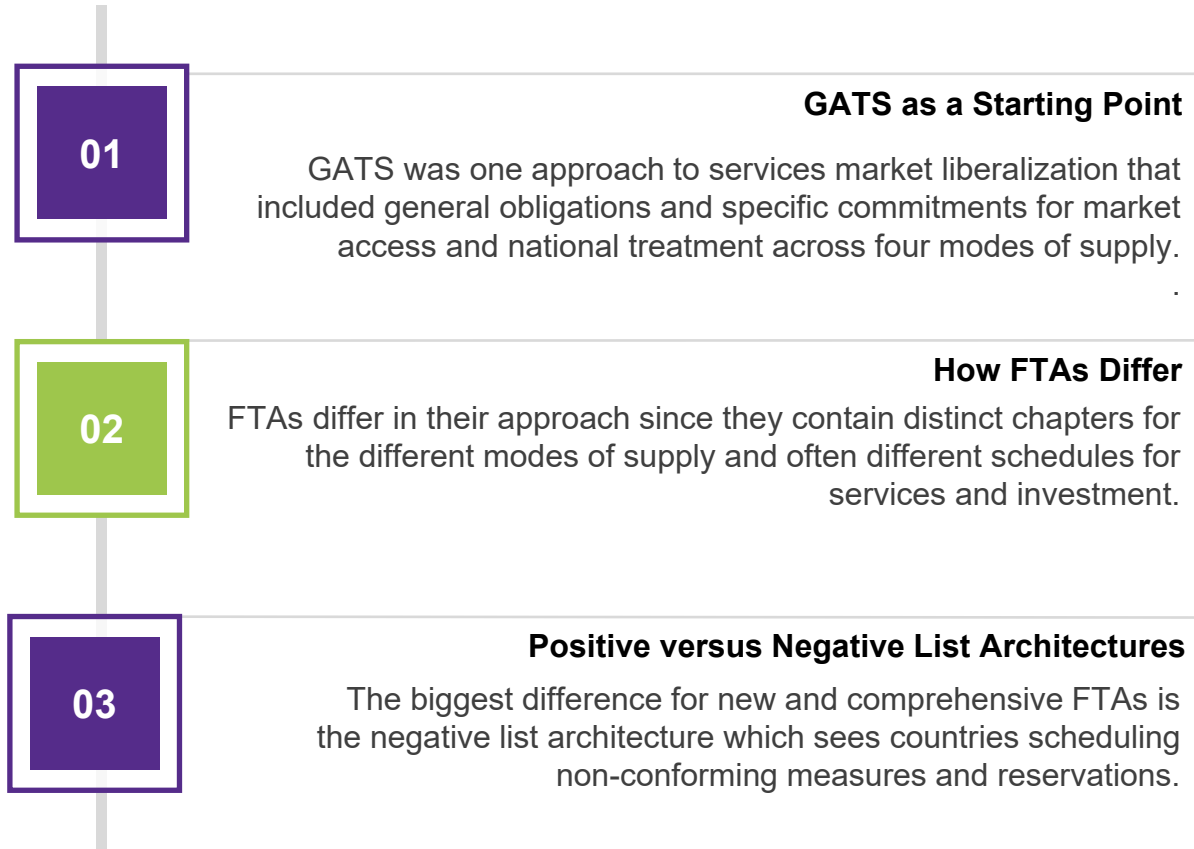
**Trade in Services | GATS and FTAs**

02

**Services as a Negotiating Issue**



# 03 Trade in Services | GATS and FTAs



# Services as a Negotiating Issue

02

01

## Defining Offensive and Defensive Interests

Similar to what was done in the context of market access negotiations for goods, services requires a careful articulation of offensive and defensive interests.

02

## Perform a Trade-Related Regulatory Audit

This is particularly important if a negative-list architecture is going to be followed and is a prerequisite for drafting schedules of non-conforming measures and reservations.

03

## Secure Buy-in from Across the Government

In order to secure proper implementation of new rules, ensure buy-in from the relevant actors and institutions domestically.

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# Digitization and E-Commerce

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E-Commerce Chapters in FTAs

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Services as a Negotiating Issue

# E-Commerce Chapters in FTAs

02

01

## **New Evolution in FTAs and Soon in the WTO**

Most modern comprehensive FTAs include rules on e-commerce or digital trade in a dedicated chapter. Also at the WTO a new plurilateral agreement seems imminent.

02

## **Kinds of Commitments**

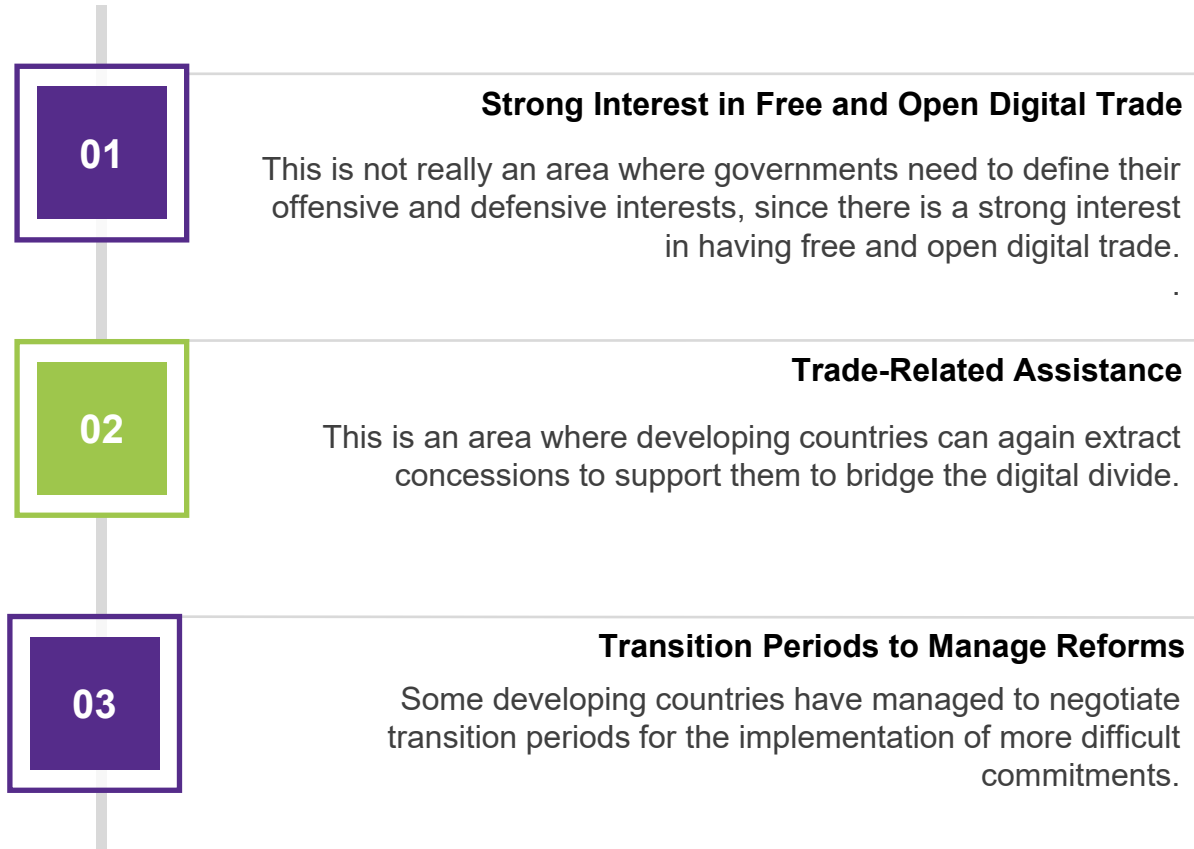
These can be divided into low-hanging fruit and more difficult commitments that require governments to relinquish regulatory sovereignty over this strategically important sector.

03

## **Economic Importance**

The digital economy is quickly simply becoming “the economy” and is thus of central importance for productivity growth and national competitiveness.

# 03 E-Commerce as a Negotiating Issue



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# Summing Up

01

Tariffs and tariff quotas are likely to be the most important issues in negotiations on goods, but rules of origin and trade facilitation are equally important to understand

02

The rules afford a lot of policy space so be sure to exploit this in any way you can, particularly with regard to implementation periods or transition periods.

03

In services, a trade-related regulatory audit and an articulation of offensive and defensive interests as well as a clear objective is keep.

04

The private sector knows more about actually trading across borders and market access than the government is ever likely to know.





# Thank you!