



“How far behind
the border?”

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Outline

- Business and policy trends as drivers of change
- Examples of action 'behind the border' and their value
- Risks from taking a traditional trade negotiator perspective
- Contribution of cooperation and institutional choice

Business and Policy trends

- New ways of doing business
 - Services in particular
- Interest increasing in measures 'behind the border' ie other than tariffs and NTBs
- Reinforced by declining importance of and increasing transparency of some border measures

Examples of policy

- Competition policy to respond to concerns about market power
- Standards to offset lack of consumer information or processes of consumer protection
- Other regulatory practices to correct externalities

Examples of problems

- Inappropriate application (due to ‘error’ or capture)
 - Excessive activity [which adds to costs, restricts business development or processes or creates barriers to entry]
 - Eg regulatory practices, licensing, standards
 - Insufficient application
 - Lack of access regime, consumer protection problems in cross-border transactions without an intermediary
- Effects could be on all firms, or just foreign suppliers

Welfare gains

- Significant gains from reforms ‘behind the border’
 - Resource savings from reductions in costs of compliance
 - Competition effects from reductions in barriers to entry
- Intersectoral effects can be important
 - eg transport/logistics services
 - Agricultural product exporters
 - Electronics sector

Domestic policy

- Importance for domestic policy processes to respond eg
 - Review mechanisms
 - Cross agency coordination
- International cooperation – what can it offer?

Contribution of international cooperation

- Paths of evolution of policy
- Capacity building
- Documenting reforms and adding to transparency
- Adding credibility to reform
- Reducing political constraints

Risks

- Orientation to terms of foreign supplier treatment
 - Treatment of all suppliers matters more
- ‘Best practice’
 - Best in context ie optimal
 - Implies an evolution

Institutional choice

- No one institution may provide all these services
- Value of a portfolio approach