Lecture 15: Technical Barriers to Trade Agreement (TBT) and Indian Institutions Dear students, today we are going to discuss the TBT Agreement and the packaging rules first, and also the Indian institutions in this class. In the next class, we will deal with Indian rules and regulations.



So, if we look into the TBT Agreement, you can see that, in the last two classes, we discussed the TBT Agreement and its requirements, measures and other things. So, how is food labelling done, and what is the importance of the TBT Agreement?

## Standards

- The agreement also sets out a code of good practice for both governments and non-governmental or industry bodies to prepare, adopt and apply voluntary standards.
- Over 200 standards-setting bodies apply the code.



So, the Agreement clearly says how packaging and labelling are to be done, how they are to be distinguished from SPS measures, and what the requirements of a technical regulation are. And also, we can see that all over the world, if you look into the standards, there are so many standard-setting bodies. So, you can find voluntary standard setting organisations and mandatory standard setting organisations. Most of the voluntary standard-setting organisations are there in most countries, whether it is food authorities, whether it is on technical products or electronic products. So, voluntary standard setting organisations are all over the world. So, the standards are set in two categories; one is voluntary and the other one is mandatory.

### TBT

- Deals with technical regulations and product standards.
- Regulations can be used as an excuse for protectionism.

The TBT Agreement» seeks to assure that:

- (1) mandatory product regulations,
- (2) voluntary product standards, and
- (3) conformity assessment procedures (procedures designed to test a product's conformity with mandatory regulations or voluntary standards)



So, here we can see that under the technical regulations compared with the product standards, these mandatory product regulations are there in every country according to the domestic laws. Voluntary product standards are set by the standard-setting organisations, or they are different for different sectors. Also, the TBT looks into the conformity and assessment procedures, which basically tests, testing laboratory regulations and related matters that is conformity assessment procedures related to the laboratory work, testing, assessment, certification - these are also required to be under the TBT Agreement. So, basically, TBT Agreement looks into the mandatory product standards, voluntary product standards and conformity assessment procedures.

The TBT Agreement seeks to balance two competing policy objectives:

- (1) The prevention of protectionism, with
- (2) the right of a Member to enact product regulations for approved (legitimate) public policy purposes (i.e., allowing Members sufficient regulatory autonomy to pursue necessary domestic policy objectives).

Objectives, A.2.2

- protection of life/health (human, animal and plant)
- safety (human),
- protection of national security,
- protection of the environment, and
- prevention of deceptive marketing practices.

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And also, you can see the so-called competing objectives. I would say that the TBT Agreement specifically focuses on preventing protectionism. And the non-discrimination principle is applicable to the TBT Agreement as well. So, once the product regulations are approved by a particular country and it is published and reported to the technical committee of the TBT Agreement or the committee on the TBT Agreement. In the last classes, we saw that any such SPS or TBT measures should be based on scientific evidence, especially the SPS measure, which should be based on the risk assessment and scientific evidence; otherwise, you cannot impose such restrictions as the TBT measure or SPS measure. So, here we can clearly look into it that the TBT also deals with both, for example, protection of life, health, safety protection of national security, protection of the environment and prevention of deceptive marketing practices. So, if you look into the, we have discussed the protection of life, health of human, animal and plant health elaborately in the last classes. So, if you look into the last point, the prevention of deceptive marketing practices that in addition to the protection which is added to the TBT Agreement. Because if you can see domestic laws regarding packaging and other prescriptions, you can find the packaging rules. So, even for example, in India the Weight and Measures Act also prescribes certain prescriptions under the TBT Agreement and which we will see in the next class.

### **Obligations**

- EC Asbestos, the Appellate Body stated that:
- "[A]lthough the *TBT Agreement* is intended to 'further the objectives of GATT 1994', it does so through a specialized legal regime that applies solely to a limited class of measures.
- For these measures, the *TBT Agreement* imposes obligations on Members that seem to be *different* from, and *additional* to, the obligations imposed on Members under the GATT 1994.
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So, here, if you look first at these standards, then we will see that these are some of the important cases which we mentioned in our last class. So, here are the obligations: What is the exact obligation of every member country under the TBT Agreement? So, in the EC-Asbestos case, one of the first cases transferred from the GATT to the WTO dispute settlement system, the appellate body very clearly said, what are the obligations of the members? So, the appellate body(AB) said that "further the objectives of GATT 1994" it does so through a specialised legal regime that applies solely to a limited class of measures. So, you cannot apply any measure which is not mentioned under the TBT Agreement, other than what is mentioned in SPS and TBT Agreement. And also, you can see that there is an obligation on the members that seems to be different from, so that means, is a different measure or an additional measure to the obligations imposed other than under the GATT 1994. It means that GATT 1994 provisions are a part of the present TBT Agreement. So, the members should look into the GATT obligations as well. So, the TBT measure means it is over and above the TBT Agreement plus GATT obligations. So, in the EC-Asbestos case the appellate body said that although the TBT Agreement is intended to further the objectives of 1994.... So, we saw that it is a "specialised legal regime", emphasis on the specialized legal regime....And TBT Agreement imposes obligations on members different from and in addition to. So, it is different from and in addition to. So, it is very clear that it is the TBT obligation, plus GATT obligations which are applicable to the parties.

### SPS & TBT

- The Panel in *EC Hormones* referred to Article 1.5 of the TBT Agreement and stated:
- "[s]ince the measures in dispute are sanitary measures, we find that the TBT Agreement is not applicable to this dispute."
- EC Approval and Marketing of Biotech Products, Canada and Argentina made alternative claims under the TBT Agreement, including Article 2.2, in the event that the measures were found to be covered by the TBT Agreement in addition to, or instead of, the SPS Agreement. The Panel found that the measures at issue were SPS measures, and consequently did not address the claims under the TBT Agreement.
- In US Clove Cigarettes Article 1.5 of the TBT Agreement specifically provides that SPS measures, as defined in Annex A of the SPS Agreement, are excluded from the scope of the TBT Agreement."

And we saw in some of the cases SPS vis-a-vis TBT. So, in the EC-Beef Hormone case, which we discussed in the last class as well, the panel very clearly said that since the measures in disputes are sanitary measures, we find that the TBT Agreement is not applicable to this dispute. So, it means that there is a clear demarcation between the SPS Agreement and the TBT Agreement. If it is an SPS measure, you have to impose the SPS Agreement, and its obligation. If there is a TBT measure, if there is a technical regulation, if there is a packaging or you can see that packaging and also labelling measure, then it can be a TBT measure. So, the TBT measure should be separated from the SPS measure. And another important case is the EC-Biotech case, EC-Approval and Marketing of Biotech Products, Canada, Argentina and other countries versus EU case. So, here you can see alternate claims in SPS and TBT, and it says that the TBT Agreement is, so what did the panel say? The measures were found to be covered by the TBT Agreement in addition to or instead of the SPS Agreement. The panel found that the measures at issue were SPS measures and consequently did not address the claims under the TBT Agreement. So, if you take the EU-Biotech case or EC-Beef Hormone case, the judgment is very clear. There is a distinction between the SPS measure and the TBT measure. So, when we come to the US, Indonesia Cloves Cigarette cases. So, here, the panel very clearly, with reference to Article 1.5 of the TBT Agreement, said that SPS measures, as defined in Annex A of the SPS Agreement, are excluded from the scope of the TBT Agreement. It says that there is no automatic application of SPS measures in case of a TBT measure. TBT measures and SPS measures are different. So, if you look into the facts of this particular case. So, Indonesia and US were at loggerheads with regard to menthol cigarettes and clove cigarettes. So, clove cigarettes or menthol cigarettes are very popular in the US. So, the US argued that the clove cigarettes and menthol cigarettes are imported from Indonesia are different. They are not like products.

### TBT

- TBT measures could cover any subject, from car safety to energy-saving devices, to the shape of food cartons.
- To give some examples pertaining to human health, TBT measures could include pharmaceutical restrictions, or the labelling of cigarettes.
- Most measures related to human disease control are under the TBT Agreement, unless they concern diseases which are carried by plants or animals (such as rabies).



But at the same time, the panel very clearly said that menthol cigarettes and clove cigarettes are like products. So, the end result is that these measures are applicable. If a measure is not applicable in the US on clove cigarettes, then on menthol cigarettes also, it is not applicable and vice versa. So, menthol cigarettes and clove cigarettes are like products. So, if you are imposing an SPS measure or a TBT measure on the imported products, then you have to impose it on the domestically manufactured products as well. So, the *National Treatment* principle is applicable. Also, here, you can see that TBT measures are applicable to a wide range of products. Here you can see that even we said that energy-saving devices, in the last class, we discussed even the mandatory standards. For example, in India, every electrical product should have an ISI mark and a new BIS mark. So, there may be a standard for the shape of food cartons. So, we will see later what the new packaging rules are. You can also see pharmaceutical restrictions, labelling, health warnings, and labelling in cigarette packets and you can see disease control mechanisms, plants, animals, etcetera. So, we saw that all these are related to the SPS measures, not related to the TBT Agreement.

### TBT

- Tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles.
- Eg. Emission levels of vehicles
- · Labeling of cigarettes
- Nutritious content on label
- Regulations on recycling of plastic, paper
- Testing, certification like ISI, ISO etc.



Also, we can clearly say that the regulations, standards, testing, certification, all these are related to TBT, but the condition is very clear. It should not make unnecessary obstacles to trade. So, we talked about the Euro standards or the counterpart, Bharat standards for all vehicles, mandatory emission standards, mandatory labelling of cigarettes, mandatory nutritious content labels, and regulation of recycling of plastic and paper. So, we will see the 2023 Indian regulation. Testing, certification like ISI marks, earlier ISO marks, now the BIS marks are mandatory. In some cases, it is mandatory. In some cases, it is voluntary in nature.



So, we can see different terms. So, the first picture shows the power-saving guide which shows whether it has 1 star, 2 star, 3 star, 4 star or 5 star. These are the voluntary standards for energy saving or power saving. So, the second and third picture shows the

old cigarette packet and the new cigarette packet. So, you can see certain specific spaces are used to be or certain sizes, certain sizes of warnings are to be put in the cigarette packets. So, now 60 per cent, minimum of 60 per cent of the space should be used for the warning and also a picture is shown in the present cigarette packets, and also it is written that smoking kills. So, the earlier packets only said that cigarette smoking is injurious to health. So, this picture of smoking kills and its effect on its consumers, customers, or smokers is different from the earlier one, and also, it is written tobacco causes cancer. So, from time to time, this is a mandatory labelling requirement and the packets, the size of the packets, are also mandatory labelling standards.



So, you can also see that certain other packaging is in other countries, especially the food products because it has an impact on the customers or the consumers. So, if you mandatorily ask all the people to put a buffalo picture in the packets as a packaging regulation, it may have a negative impact on consumers, people, and those who do not like buffalo milk. So, some people may like only cow milk or goat milk, or any other milk but not buffalo milk. So, but it is very clear that it will depend upon the domestic rules and regulations. So, still, the question exists if such a mandatory picture has to be put and what is its reasoning. So, these packaging rules do not depend upon any scientific evidence or risk assessment. So, it is a packaging rule which, if it is insisting on the indiscriminate way, then it is valid. So, this type of question can also come under the TBT Agreement.

### **Like Products**

- In US Clove Cigarettes, Indonesia argued that a US ban on certain flavoured cigarettes was inconsistent with Article 2.1 because it excluded menthol cigarettes.
- The Panel upheld Indonesia's claim, finding that clove cigarettes and menthol cigarettes are "like products" for the purpose of Article 2.1 of the TBT Agreement, and that by banning clove cigarettes while exempting menthol cigarettes from the ban, the measure accorded imported clove cigarettes less favourable treatment than that it accords to domestic menthol cigarettes.



So, I already talked about the clove cigarettes and also the menthol cigarettes. So, as I told you about flavoured cigarettes, the U.S. banned certain flavoured cigarettes, and excluded menthol cigarettes, which are popularly used in the United States. So, the clove cigarettes were imported from Indonesia. So, Indonesia took the U.S. to the panel, the WTO dispute settlement system and finally, the panel held that clove cigarettes and menthol cigarettes are like products for the purpose of the TBT Agreement. It means that if you are imposing a restriction or a ban on menthol cigarettes, it is very clear. So, it means you cannot give any exception to the menthol cigarettes and the imported clove cigarettes. So, one of the cardinal principles of TBT is first (1) the non-discrimination principle and (2) National Treatment, which very clearly says that if you are putting unnecessary obstacles to trade, non-discrimination plus unnecessary obstacles to trade, so trade.

### Food Labelling under TBT

- In terms of food, labelling requirements, nutrition claims and concerns, quality and packaging regulations are generally not considered to be sanitary or phytosanitary measures and hence are normally subject to the TBT Agreement.
- On the other hand, by definition, regulations which address microbiological contamination of food,
- or set allowable levels of pesticide or veterinary drug residues, or identify permitted food additives, fall under the SPS Agreement.
- Some packaging and labelling requirements, if directly related to the safety of the food, are also subject to the SPS Agreement.

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So, if you look into the food labelling at the TBT, the TBT Agreement does not prescribe any specific method of labelling or packaging, the packaging regulations or labelling regulations, it simply says that every country has the freedom to come out with their packaging regulations and also other regulations which are related to, for example, special labelling requirements and nutritional claims for example, milk packet we will see in the next class, what is the special rules with regard to milk and milk products. You have to declare the nutritional claims, labelling requirements, packaging requirements and other. What are the other requirements? So, that means, even in some cases, it will entirely depend upon the domestic law to take care of and in certain cases, for example, veterinary drugs, pesticide residues and the content of food additives and relating to the SPS Agreement also to be taken care of. And it does not mean that packaging and labelling is exclusively within TBT; even in certain cases relating to the food, the SPS measure also comes into play. So, that means SPS and TBT measures sometimes go hand in hand.

### What is Technical Regulation

Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

In EC – Sardines the Appellate Body referring back to its Report in EC - Asbestos set forth a three part test for determining if a measure is a technical regulation:

- the document applies to an identifiable product or group of products;
- the document must lay down one or more product characteristics; and
- 3) compliance with these characteristics must be mandatory.<sup>3</sup>



So, it is very important that if it is a technical regulation, it will come under the TBT Agreement. So, what is this technical regulation? In the *EC-Sardine* case, the appellate body and also the panel considered, the appellate body confirmed that what are the requirements of a technical regulation. So, it clearly says: a document which lays down product characteristic or their related process and production methods, including the applicable administrative provisions with which compliance is mandatory and it may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to product process or production method. So, in the EC-Sardine case, the appellate body formulated three mandatory criteria to be determined as a technical regulation. What are these three criteria? The first one this applies to an identifiable product or group of products and two it must lay one or more product characteristics and three compliance with these characteristics must be mandatory. So, this constitutes basically, these are the conditions to constitute, whether it is to determine whether it is an SPS measure or a TBT measure. So, if it complies with these three criteria, then it will be termed as a technical regulation which will come under the TBT Agreement.

### **Example:**

A law stating that only refrigerators that are one meter high can be sold in State X is a technical regulation.

A law stating that all product packaging must be recyclable is an example of a technical regulation.



So, it is very simple if the law says that if a fridge or a refrigerator is to have 1 meter height, it is a technical regulation. Also, here you can see that a packaging, if a law says that a packaging must be recyclable, then it is an example of technical regulation. So, I hope that this is what you exactly mean by the technical regulation. The sardine case and the examples are also very clear about what you exactly mean by a technical regulation. If it is a technical regulation it must come under the TBT Agreement rather than SPS Agreement.

### **Technical Regulation**

- In EC Trademarks and Geographical Indications (Australia), Australia made a claim under Article 2.2, but the Panel found that the measure at issue was not a "technical regulation" within the meaning of Annex 1.1 of the TBT Agreement.
- In EC Approval and Marketing of Biotech Products, Canada and Argentina made alternative claims under the TBT Agreement, including Article 2.2, in the event that the measures were found to be covered by the TBT Agreement in addition to, or instead of, the SPS Agreement.
- In US Clove Cigarettes, Indonesia argued that a US ban on clove cigarettes was more trade-restrictive than necessary to fulfil a legitimate objective and was therefore inconsistent with Article 2.2.

I think we have dealt with all these cases, and the first case, which you can see is the EC - *Trademarks and Geographical Indications*(*Australia*) versus the European Community (EC). Here also, the panel found that the measure, in all these cases, the question was whether it is an SPS measure or a TBT measure. So, in this case also, the panel found that

it was not a technical regulation. It means that, what is a technical regulation we have already seen, that what are the conditions. So, if the regulation of the particular action fulfils the criteria of technical regulation, then only it will come under the TBT Agreement, otherwise, you have to challenge the particular measure under the SPS Agreement.

### **Technical Regulation**

• Members' regulatory flexibility is limited by the requirement that technical regulations "are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to trade". (Article 2.2).



So, and also it is very clear, technical regulations - the complete freedom is to be given to the member countries to prepare these technical regulations and in these technical regulations, the only condition, which we again reiterate, is it should not create unnecessary obstacles to trade. So, you cannot distinguish between menthol cigarettes and clove cigarettes, these are like products. So, you ban one, the other you do not ban. So, this is not allowed under the WTO-TBT Agreement.

# Indian Institutions

So, quickly, we will come to the Indian institutions and Indian institutions dealing with especially TBT Agreement and SPS Agreements.



And here, the Bureau of Indian Standards (BIS) and formerly known as the Indian Standard Institution (ISI) which was established in 1947 immediately after the independence of the country. This is the national standard-setting body, and presently, it is the BIS, and it changed its name after the BIS Act of 1986. So, BIS is now engaged in standard formulations, certification, testing and related activities and even consumer education. And now we can see that this BIS is participating in the Codex work as well in creating international standards as well. So, in India BIS is the standard setting body for all the products.

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And you can see the BIS, even the contact point, is clearly reported to the committee on TBT. So, you have a special office, a special officer and there is a telephone number and there is an email address so that you can ask any questions relating to TBT to this particular office.

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And also, you can see that there are various departments of the central government dealing with quality regulation. So, the Director General of Foreign Trade or foreign exports and imports is dealt with by the Director General of Foreign Trade. Then individual regulatory agencies and BIS have mandatory standards for 109 products, and we can clearly see what those particular products are. For export products, you can see the Export Inspection Council of India. So, 1000 notified products will be checked by the Export Promotion Council or Export Inspection Council.

### Mandatory BIS Certification

**109 Products** 

- Food Colours & Food Additives
- Cement
- Gas Cylinders
- Electrical Appliances
- Infant Milk Products
- Pressure Stoves
- Steel Tubes
- Miners' Safety Equipment
- Packaged Drinking Water and Natural Mineral Water
- Thermometers



BKOR/RGSOIPL/NPTEL/TRADE LAW

So, again, you can see, the BIS mandates mandatory standards for 109 products, which include food colours, food additives, cements, and gas cylinders. So, we can see various categories of products, which include even infant milk products, steel tubes, we talked about electrical appliances, packaged drinking water, and thermometers. So, the list goes on, there are 109 products that require mandatory certification. So, please go through the list of BIS certification, which is publicly available, there is a long list. So, India has imposed mandatory certification for 109 products.



And if you look into the regulatory agencies, this is a huge problem. Multiple agencies are involved in quality regulation, and at the beginning of this class, we said that per year, one country, the United States, rejects more than 3000 consignments. Even though there are multiple regulatory agencies, I would say in spite of regulatory agencies or quality agencies, quality regulation agencies, why these products are rejected. So, you can see from the Director General of Health Services, Ministry of Food Processing and Industry, Industrial Promotion and Policy, Director of Marketing and Inspection, Department of Agriculture and Cooperation, Animal Husbandry, Legal, Metrology, Bureau of Energy Efficiency, Control of Explosives and Director General of Mines and Safety, Ministry of Road Transport, Central Pollution Control Board, and then you can see a series of agencies which are dealing with it. So, all these agencies are dealing with these mandatory standards and regulations. So, in every area, you can find one regulatory agency, but how much regulation is happening is the bigger question.



So, we can see that 'n' number of, I would say that there is a sizable number of legislations are also in India to deal with the SPS and TBT measures and the most important one is the earlier *Prevention of Food Adulteration Act*, the first one of 1954 and which has now been repealed by the *Food Safety and Standards Act 2006*. Then there are different orders, for example, the Milk and Milk Products Order 1992, which from time to time is amended, even recently also it was amended. Then Standard on Weights and Measures Act and the *Bureau of Indian Standards Act*, which we talked about, the BIS. Then, the *Livestock Importation Act of 1898* - the mandatory marking of agricultural products, *the AMARK Act of 1937*, from British time. So, *Infant Milk Substitutes, Feeding Bottles and Infant Foods Act, Export (Quality Control and Inspection) Act, Essential Commodities Act, Indian Explosive Act*, and *Energy Conservation Act*. So, we saw these agencies dealing with these particular legislations as well. So, India havs a sufficient number of laws. It is not the case that there is no law to deal with food safety or packaging or labelling. There are 'n' number of legislations.

### **Role of BIS as Enquiry Point**

**Answering Enquiries** 

- > Market Access
- > Mandatory BIS Certification
- > Acceptance of CE Marking
- > Acceptance of IECCB Scheme
- > Equivalence of Standards

### **Handling TBT Notifications**

Here, we can see the enquiry points, or basically, the BIS is looking into the questions with regard to market access, BIS certification and then the CE marking, acceptance of the IECCB scheme and equivalence of standards and also handling of the country notifications. So, BIS is the nodal agency or nodal point or the enquiry point with regard to the TBT Agreement.

### Conclusion

- TBT Agreement ensures that technical regulations are nondiscriminatory and it never creates unnecessary obstacles to trade.
- TBT also focuses on the safety and protection of human health without diluting with efficacy of the trade.



So, in conclusion, I would say that the TBT Agreement provides a platform for every country to have technical regulations and food standards, but at the same time, it is subject to certain restrictions. With these regulations, every member country is free to adopt any standards, but it should not be an unnecessary obstacle to trade. And SPS basically focuses on food standards, animal standards or plant standards or plant health, and TBT mainly focuses on the protection of human health relating to its technical standards. So, in India, we will learn more about Indian regulations and laws in the next class.

And India is one of the largest countries in the world, with the largest population. So, we have to in detail look into the TBT measures vis-a-vis the domestic laws. Thank you.