What are trade agreements?

Trade agreements set down rules to cover trade in goods and services between countries or among several parties. Some of these rules relate to tariffs or quotas in place between the negotiating players, and others might be related to the quality, safety or other characteristics of the products or services being traded.

The World Trade Organization (WTO) deals with the rules governing trade among its 162 member states. WTO agreements cover goods, services and intellectual property. Trade agreements can also be negotiated between specific countries or several parties, although these are subject to certain conditions to ensure they remain consistent with the WTO agreements.
What are the benefits of using International Standards in trade agreements?

A key WTO agreement is the Technical Barriers to Trade (TBT) agreement which aims to ensure that technical regulations, standards and conformity assessment procedures, which governments might use to describe the characteristics of products being traded, do not create unnecessary technical barriers to trade. IEC, ISO and ITU have national member bodies from all over the world and fulfil the WTO TBT definition of International Standards development organizations as their membership is open to the relevant bodies of at least all Members* of the WTO TBT.

Standards developed by IEC, ISO and ITU are consistent with the decision of the WTO’s TBT committee on principles for the development of International Standards. IEC, ISO and ITU International Standards are an ideal tool to support trade agreements, to ensure that parties involved in trade agreements respect their TBT obligations, and to provide confidence that requirements for products and testing have global relevance and are accepted worldwide. Within the TBT agreement, WTO members are strongly encouraged to base their non-tariff measures on International Standards as a means of facilitating trade.

The consistent use of International Standards also means that policy and regulatory compatibility can extend to other countries that are not party to a bilateral or multilateral agreement. Any other approach can artificially create new technical barriers to trade through the use of additional, unique or partially-accepted Standards and provisions.

In addition, this use of International Standards supports regulatory harmonization and helps avoid the waste of resources that can result from additional testing or other duplicative procedures that can occur when regulators develop their own solutions.

* Extract from Annex 1 para. 4 of the TBT Agreement
IEC, ISO and ITU standards

IEC (International Electrotechnical Commission), ISO (International Organization for Standardization) and ITU (International Telecommunication Union), are leading international organizations that develop International Standards and work together under the banner of the World Standards Cooperation to strengthen and advance a voluntary consensus-based International Standards system and related conformity assessment activities.

Standards developed by these three organizations respect the principles of openness, transparency, impartiality and consensus, effectiveness and relevance, coherence, and the development dimension, agreed by the WTO’s TBT committee. Policy makers can have confidence when using IEC, ISO or ITU International Standards that they are fulfilling their WTO obligations, and not creating any unnecessary obstacles to international trade.