OECD-UNECE Joint Study

Economic Impact of Marketing Standards on Trade

Preliminary Results

Monday, 15 November 2021
Marketing Standards

Marketing standards encourage high-quality production, improve profitability and protect consumer interests.

**UNECE** standards are used internationally by Governments, producers, traders, importers, exporters and international organizations.

The aim of the **OECD** Fruit and Vegetables Scheme is to facilitate international trade through the harmonization of implementation and interpretation of marketing standards.
OECD BROCHURE ON TOMATOES

- Prepared by The Netherlands
- Based on a UNECE standard [FFV-36, 2017]
- Issued in 2019
- Freely available as an electronic version on our website

https://www.oecd.org/agriculture/fruit-vegetables/
Descriptive Statistics

- **Products Covered:** apples, [pears & quinces], cherries, [peaches and nectarines], [plums and sloes], apricots, grapes, avocados, strawberries, [melons and watermelons], [guavas, mangoes, mangosteens], figs, [onions and shallots], garlic, leeks, lettuce, chicory, hazelnuts, mushrooms, [cauliflowers and broccoli], asparagus, carrots, beans.

- **Period:** 1995-2019

- **Countries:** 196

- **Source:** BACI (Gaulier and Zignago, 2010) and denominated in nominal U.S. dollars (thousands).

- Trade flows in USD
Equation

- We want to measure the impacts on trade flows between two countries.
- Measure the impact in case both countries are members of the OECD Fruit and Vegetable Scheme and UNECE.
- We check the impact in case only one country is member of the Scheme/UNECE.
- We measure the impact of the OECD Explanatory Brochures (Mkt standards) and other control variables

\[ \text{Trade} = \text{BothFVS} + \text{OneFVS} + \text{Explanatory Brochure (MKT Standard)} + \text{other control variables} \]
Results

• In general, if both partners follow the same system, the model predicts that fruit trade is larger for figs (by 34%), avocados (59%), grapes (37%), melons and watermelons (57%), apricots (40%), strawberries (50%), and hazelnuts (70%).

• For many of these same regressions, the effect of single-country FVS membership is also positive, large, and statistically significant. Specifically, the estimates suggest that even if only one partner is a member, trade increases for figs (25%), guavas, mangoes, and mangosteens (26%), melons and watermelons (34%), strawberries (38%), and hazelnuts (47%).

• One year after publication of the relevant OECD brochure based on a UNECE Marketing Standard, trade in apples increases by 11%, trade in pears and quinces increases by 7%, and trade in hazelnuts increases by 12%.
Preliminary results suggest that marketing standards work and have a positive impact on trade.

Having a common system (same marketing standards, harmonized interpretation and common inspections methodologies) amplifies the positive impact on trade.

Key Beneficiaries

- Farmers benefit from harmonized inspection methods and clear quality standards classification that promote fair trade
- Consumers benefit from quality assurance and fair prices.