

GMO Regulations, International Trade and the Imperialism of Standards

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Abstract

This paper deals with the quantification of GMO regulations on bilateral trade flows. A composite index of the 'complexity' of such regulations for sixty countries as well as an 'objective' score for six GMO regulatory sub-dimensions has been developed. Using a gravity model, we show how bilateral 'similarity' in GMO regulations, affect trade flows for the composite index and its components. Results show that bilateral distance in GMO regulations negatively affect trade flows, especially as an effect of labeling policies, approval process and traceability systems. Interesting, the trade reduction effect induced by GMO standards increase by a factor of four when GMO regulations is treated as endogenous to trade flows. This pattern is consistent with an international environment where large importing countries 'dictate' the rules of the game to developing countries.

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Keywords: GMO standards, Harmonization, Trade Flow, Gravity Model, Endogeneity