



Conclusion

During the past two decades, while applied tariffs in the Asia-Pacific region have decreased, the number of NTMs has risen significantly. Although NTMs often serve legitimate and important public policy objectives, their trade costs are estimated to be more than double that of ordinary customs tariffs. This report provided an overview of NTM trends and developments in Asia and the Pacific. It explored how NTMs relate to the SDGs. This was followed by a discussion of the impacts of NTMs on trade and investment, together with a private sector perspective outlining the difficulties posed by NTMs and related procedural obstacles. The extent to which NTMs were aligned with existing international standards was evaluated, followed by a review of existing practices on streamlining NTMs at the national and regional levels.

The introductory chapter presented an overview of the trends and stocks of NTMs in the Asia-Pacific region. It noted the rising importance of NTMs as barriers to trade at the regional and global levels. The proliferation in NTMs globally and within the region mean that they are now a more significant deterrent to trade than ordinary customs tariffs. At the same time, NTMs do have an important role in addressing public policy objectives, including those embedded in the 2030 Sustainable Development Agenda. **A key challenge, therefore, is how to strike the right balance between their positive (intended) effects and their cost to traders (and ultimately consumers).**

Chapter 1 explored how NTMs address the SDGs. The analysis showed that almost half of NTMs in Asia and the Pacific directly address SDGs, with the highest share of SDG-related NTMs in the Asia-Pacific region, and globally, directly addressing Goal 3 (Good Health and Well-being). The analysis indicated that regulation miss to address some SDG targets. For example, only about 10% of the economies in Asia and the Pacific have at least one NTM addressing illegal, unreported and unregulated (IUU) fishing and illegal timber trade. At the same time, sometimes well-intentioned NTM regulations addressing one dimension of sustainable development may inadvertently, negatively and severely affect other dimensions. **As such, detailed sustainability impact assessments at the country and sector levels are recommended in order to draw accurate conclusions for each new or existing NTM.**

Chapter 2 noted that while NTMs often serve legitimate and necessary purposes, they generally add costs to trade. While some developed economies outside of the region have more NTMs in place, costs related to NTMs are higher in Asia and the Pacific, suggesting that the design or the implementation of NTMs in the Asia-Pacific region is less efficient. The chapter also explored the relationship between NTMs and FDI. Case study analyses suggested that certain NTMs have a significant impact on FDI. At the same time, a potentially positive effect of NTMs on FDI may be offset by the negative effect on trade; hence, these impacts cannot be considered in isolation. An analysis of private sector surveys on NTMs in the

Asia-Pacific region revealed that domestic procedural obstacles – rather than the required standards embedded in NTMs – are the primary reason why foreign and domestic NTMs are perceived to be burdensome. **As such, policymakers wishing to promote exports need to address domestic procedural obstacles through trade facilitation as a priority.**

Chapter 3 emphasized that a significant share of trade costs stem from the fact that technical regulations (SPS and TBT) remain often very different between countries and need to be better coordinated or harmonized, in particular through the use of international standards. Most countries in Asia and the Pacific have been found to diverge from the recommendations of international standards bodies listed in the WTO SPS Agreement and thus under-regulate. Many developing countries lack the necessary quality infrastructure to assess conformity, and thus apply less regulations. Many also are not in a position to actively participate in the standard-setting process such that international standards are not always relevant and adapted to their needs. **Capacity-building in, and retention of, expertise needs to be strengthened; this includes ensuring developing countries can effectively participate in international standards development.**

Taking the above findings into consideration, Chapter 4 highlighted good practices in streamlining NTMs for sustainable benefits. The key to maximizing benefits is to determine appropriate levels of protection as well as reduce the cost of compliance and the divergence among legitimate NTMs. Reviewing existing NTMs and ensuring that new NTMs are systematically subject to a regulatory impact assessment are essential starting points. Enhancing transparency in NTMs and related procedures, including through trade digitalization, can also reduce NTM-related costs. Regional initiatives and cooperation have an important role to play in these areas, as reflected in the content of newer RTAs. **Given the high costs associated with NTMs, countries in Asia and the Pacific may consider enhancing cooperation further, for example, by establishing a regional NTB private sector reporting mechanism and developing common guidelines on sustainability impact assessment of NTMs.**