Future research agenda on non-tariff measures and the needs for capacity-building

ARTNeT secretariat

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and ARTNeT secretariats organized the ARTNeT dialogue on “Analysing non-tariff measures: Collating evidence and setting research agenda”, on 26-27 April 2017, in Bangkok.¹ The objectives of this ARTNeT event were to:

(a) Present research findings of the studies undertaken by ARTNeT researchers related to non-tariff measures (NTMs) principally in the CLMV² countries – the outcome of which is the publication of this book, and

(b) Provide a platform for a conversation on formulating a research agenda on NTMs that will better inform policymakers on the presence and impacts of NTMs. The event was organized as part of the project on “Supporting Equitable Economic Development in ASEAN: Impact of Regional Integration (AEC) on Cambodia, the Lao People’s Democratic Republic, Myanmar and Viet Nam (CLMV countries)” under phase four of ARTNeT and supported by Agence Française de Développement (AFD). However, the discussion on the future research on NTMs, their use and impact, was not limited to ASEAN and the recommendations below are broadly applicable.

² Cambodia, the Lao People’s Democratic Republic, Myanmar and Viet Nam.
A. Pre-event survey

Before the event, the ARTNeT secretariat conducted a survey among its members on “Setting the future research agenda on NTMs”. The survey was circulated among the ARTNeT members and network and it received 102 responses. Only 42.9% of the respondents felt that the current research on NTMs adequately reflected relevance to policy (33.7% were of the opinion that it did not, and 23.5% had no opinion). With regard to specific concerns over the future research agenda, the following suggestions were received as answers to an open-ended question:

a. More sectoral / product level studies are needed at the micro / firm level, e.g. technical barriers to trade (TBT) in the food sector;

b. Determinate how businesses see NTMs;

c. Good governance and NTMs;

d. NTMs and preferential trade agreements (PTAs);

e. Find ways to speed up regulatory convergence and harmonization, including at the regional level;

f. Find ways to identify NTMs that are non-tariff barriers (NTBs);

g. Single window technical frameworks and NTMs;

h. Find ways to reduce the procedural obstacles of testing and certification;

i. Assess the costing of quality infrastructure (laboratories etc.) required to facilitate NTMs;

j. Find ways for developing economies to improve local testing procedures;

k. Conduct “bottom up” research on NTMs;

l. Lobbying and NTMs;

m. Assess the impact of NTMs on poverty and inequality, services trade, technology transfer, value chains and welfare (producer and consumer);

n. Assess the real health impacts of sanitary and phytosanitary (SPS) measures applied to agricultural products;

o. Analyse NTMs with environmental protection objectives and their impact;

p. Analyse the role of private standards;

q. Review the use of national languages as NTBs.
B. Outcome of the panel discussion

The ARTNeT Dialogue provided an excellent platform for the exchange of views and proposals on how to frame ARTNeT’s research agenda on NTMs with the objective of better informing policymakers (in ASEAN as well as across the Asia-Pacific region) about the presence and impacts of NTMs and the policy options on how to manage NTMs with harmful impacts on trade and development.

Discussions, including consideration of the research findings presented for the ARTNeT project, led to a broad agreement that current trade and related policies, especially in lower income countries, are becoming much more difficult to navigate to establish the impact of individual trade measures. Often, no data other than for average applied tariffs are available for many low-income countries, which does not allow for an analysis to be relevant to current policy issues. Thus, the consensus was that the most serious obstacle to more meaningful research on NTMs was the lack of availability and comprehensiveness of data. What is needed is to match product- and partner-specific trade flow data with similarly detailed data on trade measures (NTMs and other behind-the-border measures).

The comments and suggestions have been divided into the following two categories.

1. Ideas on expanding data, and creating inventories and tools for analysis

   a. Firm-level datasets, which already have been developed and used in research, should all be combined into one data set repository – ideally on the ARTNeT platform – to provide easy and free access to researchers on the network;

   b. In most cases it is not possible to have a set of markers for determination on a priori basis which of the NTMs will have a commercial effect of an NTB. While some NTMs might enable trade by some producers in some countries, it is also possible that they could act as an obstacle to trade by producers from other exporting countries. At the same time introduction of new NTMs may also have some impact on domestic producers as they also need to comply with them too. Often NTMs have a different effect when considered in a pre-establishment and post-establishment context of foreign direct investment (FDI). Therefore, categorization of NTMs vs. NTBs should be undertaken on a case by case basis. However, this will require more resources at the monitoring and policymaking levels as well as solid disaggregated data on both trade, FDI and production;

   c. To gain a better sense of the prevalence of NTMs, data should be “cleaned” by comparing measures initiated and measures terminated.
This may also provide information on how NTMs differ with regard to survival rates and whether their demise is related to having had a fully expected effect or instead whether they were not effective at all (and thus were cancelled). In addition, it would be interesting to know how many were terminated because of non-WTO-compliancy;

d. Insights from the so-called “reverse notification” approach can be used to categorize NTMs into NTBs by gauging the protectionist intent. This would require looking at the specific concerns and then checking whether there was an original notification of the measure; if not, it is likely that the intent was not 100% compliant with the rules;

e. Consider constructing “early warning signal” indicators at the product or sectoral level either to indicate a rise in NTMs’ presence or to be able to identify if such presence results in changes of production or trade/investment patterns (such as crop/product or market substitute) as this often occurs due to “regulatory leakage”;

f. Review available indicators in the area of environmental protection and identify their possible adverse commercial impact (i.e., NTBs);

g. Research on mutual recognition arrangements (MRAs) on conformity assessment and the effectiveness;

h. Research on whether the NTB is posed by the standard itself, or by the procedure involved in complying with it;

i. Research on to what extent are governments drawing on relevant international standards in their technical regulations;

j. Develop an analytical framework for collecting and presenting harmonized data across countries on the use of standards in regulations in any sector as a basis for effective monitoring of the actual extent of use of international standards in regulations and for empirical analysis of the trade effects. The template could then be applied to collect and report detailed and factual information on technical regulations, their objectives and standards used in pilot sectors within ASEAN countries. The output will be used to illustrate the difficulty of identifying, for a given sector, which standards are used, and with which links – direct or indirect – are standards used internationally. The missing data collected in the harmonized format of the template will show how transparency of data on standards use could be improved;

k. Research on potential trade effects and policy implications of environmental and organic standards in food and agriculture; and

l. Engage directly or indirectly with the Multi-Agency Support Team and the United nations Conference on Trade and development (UNCTAD) in further work on defining and/or fine-tuning definitions of NTMs in categories D-P of the current classification (UNCTAD-MAST 2012);
2. Ideas on capacity-building and training

a. Achieve a better understanding of private (voluntary) standards. Private standards and voluntary standards are having an increasing influence on trade flows, including from developing countries. Small and medium-sized enterprises (SMEs), especially in the least developed and low-income countries, are the most adversely affected at present (according to available perception surveys). However, given the right policy support, such companies could be placed in a good position to adapt measures and increase their compliance with various conditions given their small scale and higher adaptability than large(r) firms. Capacity-building programmes for SMEs can be organized especially in the least developed countries.

b. Develop skills for more effective use of available datasets (iTIP etc) in awareness building and research;

c. Capacity-building for the notification of measures to the WTO and when appropriate at the regional levels;

d. Capacity-building to enable formulation of effective Aid for Trade or grant/loan proposals for seeking technical assistance in improving the capacity of traders/producers to comply with NTMs, or for establishing regional testing facilities;

e. Capacity building on how to design, negotiate and implement above mentioned mutual recognition agreements; and

f. Training on roles of public authorities in the area of environmental and organic standards: options for interaction and means for the use of standards for achieving public policy goals.
The Asia-Pacific Research and Training Network on Trade - ARTNeT - is an open network of research and academic institutions and think-tanks in the Asia-Pacific region.

Since its inception, ARTNeT has focused on increasing the amount and quality of relevant trade and investment research in the region. This has been done by harnessing the research capacity already available and developing additional skills through regional team research projects, enhanced research dissemination mechanisms, and increased interactions between policymakers and researchers. The greatest impact in building research capacity thus far has been achieved by establishing technical capacity building activities catering to researchers and research institutions especially from the least developed countries. ARTNeT looks forward to placing even stronger emphasis on such programs in the future.

ARTNeT keeps evolving to respond to the changing environment faced by policymakers, analysts, researchers and other stakeholders. However, what will not change is ARTNeT's commitment to valuing consultation, collaboration and cooperation. ARTNeT Secretariat will continue to work with partners to strengthen this established collaborative platform to enable its members to embark onto new and ever-more challenging areas of research covering contemporary concerns in trade, investment, inequalities, competitiveness, inclusive growth, as well as ecological sustainability — all essential issues in the era of the Sustainable Development Goals.

More details at http://artnet.unescap.org

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