

Non-tariff measures in Armenia and their linkages to the Sustainable Development Goals

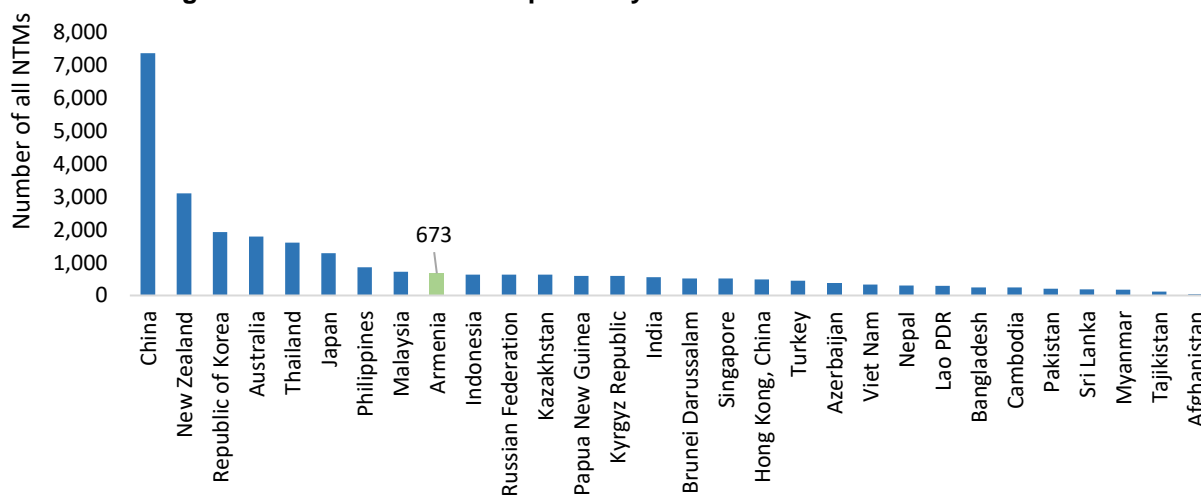
Non-tariff measure (NTM) data for Armenia was collected by ESCAP and UNCTAD for the first time in 2019 using the International Classification of Non-tariff Measures (ICNTM)¹ methodology. This brief summarizes the preliminary overview of the collected data and discusses how NTMs in Armenia link to the Sustainable Development Goals (SDGs). This brief should be read in conjunction with the *Asia-Pacific Trade and Investment Report 2019: Navigating Non-tariff Measures towards Sustainable Development (APTIR 2019)*, which provides a regional overview, details on methodology and limitations, as well as concrete policy recommendations to streamline NTMs towards sustainable development.

Non-Tariff Measures (NTMs) are policy measures - other than ordinary customs tariffs - that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both (UNCTAD, 2012). NTMs include a wide range of public policies, such as technical regulations, pre-shipment inspections, quantitative restrictions, price control measures, etc. imposed on imports and exports of goods. To allow for systematic monitoring and analysis of NTMs applied by countries, the UNCTAD maintains a continuously updated global database of NTMs within their TRAINS portal, which as of May 2019 contained more than 60,000 measures from 88 economies and over 25,000 measures from 28 Asia-Pacific economies.²

Overview of non-tariff measures in Armenia

With the total number of NTMs at 673, in the ranking by total number of NTMs Armenia is well above many economies in Asia-Pacific (for which NTM data is available) that have drastically different levels of economic development and trade volumes – see figure 1. Armenia's immediate neighbours in the ranking are Malaysia (723); Indonesia (634), Russian Federation (632); and Kazakhstan (632). Armenia has more non-tariff measures, than, for example, Singapore (514), Hong Kong, China (489), and Turkey (452).

Figure 1. Number of NTMs imposed by selected countries in Asia-Pacific



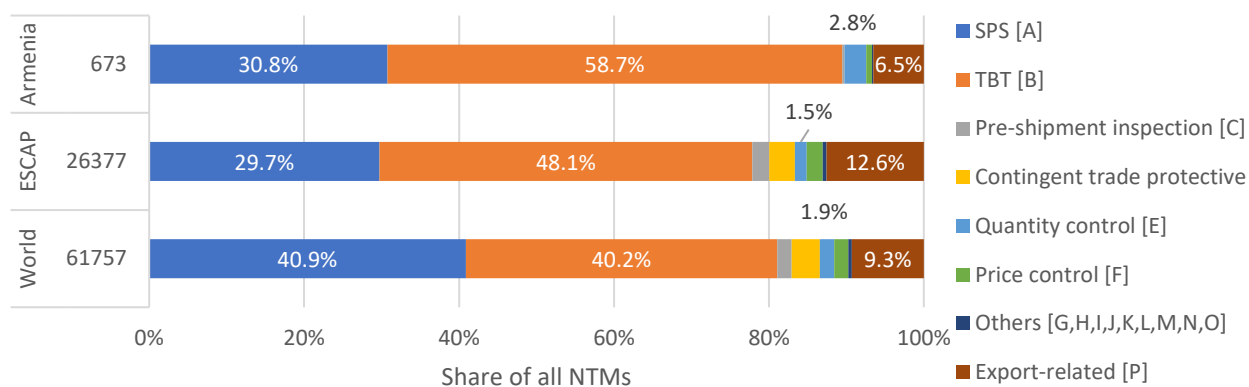
Source: ESCAP, based on UNCTAD TRAINS database and data collected in Armenia.

¹ Currently, data in the TRAINS database of NTMs utilize 2012 edition of the ICNTM (UNCTAD, 2012). A new 2019 edition was published that is used for all new cycles of NTM data collection (UNCTAD, 2019). Comparison between Armenia and other countries and regions should thus be considered with caution since data for Armenia was collected following the updated 2019 edition of ICNTM. Although there are a few very notable changes introduced in the new edition, the overall structure of the classification has been preserved.

² UNCTAD's TRAINS portal trains.unctad.org; World Integrated Trade Solution (WITS) platform at wits.worldbank.org; and ITC/UNCTAD/WTO's Global Trade Helpdesk at www.globaltradehelpdesk.org

The majority of NTMs in Armenia are technical measures, specifically, sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBTs) – see figure 2. The next most common category is export-related measures, which themselves contain a wide range of technical regulations, including SPS and TBT measures. Comparatively to regional and global shares of different types of NTMs, SPS measures in Armenia take a share of 30.8%, which is similar to the regional average of 29.7% and is well below the global average of 40.9%. At the same time, share of TBT measures in Armenia is 58.7%, which is notably higher than the average share of TBTs in the region and globally (48.1% and 40.2% respectively). According to the collected data, share of export measures in Armenia (6.5%) is notably lower than in the region and globally (12.5 and 9.3% respectively). The share of quantitative restrictions in Armenia is higher than the average for the region and the world (2.8% versus 1.5% and 1.9% respectively), while the shares of the rest of the NTMs are comparatively lower.

Figure 2- Shares of NTMs in Armenia, Asia-Pacific region and globally, by type

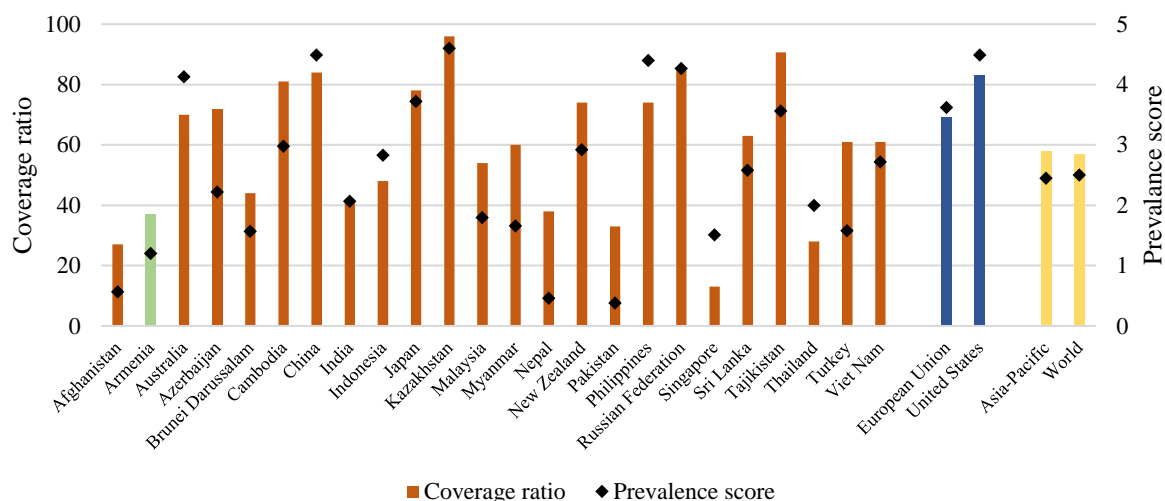


Source: ESCAP, based on UNCTAD TRAINS database and data collected in Armenia.

Two descriptive indicators commonly used to quantify the intensity of NTMs are coverage ratio and prevalence score (UNCTAD and World Bank, 2018). The coverage ratio captures how much of an economy's trade are subject to NTMs, and the prevalence score indicates how many distinct NTMs are applied to regulated products, on average.³ In general, less developed economies have lower coverage ratios and lower prevalence scores. As per figure 3, Armenia has coverage ratio of 36.9%, which is well below than that of the majority of the countries in Asia-Pacific, for which data is available, and it is below the regional and global averages (approximately 57%) by 20%. Armenia's coverage ratio is similar to such countries as Nepal, Pakistan, but at the same time it is above the coverage ratio calculated for Thailand and Singapore. The prevalence score of 1.21 is also comparatively quite low. While being similar to that of Singapore, it is significantly lower than the regional and global averages of approximately 2.5 measures.

³ Products are defined according to the codes of the Harmonized Commodity Description and Coding System (HS).

Figure 3. Coverage ratios and prevalence scores of non-tariff measures

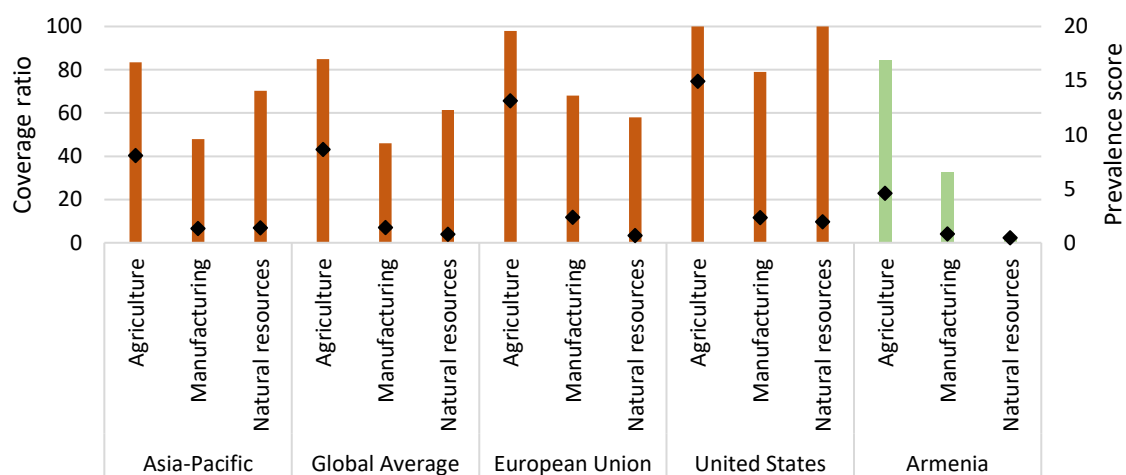


Source: UNCTAD. 2018. NTM hub: Data on non-tariff measures. Available from <https://unctad.org/> and ESCAP, based on data collected in Armenia.

Note: Averages are simple averages of the indicators.

Sector-wise, agricultural imports in Armenia are generally more heavily regulated, with nearly 84% of trade volume subject to at least one NTM. This indicator is on the par with regional and global averages (83% and 85% respectively) – see figure 4. At the same time, coverage ratios for manufacturing products and natural resources is significantly lower in Armenia comparatively to the coverage ratio of agricultural products. While that follows the overall regional and global trend, it is notable that coverage ratios for these two sectors are significantly lower than that of the region and the world. Armenia on average imposes 4.6 NTMs on agricultural products, 0.8 NTMs on manufacturing products and 0.5 NTMs on natural resources. The indicator value for agriculture is significantly lower than regional and global averages, while the values for the latter two sectors are roughly similar to them.

Figure 4. Coverage ratios and prevalence scores of non-tariff measures, by sector



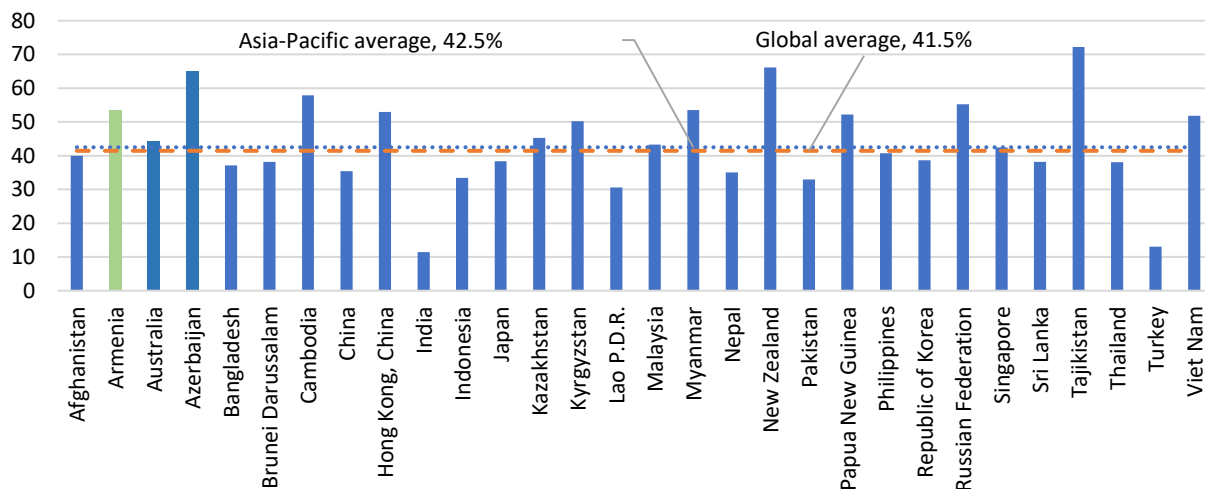
Source: UNCTAD. 2018. NTM hub: Data on non-tariff measures. Available from <https://unctad.org/> and ESCAP, based on data collected in Armenia.

Note: Averages are simple averages of the indicators.

NTMs directly and positively addressing SDGs

Overall, 359 measures out of the total of 673 in Armenia (53%) are evaluated to address at least one SDG target directly and positively – see figure 5. This is above the regional and global averages of approximately 42%. Although this indicator is significantly below than that of both Tajikistan and New Zealand, it is important to consider that New Zealand has over 3000 NTMs recorded in the TRAINS database, while only 115 NTMs were collected for Tajikistan.

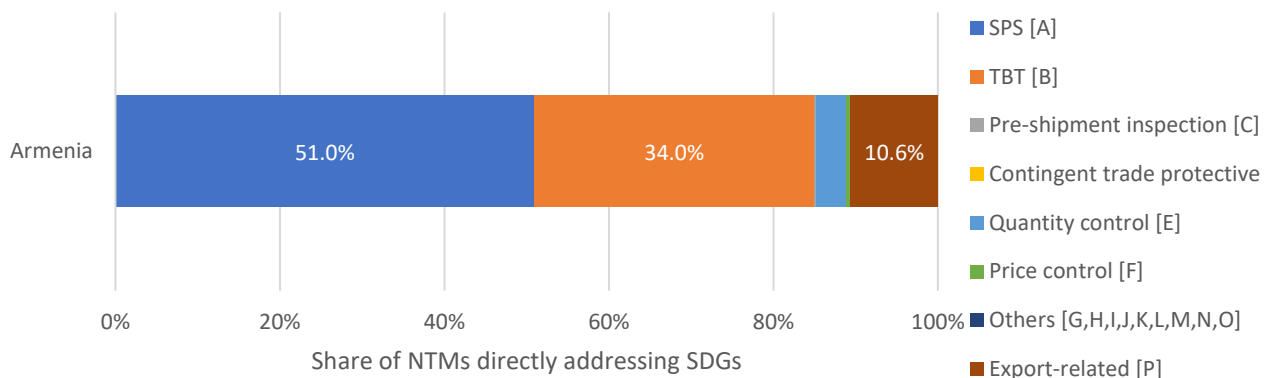
Figure 5. Share of NTMs that directly address SDGs



Source: ESCAP calculations based on UNCTAD TRAINS database and methodology developed by ESCAP and UNCTAD (Kravchenko, A., and others, 2019)

The distribution of Armenia's NTMs directly and positively addressing at least one SDG target is shown in figure 6. Just like in figure 2 above, majority of such NTMs are SPS and TBT measures (183 and 122 respectively), followed by export measures (38), and then by measures related to import licensing, quotas and restrictions (13), and the rest (3). Within the bulk of NTMs addressing SDGs, the share of SPS measures significantly higher, than within the total of NTMs (51% versus 30.8%). For TBT measures it is the opposite: they take 58.7% of all NTMs, while only 34% of NTMs addressing SDGs. This increase in the share of SPS measures is to be expected, as SPS measures tend to address SDGs more frequently, while for TBTs linkages to SDGs are often not so clear.

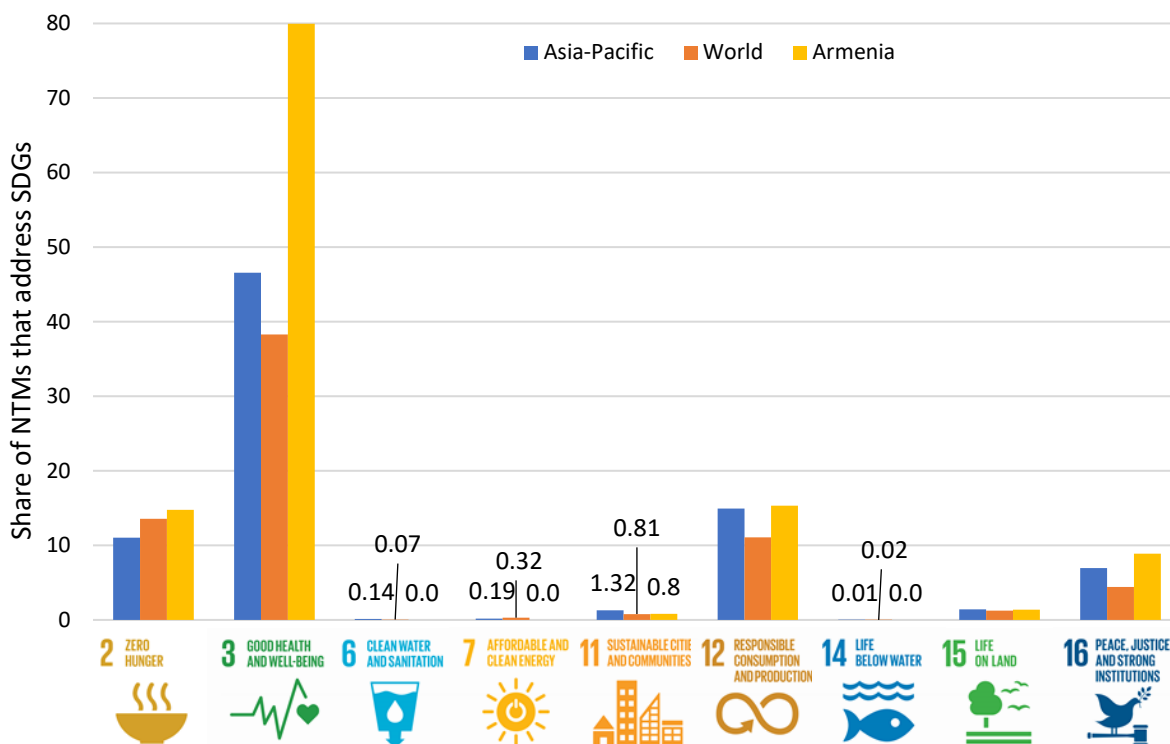
Figure 6. Distribution of NTMs addressing SDGs by NTM type



Source: ESCAP calculations based on UNCTAD TRAINS database and methodology developed by ESCAP and UNCTAD (Kravchenko, A., and others, 2019)

Figure 7 depicts the average share of NTMs in Armenia and in each economy in Asia and the Pacific and the world, that have been identified as directly addressing SDGs across individual Goals. It is important to note that linkages describing direct positive intended impact of NTMs on the achievement of SDGs were determined only for 9 of the 17 SDGs.⁴ At the same time, although the attempt was made to assign specific combinations of HS and NTM codes only to one specific SDG to minimize double counting, when interpreting the data, it is important to remember that many SDGs are tightly linked to each other and, thus, one measure may be directly or indirectly relevant to the achievement of more than one SDG.

Figure 7. Distribution of NTMs that directly address SDGs, by Goal



Source: ESCAP calculations based on UNCTAD TRAINS database and methodology developed by ESCAP and UNCTAD (Kravchenko, A., and others, 2019)

Note: The sum of shares exceeds 100%, as some measures address more than one SDG, which is reflected in their description in the TRAINS database of NTMs.

In Armenia, share of NTMs related to SDG 3 (good health and wellbeing) are significantly higher than their shares in Asia-Pacific and the world (79.9% versus 46.6% and 38.3%). Relevant to SDG 3 are SPS measures that aim to ensure safety of foods products to human health, as well as technical regulations aimed to address the issue of healthy diet, primarily through improving quality of ingredients used in foods products and through providing relevant information to the consumers by including certain ingredient information on the packages of food products (Target 3.4). Additionally, a bulk of NTMs address such issues as trade in narcotics, psychotropic substances, and alcohol (Target 3.5), medicines, medical equipment, supplies for healthcare services (Targets 3.1, 3.2, 3.3, 3.4, 3.7, 3.8), and tobacco and tobacco products (Target 3.a). Overall, these types of goods are considered sensitive due to their potential to impact human health and to generate illicit financial flows (indirect impact of SDG 16). In the context of Armenia, NTM types that are most commonly used to regulate trade in these goods are TBT measures, including measures pertaining to proper packaging, marking and labelling of goods (including health warning labels for alcohol and tobacco), transportation and

⁴ See (Kravchenko, A., and others, 2019) for the definition of “direct impact” of NTMs within the framework of the established methodology.

storage, import authorization, registration of goods and traders, measures on the licensing, quotas, other restrictions and prohibitions on imports, as well as the corresponding export measures and measures imposing excise and consumption taxes for trade in tobacco products and alcohol.

NTMs relevant to SDG 2 (zero hunger) primarily include SPS measures intending to prevent transboundary spreading of infectious diseases of animals and plants, as well as dangerous pests (Target 2.4). Specifically, such measures include prohibitions, restrictions and authorizations for SPS reasons, treatments for elimination of plant and animal pests and disease-causing organisms, testing, certification and inspection requirements, as well as the corresponding export-related measures, including export licensing. In Armenia, share of NTMs addressing this goal is just slightly higher than on average in Asia Pacific and the world (14.8% versus 11% and 14.6%). Given, that some of such animal diseases can be contracted by humans, some of these measures provide an important contribution to the achievement of SDG 3 on health.

In Armenia, NTMs relevant to SDG 12 address targets on responsible and sustainable management of hazardous chemicals and waste (Targets 12.4 and 12.5). The relevant NTMs here are measures on safe and informative packaging and labelling, transportation and storage, product safety and quality, product registration, testing, certification requirements, licensing and prohibition, including for the purpose of environmental protection and security, relevant export measures. A bulk of such NTMs are imposed in implementation of international conventions aimed at controlling transboundary movement of hazardous chemicals, including pesticides, persistent organic pollutants, mercury, as well as waste and ozone depleting substances.⁵

For the case of Armenia, NTMs relevant to SDG 16 are primarily those that aim to regulate trade in guns and weapons through such measures as restrictions and licensing, prohibitions, product registration and certification, import authorization, and relevant export measures (Target 16.4). There are also two measures addressing import and export of “blood” diamonds (Kimberly Process) (Target 16.4). NTMs that address protection of endangered species of flora and fauna are chiefly export measures, including export licensing, and technical measures (Target 15.7). Lastly, Armenia uses export permits and licensing to address trade in items that have cultural and historical value (Target 11.4).

NTMs and RTAs

While NTMs often serve legitimate and necessary purposes, they add costs to trade, which at times may be excessive compared to the benefits achieved. As was demonstrated in APTIR 2019, NTMs are burdensome to a significant extent due to the regulatory divergences between the trading countries and due to the procedural obstacles often associated with NTM implementation. Thus, to improve efficiency of NTMs in achieving their intended objectives, including those related to SDGs, economies in the Asia-Pacific region increasingly address NTM issues in their regional trade agreements (RTAs), thereby deepening and facilitating implementation of existing multilateral rules in this area. Best practices on addressing NTMs through RTAs include: use of international standards; technical assistance for less developed members; removal of duplicate measures; transparency; ensuring that technical regulations are binding; and ensuring that the application of regulations is carried out on a national treatment basis. In the Annex to this brief please see which of the existing Armenia’s RTAs have provisions related to trade in goods, and specifically to those aspects of trade in goods that may be addressed by NTMs.⁶

NTMs and Trade Facilitation

Additionally, as discussed in APTIR 2019, trade facilitation and digitalization of trade-related procedures can have a significant impact in reducing costs associated with NTMs. Armenia ratified WTO’s

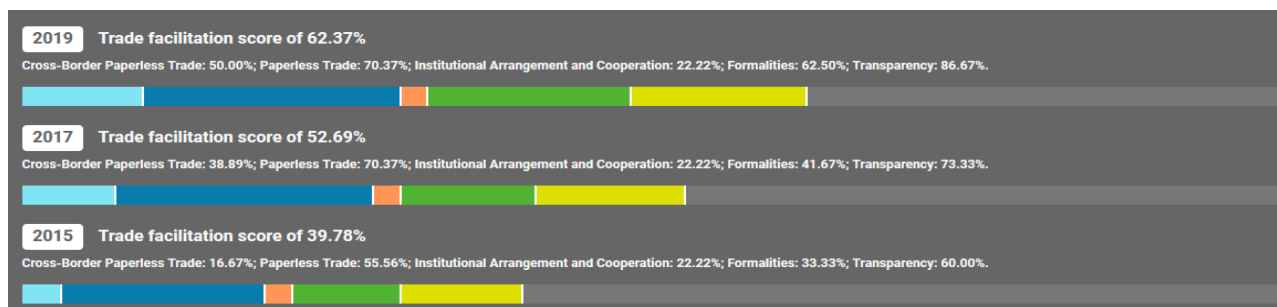
⁵ The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Stockholm Convention on Persistent Organic Pollutants, Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol on Substances that Deplete the Ozone Layer, and Minamata Convention on Mercury

⁶ More detailed data is available from Asia-Pacific Trade and Investment Agreement Database – APTIAD at <https://www.unescap.org/content/aptiad/>.

Trade Facilitation Agreement in 2017.⁷ Moreover, the country in 2017 became signatory to the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.⁸

Overall, according to the 2019 UN Global Survey on Digital and Sustainable Trade Facilitation⁹, Armenia made a significant progress in the past four years. In 2015 the country's trade facilitation score, reflecting the completeness of trade facilitation (TF) measures implementation, was estimated at 39.78%, while in 2017 and 2019 it has reached 52.69% and 62.37% respectively - see figure 8.¹⁰

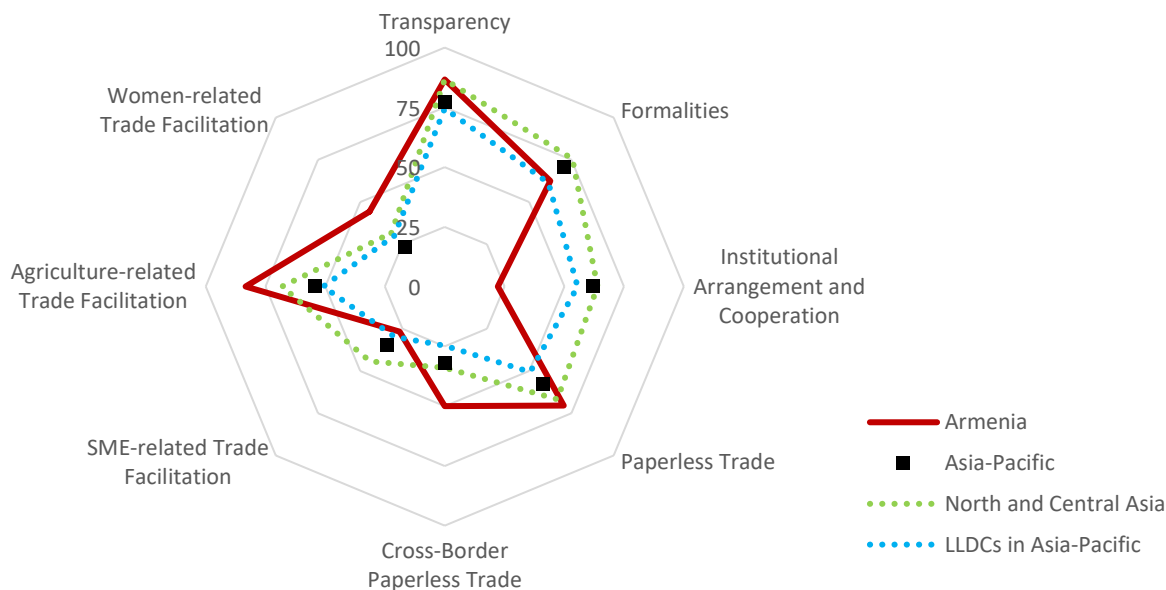
Figure 8. Progress in Armenia's trade facilitation score over time



Source: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation at <https://untfsurvey.org>.

Its level of implementation is higher than the level of Asia-Pacific (59.68%) and but slightly lower than the level of North and Central Asia (65.59%) – see figure 9. Comparing the implementation of measures between 2017 and 2019, the “Formalities” measures saw the largest increase with a 20.8 percentage point increase followed by “Transparency” and “Cross-Border Paperless Trade” with an increase of 13.3 and 11.1 percentage points respectively. Meanwhile, implementation of “Institutional Arrangement and Cooperation” and “Paperless Trade” measures remained the same.

Figure 9. Trade facilitation score of Armenia, Asia-Pacific and selected subregions, 2019



Source: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation at <https://untfsurvey.org>.

Note: LLDCs - Land-locked developing countries

⁷ Ratifications list for the WTO's Trade Facilitation Agreement is available here: <https://www.tfafacility.org/ratifications>

⁸ Available at the United Nations Treaty Collection website at https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=X-20&chapter=10&clang=en#EndDec

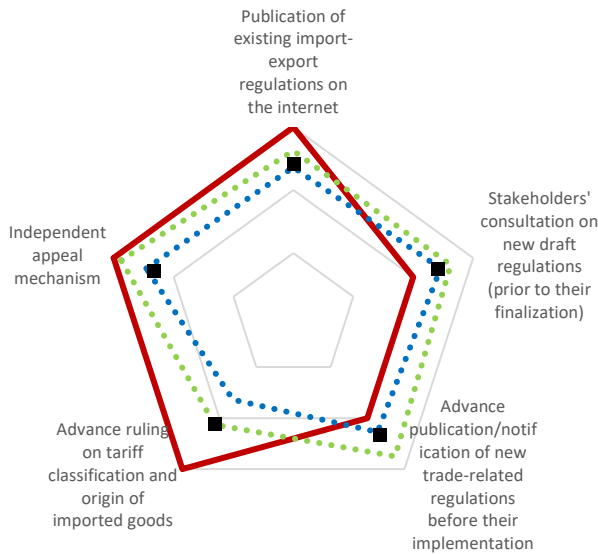
⁹ Results of survey for 2015, 2017 and 2019 are available at <https://untfsurvey.org>.

¹⁰ Data does not take into account the Transit Facilitation measures and the new measures (SME-related Facilitation, Agriculture-related Facilitation and Women-related Facilitation) introduced in the 2019 survey.

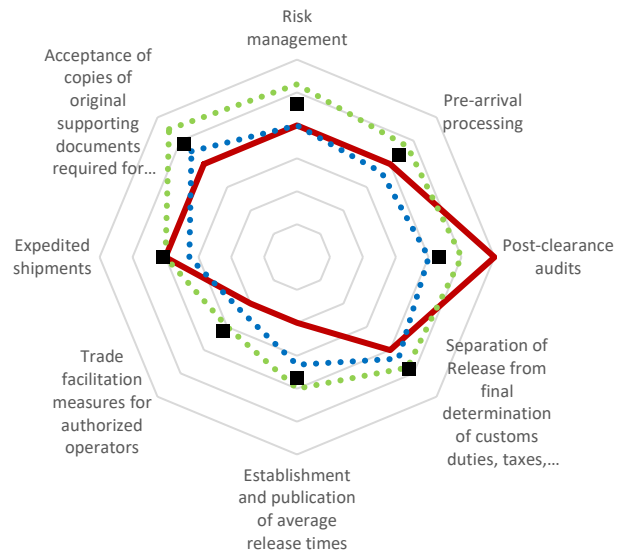
Among the core groups of trade facilitation measures, “Transparency” measures (86.67%) had the highest level of implementation, while “Institutional Agreement and Cooperation” (22.22%) had the lowest level of implementation – see figure 10. Implementation of “Paperless trade” and “Cross-border paperless trade” measures are higher than both the regional and sub-regional averages, whereas implementation of “Formalities” and “Institutional arrangement and cooperation” measures are lower than both the regional and sub-regional averages. Implementation of “Transparency” measures is the same as the North and Central Asia average but is higher than the regional average. Looking at the new groups of measures, “Agriculture-related Trade Facilitation” and “Women-related Trade Facilitation” had higher implementation levels than both the regional and sub-regional averages, while “SME-related Trade Facilitation” levels were lower than both the regional and sub-regional averages.

Figure 10. Completeness of trade facilitation measures implementation across core groups of measures, 2019

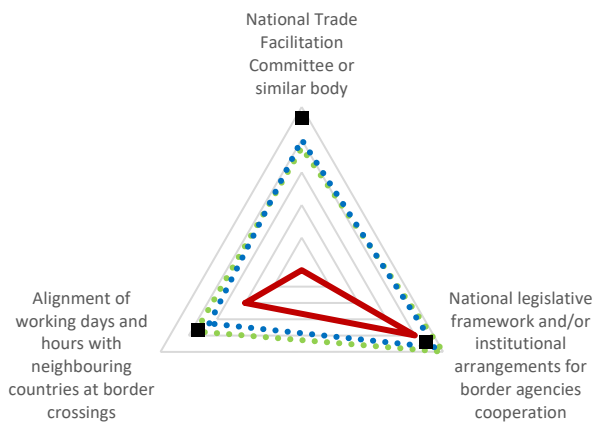
Transparency



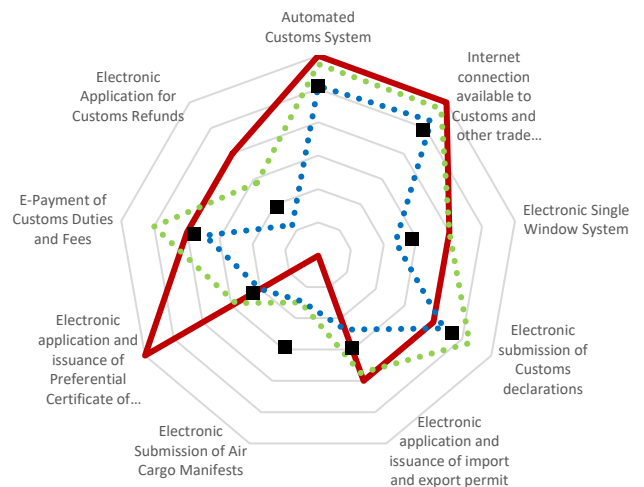
Formalities



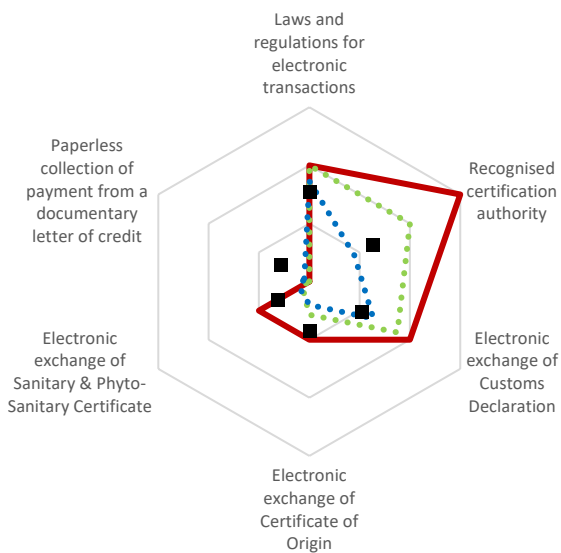
Institutional Agreement and Cooperation



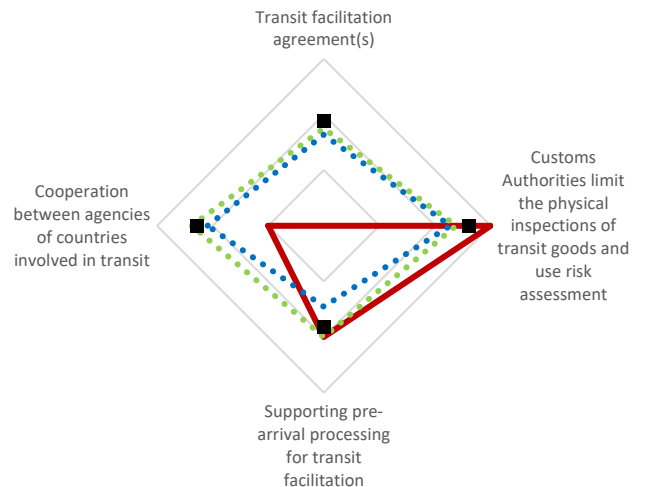
Paperless Trade



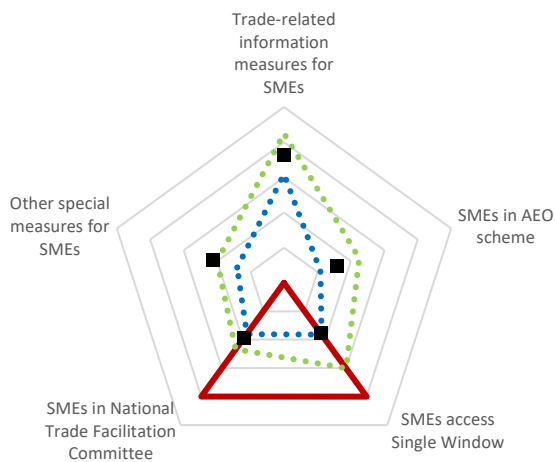
Cross-Border Paperless Trade



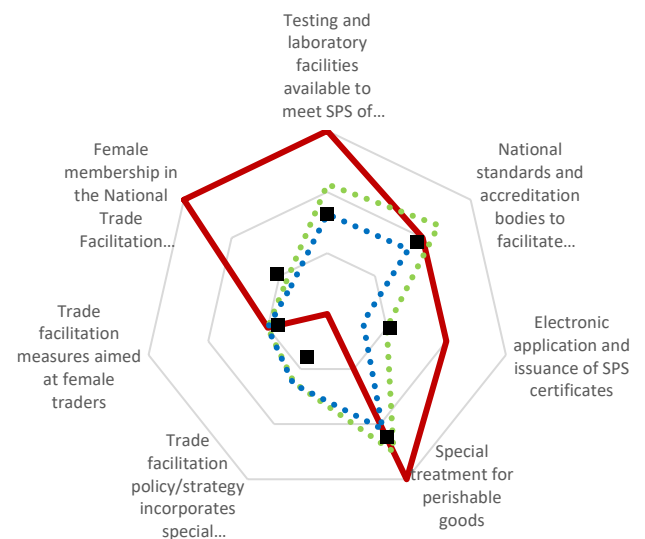
Transit Facilitation



Trade Facilitation for SMEs



Agriculture and Women-related Facilitation



Source: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation at <https://untfsurvey.org>.

Armenia may focus its trade facilitation efforts in particular on full implementation of “Formalities” measures given the momentum, as well as taking steps towards increasing implementation of “Institutional arrangement and cooperation” measures, the least implemented measure, through active participation in the new regional UN treaty on cross-border paperless trade facilitation.

As noted in *Asia-Pacific Trade and Investment Report 2019: Navigating Non-tariff Measures towards Sustainable Development* and described in this brief, NTMs often serve legitimate and important public policy objectives, and can therefore help achieve the 2030 Agenda for Sustainable Development. Failure to have essential technical NTMs in place, or their poor implementation, may have serious detrimental impacts (e.g., the spread of diseases such as the African swine fever in parts of the region). Technical NTMs can also boost demand and trade under certain conditions. At the same time, a key characteristic of NTMs is that they usually

generate costs for producers and traders, potentially inhibiting international trade. As such a careful balance must be struck to achieve all aspects of sustainability, namely economic, environmental and social. For a more comprehensive discussion of issues, including policy recommendations and best practices, please see APTIR 2019.

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Annex 1 - Armenia's RTAs with provisions related to trade in goods and to those aspects of trade in goods that may be addressed by NTMs

Source: Asia-Pacific Trade and Investment Agreement Database – APTIAD at <https://www.unescap.org/content/aptiad/>.

Title/Members	In force	Scope	Type	Trade in Goods	SPS/TBT (Goods)	Trade Facilitation & Customs cooperation	Government Procurement	Competition Policy	Intellectual Property
Armenia-Belarus	NA	Bilateral	FTA	YES	NA	NA	NA	NA	NA
Armenia-Georgia	1998	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Armenia-Kazakhstan	2001	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Armenia-Kyrgyzstan	1995	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Armenia-Republic of Moldova	1995	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Armenia-Tajikistan	1994	Bilateral	FTA	YES	NO	NO	NO	NO	NO
Armenia-Turkmenistan	1996	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Armenia-Ukraine	1996	Bilateral	FTA	YES	NO	NO	NO	YES	NO
Eurasian Economic Union (EAEU): Armenia; Belarus; Kazakhstan; Kyrgyz Republic; Russian Federation	2015	Plurilateral	Customs Union & EIA	YES	YES	YES	YES	YES	YES
Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS): Armenia; Belarus; Kazakhstan; Kyrgyzstan; Republic of Moldova; Russian Federation; Tajikistan; Ukraine	2012	Plurilateral	FTA	YES	YES	NO	YES	NO	NO
Viet Nam-Eurasian Economic Union (EAEU): Kyrgyzstan; Kazakhstan; Russian Federation; Viet Nam; Armenia; Belarus	2016	Country - Bloc	FTA & EIA	YES	YES	YES	YES	YES	YES
Eurasian Economic Union (EAEU)-Iran: Kyrgyzstan; Kazakhstan; Russian Federation; Iran; Armenia; Belarus	Signed & Pending ratification	Country - Bloc	FTA	YES	NA	NA	NA	NA	NA
Eurasian Economic Union - Israel: Israel; Belarus; Kazakhstan; Russian Federation; Armenia; Kyrgyz Republic	Under Negotiation	Country - Bloc	FTA & EIA	NA	NA	NA	NA	NA	NA
Eurasian Economic Union-Egypt: Armenia; Belarus; Egypt; Kazakhstan; Kyrgyz Republic; Russian Federation	Under Negotiation	Country - Bloc		NA	NA	NA	NA	NA	NA
India-Eurasian Economic Union: India; Belarus; Kazakhstan; Russian Federation; Armenia; Kyrgyz Republic	Under Negotiation	Country - Bloc	FTA & EIA	NA	NA	NA	NA	NA	NA
Korea-Eurasian Economic Union: Korea; Belarus; Kazakhstan; Russian Federation; Armenia; Kyrgyz Republic	Under Negotiation	Country - Bloc	FTA	NA	NA	NA	NA	NA	NA
Singapore-Eurasian Economic Union: Singapore; Belarus; Kazakhstan; Russian Federation; Armenia; Kyrgyz Republic	Under Negotiation	Country - Bloc		NA	NA	NA	NA	NA	NA