

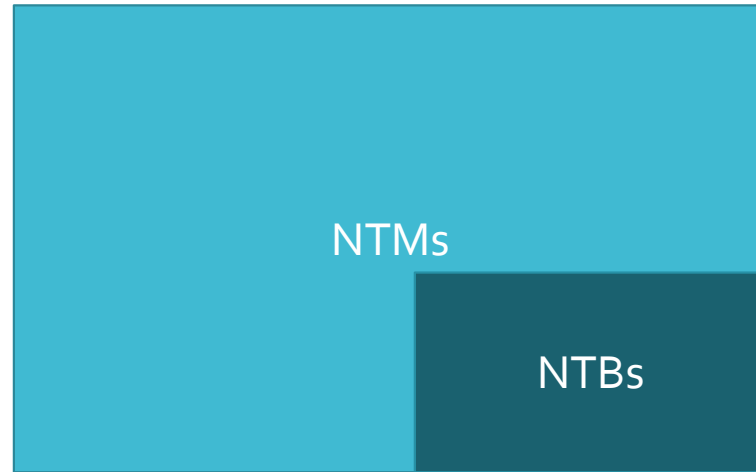
NTMs Definitions and Concepts

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Objectives

- **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.**
- All policy-related trade costs incurred from production to the final consumer, with the exclusion of tariffs
- Countries are allowed by the WTO to regulate their imports and exports in order to achieve legitimate non-trade objectives.
- They can be used for :
 - Correcting various market failures such as informational asymmetries, externalities and monopoly power (price ceiling)
 - Protect consumer health (standards, certification, labelling)
 - Safeguard the environment (import ban)
 - Protection of national industries or infant industries (bailouts, subsidy)

Certain
stylized facts
on NTMs :
NTMs vs Non
Tariff Barriers
(NTBs)



**NTMs can actually be trade and/or
welfare enhancing**

Transparency is paramount

Certain stylized facts on NTMs

- They can affect prices and quantities or both.
- Even though applied indiscriminately, they can be discriminatory
- Among the different types of NTMs, sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBTs) are most predominant
- On the whole, TBTs are more prevalent than SPS measures, but SPS more prevalent on agri-food products than TBTs
- The exact extent of burden imposed by NTMs differ among export markets
- Mixed results on whether NTMs are complements or substitutes to tariffs (differs by country and product groups)

International agreements on NTMs

- The SPS Agreement
 - entered into force in 1995,
 - allows countries to adopt scientifically based measures in order to protect human, animal and plant life or health.
 - it recognizes the sovereign rights of WTO Members to provide the level of health protection they deem appropriate and it (tries) to ensure that NTMs are not disguised restrictions on international trade.
 - encourages Members to base their measures on international standards (such as FAO or WHO).

International agreements on NTMs

- The TBT Agreement
 - Signed in 1980 superseded by the 1995 WTO Agreement.
 - Deals with technical requirements not covered by the SPS Agreement
 - promotes the use of international standards and the mutual recognition of requirements and of conformity assessment procedures between WTO Members.
- SPS vs TBT example
- Developing countries granted delays in implementation, technical assistance and other special treatment with regard to SPS & TBT

Question

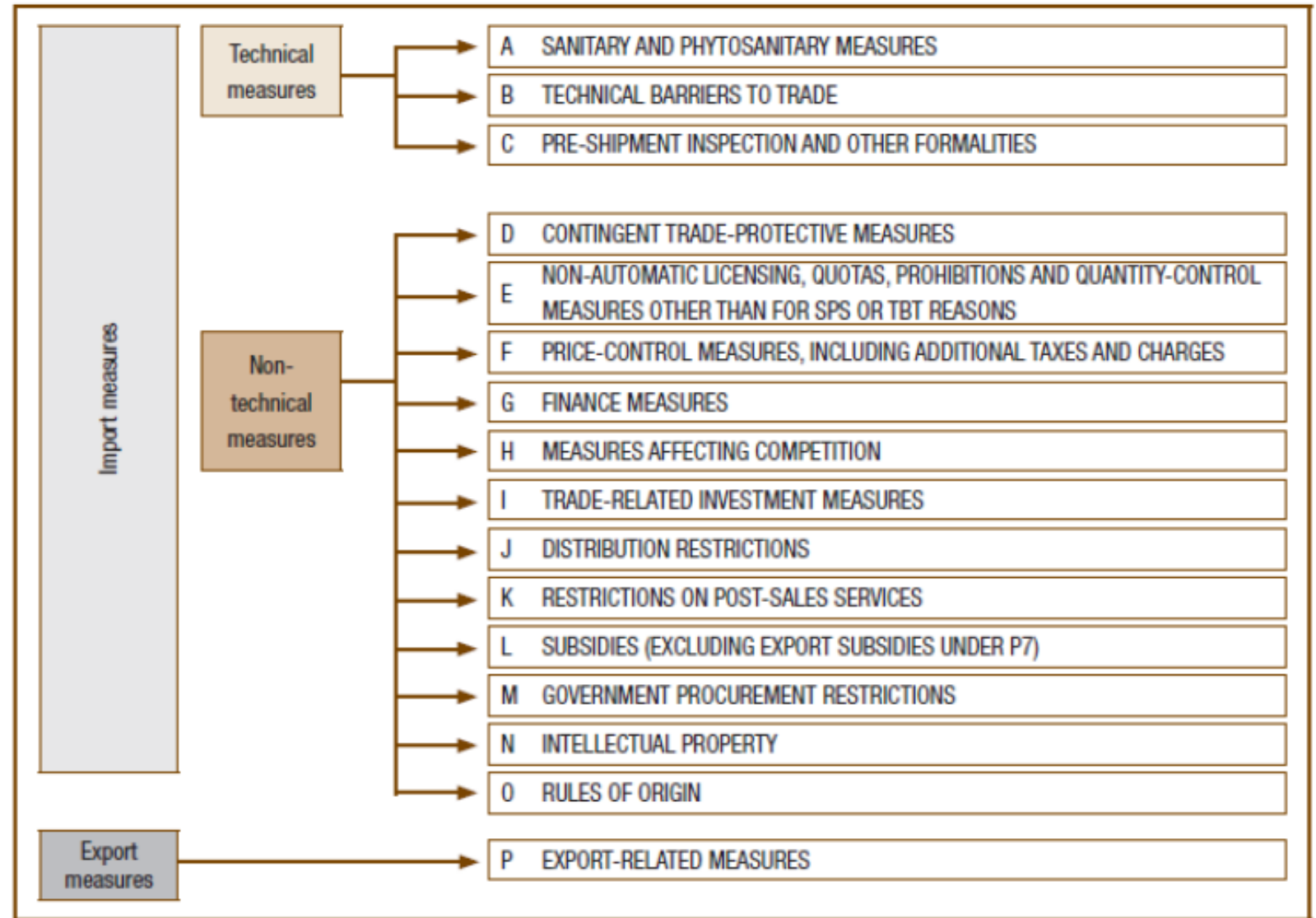
Who can introduce NTMs ?

- 1) Governments and public sector entities
- 2) Private sector
- 3) Both

Public versus private NTMs

- Rapid rise of private NTMs in the last decade
- Adopted by individual firms or by national organizations of producers and retailers or by international NGOs/organizations
- Main reasons for expansion :
 - Spread of global value chains and supply chains
 - Increase in consumer concerns
 - Slow process of public standardization
- Standardized data unavailability is a huge issue in assessing impact of private NTMs

Multi-Agency Support Team (MAST) 2012 classification of NTMs



Multi-Agency Support Team (MAST) 2012 classification of NTMs

- Tree branch structure
- NTMs are classified into 16 chapters depending on their scope and/or design (from A to P).
- Each chapter is further divided into sub-groups (up to three digits) to allow a finer classification of the regulations affecting trade
- All chapters (except chapter P, which deals with exports) reflect the requirements of the importing country with regard to its imports

Multi-Agency Support Team (MAST) 2012 classification of NTMs

A2 Tolerance limits for residues and restricted use of substances

A21 Tolerance limits for residues of or contamination by certain (non-microbiological) substances

A measure that establishes a maximum residue limit (MRL) or tolerance limit of substances such as fertilisers, pesticides, and certain chemicals and metals in food and feed, which are used during their production process but are not their intended ingredients: It includes a permissible maximum level (ML) for non-microbiological contaminants. Measures related to microbiological contaminants are classified under A4 below.

Examples: (a) MRL is established for insecticides, pesticides, heavy metals and veterinary drug residues; (b) POPs and chemicals generated during processing; (c) residues of dithianon in apples and hop.

A22 Restricted use of certain substances in foods and feeds and their contact materials

Restriction or prohibition on the use of certain substances contained in food and feed. It includes the restrictions on substances contained in the food containers that might migrate to food.

Examples: (a) Certain restrictions exist for food and feed additives used for colouring, preservation or sweeteners; (b) For food containers made of polyvinyl chloride plastic, vinyl chloride monomer must not exceed 1 mg per kg.

Chapter A, on SPS measures, refers to measures affecting areas such as restriction of substances, and measures for preventing dissemination of disease. Chapter A also includes all conformity assessment measures related to food safety, such as certification, testing and inspection, and quarantine.

Chapter B, on technical measures, refers to measures such as labelling, other measures protecting the environment, standards on technical specifications, and quality requirements.

Chapter C classifies the measures related to pre-shipment inspections and other customs formalities.

Chapter D, price-control measures, includes measures that are intended to change the prices of imports, such as minimum prices, reference prices, anti-dumping or countervailing duties.

Chapter E, licensing, quotas and other quantity control measures, groups the measures that have the intention to limit the quantity traded, such as quotas. Chapter E also covers licences and import prohibitions that are not SPS or TBT related.

Chapter F, on charges, taxes and other para-tariff measures, refers to taxes other than custom tariffs. Chapter F also groups additional charges such as stamp taxes, licence fees, statistical taxes, and also decreed customs valuation.

Chapter H, on anticompetitive measures, refers mainly to monopolistic measures, such as state trading, sole importing agencies, or compulsory national insurance or transport.

Chapter I, on trade-related investment measures, groups the measures that restrict investment by requiring local content, or requesting that investment should be related to export in order to balance imports.

Chapter J, on distribution restrictions, refers to restrictive measures related to the internal distribution of imported products.

Chapter K, on the restriction on post-sales services, refers to difficulties in allowing technical staff to enter the importing country to provide accessory services (for example, the repair or maintenance of imported technological goods).

Chapter L, contains measures that relate to the subsidies that affect trade.

Chapter M, on government procurement restriction measures, refers to the restrictions bidders may find when trying to sell their products to a foreign government.

Chapter N, on intellectual property measures, refers to problems arising from intellectual property rights.

Chapter O, on rules of origin, groups the measures that restrict the origins of products, or their inputs.

Chapter P, on export measures, groups the measures a country applies to its exports. It includes export taxes, quotas or prohibitions, and the like.

Multi-Agency
Support Team
(MAST) 2012
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of NTMs

Future refinements to NTM
classification

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