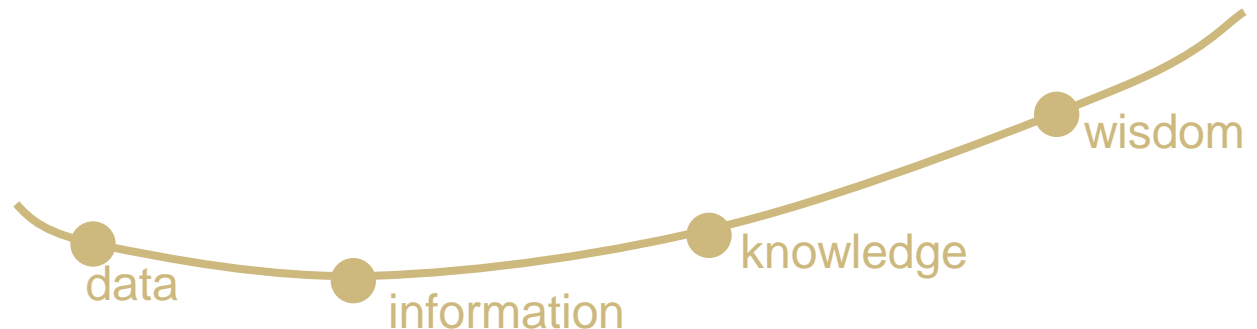




**WTO/ESCAP 12<sup>th</sup> ARTNeT Capacity  
Building Workshop for Trade Research**  
*“Empirical methods in trade: Analyzing  
non-tariff measures”*

**Bangkok,  
12-16 December 2016**

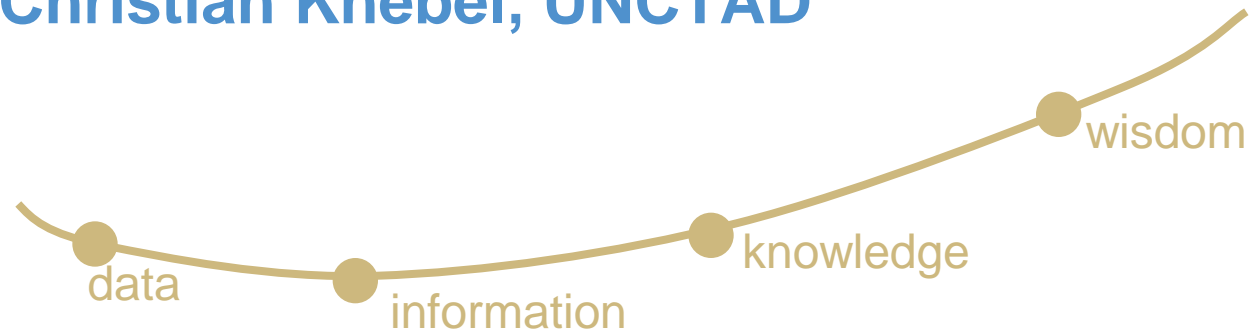




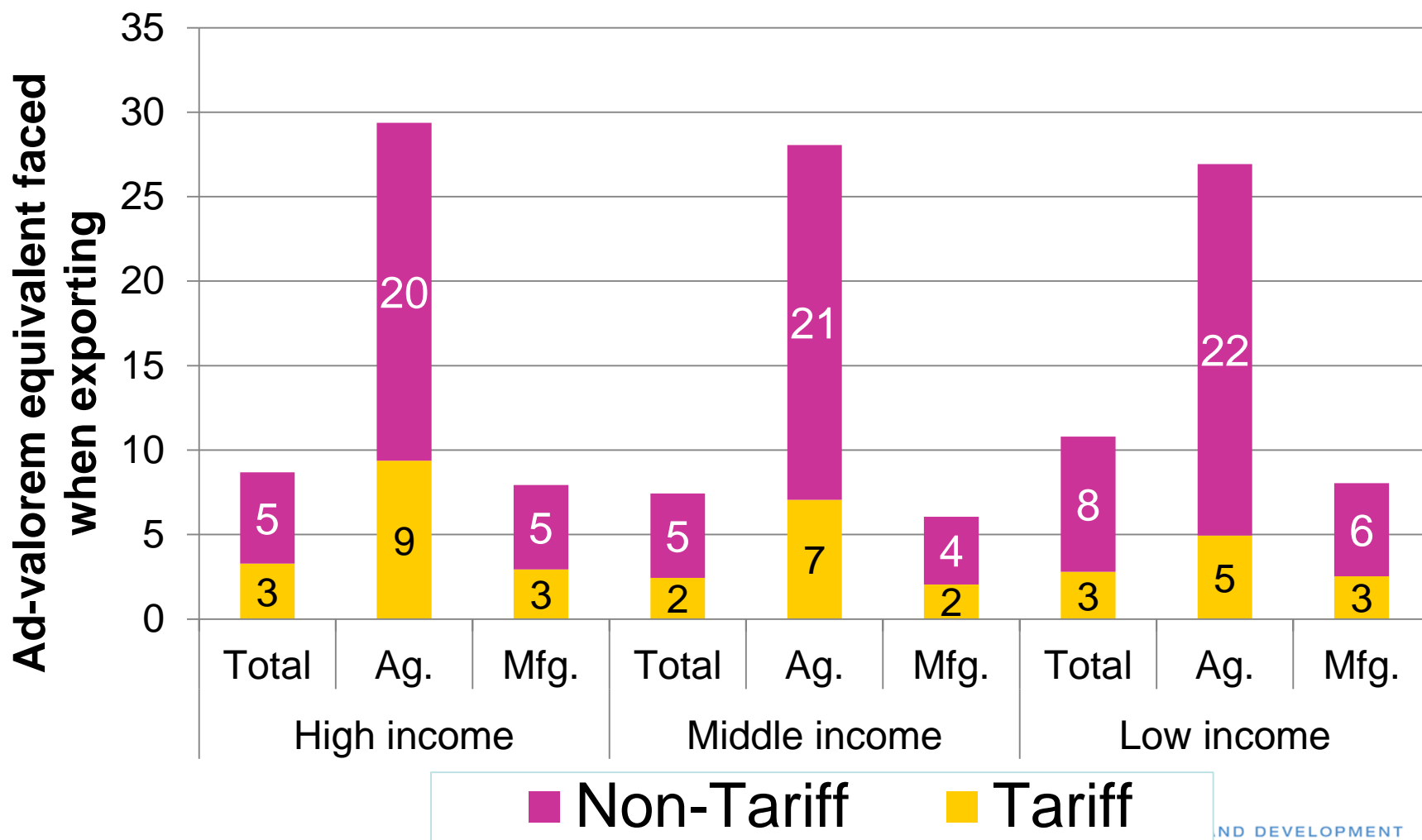
# Tuesday– Session 1b

## Trade and public policies: A closer look at NTMs in the 21<sup>st</sup> century

Christian Knebel, UNCTAD



## Non-Tariff Measures are the most important trade policy instruments today



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## Two different challenges

### Measures that directly or indirectly affect trade

#### a) Traditional non-tariff *barriers*

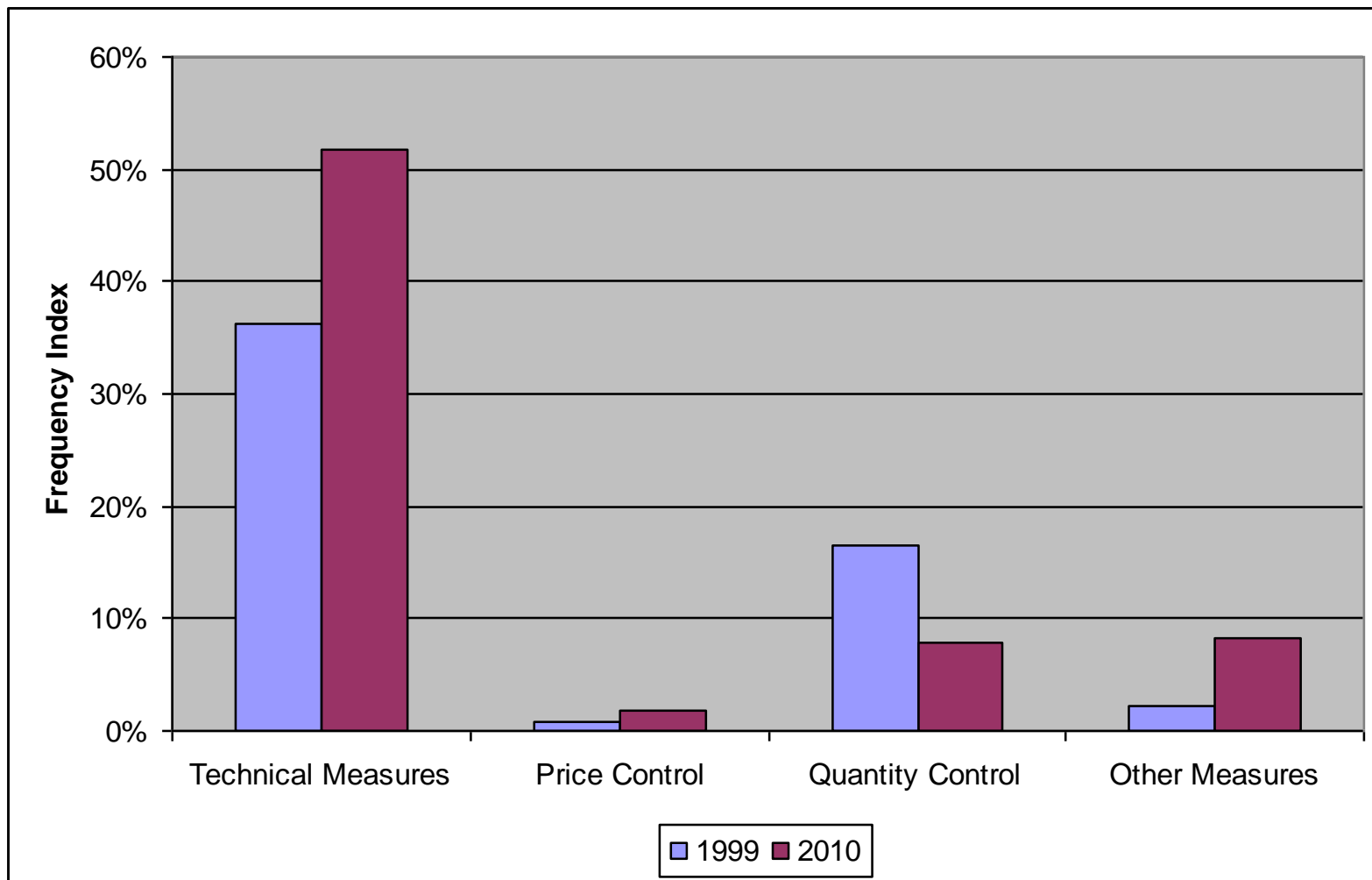
...Quotas, price mechanisms, contingent protection, etc.  
(Regulated by WTO) → economic objectives  
→ *Usually imposed by ministries responsible for trade/economy/industry*

#### b) *Technical measures to trade*

...SPS and TBT (Partially addressed by WTO)  
→ protection of health or environment → *no elimination!*  
→ *Usually regulated as domestic market policy by ministries responsible for agriculture/health/...*

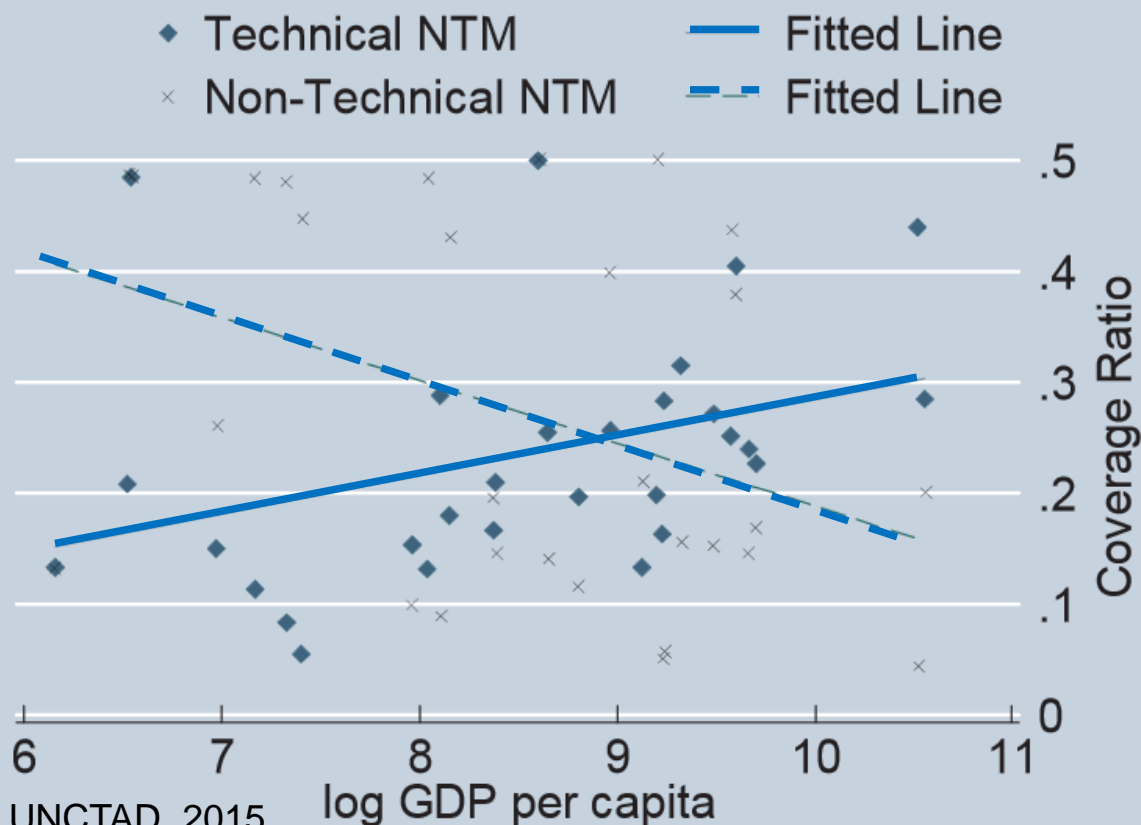


## And there are more and more NTMs



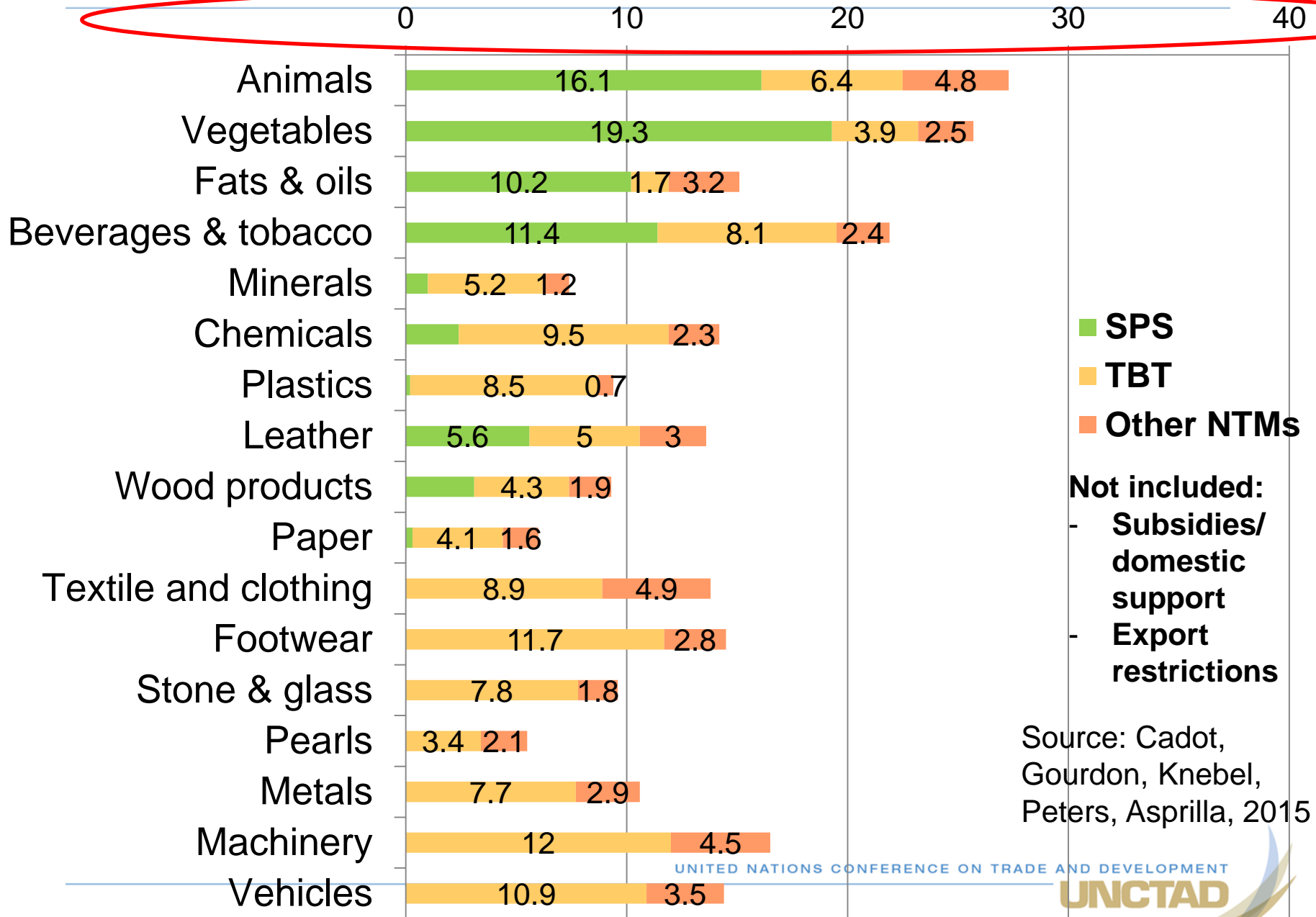
# Use of technical measures increases with GDP, use of non-technical NTMs decreases

## Coverage Ratio of Technical and Non-Technical NTMs vs GDP per Capita

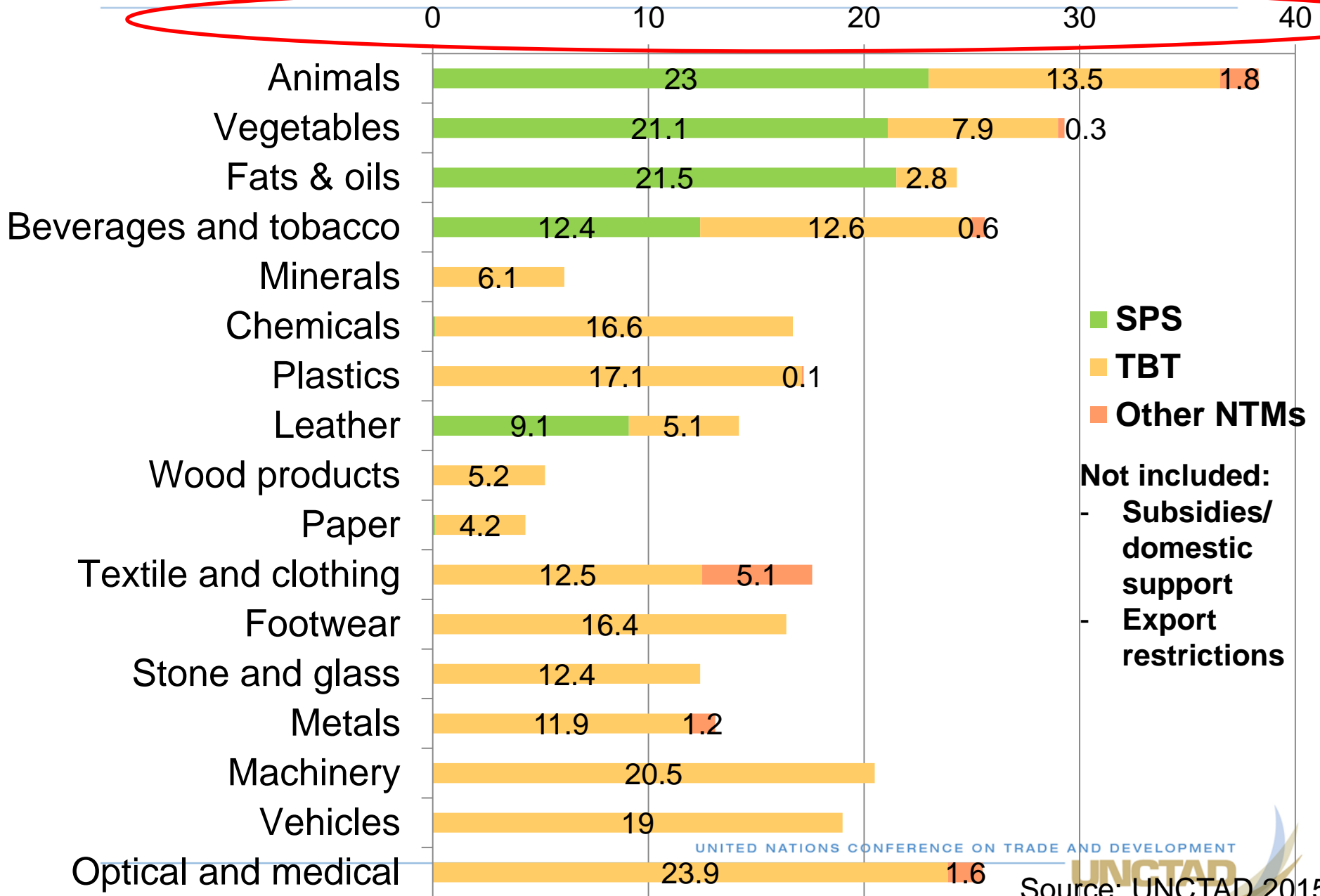


Source: UNCTAD, 2015

# World average ad-valorem equivalent of NTMs

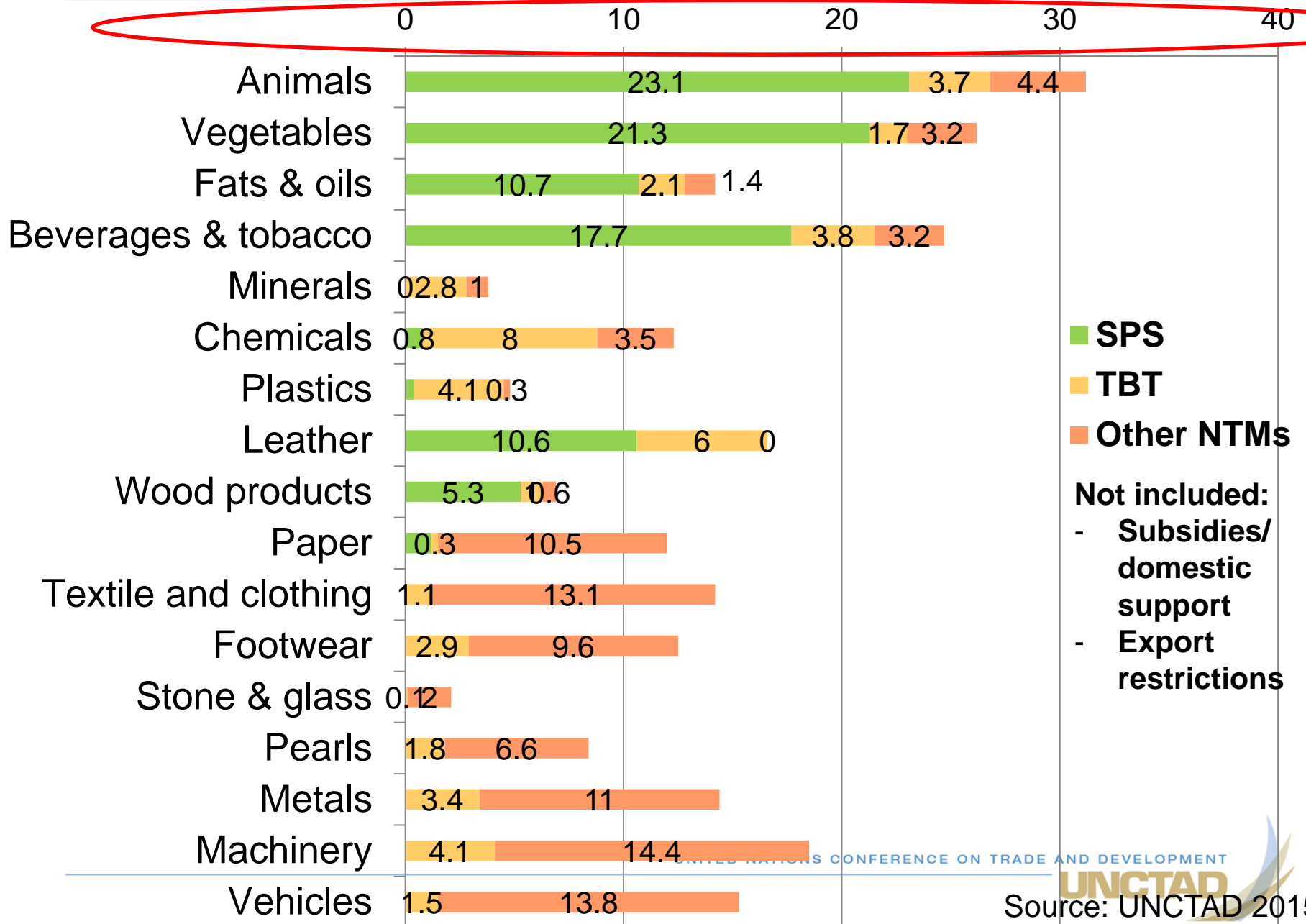


# EU import NTMs

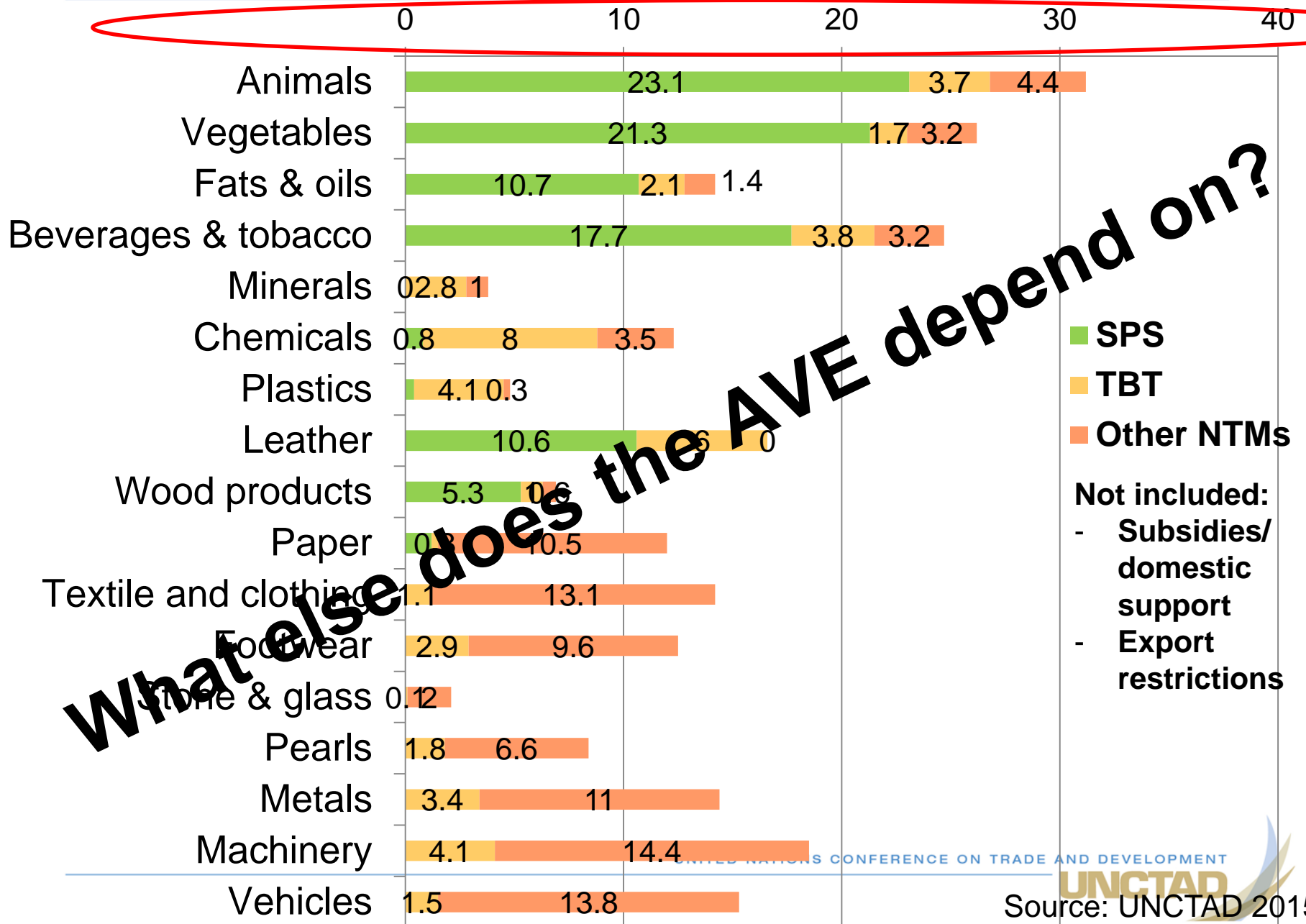




# "Asia" import NTMs → need to improve estimates with new data!



# "Asia" import NTMs → need to improve estimates with new data!



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# Policymakers' perspective(s):

## Two ways of looking at NTMs

- NTMs applied **abroad**: *Trade perspective partners*:
  - Effects on exports and trade diversion
- NTMs applied **at home**: *Domestic perspective*:
  - NTMs **costs** (domestic prices!) and **benefits**



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## Costs and Benefits of “Barriers”: E.g. quantitative restrictions (licenses/quotas)

### Effect of *domestic* “barriers”

- *Costs*
  - Higher domestic prices
  - Possible shortages
- *Benefits*
  - Domestic industry protection?

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### Effect of *foreign* “barriers”

- *Costs*
  - Reduced exports and income generation
- *Benefits*
  - none



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# Case analysis: trade consumer goods

## Restrictions/red tape on imported consumer goods

- High import cost consumer good
- Who pays for this higher price?
  - Protection of domestic producers, but...
  - Pass-through of higher prices to consumers  
= wide population
  - Costs of compliance included in the foreign exporter's price → low motivation for exporters to push for policy change



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## Costs and Benefits of “Measures”: Sanitary, Phytosanitary and Technical measures

### Effect of *domestic* “measures”

- *Costs*
  - (same as “barriers”)
  - BUT...!

- *Benefits*
  - Health and environment protection!!!
  - Domestic industry protection

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### Effect of *foreign* “measures”

- *Costs*
  - (same as “barriers”)

- *Benefits*
  - None, but regulatory convergence can be a comparative advantage



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# Case analysis: trade of intermediates

## Restrictions/red tape on importer motor engines

- High import cost of engines
  - Who pays for this higher price?
    - Protection of domestic engine producers, but...
    - Pass-through of higher prices to consumers  
= (infant) car producers at home  
→ *regional value chain and industrialization is weakened*
    - Costs of compliance included in the foreign exporter's price → low motivation for exporters to push for policy change
- Take value chain into account when trying to resolve NTBs



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## The deeper policy challenges: links between NTMs and sustainable development

1. *Indirect* linkages between NTMs and sustainable development
2. *Direct* linkages between NTMs and sustainable development
3. Example: food security and NTMs
4. Policy implications for coherent and convergent policy making





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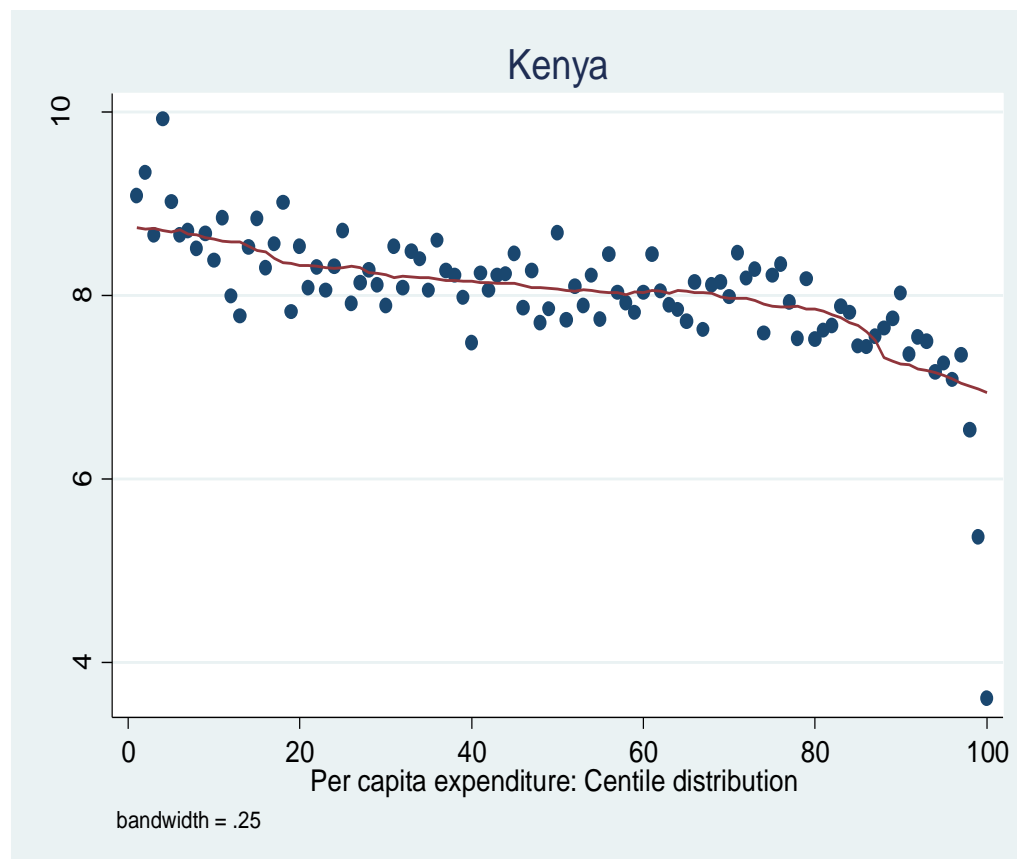
## Indirect linkages between NTMs and SDGs

- NTMs seen as trade costs → import + export perspectives are relevant!
  - Trade costs reduce trade opportunities
  - And therefore reduce trade's potential to
    - generate income
    - create employment
    - reduce poverty
    - create financial resources to promote social and environmental sustainability
- “trade – growth nexus” or “export led growth”

Interesting research topics!

# Domestic application of NTMs raises consumer prices and has distributional effect

- Analytical approach based on household surveys and NTM data
- Effect of NTM measures on total expenditure of households:
  - Richest 5%: 7%
  - Poorest 5%: 9%
- Distributional effect
- ***BUT important benefits of SPS remain...***

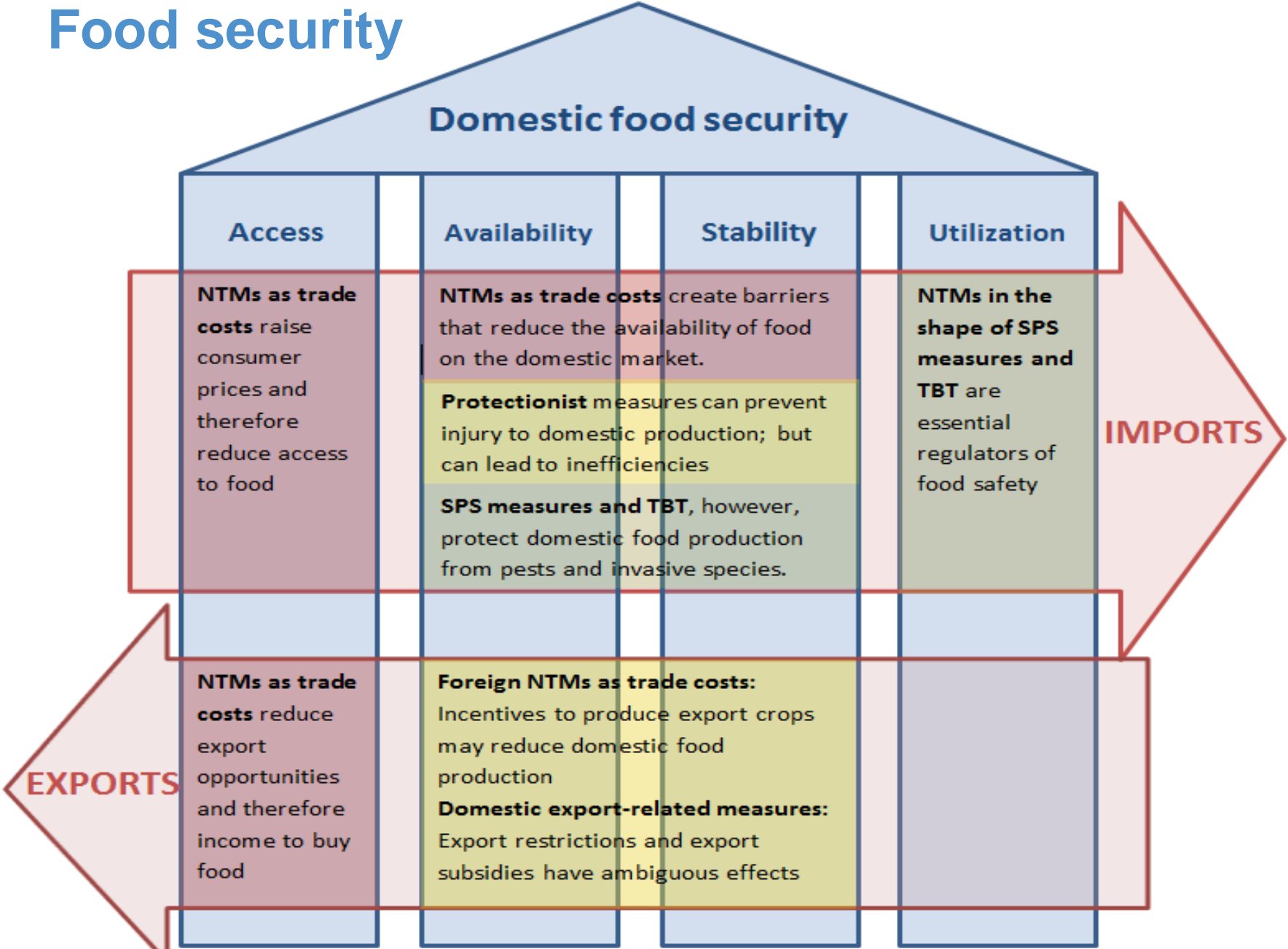


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## Direct linkages between NTMs and SDGs

- SPS measures and TBT are policies to protect human, animal and plant health, or to protect the environment  
→ elimination *not* an option
- Usually, applied equally to domestic producers
- They **directly** impact on sustainability
  - food security (SDG 2),
  - nutrition and health (SDG 3),
  - protect endangered species and the environment (SDGs 14&15),
  - ensure sustainable production, consumption (SDG 12) and energy (SDG 7),
  - combat climate change (SDG 13).

# Example of multi-dimensional assessment: Food security



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## Conclusion

While AVEs are important and interesting...

...there is more scope for new and innovative research on other crucial (and under-researched) aspects of NTMs



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