



SPECIAL PROGRAMME FOR THE ECONOMIES OF CENTRAL ASIA (SPECA)

Fostering intra-regional trade within SPECA through streamlining non-tariff measures and addressing procedural obstacles

Note by the ESCAP secretariat

Almaty, Kazakhstan

Summary

This background note is a working document prepared to support discussion among members of the SPECA Trade Working Group (TWG) on tackling non-tariff measures and related procedural obstacles affecting trade among SPECA countries. First, intra-regional trade among SPECA members is examined, including major trading partners and products. Trade shares show that there is a potential to increase SPECA intra-regional trade. Next, an overview of barriers inhibiting intra-regional trade, as well as international trade in general, identified by various studies is presented. High trade costs, stemming in large part from non-tariff measures (NTMs) and resultant procedural obstacles, are one of the main reasons behind relatively low levels of intra-regional trade. The report then highlights the issues pertaining to NTMs among the SPECA members, first by explaining the taxonomy of NTMs, then reviewing available sources of information on NTMs in the subregion, concluding with an overview of various studies examining NTMs-related issues in the subregion. Finally, trade facilitation is highlighted as an important component of a strategy to lower NTM-related trade costs. The report concludes with a number of proposed actions by SPECA countries towards more transparent and efficient implementation of NTMs, including participation in the *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*.

The TWG is invited to provide comments and suggestions on the report, in particular, in terms of a way forward on SPECA cooperation on tackling non-tariff measures. The report will be finalized and published by ESCAP taking into account the discussions held during the SPECA TWG in Almaty, Kazakhstan on 19 September 2018.

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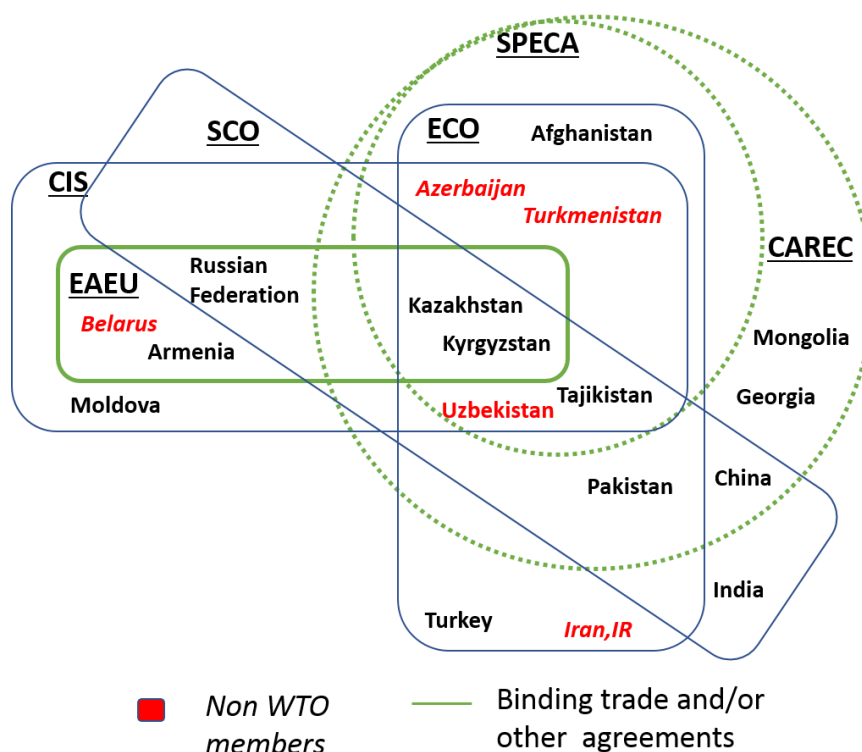
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1. Introduction

The Special Programme for the Economies of Central Asia (SPECA) was established in 1998 and currently includes Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. SPECA aims at enhancing subregional cooperation in the Central Asia region, complementing other cooperation initiatives in which several or more of these countries are also involved, as shown in figure 1. Trade development and cooperation is an important component of the SPECA agenda.

Figure 1 SPECA and other trade-related regional cooperation initiatives



Source: ESCAP (2018).

Notes: CAREC: Central Asia Regional Economic Cooperation; CIS: Commonwealth of Independent States; ECO: Economic Cooperation Organization; EAEU: Eurasian Economic Union; SCO: Shanghai Cooperation Organization; SPECA: Special Programme for the Economies of Central Asia. Bilateral cooperation initiatives are not shown.

SPECA members face various challenges in international trade. Countries in this subregion, more broadly in North and Central Asia subregion, have a similar structure in terms of exported goods, and hence the import demand from neighbour countries is relatively low and competition to access external markets is relatively high (Libman, 2012). The level of international production cooperation is minimal in this region compared to more established trade blocks such as ASEAN. The main exports of SPECA members are commodities and labour. The high reliance on minerals exports and remittances, which depend on the commodity super-cycle and the movement in exchange rates, has made the SPECA members highly vulnerable to external risks (OECD, 2018). Therefore, there is an urgent need for SPECA members to diversify their economic structures and to move away from the current energy and commodity exports. Increasing trade with neighbouring countries should be an immediate goal since low transportation distances, relatively similar cultures and shared history should provide a definitive cost advantage to intra-

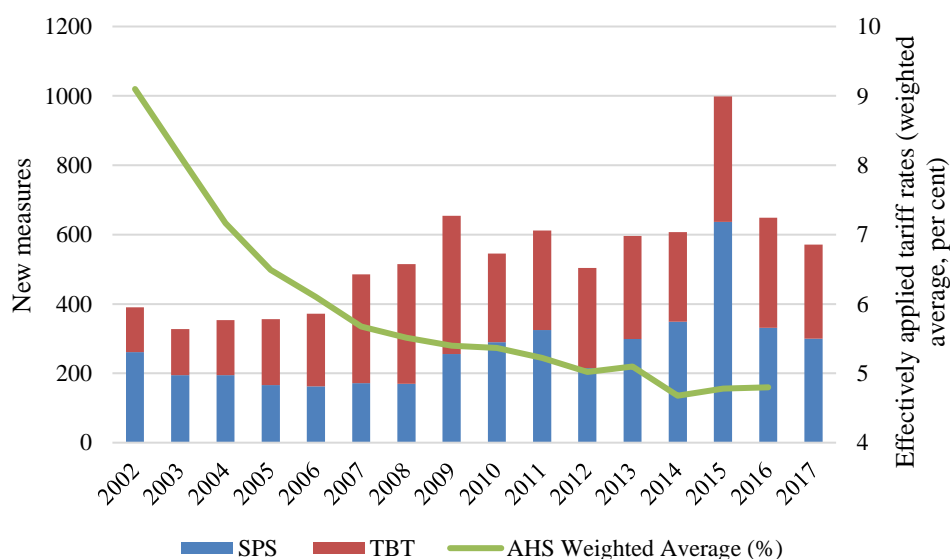
regional traders. Expanding intra-regional trade could generate sufficient economies of scale and specialization that could then be further exploited in markets out of the region. However, many trade barriers still keep trade costs high and hinder the growth of the intra-regional trade.

That fact that SPECA members are landlocked only partly explains the high trade costs in this subregion. Although Central Asia is at a strategic location between East Asia and Europe and has the potential to develop into a transport hub linking the two regions, this has not materialized, and the region remains isolated from major export markets. Besides the lack of hard trade-related infrastructure, there are many soft elements determining trade connectivity, such as tariffs, non-tariff measures (NTMs), trade facilitation and paperless trade measures, as well as regulatory restrictions in trade in services. SPECA members have gradually reduced tariffs in the past decade,¹ however, NTMs and service-related regulations are still prevalent.

Notwithstanding other factors, trade costs are increasingly attributed to NTMs. Conventionally, NTMs are imposed for a variety of legitimate objectives that have no direct association with international trade. Yet their implementation creates trade frictions. For example, technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures provide quality assurance to consumers, while at the same time increasing compliance costs levied on exporters which further translates into trade costs. Non-tariff measures cover a wide variety of regulations that may affect prices, quantity and characteristics of traded goods. Overall, technical non-tariff measures, such as product labelling standards and sanitary and phytosanitary measures, have become the most common forms of non-tariff measures.

In the Asia-Pacific region as a whole, while tariffs have generally decreased, NTMs have risen (figure 2). There was a substantial increase in the number of new NTMs initiated by the economies of the Asia-Pacific region in the period from 2002 to 2016. This may partly explain why, despite the decline in tariffs and decrease in shipping and transportation costs over time, estimated trade costs incurred by the Asia-Pacific economies remain high, as noted earlier (ESCAP, 2018).

Figure 2 The rise of SPS and TBT measures in Asia-Pacific, 2002-2017



¹ From 2007 to 2017, SPECA members reported reduction in MFN applied tariff to WTO – Azerbaijan from 9.2 to 9.0; Kazakhstan from 7.8 to 6.9; Tajikistan from 7.9 to 7.6; Uzbekistan from 15.6 to 14.9. Tajikistan increased its MFN applied tariff from 4.8 to 6.9. Afghanistan has no reported data for 2016.

Source: ESCAP calculations based on data from World Bank, World Integrated Trade Solution database, accessed 23 August 2018; and WTO Integrated Trade Intelligence Portal (I-TIP) database, accessed 16 August 2018.

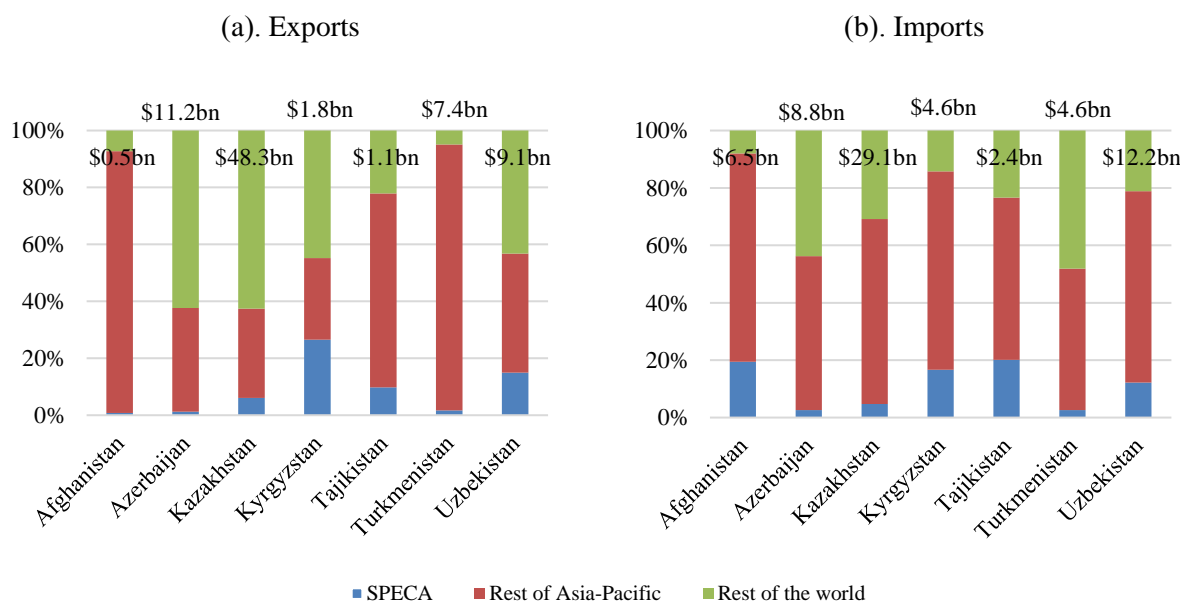
This report is structured as follows. First, intra-regional trade among SPECA members and their extra-regional trade patterns are examined. An overview of barriers inhibiting intra-regional trade, as well as international trade in general, identified by various studies is presented. The report then provides an overview of NTMs among the SPECA members based on alternative sources of information and existing studies on NTMs-related issues in the subregion. Finally, the importance of and progress made in trade facilitation and paperless trade, essential elements of a strategy to reduce the costs of NTMs, are discussed. The report concludes with a way forward, highlighting the need for closer collaboration among SPECA member states towards more transparent and efficient NTMs.

2. Trade in SPECA

In 2017, exports and imports in SPECA amounted to approximately \$80 billion and \$70 billion, respectively. On the export side, the country contributing the highest was Kazakhstan, accounting for more over 60% of SPECA's total exports (\$48.3 billion – see figure 3a below), whereas Afghanistan's share was 0.6% (\$0.5 billion). On the import side, Kazakhstan also accounted for the largest share of imports at 43% (\$29.1 billion – figure 3b), with the lowest share, 3.5%, attributed to Tajikistan.

SPECA members tend to trade more with the rest of the Asia-Pacific region rather than among themselves – the shares of intraregional exports and imports were only 6.5 per cent and 8.4 per cent, respectively, while 46.4 per cent of exports and 71.7 per cent of imports were conducted with the Asia-Pacific region. With extra-regional partners, in 2017, only Azerbaijan and Kazakhstan exported more to the rest of the world than the Asia-Pacific region, whereas all SPECA members sourced majority of their imports from the Asia-Pacific region.

Figure 3 Distribution of exports and imports of SPECA members, 2017



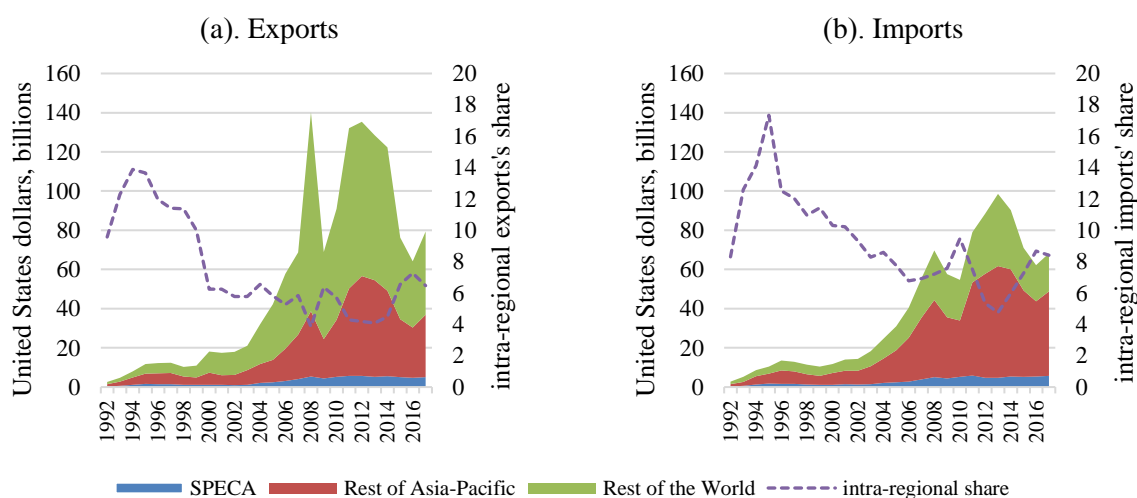
Source: ESCAP calculations based on IMF Direction of Trade Statistics, accessed August 2018.

Note: Dollar values (on the top) represent total exports and imports of the respective economies.

From 1992 to 2017 (figure 4), the overall exports and imports of all the SPECA members have increased substantially, with growth more pronounced in exports than in imports, especially from 2000 onwards. However, in 2008 and 2015 there were major dips in trade with the rest of the world and the rest of the Asia-Pacific due to falling commodity prices caused by the 2008 Global Financial Crisis (GFC) and economic contractions in the Russian Federation. The SPECA subregion has a substantial proportion of migrant workers in the Russian Federation, providing about 90 per cent of remittances to SPECA. Due to these factors, a combined decline of export revenue and remittances translated into a fall in foreign reserves, subsequently leading to steep declines in imports (UNDP, 2015).

In figure 4, the dotted line presents the share of intra-SPECA trade. In general, SPECA members conduct most of their trade activities with non-SPECA members, therefore the intra-SPECA exports and imports were never beyond 18 per cent in the past three decades. Intra-SPECA trade share peaked in 1994-1995, dropped to below 10 per cent in 2000 and fluctuated around at 6 per cent onwards. The decline, however, is relative, since intra-SPECA exports have increased more than 3-fold since 1994, whereas exports to the rest of Asia-Pacific increased more than 7-fold during the same period of time, and more than 13-fold to the rest of the world. Similarly, intra-regional imports increased more than 3-fold since 1994, more than 9-fold from other Asia-Pacific economies, and more than 5-fold from the rest of the world.

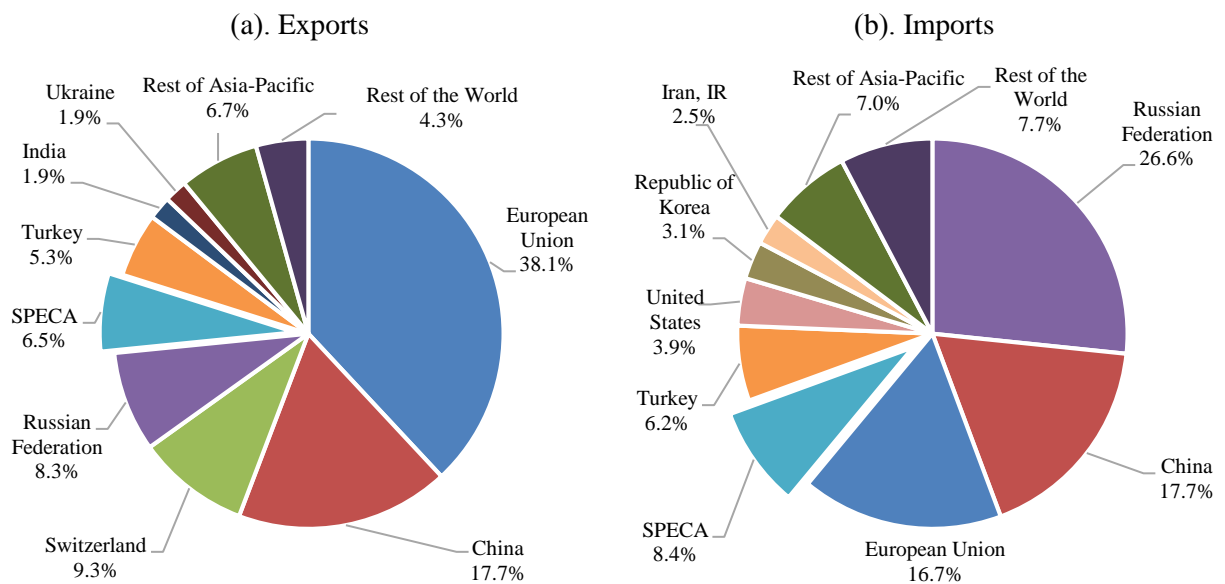
Figure 4 Evolution of SPECA's exports and imports, 1992-2017



Source: ESCAP calculation based on IMF Direction of Trade Statistics, accessed August 2018.

In terms of trade partners, figure 5 shows the main export destinations and import sources for SPECA members in 2017. For exports, European Union was the largest destination, with a share of 38.1 per cent of total exports. This message is consistent with figure 4 where trade grew significantly with the rest of the world. This is because since the turn of the century, the European Union has strengthened its assistance to and cooperation with Central Asian countries (European Court of Auditors, 2013). China, Switzerland, and the Russian Federation were also top export destinations, registering a share of 17.7 per cent, 9.3 per cent, and 8.3 per cent of exports by SPECA, respectively. For imports, the Russian Federation was the single biggest source, accounting for 26.6 per cent of total imports, followed by China and the European Union, with 17.7 per cent and 16.7 % of total imports, respectively.

Figure 5 SPECA members' main export and import partners by share, 2017



Source: ESCAP calculation based on IMF Direction of Trade Statistics, accessed August 2018.

Figure 6 shows that the exports from SPECA members concentrated overwhelmingly in raw materials (over 90 per cent), especially mineral fuels and oils, which accounted for 62 per cent of total exports from SPECA members. Among the top 10 most exported goods, SPECA members also exported around 5 per cent agricultural products, mainly cotton, fruit and nuts. Overall, raw materials dominate exports by SPECA members, and this over-reliance on raw materials exports severely constrains the development of SPECA members, as prices of agricultural and raw materials inputs are inherently volatile. In addition, these traditional sectors are often at the heart of regulatory and procedural requirements under NTMs.

Figure 6 SPECA members' main exports by products, 2017



Source: ESCAP calculation based on ITC Trade Map database, accessed August 2018.

Note: Mirror data are used for Afghanistan, Tajikistan, Turkmenistan, and Uzbekistan.

Governments of SPECA members frequently express the goal of export and economic diversification, especially given the concentration of exports in raw materials and agriculture in only a few products. However, the diversification efforts have not yet come to fruition. One important reason is that high trade costs of SPECA members discourage traders, potential foreign investors, and entrepreneurs from identifying new products that could be produced and marketed competitively (UNECE, 2017).

3. Factors limiting intra-regional trade in goods

As noted previously, 6.5% and 8.4% of total exports and imports from SPECA member countries went towards/came from other SPECA members in 2017. In comparison, the South Asian Association for Regional Cooperation's (SAARC) conducts 7.1% of its exports and 4.6% of its imports intra-regionally. ASEAN's the intra-regional share of exports and imports are 23.4% and 21.2%, respectively. For the European Union, the figures are 63.9% and 63.7% in 2017. While very little research is available on factors affecting trade specifically among SPECA countries is available, research on trade between the closely-related Commonwealth of Independent States (CIS) countries suggests that the intra-CIS trade potential, while adequately realized before 2001, has not been fully realized since then (Gurova I. , 2010; Gurova I. , 2016).²

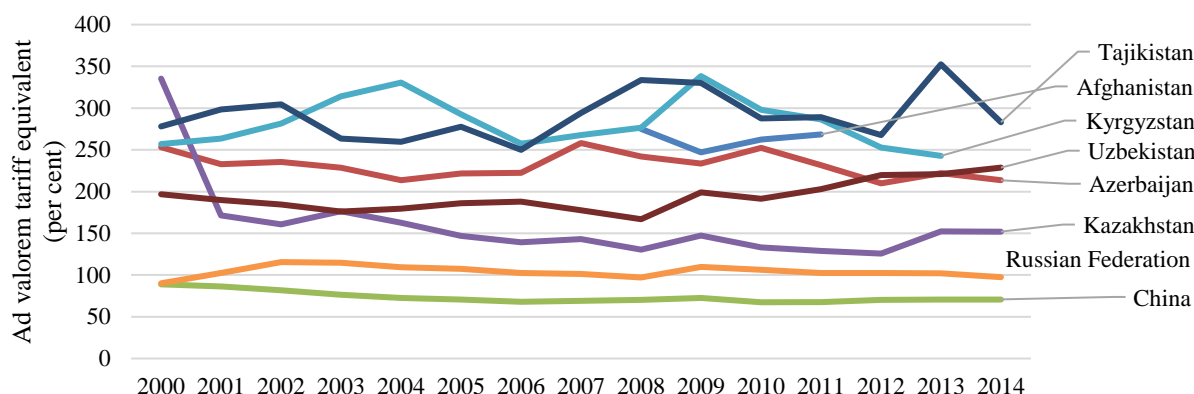
One of the key factors inhibiting intra-regional trade between SPECA members, as well as SPECA members' trade in general, is high trade costs. Many factors contribute to the high trade costs among SPECA members, namely landlockedness and remoteness from world markets, unsatisfactory domestic and cross-border transport conditions, political risk, the 'noodle bowl' problem caused by the proliferation of free trade agreements (FTAs)³, excessive and bureaucratic domestic documentary requirements, and many other procedural and regulatory barriers (ESCAP and IRTI-IDB, 2015; UNECE, 2015).

Figure 7 shows how comprehensive trade costs of SPECA members with large developed economies (Japan, USA and Germany) have evolved since 2000, contrasted against those of China and the Russian Federation. It is evident that SPECA members have much higher trade costs than China and the Russian Federation, by a factor of 2 to 3 for most countries. Among SPECA members, Kazakhstan registered the lowest trade costs, below or close to 150% of tariff equivalent, while Tajikistan had the highest trade costs, exceeding 250% of tariff equivalent in 2014, the latest year for which data is available. It is worth noting that trade costs with large developed countries have increased through the period for some SPECA members, with Uzbekistan being a clear example. At the same time, Kazakhstan and, to a lesser extent Azerbaijan and more recently Kyrgyzstan, have made significant progress, whereas Tajikistan exhibited significant volatility.

² Several other studies in CIS, however, find that there is no such problem as underrealized trade potential (Libman, 2012; Raballand, Kunth, & Auty, 2005).

³ Refer to Appendix A1 and A2 on the regional trade agreements of each SPECA members and corresponding trade share under these agreements.

Figure 7 Comprehensive trade costs with large developed economies (Japan, USA, Germany), 2006-2014



Source: ESCAP-World Bank Trade Cost Database, accessed August 2018.

Note: Trade costs may be interpreted as tariff equivalents. It is weighted average aggregate trade costs with large developed economies, of Japan, USA, and Germany. Data are not available for Turkmenistan.

The following provides a brief overview of some of the major factors that have been identified in the literature as inhibiting intra-SPECA trade, and trade between SPECA countries and other regional groups,⁴ as well as other countries in general.

SPECA members have similar structures of exports, dominated by fuel, raw materials, food, and consumer products. This results in SPECA members competing for opportunities to export to countries outside of the region, while markets within the region are already well supplied domestically (Libman, 2012; Shishkov Y. , 2008). In addition, internal markets have limited capacity, due to the relatively small population and slow growth rates of household incomes (Eurasian Economic Commission, 2017). Indeed, there seems to be a prioritized diversification of exports towards third countries, especially toward the European Union (Gurova I. , 2010). Concerning the Eurasian Economic Union (EAEU) trade specifically, low intra-EAEU trade can be explained by largely similar economies, which makes it more attractive for member States to trade with third countries, coupled with “lack of unified rules of operation, inefficient regulations, poor economic governance and law enforcement, and protectionism” (Vakulchuk & Knobel, 2018).

Physical factors, such as landlockedness, distance from the sea and other trading partners, dependence on the neighbours for transit have been identified as one of the key issues inhibiting trade among SPECA members, as well as other countries (White, 2010; Raballand, Kunth, & Auty, 2005; ADB, 2017). In the study of cross-border trade of CAREC countries, limited economic diversification, inferior trade related services and infrastructure, protectionist policies were also identified as significant barriers (ADB, 2017). There is limited access to trade finance and credit guarantees for small traders. Countries in the region have limited participation in global and regional value chains due to the low technological development of the industrial production and low skill levels of workers, which results in low competitiveness of export product (ADB, 2017; World Bank, 2015; Vakulchuk & Knobel, 2018; Shishkov Y. , 2008). Exports characterised by higher level of processing, including capital, intermediate and consumer goods, have particularly low

⁴ e.g., CIS, EAEU, and CAREC - see figure 1 and Appendix A1 for a list of memberships and trade shares.

level of export competitiveness, resulting in higher value-added goods being sourced from outside of the subregion (Andreyev, 2010).

Other significant issues identified include payment limitations in some countries of the CIS; issues related to payment discipline of partners in international sales contracts; high perceived transaction risks in business deals with some of the countries; high transport costs, and information asymmetries (Andreyev, 2010; A. Mazhikeyev et al., 2015; Eurasian Economic Commission, 2017). For the EAEU countries, introduction in 2005 of new VAT system complicated financing procedures, resulting in negative impact on traders in countries participating in the Customs Union (Липин & Полякова, 2014). In addition, while tariff rates imposed by some SPECA countries are not excessive, they are still higher than in some other regional groupings and are unevenly distributed among commodity groups, especially affecting some key products (ADB, 2017).

Lastly, a key message from many of the studies reviewed is that non-tariff barriers and burdensome trade procedures are some of the most significant issues affecting the cross-border trade of SPECA countries. Looking at trade between SPECA countries and other regions, building capacity of these countries for complying with often unfamiliar and stringent technical non-tariff measures, such as health, veterinary, and phytosanitary safety regulations seems necessary (UNECE, 2017; ADB, 2013), as is the need for countries to accelerate progress towards paperless trade (ESCAP, 2017).

4. NTMs among SPECA member States

This section first introduces the most commonly-accepted NTM classification. Next, an overview of NTMs used among SPECA members is presented based on the available data from the WTO, UNCTAD and the Global Trade Alert database, followed by a private sector perspective on NTMs in Kazakhstan. The section concludes with an overview of recent studies on the reasons for the persistence of non-tariff barriers in the SPECA region.

4.1 Taxonomy of NTMs

Non-tariff measures are broadly defined as 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). Given such a broad definition, NTMs are most-commonly classified using the UNCTAD coding system, developed by the Multi-Agency Support Team.⁵ The classification is broadly divided into technical measures - such as sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) - and non-technical measures - such as quotas, price controls and export restrictions. All measures are categorized into one of 16 chapters (A to P), depending on their scope and/or design. All chapters concern measures towards imports, with the exception of chapter P which concerns solely exports (for a full list of chapters, see Appendix A3). The classification itself does not judge on legitimacy, adequacy, necessity or discrimination of any form of policy intervention used in international trade. It acknowledges existence and is designed to organize information in a database format.

As countries develop, consumers also become increasingly concerned about food safety and other hazards; therefore, “the regulatory factory never sleeps” (World Bank 2018). Taking the United States as an example, 62 new SPS measures and 75 new TBT measures were notified by it to the WTO in 2017 alone. In developing countries, the same agencies tend to hold the rule-making and verification functions, which

⁵ The MAST team is composed of eight international organizations: Food and Agriculture Organization of the United Nations (FAO), International Monetary Fund (IMF), International Trade Centre (ITC), Organization for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), World Bank, and the World Trade Organization (WTO).

means some potentially unnecessary regulations are issued to generate revenue from inspection fees. To complicate things more, information on rules and regulations is not always available, particularly in developing countries. This lack of transparency creates information asymmetry and additional searching cost for correct rules to apply.

Globally, the use of NTMs exhibits heterogeneity across industrial sectors. Agricultural products, electronic machinery, and weapons tend to face more technical regulations due to their close relationship to consumer health and environmental protection (World Bank, 2018). For agricultural products, the main applied NTMs are SPS measures, as food is essential for health and wellbeing and agricultural production is a major polluting factor in many countries. Research found that over 60 per cent of food-related products are affected by one or more SPS measures (World Bank, 2018). TBTs have traditionally affected machinery and electronic machinery, but increasingly on textiles, footwear, processed food, and chemicals. Exporters now need to comply with stricter labelling, marking, testing, and registration requirements. In addition, there are border-control measures and price-control measures, which are applied for a limited group of traded products, for example agricultural products, footwear, etc. Lastly, less frequent, are the quantity restrictions, exemplified by non-automatic licenses, quotas, and sometimes outright prohibitions.

4.2 WTO-notified NTMs among SPECA members

The WTO Integrated Trade Intelligence Portal (I-TIP) database reports all NTMs initiated and notified to the WTO secretariat by the member States with trade-restricting implications. Among SPECA member States, Azerbaijan, Turkmenistan and Uzbekistan are not yet WTO members, whereas most others joined only recently: Afghanistan acceded to the WTO on 29th July 2016, Kazakhstan on 30 November 2015, Tajikistan on 2 March 2013 and Kyrgyzstan on 20 December 1998. As such, official notifications, which reflect only new notifications by WTO members, are limited. Nevertheless, they provide a useful initial view of the landscape of SPS and TBT regulations in SPECA.

SPECA WTO members imposed very limited number of NTMs – by mid-2018, 25 SPSs, 74 TBTs and 47 quantitative restrictions (QR) in total were initiated or in force. Comparing with their major trading partners – the European Union, China, Switzerland, and the Russian Federation – the number of NTMs imposed by SPECA members are rather small. This could mean either that SPECA members use less NTMs in their trade policy, or that they underreported the number of NTMs they imposed. The major trading partners, especially China and the European Union, were heavy users of NTMs, with over a thousand NTMs in force. The large number of NTMs imposed by major trading partners will certainly have an impact on SPECA members, however, so far, the exact impact has not been estimated.

Box 1 WTO SPS and TBT Agreements

Sanitary and phytosanitary measures deal with food safety and animal and plant health. They aim to ensure that a country's consumers are being supplied with food that is safe to eat — by acceptable standards — while also ensuring that strict health and safety regulations are not being used as an excuse to shield domestic producers from competition (WTO, 2018). The Sanitary and Phytosanitary Measures Agreement sets out the basic rules on food safety and animal and plant health standards. As part of this Agreement, WTO members are required to provide advance notice of new or changed sanitary and phytosanitary regulations, and establish a national enquiry point to provide information.

Member countries are encouraged to use international standards, guidelines and recommendations where they exist. When they do, they are unlikely to be challenged legally in a WTO dispute. However, members may use measures which result in higher standards if there is scientific justification. They can also set higher standards based on appropriate assessment of risks so long as the approach is consistent, not arbitrary (WTO, 2018). The agreement complements that on technical barriers to trade.

The Technical Barriers to Trade Agreement (TBT) tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles.

However, the agreement also recognizes countries' rights to adopt the standards they consider appropriate — for example, for human, animal or plant life or health, for the protection of the environment or to meet other consumer interests. Moreover, members are not prevented from taking measures necessary to ensure their standards are met.

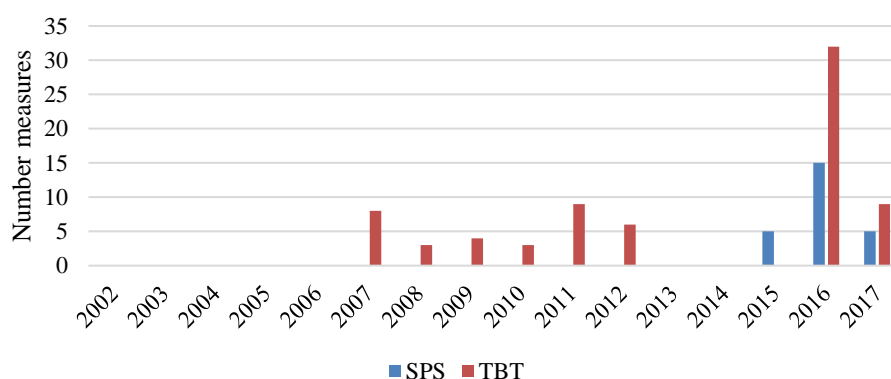
The agreement also sets out a code of good practice for both governments and non-governmental or industry bodies to prepare, adopt and apply voluntary standards. Over 200 standards-setting bodies apply the code.

The agreement says the procedures used to decide whether a product conforms with relevant standards have to be fair and equitable. It discourages any methods that would give domestically produced goods an unfair advantage. The agreement also encourages countries to recognize each other's procedures for assessing whether a product conforms. Without recognition, products might have to be tested twice, first by the exporting country and then by the importing country.

See: WTO (2018). *Standards and safety*. Available from https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm4_e.htm

Since 2002, the earliest for which digitized data is available for the region, a total of 99 SPS and TBT measures have been notified by the SPECA member States. The recent increase in notified measures is largely explained by new accession to the WTO by SPECA member States. Notably, however, the oldest WTO member in SPECA, Kyrgyzstan, while notifying TBT measures as early as 2007, only submitted its first SPS notification in 2015 (figure 8). The increase in notifications in recent years suggests an increased attention to safeguarding human and animal welfare and/or greater emphasis on multilateral transparency.

Figure 8 Number of SPS and TBT measures initiated and notified to the WTO by SPECA members



Source: WTO I-TIP database, accessed 14 August 2018

Note: New initiations of quantitative restrictions are it is not part of the notification requirements for Members.

The notifications in I-TIP are diverse and offer varying levels of details. For example, Afghanistan submitted three SPS notifications in 2016. The first notification covers all food items, “this Law provides the conditions to protect human health and life; improve the livelihood of citizens and food safety; ensure the safety of imported, exported, and domestic produced foods; and to ensure the provision of safe and quality food; in accordance with international obligations including relevant WTO agreements.”⁶ The

⁶ G/SPS/N/AFG/2

second notification is a law governing animal health, “this Law provides the conditions to improve the prevention and protection of animal health; the prevention and control of animal diseases, including zoonotic diseases; the regulation of veterinary diagnostic laboratory services; the regulation of the import and export of animals, animal products, veterinary medicines and biological substances; to ensure the safety and quality of animal products destined for human or animal consumption and commercial purposes; to ensure animal welfare and to improve the economic conditions of farmers.”⁷ The third notification deals with plant protection and the protection of the environment, “this Law provides the conditions to improve plant protection, plant quarantine services and protection of the environment; prevent the introduction of and control the spread of plant pests; facilitate trade in plants and plant products; and improve livelihoods, food security and sustainable development of the national economy, in accordance with international obligations including relevant WTO agreements”.⁸ Together, these cover the bare minimum expected and stipulated under the WTO SPS Agreement. Presumably, many more SPS regulations have been, or are in the process of being issued to support implementation of these laws, although these have not yet been separately notified.

Kazakhstan has the largest number of notified measures among SPECA economies. It has also notified a number of SPS emergency measures, such as “temporary restrictions on import of potatoes from the Kyrgyz Republic to the territory of Kazakhstan due to the systematic identification of pests in quarantine products from the Kyrgyz Republic.”⁹ Notably, both Kazakhstan and Kyrgyzstan’s notifications also include overarching notifications from the EAEU, such as, “Technical regulation establishes uniform mandatory requirements for free circulation of grain within the customs territory of the Eurasian Economic Union, and sets the Maximum Residual Levels (MRL) for pesticides, toxins, mycotoxins, radionuclides and pests in grain.”¹⁰

While more detailed analysis would be required, technical measures notified by the SPECA Member States to the WTO are found to address primarily consumer safety and environmental concerns. An example is Tajikistan’s “Decree developed to prevent importation of old cars which are the main source of air pollution with the emission of approximately 344743 tons of poisonous substances per year that are harmful for human health and environment and significant rise of wastes (batteries, tires, air conditioners) from the old cars.”¹¹ A significant and increasing number of SPS and TBT notifications are linked to implementation of the EAEU, whose member include both Kazakhstan and Kyrgyzstan.¹²

Overall, the notifications to the WTO do not provide a full picture of NTM in the regions as they only cover WTO members, require notifications of only new or updated measures, and that many WTO members do not notify measures in a comprehensive manner.

4.3 Further data on NTMs in SPECA: UNCTAD TRAINS database

As noted previously, notifications under the WTO requirements are not always up to date as many members do not fully respect the notification commitments. In addition, notification requirements relate only to new regulations, resulting in pre-existing regulations not always being recorded in the data (UNCTAD 2018).

To address these limitations and provide further transparency, UNCTAD has coordinated the collection of comprehensive and comparable NTM data in 109 countries, containing more than 55,000 measures.¹³ The

⁷ G/SPS/N/AFG/1

⁸ G/SPS/N/AFG/3

⁹ G/SPS/N/KAZ/1

¹⁰ G/SPS/N/KGZ/8

¹¹ G/TBT/N/TJK/6

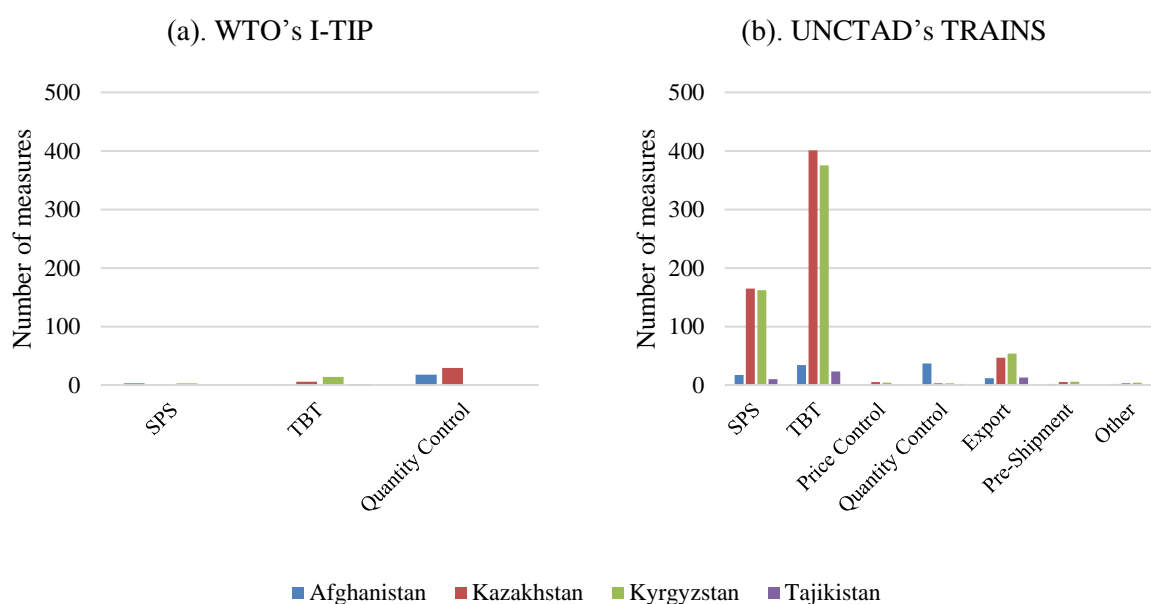
¹² G/TBT/N/KGZ/47

¹³ The TRAIN database is available at: <http://trains.unctad.org/>

data collection involves extracting relevant information from legal and regulatory documents, and categorizing it according to the MAST NTM classification introduced earlier. Legal and regulatory documents are often only available in local language, requiring an in-depth knowledge of their context and mandate for accurate classification of the measures. Moreover, these documents are generally not centralized but often reside in different regulatory agencies. Although it is difficult and resource intensive to keep the NTM data up to date as countries regularly issue new measures, it is generally agreed that the UNCTAD NTM database provides the most comprehensive stock of NTMs world-wide. Only four SPECA members are currently covered in the database: Afghanistan, Kazakhstan, Kyrgyzstan, and Tajikistan.

A direct comparison between NTMs notified to the WTO available through I-TIP and the UNCTAD's TRAINS database is not possible since entries in the WTO database often point to a single legislature (an example being the notifications by Afghanistan presented earlier – each pointing to separate Acts), but counted as single measures. The TRAINS dataset, on the other hand, further disaggregates relevant Acts into different sub-classifications,¹⁴ thereby providing a richer dataset, but inhibiting direct comparisons with the WTO I-TIP dataset. Nevertheless, the UNCTAD TRAINS dataset does include measures not notified to the WTO, as well as stock of measures before the accession to the WTO, and as such provides a more complete picture of countries' NTM profiles (figure 9).

Figure 9 NTMs in force in selected SPECA members¹⁵



Source: WTO I-TIP and UNCTAD TRAINS databases, extracted 20 August 2018

Note: bilateral and measures affecting all members as aggregated together

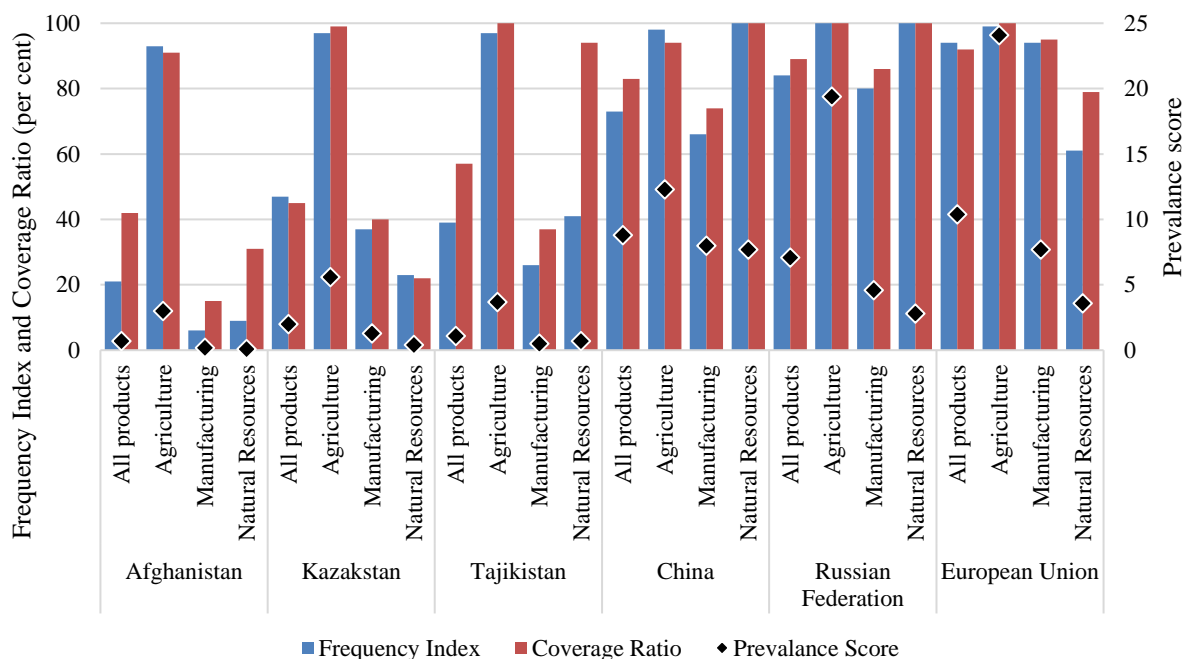
As evident in figure 9b, SPS and TBT measures are by far the most common types of measures among the selected SPECA members, particularly in Kazakhstan and Kyrgyz republic. The larger difference between these two countries' and Afghanistan and Tajikistan are in large part explain by their membership to the EAEU. However, direct comparison between countries may be misleading as data was collected in different years by different researchers.

¹⁴ Each chapter, such as SPS measures chapter – Chapter A in MAST classification, is further disaggregated into 3-digit classifications, such as, for example A11 - Temporary geographic prohibitions for SPS reasons. For more information, see <http://unctad.org/en/Pages/DITC/Trade-Analysis/Non-Tariff-Measures/NTMs-Classification.aspx>

¹⁵ Data for Afghanistan was compiled in 2012, for Kazakhstan and Kyrgyzstan in 2017, and 2015 for Tajikistan.

To analyse NTMs, it is helpful to consider the amount of trade covered by various measures. Figure 10 depicts three commonly used NTM indicators based on the UNCTAD TRAINS database in selected SPECA countries and SPECA members' major trade partners. The coverage ratio measures the percentage of trade subject to NTMs, the frequency index indicates the percentage of products to which NTMs apply, and the prevalence score is the average number of NTMs applied to products. These indicators are based on the intensity of the policy instruments and they measure the degree of regulation without considering its impact on trade or the economy.

Figure 10 Frequency Index, Coverage Ratio and Prevalence Scores of NTMs in selected SPECA members, by sector¹⁶



Source: UNCTAD, 2017

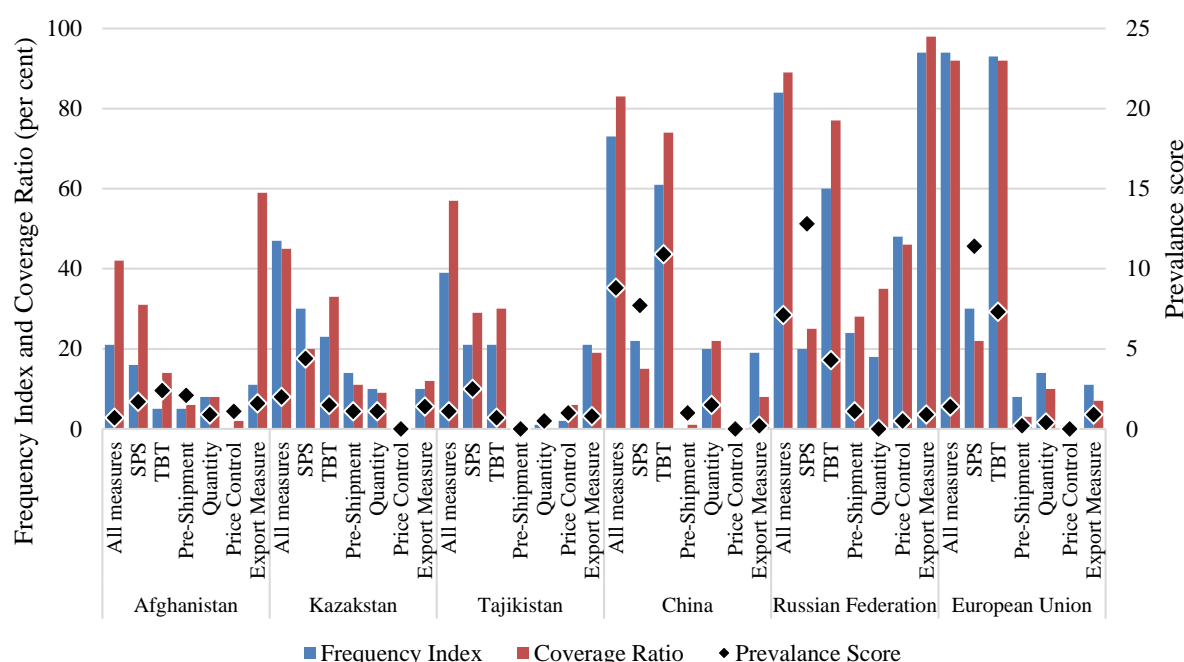
Products in the agricultural sector in all SPECA countries presented attract the most NTMs, covering nearly 100 per cent of imports. In terms of prevalence scores, each imported agricultural product attracts, on average, 3 separate NTMs in Afghanistan, 4 in Tajikistan and nearly 6 in Kazakhstan. Manufacturing and natural resources sectors attract relatively fewer measures, on average less than 1 per importer products, except for Manufacturing in Kazakhstan, which attracts 1.3 measures per product category. This, however, pales in comparison with their major trading partners, where manufacturing, as well as natural resources are also heavily regulated. Even in agriculture, the prevalence score – average of number of NTMs faced by products – are substantially higher in SPECA members' major trading partners: 12.3 in China, and 19.4 and 24.1 in the Russian Federation and the European Union, respectively.

In terms of the type of measures, as expected based on the frequency of measures in the database, SPS and TBT measures have the highest frequency index and coverage ratio (figure 11). Price controls, while having relative low coverage and frequency index, do seem to have relatively high prevalence scores, suggesting that these NTMs may inhibit imports to the extent of restricting imports, though this requires further

¹⁶ Sectors are defined by the Harmonized System (HS) at 2-digit: Agriculture corresponds to HS 1-24, Natural Resources to HS 25-27, and manufacturing to 28-97

analysis. The export-related measures' coverage and frequency index, such as, for example, quality control and licensing requirements, are lower than in the neighbouring Russian Federation (which has frequency index and coverage ratio of 94% and 98%, respectively), still suggestive that liberalizing and trade facilitating measures could enhance export potential, particularly if export-related NTMs are coupled with cumbersome procedural obstacles. Both China and the European Union exhibit relatively fewer instances of export measures, facilitating competitiveness of their exports.

Figure 11 Frequency Index, Coverage Ratio and Prevalence Scores of NTMs in selected SPECA member States, by NTM type



Source: UNCTAD, 2017

In summary, analysis of NTMs using UNCTAD TRAINS database provides a much more thorough overview of incidence of various types of measures affecting different sectors than the WTO database. Comparing with SPECA countries' major trade partners, it may initially seem that due to relatively lower prevalence scores and coverage ratios, NTMs are not as significant in affecting intra-regional trade as hypothesised at the outset. However, the mere incidence and coverage ratios are a poor representativeness of NTMs' restrictiveness. For example, one export prohibition measure may be more potent than any number of technical measures on imports implemented by a country's trade partners. As such, the type of measures implemented (i.e. SPS vs import ban) matters, as does the level of restrictiveness of the individual measures. Furthermore, as section 4.5 details, NTMs are often accompanied by procedural obstacles such as inadequate testing facilities or lack of transparency, which may mean that while an NTM maybe in itself not restrictive, complying with it may be unnecessarily burdensome. Finally, the UNCTAD TRAINS data, while generally agreed to be the most comprehensive repository of NTMs globally, is not updated continuously and thus it some cases may paint an outdated picture of a country's NTM-related policies. The Global Trade Alert initiative, described in the following section, seeks to address this shortfall.

4.4 NTMs in the Global Trade Alert database

The Global Trade Alert (GTA) is an independent monitor of policies that affect global trade. Each GTA database entry documents a government statement made after November 2008, which included a credible

announcement of a meaningful and unilateral change¹⁷ in the relative treatment of foreign versus domestic commercial interests (Langlois 2017). In addition to central government statements, the database includes those of subnational actors as well as public corporations and public financial institutions. GTA contains information on state acts whose dominant motive is commercial and, as such, measures that cover other policy objectives, such as human and animal health or environmental, are excluded. Unlike UNCTAD's TRAINS database, GTA is updated continuously since 1 November 2008, hence it provides a good source of year-on-year changes in commercial interest-motivated NTMS and up-to-date stock of measures in force.

The database documents liberalizing¹⁸ as well as harmful¹⁹ changes in the relative treatment of foreign versus domestic commercial interests. Examples of **liberalizing** measures include *Exemption of certain agriculture-related goods from import VAT*, announced by Azerbaijan on 1 April 2016, and *Temporary suspension of import tariffs on lacquer and paint for production of leather goods*, announced by the EAEU on 7 July 2017 (affecting both Kazakhstan and Kyrgyzstan). Examples of **harmful** measures include EAEU's *Temporary ban on waste and scrap of ferrous metals* (announced 2 August 2016), and Azerbaijan's *Temporary public procurement localisation with respect to state-financed organisations and entities*, announced 16 September 2016.

Figure 12 summarises shares of exports and imports covered by cumulative measures implemented since 2008 among the SPECA member States and the global averages. Figure 11a presents measures that cover countries' exports, and figure 11b presents measures that cover imports. By 2017, all SPECA members but Tajikistan had shares of exports covered by trade **liberalizing** (■) measures greater than the world average (figure 12a). On the import side (figure 12b), however, only Kazakhstan had trade coverage greater than the world average in 2017, although Azerbaijan and Kyrgyzstan also implemented some import liberalization measures.

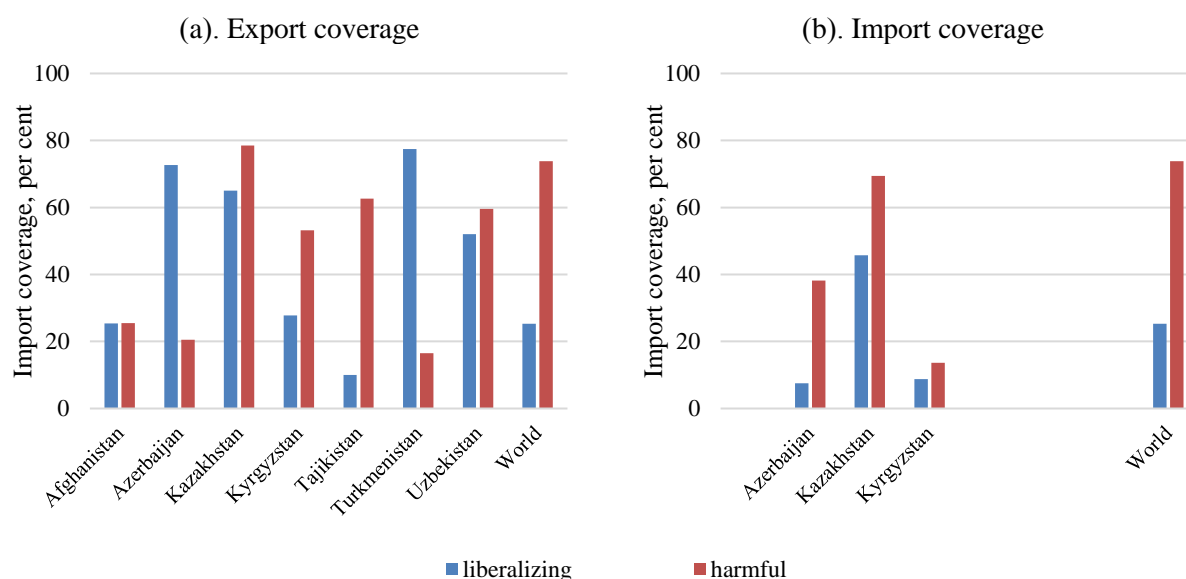
At the global level, the share of liberalizing measures pales in comparison with shares of trade affected by **harmful** (■) measures: in 2017, 74% of exports and imports were covered by harmful measures worldwide, whereas only 25% of exports and imports were covered by liberalizing measures (figure 12a & figure 12b). The situation is different in SPECA countries. The export coverage of liberalizing measures exceeds the coverage of harmful measures in Azerbaijan and Turkmenistan, while liberalizing and harmful measures cover similar amounts of exports in both Afghanistan and Uzbekistan – and to a lesser extent, Kazakhstan. Only in Tajikistan is the export coverage of harmful measures far exceeding that of liberalizing measures. On the import side, Azerbaijan's coverage of harmful measures is at least five times the coverage of its liberalizing measures. However, none of the SPECA countries is found to have an import coverage of harmful measures greater than the world average.

¹⁷ As such, GTA database excludes changes coordinated within bilateral trade agreements or the multilateral trading system.

¹⁸ A measure is classified as **liberalizing** if liberalization occurs on a non-discriminatory basis, or improves the transparency of a relevant policy.

¹⁹ A **harmful** measure is defined by GTA as an intervention that almost certainly discriminates against foreign commercial interests.

Figure 12 Share of exports and imports covered by liberalizing and harmful measures, 2017



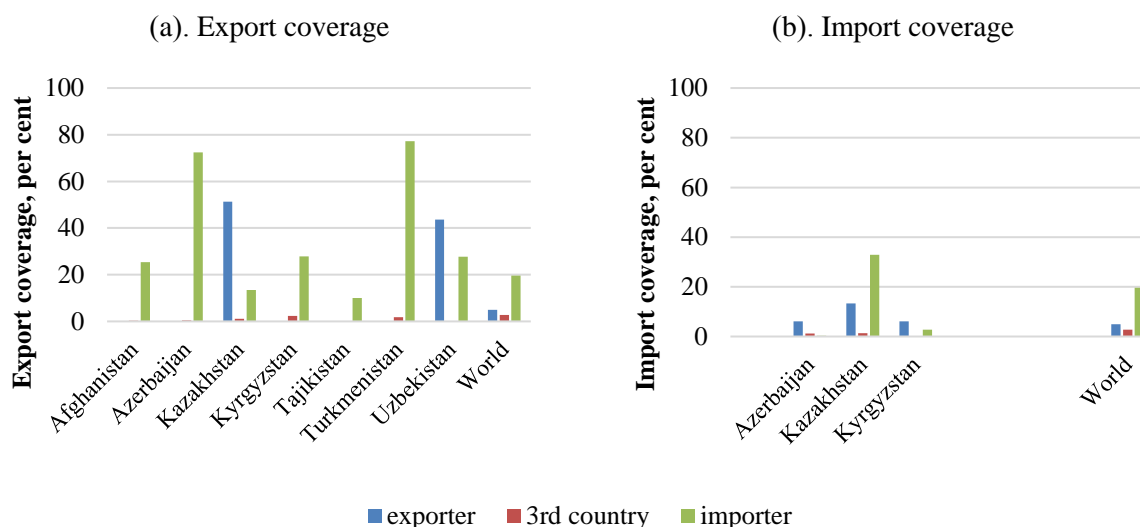
Source: GTA database, extracted 13 August 2018

Notably, both liberalizing and harmful measures can be implemented by the country itself or by its trade partners. For instance, an increase in export coverage by liberalizing interventions can be attributed to a country's own removal of an export prohibition or a trade partner's removal of import quotas. In addition, interventions by a 3rd country can also affect bilateral trade, as policies by 3rd countries, such as export subsidies, affect other countries' exporter and imports since they compete with a subsidised rival in the affected product.

Figure 13 shows the shares of trade covered by liberalizing measures disaggregated by implementing country. As indicated by Figure 13a, most of the export liberalizing coverage in SPECA was due to measures initiated by trade partner countries (importers ■). Notable exceptions are Kazakhstan and Uzbekistan which liberalized more than double the world average of export coverage (exporters ■). Imports-wise (Figure 13b), SPECA trade partners (i.e., exporters ■) were also responsible for the bulk of liberalizing measure coverage, with a notable exception of Kazakhstan that had a large share of import liberalization covered due to its own liberalization, significantly above the world average. Third country actions (■) are not a significant source of trade liberalization at either SPECA or the global level.

A notable feature of the trade liberalizing interventions for Kazakhstan and Kyrgyzstan in recent years is that the majority stem from plurilateral actions under the auspices of the EAEU rather than from unilateral effort. This highlights the benefits of harnessing plurilateral agreements to facilitate non-discriminatory trade liberalization.

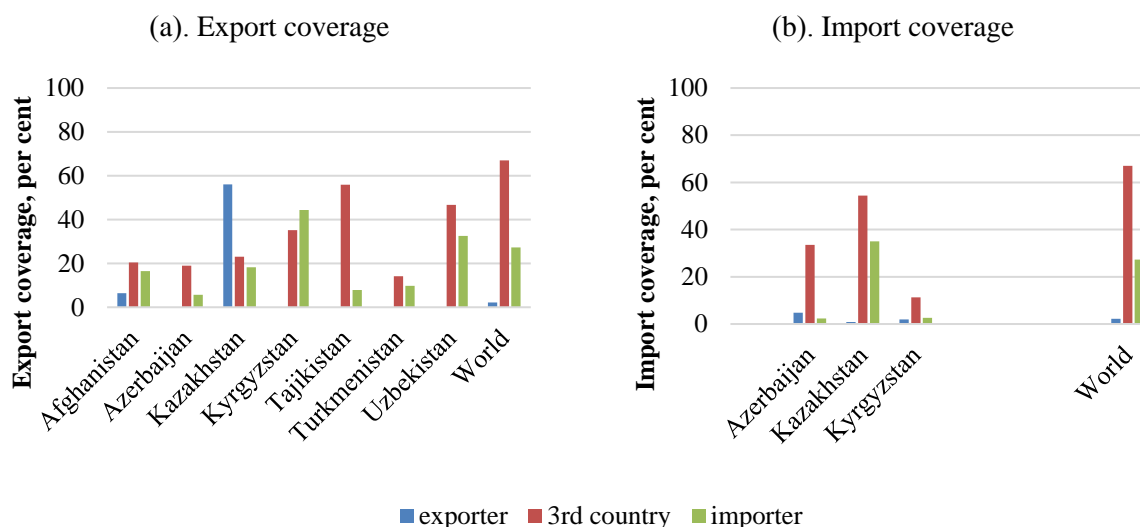
Figure 13 Share of exports and imports covered by liberalizing measures by implementing country, 2017



Source: GTA database, extracted 13 August 2018

Unlike liberalizing measures, harmful measures, particularly on the export side, come from diverse sources (Figure 14). Expectedly, measures taken by SPECA trade partners (importer (■) in Figure 14a and exporter (■) in Figure 14b) had a large impact, particularly for exports. Notably Kazakhstan, and to a lesser extent, Afghanistan (both exporters (■) in figure 14a), have initiated measures deemed harmful covering exports, significantly above the world average. What is also significant is that the effect of 3rd countries' actions (■) is much more prominent in harmful than in liberalizing measures for both import and export coverage. Subsidies in the steel sectors, for example, have been widely blamed for distorting world markets (Evenett and Fritz 2018). As such, bilateral and plurilateral actions are clearly not sufficient in addressing trade distortions. Therefore, multilateralism must be promoted to rein in harmful interventions that have wide-ranging consequences, particularly due to integrated value chains.

Figure 14 Share of exports and imports covered by harmful measures by implementing country, 2017



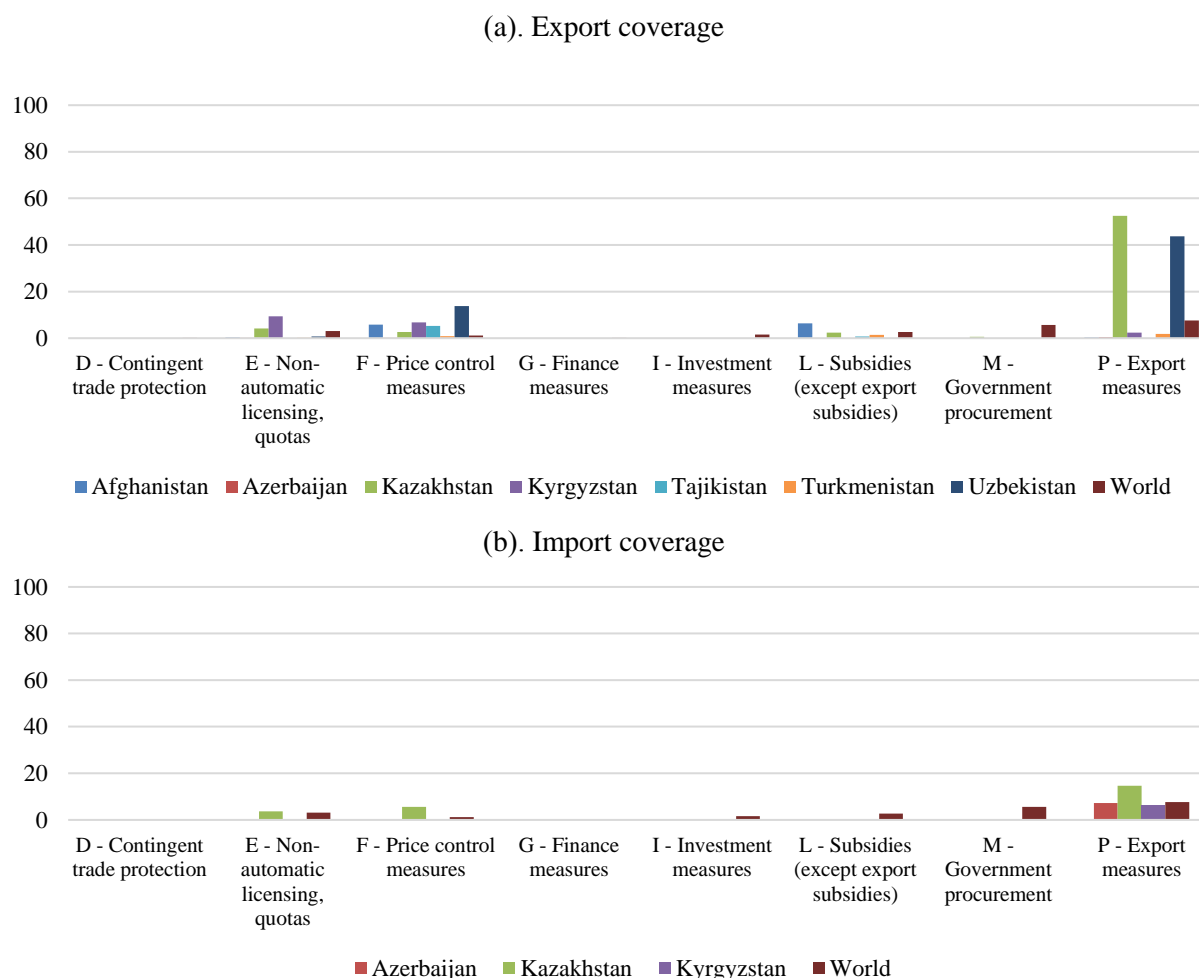
Source: GTA database, extracted 13 August 2018

Figure 15 shows the share of exports and imports in SPECA countries covered by NTM liberalizing measures in 2017, by types of measures. GTA's commercial-interest measure classification follows the MAST classification used by the WTO and UNCTAD described above and available in Appendix A2 (Chapters D through P), with the addition of two categories: unclassified measures and import tariff measures (excluded from the analysis). As noted previously, measures imposed for non-commercial interest (for instance SPS measures, which by definition are meant to address food and animal safety concerns) are excluded from the trade coverage estimates produced by GTA.

As seen in Figure 15a, the main NTM liberalizing policies concerning exports of SPECA members are export measures, price controls, non-automatic licensing and quotas, and, to a lesser extent, subsidies. Notably, both Kazakhstan and Uzbekistan have significant export coverage affected by liberalizing measures due to reductions in export measures,²⁰ covering 65% and 44% of their respective exports – significantly above the world average of 11%. Import-wise, liberalization measures were mostly due to reductions of export subsidies, price controls and non-automatic licensing (Figure 15b).

²⁰ For example, In September 2015, the Government of Uzbekistan announced a Decree No. 249, which obliged the agricultural exporters of fruit and vegetables to use only railways and air transport (GTA, 2018).

Figure 15 Share of exports and imports covered by NTM liberalizing measures, by types, 2017²¹

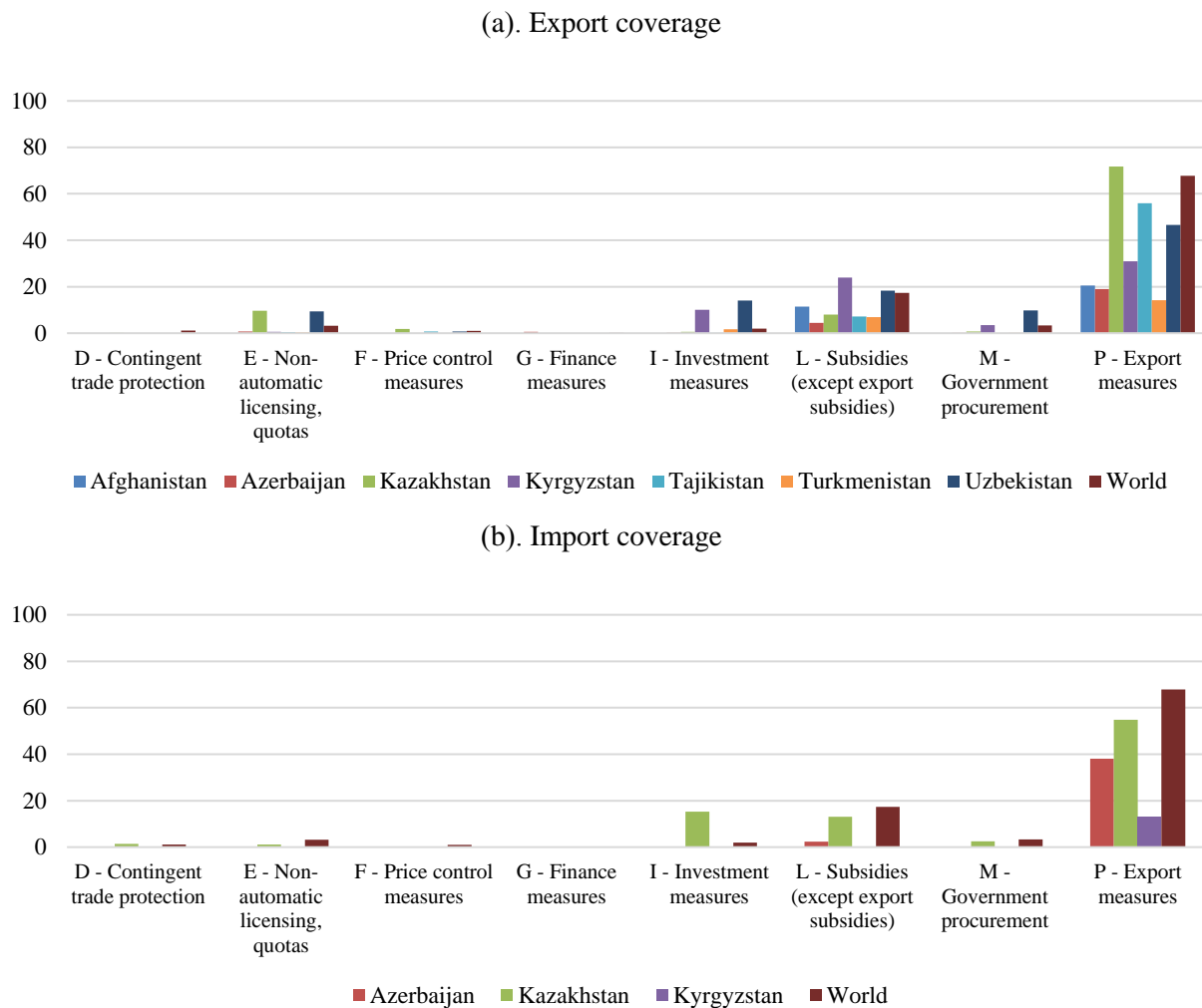


Source: GTA database, extracted 13 August 2018

Figure 16 shows that most coverage by harmful interventions for both importers and exporters are due to export measures, though only higher than the world averages in the case of export-coverage in Kazakhstan. Non-export related subsidies have the next highest overall share of trade covered, above the world average for Kyrgyzstan and Uzbekistan. While as noted previously, the source of the harmful measures is predominately due to actions in the third countries (Figure 14), but a significant share of measures is also due to SPECA countries' own implementation of harmful measures in export and import markets. As such, parallel efforts may be needed at all levels - bilateral, plurilateral, and multilateral - to remove these harmful and commercially-motivated distortions.

²¹ Excluding tariffs and unclassified measures

Figure 16 Share of exports and imports covered by NTM harmful measures, by types, 2017



Source: GTA database, extracted 13 August 2018

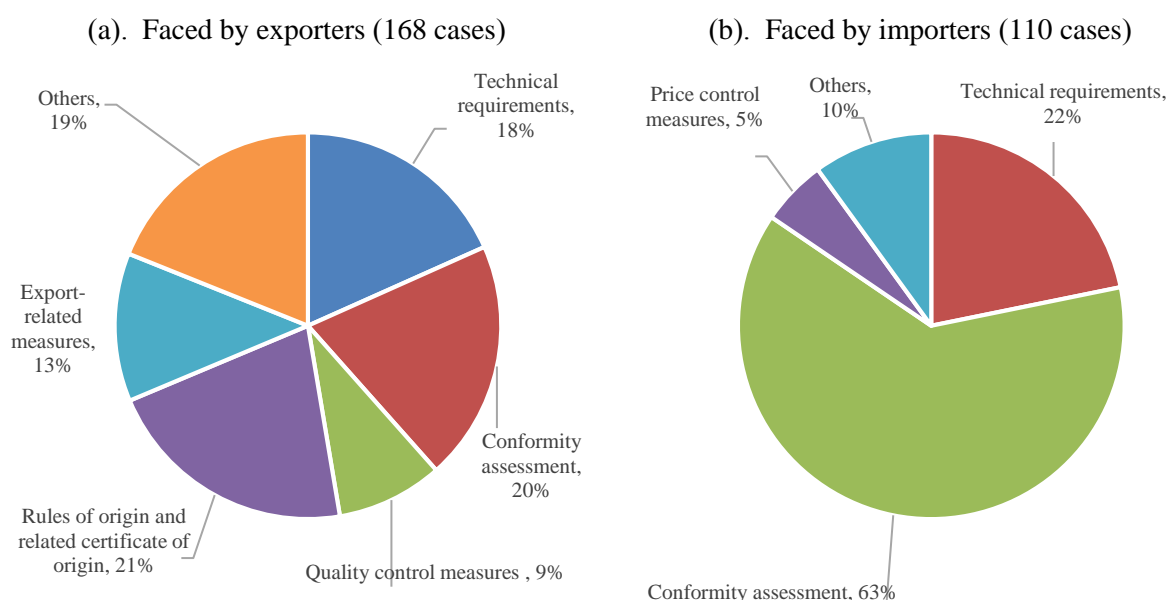
Analysis of GTA data reveals an increasing trend in the share of trade covered by harmful measures – world-wide and in SPECA countries. Although SPECA countries have also seen an increase in trade covered by liberalizing measures, above the world-average rates, this is most likely because SPECA countries' trade was relatively more regulated prior to 2008 (when the data collection started). Nevertheless, a comparison of NTM liberalizing and harmful measures (Figure 15 and Figure 16) reveals a clear trend of an increase in coverage by harmful NTM measures. The harmful, commercially-motivated measures affect both importers and exporters, and as such should be dealt with unilaterally, bilaterally, plurilaterally (as in the case of the EAEU) and multilaterally. The importance of multilateral approach is highlighted by the fact that most harmful measures' coverage seems to stem from the actions by third countries (and as such immune from bilateral or plurilateral solutions). Furthermore, what is also not revealed in the analysis so far is that in many cases NTMs themselves may not necessarily be the problem – it is their implementation – as will be discussed in the next section on the private sector perspective on NTMs.

4.5 A private sector perspective on NTMs

The International Trade Centre (ITC) conducts large-scale surveys of companies that are involved in international merchandise trade to improve knowledge of existing NTM-related obstacles. As such, the data are not regulations as in previous sources, but is based on the experience and knowledge of exporters and importers that have to deal with these measures. The surveys cover companies' experiences with burdensome regulations and procedures.

Among SPECA members, so far, survey results are only available for Kazakhstan.²² Thirty per cent of over 500 exporting and importing companies surveyed reported being affected by NTM-related obstacles. Traders in the agricultural sector were particularly prone to NTMs, with 38% of surveyed exporting and importing companies reporting being affected by NTM-related obstacles. The reported types of burdensome NTM faced by exporters and importers are presented in Figure 17. It shows that NTMs faced by exporters are significantly more diverse than those faced by importers, whose overwhelming concern is conformity assessment, which includes product registration and product certification. As in many other surveyed countries, exporters in Kazakhstan report more cases of burdensome conformity assessment compared to challenges with technical requirements, indicating that exporters from Kazakhstan face difficulties in demonstrating compliance with the technical requirements of the partner countries. Furthermore, Kazakhstan appeared to be characterized by a high share of complaints related to rule of origin, quantitative restrictions, intellectual property rights and financial measures.

Figure 17 Burdensome NTMs faced by exporters and importers



Source: ESCAP, based on ITC NTM survey data, 2018

What's notable is that in many cases it is not the NTM itself the problem, but rather implementation of the actual NTM – procedural obstacles (POs). Figure 18 shows the reported reasons for making the NTMs burdensome for exporters and importers. In most of the cases, it is either the POs or them combination of POs and NTMs, rather than the regulations themselves.²³ Most cited concerns for exporters include delays

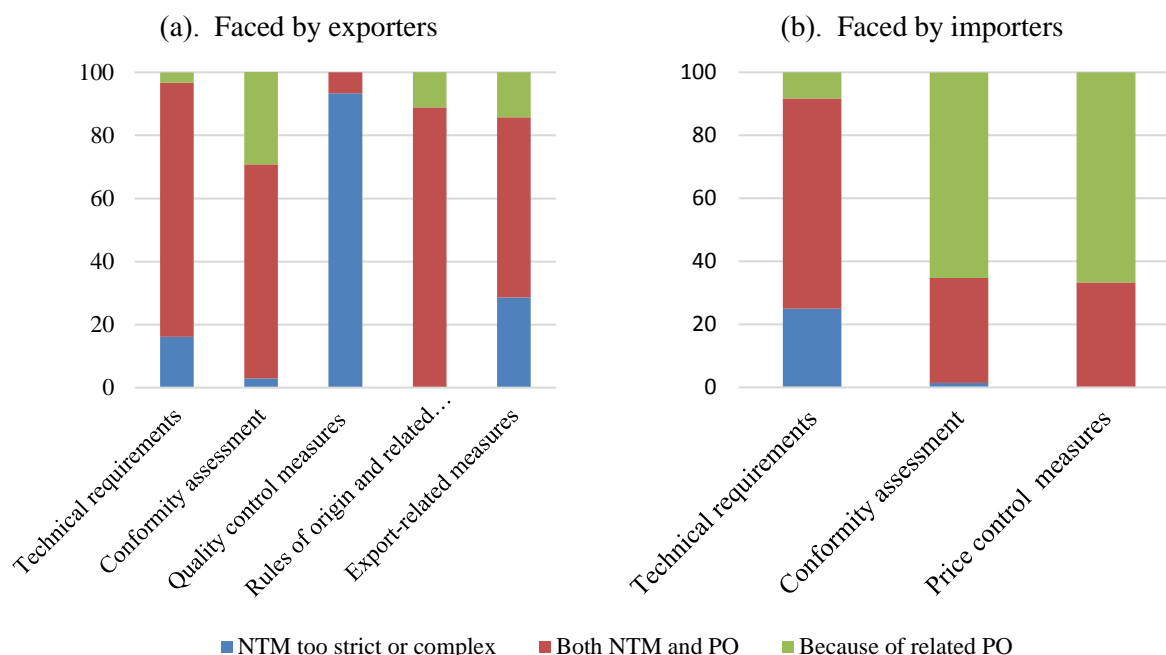
²² Results for Kyrgyzstan are forthcoming.

²³ Mostly because of "Licence combined with or replaced by special import authorization":

In addition to or instead of a licence issued by the main licensing body (usually the ministry of trade) according to the above specified criteria (see 6110-6150), a special import authorization or an inscription in a register is required by a

due to reported regulations, large number of different documents required, limited testing facilities, and lack of recognition of certification. On the importing side, common procedural obstacles similarly include a large number of administrative documents and limited testing facilities.

Figure 18 Reasons for making the NTMs burdensome for exporters and importers



Source: ESCAP, based on ITC NTM survey data, 2018

Lastly, the survey data also reveals that it is the home countries' own procedural obstacles that are burdensome. For exporting firms in Kazakhstan, 70.6 per cent of procedural obstacles reported are in Kazakhstan itself, with only 26.9 per cent of reported cases in partner countries.²⁴ This means that in many cases for exporting companies, it is not the partner countries NTMs that are the problem, but rather the associated procedural obstacles *within* Kazakhstan, meaning that identifying and addressing them as part of trade policy should be a priority to improve export competitiveness. The private sector views in Kazakhstan are largely in line with those of traders in other countries where ITC conducted surveys,²⁵ and may therefore be applicable to the situation in other SPECA countries.

4.6 NTM-related studies among SPECA members

The analysis thus far has primarily relied on raw data, that, when possible, was compared across SPECA members and its major trade partners. While the analysis was able to reveal overall trends, it failed to pinpoint the main reasons for the rise of NTMs, particularly when NTM act as a significant trade obstacle. Such analysis requires detailed measure- and country-specific research – beyond the scope of this study. Hence, this section summarises the major findings from research which reviewed in detail NTM-specific issues among SPECA countries.

specialized authority which is coordinating a sector of the domestic economy (ministry of industry, ministry of agriculture, etc).

²⁴ The other 2.5 per cent are procedural obstacles in other countries, such as transit countries.

²⁵ See other country cases studies at ITC (2018). ITC Series on NTMs, available <http://ntmsurvey.intracen.org/publications/itc-series-on-ntms/>

Most of the studies looking at NTMs in SPECA members relate to the functioning of the EAEU, likely due to the high intensity and ambition of the integration processes involving three of the largest economies of the CIS region (Belarus, Russian Federation and Kazakhstan). Other studies examine integration processes of the wider CIS, Eurasian and CAREC regions, or focus at the national level, reviewing trade barriers to imports and exports (including procedural obstacles), resulting both from government policies and inefficiencies of trade processes. None of the research on NTMs in SPECA countries attempts to evaluate the beneficial impact of NTMs where appropriate. All NTMs are viewed in the context of the additional costs they impose and of their negative impact on mutual trade flows. Below is the brief summary of the major factors contributing to the persistence of NTMs and/or to their negative impact on intra-regional and other cross-border trade of SPECA countries.

Differences in the level of socio-economic development among SPECA countries resulted in the implementation of national development policies that contradict the objectives of regional trade integration. These development policies then gave rise to trade measures aimed at protecting economic and social stability, protecting domestic producers and consumers, increasing domestic production, increasing competitiveness of domestic and export products, and promoting export growth and diversification to third countries (Eurasian Economic Commission 2017). Specific tools used for these policies include tax measures that regulate imports from the region, use of rules of origin as non-tariff barriers, as well as other protectionist measures with direct and indirect impact to protect domestic producers (Andreyev 2010).

Pursuing mercantilist growth strategies, SPECA countries seem to increasingly resort to unfair trade practices and protectionist measures, including trade remedies (ADB 2017). These result in trade war-like actions, and some barriers include politically determined prohibitions (UNECE 2014, UNECE 2015, ADB 2017, World Bank 2015, WEF and Global Alliance for Trade Facilitation 2016). In the case of the EAEU and the CIS, there are cases where SPS measures and TBT are clearly used for the purposes of restricting trade for economic or political reasons (D. Tarr 2015). Increased motivation for protectionist measures in mutual trade of the CIS states (tariff and non-tariff) also results as response to the establishment of organizations of deeper economic integration within the borders of the CIS and the CIS Free Trade Zone, namely Customs Union and Single Economic Space (Matskevich 2014). The majority of NTBs exercised in the CIS region are represented in the form of licensing, import and export quotas and subsidies, SPS and TBT measures, protective and rent-seeking measures (Maliszewska, Orlova and Taran 2009, World Bank 2012).

Aside from protectionist intent, issues of standards are also highlighted in studies. TBT and SPS regulations are often not in line with international standards in some countries. There is a lack of mutual harmonization of standards, and the existing systems of mutual recognition of conformity procedures and certificates is either underdeveloped or lacking (ADB 2017, World Bank 2012). Furthermore, it is also seen as a problem that the objective of reduction of technical non-tariff barriers (NTBs) is predominantly addressed through new mandatory harmonized technical regulations, rather than mutual recognition agreements (MRAs) (D. Tarr 2015).

Some countries utilizing GOST-bases system of technical regulation, such as Kazakhstan, are characterized by extensive use of SPS measures for some non-food products, which are not intended for human consumption or are not subject for quarantine risk (Ferrantino, Gillson and Schmidt 2016). The GOST standards for SPS and TBTs have a very different approach to standard setting compared to those of internationally recognized standards (Ferrantino, Gillson and Schmidt 2016, ADB 2013). There is an ongoing work to replace GOST-based standards by those primarily based on the European Union standards, albeit with national modifications, which mean that some barriers will persist (Movchan and Emerson 2018, Emerson and Kofner 2018). However, it is also important to note that recently developed standards marked as GOST are actually based on, or are harmonised with, international standards (ISO and IEC standards, which are mostly identical to European standards of CEN and CENELEC) (Emerson and Kofner 2018). To cooperate in the development of standards, CEN and CENELEC signed a Memorandum of Understanding with the EEC in 2017, Article 2 of which states “The Parties promote further harmonization of interstate

and national standards of the Eurasian Economic Union Member States with international standards and in the absence of those international standards with European standards”.

Lastly, NTM-related POs, as discussed in the previous section, are also widely cited as being detrimental to trade. POs related to the rules of origin are burdensome, particularly in the case of mutually exported, high value-added products that have high import content (UNECE 2014). Specifically, application of zero VAT in the country of origin requires exporters to provide relevant tax agencies with proof that the importers paid VAT in the country of origin. Such provision of proof has to be done in the country of origin within very tight timeframe. Otherwise, exporters have to pay VAT in advance and get it reimbursed later (UNECE 2014). Other POs identified in the studies include duplicitous documentation requirements, inadequate support services (transport and logistics, transit systems), cumbersome documentary requirements (especially for imports and exports of agricultural products cumbersome procedures for obtaining of import licenses and export permits for diverse product groups), lack of accredited testing labs, complex, not transparent and documentation-heavy conformity assessment procedures, long waiting times at the border, unofficial payments to the customs officials, inefficiencies in implementation of technical and SPS regulations, limited use of ICT at the border, inefficiency and lack of transparency of border administration, etc (UNECE 2014, UNECE 2015, UNECE 2014, WEF and Global Alliance for Trade Facilitation 2016, ADB 2017, World Bank 2012, ESCAP and IRTI-IDB 2015).

Evidently, NTM issues are not only about NTMs themselves, but also about their underlying motivations (which at times can be purely political or protectionist) as well as POs. Therefore, SPECA members need to embrace the spirit of cooperation and turn tit-for-tat trade conflicts into tit-for-tat liberalizing efforts. Standard recognition, particularly alignment with international standards, is an additional concern that provides a low-hanging fruit for enhancing intra-regional trade. In many cases, trade facilitation, discussed below, can help to address NTM-related issues, reducing trade costs and improving intra-regional trade.

5. Tackling NTMs through trade facilitation

Whatever the goal and legality of a specific NTM, there is a strong case for minimizing the transaction costs and uncertainty associated with its implementation. Indeed, private sector surveys show that the implementation of NTMs is a bigger problem than NTMs themselves. For example, exporters spend substantial amount of time and money on complying with excessive paperwork and dealing with unnecessary delays (see previous section on NTM and procedural obstacles in Kazakhstan).

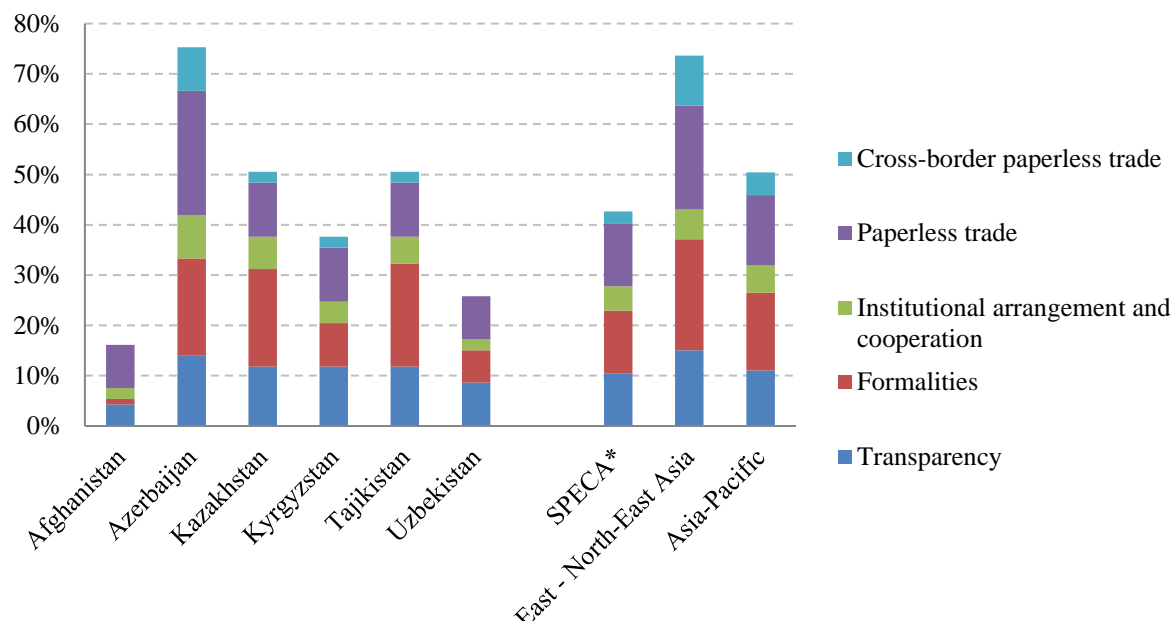
In this regard, the trade facilitation agenda is an important part of the effort to reduce the costs of NTMs, enabling compliance without undercutting the attainment of regulatory objectives associated with these measures (Hoekman and Nicita 2018). For Central Asian countries, burdensome import procedures and corruption at the border have been identified as the most significant issues affecting their ranking on Enabling Trade Index²⁶ (WEF and Global Alliance for Trade Facilitation 2016), suggesting that much work remains to be done to make trade procedures simpler and more transparent, including procedures related to compliance with NTMs.

ESCAP, in cooperation with UNECE and other UN regional commissions and interested international organizations, conducts the Global Survey on Trade Facilitation and Paperless Trade Implementation biennially every two years. Among SPECA members, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan participated in the Survey in 2017. Comparing with the implementation rate of 34.6 per cent in 2015, in 2017 SPECA implementation rate of trade facilitation measures stood at 42.7 per cent. While progress was made, this is still below the Asia-Pacific regional average (50.4 per cent). Among these SPECA countries, Azerbaijan had the highest implementation rate at 75.3 per cent; while Afghanistan

²⁶ The Enabling Trade Index currently covers Azerbaijan, Kazakhstan, Kyrgyzstan, and Tajikistan.

had the lowest implementation rate. The results are generally consistent with the WTO notifications made by SPECA WTO members to the WTO regarding their implementation of the WTO Trade Facilitation Agreement (TFA) – see figure 19.²⁷

Figure 19 Overall implementation of trade facilitation measures in SPECA



Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Based on the UN Survey data, the following five TFA-related measures are found to be least implemented in SPECA: Single Window (Art. 10.4); Advance ruling (on tariff classification) (Art. 3); Trade facilitation measures for authorized operators (Art. 7.7); Expedited shipments (Art. 7.7); and Establishment and publication of average release times (Art. 7.6). In contrast, implementation of measures to enhance cooperation between border agencies (Art. 8), for risk management (Art. 7.4) and to consult stakeholders on new draft regulations (Art. 2) are well implemented, although most often only on a pilot or partial basis only.

Importantly, progress towards cross-border paperless trade, i.e., the electronic exchange and legal recognition of trade-related data and documents across border between trading partners, has been very limited, in large part because it requires closer cooperation between states and significant capacity building. One of the least implemented measures in this category in SPECA is a measure directly related to NTMs, i.e., the electronic exchange of the SPS certificates, which has yet to be implemented by any SPECA country. Electronic application and issuance of import and export permits – when such permits are required – has only been partially been implemented in half of the SPECA countries. Full implementation of TFA-related measures, as well as more ambitious set of measures, which includes binding and non-binding WTO TFA measures as well as all paperless trade measures included in the UNTF Survey can substantially reduce trade-costs, particularly among the SPECA countries (see Box 2).

²⁷ Tajikistan, Kazakhstan, Afghanistan and Kyrgyzstan have committed, 53.8%, 44.1%, 11.3% and 7.6% of the provisions in the agreement under Category A (immediate implementation), respectively. See <https://www.tfadatabase.org/>

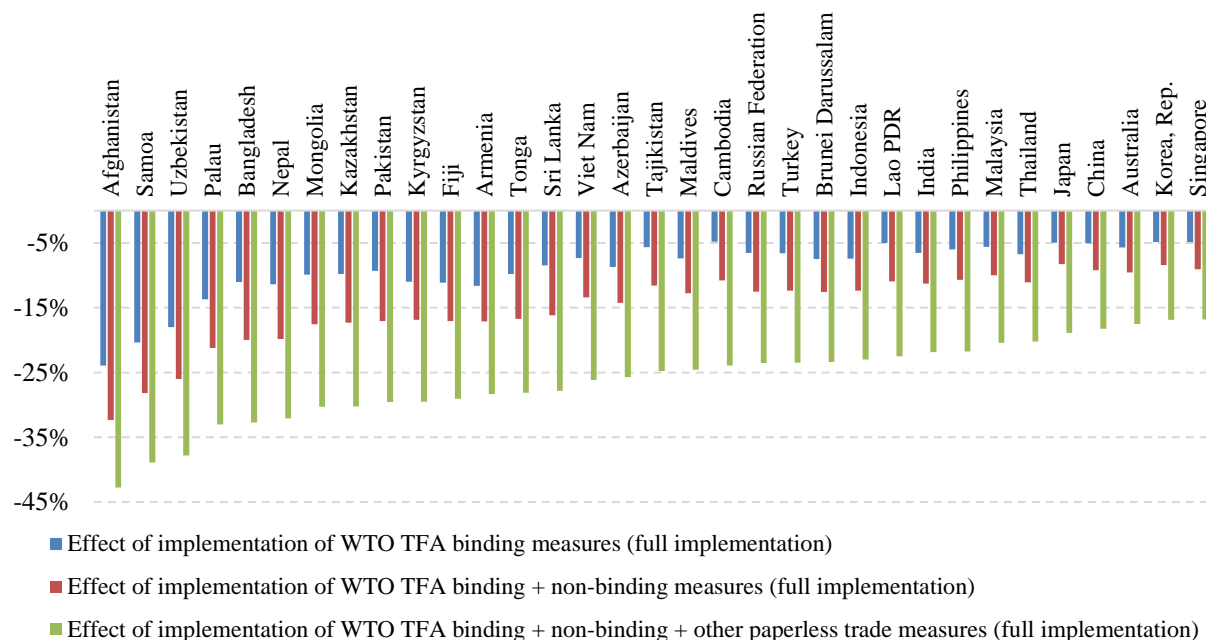
Box 2 Trade cost reductions from improvements in trade facilitation in Asia-Pacific

ESCAP (2017) estimated the potential of trade facilitation (TF) measures in reducing trade costs across countries using counterfactual simulations (“what if” analyses). In a scenario where all countries that have not achieved full implementation of the TF measures considered take action and achieve full implementation, three alternative sets of TF measures are considered for implementation:

- (a) WTO TFA (binding only): All measures that are binding under the WTO TFA; These measures include no paperless trade measures
- (b) WTO TFA (binding+non-binding): all measures that are binding under the WTO TFA as well as those included in the WTO TFA but are non-binding; These measures include a few paperless trade measures
- (c) Digital TF: a more ambitious set of measures, which includes binding and non-binding WTO TFA measures as well as all paperless trade measures included in the UNTF Survey.

At the individual country level, trade cost reductions associated with the various scenarios vary from zero to more than 40% (see Figure 20). The overall effects largely depend on each country’s existing level of trade facilitation implementation. Most of the least developed countries and landlocked developing countries in Asia and the Pacific can expect trade cost reductions of 5% (in the case of the Lao People’s Democratic Republic) to 24% (in the case of Afghanistan) from full simultaneous implementation of the WTO TFA binding measures alone (■). Trade costs reductions in most least developed countries and landlocked developing countries increase further to between 11% (the Lao People’s Democratic Republic) and 32% (Afghanistan) with full implementation of binding and non-binding WTO TFA commitments (■). Achieving full digital trade facilitation in turn generates trade costs reductions of more than 22% in most least developed countries and landlocked developing countries (■).

Figure 20 Trade cost reductions from simultaneous improvements in trade facilitation in Asia-Pacific

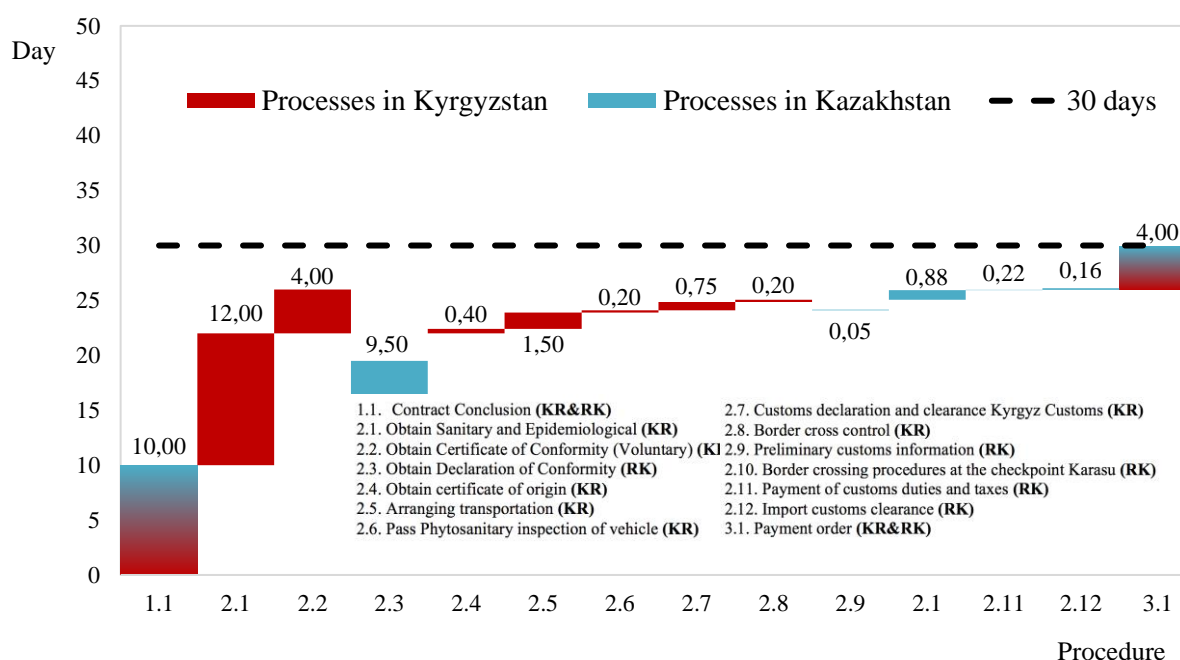


Source: ESCAP (2017). Digital Trade Facilitation in Asia and the Pacific. Studies in Trade, Investment and Innovation. 87.

The UNNExT Business Process Analysis (BPA) methodology to simplify trade procedures²⁸ can provide a more detailed understanding of international trade procedures and is regarded as a necessary step before undertaking trade facilitation measures. In 2015, ESCAP and the Islamic Development Bank (IDB) jointly conducted BPA analysis on trade of three strategic products of three SPECA members: (a) Imports of processed fruits by Kyrgyzstan from Kazakhstan; (b) Exports of cereal products from Kazakhstan to Azerbaijan; and (c) Imports of fabric by Kyrgyzstan from China.

Each of the three BPA studies in this report assesses and maps the trade processes and procedures and identifies bottlenecks for trade processes. A key finding of the reports is that procedures related to compliance with NTMs, e.g. obtaining SPS certificate and related inspections, can account for more than a third of the overall trade transaction process (contract negotiation and payment included). This is illustrated in Figure 21, which shows the time associated with procedures involved in exporting processed fruits from Kyrgyzstan to Kazakhstan: SPS related processes (2.1, 2.2, 2.3) take between 9.5 and 16 days. Interestingly, passing the phytosanitary inspection of vehicle and related customs clearance processes at border takes less than a day.

Figure 21 Time-procedure chart for export of processed fruits from Kyrgyzstan to Kazakhstan (2015)



Source: ESCAP-ITRI/IDB (2015)

The ESCAP-ITRI/IDB report highlights common bottlenecks and key trade facilitation measures that are important to trade between SPECA countries. A series of common recommendations for improving each process were also identified, including (a) harmonization of regulations and standards, including recognition of common documents between multiple countries or government agencies; (b) the development of unified software among government agencies; (c) the adoption of a Single Window system. The study also recommended that technological improvements, such as the development of trade-related software, and use of paperless technologies should be embraced by the countries. (ESCAP and IRTI-IDB

²⁸ The United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT) is jointly established by ESCAP and UNECE in 2009. It is a community of knowledge and practice for experts from developing countries and transition economies from Asia and the Pacific involved in the implementation of electronic trade systems and trade facilitation.

2015). A supplementary study by ESCAP found that business process re-engineering – involving the identification and removal of unnecessary and redundant procedures and the automation of others when possible - could halve the time for export procedures for processed fruit and reduce costs and delays substantially in wheat export (ESCAP 2015).

The UNECE also carried out detailed studies on the regulatory and procedural barriers to trade in Tajikistan (UNECE 2014), Kyrgyzstan (UNECE 2015), Kazakhstan (UNECE 2014), covering procedural requirements; data and documentation requirements; lack of transparency; and unpredictability. With reference to technical NTMs, it identified that these countries need to modernize their systems of standardization, quality assurance, accreditation and metrology (SQAM) to ensure due application of international standards and recognition of conformity assessment results by trade partners. It is also recommended that Tajikistan takes an immediate measure to further develop its partnership with International Laboratory Accreditation Cooperation and the International Accreditation Forum so as to capitalize on the benefits provided by these organizations. For Kyrgyzstan, it is recommended to enhance its trade by dismantling some regulatory and procedural NTMs by ‘rationalizing, streamlining and standardizing trade-related documentary requirements, developing the existing laboratories and conformity assessment bodies, and accelerating the speed of issuing certificates’. For Kazakhstan, who is already a member of international accreditation bodies, the study notes that there was still significant room for developing the institutional capacities of testing and calibration laboratories.

Overall, both the results of the UN Global Survey on Trade Facilitation and Paperless Trade Implementation as well as the more detailed country or product specific studies already conducted point to the importance of integrating trade facilitation as a key component of a SPECA cooperation strategy aimed at reducing the costs associated with NTMs. Such a strategy may encompass subregional cooperation on the improvements of the SQAM infrastructure, as well as the development of legal and technical solutions to enable the seamless exchange of electronic conformance and other documents required for compliance with the growing number of NTMs both within and outside SPECA.

6. Way forward

Designing and enforcing non-tariff measures that will not unduly affect regional trade connectivity remains a key challenge. Non-tariff measures are typically less transparent and harder to monitor than tariffs. They can make trade less inclusive because the compliance capacity of small and medium-sized enterprises tends to be more limited than that of large firms. At the same time, non-tariff measures have a potential role in sustainable development; for example, they can be used to ensure that traded goods meet social and environmental standards consistent with the Sustainable Development Goals (ESCAP 2018).

The analysis and review of literature on NTMs in SPECA countries presented above highlight the need for *Deepening understanding of the impact of NTMs on trade and sustainable development*. From a pure trade expansion and market access perspective, it has often been typically assumed that NTMs have a negative impact and should be eliminated. However, there is growing evidence that some NTMs, particularly technical NTMs, may ultimately boost trade and make it easier for a country to participate in global value chains, as the NTMs provide evidence of a country’s readiness to adhere to certain quality standards (World Bank 2018). More broadly, given the links between NTMs and sustainable development, more detailed analysis of NTMs is needed to understand their impact.

A first step in this direction would be to complete data collection of NTMs using the MAST classification, for inclusion in the UNCTAD TRAINS database. As of now, only 4 SPECA countries are covered in the database, with data up-to-date for only 2 countries (Kazakhstan and Kyrgyzstan), thanks to a joint data collection effort completed by UNCTAD and UNECE last year. ESCAP, as part of a new project “Examining the impact of non-tariff measures (NTMs) on subregional trade among countries in North and

Central Asia”, has also initiated data collection and updating in at least two SPECA economies, in collaboration with UNCTAD – Azerbaijan and Tajikistan. Classification of EAEU NTMs according to the MAST classification is also planned as part of the project. Together with the existing data in the TRAINS database, newly collected data on NTMs in North and Central Asia will enable estimation of the trade costs (ad valorem equivalents) associated with different NTMs. These estimates will enable policymakers and other stakeholders to more effectively identify bottlenecks and opportunities among existing and future NTM policies.²⁹

The review of existing data and analyses also point to several other ways forward in ensuring that the rise of NTMs does not unnecessarily undermine trade as an essential means of implementation of the sustainable development agenda 2030, as follows:

- (a) *Enhancing transparency of NTMs among SPECA economies:* SPECA economies may wish to exchange more detailed information on their respective NTMs with each other, along with each other - as done by Association of South-East Asian Nations (ASEAN) economies.
- (b) *Mutual recognition arrangements:* As an alternative and/or complement to harmonizing NTMs among SPECA economies, SPECA members may wish to consider how to facilitate the mutual recognition of each other standards or conformance. This could be done for specific products or sectors of interest – also as done in ASEAN.³⁰
- (c) *Establishing private sector and stakeholder consultations on NTMs:* SPECA members may wish to consider establishing mechanisms to enable feedback from the trading community as well as partner countries on new or existing NTMs and how they are implemented, as this information is essential in ensuring NTMs do not turn into unintended trade barriers.
- (d) *Development of regional quality (SQAM) infrastructure:* Given the level of development and small sizes of some of the SPECA economies, SPECA members may wish to explore how to further facilitate access to each other’s quality infrastructure and to reduce the compliance costs associated with technical NTMs.
- (e) *Full implementation of the WTO TFA:* Regardless of WTO membership, all SPECA economies may work with each other on the full implementation of the provisions in that agreement, as an essential step towards reducing the costs of trade, including cost of implementation of NTMs.
- (f) *Digitalization of NTM procedures and cross-border paperless trade:* trading goods subject to NTMs de facto requires additional exchange of data and information among stakeholders across borders. SPECA members may wish to *join the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific* as soon as possible, to develop their capacity (or promote their existing solutions) to electronically exchange such information seamlessly, both to reduce costs and increase compliance (see Box 3).

²⁹ ESCAP secretariat, as part of the Asia-Pacific Research and Training Network on Trade (ARTNeT), in collaboration with WTO and UNCTAD, held two capacity building workshops in the last year on NTMs specifically (participants included attendees from SPECA members). The last workshop in particular, was used to pre-launch the Asia-Pacific trade analytics portal, which now incorporates NTMs, to enhance the capacity of users to understand the effects of NTMs on trade flows and trade costs. The workshop participants were also invited participants to submit proposals on NTM-related research studies, and proposals from Kyrgyzstan and Uzbekistan were approved and will receive funding. For details, see: <https://artnet.unescap.org/>

³⁰ See ADB (2017). *Reinventing Mutual Recognition Arrangements: Lessons from International Experiences and Insights for the ASEAN Region*, available from <https://www.adb.org/publications/mutual-recognition-arrangements-asean>

Box 3 A New tool for trade and development and digital trade facilitation: The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

Developed by a diverse group of more than 25 Asian and Pacific economies at very different stages of development over 4 years, the *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific* (FA-CPT) was adopted at ESCAP in May 2016 as a UN treaty deposited with the Secretary General of the United Nations in New York. Formally signed by five UN member states in 2017, including China, Armenia and the Islamic Republic of Iran, the first country to formally become a party to the treaty is Azerbaijan - in March 2018.

The FA-CPT is designed as an inclusive and enabling platform that will benefit all participating economies regardless of where they stand in terms of trade facilitation implementation. The Framework is fully dedicated to the digitalization of trade processes and enabling the seamless electronic exchange and legal recognition of trade-related data and documents across borders, rather than only between stakeholders located in the same country. Full implementation of cross-border paperless trade will not only reduce transaction time and costs but also increase regulatory compliance and enable the more direct engagement of small and medium-size enterprise (SMEs) in international trade and cross-border e-commerce.

Achieving cross-border paperless trade across the region is expected to be a long and difficult process. It cannot be achieved without close collaboration between countries. The Framework Agreement is expected to support that process by providing a dedicated institutional framework for countries with proven political will to develop legal and technical solutions for cross-border paperless trade, including through pilot projects, capacity building and technical assistance, based on existing international standards. The FA-CPT aims to facilitate cross-border trade data exchange between member States and enable mutual recognition of electronic trade data and documents, but does not make electronic data exchange mandatory among all Parties.

Some of the benefits for ESCAP member states who become parties to the FA-CPT include:

- (a) Accelerated progress towards a paperless trade environment at the national level on the basis of the political will demonstrated during the accession process to the FA-CPT;
- (b) Opportunity to integrate emerging cross-border paperless trade considerations and best practices early in the development of national single window and other paperless trade systems to ensure they are interoperable and enabled for (future) cross-border data exchange, in particular through structured and regular sharing of lessons;
- (c) Reduction in overall investment costs and maximization of return from investments in paperless trade systems, through concurrent development of national paperless trade systems and environment for cross-border trade data exchange;
- (d) Ready access to potential counterpart countries interested to negotiate and achieve cross-border data exchange, avoiding or reducing needs for engaging in numerous and/or potentially incompatible bilateral initiatives;
- (e) Direct participation in the development of pragmatic solutions for the cross-border exchange of trade documents. For more advanced countries with relevant experience and existing practices, including many ASEAN economies, this will enable them to ensure that new regional systems and solutions will be harmonized and interoperable with what they have already achieved on a bilateral and/or subregional basis;
- (f) Compliance with commitments the party may have made through its bilateral and plurilateral trade agreements (RTAs) to collaborate on exchanging electronic data and documents (typically featured in “Paperless Trading” Articles in RTAs, or related provisions or agreements).

More details on the Framework Agreement, including a draft implementation roadmap, are available at: <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

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Appendix

A1. SPECA members' trade shares covered by trade agreements

Title	Status	Year effect	Share of total exports (%)	Share of total imports (%)
Afghanistan - Total exports and imports covered under existing RTAs: 91.5% and 56.3%, respectively.				
Afghanistan-India	in force	2003	57.64	3.14
Economic Cooperation Organization Trade Agreement (ECOTA)	in force	2008	33.79	53.13
South Asian Free Trade Area (SAFTA) and SAARC Agreement on Trade in Services (SATIS)	in force	2006	86.06	14.90
Azerbaijan - Total exports and imports covered under existing RTAs: 26.5% and 45.8%, respectively.				
Azerbaijan-Belarus	in force		0.15	1.53
Azerbaijan-European Union (EU)	under neg.		46.00	21.72
Azerbaijan-Russian Federation	in force	1993	5.41	17.72
Commonwealth of Independent States (CIS)	in force	1994	4.82	2.21
Azerbaijan-Georgia	in force	1996	4.31	0.85
Azerbaijan-Moldova	in force	1996	0.00	0.08
Azerbaijan-Turkmenistan	in force	1996	0.46	1.05
Azerbaijan-Ukraine	in force	1996	1.63	5.33
Azerbaijan-Uzbekistan	in force	1996	0.04	0.31
Azerbaijan-Kazakhstan	in force	1999	0.30	1.21
Georgia-Ukraine-Azerbaijan-Moldova (GUAM)	in force	2003	5.94	6.26
Economic Cooperation Organisation Trade Agreement (ECOTA)	in force	2008	15.01	20.29
Kazakhstan - Total exports and imports covered under existing RTAs: 21.9% and 51%, respectively.				
Eurasian Economic Union - Israel	under neg.		10.74	41.66
Eurasian Economic Union (EAEU)-Iran	under neg.		11.48	41.73
Eurasian Economic Union-Egypt	under neg.		10.50	41.67
India - Eurasian Economic Union	under neg.		11.99	42.22
India-Eurasian Economic Union	under neg.		11.99	42.22
Korea-Eurasian Economic Union	under neg.		12.81	43.44
Singapore-Eurasian Economic Union	under neg.		10.65	41.62
Kazakhstan-Kyrgyzstan	in force	1995	1.01	0.85
Kazakhstan-Republic of Moldova	in force	1996	0.06	0.05
Kazakhstan-Russian Federation-Belarus	in force	1997	9.45	40.63
Kazakhstan-Uzbekistan	in force	1997	2.58	2.52
Tajikistan-Kazakhstan	in force	1997	0.95	1.09
Kazakhstan-Ukraine	in force	1998	2.35	1.59
Azerbaijan-Kazakhstan	in force	1999	0.22	0.12
Georgia-Kazakhstan	in force	1999	0.08	0.09
Kazakhstan-Belarus	in force	1999	0.19	1.72
Armenia-Kazakhstan	in force	2001	0.00	0.02
Common Economic Zone (CEZ)	in force	2004	11.81	42.21
Economic Cooperation Organization Trade Agreement (ECOTA)	in force	2008	9.42	7.56
Kazakhstan-Serbia	in force	2012	0.00	0.14
Treaty on a Free Trade Area between members of the Commonwealth of Independent States	in force	2012	13.84	44.22
Eurasian Economic Union (EAEU)	in force	2015	10.47	41.49
Viet Nam-Eurasian Economic Union (EAEU)	in force	2016	11.04	42.41
Kyrgyzstan - Total exports and imports covered under existing RTAs: 49.9% and 50.2%, respectively.				
Eurasian Economic Union - Israel	under neg.		31.61	40.26
Eurasian Economic Union (EAEU)-Iran	under neg.		32.32	40.42
Eurasian Economic Union-Egypt	under neg.		31.62	40.39

India - Eurasian Economic Union	under neg.		31.69	40.84
India-Eurasian Economic Union	under neg.		31.69	40.84
Korea-Eurasian Economic Union	under neg.		31.64	41.23
Singapore-Eurasian Economic Union	under neg.		31.62	40.25
Armenia-Kyrgyzstan	in force	1995	0.00	0.01
Kazakhstan-Kyrgyzstan	in force	1995	16.49	12.74
Kyrgyzstan-Republic of Moldova	in force	1996	0.03	0.04
Kyrgyzstan-Ukraine	in force	1998	0.20	0.85
Kyrgyzstan-Uzbekistan	in force	1998	8.18	3.56
Kyrgyzstan-Belarus	in force	2000	0.48	1.81
Kyrgyzstan-Tajikistan	in force	2000	1.36	0.31
Economic Cooperation Organisation Trade Agreement (ECOTA)	in force	2008	34.56	21.81
Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)	in force	2012	33.19	41.42
Eurasian Economic Union (EAEU)	in force	2015	31.61	40.22
Viet Nam-Eurasian Economic Union (EAEU)	in force	2016	31.65	40.29

Tajikistan - Total exports and imports covered under existing RTAs: 63.6% and 65.5%, respectively.

Armenia-Tajikistan	in force	1994	0.00	0.05
Tajikistan-Uzbekistan	in force	1996	1.19	3.00
Tajikistan-Kazakhstan	in force	1997	2.83	15.38
Tajikistan-Belarus	in force	1998	0.67	1.99
Kyrgyzstan-Tajikistan	in force	2000	0.86	0.63
Tajikistan-Ukraine	in force	2002	0.14	3.13
Economic Cooperation Organization Trade Agreement (ECOTA)	in force	2008	44.24	26.80
Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)	in force	2012	23.01	54.67

Turkmenistan - total exports and imports covered under existing RTAs: 10.7% and 38.1%, respectively.

Turkmenistan-Belarus	in force		0.05	1.43
Russian Federation-Turkmenistan	in force	1993	1.07	8.02
Commonwealth of Independent States (CIS)	in force	1994	2.69	1.70
Turkmenistan-Ukraine	in force	1995	0.96	1.15
Armenia-Turkmenistan	in force	1996	0.13	0.14
Azerbaijan-Turkmenistan	in force	1996	1.17	1.20
Turkmenistan-Republic of Moldova	in force	1996	0.00	0.00
Georgia-Turkmenistan	in force	2000	1.52	0.50
Economic Cooperation Organization Trade Agreement (ECOTA)	in force	2008	6.99	26.83

Uzbekistan - total exports and imports covered under existing RTAs: 37.4% and 43.6%, respectively.

Uzbekistan-Belarus	in force		0.36	0.83
Russian Federation-Uzbekistan	in force	1993	10.66	22.73
Commonwealth of Independent States (CIS)	in force	1994	0.36	0.60
Uzbekistan-Republic of Moldova	in force	1995	0.05	0.06
Azerbaijan-Uzbekistan	in force	1996	0.28	0.04
Tajikistan-Uzbekistan	in force	1996	0.75	0.11
Ukraine-Uzbekistan	in force	1996	1.16	1.27
Kazakhstan-Uzbekistan	in force	1997	7.64	10.78
Kyrgyzstan-Uzbekistan	in force	1998	1.70	1.27
Economic Cooperation Organization Trade Agreement (ECOTA)	in force	2008	25.13	18.12
Georgia-Uzbekistan	in force	2010	0.07	0.56

Source: ESCAP calculations based on APTIAD and IMF Direction of Trade Database, 2017

A2. MAST classification of NTMs

Category	Chapter Description
Technical Measures	A: Sanitary and Phytosanitary Measures (SPS)
	B: Technical Barriers to Trade (TBT)
	C: Pre-Shipment Inspection and Other Formalities
Non-Technical Measures	D: Contingent Trade-Protective Measures
	E: Non-Automatic Licensing, Quotas, Prohibitions and Quantity-Control Measures other than for SPS or TBT Reasons
	F: Price-Control Measures, Including Additional Taxes and Charges
	G: Finance Measures
	H: Measures Affecting Competition
	I: Trade-Related Investment Measures
	J: Distribution Restrictions
	K: Restrictions on Post-Sales Services
	L: Subsidies (Excluding Export Subsidies Under P7)
	M: Government Procurement Restrictions
	N: Intellectual Property
	O: Rules of Origin
Export Measures	P: Export-related Measures

Source: UNCTAD, 2012